

QUARTERLY UPDATE

Second Quarter and First Half Results Reported

Snapshot

July 16, 2004

Crucell N.V. is a biopharmaceutical company that employs proprietary technology to discover, develop, manufacture, and commercialize vaccines and antibodies targeted at a variety of infectious diseases. The Company utilizes a human cell line production system called PER.C6[®], which may facilitate products with greater safety, efficacy, and cost-efficiency than those currently marketed. Crucell is developing vaccines to treat and prevent influenza, Ebola, West Nile virus, and malaria, and is in the discovery stage with a tuberculosis (TB) vaccine and a Severe Acute Respiratory Syndrome (SARS) antibody. Crucell works with Aventis Pasteur S.A. (AVE-NYSE) to develop and commercialize its influenza vaccine; has a Collaborative Research and Development Agreement (CRADA) and vaccine production contract in place with the U.S. National Institutes of Health (NIH) for its Ebola vaccine; and is working with GlaxoSmithKline PLC (GSK-NYSE), New York University (NYU), and the Walter Reed Army Institute of Research (WRAIR) to develop its malaria vaccine, which has been funded up to the clinic by the National Institute of Allergy and Infectious Diseases (NIAID).



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Recent Financial Data

Ticker (Exchange)	CRXL (NASDAQ)
Recent Price (07/16/04)	\$7.98
52-Week Range	\$9.21-2.81
Shares Outstanding (mm)	36.0
Market Cap. (mm)	\$287.3
Average 3-month volume	130,863
Insider +5% Owners	12%
Institutional Owners	40%
EPS (as of 06/30/04)	(\$0.07)
Employees	200



Key Points

All amounts are in U.S. dollars unless otherwise noted.

- Crucell N.V. reported financial results for the second quarter 2004 on July 9, 2004. Total revenue for the quarter increased to \$9.7 million (€8.0 million), compared with \$1.3 million (€1.1 million) for the same period in 2003. Net loss for the second quarter 2004 reduced to \$2.5 million (€2.0 million), compared with \$7.5 million (€6.2 million) for the same period in 2003.
- During the quarter, the Company announced the discovery of an antibody for protection against the SARS virus infection. Study results, which were published in the June 26 edition of *The Lancet* medical journal, may represent a key milestone in the development of a human pharmaceutical product for SARS.
- During the first half of 2004, Crucell made significant progress in all of its core programs, including major partnerships announced for influenza and malaria, market authorization for its West Nile veterinary vaccine with the Israeli Kimron Institute, and successful preclinical trials with the National Institutes of Health (NIH) for its Ebola vaccine. Further, Crucell's protein production alliance with DSM Biologics achieved its first milestone and the first antibody based on PER.C6[®] entered the clinic in the U.S.
- Crucell's portfolio of proprietary technologies (PER.C6[®], AdVac[®], and MAbstract[®]) form the basis of its own product development programs, as well as a lucrative licensing business currently serving more than 30 other industry participants. Each of Crucell's product programs addresses an important unmet medical need in the area of infectious diseases. These products are perceived as highly marketable due to predictive and available study models and/or potentially favorable regulatory conditions, which may speed the time to market. Meanwhile, the Company's technologies provide a steady stream of licensing revenue, and the acquisition of ChromaGenics STAR[™] technology in March 2004 could further strengthen this side of the business, particularly in the highly attractive and lucrative biogenerics market.
- The Company's balance sheet is solid, with a cash position of \$104 million (€86.3 million) as of June 30, 2004.

Note: Dollars (\$) are converted into Euros (€) at June 30, 2004 exchange rate of 0.821085. All amounts are in U.S. dollars unless otherwise noted.

Financial Results

Second Quarter 2004

Crucell N.V. reported financial results for the second quarter of 2004 on July 9, 2004. Total revenue for the quarter increased to \$9.7 million (€8.0 million), compared with \$1.3 million (€1.1 million) for the same period in 2003. The increased revenues is a result of the Company meeting its milestone agreement with DSM Biologics, meeting criteria for revenue recognition in its product programs and licensing agreements, and from government grants.

Specifically, revenues in the second quarter consisted of upfront payments from new contracts as well as annual and milestone payments on existing contracts. License revenues amounted to \$8.7 million (€7.2 million), compared with \$1.0 million (€0.8 million) in the second quarter of 2003; and government grants and other revenues amounted to \$1.0 million (€0.8 million) versus \$0.4 million (€0.3 million) in the same quarter in 2003, reflecting an increase in the number of grant applications the Company has made to support its development programs.

