



innate pharma

COMPANY
PRESENTATION

January 2012



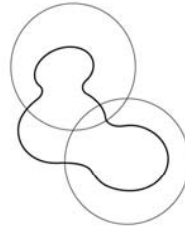


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- Please refer to the Document de Référence filed with the Autorité des marchés financiers (“AMF”) on April 29, 2011 under No D.11-0429, available on the AMF’s website (www.amf-france.org) and on the Company’s website (www.innate-pharma.com), and to the Rapport Financier Semestriel au 30 juin 2011, available on the Company’s website. Such documents may not be necessarily up to date.
- This document and the information contained herein do not constitute an offer to sell or a solicitation of an offer to buy or subscribe to shares of the Company in any country.



At the forefront of a new wave of immunotherapies



innate pharma[®]

Antibodies modulating
innate immunity
to fight cancer
and inflammation



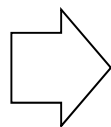
- Founded in 1999
 - Based in Marseilles, France
81 employees
 - ~€50m cash position
as at Sept. 2011
 - Listed on Euronext (IPH)
- First-in-class immunotherapy drugs for cancer and inflammatory diseases
 - Four IPH programs brought to clinic
 - Proprietary preclinical programs
 - Validating partnerships
 - Novo Nordisk A/S in inflammation
 - Bristol-Myers Squibb in cancer

2011: a year of significant achievements



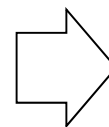
IPH2201 enters clinical trials
Milestone received from Novo Nordisk A/S

February



Innate and Transgene collaborate to create Platine Pharma Services

May



\$465 million deal with Bristol-Myers Squibb for IPH2102

July

Approach validated by recent approvals

- Provenge® (Dendreon), first approved therapeutic vaccine in prostate cancer
- Yervoy® (Bristol-Myers Squibb), first approved immunomodulating mAb in melanoma

Monoclonal antibody platform targeting innate immune system pathways

- Unique leadership in innate immunity validated by majors agreements

Focus on unmet needs in major markets

- IPH2102: Phase I in onco-hematology & solid tumors (Bristol-Myers Squibb)
- IPH2201: Phase I in rheumatoid arthritis (Novo Nordisk A/S)

- Experienced management team
- Strong cash position
~€50m as of September 2011
- Revenues expected milestones payments + royalties
- Market capitalization close to cash position

