

Intercell AG announces Q3 results and presents business update:
All development programs on track – Profitability expected for full year 2007 – Very strong financial position – Management team appointed for next term

All development programs fully on track

Japanese Encephalitis:

- » Significant progress for leading prophylactic vaccine program on track for market approvals – Finalization of EMEA–MAA and US–BLA filing planned for December 2007
- » Results of Phase II for the vaccine in children expected in early 2008

Hospital acquired infections:

- » **S. aureus vaccine** - Start of clinical Phase II trial (with Merck & Co., Inc.) expected within the next weeks
- » **Pseudomonas vaccine** – preparations for start of clinical Phase II/III trials in 2008 on track

Hepatitis C:

- » Statistically significant viral load reduction and good safety profile for therapeutic vaccine in interim analysis – full study data expected for Q1 2008
- » Further clinical program under co-development arrangement with Novartis likely to include IC31®

IC31® & AIP®:

- » **IC31® – Influenza vaccine:** All individuals within Phase I study vaccinated – results expected for early 2008
- » **IC31® – Tuberculosis vaccine:** Two further clinical trials with the Danish Statens Serum Institut (SSI) expected to start this year
- » **Pneumococcus vaccine:** Preparations for start of Phase I study in 2008 for novel protein-based vaccine on track

Novartis alliance:

- » Transaction closed as announced in July – Total upfront contribution of EUR 270 m – Significant further milestones expected – 4.8 m shares issued to Novartis at a price of EUR 31.25 per share in September
- » Full implementation for improved Influenza vaccine and co-development in Hepatitis C started in Q4 2007

Strong financial position – Profitability expected for full year 2007:

- » EUR 6.5 m net loss for Q3 2007 compared to EUR 9.5 m in Q3 2006. This means a decrease of 31.2 percent
- » Increase of aggregate revenues – EUR 7.4 m in Q3 2007 compared to EUR 0.7 m in Q3 2006
- » EUR 9.8 m R&D expenses in Q3 2007 – up 17.0 percent compared to Q3 2006 following progress of development programs

- » Strong cash position with EUR 218.6 m in liquid funds at September 30, 2007. Given already committed further payments, cash position at the end of 2007 expected to be approx. EUR 300 m
- » Full year 2007 expected to be profitable based on already confirmed licensing income. Growth in profitability expected for 2008

Management Board:

- » Management Board, with Gerd Zettlmeissl as Chief Executive Officer, Werner Lanthaler as Chief Financial Officer, and Alexander von Gabain as Chief Scientific Officer, appointed for a further three-year term. Thomas Lingelbach appointed as a new member of the Management Board as Chief Operating Officer

Vienna (Austria), November 19, 2007 – Today, vaccine company Intercell AG (VSE: ICLL) announced its financial results for the third quarter 2007, and presented an update on the Company’s development programs.

“Given the progress within our own development programs and the good news from our partners, we are very optimistic for the launch of our Japanese Encephalitis vaccine and the continued success of clinical programs and technologies. On these fundamentals it is a pleasure for us as the management team to continue our work to build shareholder value. We would like to thank our Supervisory Board and shareholders for their continued trust in our work,” stated Gerd Zettlmeissl, Intercell’s CEO.

Update on Development Programs

Japanese Encephalitis vaccine fully on track for US and EU approvals

Intercell reports significant progress towards market approval of its prophylactic Japanese Encephalitis vaccine. With the successful production of three consistency batches in the final commercial manufacturing setting, the Biological License Application (BLA) to the US Food and Drug Administration and the Marketing Authorization Application (MAA) with European Agency for the Evaluation of Medical Products (EMA) are planned for December. All plans for the respective pre-approval inspections are well on track for the expected market approvals.

In order to enter the endemic markets and develop a pediatric application of the vaccine, Intercell has started Phase II clinical trials against the Japanese Encephalitis Virus in India, together with its partner Biological E. Ltd. (Hyderabad, India). This represents the first administration of Intercell’s Japanese Encephalitis vaccine to children. The recruitment of this trial has been completed, and results of this Phase II trial are expected in early 2008.

Negotiations with the U.S. Army for the strategic supply immediately post-market-approval are progressing as planned.



Leadership in vaccines against hospital-acquired infections expanded

For the prophylactic *S. aureus* vaccine, Intercell expects its partner, Merck & Co. Inc., to start the clinical Phase II trial within the coming weeks. The study will aim for first efficacy data of a single dose vaccine to prevent serious *S. aureus* infections in hospital surgical settings. In previous Phase I studies the vaccine, consisting of a single highly conserved protein antigen, which was discovered by Intercell's Antigen Identification Program (AIP®), was shown to be safe and highly immunogenic with only a single dose application.

