

**Working Translation**

**REPORT**

**of the Supervisory Board of**

**INTERCELL AG**

**pursuant to Article 18 of the Regulation of the European Council dated October 8, 2001 about the statute of the European Company (Societas Europaea) in conjunction with Section 220c of the Austrian Stock Corporation Act (AktG)**

**concerning the cross-border SE-Merger of INTERCELL AG as transferring company and Vivalis SA as acquiring company**

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## 1. SUBJECT-MATTER and DOCUMENTS UNTERLYING the Report

### 1.1. Introduction

1.1.1 The management board of INTERCELL AG, a stock corporation organized under the laws of Austria having its registered offices in Vienna, registered in the companies' register of the Vienna Commercial Court under file number FN 166438 m ("ICLL") and the management board of Vivalis SA, a *Société anonyme à Directoire et Conseil de surveillance* organized under French law having its registered offices in La Corbière – 49450 Roussay, registered in France in the *Registre du Commerce et des Sociétés d'Angers* under number 422 497 560 ("Vivalis") have set up a joint merger plan dated December 16, 2012 and an amendment to the merger plan dated January 18, 2013. Pursuant to this merger plan, ICLL as transferring company will be merged into Vivalis as acquiring company by way of a cross-border SE-Merger ("**Merger**"). Simultaneously, the acquiring company will change its legal form to a Societas Europaea (SE). The merger plan will be submitted to the shareholders meeting of ICLL, that is expected to take place on February 27, 2013 and to the shareholders meeting of Vivalis, that is expected to take place on March 4, 2013, for approval.

1.1.2 Therefore, the management board of ICLL has set up a merger report, dated January 23, 2013.

1.1.3 Grant Thornton Unitreu GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft as merger auditor has inspected the merger plan for ICLL. The merger auditor has prepared a written report, dated January 23, 2013.

### 1.2. Documents underlying the Report

This report is based on the following documents:

- a) joint merger plan of ICLL and Vivalis, dated December 16, 2012;
- b) the amendment to the merger plan, dated January 18, 2013;
- c) merger report of the management board of ICLL, dated January 23, 2013;
- d) audit report of Grant Thornton Unitreu GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft for ICLL, dated January 23, 2013.

### 1.3. Subject-Matter of the Report

ICLL's supervisory board has to review and submit a written report on the proposed Merger on the basis of ICLL's management board's merger report and the merger auditor's audit report to ICLL pursuant to Article 18 of the Regulation of the European Council of October 8, 2001 about the statute of the European Company (Societas Europaea) ("**Council Regulation**") in conjunction with Section 220c of the Austrian Stock Corporation Act ("**AktG**").

Accordingly, the supervisory board of ICLL has done a review on the proposed Merger on the basis of the management board's merger report and the merger auditor's audit report.

## 2. INITIAL POSITION

With the Merger of ICLL and Vivalis to Valneva SE ("**Valneva**"), headquartered in Lyon (France) and listed on the regulated markets of NYSE Euronext in Paris and the Vienna Stock Exchange as "Merger of Equals", with each company contributing equally to Valneva's supervisory board and Valneva's management board, being comprised of two Vivalis and two ICLL management board members, the creation of a European biotech leader in vaccines and antibodies should be conducted. Therefore, the management board of ICLL and the management board of Vivalis have concluded a merger plan on December 16, 2012.

The merger plan governs the Merger and its implementation in fundamentals as well as the share exchange ratio: ICLL shareholders receive 13 Vivalis new ordinary shares for 40 ICLL shares, implying a 31.7% premium for ICLL shareholders based on the average share prices over the last three months prior to December 16, 2012. Additionally, ICLL shareholders receive 13 new preferred shares for 40 ICLL shares. Each preferred share to be converted into 0.4810 new Valneva ordinary shares in the event of successful approval of ICLL's Pseudomonas vaccine.

Based on the current issued share capital of each company, Vivalis former shareholders will hold immediately following the Merger approximately 55.0% and ICLL former shareholders approximately 45.0% of the issued share capital of Valneva.