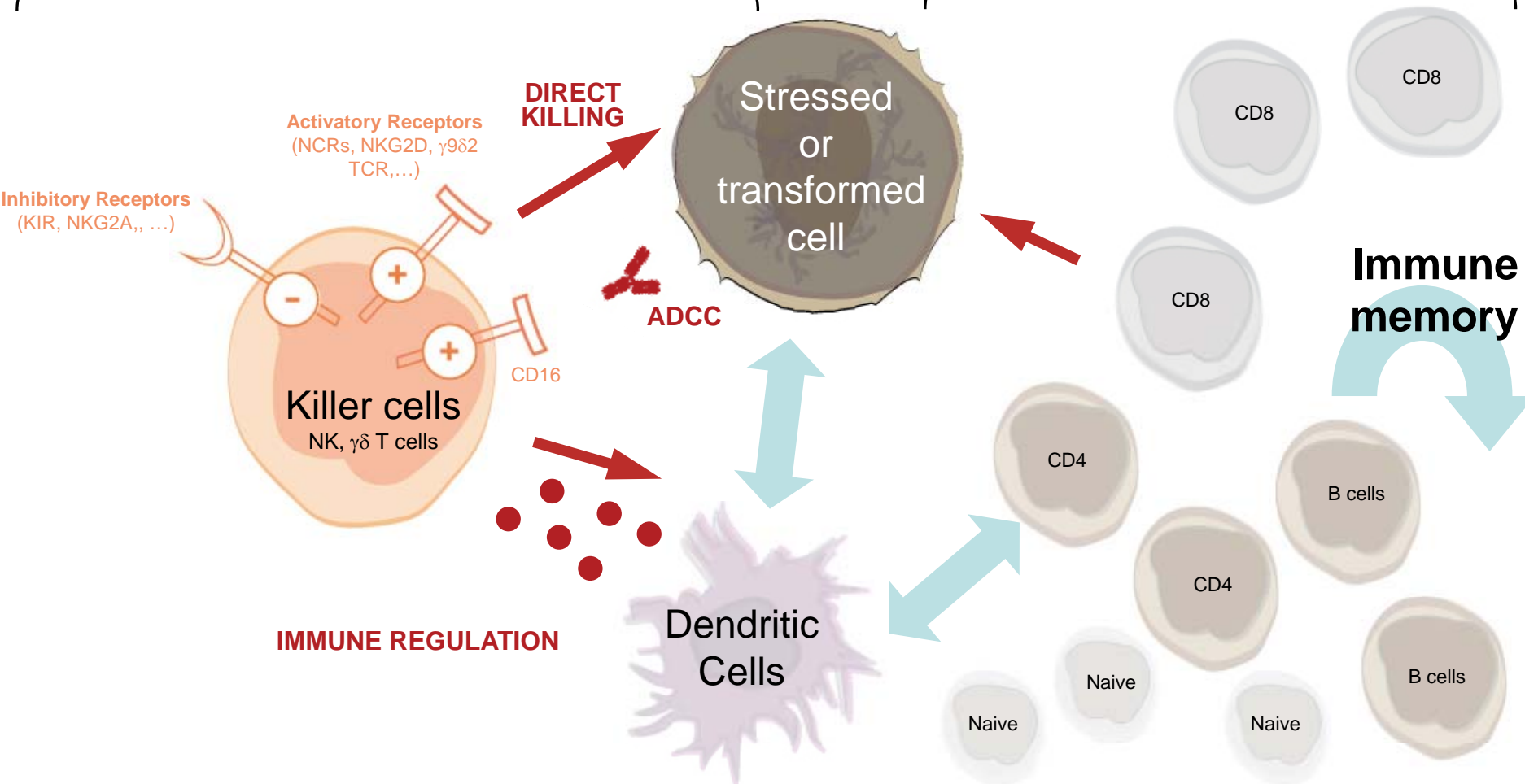


Innate and Adaptive Immunity

A cooperative system

Innate immunity

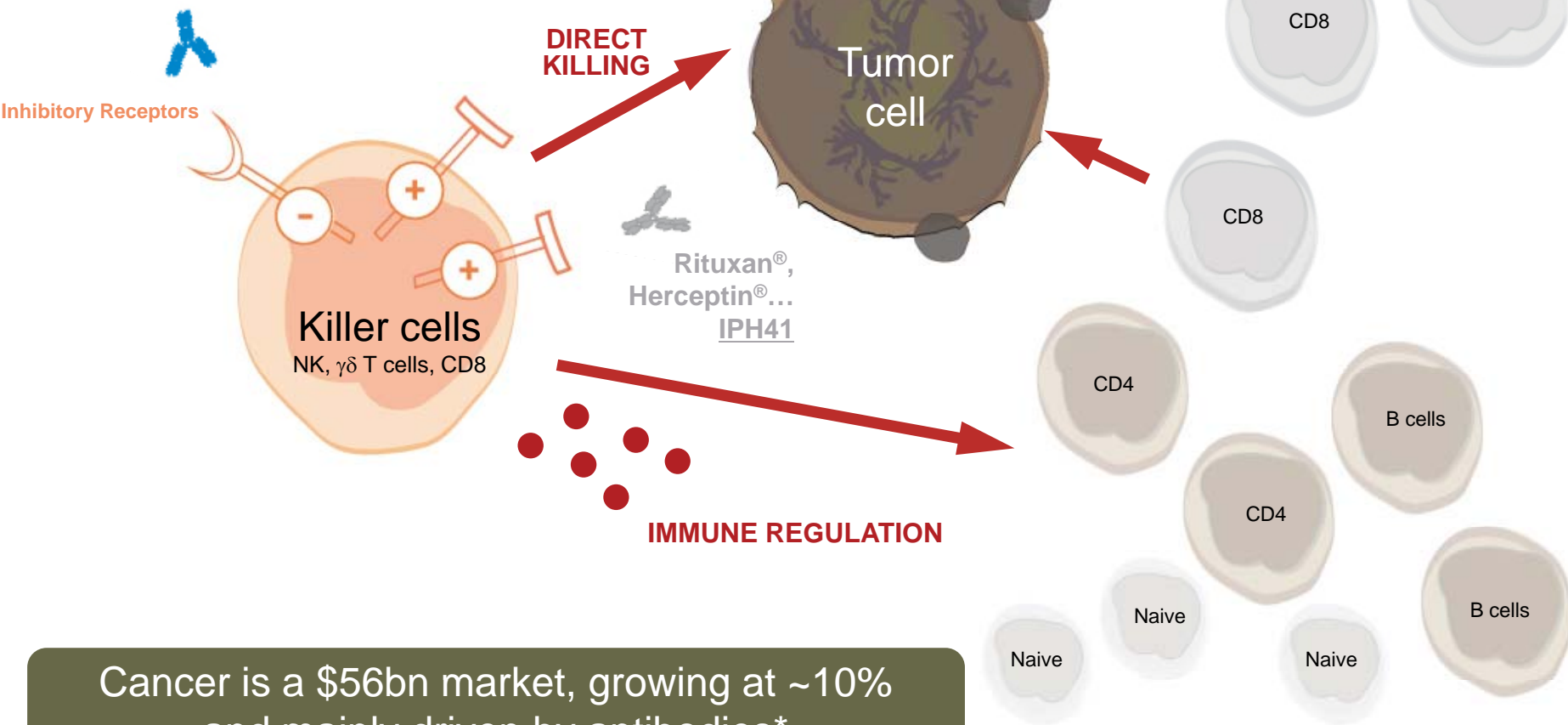
Adaptive immunity



Mechanisms of action in cancer

Boosting immunity / breaking tolerance to tumors

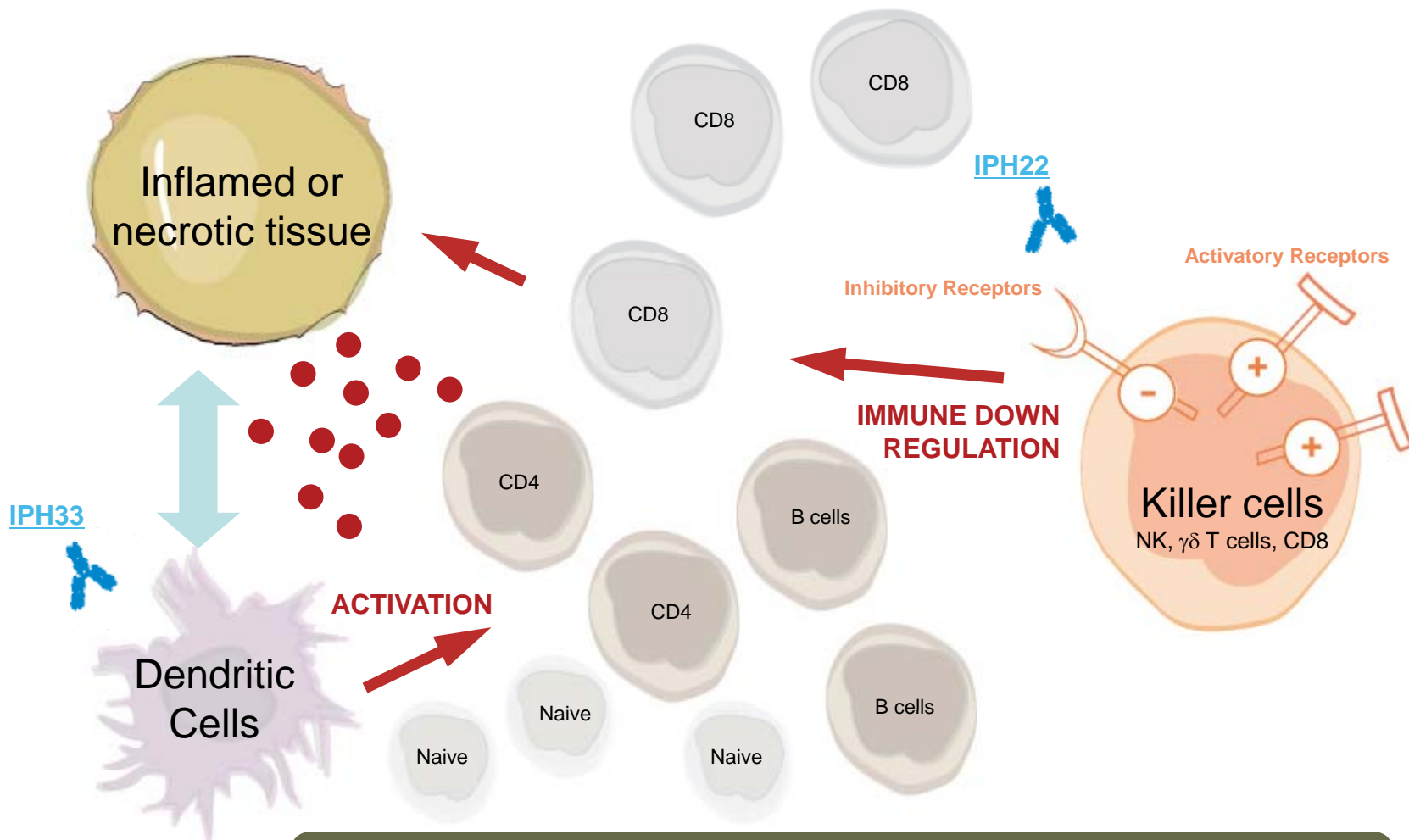
Ipilimumab (Yervoy®), anti-PD1 - on T cells,
IPH21 - on NK cells



Cancer is a \$56bn market, growing at ~10% and mainly driven by antibodies*

Mechanisms of action in inflammation

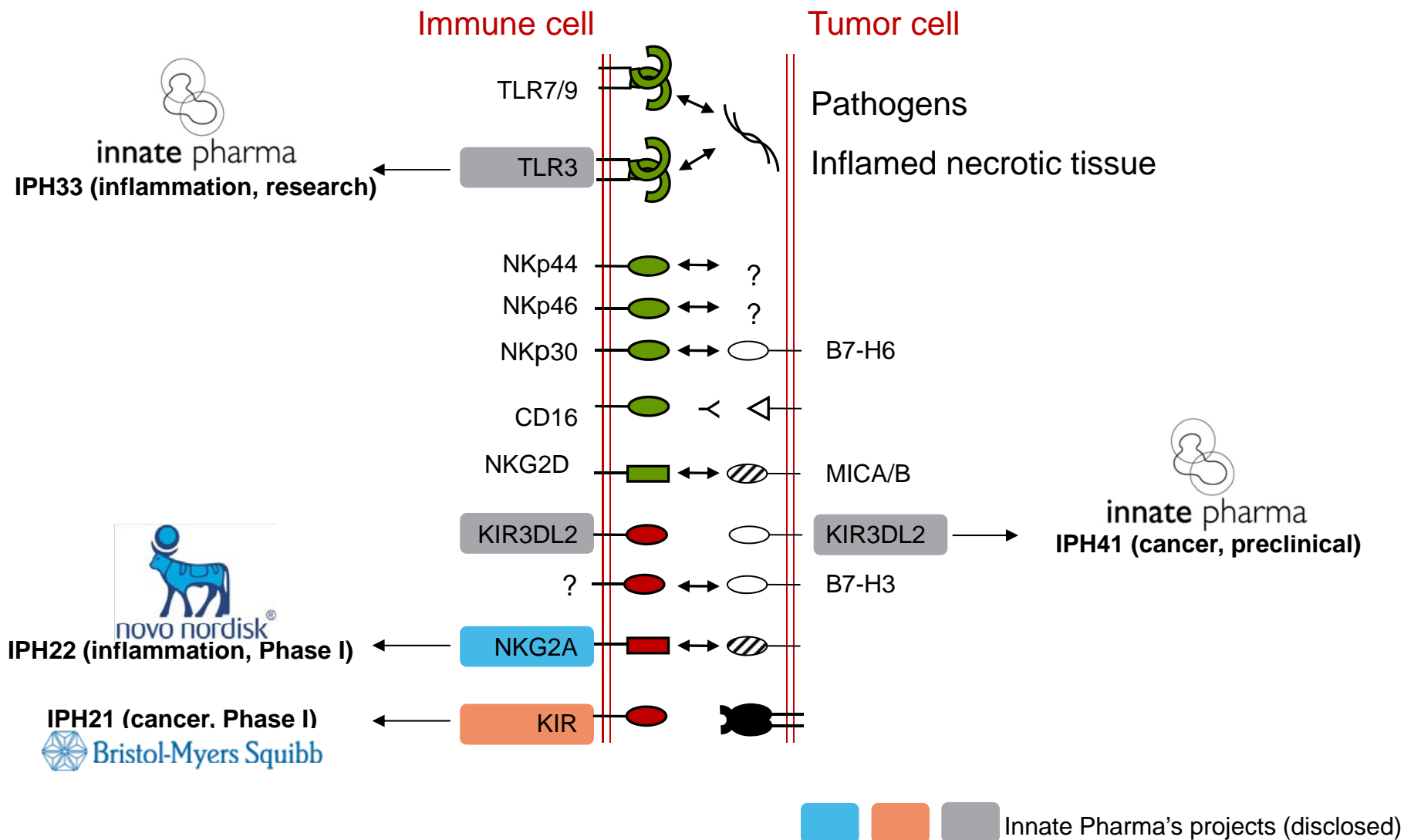
Controlling immunity /breaking deleterious immune response



