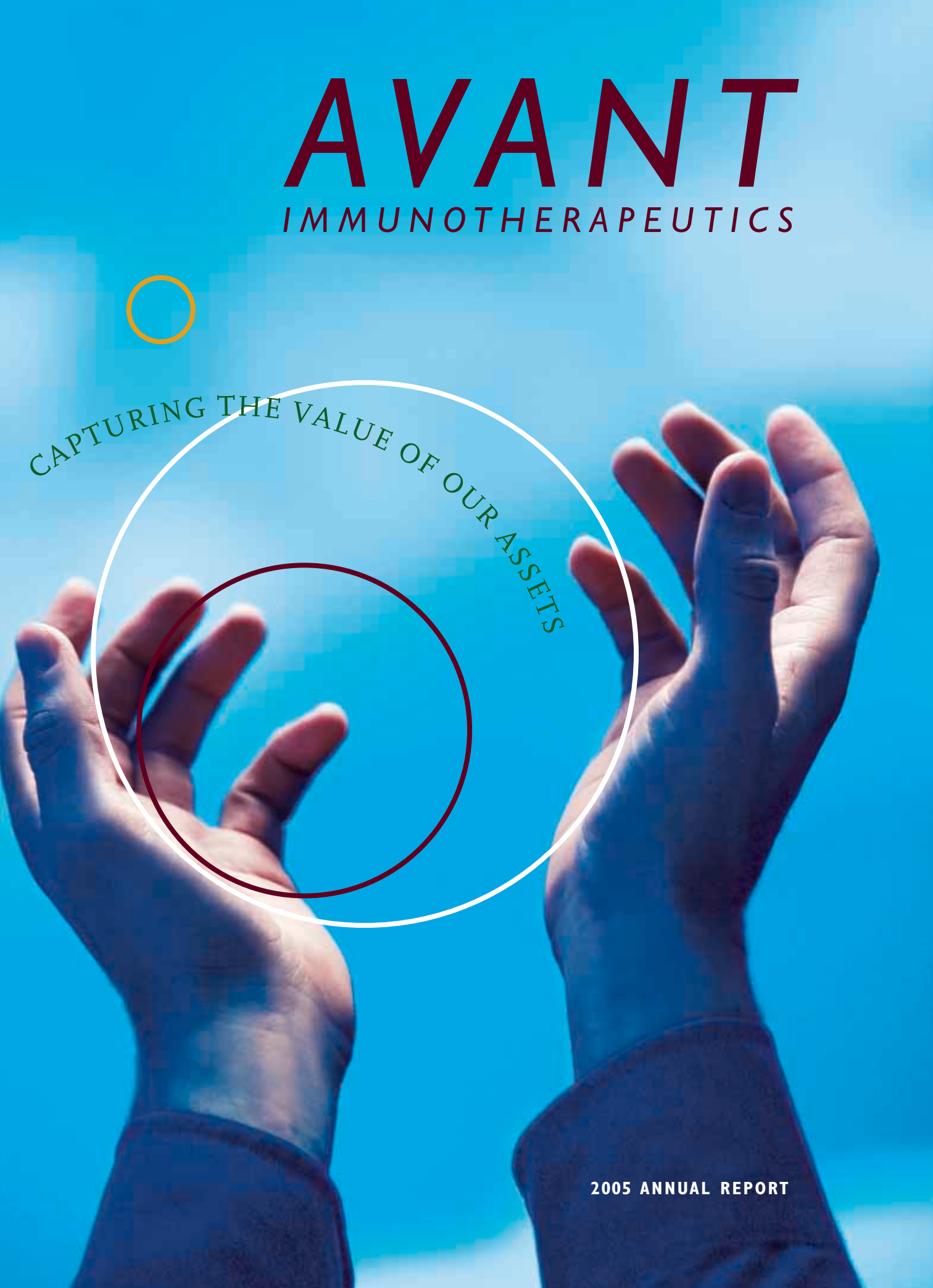
AVANT
IMMUNOTHERAPEUTICS

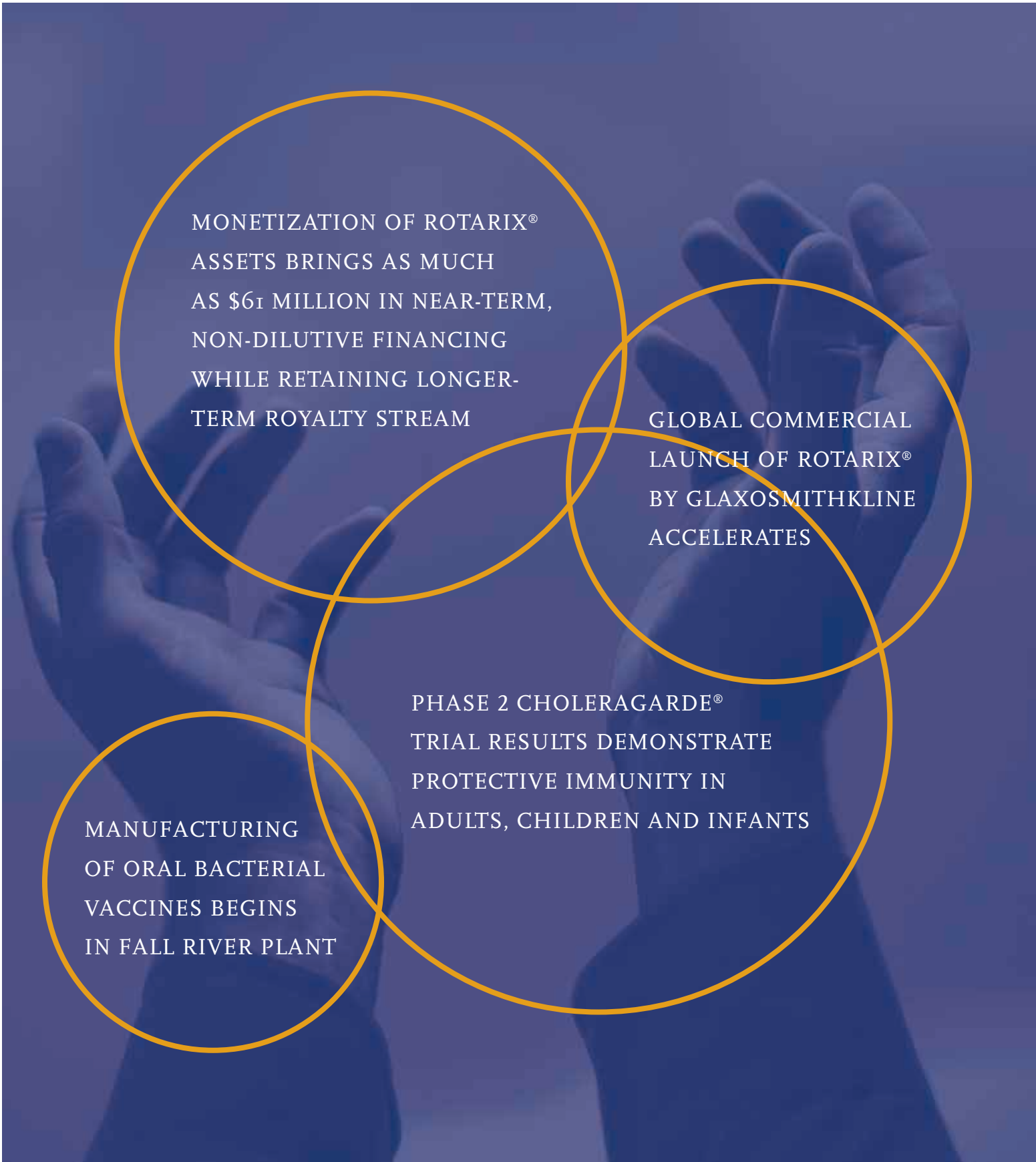


2005 ANNUAL REPORT

Company Profile

AVANT Immunotherapeutics, Inc. discovers, develops and sells innovative vaccines and therapeutics that harness the human immune system to prevent and treat disease. The company has developed a broad, well-staged pipeline of vaccines and therapeutics for large, high-value, underserved markets. Three of AVANT's products are marketed, including two food safety vaccines and an oral human rotavirus vaccine, which is now approved in Europe and more than 33 other countries around the world. Six of AVANT's products are in clinical development, including a treatment to reduce complement-mediated tissue damage associated with cardiac bypass surgery and a novel vaccine for cholesterol management. AVANT has also assembled a technology platform that enables the creation of rapid-protecting, single-dose, oral vaccines that remain stable without refrigeration. The company is developing applications of this vaccine technology in five areas: biodefense, travelers' vaccines, global health needs, pandemic influenza, and human food safety. Further, AVANT has established a state-of-the-art vaccine manufacturing facility for the implementation of its VitriLife® technology and the production of its own vaccines. AVANT's goal is to demonstrate proof-of-concept for its products in the clinic before leveraging further development through both traditional pharmaceutical partnerships and collaborations with governmental and other organizations.