Concurrently with the conclusion of the merger plan, which requires the approval of the shareholders of ICLL and Vivalis and of the relevant public authorities, binding support for the transaction was permitted: Vivalis has received the irrevocable undertakings to vote in favour of the merger from shareholders of 68.5% of the voting rights in Vivalis, including Groupe Grimaud. ICLL has received irrevocable undertaking from its principal shareholder under which this shareholder has agreed to vote its approximately 15% voting rights of the outstanding share capital of ICLL in favour of the Merger.

Shortly following completion of the Merger, a fully committed EUR 40 million rights issue is to be launched to further strengthen Valneva's financial profile. The Fonds Stratégique d'Investissement ("FSI") has undertaken to participate in the rights issue for 62.5% of the total size of the offering, up to EUR 25 million. Groupe Grimaud and Unigrains have irrevocably undertaken to subscribe in aggregate to this rights issue for EUR 5 million. Two banks have committed to underwrite EUR 10 million under market-standard terms and conditions.

With the proposed Merger with Vivalis, the creation of a European biotech leader in vaccines and antibodies should be conducted. The supervisory board of ICLL is due to its detailed analysis, whose results are presented in this report, of the opinion, that the agreed share exchange ratio is adequate and the Merger with Vivalis is in the best interest for ICLL and its shareholders.

### **3. INVOLVED COMPANIES**

#### **3.1. INTERCELL AG**

ICLL is a joint-stock corporation incorporated and governed by the laws of Austria with its corporate seat in Vienna and the business address at 1030 Wien, Campus Vienna Biocenter 3 and whose purpose is, according to article 3.1 of its articles of association

- the research and development in the fields of biomedicine and pharmacology;
- the commercial exploitation of patents and know-how;
- the participation in and lease of enterprises of any kind except for enterprises rendering banking services; and
- the trading of goods of all kinds and rendering of services in the areas of automatic data processing and information technology.

In addition, the Transferor Company is entitled to enter into all business transactions and to take all measures, except in the field of banking, necessary or appropriate to pursue its corporate purpose, including, without limitation, participations in other enterprises and companies and the establishment of branch offices or subsidiaries in Austria or abroad.

The share capital of ICLL is divided into ordinary shares. Equity-linked securities of ICLL have also been issued. As of the date hereof, ICLL has an issued share capital of EUR 55,183,961, divided into 55,183,961 shares of common stock with no par value with a calculated notional amount of EUR 1 per share. The 55,183,961 shares include 301,748 shares of common stock which ICLL holds as treasury stock. The shares of common stock are in bearer form, are freely tradable and are fully paid-up and non-assessable. There are no shares of any other class of capital stock outstanding. The ordinary shares of ICLL are admitted to trading on Wiener Börse (VSE: ICLL).

ICLL has two wholly-owned subsidiaries, namely Intercell USA Inc., a Delaware corporation with its corporate seat in Gaithersburg, Maryland, USA and Intercell Biomedical Ltd with its corporate seat in Livingstone, Scotland, United Kingdom.

The main shareholders of ICLL are the following:

- Novartis: 14.9%
- Management: 0.3%
- Float free: 84.2%
- Treasury shares: 0.5%

At all shareholders' meetings, each common share entitles the holder to one vote per share.

### 3.2. Vivalis SA

Vivalis SA is a société anonyme incorporated under the laws of France with its corporate seat and its business address at La Corbière – 49450 Roussay, whose purpose is to:

- produce, control and commercialize any goods, services or research programs with uses in human and animal health using molecular and cell biology technologies or any techniques relating thereto;
- in particular, the manufacturing, import, export, commercialization and distribution of medicines intended for human use and for human experimentation; and
- more generally, any industrial, commercial, financial, movable or immovable operation directly or indirectly relating to the corporate purpose or which may facilitate its operation, achievement or development.

