Emergent BioSolutions Inc.
Form S-4/A
September 23, 2010

As filed with the Securities and Exchange Commission on September 23, 2010

Registration No. 333-169351

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Amendment No. 1
to
Form S-4
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

EMERGENT BIOSOLUTIONS INC.
(Exact name of Registrant as specified in its charter)

Delaware	**2834**	**14-1902018**
(State or other jurisdiction of incorporation or organization)	*(Primary Standard Industrial Classification Code Number)*	*(I.R.S. Employer Identification Number)*

2273 Research Boulevard, Suite 400
Rockville, Maryland 20850
(301) 795-1800
(Address, including zip code, and telephone number, including area code, of Registrant s principal executive offices)

Fuad El-Hibri
Chief Executive Officer
Emergent BioSolutions Inc.
2273 Research Boulevard, Suite 400
Rockville, Maryland 20850
(301) 795-1800
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

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2020 K Street, NW
Washington, DC 20006
(202) 373-6000

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Seattle, Washington 98101
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Approximate date of commencement of proposed sale to the public: As soon as practicable after the effectiveness of this registration statement and the satisfaction or waiver of all other conditions under the merger agreement described herein.

If the securities being registered on this form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. o

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer o	Accelerated filer þ	Non-accelerated filer o	Smaller reporting company o
	(Do not check if a smaller reporting company)		

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment that specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

The information in this proxy statement/prospectus is not complete and may be changed. Emergent BioSolutions may not sell the securities offered by this proxy statement/prospectus until the registration statement filed with the Securities and Exchange Commission is effective. This proxy statement/ prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED SEPTEMBER 23, 2010

PROXY STATEMENT/PROSPECTUS

MERGER PROPOSAL

September 23, 2010

Dear Stockholder:

As previously announced, on August 12, 2010, Trubion Pharmaceuticals, Inc., or Trubion, entered into a merger agreement with Emergent BioSolutions Inc., or Emergent BioSolutions, under which Emergent BioSolutions will acquire Trubion. Following the merger, Trubion will become a direct wholly owned subsidiary of Emergent BioSolutions. If the merger is completed, Trubion stockholders (other than stockholders who validly perfect appraisal rights under Delaware law) will be entitled to receive, for each share of Trubion common stock that they hold:

$1.365 in cash, without interest;

0.1641 of a share of Emergent BioSolutions common stock; and

one contingent value right, or CVR.

Each CVR will entitle its holder to receive additional cash payments if certain milestones are met with respect to specified clinical and preclinical assets currently partnered by Trubion with Pfizer Inc. and Abbott Laboratories. The CVRs will not be transferable, except in limited circumstances.

Emergent BioSolutions common stock is listed on The New York Stock Exchange under the symbol EBS . On September 22, 2010, the last trading day prior to the date of this proxy statement/prospectus, the last reported sale price per share of Emergent BioSolutions common stock on The New York Stock Exchange was $17.98.

Trubion will hold a special meeting of stockholders to vote on proposals to adopt the merger agreement and, if necessary, to adjourn the special meeting. You will find the notice of meeting, logistics of the proposed merger and details regarding the merger agreement, the proposed merger and the other transactions contemplated by the merger agreement in the attached documents.

TRUBION S BOARD OF DIRECTORS HAS UNANIMOUSLY APPROVED THE MERGER AGREEMENT, THE MERGER AND THE OTHER TRANSACTIONS CONTEMPLATED BY THE MERGER AGREEMENT AND HAS UNANIMOUSLY DETERMINED AND DECLARED THAT THE MERGER AGREEMENT, THE MERGER AND THE OTHER TRANSACTIONS CONTEMPLATED BY THE MERGER AGREEMENT ARE ADVISABLE AND FAIR TO, AND IN THE BEST INTERESTS OF, TRUBION AND ITS STOCKHOLDERS. THE BOARD OF DIRECTORS OF TRUBION RECOMMENDS THAT TRUBION STOCKHOLDERS VOTE FOR THE ADOPTION OF THE MERGER AGREEMENT

AND FOR THE APPROVAL OF THE PROPOSAL TO ADJOURN THE SPECIAL MEETING TO A LATER DATE OR TIME, IF NECESSARY OR APPROPRIATE, IF A QUORUM IS PRESENT, TO SOLICIT ADDITIONAL PROXIES IN THE EVENT THERE ARE INSUFFICIENT VOTES AT THE TIME OF THE SPECIAL MEETING TO ADOPT THE MERGER AGREEMENT.

Under Delaware law, the approval of holders of a majority of the outstanding shares of Trubion common stock is required to adopt the merger agreement. Concurrently with the execution of the merger agreement, certain significant holders of Trubion common stock holding, in the aggregate, approximately 41% of the outstanding Trubion common stock, as of September 3, 2010, entered into Support Agreements with Emergent BioSolutions pursuant to which they have agreed to vote a portion of their shares of Trubion common stock equal to approximately 35% in the aggregate of the outstanding shares of Trubion common stock in favor of adoption of the merger agreement and the transactions contemplated thereby. These same significant stockholders have also agreed to certain restrictions on the sale of their shares of Emergent BioSolutions common stock following the merger, as further described in this proxy statement/prospectus.

For a discussion of risk factors that you should consider in evaluating the transaction, see the section entitled Risk Factors beginning on page 21 of the attached proxy statement/prospectus.

We urge you to read the proxy statement/prospectus carefully and in its entirety.

Steven Gillis, Ph.D.
Executive Chairman and Acting President

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED THE MERGER OR OTHER TRANSACTIONS DESCRIBED IN THE ATTACHED PROXY STATEMENT/PROSPECTUS OR THE SECURITIES TO BE ISSUED PURSUANT TO THE MERGER UNDER THE ATTACHED PROXY STATEMENT/PROSPECTUS NOR HAVE THEY DETERMINED IF THE ATTACHED PROXY STATEMENT/PROSPECTUS IS ACCURATE OR ADEQUATE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The proxy statement/prospectus is dated September 23, 2010 and is first being mailed to Trubion stockholders on or about September 27, 2010.

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS
To Be Held October 28, 2010

The special meeting of stockholders of Trubion Pharmaceuticals, Inc., or Trubion, will be held on the first floor of Trubion s offices located at 2401 4th Avenue, Seattle, Washington 98121, on October 28, 2010, at 10 a.m. local time. The purposes of the special meeting are to vote on a proposal to:

adopt the Agreement and Plan of Merger, dated as of August 12, 2010, by and among Emergent BioSolutions Inc., 35406 LLC and 30333 Inc., each of which are wholly owned subsidiaries of Emergent, and Trubion Pharmaceuticals, Inc., as it may be amended from time to time; and

approve the adjournment of the special meeting to a later date or time, if necessary or appropriate, if a quorum is present, to solicit additional proxies in the event there are insufficient votes at the time of the special meeting to adopt the merger agreement.

Trubion s board of directors unanimously recommends that you vote FOR the proposal to adopt the merger agreement and FOR the proposal to adjourn the special meeting to a later date or time, if necessary or appropriate, if a quorum is present, to solicit additional proxies in the event there are insufficient votes at the time of the special meeting to adopt the merger agreement.

Only holders of record of Trubion common stock at the close of business on September 21, 2010 will be entitled to vote at the special meeting or any adjournments or postponements of the special meeting. A list of stockholders entitled to vote at the special meeting will be available in Trubion s offices located at 2401 4th Avenue, Seattle, Washington 98121, during regular business hours for a period not less than 10 days before the special meeting, as well as at the place of the special meeting during the special meeting.

Whether or not you plan to attend the special meeting, please vote in advance by marking, signing, dating and returning the proxy card in the enclosed postage-prepaid envelope.

By Order of the Board of Directors,

Kathleen M. Deeley
Secretary

Seattle, Washington
September 23, 2010

THIS PROXY STATEMENT/PROSPECTUS INCORPORATES ADDITIONAL INFORMATION

This proxy statement/prospectus incorporates by reference important business and financial information about Emergent BioSolutions Inc., or Emergent BioSolutions, from documents that are not included in or delivered with this proxy statement/prospectus. This information is available to you without charge upon request. For a more detailed description of the information incorporated by reference into this proxy statement/prospectus and how you may obtain it, see the section entitled Where You Can Find More Information beginning on page 165 of this proxy statement/prospectus.

Emergent BioSolutions will provide you with copies of this information (excluding all exhibits unless Emergent BioSolutions has specifically incorporated by reference an exhibit in this proxy statement/prospectus), without charge, upon written or oral request to:

Emergent BioSolutions Inc.
2273 Research Boulevard, Suite 400
Rockville, Maryland 20850
Attn: Investor Relations
(301) 795-1800

In order to receive timely delivery of the documents before the special meeting, you must make your requests no later than five business days prior to the date of the special meeting, or no later than October 21, 2010.

ABOUT THIS PROXY STATEMENT/PROSPECTUS

This proxy statement/prospectus, which forms a part of a registration statement on Form S-4 filed with the Securities and Exchange Commission, or SEC, by Emergent BioSolutions, constitutes a prospectus of Emergent BioSolutions under Section 5 of the Securities Act of 1933, as amended, or the Securities Act, with respect to the shares of Emergent BioSolutions common stock to be issued to stockholders of Trubion Pharmaceuticals, Inc., or Trubion, in connection with the merger. This proxy statement/prospectus also constitutes a proxy statement under Section 14(a) of the Securities Exchange Act of 1934, as amended, or the Exchange Act, and the rules thereunder, and a notice of meeting with respect to the special meeting of Trubion stockholders to vote upon the proposals to adopt the merger agreement and, if necessary, to adjourn the special meeting.

Except as otherwise provided herein, all descriptions of and calculations with respect to the terms of the merger agreement and the transactions contemplated by the merger agreement, including the merger, assume that no Trubion stockholders exercise their appraisal rights under Delaware law.

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QUESTIONS AND ANSWERS ABOUT THE MERGER

The following questions and answers are intended to address briefly some commonly asked questions regarding the Trubion special meeting and the merger. These questions and answers may not address all of the information that may be important to you. Please refer to the more detailed information contained elsewhere in this proxy statement/prospectus, the annexes to this proxy statement/prospectus and in the documents referred to or incorporated by reference in this proxy statement/prospectus.

Q: Why am I receiving this proxy statement/prospectus?

A: Emergent BioSolutions has agreed to acquire Trubion under the terms of an Agreement and Plan of Merger, dated as of August 12, 2010, or the merger agreement, that is described in this proxy statement/prospectus. See the sections entitled The Merger and The Merger Agreement beginning on pages 90 and 126, respectively, of this proxy statement/prospectus. A copy of the merger agreement is attached to this proxy statement/prospectus as Annex A.

In order to complete the transactions contemplated by the merger agreement, including Emergent BioSolutions acquisition of Trubion, Trubion stockholders must adopt the merger agreement by the affirmative vote of the holders of at least a majority of the shares of Trubion common stock outstanding on the record date for the special meeting and all other conditions to the merger must be satisfied or waived.

You are receiving this proxy statement/prospectus because you have been identified as a Trubion stockholder as of September 21, 2010, the record date for the special meeting, and thus you are entitled to vote at the special meeting.

This proxy statement/prospectus serves as both a proxy statement of Trubion, used to solicit proxies for the special meeting, and as a prospectus of Emergent BioSolutions used to offer shares of Emergent BioSolutions common stock to be issued as partial consideration for the surrender of shares of Trubion common stock pursuant to the terms of the merger agreement. This proxy statement/prospectus contains important information about the merger and the special meeting, and you should read it carefully.

Q: When and where is the special meeting of Trubion stockholders?

A: The special meeting of Trubion stockholders will be held on October 28, 2010, starting at 10 a.m., local time, on the first floor of Trubion s offices located at 2401 4th Avenue, Seattle, Washington 98121.

Q: On what matters am I being asked to vote?

A: Trubion stockholders are being asked to vote on a proposal to:

adopt the merger agreement; and

adjourn the special meeting to a later date or time, if necessary or appropriate, if a quorum is present, to solicit additional proxies in the event there are insufficient votes at the time of the special meeting to adopt the merger agreement.

Q: What constitutes a quorum at the special meeting?

A: Stockholders who hold at least a majority of the issued and outstanding shares of Trubion common stock entitled to vote at the special meeting as of the close of business on the record date must be present, either in person or represented by proxy at the special meeting, in order to constitute a quorum to conduct business at the special meeting.

Q: How many votes do I have?

A: You are entitled to one vote at the special meeting on all matters properly presented at the meeting for each share of Trubion common stock that you owned as of the record date. As of the close of business on the record date, there were 20,425,554 outstanding shares of Trubion common stock.

Concurrently with the execution of the merger agreement, certain significant holders of Trubion common stock holding, in the aggregate, approximately 41% of the outstanding Trubion common stock, as of September 3,

2010, entered into Support Agreements with Emergent BioSolutions pursuant to which they have agreed to vote a portion of their shares of Trubion common stock amounting to approximately 35% in the aggregate of the outstanding shares of Trubion common stock in favor of adoption of the merger agreement and the transactions contemplated by the merger agreement.

Q: What are the terms of the merger?

A: Under the terms of the merger agreement, subject to the satisfaction or waiver of certain conditions, 30333 Inc., or merger sub, will merge with and into Trubion, then promptly thereafter, Trubion will merge with and into 35406 LLC, or the surviving entity, and the surviving entity will become a direct wholly owned subsidiary of Emergent BioSolutions. These transactions are referred to collectively as the merger. Both merger sub and the surviving entity are currently wholly owned subsidiaries of Emergent BioSolutions.

Upon completion of the merger, each outstanding share of Trubion common stock will be converted into the right to receive the merger consideration. For a more complete description of the merger, see the section entitled The Merger Agreement beginning on page 126 of this proxy statement/prospectus.

Q: As a Trubion stockholder, what will I receive in the merger?

A: If the merger agreement is adopted by Trubion s stockholders and the other conditions to the merger are satisfied or waived, upon completion of the merger, Emergent BioSolutions will pay, for each outstanding share of Trubion common stock:

$1.365 per share in cash, without interest, referred to as the cash consideration;

0.1641 of a share of Emergent BioSolutions common stock, referred to as the stock consideration; and

a CVR, which entitles its holder to receive additional cash in certain circumstances.

The aggregate per share consideration payable in connection with the merger is referred to as the merger consideration.

Based on the average trading price of Emergent BioSolutions common stock for the five consecutive trading days ending August 11, 2010 of $19.41, the exchange ratio set forth above implies an upfront purchase price of $4.55 per share of Trubion common stock based on 20,421,294 shares of Trubion common stock outstanding on August 11, 2010. As of August 11, 2010, the total upfront value represents approximately $96.8 million for Trubion stockholders and optionholders. Based on the closing price of Emergent BioSolutions common stock on September 22, 2010, the last trading day prior to the date of this proxy statement/prospectus, the exchange ratio set forth above implies an upfront purchase price of $4.32 per share of Trubion common stock based on 20,425,554 shares of Trubion common stock outstanding on such date. As of September 22, 2010, the total upfront value represents approximately $92.0 million for Trubion stockholders and optionholders.

These values exclude the potential for an aggregate of up to $38.75 million of additional cash that may be payable to holders of Trubion common stock and certain Trubion optionholders related to the CVRs. The CVRs provide each holder entitled to receive them the right to receive a pro rata share of an aggregate of up to $38.75 million in cash based on the achievement of predefined milestones over a 36-month period following the effective time of the merger. For more information, see the section entitled The CVR Agreement beginning on page 143 of this proxy statement/prospectus.

Q: Will the value of the merger consideration I receive in the merger increase or decrease if the market price of Emergent BioSolutions common stock increases or decreases prior to the closing of the merger?

A: Yes. The precise value of the merger consideration you will receive at the closing of the merger cannot be determined at the present time because a portion of the merger consideration is comprised of a fixed amount of 0.1641 of a share of Emergent BioSolutions common stock for each share of Trubion common stock. The price of Emergent BioSolutions common stock at the closing of the merger may vary from its price on the date the merger agreement was executed, on the date of this proxy statement/prospectus and on the date of the special meeting of Trubion stockholders.

Q: Will the value of the merger consideration I receive in the merger increase or decrease if the market price of Trubion common stock increases or decreases prior to the closing of the merger?

A: No. The merger consideration payable for each share of Trubion common stock at closing is fixed at $1.365 in cash, without interest; 0.1641 of a share of common stock of Emergent BioSolutions; and one CVR. The payment received at closing will not change regardless of the price of publicly traded common stock of Trubion.

Q: What will Trubion optionholders receive in the merger?

A: All outstanding Trubion stock options will immediately vest and will be canceled at the effective time of the merger. Stock options with a per share exercise price of $4.55 or above will be canceled. Holders of stock options with a per share exercise price below $4.55 will receive, for each share of Trubion common stock subject to such option, a cash payment equal to the difference between $4.55 and the exercise price of the option and one CVR. As of September 21, 2010, there were 1,679,952 outstanding Trubion stock options with a per share exercise price below $4.55. See the section entitled The Merger Agreement Treatment of Trubion Stock Options beginning on page 126 of this proxy statement/prospectus.

Q: What is required to complete the merger?

A: To complete the merger, Trubion stockholders must adopt the merger agreement, which requires the affirmative vote of the holders of at least a majority of the shares of Trubion common stock outstanding on the record date and entitled to vote at the special meeting. In addition to obtaining Trubion stockholder approval, each of the other closing conditions set forth in the merger agreement must be satisfied or waived. For a more complete description of the closing conditions under the merger agreement, see the section entitled The Merger Agreement Conditions to Completion of the Merger beginning on page 135 of this proxy statement/prospectus.

Q: How does Trubion s board of directors recommend that I vote?

A: Trubion s board of directors has unanimously approved the merger agreement, the merger and the other transactions contemplated by the merger agreement and has unanimously determined and declared that the merger agreement, the merger and the other transactions contemplated by the merger agreement are advisable and fair to, and in the best interests of, Trubion and its stockholders. The board of directors of Trubion recommends that Trubion stockholders vote **FOR** the adoption of the merger agreement and **FOR** the approval of the proposal to adjourn the special meeting to a later date or time, if necessary or appropriate, if a quorum is present, to solicit additional proxies in the event there are insufficient votes at the time of the special meeting to adopt the merger agreement. See the section entitled The Merger Trubion s Reasons for the Merger; Recommendation of Trubion Board of Directors beginning on page 98 of this proxy statement/prospectus.

Q: What risks should I consider in deciding whether to vote in favor of the merger?

A: You should carefully review the section entitled Risk Factors beginning on page 21 of this proxy statement/prospectus, which sets forth certain risks and uncertainties related to the merger, risks and uncertainties to which the combined business will be subject and risks and uncertainties to which Trubion, as an independent company, is subject.

Q: When do the parties expect to complete the merger?

A:

The parties are working toward completing the merger as quickly as possible. The merger is expected to close during the fourth quarter of 2010 promptly following the special meeting date. However, because completion of the merger is subject to various conditions, including the adoption of the merger agreement by Trubion stockholders at the special meeting, Emergent BioSolutions and Trubion cannot predict the exact timing of the completion of the merger or if the merger will be completed.

Q: What happens if the merger is not completed?

A: If the merger agreement is not adopted by Trubion stockholders or if the merger is not completed for any other reason, you will not receive any payment for your shares of Trubion common stock in connection with the

merger. Instead, Trubion will remain an independent public company and its common stock will continue to be listed and traded on the Nasdaq Global Market. If the merger agreement is terminated under specified circumstances, Trubion may be required to pay Emergent BioSolutions a fee of $3 million. See the section entitled, The Merger Agreement Expenses and Termination Fees beginning on page 139 of this proxy statement/prospectus.

Q: Am I entitled to appraisal rights?

A: Under Delaware law, Trubion stockholders who dissent from the merger are entitled to appraisal rights in connection with the merger pursuant to Section 262 of the Delaware General Corporation Law. Failure to take any of the steps required under Section 262 of the Delaware General Corporation Law on a timely basis may result in a loss of those appraisal rights. The provisions of the Delaware General Corporation Law that grant appraisal rights and govern such procedures are attached as Annex H to this proxy statement/prospectus. For a more complete description of your appraisal rights, see the section entitled The Merger Appraisal Rights of Dissenting Trubion Stockholders beginning on page 123 of this proxy statement/prospectus.

Q: Will my rights as a Trubion stockholder change as a result of the merger?

A: Yes. Assuming you do not elect to exercise your appraisal rights, upon completion of the merger, your Trubion stock will be converted into the right to receive the merger consideration. You will no longer be a Trubion stockholder and your rights as an Emergent BioSolutions stockholder will be governed by Delaware law and Emergent BioSolutions restated certificate of incorporation and amended and restated bylaws. For further information regarding your rights as an Emergent BioSolutions stockholder following the merger, see the section entitled Comparative Rights of Emergent BioSolutions Stockholders and Trubion Stockholders beginning on page 156 of this proxy statement/prospectus.

Q: As a Trubion stockholder, will I be able to trade the Emergent BioSolutions common stock that I receive in connection with the merger?

A: Upon completion of the merger, the shares of Emergent BioSolutions common stock issued in connection with the merger will be freely tradable, unless you are deemed, pursuant to applicable securities laws, to be an affiliate of Emergent BioSolutions or you have entered into a lock-up agreement with Emergent BioSolutions, as further described on page 146 of this proxy statement/prospectus. If you are deemed to be an affiliate of Emergent BioSolutions you will be required to comply with the applicable resale restrictions pursuant to the securities laws in order to resell shares of Emergent BioSolutions common stock you receive in connection with the merger. If you are party to a lock-up agreement with Emergent BioSolutions, you may only sell your shares in accordance with the terms of that agreement. See the section entitled The Lock-Up Agreements beginning on page 146 of this proxy statement/prospectus.

Q: What are the United States federal income tax consequences of the merger?

A: The merger may qualify as a reorganization under Section 368(a) of the Internal Revenue Code of 1986, as amended, or the code. There is no guarantee that at the effective time of the merger, the amount of Emergent BioSolutions stock transferred will be sufficient for the merger to qualify as a reorganization. If the merger is treated as a reorganization, a United States holder of Trubion common stock may recognize gain (but not loss) with respect to each share of Trubion common stock held in an amount equal to the lesser of any gain or the value of the cash and the CVRs received with respect to such share. However, the amount of gain or loss a United States holder recognizes, and the timing of such gain or loss, depends in part on the United States federal income tax treatment of the CVRs, with respect to which there is substantial uncertainty. For a description of a United

States holder as used in this proxy statement/prospectus, see the section entitled The Merger Material United States Federal Income Tax Consequences of the Merger beginning on page 118 of this proxy statement/prospectus.

Tax matters are very complicated, and the tax consequences of the merger to a particular stockholder will depend in part on such stockholder s circumstances. You should read the section entitled The Merger Material United States Federal Income Tax Consequences of the Merger, beginning on page 118 of this proxy statement/prospectus. In addition, you should consult your own tax advisor for a full

understanding of the tax consequences of the merger to you, including the applicability and effect of federal, state, local and foreign income and other tax laws.

Q: What should I do now?

A: You should carefully read this proxy statement/prospectus, including its annexes and the documents incorporated by reference, and consider how the merger will affect you. Emergent BioSolutions and Trubion urge you to then respond by voting your shares through one of the following means:

by mail, by completing, signing, dating and mailing a proxy card (if you are a registered stockholder, meaning that you hold your stock in your name) or voting instruction card (if your shares are held in street name, meaning that your shares are held in the name of a broker, bank or other nominee);

by telephone or internet, by following the instructions given in the enclosed proxy/voting instruction card; or

in person, by attending the special meeting and submitting your vote in person.

Q: What happens if I do not return a proxy card or otherwise vote?

A: The failure to return your proxy card, vote using the telephone or via the Internet or vote in person at the special meeting will have the same effect as voting **AGAINST** the adoption of the merger agreement and will have no effect on the proposal to adjourn the special meeting to a later date or time, if necessary or appropriate, if a quorum is present, to solicit additional proxies in the event there are insufficient votes at the time of the special meeting to adopt the merger agreement.

Q: What happens if I return a signed and dated proxy card but do not indicate how to vote my proxy?

A: If you do not include instructions on how to vote your properly signed and dated proxy, your shares will be voted **FOR** the adoption of the merger agreement and **FOR** approval of the adjournment of the special meeting to a later date or time, if necessary or appropriate, if a quorum is present, to solicit additional proxies in the event there are insufficient votes at the time of the special meeting to adopt the merger agreement.

Q: May I vote in person at the special meeting?

A: If your shares of Trubion common stock are registered directly in your name with Trubion s transfer agent, you are considered, with respect to those shares, the stockholder of record and you may attend the special meeting and vote your shares in person, rather than signing and returning your proxy card. Even if you plan to attend the special meeting and vote your shares in person, Trubion and Emergent BioSolutions recommend that you sign and return your proxy card in advance of the special meeting.

If your shares of Trubion common stock are held in a brokerage account or by a trustee or nominee, you are considered the beneficial owner of shares held in street name, and you may not vote these shares in person at the special meeting unless you obtain a legal proxy from the broker, trustee or nominee that holds your shares, giving you the right to vote the shares at the special meeting.

Q: May I change my vote after I have mailed my signed and dated proxy card or otherwise voted?

A: Yes. If you are a stockholder of record and have submitted a proxy, you may change your vote at any time before your proxy is voted at the special meeting. You can do this one of four ways. You can:

send a written, dated notice to the Corporate Secretary of Trubion stating that you would like to revoke your proxy;

complete, sign, date and submit a new later-dated proxy card;

attend the special meeting if you are a stockholder of record and vote in person, although your attendance at the special meeting alone will not revoke your proxy; or

submit a new vote by telephone or via the Internet.

If you are not a stockholder of record and you have instructed a broker, trustee or nominee to vote your shares, you must follow the directions received from your broker, trustee or nominee to change those instructions.

Q: If my shares are held in street name by my broker, will my broker automatically vote my shares for me?

A: No. Your broker will not be able to vote your shares without instructions from you. Therefore, you should provide your broker with instructions on how to vote your shares, following the procedure provided on the enclosed voting instruction form. The failure to provide such voting instructions to your broker will have the same effect as voting **AGAINST** adoption of the merger agreement and will have no effect on the proposal to adjourn the special meeting to a later date or time, if necessary or appropriate, if a quorum is present, to solicit additional proxies in the event there are insufficient votes at the time of the special meeting to adopt the merger agreement.

Q: Should I send in my Trubion stock certificates now?

A: No. If you are a Trubion stockholder, after the merger is completed, a letter of transmittal will be sent to you informing you where to deliver your Trubion stock certificates in order to receive the merger consideration. **You should not send in your Trubion common stock certificates prior to receiving the letter of transmittal.**

Q: Who is soliciting this proxy?

A: Trubion will bear all costs incurred in connection with the solicitation of proxies from its stockholders on behalf of its board of directors. In addition to solicitation by mail, the directors, officers and regular employees of Trubion may solicit proxies from stockholders in person or by telephone, telegram, facsimile or other electronic methods without compensation other than reimbursement for their actual expenses. Trubion has retained Innisfree M&A Incorporated, a professional proxy solicitation firm, to assist in the solicitation of proxies for the special meeting for a fee of approximately $8,500, plus reimbursement of out-of-pocket expenses. In addition, Trubion may reimburse brokers, banks and other custodians, nominees and fiduciaries representing beneficial owners of shares for their expenses in forwarding soliciting materials to such beneficial owners. Trubion s directors, officers and employees may also solicit proxies by personal interview, mail, e-mail, telephone, facsimile or other means of communication. These persons will not be paid any additional remuneration for their efforts.

Q: Who can help answer my additional questions?

A: Trubion stockholders who would like additional copies, without charge, of this proxy statement/prospectus or have additional questions about the merger, including the procedures for voting their shares of Trubion common stock, should contact:

Trubion Pharmaceuticals, Inc.
2401 4th Avenue, Suite 1050
Seattle, Washington 98121
Attn: Investor Relations

or Trubion s solicitation agent:

Innisfree M&A Incorporated
501 Madison Avenue, 20th Floor
New York, NY 10022
Stockholders Call Toll-Free at: (888) 750-5834
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SUMMARY

This summary highlights selected information contained or incorporated by reference in this proxy statement/prospectus. You should read carefully this entire proxy statement/prospectus and the documents referred to in this proxy statement/prospectus for a more complete description of the terms of the merger and related transactions. The merger agreement is attached as Annex A, and the CVR agreement is attached as Annex B, to this proxy statement/prospectus. Additional documents and information, including important business and financial information about Emergent BioSolutions, are incorporated by reference into this proxy statement/prospectus. You are encouraged to read the merger agreement as it is the legal document that governs the merger, as well as the additional documents attached as Annexes and incorporated by reference. In this proxy statement/prospectus, unless the context otherwise requires, Emergent BioSolutions refers to Emergent BioSolutions Inc. and its subsidiaries, Trubion refers to Trubion Pharmaceuticals, Inc., merger sub refers to 30333 Inc., an indirect wholly owned subsidiary of Emergent BioSolutions, and the surviving entity refers to 35406 LLC, a direct wholly owned subsidiary of Emergent BioSolutions.

The Companies

Emergent BioSolutions

Emergent BioSolutions (NYSE: EBS) is a company focused on the development, manufacture and commercialization of vaccines and antibody therapies that assist the body s immune system to prevent or treat disease. For financial reporting purposes, Emergent BioSolutions operates in two principal business segments: biodefense and commercial. Its biodefense segment focuses on vaccines and antibody therapies for use against biological agents that are potential weapons of bioterrorism and biowarfare, while its commercial segment focuses on vaccines and antibody therapies targeting infectious diseases that represent significant unmet or underserved public health needs. Emergent BioSolutions program pipeline currently includes programs focused on anthrax, tuberculosis, typhoid, influenza and chlamydia.

Emergent BioSolutions also seeks to advance development of BioThrax and its product candidates through external funding arrangements. BioThrax, also referred to as Anthrax Vaccine Absorbed, is the only vaccine approved by the United States Food and Drug Administration, or the FDA, for the prevention of anthrax disease. Revenues from contracts and grants were $17.6 million in 2009, $9.4 million in 2008 and $13.1 million in 2007. Emergent BioSolutions continues to actively pursue additional government-sponsored development contracts and grants and to encourage both governmental and non-governmental agencies and philanthropic organizations to provide development funding or to conduct clinical studies of its product candidates.

Emergent BioSolutions is a Delaware corporation with headquarters at 2273 Research Boulevard, Suite 400, Rockville, Maryland 20850, and its telephone number is (301) 795-1800.

Trubion

Trubion (Nasdaq: TRBN) is a biopharmaceutical company creating a pipeline of novel protein therapeutic product candidates to treat autoimmune and inflammatory diseases and cancer. Its mission is to develop a variety of first-in-class product candidates customized in an effort to optimize safety, efficacy, and convenience that it believes may offer improved patient experiences. Trubion s current product development efforts are focused on three proprietary technologies that comprise the expanded foundation for Trubion product development Small Modular Immunopharmaceutical, or SMIP™, protein therapeutics, SCORPION™ protein therapeutics, and TRU-ADhanCe™

potency enhancing technology for immunopharmaceuticals. Its current clinical-stage therapeutics target specific antigens on B cells, CD20 and CD37, and are designed using its custom drug assembly technology. In order to fund ongoing development activities and commercialize its products, Trubion has, in some cases, entered into collaboration agreements that include licenses to its technology and arrangements to provide research and development services for others.

Trubion s lead product candidate, SBI-087, which it is developing with its partner, Pfizer Inc., or Pfizer, is its next generation CD20-directed product candidate. In June 2010, Trubion announced Pfizer s decision to discontinue development of its first generation CD20-directed product candidate, TRU-015, an investigational drug in

Phase II evaluation for the treatment of rheumatoid arthritis, or RA, developed under Trubion s CD20 collaboration with Pfizer. SBI-087 for RA builds on Trubion s and Pfizer s clinical experience with TRU-015 and is based on Trubion s SMIP technology. Patient dosing has commenced and recruitment is currently ongoing in a Phase II trial of SBI-087 for RA evaluating safety and efficacy of subcutaneous administration of SBI-087. In addition, patient enrollment is complete in an additional Phase I trial of SBI-087 for RA in Japan. Finally, Pfizer is conducting a Phase I clinical trial of SBI-087 in systemic lupus erythematosus, or SLE, in which patient dosing has commenced and recruitment is ongoing.

Trubion s other clinical product candidate, TRU-016, which Trubion is developing with its partner Abbott Laboratories, or Abbott, is a novel CD37-directed SMIP protein therapeutic. A TRU-016 Phase I clinical trial for patients with chronic lymphocytic leukemia, or CLL, is currently under way. TRU-016 uses a different mechanism of action than CD20-directed therapies. As a result, Trubion believes its novel design may provide patients with improved therapeutic options and enhance efficacy when used alone or in combination with chemotherapy and/or CD20-directed therapeutics.

Trubion is a Delaware corporation with headquarters at 2401 4th Avenue, Suite 1050, Seattle, WA 98121, and its telephone number is (206) 838-0500.

Merger Sub

Merger sub is a Delaware corporation and an indirect wholly owned subsidiary of Emergent BioSolutions incorporated on August 10, 2010. Merger sub does not engage in any operations and exists solely to facilitate the merger. Its principal executive offices have the same address and telephone number as Emergent BioSolutions.

Surviving Entity

The surviving entity is a Delaware limited liability company and a direct wholly owned subsidiary of Emergent BioSolutions formed on August 10, 2010. The surviving entity does not engage in any operations and exists solely to facilitate the merger. Its principal executive offices have the same address and telephone number as Emergent BioSolutions.

Special Meeting of Trubion Stockholders

Date, Time and Place. The special meeting of Trubion stockholders will be held on October 28, 2010, at 10 a.m., local time, on the first floor of Trubion s offices located at 2401 4th Avenue, Seattle, Washington 98121. At the special meeting, Trubion stockholders will be asked to vote on the proposals to adopt the merger agreement and to adjourn the special meeting to a later date or time, if necessary or appropriate, if a quorum is present, to solicit additional proxies in the event there are insufficient votes at the time of the special meeting to adopt the merger agreement. No other business will be conducted at the special meeting.

Record Date. Only Trubion stockholders of record at the close of business on September 21, 2010, will be entitled to vote at the special meeting. Each share of Trubion common stock is entitled to one vote on all matters properly presented. As of the record date, there were 20,425,554 shares of Trubion common stock outstanding and entitled to vote at the special meeting.

Vote Required for Approval. The holders of at least a majority of the issued and outstanding shares of Trubion common stock entitled to vote at the meeting as of the record date must be represented in person or by proxy at the special meeting to constitute a quorum to conduct business at the special meeting. Abstentions will be counted for the purpose of determining whether a quorum is present. Each share of Trubion common stock entitles the holder to one

vote at the special meeting on all matters properly presented at the meeting.

The affirmative vote of the holders of at least a majority of all outstanding shares of Trubion common stock on the record date and entitled to vote at the special meeting is necessary to adopt the merger agreement. Because the affirmative vote of the holders of a majority of the outstanding shares of Trubion common stock entitled to vote at the special meeting is needed to approve the merger proposal, the failure to vote by proxy or in person will have the same effect as a vote against the approval of the merger proposal. Abstentions and broker non-votes will also have the same effect as a vote against the approval of the merger proposal.

Approval of the adjournment proposal requires the affirmative vote of the holders of at least a majority of the shares of Trubion common stock entitled to vote and present in person or by proxy at the special meeting. Because approval of this proposal requires the affirmative vote of at least a majority of shares present in person or by proxy, abstentions will have the same effect as a vote against this proposal. However, the failure to vote, either by proxy or in person, and broker non-votes, will have no effect on the adjournment proposal.

Share Ownership by Trubion Management. As of the record date, the directors and executive officers of Trubion and their affiliates owned in the aggregate 8,479,337 outstanding shares of Trubion common stock, representing approximately 41.5% of the outstanding shares of Trubion common stock entitled to vote at the special meeting.

See the section entitled, The Special Meeting of Trubion Stockholders beginning on page 86 of this proxy statement/prospectus.

Risk Factors

You should carefully review the section entitled Risk Factors beginning on page 21 of this proxy statement/prospectus, which sets forth certain risks and uncertainties related to the merger, risks and uncertainties to which the combined business will be subject and risks and uncertainties to which Trubion, as an independent company, is subject. These risk factors should be considered along with any additional risk factors in the reports of Emergent BioSolutions or Trubion filed with the SEC and any other information included in or incorporated by reference into this proxy statement/prospectus.

Merger Structure; Merger Consideration

If the merger is completed, merger sub will merge with and into Trubion. Immediately thereafter, Trubion will merge with and into the surviving entity, with the surviving entity continuing as the surviving entity in the merger. Upon completion of the merger, each outstanding share of Trubion common stock will be converted into the right to receive, upon surrender of the certificate representing such share in the manner provided in the merger agreement, a combination of $1.365 in cash, without interest; 0.1641 of a share of common stock of Emergent BioSolutions; and a CVR that will provide the opportunity to receive additional cash as described in this proxy statement/prospectus. Emergent BioSolutions will pay cash in lieu of issuing fractional shares of Emergent BioSolutions common stock.

Based on the average trading price of Emergent BioSolutions common stock for the five consecutive trading days ending August 11, 2010 of $19.41 per share, the exchange ratio set forth above implies an upfront purchase price of $4.55 per common share of Trubion based on 20,421,294 shares of Trubion common stock outstanding on August 11, 2010. As of August 11, 2010, the total upfront value represents approximately $96.8 million to Trubion s stockholders and optionholders. Based on the closing price of Emergent BioSolutions common stock on September 22, 2010, the last trading day prior to the date of this proxy statement/prospectus, the exchange ratio set forth above implies an upfront purchase price of $4.32 per share of Trubion common stock based on 20,425,554 shares of Trubion common stock outstanding on such date. As of September 22, 2010, the total upfront value represents approximately $92.0 million to Trubion s stockholders and optionholders.

These values exclude a potential for an aggregate of up to $38.75 million of additional cash that may be payable to holders of Trubion common stock and certain Trubion optionholders related to the CVRs. The CVRs provide each holder entitled to receive them the right to receive a pro rata share of an aggregate of up to $38.75 million in cash based on the achievement of certain predefined milestones over a 36-month period following the effective time of the merger.

CVR Agreement

Trubion, Emergent BioSolutions and Mellon Investor Services LLC, as rights agent, entered into a Contingent Value Rights Agreement, dated as of August 12, 2010, or the CVR agreement, governing the terms of the CVRs. The CVRs are generally not transferable or certificated and do not have any voting or dividend rights. No interest

accrues on any amounts payable to any holders of CVRs and the CVRs do not represent any equity or ownership interest in Emergent BioSolutions or in any other parties.

Each CVR holder is entitled to receive a pro rata portion, based on the number of CVRs then outstanding, of each of the following CVR payment events, in each case if it occurs, which are either milestone events under Trubion s existing collaboration agreements with Pfizer and Abbott pursuant to which payments will be made by either Pfizer or Abbott to Emergent BioSolutions or triggered by the manufacture of TRU-016 for use in clinical studies pursuant to Trubion s collaboration with Abbott:

CVR Payment Event	**Applicable Payment**
Milestone Events under the Pfizer Agreement	
Initiation of dosing in the first Phase III clinical study for the first major indication for CD20 candidate	$ 6.25 million
Initiation of dosing in the first Phase III clinical study for the second major indication for CD20 candidate	$ 5.0 million
Initiation of dosing in the first Phase II clinical study for a non-CD20 target	$ 0.75 million
Pfizer subtotal	**$ 12.0 million**
Milestone Events under the Abbott Agreement	
Initiation of the first Phase II clinical study for TRU-016	$ 1.75 million
Initiation of the first Phase III clinical study in oncology indication for TRU-016	$ 15.0 million
Achievement Event under the Abbott Agreement	
Release TRU-016 manufactured for use in clinical studies	$ 10.0 million
Abbott subtotal	**$ 26.75 million**
Total	**$ 38.75 million**

The total potential payment under the CVRs is approximately $38.75 million over the 36-month period following the effective time of the merger. Emergent BioSolutions has agreed to use commercially reasonable efforts to achieve all of the milestone events as soon as practicable.

For additional information about the CVRs and the milestones and payments, see the section entitled The CVR Agreement beginning on page 143 of this proxy statement/prospectus. The full text of the CVR agreement is attached as Annex B to this proxy statement/prospectus.

Treatment of Stock Options

All outstanding Trubion stock options will immediately vest and will be canceled at the effective time of the merger. Stock options with a per share exercise price of $4.55 or above will be canceled and extinguished. Holders of stock options with a per share exercise price below $4.55 will receive, for each share of Trubion common stock subject to such option, a cash payment equal to the difference between $4.55 and the exercise price of the option, less applicable taxes, and one CVR. As of September 21, 2010, there were 1,679,952 outstanding Trubion stock options with a per share exercise price below $4.55. See the section entitled The Merger Agreement Treatment of Trubion Stock Options beginning on page 126 of this proxy statement/prospectus.

Support Agreements and Lock-up Agreements

Concurrently with Trubion s execution of the merger agreement, affiliates of each of ARCH Venture Partners, Frazier Healthcare, Venrock and Prospect Venture Partners who hold in the aggregate, approximately 41% of the outstanding

Trubion common stock as of September 3, 2010, who we refer to as the principal holders, entered into Support Agreements, dated as of August 12, 2010, or support agreements, with Emergent BioSolutions, pursuant to which they agreed, subject to the terms of the support agreements, to vote a portion of their shares of Trubion common stock equaling approximately 35% in the aggregate of the outstanding shares of Trubion common stock in favor of the adoption of the merger agreement and the transactions contemplated by the merger agreement, and against, among other things, a competing transaction. Each principal holder also agreed to not solicit, initiate or intentionally encourage a competing transaction. Finally, each principal holder granted Emergent BioSolutions a limited irrevocable proxy to vote the specified amount of shares subject to the support agreements in accordance with the terms of the support agreements. The support agreements limit the ability of the principal holders to sell or otherwise transfer their shares of Trubion common stock. The support agreements automatically terminate if the

merger agreement terminates. Each of the principal holders is an affiliate of a member of Trubion s board of directors. The full text of the form of support agreement is attached as Annex C to this proxy statement/prospectus.

