

# FINAL TRANSCRIPT

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## **CRXLF.PK - Crucell Annual General Meeting**

**Event Date/Time: May. 30. 2008 / 8:00AM ET**

May. 30. 2008 / 8:00AM, CRXL.F.PK - Crucell Annual General Meeting

## CORPORATE PARTICIPANTS

**Jan Oosterveld**

*Crucell - Chairman*

**Ronald Brus**

*Crucell - President, CEO*

**Leonard Kruimer**

*Crucell - CFO*

**Cees de Jong**

*Crucell - COO*

**Steve Davis**

*Crucell - Supervisory Board Member*

## CONFERENCE CALL PARTICIPANTS

**Voluntina Duvar**

*Foundation for Legal Protection for Investors - Representative*

**Anne van Lakerveld**

*VBDO - Representative*

**Hilco Wiersma**

*Add Value Fund - Analyst*

## PRESENTATION

**Jan Oosterveld** - *Crucell - Chairman*

(interpreted) Good afternoon, ladies and gentlemen. I'm Jan Oosterveld, and I'm the Chairman of Crucell's Supervisory Board, and I will be chairing this meeting in keeping with the stipulations in Section 1 of Article 38 of the Articles of Association. It is two o'clock, and I'm opening this meeting.

Welcome to this magnificent church. As you see, we're loyal to the church. [Peterskirk] is under renovation. I don't know when it will be finished. We'll probably return to the Peterskirk for these meetings when it's done. But we're happy to be here today. Welcome to this general meeting.

And in case you don't know any of them, I'm pleased to introduce the following supervisory board members to you -- Phil Satow, Chairman of the Remuneration Committee; Claes Wilhelmsson, Chairman of the Scientific Advisory Committee; Sean Lance; Arnold Hoevenaars, Chairman of the Audit Committee to my right; and [Steve Davis], who under agenda item eight will be submitted for your approval as a supervisory board member. Unfortunately, Dominik Koechlin is unable to attend this meeting.

As usual, all members of Crucell's management committee are present -- Ronald Brus, Leonard Kruimer, Jaap Goudsmit, Rene Beukema, Cees de Jong, who features on the agenda as a separate item, Arthur Lahr, and Bjorn Sjostrand.

We also have (inaudible) present here. And I request that he serve as Secretary to this meeting. Would the Secretary please establish that the meeting has been convened in accordance with the law and indicate how many votes are present to represent, Mr. Secretary?

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### Unidentified Company Representative

Thank you very much, Mr. Chairman. I've been informed that the notice of the general annual meeting of shareholders, including the attended, was published in the (inaudible) dated 13 May 2008, the Financieele Dagblad dated 13 May 2008.

My microphone is on. But perhaps I need a -- do I need a bit more volume? Or you want me to speak even closer to the microphone? Okay. Is this better? Very good.

The advertisement appeared in the official (inaudible) and the Financieele Dagblad of 13 May 2008. I hope you heard that. Also in the (inaudible) for 13 May 2008 (inaudible) date of 13 May 2008. And these announcements all appear 15 days before the date of this meeting.

And the advertisements also indicated that the agenda and explanatory notes, as well as all other documents relating to the meeting were submitted and made available to the shareholders in accordance with the legal stipulations. The Executive Committee set 23 May 2008 as the final date for notifying the Executive Committee whether any shareholders or holders of (inaudible) shares entitled to vote intended to attend this meeting.

The transfer agent of the United States has informed this company that a proxy statement was sent to holders of American depository shares on 30 April 2008. 23 May 2008 was the final date for submitting a statement that registering their shares, the right to attend this meeting. And [we rated] rights may be exercised by written proxy provided this proxy is received by the Executive Committee by 27 May 2008.

Therefore all requirements under the law on the Articles of Association have been observed so that legally binding decisions can be taken on all items on the agenda. And according to the agenda, 14,688,496 shares are represented at this meeting. That's about 19% of the total issued capital.

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### Jan Oosterveld - Crucell - Chairman

Thank you, Mr. Secretary. I will now move onto agenda item two, the report by the Executive Committee about the state of affairs and the financial statements for 2007, which ended on 31 December 2007. I'm pleased to give the floor to Mr. Brus to deliver the report about the state of affairs. But first, I would like to call your attention to the disclaimer, which will be projected onto the screen.

It's coming. I see it. There it is. The disclaimer refers to the fact that we have met our legal obligations in the United States, including the risk factors relating to Crucell and forward-looking statements by the company. We have also translated into Dutch on the screen. I will now give the floor to Mr. Brus.

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### Ronald Brus - Crucell - President, CEO

Thank you very much, Jan. Ladies and gentlemen, good afternoon. I would like to review the state of affairs concerning Crucell with you. And because we're already about halfway through the year, I'm going to cover the first quarter and things that have recently happened in this update as well.

Now these slides are in English. And I'll be presenting them in Dutch. And I'll explain them in Dutch as well. As you know, a lot has changed in the past year with respect to Crucell. The company was originally based in Leiden. But now most of our operations take place in Bern, in Stockholm, in Korea, and now in Madrid and the United States as well. We have a joint venture with DSM.

At present, we have a 6.2% holding in Galapagos, which is open on the Dutch and Belgian stock exchanges. And we have a 20% share in a company called AdImmune, which is based in Taiwan but is still a private company.

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One important event when we acquired Berna as a larger company is that we had to get our finances in order. In other words, we worked hard to get the EUR22 million in revenues up above EUR200 million. And that meant that the losses we reported in 2006 were huge and were considerably smaller than that in 2007.

Our cash flow is also -- our cash flow from operations [that is left to us] as well. And as you see in 2007, that cash flow increased significantly and back into the black. It was positive. And with a huge amount of money in the bank given all the investments we made, you can see that the amount of money continued to increase last year so that the firm has basically changed from a company that burns cash to a company that generates cash and money.

And this previous quarter, the first quarter of 2008 was another quarter in which we were able to grow our revenue substantially. And of course, the weak dollar is a problem for us. Nonetheless, despite that weak dollar, we grew our revenues by 30%.

We're delighted because we've noticed that the market loves to use our products. And we see increasing numbers of countries in the world using Crucell's and Berna's products. Our mission remains preventing and eradicating infectious diseases in the world. And we think that the best way to do this is to use two slightly differing technologies that nonetheless are somewhat related -- first of all vaccines, which prevent people from getting sick.

Generally, vaccines are used by people who at that point are not ill. But you can protect them against certain infectious diseases. And that protection primarily results from antibodies that the people make in their own bodies.

And the second pillar we aim to use in this -- that struggle against infectious diseases is by having the antibodies generated not by people's own bodies anymore but by our technologies, specifically PER.C6.

If we review the major events in the recent past, one was that we received an additional order from UNICEF to the tune of \$130 million on top of the \$230 million we already had, which helped [for us] to help Quinvaxem, which was [registered] in late 2006 to penetrate the market more. The penetration is now about 50% of the people who use the pentavalent vaccine, which combats five well-known childhood diseases using Quinvaxem.

Sanofi pasteur, one of our partners in influenza vaccines for PER.C6 has announced that they expect to file this request with the FDA in 2010. They're going to file for FDA registration in 2010. We have formed an excellent partnership for rabies medication with the same company last year.

I explained how that rabies program was proceeding with increased sales at the first data. We're still promising that we entered a huge partnership. And at the same time, we obtained a fast-track designation from the United States in the form of the FDA, which is the approval body to be able to develop this in a parallel track.

In the meantime, two major clinical studies have gotten underway, one in the United States, where we've included 140 people, and one that we started several weeks ago in the Philippines. These studies entail milestone payments by sanofi pasteur to us. And sanofi pasteur is also helping fund these studies.

Now if we see how vaccines did last year and in the first quarter this year, we see major growth of the vaccines that we sell. And [have you] if we examine the portfolio we acquired from Berna, the vaccines that we selected are growth vaccines. And they've posted fine growth and in fact have exceeded the market as a whole.

We've reported about our first clinical studies of tuberculosis. We conducted these studies in South Africa and the United States. And a third one is now underway in the United States. And the immune response to our vaccine among such individuals is apparently tremendously high, higher than ever reported for a tuberculosis vaccine.

In our partnership with DSM, we've reported huger returns on producing monoclonal antibodies. Based on our sales, the average worldwide is now around 2 or 3 g/L. And thanks to DSM, we're now about 15 g/L. This is important because we're trying to use

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these antibody substances against infectious diseases. And we're trying to reduce the cost of materials. That's an important milestone.

We found new antibodies against influenza. I'll tell you more about that later. And what's unique about these antibodies is that in addition to being effective against the influenza that's making the rounds of Southeast Asia now, H51, apparently these antibodies are highly effective against all endemic alternatives in the world now.

We've signed a wonderful licensing agreement with [Via]. And the first quarter was relatively successful with respect to revenue growth and margin growth. One of the things I told you we would be working on is improving the margins. And we thought that many of our facilities were underused worldwide. So we cranked up that margin from 23% to 40% in the first quarter.

Now Crucell comprises three separate pillars for products now on the market, products under development, as well as the old Crucell. This is the licensing business of our technologies. If we look at where we stand today now, we're now the number six vaccine operator in the world, the sixth largest in terms of revenues. And we're the largest if we see which one is still independent of any pharmaceutical companies.

We're a fully integrated business. And by this, I mean that we can discover, develop, manufacture, and arrange marketing and sales as well. And this is unique for a company of our magnitude. The markets where we operate are at present, contrary to the pharmaceutical markets that you've read a lot, they're driving markets. The vaccine market grows by about 14% or 15% as does the antibodies market. In the decade ahead, it's anticipated that that market will grow by a substantial percentage.

Our pipeline and the products we're selling at this time are well filled. I'll start by telling you about the products we sell worldwide. And perhaps I can explain why this growth is so impressive.

At the left, we have a section about vaccines specifically used to prevent childhood diseases. And we registered our most important vaccine in late 2006. And we're now selling it in many countries worldwide. That's Quinvaxem. Quinvaxem covers five childhood diseases. And as strange as it may sound, we're the only company in the world to contain all those five childhood diseases in a single liquid.

Our competitor GlaxoSmithKline uses a formulation where they have to mix two tubes where they would ordinarily have to provide all its injections. And the big advantage for Quinvaxem is that for the people who use it in Africa and South America, it's a tremendous convenience. They have everything ready to use. That's why we were able to gain a substantial market share during the early years.

Now we're busy trying to introduce a new vaccine Epaxal Junior, which is suited for children. And it's suitable for preventing jaundice. Jaundice is a virus we call hepatitis A. And I think we've got the best vaccine in the world for that. We already had a formula for older groups of patients. And now we have one for children.

This formula uses half the antigens. And we're the very largest vaccination and production of hepatitis B products. Our product in Korea is one of the largest ones. And we sell a lot of bulk. But most hepatitis B that we produce is inserted into Quinvaxem because the margin of Quinvaxem is better. All these products are posting rapid, healthy growth.

And the second is the pillar for travel diseases. More and more people travel and use our vaccines when they travel abroad. Our bestselling product is the one that we also developed for children, Epaxal. Epaxal is unique in that it's the only vaccine against hepatitis A that does not use aluminum. Ordinarily, there's an aluminum salt in the tube. And that's what's injected into your muscles. Aluminum salts irritate. And you need additional liquid to inject it. We use half the liquid without aluminum salt, and that offers major advantages. Another advantage in the market where you [would use] Dukoral used as well is that the prices and margins tend to be high as well.

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Our third category is on respiratory illnesses. And the most important one is influenza. We sell Inflexal in about 50 countries in the world. And sales are driving.

Another one is third-party distribution. And we sell medicine and vaccines for other parties in Scandinavia and elsewhere. And one of the bestselling products is the well-known Gardasil, which is now being recommended in the Netherlands for all girls over 12. We think that we can generate enough growth for the years ahead. Thanks to this portfolio, we can achieve this in various ways.

But one of the most important is that although we're a European company with European headquarters, we have unfortunately not focused on the United States. The products that we sell in Europe are not available in the largest market in the United States. And we see opportunities for launching products. We have a sales office there. But we've seen a major trend by company to market our products there. And we're trying to devise the best possible (inaudible) possible to do things ourselves but to ensure that at the end of the day we get it to the best possible partner in the U.S.

But the products themselves are posting the best growth as well. I'm going to talk about our products now. This picture illustrates the growth of Quinvaxem in 2006. We launched it. And the orange countries are where we started selling it in 2006. In 2007, larger countries, [out of those] are the light green countries. And you can see the first period of 2008 was when we managed to interest more and more countries into the large mass vaccines.

Of course, we're competing against GlaxoSmithKline. Our advantage is that the market is growing rapidly, as is our market share. And we think that there's a lot more room for growth. And this is illustrated by our new deal with UNICEF, indicating that our product is in great demand. And that illustrates the growth in 2006, 3.6 million [sic - see Press Release] doses sold; by 2007, over 21 million; and in 2008, we anticipate major growth for this product as well.

We're very excited about Epaxal because it's the only product against hepatitis A that did not contain aluminum. We've elaborated a study against our biggest competitor GlaxoSmithKline that reviews that our drug is more effective than GlaxoSmithKline's drug that contains aluminum. And patients tolerate our drug better than our biggest competitor's drug, too. Now we're launching the new formula of Epaxal Junior in Europe. And we've already started in South America.

Dukoral is our product against travelers' diarrhea, as we call it, travelers' diarrhea. This drug is a big success in Sweden. Sweden has a population of 9 million. 425,000 to 450,000 doses of Dukoral have been sold in Sweden. It's a Swedish invention. It's known in Sweden. It's a drinkable vaccine. And it protects you from cholera and from travelers' diarrhea.

Swedish travelers, 37% takes our product alone, which is a very high share. And the countries where we sell the product as well, such as Norway, we see a high penetration. We're in control of that market. In the countries where we don't sell ourselves yet, our market share is far lower. We believe that if we sell this with our own sales force in Europe and use good materials in Canada and Australia as well, this product will be widely successful.

I'm going to tell you about the medicines and vaccines under development now. Three -- no, excuse me says the speaker -- two important ones at this time are in people. And I'd like to illustrate one that's important for the price line in my view. Tuberculosis is a horrible disease that's advancing worldwide. And the multi-resistant strain that no antibiotic is effective against is a major problem at this time.

The tuberculosis vaccine, which 30% or 40% of you may have had when you were children is no longer effective. In fact, there are indications that the vaccine may even be counterproductive. That's why we teamed up with the Aeras Foundation for a new version. Billions have been invested in the old tuberculosis vaccine. And we're keen on developing this because the first results we've heard about from the United States and from our research in South Africa were extremely interesting if you noticed the immune response we generated among people.

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Such a high immune response had never been reported in a tuberculosis vaccine. That's why we're developing it relative quickly. And we're already involved in our third trial in the U.S. We're delighted with it. It's based entirely on our technology. And we're also very excited about our partner Aeras that is enabling us to develop the drug as quickly as possible and is also recruiting a lot of people very quickly for research.

Now rabies, which is rabies in Latin, and rabies is a disease that tortured the world. It's particularly serious. And once you've caught rabies, it's incurable. What's curious is that if you don't have it yet but you have been bitten by a dog or a squirrel or bat with rabies, it is treatable before it's manifest. There's virtually a 100% success rate for treatment before the symptoms manifest.

Now why do so many people in the world die of rabies? It's because not enough of this medication is available worldwide. With early medication is a treatment of antibodies from human blood and the vaccine combined. The vaccine is available everywhere. But the antibodies from human blood are not available.

This is because of the cost of manufacturing these antibodies, which equals \$750 per patient. And that's only production. You still have to market and sell the product. So it costs about \$1,500 to \$1,800 per patient. And at that price, given the minimal supply of such antibodies in the world, it's logical that these antibodies are dispensed only in a limited number of countries, the U.S., Canada, Europe, and very small numbers in China.

Very good. Now on the next sheet, and I hope you can see this because the sun is shining on it. If you can see where demand is greatest for this vaccine and these antibodies, let me tell you about how they use it in the United States for everybody who is suspected of having bitten by an animal with rabies. 50,000 people are bitten by a suspect animal in the U.S. -- excuse me -- 45,000. 45,000 people receive these antibodies, costing \$1,500 to \$2,000.