Major Milestones . . 2005



TO OUR SHAREHOLDERS,

During 2005, AVANT began to realize the true value of its assets. Through a transaction with Paul Royalty Fund, we have turned a large portion of the royalty stream from future worldwide Rotarix® rotavirus vaccine sales into as much as $61 million in near-term, non-dilutive financing. We received $10 million of this amount in 2005, as well as our share of a $4 million milestone from GlaxoSmithKline on the European approval of Rotarix® in March 2006. In March 2006, we also received an additional $40 million milestone from Paul Royalty Fund based upon the European launch of Rotarix®.

As a result, we now have a solid financial base to grow and advance our own programs. This financial strength also lets us pursue new R&D initiatives on a strategic basis. We announced one such program in December 2005, aimed at using our vaccine technologies to develop an avian flu vaccine.

We saw great success in our bacterial vaccines program during 2005. Positive CholeraGarde® trial results in our Phase 2 study in Bangladesh confirmed the good safety and efficacy profile this vaccine has exhibited in studies to date. AVANT expects to take this product forward on its own for use by travelers, and we are in discussions with others regarding its further development for global health needs. We expect to initiate a Phase 3 study aimed at supporting travelers' market use during 2006, and hope to initiate further global studies as well.

While our vectored vaccines program represents AVANT's hope for the future, it also represents a huge market opportunity. Bacterial vaccines address a projected $2 billion and growing annual market, half of which is targeted by AVANT's development programs. Moreover, diarrheal diseases – our immediate focus – are the second largest killer of children in the world. In 2006, we plan to move our Typhoid Fever vaccine into the clinic, as well as continue development on other bacterial diseases of concern to travelers. We also plan to begin a human safety study with our oral plague biodefense vaccine. The manufacture of clinical supplies for these studies is underway at our Fall River vaccine manufacturing plant.

Finally, we marked an important milestone in the clinical studies of TP10, completing our Phase 2b study in women undergoing cardiopulmonary bypass surgery. A previous Phase 2 study had demonstrated strong, statistically significant efficacy in males but not in females, and results of this Phase 2b study confirm that finding. We believe the TP10 program is now well positioned for a males-only cardiac bypass surgery indication, and we expect to partner TP10 for further development in that indication.

The coming year should be an exciting one for AVANT. We thank you for your continued support and interest in our company, and look forward to communicating with you as events progress.

