



**Intercell announces Q3 results:
Technologies continue to deliver new product candidates – Strong financial situation**

Latest Achievements:

- » EU Grant of € 2.3 million for the development of an **otitis media** vaccine
- » EU Grant of € 3.5 million for the development of a **pandemic influenza vaccine**

Technologies continue to create value and prime partnerships

- » Strategic alliance with **Merck** to develop a prophylactic vaccine against Group A Streptococcus – USD 85.5 million agreement
- » Strategic alliance with **Wyeth** for the use of Intercell's IC31™ adjuvant in various selected infectious disease vaccines - payments up to USD 77 million
- » Collaboration with **PATH** for the development of Intercell's Streptococcus pneumoniae vaccine – USD 7.3 m initial funding

Significant progress in product development

- » **Positive results** for Intercell's Japanese Encephalitis virus vaccine in the pivotal Phase III safety trial – **Regulatory process** towards a Biologics License Application (BLA) in the United States initiated
- » Intercell's therapeutic Hepatitis C T-cell vaccine advances to next Phase II clinical trial in chronic Hepatitis C patients using the optimized route and frequency of administration
- » Intercell terminates its preclinical collaborative development project for a therapeutic Hepatitis B vaccine in order to focus its partnership portfolio

Financials:

- » Revenues were € 6.5 million for the first three quarters of 2006, compared to € 4.8 million in the same period of 2005 (up 35.4%)
- » Primarily due to advancement of JEV vaccine development, net loss increased by 21.8% to € 21.8 million in the nine months ended September 30, 2006 from € 17.9 million in the comparative period of 2005
- » Strong cash position of € 83.7 million – strong cash-flows from strategic partnerships expected in Q4 2006

Vienna (Austria), November 13, 2006 – Vaccine company Intercell AG (VSE: ICLL) today announced its financial results for the third quarter of 2006.

Intercell's aggregate revenues in the nine months ended September 30, 2006 were € 6.5 million, compared to € 4.8 million in the same period of 2005. This 35.4 percent increase was due to





higher revenues from collaborations and licensing, which increased by 55.6 percent from € 3.6 million in the first nine months of 2005 to € 5.6 million in the first nine months of 2006. Grant income decreased by 25.0 percent, from € 1.2 million in the first three quarters of 2005 to € 0.9 million in the first three quarters of 2006.

Intercell's net loss increased by € 3.9 million, or by 21.8 percent, from € 17.9 million in the first nine months of 2005 to € 21.8 million in the nine months ended September 30, 2006. This increase in net loss was due to an increase in research and development expenses of 24.6 percent and an increase in sales, general and administrative expenses of 18.3 percent. Research and development expenses were € 21.8 million in the first three quarters of 2006, compared to € 17.5 million in the first three quarters of 2005. This increase was primarily due to increased costs relating to the Phase III clinical trials for Intercell's JEV vaccine.

Sales general and administrative expenses increased to € 7.1 million in the nine months ended September 30, 2006 from € 6.0 million in the same period of 2005 and resulted primarily from higher personnel expenses.

In aggregate, net operating expenses in the first three quarters of 2006 increased by 18.8 percent to € 27.8 million, from € 23.4 million in the first nine months of 2005.

Financial Highlights

€ in thousands	9 months ended		Year ended
	Sept. 30, 2006	Sept. 30, 2005	Dec. 31, 2005
Revenues	6,483	4,797	8,469
Net loss	(21,761)	(17,890)	(25,060)
Net operating cash flow	(18,059)	(16,166)	(24,023)
Cash and marketable securities, end of period	83,711	59,701	50,178

The full quarterly report including un-audited financial statements can be downloaded at www.intercell.com.

Operational and Business Strategy Review Q3 2006

Japanese Encephalitis (JEV)

The safety analyses for the pivotal **Phase III safety trial** which included 2,683 randomized subjects were positive. Major endpoints of this study were the frequency of adverse events in both test groups, as well as local tolerability findings in both groups. Analyses of this trial show that Intercell's investigational Japanese Encephalitis vaccine was systemically and locally well tolerated.