Preparations for the start of clinical Phase II/III trials in 2008 with our *Pseudomonas* vaccine are on track. Current activities include the manufacture and release of clinical trial materials and the planning of clinical settings for the prophylactic testing of the vaccine, with a focus on preventing *Pseudomonas* infections in intensive care units.

Enterococcus and Klebsiella – AIP® projects have been accelerated to confirm product candidates for clinical vaccine and antibody programs.

Adding IC31® to Hepatitis C vaccine

The interim analyses, in which 25 patients have already been evaluated, showed a statistically significant sustained HCV-RNA decline at two weeks after the last vaccination. The peptide-based therapeutic Hepatitis C vaccine is currently being tested in a study with more than 50 patients chronically infected with Genotype 1 of the Hepatitis C Virus, which is known to be very difficult to treat with Interferon/Ribavirin standard therapy.

The Phase II interim data opens the door for therapeutic vaccination in the arena of existing and future treatment options. Final results of the study, with the full set of patients and an analysis of HCV-RNA and T-cell response until 24 weeks after the last vaccination, are expected early in 2008.

Further clinical studies will very likely include vaccine formulations with IC31® as a significantly more potent adjuvant, and will be conducted under a co-development arrangement with Novartis.

Tuberculosis vaccine enters further clinical trials

The prophylactic vaccine against Tuberculosis (TB), based on a cooperation between Intercell and the Danish Statens Serum Institut (SSI) will enter further clinical trials in BCG-vaccinated and latently infected individuals. The development of an IC31® adjuvanted TB subunit vaccine is being supported by the European Union's "TB-VAC" program as well as AERAS. AERAS is a global TB vaccine foundation, which focuses on developing new vaccines against TB and ensuring their availability to the most exposed countries.

Influenza vaccine – Phase I fully recruited, results of the study are expected early 2008

Intercell's adjuvant IC31® is exclusively licensed to Novartis for the development of improved Influenza vaccines. The novel Influenza vaccine is currently being tested in a clinical Phase I trial, which is already fully recruited. A single dose of the IC31® adjuvanted Influenza vaccine



was applied to healthy adult volunteers. The primary endpoints of the study comprise the safety and immunogenicity of the vaccine at day 21. Results are expected early 2008. The IC31[®] adjuvanted Influenza vaccine is expected to overcome several shortcomings of existing Influenza vaccines. Preclinical animal models already showed that the new vaccine could increase Haemagglutinin titers and specific T-cell responses significantly.

Pneumococcus vaccine – Preparations for start of Phase I study in 2008 for novel protein-based vaccine on track

Process development and manufacturing activities for Intercell's innovative Pneumococcus vaccine, which is comprised of three highly cross-protective protein antigens, are progressing according to plan. The program is funded by PATH, and clinical Phase I studies are expected to start in 2008.

Operational Business Review

Management Board

Intercell's Supervisory Board confirmed the members of the existing Management Board, with Gerd Zettlmeissl as Chief Executive Officer, Alexander von Gabain as Chief Scientific Officer, and Werner Lanthaler as Chief Financial Officer, for the next three years.

Thomas Lingelbach has been appointed as a new member of Intercell's Management Board (Chief Operating Officer). Lingelbach, who joined Intercell in 2006, plays a pivotal role in leading Intercell's further development towards industrialization and commercialization. He served as Vice President Industrial Operations in Chiron Vaccines' Executive Committee, and Managing Director for Chiron-Behring GmbH & Co KG, thereafter during the integration phase acting as General Manager and Managing Director for Novartis Vaccines' German Operations. Thomas has profound experience and a proven track record of key transformations and change management in vaccines product development, manufacturing, and quality and regulatory compliance.

Intercell-Novartis partnership closed, subscription of new shares completed

In July 2007 Intercell and Novartis signed a major strategic partnership to accelerate innovation in vaccines development in infectious diseases. The current operational focus in this partnership concentrates on the development of an improved Influenza vaccine comprising IC31[®] and the global co-development of a therapeutic Hepatitis C Vaccine. Full implementation has been started.