Total research and development (R&D) expenses in the second quarter decreased slightly to \$7.2 million (€5.9 million), from \$7.4 million (€6.1 million) in the same period last year. Selling, general and administrative (SG&A) expenses were \$4.3 million (€3.6 million), compared with \$1.2 million (€1.0 million) during the same quarter last year. Increased SG&A expenses were mainly due to changes in Crucell's compensation plan in 2003, which resulted in a one-time, non-cash reduction of compensation expense in 2003 and the increase in non-cash expenses of warrants granted to certain external consultants for services.

Net loss for the second quarter 2004 reduced to \$2.5 million (€2.0 million), or \$0.07 per share (€0.07), compared with \$7.5 million (€6.2 million) or \$0.21 per share (€0.17) for the same period in 2003, a 67% improvement.

First Half 2004

For the first six months of 2004, revenues increased three-fold to \$14.5 million (€12.0 million), compared to \$3.9 million (€3.3 million) during the same period of 2003. Revenues consisted of upfront payments from new contracts as well as annual and other periodic payments on existing contracts. Specifically, license revenues in the first half of 2004 were \$12.1 million (€10.0 million), compared with \$3.1 million (€2.6 million) in the first half-year of 2003. Government grants and other revenues were \$2.4 million (€2.0 million) in the first half-year 2004, compared with \$1.0 million (€0.7 million) in the same period in 2003.

Total R&D expenses in the first half-year 2004 were \$15.0 million (€12.4 million), compared with \$12.3 million (€10.2 million) in the first half-year of 2003. SG&A expenses for the first half of 2004 were \$9.3 million (€7.7 million), compared with \$3.2 million (€2.6 million) for the same half-year in 2003. Operating costs for the first half-year of 2004 totaled \$24.3 million (€20.1 million), compared with \$15.5 million (€12.8 million) for the first half-year of 2003. The increase, however, is largely made up of non-cash costs related to warrants, as described above, which amounted to \$4.2 million (€3.5 million) in the first half of 2004 compared to \$1.1 million (€0.9 million) in 2003.

Net loss for the first six months of 2004 was \$11.0 million (€9.1 million) or \$0.30 per share (€0.25), down from a net loss of \$11.9 million (€9.9 million) or \$0.34 per share (€0.28) during the same period in 2003.

Operations in the first half of 2004 provided \$4.4 million (€3.7 million) cash flow, a significant improvement from last year, when cash flow was negative to the tune of \$12.6 million (€10.4 million). This year, investment activity totaled \$6 million (€5 million) to June 30, including \$4.8 million (€4 million) for the acquisition of ChromaGenics (page 4) and \$1.2 million (€1 million) for investment in equipment for development facilities and in production units (equal to last year). Crucell decreased its cash burn to \$1.1 million (€0.9 million) for the first half-year, even accounting for the acquisition of ChromaGenics. This

reduction in cash burn is largely a result of the Company's ability to attract solid partners who have provided funding for development, leaving cash virtually untouched. Cash and cash equivalents stood at \$104 million (€86.3 million) on June 30, 2004.

Management and Supervisory Board Changes

Supervisory Board. Mr. Jan Pieter Oosterveld of Philips Electronics (PHG-NYSE) and Crucell's founder Mr. Dinko Valerio were confirmed to Crucell's supervisory board by shareholders. Mr Oosterveld's appointment is effective immediately while Mr Valerio's begins in January 2005.

Management. Ronald Brus was confirmed as the new President, Chief Executive Officer (CEO), and Chairman of the Management Board of Crucell at the Annual General Meeting of Shareholders on June 3, 2004. Jaap Goudsmit, Chief Scientific Officer (CSO), was confirmed as a member of the Company's Management Board, together with Leonard Kruimer, Chief Financial Officer (CFO), who will assume his board position from January 1, 2005.