These same principal holders also entered into lock-up agreements with Emergent BioSolutions pursuant to which the principal holders agreed to transfer restrictions, which limit their ability to transfer the shares of Emergent BioSolutions common stock they receive in connection with the merger. These restrictions will lapse on a staggered basis at various times for a period of one year after the end of the lock-up period, or 90 days after the effective time of the merger, although they may lapse on an accelerated basis in specified circumstances. The full text of the form of lock-up agreement is attached as Annex D to this proxy statement/prospectus.

Ownership of Emergent BioSolutions After the Merger

Emergent BioSolutions will issue approximately 3,351,833 shares of common stock to Trubion stockholders in the merger. See the section entitled The Merger Agreement Exchange of Trubion Stock Certificates for Emergent BioSolutions Stock Certificates beginning on page 127 of this proxy statement/prospectus. Trubion stockholders will own approximately 9.7% of the outstanding Emergent BioSolutions common stock after the merger. The above calculations are based on the number of shares of Emergent BioSolutions common stock and Trubion common stock outstanding on the record date, and assume that no Trubion stock options and no Emergent BioSolutions stock options will be exercised after the record date.

Trubion s Reasons for the Merger

In reaching its decision to approve the merger, the merger agreement and the other transactions contemplated by the merger agreement and to recommend adoption of the merger agreement to Trubion stockholders, Trubion s board of directors consulted with Trubion s senior management team, as well as its outside legal and financial advisors, and considered, among other things, the process it had overseen to investigate potential business combination transactions and other strategic and financial alternatives and ultimately to negotiate and enter into the merger agreement with Emergent BioSolutions including:

- the possible alternatives to a sale of Trubion and the risks and uncertainties related to not selling the company, including the risks involved in Trubion s product development pipeline, and the fact that Trubion would need to raise significant additional capital to support its business operations (which, if available, would likely result in further significant dilution to Trubion s stockholders), cease preclinical activities and complete a substantial reduction in force;

- the risk that Trubion or its partners would be unable to successfully commercialize Trubion s partnered clinical product candidates and that applicable milestones giving rise to milestone payments to Trubion under the Pfizer and Abbott collaboration agreements might not be achieved;

- Trubion s inability to complete additional strategic collaboration transactions during the period from August 2009 through August 2010 despite Trubion management s attempts to attract and complete such transactions;

- the fact that Trubion s common stock has traded at low volumes on the Nasdaq Global Market for a significant period of time, which has made it difficult for Trubion to raise capital in the public or private markets or offer opportunities for liquidity to its existing stockholders;

- a sale process that presented the opportunity for a business combination with Trubion to a substantial number of third parties and generated several potentially interested parties but ultimately culminated in only the Emergent BioSolutions offer;

the fact that the upfront merger consideration, based on the average trading price of Emergent BioSolutions common stock for the five consecutive trading days ending August 11, 2010, the last full trading day before the announcement of the merger, represents an approximately 57% premium over the closing price ($2.90) of Trubion common stock on the Nasdaq Global Market on August 11, 2010, and represents, based on the closing price of Emergent BioSolutions common stock on September 22, 2010, the last trading day prior to the date of this proxy statement/prospectus, an approximately 49% premium over the closing price ($2.90) of Trubion common stock on August 11, 2010;

the fact that the total potential merger consideration, including the potential CVR payments, based on the average trading price of Emergent BioSolutions common stock for the five consecutive trading days ending August 11, 2010, the last full trading day before the announcement of the merger, represents an approximately 117% premium over the closing price ($2.90) of Trubion common stock on August 11, 2010, and represents, based on the closing price of Emergent BioSolutions common stock on September 22, 2010, the last trading day prior to the date of this proxy statement/prospectus, an approximately 109% premium over the closing price ($2.90) of Trubion common stock on August 11, 2010;

the fact that a significant portion of the merger consideration consists of shares of Emergent BioSolutions common stock, which allows Trubion stockholders to benefit from any future growth of the combined company, and the possibility that Trubion s business would benefit from the greater resources of Emergent BioSolutions;

the fact that the CVRs represent further potential upside to the upfront merger consideration that, if paid, would add approximately $1.75 per share in cash value for Trubion stockholders based on the number of shares of Trubion common stock outstanding on August 11, 2010 and the number of Trubion stock options outstanding as of such date with a per share exercise price below $4.55;

the fact that the financial and other terms and conditions of the merger agreement and the transactions contemplated by the merger agreement were the product of extensive arm s-length negotiations between the parties;

the fact that under the terms of the merger agreement, the completion of the merger is not conditioned on Emergent BioSolutions ability to obtain financing or an affirmative vote of its stockholders and there are very limited conditions to closing, increasing the likelihood that the transaction will be consummated;

the MTS Securities, LLC, or MTS, financial analysis of the merger consideration and the opinion of MTS, delivered on August 12, 2010, to the effect that, as of such date and based upon and subject to the factors, procedures, assumptions, qualifications and limitations set forth in the opinion, the merger consideration to be received by the holders of shares of Trubion common stock (other than Emergent BioSolutions, merger sub, and their affiliates) pursuant to the merger agreement is fair from a financial point of view to such holders, as described elsewhere in this proxy statement/prospectus in the section entitled The Merger Opinion of Trubion s Financial Advisor ;

the terms of the merger agreement that, subject to compliance with certain terms and conditions, permit the Trubion board of directors:

- in the exercise of its fiduciary duties, to furnish nonpublic information in response to, and to negotiate with regard to, unsolicited alternative proposals, if the board of directors determines in good faith after consultation with outside counsel that an unsolicited alternative offer could lead to a superior offer; and

- to change its recommendation with respect to the merger if the board of directors determines in good faith, after it has received a superior offer and after consultation with outside counsel, that the failure to do so would reasonably be expected to result in a breach of its fiduciary duties;

the belief that the termination fee amount under the merger agreement, and the circumstances under which the termination fee would be required to be paid, are reasonable compared to other similar public company merger transactions, and would not unreasonably deter another potential bidder from considering a transaction with

Trubion at a higher price;

the results of Trubion s due diligence review of Emergent BioSolutions products, business, finances, operations and perceived prospects; and

the fact that a vote of Trubion stockholders on the merger is required under Delaware law, and that stockholders who do not vote in favor of the adoption of the merger agreement will have the right to demand appraisal of the fair value of their shares under Delaware law.

In addition to reviewing and considering the factors described above, Trubion s board of directors considered a number of additional factors, including a variety of negative factors, such as:

the fact that following the merger, Trubion will no longer exist as an independent, stand-alone company and its stockholders will not benefit from appreciation in value of the company other than through the CVRs and their ownership of Emergent BioSolutions common stock;

the risks and costs (both financial and otherwise) to Trubion if the merger does not close, including the diversion of management and employee attention, potential employee attrition and potential impact on its business;

risks relating to the value of the Emergent BioSolutions common stock that Trubion stockholders will receive in the merger;

the fact that a significant portion of the merger consideration, which is represented by the CVRs, is contingent and is dependent on Emergent BioSolutions ability to maintain and continue to cultivate Trubion s existing partnerships;

the restrictions on the conduct of Trubion s business prior to the consummation of the merger, which could delay or prevent Trubion from undertaking business opportunities that may arise during the term of the merger agreement, whether or not the merger is consummated;

the fact that if the merger is not consummated for certain reasons, and if Trubion consummates an acquisition transaction or enters into an acquisition agreement within a specified time period after the merger agreement is terminated, Trubion may be required to pay the termination fee to Emergent BioSolutions or, in certain circumstances, to reimburse Emergent BioSolutions for reasonable, documented expenses;

the restrictions on Trubion s ability to solicit or participate in discussions or negotiations regarding alternative business combination transactions, subject to specified exceptions, which Trubion s board of directors understood, while potentially having the effect of discouraging third parties from proposing a competing business combination transaction, were conditions to Emergent BioSolutions willingness to enter into the merger agreement and were reasonable in light of, among other things, the benefits of the merger to Trubion s stockholders;

the fact that Trubion did not undertake a full public auction prior to entering into the merger agreement, although the Trubion board of directors was satisfied that the terms of the merger agreement, including the ability of the board of directors to exercise its fiduciary duties to consider unsolicited potential alternative acquisition proposals and the amount of the termination fee payable by Trubion upon acceptance of an alternative acquisition proposal, would not unreasonably deter another potential bidder from considering a transaction with Trubion at a higher price;

the fact that the merger may not be completed in a timely manner or at all due to a failure to receive necessary approvals or clearances or due to the occurrence of an event causing a material adverse effect for Trubion or for Emergent BioSolutions; and

the fact that some of Trubion s directors and executive officers may have interests in the merger that are different from, or in addition to, those of Trubion s stockholders generally, including as a result of employment and compensation arrangements with Trubion and the manner in which they would be affected by the merger

(see the section entitled Interests of Trubion s Executive Officers and Directors in the Merger).

For more information about the factors considered by Trubion s board of directors, see the section entitled The Merger Trubion s Reasons for the Merger; Recommendation of Trubion Board of Directors beginning on page 98 of this proxy statement/prospectus.

Recommendation to Trubion s Stockholders

Trubion s board of directors has unanimously approved the merger agreement, the merger and the other transactions contemplated by the merger agreement and has unanimously determined and declared that the merger

agreement, the merger and the other transactions contemplated by the merger agreement are advisable and fair to, and in the best interests of, Trubion and its stockholders. The board of directors of Trubion recommends that Trubion stockholders vote **FOR** the adoption of the merger agreement and **FOR** the approval of the proposal to adjourn the special meeting to a later date or time, if necessary or appropriate, if a quorum is present, to solicit additional proxies in the event there are insufficient votes at the time of the special meeting to adopt the merger agreement. See the section entitled The Merger Trubion s Reasons for the Merger; Recommendation of Trubion Board of Directors beginning on page 98 of this proxy statement/prospectus.

Opinion of Trubion s Financial Advisor

The Trubion board of directors retained MTS Health Partners, L.P., or MTS Health Partners, to act as its financial advisor in connection with a business combination transaction, and if requested, to cause its affiliate, MTS, to render an opinion to it as to the fairness from a financial point of view of any consideration to be paid in any such transaction. On August 12, 2010, MTS delivered to Trubion s board of directors an oral opinion, later confirmed in writing, to the effect that, based upon and subject to the various assumptions made, procedures followed, matters considered and limitations described, as of August 12, 2010, the merger consideration to be received by holders of shares of Trubion common stock (other than Emergent BioSolutions, merger sub, and their affiliates) pursuant to the merger agreement is fair, from a financial point of view, to such holders. The full text of the written opinion of MTS, which sets forth assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with the opinion, is attached as Annex E to this proxy statement/prospectus and is incorporated in its entirety herein by reference. You are urged to carefully read the opinion, together with the description thereof elsewhere in this proxy statement/prospectus, in its entirety. MTS provided its opinion for the information and assistance of the Trubion board of directors in connection with its consideration of the merger. The MTS opinion is not a recommendation as to how any holder of Trubion common stock should vote with respect to the merger or any other matter. For more information regarding the MTS opinion, see the section entitled The Merger Opinion of Trubion s Financial Advisor on page 101 of this proxy statement/prospectus.

Emergent BioSolutions Reasons for the Merger

Emergent BioSolutions board of directors decided to acquire Trubion because of the significant benefits that this acquisition will bring to Emergent BioSolutions. The addition of Trubion s proprietary SMIP™ and SCORPION™ protein therapeutic technologies and its two clinical-stage product candidates focused on the targeted disease areas of autoimmunity and oncology will enhance Emergent BioSolutions product development pipeline by diversifying its product pipeline beyond infectious diseases into the two high-growth areas of autoimmune diseases and cancer and extending its therapeutic product capabilities beyond conventional therapeutic approaches. In addition, Trubion s preclinical stage programs, as well as its leading edge science, will significantly strengthen Emergent BioSolutions ability to develop and commercialize novel, first-in-class therapeutic products. Furthermore, Emergent BioSolutions expects that its acquisition of Trubion will further its position as a leading, fully integrated biopharmaceutical company focused on the manufacture, development and commercialization of vaccines and protein-based therapeutics.

There can be no assurance that the benefits of the potential growth, synergies or opportunities considered by Emergent BioSolutions board of directors will be achieved through completion of the merger. For more information regarding Emergent BioSolutions reasons for the merger, see the section entitled The Merger Emergent BioSolutions Reasons for the Merger beginning on page 108 of this proxy statement/prospectus. Achieving Emergent BioSolutions objectives is subject to particular risks that are discussed in the section entitled Risk Factors beginning on page 21 of this proxy statement/prospectus.

Opinion of Emergent BioSolutions Financial Advisor

Emergent BioSolutions board of directors retained Wedbush Securities Inc., or Wedbush, to act as its financial advisor and, if requested, to render an opinion to it as to the fairness, from a financial point of view, of the merger consideration to be paid by Emergent BioSolutions in connection with the merger. On August 11, 2010, Wedbush rendered its oral opinion (subsequently confirmed in writing) to Emergent BioSolutions board of directors to the effect that, as of August 11, 2010, and based upon and subject to the factors, assumptions made, matters considered,

procedures followed and limitations on the scope of the review undertaken by Wedbush set forth in its written opinion, the merger consideration specified in the merger agreement is fair, from a financial point of view, to Emergent BioSolutions and its stockholders. The full text of the Wedbush opinion, which sets forth the factors, assumptions made, matters considered, procedures followed and limitations on the scope of the review undertaken by Wedbush in rendering its opinion, is included as Annex F to this proxy statement/prospectus and is incorporated in its entirety herein by reference. You are urged to carefully read this opinion in its entirety for a description of the factors, assumptions made, matters considered, procedures followed and limitations on the scope of the review undertaken by Wedbush in rendering its opinion. Wedbush s opinion was provided to Emergent BioSolutions board of directors in connection with its evaluation of the merger consideration, did not address any other aspect of the merger, the merger agreement, any related agreements or agreements ancillary thereto, and did not constitute a recommendation to the Emergent BioSolutions board of directors or to any stockholder as to how to vote or act in connection with the merger. For more information regarding the Wedbush opinion, see the section entitled The Merger Opinion of Emergent BioSolutions Financial Advisor on page 109 of this proxy statement/prospectus.

Interests of Trubion s Executive Officers and Directors in the Merger

Each of Trubion s executive officers and directors who holds shares of Trubion common stock will be entitled to receive the same merger consideration as any Trubion stockholder for their shares. However, in considering the recommendation of Trubion s board of directors that you vote to adopt the merger agreement, you should be aware that some of Trubion s executive officers and directors may have economic interests in the merger that are different from, or in addition to, those of Trubion s stockholders generally, including, among other things, the fact that:

- each Trubion executive officer and director holds options to purchase Trubion common stock which, whether or not vested, will immediately vest and be cancelled at the effective time of the merger and any options with an exercise price of less than $4.55 will be exchanged for a cash payment and a CVR, as more fully described in the section entitled The Merger Agreement Treatment of Trubion Stock Options beginning on page 126 of this proxy statement/prospectus; and

- Trubion s executive officers, other than Steven Gillis, Ph.D., Trubion s executive chairman and acting president, may receive cash severance and other benefits if they are terminated without cause or resign for good reason after the closing of the merger.

For more information regarding the interests of Trubion s executive officers and directors in the merger, see the section entitled The Merger Interests of Trubion s Executive Officers and Directors in the Merger beginning on page 114 of this proxy statement/prospectus.

Trubion s board of directors was aware of and considered these interests, among other matters, in approving the merger agreement and the transactions contemplated by the merger agreement, including the merger, and in making its recommendation that Trubion s stockholders vote to adopt the merger agreement. None of the members of Trubion s board of directors or Trubion s named executive officers will be members of the board of directors of Emergent BioSolutions or executive officers of Emergent BioSolutions following the effective time of the merger.

Conditions to the Merger

The merger agreement provides that the obligations of the parties to effect the merger and complete the other transactions contemplated by the merger agreement are subject to the satisfaction of each of the following conditions at or prior to completion of the merger:

at least a majority of the holders of Trubion s outstanding common stock on the record date shall have voted to adopt the merger agreement;

there shall not be any law or order that prevents or prohibits consummation of the merger and there shall be no pending action, proceeding or other application before any governmental entity seeking such an order (other than a lawsuit commenced by a stockholder plaintiff, the defense of which is covered by applicable insurance and which would not be reasonably expected to have a material adverse effect on Trubion);

all consents and approvals required to consummate the merger, the failure of which to be obtained would be reasonably expected to have a material adverse effect on Emergent BioSolutions or Trubion, will be obtained;

the SEC shall have declared the registration statement, of which this proxy statement/prospectus is a part, effective and no stop order suspending such effectiveness shall have been issued and no proceeding for that or a similar purpose shall have been initiated or threatened in writing by the SEC;

the applicable waiting periods, together with any extensions thereof, under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, or the HSR Act, or any other applicable pre-clearance requirements of any foreign competition law shall have expired or been terminated; and

the shares of Emergent BioSolutions common stock to be issued as partial consideration for the merger shall have been approved and authorized for listing on the NYSE.

In addition, the merger agreement provides that the obligations of Emergent BioSolutions, merger sub and the surviving entity to effect the merger and complete the other transactions contemplated by the merger agreement are subject to the satisfaction of each of the following conditions at or prior to the completion of the merger:

the representations and warranties of Trubion contained in the merger agreement will be true and correct as of the date of the merger agreement and as of the effective time of the merger as if made at and as of such time (except to the extent expressly made as of an earlier date, in which case as of such earlier date), except where the failure to be so true and correct (without giving effect to any limitation as to materiality or material adverse effect) would not reasonably be expected to have a material adverse effect on Trubion, and Trubion will deliver to Emergent BioSolutions a certificate signed by an executive officer of Trubion to that effect;

Trubion will have performed or complied in all material respects with all agreements and covenants required by the merger agreement to be performed or complied with by it on or prior to the effective time of the merger, and Trubion will deliver to Emergent BioSolutions a certificate signed by an executive officer of Trubion to that effect; and

since the date of the merger agreement, there shall not have been a material adverse effect on Trubion, as defined in the merger agreement, or any event, change or effect that would, individually or in the aggregate, reasonably be expected to have a material adverse effect, as defined in the merger agreement, on Trubion.

In addition, the merger agreement provides that the obligations of Trubion to effect the merger and complete the other transactions contemplated by the merger agreement are subject to the satisfaction of the following conditions at or prior to the completion of the merger:

the representations and warranties of Emergent BioSolutions contained in the merger agreement will be true and correct as of the date of the merger agreement and as of the effective time of the merger as if made at and as of such time (except to the extent expressly made as of an earlier date, in which case as of such earlier date), except where the failure to be so true and correct (without giving effect to any limitation as to materiality or material adverse effect) would not reasonably be expected to have a material adverse effect on Emergent BioSolutions, and Emergent BioSolutions will deliver to Trubion a certificate signed by an executive officer of Emergent BioSolutions to that effect;

Emergent BioSolutions will have performed or complied in all material respects with all agreements and covenants required by the merger agreement to be performed or complied with by it on or prior to the effective

time of the merger, and Emergent BioSolutions will deliver to Trubion a certificate signed by an executive officer of Emergent BioSolutions to that effect; and

since the date of the merger agreement, there shall not have been a material adverse effect on Emergent BioSolutions, as defined in the merger agreement, or any event, change or effect that would, individually or in the aggregate, reasonably be expected to have a material adverse effect, as defined in the merger agreement, on Emergent BioSolutions.

For more information regarding the conditions to completion of the merger, see the section entitled, The Merger Agreement Conditions to Completion of the Merger beginning on page 135 of this proxy statement/prospectus.

Either Emergent BioSolutions or Trubion may choose to waive any or all of the conditions to its obligation to complete the merger, provided that any such waiver is in compliance with applicable law, subject to specified exceptions.

Termination of the Merger Agreement

Each of Emergent BioSolutions and Trubion is entitled to terminate the merger agreement under certain circumstances including, among others:

- by mutual written consent;
- if the merger has not been consummated by December 31, 2010, except that this right to terminate shall not be available to a party whose material breach of the merger agreement or failure to fulfill any obligation under the merger agreement has been the cause of, or results in, the failure of the merger to occur on or before such date;
- if a court or governmental or regulatory authority of competent jurisdiction shall have issued any order, decree or ruling or taken any other action (including the failure to have taken an action), in any case having the effect of permanently restraining, enjoining or otherwise prohibiting the merger or any of the other transactions contemplated by the merger agreement or any of the other transaction documents related to the merger agreement, which order, decree, ruling or other action is final and nonappealable, provided that this right of termination is not available to any party whose failure to fulfill any obligation under the merger agreement has been the cause of, or results in, the issuance, promulgation, enforcement or entry into such order, decree, ruling or action; or
- if the approval of a majority of the stockholders of Trubion to adopt the merger agreement is not obtained at a special meeting of Trubion stockholders duly convened (including any postponement or adjournment) to consider adoption of the merger agreement, provided that this right of termination is not available to Trubion if Trubion has materially breached any of its obligations under certain non-solicitation and other provisions of the merger agreement.

In addition, the merger agreement provides that Emergent BioSolutions may terminate the merger agreement, at any time prior to the effective time of the merger, if any of the following events occurs:

- if (i) the Trubion board of directors withdraws or adversely modifies its approvals or recommendations of the merger, the merger agreement or the transactions contemplated by the merger agreement, (ii) the Trubion board of directors fails to reaffirm its approvals and recommendations of the merger or the merger agreement upon the request of Emergent BioSolutions, (iii) the Trubion board of directors (A) recommends to the Trubion stockholders that they approve or accept a competing transaction or (B) determines to accept a proposal or offer for a superior competing transaction, (iv) Trubion materially breaches any of its obligations under the merger agreement with respect to certain non-solicitation obligations or convening the special meeting of Trubion stockholders, or (v) any third party commences a tender or exchange offer or other transaction constituting or potentially constituting a competing transaction and Trubion does not send to its security holders pursuant to Rule 14e-2 of the Exchange Act a statement disclosing that Trubion recommends rejection of such tender or exchange offer; or

(i) any representation or warranty of Trubion set forth in the merger agreement shall have been breached or become untrue or Trubion shall have breached any covenant or agreement, (ii) such breach or misrepresentation is not cured or is incapable of being cured by December 31, 2010, and (iii) such breach or misrepresentation would, individually or in the aggregate, cause the closing conditions relating to accuracy of Trubion s representations and warranties or compliance with its covenants and agreements to be incapable of being satisfied, provided that Emergent BioSolutions is not then in breach of its respective warranties,

covenants or agreements such that the closing conditions relating to accuracy of its representations and warranties or compliance with covenants and agreements would not be satisfied.

Further, the merger agreement provides that Trubion may terminate the merger agreement, at any time prior to the effective time of the merger, if any of the following events occurs:

(i) any representation or warranty of Emergent BioSolutions set forth in the merger agreement shall have been breached or become untrue or Emergent BioSolutions shall have breached any covenant or agreement, (ii) such breach or misrepresentation is not cured or is incapable of being cured by December 31, 2010, and (iii) such breach or misrepresentation would, individually or in the aggregate, cause the closing conditions relating to accuracy of Emergent BioSolutions representations and warranties or compliance with its covenants and agreements to be incapable of being satisfied, provided that Trubion is not then in breach of its respective warranties, covenants or agreements such that the closing conditions relating to accuracy of its representations and warranties or compliance with covenants and agreements would not be satisfied; or

in order to enter into an acquisition agreement for a superior competing transaction.

For more information on termination of the merger agreement, see the section entitled, The Merger Agreement Termination of the Merger Agreement beginning on page 138 of this proxy statement/prospectus.

Limitation on Trubion s Ability to Consider Competing Transactions

Trubion has agreed that it will not, and that it will not authorize or permit any of its affiliates or representatives to, directly or indirectly,

solicit, initiate or intentionally encourage the submission of any competing transaction; or

participate in any discussions or negotiations, or furnish to any third party any information or data with respect to, or provide access to the properties, offices, books, records, officers, directors or employees of, or take any other action to knowingly facilitate, induce or encourage the making of any proposal that constitutes, or that may reasonably be expected to lead to, a competing transaction.

Notwithstanding these restrictions, prior to obtaining the approval of the holders of at least a majority of Trubion s issued and outstanding shares of common stock to adopt the merger agreement, Trubion may, to the extent required by the fiduciary obligations of Trubion s board of directors (as determined in good faith by a majority of the members of Trubion s board of directors and after consultation with Trubion s outside counsel) furnish information to a third party that makes a competing transaction offer and participate in related discussions and negotiations so long as:

Trubion is not in breach of its non-solicitation of competing transactions covenant;

the third party is subject to a confidentiality agreement with Trubion that is not less favorable than the confidentiality agreement entered into between Trubion and Emergent BioSolutions;

Trubion s board of directors reasonably determines in good faith that such competing transaction constitutes or would reasonably be expected to lead to a superior competing transaction; and

Trubion provides written notice to Emergent BioSolutions of its decision to furnish information to a third party that makes a competing transaction offer and its compliance with the non-solicitation of competing transactions covenant.

For more information on Trubion s ability to consider competing transactions, see the section entitled, The Merger Agreement Limitation on the Solicitation, Negotiation and Discussion by Trubion of Competing Transactions beginning on page 136 of this proxy statement/prospectus.

Fees and Expenses

The merger agreement provides that, subject to limited exceptions, all fees and expenses incurred in connection with the merger agreement and the transactions contemplated by the merger agreement shall be paid

by the party incurring such expenses. See the section entitled, The Merger Agreement Expenses and Termination Fees beginning on page 139 of this proxy statement/prospectus.

Termination Fee

Trubion must pay a termination fee of $3 million, or the termination fee, to Emergent BioSolutions if the merger agreement is terminated as follows:

- by Trubion or Emergent BioSolutions if stockholder approval of the adoption of the merger agreement is not obtained;
- by Trubion or Emergent BioSolutions if the merger has not been consummated by December 31, 2010, and
  - Trubion has publicly announced a competing transaction, or in the alternative, a third party has made a proposal regarding a competing transaction to Trubion or its board of directors, whether or not publicly announced; and
  - an acquisition of Trubion is consummated within six months following the termination of the merger agreement;
- by Trubion in order to enter into an acquisition agreement for a superior competing transaction;
- by Emergent BioSolutions upon the occurrence of a triggering event, which is described in more detail under The Merger Agreement Termination of Merger Agreement beginning on page 138 of this proxy statement/prospectus;
- by Emergent BioSolutions as a result of Trubion s breach or misrepresentation of its representations and warranties set forth in the merger agreement and such breach or misrepresentation is not cured by December 31, 2010 and prohibits Trubion from satisfying its closing covenants in the merger agreement related to the accuracy of its representations or warranties or compliance with its covenants and agreements and
  - Trubion has publicly announced a competing transaction, or in the alternative, a third party has made a proposal regarding a competing transaction to Trubion or its board of directors, whether or not publicly announced; and
  - an acquisition of Trubion is consummated within six months following the termination of the merger agreement.

For more information on the termination fee, see the section entitled The Merger Agreement Expenses and Termination Fees beginning on page 139 of this proxy statement/prospectus.

Material United States Federal Income Tax Consequences of the Merger

The merger may qualify as a reorganization under Section 368(a) of the code. There is no guarantee that at the effective time of the merger, the amount of Emergent BioSolutions stock transferred will be sufficient for the merger to qualify as a reorganization. If the merger is treated as a reorganization, a United States holder of Trubion common stock may recognize gain (but not loss) with respect to each share of Trubion common stock held in an amount equal to the lesser of any gain or the value of the cash and the CVRs received with respect to such share. However, the

amount of gain or loss a United States holder recognizes, and the timing of such gain or loss, depends in part on the United States federal income tax treatment of the CVRs, with respect to which there is substantial uncertainty. For a description of a United States holder as used in this proxy statement/prospectus, see the section entitled The Merger Material United States Federal Income Tax Consequences of the Merger beginning on page 118 of this proxy statement/prospectus.

Tax matters are very complicated, and the tax consequences of the merger to a particular stockholder will depend in part on such stockholder s circumstances. You should read the section entitled The Merger Material United States Federal Income Tax Consequences of the Merger, beginning on page 118 of this proxy statement/prospectus. In addition, you should consult your own tax advisor for a full

understanding of the tax consequences of the merger to you, including the applicability and effect of federal, state, local and foreign income and other tax laws.

Anticipated Accounting Treatment

Emergent BioSolutions will account for the merger under the purchase method of accounting in accordance with Accounting Standards Codification No. 805, Business Combinations. See the section entitled The Merger Anticipated Accounting Treatment beginning on page 123 of this proxy statement/prospectus.

Emergent BioSolutions Will List the Shares of Emergent BioSolutions Common Stock Issued in the Merger on the NYSE

If the merger is completed, Trubion stockholders will be able to trade the shares of Emergent BioSolutions common stock they receive in the merger on the NYSE, subject to restrictions on parties to the lock-up agreements and on affiliates of Emergent BioSolutions upon completion of the merger. See the section entitled The Merger Sales of Shares of Emergent BioSolutions Common Stock Received in the Merger beginning on page 118 of this proxy statement/prospectus.

If Emergent BioSolutions and Trubion complete the merger, Trubion stock will no longer be listed for trading on the Nasdaq Global Market or any other market or exchange. See The Merger Delisting and Deregistration of Trubion Common Stock beginning on page 118 of this proxy statement/prospectus.

Federal or State Regulatory Filings Required in Connection with the Merger

Under the HSR Act, and the rules and regulations promulgated thereunder, mergers and acquisitions that meet certain jurisdictional thresholds, such as the merger, may not be completed until the expiration of a waiting period that follows the filing of notification forms by both parties to the transaction with the Department of Justice and the Federal Trade Commission. The initial waiting period is 30 days, but this period may be shortened if the reviewing agency grants early termination of the waiting period, or it may be lengthened if the reviewing agency determines that an in-depth investigation is required and issues a formal request for additional information and documentary material. Emergent BioSolutions and Trubion filed pre-merger notifications with the U.S. antitrust authorities pursuant to the HSR Act on August 27, 2010 and, in accordance with the merger agreement, requested early termination of the waiting period. On September 3, 2010, the U.S. Department of Justice and Federal Trade Commission granted early termination of the waiting period.

Appraisal Rights

Trubion stockholders who dissent from the merger are entitled to appraisal rights under Delaware law. For more information on appraisal rights, see the section entitled The Merger Appraisal Rights of Dissenting Trubion Stockholders beginning on page 123 of this proxy statement/prospectus.

Material Differences in Rights of Trubion Stockholders and Emergent BioSolutions Stockholders

When the merger is completed, Trubion stockholders will automatically become Emergent BioSolutions stockholders. The rights of Emergent BioSolutions stockholders differ from the rights of Trubion stockholders in certain important ways. For more information on these differences, see the section entitled Comparative Rights of Emergent BioSolutions Stockholders and Trubion Stockholders beginning on page 156 of this proxy statement/prospectus.

COMPARATIVE PER SHARE MARKET PRICE AND DIVIDEND DATA

Emergent BioSolutions common stock is listed and traded on the NYSE under the EBS symbol and Trubion s common stock is listed and traded on the Nasdaq Global Market under the TRBN symbol. The table below sets forth, for the respective periods of Emergent BioSolutions and Trubion indicated, the high and low sale prices per share of Emergent BioSolutions common stock and Trubion common stock.

	Emergent BioSolutions		Trubion	
	High	Low	High	Low
Year Ended December 31, 2010				
Third quarter (through September 22, 2010)	$ 19.98	$ 14.86	$ 4.95	$ 2.29
Second quarter	$ 17.30	$ 14.11	$ 4.59	$ 3.09
First quarter	$ 17.24	$ 13.22	$ 4.79	$ 3.03
Year Ended December 31, 2009				
Fourth quarter	$ 18.25	$ 12.36	$ 5.11	$ 3.65
Third quarter	$ 19.95	$ 12.09	$ 6.25	$ 2.36
Second quarter	$ 15.31	$ 9.15	$ 2.97	$ 1.30
First quarter	$ 27.00	$ 12.23	$ 1.76	$ 1.16
Year Ended December 31, 2008				
Fourth quarter	$ 26.40	$ 11.22	$ 3.67	$ 1.01
Third quarter	$ 15.17	$ 9.62	$ 5.40	$ 3.32
Second quarter	$ 11.14	$ 8.22	$ 8.80	$ 4.39
First quarter	$ 9.17	$ 4.93	$ 12.55	$ 5.99

On August 11, 2010, the last trading day prior to the date of the execution of the merger agreement, the closing sale price per share of Trubion s common stock was $2.90 and the closing sale price per share of Emergent BioSolutions common stock was $18.98. On September 22, 2010, the last trading day prior to the date of this proxy statement/prospectus, the last reported sale price per share of Trubion s common stock was $4.76 and the last reported sale price per share of Emergent BioSolutions common stock was $17.98. The market prices of shares of Trubion common stock and Emergent BioSolutions common stock are subject to fluctuation. As a result, Trubion and Emergent BioSolutions stockholders are urged to obtain current market quotations.

As of September 21, 2010, there were approximately 40 holders of record of Trubion common stock. Brokers and other institutions serve as the record holders on behalf of many beneficial owners of Trubion common stock.

Dividend Policy

Emergent BioSolutions has not declared or paid any cash dividends on its common stock since becoming a publicly traded company in November 2006. The merger agreement restricts the ability of Emergent BioSolutions to declare or pay dividends prior to the effective time of the merger. Emergent BioSolutions currently intends to retain all of its future earnings to finance the growth and development of its business. Emergent BioSolutions does not intend to pay cash dividends to its stockholders in the foreseeable future.

Trubion has not declared or paid any cash dividends on its common stock since becoming a publicly traded company in October 2006. The merger agreement restricts the ability of Trubion to declare or pay dividends prior to the

effective time of the merger.

EMERGENT BIOSOLUTIONS INC.

SELECTED HISTORICAL CONSOLIDATED FINANCIAL INFORMATION

The following selected historical consolidated financial data of Emergent BioSolutions Inc. for the years ended December 31, 2009, 2008 and 2007 and as of December 31, 2009 and 2008, have been derived from Emergent BioSolutions historical audited consolidated financial statements contained in Emergent BioSolutions annual report on Form 10-K for the year ended December 31, 2009, which is incorporated by reference into this proxy statement/prospectus. The following selected historical consolidated financial data for the years ended December 31, 2006 and 2005 and as of December 31, 2007, 2006 and 2005 have been derived from Emergent BioSolutions historical audited consolidated financial statements which are not required to be incorporated by reference into this proxy statement/prospectus. The following selected historical consolidated financial data for Emergent BioSolutions as of and for the six months ended June 30, 2010 and 2009 have been derived from Emergent BioSolutions unaudited interim consolidated financial statements contained in Emergent BioSolutions quarterly report on Form 10-Q for the quarter ended June 30, 2010, which is incorporated by reference into this proxy statement/prospectus. This information is only a summary and you should read this selected historical consolidated financial data together with Emergent BioSolutions Management s Discussion and Analysis of Financial Condition and Results of Operations, and the unaudited and audited consolidated financial statements and notes thereto incorporated by reference into this proxy statement/prospectus.

	Six Months Ended June 30,		Year Ended December 31,				
	2010	2009	2009	2008	2007	2006	2005
	(unaudited)						
thousands, except per share data)							
atements of operations data:							
venues:							
oduct sales	$ 94,725	$ 131,008	$ 217,172	$ 169,124	$ 169,799	$ 147,995	$ 127,27
ntracts and grants	14,213	6,702	17,614	9,430	13,116	4,737	3,41
tal revenues	108,938	137,710	234,786	178,554	182,915	152,732	130,68
perating expenses (income):							
st of product sales	18,584	25,796	46,262	34,081	40,309	24,125	31,60
search and development	38,524	36,590	74,588	59,470	53,958	45,501	18,38
lling, general & administrative	33,841	35,348	73,786	55,076	55,555	44,601	42,79
rchased in-process research and velopment						477	26,57
igation settlement							(10,00
tal operating expenses	90,949	97,734	194,636	148,627	149,822	114,704	109,35
come from operations	17,989	39,976	40,150	29,927	33,093	38,028	21,33
her income (expense):							
erest income	764	605	1,418	1,999	2,809	846	48

erest expense	(7)	(10)	(7)	(47)	(71)	(1,152)	(76
her income (expense), net	(2)	(34)	(50)	134	156	293	5
tal other income (expense)	755	561	1,361	2,086	2,894	(13)	(22
come before provision for income es	18,744	40,537	41,511	32,013	35,987	38,015	21,10
ovision for income taxes	7,392	17,114	14,966	12,055	13,051	15,222	5,32
t income	11,352	23,423	26,545	19,958	22,936	22,793	15,78
t loss attributable to noncontrolling erest	979	2,538	4,599	724			
t income attributable to Emergent oSolutions Inc.	$ 12,331	$ 25,961	$ 31,144	$ 20,682	$ 22,936	$ 22,793	$ 15,78
rnings per share basic	$ 0.40	$ 0.86	$ 1.02	$ 0.69	$ 0.79	$ 0.99	$ 0.7
rnings per share diluted	$ 0.39	$ 0.83	$ 0.99	$ 0.68	$ 0.77	$ 0.93	$ 0.6
eighted average number of shares sic	30,989	30,228	30,444	29,835	28,996	23,040	20,53
eighted average number of shares uted	31,667	31,202	31,375	30,458	29,663	24,567	22,75

(in thousands)	As of June 30, 2010	As of June 30, 2009	As of December 31, 2009	As of December 31, 2008	As of December 31, 2007	As of December 31, 2006	As of December 31, 2005
		(unaudited)					
Balance Sheet Data:							
Cash and cash equivalents	$ 102,193	$ 102,508	$ 102,924	$ 91,473	$ 105,730	$ 76,418	$ 36,294
Working capital	149,002	130,812	139,113	98,866	88,649	82,990	29,023
Total assets	345,747	326,385	344,689	290,788	273,508	238,255	100,332
Total long-term liabilities	38,260	23,073	46,173	37,418	46,688	35,436	10,502
Total stockholders equity	262,043	230,402	243,815	199,349	171,159	138,472	59,737

TRUBION PHARMACEUTICALS, INC.

SELECTED HISTORICAL FINANCIAL INFORMATION

The following tables set forth selected historical financial data of Trubion. The information presented below was derived from Trubion s audited financial statements as of December 31, 2009, 2008, 2007, 2006 and 2005 and for the fiscal years then ended and Trubion s unaudited financial statements as of June 30, 2010 and for the six months ended June 30, 2010 and 2009. This information is only a summary. You should read it together with Trubion s historical financial statements and accompanying notes thereto attached as Annex G to this proxy statement/prospectus and the section entitled Management s Discussion and Analysis of Financial Condition and Results of Operations of Trubion beginning on page 63 of this proxy statement/prospectus.

(in thousands, except per share data)	Six Months Ended June 30,		Year Ended December 31,				
	2010	2009	2009	2008	2007	2006	2005
	(unaudited)						
Statements of Operations Data:							
Revenue:							
Collaboration revenue	$ 11,209	$ 8,331	$ 18,003	$ 16,467	$ 20,148	$ 36,530	$ 222
Grant revenue							127
Total revenue	11,209	8,331	18,003	16,467	20,148	36,530	349
Operating expenses:							
Research and development	18,047	20,177	34,396	31,608	36,466	33,309	15,212
General and administrative	4,767	5,731	12,429	11,374	10,833	9,473	4,146
Total operating expenses	22,814	25,908	46,825	42,982	47,299	42,782	19,358
Loss from operations	(11,605)	(17,577)	(28,822)	(26,515)	(27,151)	(6,252)	(19,009)
Net interest income (expense)	(217)	(124)	(361)	956	3,837	2,222	278
Other income (expense)	20					101	(134)
Loss before cumulative effect of change in accounting principle	(11,792)	(17,701)	(29,183)	(25,559)	(23,314)	(3,929)	(18,865)
Cumulative effect of change in accounting principle							(62)
Net loss	$ (11,792)	$ (17,701)	$ (29,183)	$ (25,559)	$ (23,314)	$ (3,929)	$ (18,927)
Basic and diluted net loss per share	$ (0.58)	$ (0.99)	$ (1.55)	$ (1.43)	$ (1.32)	$ (0.83)	$ (23.30)
Shares used in computation of basic and diluted net loss per share	20,403	17,961	18,797	17,856	17,688	4,744	812

(in thousands)	At June 30, 2010 (unaudited)	2009	2008	At December 31, 2007	2006	2005
Balance Sheet Data:						
Cash, cash equivalents and investments	$ 42,121	$ 54,846	$ 52,897	$ 78,515	$ 105,801	$ 9,792
Receivable from collaborations	3,900	3,428	3,084	4,237	4,354	40,000
Working capital	30,628	40,530	45,287	69,132	93,188	37,881
Total assets	51,986	65,380	67,290	95,174	121,394	54,009
Deferred revenue	31,679	35,262	19,493	24,854	31,778	39,778
Non-current portion of notes payable	6,303	6,975	8,261	7,567	6,708	1,276
Preferred stock warrant liability						282
Convertible preferred stock						45,753
Total stockholders equity (deficit)	4,542	15,094	31,468	53,313	72,654	(37,902)

SELECTED UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

The following selected unaudited pro forma condensed combined financial data gives effect to the proposed merger as if it had occurred on January 1, 2009, for statement of operations purposes, and on June 30, 2010, for balance sheet purposes. The selected unaudited pro forma condensed combined financial data presented below is based on, and should be read together with, the historical financial statements of Emergent BioSolutions and Trubion that are contained in their respective filings with the SEC and included in or incorporated by reference into this proxy statement/prospectus and the unaudited pro forma condensed consolidated financial statements that appear elsewhere in this proxy statement/prospectus. See the sections entitled Where You Can Find More Information and Unaudited Pro Forma Condensed Combined Financial Information beginning on pages 165 and 147, respectively, of this proxy statement/prospectus.

The unaudited pro forma condensed combined financial data is presented for illustrative purposes only and is not necessarily indicative of the actual or future financial position or results of operations that would have been realized if the proposed merger had been completed as of the dates indicated or will be realized upon the completion of the proposed merger.

