

CORPORATE GOVERNANCE

The members of the Intercell AG Supervisory Board and the Management Board are committed to managing the Company's business operations transparently, according to high ethical standards and focused on long-term value creation. We believe that good corporate governance has been the basis for the trust that we have gained from our investors, from institutions, and from our employees and that it will continue to strengthen this confidence in the future.

AUSTRIAN CODE OF CORPORATE GOVERNANCE

In September of 2004, the Management and Supervisory Boards passed a Declaration of Compliance with the Austrian Code of Corporate Governance, which was issued by the Austrian Working Committee for Corporate Governance in September of 2002 and was updated several times since. The Code in its current version can be viewed at www.corporate-governance.at.

The Austrian Code of Corporate Governance sets standards of good corporate management that are common in international business practice and reflect the corporate governance recommendations of the European Commission. The Code includes mandatory rules and requirements, some of which can be found under relevant Austrian law, a set of comply-or-explain rules which are mandatory unless the relevant rules and reasons for non-compliance have been disclosed, and recommendations for which non-compliance does not have to be disclosed and explained.

Intercell AG complies with the Austrian Code of Corporate Governance with the following explicit limitations:

- » The Company has an established internal audit function, but because of the size of the Company, this is not a separate staff unit for internal auditing nor has this function been outsourced in accordance with Section 18 of the Code.
- » The Company's Supervisory Board divided the Nomination, Compensation and Corporate Governance Committee into two committees in December 2008. The Chairman of the Supervisory Board is the chairperson of the Nomination and Corporate Governance Committee; the Vice Chairman of the Supervisory Board is the chairperson of the separate Compensation Committee in deviation from Section 43 of the Code. Our Vice Chairman of the Supervisory Board, Prof. Ernst Günter Afting, served as Chairman of the Board for many years and has remained the chairperson of the committee for compensation issues for purposes of continuity.

In some respects, the corporate governance principles of Intercell AG go even beyond the recommendations of the Code.

ORGANIZATION OF GOVERNING BODIES

Management Board

As required by the Austrian Stock Corporation Act, we have a two-tier board system consisting of a Management Board and a Supervisory Board. The two boards are separate, and no individual may serve on both boards simultaneously.

Intercell’s Management Board is responsible for managing the Company’s day-to-day business and represents the Company in our dealings with third parties. The members of the Management Board are appointed by Intercell’s Supervisory Board for renewable terms of up to five years. The Management Board passes its resolutions by a simple majority vote. In the event of a voting deadlock, the chairperson casts the deciding vote.

Our Management Board currently consists of three members, previously four members:

| Name | Year of birth | First appointment | End of term |
|---|---------------|-------------------|--------------|
| Dr. Gerd Zettlmeissl, Chief Executive Officer and Chairperson of the Management Board | 1955 | October 2001 | October 2012 |
| Thomas Lingelbach, Chief Operating Officer | 1963 | October 2007 | October 2012 |
| DDr. Reinhard Kandra, Chief Financial Officer | 1969 | November 2009 | October 2012 |

The following persons also served on our Management Board during the fiscal year 2009:

| Name | Year of birth | First appointment | End of term |
|--|---------------|-------------------|---------------|
| Prof. Alexander von Gabain, Chief Scientific Officer | 1950 | January 1998 | November 2009 |
| Dr. Werner Lanthaler, Chief Financial Officer | 1968 | September 2001 | March 2009 |

Dr. Gerd Zettlmeissl is a member of the Supervisory Board of Helmholtz Zentrum für Infektionsforschung GmbH, a public research institute in Braunschweig, Germany, and Vice Chairman of the Supervisory Board of the Karl Landsteiner Jubiläums-Stiftung, gemeinnützige Privatstiftung in Abwicklung, an Austrian private foundation that is currently in liquidation.

Thomas Lingelbach does not hold any board seats or directorships outside the Intercell Group.

DDr. Reinhard Kandra has been serving as the Company’s Chief Financial Officer since March 6, 2009. DDr. Kandra serves as a member of the Supervisory Board of the Karl Landsteiner Jubiläums-Stiftung, gemeinnützige Privatstiftung in Abwicklung, an Austrian private foundation that is currently in liquidation.