Biologic treatments for chronic inflammation is at least a \$30bn market, still with severe unmet medical needs*

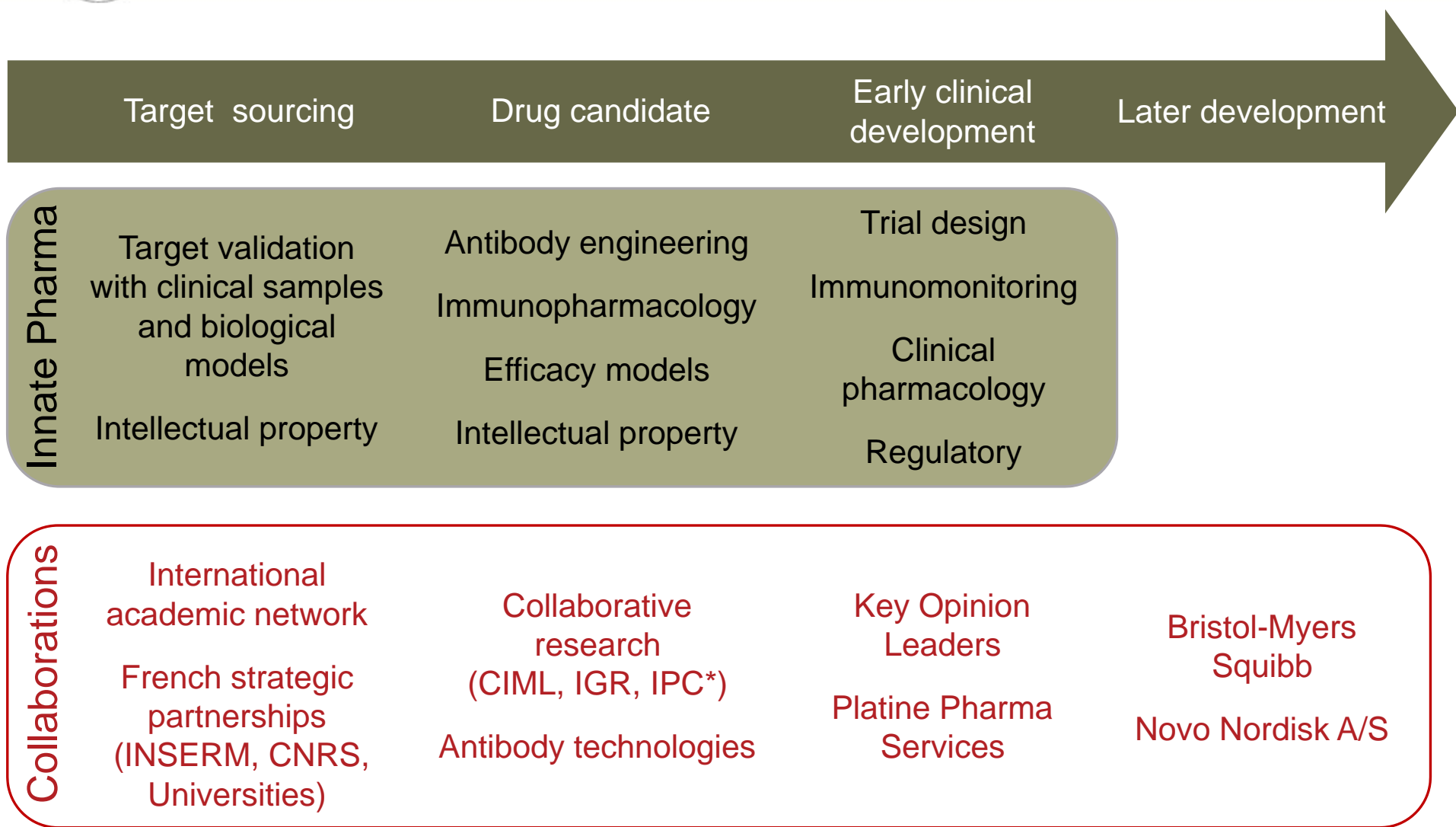
Innate Pharma's leadership in innate immunity

Current projects in the pipeline





Innate's approach to value creation



- > Advance and broaden portfolio of proprietary drug candidates
- > Focus on areas of unmet needs
 - Initial indications: cancer and chronic inflammation

- > Partner products in early stage development
 - Access to late stage development capacities to maximize product potential
 - Augment financial resources in a non-dilutive way

- > Integrate development chain to retain value
 - Retain marketing rights for selected proprietary products
 - Retain targeted development rights in selected indication

- > Build proprietary antibody technology platform
 - Implement internal high throughput antibody discovery platform to accelerate candidates development
 - Build IP and capabilities in ADC technology to expand universe of targets



IPH2102

licensed to
Bristol-Myers Squibb

***Anti-KIR mAb, first-in-class NK cell
modulator, developed in cancer***

- **Largest license agreement for a French biotech:**
 - > Signed July 2011
 - > \$35 million upfront & up to \$430 million in milestone payments
 - > Double-digit royalty payments on worldwide net sales
 - > Bristol-Myers Squibb pays for development of IPH2102
- Bristol-Myers Squibb to develop IPH2102 in **multiple cancer indications**
 - > Both as a monotherapy and in combination with other molecules
- Innate Pharma has option to develop IPH2102 in **acute myeloid leukemia** through end of Phase II
- Innate Pharma will provide **pre-clinical support** for the development of IPH2102

Deal watch: Bristol-Myers Squibb invests in cancer antibody that targets the innate immune system



quired exclusive global rights to Innate Pharma's which is in Phase I clinical trials for acute myeloid rma will receive US\$35 million upfront and is million in milestones.



BioCentury, the Bernstein Report on BioBusiness July 11, 2011 Page A17 of 21

Product Discovery & Development

Innate's KIR royale

By Michael Flanagan, Senior Writer

With a product on the market that harnesses the adaptive immune system to attack cancer, Bristol-Myers Squibb Co. made its first move into the innate immunology space by licensing a sub-

"KIR acts as a brake to stop the activity of NK cells, so inhibiting it is like releasing the brake."