(in thousands, except per share data)	**Six Months Ended June 30, 2010**	**Year Ended December 31, 2009**
Statements of operations data:		
Revenues	$ 120,147	$ 252,789
Cost and expenses	113,763	241,461
Income from operations	6,384	11,328
Other income	805	1,534
Income before provision for income taxes	7,189	12,862
Provision for income taxes	3,348	4,939
Net income	3,841	7,923
Net loss attributable to noncontrolling interest	979	4,599
Net income attributable to Emergent BioSolutions Inc.	4,820	12,522
Earnings per share basic	0.14	0.37
Earnings per share diluted	0.14	0.36
Balance sheet data:		
Total assets	$ 463,630	
Total liabilities	140,845	
Stockholders equity	322,785	

UNAUDITED COMPARATIVE PER SHARE DATA

The following table sets forth for Emergent BioSolutions common stock and Trubion common stock certain historical and unaudited pro forma combined and pro forma-equivalent per share financial information. The unaudited pro forma consolidated and pro forma-equivalent per share information gives effect to the proposed merger as if it had occurred on January 1, 2009. The information in the table is based on, and should be read together with, the historical financial information that Emergent BioSolutions and Trubion have presented in their respective filings with the SEC and the pro forma financial information that appears elsewhere in this proxy prospectus/statement. See the sections entitled Where You Can Find More Information and Unaudited Pro Forma Condensed Combined Financial Information beginning on pages 165 and 147, respectively, of this proxy statement/prospectus.

The unaudited pro forma combined and pro forma-equivalent data is presented for illustrative purposes only and is not necessarily indicative of actual or future financial position or results of operations that would have been realized if the proposed merger had been completed as of the dates indicated or will be realized upon the completion of the proposed merger. Neither Emergent BioSolutions nor Trubion declared or paid any dividends during the periods presented.

	Emergent BioSolutions Historical	Trubion Historical	Emergent BioSolutions Unaudited Pro Forma Consolidated per Share of Common Stock	Trubion Unaudited Pro Forma-Equivalent per Share of Common Stock
Net income (loss) per share:				
Six months Ended June 30, 2010				
Basic	$ 0.40	$ (0.58)	$ 0.14	$ 0.02
Diluted	$ 0.39	$ (0.58)	$ 0.14	$ 0.02
Book value per share	$ 8.34	$ 0.22	$ 9.29	$ 1.52
Year Ended December 31, 2009				
Basic	$ 1.02	$ (1.55)	$ 0.37	$ 0.06
Diluted	$ 0.99	$ (1.55)	$ 0.36	$ 0.06
Book value per share	$ 7.82	$ 0.74	N/A	N/A

RISK FACTORS

If the merger is completed, Emergent BioSolutions and Trubion will operate as a combined company in a market environment that is difficult to predict and that involves significant risks, many of which will be beyond the combined company s control. In addition to information regarding Emergent BioSolutions and Trubion contained in, or incorporated by reference into, this proxy statement/prospectus, you should carefully consider the risks described below before voting your shares. Additional risks and uncertainties not presently known to Emergent BioSolutions and Trubion or that they do not currently believe are important to an investor, if they materialize, also may adversely affect the merger, Emergent BioSolutions, Trubion and/or the combined company. A discussion of additional risks and uncertainties regarding Emergent BioSolutions can be found in the information that is incorporated by reference in this proxy statement/prospectus and referred to in the section entitled Where You Can Find More Information beginning on page 165 of this proxy statement/prospectus. If any of the events, contingencies, circumstances or conditions described in the following risks actually occur, Emergent BioSolutions and Trubion s respective businesses, financial condition or results of operations (both separately and as a combined company) could be seriously harmed. If that happens, the trading price of Emergent BioSolutions common stock or Trubion common stock could decline and you may lose part or all of the value of any Emergent BioSolutions shares or Trubion shares that you hold.

Risks Related to the Merger and the Combined Company

The value of Emergent BioSolutions common stock that Trubion stockholders will receive in connection with the merger will fluctuate.

The precise value of the merger consideration to be received by Trubion stockholders at the effective time of the merger cannot be determined at the present time. Under the terms of the merger agreement, holders of Trubion common stock will receive, for each share of Trubion common stock that they hold immediately prior to the effective time of the merger, a payment of $1.365 in cash, without interest; 0.1641 of a share of Emergent BioSolutions common stock; and a CVR that will provide the possibility of receiving additional cash in the future.

The price of Emergent BioSolutions common stock at the closing of the merger may vary from its price on the date the merger agreement was executed, on the date of this proxy statement/prospectus and on the date of the special meeting of Trubion stockholders. Stock price changes may result from a variety of factors beyond Emergent BioSolutions control, including general economic and market conditions. In addition, there will be a period of time between completion of the merger and the time at which former Trubion stockholders actually receive stock certificates evidencing Emergent BioSolutions common stock. Until stock certificates are received, former Trubion stockholders may not be able to sell their Emergent BioSolutions shares in the open market and, therefore, may not be able to avoid losses from any decrease in the trading price of Emergent BioSolutions common stock during that period.

A portion of the consideration payable in the merger is in the form of non-transferable CVRs, some or all of which may never be paid.

Approximately $38.75 million in cash of the total potential aggregate merger consideration payable in connection with the merger is payable to the holders of the CVRs only upon the achievement of certain predetermined milestones during the 36-month period following the effective time of the merger. If the combined company fails to achieve some or all of the milestones, some or all of this amount will never be paid to the holders of the CVRs. Trubion s stockholders should be aware that they may not receive any consideration other than the $1.365 in cash, without interest, and 0.1641 of a share of Emergent BioSolutions common stock in consideration for each share of Trubion

common stock.

Furthermore, the CVRs are not transferable and do not have any voting or dividend rights. As a result, a holder of a CVR will only realize value, if any, from these rights in the event that some or all of the underlying milestones are achieved. For more information about the CVRs and the milestones and associated payments, see the section entitled The CVR Agreement beginning on page 143 of this proxy statement/prospectus.

If Emergent BioSolutions is not successful in integrating Trubion into its business, the benefits of the merger will not be fully realized and the market price of Emergent BioSolutions common stock may be negatively affected.

Emergent BioSolutions and Trubion entered into the merger agreement with the expectation that the merger will result in benefits arising out of the combination of the companies. Emergent BioSolutions may not successfully integrate Trubion in a timely manner, if at all, and Emergent BioSolutions may not realize the benefits and synergies of the merger to the extent, or in the timeframe, anticipated.

It is possible that the integration process could result in the loss of key employees, diversion of each company s management s attention, the disruption or interruption of, or the loss of momentum in, each company s on-going business or inconsistencies in standards, controls, procedures and policies, any of which could adversely affect either company s ability to maintain relationships with licensors, collaborators, partners, suppliers and employees or Emergent BioSolutions ability to achieve the anticipated benefits of the merger, or could reduce Emergent BioSolutions earnings or otherwise adversely affect the business and financial results of the combined company and, as a result, adversely affect the market price of Emergent BioSolutions common stock.

Emergent BioSolutions has limited acquisition experience and this is Emergent BioSolutions first acquisition of a public company. As a result, Emergent BioSolutions may not be able to realize the potential benefits of its acquisition of Trubion.

Emergent BioSolutions has limited experience in acquiring businesses and has never acquired a public company. Acquisitions such as this one involve a number of particular risks, including, but not limited to:

- diversion of management s attention from current operations;
- disruption of a company s ongoing business and difficulties in integrating and retaining all or part of the acquired business, its partners and its personnel;
- difficulties in the assimilation of different cultures and practices, as well as in the assimilation of geographically dispersed personnel and operations;
- assumption of disclosed and undisclosed liabilities; and
- difficulties in the integration of departments, systems, including accounting systems, technologies, books and records, and procedures, as well as in maintaining uniform standards, controls, including internal control over financial reporting required by the Sarbanes-Oxley Act of 2002, and related procedures and policies.

The individual or combined effect of these risks could have a material adverse effect on the combined company s business.

The acquisition may turn out to be overvalued due to unforeseen circumstances and could result in the accounting effect of the acquisition being different than what Emergent BioSolutions had anticipated. Emergent BioSolutions may also have to adjust certain aspects of the accounting for acquisitions, such as goodwill, in-process research and development of other intangible assets and contingent consideration over time as events or circumstances occur, which could have a material adverse effect on the combined company s results of operations.

Uncertainty regarding the merger and the effects of the merger could cause each company s licensors, collaborators, suppliers or other strategic partners to delay or defer decisions, which could increase costs of the on-going business for Emergent BioSolutions and/or Trubion.

Emergent BioSolutions and Trubion s strategy for developing and commercializing many of their respective potential products includes entering into agreements with licensors, collaborators, suppliers and other strategic partners. These partners, in response to the announcement of the merger, may delay or defer decisions regarding their business relationships with each company, which could increase costs for the business of the applicable company and delay, interrupt or terminate the collaborative research, development and commercialization of certain potential products, regardless of whether the merger is ultimately completed. Under specified circumstances, these partners may also terminate their agreements with each company. Any such delay, interruption or

termination of the combined company s relationship with any of these partners could materially harm the combined company s business and financial condition, and frustrate any commercialization efforts for its product candidates.

The merger is subject to closing conditions that could result in the completion of the merger being delayed or not consummated, which could negatively affect Emergent BioSolutions and/or Trubion s stock price, future business and operations and financial condition.

Completion of the merger is conditioned on Emergent BioSolutions and Trubion satisfying closing conditions, including adoption of the merger agreement by Trubion s stockholders, all as set forth in the merger agreement. See the section entitled The Merger Agreement Conditions to Completion of the Merger beginning on page 135 of this proxy statement/prospectus for a discussion of the conditions to the completion of the merger. The required conditions to closing may not be satisfied in a timely manner, if at all, or, if permissible, waived, and the merger may not be consummated. Failure to consummate the merger would negatively affect Emergent BioSolutions and/or Trubion s stock price, future business and operations, and financial condition. If the merger is not completed, Trubion will likely need to complete a substantial reduction in force and implement other significant changes in the scope of its operations and raise additional capital in order to continue operating as a separate company. Any delay in the consummation of the merger, including delays resulting from litigation regarding the merger, or any uncertainty about the consummation of the merger may adversely affect the future business, growth, revenue and results of operations of either or both of the companies.

Failure to complete the merger could negatively affect the market price of Emergent BioSolutions common stock and/or Trubion common stock and the future business and financial results of Emergent BioSolutions and/or Trubion, and the merger agreement limits Trubion s ability to pursue alternatives to the merger.

If the merger is not completed for any reason, the on-going business of Emergent BioSolutions and Trubion may be adversely affected and will be subject to a number of risks, including:

- the risk that Trubion may be required, under some circumstances, to pay Emergent BioSolutions a termination fee of $3 million. See the section entitled The Merger Agreement Expenses and Termination Fee beginning on page 139 of this proxy statement/prospectus;

- the risk that the restrictions on capital spending, the suspension of planned hiring and other affirmative and negative covenants in the merger agreement restricting the companies businesses may differ from or reduce efforts the applicable company would have made if Emergent BioSolutions and Trubion had not executed the merger agreement and prevent or delay progress the applicable company would otherwise have made;

- the risk that failure to pursue other beneficial opportunities as a result of the focus of management of each of the companies on the merger, without realizing any of the anticipated benefits of the merger may prevent or delay progress the applicable company would otherwise have made;

- the risk that the market price of Emergent BioSolutions common stock or Trubion common stock may decline to the extent that the current market price reflects a market assumption that the merger will be completed;

- the risk that Emergent BioSolutions and Trubion may experience negative reactions to the termination of the merger from licensors, collaborators, suppliers, or other strategic partners, which could harm their respective businesses; and

- the risk that, because Emergent BioSolutions and Trubion s costs incurred related to the merger, such as legal, other advisor and accounting fees, must be paid even if the merger is not completed, Emergent BioSolutions

and Trubion may have to delay incurring other expenses that would have benefited their businesses.

If the merger agreement is terminated and Trubion s board of directors seeks another merger or business combination, it is unlikely that Trubion would be able to find a party willing to pay a price equivalent to or more attractive than the price Emergent BioSolutions has agreed to pay in the merger.

In addition, the merger agreement contains no shop provisions that, subject to limited exceptions, preclude Trubion from soliciting competing transactions, or participating in any discussions or negotiations, or furnishing information or data with respect to, or taking any action to knowingly encourage the making of any proposal that constitutes, or that may reasonably be expected to lead to, competing transactions that may result in a superior transaction for Trubion s stockholders.

The pro forma financial statements are presented for illustrative purposes only and may not be an indication of the combined company s financial condition or results of operations following the merger.

The pro forma financial statements contained in this proxy statement/prospectus are presented for illustrative purposes only and may not be an indication of the combined company s financial condition or results of operations following the merger for several reasons. For example, the pro forma financial statements have been derived from the historical financial statements of Emergent BioSolutions and Trubion and certain adjustments and assumptions have been made regarding the combined company after giving effect to the merger. The information upon which these adjustments and assumptions have been made is preliminary, and these kinds of adjustments and assumptions are difficult to make with complete accuracy. Moreover, the pro forma financial statements do not reflect all costs that are expected to be incurred by the parties in connection with the merger. For example, the affect of any incremental costs that may be incurred in integrating the companies is not reflected in the pro forma financial statements. As a result, the actual financial condition and results of operations of the combined company following the merger may not be consistent with, or illustrated by, these pro forma financial statements.

In addition, the assumptions used in preparing the pro forma financial information may not prove to be accurate, and other factors may affect the combined company s financial condition or results of operations following the merger. Any potential decline in the combined company s financial condition or results of operations may cause significant variations in the stock price of the combined company. See the section entitled Unaudited Pro Forma Condensed Combined Financial Information beginning on page 147 of this proxy statement/prospectus.

If Emergent BioSolutions is unable to retain Trubion employees after the merger is completed, the business of the combined company may suffer.

The success of the merger will depend in part on Emergent BioSolutions ability to retain Trubion employees after the merger. It is not currently expected that Dr. Gillis will remain with Emergent BioSolutions after the merger and it is possible that other employees also might decide not to remain. There can be no assurance that Emergent BioSolutions will be able to retain key employees of Trubion. If key employees terminate their employment, or if insufficient numbers of employees are retained to maintain effective operations, Emergent BioSolutions development activities may be adversely affected, management s attention might be diverted from successfully integrating Trubion s operations to focus instead on hiring suitable replacements, and the business of the combined company may suffer. In addition, Emergent BioSolutions may not be able to locate suitable replacements for any key employees that leave, and Emergent BioSolutions may not be able to offer employment to potential replacements on reasonable or competitive terms.

In the event the merger is completed, Emergent BioSolutions will incur additional expenses in connection with the integration of Trubion.

In the event the merger is completed, Emergent BioSolutions expects to incur additional expenses in connection with the integration of Trubion, including integrating personnel, information technology systems, accounting systems, vendors and strategic partners of each company and implementing consistent standards, policies, and procedures, and Emergent BioSolutions may be subject to write downs in assets and charges to earnings.

Trubion s executive officers and directors may have interests that are different from, or in addition to, those of Trubion stockholders generally.

In considering the recommendation of the Trubion board of directors to adopt the merger agreement, Trubion s stockholders should recognize that Trubion s executive officers and directors have interests that differ from those of Trubion s stockholders generally that may have influenced the Trubion board of directors in making its

recommendation that Trubion stockholders vote in favor of the adoption of the merger agreement. The reasons for these different interests are described in the section entitled The Merger Interests of Trubion s Executive Officers and Directors in the Merger beginning on page 114 of this proxy statement/prospectus.

If Trubion s stockholders sell the Emergent BioSolutions common stock received in connection with the merger, the market price of Emergent BioSolutions common stock could decline.

Emergent BioSolutions issuance of common stock in connection with the merger will be registered with the SEC. As a result, those shares will be immediately available for resale in the public markets, except for shares of Emergent BioSolutions common stock that are subject to transfer restrictions. If former Trubion stockholders, or other holders of Emergent BioSolutions common stock, sell significant amounts of Emergent BioSolutions common stock after the merger is completed, the market price of Emergent BioSolutions common stock could decline. Such a decline in its stock price may make it more difficult for Emergent BioSolutions to sell equity securities in the future at a time and at a price that Emergent BioSolutions deems appropriate to raise funds through future offerings of common stock.

The market price of Emergent BioSolutions common stock may decline as a result of the merger or for other reasons.

In addition to any decline resulting from the sale of shares of Emergent BioSolutions common stock by former Trubion stockholders or other holders of Emergent BioSolutions common stock, the market price of Emergent BioSolutions common stock may decline as a result of the merger for a number of other reasons, including if:

- Emergent BioSolutions does not achieve the perceived benefits of the merger as rapidly or to the extent anticipated by financial or industry analysts or Emergent BioSolutions investors;
- the effect of the merger on Emergent BioSolutions business and prospects is not consistent with the expectations of financial or biopharmaceutical industry analysts or Emergent BioSolutions investors; or
- the outcome of any litigation related to the merger that is not resolved prior to the consummation of the merger is adverse to Emergent BioSolutions.

Furthermore, the market price of Emergent BioSolutions common stock could be subject to significant fluctuations following the merger that are not directly related to the merger. Market prices for securities of pharmaceutical, biotechnology and other life sciences companies have historically been particularly volatile. Some of the factors that may cause the market price of Emergent BioSolutions common stock to fluctuate include:

- the ability of Emergent BioSolutions to obtain regulatory approvals for any of its product candidates, and delays or failures to obtain such approvals;
- the failure of any of Emergent BioSolutions product candidates, if approved, to achieve commercial success;
- issues in manufacturing Emergent BioSolutions approved products, if any, or product candidates;
- the results of Emergent BioSolutions current and any future clinical trials of its product candidates;
- the entry into, or termination of, key agreements, including key commercial partner agreements;
- the initiation of, material developments in, or conclusion of, litigation to enforce or defend any of the combined company s intellectual property rights or defend against the intellectual property rights of others;

developments concerning current or future strategic collaborations;

announcements by commercial partners or competitors of new commercial products, clinical progress or the lack thereof, significant contracts, commercial relationships or capital commitments;

the introduction of technological innovations or new therapies that compete with potential products of Emergent BioSolutions;

additions or departures of key employees;

third-party coverage and reimbursement policies;

changes in estimates or recommendations by securities analysts, if any, who cover Emergent BioSolutions common stock;

future sales of Emergent BioSolutions common stock;

general and industry-specific economic conditions that may affect Emergent BioSolutions research and development expenditures; and

period-to-period fluctuations in Emergent BioSolutions financial results.

Moreover, the stock markets in general have experienced substantial volatility that has often been unrelated to the operating performance of individual companies. These broad market fluctuations may also adversely affect the trading price of Emergent BioSolutions common stock.

In the past, following periods of volatility in the market price of a company s securities, stockholders have often instituted class action securities litigation against those companies. Such litigation, if instituted, could result in substantial costs and diversion of management s attention and resources, which could significantly harm Emergent BioSolutions profitability and reputation.

During the pendency of the merger, Trubion may not be able to enter into certain business arrangements with other parties because of restrictions in the merger agreement.

Provisions in the merger agreement place significant constraints on the manner in which Trubion must conduct its business pending completion of the merger. There are a significant number of actions that require the written consent of Emergent BioSolutions before they can be taken or completed. As a result, if the merger is not completed, Trubion may be at a disadvantage to its competitors or its business may otherwise suffer because it was prevented or delayed from making progress in its business that it might otherwise have made. See the section entitled The Merger Agreement Other Agreements of Trubion beginning on page 130 of this proxy statement/prospectus.

Risks Related to Trubion

In addition to the other information in this proxy statement/prospectus, you should consider carefully the following factors in evaluating Trubion and its business. Unless otherwise indicated, the discussions in this section relate to Trubion as a stand-alone entity and do not reflect the effect of the proposed merger with Emergent BioSolutions.

Risks Related to Trubion s Business

Trubion s business and results of operations are likely to be affected by its proposed merger with Emergent BioSolutions.

The announcement of the merger could have an adverse effect on Trubion s business in the near term if current or potential collaborative partners curtail their relationships with it pending consummation of the proposed merger. Activities relating to the proposed merger and related uncertainties could divert its management s and its employees attention from Trubion s day-to-day business, cause disruptions among its relationships with potential and current business partners, and cause employees to seek alternative employment, all of which could harm its business. In addition, Trubion may be disadvantaged in its attempts to attract and retain personnel by its announcement of the

proposed merger. The success of Trubion s business depends on its continued ability to attract and retain highly qualified management, scientific and manufacturing personnel. There is significant competition for personnel among companies in the biotechnology and pharmaceutical industries.

If the conditions to the proposed merger with Emergent BioSolutions set forth in the merger agreement are not met, the merger with Emergent BioSolutions may not occur.

Several conditions must be satisfied to complete the proposed merger with Emergent BioSolutions. These conditions are set forth in detail in the merger agreement. Trubion cannot assure you that each of the conditions will

be satisfied. If the conditions are not satisfied or waived, the proposed merger will not occur or will be delayed, and Trubion may lose some or all of the benefits of the proposed merger. For example, if either Trubion s or Emergent BioSolutions representations and warranties are not true and correct and, with some exceptions, the failure to be true and correct has a material adverse effect at the closing, the other party will not be required to close.

Failure to complete the proposed merger with Emergent BioSolutions could negatively affect Trubion s future business and operations.

If the proposed merger with Emergent BioSolutions is not completed, Trubion could suffer a number of consequences that may adversely affect its business, results of operations and stock price, including the following:

- activities relating to the proposed merger and related uncertainties may lead to a loss of progress with existing and potential corporate partners that Trubion may not be able to regain if the proposed merger does not occur;
- the market price of Trubion common stock could significantly decline following an announcement that the proposed merger has been abandoned;
- Trubion would remain liable for its costs related to the proposed merger;
- Trubion may be liable for the $3 million termination fee for various reasons, including if it does not obtain the vote of its stockholders in favor of the transaction, if it enters into an acquisition agreement for a superior transaction or if Emergent BioSolutions terminates the merger agreement for a material uncured breach of its representations and warranties and, in the latter case, it enters into another merger agreement within six months of the termination;
- Trubion s board of directors may not be able to find another partner willing to pay an equivalent or more attractive price for another merger or business combination than that which would have been paid in the merger with Emergent BioSolutions;
- if Trubion s board of directors is unable to find another partner willing to pay an equivalent or more attractive price for another merger or business combination, Trubion will not be able to continue its present level of operations and therefore would have to scale back its present level of business and implement additional reductions in force; and
- Trubion may not be able to take advantage of alternative business opportunities or effectively respond to competitive pressures.

Trubion s success depends on the success of its partnered clinical product candidates, and it cannot be certain that its partners will continue development or that its partnered clinical product candidates will be safe or effective, complete clinical trials, receive regulatory approval or be successfully commercialized.

In June 2010, Trubion announced Pfizer s decision to discontinue development of TRU-015, an investigational drug in Phase II evaluation for the treatment of rheumatoid arthritis, or RA, developed under its CD20 collaboration with Pfizer. Due to Pfizer s discontinued development of TRU-015, Trubion s lead product candidate is now SBI-087. TRU-015 had completed two Phase II clinical trials for RA. SBI-087 is earlier in development than TRU-015 and is currently the subject of an ongoing Phase II trial. Patient dosing in the Phase II SBI-087 RA trial commenced in December 2009, and final data is not anticipated until the end of 2011. Because SBI-087 is at an earlier stage in clinical development than TRU-015 the decision by Pfizer to develop SBI-087 instead of TRU-015 is likely to delay the potential commercialization of any product under Trubion s collaboration with Pfizer, which could adversely affect

its business and cause the price of Trubion common stock to decline.

Trubion s Abbott collaboration clinical candidate, TRU-016, and its Pfizer collaboration clinical candidate, SBI-087, commenced initial clinical testing in 2008 and even if Trubion and Abbott, in the case of TRU-016, or Pfizer, in the case of SBI-087, determine to proceed with further clinical testing, a number of additional clinical trials will be required before a Biologics License Application, or BLA, can be submitted to the FDA for product approval.

The regulatory approval process can take many years and require the expenditure of substantial resources. Pursuant to Trubion s collaboration agreement with Pfizer, Pfizer is responsible for regulatory approval of, and any subsequent commercialization of SBI-087. Ultimate decision-making authority as to most matters within the collaboration, including development plans and timeline, is vested with Pfizer. Pfizer may not advance the development and commercialization of SBI-087 as quickly as Trubion would like, if at all.

Pursuant to Trubion s collaboration agreement with Abbott, Trubion and Abbott must jointly agree to all development and commercialization plans and timelines for TRU-016. Acting jointly, Trubion and Abbott may be unable to advance the development and commercialization of TRU-016 as quickly as Trubion would if it were acting alone.

Clinical trials required for FDA approval of SBI-087 for RA or systemic lupus erythematosus, or SLE, or TRU-016 for chronic lymphocytic leukemia, or CLL, and non-Hodgkins lymphoma, or NHL, may not be successfully completed. If required clinical trials are not completed or their results do not meet safety and efficacy thresholds required by the FDA, Trubion s product candidates will likely not receive regulatory approval. Even if any of these product candidates receives regulatory approval, the approved product candidate may never be successfully commercialized. If Trubion s product candidates do not receive regulatory approval or are not successfully commercialized, it may not be able to generate revenue, or become profitable, which would negatively affect its ability to continue operations.

If Trubion fails to obtain the capital necessary to fund its operations, it may be unable to develop its product candidates and it could be forced to share its rights to these product candidates with third parties on terms that may not be favorable to it.

Trubion needs large amounts of capital to support its research and development efforts. It may seek to raise funds through additional strategic partnerships, by selling additional equity or debt securities, or both, or by incurring other indebtedness. If Trubion is unable to raise additional capital in sufficient amounts or on terms acceptable to it, Trubion will be prevented from pursuing research and development efforts or it may instead elect to enter into collaborations that could require it to share rights to its product candidates to a greater extent than it currently intends, which could harm its business prospects and financial condition. The sale of additional equity or equity-linked securities could result in the issuance of additional shares of Trubion capital stock and could result in dilution to Trubion stockholders. The incurrence of indebtedness would result in increased fixed payment obligations and could also result in certain restrictive covenants, such as limitations on Trubion s ability to incur additional debt, limitations on its ability to acquire or license intellectual property rights, and other operating restrictions that could adversely affect its ability to conduct its business.

Trubion has incurred operating losses in each year since its inception and expects to continue to incur substantial and increasing losses for the foreseeable future.

Trubion has been engaged in designing and developing compounds and product candidates since 1999 and has not generated any product revenue to date. Its net losses were $11.8 million and $17.7 million in the six months ended June 30, 2010 and 2009, respectively. As of June 30, 2010, it had an accumulated deficit of $133.4 million. Trubion expects its research and development expenses to increase in the future due to increased manufacturing and clinical development costs primarily related to TRU-016, Trubion s Abbott collaboration clinical candidate, as well as the advancement of its preclinical programs, and to product candidate manufacturing costs. As a result, Trubion expects to continue to incur substantial and increasing losses for the foreseeable future. Trubion is uncertain when or if it will be able to achieve or sustain profitability. Failure to become and remain profitable would adversely affect the price of Trubion s common stock and its ability to raise capital and continue operations. Continued operating losses and depletion of its cash balance may also result in non-compliance with its existing debt covenants and may require it to dedicate a substantial portion of its cash to repay its debt. As of June 30, 2010, Trubion s outstanding indebtedness

under agreements with financial debt covenants that could be affected by continued operating losses or its cash position totaled $7.7 million. In addition, Trubion s net operating loss carry forwards and credits were substantially exhausted as a result of the payments it received from Wyeth in January 2006 pursuant to its Pfizer collaboration agreement, and additional operating loss carry forwards it had accumulated since that time were further reduced by the upfront fee it received from Facet Biotech Corporation, or Facet (now owned by Abbott

Labs), in September 2009. Any remaining net operating loss carry forwards and credits may be subject to an annual limitation due to the change in ownership provisions of the Internal Revenue Code of 1986, as amended, and similar state law provisions, which would have an adverse effect on Trubion s ability to reduce future tax expenses.

Trubion depends on its collaborative relationship with Pfizer to develop, manufacture, and commercialize SBI-087 and other selected product candidates.

In October 2009, Pfizer completed its acquisition of Wyeth, and Pfizer is now Trubion s collaboration partner for SBI-087. In June 2010, Trubion announced Pfizer s decision to discontinue development of TRU-015, an investigational drug in Phase II evaluation for the treatment of RA developed under Trubion s CD20 collaboration with Pfizer. Trubion cannot predict how or whether Pfizer will proceed with the collaboration or the development of any of the remaining collaboration product candidates. In addition to Trubion s collaboration with Pfizer for the development and worldwide commercialization of SBI-087 and other therapeutics directed to CD20, it is also collaborating with Pfizer on the development and worldwide commercialization of certain other product candidates directed to a small number of targets other than CD20 that have been established pursuant to the agreement. In anticipation of the completion of the research program in December 2010, Pfizer has retained a subset of these non- CD20 targets licensed from Trubion and released the remaining targets to Trubion. Trubion s ability to receive any significant revenue from its product candidates covered by the collaboration agreement depends on the efforts of Pfizer and on Trubion s ability to collaborate effectively. Any future payments, including royalties to Trubion, will depend on the extent to which Trubion and Pfizer advance product candidates through development and commercialization. Pfizer may terminate the collaboration relationship, in whole or in part, without cause, by giving 90 days written notice to Trubion. Pfizer also has the right to terminate the agreement, on a target-by-target basis, upon 60 days written notice, if any safety or regulatory issue arises that would have a material adverse effect on Pfizer s ability to develop, manufacture, or commercialize one or more product candidates.

With respect to control over decisions and responsibilities, the collaboration agreement provides for a research committee and a CD20-directed therapy development committee consisting of representatives of Pfizer and Trubion. Ultimate decision-making authority as to most matters within the collaboration, including development plans and timelines, however, is vested in Pfizer. For example, as discussed above, Pfizer has recently determined to discontinue clinical development of TRU-015 and is proceeding with clinical development of only one product candidate against CD20, SBI-087.

Pfizer may not develop and commercialize Trubion s remaining product candidates as quickly as Trubion would like, if at all. If Pfizer terminates the agreement or fails to fulfill its obligations under the agreement, Trubion would need to obtain the capital necessary to fund the development and commercialization of its product candidates or enter into alternative arrangements with a third party. Trubion could also become involved in disputes with Pfizer, which could lead to delays in or termination of Trubion s development and commercialization programs and time-consuming and expensive litigation or arbitration. If Pfizer terminates or breaches its agreement with Trubion, or otherwise fails to complete its obligations in a timely manner, Trubion s collaboration product development programs would be substantially delayed and the chances of successfully developing or commercializing Trubion s collaboration product candidates would be materially and adversely affected.

Trubion depends on its collaborative relationship with Abbott to develop, manufacture and commercialize TRU-016 and other CD37-directed protein therapeutics.

In August 2009, Trubion entered into a collaboration agreement with Facet for the joint worldwide development and commercialization of TRU-016, Trubion s product candidate in Phase I clinical development for CLL and other CD37-directed protein therapeutics. On April 21, 2010, Abbott closed its acquisition of all of Facet s outstanding stock, and Facet became a wholly owned subsidiary of Abbott. Trubion has no prior relationship with Abbott and, as a

result, it cannot predict how or whether Abbott s acquisition of Facet will impact the collaboration. Under the terms of the collaboration agreement, neither Trubion nor Abbott has the right to develop or commercialize protein therapeutics directed to CD37 outside of the collaboration.

Trubion s ability to receive funding for TRU-016 under the collaboration depends on its ability to collaborate effectively with Abbott. Any future payments, including milestones payable to Trubion, will depend on the extent to

which Trubion and Abbott advance TRU-016 through development and commercialization. Abbott may terminate the collaboration agreement without cause and would not be obligated to pay Trubion a termination fee if such a termination was more than 18 months after the beginning of the collaboration. Abbott also has the right upon 90 days written notice to terminate the agreement for any uncured material breach by Trubion.

With respect to control over decisions and responsibilities, the collaboration agreement provides for a joint steering committee, or JSC, that must make decisions by consensus. The failure of the JSC to reach consensus on material aspects of the development or commercialization of TRU-016 would lead to dispute resolution by each company s respective designated officers, and potentially arbitration, any of which may delay the development of TRU-016, which may harm Trubion s business.

Under certain circumstances, the parties have the right to opt-out of the collaboration or may be deemed to have opted-out of the collaboration. If Abbott opts-out of the collaboration with respect to a product, then Trubion would become responsible for all development and commercialization costs for that product and be obligated to pay Abbott certain royalty payments upon the sale of that product. If Abbott has an anti-CD37 program that competes with the program under the collaboration agreement with Facet, then Abbott must either divest itself of the competing program or opt-out of the collaboration in which case Trubion would become responsible for all development and commercialization costs for all collaboration products and be obligated to pay Abbott certain royalty payments upon the sale of these products. Trubion is currently the lead manufacturing party for TRU-016 and if it opts-out of the collaboration as a result of Facet s change of control or any other reason allowed under the collaboration agreement, and are the lead TRU-016 manufacturing party at that time, Trubion would be obligated to continue to supply TRU-016 to Abbott for up to 18 months.

If Abbott opts-out of or terminates the agreement or fails to fulfill its obligations under the agreement, Trubion would need to obtain the capital necessary to fully fund the development and commercialization of TRU-016 or enter into alternative arrangements with a third party. Trubion could also become involved in disputes with Abbott, which could lead to delays in or termination of its development and commercialization programs and time-consuming and expensive litigation or arbitration. If Abbott terminates or breaches its agreement with Trubion, or otherwise fails to complete its obligations in a timely manner, Trubion s collaboration product development programs would be substantially delayed and the chances of successfully developing or commercializing its collaboration product candidates would be materially and adversely affected.

Trubion currently relies on third-party manufacturers to supply its product candidates for clinical trials and will rely on third-party manufacturers to manufacture its product candidates in commercial quantities, which could delay, prevent or increase the costs associated with the clinical development and future commercialization of its product candidates.

Trubion currently depends on Pfizer for the supply of SBI-087. It also currently depends on contract manufacturers for certain biopharmaceutical development and manufacturing services for TRU-016, Trubion s Abbott collaboration clinical candidate. In addition, Trubion is planning to have Abbott perform certain manufacturing services for TRU-016 in 2011. Any disruption in production, inability of these manufacturers to produce adequate quantities to meet Trubion s needs, or other impediments with respect to development, manufacturing or shipping could adversely affect Trubion s ability to successfully complete clinical trials, delay submissions of its regulatory applications, increase its costs or otherwise adversely affect its ability to commercialize its product candidates in a timely manner, if at all. For example, Trubion s commitments with Lonza Biologics, or Lonza, for manufacturing TRU-016 expired in the second quarter of 2010 and although Trubion is planning to have Abbott perform certain manufacturing services in 2011 for TRU-016, it currently does not have any other future manufacturing agreements at this time. Trubion plans on negotiating for additional manufacturing capacity, however it may be unable to do so in a timely manner or on terms that are consistent with its existing agreements. If Trubion is unable to negotiate for additional manufacturing

capacity, it will need to contract with other third-party manufacturers, which may result in additional costs and may cause delays in the future supply of TRU-016 and the clinical development of TRU-016.

Trubion s product candidates have not yet been manufactured for commercial use. If any of its product candidates becomes a product approved for commercial sale, in order to supply Trubion or its collaborators

commercial requirements for such an approved product, the third-party manufacturer may need to increase its manufacturing capacity, which may require the manufacturer to fund capital improvements to support the scale-up of manufacturing and related activities. The third-party manufacturer may not be able to successfully increase its manufacturing capacity for such an approved product in a timely or economic manner, if at all. If any manufacturer is unable to provide commercial quantities of such an approved product, Trubion will have to successfully transfer manufacturing technology to a new manufacturer. Engaging a new manufacturer for such an approved product could require Trubion to conduct comparative studies or utilize other means to determine bioequivalence of the new and prior manufacturers products, which could delay or prevent its ability to commercialize such an approved product. If any of these manufacturers is unable or unwilling to increase its manufacturing capacity or if Trubion is unable to establish alternative arrangements on a timely basis or on acceptable terms, the development and commercialization of such an approved product may be delayed or there may be a shortage in supply. Any inability to manufacture Trubion s products in sufficient quantities when needed would seriously harm its business.

Any manufacturer of Trubion s product candidates and approved products, if any, must comply with current good manufacturing practices, or cGMP, requirements enforced by the FDA through its facilities inspection program. These requirements include quality control, quality assurance, and the maintenance of records and documentation. Manufacturers of Trubion s product candidates and approved products, if any, may be unable to comply with these cGMP requirements and with other FDA, state, and foreign regulatory requirements. Trubion has little control over its manufacturers compliance with these regulations and standards. A failure to comply with these requirements may result in fines and civil penalties, suspension of production, suspension or delay in product approval, product seizure or recall, or withdrawal of product approval. If the safety of any quantities supplied is compromised due to its manufacturers failure to adhere to applicable laws or for other reasons, Trubion may not be able to obtain regulatory approval for or successfully commercialize its products, which would seriously harm its business.

Trubion relies on third parties to conduct its clinical trials. If these third parties do not perform as contractually required or otherwise expected, Trubion may not be able to obtain regulatory approval for or commercialize its product candidates.

Trubion does not currently have the ability to conduct clinical trials and it must rely on third parties, such as contract research organizations, medical institutions, clinical investigators, and contract laboratories, to conduct Trubion s clinical trials. Trubion has, in the ordinary course of business, entered into agreements with these third parties. Nonetheless, Trubion is responsible for confirming that each of its clinical trials is conducted in accordance with its general investigational plan and protocol. Moreover, the FDA requires Trubion to comply with regulations and standards, commonly referred to as good clinical practices, for conducting, recording, and reporting the results of clinical trials to ensure that data and reported results are credible and accurate and that the trial participants are adequately protected. Trubion s reliance on third parties does not relieve it of these responsibilities and requirements. If these third parties do not successfully carry out their contractual duties or regulatory obligations or meet expected deadlines, if the third parties need to be replaced or if the quality or accuracy of the data they obtain is compromised due to the failure to adhere to Trubion s clinical protocols or regulatory requirements or for other reasons, Trubion s clinical trials may be extended, delayed, suspended, or terminated, and Trubion may not be able to obtain regulatory approval for its product candidates.

Any failure or delay in commencing or completing clinical trials for product candidates could severely harm Trubion s business.

Each of Trubion s product candidates must undergo extensive preclinical studies and clinical trials as a condition to regulatory approval. Preclinical studies and clinical trials are expensive and take many years to complete. To date Trubion has not initiated any Phase III clinical trials of any product candidate. The commencement and completion of clinical trials for its product candidates may be delayed by many factors, including:

having the capital resources available to fund additional clinical trials;

Trubion s or its collaborators ability to obtain regulatory approval to commence a clinical trial;

Trubion s or its collaborators ability to manufacture or obtain from third parties materials sufficient for use in preclinical studies and clinical trials;

delays in patient enrollment and variability in the number and types of patients available for clinical trials;

poor effectiveness of product candidates during clinical trials;

unforeseen safety issues or side effects;

governmental or regulatory delays related to clinical trials, including trial design, results, and materials supply;

changes in regulatory requirements, policy, and guidelines; and

varying interpretation of data by Trubion, any or all of its collaborators, the FDA, and similar foreign regulatory agencies.

It is possible that none of Trubion s product candidates will complete the required clinical trials in any of the markets in which Trubion or its collaborators intend to commercialize those product candidates. Accordingly, Trubion or its collaborators may not seek or receive the regulatory approvals necessary to market Trubion s product candidates. Any failure or delay in commencing or completing clinical trials or obtaining regulatory approvals for product candidates would prevent or delay their commercialization and severely harm Trubion s business and financial condition.

Trubion s success depends on the proper management of its current and future business operations, and the expenses associated with them.

Trubion s business strategy requires it to manage its operations to provide for the continued development and potential commercialization of its product candidates and to manage its expenses generated by these activities. Trubion believes that strict cost containment in the near term is essential if its current funds are to be sufficient to allow it to continue its currently planned operations.

If Trubion is unable to effectively manage its current operations, it may not be able to implement its business strategy and its financial condition and operating results may be adversely affected. If Trubion is unable to effectively manage its expenses, it may find it necessary to reduce its expenses through another reduction in its workforce, which could adversely affect its operations.

Trubion relies on highly skilled personnel, and if it is unable to retain or motivate key personnel or hire qualified personnel, it may not be able to maintain its operations.

Trubion s operations and its ability to execute its business strategy are highly dependent on the efforts of its executive management team. In November 2009, Trubion s chief executive officer, and chairman of the board resigned after serving since February 2003. Following his departure, Trubion s Board of Directors appointed its prior lead director to serve as executive chairman and acting president until a qualified replacement is found. Trubion cannot assure you that it will be able to attract and retain a suitable chief executive officer. An extended period of time without a permanent chief executive officer could materially and adversely affect Trubion s business, financial condition or operating results. Furthermore, in recruiting a new chief executive officer, Trubion will incur expenses related to recruiting, relocation and training and possibly experience operational inefficiencies. In the event Trubion is unable to effect a smooth transition from its executive chairman and acting president to a new chief executive officer, or if a new chief executive officer should unexpectedly prove to be unsuitable, the resulting disruption could negatively affect Trubion s operations and impede its ability to execute its strategic plan. In addition, although the members of Trubion s senior management team have employment agreements with Trubion, these agreements may not provide sufficient incentives for these officers to continue employment with Trubion. The loss of one or more of the members

of Trubion s senior management team could adversely affect its operations.

Trubion cannot assure you any of its product candidates will be safe or effective, or receive regulatory approval.