The share capital of Vivalis amounts to EUR 3,201,413.55 and consists of 21,342,757 ordinary shares, each with a par value of EUR 0.15 fully paid in, all from the same single class and bearing the same rights and obligations (the “**Existing Ordinary Shares**”). The existing ordinary shares are admitted to trading on the regulated market of NYSE Euronext in Paris (“**Euronext Paris**”) (code ISIN: FR0004056851).

The main shareholders of Vivalis are the following (rounded):

- Grimaud Group: 51%
- La Financière Grand Champ: 1.30 %
- Individual shareholders from Grimaud Family: 1.70 %
- Free Flow: 39.47 %
- Other Investors: 1.84 %

- Members of management board: 2.41 %
- Independent members of the supervisory board: 0.20 %
- Registered private shareholders: 0.76 %
- Employee shareholders without corporate office: 1.33%

### 3.3. Valneva SE

With effectiveness of the contemplated Merger, ICLL transfers all its assets and liabilities (as they consist after the effectiveness of the demerger) to Vivalis, in future in the legal form of a SE, by way of universal legal succession and Vivalis changes – provided that the shareholders of Vivalis give their consent in the shareholders' meeting, which resolves on the Merger - its company name to Valneva SE, relocates its corporate seat to Lyon (France) and will adopt new articles of association.

The company has as its object, within France and in every country:

- research and development within the field of biomedicine and pharmacology;
- the commercial exploitation of patents and know-how;
- trading in products of all kinds and the provision of services in the field of data processing and information technology;
- the production, monitoring and marketing of all products, services and research programmes with applications to human and animal health using the technologies of molecular and cellular biology and all of the associated techniques;
- the participation of the Company by all means, direct or indirect, in all operations which may be associated with its company object, through the creation of new companies, contributions, subscription or purchase of securities or company rights, mergers or otherwise, the creation, acquisition, leasing, lease management of all operating assets or facilities; the acquisition, operation or sale of all procedures and patents regarding these activities, within France and abroad;
- and more generally, all industrial, commercial or financial, securities or property operations, which may be directly or indirectly associated with its business object or likely to favour its exploitation, realisation or development.

Upon adoption of the new articles of association, the following will occur:

- the existing double voting rights on the existing ordinary shares will be terminated and a new double voting right scheme will be created with effective date at the expiry of a two year period after the completion date of the Merger available for all shareholders of Valneva; and
- a cap on voting rights will be created, pursuant to which a shareholder (or group of shareholders acting in concert) may not exercise voting rights in excess of

29.9% of all the voting rights attached to all of the shares of Valneva for a period of 5 years from the completion of the Merger.

Valneva will be governed by a management board and a supervisory board. The management board is made up of an experienced management team, conducted by Thomas Lingelbach as president and chief executive officer, Frank Grimaus as president and chief business officer, Majid Mehtali as chief scientific officer and Reinhard Kandra as chief financial officer.

The strategic objectives of Valneva are:

- the creation of a sustainable, independent company, which is growing and affected by diversified revenues, the realization of cost synergies, a substantially improved financial profile and a stronger balance sheet.
- the focus on new vaccines. Valneva intends to develop its wide ranged vaccine platforms due to the stronger growth of its internal and external vaccination programs. The focus on the development should lead to new vaccines.
- the optimization of the production of Valneva's platforms for the discovery of new antibodies and vaccines for the internal and external partnership programs. The partnerships should allow mid-term amortization of Valneva's research technologies.

The ambition of Valneva is that the result of these strategic objectives is a sustainable and solid creation of value for all of its shareholders and partners.

The shares of Valneva will be listed on the regulated markets of NYSE Euronext in Paris and the Vienna Stock Exchange.

#### **4. MAIN REASONS for the CROSS-BORDER SE-MERGER**

The objective of the Merger is to create an integrated company with greater scale and diversification, strengthened financial profile and complementary talent and capabilities, which the management boards of ICLL and Vivalis describe as follows:

Vivalis and ICLL have complementary business models operating across the value chain with innovative technology platforms, discovery and development capabilities, state-of-the-art manufacturing and commercialization expertise. The recognized and commercialized platforms of Vivalis and its preclinical activity in combination with the expertise of ICLL in clinical development, manufacturing and marketing will enable the creation of a European leader in the biotechnology industry that operates fully integrated in the areas of vaccines and antibodies.