Prof. Alexander von Gabain, co-founder of the Company and its former Chief Executive Officer, stepped down from his position on the Board as Chief Scientific Officer in November 2009 and remains closely involved with the Company as Strategic Advisor to the Management Board and the Supervisory Board and as an employee of the Company. Prof. von Gabain serves on the Supervisory Board of INiTs, an entrepreneurial support organization of the Viennese universities for start-up businesses. He has been appointed to the founding Governing Board of the European Institute of Innovation and Technology (EIT). He serves as scientific advisor to TVM Capital in Munich, Germany, and is also a member of the WHO Committee “Stop Tuberculosis”.

Dr. Werner Lanthaler stepped down from his position on the Company’s Board in March 2009. Dr. Lanthaler has been a member of the Board of Directors of BioXcell S.p.A. and currently serves as CEO of Evotec AG.

Supervisory Board

Our Supervisory Board oversees and advises our Management Board and is responsible for the appointment and discharge of members of our Management Board. Our Management Board reports regularly to the Supervisory Board on our business activities. In addition, it must obtain prior approval from our Supervisory Board for certain types of transactions, such as for transactions between the Company and members of its Management Board.

The members of our Supervisory Board are elected and may be revoked by the General Meeting of Shareholders.

Our Supervisory Board currently has six members. All Supervisory Board members are independent according to corporate governance rules. In addition, each of the Supervisory Board members has less than 10% participation in the Company and thereby meets the criteria of Section 54 of the Code. Unless otherwise provided by law, our Supervisory Board passes resolutions by a simple majority vote, with the chairperson casting the deciding vote in case of a voting deadlock. The Supervisory Board met four times during the past year.

Our Supervisory Board has formed three committees:

- » an Audit Committee, which is responsible for monitoring the financial reporting process, monitoring the effectiveness of our internal control system, our internal audit and our risk management system, reviewing and monitoring the independence of the auditor, reviewing our annual financial statements in preparation of our Supervisory Board’s approval of our financial statements and reviewing our interim financial statements and our consolidated annual financial statements. The committee chairperson, James Sulat, is a financial expert as defined by the Austrian Stock Corporation Act and pursuant to Section 40 of the Code. The Audit Committee met four times during the past year and held various telephone conferences. Accounting and auditing processes, internal control and proper risk management processes, budget, as well as tax and investment considerations were topics at these meetings. In addition, the Audit Committee discussed the quarterly financial reports and audit reviews prior to their publication and prepared the acknowledgement of the annual financial report by the Supervisory Board.

- » a Compensation Committee, which is responsible for reviewing management performance, particularly in regards to Management Board compensation. The Compensation Committee had two meetings during the past year, the subjects of which were management goals and variable compensation elements.
- » a Nomination and Corporate Governance Committee, which is responsible for succession planning and corporate governance issues, including the monitoring of the compliance of the activities of the members of our Management Board and Supervisory Board. The Nomination and Corporate Governance Committee met three times during the past year and discussed the changes to the Management Board, general corporate governance matters and various aspects of our corporate compliance program, as well as updates to the Committee charters and the Management Board and Supervisory Board by-laws.

The work of the Strategy Committee, which was set up as a “task force” for reviewing and preparing important strategic decisions together with the Management Board, has been carried out by the entire Supervisory Board. During 2009, the Supervisory Board and the Management Board held one meeting dedicated to strategy issues, which mainly focused on business plans and key milestones.

The following persons are members of the Supervisory Board:

| Name | Year of birth | First election | End of term* | Member of Committee**, *** |
|--|---------------|----------------|--------------|-------------------------------|
| Michel Gréco (Chairman) | 1943 | July 2003 | 2013 | C, N*** |
| Prof. Ernst Günter Afting (Vice Chairman) | 1942 | February 1999 | 2013 | C***, N |
| Dr. David Ebsworth | 1954 | November 2003 | 2013 | A, C |
| James Sulat | 1950 | September 2004 | 2013 | A***, N |
| Mustapha Leavenworth Bakali | 1961 | May 2006 | 2013 | A |
| Prof. Hans Wigzell | 1938 | May 2006 | 2012 | N |

* End of General Meeting of Shareholders in the respective year

** A... Audit Committee, N... Nomination and Corporate Governance Committee, C... Compensation Committee

*** Indicates Chairperson of the Committee

Michel Gréco is currently active as a member of the Board of Directors of Argos Therapeutics, Inc., Immutep S.A., Vivalis S.A., Texcell S.A. and Noraker SAS and as Chairman of the Board of Directors of Glycovaxyn AG. He is also currently Chairman of the Board of the Hospital St. Joseph St. Luc, Lyon, France, and a Board member of the Global Tuberculosis Vaccines Foundation and of the International Aids Vaccines Initiative.