If we compare this with the situation in China and in India, far more people are bitten. And remarkably, a lot of people do get the vaccine. But very [few] get the antibodies because of the shortage of the antibodies in the world.

Now based on data that we generated at the city in Atlanta -- could somebody please make this loud enough, the speaker? Yes. There we have it.

Based on data we generated together with the Centers for Disease Control in Atlanta, we've achieved wonderful results -- not only us, our partners are excited as well. To the left, you see preclinical trials revealing that the vaccine alone, with which the lion's share of the world population are now being treated, have a 10% effectiveness rate.

If we compare this with the cost of the product and the graph on the right, you'll see that the effectiveness of the Quinvaxem product is, as I mentioned, close to 100%, our product. And we can produce this for a fraction of the cost of this more expensive product. It is as effective or more effective according to these trials. And what we've also shown is that the product is absorbed into the bloodstream very quickly and remains there for a very long time, long enough to manifest good protection against rabies.

Based on these data, the Americans have given us a fast track designation to conduct various studies in parallel. And we launched our first Phase II studies in the United States and in Philippines.

Sanofi pasteur, one of the largest manufacturers of the more expensive preparation would like to be our worldwide partner and has paid us a lot of money for this. And each time we pass another milestone, they'll pay out more.

Last time, one of you asked me whether it was wise a small firm to continue developing some of these products and rather to lease them at an early stage. If you see the royalties we receive from sanofi pasteur for such a project in Phase I, you can see that we stand to get a multiple of what we would've received if we had outsourced it in a preclinical stage.

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I think that I'm getting the wrong slide up here now. But I'm going to tell you about a development that's early in the pipeline. And we believe that this is particularly worthwhile also in the scientific respect.

As you know, there was a worldwide series of pandemic influenza. We said we don't expect it to happen overnight because the pandemic influenza in Southeast Asia now has only claimed 300 or 400 victims. And it's been around for seven years there. Nonetheless, we developed the antibody to see whether we could treat people with such an antibody once they have contracted that disease.

Jan and his team -- could we please have the next slide? Jan and his team have conducted some experiments in which we used antibodies that we obtained from large libraries of people who were exposed to influenza or types of other strains of influenza. And we extracted the antibodies from their blood and -- no, we obtained this from cultures of the blood of people. And we generated antibodies that -- a little bit an experiment. If you use the experiment -- if you experiment with subjects before they're challenged by this influenza, then you have 100% survival, right?

And it's interesting afterwards if you provide this antibody, you can cure everything. But what's really exceptional -- I would like to see the next slide says the speaker -- is if you administer this four days after the influenza has penetrated the system, you can still achieve 100% survival rate. This is an early stage. But it's interesting that it indicates what technology could achieve in research on antibodies. Next slide, please.

We discovered that of all strains of influenza that we describe as pandemics or influenzas that could seriously affect our health, they all have a constantly changing domain. Their appearance keeps changing. And there's a small component that they all have in common. And we managed to generate an antibody to address that small common component. And that was not only with this type of flu, but with all other types of influenza that are serious.

This is a picture of Spanish influenza, which killed 40 million people in Europe. And this flu had the same Achilles' heel as all the other strains of influenza. And when we compared this with the other things we have in the pipeline, all I can say is we're at a very early stage. And you have a much better success rate at an early stage. May I have the next sheet, please?

Now I'm going to talk about Crucell's final pillar, which relates to deals based on our technology. I'd like the next slide, please.

We have a range of technologies. And if you examine our financial reports, it might appear that some of those licensing fees have decreased in the past year. If you examine the first quarter for this year, you'll notice that the licensing revenues are almost double that of the first quarter last year. This is because we decided to follow the products up further to the clinics before marketing them to other companies. Accordingly, there was a period in which we closed fewer deals and waited for a period when we could close more deals at a better price. Next slide, please.

We now have a huge [crisis] the well-known PER.C6. We have more than 35 licensees. Next sheet, please. And worldwide, many of those licenses are in clinical trials. We're working with 60 partners. And one of those partners has advanced to a stage at which they have said publicly that they will submit the request for registration of a medicine based on PER.C6. The disadvantage of this velocity of licensing a lot is that we can't say exactly how far our partners have come because sometimes they don't want others to know. Nor are we at the helm.

There are major consequences. And you've seen one is in the last year, namely that one of the technologies that we licensed to the U.S. company Merck generated very disappointing results in a huge study about AIDS.

Now although this had no financial impact for us, there were vast repercussions. And we did experience those. That's why today we've decided to focus on our own products as we tell shareholders. And we're going to be a bit more low key about what our partners are doing. Next slide, please.

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A large number of our products are now being produced in partnerships with large companies, of course. There is the vaccine from sanofi pasteur. And we think sanofi announced this publicly that a submission will take place in 2010. Until that time, we are to receive milestone payments from sanofi pasteur at the tune of some EUR30 million.

We signed a contract with the American company MedImmune for what they call hospital-acquired diseases. That is a disease that you [tentatively] acquire when going to a hospital. And these are resistant bacteria. Here again, we are agreed on a payment structure worth some \$40 million. We're very enthusiastic about this. And these are arrangements we made at an early stage of the product's development.

The antibodies will (inaudible) sanofi pasteur is far too rich, richer milestone payments for up to EUR70 million or royalties, which are many times higher and which are much more interesting to us because we can produce this medication ourselves and can market it in a number of countries ourselves. That means we can do so in China and in a number of other countries, sometimes together with sanofi, but sometimes also independently. Next slide, please.

We also signed a deal with Wyeth Pharmaceuticals last year. We made -- and that means in 2006. We booked an amortization for one of the (inaudible) where we're not successful in developing a medicine. These facilities are now being used for the development of a new product by Wyeth. And that is why in our accounting we have created new value for the company.

Our best partnership right now is the partnership we have with the Swiss company Novartis. Worldwide, we sell Quinvaxem. We do sell in a partnership with sanofi. And this is an example of real profit sharing. In other words, when we follow up a medicine all the way up to the end, we can acquire the best profit margins. Next slide, please.

Another topic we discussed last time is how can a small company like Crucell manage this large Swiss organization. This year and last year, we drafted a program for this, which is called Operation Excellence. To do that, we use what we know about the market, what we know about our facilities, and about the way we can optimize these facilities.

We have the impression that a lot of money is being thrown away worldwide because of inefficiency surrounding the production and the marketing of these vaccines. We have a clearer idea about this. And that means that by the end of 2009, we can commit ourselves on 15% cost savings for the production, marketing, and sales of these vaccines. And this represents an amount of about EUR30 million. It's not just cost saving. But it's also a level of efficiency, which is something that comes back every year. Next slide, please.

I think our company is well positioned for further growth. From a biotech company in its early stages, we have grown into a true vaccine manufacturing company with products in the market. We sold 100 million vaccines in different parts of the world last year. And I think we expand further as a possibility to help the U.S. I think we can even grow faster than the market. And we promise a growth in revenues of about 20% at a constant dollar rate.

But despite the poor development of the dollar, we are still capable of achieving growth. And in fact, I'd like to give the floor back to you, Chairman.

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**Jan Oosterveld** - Crucell - Chairman

And Mr. Kruimer will have to use another device for changing the slides after me. Thank you, Mr. Brus. Who would like to take the floor for comments or questions? [Mr. Cainer]?

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## QUESTIONS AND ANSWERS

### Unidentified Audience Member

Good afternoon. My name is Cainer. I speak on behalf of the [VEB] and I represent just under 354,000 shares. Mr. Brus, lovely presentation. One gets more and more optimistic when seeing these slides and also seeing these plans which are now well underway. But there is also another side to the coin. And that is something I should like to discuss with you on behalf of the VEB.

At a later point in this meeting, I will have some more constructive questions for you. But I'd like to suggest that we start with the difficult ones first. I still think that last year, 2007, was not really all good news. On the contrary, and the share price reflects this, there are many investors who have been disappointed. And there were a lot of things that you did not achieve.

You were right to mention the HIV adventure. We had expected a lot from that. And we expect that from now on you will give less information about this sort of thing. I'm not sure if that is a good solution. But well, anyhow, we were disappointed.

We're also disappointed by the termination of the West Nile virus adventure. We realize this sort of can happen. But since I understand a firm of your size with the programs you have that a number of things do fail. But with blood factor five, clearly, a very optimistic picture was painted by you last year with lots of slides. And you spent a lot of time on it. And the promise seemed to be growing by the hour. And therefore, I and other investors were deeply disappointed that this was not successful.

My question to you is do you learn from this experience. Is there anything you will change? Will you change the way you create expectations? What other lessons do you learn from this?

I'm also somewhat disappointed about the number of licenses which are being sold for STAR. STAR is being mentioned less frequently now. And it used to be mentioned all quite often. There are now 10 licenses. One would've expected 20 or 30 today. It's also disappointing. Again, this can happen. But so the list is even longer.

You mentioned license income in the first half of this year. It was a lot better. So we're happy about that. But over the past three years, there was a decrease in tendency. You said in your presentation that this was intentional and that we can now count on a much more effective drug. Could you give us an indication of the percentages, 50% growth or 100% growth or 10% or 20%? (inaudible)

Furthermore, I have a comment about the respiratory vaccines. If I understand, your sales have dropped. My question is what are your expectations for the next 2, 3, or 5 years. Also, when I look at your sales and you disregard the remaining companies, [SBL] and Berna, and you say in fact that there have been no sales growth. But it has dropped from 27 million to 20 million. Of course, that has to do with a drop in license income. Also, the gross margins have dropped from 20 million to 5 million. Is this something we need to worry about? Or are you telling us we can sleep well and that you will compensate for this in the next two or three years?

Furthermore, I have a question also perhaps for the supervisors. One of the first and main items in your annual report on page ten is we aim at creating shareholder value by aiming at the strategy for growth. That's wonderful. We support that. But if you're honest, how successful was Crucell in the past one, two, or three years in that respect when you see how the share price has developed, last year minus 35%, 36%, over two years minus 44%, and over a three-year period, even 10%. So you cannot be happy with that.

What do you learn from that? Is it bad luck? Is it that the investors no longer see how good you are? Or is that another reason why the investors value your company at a much lower rate?

Furthermore, I have a question about the new CEO. I understand that you look not only at business growth but also at cost structure. That's positive. But is there anything we need to be worried about because you understand that Crucell's growth

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potential as a whole is less than your (inaudible) also yourselves. Or is that a compensating measure whereby you say, well, we'll have to watch our funds?

And furthermore, on page 35 of the annual report, there's a common saying, a major cost driver, this (inaudible) complexity costs money. I was rather surprised by that comment. Could you explain how do you cope with this and what will you do about it? How do you reduce the complexity of your product portfolio?

There have been rumors about Crucell. I will not repeat them because that's sort of unjustified. There was one which was fully unjustified, by the way, namely that tuberculosis was the next candidate to be postponed and so on. Have you any idea where this comes from? Do people want to manipulate your share price? Have you any indications for this? And that completes my questions for the time being, Chairman. And I'll come back with more positive questions later on.

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**Jan Oosterveld - Crucell - Chairman**

Yes, I should hope so says the Chairman (inaudible). Thank you. Let me start with your disappointment. If you know our industry and not just our industry but the pharma industry as a whole, then you know that you make an invention today and that the chances that it will make it to the market in 12 years' time is not all that great.

Therefore, we have always bet -- put our stakes on product development and spreading the risk, not just to go for a single product, but to make sure that we have clients, 60 companies who also develop this type of product with the same chances of success as us. But it becomes a numbers game, the chances that they will make it.

We try to be honest about how many products we are looking at. And one of the other things we do is that when we have the impression that something is not working, then we are very quick in saying so and telling you that we are disappointed. You can also do something else. You can try to sweep it under the carpet. But that is not what we are doing. You mentioned three names. And I'd like to discuss those each one by one.

The HIV product by Merck was tested on 6,000 people. And originally, everyone was very enthusiastic in the entire medical world. We said were the chances where any of this will make it to the clinic is about 10%. But for HIV, we think chances are even smaller. So let's not think much about it. Merck stopped its program. And we got an enormous blow from the market because this was a very well-known fact that our technology was part of this.

There's nothing wrong with our product. But something was wrong with Merck's program. So with that, us having a say, the whole thing may fail. And you have to be honest when it fails. You have to say so.

The West Nile virus, we had a nice program. We were proud of that. We were among the first to work on the West Nile virus. We were among the first also to develop a virus -- a vaccine, I'm sorry -- for the animals. But again, when the number of West Nile victims drops sharply in the world and you know that you have to incur another 40 million or 50 million in cost, then you have to face it and say only 100 people in the U.S. die of the West Nile virus and today. And when you compare to the 28,000 people who die of flu in the U.S. each year, that market has become very small. Could we have made a better guess? I don't know.

The Center of Disease Control indicated right away that the phase would rise. But they finally proved to decrease. So we stopped the program. I think it was a wise decision. But we -- and we were always open about it. We said the market is too small. So we cannot continue this.

Blood factor five, well, we explained that. We said, look, we found a new blood factor in blood which may make a large contribution during the coagulations of patients which is hard to stop. We showed how this factor works in human blood. And we were able to demonstrate how we could make this.

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And we said, look, if the -- if we can prove that it works, then the development can be handled relatively quickly. But the proof of concept failed to be. And so we have been unable to demonstrate this could be made, manufactured at such a large scale so fast. So we have to go back so to speak to the drawing board. We don't have to start from scratch. But we are less enthusiastic.

In the meantime, there were also some other programs which we were less enthusiastic about then at the start. Well, rabies, the market \$90 million at best. We already made a deal for \$90 million. So we became a little bit more pessimistic. We tried to aim at the best possible and communication. And we tried to be as honest as possible.

Well, this is the type of disappointment which is very frequent in our industry and in biopharm. So with the manufacture of Epaxal, you know last year I had to explain why we bought these companies. But because you don't thought it's not all that a good idea. But now you can see from the figures that these companies really contribute to the cash flow of Crucell and makes it possible to make these type of development.

The complexity of the company is something we explained in the annual report. We bought two companies which were 100 years old. One was about 5.55. And the other was about the same size. They have an extensive history in the way of developing and selling medicines in the world and producing them. That complexity needs to be -- the complexities need to be combined. And before you have a good grip of it, that is something which would have reasonably under control this year so that we can make statements about how we can refresh all this and let these companies work more efficiently.

I'd also like to refer to the fact that colleagues in the industry sometimes have made big mistakes by taking out the biology company where the kind of parent after a year that activities had to be stopped because big mistakes were made. And we intentionally took a year's time to look at the complexity and how we can remove complexity from the chain. And we think now that with our Operational Excellence Program that we have achieved that.

And then [part in] the question from you was the income from licenses. Yes, over the past four years, our income from licenses has decreased. On the other hand, if you look at the first quarter of this year, yes, you see a tremendous increase. It has grown almost to twice the amount.

We have to make a choice. We are now a big company with a big cash flow. We can keep a number of technologies in house for longer, which makes them represent a higher value over time. An example is the flu vaccine that we now have in the clinic and which we quote-unquote sold to sanofi pasteur for 40 million and about 10% royalties.

Rabies, which we followed up into the clinic, we have been capable of sharing with sanofi pasteur for about 80 million in milestone payments and then payments also involving royalties, which are a multiple of those of the other licenses. In other words, an investment which we made over the past three years can be earned back in a very good way.

Now you wanted to sleep well you said. Well, go ahead.

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#### Unidentified Audience Member

I'd like to ask you says the shareholder if the first quarter of 2008 confirms what you just said, don't worry. You may have much better conditions now. That's right. You gave the example of rabies. What kind of growth can we expect in three years' time, for example? Could you give us an indication?

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#### Unidentified Company Representative

We split these indications -- we don't split these -- break these indications down generally. We say, look, as a company, we will grow faster generally speaking than the competition. And the growth of the competition is some 15% yearly. That is the growth of the market. And we think we can do better.

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Secondly, we said during this period when there were fewer licenses and fewer deals, if you see where our licenses now are, there is a future period where the income from these licenses will have to go. However, we are prudent in giving any indications about what -- how exactly -- how great their growth will be.

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**Unidentified Audience Member**

Why? Because it is impossible to predict it over a longer period?