The upfront total cash contribution of EUR 270 m will further expand resources behind Intercell's key value drivers, and secures the Company's ability to independently achieve sustained aggressive growth. The total potential milestone and royalty payments under this agreement could result in multi-billion revenues for Intercell in the future. One part of this



agreement, the subscription of new shares for EUR 150 m by Novartis, was completed in September. This increased Novartis' equity stake from 6.1% to 15.9%. The shares issued to Novartis carry no special rights compared to all other shares issued by Intercell. The new shares were issued at a price of EUR 31.25 per share.

Q3 Financial Review

Revenues

Intercell's aggregate revenues increased from EUR 0.7 m in the third quarter 2006 to EUR 7.4 m in the third quarter 2007. In the nine months ended September 30, 2007 aggregate revenues were EUR 12.6 m compared to EUR 6.5 m in the same period of the previous year, which represents an increase of 93.7 percent. Revenues from collaborations and licensing in the first three quarters of 2007 increased by 54.4 percent to EUR 8.6 m, compared to EUR 5.6 m in the same period of 2006. This increase was primarily due to the recognition of EUR 5.7 m from a EUR 120 m upfront commitment under the strategic partnership with Novartis, concluded in July 2007. Grant income increased from EUR 0.9 m in the nine months ended September 30, 2006 to EUR 3.9 m in the nine months ended September 30, 2007. This increase was primarily due to a grant from PATH (Program for Appropriate Technology in Health) for Intercell's Pneumococcus vaccine project.

Result of Operations

Intercell's net loss in the third quarter 2007 decreased by 31.2 percent to EUR 6.5 m, compared to EUR 9.5 m in the third quarter 2006. This decrease was primarily due to the increase in revenues, and was partly offset by an increase in research and development expenses, an increase in general, selling, and administrative expenses, as well as an increase in other operating expenses.

The net loss in the first nine months of the year increased slightly from EUR 21.8 m in 2006 to EUR 22.1 m in 2007, or by 1.5 percent. Total net operating expenses in the nine months ended September 30, 2007 went up by 27.9 percent to EUR 35.6 m from EUR 27.8 m in the same period of 2006. Financial income, net of expenses, was EUR 1.0 m in the nine months ended September 30, 2007, compared to EUR 0.9 m in the nine months ended September 30, 2006.

Cash Flow

Net cash used in operating activities was EUR 27.5 m in the nine months ended September 30, 2007, compared to EUR 18.1 m in the nine months ended September 30, 2006. This increase was primarily due to changes in working capital.

Net cash used in investing activities was EUR 7.1 m in the first nine months of 2007 and EUR 25.2 m in the same period in 2006, and resulted primarily from investments into available for sale financial assets for cash management purposes. Purchases of property, plant, and equipment were EUR 3.3 m in the first three quarters of 2007, compared to EUR 4.0 m in the



first three quarters of the previous year. The acquisition of Pelias Biomedizinische Entwicklungs AG in an all-share deal in 2007 added EUR 2.9 m in cash to Intercell's balance sheet and, according to IAS 36, led to the capitalization of in-process research and development projects of EUR 18.9 m.

Net cash provided by financing activities increased from EUR 56.5 m in the first nine months of 2006 to EUR 151.7 m in the same period of the current year. The financing proceeds in 2007 resulted principally from the issuance of 4.8 m new shares in the third quarter to Intercell's strategic partner Novartis at an issue price of EUR 31.25 per share and from net proceeds from the exercise of stock options of EUR 2.8 m.

As of September 30, 2007, Intercell had liquid funds of EUR 218.6 m, of which EUR 160.4 m was cash and EUR 58.2 m was available for sale financial assets. An additional EUR 80.0 m cash payment by Novartis is expected in November 2007.

Financial Highlights

EUR thousands	3 months ended		9 months ended		Year ended
	Sept 30, 2007	Sept 30, 2006	Sept 30, 2007	Sept 30, 2006	Dec. 31, 2006
Revenues	7,375	711	12,559	6,483	23,452
Net loss	(6,514)	(9,470)	(22,085)	(21,761)	(16,143)
Net operating cash flow	(12,978)	(6,481)	(27,480)	(18,059)	(7,979)
Cash and marketable securities, end of period	218,580	83,711	218,580	83,711	94,421

The unaudited condensed 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., Inc., Wyeth, sanofi pasteur, Kirin, and the Statens Serum Institut.

The Company's leading product, a prophylactic vaccine against Japanese Encephalitis Virus, successfully concluded pivotal Phase III clinical trials in 2006. The regulatory process toward a Biological 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 Virus 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.

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