Valneva should be able to use the diversified revenue streams from a vaccine (IXIARO) against the Japanese Encephalitis Virus, marketed by ICLL and should be

able to generate income from multiple commercial technology licenses, namely the cell line EB66® and the Technology VIVA/Screen™ from Vivalis.

Apart from the two products Valneva has a broad portfolio of promising partnered product candidates including a pandemic Influenza vaccine in Phase III, a Pseudomonas vaccine in Phase II/III and a Tuberculosis vaccine in Phase II.

A portfolio of validated and commercialized technology platforms including the EB66® cell line for human and veterinary product development which is becoming the industry standard, the VIVA|Screen™ antibody discovery platform and the IC31® novel adjuvant.

EUR 5-6 million of expected cost synergies, on an annual run-rate basis, achieved within two years following completion of the merger. These synergies result out of the consolidation of the general administrative expenses of Vivalis and ICLL, the rationalization of the R&D platforms and the partnered platforms or the assignation of the eMAB platform of ICLL and the business unit CMO of Vivalis.

Substantially improved financial profile with a combined cash balance of EUR 94 million as at 30 September 2012 (adjusted for the planned EUR 40 million rights issue and the repayment of Intercell's outstanding convertible bond). This improved financial position will enhance the development of Valneva's vaccine and antibody portfolio and will de-risk the path to profitability

## **5. LEGAL STEPS for the IMPLEMENTATION of the CROSS-BORDER SE-MERGER**

### **5.1. Downstream Demerger for Absorption**

At present, ICLL is not only a holding company, but also has an operative business. In a first step, prior to the execution of the Merger, ICLL as transferring company demerges its operative business together with its shareholdings in Intercell USA, Inc. with its seat in Gaithersburg, MD, USA and in Intercell Biomedical Ltd. with its seat in Livingston, Scotland by way of legal universal succession to INTERCELL Austria AG with its seat in Vienna, Austria ("**ICLL Austria**") as acquiring company, a wholly-owned subsidiary of ICLL, pursuant to Section 1 para 2 lit 2 in conjunction with Section 17 of the Austrian Demerger Act (SpaltG), taking advantage of the tax benefits set forth in Article VI of the Austrian Reorganization Tax Act ("**UmgrStG**"). Therefore, the management boards' of ICLL and ICLL Austria have entered into a demerger and acquisition agreement, dated January 16, 2013. After the effectiveness of the demerger, only those assets and liabilities will remain with ICLL – including its shareholding in ICLL Austria, as set forth in Article 2.10.2 of the demerger and acquisition agreement.

The demerger resolution will be taken in the same shareholders meeting of ICLL, that is expected to take place on February 27, 2013, which also resolves on the Merger. The demerger resolution of ICLL Austria will be taken in its shareholders meeting, that is expected to take place on February 27, 2013.

## **5.2. Cross-Border SE-Merger of ICLL and Vivalis**

In a second step, after the effectiveness of the demerger, described in Section 5.1. of this report, ICLL as transferring company will be merged into Vivalis pursuant to Article 17 (2) litera (a) of the Regulation of the European Council of October 8, 2001 about the statute of the European Company (Societas Europaea). Simultaneously, Vivalis changes its legal form to an SE. For this purpose, ICLL and Vivalis have entered into a merger plan and an amendment to the merger plan, which governs the transfer of the assets of ICLL to Vivalis by way of legal universal succession. The effective date of the Merger is January 1, 2013. The transfer concerns the assets of ICLL together with all rights, liabilities and contractual relationships, as it consists after effectiveness of the demerger and as it develops after effectiveness of the demerger until the Merger becomes effective. The assets to be transferred according to the merger plan have a positive market value both on the merger date and on the date the merger plan is executed.

The shareholders' meeting of ICLL, that is expected to take place on February 27, 2013, and the shareholders' meeting of Vivalis, that is expected to take place on March 4, 2013, shall resolve on the proposed Merger.