Recent Events

- *First development milestone with DSM Biologics.* On July 7, 2004, the Company announced the achievement of the first development milestone pertaining to its protein production collaboration with DSM Biologics, a business unit of the DSM Pharmaceutical Products business group, and one of the leading contract manufacturers of biopharmaceutical products. Crucell and DSM's development program was able to demonstrate industry-high yields of up to 100 million cells/ml. Active marketing of Crucell's PER.C6[®] technology under the alliance has also secured more than 10 licensing agreements. DSM has made a milestone payment to Crucell for an undisclosed amount in line with the original collaboration agreement signed in December 2002.
- *Renewal of GlaxoSmithKline PLC agreement.* On July 6, 2004, the Company announced that GlaxoSmithKline had renewed its exclusive, worldwide license to use PER.C6[®] technology for research and clinical development of viral-vectored biopharmaceutical products, with an option for a commercial license. Crucell will receive up front and annual payments in accordance with this agreement.
- *Discovery of monoclonal antibody that protects against SARS.* On June 25, 2004, the Company announced the discovery of an antibody for protection against the SARS virus infection. Study results, which were published in the June 26, 2004 edition of *The Lancet* medical journal, may represent a key milestone in the development of a human pharmaceutical product for SARS. The testing, which commenced in the second quarter of 2003, employed inactivated SARS virus particles and Crucell's proprietary phage-display technology to isolate human antibodies capable of blocking virus infection in cell culture. Subsequently, the best antibody was produced using PER.C6[®] technology and tested in a ferret model by Dr. Albert Osterhaus of Rotterdam's Erasmus University Department of Virology. This model is currently regarded as the most accurate mimic of human SARS to date.

Of the 8,000-plus probable cases and more than 700 deaths since the first cases of SARS emerged in late 2002, there is still no treatment for SARS and there can be no guarantee that another epidemic or a new strain of the virus will not emerge in the future. Should this antibody progress further, it could be the first prophylaxis for people likely to be exposed to the SARS virus. This includes hospital personnel taking care of suspected SARS patients as a mode of prevention and administration early after the onset of SARS symptoms to avoid severe SARS outbreak to lower the chance of spreading the virus to exposed individuals.

- *Market authorization for PER.C6[®]-based West Nile virus veterinary vaccine in Israel.* On June 3, 2004, Crucell announced that the State of Israel had granted market authorization for a West Nile virus veterinary vaccine for geese developed by Crucell together with the Israeli Kimron Veterinary Institute. The vaccine, which is based on the PER.C6[®] human cell line technology, is the first of its kind produced for veterinary use and the first PER.C6[®]-based product authorized for market use. Market authorization follows a safety trial involving 1,875 geese, with no vaccine-related adverse reactions and appropriate efficacy trials. This vaccine is expected to be marketed to counter Israel's

costly and perpetual threat of West Nile virus in its geese population, and could also provide additional animal data in the lead up to clinical trials for Crucell's human West Nile virus vaccine.

- *PER.C6[®] vaccine protects monkeys against Ebola.* On June 1, 2004, Crucell announced that a single dose of its PER.C6[®] Ebola vaccine protected macaque monkeys from Ebola infection in recent studies. The monkey experiments were performed over the previous six months by the Vaccine Research Center (VRC) of the NIAID, part of the U.S. NIH, in collaboration with the U.S. Army Medical Research Institute of Infectious Diseases. These collaborations resulted in the production of a vaccine against Ebola utilizing PER.C6[®] technology as a production platform. This is the first time these results have been achieved for a vaccine that can be produced on a large scale. The results of this study could pave the way for clinical studies.

New PER.C6[®] Licensing Agreements

- *PER.C6[®] licensing agreement with Chiron Corporation (CHIR-NASDAQ) for monoclonal antibody production.* On June 15, 2004, Crucell and DSM announced the signing of a PER.C6[®] research license agreement with Chiron Corporation, a California-based biotechnology company with global blood testing, vaccines, and biopharmaceuticals businesses. This license allows Chiron to research and preclinically develop its portfolio of monoclonal antibody products using PER.C6[®] technology. Crucell and DSM will, in turn, receive an upfront payment and annual maintenance fees; further financial details remain undisclosed.
- *PER.C6[®] licensing agreement with Merus for production of monoclonal antibody combinations.* On June 10, 2004, Crucell and DSM announced the signing of a PER.C6[®] research license agreement with Merus B.V., allowing Merus to use PER.C6[®] technology for the further development of its Oligoclinics™ technology and related products. Crucell and DSM will, in turn, receive an upfront payment and annual maintenance fees; further financial details remain undisclosed.
- *PER.C6[®] licensing agreement with PanGenetics for monoclonal antibody production.* On June 8, 2004, Crucell and DSM announced the signing of a PER.C6[®] research license agreement with PanGenetics B.V., a virtual biopharmaceutical company engaged in the development of antibody-based therapeutics for immune system-related diseases. This agreement allows PanGenetics to use the PER.C6[®] cell line for preclinical manufacturing of certain recombinant monoclonal antibodies. Crucell and DSM will, in turn, receive an upfront payment and annual maintenance fees; further financial details remain undisclosed.

