

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 1999

OR

/ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

Commission file number: 0-15006

AVANT IMMUNOTHERAPEUTICS, INC.
(Exact name of registrant as specified in charter)

DELAWARE
(State of Incorporation)

NO. 13-3191702
(I.R.S. Employer Identification No.)

119 FOURTH AVENUE, NEEDHAM, MASSACHUSETTS 02494-2725
(Address of principal executive offices) (Zip code)

(781) 433-0771
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes No .

Class

Outstanding as of
November 9, 1999

Common Stock, par value \$.001

48,011,026

AVANT IMMUNOTHERAPEUTICS, INC.

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

AVANT IMMUNOTHERAPEUTICS, INC.
CONDENSED CONSOLIDATED BALANCE SHEET
SEPTEMBER 30, 1999 AND DECEMBER 31, 1998

	SEPTEMBER 30, 1999	DECEMBER 31, 1998
		(audited)
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 15,848,700	\$ 8,937,200
Marketable Securities	--	4,903,100
Current Portion Restricted Cash	750,000	750,000
Current Portion Lease Receivable	395,700	395,700
Prepaid Expenses and Other Current Assets, Net	640,900	629,700
Total Current Assets	17,635,300	15,615,700
Property and Equipment, Net	1,261,100	1,111,400
Restricted Cash	265,000	365,000
Long-Term Lease Receivable	539,600	827,300
Other Assets	3,677,200	4,730,700
Total Assets	\$ 23,378,200	\$ 22,650,100
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts Payable	\$ 60,100	\$ 363,700
Accrued Expenses	954,800	1,184,700
Deferred Revenue	--	750,000
Short-Term Note Payable	750,000	750,000
Current Portion Lease Payable	269,200	269,200
Total Current Liabilities	2,034,100	3,317,600
Long-Term Lease Payable	351,000	562,900
Stockholders' Equity:		
Common Stock, \$.001 Par Value	48,000	42,500
Additional Paid-In Capital	150,631,400	140,777,200
Less: Common Treasury Shares at Cost	--	(13,800)
Accumulated Deficit	(129,686,300)	(122,036,300)
Total Stockholders' Equity	20,993,100	18,769,600
Total Liabilities and Stockholders' Equity	\$ 23,378,200	\$ 22,650,100

SEE ACCOMPANYING NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

AVANT IMMUNOTHERAPEUTICS, INC.
CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE QUARTERS ENDED SEPTEMBER 30, 1999 AND 1998

	SEPTEMBER 30, 1999	SEPTEMBER 30, 1998

OPERATING REVENUE:		
Product Sales, Product Development and Licensing Agreements	\$ 297,700	\$ 411,300

OPERATING EXPENSE:		
Research and Development	1,855,500	1,764,900
General and Administrative	791,800	795,500
Amortization of Goodwill	318,900	133,000
Charge for Purchased In-Process Research and Development	--	44,630,000

Total Operating Expense	2,966,200	47,323,400

Operating Loss	(2,668,500)	(46,912,100)
Non-Operating Income, Net	116,500	144,000

Net Loss	\$ (2,552,000)	\$ (46,768,100)

Basic and Diluted Net Loss Per Common Share	\$ (0.06)	\$ (1.35)

Weighted Average Common Shares Outstanding	43,134,600	34,722,000

SEE ACCOMPANYING NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

AVANT IMMUNOTHERAPEUTICS, INC.
CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1999 AND 1998

	SEPTEMBER 30, 1999	SEPTEMBER 30, 1998

OPERATING REVENUE:		
Product Sales, Product Development and Licensing Agreements	\$ 1,483,500	\$ 1,082,200

OPERATING EXPENSE:		
Research and Development	5,693,900	4,235,700
General and Administrative	2,736,000	2,107,200
Amortization of Goodwill	1,138,500	133,000
Charge for Purchased In-Process Research and Development	--	44,630,000
Legal Settlement	--	(165,600)

Total Operating Expense	9,568,400	50,940,300

Operating Loss	(8,084,900)	(49,858,100)
Non-Operating Income, Net	434,900	374,000

Net Loss	\$ (7,650,000)	\$ (49,484,100)

Basic and Diluted Net Loss Per Common Share	\$ (0.18)	\$ (1.65)

