

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 then. 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 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.

Until March 2009, our Management Board consisted of the following 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 2010
Dr. Werner Lanthaler, Chief Financial Officer ¹	1968	September 2001	March 2009
Prof. Alexander von Gabain, Chief Scientific Officer	1950	January 1998	October 2010
Thomas Lingelbach, Chief Operating Officer	1963	October 2007	October 2010

Dr. Gerd Zettlmeissl is a member of the Supervisory Board of Helmholtz Zentrum für Infektionsforschung GmbH, a public research institute in Braunschweig, Germany.

Dr. Werner Lanthaler serves as a member of the Board of Directors of BioXell S.p.A.

Prof. Alexander 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. He serves as scientific advisor to TVM Capital in Munich, Germany, and is also a member of the WHO Committee “Stop Tuberculosis”.

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

¹ Chief Financial Officer of the Company from March 6, 2009 is Dr. Reinhard Kandra.

Supervisory Board

Our Supervisory Board monitors and advises our Management Board and is responsible for the appointment and removal 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. 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 five times during the past year.

Our Supervisory Board has formed three committees:

- .. an Audit Committee, which has the responsibility of reviewing our annual financial statements in preparation for Supervisory Board approval, of reviewing our interim financial statements before release, and of monitoring the implementation of proper risk management processes. The Audit Committee met four times during the past year and held various telephone conferences. Accounting and auditing processes, internal control and risk management, 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. Before the formation of a separate Nomination and Corporate Governance Committee, successor planning and corporate governance were also a responsibility of this committee. The Compensation Committee had one meeting during the past year, the subjects of which were management goals, variable compensation elements and corporate governance issues.
- .. a separate Nomination and Corporate Governance Committee was formed in December 2008, which will start its work in 2009 and will be responsible for successor planning and corporate governance issues.

The work of the Strategy Committee, which was set up as a "task force" for reviewing and preparing important strategic decisions together with Management Board, has been carried out by the entire Supervisory Board. During the past year, the Supervisory Board and the Management Board had one meeting dedicated to strategy issues at which business plans and key milestones were discussed.

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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 as Chairman of the Board of Directors of Glycovaxyn AG. He is also a board member of the Global Tuberculosis Vaccines Foundation, the International Aids Vaccines Initiative, the International Vaccine Institute and an advisor to the WHO (tuberculosis, measles).

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 a member of the Supervisory Boards of Avontec GmbH, BiomedCredit AG, Enanta Pharmaceuticals, Inc., Olympus Europa Holding GmbH, Sequenom, Inc., and Suppremol GmbH.

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

Dr. David Ebsworth is a consultant to the industry and is also currently active as Chairman of the Board of Willex AG and Atani Ltd as well as a member of the board of Xention Ltd. and Renovo Plc.

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

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, 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, provided that the shareholder has duly deposited his or her shares at a designated depository 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 five percent of our nominal share capital may call a General Meeting of Shareholders. Shareholders holding at least five percent 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, 2008:

in EUR	Base salary	Bonus	Other benefits	Total	Stock options granted	
					number	Fair value*
Dr. Gerd Zettlmeissl	360,000	360,000	30,665	750,665	100,000	343,000
Dr. Werner Lanthaler	330,000	165,000	32,058	527,058	-	-
Prof. Alexander von Gabain	300,000	270,000	30,997	600,997	80,000	274,400
Thomas Lingelbach	280,000	330,000	32,105	642,105	90,000	308,700
				2,520,825	270,000	926,100

* fair value at grant date of options granted in 2008

The bonus is contingent on the achievement of predefined financial and individual performance goals.

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.

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

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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.

The Company maintains directors and officers liability insurance.

An interest-free loan in the amount of EUR 247,000, which has been granted by the Company to Prof. Alexander von Gabain, our Chief Scientific Officer, was paid back in November of 2008.

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 2008, 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 his position on the Company's Scientific Advisory Board, Prof. Hans Wigzell additionally received a remuneration of EUR 60,650 in 2008, see notes to the consolidated financial statement (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, 2008. 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	237,997	403,250	641,247
Dr. Werner Lanthaler	247,205	293,250	540,455
Prof. Alexander von Gabain	399,009	363,500	762,509
Thomas Lingelbach	-	260,000	260,000
Members of the Supervisory Board			
Michel Gréco	-	31,250	31,250
Prof. Ernst Günter Afting	11,175	31,250	42,425
Dr. David Ebsworth	19,010	30,000	49,010
James Sulat	-	32,500	32,500
Mustapha Leavenworth Bakali	-	30,000	30,000
Prof. Hans Wigzell	-	27,500	27,500

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

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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, Malaria, 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 Aeras Global Tuberculosis Vaccine 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.