Regarding the evaluation of the question, if the Merger has a capital decreasing effect, we refer to the explanations of the management board of ICLL in its merger report. The supervisory board fully agrees with the opinion of the management board.

The Merger and the simultaneous establishment of Valneva shall take effect on the date that Valneva is registered with the commercial and companies register in France, as soon as all conditions precedent in the merger plan have been fulfilled. With effectiveness of the Merger occur the following legal effects:

- all assets and liabilities of ICLL as transferring company are transferred to Vivalis;
- shareholders of ICLL become shareholders of Vivalis, in future Valneva, and receive for 40 ICLL shares 13 ordinary shares and 13 preferred shares of Valneva;
- ICLL expires, the trade of ICLL shares on the Vienna Stock Exchange expires;
- Vivalis changes its legal form to a Societas Europaea (SE).

### 5.3. Share Capital Increase

Following the legal completion of the Merger, Valneva intends to proceed with a share capital increase with preferential subscription rights for a proposed amount of 40,000,000 euros including premium.

The share capital increase will be launched shortly after (and not earlier than 10 trading days following) the legal completion of the Merger. All shareholders of Valneva at the launch date of the share capital increase will be entitled to subscribe for new Valneva ordinary shares on a pro rata basis at the same subscription price.

The new shares of Valneva to be issued pursuant to the share capital increase will be listed on NYSE Euronext Paris and on the Vienna Stock Exchange.

## 6. EXPLANATION of the CONDITIONS of the CROSS-BORDER SE-MERGER

The management board of ICLL has described the effects of the Merger to the creditors and the employees of the involved companies as well as the effects of the Merger to the contractual rights of the employees in its merger report. In addition, the management board has legally and economically described the expected impacts of the Merger, the joint merger plan and in particular the share exchange ratio as well as the cash compensation for the resigning ICLL shareholders in its merger report.

The merger plan was audited for ICLL from Grant Thornton Unitreu GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft as merger auditor. The merger auditor has stated a written report about his audit.

According to articles 20 seq. of the Council Regulation and Article 17 of the Austrian SE Act ("**Austrian SE Act**"), the Merger Plan shall include the following details:

- Article 20§1 a) of the Council Regulation: the name and registered office of each of the merging companies together with those proposed for the SE.  
Such information is provided in Sections A, B and E b. of the Merger Plan;
- Article 20§1 b) of the Council Regulation: the share-exchange ratio and the amount of any compensation.  
Such information is provided in Section 3.1 and E b. of the Merger Plan;
- Article 20§1 c) of the Council Regulation: the terms for the allotment of shares in the SE.  
Such information is provided in Section 3.2 of the Merger Plan;

- Article 20§1 d) of the Council Regulation: the date from which the holding of shares in the SE will entitle their holders to share in profits and any special conditions affecting that entitlement.  
Such information is provided in Section 3.2 of the Merger Plan;
- Article 20§1 e) of the Council Regulation: the date from which the transactions of the merging companies will be treated for accounting purposes as being those of the SE.  
Such information is provided in Section 6 of the Merger Plan;
- Article 20§1 f) of the Council Regulation: the rights conferred by the SE on the holders of the shares to which special rights are attached and on the holders of securities other than shares, or the measures proposed concerning them.  
Such information is provided in Sections 7.3, 7.8 and 7.9 of the Merger Plan;
- Article 20§1 g) of the Council Regulation: any special advantage granted to the experts who examine the Merger Plan or to members of the administrative, management, supervisory or controlling organs of the merging companies.  
Such information is provided in Section 8.4 of the Merger Plan;
- Article 20§1 h) of the Council Regulation: the articles of association of the SE.  
Such information is provided in Section E b. and in Schedule 1 to the Merger Plan;
- Article 20§1 i) of the Council Regulation: information on the procedures by which arrangements for employee involvement are determined pursuant to Directive 2001/86/CE.  
Such information is provided in Section 8.3 and Schedule 4 of the Merger Plan.
- Article 25§3 of the Council Regulation: Exit Right of the Transferor Company Shareholder and relating cash compensation.  
Such information is provided in Section 7.5 of the Merger Plan.
- Article 25§3 of the Council Regulation: Right of objection to the share exchange ratio for the Transferor Company Shareholders.  
Such information is provided in Section 7.6 of the Merger Plan.
- Article 24 §1 a) of the Council Regulation: Rights of creditors of the Transferor Company.  
Such information is provided in Section 7.4 of the Merger Plan.
- 24§1 b) of the Council Regulation: Right of holders of bonds of the Transferor Company and right of stock option holders of the Transferor Company.  
Such information is provided in Sections 7.8 and 7.9 of the Merger Plan.

