

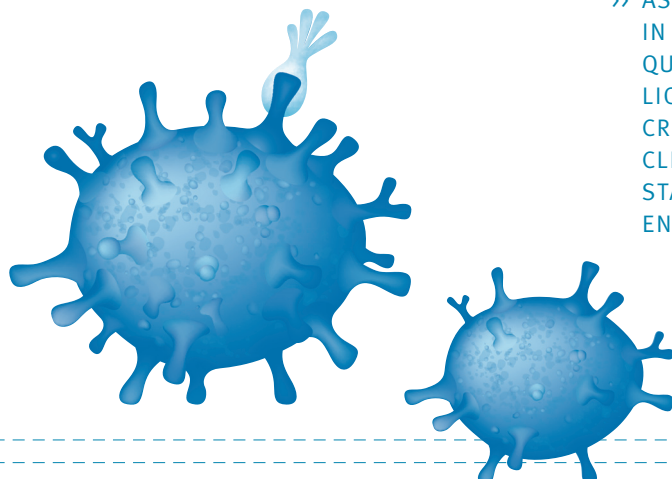
Company Snapshot

Intercell AG is a fast growing biotechnology company with a clear strategy and focus on the design and development of novel vaccines for the prevention and treatment of diseases with substantial unaddressed medical need.

The Company's unique position is based on the combination of antigens and immunizers (adjuvants) derived from its proprietary technology platforms and its in-house GMP manufacturing facilities. Intercell's technology has been endorsed by collaborative agreements with a number of global pharmaceutical companies, including sanofi pasteur, Merck&Co., Inc., SciGen Ltd. and the Statens Serum Institut. The Company has a broad development pipeline with a vaccine for Japanese Encephalitis in Phase III, a vaccine for Hepatitis C undergoing Phase II trials, and five products focused on infectious diseases in the pre-clinical development. Intercell is listed on the Vienna Stock Exchange under the symbol "ICLL".

The company employs more than 140 co-workers from 16 different nations. Our headquarters are in Vienna (Austria); other locations are Livingston (Scotland), and Mooresville, North Carolina (USA), for manufacturing and business development, respectively.

For more information please visit:
www.intercell.com



KEY MILESTONES Q3 2005:

- » INTERCELL STARTS PHASE III CLINICAL TRIALS OF ITS JAPANESE ENCEPHALITIS VACCINE. THE GLOBAL PHASE III PROGRAM CONSISTS OF A SERIES OF IMMUNOGENICITY AND SAFETY TRIALS AND WILL ENROLL MORE THAN 4,900 SUBJECTS
- » INTERCELL AG AND CSL LTD. SIGN EXCLUSIVE AGREEMENT FOR MARKETING AND DISTRIBUTION OF JAPANESE ENCEPHALITIS VACCINE IN AUSTRALIA
- » MILESTONE WITHIN STRATEGIC PARTNERSHIP WITH MERCK&CO., INC., ACHIEVED: INTERCELL WILL RECEIVE MILESTONE PAYMENT OF USD 1 MILLION FOR BACTERIAL VACCINE CANDIDATE
- » INTERCELL PATENT FOR METHOD TO IDENTIFY NOVEL VACCINE ANTIGENS FROM PATHOGENS GRANTED
- » ALLIANCE WITH THE CENTERS FOR DISEASE CONTROL AND PREVENTION (CDC) ON RESEARCH AND DEVELOPMENT OF A NOVEL PNEUMOCOCCUS VACCINE
- » INTERCELL APPOINTS MANAGEMENT BOARD FOR FURTHER GROWTH – GERD ZETTLMEISSL - NEW CEO, ALEXANDER VON GABAIN - NEW CSO, WERNER LANTHALER - CFO
- » REVENUES OF € 4.8 MILLION FOR THE FIRST NINE MONTHS OF 2005
- » STRONG CASH POSITION WITH APPROXIMATELY € 60 MILLION IN LIQUID RESERVES
- » AS PLANNED ACCELERATED SPENDING RESULTS IN NET LOSS OF € 17.9 MILLION IN FIRST THREE QUARTERS OF 2005, UP 39.7 % OVER € 12.8 MILLION IN THE SAME PERIOD OF PREVIOUS YEAR; INCREASE DUE TO SUCCESSFUL ADVANCEMENT OF CLINICAL PRODUCT CANDIDATES, ESPECIALLY THE START OF PHASE III TRIALS FOR THE JAPANESE ENCEPHALITIS VACCINE