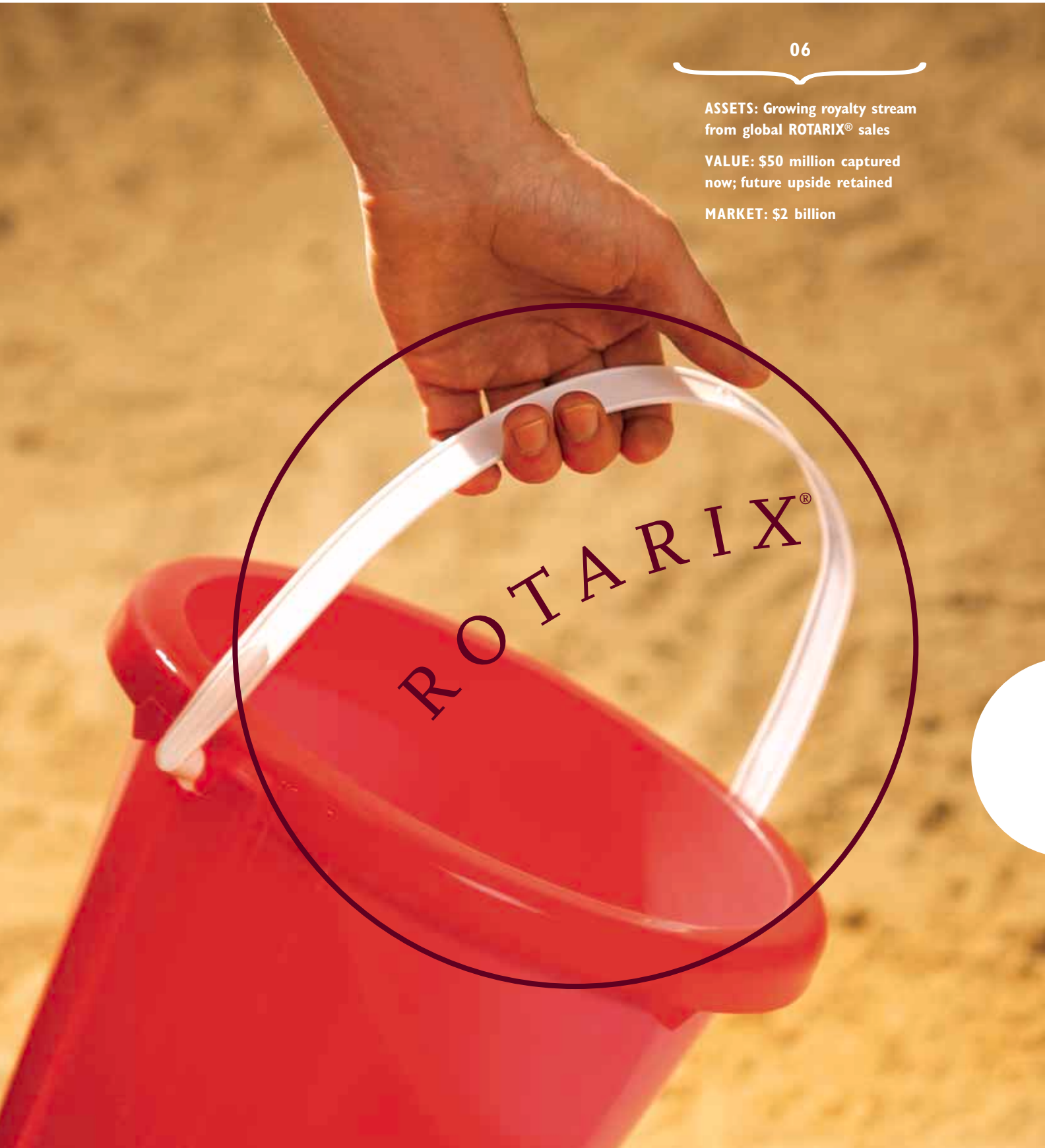
Yours sincerely,

Una S. Ryan

DEVELOPMENT PIPELINE

Product	Preclinical	Phase 1	Phase 2	Phase 3	Marketed	Estimated Annual Market, Description and Partner
Viral Vaccines						
Rotarix® (Rotavirus)						**$1.8b;** Two dose, oral vaccine, GlaxoSmithKline plc
Therapore® (HIV)						**$1b;** Delivery system that presents HIV antigens; US Army and WRAIR
Avian Influenza						Oral vaccine incorporating AVANT vectored vaccines and VitriLife® technology
Bacterial Vaccines						Live, attenuated, oral, single dose
Biodefense						Vaccines against anthrax and plague infection
Injectable Anthrax						
Oral Anthrax/Plague						DVC/DoD
Travelers' and Global Health						**$1b vaccine franchise;** Worldwide commercial rights retained
CholeraGarde® (Cholera)						International Vaccines Institute/Gates Foundation
Ty800 (Typhoid Fever)						NIH
ETEC (*E. coli*)						
Shigella						
Campylobacter						
Food Safety						Vaccination of food sources against bacterial pathogens
AVANT/Pfizer Vaccines						**$100m;** Pfizer Inc
Megan® Vac and Megan® Egg						**$500k;** Lohmann Animal Health
Cardiac Surgery TP10						**$1b;** Complement inhibitor to limit damage in men following cardiac surgery; Worldwide commercial rights retained
Cholesterol Management CETi						**$12b;** Inhibition of cholesterol ester transfer protein (CETP); Worldwide commercial rights retained

Capturing Value . . .NOW



06

ASSETS: Growing royalty stream from global ROTARIX® sales

VALUE: $50 million captured now; future upside retained

MARKET: $2 billion

ROTARIX® – GLOBAL COMMERCIALIZATION UNDERWAY

Rotavirus disease is the most common cause of severe diarrhea among children. In fact, virtually every child worldwide will experience an episode of rotavirus disease by the time they reach age five, irrespective of where they live or how rich or poor they are. Rotavirus disease kills over 600,000 children each year on a worldwide basis. In the developed world, where deaths from this disease are less common, rotavirus infections hospitalize many tens of thousands of children annually, causing a significant economic burden from lost workdays and hospitalization costs. During 2005, AVANT's partner GlaxoSmithKline (GSK) began the global commercialization of AVANT's two-dose, oral rotavirus vaccine, Rotarix®.