The clinical trials and the manufacturing of Trubion s product candidates are, and marketing of its products will be, subject to extensive and rigorous review and regulation by numerous government authorities in the

United States and in other countries where Trubion intends to test and market its product candidates. Before obtaining regulatory approvals for the commercial sale of any product candidate, Trubion must demonstrate through preclinical testing and clinical trials that the product candidate is safe and effective for use in each target indication. This process can take many years and require the expenditure of substantial resources, and may include post-marketing studies and surveillance. To date, Trubion has not successfully demonstrated in clinical trials safety or efficacy sufficient for regulatory approval. Trubion s Abbott collaboration clinical candidate, TRU-016, and its Pfizer collaboration clinical candidate, SBI-087, commenced initial clinical testing in 2008 and as a result Trubion only has limited clinical trial results regarding the safety or efficacy of either of these product candidates. Even if, based on the results of the initial clinical trials for TRU-016 and SBI-087, Trubion and Abbott, in the case of TRU-016, or Pfizer, in the case of SBI-087, determine to proceed with further clinical testing, a number of additional clinical trials will be required before a BLA can be submitted to the FDA for product approval. The results from preclinical testing and clinical trials that Trubion has completed may not be predictive of results in future preclinical tests and clinical trials, and Trubion cannot assure you it will demonstrate sufficient safety and efficacy to seek or obtain the requisite regulatory approvals. A number of companies in the biotechnology and pharmaceutical industries have suffered significant setbacks in advanced clinical trials, even after promising results in earlier trials. All of Trubion s other product candidates remain in the discovery and pre-clinical testing stages. Trubion may also encounter delays or rejections due to additional government regulation from future legislation, administrative action, or changes in FDA policy. Trubion cannot assure you that regulatory approval will be obtained for any of its product candidates, and even if the FDA approves a product, the approval will be limited to those indications covered in the approval. If Trubion s current product candidates are not shown to be safe and effective in clinical trials, the resulting delays in developing other product candidates and conducting related preclinical testing and clinical trials, as well as the potential need for additional financing, would have a material adverse effect on its business, financial condition, and operating results. If Trubion is unable to discover or successfully develop drugs that are effective and safe in humans and receive regulatory approval, Trubion will not have a viable business. Trubion does not expect any of its current product candidates to be commercially available in major markets before 2014, if at all.

If Trubion enters into additional strategic partnerships it may be required to relinquish important rights to and control over the development of its product candidates or otherwise be subject to terms unfavorable to it.

If Trubion enters into any strategic partnerships, it will be subject to a number of risks, including:

- Trubion may not be able to control the amount and timing of resources that its strategic partners devote to the development or commercialization of product candidates;
- strategic partners may delay clinical trials, design clinical trials in a manner with which Trubion does not agree, provide insufficient funding, terminate a clinical trial or abandon a product candidate, repeat or conduct new clinical trials, or require a new version of a product candidate for clinical testing;
- strategic partners may not pursue further development and commercialization of products resulting from the strategic partnering arrangement or may elect to discontinue research and development programs;
- strategic partners may not commit adequate resources to the marketing and distribution of any future products, limiting Trubion s potential revenues from these products;
- disputes may arise between Trubion and its strategic partners that result in the delay or termination of the research, development, or commercialization of Trubion s product candidates or that result in costly litigation or arbitration that diverts management s attention and consumes resources;
- strategic partners may experience financial difficulties;

strategic partners may not properly maintain or defend Trubion s intellectual property rights or may use its proprietary information in a manner that could jeopardize or invalidate its proprietary information or expose Trubion to potential litigation;

business combinations or significant changes in a strategic partner s business strategy may also adversely affect a strategic partner s willingness or ability to complete its obligations under any arrangement;

strategic partners could independently move forward with a competing product candidate developed either independently or in collaboration with others, including Trubion s competitors; and

strategic partners could terminate the arrangement or allow it to expire, which would delay the development and may increase the cost of developing Trubion s product candidates.

The occurrence of any of these risks could negatively affect the development of Trubion s product candidates which would have an adverse effect on its business prospects.

If Trubion s technology or its product candidates conflict with the rights of others it may not be able to manufacture or market its product candidates, which could have a material adverse effect on it.

Trubion s commercial success will depend in part on not infringing the patents or violating the proprietary rights of third parties. Issued patents held by others may limit its ability to develop commercial products. All issued U.S. patents are entitled to a presumption of validity under U.S. law. If Trubion needs licenses to such patents to permit it to manufacture, develop, or market its product candidates it may be required to pay significant fees or royalties, and Trubion cannot be certain that it would be able to obtain such licenses. Competitors or third parties may obtain patents that may cover subject matter Trubion uses in developing the technology required to bring its products to market, producing its products, or treating patients with its products. Trubion knows that others have filed patent applications in various jurisdictions that relate to several areas in which it is developing products. Some of these patent applications have already resulted in patents and some are still pending. Trubion may be required to alter its processes or product candidates, pay licensing fees, or cease activities. If use of technology incorporated into or used to produce Trubion s product candidates is challenged, or if its processes or product candidates conflict with patent rights of others, third parties could bring legal actions against Trubion in Europe, the United States, and elsewhere claiming damages and seeking to enjoin manufacturing and marketing of the affected products. Additionally, it is not possible to predict with certainty what patent claims may issue from pending applications. In the United States, for example, patent prosecution can proceed in secret prior to issuance of a patent. As a result, third parties may be able to obtain patents with claims relating to Trubion s product candidates that they could attempt to assert against Trubion. Further, as Trubion develops its products, third parties may assert that Trubion infringes the patents currently held or licensed by them and Trubion cannot predict the outcome of any such action.

If Trubion is unable to obtain, maintain and enforce its proprietary rights, it may not be able to compete effectively or operate profitably.

Trubion s success depends in part on obtaining, maintaining, and enforcing its patents and other proprietary rights, and will depend in large part on its ability to:

obtain and maintain patent and other proprietary protection for Trubion s technology, processes, and product candidates;

enforce patents and defend those patents if their enforceability is challenged;

preserve trade secrets; and

operate without infringing the patents and proprietary rights of third parties.

The degree of future protection for Trubion s proprietary rights is uncertain. For example:

Trubion might not have been the first to make the inventions claimed in its patents or disclosed in its pending patent applications;

Trubion might not have been the first to file patent applications for these inventions;

others may independently develop similar or alternative technologies or duplicate any of Trubion s technologies;

it is possible that Trubion s pending patent applications will not result in issued patents or, if issued, such patents may not be sufficient to protect its technology or commercially viable products, and may not provide Trubion with any competitive advantages;

if Trubion s pending applications issue as patents, they may be challenged by third parties as infringed, invalid, or unenforceable under U.S. or foreign laws;

the patents under which Trubion holds rights may be invalid or not enforceable; or

Trubion may develop additional proprietary technologies that are not patentable and that may not be adequately protected through trade secrets, if, for example, a competitor were to independently develop duplicative, similar, or alternative technologies.

The patent position of biotechnology and pharmaceutical firms is highly uncertain and involves many complex legal and technical issues. There is no clear policy involving the breadth of claims allowed in patents or the degree of protection afforded under patents. Although Trubion believes its potential rights under patent applications provide a competitive advantage, Trubion cannot assure you that patent applications owned by or licensed to Trubion will result in patents being issued or that, the patents will give Trubion an advantage over competitors with similar technology, nor can Trubion assure you that it can obtain, maintain, and enforce all ownership and other proprietary rights necessary to develop and commercialize its product candidates.

Even if Trubion s patent applications issue as patents, others may challenge the validity, inventorship, ownership, enforceability, or scope of its patents or other technology used in or otherwise necessary for the development and commercialization of its product candidates. Further, Trubion cannot assure you that any such challenge would not be successful. Moreover, the cost of litigation to uphold the validity of patents to prevent infringement or to otherwise protect Trubion s proprietary rights can be substantial. If the outcome of litigation is adverse to Trubion, third parties may be able to use the challenged technologies without payment to Trubion. Trubion cannot assure you that its patents will not be infringed or successfully avoided through design innovation. Intellectual property lawsuits are expensive and would consume time and other resources, even if the outcome were successful. In addition, there is a risk that a court would decide that Trubion s patents are not valid and that Trubion does not have the right to stop the other party from using the inventions. There is also the risk that, even if the validity of a patent were upheld, a court would refuse to stop the other party from using the invention(s), including on the grounds that its activities do not infringe that patent. If any of these events were to occur, Trubion s business, financial condition, and operating results would be materially adversely affected.

Trubion also will rely on current and future trademarks to establish and maintain recognized brands. If Trubion fails to acquire and protect such trademarks, its ability to market and sell its products, and therefore its business, financial condition and operating results, would be materially adversely affected. For example, in November 2005, Merck KGaA filed a proceeding with the Office for Harmonisation for the Internal Market opposing Trubion s European registration of the trademark TRUBION and seeking to place certain restrictions on the identification of goods, services, and channels of trade description in Trubion s European trademark registration. Merck claims rights resulting from its prior trademark registration of TRIBION HARMONIS. Trubion s action with the Court of First Instance of the European Community to annul the Board decision has been denied. Merck also filed a similar opposition in Brazil in February 2009. While this opposition is to the use of TRUBION for the identification of goods, Trubion has successfully registered this mark for services. Trubion has re-filed its trademark application in Europe with respect to goods, and Merck has again sought to oppose Trubion s registration for goods on July 15, 2010. Trubion intends to vigorously pursue registration of the mark TRUBION for products in the European Union and Brazil and to challenge Merck s claimed rights as necessary to obtain such registration; however, if Trubion is unable to effectively defend

against the opposition, Trubion may be prohibited from using the TRUBION trademark in certain European Union jurisdictions and Brazil, which could have an adverse effect on its ability to promote the Trubion brand in those jurisdictions.

In addition to the intellectual property and other rights described above, Trubion also relies on unpatented technology, trade secrets, and confidential information, particularly when it does not believe that patent or trademark protection is appropriate or available. Trade secrets are difficult to protect and Trubion cannot assure you that others will not independently develop substantially equivalent information and techniques or otherwise gain

access to or disclose Trubion s unpatented technology, trade secrets, and confidential information. In addition, Trubion cannot assure you that the steps it takes with employees, consultants, and advisors will provide effective protection of Trubion s confidential information or, in the event of unauthorized use of Trubion s intellectual property or the intellectual property of third parties, provide adequate or effective remedies or protection.

Trubion may incur substantial costs as a result of litigation or other proceedings relating to patent and other intellectual property rights.

There has been significant litigation in the biotechnology industry over patents and other proprietary rights, and if Trubion becomes involved in any litigation it could consume a substantial portion of its resources, regardless of the outcome of the litigation. Some of Trubion s competitors may be better able to sustain the costs of complex patent litigation because they may have substantially greater resources. If these legal actions are successful, in addition to any potential liability for damages, Trubion could be required to obtain a license, grant cross-licenses, and pay substantial royalties in order to continue to manufacture or market the affected products. Trubion cannot assure you it would prevail in any legal action or that any license required under a third-party patent would be made available on acceptable terms, if at all. In addition, uncertainties resulting from the initiation and continuation of any litigation could have a material adverse effect on Trubion s ability to continue its operations. Ultimately Trubion could be prevented from commercializing a product or be forced to cease some aspect of its business operations as a result of claims of patent infringement or violation of other intellectual property rights, which could have a material adverse effect on its business, financial condition, and operating results. Should third parties file patent applications or obtain patents claiming technology also claimed by Trubion in pending applications, Trubion may be required to participate in interference proceedings in the United States Patent and Trademark Office to determine priority of invention, which could result in substantial costs to Trubion and an adverse decision as to the priority of its inventions. An unfavorable outcome in an interference proceeding could require Trubion to cease using the technology or to license rights from prevailing third parties. Trubion cannot assure you that any prevailing party would offer Trubion a license or that Trubion could acquire any license made available to it on commercially acceptable terms.

Trubion faces substantial competition, which may result in others discovering, developing, or commercializing products before, or more successfully than, it does.

Trubion s future success depends on its ability to demonstrate and maintain a competitive advantage with respect to the design, development, and commercialization of its product candidates. Trubion expects any product candidate that it commercializes with its collaborative partners, or on its own, will compete with other products.

Product Candidates for Autoimmune and Inflammatory Diseases. If approved for the treatment of RA, Trubion anticipates that its product candidates would compete with other marketed protein therapeutics for the treatment of RA, including: Enbrel® (Amgen, Pfizer and Takeda), Remicade® (Centocor Ortho Biotech, Merck and Mitsubishi Tanabe), Humira® (Abbott and Eisai), Orencia® (BMS), Cimzia® (UCB and Otsuka), Simponi® (Centocor Ortho Biotech and Merck), Actemra® (Roche and Chugai) and Rituxan® (Genentech, Roche and Biogen Idec). If approved for the treatment of SLE, Trubion s product candidates will compete with other therapies.

Product Candidates for B-cell Malignancies. If approved for the treatment of CLL, NHL, or other B-cell malignancies, Trubion anticipates that its product candidates would compete with other B-cell depleting therapies. While Trubion is not aware of any CD37-directed therapeutics in development or on the market, other biologic therapies are marketed for the treatment of NHL or CLL or both, such as Rituxan/Mabthera® (Genentech, Roche and Biogen Idec), Zevalin® (Spectrum Pharmaceuticals, Inc. and Bayer Schering AG), Bexxar® (GSK), Campath® (Genzyme and Bayer Schering AG), Treanda® (Cephalon Oncology) and Arzerra® (GSK and Genmab).

Many of Trubion s potential competitors have substantially greater financial, technical, manufacturing, marketing and personnel resources than Trubion has. In addition, many of these competitors have significantly greater commercial infrastructures than Trubion has. Trubion s ability to compete successfully will depend largely on its ability to:

design and develop products that are superior to other products in the market;

attract and retain qualified scientific, medical, product development, commercial, and sales and marketing personnel;

obtain patent and/or other proprietary protection for Trubion s processes, product candidates, and technologies;

operate without infringing the patents and proprietary rights of third parties;

obtain required regulatory approvals; and

successfully collaborate with others in the design, development, and commercialization of new products.

Established competitors may invest heavily to quickly discover and develop novel compounds that could make Trubion s product candidates obsolete. In addition, any new product that competes with a generic market-leading product must demonstrate compelling advantages in efficacy, convenience, tolerability, and safety in order to overcome severe price competition and to be commercially successful. If Trubion is not able to compete effectively against its current and future competitors, its business will not grow, and its financial condition and operating results will suffer.

Trubion may fail to select or capitalize on the most scientifically, clinically, or commercially promising or profitable product candidates.

Trubion has limited technical, managerial, and financial resources to determine which of its product candidates should proceed to initial clinical trials, later-stage clinical development, and potential commercialization and, further, Trubion may make incorrect determinations as a result of its limited resources or information available to it at the time of its determination. Trubion s decisions to allocate its research and development, management, and financial resources toward particular product candidates or therapeutic areas may not lead to the development of viable commercial products and may divert resources from better opportunities. Similarly, Trubion s decisions to delay or terminate drug development programs may also be incorrect and could cause it to miss valuable opportunities.

Even if Trubion s product candidates receive regulatory approval, they could be subject to restrictions or withdrawal from the market and Trubion may be subject to penalties if it fails to comply with regulatory requirements or if it experiences unanticipated problems with its products.

Any product candidate for which Trubion receives regulatory approval, together with the manufacturing processes, post-approval clinical data, and advertising and promotional activities for such product, will be subject to continued review and regulation by the FDA and other regulatory agencies. Even if regulatory approval of a product candidate is granted, the approval may be subject to limitations on the indicated uses for which the product candidate may be marketed or on the conditions of approval, or contain requirements for costly post-marketing testing and surveillance to monitor the safety or efficacy of the product candidate. Later discovery of previously unknown problems with Trubion s products or their manufacture, or failure to comply with regulatory requirements, may result in, among other things:

restrictions on the products or manufacturing processes;

withdrawal of the products from the market;

voluntary or mandatory recalls;

fines;

suspension of regulatory approvals;

product seizures; or

injunctions or the imposition of civil or criminal penalties.

If Trubion is slow or otherwise unable to adapt to changes in existing regulatory requirements, it may lose marketing approval for any products that may be approved in the future.

Failure to obtain regulatory approval in foreign jurisdictions would prevent Trubion from marketing its products internationally.

Trubion intends to have its product candidates marketed outside the United States. In order to market its products in the European Union and many other non-U.S. jurisdictions, Trubion must obtain separate regulatory approvals and comply with numerous and varying regulatory requirements. To date, Trubion has not filed for marketing approval of any of its product candidates and may not receive the approvals necessary to commercialize its product candidates in any market. The approval procedure varies among countries and can involve additional testing and data review. The time required to obtain foreign regulatory approval may differ from that required to obtain FDA approval. The foreign regulatory approval process may include all of the risks associated with obtaining FDA approval, or may include different or additional risks. Trubion may not obtain foreign regulatory approvals on a timely basis, if at all. Approval by the FDA does not ensure approval by regulatory agencies in other countries, and approval by one foreign regulatory authority does not ensure approval by regulatory agencies in other foreign countries or by the FDA. A failure or delay in obtaining regulatory approval in one jurisdiction may have a negative effect on the regulatory approval process in other jurisdictions, including approval by the FDA. The failure to obtain regulatory approval in foreign jurisdictions could seriously harm Trubion s business.

Trubion s product candidates may never achieve market acceptance even if it obtains regulatory approvals.

Even if Trubion obtains regulatory approvals for the commercial sale of its product candidates, the commercial success of these product candidates will depend on, among other things, their acceptance by physicians, patients, third-party payors, and other members of the medical community as a therapeutic and cost-effective alternative to competing products and treatments. If Trubion s product candidates fail to gain market acceptance, Trubion may be unable to earn sufficient revenue to continue its business. Market acceptance of, and demand for, any product that Trubion may develop and commercialize will depend on many factors, including:

its ability to provide acceptable evidence of safety and efficacy;

the prevalence and severity of adverse side effects;

availability, relative cost, and relative efficacy of alternative and competing treatments;

the effectiveness of Trubion s marketing and distribution strategy;

publicity concerning Trubion s products or competing products and treatments; and

its ability to obtain sufficient third-party insurance coverage or reimbursement.

If Trubion s product candidates do not become widely accepted by physicians, patients, third-party payors, and other members of the medical community, its business, financial condition, and operating results would be materially adversely affected.

If Trubion is unable to establish a sales and marketing infrastructure or enter into collaborations with partners to perform these functions, it will not be able to commercialize its product candidates.

Trubion currently does not have any internal sales, marketing, or distribution capabilities. In order to commercialize any of its product candidates that are approved for commercial sale, Trubion must either acquire or internally develop a sales, marketing, and distribution infrastructure or enter into collaborations with partners able to perform these services for it. In December 2005, Trubion entered into a collaboration agreement with Wyeth, now Pfizer, to develop

and commercialize therapeutics directed to TRU-015 and other therapeutics directed to the CD20 protein and other targets. In August 2009, it entered into a collaboration agreement with Facet, now owned by Abbott, to develop and commercialize TRU-016. If Trubion does not enter into collaborations with respect to product candidates not covered by the Pfizer or Abbott collaborations, or if any of its product candidates are the subject of collaborations with partners that are not able to commercialize such product candidates, Trubion will need to acquire or internally develop a sales, marketing, and distribution infrastructure. Factors that may inhibit

Trubion s efforts to commercialize its product candidates without partners that are able to commercialize the product candidates include:

- its inability to recruit and retain adequate numbers of effective sales and marketing personnel;
- the inability of sales personnel to obtain access to or persuade adequate numbers of physicians to prescribe Trubion s products;
- the lack of complementary products to be offered by sales personnel, which may put Trubion at a competitive disadvantage relative to companies with more extensive product lines; and
- unforeseen costs and expenses associated with creating a sales and marketing organization.

If Trubion is not able to partner with a third party able to commercialize its product candidates, or is not successful in recruiting sales and marketing personnel or in building a sales, marketing, and distribution infrastructure, it will have difficulty commercializing its product candidates, which would adversely affect its business and financial condition.

If any products Trubion develops become subject to unfavorable pricing regulations, third-party reimbursement practices or healthcare reform initiatives, its business could be harmed.

Trubion s ability to commercialize any product candidate profitably will depend in part on the extent to which reimbursement for such product candidate and related treatments will be available from government health administration authorities, private health insurers or private payors, and other organizations in the United States and internationally. The U.S. government and other governments have shown interest in pursuing healthcare reform, as evidenced by the recent passing of the Patient Protection and Affordable Healthcare Act. Such government-adopted reform measures may adversely impact the pricing of healthcare products and services in the U.S. or internationally and the amount of reimbursement available from governmental agencies or other third party payors. At this time, Trubion cannot predict which, if any, additional healthcare reform proposals will be adopted, when they may be adopted or what the impact they, or the recently approved federal legislation, may have on Trubion s business and operations, and any such impact may be adverse on its operating results and financial condition. Even if Trubion succeeds in bringing one or more product candidates to market, these products may not be considered cost-effective, and the amount reimbursed for any product may be insufficient to allow Trubion to sell it profitably. Because Trubion s product candidates are in the early stages of development, Trubion is unable at this time to determine their cost-effectiveness and the level or method of reimbursement. There may be significant delays in obtaining coverage for newly approved products, and coverage may be more limited than the purposes for which the product candidate is approved by the FDA or foreign regulatory agencies. Moreover, eligibility for coverage does not mean that any product will be reimbursed in all cases or at a rate that covers Trubion s costs, including research, development, manufacture, sale, and distribution. Increasingly, the third-party payors who reimburse patients, such as government and private payors, are requiring that companies provide them with predetermined discounts from list prices and are challenging the prices charged for medical products. If the reimbursement Trubion is able to obtain for any product it develops is inadequate in light of its development and other costs, Trubion s business could be harmed.

Trubion faces potential product liability exposure, and if successful claims are brought against it, it may incur substantial liability for a product candidate and may have to limit its commercialization.

The use of Trubion s product candidates in clinical trials and the sale of any products for which it obtains marketing approval expose it to the risk of product liability claims. Product liability claims might be brought against Trubion by consumers, health-care providers, pharmaceutical companies, or others selling its products. If Trubion cannot successfully defend itself against these claims, it will incur substantial liabilities. Regardless of merit or eventual

outcome, product liability claims may result in:

decreased demand for Trubion s product candidates;

impairment of Trubion s business reputation;

withdrawal of clinical trial participants;

costs of related litigation;

substantial monetary awards to patients or other claimants;

loss of revenues; and

the inability to commercialize Trubion s product candidates.

Although Trubion currently has product liability insurance coverage for its clinical trials for expenses or losses, Trubion s insurance coverage may not reimburse it or may not be sufficient to reimburse it for any or all expenses or losses it may suffer. Moreover, insurance coverage is becoming increasingly expensive and, in the future, Trubion may not be able to maintain insurance coverage at a reasonable cost or in sufficient amounts to protect it against losses due to liability. Trubion intends to expand its insurance coverage to include the sale of commercial products if it obtains marketing approval for its product candidates in development, but Trubion may be unable to obtain commercially reasonable product liability insurance for any products approved for marketing. On occasion, large judgments have been awarded in class action lawsuits based on products that had unanticipated side effects. A successful product liability claim or series of claims brought against Trubion could cause its stock price to fall and, if judgments exceed Trubion s insurance coverage, could decrease its cash and adversely affect its business.

If Trubion uses biological and hazardous materials in a manner that causes contamination or injury or violates laws, it may be liable for damages.

Trubion s research and development activities involve the use of potentially harmful biological materials, as well as hazardous materials, chemicals, and various radioactive compounds. Trubion cannot completely eliminate the risk of accidental contamination or injury from the use, storage, handling or disposal of these materials. In the event of contamination or injury, Trubion could be held liable for damages that result, and any liability could exceed its resources. Trubion does not maintain liability insurance coverage for its handling of biological or hazardous materials. Trubion, the third parties that conduct clinical trials on its behalf, and the third parties that manufacture its product candidates are subject to federal, state, and local laws and regulations governing the use, storage, handling, and disposal of these materials and waste products. The cost of compliance with these laws and regulations could be significant. The failure to comply with any of these laws and regulations could result in significant fines and work stoppages and may harm Trubion s business.

Risks Related to Trubion s Common Stock

Prior to the completion of Trubion s proposed merger with Emergent BioSolutions, the trading price of Trubion common stock may fluctuate based on the trading price of Emergent BioSolutions common stock.

Under the terms of Trubion s merger agreement with Emergent BioSolutions, holders of Trubion common stock will receive a payment of $1.365 in cash, without interest; 0.1641 of a share of Emergent BioSolutions common stock; and a CVR for each share of Trubion common stock that they hold immediately prior to the effective time of the merger. As a result, Trubion s stock price may fluctuate based on the trading price of Emergent BioSolutions common stock and market assumptions regarding the probability that the transaction will be completed. The trading price of Emergent BioSolutions common stock may be influenced by a variety of factors beyond its control, including general economic and market conditions.

The trading price of Trubion common stock may be subject to significant fluctuations and volatility, and Trubion stockholders may be unable to resell their shares at a profit.

The trading prices of many smaller publicly traded companies are highly volatile, particularly companies such as Trubion that have limited operating histories. Accordingly, the trading price of Trubion common stock has been subject to significant fluctuations and may continue to fluctuate or decline. Since Trubion s initial public offering, which was completed in October 2006, the price of Trubion common stock has ranged from an intra-day low of

$1.00 to an intra-day high of $22.50. Factors that could cause fluctuations in the trading price of Trubion common stock include the following:

- the effect of the announcement or pendency of Trubion s proposed merger with Emergent BioSolutions on Trubion s relationships with its collaborators, operating results and business generally;
- the occurrence of any event, change or circumstance that could give rise to the ability on the part of Emergent BioSolutions to terminate the merger agreement;
- the possibility that Trubion s proposed merger with Emergent BioSolutions will not be completed;
- low trading volumes;
- Trubion s ability to develop and market new and enhanced product candidates on a timely basis;
- announcements by Trubion or its collaborators or competitors of new commercial products, clinical progress or the lack thereof, changes in or terminations of relationships, significant contracts, commercial relationships, or capital commitments;
- commencement of, or Trubion s involvement in, litigation;
- changes in earnings estimates or recommendations by securities analysts;
- changes in governmental regulations or in the status of Trubion s regulatory approvals;
- any major change in Trubion s board of directors or management;
- quarterly variations in Trubion s operating results or those of its collaborators or competitors;
- general economic conditions and slow or negative growth of Trubion s markets; and
- political instability, natural disasters, war, and/or events of terrorism.

In addition, the U.S. stock market in the last 24 months has experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of trading companies. Broad market and industry factors may seriously affect the market price of companies stock, including Trubion s, regardless of actual operating performance. In addition, in the past, following periods of volatility in the overall market and the market price of a particular company s securities, securities class action litigation has often been instituted against these companies. This litigation, if instituted against Trubion, could result in substantial costs and a diversion of its management s attention and resources.

The concentration of Trubion capital stock ownership with insiders will likely limit a holder s ability to influence corporate matters.

As of September 3, 2010, Trubion s executive officers, directors, current five percent or greater stockholders, and affiliated entities together beneficially owned approximately 80.3% of Trubion s outstanding common stock. As a result, these stockholders, acting together, have control over most matters that require approval by Trubion stockholders, including the election of directors and approval of significant corporate transactions. Corporate action might be taken even if other stockholders oppose such action. This concentration of ownership might also have the

effect of delaying or preventing a change of control of Trubion that other stockholders may view as beneficial.

If securities analysts do not publish research or reports about Trubion s business, or if they downgrade Trubion stock, the price of Trubion common stock could decline.

The trading market for Trubion common stock will rely in part on the availability of research and reports that third-party industry or financial analysts publish about Trubion. There are many large, publicly traded companies active in the biopharmaceutical industry, which may mean it will be less likely that Trubion receives widespread analyst coverage. Furthermore, if one or more of the analysts who do cover Trubion downgrade Trubion stock, its stock price would likely decline. If one or more of these analysts cease coverage of Trubion, Trubion could lose visibility in the market, which in turn could cause Trubion s stock price to decline.

Anti-takeover provisions in Trubion s charter documents and under Delaware law could make an acquisition of Trubion, which may be beneficial to Trubion stockholders, more difficult and may prevent attempts by Trubion stockholders to replace or remove Trubion s current management.

Provisions in Trubion s certificate of incorporation and bylaws may delay or prevent an acquisition of Trubion or a change in its management. These provisions include a classified board of directors, a prohibition on actions by written consent of its stockholders and the ability of its board of directors to issue preferred stock without stockholder approval. In addition, because Trubion is incorporated in Delaware, it is governed by the provisions of Section 203 of the Delaware General Corporation Law, which prohibits stockholders owning in excess of 15% of Trubion s outstanding voting stock from merging or combining with it. Although Trubion believes these provisions collectively provide for an opportunity to receive higher bids by requiring potential acquirers to negotiate with its board of directors, they would apply even if the offer may be considered beneficial by some stockholders. In addition, these provisions may frustrate or prevent any attempts by Trubion stockholders to replace or remove Trubion s current management by making it more difficult for stockholders to replace members of Trubion s board of directors, which is responsible for appointing the members of its management.

Trubion is exposed to potential risks from legislation requiring companies to evaluate controls under Section 404 of the Sarbanes-Oxley Act.

The Sarbanes-Oxley Act requires that Trubion maintain effective internal controls over financial reporting and disclosure controls and procedures. Among other things, Trubion must perform system and process evaluation and testing of its internal controls over financial reporting to allow management to report on its internal controls over financial reporting, as required by Section 404 of the Sarbanes-Oxley Act. Compliance with Section 404 requires substantial accounting expense and significant management efforts. Trubion s testing may reveal deficiencies in its internal controls that would require it to remediate in a timely manner so as to be able to comply with the requirements of Section 404 each year. If Trubion is not able to comply with the requirements of Section 404 in a timely manner each year, it could be subject to sanctions or investigations by the SEC, the Nasdaq Global Market or other regulatory authorities that would require additional financial and management resources and could adversely affect the market price of Trubion common stock.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This proxy statement/prospectus and the documents incorporated by reference into this proxy statement/prospectus contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that involve risks and uncertainties, as well as assumptions, that, if they never materialize or prove incorrect, could cause the results of Emergent BioSolutions, Trubion or the combined company to differ materially from those expressed or implied by such forward-looking statements. Forward-looking statements generally are identified by the words may, will, project, might, expects, anticipates, believes, intends, estimates, should, could, would, s pursue , or the negative of these words or other words or expressions of similar meaning. All statements other than statements of historical fact are statements that could be deemed forward-looking statements. For example, forward-looking statements include statements about Emergent BioSolutions and Trubion s future financial and operating results, plans, expectations for research and development revenue and profits as a combined company, costs and expenses, taxes, interest rates, outcome of contingencies, financial condition, liquidity, business strategies and cost savings; any statements of the plans, strategies and objectives of management for future operations, including the execution of integration plans and the anticipated timing of filings and approvals related to the merger; the timing for closing the merger; any statements concerning Emergent BioSolutions and Trubion s product candidates and product development; any statements regarding future economic conditions or performance; statements of belief and any statement of assumptions underlying any of the foregoing. The risks, uncertainties and assumptions referred to above include the risk that the merger may not close, including the risk that any required stockholder approval for the merger and related transactions may not be obtained; the possibility that expected synergies and cost savings will not be obtained or that litigation may delay the merger; the difficulty of integrating the business, operations and employees of the two companies; as well as the reliance on collaborative partners for milestone and royalty payments, regulatory hurdles facing product candidates, uncertain product development costs, disputes regarding ownership of intellectual property, and the commercial success of any approved products; and other risks and uncertainties described in the section entitled Risk Factors and in the documents that are incorporated by reference into this proxy statement/prospectus. You should note that the discussion of Trubion s board of directors reasons for the merger and the description of its and Emergent BioSolutions respective financial advisor s opinion contain forward-looking statements that describe beliefs, assumptions and estimates as of the indicated dates and those forward-looking expectations may have changed as of the date of this proxy statement/prospectus.

If any of these risks or uncertainties materializes or any of these assumptions proves incorrect, the results of Emergent BioSolutions, Trubion or the combined company could differ materially from the expectations in these statements. The forward-looking statements included in this proxy statement/prospectus are made only as of the date of this proxy statement/prospectus, and neither Emergent BioSolutions nor Trubion is under any obligation to update their respective forward-looking statements and neither party intends to do so.

THE COMPANIES

Emergent BioSolutions

Emergent BioSolutions is a company focused on the development, manufacture and commercialization of vaccines and antibody therapies that assist the body s immune system to prevent or treat disease. For financial reporting purposes, Emergent BioSolutions operates in two principal business segments: biodefense and commercial. Its biodefense segment focuses on vaccines and antibody therapies for use against biological agents that are potential weapons of bioterrorism and biowarfare, while its commercial segment focuses on vaccines and antibody therapies targeting infectious diseases that represent significant unmet or underserved public health needs.

Emergent BioSolutions program pipeline currently includes programs focused on anthrax, tuberculosis, typhoid, influenza and chlamydia. Set forth below is a list of each of its products or product candidates that are designed to address these disease areas.

Anthrax

BioThrax also referred to as Anthrax Vaccine Adsorbed, is the only vaccine approved by the FDA for the prevention of anthrax disease. BioThrax is approved for pre-exposure prevention of anthrax disease by all routes of exposure, including inhalation.

BioThrax related programs initiatives designed to further improve BioThrax as a medical countermeasure, and include seeking approval for use as a post-exposure prophylaxis against anthrax disease in combination with antibiotic treatment, extending expiry dating from four years to five years and reducing the number of required doses from five to three. Emergent BioSolutions is also developing a third generation anthrax vaccine product candidate based on BioThrax that is designed to provide rapid immunity, in part with funding from the National Institute of Allergy and Infectious Diseases, or NIAID, and the Biomedical Advanced Research and Development Authority, or BARDA.

rPA vaccine an anthrax vaccine product candidate that is composed of a purified recombinant protective antigen, or rPA, protein with an aluminum hydroxide adjuvant.

Double-mutant rPA vaccine an anthrax vaccine product candidate based on a double-mutant form of rPA combined with adjuvant CpG 7909 and an aluminum hydroxide adjuvant, which Emergent BioSolutions is developing in part with funding from NIAID and BARDA.

Anthrax immune globulin therapeutic a therapeutic antibody product candidate for the treatment of symptomatic anthrax disease, which Emergent BioSolutions is developing in part and for which it initiated a Phase I/II clinical trial and pilot animal studies in 2009 with funding from NIAID.

Anthrax monoclonal antibody therapeutic a human monoclonal antibody product candidate for treatment of patients who present symptoms of anthrax disease, which Emergent BioSolutions is developing in part with funding from NIAID and BARDA.

Tuberculosis

Tuberculosis vaccine a single-dose, injectable vaccine product candidate for use in persons who have been vaccinated with Bacille Calmette-Guerin, or BCG, the vaccine currently available against tuberculosis, for which Emergent

BioSolutions has commenced a Phase IIb efficacy clinical trial in South Africa that is expected to conclude in 2012, and which it is developing as part of its joint venture with the University of Oxford with funding and services from the Wellcome Trust and the Aeras Global Tuberculosis Vaccine Foundation.

Typhoid

Typhella[tm] (typhoid vaccine live oral ZH9) a single-dose, drinkable vaccine product candidate that Emergent BioSolutions is developing with funding from the Wellcome Trust, for which it has completed Phase I clinical trials in the United States, the United Kingdom and Vietnam, and Phase II clinical trials in Vietnam and the United States.

Influenza

Influenza vaccine a multivalent, cross-protective human vaccine product candidate to protect against influenza caused by a broad range of circulating H5 influenza strains, which Emergent BioSolutions is developing as part of a joint venture with Temasek Life Science Ventures Pte Ltd.

Chlamydia

Chlamydia vaccine a vaccine product candidate designed to prevent disease caused by clinically relevant strains of Chlamydia trachomatis.

Emergent BioSolutions has derived substantially all of its product revenues from sales of BioThrax to the U.S. Department of Defense, or DoD, and the U.S. Department of Health and Human Services, or HHS, and expects for the foreseeable future to continue to derive substantially all product revenues from the sale of BioThrax to U.S. government customers. Product revenues were $217.2 million in 2009, $169.1 million in 2008 and $169.8 million in 2007. Emergent BioSolutions is focused on increasing sales of BioThrax to U.S. government customers, expanding the market for BioThrax to other international and domestic customers and pursuing label expansions and improvements for BioThrax.

Emergent BioSolutions also seeks to advance development of its product candidates through external funding arrangements. Revenues from contracts and grants were $17.6 million in 2009, $9.4 million in 2008 and $13.1 million in 2007. Emergent BioSolutions continues to actively pursue additional government-sponsored development contracts and grants and to encourage both governmental and non-governmental agencies and philanthropic organizations to provide development funding or to conduct clinical studies of its product candidates.

Emergent BioSolutions is a Delaware corporation with headquarters at 2273 Research Boulevard, Suite 400, Rockville, Maryland 20850, and its telephone number is (301) 795-1800.

30333 Inc.

Merger sub is a Delaware corporation and an indirect wholly owned subsidiary of Emergent BioSolutions incorporated on August 10, 2010. Merger sub does not engage in any operations and exists solely to facilitate the merger. Its principal executive offices have the same address and telephone number as Emergent BioSolutions.

35406 LLC

The surviving entity is a Delaware limited liability company and a direct wholly owned subsidiary of Emergent BioSolutions formed on August 10, 2010. The surviving entity does not engage in any operations and exists solely to facilitate the merger. Its principal executive offices have the same address and telephone number as Emergent BioSolutions.

Trubion

Overview

Trubion is a biopharmaceutical company creating a pipeline of novel protein therapeutic product candidates to treat autoimmune and inflammatory diseases and cancer. Trubion s mission is to develop a variety of first-in-class product candidates customized in an effort to optimize safety, efficacy, and convenience that Trubion believes may offer improved patient experiences. Trubion s current product development efforts are focused on three proprietary

technologies that comprise the expanded foundation for Trubion product development Small Modular Immunopharmaceutical, or SMIP™ protein therapeutics, SCORPION™ protein therapeutics, and TRU-ADhanCe™ potency enhancing technology for immunopharmaceuticals. Trubion s current clinical-stage therapeutics target specific antigens on B cells, CD20 and CD37, and are designed using Trubion s custom drug assembly technology.

Trubion s lead product candidate, SBI-087, which Trubion is developing with its partner, Pfizer Inc., or Pfizer, is, Trubion s next generation CD20-directed product candidate. In June 2010, Trubion announced Pfizer s decision to discontinue development of Trubion s first generation CD20-directed product candidate, TRU-015, an investigational drug in Phase II evaluation for the treatment of rheumatoid arthritis, or RA, developed under Trubion s

CD20 collaboration with Pfizer. SBI-087 for RA builds on Trubion s and Pfizer s clinical experience with TRU-015 and is based on Trubion s SMIP technology. Patient dosing has commenced and recruitment is currently ongoing in a Phase II trial of SBI-087 for RA evaluating safety and efficacy of subcutaneous administration of SBI-087. In addition, patient enrollment is complete in an additional Phase I trial of SBI-087 for RA in Japan. Finally, Pfizer is conducting a Phase I clinical trial of SBI-087 in systemic lupus erythematosus, or SLE, in which patient dosing has commenced and recruitment is ongoing.

Trubion s other clinical product candidate, TRU-016, which Trubion is developing with its partner Abbott Laboratories, or Abbott, is a novel CD37-directed SMIP protein therapeutic. A TRU-016 Phase I clinical trial for patients with chronic lymphocytic leukemia, or CLL, is currently under way. TRU-016 uses a different mechanism of action than CD20-directed therapies. As a result, Trubion believes its novel design may provide patients with improved therapeutic options and enhance efficacy when used alone or in combination with chemotherapy and/or CD20-directed therapeutics.

In June and December 2009, Trubion announced positive results following each of two preliminary analyses from the Phase I clinical trial of TRU-016 for the treatment of CLL. The objectives of the Phase I TRU-016 CLL study are to define safety and tolerability, identify a maximum tolerated dose, or MTD, evaluate pharmacology and pharmacodynamics, and assess preliminary clinical activity. As of August 2010, Trubion has not reached an MTD. Trubion has amended its IND to include treatment of patients with non-Hodgkins lymphoma, or NHL, and patient dosing has commenced and recruitment is ongoing.

Trubion s product candidates are as follows:

SBI-087 for the Treatment of Rheumatoid Arthritis. Trubion s partner, Pfizer, in collaboration with Trubion, has commenced two clinical studies of SBI-087 for the treatment of RA. The first is a Phase II randomized, placebo-controlled, double-blind, parallel-group, outpatient dose regimen-finding study in which patient dosing commenced in December 2009, with interim data review anticipated to occur late 2010 or early 2011 and final data anticipated by the end of 2011. The second is a Phase I dose escalation clinical trial designed to evaluate the safety, tolerability, pharmacokinetics, or PK, and pharmacodynamics, or PD, of a single dose of SBI-087 in patients with RA, in which patient enrollment is complete. In addition, patient enrollment is complete in an additional Phase I study of SBI-087 for RA in Japan.

SBI-087 for the Treatment of Systemic Lupus Erythematosus. According to Datamonitor, SLE is estimated to affect approximately 434,000 people in the United States, Japan, and the five major European markets. The prevalence of SLE varies significantly on a country-by-country basis and could be up to five times greater with expanding disease definitions and increasing diagnosis. No new pharmaceutical or biologic treatments have been approved for SLE in over 40 years. Trubion s partner Pfizer is conducting a Phase I clinical trial of SBI-087 in SLE in which patient dosing has commenced and recruitment is ongoing. Currently, no protein therapeutics have been approved specifically for the treatment of SLE.

TRU-016 for the Treatment of B-cell Malignancies. According to the National Cancer Institute, CLL is estimated to affect approximately 70,000 people in the United States. Approximately 12,000 new cases of CLL are diagnosed in the United States each year according to Datamonitor. In addition, NHL, another B-cell malignancy, is one of the most common types of cancer accounting for approximately 4% of all cancers. About 66,000 people were expected to be diagnosed with NHL in 2009 in the United States according to the American Cancer Society. Total reported worldwide sales of one of the most commonly used biologics in NHL, Rituxan®, surpassed $3 billion in 2009. Trubion s TRU-016 product candidate targets CD37 for the treatment of B-cell malignancies such as CLL and NHL. TRU-016 uses a different mechanism of action than CD20-directed therapies. As a result, Trubion believes that its novel design may provide patients with

improved therapeutic options and enhance efficacy when used alone or in combination with chemotherapy and/or other CD20-directed therapeutics. Trubion is currently conducting a Phase I clinical trial of TRU-016 in CLL and has filed an amendment to include treatment of patients with NHL.