Q3 2005 Operational and Business Strategy Review

» JAPANESE ENCEPHALITIS

Within the last months, highest priority was given to the preparations for the global Phase III clinical trials, which successfully started on September 19th 2005. The global Phase III Program consists of a series of immunogenicity and safety trials and will enroll more than 4,900 subjects. Furthermore, a one time vaccination schedule is included in the Phase III program.

The fundamental immunogenicity study takes place in Austria, Germany and the United States. This trial will compare the immune responses of IC51 with JE-VAX[®], which is the only Japanese Encephalitis vaccine approved in the US.

An additional series of Phase III trials will gather further immunogenicity and safety data in approximately 4,000 subjects. These subjects will be recruited in Austria, Australia, Bulgaria, Germany, Israel, the Netherlands, New Zealand, Romania, the UK and the United States. Enrollment is fully on track.

The clinical trial material for the Phase III studies is produced at commercial scale according to GMP standards in Intercell's own manufacturing plant in Livingston, Scotland.

We expect BLA (Biologics License Application) filing in 2006 and product registration in the US in 2007. Intercell is planning to market the product in the United States and Europe targeting the travelers and armed forces market to replace current suboptimal vaccines produced on mouse brain.

Biological E, our strategic partner for the marketing and sales of our Japanese Encephalitis vaccine in certain Asian countries enables us to optimally cover and meet the requirements of the market where the disease is endemic. Our Australian Partner, CSL Ltd., received the sole and exclusive marketing and distribution rights of Intercell's JEV vaccine in Australia, New Zealand, Papua New Guinea and the Pacific Islands.

» HEPATITIS C

The development of our therapeutic vaccine against Hepatitis C continues to be fully on track. After completion of our first Phase II clinical study in 2004, the clinical development program has been further extended. A follow-up study has been designed to further increase the T-cell response that is the pivotal arm of the immune system to fight the infection by optimizing the route and the frequency of vaccinations. Recruitment for the new study, where Intercell's Hepatitis C vaccine is applied to more than 50 healthy volunteers by administering up to 16 vaccinations at weekly intervals, has recently been completed; results are being expected for early 2006. IC41 is also being tested in combination with the Interferon/Ribavirin standard therapy in another Phase II trial. This trial is expected to be completed in 2006.

» RESEARCH AND PRECLINICAL PRODUCTS

Significant progress has been made in our research and pre-clinical programs:

» We entered into an alliance with the Centers for Disease Control and Prevention (CDC) in Atlanta, US, for further development of our protein-based Pneumococcus vaccine as one of our

next lead vaccine candidates. There is a high unmet medical need for a novel and safe vaccine especially in the elderly population. The currently approved vaccine against *S. pneumoniae* only covers a fraction of the 90 different *S. pneumoniae* serotypes. With the new vaccine, Intercell is aiming to prevent infection by all serotypes.

Within our preclinical programs we primarily focus on vaccines against *Streptococcus Pneumoniae* and Group A *Streptococcus* infections in order to define product candidates in 2005 for future clinical development.

» STRATEGIC ALLIANCES & LICENSING

All existing strategic alliances which have resulted from our highly successful antigen identification and adjuvant (IC31[™]) technologies are moving forward according to the intended timelines:

» Within the strategic alliance with Merck&Co., Inc., Intercell - subsequently to the third quarter - received a USD 1 million milestone payment for significant progress made in the development of a bacterial vaccine candidate fully derived from Intercell's Antigen Identification Program. Merck&Co., Inc., licensed the vaccine candidate, which has the potential to address a very important unmet medical need in the field of infectious diseases, from Intercell in May 2004. First clinical trials are expected in near future.

Our major strategic partners are: Merck&Co., Inc. (US), sanofi pasteur (France), Statens Serum Institut (Denmark) and SciGen Ltd. (Australia/Singapore). We expect the start of another clinical trial within these partnerships and further technology alliances within the next months.