Prof. Ernst Günter Afting is an industrial advisor to venture capital firms and a Supervisory Board member of several biotech companies in Europe and the USA. Prof. Afting is currently active as Chairman of the Supervisory Board of Biovertis AG and as a member of the Supervisory Boards of

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BiomedCredit AG, Enanta Pharmaceuticals, Inc., Olympus Europa Holding GmbH, Sequenom, Inc., and Suppremol GmbH.

Dr. David Ebsworth is a consultant to the industry and is also currently active as Chairman of the Board of Willex AG and as a member of the Board of Renovo Plc. In September 2009, he was appointed a member of the Corporate Executive Committee of Galencia Ltd. and CEO of Vifor Pharma Ltd.

James Sulat is presently active as CEO, CFO and a member of the Board of Directors of Maxygen, Inc., as well as Chairman of the Board of Directors of Momenta Pharmaceuticals Inc.

Mustapha Leavenworth Bakali is currently active as a member of the Supervisory Board of Osisko Mining Corporation and a member of the Advisory Board of LeapFrog Investments. In February 2009, he was appointed President and CEO of Genocea Biosciences.

Prof. Hans Wigzell is Chairman of the Board of the Karolinska Development AB and a member of the Supervisory Boards of Raysearch AB, Biovitrum AB, Epixis SA, HuMabs LLC, Probi AB, and Neodynamics AB. Prof. Wigzell also serves on the Company's Scientific Advisory Board.

General Meeting of Shareholders

Each shareholder has the right to attend any General Meeting of Shareholders in order to ask questions and propose resolutions in connection with any matter on the agenda that is provided at the time the meeting is announced, and to vote upon any resolution proposed. In 2009 this was the case, provided that the shareholder had duly deposited his or her shares at a designated depositary institution. Each shareholder is entitled to one vote per share. Shareholders may be represented at any General Meeting of Shareholders by a holder of written proxy. Our Management Board, Supervisory Board, or any shareholder holding at least 5% of our nominal share capital may call a General Meeting of Shareholders.

Shareholders holding at least 5% of our nominal share capital may also require items to be included in the agenda of the General Meeting of Shareholders. Notice of a General Meeting of Shareholders (including the meeting's agenda) is published in the Official Viennese Gazette and on the Company's website.

Director Compensation

The remuneration for the members of our Management Board is stipulated in their respective employment contracts. The table below sets forth the total compensation paid or accrued for the fiscal year ended December 31, 2009:

| in EUR | Base salary | Bonus | Other benefits | Total | Stock options granted | |
|---|----------------|----------------|----------------|------------------|-----------------------|------------------|
| | | | | | number | Fair value* |
| Dr. Gerd Zettlmeissl | 360,000 | 220,000 | 23,711 | 603,711 | 100,000 | 449,750 |
| Thomas Lingelbach | 288,571 | 220,000 | 28,734 | 537,305 | 90,000 | 449,775 |
| DDr. Reinhard Kandra ¹ | 51,429 | 160,000 | 2,133 | 213,561 | 65,000 | 324,838 |
| Prof. Alexander von Gabain ² | 235,714 | 190,000 | 25,131 | 450,845 | - | - |
| Dr. Werner Lanthaler ³ | 63,377 | - | 9,673 | 73,050 | - | - |
| | 999,092 | 790,000 | 89,382 | 1,878,473 | 255,000 | 1,274,363 |

* fair value at grant date of options granted in 2009

¹ Base salary and other benefits for first two months since appointment

² Base salary and other benefits until November 2009

³ Base salary and other benefits until March 2009

The bonus is contingent on the achievement of predefined financial and individual performance goals. Share options which have been granted to the members of the Management Board become exercisable in four portions after the annual General Shareholders' meeting in the second, third, fourth and fifth year after being granted (the vesting period). Special options packages offered as special incentives may become exercisable after three years. All options expire no later than five years after grant. Options are not transferable or negotiable, and unvested options lapse, without compensation, upon termination of employment with the Company (cancellation). The Company has no legal or constructive obligation to repurchase or settle the options in cash. Options granted from 2008 onwards become exercisable with the effectiveness of the takeover of more than 50% of the outstanding voting rights of the Company.