Weighted Average Common Shares Outstanding	42,732,400	30,025,900

SEE ACCOMPANYING NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

AVANT IMMUNOTHERAPEUTICS, INC.
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1999 AND 1998

	SEPTEMBER 30, 1999	SEPTEMBER 30, 1998
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CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Loss	\$ (7,650,000)	\$ (49,484,100)
Adjustments to Reconcile Net Loss to Net Cash Used by Operating Activities:		
Depreciation and Amortization	1,692,900	428,800
Write-off of Capitalized Patent Costs	--	12,300
Gain on Sale of Equipment	--	(20,000)
Returned Stock	--	(165,600)
Charge for Purchased In-Process Research and Development	--	44,630,000
Net Change in Current Assets and Current Liabilities	(1,294,600)	(3,223,600)
<hr/>		
Net Cash Used by Operating Activities	(7,251,700)	(7,822,200)
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CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of Property and Equipment	(580,400)	(149,200)
Proceeds from the Sale of Equipment	--	23,000
Redemption of Marketable Securities	4,903,100	1,500,700
Other Noncurrent Assets	(133,000)	(281,100)
(Increase) Decrease in Restricted Cash	100,000	(670,000)
Cash Received from Purchase of Virus Research Institute, Inc.	--	4,391,500
<hr/>		
Net Cash Provided by Investing Activities	4,289,700	4,814,900
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CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from Exercise of Stock Options	28,100	10,300
Net Proceeds from Stock Issuance	9,845,400	3,711,200
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Net Cash Provided by Financing Activities	9,873,500	3,721,500
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Increase in Cash and Cash Equivalents	6,911,500	714,200
Cash and Cash Equivalents at Beginning of Period	8,937,200	6,436,300
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Cash and Cash Equivalents at End of Period	\$ 15,848,700	\$ 7,150,500
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Supplemental Cash Flow Information		
Non-cash Investing Activities:		
Securities Issued for Acquisition of Virus Research Institute, Inc.	\$ --	\$ 60,665,500

SEE ACCOMPANYING NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

AVANT IMMUNOTHERAPEUTICS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 1999

(1) NATURE OF BUSINESS

AVANT Immunotherapeutics, Inc. ("AVANT" or the "Company") is a biopharmaceutical company engaged in the discovery, development and commercialization of products that harness the human immune response to prevent and treat disease. The Company's lead therapeutic program is focused on compounds that inhibit the inappropriate activity of the complement cascade which is a vital part of the body's immune defense system. The Company is also engaged in the development of Therapore-TM-, a novel system for the delivery of immunotherapeutics for chronic viral infections and certain cancers. The Company and its collaborators are developing vaccines using proprietary adjuvants for the prevention of influenza, Lyme disease, and respiratory syncytial virus (RSV). The Company is also developing its own proprietary vaccine for the management of atherosclerosis and, in a further collaboration, is developing an oral human rotavirus vaccine.

The condensed consolidated financial statements include the accounts of AVANT Immunotherapeutics, Inc. and its wholly owned subsidiary, T Cell Diagnostics, Inc. All intercompany transactions have been eliminated.

(2) INTERIM FINANCIAL STATEMENTS

The accompanying condensed consolidated financial statements for the three and nine months ended September 30, 1999 and 1998 include the consolidated accounts of the Company, and have been prepared in accordance with generally accepted accounting principles and with the instructions to Form 10-Q and Article 10 of Regulation S-X. In the opinion of management, the information contained herein reflects all adjustments, consisting solely of normal recurring adjustments, that are necessary to present fairly the financial positions at September 30, 1999 and December 31, 1998, the results of operations for the three and nine months ended September 30, 1999 and 1998, and the cash flows for the nine months ended September 30, 1999 and 1998. The results of operations for the three and nine months ended September 30, 1999 are not necessarily indicative of results for any future interim period or for the full year.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been omitted, although the Company believes that the disclosures included are adequate to make the information presented not misleading. The condensed consolidated financial statements and the notes included herein should be read in conjunction with footnotes contained in the Company's Annual Report on Form 10-K/A for the year ended December 31, 1998.