IPH paid \$15 million up front for exclu-

ences between the two mAbs is that IPH 2102 is manufactured in a CHO cell line suitable for industrial production. IPH1101 will be studied in favor of the new product, as soon as ongoing Phase II trials in myeloma have concluded.

SCRIP
WORLD PHARMACEUTICAL NEWS

Innate pockets \$35 million from BMS for Phase I anticancer antibody

Sulakina Viji

Innate Pharma is to receive \$35 million up front having secured a global agreement for the development and commercialisation of IPH2102, a novel antibody in Phase I to treat cancer, with Bristol-Myers Squibb.

The product is still up to two years away from Phase II testing. Innate's senior financial advisor said:

Bloomberg

Innate Pharma Rises 80% in Paris on Bristol-Myers Agreement (1)

July 7 (Bloomberg) — Innate Pharma SA soared as much as 80 percent in Paris trading after the French drugmaker agreed to license an experimental cancer treatment to Bristol-Myers Squibb Co. for as much as \$465 million.

Bristol-Myers will pay \$35 million upfront for the exclusive worldwide rights to IPH2102, and Innate may get another \$430 million if the treatment meets certain goals during its development and once it's on pharmacy shelves, the companies said in a statement late yesterday.

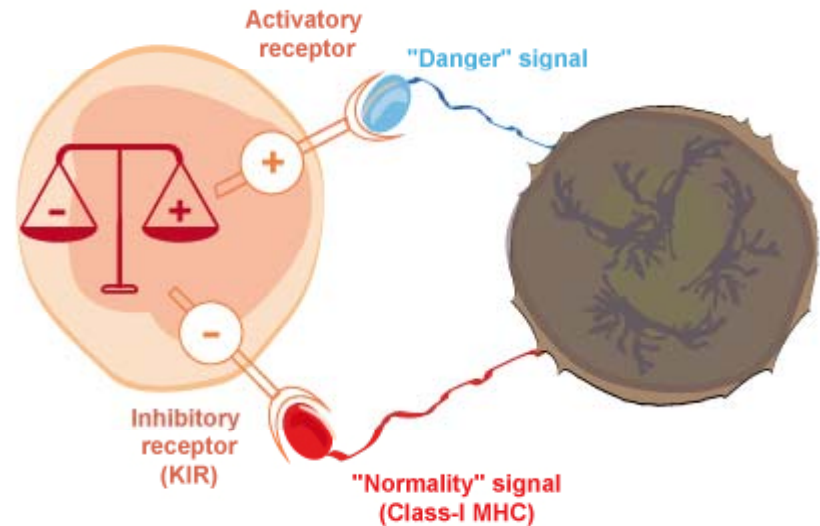
The agreement is the largest biotechnology licensing deal ever signed in France, said Hervé Brally, chief executive officer of Marseille-based Innate. Innate rose 95 cents, or 71 percent, to 2.28 euros at 9:41 a.m., giving the company a market value of 65.2 million euros (\$121.7 million). The intraday advance was the biggest ever for Innate, which sold shares in an initial public offering in November 2006.

IPH2102, which is in the first stage of clinical trials, is a monoclonal antibody that aims to facilitate the activation of so-called natural killer cells in the body, the companies said.

Innate will continue to develop the drug for treatment of acute myeloid leukemia through the end of the second stage of tests, with funding from Bristol-Myers.

Activating Natural Killer cells to fight cancer

- **IPH2102** is a fully human mAb that blocks “KIR” receptors to **potentiate the patient’s natural killer (NK) cells** to attack tumors
 - NK cells are the body’s first line of defense against cancer
 - Cancer cells can proliferate because of immune system tolerance
 - IPH2102 designed to overcome tolerance
- NK cells are active against **numerous hematologic and solid tumors** and should be **synergistic** with anti-cancer agents
 - Opens the way to a global cancer development program
- IPH2102 is currently in Phase I clinical development
- Partnered with Bristol-Myers Squibb



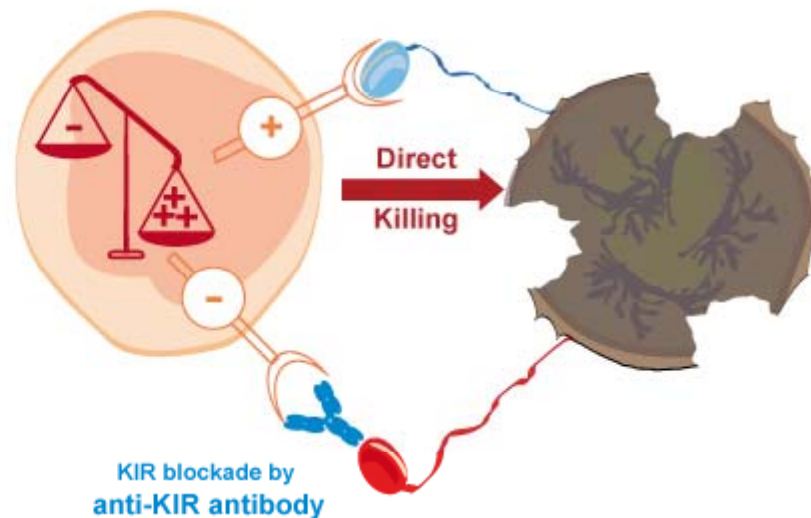
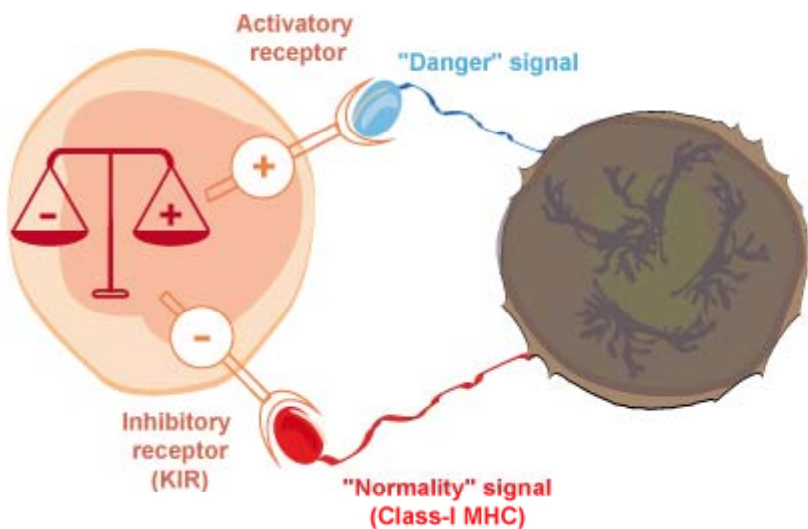
IPH21, an anti-KIR mAb program

A new mechanism of action

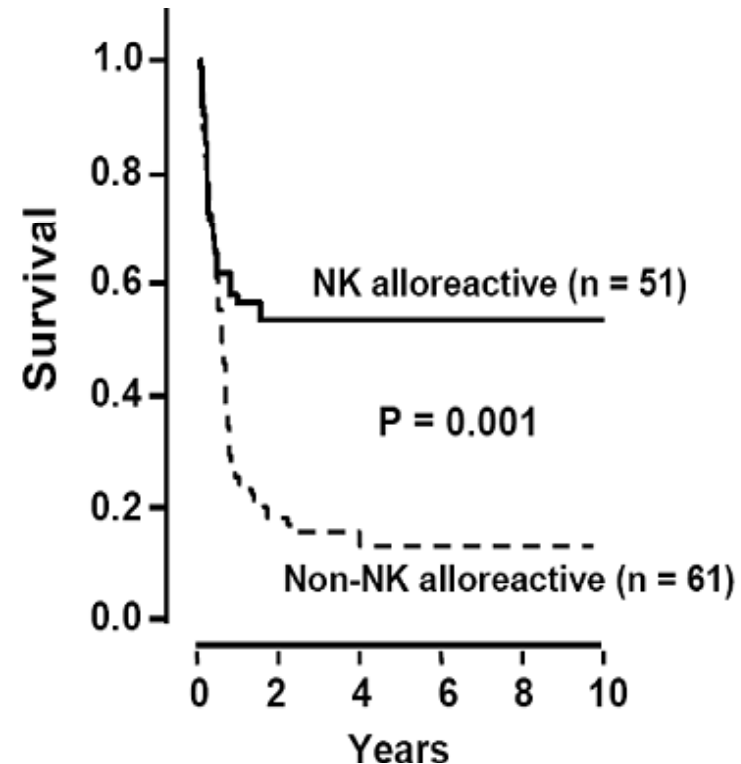
- Targets immune regulatory checkpoints: breaking tolerance to tumor
- First drug candidate to target NK (natural killer) cells and activate them by blocking inhibitory receptors