In addition, Thomas Lingelbach is entitled to an additional bonus representing 75,000 so-called performance units, where one performance unit corresponds to the value of one hypothetical share in the Company's share capital after a certain vesting period staggered over a total of five years. Intercell has no retirement plan for the Management Board, but the Company does make contributions to a pension insurance fund with a fixed amount of EUR 1,000 per month for each member of the Management Board. The Company has entered into a contractual arrangement with the members of the Management Board entitling them to a one-off payment under certain conditions in case their contracts are not renewed for reasons that are solely due to the Company.

The Company maintains directors' and officers' liability insurance.

The remuneration of the members of our Supervisory Board is determined by resolution of the General Meeting of Shareholders. In addition, the members of our Supervisory Board are reimbursed for their out-of-pocket expenses. For the financial year 2009, we expect remuneration for the members of our Supervisory Board, which will be awarded by our annual General Meeting of Shareholders, to amount to EUR 50,000 for the chairperson, EUR 40,000 for the vice chairperson, and EUR 30,000 each for all other members. For their respective committee work, we expect remuneration for the members of our Supervisory Board to be awarded by our General Meeting of Shareholders in the amount of EUR 6,000 for a committee chairperson and EUR 4,000 for a committee member. For his position on the Company's Scientific Advisory Board, Prof. Hans Wigzell additionally received a remuneration of EUR 60,650 in 2009, see notes to the consolidated financial statements (note 30).

Stock Options and Director Participation

The following table sets forth the number of stock options and shares privately held by members of our Management and Supervisory Boards as of December 31, 2009. For details on our stock option plans, see note 20 to our consolidated financial statements.

| | Number of shares held | Number of options held | Total |
|---|----------------------------------|-----------------------------------|--------------|
| Members of the Management Board | | | |
| Dr. Gerd Zettlmeissl | 250,747 | 475,000 | 725,747 |
| Thomas Lingelbach | - | 350,000 | 350,000 |
| DDr. Reinhard Kandra | 23,000 | 187,000 | 210,000 |
| Members of the Supervisory Board | | | |
| Michel Gréco | - | 41,250 | 41,250 |
| Prof. Ernst Günter Afting | 11,175 | 41,250 | 52,425 |
| Dr. David Ebsworth | 12,945 | 35,000 | 47,945 |
| James Sulat | - | 37,500 | 37,500 |
| Mustapha Leavenworth Bakali | - | 40,000 | 40,000 |
| Prof. Hans Wigzell | - | 35,000 | 35,000 |

Corporate Social Responsibility

The development of vaccines and antibodies against infectious diseases is not only an attractive business opportunity, but also a contribution to society that provides significant value beyond commercial standards. Corporate Social Responsibility at Intercell is anchored at the Management Board level. Ethical responsibility is leading Intercell to engage e.g. in the development of vaccines for Tuberculosis, Pneumococcal infections, Travelers' Diarrhea, and Japanese Encephalitis in endemic countries. Special collaborations are set up with PATH (an international organization that improves the health of people around the world) and the Aeras Global Tuberculosis Vaccine

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Foundation, to ensure future availability and accessibility of possible vaccines in the developing world.

The more successful we are in discovering, developing, and manufacturing new vaccines, the greater the benefits we can offer to patients, partners, shareholders, and other stakeholders. We offer novel vaccine and antibody candidates that address unmet medical needs.

In order to be recognized as an innovative and trustworthy company, Intercell fosters a culture where associates are expected to behave ethically and lawfully. Intercell's core corporate values can be characterized by goal orientation at all levels of the company, trust in our management and in each other as individuals and teams, and a sincere dedication to innovation in order to overcome unmet medical needs.