(3) ISSUANCE OF COMMON STOCK

In September 1999, the Company completed a private placement of approximately 5,459,400 shares of common stock to institutional investors at \$1.92 per share. Net proceeds from the offering totaled approximately \$9,838,700. The Company believes that cash inflows from existing SBIR grants and collaborations, interest income from invested funds and its current cash and cash equivalents, which includes the proceeds from the private placement, will be sufficient to meet estimated working capital requirements and fund operations through 2000. The working capital requirements of the Company are dependent on several factors including, but not limited to, the costs associated with research and development programs, preclinical and clinical studies, and the timing and scope of collaborative arrangements.

(4) NET LOSS PER SHARE

Consistent with SFAS 128, basic loss per share amounts are based on the weighted average number of shares of common stock outstanding during the period. Diluted loss per share amounts are based on the weighted average number of shares of common stock and the potential common stock outstanding during the period. The Company has excluded 5,329,896 and 5,356,667 of potential common stock shares from the calculation of diluted weighted average share amounts for the three and nine month periods ended September 30, 1999 and 1998 respectively, as its inclusion would have been anti-dilutive.

SAFE HARBOR STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995: STATEMENTS CONTAINED IN THE FOLLOWING, ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS, THAT ARE NOT HISTORICAL FACTS ARE FORWARD-LOOKING STATEMENTS AS THE TERM IS DEFINED UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995. SUCH STATEMENTS ARE SUBJECT TO A VARIETY OF RISKS AND UNCERTAINTIES. THERE ARE A NUMBER OF IMPORTANT FACTORS THAT COULD CAUSE THE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THOSE EXPRESSED IN ANY FORWARD-LOOKING STATEMENTS MADE BY THE COMPANY. THESE FACTORS INCLUDE, BUT ARE NOT LIMITED TO: (I) THE COMPANY'S ABILITY TO SUCCESSFULLY COMPLETE PRODUCT RESEARCH AND DEVELOPMENT, INCLUDING PRE-CLINICAL AND CLINICAL STUDIES, AND COMMERCIALIZATION; (II) THE COMPANY'S ABILITY TO OBTAIN SUBSTANTIAL ADDITIONAL FUNDING; (III) THE COMPANY'S ABILITY TO OBTAIN REQUIRED GOVERNMENTAL APPROVALS; (IV) THE COMPANY'S ABILITY TO ATTRACT MANUFACTURING, SALES, DISTRIBUTION AND MARKETING PARTNERS AND OTHER STRATEGIC ALLIANCES; AND (V) THE COMPANY'S ABILITY TO DEVELOP AND COMMERCIALIZE ITS PRODUCTS BEFORE ITS COMPETITORS.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OVERVIEW

The Company is engaged in the discovery, development and commercialization of products that harness the human immune response to prevent and treat disease. The Company's products derive from a broad set of complementary technologies with the ability to inhibit the complement system, regulate T and B cell activity, and enable the creation and delivery of preventative and therapeutic vaccines. The Company is using these technologies to develop vaccines and immunotherapeutics that prevent or treat disease caused by infectious organisms, and drugs and treatment vaccines that modify undesirable activity by the body's own proteins or cells.

During the quarter ended September 30, 1999, the Company initiated an open-label, Phase I/II clinical trial of its lead investigational drug, the complement inhibitor TP10. The trial is being conducted in 15 infants (under 12 months of age) undergoing cardiac surgery for congenital heart defects. The study, which is being conducted at Duke University Medical Center, will evaluate the ability of TP10 to mitigate the injury to the heart and other organs that occurs when patients are placed on cardiopulmonary bypass circuits (CPB), thus potentially improving post-operative outcome.

In August 1999, the Company announced that Innogenetics, Inc. ("Innogenetics"), a subsidiary of Innogenetics NV, acquired the Company's TRAx product line, including TRAx CD4, a diagnostic product used to measure the number of CD4 cells in blood for HIV patients. The Company will receive a combination of cash and royalty payments from Innogenetics in exchange for the worldwide rights to sell, market and manufacture the TRAx product line, as well as the patent and trademark portfolio.