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**Ronald Brus - Crucell - President, CEO**

Well, says Mr. Brus, if I make any forecast about the structure since then, it would not be wise to finance that already now. Secondly, the things that we have a really good grip on is the sale of our licenses currently. And we could say much more about that now. And we could give you a much better perspective on technology. The things that we are developing are good. We see excellent perspective. But we think -- let us also -- also considering the disappointments which are mentioned, let us be a little less explicit about that.

You also mentioned organic growth. And you made a few consolations. The fact is that from 2006 to 2007 we had a sales growth of 51%. That's over 70 million. And of these 70 million, more than two-thirds represents organic growth, caused mainly by children's vaccines and travel vaccines. Some 30% came from sales acquired from SBL and during the first months of Berna in 2006, which have been incorporated in 2007 now as well. So I don't quite understand what is causing the confusion.

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**Unidentified Audience Member**

I'd like to check that with you after the meeting. I compared everything, the old Crucell. I took out the two Berna components as well as SBL. But that comment's understood, says the shareholder.

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**Ronald Brus - Crucell - President, CEO**

Does that answer your questions, Mr. Cainer?

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**Unidentified Audience Member**

Not quite. Could you say some more about these other licenses? What are your expectations?

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**Unidentified Company Representative**

Sorry. In the first quarter, we gave out a number of licenses. We always said about STAR, look, it takes awhile until it is taken up by the market. We are still enthusiastic about STAR. And we think we should show this year why we were enthusiastic. So I hope we will be able to show you at the end of the year.

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**Unidentified Audience Member**

May I, says the shareholder? Looking back the board of supervisors, what do you think you will do to regain people's confidence and make people enthusiastic about Crucell again? What will you change from now on?

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**Unidentified Company Representative**

I am not cynical about Crucell.

**Unidentified Audience Member**

No, but many investors are, says the shareholder.

**Unidentified Company Representative**

The answer is quite simple. We have a slogan on our presentation which is deliver upon promise. And I don't think there is much reason when you look at it from a higher level of abstraction not to do what we did. We did a number of things last year, which should make you satisfied. The line for the future is to do what we promise to do and preferably better.

I'd also like to remind you that we have a very transparent publication policy. We publish everything we think we should publish. And we regularly check that. And we sometimes get a blame that we send out the press release again. And we think that we do what we should do in that respect. And we check that with the financial supervisors.

This is a ballgame like many others where the hit rate is not high. It is about as high as -- in other words, I think we're about 10% of the pitchers are successful. And the rest flop. And when you look at horse racing, then the hit rate is probably even lower. So regularly, you need to be -- to accept that regularly things do not work out the way we would've wished. But we do what we promise to do. Our focus is on growth higher than the growth in the market, which is 15%, about 15 million. So we've got something on our plate for the future and a consistent publication policy.

You just mentioned rumors. Well, we don't spread rumors. But we -- it is hard for us also to react to rumors because then we would be feeding them. So indeed, there have been rumors about Crucell as about many companies. We did not take action upon these. We will not react. And so we do not confirm nor deny them because that only leads to more speculation.

**Unidentified Audience Member**

Yes, says the shareholder, and I can understand that. You say much of what you undertake fails. I can understand that. But your strategy was to have a varied portfolio with a lot of technology, which appeared to be quite successful. But then you would say, well, when you look at the numbers, is it true when you make these commitments to the shareholders? Well, last year, you were not successful in doing this because you clearly said a sales between 20 million to 25 million. And the final number is a lot lower.

**Unidentified Company Representative**

Well, I think Leon, Mr. Leon Kruimer could say more about that. But yes, it's true. We said in November that our sales would above 220. Well, it ended up at 213. Okay. It's not quite 220. But there was also an accounting aspect to that. And I think it's good for the record for Leon to say something about that. But that's not keeping me awake.

By the way, we shouldn't have said so that it would be 220. With hindsight, we shouldn't have said that. But Leon, can you explain?

**Leonard Kruimer - Crucell - CFO**

In the guidance we gave, we included sales which comes from business development deals, which Brus just discussed, entering large partnerships and so on. All these contracts are always customized. And there is not a single which -- there are not two

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which are the same out of the 20 or 30 that we have. IFRS accounting rules are very strict with regard to recognizing sales. And there are a number of criteria which you have to meet to recognize sales.

And when you know that in the past Crucell has always obtained a large part of its recognized sales from this type of deal with upfronts which are recognized at the point in time when we sign them, then we assumed last year that there would be a number of deals that would lead to that type of sales. But the funny thing is that we always have that sort of deal at the end of the year in the fourth quarter.

And therefore, in November when we gave this guidance of 220, it was not included -- excluded that we could do so, that we could include these deals because we knew that there were ongoing talks about the deal with MedImmune and the one with sanofi pasteur for the rabies product.

Well, from an accounting point of view, it takes -- worked out differently so the sanofi payment of 10 million could not be recognized finally in 2007 but which has to be spread out across the years of development, which is for a number of years in the future. So we will benefit from that in the years to come. But it did lead not exactly to the sales result that we aimed out in 2007.

What we learned from that is that we have to be extremely prudent because the deals are often unpredictable from the point of view whether they will be signed or not because we never want to pin a plan on the fact that they have to be concluded by the 31st of December because your trading positions become weaker and secondly because you don't know how much of the sales you can recognize.

So I also think that as we move forward -- and Ronald clearly indicated this -- the percentage of sales from the sale of our products will increase. And therefore, the predictability for our company financially speaking will also increase.

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#### Unidentified Audience Member

Yes, you're giving a strong argument for your negotiated position. So I'll accept that. I have one question, though. In the annual report, you also say that you will sell third-party products. Should I worry that your sales channel is being underused -- is insufficiently used? And therefore, what margins do you expect to make on this?

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#### Unidentified Company Representative

As Brus just indicated that the entire network of factories and the marketing network that we have worldwide that there's surplus capacity. I must be very clear on that fact. One of the major objective of the Healthy Ambition Project is to reduce the surplus capacity in those factories and consequently to reduce unit cost and boost margins.

I think that we're starting to see part of that in the margins already. The same holds true for the sales system. We have a specialized marketing apparatus and several marketers that are focused on institutional sellers of vaccine products and products to combat infectious diseases.

We have a network of salespeople that -- we don't have a network of salespeople that sell products door to door at the office of doctors in hospitals. And they can take onboard some of the products that we don't have and sell them in the same sales effort.

It's not that we would simply earn a few additional [sales] per product because the overhead is there anyway. And the margin contributes to our overall margins. We don't aim to turn into a distribution system. But if you use a select number of products, such as the [Prolastin] protein that we distribute throughout Europe through and American company, those are very close-linked products that are sold very selectively. We welcome that opportunity because that will boost our overall earnings.

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Who else would like the floor?

**Voluntina Duvard** - *Foundation for Legal Protection for Investors - Representative*

I'm [Voluntina Duvard]. I'm from the Foundation for Legal Protection for Investors. We were also a bit concerned about what happened last year. You did pursue the rabies product. Does that mean that you expect to become more active in animals or livestock? What are you doing in Eastern Europe?

**Unidentified Company Representative**

I'll answer that. Rabies is a terrible problem. It's passed on by animals. But we focus on the effects on people. If you're bitten by such an animal, we don't produce animal vaccines. But we do want to help people who've been bitten by a rabid animal or bat or whatever. We really want to give them the medication that they need and are entitled to. So we're not trying to vaccinate animals worldwide

**Voluntina Duvard** - *Foundation for Legal Protection for Investors - Representative*

So not animals that impart rabies to people. You don't think that that would be worthwhile?

**Unidentified Company Representative**

Well, we -- our primary concern is that globally about 60,000 people a year die from a treatable disease. But because of the shortage of the raw material, they're not treated. And that's our main focus. And yes, of course, rabies occurs among animals. But the treatment is not such a very high on the agenda of many institutions.

It should be possible. What does happen is that a lot of pets are being vaccinated against rabies in Europe.

**Voluntina Duvard** - *Foundation for Legal Protection for Investors - Representative*

And what do you intend to do in Eastern Europe? What are you doing now?

**Unidentified Company Representative**

In Eastern Europe -- no, in all countries in Eastern Europe, we sell vaccines such as Dukoral and influenza vaccines. And we have distributed networks. And we work a lot with Solvay, for example.

**Voluntina Duvard** - *Foundation for Legal Protection for Investors - Representative*

And you also mentioned that we are not really interested in marketing. But in the United States, the dollar must be a problem. And you've managed to accommodate that problem. But how did you do it?

**Unidentified Company Representative**

When Mr. Kruimer has delivered his speech, madam. Thank you.

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**Anne van Lakerveld** - VBDO - Representative

I'm Anne van Lakerveld. I'm speaking on behalf of the VBDO, the Association of Investors of Sustainable Development. VBDO has individual and institutional members that care about corporate social responsibility among the countries in which they invest. I'm delighted that Crucell has addressed corporate social responsibility in its annual report. The products that this company sells and the industry in which the company operates make corporate social responsibility essential for this company.

VBDO is also happy that Crucell's policy takes all stakeholders into consideration and maintains comprehensive chain approach that considers not only direct and indirect suppliers, but also the ultimate users of the products.

And plus, I'm here because we have some questions for the sake of transparency because we just heard from Mr. Oosterveld that Crucell greatly values transparency. The VBDO therefore requests the company's report annually about environmental and social aspects of operations. We would prefer a separate sustainability report. And we want this to be reported according to [GRI's] directives and be subject to an external review.

We see clear progress at Crucell as far as a report about the [CFI] policy is concerned compared with two years ago. And we hope that next year you'll apply the GRI directives in your report on sustainability policy.

Next, the VBDO would like companies to convert their sustainability into ambitious and quantifiable targets. The question is whether Crucell has sustainability policy targets. And if so, what are those? And could you report on them in both quantitative and qualitative respects next year? And if not, why not?

The annual report describes how Crucell's vaccines help improve health worldwide also in developing countries. The VBDO wonders whether Crucell has a policy to ensure that the vaccines are universally available and affordable to people in developing countries.

Finally, during the month ahead, the Access to Medicine Index will be presented. This benchmark addresses the pharmaceutical industry. Crucell does not appear in this index to my knowledge. The benchmark consists of eight criteria I estimate. And it might be worthwhile for Crucell to examine these criteria and to use them to elaborate a sustainability policy better.

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**Unidentified Company Representative**

Thank you very much for your compliments. It's true that the annual report now features a separate section on sustainability policy. And we've spoken about it. We're familiar with the GRI directives. And we'll see whether it's practical and worthwhile to do more about those next year.

You also asked a question about the affordability of vaccines and benchmarking for vaccine access. And I'll get that -- those questions to Mr. Brus.

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**Ronald Brus** - Crucell - President, CEO

One of the biggest clients at present is UNICEF, which arranges per payment of these vaccines in the third world. In other words, the third-world countries and countries of South America place an order. They're entitled to select the vaccine of their choice. And then UNICEF then pays. That's the structure we've chosen. And that has enabled mass vaccinations against all kinds of childhood diseases in the third world.

Now the fact that we develop such vaccines and make them globally available for organizations, such as WHO and UNICEF, means that we've thought long and hard about the affordability of these vaccines. Otherwise, we wouldn't be able to sell them.

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We aim to make these vaccines as effective and as sophisticated as possible. We managed to supply a liquid vaccine, whereas our competitors supply a vaccine that needs to be prepared on site. This is one of our typical objectives.

At this point, we produce about 100 million vaccine doses. We aim to increase this figure, and you've noticed how many of these vaccines are offered in the third world in part as pentavalent vaccines to UNICEF. And we're trying to maximize penetration. This also means, well, that traveler vaccines are costlier for people interested in traveling to such countries. And that way we obtain a higher margin on such vaccines.

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**Anne van Lakerveld** - VBDO - Representative

And what about your sustainability objectives? In my view, that relates to GRI directives, speak of the GRI directives described by quantifiable and transparent objectives. So at this time, you don't have such objectives at Crucell.

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**Unidentified Company Representative**

No. Thank you very much. But we're good natured and willing. [Mr. Vahaha] would like the floor.

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**Unidentified Audience Member**

I'm Mr. Vahaha.

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**Unidentified Speaker**

You're first.

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**Unidentified Audience Member**

I'm Mr. Vahaha. I had a question about competition in China. Are there any developments that Crucell is exploring in China that are becoming clear? That's first of all. I also have a question about license duration. Is there a time limit when the license expires? You know anything about that? And also with respect to China, do the Chinese observe licenses? Can you tell us anything about the domestic market in that respect?

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**Unidentified Company Representative**

At present, we sell actively in China. We have a sales office in Shanghai. In China, we're one of the larger foreign operators. We're popular among foreign operators. We sell Quinvaxem. We're registered in China. And we'll be adding more vaccines to the Chinese market.

China is an interesting but it's also a difficult market. It's obscure. And there's a high turnover there because China is posting huge economic growth. And Western vaccines are very popular in China.

Well, for your interest in rabies in China, it's a terrible problem there. And the Chinese don't have an adequate medication to treat rabies. And we're very cautious about licenses in China at present. We don't have any licensees in China. And that's deliberate policy and relates to respect for international patent regulations. We believe that China should show that it can do a better job than it has in the past.

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But for the duration of our licenses, our clients are required to pay royalties for 15 years on these products that they sell. No party has started that yet. The first party to submit its application for registration will do so this year. So we don't have any royalty income yet. But the clock starts ticking when it happens for 15 years thereafter.

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#### Unidentified Audience Member

Mr. Chairman, I'm [Mr. Hydammum]. I am a private shareholder and live in the Hague. I have two points. First, I want to follow up on what the previous speaker said. Mr. Brus, you mentioned the extended tedious costly path, a discovery to marketing that discovery. I'm referring to Thomas Alva Edison, who in 1888 said that an invention "is 1% inspiration and 99% perspiration."

My question is about medication. Some medication is not needed as much in the West as in the less developed countries. Do you publish in your annual report a list of the medications for which demand is highest? So for example, this medication is in great demand in developing countries. And another medication is in great demand in underdeveloped countries, where UNICEF has to pay for them. That's one of my questions.

As for a percentage of the revenues, can you tell me about future sales areas? What do you estimate the breakdown in estimated revenues would be? And my question concerns another country -- excuse me -- another company [Pharming] that's active in the same industry as Crucell. And Pharming is not doing very well at this shareholders' meeting. There I heard that they have roughly enough in their war chest to survive another 2.5 years. But in pharmaceutical biology, that's not a very long shelf life. I hope you don't think one competitor less because if Pharming were to be wiped off the market, a lot of technologically valuable knowledge would disappear with it.

My question is whether you might work with Pharming to avoid losing this knowledge and expertise to foreign competitors so that your company and the Netherlands could retain them. Please answer these two questions.

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#### Unidentified Company Representative

I believe that at this time Quinvaxem is our biggest product sold exclusively in developing countries. But to be perfectly honest, this is paid by the West because UNICEF is funded mainly by the West.

And as for the motives of UNICEF to engage in large-scale vaccination -- and the WHO does the same because Africa, Asia, parts of Russia, India, and South America are the main focus. And we also know from this communication with UNICEF the organization of UNICEF is very open and is required tell us how much vaccine they expect to buy because otherwise we can't manufacture it.

So you will be able to see on their website how much vaccine they expect to buy in the next few years. This is a relatively new campaign we've started, this approach a few years ago. But it was a very successful one. So in that respect, I think that we're operating in an interesting market where the world understands that there's more than we have in the West. And we want people to be healthy and to eradicate infectious diseases in Africa, Asia, and South America. The exact percentage varies from one year to the next. But Quinvaxem is sold exclusively in these types of areas.

And your questions in our potential interest in companies such as Pharming, that's not relevant to us at this time. We specialize in vaccines. And we deeply regret if that technology were lost. But I fervently hope that Pharming will find good use for their products. Please understand that our business model differs from that of a traditional biotech firm, such as Pharming. We cater to a broad range of clients and opportunities and operate on a market, not just one product. And obviously, setbacks have happened. And I think that given those stated setbacks, we've made good choices.

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Another question is how much we can invest in our research in our company. Based on the slide and perhaps you've noticed in the annual report that we've had to add money, add funding to the firm. And we expect to get back in the black as far as our cash flow from that point onward. We may need to gobble up companies with higher cash -- positive cash flow at this time.