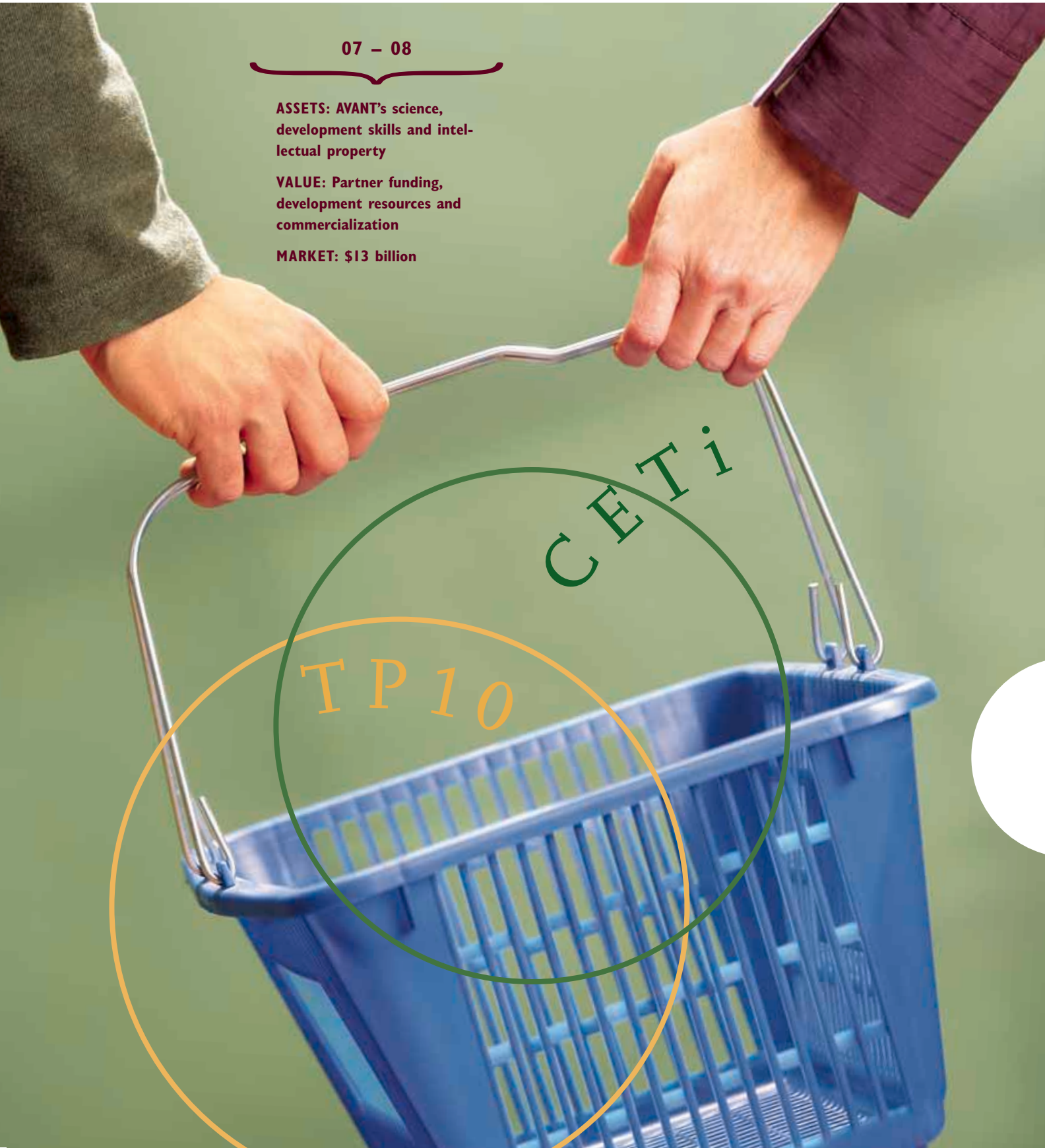
Mexico was the first country to approve and see use of this new vaccine. Since then the commercialization of Rotarix® has continued at a steady pace, achieving approval in more than 33 countries around the world. This was further expanded in February 2006, when the European Commission granted approval to Rotarix® as the first rotavirus vaccine available to children in Europe for the prevention of rotavirus disease.