- Article 17 of the Austrian SE Act: The conditions of the cash compensation offered to shareholders of the Transferor Company who have objected to the cross-border merger.

Such information is provided in Section 7.5 of the Merger Plan.

Information on the measures adopted to avoid a prohibited capital releasing effect is included in Section 7.13.

According to the best knowledge of the supervisory board and a detailed review of the proposed transaction on the basis of the merger report of the management board of ICLL, and the audit report of Grant Thornton Unitreu GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, the supervisory board comes to the conclusion, that the information provided in the merger plan is correct and fulfils all legal requirements; that according to the provisions in the merger plan, the explanations of the management board of ICLL in its merger report, in particular regarding the share exchange ratio and the cash compensation, and the explanations of the merger auditor, Grant Thornton Unitreu GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, in its merger audit report, the merger is performed legally correct.

## **7. DETERMINATION of the EXCHANGE RATIO and of the CASH-COMPENSATION**

In accordance with the joint merger plan, dated December 16, 2012, each shareholder of ICLL, who is not an exit shareholder, will be entitled to receive 13 new ordinary shares and 13 preferred shares of Valneva for 40 ICLL shares. The cash compensation, which is offered to ICLL shareholders, amounts to EUR 1.69. This amount corresponds to the volume-weighted average share price of ICLL at the Vienna Stock Exchange during one month prior to the date of conclusion of the merger plan.

The share exchange ratio is a result of negotiations and was finally determined by ICLL and Vivalis. The adequacy of the share exchange ratio and the cash compensation were reviewed for ICLL by Grant Thornton Unitreu GmbH, Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Rivergate, Handelskai 92, Gate 2, 7A, 1200 Vienna, as merger auditor, appointed by the supervisory board of ICLL. The share exchange ratio is to be reviewed for Vivalis by Grant Thornton, 100 rue de Courcelles, F-75849 Paris cedex 17, as merger auditor, appointed upon application of Vivalis by the president of the Commercial Court in Angers.

The share exchange ratio was confirmed and the cash compensation was determined according to the business valuation done by ICLL.

It should be noted that the ICLL and Vivalis are biotechnology companies in developmental stages, whose sales figures not yet cover their expenses, which result mainly from the research and development of new product candidates and

technologies. For this reason, both companies create losses. However, it is expected that the investment in research and development, if successful, results in substantial future cash flows. The valuation of these potential future cash flows is subject to large uncertainties. These uncertainties result on the one hand out of the long forecast periods, arising from the fact that biopharmaceutical product developments take many years until completion and approval but once approved, usually generating long term market sales. During these long planning periods significant changes in the general conditions, such as market situations or competitive situations, may evolve, which complicates financial estimates. In addition, it is in the nature of a scientific research and development process that a biopharmaceutical development project may not be successful and has to be stopped. In such a case no future revenue will be generated.

Because of these specific branch risks a valuation of a biotechnology company based on a forecast of future cash flows is subjective. In addition to the discounted cash flow method, which is based on the estimated future cash flows, other methods, such as market based valuation methods, namely company value derived from the stock exchange prices as well as the target prices of analysts, were particularly important. Therefore, the determination of the share exchange ratio was not based on one specific valuation method, but represents an economical compromise between different valuation methods. Every valuation method on its own results in very different outcomes. This fact also significantly reflects the difficulty of valuing a biotechnology company.