» INTELLECTUAL PROPERTY

One of our strategic focuses is to protect and strengthen our key products and technologies by means of aggressive patent filing and prosecution.

» The European Patent Office has granted a European Patent 1355930 entitled "A method for identification, isolation and production of antigens to a specific pathogen" to protect Intercell's Antigen Identification Program. Our very successful Antigen Identification Program uses antibody preparations from human sera to screen and identify vaccine antigens and targets for antibody therapies from genomic expression libraries of bacterial, viral and fungal pathogens with high medical importance.

» MANAGEMENT TEAM

Intercell's Supervisory Board has appointed its management board with new responsibilities for the next three years. This appointment guarantees the optimal use of individual strength, know how and industrial experience of its members for the next stage of the company's growth.

The members of the new management board are

- » Gerd Zettlmeissl (Chief Executive Officer),
- » Alexander von Gabain (Chief Scientific Officer) and
- » Werner Lanthaler (Chief Financial Officer).

Q3 2005 Financial Review

» REVENUES

In the third quarter 2005, our revenues were € 0.7 million compared to € 0.2 million in the third quarter of the previous year. In both the actual and the comparative period, revenues resulted primarily from public subsidies and did not include substantial revenues from collaborations and licensing. For the fourth quarter of 2005 we expect an increase in revenues from collaborations and licensing, which fluctuate due to the nature of our business.

» RESULTS OF OPERATIONS

Our net loss for the quarter ended September 30, 2005 was € 9.7 million compared to € 5.7 million in the third quarter 2004. This strong increase of 70.4 percent was primarily due to an increase in research and development costs, resulting in particular from the start of Phase III trials for our JEV vaccine.

Our net operating expenses increased from € 5.7 million in the third quarter 2004 to € 10.7 million in the quarter ended

September 30, 2005. Research and development costs more than doubled from € 4.0 million in the third quarter 2004 to € 8.2 million in the quarter ended September 30, 2005, reflecting the advancement in our clinical development activities. Our sales, general and administration costs increased by 41.7 percent to € 2.4 million in the third quarter 2005 compared to € 1.7 million in the same period of the previous year. This increase was primarily due to one time expenses for exploring acquisition opportunities in the vaccine business, which have been terminated without resulting in a transaction. Net other operating expenses in the third quarter 2005 were € 0.1 million compared to € 0.3 million in the same quarter last year.

Our net financial income was € 0.2 million in the third quarter 2005, which compares to € 0.1 million in the third quarter 2004.

Nine months 2005 Financial Review

» REVENUES

Our aggregate revenues in the nine months ended September 30, 2005 were € 4.8 million, compared to € 4.2 million in the same period of 2004. Our revenues from collaborations and licensing increased to € 3.6 million in the first nine months of 2005 from € 3.4 million in the comparative period of 2004. Revenues from public subsidies increased to € 1.2 million in the first nine months of 2005 compared to € 0.8 million in the first nine months of the previous year. The increase in revenue from public funding is primarily attributable to the start of research and development activities under a US \$ 6.6 million grant contract with the National Institute of Health (NIH) of the United States with a total term of three years.

» RESULTS OF OPERATIONS

Our net loss in the nine months ended September 30, 2005 was up 39.7 percent to € 17.9 million from € 12.8 million in the first nine months of 2004. This is almost entirely due to higher research and development costs, which increased by 61.6 percent from € 10.8 million in the first three quarters of 2004 to € 17.5 million in the first three quarters of the current year, reflecting the progress in manufacturing and advancing our JEV vaccine into Phase III clinical trials.

Our sales, general and administration costs increased by 5.0 percent from € 5.7 million in the nine months ended September 30,

2004 to € 6.0 million in the first three quarters in 2005. Our net other operating income of € 0.1 million in the first nine months of 2005 was primarily due to foreign exchange gains and compares to € 0.7 million in net other operating expenses in the same period in the previous year, which were driven by unrealized foreign currency losses and by one-off expenses.

