



Intercell Receives Milestone Payment From Merck & Co. Inc Triggered By Initiation Of Phase II Clinical Trial of Investigational Vaccine to Prevent *S. aureus* Infection

Vienna (Austria), December 16th 2007 – Intercell AG (VSE: ICLL) today announced progress in its collaboration with Merck & Co., Inc. to develop a vaccine to prevent *Staphylococcus aureus*, (*S. aureus*), infection. Merck has initiated a Phase II clinical trial designed to evaluate the efficacy and safety of a single dose of the candidate vaccine in patients undergoing elective surgery. The start of this Phase II trial triggers a milestone payment of USD 4 million to Intercell.

Gerd Zettlmeissel, CEO of Intercell, commented "We are extremely pleased that Merck has started Phase II studies, using a *S. aureus* vaccine discovered using our proprietary Antigen Identification Platform (AIP®) technology. This serves as further validation of the ability of our AIP® to deliver novel bacterial vaccine candidates."

The *S. aureus* vaccine candidate is based on a conserved protein antigen discovered by Intercell and licensed to Merck & Co., Inc. in 2004 on an exclusive world wide basis. Merck is responsible for clinical development, manufacturing and marketing. Intercell is eligible to receive milestone payments and royalties on future net sales. In Phase I clinical trials the *S. aureus* candidate vaccine was shown to be immunogenic, safe and generally well tolerated.

Hospital Acquired Infections

Hospital acquired infections caused by bacteria are one of the major causes of death and serious illness. Intercell has embarked on a large scale, comprehensive and multi-target antigen identification program to contribute to vaccine efforts in this field. Besides Merck's *S. aureus* vaccine, based on an antigen identified by Intercell, Intercell is developing a vaccine against hospital acquired infections caused by *Pseudomonas aeruginosa* - a clinical Phase II/III trial is expected to be initiated in 2008 – and has ongoing pre-clinical programs for Enterococcus and Klebsiella vaccine discovery.

About *S. aureus*

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. Hospital-acquired infections are one of the major causes of death and serious illness worldwide, resulting in an annual burden of more than USD 20 billion in the developed world. In the United States alone, about two million patients become infected annually while receiving health care in hospitals.



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, successfully concluded pivotal Phase III clinical trials in 2006. The regulatory process toward 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 Staphylococcus aureus which are in Phase I and II, 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

Lucia Malfent

Head of Corporate Communications

Campus Vienna Biocenter 2, A-1030 Vienna

P: +43-1-20620-303

Mail to: LMalfent@intercell.com

This communication expressly or implicitly contains certain forward-looking statements concerning Intercell AG and its business. Such statements involve certain known and unknown risks, uncertainties and other factors which could cause the actual results, financial condition, performance or achievements of Intercell AG to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Intercell AG is providing this communication as of this date and does not undertake to update any forward-looking statements contained herein as a result of new information, future events or otherwise.