MHC from tumor cell is recognized by KIR inhibitory receptors of NK cells
=> NK cell is **not activated**

Mimicking mismatch situation observed in allograft with a blocking antibody targeting KIR
=> NK cell is **activated** against tumor cell



- NK cell activation shown to bring **clear clinical benefit** in bone marrow allografts in acute myeloid leukemia patients
 - KIR-ligand incompatibility
 - Also seen in other hematological malignancies including multiple myeloma
- NK activation results in increase in graft-vs-disease **without** increase in graft-vs-host
 - Activated donor NK cells are active against malignant cells and not against normal cells of the host (patient)
- Anti-KIR approach aims to mimic this situation with a drug
- NK cells are active against **numerous liquid and solid tumors** - opens the way to a global cancer development program



Ruggeri et al, Blood, 2007, 110:433



IPH2201

licensed to
Novo Nordisk A/S

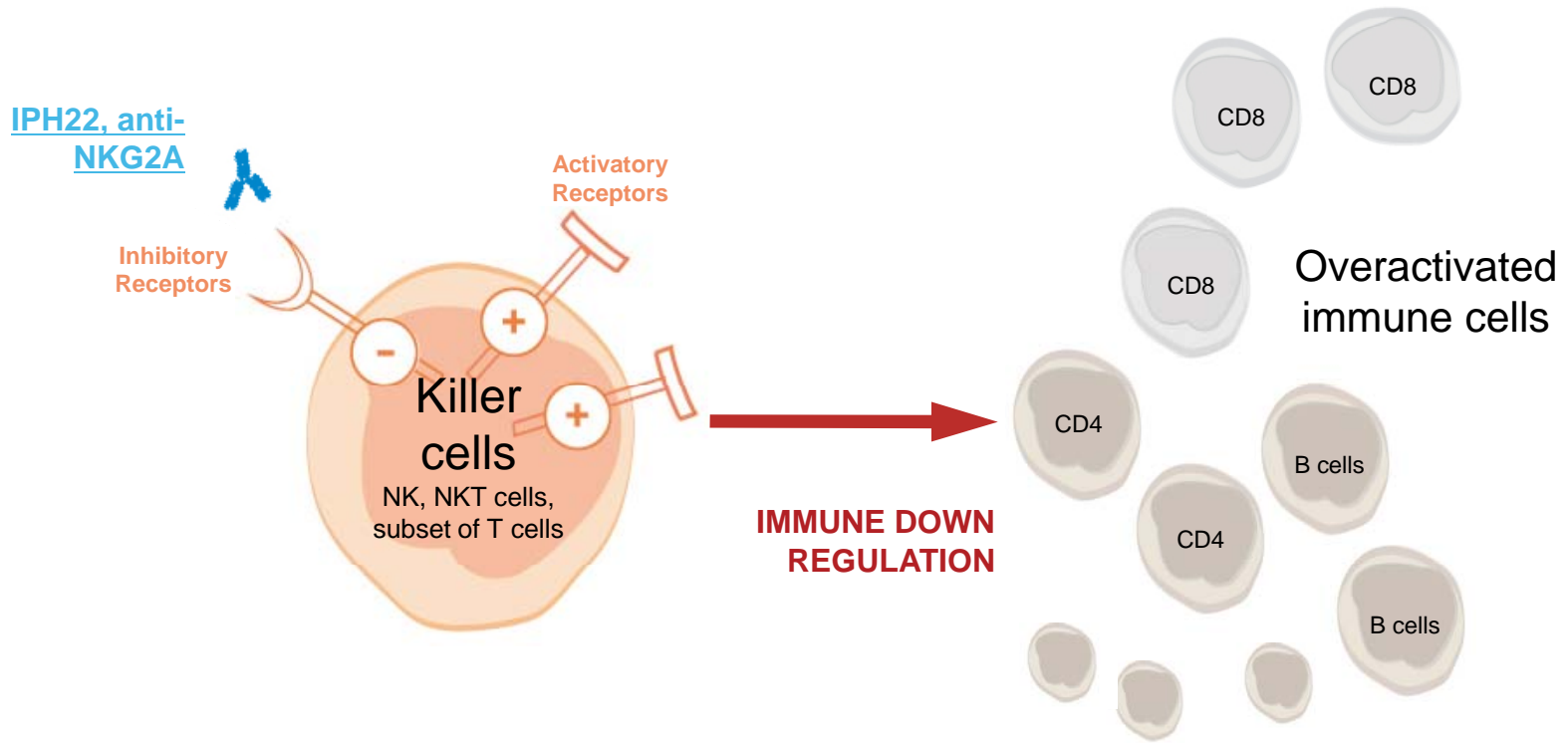
***Fist-in-class anti-NKG2A mAb,
developed in inflammation and
auto-immune diseases***

- **Activating Natural Killer cells to fight inflammation**
- **Currently in Phase I clinical trials in rheumatoid arthritis**
 - > Initiation of clinical trials (February 2011) triggered milestone payment
 - > Up to €25m in milestone payments and royalties on future sales

- **Novo Nordisk A/S partnership, one of the largest discovery deals in Europe at the time**
 - > 6-year collaboration leading to 3 mAb programs entering clinical trials
- **Novo Nordisk A/S is Innate Pharma's largest shareholder**
 - > Seat at the Supervisory Board



- mAb designed to block NKG2A on subpopulations of NK cells, NKT cells and a subset of T cells
 - > Potentiates their activity to regulate over-activated cells





Proprietary portfolio of new monoclonal antibodies

Strong track record in target sourcing / validation and development of drug candidates
Privileged and long-standing scientific network (INSERM, CNRS, universities)
Specific and unic positioning in innate immunity
> makes IPH a highly credible partner for companies

IPH41

cytotoxic mAb targeting **KIR3DL2**

- > Specific and highly expressed marker for rare but incurable cutaneous T cell lymphomas (Transformed Mycosis Fongoides and Sezary Syndrome)
- > WW market potential for SS and TMF: €100-300m*
- > Straightforward development path
- > *Next step: lead candidate optimization*

IPH33

immunomodulating mAb targeting **TLR3**

- > Inflammatory indications
- > TLR3 could be a key receptor involved in pathologic chronic inflammation
- > *Next step: lead candidate identification*



Key corporate and financial facts



Expected milestones 2012/2013

Drug candidate	Next milestone
IPH21	> Launch of the IPH2102 AML Phase II trial sponsored by IPH > BMS program roll out
IPH22	> Entry in Phase II by NN
IPH41	> Lead candidate qualification
IPH33	> First lead candidates
Undisclosed programs	> One new program with target validation and candidate per year
New programs	> Acquisition of at least one new development stage program
New targets	> Acquisition and building of proprietary IP

