

Intercell AG announces Q1 results and update on development programs:
Adjuvant IC31™ opens attractive new market opportunity in Flu – All development projects on track – Strong focus on nosocomial infections — Net loss further decreased – Strong financial position

IC31™ - Clinical results emphasize broad and commercial use in vaccine development

- » Protective profile for IC31™ in Phase I Tuberculosis vaccine trial - strong T-cell immune responses in humans confirming broad pre-clinical data base
- » Promising pre-clinical data for the use of IC31™ in next generation Flu vaccines – first clinical trials planned for 2007
- » Next Milestones – start of a Phase I “proof-of-concept” clinical trial for an IC31™ adjuvanted Flu vaccine and strong focus on a commercial use of IC31™ and further strategic partnerships

All development projects on track and within expected timelines

- » Japanese Encephalitis vaccine - all preparations for expected market launch in the US early 2008 and late 2008 in Europe are on track
Regulatory clearance to start a pediatric Phase II clinical trial in India obtained - start of Phase II trial within the next few weeks
- » Hepatitis C vaccine – Phase II “proof-of-concept” study fully recruited - first data expected by mid 2007 - forward strategies comprise options for mono- and/or combination therapies
- » Pneumococcus vaccine – preparations for start of Phase I clinical trial on track

Nosocomial (hospital-acquired) infections – Building the leading vaccine franchise

- » Staphylococcus aureus vaccine partnered with Merck & Co. - safe and immunogenic in Phase I clinical trials - Phase II expected to start in 2007
- » Pseudomonas vaccine – preparations for start of clinical Phase II/III trials on track
- » Enterococcus/Klebsiella vaccines – AIP® accelerated to progress into clinical development

Strong financial position – Net loss further reduced

- » € 7.1 million net loss for Q1 2007 – down 19.3 percent as compared to Q1 2006
- » Increase of aggregate revenues – € 1.5 million in Q1 2007 compared to € 0.3 million in Q1 2006
- » € 7.4 million R&D expenses in Q1 2007 – up 8.8 percent as compared to Q1 2006
- » Strong cash position with € 86.3 million in liquid funds at March 31, 2007



Vienna (Austria), May 14, 2007 – Vaccine company Intercell AG (VSE: ICLL) announced today the financial results for the first quarter 2007 and an update on the company's development programs:

Q1 2007 Operational Business and Strategy Review

Japanese Encephalitis (JE) vaccine on track to market:

The regulatory process towards a Biologics License Application (BLA) to the U.S. Food and Drug Administration (FDA) has been initiated.

In Q1 2007 Intercell and its Indian partner Biological E. Ltd. obtained regulatory clearance to start a **pediatric Phase II clinical trial** for Intercell's novel Japanese Encephalitis vaccine in India. The study, which is expected to start within the next few weeks, will enroll children at the age of one to three years. It is the first step towards the licensure of a new cell culture derived product in Asia, which is expected by late 2008/early 2009.

Next Milestones:

- » EMEA filing
- » Agreement with US Army
- » Market launch (early 2008)
- » Marketing and sales agreement for Japanese market

Hepatitis C vaccine - Phase II "proof-of-concept" study fully recruited:

The recruitment of the Phase II study with 50 treatment naïve chronic Hepatitis C patients was completed in Q1 2007. The patients were vaccinated with Intercell's vaccine IC41, using an optimized route and frequency of administration, which was identified in an optimization study completed during 2006.

The current study aims to show significant reductions of HCV-RNA linked to the stronger HCV specific T-cell responses obtained in the optimization study.

First interim data from the ongoing Phase II study comprising a first subset of patients having already completed all 8 vaccinations given during a 14 weeks treatment period are expected by mid 2007. Final data of the study are expected to be available by early 2008. Forward strategies for further development comprise options for mono- and/or combination therapies.

Next Milestones:

- » Interim and final Phase II data

IC31™ - Human data open new opportunities for Flu and other vaccines:

IC31™, which is used as adjuvant in a Tuberculosis vaccine partnered with SSI, delivered an



outstanding profile in a Phase I study completed in Q1 2007. IC31™ demonstrated the stimulation of strong T-cell immune responses in humans as had already previously been seen in a variety of animal models. These results underpin the scientific concept of IC31™ and encourage broad and commercial use of Intercell's proprietary technology platform in a variety of prophylactic and therapeutic vaccines.

Supported by the Tuberculosis vaccine data obtained in humans and based on the broad Flu-specific B- and T-cell immunogenicity profile observed in animal models (presented at "Influenza Vaccines for the World", Vienna, October 2006), a Phase I clinical trial to demonstrate the "proof-of-concept" for a superior inter-pandemic vaccine formulated with IC31™, is planned to commence in the second half of 2007.

With one single injection of a standard Flu vaccine adjuvanted with IC31™ Haemagglutinin titers and specific T-cell responses could be drastically increased in a mouse immunogenicity model. Furthermore, the presence of IC31™ induces very long-lasting and high levels of Flu-specific T-cells as well as IgG2a, both markers for a type 1 response known to improve and to broaden the protection from Influenza infections.