In addition to Trubion s current product candidates, Trubion is also developing additional alliance and proprietary product candidates that build on Trubion s existing product experience. To date, none of Trubion s

product candidates has been approved for marketing and sale to patients nor has Trubion received any product revenue.

In August 2009, Trubion entered into a collaboration agreement with Facet Biotech Corporation, now a wholly owned subsidiary of Abbott, for the joint worldwide development and commercialization of TRU-016, a product candidate in Phase I clinical development for CLL. TRU-016 is a CD37-directed SMIP protein therapeutic. The collaboration agreement includes TRU-016 in all indications and all other CD37-directed protein therapeutics. Under the terms of the collaboration agreement, the parties will not develop or commercialize protein therapeutics directed to CD37 outside of the collaboration agreement.

In December 2005, Trubion entered into a collaboration agreement with Wyeth, now a wholly owned subsidiary of Pfizer, for the development and worldwide commercialization of TRU-015 and other therapeutics directed to CD20, an antigen that is a validated clinical target present on B cells. Pursuant to the agreement, Trubion is also collaborating with Pfizer on the development and worldwide commercialization of certain other product candidates directed to a small number of targets other than CD20. During the period in which Trubion will be providing research services for Pfizer, Pfizer has the right, subject to Trubion s reasonable consent, to replace a limited number of these targets. In addition, Trubion also has the option to co-promote with Pfizer, on customary terms to be agreed, CD20-directed therapies in the United States for niche indications. Trubion retains the right to develop and commercialize, on its own or with others, product candidates directed to all targets not included within the agreement, including CD37. Unless it is terminated earlier, Trubion s agreement with Pfizer will remain in effect on a product-by-product basis and on a country-by-country basis until the later of the date that any such product shall no longer be covered by a valid claim of a United States or foreign patent or application and, generally, ten years after the first commercial sale of any product licensed under the agreement.

Product Technologies

Trubion s current product development efforts are focused on three proprietary technologies that comprise the expanded foundation for Trubion product development SMIP™ protein therapeutics, SCORPION™ protein therapeutics, and TRU-ADhanCe™ potency enhancing technology for immunopharmaceuticals. Trubion believes that its product candidates offer the potential for safer and more effective therapies than existing or other potential products. Additionally, Trubion believes that these technologies will provide the basis for the long-term development of additional first-in-class product candidates.

SMIP™ Protein Therapeutics vs. mAbs

Trubion s custom SMIP drug assembly technology was designed to specifically address the limitations of monoclonal antibodies, or mAbs. SMIP therapeutics are single chain polypeptides comprising a binding domain, a hinge domain and an effector domain designed in an effort to meet predetermined therapeutic criteria for specific diseases. SMIP proteins are mono-specific therapeutics a drug that recognizes and attaches to a single antigen target and initiates biological activity. SMIP therapeutics have engineered structural design characteristics and are significantly smaller than whole antibodies, which Trubion believes allows for better in vivo penetration.

SMIP technology enables Trubion to design and develop differentiated product candidates for a range of targets and biological activities that have the following advantages:

Engineered Structural Characteristics: When engaging cell surface targets, SMIP proteins are capable of bringing together cell surface molecules in ways not always possible with mAbs. The binding domains of SMIP product candidates have a different geometry than the binding domains of mAbs that is, the binding domains are closer together. The structural format of SMIP proteins permits engineering a range of distances between the binding domains. SMIP proteins are also capable of binding and neutralizing soluble molecules.

Differentiated Product Candidates: SMIP product candidates can be engineered to deliver desired cellular signaling responses. These properties can be used to generate biological responses not observed with mAbs. In addition, SMIP proteins can be engineered to balance target signal induction, complement-dependent cytotoxicity, or CDC and antibody-dependent cellular cytotoxicity, or ADCC, mediated activity. The ability to customize this balance of biological activities could result in safer and more effective immunopharmaceuticals.

Improved Biodistribution: SMIP product candidates have a particle size that is approximately one-half the size of mAbs. Smaller molecules have been demonstrated to penetrate tissues more readily, a feature Trubion believes will provide increased therapeutic benefits.

Reliable Manufacturing: SMIP product candidates can be produced at large scale in mammalian cell expression systems from readily available materials.

Broad Therapeutic Application: SMIP product candidates have potential application in diabetes, solid organ transplant, oncology, and other high unmet need areas.

SCORPION™ Multispecific Protein Therapeutics

SCORPION therapeutics are a novel platform for the development of multi-specific protein therapeutics. SCORPION therapeutics are single chain proteins comprised of one binding domain, an effector domain, and another binding domain. This proprietary molecular class leverages Trubion s SMIP™ product format by combining single-chain binding and effector domain libraries, and adding additional binding domains. Trubion utilizes human protein sequences selected for stability, manufacturability, geometry of the binding domains, and low immunogenicity.

SCORPION therapeutics offer several potential advantages:

Dual Targeting: SCORPION constructs enable simultaneous multi-valent engagement of two or more different soluble or cell-surface targets, providing the capability for differentiated signaling events.

Desirable Pharmacodynamic Properties: SCORPION constructs retain immunoglobulin effector functions such as long *in vivo* half-life and Fc-dependent cellular cytotoxicity (FcDCC) activity, if desired.

Development of Multiple Product Candidates: SCORPION technology provides for a multitude of product candidates by utilizing binding domains in a variety of target combinations.

Reliable Manufacturing: SCORPION constructs can be produced as stable, homogeneous products with a standard manufacturing profile.

Broad Therapeutic Application: SCORPION therapeutics have applications in autoimmune and inflammatory diseases, or AIID, transplant, oncology, and other high unmet need areas.

TRU-ADhanCe™ Technology: Greater ADCC Potency

Trubion s TRU-ADhanCe™ technology enhances the antibody-dependent cellular cytotoxicity, or ADCC, potency of immunopharmaceutical product candidates. In contrast to existing approaches that impose challenges on product development, Trubion has created a proprietary manufacturing methodology with the following advantages:

TRU-ADhanCe requires no change to the amino acid sequence of a product;

TRU-ADhanCe requires no change to a manufacturing cell line; and

TRU-ADhanCe can be applied late in product development.

Trubion s TRU-ADhanCe technology is capable of yielding a well defined glycovariant product with ADCC via the addition of the glycosidase inhibitor castanospermine during the cell-culture stage of production. Although many other ADCC technologies require genetic modifications to the producing cell line, TRU-ADhanCe technology instead interferes with carbohydrate maturation in production cell lines, yielding products with enhanced ADCC.

Trubion s Product Candidates

Trubion s current clinical product candidates target B cells. B cells are important to the basic functioning of the body s immune system. In addition to producing antibodies that attack and kill bacteria and viruses circulating within the body, they also help recruit and coordinate other types of immune system cells to perform specialized functions in the body s fight against disease and infection. When B cells fail to appropriately distinguish the body s own cells, tissues or organs from foreign pathogens or proteins, the mistaken identification can result in the B cells initiating an immune response against healthy cells, which results in an autoimmune disease that can lead to progressive disability. Autoimmune diseases include RA, SLE, multiple sclerosis, type 1 diabetes, and Graves disease. As a group, autoimmune diseases are among the most prevalent illnesses in the United States, affecting up to 5-8% of the population, or up to 24 million people. In addition, when B cells become malignant or otherwise multiply uncontrollably, they can result in cancers known as lymphomas, leukemias and myelomas.

The following table sets forth the development stages of Trubion s product candidates:

SBI-087

SBI-087 is Trubion s next generation, humanized, CD20-directed product candidate for the treatment of RA, SLE, and other autoimmune and inflammatory diseases. Pfizer is evaluating both intravenous and subcutaneous formulations of SBI-087 in multiple clinical studies. Preclinical studies conducted by Pfizer evaluated the PK and PD of SBI-087 following a single intravenous dose. Administration of SBI-087 in preclinical studies resulted in dose-dependent B-lymphocyte depletion in peripheral blood and lymphoid tissues that was more profound and sustained in SBI-087-treated groups compared with rituximab. Trubion s partner, Pfizer, in collaboration with Trubion, has commenced two clinical studies of SBI-087 for the treatment of RA including a Phase II randomized, placebo-controlled, double-blind, parallel-group, outpatient dose regimen-finding study in which patient dosing commenced in December 2009, with interim data review anticipated to occur in late 2010/early 2011.

Rheumatoid Arthritis

Background. RA is an autoimmune disease characterized by inflammation of the joint lining, called the synovium. In RA, a person s immune system attacks the synovium, resulting in the thickening of the normally thin membrane and degradation of the cartilage and bone at the joint. Though the primary symptoms of RA are pain, stiffness and swelling of joints, additional symptoms may include fatigue, weakness, muscle pain, and lumps of tissue under the skin. Tissue damage from the inflammation ultimately results in deformity and disability.

Potential Market. According to Datamonitor, RA is estimated to affect approximately 5.2 million people in the United States, Japan and the five major European markets. In 2009 total reported worldwide sales of therapeutics used for the treatment of RA were greater than $10 billion. Notwithstanding the administration of currently available treatments, approximately two-thirds of the RA patient population experiences pain, stiffness and fatigue on a daily basis. As a result, Trubion believes that there is a large unmet medical need in the RA patient population for an effective drug therapy.

Current Treatments. Initially, a patient presenting symptoms of RA is typically prescribed non-steroidal anti-inflammatory drugs, or NSAIDS. As the disease progresses, the RA patient may be prescribed a regimen of disease modifying anti-rheumatic drugs, or DMARDS, an anti-tumor necrosis factor, or anti-TNF, or other biologics. It is estimated that 20% of the RA patient population takes a combination of therapies that include biologics. Most biologics currently on the market for RA attempt to block the activity of immune system cytokines, which are chemical messengers thought to be associated with the autoimmune reactions, joint inflammation and bone damage characteristic of RA. These biologics include anti-TNF drugs such as Remicade®, Enbrel®, Humira,® and Cimzia®. Biologics are typically administered to patients with moderate to severe RA who need therapy in addition to NSAIDS or DMARDS. In addition to biologics that target immune system cytokines such as Kineret®, Orencia®, a drug that targets co-receptors on T cells, Actemra®, which targets IL-6 receptors and Rituxan® that, like SBI-087, is targeted to the CD20 antigen, have been approved for RA.

SBI-087 for RA Ongoing Clinical Development. Trubion s partner Pfizer has completed a Phase I study of SBI-087 for RA and a Phase II study of SBI-087 for RA has commenced and is ongoing. In addition, patient enrollment is complete in an additional Phase I study of SBI-087 for RA in Japan.

Systemic Lupus Erythematosus

Background. SLE is a debilitating, chronic, inflammatory autoimmune disease characterized by the presence of auto-reactive antibodies. It can cause disease in the skin, internal organs, and the nervous system. Some of the most common symptoms include extreme fatigue, painful or swollen joints, fever, skin rashes, and kidney problems.

SLE is a chronic condition with episodic periods of disease activity, known as flares, and periods of remission. Currently, there is no cure for SLE, and symptomatic treatment is used in an effort to prevent flares or treat them when they occur. Trubion believes that B-cell depletion therapy is a promising approach toward a targeted therapy in SLE.

Potential Market. According to Datamonitor, SLE is estimated to affect 236,000 people in the United States. The prevalence of SLE varies significantly on a country-by-country basis and could be up to five times greater with expanding disease definitions and increasing diagnosis. No new pharmaceutical or biologic treatments have been

approved for SLE in over 40 years. Trubion believes that there is a large, unmet medical need in the SLE patient population as SLE patients have a death rate three times higher than that of the general population despite the fact that most patients are young and middle-aged individuals.

Current Treatment. No protein therapeutics have been approved specifically for use in the treatment of SLE. Current drug therapies are predominantly palliative in nature and are targeted to the patient s specific symptoms. Different medications are used to treat specific manifestations of SLE. Treatments include acetaminophen and/or NSAIDs, immunosuppressants such as methotrexate and cylcophosphamide, corticosteroids such as methylprednisolone, and antimalarials such as hydroxychloroquine.

SBI-087 for SLE Ongoing Clinical Development. Trubion s partner, Pfizer, is conducting a Phase I clinical trial of SBI-087 in SLE in which patient dosing has commenced and recruitment is ongoing.

Commercialization Rights

Trubion s collaboration agreement with Pfizer includes a worldwide licensing and commercialization agreement for the development of SBI-087 and other therapies. Trubion retains an option to co-promote with Pfizer, on customary terms to be agreed, CD20-directed therapies in the United States for niche indications.

TRU-016

Trubion s TRU-016 program, in collaboration with Abbott, is focused on the development of a novel CD37-directed therapy for B-cell malignancies, such as CLL and NHL. CD37 is a clinically validated target for the treatment of B-cell malignancies and Trubion s TRU-016 product candidate has been designed for a desired therapeutic label surrounding B-cell depletion in these B-cell malignancies. CD37 is found at high levels on B cells and at lower levels on a subpopulation of T cells and myeloid cells. Experiments suggest that CD37 plays an important role in B-cell regulation. In addition, CD37 is known to be overexpressed in patients with CLL. TRU-016 uses a different mechanism of action than CD20-directed therapies. As a result, Trubion believes its novel design may provide patients with improved therapeutic options and enhance efficacy when used alone or in combination with chemotherapy and/or other CD20-directed therapeutics. Trubion is currently conducting a Phase I clinical trial of TRU-016 in CLL. Trubion has amended its IND to include treatment of patients with NHL and patient dosing has commenced and recruitment is ongoing. Expansion of the development program to other indications in oncology and AIID is planned.

B-cell Malignancies: Chronic Lymphocytic Leukemia and Non-Hodgkin s Lymphoma

Background. B cells and T cells are the two major types of lymphocytes responsible for defending the body against infection. Lymphocytic malignancies arise when these cells multiply uncontrollably. CLL is a type of cancer affecting the blood and bone marrow. It is a slowly progressing disease and in most patients the abnormal proliferating lymphocytes are clonal B cells arrested in the differentiation pathway between pre B cells and mature B cells. NHL is a diverse group of lymphocytic malignancies, approximately 85% of which are B-cell malignancies.

Preclinical data has demonstrated that TRU-016 induces potent ADCC against primary B-CLL cells, demonstrates significant in vivo therapeutic efficacy, and induces potent apoptosis in primary CLL cells. In addition, combination therapy with a CD37-directed SMIP™ product candidate and CD20-directed therapy with Rituxan® has shown greater preclinical efficacy than either therapy alone.

Potential Market. According to the National Cancer Institute, CLL is estimated to affect approximately 70,000 people in the United States. Approximately 12,000 new cases of CLL are diagnosed each year in the United States according

to Datamonitor. In addition, NHL, another B-cell malignancy, is one of the most common types of cancer accounting for about 4% of all cancers. About 66,000 people in the United States were expected to be diagnosed with NHL in 2009 according to the American Cancer Society. Total reported worldwide sales of one of the most common used biologics in NHL, Rituxan® surpassed $3 billion in 2009.

Current Treatments. While available CLL and NHL therapies include chemotherapy, radiation therapy, surgery and bone and stem cell transplantation, biologics have become the standard of care to treat these cancers. Biologic therapies for NHL include interferon and mAbs such as Rituxan®/Mabthera, Bexxar®, Zevalin® and

Arzerra®. These mAbs all target CD20 on B cells, and Bexxar and Zevalin are radiolabeled. In addition, Campath® is a CD52-targeted mAb indicated for CLL, and Treanda®, a cytotoxic, is also indicated for CLL. FCR, a combination of fludaraline, cyclophosphamide and rituximab is currently the most effective combination for the treatment of CLL.

TRU-016 for CLL Ongoing Clinical Development. A TRU-016 Phase I clinical trial for patients with CLL is currently under way. The open label clinical trial is composed of two parts- a dose escalation study designed to evaluate the safety, tolerability and pharmacokinetics of TRU-016; and an expansion cohort designed to further evaluate safety and to estimate clinical activity of TRU-016 in patients with previously treated CLL or small lymphocytic leukemia. In addition, Trubion has amended its IND to include treatment of patients with NHL and patient dosing has commenced and recruitment is ongoing.

TRU-016 for CLL Clinical Trial Results. In December 2009, Trubion announced positive data from a Phase I study of TRU-016 in patients with relapsed and refractory CLL. Evidence of TRU-016 biological activity was seen beginning with patients dosed at the 0.3 mg/kg dose level, including in high-risk patients. Partial response was observed in five patients, including one patient with the 17p deletion cytogenetic abnormality. Partial response was determined following investigator assessment and the two-month confirmation of these responses is pending. Two patients with leukemia cutis experienced clearing, one complete and one partial. At the 10 mg/kg dose, four of five patients with elevated peripheral lymphocyte counts were reduced to normal levels. A total of 16 serious adverse events have been reported. The maximum tolerated dose has not yet been reached.

TRU-016 Phase I Clinical Results: Dose Response in Evaluable Patients Reduction in Peripheral Lymphocytes

Dose Cohort	N	Normalized Lymph Count	Median Reduction	Best Response
1 mg/kg	**3**	**0/3 (0%)**	**67%**	**0**
3 mg/kg	**4**	**0/4 (0%)**	**78%**	**0**
6 mg/kg	**4**	**1/4 (25%)**	**85%**	**1 PR**
10 mg/kg	**5**	**4/5 (80%)**	**95%**	**2 PR**
3 mg/kg TIW	**4**	**1/4 (25%)**	**49%**	**1 PR**
6 mg/kg TIW	**4**	**1/1 (100%)**	**77%**	**1 PR**

Strategic Collaborations

Abbott

In August 2009, Trubion entered into a collaboration agreement with Facet, now a wholly owned subsidiary of Abbott, for the joint worldwide development and commercialization of TRU-016, a product candidate in Phase I clinical development for CLL. TRU-016 is a CD37-directed SMIP protein therapeutic. The collaboration agreement includes TRU-016 in all indications and all other CD37-directed protein therapeutics. Under the terms of the collaboration agreement, the parties will not develop or commercialize protein therapeutics directed to CD37 outside of the collaboration agreement.

Trubion received an upfront payment of $20 million in cash in September 2009 and may receive up to $176.5 million in additional contingent payments upon the achievement of specified development, regulatory and sales milestones. Trubion and Abbott share equally the costs of all development, commercialization and promotional activities and all global operating profits. In connection with the execution of the collaboration agreement, Trubion and Facet also entered into a stock purchase agreement, pursuant to which Facet purchased 2,243,649 shares of Trubion s common

stock for an aggregate purchase price of $10 million, or $4.46 per share. The per share price of $4.46 represents a 35% equity premium over the sixty-day trading average of Trubion s common stock on the Nasdaq Global Market for the trading period ending immediately prior to the execution of the stock purchase agreement.

With respect to control over decisions and responsibilities, the collaboration agreement provides for a joint steering committee, or JSC, consisting of representatives of Trubion and Abbott, which makes decisions by

consensus. If the JSC is unable to reach a consensus, then the matter will be referred to designated officers at Trubion and Abbott for resolution. If these officers are unable to resolve the matter, then it will be resolved by arbitration. Both Trubion and Abbott, at their sole discretion, may discontinue participation on the JSC with 90 days written notice to the other party.

At predefined times, the parties have the right to opt-out of the collaboration entirely or on a product-by-product basis. Upon a change of control of a party, the other party will have the right to opt-out of the collaboration entirely and if the successor party is conducting a program that competes with the programs under the collaboration agreement, then the successor party must either (i) opt-out of the collaboration entirely or (ii) divest the competing program to a third party. If a party exercises its opt-out right with respect to a product, then the parties will no longer share development and commercialization costs for such product and such opting-out party will receive certain royalty payments upon the sale of such product, rather than half of the profits derived from such product. Even if Abbott exercises its opt-out right, its obligation to make milestone payments to Trubion continues. In addition, if the party that opts-out is the lead manufacturing party for the opt-out product, then such party must continue to supply the product to the continuing party for up to eighteen months following the opt-out.

Abbott can terminate the collaboration agreement at any time, in which event all rights to TRU-016 and other CD37-directed protein therapeutics under the collaboration agreement would revert to Trubion. If Abbott terminates the collaboration agreement in the first 18 months, then Abbott must pay Trubion a $10 million termination fee.

If there is a material breach of the collaboration agreement, then the non-breaching party may either terminate the collaboration agreement or continue the collaboration agreement and force the breaching party to opt-out and accept royalties at a reduced rate.

Either party may assign its interest in the collaboration agreement to a third party, provided that the non-assigning party maintains a right of first negotiation over any proposed assignment. In addition, either Trubion or Abbott can freely assign the collaboration agreement without the consent of the other party in connection with certain specified change of control transactions, such as an acquisition.

Pfizer

In December 2005 Trubion entered into a collaboration agreement with Wyeth, now a wholly owned subsidiary of Pfizer, for the development and worldwide commercialization of TRU-015 and other CD20-directed therapeutics. Pursuant to the agreement, Trubion is also collaborating with Pfizer on the development and worldwide commercialization of certain other product candidates directed to a small number of targets other than CD20. During the period in which Trubion will be providing research services for Pfizer, Pfizer has the right, subject to Trubion s reasonable consent, to replace a limited number of these targets. In addition, Trubion has the option to co-promote with Pfizer, on customary terms to be agreed, CD20-directed therapies in the United States for niche indications. Trubion retains the right to develop and commercialize, by itself or with others, product candidates directed to all targets not included within the agreement. In June 2010, Trubion announced Pfizer s decision to discontinue development of TRU-015, an investigational drug in Phase II evaluation for the treatment of RA developed under Trubion s CD20 collaboration with Pfizer. Pfizer confirmed that it will continue to develop SBI-087, Trubion s next-generation, humanized, subcutaneous CD20 RA product candidate also in Phase II clinical evaluation. Unless it is terminated earlier, Trubion s agreement with Pfizer will remain in effect on a product-by-product basis and on a country-by-country basis until the later of the date that any such product shall no longer be covered by a valid claim of a U.S. or foreign patent or application and, generally, ten years after the first commercial sale of any product licensed under the agreement.

In connection with the agreement, Wyeth paid Trubion a $40 million non-refundable, non-creditable, upfront fee in January 2006 and purchased directly from Trubion in a private placement, concurrent with Trubion s initial public offering, 800,000 shares of Trubion s common stock at the initial public offering price of $13.00 per share, resulting in net proceeds to Trubion of $10.4 million. Under the agreement, Trubion provided research services for an initial three-year period ended December 22, 2008 with the option for Wyeth to extend the service period for two additional one-year periods. Wyeth s financial obligations during the initial research service term included collaborative research funding commitments of $9.0 million in exchange for such committed research services.

This $9.0 million was subject to an increase if the service period was extended beyond three years as well as annual increases pursuant to percentage changes in the CPI. In June 2008, Wyeth exercised the first option under the terms of the agreement to extend the research period for an additional one-year period through December 22, 2009. In June 2009, Wyeth exercised the second option under the terms of the agreement to extend the research period for an additional one-year period through December 22, 2010. Due to the research period extension in 2009, the collaboration research funding commitments to Trubion initially from Wyeth and now from Pfizer, increased to approximately $3.3 million per year in exchange for committed research services from Trubion through December 2010. In anticipation of the completion of the research program in December 2010, Pfizer has retained a subset of the non-CD20 targets licensed from Trubion and released the remaining targets to Trubion.

Pfizer s financial obligations include additional amounts for reimbursement of agreed-upon external research and development costs and patent costs. Pursuant to the agreement, Pfizer is also obligated to make payments to Trubion of up to $250 million based on the achievement of specified regulatory and sales milestones for CD20-directed therapies and payments to Trubion of up to $200 million based on the specified achievement of regulatory and sales milestones for therapies directed to the small number of retained non-CD20 targets. In addition, Trubion will receive royalty payments in the event of future licensed product sales.

In October 2009, Pfizer completed its acquisition of Wyeth. Trubion s collaboration agreement remains in effect with Pfizer and, in response to Trubion s request, Pfizer has provided further written assurances reaffirming its commitment to comply with the terms and conditions of the agreement.

If during the 12 month period following Pfizer s acquisition of Wyeth, Pfizer is required or voluntarily decides to divest itself of one or more of the products under the collaboration agreement, then subject to any governmental limitations, Pfizer must offer Trubion an exclusive opportunity to negotiate the acquisition or license of all of Pfizer s rights to that product on commercially reasonable terms. If Trubion does not conclude an agreement with Pfizer covering the product, Pfizer can divest itself of the product but the terms of that divestiture cannot be more favorable than those that were last offered to Trubion unless Trubion is given the opportunity to accept those more favorable terms.

Upon a change of control of Trubion, the agreement would remain in effect, subject to the right of Pfizer to terminate specified provisions of the agreement.

Assuming product candidates under the collaboration with Pfizer continue to progress in development, expenses for future clinical trials may be higher than those incurred in prior clinical trials. These expenses will, however, be incurred by Pfizer. In addition, Pfizer is responsible for a substantial portion of costs related to patent prosecution and patent litigation for products directed to targets selected by Pfizer pursuant to the collaboration agreement.

Competition

The pharmaceutical and biotechnology industries are intensely competitive, and any product candidate developed by Trubion would likely compete with other drugs and therapies. There are many pharmaceutical companies, biotechnology companies, public and private universities, government agencies, and research organizations actively engaged in research and development of products targeting the same markets as Trubion s product candidates. Many of these organizations have substantially greater financial, technical, manufacturing, marketing and personnel resources than Trubion has. Several of them have developed or are developing therapies that could be used for treatment of the same diseases that Trubion is targeting. In addition, many of these competitors have significantly greater commercial infrastructures than Trubion has. Trubion s ability to compete successfully will depend largely on its ability to:

- design and develop products that are superior to other products in the market;

successfully collaborate with others in the design, development and commercialization of new products;

attract and retain qualified scientific, medical, product development, commercial and sales and marketing personnel;

obtain patent and/or other proprietary protection for Trubion s processes, product candidates and technologies;

operate without infringing the patents and proprietary rights of third parties; and

obtain required regulatory approvals.

Trubion expects to compete on, among other things, product efficacy, safety, convenience, time to market and price. In order to compete successfully Trubion will need to identify, secure the rights to and develop products and exploit these products commercially before others are able to develop competitive products. In addition, Trubion s ability to compete may be affected if insurers and other third-party payors seek to encourage the use of generic products, making branded products less attractive to buyers from a cost perspective.

Trubion believes its product development programs will be subject to significant competition from companies utilizing alternative technologies. In addition, as the principles of Trubion s SMIP™ product candidates become more widely known and appreciated based on patent and scientific publications and regulatory filings, Trubion expects the field to become highly competitive. Pharmaceutical companies, biotechnology companies, and academic and research institutions may succeed in developing products based upon the principles underlying Trubion s proprietary technologies earlier than Trubion, obtaining approvals for such products from the FDA more rapidly than Trubion or developing products that are safer, more effective, and/or more cost effective than those under development or proposed to be developed by Trubion.

Product Candidates for Autoimmune and Inflammatory Diseases. If approved for the treatment of RA, Trubion anticipates that its product candidates would compete with other marketed protein therapeutics for the treatment of RA in this $10 billion market including: Rituxan® (Genentech, Roche and Biogen Idec), Enbrel® (Amgen and Pfizer), Remicade® (JNJ and Schering-Plough), Humira® (Abbott), Orencia® (BMS), Cimzia® (UCB), Simponi® (JNJ and Schering-Plough) and Actemra® (Roche and Chugai).

If approved for the treatment of SLE, Trubion anticipates that its product candidates would have to compete with other B-cell depleting therapies, including CD20-directed therapeutics.

Product Candidates for B-cell Malignancies. If approved for the treatment of CLL, NHL, or other B-cell malignancies, Trubion anticipates that its product candidates would compete with other B-cell depleting therapies in these billion dollar markets. Although Trubion is not aware of any CD37-directed therapeutics in development or on the market, for the treatment of CLL, NHL, or other B-cell malignancies, other biologic therapies are marketed for the treatment of NHL or CLL or both, such as Rituxan® (Genentech), Zevalin® (Spectrum Pharmaceuticals, Inc. and Bayer Schering AG), Bexxar® (GSK), Campath® (Genzyme and Bayer Schering AG) and Arzerra® (GSK and Genmab).

Intellectual Property

Because of the length of time and expense associated with bringing new products through development and the governmental approval process, pharmaceutical and biotechnology companies have traditionally placed considerable importance on obtaining and maintaining patent protection for significant new technologies, products and processes.

Trubion intends to seek patent protection for appropriate proprietary technologies by filing patent applications when possible in the United States and selected other jurisdictions. Trubion s policy is to seek patent protection for the inventions that Trubion considers important to the development of its business. Trubion intends to continue using its scientific expertise to pursue and file patent applications on new developments with respect to uses, methods, and

compositions to enhance Trubion s intellectual property position in the areas that are important to the development of its business. Trubion has applied, and is applying for, patents directed to its SMIP[tm] technology and product candidates, its SCORPION[tm] technology and product candidates and its TRU-ADhanCe[tm] technology as well as other aspects of its technology both in the United States and, when appropriate, in other jurisdictions.

Even if Trubion is granted patents by government authorities or obtain the right to utilize them through licensing, Trubion s patents may not provide significant protection, competitive advantage or commercial benefit. The validity and enforceability of patents issued to pharmaceutical and biotechnology companies has proven highly

uncertain. For example, legal considerations surrounding the validity of patents in the fields of pharmaceuticals and biotechnology are in transition, and Trubion cannot assure you that the historical legal standards surrounding questions of validity will continue to be applied or that current defenses relating to issued patents in these fields will be sufficient in the future. In addition, Trubion cannot assure you as to the degree and range of protections any of its patents, if issued, may afford Trubion or whether patents will be issued. For example, patents that may issue to Trubion may be subjected to further governmental review that may ultimately result in the reduction of their scope of protection, and pending patent applications may have their requested breadth of protection significantly limited before being issued, if issued at all. Further, since publication of discoveries in scientific or patent literature often lags behind actual discoveries, Trubion cannot assure you that it was the first creator of inventions covered by its pending patent applications, or that it was the first to file patent applications for these inventions.

Many pharmaceutical and biotechnology companies and university and research institutions have filed patent applications or have received patents in Trubion s areas of product development. Many of these entities applications, patents and other intellectual property rights could prevent Trubion from obtaining patents or could call into question the validity of any of Trubion s patents, if issued, or could otherwise adversely affect the ability to develop, manufacture or commercialize product candidates. If use of technology incorporated into or used to produce Trubion s product candidates is challenged, or if a conflicting patent issued to others is upheld in the courts or if a conflicting patent application filed by others is issued as a patent and is upheld, Trubion may be unable to market one or more of its product candidates, or Trubion may be required to obtain a license to market those product candidates. To contend with these possibilities, Trubion may have to enter into license agreements in the future with third parties for technologies that may be useful or necessary for the manufacture or commercialization of some of its product candidates. In addition, Trubion is routinely in discussions with academic and commercial entities that hold patents on technology or processes that Trubion may find necessary in order to engage in some of its activities. Trubion cannot, however, assure you that these licenses, or any others that Trubion may be required to obtain to market its product candidates, will be available on commercially reasonable terms, if at all, or that Trubion will be able to develop alternative technologies if Trubion cannot obtain required licenses.

To protect Trubion s rights to any of its patents, if issued, and proprietary information, Trubion may need to litigate against infringing third parties, or otherwise avail itself of the courts or participate in administrative proceedings to determine the scope and validity of those patents or other proprietary rights. These types of proceedings are often costly and could be very time-consuming to Trubion, and Trubion cannot assure you that the deciding authorities will rule in its favor. An unfavorable decision could allow third parties to use Trubion s technology without being required to pay Trubion licensing fees or may compel Trubion to license needed technologies to avoid infringing third-party patent and proprietary rights. Although Trubion believes that it would have valid defenses to allegations that its current product candidates, production methods and other activities infringe the valid and enforceable intellectual property rights of any third parties, Trubion cannot be certain that a third party will not challenge its position in the future. Even if some of these activities were found to infringe a third party s patent rights, Trubion may be found to be exempt from infringement under 35 U.S.C. § 271(e) to the extent that these are found to be pre-commercialization activities related to Trubion s seeking regulatory approval for a product candidate. The scope of protection under 35 U.S.C. § 271(e), however, is uncertain and Trubion cannot assure you that any defense under 35 U.S.C. § 271(e) would be successful. Further, the defense under 35 U.S.C. § 271(e) is only available for pre-commercialization activities, and could not be used as a defense for sale and marketing of any of Trubion s product candidates. There has been, and Trubion believes that there will continue to be, significant litigation in the biopharmaceutical and pharmaceutical industries regarding patent and other intellectual property rights.

Third parties could bring legal actions against Trubion claiming Trubion infringes their patents or proprietary rights, and seek monetary damages and/or enjoin clinical testing, manufacturing and marketing of the affected product or products. If Trubion becomes involved in any litigation, it could consume a substantial portion of its resources, and cause a significant diversion of effort by Trubion s technical and management personnel regardless of the outcome of

the litigation. If any of these actions were successful, in addition to any potential liability for damages, Trubion could be required to obtain a license to continue to manufacture or market the affected product, in which case Trubion may be required to pay substantial royalties or grant cross-licenses to its patents. Trubion cannot, however, assure you that any such license will be available on acceptable terms, if at all. Ultimately, Trubion

could be prevented from commercializing a product, or forced to cease some aspect of its business operations as a result of claims of patent infringement or violation of other intellectual property rights, which could have a material and adverse effect on Trubion s business, financial condition, and results of operations. Further, the outcome of intellectual property litigation is subject to uncertainties that cannot be adequately quantified in advance, including the demeanor and credibility of witnesses and the identity of the adverse party. This is especially true in intellectual property cases that may turn on the testimony of experts as to technical facts upon which experts may reasonably disagree.

While Trubion pursues patent protection and enforcement of its product candidates and aspects of its technologies when appropriate, Trubion also relies on trade secrets, know-how and continuing technological advancement to develop and maintain its competitive position. To protect this competitive position, Trubion regularly enters into confidentiality and proprietary information agreements with third parties, including employees, suppliers and collaborators. Trubion s employment policy requires each new employee to enter into an agreement that contains provisions generally prohibiting the disclosure of confidential information to anyone outside of Trubion and providing that any invention conceived by an employee within the scope of his or her employment duties is Trubion s exclusive property. Furthermore, Trubion s know-how that is accessed by third parties through collaborations and research and development contracts and through its relationships with scientific consultants is generally protected through confidentiality agreements with the appropriate parties. Trubion cannot, however, assure you these protective arrangements will be honored by third parties, including employees, suppliers, and collaborators, or that these arrangements will effectively protect Trubion s rights relating to unpatented proprietary information, trade secrets and know-how. In addition, Trubion cannot assure you that other parties will not independently develop substantially equivalent proprietary information and techniques or otherwise gain access to Trubion s proprietary information and technologies.

Manufacturing

Trubion does not currently own or operate manufacturing facilities for the production of clinical or commercial quantities of its product candidates. Trubion currently relies on a small number of third-party manufacturers to produce its compounds and expect to continue to do so to meet the clinical requirements of its product candidates and for all of its commercial needs. Trubion s product candidates are currently manufactured in mammalian cell expression systems from readily available starting materials. To the extent that SBI-087 and TRU-016 advance through clinical trials, and to the extent Trubion brings its future product candidates into clinical trials and partner the development and commercialization of any of the product candidates, Trubion and its existing and prospective partners will be required to assess the manufacturing needs of the product candidates for clinical requirements as well as for commercial production. Trubion may need to obtain one or more licenses to intellectual property rights held by third parties in order to manufacture each of its product candidates. While such licenses may be available, they may not be available on terms that are commercially acceptable to Trubion or its existing or prospective partners. Should such licenses prove unavailable, Trubion or its existing or prospective partners may choose to modify Trubion s manufacturing processes to use alternative manufacturing methods. Such modifications may result in greater expenditures of capital by Trubion or its partners, delay commercialization, or prevent Trubion or its partners from successfully commercializing Trubion s product candidates.

Trubion has multiple potential sources for manufacturing its product candidates. Pfizer manufactures SBI-087 and has significant process development capabilities and extensive commercial-scale production capabilities at numerous facilities worldwide. Pfizer s manufacturing commitment is contingent upon the effectiveness of the collaboration agreement which they may terminate without cause at any time upon 90 days prior written notice. However, in the event Trubion or Pfizer terminates the collaboration agreement for certain reasons specified in the collaboration agreement, Pfizer would have limited manufacturing obligations to Trubion. In addition, Trubion is planning to have Abbott perform certain manufacturing services for TRU-016 in 2011.

Trubion relies and expects to continue to rely on a number of contract manufacturers to produce sufficient quantities of its product candidates in accordance with current good manufacturing practices, or cGMP, for use in clinical trials. Trubion will ultimately depend on contract manufacturers for the manufacture of its products for commercial sale. Contract manufacturers are subject to extensive government regulation.

Government Regulation

Government authorities in the United States at the federal, state and local level, and other countries, extensively regulate, among other things, the research, development, testing, manufacture, labeling, promotion, advertising, distribution, marketing, and export and import of immunopharmaceutical products such as those Trubion is developing.

United States Government Regulation

In the United States the information that must be submitted to the FDA in order to obtain approval to market a new drug varies depending on whether the drug is a new product whose safety and effectiveness has not previously been demonstrated in humans or a drug whose active ingredient(s) and certain other properties are the same as those of a previously approved drug. A new biologic will follow the Biologics License Application, or BLA, route for approval, a new drug will follow the New Drug Application, or NDA, route for approval, and a drug that claims to be the same as an already approved drug may be able to follow the Abbreviated New Drug Application route for approval.

BLA and NDA Approval Process

In the United States, the FDA regulates drugs and biologics under the Federal Food, Drug and Cosmetic Act, and, in the case of biologics, also under the Public Health Service Act, and the FDA s implementing regulations. If Trubion fails to comply with the applicable U.S. requirements at any time during the product development process, approval process or after approval, Trubion may become subject to administrative or judicial sanctions. These sanctions could include the FDA s refusal to approve pending applications, license suspension or revocation, withdrawal of an approval, a clinical hold, warning letters, product recalls, product seizures, total or partial suspension of production or distribution, injunctions, fines, civil penalties or criminal prosecution. Any agency or judicial enforcement action could have a material adverse effect on Trubion.

The major steps required before a biologic drug may be marketed in the United States include:

- completion of laboratory tests and animal studies under the FDA s good laboratory practices regulations;
- submission to the FDA of an IND for human clinical testing, which must become effective before human clinical trials may begin;
- performance of adequate and well-controlled clinical trials to establish the safety and efficacy of the product for each indication;
- submission to the FDA of a BLA or NDA, which includes the results of all required preclinical animal studies, laboratory tests, clinical trials, and data relating to the product s pharmacology, chemistry, manufacture, and control;
- satisfactory completion of an FDA inspection of the manufacturing facility or facilities at which the product is produced to assess compliance with cGMP; and
- FDA review and approval of the BLA or NDA.

Preclinical tests include laboratory evaluations of product chemistry, toxicity and formulation, as well as animal studies. An IND sponsor must submit the results of the preclinical tests, together with manufacturing information and analytical data, to the FDA as part of the IND. Long term preclinical tests, such as animal tests for reproductive

toxicity and carcinogenicity, may continue after the IND is submitted. The IND must become effective before human clinical trials may begin. An IND will automatically become effective 30 days after receipt by the FDA, unless before that time the FDA raises concerns or questions about issues such as the conduct of the trials as outlined in the IND. In that case, the IND sponsor and the FDA must resolve any outstanding FDA concerns or questions before clinical trials can proceed. Submission of an IND does not guarantee that the FDA will allow clinical trials to commence. The FDA may order the temporary or permanent discontinuation of a clinical trial at any time or impose other sanctions if it believes that the clinical trial is not being conducted in accordance with FDA requirements or presents an unacceptable risk to the study subjects.

Clinical trials involve the administration of the investigational product to human subjects under the supervision of qualified investigators. Clinical trials must be conducted in compliance with federal regulations, good clinical practices, or GCPs, and under protocols detailing, among other things, the objectives of the study, the parameters to be used in monitoring safety, and the effectiveness criteria to be evaluated. Each clinical protocol must be submitted to the FDA as part of the IND.

Clinical trials typically are conducted in three sequential phases, but the phases may overlap or be combined. Each trial must be reviewed and approved by an independent institutional review board, or IRB, before it can begin at that site. An IRB may require the clinical trial be halted, either temporarily or permanently, for failure to comply with the IRB s requirements, or may impose other conditions.

Phase I clinical trials usually involve the initial introduction of the investigational drug into humans to evaluate the product s safety, dosage tolerance and pharmacodynamics and, if possible, to gain an early indication of its efficacy.

Phase II clinical trials usually involve controlled trials in a limited patient population to:

evaluate dosage tolerance and appropriate dosage;

identify possible adverse effects and safety risks; and

evaluate preliminarily the efficacy of the drug for specific indications.

Phase III clinical trials usually further evaluate clinical efficacy and further test for safety in an expanded patient population. Phase I, Phase II and Phase III trials may not be completed successfully within any specified period, if at all. The FDA or Trubion, or its partners may suspend or terminate clinical trials at any time on various grounds, including a finding that the subjects or patients are being exposed to an unacceptable health risk. Prior to conducting Phase III trials, an applicant may seek a special protocol assessment which is an agreement between an applicant and the FDA on the design and size of clinical trial(s) that is/are intended to form the basis of a BLA or NDA.

Assuming successful completion of the required clinical trials, the results of the preclinical studies and of the clinical studies, together with other detailed information, including information on the chemistry, manufacture, and control criteria of the product, are submitted to the FDA in the form of a BLA or NDA requesting approval to market the product for one or more indications. The FDA reviews a BLA or NDA to determine, among other things, whether the product is safe, pure, and potent and whether the facility in which it is manufactured, processed, packed, or held meets standards designed to assure the product s continued safety, purity and potency. The FDA also reviews a BLA or NDA to determine whether a product is safe and effective for its intended use.