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**Unidentified Audience Member**

Can I ask a related question? In developed countries, even in the Netherlands, the tendency's increasing to -- for health insurance companies to dispense generic medical drugs. If you have a patented drug, then the chemical composition is known. And that makes it fairly easy for a competitor to develop a similar medicine with roughly the same effect. And this is happening in increasing measure. And patents are also increasingly being circumvented I think. And does the patent still instill exclusive rights?

I once learned that the period was 19 years because otherwise medicine simply becomes cheaper. That may be socially desirable. But on the other hand, it also means that a lot of companies can no longer afford the higher R&D expenses. How does Crucell feel about that?

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**Unidentified Company Representative**

Your remark is excellent. What matters most is that you're entirely right about chemical substances. Chemical substances can become copied. And when the patent expires, you can simply market this chemical substance based on the file disclosed to the authorities and say you have a medication.

But that's impossible as far as biological materials are concerned. And that's the interesting interaction in our field. Vaccines and biological substances are extremely difficult to produce. The patent is only a fraction of the knowledge that you need for biological preparation.

There are no such biological copies at this time because impossible to copy a biological preparation exactly. We see very few initiatives. And that's why biological preparations tend to be more expensive than the regular preparations. And the shelf life of the patent is still the same as what you learned at school, it's about 19 or 20 years. And that protection is worthwhile in our view.

As far as generic competition is concerned, we're not afraid because we are a biological company. Mr. (inaudible)?

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**Unidentified Audience Member**

I guess I don't have to introduce myself anymore. I'm from the MIS Investors' Club. First, I appreciate the Q1 figures because after two years, I finally see that they're positive and that you're benefiting the market. Referring to last year, you said that the money is flowing out of the share. And I understand that Leon Kruimer didn't know what that was. But it means we've seen what that means now. It means that the share price plummets. And I hope that it's bottomed out by now.

My first question is about your company's undervaluation on the stock exchange. I think it's the biotech company with the lowest value ratio of any biotech company [in the world] generating a positive cash flow. My question is what do you plan to do about this? And I'll relate that to analysts. Except for an isolated analyst, there is no purchasing advice about (inaudible) ING. ING just issued a report suggesting that shares at the current price be purchased. And it's also stated that it relates to sanofi that before 2013 no substantial growth will flow from your agreement to Crucell. That's a bit odd.

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In addition, as I see it, sanofi's CEO has said we certainly don't expect to switch from egg based to cell based in the next decade. Well, that's a bit odd. When I read the mission in 2010 when there's a second A-stage by now, I wonder what to make of all this. So that's the question about stages. It's about sanofi's royalties later on, on the influenza vaccine.

Second, you have rightly said that you don't have a foot in to join the United States. Yet my question is when you will expect to get active in penetrating the U.S., which is the largest market in the world with Epaxal and with other drugs. And have you already got in touch with partnering? And do you expect this to get off the ground in 2008?

What I didn't hear in your story, Mr. Brus, was about ebola and malaria. There were two reports from 2006 both by the SNS and by (inaudible) which stated that in 2007 ebola products would be supplied to the U.S. government. I haven't read anything about ebola lately. And I wondered whether this had been put on the backburner or whether something was still happening to ensure that it would be supplied to the U.S.

Another question about Quinvaxem -- in what year do you expect sales of Quinvaxem to peak? If you know that year, then you also know we have to generate future growth after that. You know that you need to do that. But it's a twofold question. When are the peak sales? And how do you envisage future growth?

Now let me take a look. This is the last question. When do you expect -- because apparently the stock exchange doesn't appreciate your foundations -- you say you keep growth in your foundations -- no, now they value you based on your earnings. When do you expect to generate earnings per share? And what types of growth in earnings per share do you envisage for the future?

For a relatively small biotech company, if I look at the market cap, which is now about 800 million or something like that, you might expect growth percentage in analogous companies about 50% to 100% once you actually start generating profit. Those are my questions for now.

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### Unidentified Company Representative

We do not generally respond to analyst reports. But what you just said about the number of buys and sells, that is not true because the number of buys is twice the number of sells. So what you said was not accurate.

I'll be happy to make some remarks about your other questions. Let's start with your statement that this company is undervalued compared to counterparts with positive cash flow, biotechs. I don't think that there are a lot of biotech vaccine companies that have experienced the developments that we have in recent years. And I don't think there will be many with positive cash flow. In my view, there might be two or three worldwide. It remains to be seen how we'll do this year because last year we did not generate a profit.

So we aim to improve our finances each year. We're working on other aspects. We're trying to grow our revenue. And we managed to do that last year. We're also trying to increase cash flows. And we did more than that last year. And of course, we're trying to improve our margins. And we're well on track there, too.

Yes, the first quarter was a good quarter. And we saw the benefits of meeting or perhaps exceeding expectations. And this has led us to formulate a guidance that to the extent that it's ambitious but to be attainable. So I think this will be a good year.

In the entire product portfolio that we reviewed today, we featured a deliberate snapshot of what we have in clinics of ebola. And you can carry on a discussion that that would (inaudible) later on (inaudible) in the clinic. As soon as we get clinical results, we'll tell you more about that. The analysts wrote about that in 2006. It's difficult to respond to that now. I don't know what they based your wise words on at that time. As soon as we have the findings from the clinical trials in the U.S., we'll tell you more about that. And we do expect that in the foreseeable future.

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As for malaria, we haven't said a lot about that today either. We are in clinical trials for the malaria vaccine. And we're trying to help our covaccine -- no, our counterpart vaccine producer GlaxoSmithKline is working on different clinical trials. We're trying to develop as quickly as possible. As soon as we have results, we'll disclose them to you.

Yes, peak sales for this vaccine, we can't say anything about that at this time. But we've been very cautious in our forecast about Quinvaxem. We said there's another market operator. That's GlaxoSmithKline. And the WHO and UNICEF have manifested a demand. And we've obtained some of those contracts, even though our medication costs more than Glaxo's. We also know that we supplied the majority of Quinvaxem doses in the world if we compare our position with that of Glaxo.

We also know that in 2009 and 2010, the total demand of the WHO and UNICEF organization will be for about 150 million doses. We don't know exactly what the competition will be doing. But we do hope to ensure that we have a fairer share of 150 million doses.

In 2007, this year, it stands at 50%. In 2008, we're doing well. So let's hope to continue along this track. We're delighted with Quinvaxem. It's a product that our firm was able to launch and compete with the major players. And we've also demonstrated that the market introduction of such a vaccine need not coincide with a drop in price provided that the product is superior. So I can't give you a definitive answer about the peak sales.

Now the statements about influenza -- as you know, we have disclosed publicly that in 2010 that company intends to submit -- file for registration in the U.S. And sanofi is very cautious about making any statements about when this transition will take place. And I can understand that. I'll try to explain why they're so cautious.

A few months ago, I was on a panel with the head of sanofi and representatives of the competition in these markets and others. Sanofi is going to be the biggest operator in influenza itself, over 1 billion in influenza vaccines each year. Novartis is ahead in cell-based vaccines. But Novartis has opted for a method that's sanofi doesn't consider to be as good. But sanofi is going to be very careful since it's not active on the market.

While its competitor might become active in some countries, sanofi will be very cautious about stating anything of that and switching from egg-based to cell-based vaccines because they would shoot themselves in the foot. And I think that that strategy is very sound. As for the statement by the ING analyst about when this might happen, I'm not familiar with that.

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**Ronald Brus - Crucell - President, CEO**

(inaudible) so didn't take that information from Crucell itself. Okay. No indication. The final question, says Mr. Brus, is that I suggested that in the U.S. we were not getting a strong basis. Well, we had a sales organization in the U.S. Vivotif is being sold in the U.S. And there we obtained the highest profit margins for our products. On the other hand, Berna and SBL products have never been developed in such a way that they could be sold in the U.S.

We are now making our facilities suitable to design the study because we should like to go to the U.S. Now the type of vaccines which I'd like to sell there are such that we might like to have a partner for this who would handle the distribution in U.S. Now you cannot do this with a sales force of 40, 50 people. And we have sold only to the Army, to [Travel Polemics] and so on. So that is why there is a necessity finally to go to the U.S. with these products which are performing well in 60 countries already.

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**Unidentified Audience Member**

You expect it in this year, in 2008, says the shareholder?

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**Ronald Brus** - *Crucell - President, CEO*

Well, making a statement about finding a partner this year would not be wise. When you're negotiating with a partner, by the end of the year, they know very well what you can and cannot promise. So that wouldn't be very wise.

**Unidentified Audience Member**

Okay. My other question's for after the presentation by Mr. Kruimer.

**Jan Oosterveld** - *Crucell - Chairman*

Go ahead.

**Hilco Wiersma** - *Add Value Fund - Analyst*

Good afternoon, Chairman. My name is Wiersma on behalf of the Add Value Fund. First of all, my congratulations for your good annual report and your good first quarter of 2008. I have some questions still with regard to Quinvaxem in particular. When you look at the product sales and the total sales in 2007 of 178 million, of which 44% from children's diseases vaccines, could you tell us what proportion Quinvaxem represents in this 44% because I think Quinvaxem, as you said in your presentation, is very important for Crucell.

There are some short-term risks. There are competitors with lower prices. What do you expect about the margins for Quinvaxem, the result? And in the future, could you tell us more about that? What are the new partners, might put pressure on the margins?

And with regard to research and development, you've spent EUR64 million in 2007. Perhaps you could say some more about what you expect to spend on R&D in 2008 and onward. Is it more than the EUR64 million?

Now what surprised me in your presentation is your participation in Galapagos. You said that you have earned interest of 6.2% on your annual report. I saw 5.8% as per December 31, 2007. Perhaps there's a mistake somewhere. Or did you increase your interest? What is your strategy with regard to Galapagos?

Furthermore, I have a question about the production and development facility in Korea. [I see] one of the concerns is that Quinvaxem is being produced and developed there. What surprises me in the risk paragraph in your report is that there is some disagreement about the landlords. There are some ongoing lawsuits with regard to production facility. Perhaps it has to be moved because of a railway line being built.

What are the risks? And what are the costs involved for Crucell? Will you have to move this factory? Does it involve cost? Can you claim these costs from the government? That completes my questions.

**Unidentified Company Representative**

Thank you, Mr. Wiersma. First of all, the idea behind Quinvaxem is as follows. Glaxo was on the market already. They were the only players. And certainly, they never succeeded in obtaining a liquid formula. We introduced it in 2006. We had a very small margin. We sold 6 million vaccines. And last year, this increased to 21 million, 22 million vaccines already. And also, in terms of market share, we already bypassed Glaxo.

I don't think that the WHO and UNICEF have a policy whereby they want to give us too big a market share. On the other hand, I think when you look at the world map of new countries which have come onboard for Quinvaxem, perhaps we can conclude

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that most countries now want our product and that there is a majority of countries who request from the WHO to get the liquid formula instead of Glaxo's product.

So we see no great competition. The margins are good. I told you that we have a profit sharing agreement with Novartis. And this agreement is there because of the following. We sell to the organization Pan-American, PAHO, and UNICEF. Novartis has the right to sell Quinvaxem in other parts of the world. From that, we get a profit share.

Currently, we have only been working on sales to UNICEF and Pan-American Health and not on individual sales to individual countries. So the profit sharing from Novartis hasn't yielded very much as yet. But it's also because the amounts so far has been greater than we had expected.

Now about the factory, I should like to give the floor to Cees de Jong, who is most directly involved.

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**Cees de Jong** - *Crucell - COO*

Mr. Wiersma, the situation in Korea is the follows. We use the grounds of [Green Cross]. And we have a contract which runs until 2010 whereby we then have the right to extend the contract. In the meantime, however, a metro and streetcar line have been constructed already. We are not in the way. But we can see that in the longer term it might be unwise to keep producing there.

What cost that involves would also depend on the compensation that we will receive because we will have to leave from there earlier. However, we have decided that [we only want] to keep producing in Korea.

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**Hilco Wiersma** - *Add Value Fund - Analyst*

Thank you for your answer so far. Is it also true that you will keep extra inventory stocks for Quinvaxem because of the cash outflow? Can you confirm that? And coming back to the question about children's vaccines, 44% of the total sales, is Quinvaxem about 30% of the 44%, so 30% of the total of 178 million.

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**Jan Oosterveld** - *Crucell - Chairman*

Of the category children's vaccine, Quinvaxem represents the majority. The other two products involved are hepatitis A and B. And we expect that the children's doses of our Epaxal, hepatitis A, will increase because it is a very successful product. But within that category, Quinvaxem keeps representing the bulk.

There was a question about Galapagos. We have a 6.2% influence. We [won't] set up that company together with the department of Johnson & Johnson in Belgium. And we each had 50%. Over the years, we diluted that because we never took part in the subsequent capital injection. And the company was taken to the stock exchange. And so it says 5.8% in the annual report. And I think that is a mistake. And I want to apologize for that.

Our long-term policy with Galapagos -- well, Galapagos is important for us because it is a spin off of ours which uses the PER.C6 technology in an entirely different domain than we do. We think it is a very good company. It is not a strategic investment in the sense that we have all sorts of cooperation other than the technology transfer. So it is [in essence] that we want to divest at some point in time.

If you don't mind, I should like to give the floor to Mr. Kruimer now, unless you have more questions for Mr. Brus.

All right, shall we say that this is the last question for this item? And then after that, after Mr. Kruimer, you can also ask questions to Mr. Brus.

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### Unidentified Audience Member

Thank you, Chairman. My name is [Freda]. I have two small questions. If I understood you well, Mr. Brus says that the sales apparatus in the Netherlands is small. How much money is involved that you spend for selling your products? Mr. Kruimer I heard also said we have no sales organization here. So I'd like to know how big it really is. But in China, you set up a sales organization. And how much money does that involve? That completes my questions, Chairman.

### Jan Oosterveld - Crucell - Chairman

Thank you for your many questions, Mr. Freda. The first question about the Netherlands, the answer is as follows in the Netherlands. The Netherlands is where we started. And most of all, we applied a different way of selling here that is process development in the Netherlands itself. We did not set up a sales organization. We acquired the sales organizations in Sweden, Scandinavia, Italy, Milan, the U.S., in Argentina, and in China. We acquired those from Berna.

And currently, we already have started a sales organization in the Netherlands. And it sells to institutions which perform large-scale acquisitions, purchases. And this organization consists of about three people. That's sufficient for the Netherlands.

In China, well, because you see in China how for the same cost I think we had a sales organization of 40 people in China. And in fact, when you look at that in cost structure, it's almost the same as in the Netherlands.

Can we give the floor to Mr. Kruimer now, says Chairman, for the financial statements?

## PRESENTATION

### Leonard Kruimer - Crucell - CFO

Thank you. I have the pleasure of reporting the financial core figures to you. Much has been said about this already. But I'll repeat it to some extent not only for 2007, but also for the first quarter of 2008, since the point in time where we are.

Last year, compared to 2006, sales have increased more than 50% and reached the level of over EUR213 million, compared to EUR140.9 million in 2006. The biggest driver behind this increase of EUR78 million was the sale of Quinvaxem because it was introduced in 2006 and started to develop for real in 2007. Roughly two-thirds of the increase came from organic growth, the growth from products that we developed ourselves during the year and that did not come from acquisitions.

Our gross margin went up 34% and increased therefore three percent points compared to the year before. And you will see that in 2008 in the first quarter, this margin has improved again.

The net loss was EUR45.9 million, which is a strong improvement compared to EUR87 million in 2006. Much of this was caused because of the fact that in 2006 we took an impairment from certain assets, two factories and a product. An impairment is an amortization in accounting terms because you can associate no future value to such an asset.

It's important to remember that the factories which we have amortized in that way in 2006 had not lost their value. They were not demolished. They were not closed. We keep maintaining them. And in 2008, we signed a contract with Wyeth whereby one of these factories will be put to use again. And then you can again cancel the impairment then that's one effect actually, we'll see over the year 2008.

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We end the year with a total cash reserve which does not consist of bank guarantees and other methods because that was another 15 million, but a cash reserve of EUR163.2 million. And that was the first time in the life of our company that we saw an increase year on year. And we are very happy that we reached that goal.