Acquisition of ChromaGenics

In March 2004, Crucell announced the acquisition of ChromaGenics B.V., a biotechnology company based in Amsterdam, the Netherlands. ChromaGenics B.V. was founded as a spin-off company of the University of Amsterdam and is focused on (epi-)genetic discoveries relevant to recombinant DNA protein production in mammalian cells. ChromaGenics discovered genetic elements (STAR™ elements) that are of particular importance to stable and high-yield gene expression.

The STAR™ technology is particularly useful for the production of recombinant human antibodies and has the potential to improve industrial production of proteins and antibodies on both PER.C6[®] and other mammalian cell lines, most notably Chinese Hamster Ovaries (CHO) cell lines, NS/O cell lines, as well as other mammalian cell lines, including PER.C6[®]. Furthermore, it promises to allow significantly improved production levels in terms of yield and stability and at more competitive prices.

The potentially broad application of STAR™ technology could also lead to additional licensing revenues for Crucell, particularly in the highly attractive and lucrative biogenerics market. Under this agreement, Crucell is to make an up front cash payment as well as additional, deferred consideration subject to the achievement of future revenues.

Background

Crucell is developing vaccines to treat and prevent influenza, Ebola, malaria, and West Nile virus using its proprietary PER.C6[®] technology. To assist in its internal development efforts, Crucell has entered into an agreement to develop and commercialize its influenza vaccine with Aventis Pasteur. The Company also has a CRADA and vaccine production contract in place with the U.S. NIH for its Ebola vaccine. Furthermore, Crucell is working with GlaxoSmithKline, NYU, and the WRAIR to develop its malaria vaccine, which is fully funded up to the clinic by the NIAID. Table 1 provides a snapshot of the Company's proprietary product pipeline as well as estimates of the size of each relevant market.

Virus	Market Size (estimate)
Influenza (new process)	\$1.2 billion+
Ebola (recombinant)	\$260 million+
West Nile (whole-killed)	\$400 million+
Malaria (recombinant)	\$200 million+

Source: Crucell N.V.

Internal Product Development

Influenza. In January 2004, Aventis Pasteur and Crucell entered into a strategic agreement to develop and commercialize novel influenza vaccine products based on Crucell's PER.C6[®] cell line technology. The agreement covers both pandemic and epidemic influenza vaccines, which up to now have been part of Crucell's in-house product development program. The agreement could provide Crucell with a solid position in the vaccine market, provide a more solid overall financial position in the near- as well as long-term, free up resources for its other in-house development programs, and provide technology recognition for PER.C6[®] as the industry standard for vaccine production.

- **Update.** The joint project teams that have been established with Aventis are in place both in Leiden as well as Lyon, France, with technology transfer having been achieved. Crucell expects to have further announcements by the second half of the year on the pandemic flu funding proposal that was submitted to the U.S. government earlier this year.

Ebola. In May 2002, Crucell signed a CRADA with the Vaccine Research Center (VRC) of the U.S. NIH and the U.S. Army to jointly develop and manufacture a preventative Ebola vaccine. Additionally, Crucell signed a manufacturing contract with the NIH to develop and manufacture an outbreak vaccine against Ebola. Both vaccines are based on Crucell's PER.C6[®] technology. Due to the deadly nature of this virus and the fact that no vaccine or therapy is presently available, the Ebola virus is on the NIAID, Centers for Disease Control and Prevention (CDC), and U.S. Department of Defense Category "A" list of bioterror agents. In August 2002, the CRADA with the VRC-NIH covering a preventative Ebola vaccine was extended to cover the development of vaccines against other hemorrhagic fever viruses (marburg and lassa) as well.

- **Update.** During the quarter, the Company demonstrated that a PER.C6[®]-based vaccine was able to protect monkeys at 100% efficacy after one single dose after a lethal challenge with the virus. The Company's production plant has delivered clinical trial materials to the U.S.

West Nile virus. Crucell is developing a human vaccine against the West Nile virus. To date, the Company has conducted preclinical studies using geese, which are considered the best animal model for testing a potential West Nile virus vaccine. These initial tests successfully demonstrated disease-free survival in geese vaccinated with an experimental version of the Crucell vaccine following a lethal dose of the West Nile virus. Based on these results, the Kimron Veterinary Institute in Israel licensed PER.C6[®] technology to develop a veterinary vaccine, which has subsequently received market authorization (page 5). Crucell has the exclusive rights to market the PER.C6[®]-based West Nile virus veterinary vaccine in the United States.