Rotarix® epitomizes AVANT's strategy of using its strengths to create and demonstrate product value, and then realizing that value with the right partner. In this way, AVANT turns its science, development skills and intellectual property into cash resources for further product development. In May 2005, AVANT acted to access a significant portion of its expected royalty stream from Rotarix® and put that funding to use now in the advancement of other products. The company sold for up to $61 million an interest in the expected Rotarix® royalties to an affiliate of Paul Royalty Fund II, L.P., with $50 million being received by AVANT by the first quarter of 2006. At the same time, AVANT has kept the ability to share significantly in the upside of Rotarix®'s future commercial success by retaining an ownership position in the future royalty stream from global Rotarix® sales.

Every year, rotavirus is associated with 25 million clinic visits, 2 million hospitalizations, and more than 600,000 deaths worldwide among children younger than five years of age.
New England Journal of Medicine

AVANT has begun to realize the true value of its assets, successfully monetizing a large portion of the future royalty stream from worldwide Rotarix® sales through a transaction with Paul Royalty Fund.

Realizing Value . . . MID-TERM



AVANT CARDIOVASCULAR PROGRAMS ARE MATURING, PRESENTING MID-TERM PARTNERING OPPORTUNITIES

AVANT's understanding of inflammatory processes underlies two programs addressing very large cardiovascular disease markets: one to limit inflammatory damage that can lead to complications following cardiopulmonary bypass surgery, and the other to prevent atherosclerosis.

TP10: Patients undergoing cardiopulmonary bypass surgery are at risk of post-operative heart attacks and other potentially life-threatening complications as a result of a harmful inflammatory response caused by the activation of complement. This inflammation occurs when the patient's blood contacts the heart-lung machine and when patient blood flow, shut off during surgery, is suddenly restored.