Before approving an application, the FDA will inspect the facility or the facilities at which the product is manufactured. The FDA will not approve the product unless cGMP compliance is satisfactory. If the FDA determines the application, manufacturing process, or manufacturing facilities are not acceptable, it will outline the deficiencies in the submission and often will request additional testing or information. Notwithstanding the submission of any requested additional information, the FDA ultimately may decide that the application does not satisfy the regulatory criteria for approval. Before approving a BLA or NDA, the FDA will also typically inspect one or more clinical sites to assure compliance with GCP.

The testing and approval process requires substantial time, effort and financial resources, and each may take several years to complete. The FDA may not grant approval on a timely basis, if at all. Trubion may encounter difficulties or unanticipated costs in its efforts to secure necessary governmental approvals, which could delay or preclude Trubion from marketing its product candidates. The FDA may limit the indications for use or place other conditions on any

approvals that could restrict the commercial application of its product candidates. After approval, some types of changes to the approved product, such as adding new indications, manufacturing changes and additional labeling claims, are subject to further FDA review and approval.

Priority Review

The FDA has established priority and standard review classifications for original BLAs and NDAs and efficacy supplements. The classification of an application indicates the anticipated time frame for FDA review of completed

marketing applications. The classification system, which does not preclude the FDA from doing work on other projects, provides a way of prioritizing certain BLAs and NDAs upon receipt and throughout the FDA application review process.

Under FDA policies, a biologic or drug candidate is eligible for priority review, or review within a six-month time frame from the time a complete BLA or NDA, as applicable, is accepted for filing, if the drug candidate provides a significant improvement compared to marketed drugs in the treatment, diagnosis or prevention of a disease. Even if a BLA or NDA is initially classified as a priority application, this status can change during the FDA review process, such as in the situation where another product is approved for the same disease for which previously there was no available therapy. In addition, priority review does not guarantee that a product candidate will receive regulatory approval.

Post-Approval Requirements

After regulatory approval of a product is obtained, Trubion would be required to comply with a number of post-approval requirements. For example, as a condition of approval of a BLA or NDA, the FDA may require post-marketing clinical studies and surveillance to monitor the product s safety or efficacy.

In addition, holders of an approved BLA or NDA are required to report certain adverse reactions and production problems to the FDA, to provide updated safety and efficacy information and to comply with requirements concerning advertising and promotional labeling for their products. Drugs may be marketed only for the approved indications and in accordance with the provisions of the approved labeling. Changes to some of the conditions established in an approved application, including changes in indications, labeling, or manufacturing processes or facilities, require submission and FDA approval of a new BLA/NDA or BLA/NDA supplement before the change can be implemented. A BLA/NDA supplement for a new indication typically requires clinical data similar to that in the original application, and the FDA uses the same procedures and actions in reviewing BLA/NDA supplements as it does in reviewing BLAs/NDAs.

Also, quality control and manufacturing procedures must continue to conform to cGMP after approval. The FDA periodically inspects manufacturing facilities to assess compliance with cGMP, which imposes certain procedural, substantive and recordkeeping requirements. Accordingly, biologics and drug companies and their manufacturers must continue to expend time, money, and effort in the area of production and quality control to maintain compliance with cGMP and other aspects of regulatory compliance.

Foreign Regulation

In addition to regulations in the United States, Trubion will be subject to a variety of foreign regulations governing clinical trials and commercial sales and distribution of its product candidates. Whether or not Trubion obtains FDA approval for a product candidate, Trubion must obtain approval by the comparable regulatory authorities of foreign countries before Trubion can commence clinical trials or marketing of the product candidate in those countries. The approval process varies from country to country, and the time may be longer or shorter than that required for FDA approval. The requirements governing the conduct of clinical trials, product licensing, pricing and reimbursement vary greatly from country to country.

Under European Union regulatory systems, a marketing authorization for a medical product derived from biotechnology processes must be submitted under a centralized procedure. The centralized procedure provides for the grant of a single marketing authorization that is valid for all European Union member states.

Reimbursement

Sales of biopharmaceutical products depend in significant part on the availability of third-party reimbursement. Each third-party payor may have its own policy regarding what products it will cover, the conditions under which it will cover such products, and how much it will pay for such products. It will be time consuming and expensive for Trubion to seek reimbursement from third-party payors. Reimbursement may not be available or sufficient to allow Trubion to sell its products on a competitive and profitable basis.

The passage of the Medicare Prescription Drug and Modernization Act of 2003, or the MMA, sets forth the requirements for the distribution and pricing of prescription drugs for Medicare beneficiaries, which may affect the marketing of Trubion s products. The MMA also introduced a new reimbursement methodology. Moreover, while the MMA applies only to drug benefits for Medicare beneficiaries, private payors often follow Medicare coverage policy and payment limitations in setting their own payment rates. Any reduction in payment that results from the MMA may result in a similar reduction in payments from non-governmental payors.

In addition, in some foreign countries, the proposed pricing for a drug must be approved before it may be lawfully marketed. The requirements governing drug pricing vary widely from country to country. For example, the European Union provides options for its member states to restrict the range of medicinal products for which their national health insurance systems provide reimbursement and to control the prices of medicinal products for human use. A member state may approve a specific price for the medicinal product or it may instead adopt a system of direct or indirect controls on the profitability of the company placing the medicinal product on the market.

Trubion expects that there will continue to be a number of federal and state proposals to implement governmental pricing controls. While Trubion cannot predict whether such legislative or regulatory proposals will be adopted, the adoption of such proposals could have a material adverse effect on its business, financial condition, and profitability.

Employees

As of September 1, 2010, Trubion had 71 full-time employees, 18 of whom held Ph.D. or M.D. degrees and 55 of whom were engaged in full-time research and development activities. None of Trubion s employees is represented by a labor union and Trubion considers its employee relations to be good.

Available Information

Trubion s corporate website address is www.trubion.com. Trubion makes available free of charge on its website its annual, quarterly and current reports as soon as reasonably practicable after Trubion electronically files such material with, or furnish it to, the SEC. These SEC reports can be accessed through the Investors section of Trubion s website. Trubion also makes available on its website its corporate governance guidelines, the charters for its audit committee, compensation committee, and nominating and corporate governance committee, its whistleblower and corporate communications policies and its code of business conduct and ethics, and such information is available in print to any stockholder of Trubion who requests it. In addition, Trubion intends to disclose on its website any amendments to, or waivers from, its code of business conduct and ethics that are required to be publicly disclosed pursuant to rules of the SEC and the Nasdaq Global Market. The information found on Trubion s corporate website is not, however, part of this or any other report.

Trubion was founded as a limited liability company in the state of Washington in March 1999, and operated as a development-stage company. Trubion converted into a corporation and redomiciled in the state of Delaware in October 2002.

LITIGATION

On August 17, 2010, two class action lawsuits were filed in the Superior Court of Washington, King County, against Trubion, its board of directors, and Emergent BioSolutions. Those actions, captioned Rajat Sharma v. Trubion Pharmaceuticals, Inc., et al. (Case Number: 10-2-29637-9-SEA), and Shirley Harris v. Trubion Pharmaceuticals, Inc., et al. (Case Number: 10-2-29680-8 SEA) allege in summary that, in connection with the proposed merger with Emergent BioSolutions, the members of the Trubion board of directors breached their fiduciary duties by conducting an unfair sale process and agreeing to an unfair price. Both complaints also claim that Trubion and Emergent BioSolutions aided and abetted the Trubion board of directors in its breach of fiduciary duties. On September 9, 2010, the actions were consolidated into the action entitled In re Trubion Pharmaceuticals, Inc. Shareholder Litigation, Lead Case No. 10-2-29637-9. The plaintiffs seek the following relief: a declaration that the complaints can be maintained as a class action; a declaration that the merger agreement was entered into in breach of the Trubion board of directors fiduciary duties; an injunction against the proposed merger unless and until Trubion adopts a fair sales procedure that does not advantage any particular bidder to maximize stockholder value, including majority of the minority vote requirement to provide Trubion s minority stockholders with the ability to vote down the proposed merger; rescission of the proposed merger; and the award of costs and disbursements of the action, including reasonable attorneys and experts fees. Trubion, its board of directors and Emergent BioSolutions believe that the claims are without merit and intend to vigorously defend against them. However, there can be no assurances as to the outcome of the litigation.

MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF TRUBION

The following discussion should be read in conjunction with Trubion s financial statements and accompanying notes, which appear elsewhere in this proxy statement/prospectus. Unless otherwise indicated, the discussions in this section relate to Trubion as a stand-alone entity and do not reflect the impact of the proposed merger with Emergent BioSolutions.

Overview

Trubion is a biopharmaceutical company creating a pipeline of novel protein therapeutic product candidates to treat autoimmune and inflammatory diseases and cancer. Its mission is to develop a variety of first-in-class product candidates customized in an effort to optimize safety, efficacy, and convenience that Trubion believes may offer improved patient experiences. Trubion s current product development efforts are focused on three proprietary technologies that comprise the expanded foundation for Trubion product development SMIP™ protein therapeutics, SCORPION™ protein therapeutics, and TRU-ADhanCe™ potency enhancing technology for immunopharmaceuticals. Trubion s current clinical-stage therapeutics target specific antigens on B cells, CD20 and CD37, and are designed using its custom drug assembly technology.

On August 12, 2010, Trubion signed a definitive merger agreement with Emergent BioSolutions in which Emergent BioSolutions has agreed to acquire Trubion. Under the terms of the agreement, each share of Trubion common stock will be converted into the right to receive an upfront payment of $1.365 in cash, without interest, and 0.1641 of a share of Emergent BioSolutions common stock. The upfront payment represents a value of $4.55 per share, or approximately $96.8 million, based on Trubion s total shares of common stock outstanding on August 11, 2010, the net value of dilutive stock options, and the trading average of Emergent BioSolutions common stock for the five days prior to the signing of the merger agreement. Trubion stockholders will also receive one CVR per share, which will entitle the holder to potentially receive cash payments based upon achievement of predefined milestones. The total potential aggregate value of the CVRs is $38.75 million over the 36-month period after the closing of the merger.

The merger has been approved by the boards of directors of both companies and is subject to customary closing conditions, including the approval of the merger agreement by stockholders of Trubion. The acquisition is expected to close in the fourth quarter of 2010.

Trubion was founded as a limited liability company in the state of Washington in March 1999. It converted into a corporation and redomiciled in the state of Delaware in October 2002. To date, Trubion has funded its operations primarily through the sale of equity securities, strategic alliances, equipment financings and interest earned on investments.

Product Candidates and Recent Developments

In June 2010, Trubion announced Pfizer s decision to discontinue development of TRU-015, an investigational drug in Phase II evaluation for the treatment of rheumatoid arthritis, or RA developed under Trubion s CD20 collaboration with Pfizer. Pfizer also confirmed that it will continue to develop SBI-087, Trubion s next-generation, humanized, subcutaneous anti-CD20 RA product candidate also in Phase II clinical evaluation.

Pfizer s decision was based on preliminary results from the Phase IIb (2203) randomized, parallel, double-blind, placebo-controlled study designed to evaluate the efficacy and safety of two dosing regimens (a single dose of 800mg

TRU-015 compared with an induction dose of 800mg TRU-015 followed by an additional dose of 800mg TRU-015 at week 12) in combination with methotrexate in patients with active RA. Although the American College of Rheumatology, or ACR 20/50/70 results in the Phase II (2203) study were consistent with previous studies and similar to other B-cell-depleting therapies, the results did not meet the internally predefined primary endpoint, a 20% difference in ACR50 response compared with placebo at week 24 (p value = 0.06 for the single-dose group ACR 50 compared with placebo and p= 0.12 for the induction-dose group ACR 50 compared with placebo). A previously conducted interim analysis of the trial data on approximately 50% of the total enrolled patient population

revealed that the primary endpoint had been met at that point in time. No significant safety issues were reported, and they were not a factor in Pfizer s decision to discontinue development.

TRU-015 demonstrated biologic activity including peripheral B-cell depletion and a statistically significant decrease in C-reactive protein in both dose groups compared with placebo. Specifically, ACR 20 was 67.1% for the induction-dose group, 61.3% for the single-dose group and 43.2% for the placebo group. ACR 50 was 27.4% for the induction dose, 29.3% for the single dose and 16.2% for placebo. ACR 70 was 9.6% for the induction dose, 9.3% for the single dose and 2.7% for placebo. TRU-015 was generally well-tolerated, and serious adverse events and medically important infection rates in both dose groups were similar to placebo.

In collaboration with Trubion, Pfizer is also developing SBI-087, Trubion s next generation CD20-directed product candidate. SBI-087 for RA builds on Trubion s and Pfizer s clinical experience with TRU-015 and is based on Trubion s SMIP technology. Patient dosing has commenced and recruitment is currently ongoing in a Phase II trial of SBI-087 for RA evaluating safety and efficacy of subcutaneous administration of 200mg of SBI-087. In addition, patient enrollment is complete in an additional Phase I trial of SBI-087 for RA in Japan. Finally, Pfizer is conducting a Phase I clinical trial of SBI-087 in systemic lupus erythematosus, or SLE, in which patient dosing has commenced and recruitment is ongoing.

In June 2010 two Phase I data presentations on SBI-087 were presented at the 2010 annual congress of the European League Against Rheumatism, or EULAR, including data from a Phase I study of SBI-087 for the treatment of RA and a Phase I study of SBI-087 for the treatment of SLE.

The SBI-087 Phase I RA trial was designed to evaluate the safety, tolerability, PK and PD of ascending single doses of SBI-087 in patients with controlled RA. At the time of the abstract submission, 60 patients enrolled in the open-label Phase I trial had received intravenous doses of SBI-087 ranging from 0.15 to 2 mg/kg or subcutaneous doses of 50, 100, 200 and 300 mg. All of the patients studied had well-controlled RA. Data demonstrate that SBI-087, given as a single subcutaneous dose with a day-of-treatment oral steroid regimen, is generally well-tolerated and induces potent B-cell depletion. The most frequently reported adverse events were upper respiratory infection, headache, diarrhea, chills, fever, fatigue and bruising at the injection site. SBI-087 administered at subcutaneous doses of at least 100 mg depleted peripheral blood B-cell levels to less than 5 cells/uL for at least 12 weeks.

SBI-087 Phase I SLE data was also presented at EULAR in June 2010. At the time of abstract submission, data was available for 18 patients enrolled in an open-label Phase I study of SBI-087 for SLE. Patients received intravenous doses of 0.5 mg/kg or subcutaneous doses of 25 mg or 75 mg of SBI-087. All patients had well-controlled SLE. Preliminary data demonstrate that SBI-087 was generally well-tolerated by patients with well-controlled lupus when administered as a single subcutaneous dose with a day-of-treatment oral steroid regimen. Adverse events included chills, extreme fatigue, upper respiratory tract infection and muscle spasms. Subcutaneous doses of 75 mg of SBI-087 depleted peripheral blood B-cell levels in all subjects to below 20 cells/uL. Five of six subjects in this cohort had B-cell levels below 5 cells/uL by week two. By week 10, B-cell levels increased to above 20 cells/uL in four of six subjects. The Phase I trial is ongoing and is designed to evaluate the safety, tolerability, PK and PD of ascending single doses of SBI-087 in patients with controlled SLE.

TRU-016, which Trubion is developing with its partner Abbott, is a novel CD37-directed SMIP protein therapeutic. A TRU-016 Phase I clinical trial for patients with chronic lymphocytic leukemia, or CLL, is currently under way. TRU-016 uses a different mechanism of action than CD20-directed therapies. As a result, Trubion believes its novel design may provide patients with improved therapeutic options and enhanced efficacy when used alone or in combination with chemotherapy and/or CD20-directed therapeutics.

In June and December 2009, Trubion announced positive results following each of two preliminary analyses from the Phase I clinical trial of TRU-016 for the treatment of CLL. The objectives of the Phase I TRU-016 CLL trial were to define safety and tolerability, identify a maximum tolerated dose, evaluate pharmacology and PD, and assess preliminary clinical activity. As of August 2010, Trubion has not reached a maximum tolerated dose. In addition, Trubion has amended its IND to include treatment of patients with non-Hodgkins lymphoma, or NHL, and patient dosing has commenced and recruitment is ongoing.

Collaborations

Abbott Laboratories

In August 2009, Trubion entered into a collaboration agreement with Facet, now a wholly owned subsidiary of Abbott, for the joint worldwide development and commercialization of TRU-016, a product candidate in Phase I clinical development for CLL. TRU-016 is a CD37-directed SMIP protein therapeutic. The collaboration agreement includes TRU-016 in all indications and all other CD37-directed protein therapeutics. Under the terms of the collaboration agreement, the parties will not develop or commercialize protein therapeutics directed to CD37 outside of the collaboration agreement.

Trubion received an upfront payment of $20 million in cash in September 2009 and may receive up to $176.5 million in additional contingent payments upon the achievement of specified development, regulatory and sales milestones. Trubion and Abbott share equally the costs of all development, commercialization and promotional activities and all global operating profits. In connection with the collaboration agreement, Trubion and Facet also entered into a stock purchase agreement, pursuant to which Facet purchased 2,243,649 shares of Trubion s common stock for an aggregate purchase price of $10 million, or $4.46 per share. The per share price of $4.46 represents a 35% equity premium over the 60-day trading average of Trubion s common stock on the Nasdaq Global Market for the trading period ending immediately prior to the execution of the stock purchase agreement.

With respect to control over decisions and responsibilities, the collaboration agreement provides for a joint steering committee, or JSC, consisting of representatives of Trubion and Abbott, which makes decisions by consensus. If the JSC is unable to reach a consensus, then the matter will be referred to designated officers at Trubion and Abbott for resolution. If these officers are unable to resolve the matter, then it will be resolved by arbitration. Both Trubion and Abbott, at their sole discretion, may discontinue participation on the JSC with 90 days written notice to the other party.

At predefined times, the parties have the right to opt-out of the collaboration entirely or on a product-by-product basis. Upon a change of control of a party, the other party will have the right to opt-out of the collaboration entirely and if the successor party is conducting a program that competes with the programs under the collaboration agreement, then the successor party must either (i) opt-out of the collaboration entirely or (ii) divest the competing program to a third party. If a party exercises its opt-out right with respect to a product, then the parties will no longer share development and commercialization costs for such product and such opting-out party will receive certain royalty payments upon the sale of such product, rather than half of the profits derived from such product. Even if Abbott exercises its opt-out right, its obligation to make milestone payments to Trubion continues. In addition, if the party that opts-out is the lead manufacturing party for the opt-out product, then such party must continue to supply the product to the continuing party for up to 18 months following the opt-out.

Abbott can terminate the collaboration agreement at any time, in which event all rights to TRU-016 and other CD37-directed protein therapeutics under the collaboration agreement would revert to Trubion. If Abbott terminates the collaboration agreement in the first 18 months, then Abbott must pay Trubion a $10 million termination fee.

If there is a material breach of the collaboration agreement, then the non-breaching party may either terminate the collaboration agreement or continue the collaboration agreement and force the breaching party to opt-out and accept royalties at a reduced rate.

Either party may assign its interest in the collaboration agreement to a third party, provided that the non-assigning party maintains a right of first negotiation over any proposed assignment. In addition, either Trubion or Abbott can freely assign the collaboration agreement without the consent of the other party in connection with certain specified

change of control transactions, such as an acquisition.

Pfizer Inc.

In December 2005, Trubion entered into a collaboration agreement with Wyeth, now a wholly owned subsidiary of Pfizer, for the development and worldwide commercialization of TRU-015 and other CD20-directed therapeutics. Pursuant to the agreement, Trubion is also collaborating with Pfizer on the development and

worldwide commercialization of certain other product candidates directed to a small number of non-CD20 targets. During the period in which Trubion will provide research services for Pfizer, Pfizer has the right, subject to Trubion s reasonable consent, to replace a limited number of these non-CD20 targets. In addition, Trubion has the option to co-promote with Pfizer, on customary terms to be agreed, CD20-directed therapies in the United States for niche indications. Trubion retains the right to develop and commercialize, on its own or with others, product candidates directed to all targets not included within the agreement. In June 2010, Trubion announced Pfizer s decision to discontinue development of TRU-015, an investigational drug in Phase II evaluation for the treatment of rheumatoid arthritis, or RA developed under Trubion s CD20 collaboration with Pfizer. Pfizer confirmed that it will continue to develop SBI-087, Trubion s next-generation, humanized, subcutaneous CD20 RA product candidate also in Phase II clinical evaluation. Unless it is terminated earlier, Trubion s agreement with Pfizer will remain in effect on a product-by-product basis and on a country-by-country basis until the later of the date that any such product shall no longer be covered by a valid claim of a U.S. or foreign patent or application and, generally, ten years after the first commercial sale of any product licensed under the agreement. Pfizer may terminate the agreement without cause at any time upon 90 days prior written notice.

In connection with the agreement, Wyeth paid Trubion a $40 million non-refundable, non-creditable, upfront fee in January 2006 and purchased directly from Trubion in a private placement, concurrent with Trubion s initial public offering, 800,000 shares of Trubion s common stock at the initial public offering price of $13.00 per share, resulting in net proceeds to Trubion of $10.4 million. Under the agreement, Trubion provided research services for an initial three-year period ended December 22, 2008 with the option for Wyeth to extend the service period for two additional one-year periods. Wyeth s financial obligations during the initial research service term included collaborative research funding commitments of $9.0 million in exchange for such committed research services. This $9.0 million was subject to an increase if the service period was extended beyond three years as well as annual increases pursuant to percentage changes in the CPI. In June 2008, Wyeth exercised the first option under the terms of the agreement to extend the research period for an additional one-year period through December 22, 2009. In June 2009, Wyeth exercised the second option under the terms of the agreement to extend the research period for an additional one-year period through December 22, 2010. Due to the research period extension in 2009, the collaboration research funding commitments to Trubion initially from Wyeth and now from Pfizer, increased to approximately $3.3 million per year in exchange for committed research services from Trubion through December 2010. In anticipation of the completion of the research program in December 2010, Pfizer has retained a subset of the non-CD20 targets licensed from Trubion and released the remaining targets to Trubion.

Pfizer s financial obligations include additional amounts for reimbursement of agreed-upon external research and development costs and patent costs. Pursuant to the agreement, Pfizer is also obligated to make payments to Trubion of up to $250 million based on the achievement of specified regulatory and sales milestones for CD20-directed therapies and payments to Trubion of up to $200 million based on the specified achievement of regulatory and sales milestones for therapies directed to the small number of retained non-CD20 targets. In addition, Trubion will receive royalty payments in the event of future licensed product sales.

If Pfizer has ongoing development and/or commercialization activities that would violate the mutual exclusivity provisions of the collaboration agreement related to CD20, Trubion has the right to require Pfizer to engage in good faith discussions regarding the terms and conditions on which Pfizer would pay reasonable financial consideration to Trubion with respect to those development and commercialization activities. If Trubion and Pfizer do not agree to terms, Trubion has the right to require Pfizer to enter into an agreement to divest such development and commercialization activities, or to divest the relevant collaboration agreement products to a third party. If Pfizer does not divest such development and commercialization activities or such collaboration agreement products, Trubion has the right to terminate all licenses related to CD20.

In October 2009, Pfizer completed its acquisition of Wyeth. Trubion s collaboration agreement remains in effect with Pfizer and in response to Trubion s request, Pfizer has provided further written assurances reaffirming its commitment to comply with the terms and conditions of the agreement.

If during the 12 month period following Pfizer s acquisition of Wyeth, Pfizer is required or voluntarily decides to divest itself of one or more of the products under the collaboration agreement, then subject to any governmental limitations, Pfizer must offer Trubion an exclusive opportunity to negotiate the acquisition or license of all of

Pfizer s rights to that product on commercially reasonable terms. If Trubion does not conclude an agreement with Pfizer covering the product, Pfizer can divest itself of the product but the terms of that divestiture cannot be more favorable than those that were last offered to Trubion unless Trubion is given the opportunity to accept those more favorable terms.

Upon a change of control of Trubion, the agreement would remain in effect, subject to the right of Pfizer to terminate specified provisions of the agreement.

Assuming product candidates under the collaboration with Pfizer continue to progress in development, expenses for future clinical trials may be higher than those incurred in prior clinical trials. These expenses will, however, be incurred by Pfizer. In addition, Pfizer is responsible for a substantial portion of costs related to patent prosecution and patent litigation for products directed to targets selected by Pfizer pursuant to the collaboration agreement.

Outlook

The continued research and development of Trubion s product candidates will require significant additional expenditures, including preclinical studies, clinical trials, manufacturing costs, and the expenses of seeking regulatory approval. Trubion relies on third parties to conduct a portion of its preclinical studies, all of its clinical trials and all of the manufacturing of current Good Manufacturing Process, or cGMP material. Trubion expects expenditures associated with these activities to increase in future years as it continues developing its product candidates. Expenses associated with Trubion s product candidates included in the Pfizer collaboration are offset by reimbursement revenue from Pfizer. Expenses associated with Trubion s product candidates included in the Abbott collaboration are shared equally.

Trubion has incurred significant losses since its inception. As of June 30, 2010, Trubion s accumulated deficit was $133.4 million and total stockholders equity was $4.5 million. During the six months ended June 30, 2010 and 2009, Trubion recognized net losses of $11.8 million and $17.7 million, respectively. Trubion expects its net losses to increase in the future as it continues its existing and anticipated preclinical studies, manufacturing and clinical trials. Trubion expects revenue to decline in the future as a result of Pfizer s decision to discontinue development of TRU-015, the anticipated completion of the research program in December 2010 under its collaboration agreement with Pfizer, and the anticipated increase in research and development expenses incurred by Trubion under its collaboration agreement with Abbott. Trubion s revenues and research and development expenses under the Abbott collaboration may fluctuate depending on which party in the collaboration is incurring the majority of the development costs in any particular period.

Critical Accounting Policies and Significant Judgments and Estimates

Trubion s management s discussion and analysis of Trubion s financial condition and operating results are based on Trubion s unaudited financial statements, which have been prepared in accordance with GAAP. The preparation of these financial statements requires Trubion to make estimates and judgments that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as reported revenues and expenses during the reporting periods. Trubion bases its estimates on historical experience and on various other factors that Trubion believes are reasonable under the circumstances. An accounting policy is considered to be critical if it is important to a company s financial condition and operating results, and if it requires the exercise of significant judgment and the use of estimates on the part of management in its application. Trubion has discussed the selection and development of the critical accounting policies with the audit committee of its board of directors, and the audit committee has reviewed Trubion s related disclosures in this proxy statement/prospectus. Although Trubion believes its judgments and estimates are appropriate, actual results may differ from those estimates.

Trubion s significant accounting policies are described in Note 1 to its audited financial statements for the year ended December 31, 2009 attached as Annex G to this proxy statement/prospectus. Of Trubion s significant accounting policies, Trubion believes that the following accounting policies relating to revenue recognition, preclinical study, clinical trial and manufacturing accruals, stock-based compensation and valuation of investments are the most critical to understanding and evaluating Trubion s reported financial results.

Revenue Recognition

Trubion recognizes revenue from its collaboration agreements with Pfizer and Abbott, which consists of non-refundable, non-creditable upfront fees and license fees, collaborative research funding, regulatory and sales milestones future product royalties and future product sales. Revenue related to Trubion s collaboration agreements is recognized as follows:

Upfront Fees and License Fee. Non-refundable, non-creditable upfront fees and license fees received in connection with collaborative research and development agreements are deferred and recognized on a straight-line basis over the estimated term of the research and development service period. The estimated term of the research and development service period is reviewed and adjusted based on the status of the project against the estimated timeline as additional information becomes available. Trubion also considers the time frame of its substantive contractual obligations related to research and development agreements when estimating the term of the research and development period. For each collaboration agreement, Trubion reviews its ongoing performance obligations on a regular basis and makes adjustments to the estimated term as additional information becomes available. During the third quarter of 2008, the estimated term of the research and development service period related to the Pfizer agreement was adjusted from six years and three months to seven years, or through December 2012, due to an extension of the estimated service period of Trubion s obligations to conduct clinical activities under Trubion s agreement with Pfizer. The adjustment during the third quarter of 2008 was the second adjustment to the estimated research and development service period since the inception of the collaboration agreement with Pfizer. Trubion has evaluated its ongoing substantive contractual obligations in connection with Pfizer s decision to discontinue development of TRU-015 in June 2010 and believes that its estimated research and development service period, through December 2012, is still appropriate. Adjustments to the research and development service period are made prospectively. Trubion has made adjustments to the research and development service periods in the past and Trubion expects to revise its estimate of the development term in future periods due to the inherently uncertain nature of development terms. As a result, revenue may fluctuate materially in the future due to adjustments to the estimated term of the research and development service periods and Trubion s substantive contractual obligations under its collaborations.

Collaborative Research Funding. Certain internal and external research and development costs and patent costs are reimbursed in connection with Trubion s collaboration agreements. Reimbursed costs under the Pfizer collaboration are recognized as revenue in the same period the costs are incurred. With respect to the reimbursement of development costs under the Abbott collaboration, Trubion and Abbott reconcile each quarter what each party has incurred for development costs, and Trubion records either a net receivable or a net payable in Trubion s financial statements. For each quarterly period, if Trubion has a net receivable from Abbott, Trubion recognizes revenues by such amount, and if Trubion has a net payable to Abbott, Trubion recognizes additional research and development expenses by such amount. As a result, Trubion s revenues and research and development expenses may fluctuate depending on which party in the collaboration is incurring the majority of the development costs in any particular quarterly period. Reimbursed costs are subject to the estimation processes described in the preclinical study, clinical trial and manufacturing accruals processes described below and are subject to change in future periods when actual activity is known. To date Trubion has not made any material adjustments to these estimates.

Milestones. Payments for milestones that are based on the achievement of substantive and at-risk performance criteria will be recognized in full at such time as the specified milestone has been achieved according to the terms of the agreement. When payments are not for substantive or at-risk milestones, revenue will be recognized on a straight-line basis over the remaining estimated term of the research and development service period. The estimated term of the research and development service period is reviewed and adjusted based on the status of the project against the estimated timeline as additional information becomes available.

Preclinical Study, Clinical Trial and Manufacturing Accruals

Trubion estimates its preclinical study, clinical trial and manufacturing accrued expenses based on its estimates of the services received pursuant to contracts with multiple research organizations and contract

manufacturers that conduct, manage, and provide materials for preclinical studies and clinical trials on Trubion s behalf. The financial terms of these agreements vary from contract to contract and may result in uneven payment flows. Research and development costs are expensed as the related goods are delivered or the related services are performed. Trubion s preclinical study, clinical trial and manufacturing expenses include fees paid to the following:

- contract research organizations in connection with preclinical studies;
- clinical research organizations and other clinical sites in connection with clinical trials; and
- contract manufacturers in connection with the production of components and drug materials for preclinical studies and clinical trials.

Trubion records accruals for these preclinical studies, clinical trial and manufacturing expenses based on the estimated amount of work completed. All such costs are included in research and development expenses based on these estimates. Costs of setting up a preclinical study or clinical trial are expensed as the related services are performed. Costs related to patient enrollment in clinical trials are accrued as patients are enrolled in the trial. Trubion monitors patient enrollment levels and related activities to the extent possible through internal reviews, correspondence and discussions with research organizations. If Trubion has incomplete or inaccurate information, Trubion may, however, underestimate or overestimate activity levels associated with various preclinical studies and clinical trials at a given point in time. In the event Trubion underestimates, Trubion could record significant research and development expenses in future periods when the actual activity level becomes known. To the extent any of these expenses are reimbursable under Trubion s collaboration agreements with Pfizer or Abbott, Trubion could also record significant adjustments to revenue when the actual activity becomes known. To date, Trubion has not made any material adjustments to its estimates of preclinical study, clinical trial and manufacturing expenses. Trubion makes good-faith estimates that Trubion believes to be accurate, but the actual costs and timing of preclinical studies, clinical trials and manufacturing runs are highly uncertain, subject to risks, and may change depending on a number of factors, including Trubion s clinical development plan. If any of Trubion s product candidates enter Phase III clinical trials, the process of estimating clinical trial costs will become more difficult because the trials will involve larger numbers of patients and clinical sites.

Stock-Based Compensation

Trubion accounts for stock-based compensation for employees and directors based on estimated fair values. Employee stock-based compensation expense recognized in the six months ended June 30, 2010 and June 30, 2009 was calculated based on awards ultimately expected to vest, and has been reduced for estimated forfeitures. Forfeitures are estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. The forfeiture estimate is based on historical employee turnover rates and could differ from actual forfeitures. Compensation costs for employee stock options granted prior to January 1, 2006 were accounted for using the option s intrinsic value or the difference, if any, between the fair market value of Trubion s common stock and the exercise price of the option.

The fair value of each employee option grant in the six months ended June 30, 2010 and 2009, respectively, was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions:

	Six Months Ended June 30,	
	2010	**2009**

Risk-free interest rate	2.44%-2.77%	2.13%-2.64%
Weighted-average expected life (in years)	5.99	5.98
Expected dividend yield	0%	0%
Expected volatility rate	100%-102%	88%-91%
Weighted-average estimated fair value of employee options	$ 3.06	$ 1.04

For stock options granted to non-employees, the fair value of the stock options is estimated using the Black-Scholes valuation model. The Black-Scholes model utilizes the estimated fair value of common stock and requires that, at the date of grant, Trubion makes assumptions with respect to the expected life of the option, the volatility of the fair value of the underlying common stock, risk-free interest rates and expected dividend yields of Trubion s

common stock. Trubion has assumed that non-employee stock options have an expected life of one to ten years and assumed common stock volatility between 65% and 105%.

Stock-based compensation expense is recognized over the period of expected service by the non-employee. As the service is performed, Trubion is required to update its valuation assumptions, remeasure unvested options and record the stock-based compensation using the valuation as of the vesting date. These adjustments may result in higher or lower stock-based compensation expense in the statement of operations than originally estimated. Changes in the market price of Trubion s stock could materially change the value of an option and the resulting stock-based compensation expense. Trubion expects stock-based compensation expense associated with non-employee options to fluctuate in the future based on the volatility of Trubion s future stock price.

Valuation of Investments

Trubion classifies its investment portfolio as available-for-sale. The cost of securities sold is based on the specific identification method. Trubion carries its investments in debt securities at fair value, estimated as the amount at which an asset or liability could be bought or sold in a current transaction between willing parties. In accordance with its investment policy, Trubion diversifies its credit risk and invest in debt securities with high credit quality. The majority of Trubion s investments held as of June 30, 2010 are in active markets and Trubion s estimate of fair value is based upon quoted market prices. Fair value of investment not based on quoted market prices are valued using observable inputs. Trubion regularly evaluates the performance of its investments individually for impairment, taking into consideration the investment, volatility and current returns. If a determination is made that a decline in fair value is other-than-temporary, the related investment is written down to its estimated fair value. To date, the carrying values of Trubion s investments have not been written down due to declines in value because such declines are judged to be temporary. Declines in the fair value of Trubion s investments judged to be other than temporary could adversely affect Trubion s future operating results. Trubion continues to monitor its credit risks and evaluate the potential need for impairment charges related to credit risks in future periods.

Recent Accounting Pronouncements

In October 2009, the FASB issued new guidance for multiple-deliverable revenue arrangements. The new guidance addresses the accounting for multiple-deliverable arrangements to enable vendors to account for products or services (deliverables) separately rather than as a combined unit. This guidance establishes a selling price hierarchy for determining the selling price of a deliverable, which is based on: (a) vendor-specific objective evidence; (b) third-party evidence; or (c) estimates. This guidance also eliminates the residual method of allocation and requires that arrangement consideration be allocated at the inception of the arrangement to all deliverables using the relative selling price method. In addition, this guidance significantly expands required disclosures related to a vendor s multiple-deliverable revenue arrangements. Trubion expects to adopt this guidance on January 1, 2011 and it will be applied prospectively for revenue arrangements entered into or materially modified after the date of adoption. Trubion is evaluating the affect this guidance will have on Trubion s financial position, operating results, cash flows and disclosures.

In March 2010, the FASB issued new guidance for recognizing revenue under the milestone method. This new guidance allows an entity to make a policy election to recognize a substantive milestone in its entirety in the period in which the milestone is achieved. The new guidance also requires an entity that makes this policy election to disclose the following: (a) a description of the overall arrangement, (b) a description of each milestone and related contingent consideration, (c) a determination of whether each milestone is considered substantive, (d) the factors considered in determining whether the milestone is substantive and (e) the amount of consideration recognized during the period for milestones. This guidance did not have a material impact on Trubion s financial position and results of operations, however this guidance will require additional disclosure in the period milestones are met.

Results of Operations for the Three Months and Six Months Ended June 30, 2010 and 2009

Revenue

Revenue recognized under Trubion s collaboration agreements for the three months and six months ended June 30, 2010 and 2009 was as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2009	2010	2009
Pfizer				
Upfront fee	$ 1,218	$ 1,218	$ 2,437	$ 2,437
Collaborative research funding	2,360	2,901	4,915	5,894
Total Pfizer revenue	3,578	4,119	7,352	8,331
Abbott				
Upfront fee	574		1,147	
Collaborative research funding	1,545		2,710	
Total Abbott revenue	2,119		3,857	
Total revenue	$ 5,697	$ 4,119	$ 11,209	$ 8,331

Revenue increased to $5.7 million in the three months ended June 30, 2010 from $4.1 million in the three months ended June 30, 2009. Revenue increased to $11.2 million in the six months ended June 30, 2010 from $8.3 million in the six months ended June 30, 2009. The increase in the three and six months ended June 30, 2010 compared to the three and six months ended June 30, 2009 was due to revenue recognized from Trubion s Abbott collaboration of $2.1 million and $3.9 million, respectively. The increase in revenue related to Trubion s Abbott collaboration was partially offset by lower reimbursement revenue recognized from Trubion s Pfizer collaboration due to lower costs related to the Phase IIb clinical trial for TRU-015 in the treatment of RA and a decrease in the amount of reimbursable legal fees. Revenue from Trubion s Pfizer collaboration for the three and six months ended June 30, 2010 was $3.6 million and $7.3 million, respectively.

The Pfizer and Abbott upfront fees are being deferred and recognized on a straight-line basis over the estimated term of the research and development service periods. The Pfizer estimated service period is through 2012 and the Abbott estimated service period is through 2018. Reimbursement revenue is expected to fluctuate in the future due to the timing of reimbursed development and legal costs, and the recognition of the associated collaborative research revenue under Trubion s collaboration agreements. Trubion expects revenue to decline in the future as a result of Pfizer s decision to discontinue development of TRU-015, the anticipated completion of the research program in December 2010 under Trubion s collaboration agreement with Pfizer, and the anticipated increase in research and development expenses incurred by Abbott under Trubion s collaboration agreement with Abbott. Trubion s revenues and research and development expenses under the Abbott collaboration may fluctuate depending on which party in the collaboration is incurring the majority of the development costs in any particular quarterly period. Trubion s actual revenue, however, could differ materially from anticipated revenue.

Research and Development Expenses

Research and development expenses increased to $9.0 million in the three months ended June 30, 2010 from $8.1 million in the three months ended June 30, 2009. Research and development expenses decreased to $18.0 million in the six months ended June 30, 2010 from $20.2 million in the six months ended June 30, 2009. The increase in the three months ended June 30, 2010 compared to the three months ended June 30, 2009 was due to increased clinical development costs related to the initiation of the Phase I/II clinical trial of TRU-016 (16201) and TRU-016 manufacturing costs. The decrease in the six months ended June 30, 2010 was primarily due to lower outside manufacturing costs related to Trubion s TRU-016 product candidate and lower personnel and non-cash stock-based compensation costs due to the restructuring in February 2009. These decreases were partially offset by increased clinical trial costs for the Phase I/II clinical trial of TRU-016 (16201) and increased contract license fees. Trubion expects research and development expenses to increase in the future due to the expansion of

Trubion s clinical activities related to TRU-016 and increases in preclinical research. Trubion expects these increases to be partially offset by decreases in TRU-016 manufacturing expenses as future manufacturing runs are anticipated to take place with Trubion s partner Abbott. These costs may fluctuate depending on which party in the Abbott collaboration is incurring the majority of the development costs in any particular period. Trubion s actual research and development expenses could differ materially from those anticipated.

At any time, Trubion has many ongoing research projects. Trubion s internal resources, employees, and infrastructure are not directly tied to any individual research project and are typically deployed across multiple projects. Through its clinical development programs, Trubion is developing each of its product candidates in parallel for multiple disease indications, and through its basic research activities, Trubion is seeking to design potential drug candidates for multiple new disease indications. Due to the number of ongoing projects and Trubion s ability to utilize resources across several projects, Trubion does not record or maintain information regarding the costs incurred for its research and development programs on a program-specific basis. In addition, Trubion believes that allocating costs on the basis of time incurred by its employees does not accurately reflect the actual costs of a project.

Trubion s research and development activities can be divided into research and preclinical programs and clinical development programs. The costs associated with research and preclinical programs and clinical development programs approximate the following (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2009	2010	2009
Research and preclinical programs	$ 4,358	$ 4,147	$ 9,468	$ 9,923
Clinical development programs:				
TRU-015	1,465	2,004	3,124	3,826
TRU-016	2,817	1,709	4,671	5,752
Indirect	391	238	784	676
Total clinical development programs	4,673	3,951	8,579	10,254
Total research and development	$ 9,031	$ 8,098	$ 18,047	$ 20,177

Research and preclinical program costs consist of costs associated with Trubion s product development efforts, conducting preclinical studies, personnel costs, lab expenses and indirect costs such as rent, utilities and depreciation. Research and preclinical program costs decreased in the six months ended June 30, 2010 compared to the six months ended June 30, 2009 due to decreased personnel and non-cash stock-based compensation costs as a result of the restructuring in February 2009. These decreases were partially offset by increased contract license fees.