In aggregate, our net operating expenses increased by 38.5 percent from € 16.9 million in the first three quarters in 2004 to € 23.4 million in the nine months ended September 30, 2005. Our financial income, net of expenses increased from € 0.2 million in the first three quarters of 2004 to € 0.7 million in the same period in 2005. This increase was due to the higher level of interest bearing liquidity reserves resulting from our IPO and to a decrease of interest expense on long term debt.

As of September 30, 2005, we have accumulated a net loss of € 86.5 million, which has been funded primarily through sale of our equity securities, including our initial public share offering in the first quarter of 2005, and contributions from silent partners.

» CASH FLOW AND CAPITAL RESOURCES

Our net cash used in operating activities for the nine months ended September 30, 2005 was € 15.7 million compared to € 10.3 million in the first three quarters of 2004. The increase reflects our progress in research and development activities. Our net cash used in investing activities of € 30.9 million in the first nine months of 2005 and of € 15.9 million in the same period of

2004 was primarily due to investments in short-term securities of our cash proceeds from financing activities. Without giving effect to investments in and proceeds from sale of securities, net cash used in investing activities was € 1.2 million in the nine months ended September 30, 2005, compared to € 4.0 million in the nine months ended September 30, 2004, in which period the acquisition cost of € 3.3 million for our manufacturing facility in Livingston, Scotland was included.

Our net cash provided by financing activities was € 45.0 million in the first nine months of 2005 and € 15.8 million for the same period of the previous year. To date we have funded our operations primarily through the sale of our equity securities and

through contributions from silent partners, whose participations were converted into shares in September 2004. In February 2005, we completed an initial public offering (IPO) and our shares started trading in the Prime Market Segment of the Vienna Stock Exchange on February 28, 2005. In the course of the offering we sold 9,489,132 shares at an offer price of € 5.50 per share resulting in net proceeds of € 46.0 million after deducting underwriting commissions and offering expenses.

As of September 30, 2005 we had liquid reserves of € 59.7 million of which € 6.6 million was cash and cash equivalents and € 53.1 million was available-for-sale securities.

Consolidated Income Statements (unaudited)

€ in thousands (except shares and per share amounts)	Three months ended September 30,		Nine months ended September 30,		Dec. 3, 1997 (Inception) to Sept. 30, 2005
	2005	2004	2005	2004	
Revenues					
Revenues from collaborations and licensing	51	4	3,604	3,380	8,326
Public subsidies	640	200	1,193	790	9,897
Operating expenses					
Research & development costs	(8,168)	(4,013)	(17,474)	(10,813)	(79,366)
Sales, general & administration costs	(2,388)	(1,685)	(5,994)	(5,704)	(25,983)
Income from transactions with associated companies	7	331	27	369	3,914
Other operating income (expenses), net	(117)	(328)	81	(715)	(1,901)
Operating loss	(9,975)	(5,491)	(18,563)	(12,693)	(85,113)
Financial income					
Interest income (expenses), net	129	62	585	59	1,301
Realized gain from the sale of securities	99	0	122	145	759
Net loss before taxes, minority interest and equity in losses of associated companies	(9,747)	(5,429)	(17,856)	(12,489)	(83,053)
Income tax credit (expense)	(1)	(1)	(3)	(2)	7
Minority interest	0	0	0	0	67
Equity in losses of associated companies	0	(291)	0	(291)	(3,513)
Net loss	(9,748)	(5,721)	(17,859)	(12,782)	(86,492)
Other comprehensive income (expenses), net of tax					
Unrealized holding gains on securities arising during the period	107	110	142	114	498
Foreign currency translation adjustments	(7)	(39)	70	(27)	13
Total other comprehensive income (expenses)	100	71	212	87	511
Comprehensive loss	(9,648)	(5,650)	(17,647)	(12,696)	(85,981)
Net loss per share (basic and diluted)	(0.29)	(0.24)	(0.57)	(0.55)	-
Shares used in computing net loss per share	33,052,376	23,486,628	31,106,137	23,444,409	-

Prepared in accordance with US GAAP

Consolidated Balance Sheets (unaudited)