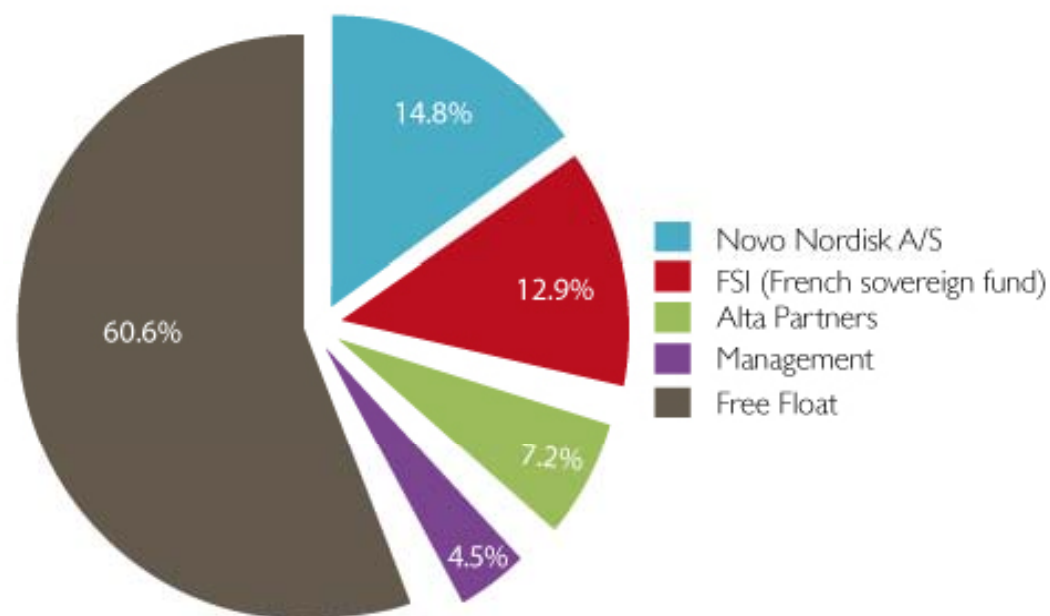
Technology	Next milestone
Antibody technology platform	> Building of IP and capabilities in ADC technology

Key 1H11 accounting figures

	6-month period ended June 30	
Euros '000, except for data per share	2011	2010
Operating revenue	3,036	2,476
Research and development	(6,469)	(7,179)
General and administrative	(2,294)	(2,005)
Net operating expenses	(8,763)	(9,184)
Operating income (loss)	(5,727)	(6,709)
Interest income/(expenses), net	501	(21)
Net loss	(5,226)	(6,730)
Average number of shares outstanding (in thousand)	37,687	37,184
Net loss per share	(0.14)	(0.18)
	June 30, 2011	December 31, 2010
Cash, cash equivalents and current financial instruments*	29,654	34,581
Total assets	41,479	48,010
Shareholders' equity	28,187	33,516
Total financial debt (LT)	7,133	7,488

Share information and shareholders

- Listed on Euronext, IPO in November 2006
- 37.7m shares outstanding (as of December 31, 2011)
- Average daily volume >150,000 shares (~0.5% of FF)



Shareholder Distribution



Knowledgeable and highly experienced management team



Hervé Brailly
PhD, **CEO Co-founder**

Immunotech SA, Beckman-Coulter



François Romagné
PhD,
Chief Scientific Officer
Co-founder

Immunotech SA
Beckman-Coulter



Catherine Moukheibir
MBA, **Sr Adv. Finance**
10 years of experience in strategy
and finance for the healthcare industry

Movetis, Zeltia, Morgan Stanley



Marcel Rozencweig
MD, **Chief Medical Officer**

30 years of experience in clinical
drug development

Bristol Myers Squibb



Jérôme Tiollier
PhD,
**Chief Development
Officer**

20 years in drug
development

Pasteur Merieux
Sangstat



Yannis Morel
PhD, **Chief Business Officer**

Innate Pharma

Where we are

- 2 partnerships
- Strong cash position
- Recognized experience throughout the value chain
- 4 products
 - 2 partnered
 - 2 proprietary

2012

New programs

New targets

New technology

2013

Where we are going

- Expanded pipeline
- Organic growth or by acquisition
- Greater focus on clinical stage compounds
- Proprietary antibody platform



Investor relations

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innate pharma

APPENDIX

January 2012





Positioning

Turning concepts into drug candidates



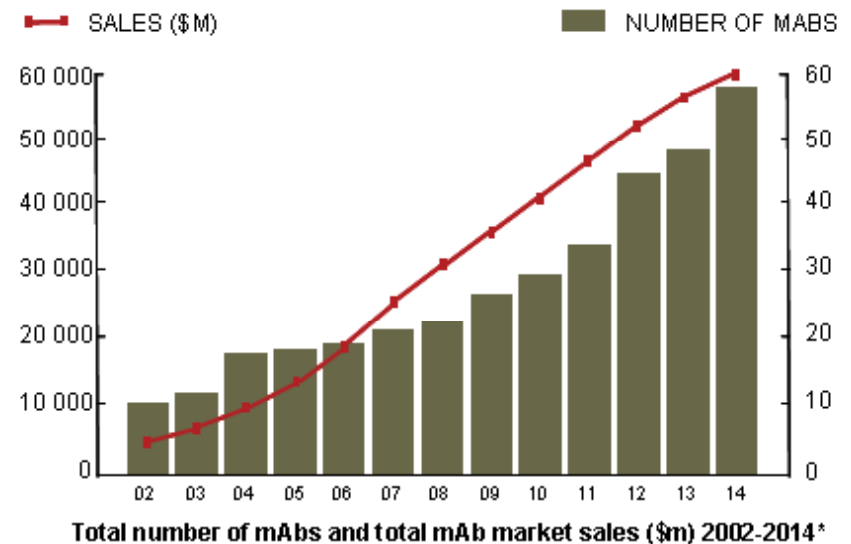
Cancer and inflammation markets

Monoclonal antibodies

A \$35bn market expected to double by 2015

- mAbs market worth **>\$35bn** and forecast to increase to **\$63bn** in 2015
 - > Fastest growing pharmaceutical segment
 - > Expected CAGR 2009/2015 of ~10% vs ~1.5% for the global pharma market
- Over 30 mAbs already on the market, mainly for **cancer** and **inflammation**, with very significant sales, such as:

- > Avastin (bevacizumab, cancer): CHF6,461m
- > Rituxan (rituximab, cancer, I&I): CHF6,356m
- > Humira (adalimumab, I&I): \$6,548m



**Better probability of success than any other class of drug:
25% vs 11% from Phase I to approval****



Cancer and inflammation

Markets driven by innovation

- Cancer is a \$56bn market, growing at ~10% and mainly driven by sales of antibodies
- Biologic treatments for chronic inflammation and auto-immunity is a \$30bn+ market
 - > Anti-TNF biologics for rheumatoid arthritis represent a ~ \$19bn market (+15% over previous year)
 - > Multiple sclerosis is a ~ \$9bn market (+13% over previous year)
- Strong unmet medical needs remaining

Immunomodulating antibodies are a new promising approach to treat cancer and inflammation

- > **Yervoy** approved in March 2011 in the US
- > \$216m US sales in the first 6 months of commercialization
 - > Peak sales expected: \$1.2bn



Scientific positioning

First-in-class antibodies targeting activation pathways of innate immunity cells



Drugs Targeting The Immune System in Oncology

Continuous Innovation Over 30 Years

Boosting global immune reaction

Non-specific immunotherapy

e.g.
IFN- α or IL-2 in renal cell cancer or melanoma

Forcing recognition of cancer cells antigen-specific

Therapeutic mAbs

e.g.
Rituxan in follicular lymphoma or Herceptin in breast cancer

Educating the immune system against a specific cancer antigen-specific

Therapeutic Vaccines

e.g.
Provenge in prostate cancer

Selective activation of immune cell subset antigen-independent

MAbs targeting immunity checkpoints.