In July 1999, Novartis Pharma AG, Basel, Switzerland ("Novartis") exercised its option to license TP10 following extensive preclinical testing of TP10 in its transplantation models. The exercise triggers a \$6 million equity investment and license payment, which the Company anticipates will occur during the first quarter of 2000, subject to certain conditions being met. In October 1997, the Company had entered into an option agreement with Novartis relating to the development of TP10 for use in xenotransplantation (animal organs into humans) and allotransplantation (human organs into humans). The agreement granted Novartis a two-year option to license TP10 with exclusive worldwide marketing rights (except Japan) in the fields of xenotransplantation and allotransplantation.

The Company received a milestone payment from SmithKline Beecham ("SB") in June 1999 based on successful completion of a Phase II efficacy study in infants of the Company's oral rotavirus vaccine and establishment of a commercially viable process for manufacture of the vaccine. During 1997, the Company established the collaboration with SB to develop and commercialize the Company's rotavirus vaccine. Following the completion of the Phase II study, SB has assumed responsibility for and will fund all subsequent clinical and other development activities. The Company will be entitled to receive milestone payments and royalties on vaccine sales under the agreement which grants SB exclusive worldwide marketing rights to the rotavirus vaccine.

In September 1999, the Company completed a private placement of approximately 5,459,400 shares of AVANT common stock at \$1.92 per share. Net proceeds from the common stock issuance totaled approximately \$9,838,700.

On August 21, 1998 the Company acquired Virus Research Institute, Inc. ("VRI"), a company engaged in the discovery and development of systems for the delivery of vaccines and immunotherapeutics, and novel vaccines for adults and children. The Company issued 14,036,400 shares of its common stock and warrants to purchase 1,811,200 shares of its common stock in exchange for all of the outstanding common stock of VRI, on the basis of 1.55 shares of AVANT's common stock and .20 of an AVANT warrant for each share of VRI common stock.

RESULTS OF OPERATIONS

QUARTER ENDED SEPTEMBER 30, 1999 COMPARED TO QUARTER ENDED SEPTEMBER 30, 1998 -- The Company reported a consolidated net loss of \$2,552,000, or \$.06 per share, for the quarter ended September 30, 1999, compared to a net loss of \$46,768,100, or \$1.35 per share, for the quarter ended September 30, 1998. The net loss for the quarter ended September 30, 1998 includes a charge of \$44,630,000 for purchased in-process research and development ("IPR&D") related to the acquisition of VRI in August 1998. Excluding the charge for IPR&D in 1998, the net loss for the third quarter of 1999 increased \$413,900, or 19.4%, to \$2,552,000, or \$.06 per share, from \$2,138,100, or \$.06 per share. The increase in net loss for the third quarter of 1999 compared to the third quarter of 1998 is primarily due to the increase in operating expense resulting from the acquisition of VRI combined with an increase in the amortization of goodwill from \$133,000 for the quarter ended September 30, 1998, which reflects amortization from August 21, 1998, the date of acquisition of VRI, through the end of that quarter, to \$318,900 for the same quarter in 1999.

Total operating revenue declined \$113,600, or 27.6%, to \$297,700 for the quarter ended September 30, 1999 compared to \$411,300 for the quarter ended September 30, 1998 primarily due to a reduction in amounts received in connection with Small Business Innovation Research ("SBIR") grants.

Excluding the \$44,630,000 charge for IPR&D in the third quarter of 1998, total operating expense increased \$272,800, or 10.1%, to \$2,966,200 for the third quarter of 1999 compared to \$2,693,400 for the third quarter of 1998. The increase in operating expense is primarily due to expanded operations resulting from the acquisition of VRI combined with the increase in the amortization of goodwill. Research and development expense increased \$90,600, or 5.1%, to \$1,855,500 for the third quarter of 1999 compared to \$1,764,900 for the same quarter of 1998. The increase in research and development expense is due to increased spending associated with the Company's vaccine for the management of atherosclerosis which began human clinical trials during the second quarter of 1999 combined with costs attributable to the Company's Therapore-TM- and novel polymer vaccine delivery system programs. General and administrative expense declined \$3,700, or 0.5%, to \$791,800 for the third quarter of 1999, compared to \$795,500 for the third quarter of 1998. Included in general and administrative expense for the quarter ended September 30, 1999 is a gain on the sale of the Company's TRAX-Registered Trademark product line. Excluding this gain, general and administrative expense increased slightly, primarily due to increased patent legal costs.

Non-operating income, consisting solely of interest income, decreased \$27,500, or 19.1%, to \$116,500 for the third quarter of 1999 compared to \$144,000 for the third quarter of 1998.