The first quarter of 2008, here again, we see a strong growth in vaccines, not only Quinvaxem -- that was to be expected -- but also in travel vaccines, (inaudible), hepatitis A and also for cholera, typhoid, and so on.

The growth from quarter to quarter, first quarter of 2007 to the first quarter of 2008, that growth was 36%. And since we were suffered from the weakening dollar, this had an effect on our sales growth. If the dollar had been constant, then our sales growth would have been 41%. We now had sales worth EUR47.9 million to be compared to EUR35.2 million in the same quarter of 2007.

The gross margin went up to 40%. That's a very clear increase. That was caused by a number of things -- the product mix and the absence of all sorts of acquisition cost effects, which still played a role in 2007 and far less in 2008 and also because of efficiency improvements, which had an impact on the cost of sales.

An item, which is called net financial income and expenses covers the currency differences, which have an impact on the profit and loss trends, that was considerable EUR4.4 million in the first quarter of 2008. That was because of the weakening dollar and the strongest Swiss franc. It's a complex calculation, but those effects in combination lead to this item of negative EUR4.4 million. We expect part of this to be offset in the quarters to come. The Swiss franc hasn't dropped against the euro again in value. And at the current dollar rate, we expect this effect to be much less in the second quarter.

The net loss was EUR9 million, which is 50% of the loss of last year, 2007. I'd also like to point at the fact that during the first two quarters of the year, we always had the weakest performance where we use most operating capital and where our sales are relatively low, because we have certain seasonal effects, because of the sale of flu products, which starts usually in the third and sometimes in the fourth quarter. And for some reason or other, we always had big deals in the recent sales in the fourth quarter. There is not really a seasonal reason for that, but that is experience of the past six years.

Quickly -- very quickly, the profit and loss and count results for the full year 2006 compared to 2007 and the first quarter, I could have a look at those lines.

Sales and other revenues in 2007, EUR213 million, which is plus 15%. In the first quarter of 2008, almost EUR48 million, which is 36% up from the first quarter of last year.

The gross margin, you see a steady growth from 31% in 2006 to 34% in 2007. The first quarter of 2008 is 40%, because of differences in the mixes might fluctuate a little bit. But the trend is definitely up.

Operating expenses was almost EUR130 million in 2007. That was a decrease from 2006. In 2006, we had the acquisition differences and the apartment, which contributed to these higher expenses at EUR148 million. In the first quarter of 2008, as you can see, the expenses have dropped compared to 2007. That's also applies to the loss and loss per share with 0.14 of the past quarter, which is less than half of the loss of the first quarter of 2007. To be compared with a total loss per share of 0.71 for all of last year.

If we have a more detailed look at what the income consists of -- or the revenues rather, then it consists of five items. One is pure product sales and sales -- but products that we sell in the market. Second is license revenues, anything having to do with income from technology trading, and service fees. Service fees is work that we do for our partners with whom we have technology deals. In other words, if we do work against a fee for our rabies project and we get paid for that. In other words, then the direct contract related income, then that is called service fees.

The product sales, as you can see, represents the majority -- the bulk of our income, EUR35.5 in Q1 2008. And you can see that there is a clear increase in the first quarter, EUR35.5 million, which is more than EUR9 million up from the first quarter of 2007.

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License revenues, you already asked a number of questions about that, fluctuate, particularly from 2006 to 2007, because as Mr. Brus said, we decided not to market certain things immediately, but to do the work ourselves, because we think that adds to our Company's value and that is immediately reflected in a decreasing income flow, because we were not selling the technology, but use it for ourselves.

In 2008, we see the income going up to EUR5.2 million in the first quarter and we have good expectations for the rest of year, because the milestone payments -- we will expect to receive milestone payments for a number of programs. Service fees are relatively constant.

Furthermore, we have grants, subsidies from organizations, which also fluctuate somewhat, but generally that was relatively constant. As you can see from -- it went up from EUR6.9 million in 2006 to EUR7.1 million in 2007. And other is a combination of all sorts of other things. And, in the first quarter of 2008, it is at -- this is at EUR3.3 million.

Now the cost of goods which sell consists of two items. One is the direct cost of products sold and the other is the cost of service fees. The cost of service fees represents the cost of our people working on this -- the scientists, specialists and other process developers working on the products. And the out-of-pocket costs involved -- laboratory costs and so on. And, as you can see, the costs of product sales are by far the biggest item under the EUR24.6 million out of a total EUR135 million. Our operating expenses, 2007 compared to 2006.

Here research and development is of course an important item. As you can see, it decreased somewhat to EUR64 million from EUR67.6 million. The level of these costs is not so much determined as a percentage of our sales. We look at what products using our technology have a good future. We attach a budget to that and a cost feature. And we think that the costs will remain around this level in this coming year.

Selling, general and administrative. Those costs went up considerably compared to 2006 to almost EUR66 million. This is caused particularly by the increase in sales costs -- cost of sales, partly caused by acquisitions and the increased sales as you will understand. Next, I read costs of restructuring, which we still had in 2006.

And, a considerable impairment in 2006. These do not return in 2007. That is a tiny item of EUR200,000 on impairment, which is connected with an analysis, which we have to do to see if our assets still have the same value.

Cash flow. That has also been the main indicator for us of whether the Company is sound. As you can see, we have achieved a turnaround. The cash flow now comes from operating activities. In 2006, we had to input EUR54 million. In 2007, there's turnaround with more than EUR76 million to plus EUR22 million.

We invested EUR22 million in -- EUR24 million in 2007. And, financially, all in all, it looks as if money is produced by the investment, but it is a combination of all sorts of things having to do with items that we acquired Berna and as we know in 2006.

I have to mention financing activities ended up at EUR11.2 million. This has to do particularly with amendments and short-term loans and operating leasing deals. The amount of EUR78 million in 2006 largely reflects the cash which was acquired and that was part of the acquisitions we made in that year. Finally, the effect of the exchange rate on cash whereby the net cash increase of that year 2007 was EUR5.4 million.

And that's why we ended up with a cash and cash equivalents at EUR163.2 million in 2007 to be compared with our cash position at the end of March to -- which decreased to EUR121.9 million. And, also, in the second quarter, we will be making extensive use of our capital to buildup inventories, Quinvaxem and flu vaccine, et cetera, which we will be selling in quarter three and four.

Finally, I'd like to share with you the outlook, which will be happening -- which will happen in 2008. Well, the phasing, so, what about the turnover across the various quarters. We expect a revenue growth of 20%. As you have seen in the first quarter, it

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was already 36%. But again, the revenue of all of these quarters, we'll have to see what happens. Right now, we stick to a level of 20%. We expect higher margins and a positive cash flow.

Revenues and operating income will be more or less distributed across the quarters in more or less the same way as in 2007. Quarter Q1 and Q2 are always relatively weak and Q3 and Q4, usually represent three-quarters of the annual sales.

Cash flow and working capital will deteriorate significantly in the first half of 2008, normally due to the seasonality of the business. We will think -- we -- this will be compensated for in the third and particularly in the fourth quarters, so that we will end the year with positive cash flow.

And, Chairman, if I may leave it to that, that completes my financial presentation.

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## QUESTIONS AND ANSWERS

### Unidentified Audience Member

Yes, [Kina] from the [CEB] Association of Stockholm. I'm going to go back to a previous question I asked of that organic growth in 2006 and 2007 and, I believe, that there's a mistake in the arithmetic here. I used to be very good at that, but as I'm getting older. Please see page 85, perhaps you can help me. There's an impressive table, depicting the impact of the acquisitions on the financial results.

If I remember correctly, the total revenues increased by about EUR72 million between 2006 and 2007. And, if you look at what the acquisitions contributed, the increase is about EUR80 million, which in effect means that the organic growth would have been negative EUR8 million. What mistake did I make in my arithmetic?

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### Unidentified Company Representative

I'll tell you more about that later, but perhaps, if we're talking about Crucell alone and the licensing revenues, whereas before 2006, we didn't sell any products. And, I think, if you look at the total increase in product sales in 2006, you'll see that everything is attributable to acquisitions. But if you compare 2006 to 2007, part of that increase -- not only the increase, but part of the product sales is obtained by the -- it showed product sales since we acquired more companies, but I'll check that.

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### Unidentified Audience Member

If I understand the table, what -- it doesn't bother me that the revenues seem to have decreased. What I am concerned about are the gross margins, because it means that costs generated by the old organization relate to the old structure.

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### Unidentified Company Representative

Well, we'll try to elaborate on that later on.

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### Unidentified Audience Member

Now, that Quinvaxem -- I can't pass this up this opportunity. Other shareholders have some good questions. It's good that you have achieved significant revenues with Quinvaxem and that's a success story. You've proved me wrong when I expressed skepticism a year and a half ago about acquiring all kinds of factories. It does mean, however, that I -- you're -- you've got a cost structure.

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And I remember -- I wonder how dependent that is on Quinvaxem. Can you tell me what might happen if Quinvaxem were no longer sold? You mentioned a few legal details. For example, the court battle between GlaxoSmithKline and Crucell. What is the likelihood that you'll lose that battle?

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#### Unidentified Company Representative

I'll tell you about that. The pending case against Glaxo relates to a patent that's an entirely different kettle of fish. Glaxo filed that lawsuit before we started selling Quinvaxem. You have seen that in all annual reports. And the first two lawsuits, both in Europe and in Korea, I won't say that we beat them by a mile, but it was a fairly safe win. So, we're not terribly worried about that.

The second, Quinvaxem is an important milestone for us, because as a small company, we had to fight Glaxo -- we have a larger market share than Glaxo at this point and we managed to develop, introduce and market a formula that can hold a candle to the best of the pharmaceutical industry. And we can also claim that we're better than Glaxo's product, because we price it higher and sell more.

We're trying to use this product as a stepping stone toward additional growth. How do we do this? First, we think that we can continue growing this product. We've demonstrated that. And the cost structure of the product has become far more managed. While I'm sure that you can imagine if one factory produces six million doses in a year and a hot last year -- a lower amount and then keeps stepping up its production, I'm sure that you can understand it is a wonderful foundation to go from a five-fold vax into a six-fold vaccine now.

If GlaxoSmithKline found a good basis for a five-fold vaccine, we're looking forward to six-fold vaccine. We're not going to tell you what we'll be adding to produce that six-fold vaccine, because that would simply be playing into GlaxoSmithKline's hand. But we're very confident.

Nor do we see any reason, given Quinvaxem's market success, to expect anything other than excellent growth in the years ahead of Quinvaxem. That's clear.

Legally, we needn't worry. E1 hand stands. The Supreme Court won't be a problem either. That's also a start up problem with production and patents.

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#### Unidentified Audience Member

So, legally, you're in the clear. You mentioned earlier that you don't fear competition over the medium and long-term. What about prices, because another question was about margins. Your production costs are higher, but perhaps you could reduce the prices. What kind of leeway do you have there? And to what extent can the major clients absorb price increases?

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#### Jan Oosterveld - Crucell - Chairman

That's an excellent question. I ask our salespeople the same question all the time. I'm not going to give you the exact same answer that they gave me, but I'm sure you won't be surprised that this is something that we'd like to work on. On the other hand, our product is already priced higher than that of the competition. Of course, we'd like to sustain this, but we're signing long-term contracts with these organizations. And I can tell you that in the year ahead, we don't have any leeway to increase our prices.

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**Unidentified Audience Member**

Thank you for your specific answer, Mr. Chairman.

**Jan Oosterveld - Crucell - Chairman**

If you don't mind. I would like to give some other people opportunity to ask questions as well.

**Unidentified Audience Member**

I have a financial one about losses that can be compensated. I see considerable tax carry-forward losses to the tune of EUR255 million. And as an investor isn't that a pot of gold that we can dip into. And if I read on, I'm not -- what deters the way. You are -- but, it looks like you're extremely cautious about listing the value on the balance sheet. It's also -- it almost looks like you don't expect serious profits in the next five years and we're not confident about that. So, perhaps, that item will expire at a certain point if it's not used. Did I interpret that correctly?

**Unidentified Company Representative**

No, because otherwise, I would have been in trouble. Of course, before we acquired these companies, Crucell had a track record of generating only losses that could be compensated. And, in some countries, we are generating profits.

And, about a year ago, we set our sites on the best tax arrangements for this. We recruited a tax consultant and are working with another consultant as well. And now, we've devised a structure with two principle points.

One is the Netherlands, where we focus our R&D activities and that relates to trends in tax legislation in the Netherlands relating to what's known as a patent box, where you can capitalize R&D costs and write them off against royalties down the road at a very favorable tax rate.

And the second thing is that we use Switzerland as a country where we aim to concentrate our sales operations. And the reason is that both Switzerland and the Netherlands are the largest contributors to the EUR250 million of losses that can be compensated. In Switzerland, those losses are starting -- will evaporate the earliest in 2011. We're trying to boot the product system to continue to generate profits there.

Generally, if we have some insight during the years ahead that wiping out losses that can be compensated to profits, then we can put those losses on the balance sheet. We've decided not to do that yet, because we're being conservative. I'm not saying that that's exactly what's going to happen. It's great for shareholders that if there's a EUR0.25 million that is real profit that isn't subject to taxes. And I understand that we'll be able to look forward to that if you do what you think you can do.

**Unidentified Audience Member**

And, finally, there was a question about -- somebody asked why don't you acquire [Farming]. I don't think that would be a good example, but given the credit crisis. A lot of very worthwhile biotech firms, including some that might be compatible with you, they're probably having trouble generating revenues at acceptable conditions. And, if you have an opportunity that you want to seize with both hands, then that gives you excellent negotiating leverage. Or does Crucell feel that we have enough in the pipeline now? We have enough opportunity already. We're going to let that opportunity pass by.

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**Unidentified Company Representative**

Well, given the credit crisis, it might be worthwhile to acquire banks. But, quite honestly, that reminds me of what Ronald Brus said, referring to our strategy. I think we have a very clear strategy to develop and produce a certain category of products against infectious diseases and we're more interested in whether operations fit our strategic framework than whether a company might be in trouble and often considered it's better to acquire thriving companies than ailing companies, because we're plenty busy.

**Unidentified Audience Member**

I'm Mr. [Decker] from [Futlist]. My first question relates to your remarks that you made that differences in insight with respect to the Italian tax authorities. I understand that you had a rather heated exchange of ideas about deducting losses. Are those relatively small amounts? Or are they very substantial? I'm not familiar with Berna's past. And can you tell me more about their scope? And does it matter whether those costs are taken in Switzerland or in Italy, because I imagine that that's an issue?

**Unidentified Company Representative**

In Italy, we have two operations. First, Italy is important country for some vaccines, especially influenza vaccines. And, second, we were Berna owned a company [Aetna Biotech] that outperforms all kinds of R&D operations. And those are widely varied operations and very different. And, we believe that the R&D operations are indeed fully tax deductible. And we're involved in a discussion and a difference of opinion with the Italian authorities, but they're not materially significant amounts. So, it's not many millions. No, it won't seriously corrode our cash reserves if we have a problem there.

And the second question may be a bit tricky from that sort of view. If we go to page 151, we provide a very informative breakdown of the vaccine divisions and another Crucell divisions, simplifying this a lot.

But what caught our attention is in the Crucell division, you do things and it takes years before you recover your investment and sometimes you drop a product, sometimes you add a product. But the vaccine business is longstanding and has an extended operational basis. And, of course, there's always the question considering the fact that you paid a lot for that. It's understandable because that was an interesting company. We still had an operating loss amounting to nearly EUR29 million.

And then, the main question is, when do you expect to be able to generate profits there again. Although, of course, you would need to lay out some cash to expand the vaccine base, but a company with a good operating basis can usually hedge those costs with part of the profits.

So, the question is, given the cost savings that you expect to be able to list and you should be cautious, because, of course, they're established powers that be that you might offend.

**Unidentified Audience Member**

But with respect to the results, how do you see it? Do you think that now that we've managed to reinforce the Quinvaxem foundation within your sales for 2008? Or are the additional costs of the expedition a problem? And, I imagine that you're still hard at work on the hepatitis?

