



Intercell and Merck enter strategic alliance to develop monoclonal antibodies for the treatment of severe *Staphylococcus aureus* infections

Vienna (Austria), May 11, 2006 – Intercell AG (VSE “ICLL”) today announced that it has entered into a strategic partnership with Merck & Co., Inc. to develop human monoclonal antibodies against severe infections caused by *Staphylococcus aureus*, a bacterium, that causes severe hospital-acquired infections and has become increasingly resistant to a variety of antibiotics.

Under the terms of an agreement signed in May 2004, Merck has exercised an option to receive worldwide rights to develop and commercialize antibodies directed against proprietary antigens that have been detected by Intercell’s Antigen Identification Program (AIP®). This technology identifies anti-bacterial targets. Pursuant to the agreement, Merck Inc. is responsible for subsequent pre-clinical and clinical development, registration and marketing of the product.

Intercell is entitled to an option exercise fee and additional milestone payments. Furthermore, Intercell will receive royalties on future sales of the product. There are no further costs involved for Intercell.

Antibacterial antibodies represent a novel approach to treat infectious diseases, especially when antibiotic treatment is not sufficient. “In addition to our recently initiated partnership with Kirin, this is now the second broad application of our technology in this newly arising and increasingly important field of modern medicine”, states Alexander von Gabain, Intercell’s Chief Scientific Officer. “Our strong commercial partnerships, all based on our Antigen Identification Program, emphasize the potential of our technology to deliver even more monoclonal antibody targets and potent vaccine candidates in the field of bacterial infections.”

“The development of therapeutic human antibodies, in addition to our ongoing development of a prophylactic *Staphylococcus aureus* vaccine, clearly demonstrates our strong commitment to fight this important disease. Using antigens identified by Intercell’s AIP for both, the vaccine and the monoclonal antibodies, shows our confidence in the potential of Intercell’s technologies”, states John Shiver, Vice President Vaccines and Biologics Research at Merck.

About *Staphylococcus aureus* infections

Hospital-acquired infections are one of the major causes of death and serious illness worldwide, resulting in an annual burden of more than \$20 billion in the developed world. In the United States alone, about two million patients become infected annually while receiving health care in hospitals. The incidence of nosocomial infections is steadily increasing due to medical interventions and most notably due to the emergence of antibiotic resistant bacteria circulating in hospitals. *S. aureus* is the most frequent cause of hospital acquired infections. In





addition to bloodstream infections with a mortality rate of up to 35%, infections of bone, heart and other inner organs are leading to serious health complications, death and economic burden. Today, approximately 50% of *S. aureus* strains isolated in hospitals worldwide are resistant to multiple antibiotics, rendering staphylococcal disease management increasingly difficult and challenging.

About Monoclonal Antibodies

Antibodies are an important part of the body's natural defense system and are normally produced by our immune system to help our bodies fight disease. Antibodies are proteins that seek out, recognize and bind to a particular site on cells, bacteria and other organisms in a highly specific manner. This specificity makes antibodies useful in the treatment of many types of disease, and antibodies have relatively few side effects since they are a part of the body's own natural immune system.

Worldwide, pharmaceutical and biotechnology companies, as well as universities, are exploring monoclonal antibody technology to develop new therapeutic and in vivo diagnostic products. Therapeutic antibody products are currently on the market for a variety of indications, including cancer, heart disease, and transplant rejection. To date, 17 monoclonal antibody products are approved by the U.S. Food and Drug Administration for use as therapeutic products in the United States.

According to Datamonitor, the therapeutic antibody market is expected to triple in size by 2010 as a result of significant technology advancements and commercialization of a number of safer, more effective humanized and fully human antibodies. Global sales of the monoclonal antibodies market increased by 48 % in 2004 and surpassed the USD 10 billion (EUR 7.8 billion) mark, building on the momentum from previous years.

About Intercell AG

Intercell AG is a biotechnology company focused on the research, development, manufacturing and future commercialization of innovative vaccines for prevention and treatment of infectious diseases for which there exists substantial unaddressed medical need. The Company develops antigens and immunizers (adjuvants) which are derived from its proprietary technology platforms and has in-house GMP manufacturing capability. Intercell has strategic partnerships with a number of global pharmaceutical companies, including sanofi pasteur S.A., Merck & Co., Inc., SciGen Ltd., the Statens Serum Institut and Kirin Brewery Co., Ltd.. The Company has a broad development pipeline with a vaccine product candidate for Japanese Encephalitis in Phase III, a vaccine product candidate for Hepatitis C in Phase II, partnered vaccine candidates for tuberculosis and *S. aureus*, which are in Phase I, and more than five other product candidates focused on infectious diseases in pre-clinical development. Intercell is listed on the Vienna stock exchange under the symbol "ICLL".

For more information, please visit: www.intercell.com



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