e.g.
Ipilimumab in melanoma

IFN- α
1986

IL-2
1992

CD20
rituximab - 1997
ofatumumab - 2009

Her-2
trastuzumab
1998

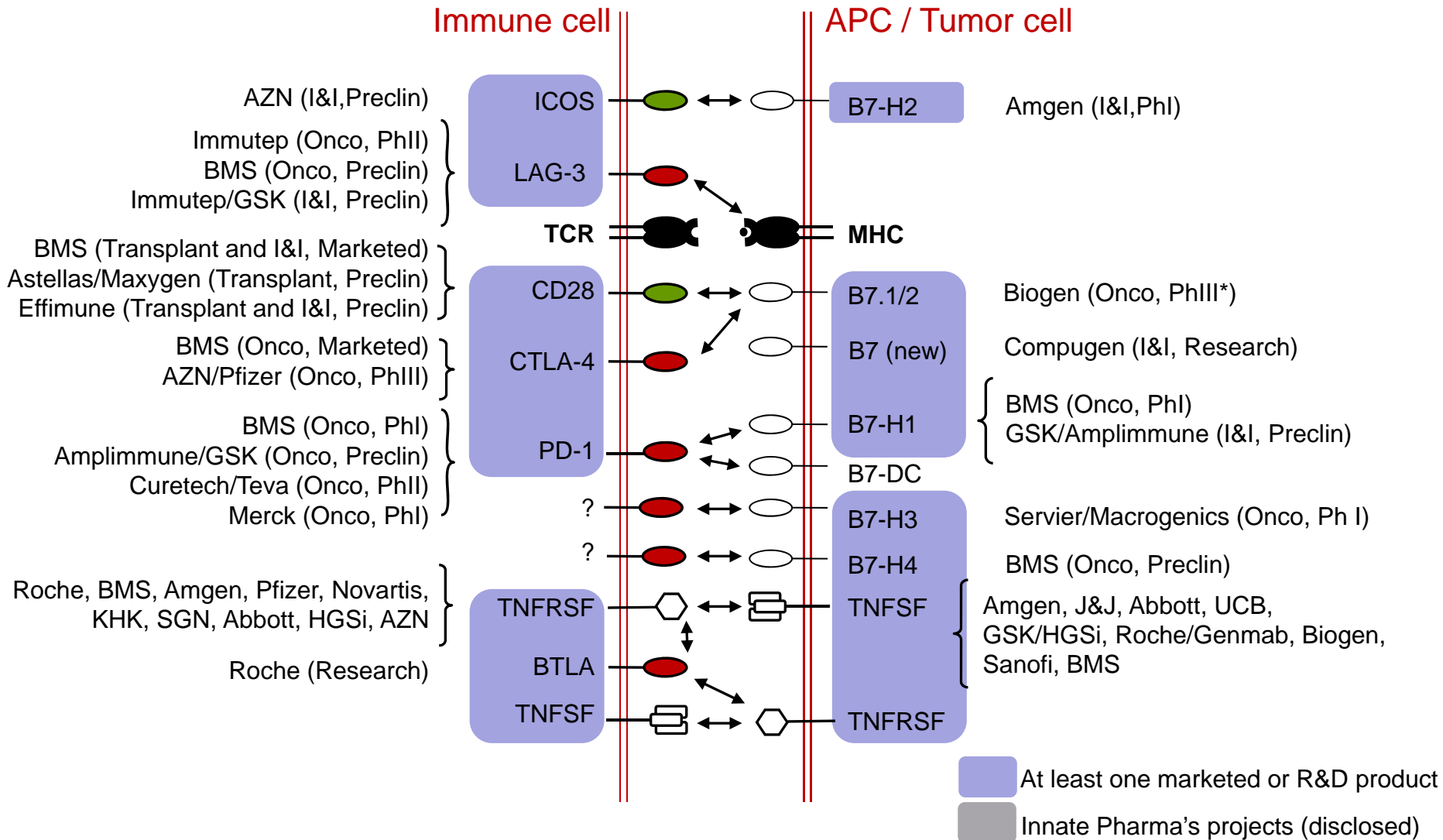
EGFR
cetuximab - 2003
panitumumab - 2006