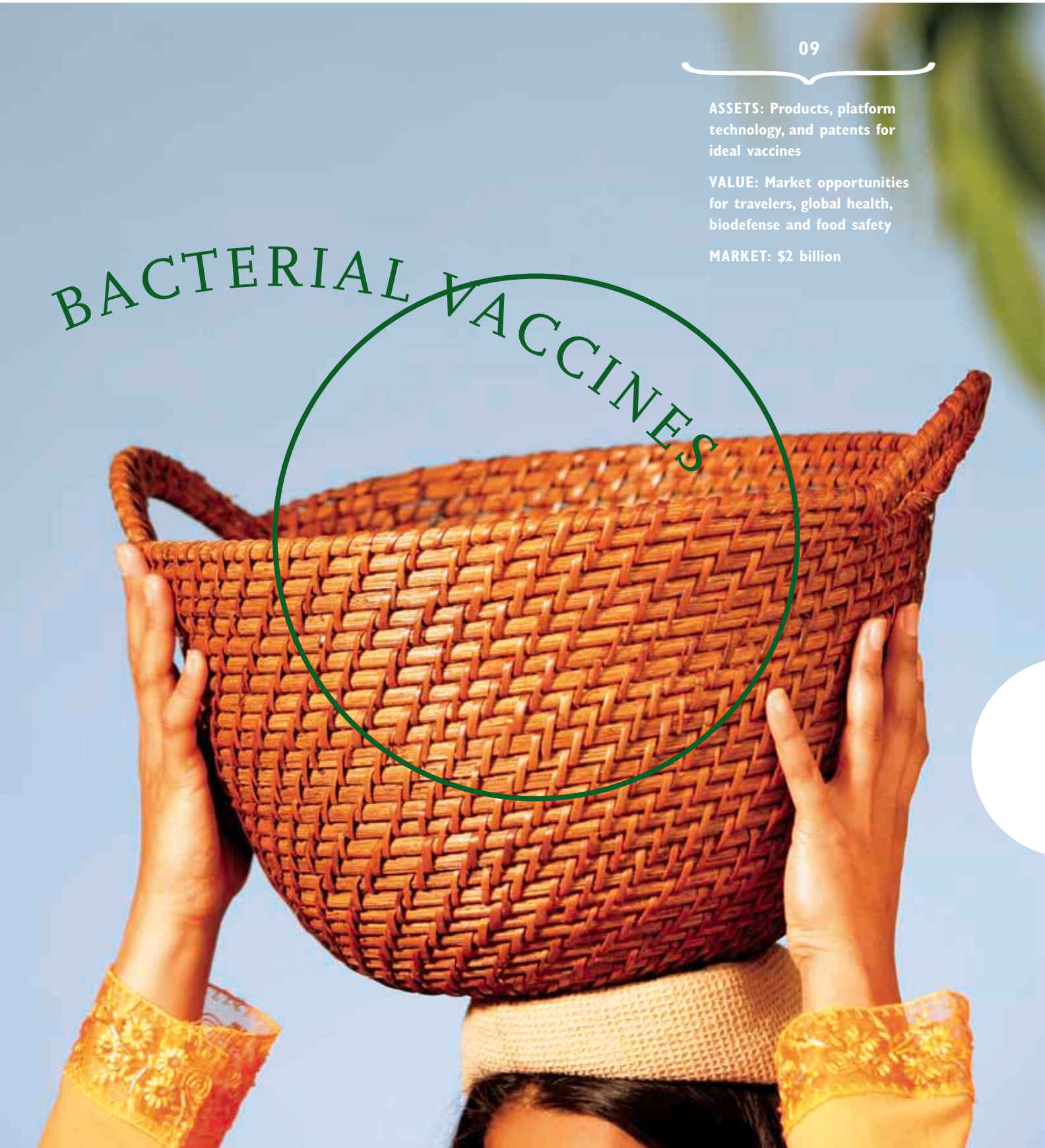
By inhibiting complement activation, AVANT hopes to reduce post-surgical deaths and heart attacks in patients undergoing cardiopulmonary bypass surgery. Results of a Phase 2 study of AVANT's complement inhibitor, TP10, showed the ability of this experimental therapy to significantly reduce post-surgical deaths and heart attacks in men undergoing cardiopulmonary bypass compared to placebo-treated patients. AVANT plans to move forward with a partner to complete the development of TP10 for use in men only and, if successful, to commercialize this product.

CETi: Drugs that lower harmful LDL cholesterol command a multi-billion dollar market. Recent evidence, however, suggests that raising protective HDL cholesterol is as important as lowering LDL cholesterol for maintaining heart health. AVANT is developing a novel cholesterol management vaccine, called CETi, that initial Phase 2 studies showed could raise HDL cholesterol in humans. The company has now identified a more potent formulation of the vaccine. AVANT plans to seek a corporate partner to complete development and to commercialize the CETi vaccine.

By raising heart protective HDL cholesterol, a successful CETi vaccine could access the multi-billion dollar market for cholesterol management therapies.

TP10 may offer significant benefit to men undergoing cardiopulmonary bypass surgery by reducing post-surgical deaths and heart attacks.

Creating Value . . . LONG-TERM



09

ASSETS: Products, platform technology, and patents for ideal vaccines

VALUE: Market opportunities for travelers, global health, biodefense and food safety

MARKET: $2 billion

BACTERIAL VACCINES

AVANT'S "NEXT GENERATION" VACCINES

Travel, Biodefense, Global Health, Pandemic, and Food Safety Represent AVANT's Engine for Long-term Value Creation

AVANT has created a technology platform that offers outstanding opportunities to create "ideal" vaccines for a wide range of uses: vaccines that are safe, single-dose, rapidly protective, and, through the application of VitriLife® technology, stable for long periods without refrigeration. This product profile makes AVANT's vaccines uniquely suited to address both large commercial markets and serious world health needs. AVANT's vaccines expertise is moreover backed by a strong intellectual property position comprising more than 221 patents and patent applications, as well as broad clinical development experience, with over 85,000 patients dosed as part of vaccine trials to date.

AVANT also has the resources and strong capabilities for vaccine manufacture. AVANT's state-of-the-art manufacturing facility in Fall River, Massachusetts incorporates the VitriLife® process and operates in full regulatory compliance with the U.S. Food and Drug Administration and European regulatory requirements. During 2005, AVANT and Harvard Medical School received a grant from the National Institutes of Health to apply VitriLife® to AVANT's CholeraGarde® experimental cholera vaccine prior to manufacturing clinical supplies for Phase 3 studies of that product. AVANT is also employing its Fall River plant for the manufacture of clinical supplies of single-dose, oral vaccines for plague and typhoid fever (Ty800) for human clinical trials.