The following schedule shows the results of the different valuation methods:

	Company value		Value per share (€)		Resulting share exchange ratio
	ICLL	Vivalis	ICLL	Vivalis	
Discounted Cash Flow					
Min	€346,8m	€276,5m	€6,21	€12,67	0,49x
Max	€499,8m	€414,0m	€8,93	€18,95	0,47x
Stock exchange prices					
last	€95,2m	€160,9m	€1,73	€7,39	0,23x
1 month	€93,0m	€158,8m	€1,69	€7,29	0,23x
3 month	€99,9m	€159,8m	€1,81	€7,34	0,25x
6 month	€101,8m	€148,5m	€1,86	€6,82	0,27x
12 month	€120,1m	€143,6m	€2,18	€6,60	0,33x
Target prices of analysts					
Min	€104,3m	€196,2m	€1,90	€9,00	0,21x

Max	€391,1m	€283,8m	€7,00	€13,00	0,54x
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Using the described different valuation methods thus result for the valuation of Vivalis in a range of EUR 143.6 mio to EUR 414.0 mio (EUR 6.60 to EUR 18.95 per share) and for the valuation of ICLL in a range of EUR 93.0 mio to EUR 499.8 mio (EUR 1.69 to EUR 8.93 per share).

The share exchange ratio is defined as the number of new ordinary shares per one ICLL share. The range of the determined share exchange ratio, which results using the different valuation methods, is between 0.21 and 0.54.

The agreed share exchange ratio is 13/40 (thirteen fortieth) or 0.325 by reference to the immediately issued ordinary share to ICLL shareholders. Under the assumption, those 13 preferred shares that are issued to ICLL shareholders are converted to 0.4810 new ordinary shares per preferred share pursuant to French law, if the conditions agreed on are fulfilled (approval of the Pseudomonas vaccine), the share exchange ratio would be 0.481.

The management board of ICLL is of the opinion, that the share exchange ratio of 13 new ordinary shares and 13 preferred shares of Valneva for 40 ICLL shares, which was notified on December 16, 2012, is adequate.

Moreover, the management board of ICLL has come to the result that the offered cash compensation per ICLL share in the amount of EUR 1.69 is adequate and shall be set at this amount.

During the audit of the Merger, Grant Thornton Unitreu GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft as independent merger auditor has audited the merger plan, the adequacy of the share exchange ratio and the cash compensation and has filed a written report thereon. This report confirms without restrictions, that the share exchange ratio and the amount of the cash compensation are adequate.

According to the written report of the independent merger auditor, the supervisory board of ICLL is according to its best knowledge and after due inquiry of the opinion, that the calculation of the share exchange ratio and the cash compensation is correct and that the share exchange ratio and the cash compensation is adequate.

## **8. RESULTS OF THE EXAMINATION and RECOMMENDATION**

The supervisory board of ICLL has reviewed the intended Merger on the basis of the ICLL management board's merger report and the merger audit report of Grant Thornton Unitreu GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft.

The supervisory board of ICLL comments the result of its review according to its best knowledge and after due inquiry as follows:

The information provided in the merger plan is complete and correct and the merger process is explained legally in detail. The legal requirements regarding the mandatory content of the merger plan are maintained. According to the provisions in the merger plan, the explanations of the management board of ICLL in its merger report, in particular regarding the share exchange ratio and the cash compensation, and the explanations of the merger auditor, Grant Thornton Unitreu GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, in its merger audit report, the merger is performed legally correct.

According to the best knowledge of the supervisory board after due inquiry the execution of the Merger is economically appropriate and advantageous for the shareholders of ICLL. The share exchange ratio as well as the offered cash compensation is adequate. The supervisory board recommends voting for the Merger and the demerger in the shareholders meeting, that is expected to take place on February 27, 2013.

Vienna, January 24, 2013

Prof. Dr. med. Thomas D. Szucs

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Chairman of the supervisory board of  
INTERCELL AG

(signed)