Clinical development costs consist of direct expenses such as clinical manufacturing costs, clinical trial site and investigator fees. Indirect costs include items such as personnel costs, rent, utilities and depreciation. Costs for TRU-015 decreased in the three months and six months ended June 30, 2010 compared to the three months and six months ended June 30, 2009 due to lower costs related to the Phase IIb clinical trial for TRU-015 in the treatment of RA. Costs for TRU-016 increased in the three months ended June 30, 2010 compared to the three months ended June 30, 2009 due to increased clinical development and manufacturing costs. Costs for TRU-016 decreased in the six months ended June 30, 2010 compared to the six months ended June 30, 2009 due to decreased outside manufacturing costs and costs incurred by Abbott that would have otherwise been incurred by Trubion. Costs for SBI-087 are

incurred by Trubion s partner, Pfizer, and as such are not included in the table above.

The majority of Trubion s research and development programs are at an early stage and may not result in any approved products. Product candidates that may appear promising at early stages of development may not reach the market for a variety of reasons. Product candidates may be found to be ineffective or to cause harmful side effects during clinical trials, may take longer to pass through clinical trials than had been anticipated, may fail to receive necessary regulatory approvals and may prove impractical to manufacture in commercial quantities at reasonable cost and with acceptable quality. As part of its business strategy, Trubion may enter into collaborative arrangements with third parties to complete the development and commercialization of Trubion s product candidates and it is

uncertain which of Trubion s product candidates may be subject to future collaborative arrangements. The participation of a collaborative partner may accelerate the time to completion and reduce the cost to Trubion of a product candidate or it may delay the time to completion and increase the cost to Trubion due to the alteration of its existing strategy.

As a result of the uncertainties discussed above, the uncertainty associated with clinical trial enrollments, and the risks inherent in the development process, Trubion is unable to determine the duration and completion costs of the current or future clinical stages of Trubion s product candidates or when, or to what extent, Trubion will generate revenue from the commercialization and sale of any of its product candidates. Development timelines, probability of success and development costs vary widely. Under the collaboration with Pfizer, Trubion is responsible for winding down the Phase IIa and IIb clinical retreatment trials of TRU-015 for RA. Under the collaboration agreement with Abbott, Trubion is the lead party responsible for the ongoing clinical trial for patients with CLL, manufacturing activities, and regulatory activities. While Trubion is currently focused on developing SBI-087 and other non-CD20 product candidates with Pfizer and Trubion s TRU-016 product candidate with Abbott, together with other product candidates that are outside of Trubion s collaborations, Trubion will make determinations as to which programs to pursue and how much funding to direct to each program on an ongoing basis in response to the scientific and clinical success of each product candidate, as well as an ongoing assessment as to the product candidate s commercial potential and value to potential partners. In addition, due to the limited availability of capital, Trubion may not be able to fund programs adequately, if at all. Trubion anticipates developing additional product candidates, which will also increase its research and development expenses in future periods. Trubion does not expect any of its current product candidates to be commercially available in major markets before 2014, if at all.

General and Administrative Expenses

General and administrative expenses decreased to $2.2 million in the three months ended June 30, 2010 compared to $2.6 million in the three months ended June 30, 2009. General and administrative expenses decreased to $4.8 million in the six months ended June 30, 2010 compared to $5.7 million in the six months ended June 30, 2009. The decrease was primarily due to the resignation of Trubion s chief executive officer in November 2009, resulting in lower personnel and non-cash stock-based compensation expense. Trubion expects its general and administrative expenses to increase in the future. Trubion s actual general and administrative expenses could differ materially from those anticipated.

Net Interest Income (Expense)

Net interest income (expense) increased to an expense of $103,000 in the three months ended June 30, 2010 from an expense of $102,000 in the three months ended June 30, 2009. Net interest income (expense) increased to an expense of $207,000 in the six months ended June 30, 2010 from an expense of $124,000 in the six months ended June 30, 2009. The increase was the result of continued low interest rates and a decrease in Trubion s average cash and investment balance. Trubion expects net interest expense to increase in the near future as a result of lower interest income from a declining cash balance and low interest rates that are not great enough to exceed interest expense on its debt.

Other Income

Other income was $20,000 in the three and six months ended June 30, 2010 resulting from a gain on the sale of investments.

Results of Operations for the Years Ended December 31, 2009, 2008 and 2007

Revenue

Revenue recognized under Trubion s collaboration agreements for the years ended December 31, 2009, 2008 and 2007 was as follows (in thousands):

	2009	2008	2007
Pfizer	$ 15,855	$ 16,467	$ 20,148
Facet	2,148		
Total revenue	$ 18,003	$ 16,467	$ 20,148

Revenue increased to $18.0 million in 2009 from $16.5 million in 2008. Revenue was $20.1 million in 2007. The increase in 2009 compared to 2008 was due to revenue recognized from Trubion s Abbott collaboration of $2.1 million. The $2.1 million is comprised of $0.8 million for recognition of the $20 million upfront fee and $1.4 million equity premium and $1.3 million for collaborative research funding. The increase in revenue related to the Abbott collaboration was partially offset by lower revenue recognized from the Pfizer collaboration due to an extension of the recognition period of the upfront fee and lower reimbursement revenue due to lower costs related to the Phase IIb clinical trial for TRU-015 in the treatment of RA. Revenue from the Pfizer collaboration for the year ended December 31, 2009 was comprised of $11.0 million for collaborative research funding and $4.9 million for recognition of the $40 million upfront fee.

The decrease in 2008 compared to 2007 was due to a decrease in reimbursement revenue from the Pfizer collaboration related to the Phase IIb clinical trial for TRU-015 in the treatment of RA, an extension of the recognition of the upfront fee and a decline in reimbursable legal costs. Revenue for the year ended December 31, 2008 was comprised of $11.1 million for Pfizer collaborative research funding and $5.4 million for recognition of the $40 million Pfizer upfront fee.

Research and Development Expenses

Research and development expenses increased to $34.4 million from $31.6 million in 2008. Research and development expenses were $36.5 million in 2007. The increase in 2009 compared to 2008 was primarily due to higher outside manufacturing and clinical development costs related to the TRU-016 product candidate, partially offset by decreased lab expense and personnel costs. In connection with the restructuring in February 2009, Trubion incurred a $0.8 million charge in the first quarter of 2009 related to employee severance, benefits and outplacement services, $0.6 million of which was classified as research and development expense.

The decrease in 2008 compared to 2007 was primarily due to decreased outside manufacturing costs related to the TRU-016 product candidate, decreased clinical costs related to the Phase IIb clinical trial for TRU-015 and decreased costs for lab expenses for TRU-016.

At any time, Trubion has many ongoing research projects. Trubion s internal resources, employees and infrastructure are not directly tied to any individual research project and are typically deployed across multiple projects. Through its clinical development programs, Trubion is developing each of its product candidates in parallel for multiple disease indications, and through its basic research activities, Trubion is seeking to design potential drug candidates for multiple new disease indications. Due to the number of ongoing projects and Trubion s ability to utilize resources across several projects, Trubion does not record or maintain information regarding the costs incurred for Trubion s

research and development programs on a program-specific basis. In addition, Trubion believes that allocating costs on the basis of time incurred by its employees does not accurately reflect the actual costs of a project.

Trubion s research and development activities can be divided into research and preclinical programs and clinical development programs. The costs associated with research and preclinical programs and clinical development programs approximate the following (in thousands):

	Year Ended December 31,		
	2009	2008	2007
Research and preclinical programs	$ 17,954	$ 20,257	$ 21,344
Clinical development programs:			
TRU-015	7,168	7,423	9,296
TRU-016	7,659	2,009	4,587
Indirect	1,615	1,919	1,239
Total clinical development programs	16,442	11,351	15,122
Total research and development	$ 34,396	$ 31,608	$ 36,466

Research and preclinical program costs consist of costs associated with Trubion s product development efforts, conducting preclinical studies, personnel costs, lab expenses and indirect costs such as rent, utilities and depreciation. Research and preclinical program costs decreased in 2009 compared to 2008 due to decreased lab expense and personnel costs as a result of the restructuring in February 2009. Research and preclinical program costs decreased in 2008 compared to 2007 due to decreased lab expenses for TRU-016 as this program moved from a preclinical program to a clinical program.

Clinical development costs consist of direct expenses such as clinical manufacturing costs, clinical trial site and investigator fees. Indirect costs include items such as personnel costs, rent, utilities and depreciation. Costs for TRU-015 decreased in 2009 compared to 2008 and 2007 due to lower costs related to the Phase IIb clinical trial for TRU-015 in the treatment of RA. Costs for TRU-016 increased in 2009 compared to 2008 due to increased manufacturing costs and clinical development costs. Costs for TRU-016 decreased in 2008 compared to 2007 due to decreased outside manufacturing costs and decreased lab supplies. Costs for SBI-087 are incurred by Trubion s partner, Pfizer, and as such are not included in the table above.

The majority of Trubion s research and development programs are at an early stage and may not result in any approved products. Product candidates that may appear promising at early stages of development may not reach the market for a variety of reasons. Product candidates may be found to be ineffective or to cause harmful side effects during clinical trials, may take longer to pass through clinical trials than had been anticipated, may fail to receive necessary regulatory approvals and may prove impracticable to manufacture in commercial quantities at reasonable cost and with acceptable quality. As part of its business strategy, Trubion may enter into collaborative arrangements with third parties to complete the development and commercialization of its product candidates and it is uncertain which of its product candidates may be subject to future collaborative arrangements. The participation of a collaborative partner may accelerate the time to completion and reduce the cost to Trubion of a product candidate or it may delay the time to completion and increase the cost to Trubion due to the alteration of Trubion s existing strategy.

As a result of the uncertainties discussed above, the uncertainty associated with clinical trial enrollments, and the risks inherent in the development process, Trubion is unable to determine the duration and completion costs of the current or future clinical stages of its product candidates or when, or to what extent, Trubion will generate revenue from the commercialization and sale of any of its product candidates. Development timelines, probability of success and

development costs vary widely. Under the collaboration with Pfizer, Trubion is responsible for winding down the Phase IIa and IIb clinical retreatment trials of TRU-015 for RA. In addition, Trubion is responsible for conducting clinical studies for TRU-015 niche indications. Under the collaboration agreement with Abbott, Trubion is the lead party responsible for the ongoing clinical trial for patients with CLL, manufacturing activities, and regulatory activities. While Trubion is currently focused on developing SBI-087 and other non-CD20 product candidates with Pfizer and the TRU-016 product candidate with Abbott, together with other SMIP product candidates that are outside of the collaborations, Trubion will make determinations as to which programs to pursue and how much funding to direct to each program on an ongoing basis in response to the scientific and clinical success of each product candidate, as well as an ongoing assessment as to the product candidate s commercial

potential and value to potential partners. In addition, due to the limited availability of capital Trubion may not be able to fund programs adequately, or at all. Trubion anticipates developing additional product candidates, which will also increase its research and development expenses in future periods. Trubion does not expect any of its current product candidates to be commercially available in major markets before 2014, if at all.

General and Administrative Expenses

General and administrative expenses increased to $12.4 million in 2009 from $11.4 million in 2008. General and administrative expenses were $10.8 million in 2007. The increase in 2009 compared to 2008 was primarily due to charges associated with the resignation of Trubion s former CEO, partially offset by lower personnel-related costs as a result of the restructuring in February 2009. In connection with the restructuring in February 2009, Trubion incurred a $0.8 million charge in the first quarter of 2009 related to employee severance, benefits and outplacement services, $0.2 million of which was classified as general and administrative expense. The increase in 2008 compared to 2007 was primarily due to increased consulting and outside service fees and increased non-cash stock-based compensation expense partially offset by decreased fees related to filings for the protection of Trubion s intellectual property.

Net Interest Income (Expense)

Net interest income (expense) decreased to an expense of $0.4 million in 2009 from a gain of $1.0 million in 2008 and a gain of $3.8 million in 2007. The decreases were the result of a decline in interest rates and a decrease in Trubion s average cash and investment balance. Trubion expects net interest expense to increase in the near future as a result of lower interest income from a declining cash balance and low interest rates that are not great enough to exceed interest expense on Trubion s debt.

Income Taxes

Since inception, Trubion has incurred operating losses and, accordingly, has not recorded a provision for income taxes for any of the periods presented. As of December 31, 2009, Trubion had net operating loss carry forwards for federal income tax purposes of $64.2 million. Trubion also had federal research and development tax credit carry forwards of $2.7 million. If not utilized, the net operating loss and tax credit carry forwards will expire between 2021 and 2029.

Liquidity and Capital Resources for the Six Months Ended June 30, 2010 and 2009

As of June 30, 2010, Trubion had $42.1 million in cash, cash equivalents and investments. Trubion has received the majority of its funding from the issuance of common stock, proceeds from its collaboration agreements, asset-based lease financings and interest earned on investments. Trubion s cash and investment balances are held in a variety of interest bearing instruments, including obligations of United States government agencies, high credit rating corporate borrowers, and money market accounts. Trubion does not hold auction rate securities within its investment portfolio and, as of June 30, 2010, Trubion did not hold any corporate securities. Cash in excess of immediate requirements is invested with regard to liquidity and capital preservation.

Operating Activities. Net cash used in operating activities decreased to $12.1 million in the six months ended June 30, 2010 from $14.7 million in the six months ended June 30, 2009.

Investing Activities. Net cash provided by investing activities decreased to $6.1 million in the six months ended June 30, 2010 from $17.2 million in the six months ended June 30, 2009. Investing activities consist primarily of purchases, sales and maturities of marketable securities and capital purchases.

Financing Activities. Net cash used in financing activities was $0.6 million in the six months ended June 30, 2010 and 2009. In the six months ended June 30, 2010 and 2009, financing activities consisted primarily of payments on an equipment financing arrangement of $0.6 million.

Based on its current operating plans, Trubion believes that its existing capital resources, together with interest thereon, will be sufficient to meet its financial obligations for at least the next 12 months. The key assumption

underlying this estimate is that collaboration revenue and expenditures related to continued preclinical, manufacturing, and clinical development of its product candidates during this period will be within budgeted levels.

Trubion s forecast of the period of time that its financial resources will be adequate to support operations is a forward-looking statement and involves risks and uncertainties, and actual results could vary as a result of a number of factors, including the risk factors discussed elsewhere in this proxy statement/prospectus. In light of the numerous risks and uncertainties associated with the development and commercialization of its product candidates and the extent to which Trubion enters into collaborations with third parties to participate in their development and commercialization, Trubion is unable to estimate the amounts of increased capital outlays and operating expenditures associated with product development. Trubion s future funding requirements will depend on many factors, including:

- the ability to raise capital through strategic partnerships or in the debt/equity markets;
- the terms and timing of any additional collaborative or licensing agreements that Trubion may establish;
- milestone payments projected to be received under the Pfizer and Abbott collaboration agreements;
- the determination by any of Trubion s current collaboration partners to cease developing any product candidate that is the subject of that collaboration;
- the scope, rate of progress, results and costs of Trubion s preclinical testing, clinical trials, and other research and development activities;
- the number of programs Trubion pursues;
- the cost of establishing clinical and commercial supplies of Trubion s product candidates;
- the cost of preparing, filing, prosecuting, defending, and enforcing any patent claims and other intellectual property rights;
- the cost, timing, and outcomes of regulatory approvals; and
- the extent to which Trubion acquires or invests in businesses, products, or technologies.

Trubion will need to raise additional funds to support its operations, and such funding may not be available to Trubion on acceptable terms, if at all. If Trubion is unable to raise additional funds when needed, Trubion may not be able to continue development of its product candidates or Trubion could be required to delay, scale back, or eliminate some or all of its development programs and other operations. Trubion may seek to raise additional funds through public or private financing, strategic partnerships, or other arrangements. Any additional equity financing may be dilutive to stockholders and debt financing, if available, may involve restrictive covenants. If Trubion raises funds through collaborative or licensing arrangements, Trubion may be required to relinquish, on terms that are not favorable to Trubion, rights to some of Trubion s technologies or product candidates that Trubion would otherwise seek to develop or commercialize itself. Trubion s failure to raise capital when needed may harm its business and operating results.

Liquidity and Capital Resources for the Years Ended December 31, 2009, 2008 and 2007

As of December 31, 2009, Trubion had $54.8 million in cash, cash equivalents and investments. Trubion has received the majority of its funding from the issuance of common stock, proceeds from collaboration agreements, asset-based lease financings and interest earned on investments. Trubion s cash and investment balances are held in a variety of

interest bearing instruments, including obligations of United States government agencies, high credit rating corporate borrowers, and money market accounts. Trubion does not hold auction rate securities within its investment portfolio and as of December 31, 2009 Trubion did not hold any corporate securities. Cash in excess of immediate requirements is invested with regard to liquidity and capital preservation.

Operating Activities. Net cash used in operating activities was $5.1 million, $23.9 million and $26.4 million for the years ended December 31, 2009, 2008 and 2007, respectively. Net cash used in operations during 2009 was due to personnel-related costs, clinical trial costs, manufacturing costs, legal and professional fees, facilities costs, lab supplies to support Trubion s research activities and administrative costs, partially offset by upfront fees

received under the Abbott collaboration. Net cash used in operations during 2008 was primarily used for personnel-related costs, clinical trial costs, legal and professional fees, lab supplies to support research activities, facilities costs and administrative costs.

Investing Activities. Net cash used in investing activities was $9.9 million in the year ended December 31, 2009. Net cash provided by investing activities was $12.4 million and $9.1 million for the years ended December 31, 2008 and 2007. Investing activities consist primarily of purchases, sales and maturities of marketable securities and capital purchases. Trubion s purchases of securities increased during 2009 as a result of the $30.0 million in cash provided to Trubion as part of the collaboration agreement with Abbott. Additionally, Trubion had lower maturities in 2009 as a result of a lower average cash and investment balance. Purchases of property and equipment were $85,000, $1.3 million and $3.8 million in the years ended December 31, 2009, 2008 and 2007, respectively.

Financing Activities. Net cash provided by financing activities was $7.4 million in the year ended December 31, 2009 compared to net cash used in financing activities of $373,000 in the year ended December 31, 2008. Net cash provided by financing activities was $2.7 million in the year ended December 31, 2007. In 2009 financing activities consisted primarily of a private placement of common stock to Abbott of $8.6 million and payments on an equipment financing arrangement of $1.3 million. In 2008, financing activities consisted primarily of $10.0 million in proceeds under a new debt facility, offset by $9.5 million in payments against pre-existing equipment financing arrangements and $900,000 in other debt payments. In 2007, financing activities consisted primarily of net proceeds from an equipment financing arrangement of $2.2 million.

Trubion entered into a loan and security agreement with Silicon Valley Bank, or SVB, effective July 25, 2008, the terms of which provide for a $10.0 million debt facility secured by a security interest in Trubion s assets, other than intellectual property, and used $8.5 million of the proceeds from this debt facility to fully extinguish Trubion s obligations with Comerica Bank, or Comerica, under its existing debt facility. In conjunction with extinguishing its obligations under the Comerica debt facility, Trubion also terminated the Comerica loan and security agreement and related interest rate swap agreement. Trubion incurred a fee of $165,000 in connection with the termination of the interest rate swap agreement, which is included in interest expense in the statements of operations for the year ended December 31, 2008. The full $10.0 million available under the SVB facility was drawn at closing and is payable in fixed equal payments of principal plus accrued interest at a fixed rate of 5.75% based on an 84-month amortization schedule with all principal and interest due July 25, 2013. As of December 31, 2009, $8.3 million was outstanding under the SVB loan and security agreement.

The loan and security agreement with SVB contains representations and warranties and affirmative and negative covenants that are customary for credit facilities of this type. The debt covenants in place by the loan and security agreement with SVB require Trubion to maintain a liquidity coverage of at least 1.5:1 and remaining months liquidity of at least 3:1. Trubion was in compliance with all covenants under the loan and security agreement as of December 31, 2009. The loan and security agreement could restrict Trubion s ability to, among other things, sell certain assets, engage in a merger or change in control transaction, incur debt, pay cash dividends, and make investments. The loan and security agreement also contains events of default that are customary for credit facilities of this type, including payment defaults, covenant defaults, insolvency type defaults, and events of default relating to liens, judgments, material misrepresentations, and the occurrence of certain material adverse events. In addition, the loan and security agreement with SVB contains a material adverse change clause which may accelerate the maturity of the loan upon the occurrence of certain events. Trubion has no indication that Trubion is in default of the material adverse change clause and no scheduled loan payments have accelerated as a result of this provision.

Based on its current operating plans, Trubion believes that its existing capital resources, together with interest thereon, will be sufficient to meet its financial obligations for at least the next 12 months. The key assumption underlying this estimate is that expenditures related to continued preclinical, manufacturing, and clinical development of its product

candidates during this period will be within budgeted levels.

Trubion s forecast of the period of time that its financial resources will be adequate to support operations is a forward-looking statement and involves risks and uncertainties, and actual results could vary as a result of a number of factors, including the risk factors discussed elsewhere in this proxy statement/prospectus. In light of the numerous risks and uncertainties associated with the development and commercialization of its product candidates and the extent to which Trubion enters into collaborations with third parties to participate in their development and

commercialization, Trubion is unable to estimate the amounts of increased capital outlays and operating expenditures associated with product development. Trubion s future funding requirements will depend on many factors, including:

- the ability to raise capital through strategic partnerships or in the debt/equity markets;
- the terms and timing of any additional collaborative or licensing agreements that Trubion may establish;
- milestone payments projected to be received under the Pfizer and Abbott collaboration agreements;
- the determination by any of the current collaboration partners to cease developing any product candidate that is the subject of that collaboration;
- the scope, rate of progress, results and costs of Trubion s preclinical testing, clinical trials, and other research and development activities;
- the number of programs Trubion pursues;
- the cost of establishing clinical and commercial supplies of Trubion s product candidates;
- the cost of preparing, filing, prosecuting, defending, and enforcing any patent claims and other intellectual property rights;
- the cost, timing, and outcomes of regulatory approvals; and
- the extent to which Trubion acquires or invests in businesses, products, or technologies.

Trubion will need to raise additional funds to support its operations, and such funding may not be available to Trubion on acceptable terms, if at all. The capital markets have been experiencing extreme volatility and disruption. The scope and extent of this disruption in the capital markets could make it difficult or impossible to raise additional capital in public or private capital markets until conditions stabilize. If Trubion is unable to raise additional funds when needed, Trubion may not be able to continue development of its product candidates or Trubion could be required to delay, scale back, or eliminate some or all of its development programs and other operations. Trubion may seek to raise additional funds through public or private financing, strategic partnerships, or other arrangements. Any additional equity financing may be dilutive to stockholders and debt financing, if available, may involve restrictive covenants. If Trubion raises funds through collaborative or licensing arrangements Trubion may be required to relinquish, on terms that are not favorable to Trubion, rights to some of Trubion s technologies or product candidates that Trubion would otherwise seek to develop or commercialize itself. Trubion s failure to raise capital when needed may harm its business and operating results.

Trubion s future contractual obligations as of December 31, 2009 were as follows (in thousands):

	Payments Due by Period				
	Total	**1 Year**	**2-3 Years**	**4-5 Years**	**Thereafter**
Notes payable (including interest)	$ 9,531	$ 1,744	$ 3,486	$ 4,301	$
Manufacturing commitment	2,100	2,100			
Operating lease obligations	4,934	1,490	2,952	492	

Total	$ 16,565	$ 5,334	$ 6,438	$ 4,793	$

Off-Balance Sheet Arrangements

Since inception, Trubion has not engaged in any off-balance sheet arrangements, including the use of structured finance, special purpose entities or variable interest entities.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK OF TRUBION

Trubion s exposure to market risk is primarily confined to its investment securities. The primary objective of its investment activities is to preserve its capital to fund operations. Trubion also seeks to maximize income from its investments without assuming significant risk. To achieve its objectives, Trubion maintains a portfolio of investments in a variety of securities of high credit quality. As of June 30, 2010, Trubion s portfolio of investments consisted of money market accounts and U.S. treasury securities. Trubion has no exposure to auction rate securities within its investment portfolio. The securities in its investment portfolio are not leveraged, are classified as available for sale and, due to their short-term nature, are subject to minimal interest rate risk. Trubion currently does not hedge interest rate exposure on its investment securities. Trubion actively monitors changes in interest rates.

Trubion is also exposed to potential loss due to changes in interest rates. Its principal interest rate exposure is to changes in U.S. interest rates related to its investment securities. To estimate the potential loss due to changes in interest rates, Trubion performed a sensitivity analysis using the instantaneous adverse change in interest rates of 100 basis points across the yield curve. On this basis, Trubion estimates the potential loss in fair value that would result from a hypothetical 1% (100 basis points) increase in interest rates to be $62,000 and $5,000 as of June 30, 2010 and 2009, respectively.

SUPPLEMENTARY FINANCIAL INFORMATION OF TRUBION

Selected Quarterly Results of Operations

The following selected quarterly data should be read in conjunction with the Consolidated Financial Statements and Notes of Trubion and Management s Discussion and Analysis of Financial Condition and Results of Operations of Trubion in this in this proxy statement/prospectus. This information has been derived from unaudited consolidated financial statements of Trubion that, in Trubion s opinion, reflect all recurring adjustments necessary to fairly present Trubion s financial information when read in conjunction with the Consolidated Financial Statements and Notes. The results of operations for any quarter are not necessarily indicative of the results to be expected for any future period.

Quarterly Consolidated Statements of Operations for 2009

	Year Ended December 31, 2009				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year
	(in thousands, except per share data)				
Collaboration revenue	$ 4,212	$ 4,119	$ 4,452	$ 5,220	$ 18,003
Operating expenses:					
Research and development	12,079(1)	8,098	7,410	6,809	34,396
General and administrative	3,110	2,621	3,146	3,552	12,429
Total operating expenses	15,189	10,719	10,556	10,361	46,825
Loss from operations	(10,977)	(6,600)	(6,104)	(5,141)	(28,822)
Net interest income (expense)	(22)	(102)	(123)	(114)	(361)
Net loss	$ (10,999)	$ (6,702)	$ (6,227)	$ (5,255)	$ (29,183)
Basic and diluted net loss per share	$ (0.61)	$ (0.37)	$ (0.33)	$ (0.29)	$ (1.55)
Shares used in computation of basic and diluted net loss per share	17,899	18,023	18,868	18,110	18,797

(1) The quarterly period ending March 31, 2009 included $3.6 million for outside manufacturing costs for TRU-016.

Quarterly Consolidated Statements of Operations for 2008

	Year Ended December 31, 2008				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year
	(in thousands, except per share data)				

Collaboration revenue	$ 3,963	$ 4,468	$ 3,766	$ 4,270	$ 16,467
Operating expenses:					
Research and development	7,515	8,390	7,397	8,306	31,608
General and administrative	2,973	3,025	2,987	2,389	11,374
Total operating expenses	10,488	11,415	10,384	10,695	42,982
Loss from operations	(6,525)	(6,947)	(6,618)	(6,425)	(26,515)
Net interest income	557	315	36	48	956
Net loss	$ (5,968)	$ (6,632)	$ (6,582)	$ (6,377)	$ (25,559)
Basic and diluted net loss per share	$ (0.33)	$ (0.37)	$ (0.37)	$ (0.36)	$ (1.43)
Shares used in computation of basic and diluted net loss per share	17,831	17,851	17,859	17,882	17,856

CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE OF TRUBION

None.

SECURITY OWNERSHIP OF PRINCIPAL STOCKHOLDERS, DIRECTORS AND MANAGEMENT OF TRUBION

The following table sets forth the beneficial ownership of Trubion s common stock as of September 3, 2010 by:

- all persons known to Trubion, based on statements filed by such persons pursuant to Section 13(d) or 13(g) of the Exchange Act, to be the beneficial owners of more than 5% of its common stock and based on the records of BNY Mellon Shareowner Services LLC, its transfer agent;
- each director of Trubion;
- each of the executive officers named in the 2009 Summary Compensation Table set forth in the proxy statement Trubion delivered to its stockholders in connection with its 2010 Annual Meeting of Stockholders; and
- all current directors and executive officers as a group.

Except as otherwise noted, and subject to applicable community property laws, the persons named in this table have, to Trubion s knowledge, sole voting and investing power for all of the shares of common stock held by them.

This table lists applicable percentage ownership based on 20,425,554 shares of common stock outstanding as of September 3, 2010. Options to purchase shares of Trubion common stock that are exercisable within 60 days of September 3, 2010 are deemed to be beneficially owned by the persons holding these options for the purpose of computing the number of shares owned by, and percentage ownership of, that person, but are not treated as outstanding for the purpose of computing any other person s number of shares owned or ownership percentage.

Unless otherwise indicated, the address for each stockholder on this table is c/o Trubion Pharmaceuticals, Inc., 2401 4th Avenue, Suite 1050, Seattle, WA, 98121.

	Shares Beneficially Owned		
Name of Beneficial Owner	**Exercisable Stock Options(1)**	**Number of Shares Beneficially Owned(2)**	**Percent of Class**
5% Stockholders:			
Emergent BioSolutions Inc., 2273 Research Boulevard, Suite 400, Rockville, MD 20850(3)		7,146,815	34.9%
Entities affiliated with ARCH Venture Partners(4)		2,357,046	11.5%
Entities affiliated with Frazier Healthcare Ventures(5)		2,237,940	11.0%
Entities affiliated with OBP Management IV L.P.(6)		2,197,300	10.8%
Entities affiliated with Venrock(7)		1,857,632	9.1%
Entities affiliated with Prospect Venture Partners(8)		1,857,631	9.1%
Entities affiliated with FMR LLC(9)		1,076,300	5.3%
Entities affiliated with First Eagle Investment Management, LLC(10)		1,385,479	6.8%
Entities affiliated with Facet Biotech Corporation(11)		2,243,649	11.0%

Name of Beneficial Owner	Shares Beneficially Owned: Exercisable Stock Options(1)	Shares Beneficially Owned: Number of Shares Beneficially Owned(2)	Percent of Class
Directors and Executive Officers:			
Peter A. Thompson	453,534	839,953	4.0%
Steven Gillis, Ph.D.(12)	61,635	2,418,681	11.8%
Michelle G. Burris	159,549	159,549	*
Kathleen M. Deeley	111,742	111,742	*
Kendall M. Mohler, Ph.D.	248,021	388,227	1.9%
Scott C. Stromatt, M.D.	62,985	62,985	*
John A. Bencich	29,093	29,093	*
Lee T. Brettman, M.D., FACP	27,757	43,704	*
Patrick J. Heron(13)	27,500	2,265,440	11.1%
Anders D. Hove, M.D.(14)	27,500	1,885,132	9.2%
David A. Mann	34,135	47,070	*
Samuel R. Saks, M.D.	34,135	34,135	*
David Schnell, M.D.(15)	27,500	1,885,131	9.2%
All directors and executive officers as a group (12) persons	1,305,086	10,170,842	49.6%

* Less than one percent.

(1) This column lists the number of shares of Trubion common stock that the officers and directors have a right to acquire within 60 days of September 3, 2010 through the exercise of stock options.

(2) This column consists of outstanding shares owned plus the options set forth in the previous column.

(3) An aggregate number of 7,146,815 shares of Trubion common stock are subject to the support agreements dated August 12, 2010 entered into between Emergent BioSolutions and affiliates of each of ARCH Venture Partners, Frazier Healthcare, Venrock and Prospect Venture Partners. Neither this proxy statement/prospectus nor any of its contents shall be deemed to constitute an admission by Emergent that it is the beneficial owner of any of the common stock referred to herein for purposes of Section 13(d) of the Act, or for any other purpose, and such beneficial ownership is expressly disclaimed. Based on the number of shares of Trubion common stock outstanding as of August 12, 2010, the number of shares of Trubion common stock covered by the support agreements represent approximately 34.9% of the Trubion s outstanding common stock.

(4) Based on information of beneficial ownership as of December 31, 2007 included in a Schedule 13G/A filed with the SEC on February 11, 2008. Each of ARCH Venture Fund V, L.P., ARCH V Entrepreneurs Fund, L.P., Healthcare Focus Fund, L.P., ARCH Venture Partners, V, L.P., ARCH Venture Partners V, LLC, Steven Lazarus, Keith Crandell, Robert Nelsen, and Clinton Bybee reports shared voting and dispositive power over the shares beneficially owned by affiliated entities of ARCH Venture Partners. The address of all filing persons is 8725 W. Higgins Road, Suite 290, Chicago, IL 60631.

(5) Based on information of beneficial ownership as of December 31, 2007 included in a Schedule 13G filed with the SEC on February 14, 2007. Each of FHM III, LLC, Frazier Healthcare III, LP and Patrick Heron, one of

Trubion s directors, reports shared voting and dispositive power over the 592,504 shares beneficially owned by Frazier Healthcare III, LP; each of FHM III, LLC, Frazier Affiliates III, LP and Patrick Heron reports shared voting and dispositive power over the 4,458 shares held by Frazier Affiliates III, LP; each of FHM IV, LP, Frazier Healthcare IV, LP and Patrick Heron reports sole voting and dispositive power over the 1,632,687 shares beneficially owned by Frazier Healthcare IV, LP; and each of FHM IV, LP, Frazier Affiliates IV, LP and Patrick Heron reports shared and voting dispositive power over the 8,291 shares held by Frazier Affiliates IV, LP. Patrick Heron disclaims beneficial ownership of these securities, except to the extent of his pecuniary interest therein. The address of all filing persons is 601 Union Street, Suite 3200, Seattle, WA 98101.

(6) Based on information of beneficial ownership as of December 31, 2007 included in a Schedule 13G/A filed with the SEC on February 12, 2008. OBP Management IV L.P. is the sole general partner of Oxford Bioscience Partners IV L.P. and mRNA Fund II L.P., and each of Oxford Bioscience Partners IV L.P., mRNA Fund II L.P., OBP Management IV L.P. and the general partners of OBP Management IV L.P., (Jeffrey T. Barnes, Jonathan J. Fleming, Michael E. Lytton and Alan G. Walton), reports shared voting and dispositive power over the shares beneficially owned by the affiliated entities of OBP Management IV L.P. The address of all filing persons is 222 Berkeley Street, Suite 1650, Boston, MA 02116.

(7) Based on information of beneficial ownership as of December 31, 2006 included in a Schedule 13G/A filed with the SEC on February 14, 2007. Venrock Associates IV, L.P. beneficially owns 1,512,111 shares, Venrock Partners, L.P. beneficially owns 308,367 shares, and Venrock Entrepreneurs Fund IV, L.P. beneficially owns 37,154 shares, and each of the Venrock affiliated funds reports shared voting and dispositive power over the shares beneficially held by the affiliated entities of Venrock. The address of all filing persons is 530 Fifth Avenue, 22nd Floor, New York, NY 10036.

(8) Based on information of beneficial ownership as of December 31, 2007 included in a Schedule 13G/A filed with the SEC on February 13, 2008. Prospect Management Co. II, L.L.C. serves as the general partner of Prospect Venture Partners II, L.P. and Prospect Associates II, L.P., and each of the managing members of Prospect Management Co. II share voting and dispositive power over the shares beneficially held by the affiliated entities of Prospect Venture Partners. The address of all filing persons is 435 Tasso Street, Suite 200, Palo Alto, CA 94301.

(9) Based on information of beneficial ownership as of December 31, 2008 included in a Schedule 13G/A filed with the SEC on February 16, 2010. Edward C. Johnson 3d and FMR LLC, through its control of its wholly owned subsidiary Fidelity Management & Research Company, or Fidelity, each report sole dispositive power over the 1,076,300 shares owned by Fidelity. Neither FMR LLC nor Edward C. Johnson 3d, Chairman of FMR LLC, has the power to vote or direct the voting of the shares owned directly by the Fidelity funds, which power resides with the funds Boards of Trustees. Fidelity carries out the voting of the shares under written guidelines established by the funds Boards of Trustees. The address of all filing persons is 82 Devonshire Street, Boston, MA 02109.

(10) Based on information of beneficial ownership as of August 17, 2010 included in a Schedule 13G filed with the SEC on August 24, 2010. The address of the filing person is 1345 Avenue of the Americas, New York, NY 10105.

(11) Based on information of beneficial ownership as of September 1, 2009 included in a Schedule 13G filed with the SEC on September 9, 2009. The address of the filing person is 1500 Seaport Blvd., Redwood City, CA 94063.

(12) Includes 2,357,046 shares of common stock held by entities affiliated with ARCH Venture Partners. Dr. Gillis is an employee of ARCH Venture Corporation, a service provider to ARCH Venture Fund V, L.P., ARCH V Entrepreneurs Fund, L.P. and Healthcare Focus Fund, L.P., each of which is a stockholder. Dr. Gillis disclaims beneficial ownership of shares owned by these entities, except to the extent of his proportionate partnership interest in ARCH Venture Fund V, L.P.

(13) Includes 2,237,940 shares of common stock held by entities affiliated with Frazier Healthcare Ventures. Mr. Heron is a partner of FHM IV, LP, the general partner of Frazier Healthcare IV, L.P. and Frazier Affiliates IV, L.P., and an affiliate of FHM III, LLC, the general partner of Frazier Healthcare III, L.P. and Frazier

Affiliates III, L.P.; however, he disclaims beneficial ownership of these shares except to the extent of his proportionate partnership interest therein.

(14) Includes 1,857,632 shares of common stock held by entities affiliated with Venrock. Dr. Hove is a partner of Venrock; however, he disclaims beneficial ownership of these shares except to the extent of his proportionate partnership interest therein.

(15) Includes 1,857,631 shares of common stock held by entities affiliated with Prospect Venture Partners. Dr. Schnell is a managing member of Prospect Management Co. II, LLC, the general partner of these Prospect funds; however, he disclaims beneficial ownership of these shares except to the extent of his proportionate partnership interest therein.

THE SPECIAL MEETING OF TRUBION STOCKHOLDERS

This section contains information about the special meeting of Trubion stockholders that has been called to vote upon the proposals to adopt the merger agreement and, if necessary, to adjourn the special meeting.

Date, Time and Place

The Trubion special meeting of stockholders will be held on October 28, 2010, at 10 a.m., local time, on the first floor of Trubion s offices located at 2401 4th Avenue, Seattle, Washington 98121.

Matters to Be Considered:

At the Trubion special meeting, Trubion stockholders will be asked to vote on a proposal to:

adopt the merger agreement; and

adjourn the special meeting to a later date or time, if necessary or appropriate, if a quorum is present, to solicit additional proxies in the event there are insufficient votes at the time of the special meeting to adopt the merger agreement.

No other business will be conducted at the special meeting.

Proxies

Each copy of this proxy statement/prospectus mailed to holders of Trubion common stock is accompanied by a form of proxy with instructions for voting. If you hold stock in your name as a stockholder of record, you should vote your shares by (i) completing, signing, dating and returning the enclosed proxy card, (ii) using the telephone number on your proxy card or (iii) using the Internet voting instructions on your proxy card to ensure that your vote is counted at the special meeting, or at any adjournment or postponement of the special meeting, regardless of whether you plan to attend the special meeting.

If you hold your stock in street name through a bank, broker or other nominee, you must direct your bank, broker or other nominee to vote in accordance with the instructions you have received from your bank, broker or other nominee.

If you hold stock in your name as a stockholder of record, you may revoke any proxy at any time before it is voted by signing and returning a proxy card with a later date, delivering a written revocation letter to Trubion s Corporate Secretary, or by attending the special meeting in person, notifying Trubion s Corporate Secretary, and voting by ballot at the special meeting.

Any stockholder entitled to vote in person at the special meeting may vote in person regardless of whether a proxy has been previously given, but the mere presence (without notifying Trubion s Corporate Secretary) of a stockholder at the special meeting will not constitute revocation of a previously given proxy.

Written notices of revocation and other communications about revoking your proxy should be addressed to:

Corporate Secretary
Trubion Pharmaceuticals, Inc.

2401 4th Avenue, Suite 1050
Seattle, WA 98121

If your shares are held in street name by a bank, broker or other nominee, you should follow the instructions of your bank, broker or other nominee regarding the revocation of proxies.

Solicitation of Proxies

Since many Trubion stockholders may be unable to attend the special meeting, the Trubion board of directors is soliciting proxies to be voted at the special meeting to give each stockholder an opportunity to vote on all matters scheduled to come before the meeting and set forth in this proxy statement/prospectus. Trubion s board of directors is asking stockholders to designate Steven Gillis and Michelle Burris, and/or either of them, as their proxies.

Trubion will pay all costs incurred in connection with the solicitation of proxies from its stockholders on behalf of its board of directors. In addition to solicitation by mail, the directors, officers and regular employees of Trubion may solicit proxies from stockholders in person or by telephone, telegram, facsimile or other electronic methods without compensation other than reimbursement for their actual expenses.

Arrangements also will be made with brokers, trustees and other custodians, nominees and fiduciaries for the forwarding of solicitation material to the beneficial owners of stock held of record by such persons, and Trubion will reimburse such custodians, nominees and fiduciaries for their reasonable out-of-pocket expenses in connection therewith.

Trubion has retained Innisfree M&A Incorporated, a professional proxy solicitation firm, to assist it in the solicitation of proxies. The fee payable to such firm in connection with the proxy solicitation is $8,500, plus reimbursement for reasonable out-of-pocket expenses.

Record Date

The close of business on September 21, 2010, has been fixed by the Trubion board of directors as the record date for the determination of holders of Trubion common stock entitled to notice of, and to vote at, the special meeting and any adjournment or postponement of the meeting. At the close of business on the record date, there were 20,425,554 shares of Trubion common stock outstanding and entitled to vote held by 40 holders of record.

Voting Rights and Vote Required

The holders of a majority of the issued and outstanding shares of Trubion common stock entitled to vote at the special meeting must be represented in person or by proxy at the special meeting to constitute a quorum, which is necessary to conduct business at the special meeting. Abstentions will be counted for the purpose of determining whether a quorum is present. Each share of Trubion common stock entitles the holder to one vote at the special meeting on all matters properly presented at the meeting.

The affirmative vote of the holders of at least a majority of all outstanding shares of Trubion common stock on the record date and entitled to vote at the special meeting is necessary to adopt the merger agreement. Because the affirmative vote of the holders of a majority of the outstanding shares of Trubion common stock entitled to vote at the special meeting is needed to approve the merger proposal, the failure to vote by proxy or in person will have the same effect as a vote against the approval of the merger proposal. Abstentions and broker non-votes will also have the same effect as a vote against the approval of the merger proposal.