Next Milestones:

- » Start of a Phase I "proof-of-concept" clinical trial for an IC31™ adjuvanted Flu vaccine
- » Strong focus on a commercial use of IC31™ and further strategic partnerships

Tuberculosis vaccine – Phase I data justify product development:

In Q1 2007, Intercell and its partner, the Danish Statens Serum Institut (SSI), announced positive results for their Tuberculosis vaccine. The vaccine combines SSI's antigens with Intercell's proprietary adjuvant IC31™. The data from the Phase I trial, which was performed at the Department of Infectious Diseases at Leiden University Medical Center in the Netherlands, show that the vaccine is safe and very immunogenic in healthy individuals as reported at the Keystone conference April 2007. Based on these results, the start of further Phase I/II clinical trials is planned for 2007.

Next Milestone:

- » Start of further clinical trials (with SSI)

Q1 2007 Financial review

Revenues:

Aggregate revenues increased from € 0.3 million in the three months ended March 31, 2006 to € 1.5 million in the three months ended March 31, 2007. The increase was attributable to higher grant income and to higher revenues from existing collaboration and licensing agreements with pharmaceutical companies.

Results of Operations:

Intercell's net loss decreased from € 8.8 million in the first quarter 2006 to € 7.1 million the first quarter 2007, or by 19.3 percent. This decrease was primarily due to an increase in revenues and in other operating income and to a decrease in the share of loss of associated companies.

Net operating expenses increased from € 8.7 million in the quarter ended March 31, 2006 to € 9.0 million in the quarter ended March 31, 2007, or by 3.4 percent. Research and development expenses increased by 8.8 percent and were € 7.4 million in the first three months of 2007 compared to € 6.8 million the same period of 2006. Intercell's general, selling and administrative expenses were € 3.2 million in the three months ended March 31, 2007 compared to € 2.0 million in the comparative period of the previous year. This increase of 60.0 percent was primarily due to higher personnel expenses resulting from stock compensation costs. Net other operating income increased from € 0.1 million in the first quarter 2006 to € 1.6 million in the first quarter 2007 due to primarily R&D tax credits.

No share of loss of associated companies was recorded in the three months ended March 31, 2007, compared to € 1.0 million in the same period of the previous year, because all companies that had been accounted for as associates had been acquired and were fully consolidated. The contribution of newly acquired companies to Intercell's net loss in the first quarter 2007 was € 0.7 million.

Net financial income decreased from € 0.5 million in the first quarter 2006, to € 0.4 million in the same period of 2007 due to higher interest expenses, which were partly offset by higher interest income.

Cash Flow:

Intercell's net cash used in operating activities for the quarters ended March 31, 2007 and 2006 was € 9.6 million and € 8.5 million, respectively. The increase was primarily due to higher working capital requirements.

Net cash provided by investing activities in the first quarter of 2007 was € 1.3 million compared to € 9.2 million in the same period of the previous year. The decrease was primarily due to the prior year's effect of the sale of available-for-sale financial assets in the first quarter of 2006. Cash used for purchases of property, plant and equipment increased to € 1.8 million in the three months ended March 31, 2007 from € 1.4 million in the first quarter of 2006 and was primarily used for laboratory and manufacturing equipment. In the first quarter of 2007, Intercell acquired essentially all of the shares of Pelias Biomedizinische Entwicklungs AG in an all-share deal. The transaction added € 2.9 million in cash to Intercell's balance sheet and, according to IAS 36, led to the capitalization of in-process research and development projects of € 18.9 million.

Intercell's net cash used in financing activities in the period ended March 31, 2007 was € 0.5



million, compared to € 0.3 million in the same period of the previous year, and resulted primarily from repayments of loans.

As of March 31, 2007 Intercell had liquid funds of € 86.3 million of which € 20.2 million was cash and cash equivalents and € 66.1 million was available-for-sale financial assets.

Key Financial Figures

€ in thousands	3 months ended		Year
	March 31		ended
	2007	2006	December
Revenues	1,502	372	23,452
Net loss	(7,050)	(8,814)	(16,143)
Net operating cash flow	(9,635)	(8,482)	(7,979)
Cash and marketable securities, end of period	86,262	38,817	94,421

The un-audited condensed consolidated interim financial statements can be downloaded at www.intercell.com.

About Intercell AG

Intercell AG is a growing biotechnology company which focuses on the design and development of novel vaccines for the prevention and treatment of infectious diseases with substantial unmet medical need. The Company develops antigens and adjuvants which are derived from its proprietary technology platforms, and has in-house GMP manufacturing capability. Based on these technologies, Intercell has strategic partnerships with a number of global pharmaceutical companies, including Novartis, Merck & Co., Wyeth, sanofi pasteur, Kirin and the Statens Serum Institut.

The Company's leading product, a prophylactic vaccine against Japanese Encephalitis, successfully concluded pivotal Phase III clinical trials in 2006. The regulatory process towards a Biologics License Application (BLA) to the U.S. Food and Drug Administration (FDA) has been initiated. The broad development pipeline includes a Pseudomonas vaccine in Phase II, a therapeutic vaccine for Hepatitis C in Phase II, partnered vaccines for Tuberculosis and S.aureus which are in Phase I, and five products focused on infectious diseases in preclinical development. Intercell is listed on the Vienna stock exchange under the symbol "ICLL".

For more information please visit: www.intercell.com

Contact Intercell AG:

Intercell AG

Katharina Wieser

Head of Corporate Communications



Campus Vienna Biocenter 2, A-1030 Vienna
P: +43-1-20620-303 Mail to: kwieser@intercell.com

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