**Unidentified Company Representative**

Perhaps, I can clarify this. This breakdown between vaccines and proteins doesn't reflect the breakdown between Berna and SBL and with Crucell and Leiden. When vaccine largely compounds what we acquired in Berna SBL as well as all R&D operations here in Leiden.

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**Unidentified Audience Member**

Can you verbalize the scale? What are the Leiden costs in that overall picture?

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**Unidentified Company Representative**

If you look at the R&D expenses, those alone equal EUR48 million. So, that's the bulk of their R&D work. And that contributes to the operating loss of that division. That's exactly that old field of tension between generating short-term and long-term revenues.

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**Unidentified Audience Member**

But could you tell me whether it's half Berna and half Crucell, EUR40 million?

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**Unidentified Company Representative**

Much as the revenues you see of EUR173 million is almost entirely Berna. And the licensing income almost entirely Crucell. And if you look at the manufacturing costs and most of that is Berna again. We've combined this, because Crucell and Berna don't exist as they did in the past. They've been fully integrated. And they've been presented in a new format, namely vaccines and proteins.

And that's what we depict it separately, those proteins and what you see there in that relatively small component of revenues is EUR0.86 million. There is a lot of R&D costs contained there. So, that's to help the Ambition Project that Cees de Jong was describing earlier. We're trying to streamline that.

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**Unidentified Audience Member**

Thank you very much.

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**Unidentified Audience Member**

Well, a very clear question was asked about that already regarding -- we've got the situation in Korea. But I'm interested in what I see on page 168. This is a very elaborate section that you were able to publish. You mention something about privately placed bonds. And I'm not fascinated with those bonds, but I am with the explanatory notes, because the explanatory notes indicate that the agreements are not entirely intact, because certain profit and liquidity ratios have not been obtained.

If we examine the Korean operation, then the text here suggests that Korea might do better than it does given the ratios that have not been achieved. Is that because the breakeven points have shifted? Or is it because of a very irregular use of the facilities?

I'm not interested in the bonds. Don't explain the bond to me? But that's what the ratios relate to. So, you can't separate one from the other. Well, I'm confident that the bonds will be fine. But I want to know why the ratios were not achieved.

---

**Unidentified Company Representative**

I'll tell you, because only in 2006, while the -- during the shelf life of the bond, which was several years, the ratios were not always obtained, because Quinvaxem was approved later than expected, but shortly after we acquired Berna.

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From the moment that production got underway, now, of course, profitability in Korea is one area where we are certainly turning a profit. In fact, the bond works will come to -- will mature in eight days. And although given our cash position, we don't feel we need that money. We decided to extend that by taking out a variable loan, because in Korea sometimes there's a problem with withholding taxes. If you were to send money from the Netherlands or Switzerland from there, if you want to repatriate that, then you get the source withholding tax. And, at this point, that's a relatively easy solution.

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**Unidentified Audience Member**

Well, given this course of events, do you plan to set up an additional manufacturing unit elsewhere in Korea? Or do you feel that the current process in Korea is sufficient? And if you plan another factory in Korea that won't improve your position with respect to any damages?

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**Unidentified Company Representative**

Ultimately, we'll have to transfer to a different site, because the area we're in now has been urbanized and it would be unfortunate to make trouble for the Korean authorities. So, we are transferring to a different site, but we're trying to get some compensation and we're trying to be prudent.

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**Unidentified Audience Member**

I can imagine that Korea being a great supporter of exports in your products, might be interesting to the Korean -- even if -- so you're not Korean.

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**Unidentified Company Representative**

Negotiating in Korea is quite an art, but we'll be happy to commission you.

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**Unidentified Audience Member**

I don't think that will do you much good.

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**Unidentified Audience Member**

Finally. As a layman, this is my first time at Crucell's meeting. For several years, we've had a -- you've had good ties with DSM. Can you tell us what does -- what these ties with DSM will do for you? Will it affect production agreements if the products mature? And how do you view this strategic rollout? Has any changes occurred, for example, in the distribution of matters of things have proceed as you expected?

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**Unidentified Company Representative**

Several years ago, we entered a joint venture in a certain aspect of our business with DSM. The strategic reason is very simple. As you may know, DSM is one of the largest penicillin producers in the world. And, in the past four decades, they've managed to reduce the production cost of penicillin dramatically. And, they're one of the best in the world in that respect. Perhaps even, the best. We thought that such a strategy -- such a price-reduction strategy and cost-reduction strategy would benefit us as a biological company.

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And the fact is that both production processes are based on fermentation, where we have salts in huge reactors that have to be fed. And this brand is very strong about that. And we have -- we've reached some agreements. DSM has paid some amounts. And we opened a joint research center in Massachusetts, where we conduct such operations.

The result is that we have reported the highest yields of proteins in monoclonal antibodies worldwide. And this was a major contribution.

And we made a few other agreements. And we said, we'd love to use you as a center where our customers can produce. And that's what they're doing for us now. Products in the -- from customers that have a license of Crucell are now being manufactured by DSM. And, we're also having DSM manufacture rabies stage III materials.

There are no obligations, but it's good to have a Dutch manufacturer such as DSM. Other customers have opted to produce at [Wamsa] in the United States. And everybody's free to do as he or she pleases.

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**Unidentified Audience Member**

But it takes me to another additional question, because this aspect can be extremely important. As soon as we talk about production matters, of course, we're also getting into the scope of the FDA. Their inspections.

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**Unidentified Company Representative**

DSM is highly experienced with their inspections. Perhaps, more than they actually wanted.

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**Unidentified Audience Member**

Now, if we can serve companies such as Crucell, do you have your own platforms to safeguard all matters that can be essential in interacting with the FDA? Or do you say that we can pass virtually all of this own to DSM? How have you taken care of this in practice, because there can be very sensitive situations before you reach a solution?

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**Unidentified Company Representative**

Well, now we intend to do most of the work ourselves. In the United States, we sold products produced in Switzerland. We also intend, if we sell products in the United States, the products we referred to earlier, we'll also manufacture them in Switzerland. DSM might be of assistance here. DSM has -- is the largest sterile film and finish company in the United States and manufacturers a lot of syringes. But we think that we need to do a lot of these things under our own aegis.

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**Unidentified Audience Member**

Good afternoon, Mr. Chairman. I'm [Beth Conklin] and I wanted to go on about Quinvaxem. You were talking about the margin on Quinvaxem earlier. A question that wasn't asked yet was, you have a 50-50 deal with Novartis. And Crucell and with UNICEF and the WHO, Novartis was a rest and Novartis still requires approval. What stage are they at in obtaining the approval now?

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**Jan Oosterveld - Crucell - Chairman**

There are some known countries where they have requests for approval pending.

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**Unidentified Audience Member**

What -- how much do they ultimately expect to generate in revenues? And when will they start generating the revenues? Let's see, what else did I want to know. Those were my first questions. I have some others for later on.

**Jan Oosterveld - Crucell - Chairman**

We have a profit sharing agreement with Novartis and this does not necessarily mean that it's 50-50. The other thing is that Novartis has not yet started selling in individual countries. One of the reasons, as you can imagine is that if Crucell is able to generate these sales with two organizations, then the cost of sales is minimal. We do the negotiations with two people, where the cost of sales in these countries is considerably higher. We also have information about the Novartis sale and will get the same profit sharing agreement. The Quinvaxem margins are good. We're very satisfied with those.

When we sell Novartis depends in part on the amount that we can supply to UNICEF and what the balance sheet will look like. Their first approval from individual countries has already been received, so this -- there's nothing to withhold Novartis from starting.

**Unidentified Audience Member**

At this time, the margins have -- would be better given the cost of sales in individual countries if we were to sell everything to UNICEF and Pan American Health?

**Jan Oosterveld - Crucell - Chairman**

There are some other countries where, based on our experience, that might be a tremendous interest to see whether they could purchase our products. In our relationship with Novartis, we have a lot of discussions about that, because we're very happy with selling Quinvaxem and we'd like to expand that to other parts of the world.

**Unidentified Audience Member**

Yes, but in the near future, will you commercialize with Novartis? And does this depend on when you can step production up?

**Jan Oosterveld - Crucell - Chairman**

Well, at this point, the lion's share of the market is in UNICEF and the [Pau] territories. And I think that will remain the case in the years ahead. Our predictions in the Pau territories are based from what's truly on the demand known to us from those organizations. For individual countries, this is far harder to access. And we're not going to make any predictions at this time.

**Unidentified Audience Member**

Mr. [Funderhoffat] of NBS. I have five relatively short questions. One is about the report on the stock exchange and the reduction of the hedging rate on Crucell shares? Both [Rx] and [Bink], the brokers that are reducing the cover on Crucell. I called them about that, because light pharmy, it might collapse on the stock exchange and that would cause problems for a lot of people. My question is, a) do you know about this? b) Does this hold true -- your next, as well that the cover is reduced from 70 to 50 for Crucell shares? And, c) could Crucell do something about this, because --

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**Unidentified Company Representative**

I'd like to answer that one now. We're not familiar with that and we can't influence that. And we don't have any opinion about that aspect. It puts Crucell in a different perspective. If that were to happen at ING, then ING would -- how do you say it, I think you should complain to the Bink fund.

**Unidentified Audience Member**

I already complained.

**Unidentified Company Representative**

We can't do anything about that. That's --

**Unidentified Audience Member**

My second question is that two years ago, when Quinvaxem was approved, a rumor was generated as is often the case, just sometimes -- are you some in touch with the [AFM] about that rumors are generated that you have to contradict subsequently? And, in addition, if such reports or rumor comes about that you -- that does not come from you, do you respond immediately? Because very often, not only I, but other people to, have the impression that large market parties have an interest in bringing back certain rumor. It's most of -- especially to bring down the share price. So, do you get in touch with the AFM about that? And --

**Unidentified Company Representative**

Our investment relations policy, since Mr. Kruimer, is to be as transparent as possible about what happens within the Company and if, especially if that can have a material impact on the share price, we cannot respond to every rumor. And, what's more, if we do that, then in some situation, we could more damage than good. Because that would suggest that the rumor is real. I'm not only talking about Crucell, but if some journalist writes an article which is untrue, then you may wonder if one should respond at all. Fortunately, it is a rare thing. But if this happens and yes, indeed, we get in touch with the regulators and possibly with our lawyers to see what we can do.

And one example about a patent issue, we did react last year, because a person's lie was being circulated and we considered it wise to correct that in a press release. But, we do not want to get in the press -- we do not want to get into a kind of a debate with anyone.

**Unidentified Audience Member**

In 2007, you had a exchange rate loss of about EUR3.8 million. In Q1 of 2008, it was EUR4.4 million, because of the Swiss franc and the dollar. And, if the dollar remains constant, you said, it could be improved, because you have hedged the dollar to 1.38, I understand it, if I'm not mistaken, for the entire year, 2008.

**Leonard Kruimer - Crucell - CFO**

I can explain that to, says Mr. Kruimer. The guidance we have given is for 1.00 at 1.38. And that is a constant dollar compared to last year. It has nothing to do with hedging. It has to do with the way that we have evaluated our sales. Generally, we do not hedge our foreign currency, because the currency flows we have are unpredictable and we cannot predict what the size of them will be at any point in time. For some contracts, we have hedging contracts. That's all we do to protect ourselves.

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Also, because in the past, we have had a kind of natural hedge between our income in dollars and the costs -- the expenses we had in dollars. This is now somewhat disproportioned. That is a luxury problem. And we're trying to see if now we can protect ourselves from that. But hedging everything is not possible in our case. And it would not be productive in term of costs.

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**Unidentified Audience Member**

Suppose that the dollar rate drops further or improves during the year. Will you take some action?

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**Unidentified Company Representative**

It depends on Mr. Kruimer and if it drops, then that would be good in euro terms.

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**Unidentified Audience Member**

I see, says the shareholder. Ronald Brus mentioned antibodies in the H5N1 strain. I understand that Glaxo obtained an approval for the preparation for H5N1, which is also an antibody?

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**Unidentified Company Representative**

That's a good question, because for this fascinate for us, Glaxo should like to start vaccinating against H5N1, so that means that they know what flu will cause the pandemic. Our strategy is that it doesn't matter so much what strain -- what flu will cause it. We work with an antibody, which covers all the strains -- all the pandemic strains. So, it's a completely different strategy.

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**Unidentified Audience Member**

Okay. That's clear. I have two other questions.

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**Unidentified Company Representative**

You said you had five questions. You asked four.

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**Unidentified Audience Member**

No, no. I asked three. I have two more.

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**Jan Oosterveld - Crucell - Chairman**

Those are rumors, says the Chairman. All rumors.

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**Unidentified Audience Member**

The STAR and Genentech. The timelines in agreements. To what extent do you monitor agreements you made with licensees and this case, STAR and Genentech, I only saw dashes there. Do you mean that there is no communication at all with Genentech about this STAR phenomenon? Is it --?

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**Unidentified Company Representative**

Mr. Brus has read -- all companies with whom we have a license agreement or a license type agreement, we're always in constant contact about progress, et cetera.

**Unidentified Audience Member**

But in this case, it's clear from the table, there are only dashes there. What does that mean?

**Unidentified Company Representative**

Well, one of the things is that the Genentech signed a different type of agreement with us, namely if they are to move towards taking a commercial license -- well, then this might become applicable. But, so far, they have not taken a commercial license.

**Unidentified Audience Member**

Well, I don't quite understand. I'm at a loss, says the shareholder.

**Unidentified Company Representative**

Well, exactly as I'm saying. We have an option contract, which is next to the other contract in '96. So, on agreed terms, they can convert their -- the agreement into a commercial license. And, so far, that hasn't happened.

**Unidentified Audience Member**

Okay. I won't ask any further.

**Unidentified Audience Member**

Finally, the financial dailies said last week, I think it was Monday, that [Blue Fox] that there was a -- an interview with a CFO and it could be Mr. Kruimer, that they were talking to five countries about takeovers. Can we expect such an article in the -- about Crucell? I'm asking you, because many others, also analysts, sometimes give a buying advice for Crucell. Do you think Crucell is strongly overvalued, because then such a report could be very attractive?

**Jan Oosterveld - Crucell - Chairman**

We do not take part in that kind of interviews, say the Chairman.

**Unidentified Audience Member**

Thank you.

**Jan Oosterveld - Crucell - Chairman**

I'd like to move onto Item 3 on the agenda. How about that? There we are.

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**Unidentified Audience Member**

Final question. Thank you, Chair. I have a short question about the Crucell's staffing. It is now a year and a half after the takeover of Berna, could you say something about staff circulation either towards Berna or towards SBL?

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**Unidentified Company Representative**

Staff is about 1,150 employees. And when I look at staff circulation in Leiden and in Switzerland, we are not fully satisfied. We think that sometimes we lose good people to the competitors, which means that we have launched an action program at the beginning of this year, which we hope will yield the results during this year.

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**PRESENTATION****Jan Oosterveld** - *Crucell - Chairman*

This completes discussion of this item on the agenda. Let's move on to item number 3, which consists of two elements.

Each year, we ask you what we have to use the English language for the annual accounts of the Company and we do that because of the international character of the Company and in order to save costs.

Does anyone have a question about this item 3a? Mr. [Kanen].

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**Unidentified Audience Member**

Very briefly, I have no problem when you do this in English, but is there a summary or so in the Dutch language? Does it -- I haven't seen that? Are you considering doing that?

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**Jan Oosterveld** - *Crucell - Chairman*

No. The annual report is in English.

Does anyone wish to vote on this?

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**Unidentified Audience Member**

I don't want to have a vote on this, because that was what you were asking, but I realize that you -- we have to watch the costs and specially since we are not profitable yet. The share, however, is growing a lot of attention. And the shareholder base is relatively, it's concentrated in the Netherlands. Perhaps, it will change. So, when the organization grows, I would like you to consider if you can make a management report, including the financial details, because that's part of your investor relations as long as you have so many Dutch shareholders.

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**Jan Oosterveld** - *Crucell - Chairman*

Yes, we'll be happy to consider that. On the other hand, we always respond under this item that management is available at any point of the day to communicate with you and -- on these items and that's also the website, which contains all the relevant information.

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I'm asking you all again, any more questions on this item? If not, the proposal has been adopted. You want to say anything?

Then, we move onto item 3b, the proposal to adopt the annual accounts for the financial year 2007, ending December 31, 2007. Does anyone wish to vote on this item?