Vaccines for Travelers and Global Health: Growing worldwide travel for business, vacations and relief efforts has greatly increased the exposure that Americans and others face to potentially life-threatening bacterial diseases. For example, cholera remains endemic in many developing parts of the world, putting both local infants, children and elderly... as well as travelers... at risk. It is also a major health care threat for refugees and in areas affected by natural disasters that result in contaminated water supplies.

AVANT's vaccines technology offers opportunities to create ideal vaccines that are safe, single-dose, rapidly protective and stable without refrigeration.

AVANT is employing its Fall River, Massachusetts plant for the manufacture of clinical supplies of its single-dose, oral vaccines for cholera, plague and typhoid fever.

A safe, effective and practical vaccine could thus provide important benefits for both the travelers' and global health markets.

AVANT this year reported positive results from a Phase 2 study of its single-dose, oral cholera vaccine, CholeraGarde®. Results of the study, conducted in Bangladesh by the International Vaccine Institute (IVI), showed CholeraGarde® to be well tolerated, highly immunogenic and able to induce protective immune responses, even in children under the age of two. These findings support earlier results of a U.S. challenge study, which showed the vaccine to provide 100% protection from moderate to severe diarrhea in volunteers challenged with live, virulent cholera.

AVANT is advancing the development of CholeraGarde® for the travelers' vaccine market and is preparing to initiate a Phase 3 study using clinical supplies of the vaccine manufactured at its Fall River plant. In collaboration with appropriate partners, AVANT is also planning to develop CholeraGarde® for global health.

AVANT is further applying its bacterial vaccines platform to the development of other rapid-acting, oral vaccines against the most serious diarrheal diseases that threaten business travelers and vacationers, as well as local populations. In February 2006, the company's Ty800 vaccine against typhoid fever advanced into clinical testing, as the National Institutes of Health initiated a Phase 1/2 study. AVANT is additionally developing vaccines against enterotoxigenic *E. coli, Shigella* and *Campylobacter*.

Biodefense Vaccines: Many infectious organisms have the potential for use as weapons. AVANT's vaccine platform offers the potential for the creation of a wide variety of biodefense vaccines that are more effective, faster acting, better tolerated and less costly than current products. With funding from the U.S. Department of Defense, DVC, LLC and the National Institutes of Health, AVANT is developing an oral vaccine that combines protection against plague and anthrax. The company recently manufactured the oral plague portion of this vaccine for initial human safety studies, which it expects to initiate during 2006.

Avian Influenza: AVANT's vectored vaccine technology offers the potential for single-dose, oral vaccines for viral, as well as bacterial diseases. AVANT researchers are now working to insert key viral antigens into the company's live, attenuated bacterial vectors to create rapid-acting oral vaccines against avian influenza.

Food Safety: Food-borne illnesses affect 75 million people each year in the United States, accounting for 325,000 hospitalizations and more than 5,000 deaths. Many of the organisms that cause food-related illnesses are bacteria that infect and spread among food animals themselves. AVANT's Megan Health subsidiary has developed and commercialized Salmonella vaccines for broiler chickens (Megan®Vac 1) and for breeding and laying hens (Megan®Egg). By eliminating Salmonella in the birds and their eggs, these vaccines increase food safety. Lohmann Animal Health International distributes these vaccines within North America. AVANT is also developing food safety applications of its vaccine technology in partnership with Pfizer Inc.

"A safe cholera vaccine that can be easily administered to all age groups could significantly reduce the mortality of the higher risk populations, children and elderly,"
John D. Clemens, M.D., Director of the International Vaccine Institute.

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ANNUAL STOCKHOLDERS' MEETING

The Annual Meeting of Stockholders will be held at 2:00 p.m. on May 18, 2006 at AVANT's manufacturing facility in Fall River, MA.

STOCKHOLDER INQUIRIES

Communications concerning transfer requirements, lost certificates and changes of address should be directed to the Registrar and Transfer Agent (listed above).

INVESTOR INQUIRIES

Analysts, investment professionals, individual investors and members of the press should direct their questions to Investor Relations at AVANT's Corporate Offices.

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