Approval of the adjournment proposal requires the affirmative vote of the holders of at least a majority of the outstanding shares of Trubion common stock on the record date entitled to vote and present in person or by proxy at the special meeting. Because approval of this proposal requires the affirmative vote of a majority of shares present in person or by proxy, abstentions will have the same effect as a vote against this proposal. However, the failure to vote, either by proxy or in person, and broker non-votes, will have no effect on the adjournment proposal.

Shares Owned by Trubion Management and Certain Significant Holders on the Record Date

As of the record date, the directors and executive officers of Trubion and their affiliates owned in the aggregate 8,479,337 outstanding shares of Trubion common stock, representing approximately 41.5% of the outstanding shares of Trubion common stock entitled to vote at the special meeting. Certain significant holders of Trubion common stock (each of whom is affiliated with a member of Trubion s board of directors) holding, in the aggregate, approximately 41% of the outstanding Trubion common stock have entered into support agreements as of September 3, 2010 pursuant to which they have agreed to vote a portion of their shares of Trubion common

stock equaling approximately 35% in the aggregate of the outstanding Trubion common stock in favor of adoption of the merger agreement and the transactions contemplated by the merger agreement, and against, among other things, a competing transaction. See the section entitled Support Agreements beginning on page 141 of this proxy statement/prospectus.

Recommendation of Trubion Board of Directors

Trubion s board of directors has unanimously approved the merger agreement, the merger and the other transactions contemplated by the merger agreement and has unanimously determined and declared that the merger agreement, the merger and the other transactions contemplated by the merger agreement are advisable and fair to, and in the best interests of, Trubion and its stockholders. The board of directors of Trubion recommends that Trubion stockholders vote **FOR** the adoption of the merger agreement and **FOR** the approval of the proposal to adjourn the special meeting to a later date or time, if necessary or appropriate, if a quorum is present, to solicit additional proxies in the event there are insufficient votes at the time of the special meeting to adopt the merger agreement. See the section entitled The Merger Trubion s Reasons for the Merger; Recommendation of Trubion Board of Directors beginning on page 98 of this proxy statement/prospectus.

Voting by Telephone or Via the Internet

In addition to voting by proxy or in person at the special meeting, Trubion stockholders also may vote their shares:

by telephone or internet, by following the instructions given in the enclosed proxy/voting instruction card.

Adjournments and Postponements

Although it is not currently expected, the special meeting may be adjourned for the purpose of soliciting additional proxies if Trubion has not received sufficient votes to adopt the merger agreement at the special meeting. Any adjournments may be made without notice, other than an announcement at the special meeting, by approval of the affirmative vote of holders of at least a majority of shares of Trubion common stock who are present in person or represented by proxy at the special meeting. Any adjournment of the special meeting for the purpose of soliciting additional proxies will allow stockholders who have already sent in their proxies to revoke them at any time prior to their use.

At any time prior to convening the special meeting, Trubion s board of directors may postpone the special meeting for any reason without the approval of Trubion s stockholders. If postponed, Trubion will provide notice of the new meeting date as required by law. Although it is not currently expected, Trubion s board of directors may postpone the special meeting for the purpose of soliciting additional proxies if Trubion has not received sufficient proxies to constitute a quorum or sufficient votes for adoption of the merger agreement. Similar to adjournments, any postponement of the special meeting for the purpose of soliciting additional proxies will allow stockholders who have already sent in their proxies to revoke them at any time prior to their use.

Appraisal Rights

Under Delaware law, Trubion stockholders who dissent from the merger are entitled to appraisal rights in connection with the merger. Failure to take any of the steps required under Delaware law on a timely basis may result in the loss of these appraisal rights, as more fully described in The Merger Appraisal Rights of Dissenting Trubion Stockholders beginning on page 123 of this proxy statement/prospectus.

Questions and Additional Information

Trubion stockholders who would like additional copies, without charge, of this proxy statement/prospectus or who have additional questions about the merger, including the procedures for voting their shares of Trubion common stock, should contact:

Trubion Pharmaceuticals, Inc.
2401 4th Avenue, Suite 1050
Seattle, Washington 98121
Attn: Investor Relations

or Trubion s solicitation agent:

Innisfree M&A Incorporated
501 Madison Avenue, 20th Floor
New York, NY 10022
Stockholders Call Toll-Free at: (888) 750-5834
Banks and Brokers Call Collect at: (212) 750-5833

THE MERGER

General

The discussion of the merger in this proxy statement/prospectus and the description of the merger are only summaries of the material features of the proposed merger. Trubion stockholders can obtain a more complete understanding of the merger by reading the merger agreement and the CVR agreement, copies of which are attached to this proxy statement/prospectus as Annex A and Annex B, respectively, and are incorporated into this proxy statement/prospectus by reference. Trubion stockholders are encouraged to read the merger agreement and the other annexes to this proxy statement/prospectus in their entirety.

Background of the Merger

Trubion has been engaged in designing and developing compounds and product candidates since 1999 and has not generated any product revenue to date. Trubion s net losses were $29.2 million, $25.6 million and $23.3 million in the years ended December 31, 2009, 2008 and 2007, respectively. As a result, Trubion has needed large amounts of capital to support its research and development efforts. As a regular part of Trubion s business, from time to time it has considered opportunities to sustain its clinical development programs and research and development capabilities and fund its operations, including opportunities through strategic acquisitions, business combinations, investments, licenses and collaboration agreements. In light of the events described in more detail below, since 2008, this has included consideration of whether it would be in the best interests of Trubion and its stockholders to continue as a separate company, complete a substantial reduction in force and implement other significant changes in the scope of its operations, or to combine with or be acquired by another company.

In December 2005, prior to Trubion s initial public offering, Trubion entered into a collaboration agreement with Wyeth, now a wholly owned subsidiary of Pfizer, for the development and worldwide commercialization of TRU-015 and other CD20-directed therapeutics. In connection with the agreement, Wyeth paid Trubion a $40 million non-refundable, non-creditable, up-front fee in January 2006 and purchased directly from Trubion in a private placement, concurrent with its initial public offering, 800,000 shares of Trubion common stock at the initial public offering price of $13.00 per share, resulting in net proceeds to Trubion of $10.4 million. Pfizer s financial obligations under the collaboration agreement include additional amounts for reimbursement of agreed-upon external research and development costs and patent costs. Pursuant to the agreement, Pfizer is also obligated to make payments to Trubion of up to $250 million based on the achievement of specified regulatory and sales milestones for CD20-directed therapies and payments to Trubion of up to $200 million based on the specified achievement of regulatory and sales milestones for therapies directed to the small number of targets other than CD-20. In addition, Trubion will receive royalty payments in the event of future licensed product sales. Pfizer may terminate the agreement without cause at any time upon 90 days prior written notice.

In November 2007, the Trubion board of directors determined that one of its principal corporate objectives for 2008 was to consummate an additional collaboration agreement for the development and commercialization of TRU-016, which would provide additional funding for Trubion s ongoing research and development programs in the form of upfront and ongoing milestone payments. In furtherance of this objective, and pursuant to the direction of the Trubion board of directors, at various times during 2008 and 2009, members of Trubion s management team contacted over 30 potential partners and shared a variety of information regarding Trubion s clinical programs and development plans. Except as described further below, none of these discussions progressed to a level that indicated that a strategic transaction with any of these parties was a likely possibility at that time.

In November 2008, worldwide capital markets began to experience significant disruptions as a result of macroeconomic conditions in the U.S. economy. This disruption, which has continued intermittently for nearly the last two years, has made it extremely difficult for biotechnology companies such as Trubion to raise additional capital in public or private capital markets on acceptable terms, if at all. In light of macroeconomic conditions and Trubion s cash needs, Trubion s board of directors again determined in November 2008 that one of its principal corporate objectives for 2009 should be to continue to explore and consummate an additional collaboration agreement or other strategic transaction or alliance that would provide the company with additional funding for Trubion s ongoing research and development programs.

In an effort to further reduce its operating costs, in February 2009, Trubion announced a workforce reduction of approximately twenty-five percent of its employees, which included the elimination of certain existing positions across its research and administrative functions.

During the first half of 2009, pursuant to the direction of the Trubion board of directors, members of Trubion s management team continued to meet with potential partners, including Facet Biotech Corporation. In addition, throughout this time, Dr. Peter A. Thompson, then chief executive officer of Trubion, was in regular contact with the Trubion board of directors and provided periodic updates, and solicited and received guidance from the Trubion board of directors, regarding all ongoing discussions. These discussions, with Facet and others, involved a wide range of possible strategic transactions, including, but not limited to, collaborations regarding TRU-016 and various other preclinical programs and possible business combinations.

On March 18, 2009, representatives from Facet met at Trubion s offices in Seattle, Washington with Dr. Thompson and Dr. Steven Gillis, Trubion s lead director at that time, to discuss the possibility of a business combination.

On March 20, 2009, Trubion received an unsolicited indication of interest from an executive of Company A, a biotechnology company focused on human antibodies that is publicly traded outside the United States, expressing an interest in exploring possible partnership opportunities, including potential licenses or options to license individual assets, co-development opportunities and a possible combination of the two companies. On March 31, 2009, Trubion entered into a nondisclosure agreement with Company A to facilitate further discussions.

On April 7, 2009, Trubion s board of directors met telephonically and, among other things, engaged in separate meetings with representatives of MTS Health Partners and two other investment banking firms regarding strategic alternatives for the company.

On April 23, 2009, a representative of Facet delivered to Trubion a term sheet, which proposed a business combination between Trubion and Facet that would offer Trubion stockholders approximately $50 million in upfront payments with a further opportunity to receive additional payments of approximately $200 million based on the achievement of future milestones related to Trubion s collaboration agreement with Pfizer and certain development and commercial milestones related to TRU-016. On that same day, Dr. Thompson, Ms. Michelle G. Burris, chief operating officer of Trubion, and Ms. Kathleen M. Deeley, general counsel of Trubion, participated in a telephonic conference with a representative of MTS Health Partners to discuss the terms of an engagement letter for MTS Health Partners to serve as Trubion s financial advisor.

On April 24, 2009, Dr. Thompson was contacted by a member of the senior management team of Company B, a publicly-traded biotechnology company focused on oncology drugs, regarding possible interest in a transaction with Trubion. In addition, on that day, Dr. Thompson contacted a representative of Company C, a large publicly traded pharmaceutical company with which Trubion has had discussions, at various times over a period of several years, regarding its interest in Trubion s intellectual property and other potential strategic transactions. Dr. Thompson indicated that Trubion had received a proposal regarding a possible business combination and inquired whether Company C would be interested in submitting its own proposal for such a transaction.

On April 30, 2009, Trubion engaged MTS Health Partners as its financial advisor. The terms of MTS Health Partners engagement were reflected in an engagement letter that was subsequently amended and restated on June 4, 2009.

At various times during the last week of April 2009 and the first two weeks of May 2009, members of Trubion s management team met with representatives of MTS Health Partners and Fenwick & West LLP, Trubion s legal advisor, regarding the matters set forth in the Facet term sheet.

On May 6, 2009, representatives of Company A conducted due diligence at Trubion s offices and discussed a potential business combination with members of Trubion s management team.

On May 11, 2009, a senior executive of Company B and Dr. Thompson had a telephone call for the purpose of exploring the possible interest of Company B in a business combination.

On May 12, 2009, Trubion s board of directors met telephonically to discuss matters related to the possible transaction with Facet and the other possible transactions under discussion. Representatives from Trubion s management team, MTS Health Partners and Fenwick participated in the board meeting. Members of the board of directors asked questions and provided guidance to the management team and MTS Health Partners regarding continued negotiation of terms and strategy.

On May 14, 2009, a representative of Company A requested additional financial information from Ms. Burris and Ms. Deeley regarding Trubion.

On May 15, 2009, Dr. Thompson communicated with members of Trubion s board of directors regarding the offer from Facet. Also on May 15, 2009, Trubion presented Facet with a counter-offer to Facet s term sheet proposing that Facet pay Trubion stockholders $85 million in upfront payments, with at least 60% payable in cash and the remainder in Facet stock, with further potential payments of $325 million based on the achievement of development and commercial milestones related to TRU-016 and additional further potential payments based on the sharing of milestone payments earned under Trubion s collaboration agreement with Pfizer. On May 18, 2009, Dr. Thompson and Dr. Faheem Hasnain, Facet s chief executive officer, had a phone call to discuss various matters related to the proposed terms for a merger between Facet and Trubion and a representative of MTS Health Partners discussed various related matters with a representative of Facet s financial advisor.

Also on May 18, 2009, Dr. Thompson and a senior executive of Company A met in person and the senior executive advised Dr. Thompson that the board of directors of Company A had authorized Company A to proceed with further discussions regarding a possible business combination between Company A and Trubion.

On May 19, 2009, Dr. Thompson had a phone call with a senior executive from Company C during which the representative conveyed Company C s interest in pursuing a possible business combination with Trubion. Company C s continued interest in such a transaction was reconfirmed on May 22, 2009, in a phone call between Dr. Thompson and a senior executive from Company C.

On May 26 and 27, 2009, Trubion s board of directors met in person and discussed, among other things, the status of various possible strategic transactions. Representatives of Trubion s management team and Fenwick were present during the meeting.

On May 26, 2009, a senior executive of Company A delivered a letter to Dr. Thompson that set forth preliminary terms for a possible merger, indicating only a range of consideration between $4.00 and $6.00 per share and future possible payments in the form of contingent value rights. On May 29, 2009, a senior executive of Company A delivered an additional letter to Dr. Thompson that revised the terms of the possible merger, indicating a range of $5.00 to $7.00 per share to be paid solely in the form of shares of the stock of Company A with no future contingent payments.

On May 27, 2009, Facet delivered a revised term sheet to Trubion, which contemplated a merger transaction that would offer Trubion stockholders between $75 million and $85 million in upfront payments with a further opportunity to receive additional payments of less than $200 million based on the achievement of future milestones, which were not specifically enumerated but related primarily to the development and commercialization of certain Trubion assets.

On June 3, 2009, a representative of MTS Health Partners discussed process, timing and other matters, including the revised term sheet, with a representative of the financial advisor of Company A.

On June 5, 2009, representatives of Trubion, including Dr. Thompson and representatives of MTS Health Partners, had discussions with representatives of Facet, including Dr. Hasnain and representatives of Facet s financial advisors,

regarding Trubion s collaboration with Pfizer and related matters regarding Trubion s CD20-directed therapies.

On June 8, 2009, representatives of Company C conducted in-person diligence at Trubion s offices in Seattle, Washington and Drs. Thompson and Gillis met with a senior executive of Company C to discuss further a potential business combination. On June 11, 2009, a representative of MTS Health Partners met with a representative of Company C to continue exploratory discussions regarding Company C s interest in a business combination transaction with Trubion.

On June 11, 2009, a representative of MTS Health Partners and a representative of Company A s financial advisor had a discussion during which the terms of Company A s offer of May 29, 2009 were reconfirmed.

On June 12, 2009, representatives of Facet and Trubion met and mutually agreed to terminate further discussion regarding a merger transaction and to focus on seeking opportunities to strategically partner in respect of TRU-016.

On June 17, 2009, representatives of MTS Health Partners and representatives of Company A s financial advisor had further discussions regarding process and valuation.

During June 2009, discussions continued between Trubion and Company C regarding a possible business combination transaction. Trubion and Company C executed a nondisclosure agreement and Trubion made additional due diligence materials available to Company C, although Company C ultimately declined to pursue a business combination.

On June 25, 2009, representatives of Trubion, including Dr. Thompson and a representative of MTS Health Partners, met with representatives of Company A, including Company A s chief executive officer, at Company A s headquarters for in-person diligence and further discussion of the terms for a potential business combination.

At various times during July 2009, representatives of Trubion and representatives of Company A met to continue diligence activities and negotiate the terms of the potential business combination. On July 9, 2009, legal counsel for Company A delivered a draft merger agreement to a representative of Fenwick.

On July 22, 2009, a representative of Company A informed a representative of Trubion that Company A was ceasing discussions regarding a possible business combination.

On July 31, 2009, representatives of Trubion met with representatives of Company B to continue discussions regarding a possible business combination. Discussions with Company B did not progress further.

From mid-June 2009 until mid-August 2009, Trubion and Facet commenced detailed discussions of the structure of a possible collaboration in respect of TRU-016, and the parties and their respective legal advisors drafted and negotiated the related definitive documentation.

On August 24, 2009, Trubion s board of directors met in person to discuss and approve the proposed collaboration in respect of TRU-016. Representatives of Trubion s management team and Fenwick were present. Between August 24, 2009 and August 27, 2009, definitive documentation was finalized and on August 27, 2009, Trubion entered into a collaboration agreement with Facet for the joint worldwide development and commercialization of TRU-016. The collaboration agreement includes TRU-016 in all indications and all other CD37-directed protein therapeutics. Trubion received an up-front payment of $20 million in cash in September 2009 and, pursuant to the collaboration agreement, may receive up to $176.5 million in additional contingent payments upon the achievement of specified development, regulatory and sales milestones. Trubion and Facet share equally the costs of all development, commercialization and promotion activities and all global operating profits. In connection with the collaboration agreement, Trubion and Facet also entered into a stock purchase agreement, pursuant to which Facet purchased 2,243,649 shares of Trubion s common stock for an aggregate purchase price of $10 million.

On November 16, 2009, Dr. Thompson retired as Trubion s chief executive officer and president, and also retired, effective as of November 15, 2009, from its board of directors to pursue other interests. On the same day, Trubion s board of directors appointed Dr. Gillis as executive chairman of the board of directors and acting president. Trubion promptly commenced a nationwide search for a permanent principal executive officer. Between November 2009 and August 2010, Dr. Gillis and/or members of Trubion s chief executive officer search committee interviewed 17 candidates for its principal executive officer position, although the search process was impacted in the latter part of

that period as a result of the discussions regarding possible business combinations that were ongoing at that time. Trubion had been unable to reach mutually agreeable terms with a suitable candidate prior to the execution of the merger agreement with Emergent BioSolutions and the search has been suspended since that date.

On November 17, 2009, the Trubion board of directors again determined that one of its principal corporate objectives for 2010 should be to continue to explore the possibility for and, if appropriate, consummate at least one additional collaboration agreement for the development and commercialization of one or more of Trubion s

preclinical programs, which would provide additional funding for Trubion s ongoing research and development programs in the form of upfront and ongoing milestone payments.

In furtherance of this objective, at various times during 2010 prior to the execution of the merger agreement with Emergent BioSolutions, Trubion contacted over 100 potential partners and various members of Trubion s management team met with a total of 46 potential partners and shared a variety of information regarding Trubion s preclinical programs and platform technologies. At the time of the execution of the merger agreement, only eleven of the meetings either were with potential partners with which Trubion had executed nondisclosure agreements prior to 2010, led to the execution of new non disclosure agreements or led to the expansion of existing nondisclosure agreements to cover additional information, and only two of the discussions had progressed to a point where the parties had been negotiating term sheets, both of which involved potential collaborations that would result in less than $10 million of potential non-contingent payments to Trubion during the first year of the collaboration.

In parallel with the strategic partnering activities that occurred during 2010, acting pursuant to the direction of the Trubion board of directors, Dr. Gillis and Ms. Burris met telephonically at various times with representatives of MTS Health Partners in order to compile a list of companies that might be interested in a business combination transaction with Trubion. Between November 2009 and August 2010, MTS Health Partners and/or representatives of Trubion contacted 17 potential acquirers. Of those, eight entered into nondisclosure agreements with Trubion and five conducted diligence on Trubion s business and operations. Except as set forth below, none of the parties contacted during this process conveyed to Trubion serious interest in pursuing a transaction. In addition, throughout this time, Dr. Gillis was in regular contact with the Trubion board of directors and provided periodic updates, and solicited and received guidance from the Trubion board of directors, regarding all ongoing discussions.

On November 19, 2009, Dr. Gillis had a telephone call with the chief executive officer of Company A to determine whether Company A would be interested in reconsidering the possibility of a business combination. The following week Company A informed Dr. Gillis that it was not interested in resuming such discussions.

On December 2, 2009, Dr. Gillis and Ms. Burris met with representatives of Company C, which had been acquired, to discuss whether Company C would be interested in reconsidering the possibility of a business combination. Thereafter, Trubion provided additional diligence materials to Company C. However, on February 2, 2010, representatives of Company C again informed representatives of Trubion that it was not interested in pursuing a business combination.

On December 3, 2009, members of the board of directors of Company D, a publicly traded biotechnology company focused on RNA-based therapeutics, contacted Dr. Gillis about a potential business combination. Following execution of a nondisclosure agreement, representatives of Company D and Trubion met multiple times and exchanged information regarding each company s respective proprietary technologies and development candidates. Discussions ended at the end of March 2010.

On March 9, 2010, Abbott Laboratories announced a definitive agreement related to its tender offer to purchase all of Facet s outstanding common stock. On April 21, 2010, the transaction closed.

On March 16, 2010, Ms. Burris, who had been appointed as Trubion s chief operating officer, met with a representative of Wedbush and he presented her with information regarding the possibility for a possible strategic transaction with Emergent BioSolutions. On April 13, 2010, Trubion executed a nondisclosure agreement with Emergent BioSolutions. During April and May 2010, members of Trubion s senior management team met with representatives of Emergent BioSolutions to discuss terms for a possible business combination between the two companies.

On April 15, 2010, Dr. Gillis met with a representative of Company E to discuss Trubion s existing collaboration with Facet and whether Company E would be interested in acquiring Trubion s 50% interest in respect of non-North American rights to TRU-016.

On May 19, 2010, Emergent BioSolutions delivered a written indication of interest to Trubion in respect of a possible business combination that would offer Trubion stockholders and optionholders an aggregate of approximately $100 million to $115 million in upfront payments with additional consideration, if any, to be in the form of structured payments. On May 20, 2010, Ms. Burris, Ms. Deeley, a representative of MTS Health Partners and

representatives of Emergent BioSolutions met telephonically to discuss possible transaction terms and Trubion provided Emergent BioSolutions with access to Trubion s electronic data room to facilitate due diligence.

On May 25 and 26, 2010, Trubion s board of directors met in person and discussed, among other things, potential strategic alternatives available to the company, including Emergent BioSolutions written indication of interest. Representatives of Trubion s management team and Fenwick were present.

On May 25, 2010, Dr. Gillis met with the chief executive officer of Company F, a publicly traded biotechnology company focused on oncology products, and discussed the possibility of entering into a business combination and, on June 1, 2010, Trubion and Company F entered into a nondisclosure agreement.

On May 28, 2010, Dr. Gillis contacted a representative of Company E and disclosed that Trubion had received an unsolicited offer for a business combination from a third party and inquired as to Company E s interest in pursuing a business combination. The parties entered into a nondisclosure agreement on June 2, 2010. On June 11, 2010, a representative of Company E informed Dr. Gillis that it was declining the opportunity for further discussions regarding a business combination with Trubion.

On June 6, 2010, Trubion s board of directors met telephonically to discuss a possible transaction with Emergent BioSolutions. The board of directors also discussed contingent alternatives to the completion of a transaction with Emergent BioSolutions, which included significantly reducing Trubion s headcount and expenditures by eliminating its research organization in order to preserve the company s cash resources. Representatives of Trubion s management team and Fenwick were present. On June 8, 2010, pursuant to the direction of the Trubion board of directors, Trubion delivered a written counterproposal to the indication of interest delivered by Emergent BioSolutions on May 19, 2010 proposing that Emergent Biosolutions pay Trubion stockholders $6.00 per share in upfront payments, with at least 20% but no more than 50% to be paid in cash and the remainder in Emergent Biosolutions stock, with further potential payments based on the achievement of future milestones related to Trubion s collaboration agreements with Pfizer and Abbott during the 36-months after the closing of an acquisition.

On June 14, 2010, Trubion announced that Pfizer had decided to discontinue development of TRU-015, an investigational drug in Phase II evaluation for the treatment of rheumatoid arthritis that was being developed under the collaboration agreement between Trubion and Pfizer.

On June 15, 2010, a representative of Company F provided Dr. Gillis with a written list of diligence inquiries regarding Trubion.

During early June 2010, Emergent BioSolutions continued its due diligence review of Trubion and its research and development programs. On June 20, 2010, Trubion s board of directors again met telephonically to discuss the proposed strategic transaction with Emergent BioSolutions. Representatives of Trubion s management team and Fenwick were present.

On June 21, 2010, Emergent BioSolutions provided Trubion with a revised written proposal for a business combination and members of Trubion s management team, including Dr. Gillis, Ms. Burris and Ms. Deeley, and a representative of MTS Health Partners had a telephone call with representatives of Emergent BioSolutions to discuss the revised terms. The June 21 proposal stated that Emergent BioSolutions was prepared to pay upfront consideration of $117.8 million at the closing of the transaction, with at least 20% but no more than 50% of the upfront consideration to be paid in cash and the balance to be paid in shares of Emergent BioSolutions stock. The June 21 proposal further provided that Emergent BioSolutions would pay up to an additional $17 million in future payments contingent on the achievement of milestones under the Pfizer and Abbott collaboration agreements before the third anniversary of the closing of the Emergent BioSolutions transaction. In its June 21 proposal, Emergent BioSolutions

requested a 45-day exclusivity period in order to negotiate definitive agreements and provided a proposed form of exclusivity agreement.

On June 22, 2010, Trubion provided Emergent BioSolutions with a written counterproposal to the revised proposal received on June 21, 2010. The June 22 Trubion counterproposal called for upfront consideration of $120 million, with at least 20% but no more than 50% of the upfront consideration to be paid in cash and the balance to be paid in shares of Emergent BioSolutions stock. The June 22 Trubion counterproposal also provided for contingent payments totaling up to an additional $19.4 million.

On June 23, 2010, representatives of Emergent BioSolutions conducted due diligence meetings in Seattle, Washington and members of Trubion s management team, including Ms. Deeley, Ms. Burris, Drs. Gillis and Mohler, chief scientific officer of Trubion, and others, and members of Emergent BioSolutions management team discussed the terms of the proposals and, at Emergent BioSolutions request, the possibility of entering into exclusive negotiations.

On June 24, 2010, Dr. Gillis informed the chief executive officer of Company F of the possibility that, in light of, among other things, Company F s inability to offer business combination terms that were competitive with those already presented by a third party, Trubion would be entering into exclusive negotiations regarding a business combination with the third party.

On June 24, 2010, members of Trubion s management team, including Ms. Burris had a telephone call with members of Emergent BioSolutions management team to discuss Trubion s response to the revised proposal from Emergent BioSolutions.

On June 25, 2010, Trubion provided Emergent BioSolutions a revised form of exclusivity agreement. The revised proposal, among other things, provided that Trubion would have the right to participate in negotiations with or furnish information to any third party that submitted an unsolicited proposal for a transaction that the Trubion board determined in good faith would be more favorable to Trubion stockholders. It also provided that exclusivity would terminate immediately in the event that Emergent BioSolutions proposed terms for the transaction that were less favorable to Trubion stockholders than those set forth in its current proposal. On June 26 and June 27, 2010, negotiations and discussions regarding the terms for the transaction and for exclusivity continued. On June 28, 2010, members of Trubion s management team, including Dr. Gillis, Ms. Burris and Ms. Deeley met in Rockville, Maryland with members of Emergent BioSolutions management team to further discuss the terms of the proposed transaction and the proposed exclusivity terms.

On June 29, 2010, Emergent BioSolutions provided Trubion a revised proposal for a merger, which included upfront consideration of $117.8 million, with at least 20% but no more than 50% to be paid in cash and the balance to be paid in shares of Emergent BioSolutions stock, as well as contingent payments of up to $17.75 million upon the achievement of milestones under the Pfizer and Abbott collaboration agreements.

On June 29, 2010, Trubion s board of directors met telephonically to discuss the terms of the proposed transaction with Emergent BioSolutions. Representatives of Trubion s management team, MTS Health Partners and Fenwick participated in the meeting. At the meeting, Trubion s board of directors discussed the status and terms of the proposed transaction as set forth in the June 29 proposal, as well as the proposed exclusivity terms. Dr. Gillis described the negotiations and discussion that led to the proposal. Representatives of MTS Health Partners delivered a presentation regarding the financial analyses of certain strategic options available to the company. A representative of Fenwick advised Trubion s board of directors with respect to related legal matters. Following these discussions, Trubion s board of directors approved the execution of an exclusivity letter with Emergent BioSolutions that extended the exclusivity period to July 26, 2010, subject to Trubion s right to participate in negotiations with a third party that submitted an unsolicited proposal for a transaction that the Trubion board determined in good faith would be more favorable to Trubion stockholders. It also provided that exclusivity would terminate immediately in the event that Emergent BioSolutions proposed terms for the transaction less favorable to Trubion stockholders than those set forth in Emergent BioSolutions current proposal.

On June 30, 2010, Trubion executed an exclusivity letter with Emergent BioSolutions that was in accordance with the terms approved by the Trubion board of directors and delivered an initial draft of the merger agreement and related transaction documents to Emergent BioSolutions.

On July 1, 2010, Fenwick delivered a written request for diligence materials to Emergent BioSolutions. On the same date, Emergent BioSolutions notified Trubion that Bingham McCutchen LLP was serving as its legal counsel in respect of the proposed transaction.

On July 7, 2010, Emergent BioSolutions made diligence materials available to Trubion and Fenwick in an electronic data room.

On July 9, 2010, Bingham delivered initial comments on the merger agreement and related transaction documents to Fenwick. On July 14, 2010, Fenwick delivered revised versions of the merger and related agreements to Bingham. On July 15 and 16, 2010, representatives of Trubion and Fenwick met in person with representatives of Emergent BioSolutions and Bingham at Emergent BioSolutions offices in Rockville, Maryland to discuss diligence and to negotiate the merger agreement and related transaction documents.

On July 14, 2010, Emergent BioSolutions notified Trubion that it had engaged Wedbush as its financial advisor.

From July 16 through July 28, 2010, representatives of Fenwick and Bingham conferred telephonically and exchanged drafts of the transaction documents, continuing progress toward finalizing the definitive documentation for the transaction. In addition, Emergent BioSolutions continued its due diligence review of Trubion and Trubion continued its due diligence review of Emergent BioSolutions. Among the key issues in the definitive documentation subject to negotiation were the conditions to closing of the transaction, including the material adverse effect conditions to the closing and whether certain third-party consents or approvals would be required by Emergent BioSolutions as a condition to closing, the amount of the termination fee payable by Trubion and the circumstances under which such a fee would be payable (with the parties ultimately agreeing to a $3 million termination fee), the terms of the lock-up agreements, the scope of Emergent BioSolutions representations, warranties and covenants to Trubion and the information and dispute resolution provisions of the contingent value rights agreement.

On July 26, 2010, the exclusivity agreement expired and was not extended. On July 28, 2010, Emergent BioSolutions notified Trubion that, due to concerns regarding potential consequences of Abbott not continuing its strategic collaboration with Trubion, and a declining Trubion stock price, it was revising the terms of its offer to reduce the upfront consideration and increase the contingent consideration tied to the achievement of milestones. Representatives of Wedbush contacted representatives of MTS Health Partners to convey the revised proposal, which maintained the aggregate deal consideration of $135.55 million but provided for a reduced upfront payment of $86.55 million in the aggregate and $49.0 million in post-closing contingent consideration subject to the achievement of milestones.

On July 28, 2010, following the expiration of Trubion s exclusivity letter with Emergent BioSolutions, Ms. Burris contacted a representative of Company E again regarding Company E s interest in acquiring Trubion s 50% interest in respect of non-North American rights to TRU-016. On August 1, 2010, Company E declined to pursue such an opportunity.

On July 29, 2010, Trubion s board of directors met telephonically to discuss the revised proposal and to evaluate strategic alternatives to the Emergent BioSolutions transaction. Representatives of Trubion s management team, MTS Health Partners and Fenwick were present. At the meeting, Trubion management presented information regarding Trubion s estimated cash availability and requirements through 2012 based on the current business plan, as well as an alternative plan to preserve cash resources that would call for a substantial reduction in force, the cessation of all preclinical programs and the completion of a small equity financing based on currently available terms. MTS Health Partners presented information regarding the current Emergent BioSolutions proposal and the implied premium over Trubion s recent trading prices, as well as premiums paid in comparable transactions in the biotechnology industry. Following discussion, the Trubion board of directors advised Dr. Gillis and MTS Health Partners to return to Emergent BioSolutions with a counterproposal. Later that day representatives of MTS Health Partners met telephonically with representatives of Wedbush to deliver the Trubion counterproposal, which increased the upfront payments to $102.3 million and reduced the contingent payments to $35.5 million for a total consideration value of up to $137.8 million.

On July 30, 2010, Bingham delivered further comments on the revised merger agreement and related transaction documents.

Also, on July 30, 2010, Wedbush delivered a further revised proposal to MTS Health Partners providing for $95.7 million in upfront consideration, with 70% of the upfront consideration paid in Emergent BioSolutions stock and 30% paid in cash, and $39.8 million in contingent post-closing cash payments for a total consideration value of up to $135.5 million. Representatives of Trubion and Emergent BioSolutions discussed and further negotiated the revised proposal. On August 1, 2010, agreement in principle was reached on the economic terms for the transaction, which included an upfront payment of $4.55 per share (for an implied aggregate value of approximately

$96.8 million), with 70% of the upfront consideration paid in Emergent BioSolutions stock and 30% paid in cash, and $38.7 million in contingent post-closing cash payments for a total consideration value of $135.5 million. These terms are set forth in the final merger agreement and described herein. At the time, however, the execution of definitive agreements regarding the merger remained subject to continued due diligence by both parties and continued negotiation of the terms and conditions of the merger agreement and related transaction documents.

On July 30, 2010, Bingham delivered a revised copy of the merger agreement to Fenwick. Between July 30, 2010 and August 12, 2010, representatives of Trubion and Fenwick, on the one hand, and Emergent BioSolutions and Bingham, on the other hand, met telephonically and exchanged drafts of the transaction documents, continuing progress toward finalizing the definitive documentation for the transaction. In addition, Emergent BioSolutions continued its due diligence review of Trubion and Trubion continued its due diligence review of Emergent BioSolutions.

On August 12, 2010, the Trubion board of directors held a special telephonic meeting to discuss and consider the negotiated terms of the transaction documents with Emergent BioSolutions and to seek to reach a final determination of the board of directors views on the merger agreement and the proposed merger. At the meeting MTS Securities, LLC, or MTS, an affiliate of MTS Health Partners, reviewed with the Trubion board of directors, MTS financial analysis of the consideration to be received by the holders of Trubion common stock in the merger. After the presentation, representatives of MTS discussed and responded to questions from the Trubion board of directors regarding the financial analysis. Following further discussion, MTS provided an oral opinion, later confirmed in writing, to the effect that, based upon and subject to the various assumptions made, procedures followed, matters considered and limitations described, as of August 12, 2010, the merger consideration to be received by the holders of shares of Trubion common stock (other than Emergent BioSolutions, merger sub, and their affiliates) pursuant to the merger agreement is fair, from a financial point of view, to such holders. A representative of Fenwick then reviewed the negotiated terms of the merger agreement and related documents and discussed the fiduciary duties of the Trubion board of directors with respect to the proposed agreements and the transactions contemplated by them.

Following additional discussion, and after considering, among other things, the factors described below under Trubion s Reasons for the Merger; Recommendation of Trubion Board of Directors, the Trubion board of directors unanimously adopted resolutions recognizing that the proposed terms of the merger agreement and other transaction documents, and the merger and other transactions contemplated by the merger agreement, are advisable and fair to and in the best interests of Trubion and its stockholders, adopting the merger agreement and other transaction documents, approving the merger and the other transactions contemplated by the merger agreement, authorizing execution of the merger agreement and related documents and recommending that Trubion stockholders adopt the merger agreement.

After the Trubion board of directors meeting adjourned, Fenwick and Bingham finalized the definitive documentation for the transaction, and the merger agreement and related agreements were executed. The transaction was publicly announced in a press release issued after the closing of the market on August 12, 2010.

Trubion s Reasons for the Merger; Recommendation of Trubion Board of Directors

The Trubion board of directors, acting with the advice and assistance of its financial and legal advisors, MTS and Fenwick, evaluated the terms and conditions of the merger agreement and related transactions. All of the members of the Trubion board of directors unanimously (i) determined that the merger agreement and the transactions contemplated thereby, including the merger, are advisable and fair to and in the best interests of, Trubion and its stockholders, (ii) approved the merger agreement and the transactions contemplated thereby, including the merger, and (iii) resolved to recommend that Trubion stockholders vote in favor of the adoption of the merger agreement.

Trubion s board of directors considered a number of factors in its deliberations, including, among others, the following:

the possible alternatives to a sale of Trubion and the risks and uncertainties related to not selling the company, including the risks involved in Trubion s product development pipeline, and the fact that Trubion would need to raise significant additional capital to support its business operations (which, if available, would likely result in further significant dilution to Trubion s stockholders), cease preclinical activities and complete a substantial reduction in force;

the risk that Trubion or its partners would be unable to successfully commercialize Trubion s partnered clinical product candidates and that applicable milestones giving rise to milestone payments to Trubion under the Pfizer and Abbott collaboration agreements might not be achieved;

Trubion s inability to complete additional strategic collaboration transactions during the period from August 2009 through August 2010 despite Trubion management s attempts to attract and complete such transactions;

the fact that Trubion s common stock has traded at low volumes on the Nasdaq Global Market for a significant period of time, which has made it difficult for Trubion to raise capital in the public or private markets or offer opportunities for liquidity to its existing stockholders;

a sale process that presented the opportunity for a business combination with Trubion to a substantial number of third parties and generated several potentially interested parties but ultimately culminated in only the Emergent BioSolutions offer;

the fact that the upfront merger consideration, based on the average trading price of Emergent BioSolutions common stock for the five consecutive trading days ending August 11, 2010, the last full trading day before the announcement of the merger, represents an approximately 57% premium over the closing price ($2.90) of Trubion common stock on the Nasdaq Global Market on August 11, 2010, and represents, based on the closing price of Emergent BioSolutions common stock on September 22, 2010, the last trading day prior to the date of this proxy statement/prospectus, an approximately 49% premium over the closing price ($2.90) of Trubion common stock on August 11, 2010;

the fact that the total potential merger consideration, including the potential CVR payments, based on the average trading price of Emergent BioSolutions common stock for the five consecutive trading days ending August 11, 2010, the last full trading day before the announcement of the merger, represents an approximately 117% premium over the closing price ($2.90) of Trubion common stock on August 11, 2010, and represents, based on the closing price of Emergent BioSolutions common stock on September 22, 2010, the last trading day prior to the date of this proxy statement/prospectus, an approximately 109% premium over the closing price ($2.90) of Trubion common stock on August 11, 2010;

the fact that a significant portion of the merger consideration consists of shares of Emergent BioSolutions common stock, which allows Trubion stockholders to benefit from any future growth of the combined company, and the possibility that Trubion s business would benefit from the greater resources of Emergent BioSolutions;

the fact that the CVRs represent further potential upside to the upfront merger consideration that, if paid, would add approximately $1.75 per share in cash value for Trubion stockholders based on the number of shares of Trubion common stock outstanding on August 11, 2010 and the number of Trubion stock options outstanding as of such date with a per share exercise price below $4.55;

the fact that the financial and other terms and conditions of the merger agreement and the transactions contemplated by the merger agreement were the product of extensive arm s-length negotiations between the parties;

the fact that under the terms of the merger agreement, the completion of the merger is not conditioned on Emergent BioSolutions ability to obtain financing or an affirmative vote of its stockholders and there are very limited conditions to closing, increasing the likelihood that the transaction will be consummated;

the MTS financial analysis of the merger consideration and the opinion of MTS, delivered on August 12, 2010, to the effect that, as of such date and based upon and subject to the factors, procedures, assumptions, qualifications and limitations set forth in the opinion, the merger consideration to be received by the holders of shares of Trubion common stock (other than Emergent BioSolutions, merger sub, and their affiliates) pursuant to the merger agreement is fair from a financial point of view to such holders, as described below in the section entitled Opinion of Trubion s Financial Advisor ;

the terms of the merger agreement that, subject to compliance with certain terms and conditions permit the Trubion board of directors:

- in the exercise of its fiduciary duties, to furnish nonpublic information in response to, and to negotiate with regard to, unsolicited alternative proposals, if the board of directors determines in good faith after consultation with outside counsel that an unsolicited alternative offer could lead to a superior offer; and

- to change its recommendation with respect to the merger if the board of directors determines in good faith, after it has received a superior offer and after consultation with outside counsel, that the failure to do so would reasonably be expected to result in a breach of its fiduciary duties;

the belief that the termination fee amount under the merger agreement, and the circumstances under which the termination fee would be required to be paid, are reasonable compared to other similar public company merger transactions, and would not unreasonably deter another potential bidder from considering a transaction with Trubion at a higher price;

the results of Trubion s due diligence review of Emergent BioSolutions products, business, finances, operations and perceived prospects; and

the fact that a vote of Trubion stockholders on the merger is required under Delaware law, and that stockholders who do not vote in favor of the adoption of the merger agreement will have the right to demand appraisal of the fair value of their shares under Delaware law.

Trubion s board of directors also considered a variety of risks and other potentially negative factors concerning the merger agreement, the merger and the other transactions contemplated by the merger agreement, including the following:

the fact that following the merger, Trubion will no longer exist as an independent, stand-alone company and its stockholders will not benefit from appreciation in value of the company other than through the CVRs and their ownership of Emergent BioSolutions common stock;

the risks and costs (both financial and otherwise) to Trubion if the merger does not close, including the diversion of management and employee attention, potential employee attrition and potential impact on its business;

risks relating to the value of the Emergent BioSolutions common stock that Trubion stockholders will receive in the merger;

the fact that a significant portion of the merger consideration, which is represented by the CVRs, is contingent and is dependent on Emergent BioSolutions ability to maintain and continue to cultivate Trubion s existing partnerships;

the restrictions on the conduct of Trubion s business prior to the consummati