NINE MONTHS ENDED SEPTEMBER 30, 1999 COMPARED TO NINE MONTHS ENDED SEPTEMBER 30, 1998 -- The Company reported a net loss of \$7,650,000, or \$0.18 per share, for the nine months ended September 30, 1999, compared to a net loss of \$49,484,100, or \$1.65 per share, for the nine months ended September 30, 1998. Included in the net loss for 1998 is a charge of \$44,630,000 for purchased IPR&D related to the acquisition of VRI in August 1998. Excluding the charge for IPR&D in 1998, the net loss of the Company increased \$2,795,900, or 57.6%, to \$7,650,000, or \$0.18 per share, for the nine month period ended September 30, 1999 from \$4,854,100, or \$0.16 per share, for the same period in 1998.

Total operating revenue increased \$401,300, or 37.1%, to \$1,483,500 for the nine month period ended September 30, 1999 compared to \$1,082,200 for the same period in 1998. The increase is primarily

due to a milestone payment received in 1999 under the Company's agreement with SB based on the Company's successful completion of a Phase II efficacy study of its oral rotavirus vaccine and SB's establishment of a commercially viable manufacturing process for the vaccine. Partially offsetting this increase is a reduction in revenue derived from SBIR grants.

Excluding the \$44,630,000 charge for IPR&D in 1998, total operating expense increased \$3,258,100, or 51.6%, to \$9,568,400 for the nine months ended September 30, 1999 compared to \$6,310,300 for the nine months ended September 30, 1998. The increase in operating expense is primarily due to expanded operations resulting from the acquisition of VRI combined with an increase in goodwill amortization of \$1,005,500, or 756.0%, from \$133,000 for the period ended September 30, 1998 to \$1,138,500 for the period ended September 30, 1999. Research and development expense increased \$1,458,200, or 34.4%, to \$5,693,900 compared to \$4,235,700 for the same period in 1998, primarily due to increased spending associated with the Company's vaccine for the management of atherosclerosis which began human clinical trials during the second quarter of 1999, combined with costs attributable to the Company's Therapore-TM- and novel polymer vaccine delivery system programs. General and administrative expense increased \$628,800, or 29.8%, to \$2,736,000 for the nine months ended September 30, 1999, compared to \$2,107,200 for same period last year, primarily due to increased patent legal expense combined with increased corporate development and administrative support costs.

Non-operating income increased \$60,900, or 16.3%, to \$434,900 for the nine months ended September 30, 1999 compared to \$374,000 for the nine months ended September 30, 1998. Interest income increased \$79,500, or 22.4%, to \$434,900 for the nine months ended September 30, 1999, compared to \$355,400 for the nine months ended September 30, 1998. The increase in interest income is primarily due to higher cash balances during the first half of 1999 compared to the same period in 1998.

LIQUIDITY AND CAPITAL RESOURCES

The Company ended the third quarter of 1999 with cash and cash equivalents of \$15,848,700, compared to cash, cash equivalents and marketable securities of \$13,840,300 at December 31, 1998. The increase in cash is primarily attributable to the cash received from the private placement in September 1999, offset by net cash used in operations of \$7,251,700 as well as cash used for the acquisition of property and equipment of \$580,400 for the nine months ended September 30, 1999. In July 1999, Novartis exercised its option to license TP10 following extensive preclinical testing of TP10 in its transplantation models. The exercise triggers a \$6 million equity investment and license payment, which the Company anticipates will occur during the first quarter of 2000, subject to certain conditions being met. In September 1999, the Company completed a private placement of approximately 5,459,400 shares of common stock at a price of \$1.92 per share. Net proceeds from that private placement totaled approximately \$9,838,700. In March 1998, the Company completed a private placement of approximately 2,043,000 shares of common stock to institutional investors at a price of \$1.90 per share. Net proceeds from that private placement totaled approximately \$3,699,900.