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**Unidentified Audience Member**

I should like to have a vote.

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**Jan Oosterveld** - *Crucell - Chairman*

You want to vote? I have to cross the vote. Perhaps you can tell us, on whose behalf you are vote and with how many votes you are voting against or abstaining and we will include that in the minutes?

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**Unidentified Audience Member**

Very well. I from [Sakrad] that is a foundation. And for this item, I should like to vote against for 231,588 votes. I want to abstain rather than vote against. I'm sorry.

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**Jan Oosterveld** - *Crucell - Chairman*

All right. We'll take up that.

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**Unidentified Audience Member**

So, on behalf of the Bank of New York, we have 3,785 against, and 112,171 abstentions.

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**Jan Oosterveld** - *Crucell - Chairman*

And, I note that this item has been adopted. Item 4 of the agenda, the reservation and dividend policy. I give the floor to Mr. Kruimer.

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**Leonard Kruimer** - *Crucell - CFO*

It's always a privilege to explain the dividend policy in this Company and has been for many years. The policy hasn't changed compared to last year. And it is Crucell's policy to pay out no dividends for 2007, nor the previous years and to put the loss -- to charge the loss to the reserves of the Company.

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**Jan Oosterveld** - *Crucell - Chairman*

Does anyone wish to take the floor, says the Chairman. No one.

That takes us to item number 5, the proposal to grant release from liability to members of the Board of Management for their management insofar as the exercise of their duties as reflected in the financial reporting. Any comments or questions? Does anyone wish to vote?

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**Unidentified Audience Member**

I'd like to report on behalf of the Bank of New York, 108,489 votes against and 20,614 votes abstaining.

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**Jan Oosterveld** - *Crucell - Chairman*

Thank you. The proposal has been adopted.

Next item 5b of the agenda, the proposal to grant release from liability to members of the Supervisory Board for their supervision insofar as the exercise of their duties as reflected in the financial reports. Does anyone wish to take the floor? Does anyone wish to vote? If not --

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**Unidentified Audience Member**

Chairman, again, on behalf of the Bank of New York, 138,736 votes against and 27,064 votes abstaining.

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**Jan Oosterveld** - *Crucell - Chairman*

All right. We've taken note of that. The proposal has been adopted.

Item 6, the proposal to reappoint Deloitte Accountants B.V. as the external auditor of the Company. Does anyone wish an explanation or reverse? If not -- Mr. [Verkemer].

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**Unidentified Audience Member**

Bank of New York against 6,433 and 14,043 abstentions.

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**Jan Oosterveld** - *Crucell - Chairman*

Then, the proposal has been adopted with these comments.

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**Unidentified Audience Member**

Chairman, you have drinks on the table. Among the audience, we have nothing.

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**Jan Oosterveld** - *Crucell - Chairman*

Are there drinks behind this curtain? You're obstructing my view, said the Chairman. Michelle, could you open the bar for Mr. and Mrs. [Hartman]. The other one -- the others will be in the room to take part in the [vergerhaug]. This is all right. Mr. Hartman, please take your seat.

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**Unidentified Audience Member**

You have drinks and we haven't. You have water. So this is the way it works at [Freuters], et cetera.

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**Unidentified Company Representative**

That's all right Mr. Hartman. Yes. May I ask you to take your seat?

We have reached item 7 on the agenda, the resignation of Mr. Dominik Koechlin as member of the Supervisory Board and the proposal to grant him discharge. Does anyone wish to heard? Spencer Verkemer.

**Unidentified Audience Member**

I'm sorry. My name is [Nimi Ray], Chairman, good afternoon. I don't object to Mr. Dominik's resignation, but to grant him discharge. I don't know what he's been doing.

**Jan Oosterveld - Crucell - Chairman**

Werner, could you say a few words. You also want a drink there.

**Unidentified Audience Member**

On behalf of the Bank of New York, no, 14,208 against, and 11,907 abstentions.

**Jan Oosterveld - Crucell - Chairman**

So, now, he's been discharged. Thank you.

Item 8 on the agenda, the proposal to appoint Mr. Steve Davis as member of the Supervisory Board as of today, such an accordance with the nominations by the Supervisory Board. You find the explanation under the explanatory note, of the agenda. Mr. Davis, would you please introduce yourself. He will do so in English. If you need the translation, then you need to find headphones. I give the floor to Mr. Davis, now. So, we do make sure that you get headphones.

**Steve Davis - Crucell - Supervisory Board Member**

Good afternoon. Good morning in Seattle. It's a pleasure to be here and I look forward to engaging with Crucell and working with the Supervisory Board and the Managing Board and making sure that we are successful company. Thank you.

**Jan Oosterveld - Crucell - Chairman**

Does anyone wish to vote on this item? If not --

**Unidentified Audience Member**

Bank of New York, again, 14,208 against and 11,907 abstentions.

**Jan Oosterveld - Crucell - Chairman**

And 6 million shareholders congratulate you on your appointment, Mr. Davis.

The proposal has been adopted.

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Item 9a of the agenda, the proposal to reappoint Mr. Ronald Brus as member of the Board of Management for a four-year term in accordance with the nominations run up by the Supervisory Board. Does anyone wish to vote? Mr. Kanen.

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**Unidentified Audience Member**

I have a question for the Board of Supervisors. Chairman, last year, my last question was more general, but I now should like to address the CEO personally in case we had an important deal and we intend to make more deals.

That's what Crucell used to stand for, but now we have the transformation into an integrated vaccine business and so it is an entirely different company, which is much bulkier with lots of employees, et cetera. How about the development of Mr. Brus over the past three -- two years, because does he think we can play an effective role? And then, to what extent did he make progress to manage such a different company?

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**Jan Oosterveld - Crucell - Chairman**

That's a company, we have full confidence that Mr. Brus will meet the future requirements. Otherwise, we would not have nominated him. Your question is all the more relevant also because of the next item on the agenda, which is the appointment of Mr. de Jong as a member of the Management Board, because the Company has changed so strongly in character as well as in substance.

And we also so think that the managed board has to be completed with somebody who has great experience. And also, in view of the agreements and the arrangements for the short term. Mr. Brus is developing very well. We regularly discuss that in private and we think that we are doing the correct thing by proposing his reappointment for the next four years.

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**Unidentified Audience Member**

My name is [Volmers]. I do not object to Mr. Brus's or Mr. Kruimer's or Mr. Goudsmit's or Mr. de Jong's appointment, but my objection is that in four years' time, all of these four people could be laid off and then we would have an enormous gap in the management. So, wouldn't it be better to make sure that there is some sort of differentiation so that not all four management board members reach the end of their term of office at the same time.

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**Jan Oosterveld - Crucell - Chairman**

That's a good point. We said the same about supervisors when we became floated in 2001. We also differentiated out. That's a very good point. It means that we can introduce, yes, a certain variation. And, thank you for your suggestion. We'll take that on board. Does anyone require a vote on item 4a?

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**Unidentified Audience Member**

Bank of New York 22,393 against and 15,092 abstentions.

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**Jan Oosterveld - Crucell - Chairman**

Then, the proposal has been adopted with this comment.

That takes me to item 9b, the proposal to reappoint Mr. Leon Kruimer as a member of the Board of Management for a four-year term in accordance with the nomination from the Supervisory Board. Does anyone require a votes?

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**Unidentified Audience Member**

Slightly less against, 21,693 against and 12,892 abstentions.

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**Unidentified Company Representative**

Chairman, you see how far Mr. Kruimer's influence reaches.

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**Jan Oosterveld - Crucell - Chairman**

Item 9c, the proposal to reappoint Mr. Jaap Goudsmit as a member of the Board of Management for a four-year term in accordance with the nomination by the Supervisory Board. Does anyone wish to vote?

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**Unidentified Audience Member**

16,833 votes against and 30,992 abstentions, Chairman.

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**Unidentified Company Representative**

The proposal has been adopted with these reservations as mentioned.

Proposal 9d, the proposal to appoint Mr. Cees de Jong as a member of the Board of Management for a four-year term in accordance with the nomination by the Supervisory Board.

Again, I'd like to give the floor to Mr. de Jong. He's already present. Perhaps, he can introduce himself to you.

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**Cees de Jong - Crucell - COO**

Thank you, Chairman. My name is Cees de Jong. I started my career at Crucell in September 2007 as Chief Operating Officer and a member of Crucell's Management Committee. I studied medicine and business at Rotterdam and grew up in Rotterdam. I started my career at Gist Brocades. I filled different posts, business development strategy and business management. And when we sold Gist Brocades to DSM, I was a division manager at DSM for a period and also managed penicillin.

I started at Crucell as a director of Quest in Naarden and was a director of the flavor division. I think that's an experience which is quite useful at Crucell. My expertise is to improve processes and to reduce costs, but in addition also the growth of revenue. That's my full attention. And I want to thank the Supervisory Board, but also my colleagues in the Management Committee for their confidence. And, I look forward to become part of the continuing success of Crucell.

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**Jan Oosterveld - Crucell - Chairman**

The next question, does anyone require a vote? If not, Mr. Verkemer.

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**Unidentified Audience Member**

Bank of New York 15,408 against and 12,592 abstentions.

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**Jan Oosterveld - Crucell - Chairman**

The proposal has been adopted with the same reservations.

That takes us to item 10, which is the proposal to adopt the remuneration of each member of the Supervisory Board and the proposal to approve the remuneration based on shares of the Supervisory Board. Explanatory notes are contained in the agenda, but I'd like to add a few items.

The current remuneration of the Management Board has been approved in 2005. In recent years, much has changed in the world as well as in Crucell. Sarbanes-Oxley has been introduced as well as [Euro Cores] and the new Dutch Corporate Governance Code has been adopted. Crucell has grown in extensive complexity, because of the further development of different projects and by three acquisitions. That is sufficient reason to review the remuneration of the supervisors and to present a amendment proposal to you.

In our proposal, the searcher of the remuneration remains unchanged. We keep the -- we continue to consider that it is in the interests of the Company to seek through part of the remuneration in shares. I have informational colleagues on these Supervisory Board are used to this and it helps us to offer them a reasonable, albeit modest remuneration in international standards.

Furthermore, we think it is appropriate to propose to you to increase the number of compensations and to honor the collaboratorship of various committees because the activities of these committees have increased in complexity and in time requirements. Does anyone have any questions or remarks?

**Unidentified Audience Member**

We're not going to repeat the argument over the past two years. Generally, we are not happy with increases in the remuneration of the supervisor, but we do recognize that the basic remuneration is -- we think is at an absolute level and that where we wish to abstain with 351,939 votes.

**Unidentified Corporate Representative**

Mr. Decker.

**Unidentified Audience Member**

Yes, it's a matter of principle. And, principles, as you know -- certain know, are usually about money. In other meetings too, I've said a few words about this. I shall not repeat my point of view here. Of course, in other countries, we ought to have similar situations with boards of directors.

In the Netherlands, we have a structure with a supervisory board, which supervises the affairs of the company as conducted by the management. And, I am of the opinion, that to avoid conflicts, I am always happy with the fact that we almost -- we nearly always have situations with a fixed remuneration for the supervisory board. And there are some exceptions. I agree. And, therefore, I also don't object to options for the management.

My experience is specially that when things are not going well in a company, the work of the supervisory board -- the work increases and then we need them very badly. I understand that this is a company, which operates in a field where say British American laws and situations apply, but my principle is still that it is very wise to split up the tasks and sometimes supervisors are underpaid. So, this is a complex company.

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So, I will repeat again. I won't make -- I will not make a point of it now, but do try to see if wouldn't be wise to stick to a fixed base and the supervisors role is different than that of the management. And, I trust these supervisors, but it is imaginable that management might be a little optimistic in its forecasts and that the supervisors might -- may have to -- may have to put on the break. So, then, it might be --

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**Unidentified Audience Member**

Bank 75,952 votes against, 33,233 abstentions.

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**Jan Oosterveld** - *Crucell - Chairman*

The proposal has been adopted, says the Chairman.

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**Unidentified Audience Member**

Good afternoon, my name is [Res]. I represent six investors, 355,000 votes against.

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**Jan Oosterveld** - *Crucell - Chairman*

Thank you. Then, item 11 a, which is the proposal to approve remuneration policy of the Management Committee.

I have a explanatory statements here as well and a few slides. We propose that the remuneration policy of the Management Board be amended on various points. The proposal has been elaborated at the item on the agenda. I'd like to add a little bit more about that.

In 2005, reached at our Meeting of Shareholders adopted the current remuneration policy. And, back to 2007, we spoke with the Remuneration Committee and subsequently planned to raise Supervisory Board to review this policy and compare it with recommendations. The Monitoring Committee under the aegis of Mr. [Franks]. Mr. Franks will issue a few guidelines next week that we have not learned yet.

The Remuneration Committee assisted by outside consultant concluded that the current remuneration policy does not require fundamental adjustments, but that a few changes are in order. And the Supervisory Board has adopted the recommendations from the Remuneration Committee.

The adjustments have two purposes -- reduce the complexity of the current variable remuneration plans and the short and long term variable components of the remuneration should be balanced better to reflect the responsibilities of the Management Committee to realize both short-term objectives and to design and implement long-term strategy.

Specifically, we propose reducing the emphasis on a short-term component in favor of the long-term component of the variable remuneration.

The current attainable short-term remuneration percentage for CEO now stands at 75% of the annual salary and 60% for the other Board members. We propose reducing this to 65% for the CEO at 65% of the annual salary and to 50% of the annual salary for the other Board members.

The current attainable long-term remuneration percentage for the CEO is at 34% of the annual salary and 26% for the other Board members. And we propose increasing this percentage to 50% of the annual salary for the CEO and to 40% of the annual salary for the remaining Board members.

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On this slide, you see an explanation of the rebalancing between the short-term incentives and the long-term incentives planned for the variable component to the salary, indicating how the current plan will be changed. The total variable remuneration will thus increase slightly from 109% to 115% of the gross annual salary for the CEO and from 86% to 90% for the other Board members.

Please note that the fixed amount of the variable -- excuse me, the fixed amount of the remuneration is low compared to that of Board members at other companies listed on the Amsterdam Stock Exchange.

Here's a brief summary of what we're changing. The variable component shall be adapted in the following points. Thus far, the system has meant that a bonus would be paid out if in one year no more was spent than the amount approved by the Supervisory Board at the start of the year. That's known as cash burn. This expenditure condition has become superfluous, because we now have a more detailed corporate objectives to meet and the additional advantage is that they are far more differentiated and cover far more areas of business.

The payment of the short-term incentive component of the variable remuneration has thus far involved restricted stock -- conditional shares that may be traded in for cash at a 25% discount. We propose paying this out in money. And that's perfectly standard practice.

The current short-term incentive plan provides for remuneration if more than 50% of the predetermined targets have been achieved and we'd like to increase this to 70% in keeping with recommendations made thus far.

In addition, we propose encouraging achieving exceptional performance and therefore raising the maximum pay-out from 100% to 130% of target.

On the next slide, you'll see this plotted on a graph. The blue line depicts current payment scheme would start at 50% of targets achieved. We would like to increase this to 70% and the -- we don't want to restrict the maximum to 100%. We want to take it to 130% for excellent performance, well above what was agreed.

Now, as for the long-term variable component -- the long-term incentive plan. We propose the following adjustments.

Reducing the complexity of the present plan by eliminating absolute share price, increase our total shareholder return and omitting a performance condition related to the European Biotech reference group, because this is -- this reference group is not disclosed and that was very complicated to reconstruct ourselves every year.

As stated, we propose counting the long-term incentive plan more in the total variable remuneration. I just mentioned the respective percentages. We also propose that payment of this part of the variable remuneration be made in performance options, instead of conditional shares. We propose switching to options, because we believe that this type of payment is very well suited for the long-term incentive plan and this widely apply to especially at growing companies such as Crucell.

The options are allocated each year subject to the appointments and conditions. And, after three years, it is determined whether the performance curve of the NASDAQ biotech index has been followed as you stand in the annex to your documents.

I've explained this material once again. I hope that what I explained has added value. It's fairly well described on the agenda, but I felt that I wanted to make our considerations clear. Who would like the floor? Mr. Kanen.

