



Intercell AG and Biological E. Ltd Enter into a Strategic Alliance for the Development, Manufacture and Sales of its Japanese Encephalitis Vaccine

Vienna (Austria), March 17, 2005 – Intercell AG, a leading developer of next generation vaccines for the prevention and treatment of major infectious diseases, announced today that it has signed an agreement with Biological E. Ltd. (Hyderabad, India), for the development, manufacture and sales of its Japanese Encephalitis vaccine in Asia.

This is an important step in the implementation of Intercell's global marketing and commercialization strategy for its modern cell culture based Japanese Encephalitis vaccine. Intercell is planning to market the product independently from the alliance with Biological E in the United States, Europe and Australia targeting the travelers and armed forces market to replace current suboptimal vaccines produced on mouse brain. In order to optimally cover and meet the requirements of the market where the disease is endemic, Intercell has been seeking for a strategic alliance for the marketing and selling of its vaccine in certain Asian countries.

Biological E. will be Intercell's strategic partner for marketing and selling the Japanese Encephalitis vaccine in certain Asian countries. Under the terms of the agreement, Biological E. will manufacture the product in India for the Asian endemic market.

Intercell AG and Biological E anticipate that they will broaden their strategic alliance by collaborating on the development of future vaccines by combining the strength of Intercell's Antigen Identification Program in identifying new, protective antigens with Biological E's experience as a leading Asian vaccine manufacturer.

"A safe and effective high-standard Japanese Encephalitis vaccine for adults and in particular children in the endemic areas throughout Asia will meet a high medical need", states Gerd Zettlmeissl, Chief Operating Officer of Intercell AG.

"This agreement with a leading Asian vaccine manufacturer leverages the commercialization of our Japanese Encephalitis vaccine and will be another step in our efforts to continue to develop and commercialize our broad portfolio of vaccine candidates and technologies".

Dr. Vijay Kumar Datla, Chairman and Managing Director of Biological E. Limited added: "We are excited about this partnership with Intercell that enables us to offer a novel and safe vaccine to combat Japanese Encephalitis. There is an urgent need to respond to this epidemic throughout India and Asia where large-scale immunization is critical. Our partnership furthers the aim of ensuring a sustainable supply at the earliest."



About Intercell's JE vaccine

Intercell's novel Japanese Encephalitis vaccine is a purified, inactivated vaccine for active immunization of adults against the Japanese Encephalitis virus and has successfully concluded Phase II clinical trials.

In a Phase II head-to-head comparison with JE-VAX®, Intercell's vaccine was shown to be:

- Less reactogenic - both in frequency and intensity
- More potent - higher antibody levels at all doses studied one month after the immunizations; this vaccine also showed high seroconversion rates one month after a single dose
- More convenient - 2 doses versus 3 doses and liquid versus freeze-dried format
- More persistent – higher persistence of antibodies two years after primary immunization

More detailed Phase II results were presented at the 53rd annual meeting of the American Society of Tropical Medicine and Hygiene, Nov 7th – Nov 11th 2004 in Miami.

About Japanese Encephalitis

The Japanese encephalitis virus was first identified in 1935 in Japan. It is a mosquito-borne flaviviral infection and the leading cause of viral encephalitis. JEV is still a huge public health problem in Southeast Asia and the Western Pacific and the virus is spreading into new areas. Two billion people live in endemic areas and up to 50,000 cases are reported annually of which approximately 25 % are fatal. The current vaccine, which is available on international basis, is made from infected mouse brains and has considerable side effects. Due to the sophisticated production technology required for first generation JEV vaccines and the hypersensitivity and side effects that may result upon vaccination with those vaccines, the World Health Organization (WHO) is encouraging the development of a safe, tolerant and immunogenic second-generation Japanese Encephalitis vaccine.

Intercell AG estimates the market potential for a safe and efficient vaccine against JEV is estimated to be up to approximately Euro 250 million.

About Biological E. Ltd

Over the last 50 years, Biological E. Ltd. (BE) has been a leading vaccine and pharmaceutical company. The company produces a range of critical vaccines and has been an active partner in the National Immunization Program of India. The company is currently commissioning large scale cGMP facilities in order increase its capacities and product range to offer these vaccines on a global basis. In addition to its current pipeline of combination vaccines that are entering pivotal trials, BE has R&D programs to develop novel vaccines for both vector borne and enteric diseases. The company has entered into a number of strategic collaborations with



leading biotech companies and research institutes for basic R&D. Biological E. is a privately held company.

For more information please visit: www.biologicale.com

About Intercell AG

Intercell AG is a fast growing biotechnology company with a clear strategy and focus on the design and development of novel vaccines for prophylaxis and treatment of diseases with substantial unmet needs. The Company's unique position is based on the combination of antigens and immunizers (adjuvants) derived from its proprietary technology platforms and its in-house GMP facilities. Intercell's technology has been endorsed by collaborative agreements with a number of global pharmaceutical companies, including Sanofi Aventis, Merck&Co., Inc., Scigen Ltd. and the Statens Serum Institut. The Company has a broad development pipeline with a vaccine for Japanese Encephalitis about to enter Phase III, a vaccine for Hepatitis C undergoing Phase II trials, and five products focused on infectious diseases in the pre-clinical phase. Intercell is listed on the Vienna stock exchange under the symbol "ICLL".

For more information please visit: www.intercell.com

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Biological E. Limited

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