The Company believes that cash inflows from existing SBIR grants and collaborations, interest income from invested funds, and its current cash and cash equivalents, net of restricted amounts, will be sufficient to meet estimated working capital requirements and fund operations through 2000. The working capital requirements of the Company are dependent on several factors including, but not limited to, the costs associated with research and development programs, preclinical and clinical studies, and the scope of collaborative arrangements. The Company has decided to delay clinical trials of a Therapore-TM- -formulated melanoma immunotherapeutic vaccine which had earlier been scheduled for late 1999. During 2000, the Company intends to take steps to raise additional capital by various means including, but not limited to, licensing of technology programs with existing or new collaborative partners, possible business combinations, or issuance of common stock via private placement and public offering.

THE STATEMENTS IN THE FOLLOWING SECTION INCLUDE THE "YEAR 2000 READINESS DISCLOSURE" WITHIN THE MEANING OF THE YEAR 2000 INFORMATION AND READINESS DISCLOSURE ACT.

YEAR 2000

THIS SECTION CONTAINS CERTAIN STATEMENTS THAT ARE FORWARD-LOOKING STATEMENTS WITHIN THE MEANING OF SECTION 27A OF THE SECURITIES ACT OF 1933, AS AMENDED, AND SECTION 21E OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED. THE COMPANY'S YEAR 2000 COMPLIANCE, AND THE EVENTUAL AFFECTS OF THE YEAR 2000 ON THE COMPANY MAY BE MATERIALLY DIFFERENT THAN CURRENTLY PROJECTED. THIS MAY BE DUE TO, AMONG OTHER THINGS, DELAYS IN THE IMPLEMENTATION OF THE COMPANY'S YEAR 2000 PLAN AND THE FAILURE OF KEY THIRD PARTIES WITH WHOM THE COMPANY HAS A SIGNIFICANT BUSINESS RELATIONSHIP TO ACHIEVE YEAR 2000 COMPLIANCE.

The "Year 2000" issue affects computer systems that have date sensitive programs that may not properly recognize the year 2000. Systems that do not properly recognize such information could generate data or cause a system to fail, resulting in business interruption. The Company is currently developing a plan to provide assurances that its computer systems are Year 2000 compliant, and expects full compliance by the end of 1999. Given the relatively small size of the Company's internal systems and the relatively new hardware, software and operating systems, management does not anticipate any significant delays in becoming Year 2000 compliant. Further, management believes at present that the costs associated with modifications to become Year 2000 compliant will be immaterial to the Company's continued internal operations.

The Year 2000 issue is expected to affect the systems of various entities with which the Company interacts, including the Company's research and development partners, suppliers and vendors. The Company's assessment of third parties risks and responses to those risks is not complete. There can be no assurance that the systems of other companies on which the Company's system rely will be timely converted, or that a failure by another company's system to be Year 2000 compliant would not have a material adverse affect on the Company's business, operating results and financial condition.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

In January 1997, the Securities and Exchange Commission issued Financial Reporting Release No. 48, which expands the disclosure requirements for certain derivatives and other financial instruments. The Company does not utilize derivative financial instruments.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

None.

ITEM 2. CHANGES IN SECURITIES

None

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None

ITEM 4. SUBMISSIONS OF MATTERS TO A VOTE OF SECURITY HOLDERS

None

ITEM 5. OTHER INFORMATION

None

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

A. EXHIBITS

None

B. REPORTS ON FORM 8-K

During the quarter ended September 30, 1999, the following report on Form 8-K was filed: Form 8-K dated September 21, 1999 reporting the issuance of a press release by AVANT Immunotherapeutics, Inc. announcing the private offering of approximately 5,459,400 unregistered securities at \$1.92 per share.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

AVANT IMMUNOTHERAPEUTICS, INC.

BY: /s/ UNA S. RYAN

Una S. Ryan, Ph.D.
President and
Chief Executive Officer

Dated: November 15, 1999

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONDENSED FINANCIAL STATEMENTS OF AVANT IMMUNOTHERAPEUTICS, INC. FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1999 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

9-MOS	DEC-31-1999	JAN-01-1999	SEP-30-1999
			15,848,700
			0
			0
			0
			0
	17,635,300		4,602,100
	(3,341,000)		
	23,378,200		
2,034,100			0
	0		0
			48,000
23,378,200			20,945,100
			0
	1,483,500		0
			9,568,400
			0
			0
	(434,900)		
	(7,650,000)		
			0
(7,650,000)			0
			0
			0
	(7,650,000)		
			(0.18)
			(0.18)