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**Unidentified Audience Member**

Mr. Chairman, if I understand something will be added, the bonus for the long term might double a maximum of 200%, may be awarded with what I read in the report. So, could that be 100% additional salary in this case? Did I understand that correctly? I'm referring to page 117.

200% of the target award can be awarded over the quarter term and of the longer term. It looks like it might be double, but this is a long-term effort. For the long-term, a factor of 1.25 might be applied. That's the way I'm just understand, but perhaps I'm confused.

**Jan Oosterveld - Crucell - Chairman**

Yes. That's correct. In the tables that appears in the invitation in the explanatory notes.

**Unidentified Audience Member**

Yes, but that wasn't very clear from this presentation. So, I had my doubts. To be honest, if you ordinarily support increasing the base salary beyond the variable remuneration, normally, we vote against that. Now, I acknowledge that the base salary of the Board Members is not excessive and I understand that this is a specialty industry, so I will therefore abstain from the vote. If that same 353,939 votes. That's how I will be voting.

I have a question about page 117 in the Annual Report referring to the Goldman Sachs European Biotech Index and there -- you benchmark yourself against 26 or 27 other companies. Where did Crucell rank among those 27?

**Jan Oosterveld - Crucell - Chairman**

Could I send you an email about that? We were high on the index. I think somewhere in the top 10, perhaps 9. So, the poor share performance in our view was probably far worse than average among the competition.

**Unidentified Audience Member**

I said the same question about the second table -- the NASDAQ Biotech Index, can you tell me the average share price performance? And how far did you outperform that? I'm sure you had a reason for publishing those tables. So, the NASDAQ Biotech Index Vesting Scheme, in what measure did your share outperform the rest?

**Jan Oosterveld - Crucell - Chairman**

We don't know that right now. Can we check that? Thank you. Thank you for your support, because you were supporting our policy, even though you're abstaining.

The story is a bit we want to keep the fixed component relatively low and the variable part high. We think that's good for everybody.

And, as for deviating from the base salary, the fixed component is significant. It's more than 20%. Would be anybody like a vote?

**Unidentified Audience Member**

Bank of New York 172,696 against and 12,612 abstentions.

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**Jan Oosterveld** - *Crucell - Chairman*

And this proposal has been adopted as well. And these votes have been noted for the record. This takes us to item 12 on the agenda --

**Unidentified Audience Member**

One moment please. Sorry, I've got you. But, basically, 11a that was fine with me, but 11b, there's 449 votes that I'll be using to vote against.

**Jan Oosterveld** - *Crucell - Chairman*

Duly noted. We're at 11b, I made a mistake. I had something to say about 11b. Has anybody voted on 11b yet? Okay. Well, we'll remember that.

**Unidentified Audience Member**

I'm not sure what you mean with that -- about that option plan.

**Jan Oosterveld** - *Crucell - Chairman*

I'm going to explain that now.

This proposal under 11b, the proposal to approve an option scheme for members of the Management Committee. This proposal has been explained at the agenda item. We have two objectives that we're pursuing with this non-recurring allocation of options.

First, to retain people according to the situation or according to the present situation or members of the Executive Committee could exercise their options immediately and that risks that we would lose one or members from the Executive Committee. This non-recurring allocation is an additional incentive for them to stay.

In addition, as the Supervisory Board, we would like to emphasize that growth of the Crucell share, we believe that this allocation serves the interest of the shareholders. The options have a clear performance component. They are being allocated subject to the resulting condition that for three years an absolute total shareholders return in increase in the share price of at least 50% has taken place.

If you approve the proposal, the options will be allocated conditionally on 2 June and will vest at once if the predetermined 50% objective has been achieved at the end of the three-year period. I mention the options may be exercised for five years after the vesting and therefore have a total term of eight years. The applied regulation comprises full standard conditions for such a price, including a change of control clause. Would anybody like an individual vote on this? Mr. Kanen.

**Unidentified Audience Member**

Mr. Chairman, you indicated a risk that people might leave the Executive Committee because, unfortunately last year, not a lot of bonuses were paid out in the like. Well, I would say that's all part of the game. Nor have most shareholders earned a lot of money through Crucell in recent years. So, isn't that the entire point of a variable remuneration and the like? My question to you aside from this principle problem, do you have any indications that one of the current members of the Executive Committee would leave without this special incidental discretionary authority that you're using if that were not the case?

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**Jan Oosterveld** - *Crucell - Chairman*

That's a good question. I don't know and I have no way of knowing that. You're relating this to the past and your right to do so, but we're not a Company that had any performance depended option for remuneration recently. Is we had a long-term and a short-term variable remuneration, but we didn't have any conditional option allocations gained, as many companies do. So, that's why we're not doing this.

**Unidentified Audience Member**

I'm asking this question and that's a matter of principle. It looks like a stop-gap solution. It's unfortunate that you didn't meet your objective last year, but we have another reward for you. It's unfortunate that you can't offer the same to shareholders in this room. And that's my matter of principle that if he's willing to be flexible. If there's a good reason for something. But this, I can't go along with this scheme. We have to vote against it.

**Jan Oosterveld** - *Crucell - Chairman*

Except if we issue these options, they won't have any value if they don't issue the 50% objective and you would benefit from that as shareholders. So, they don't cost you anything, but an exercising is the performance target. If achieved then, you were benefited from the 50% return in three years. And that's about the market average.

**Unidentified Audience Member**

Well, options and shares always cost money, unless the share price drops. So, I disagree with you. And I believe that your base salary paid you for performance in the years ahead. And the bonus system, while it's a short-term or long-term bonus, why do you -- why are you adding this? Because this was the year that the share did not do well for all different reasons. It's not been nothing but success for Crucell in recent years. It's very justified that the Executive Committee did not receive additional compensation.

As a shareholder, I interpret this as a stop-gap solution, unless you have serious indications that Mr. Kruimer or Mr. Brus or Mr. Goudsmit will be leaving in the next three years. And we can't afford to lose one of these gentlemen. I'd like to hear that too.

**Jan Oosterveld** - *Crucell - Chairman*

I can't answer that question, because I don't know.

**Unidentified Audience Member**

Mr. Chairman, I'm Mr. [Bom]. I have a very simple technical question. You say 50% performance of the change in the share price. What's the starting date? Last year, this year.

**Jan Oosterveld** - *Crucell - Chairman*

Monday, 2 June. This coming Monday.

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**Unidentified Audience Member**

That's -- well you should have done it for an average over the past five years.

**Jan Oosterveld - Crucell - Chairman**

Well, then, I think that would have been even lower, but I didn't do the math for that one. Would anybody like to vote? To state their votes?

From [Aaron] from [Dolthoven], 4 votes against. Who else, opposes this?

**Unidentified Audience Member**

Bank of New York 187,776 votes against, 20,697 abstentions.

**Jan Oosterveld - Crucell - Chairman**

Okay. The proposal has been adopted with these votes duly noted. Do you have the identity of the parties against?

**Unidentified Company Representative**

Yes.

**Jan Oosterveld - Crucell - Chairman**

That takes us to item 12 on the agenda, which is the proposal to authorize the Management Committee to repurchase shares in the Company's capital for 18 months ending on 30 November, 2009.

Who would like the floor on this? Would anybody like to state their vote?

**Unidentified Audience Member**

New York. Opposed 172,696 votes, 12,612 shares abstaining.

**Jan Oosterveld - Crucell - Chairman**

Has been adopted with that vote duly noted.

Agenda item 13a, the proposal to extend the authorization of the Management Committee to issue shares and grant rights to subscribe shares. This proposal has been amply explained in the agenda. Does anybody have any questions or remarks?

**Unidentified Audience Member**

I'm [Jan Zefrasazanim]. The Management Committee, isn't that subject to the permission of the Supervisory Board?

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**Jan Oosterveld** - *Crucell - Chairman*

Yes. That's what the explanatory notes read. Would anybody like to state their vote.

**Unidentified Audience Member**

Jan Zefrasazanım, 287 votes against.

**Unidentified Audience Member**

Bank of New York 172,696 votes against, 12,612 abstentions. C Agreed. Adopted with these remarks.

Agenda item 13b, proposal to extend authorization of Management Committee to omit or exclude preemptive rights upon issuing shares. Does anybody have any questions?

**Unidentified Audience Member**

Jan Zefrasazanım, again. Excluding preemptive rights. If you're going to turn a profit, that doesn't sound very opportunity more. So, they should approach shareholders to issue shares?

**Unidentified Company Representative**

Mr. [Fisher], your question basically relates to agenda item 13a, but I infer from your question that you object to the preemptive rights of shareholders being excluded in the event of an issue of shares. In practice, if you review recent years, there has never been a true claim issue as provided for by law.

Well, I didn't hear you, but I'll finish my answer. A true claim issue means that you issue shares to all current shareholders and you have to document all that according to the jurisdiction, where all your shareholders are. And, since, many of Crucell's shareholders are in the United States, you would also need to issue and include all the necessary documentation and keeping with U.S. requirements. It would be a very high stack of paper for a single issue.

And there's an easy way of averting that, by having it with that -- by having issue without preemptive rights, but with preferential treatment for the retail shareholders for giving allocation that's basically equal to what they want, but then you have to be able to exclude the preemptive rights, formally. That's why with this agenda item, we ask for authorization to allow the Management Committee to exclude preemptive rights.

So, then, the shareholders in the Netherlands would receive preferential treatment. That becomes standard practice to avert having to generate these stacks of paper. I hope that will continue in the future.

**Unidentified Audience Member**

Thank you very much.

**Jan Oosterveld** - *Crucell - Chairman*

Did you want to add something?

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**Unidentified Audience Member**

I'm Mr. [Momes]. I encounter this at each meeting. Sometimes I get an answer, sometime I don't. I was wondering, wouldn't it be much easier to take care of this once and for all in the Articles of Association and then, we wouldn't have to do this year after year at all the meetings. We wouldn't have to keep talking about it.

**Jan Oosterveld - Crucell - Chairman**

Mr. Momes, that's an entirely different tune. I hadn't expected that. Unfortunately, the law stipulates that you -- that this is allowed for only a specific period. And since, we're requesting authorization for an issue for 18 months and that's become a better practice, this proposal is also subject to an 18-month period. But in practice and under the Articles of Association, we could extend this to five years, but then it would also be restricted.

**Unidentified Audience Member**

Thank you very much.

**Jan Oosterveld - Crucell - Chairman**

Would anybody like to state their vote? Votes against, abstentions. I have 287 votes opposed.

**Unidentified Audience Member**

Mr. Chairman, despite the clear explanation from the notary sent to the Bank of New York is voting against with 187,676 votes against and 20,697 abstentions.

**Jan Oosterveld - Crucell - Chairman**

Thank you very much. This proposal has been adopted and the abstentions and votes against duly recorded.

Agenda item 14, proposal to amend the Articles of Association in connection with modern electronic communication media. This proposal has been explained at the agenda item. Would anybody like the floor? Or like to make remarks? Or ask questions?

Would anybody like to state their vote? No. This time, 595,571 abstentions. 23,226 against. Bank of New York, once again, 11,813 abstentions. Thank you. This proposal has been adopted and the abstentions and votes opposed duly noted.

That takes me to item 15 on agenda, which is any other business.

**Unidentified Audience Member**

As you know, my name is [Heineman]. I have a question for the CFO, Mr. Kruimer, about the losses, which are available for compensation. Are these initial losses? And losses that can be deducted without any limitations? Or are these so-called carry-back, carry-forward losses? And what about fiscality of such losses in the countries where Crucell has subsidiaries? That's my first question.

And the second is, my proposal to take a closer look at Farming. The proposal to have a closer Farming was not well received, but, in the meantime, Farming must have accumulated an enormous loss that can be -- that is eligible for compensation. So wouldn't that be an extra reason to take a good look at Farming?

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**Leonard Krumer** - *Crucell - CFO*

Thank you, I'll try to answer your question. This quarter billion in losses that are available for compensation is an accumulation of old losses we have made since the Company was created. Each year we added the loss to our negative reserves and Berna did something similar. There are places in the world, for example, Korea and Spain, where we do make a taxable profit and I tried before to explain that we try to arrange that as well as possible, so that that tax burden remains low. These are not carry-back type losses, but there are carry-forwards.

And, indeed, these are losses, which evaporate in the years in the future. That was explained in the Annual Report, where the most part continues to be available for compensation until well after 2015, but it's important for us that we make an optimum use of these losses so that our tax spend remains low. And, we're working on that.

As for Farming, when you look at the extent of the level of our results and this quarter billion in losses, which are available for compensation, maybe it will be useful for us for the years to come and to add to those losses is not really opportune.

**Unidentified Audience Member**

I'd like to add something. If I understood you, then you need one condition to Spain and Korea, namely Italy, but that depends on the outcome of your lawsuit there. I have a question, which I dare not ask because I was afraid that somebody so experienced as Mr. de Jong after joining the management team might leave again.

This is about the details about the Management Committee, it says that Mr. de Jong is Chairman of the Management Board. So, not just a director. I don't know what company this refers to, but I suppose that it has a certain size and I'd like to know whether this activity is going to take a lot of Mr. de Jong's time in his new office?

**Unidentified Company Representative**

Where it says management, it should say supervisors and somebody has forgotten to correct that. And then, you can understand immediately that my time -- the time that this consumes is quite limited.

**Unidentified Audience Member**

I expected as much from Mr. Decker. I have another question along the same lines. I could have asked it under item 9d. Mr. de Jong is now here, but it might be good to see a female face behind that table sooner or later.

**Unidentified Company Representative**

We share your opinion. So, if you have any candidates then, please tell us.

**Unidentified Audience Member**

Well, I'll see if I can find one, says the shareholder.

**Unidentified Audience Member**

My name is Momes, I have two more questions, if I may. The first is, we will be given an invitation -- we were given an invitation with all sorts of maps and route descriptions and so on, but for people who come here by public transport, because they want

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to respect the environment, there is nothing. So, when you live here, it's all right, but when you don't live here, then it's no use for toll over.

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**Jan Oosterveld** - *Crucell - Chairman*

Yes, we should improve on that, said the Chairman.

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**Unidentified Audience Member**

My second is a comment. You are going to present us with voting devices, plus an envelope with ballot forms, but both will be thrown into the waste paper basket, because not asking about vote statements, because -- so both systems were useless today. I would advise you in the future to use only one system. If you have devices for electronic voting, well, it's going to cost a little. And why don't we use those?

And then, do not give out ballot forms. And, if you want to continue working as we did today with an envelope and forms in case somebody does want to vote, then you do not need to hand out those devices.

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**Jan Oosterveld** - *Crucell - Chairman*

And again, an excellent suggestion. We'll include and we'll think of that for our organization next year.

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**Unidentified Audience Member**

Yes. I'd like to say some more about that. About the votes. Why can't we have simply a vote by show of hands that would save a lot of money, because you've had really few votes against. Why have -- why go through all this fuss?

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**Unidentified Audience Member**

[Wersmar] on behalf of the Value Fund, as we could all see, Crucell is on the right tack 2007 for the first time in its history it is better -- shows a positive cash flow, the losses were halved. First quarter of 2008 is very promising. Again, losses have been halved.

My question is, when do you think you will become profitable? And to what extent have the losses available for compensation, to what extent do they play a role? You said there are a number of markets, Spain, Korea, where we are profitable. Could you tell us about the profitability with regard to the losses available for compensation?

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**Jan Oosterveld** - *Crucell - Chairman*

Well, of course, I would say that question was answered already, because where I explained that we have a fiscal policy whereby the Netherlands will -- is a place where our R&D will be concentrated and Switzerland will be used for our fiscal strategy. If Korea -- besides Italy, we also have operations in the U.S., which are profitable. So, we want to -- we will have a number of years for -- in which we can spend these losses available for compensation. I should like to go next door, says the Chairman, by now.

Thank you very much. All formal issues have been dealt with. Therefore, the meeting is now closed. I want to thank you for your presence. I wish you a good journey home. Before doing so, I -- we should like to hand you a present. This is a bronze statuette made by [Nicholas Bing] this time. And if you hand in your ballot card to our assistants at the desk and you will -- can receive your statuette. Drinks are available next door. And we invite you for our next meeting, June 5, 2009. Thank you very much.

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**Editor**

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