- Update.** Crucell has made significant progress with regard to growing the West Nile virus and has received Israeli market authorization for its veterinary vaccine developed with Kimron this past June. Crucell's Biosafety Level III Development Facility was the facility that produced that material that was the basis of this authorization. Today, this facility is producing clinical batches, and the Company expects to have further announcements regarding the design of the clinical trials and where they are going to be performed.

Malaria. Crucell announced at the end of October 2003 that it is developing a malaria vaccine in two collaborative programs involving three leading malaria research organizations: NYU, GlaxoSmithKline Biologicals, and WRAIR. The malaria vaccine candidate is based on Crucell's patented AdVac[®] adenovirus vector technology, and is produced using the Company's PER.C6[®] technology. In March 2004, the NIAID agreed to support the development of Crucell's candidate malaria vaccine, in effect covering the full preclinical costs.

- Update.** Crucell is currently conducting large animal studies, combining Crucell's and GlaxoSmithKline's vaccines, enabling the two companies to see what would be the best regimen to administer to large animals and then subsequently to humans. Studies carried out by NYU presented proof of principle that a single dose of Crucell's experimental vaccine protects against malaria in mice models. Crucell has received funding from the NIH to conduct all of its preclinical work and Crucell expects to announce data from these animal studies later this year.

Licensing Agreements for PER.C6[®] Technology

Due to the versatility of the PER.C6[®] technology and its applicability to a wide range of human diseases, it is rapidly becoming an industry standard for the production of biopharmaceuticals. This is accomplished through Crucell's active solicitation and licensing of the PER.C6[®] technology to third parties, which has increased awareness and acceptance of the technology throughout the biopharmaceutical industry, as is demonstrated by the consistent flow of licensing agreements (page 4). In addition, by increasing the number of third party licenses, the number of products derived from the technology may increase, resulting in the potential for additional licensing and royalty income. Table 2 provides a snapshot of some of the Company's key licensees and collaborators, with some broader descriptions below.

Table 2
Crucell N.V.

PER.C6[®] LICENSEE PIPELINE

Licensee	Indication	Category	Phase
Aventis Pasteur S.A	Influenza	Vaccine	Preclinical
Biogen Idec	Undisclosed	Anti-virals	Preclinical
Chiron Corporation	Portfolio	Antibodies	Preclinical
GenVec	Cardiovascular	Gene therapy	II
GlaxoSmithKline Ltd.	Portfolio	Gene therapy	Preclinical
Merck & Co.	HIV-1 vaccine	Vaccine	II
ML Laboratories	Oncology	Gene therapy	I
Schering AG/Berlex	Cardiovascular	Gene therapy	Phase I/II
Selective Genetics	Tissue repair	Gene therapy	Phase I/II
Transgene S.A.	Oncology	Gene therapy	Phase I/II

Source: Crucell N.V.

Aventis Pasteur S.A. In December 2003, Crucell entered into a collaboration and license agreement with Aventis Pasteur to research, develop, manufacture, and market influenza vaccine products based on PER.C6[®] technology. Under the terms of the agreement, Aventis Pasteur was granted an exclusive license in exchange for an up-front payment, milestone payments, annual payments, research and development funding, and royalties on future PER.C6[®]-based influenza vaccine sales.

Merck & Co., Inc. In October 2002, Crucell entered into an agreement with Merck & Company (MRK-NYSE), in which Merck was granted an exclusive license to use Crucell's PER.C6[®] technology to develop vaccines for the prevention and treatment of HIV/AIDS. Currently in Phase II, clinical trials of the vaccine have seen the study expand to more than 1,000 people. Scientists hope that the trial leads to the development of a vaccine that would effectively prevent the development of AIDS from HIV infection, as well as treat the HIV infection in infected patients taking anti-retroviral therapy. Merck is implementing an extensively modified recombinant adenovirus that is grown using Crucell's PER.C6[®] technology. In October 2003, Crucell announced that Merck elected to extend its option for exclusivity to develop hepatitis C virus vaccines using the PER.C6[®] technology.

Other Agreements. Crucell's extensive PER.C6[®] technology licensing program provides an ongoing revenue stream in the form of upfront payments and annual fees, and may provide future revenue in the form of royalties on product sales. More than 30 pharmaceutical and biotechnology companies worldwide have selected Crucell's PER.C6[®] technology to develop their own products. Several of these products are in various stages of clinical development including licensees such as Biogen Idec (BIIB-NASDAQ), Centocor/Johnson & Johnson (JNJ-NYSE), and GenVec (GNVC-NASDAQ).

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