Furthermore, Intercell initiated the **regulatory process** towards a **Biologics License Application (BLA)** to the U.S. Food and Drug Administration (FDA). A detailed plan for filing of the BLA was discussed and agreed upon in a BLA meeting with the FDA in September



2006. Initially, full reports of the completed pivotal clinical studies will be submitted to the FDA.

Intercell expects to start clinical trials in endemic countries in 2007. Additionally, high priority is currently given to evaluate market opportunities in Japan. Assuming approval of Intercell's BLA by the regulatory authorities, the first market launch for IC51 is anticipated for 2007.

Hepatitis C (IC41)

In Q3 2006, a Phase II – proof of concept – clinical trial for Intercell's therapeutic Hepatitis C T-cell vaccine was started. In this Phase II clinical trial, 50 chronic Hepatitis C patients who have not received a previous treatment will be vaccinated with IC41 using an optimized route and frequency of administration identified in the optimization study completed earlier this year. The study aims to show significant reductions of HCV-RNA through IC41 stand-alone therapy. Initial results of this Phase II study are expected for mid 2007.

Furthermore, Intercell is currently conducting a Phase II clinical trial in 24 patients, testing IC41 in combination with Interferon/Ribavirin standard therapy. Results of this study are expected by end 2006. This study aimed to investigate the concomitant use of IC41 together with standard HCV with regard to immunological parameters. These parameters, especially HCV-epitop specific activated cytotoxic T-cells, are important to control the disease. Learning of this first-in-man combination treatment, together with learning of the ongoing study in treatment naive subjects will then be applied in future studies.

Strategic Alliances & Licensing

In Q3 2006, Intercell entered the following strategic alliances:

- » Worldwide **non-exclusive** agreement with **Wyeth** for the use of Intercell's fully synthetic novel adjuvant IC31™ in various selected infectious disease vaccine programs – up to USD 77 million in upfront, option and milestone payments as well as royalties on product net sales.
- » Subsequent to the end of Q3, Intercell recently entered into a strategic alliance with **Merck** to develop prophylactic vaccine and antibody treatments against Group A Streptococcus: Intercell will provide to Merck certain Group A Streptococcus-specific antigens identified by its Antigen Identification Program (AIP®). The agreement includes a USD 9.5 million upfront payment, up to USD 76 million milestone payments as well as royalties on future net sales of the product.
- » Grant Award by European Commission to consortium coordinated by Intercell to develop a vaccine against the childhood disease **otitis media** (middle ear infection). The European Commission will support the project with € 2.3 million for the next three years.
- » Grant Award of € 3.5 million by the European Commission for the development of a **pandemic influenza vaccine** that is based on Intercell's IC31™ adjuvant technology and will be executed by a consortium of academic and industrial players.



Research and pre-clinical products

Currently, Intercell's pre-clinical programs primarily focus on vaccines against *Streptococcus pneumoniae* and Group B *Streptococcus* and other bacterial infections with the goal of defining product candidates for future clinical development.

In Q3 2006, Intercell entered into collaboration with **PATH** for the development of Intercell's *Streptococcus pneumoniae* vaccine:

- » USD 7.3 m initial funding through preclinical stage, leading to a vaccine candidate ready to enter clinical trials

About Intercell AG:

Intercell AG is a biotechnology company focused on the research, development, manufacturing and future commercialization of innovative vaccines for the prevention and treatment of infectious diseases, for which there exists a substantial unaddressed medical need. Intercell 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 Novartis, Wyeth, Sanofi Pasteur S.A., Merck & Co., Inc., Kirin Brewery Co., Ltd. and the Statens Serum Institut. Intercell has a broad development pipeline with a vaccine product candidate for Japanese Encephalitis in Phase III clinical trials, 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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