Sipuleucel T
Ag-loaded DC - 2010

Anti-CTLA4
ipilimumab - 2011

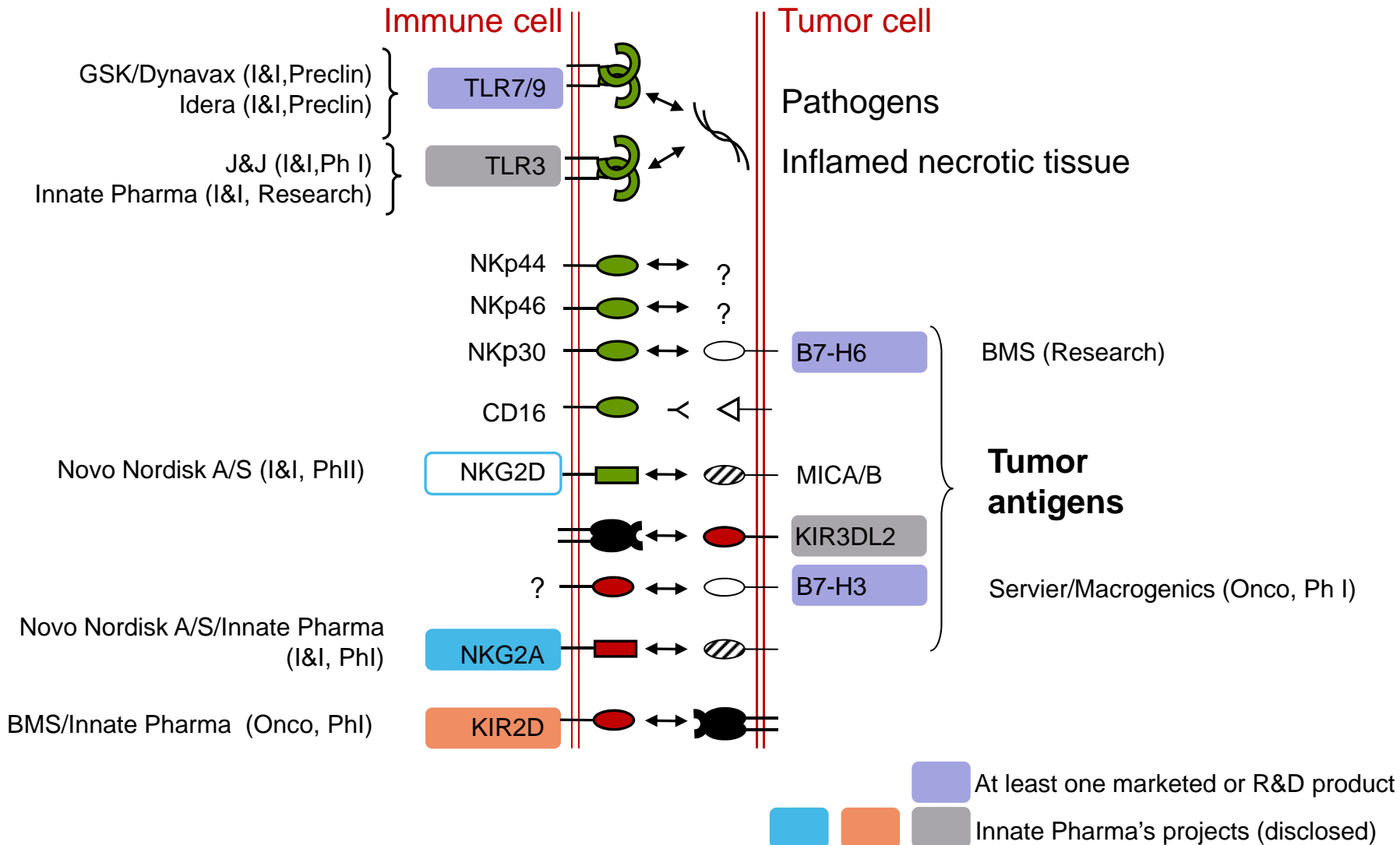
Checkpoints of adaptive immunity

An increasingly crowded area



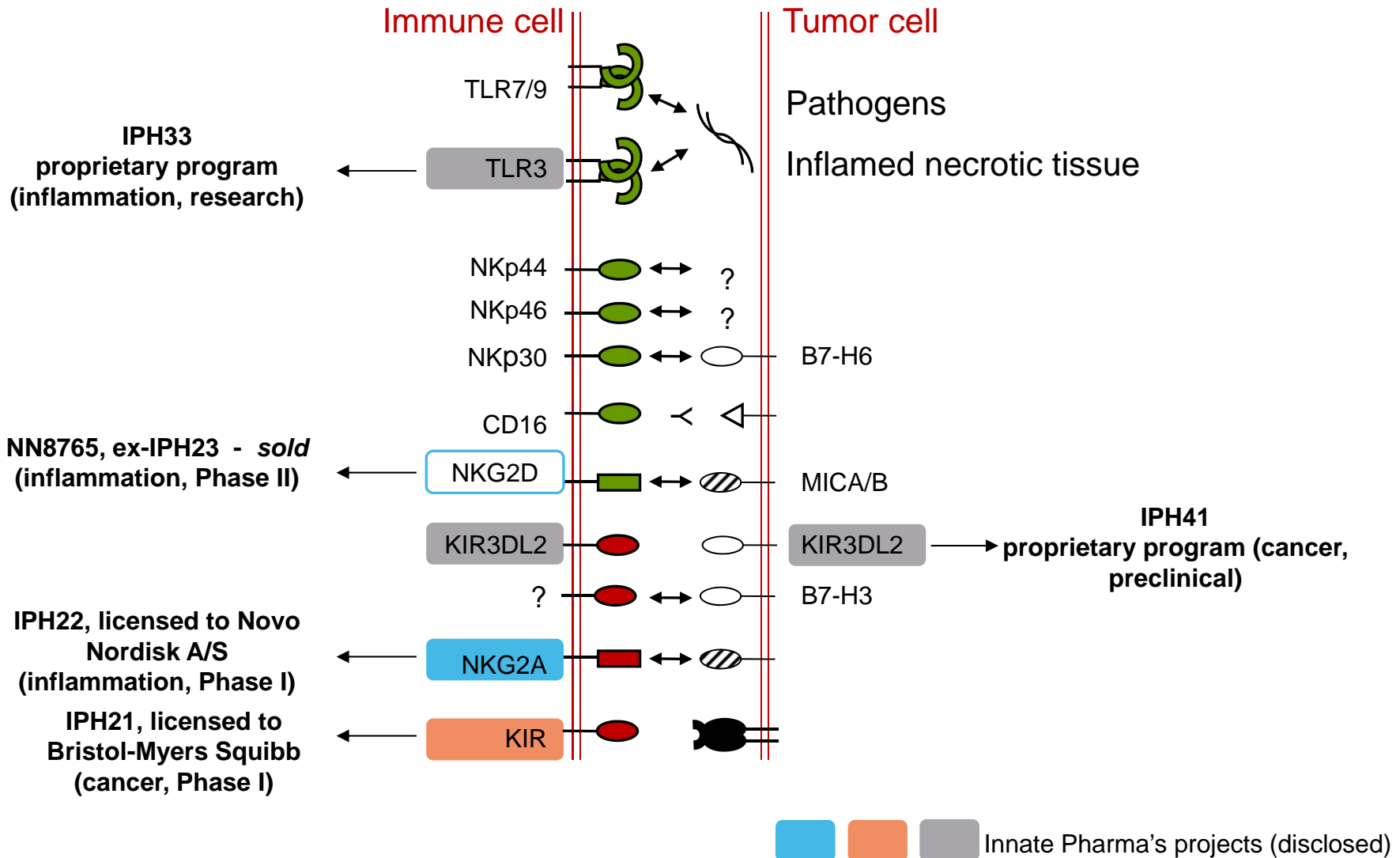
Innate immunity is still an open field

Innate Pharma has a leading position



Innate immunity is an open field in term of targets

Current pipeline projects



Nobel Prize for innate immunity

Recognition of innate immunity's therapeutic potential

- 2011 Nobel Prize for Medicine awarded to Ralph Steinman (Rockefeller, US), Bruce Beutler (Scripps, US) and Jules Hoffmann (Strasbourg, France)
- Recognition of Beutler and Hoffman's "discoveries concerning the activation of innate immunity" and Steinman's work on innate/adaptive immunity interface
 - Fundamental in understanding the link between adaptive and innate immunity in the setting of an immune response
- Demonstrates the potential of harnessing the innate immune system to treat patients





Financials



H1 2011 financial summary

Tight financial discipline, solid cash position

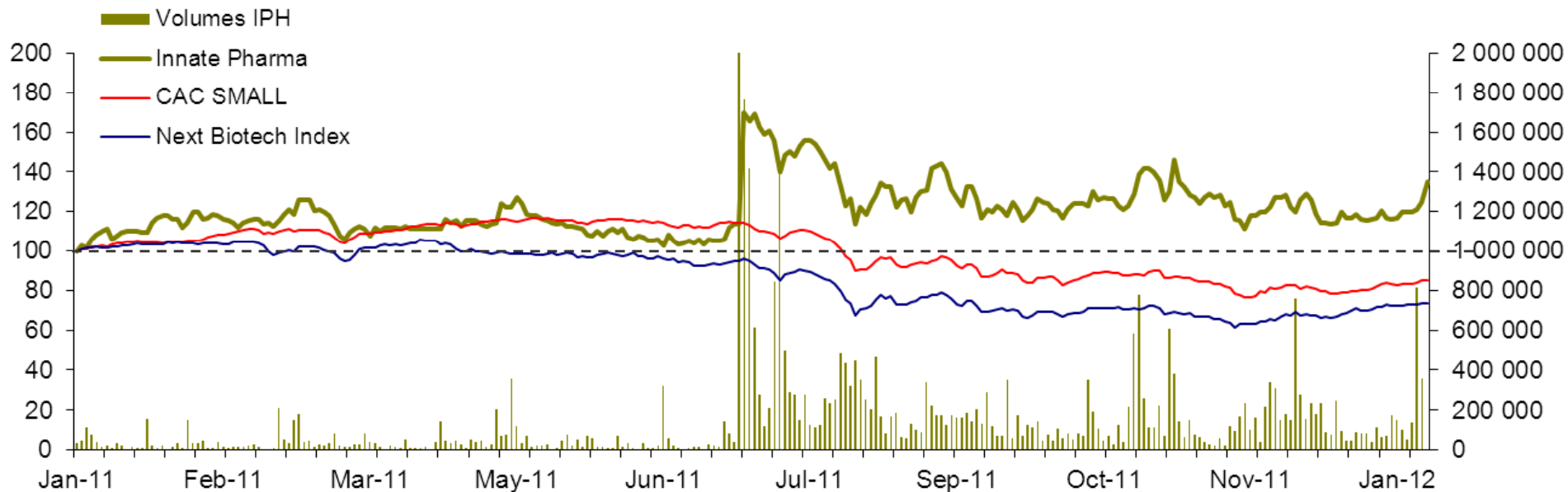
- **Decline in operating loss** (€5.7m in 1H11 vs €6.7m in 1H10)
 - > Increase in operating revenue (€3.0m in 1H11 vs €2.5m in 1H10)
 - Includes milestone payment from Novo-Nordisk in Feb. 2011
 - > Decrease in operating expenses (€8.8m in 1H11 vs €9.2m in 1H10)
 - R&D accounts for 74% of operating expenses

- **Solid cash position (3Q update)**
 - > €49.3m in cash, cash equivalent and current financial instruments as at September 30, 2011
 - > €7.0m in financial debt, mostly related to lease-financing of headquarters



Innate Pharma relative share price and volumes

Since January 2011





Where to meet us in 1H 2012?

Investor meetings

- **Oddo Midcap Forum** – Lyon - January 5/6
- **SFAF Biotech Day** – Paris - January 20
- **Credit Suisse Healthcare Conference** – London - February 29/March 2
- **Life Science CEO Forum** – Zurich – March 6
 - Hervé Brailly, CEO of Innate Pharma, will participate in a panel discussion on “French Public Markets – Breakthrough Technologies“
- **Smallcap Event** – Paris – April 12/13



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