€ in thousands	September 30, 2005	December 31, 2004
Assets		
Current Assets	61,528	32,962
Cash and cash equivalents	6,559	8,167
Available-for-sale securities, short-term	53,142	23,183
Trade accounts receivable	51	1
Accounts receivable from associated companies	6	2
Work in progress	0	310
Other current assets, restricted	366	496
Prepaid expenses and other current assets	1,404	803
Non-current Assets	6,896	6,473
Property, plant and equipment	6,370	5,979
Investments in associated companies	32	0
Loans to management	494	494
Total Assets	68,424	39,435
Liabilities & Stockholders' Equity		
Current Liabilities	8,767	8,251
Current portion of long-term-debt	1,298	1,701
Trade accounts payable	3,903	1,704
Accrued expenses and other current liabilities	2,734	3,096
Deferred income, short-term	832	1,750
Non-current Liabilities	3,197	4,143
Long-term debt	3,197	4,143
Shareholders' Equity	56,460	27,041
Share capital (33,575,932 shares at no par value)	33,576	24,078
Additional paid-in capital	109,365	71,861
Treasury stock	(501)	(565)
Deficit accumulated during the development stage	(86,492)	(68,633)
Accumulated other comprehensive income and expenses	512	300
Total Liabilities & Shareholders' Equity	68,424	39,435

Prepared in accordance with US GAAP

Consolidated Cashflow Statements (unaudited)

€ in thousands	Nine months ended September 30, 2005	Nine months ended September 30, 2004	Dec. 3, 1997 (Inception) to September 30, 2005
Cash flows from operating activities			
Net loss	(17,859)	(12,782)	(86,492)
Adjustments to reconcile net loss to net cash used in operating activities			
Depreciation and amortization	721	613	3,674
Stock-based compensation	1,055	1,228	2,528
Purchased in-process research & development projects	0	212	212
Net gain on sale of securities	(122)	(144)	(759)
Net loss (gain) from sale of property, plant & equipment	1	(6)	29
Interest deferred and added to long term debt	37	68	144
Equity in losses of associated companies	0	291	3,508
Change in operating assets and liabilities			
Increase (decrease) in deferred income	(918)	290	832
Decrease (increase) in loans to management	0	247	(494)
Decrease (increase) in trade accounts receivable	(54)	118	(57)
Increase (decrease) in trade accounts payable	2,275	(350)	3,894
Increase in other current assets	(523)	(542)	(1,274)
Increase (decrease) in other current liabilities	(362)	454	2,239
Net cash used in operating activities	(15,749)	(10,303)	(72,016)
Cash flows from investing activities			
Purchase of property, plant and equipment	(1,188)	(678)	(7,077)
Proceeds from sale of property, plant & equipment	0	10	10
Investments in available-for-sale securities	(39,670)	(31,805)	(156,639)
Proceeds from the sale and maturity of available-for- sale securities	9,973	19,969	104,753
Cash paid for acquisitions, net of cash acquired	0	(3,332)	(3,332)
Investments in associated companies	(32)	(33)	(3,541)
Disposal of subsidiary, net of cash	0	0	(17)
Net cash used in investing activities	(30,917)	(15,869)	(65,843)
Cash flows from financing activities			
Increase in long-term debt	0	0	8,419
Repayment of long-term debt	(1,385)	(1,380)	(4,068)
Proceeds (withdrawals) from silent partners	0	(203)	20,499
Proceeds from issuance of stock	46,335	17,433	120,304
Deferred financing costs	0	(102)	0
Proceeds from re-issuance of (payments to acquire) treasury stock	38	5	(890)
Net cash provided by financing activities	44,988	15,753	144,264
Effect of exchange rate fluctuations	70	33	154
Decrease in restricted cash, long term	0	(650)	0
Increase (decrease) in cash and cash equivalents	(1,608)	(11,036)	6,559
Cash and cash equivalents at beginning of period	8,167	24,621	0
Cash and cash equivalents at end of period	6,559	13,585	6,559
Supplemental cash flow information			
Interest paid	130	154	937
Income taxes paid (received)	3	3	(7)
Cash, short-term deposits and marketable securities at end of period	59,701	36,625	59,701

Prepared in accordance with US GAAP