

innate pharma

CORPORATE OVERVIEW

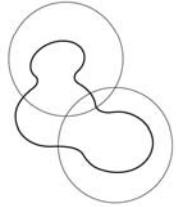


2Q 2010



Forward Looking Statement

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innate pharma

First-in-class
immunotherapeutics

- Immuno-pharmacology company:
 - > Therapeutic focus in cancer and inflammation
 - > Technology focus on antibody
- First-in-class immunotherapeutics
- Track-record in translational research up to clinical proof-of-concept
 - > Two proprietary Phase II drug candidates
- 79 FTEs, based in Marseilles, Lyon and New York
- Founded in 1999, listed on NYSE-Euronext in Paris (IPH) since 2006
- As at the end of 1Q 2010, €44.8m in cash and cash equivalents

Scientific positioning

Immune modulation and tumor targeting

TARGETED IMMUNOTHERAPY

Innate Pharma, Micromet, BMS, Pfizer, Roche/Genentech...

Immunomodulators*

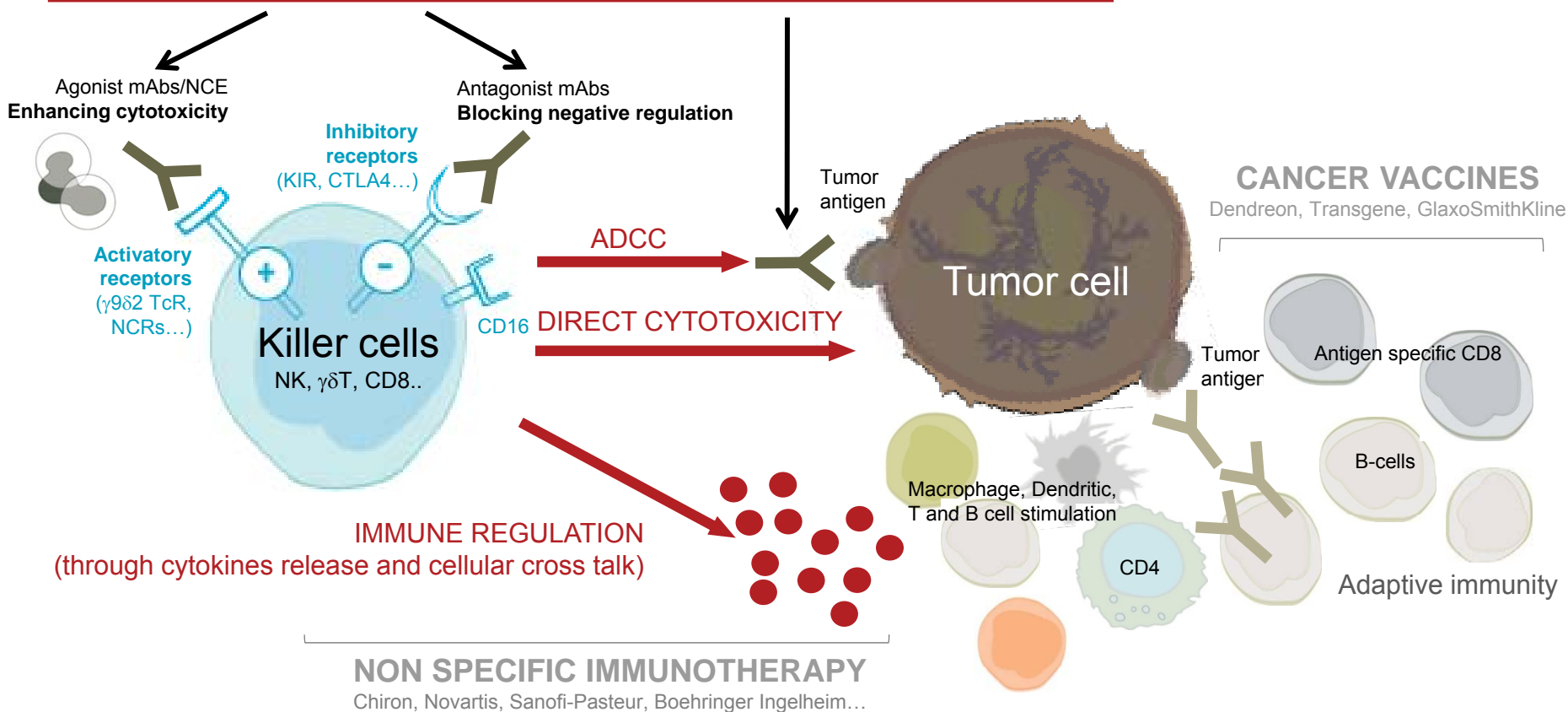
IPH 1101, IPH 2101

Proxy: anti-CTLA4 in Phase III (BMS, Pfizer)

Tumor Targeting with cytotoxic mAbs

IPH 4101

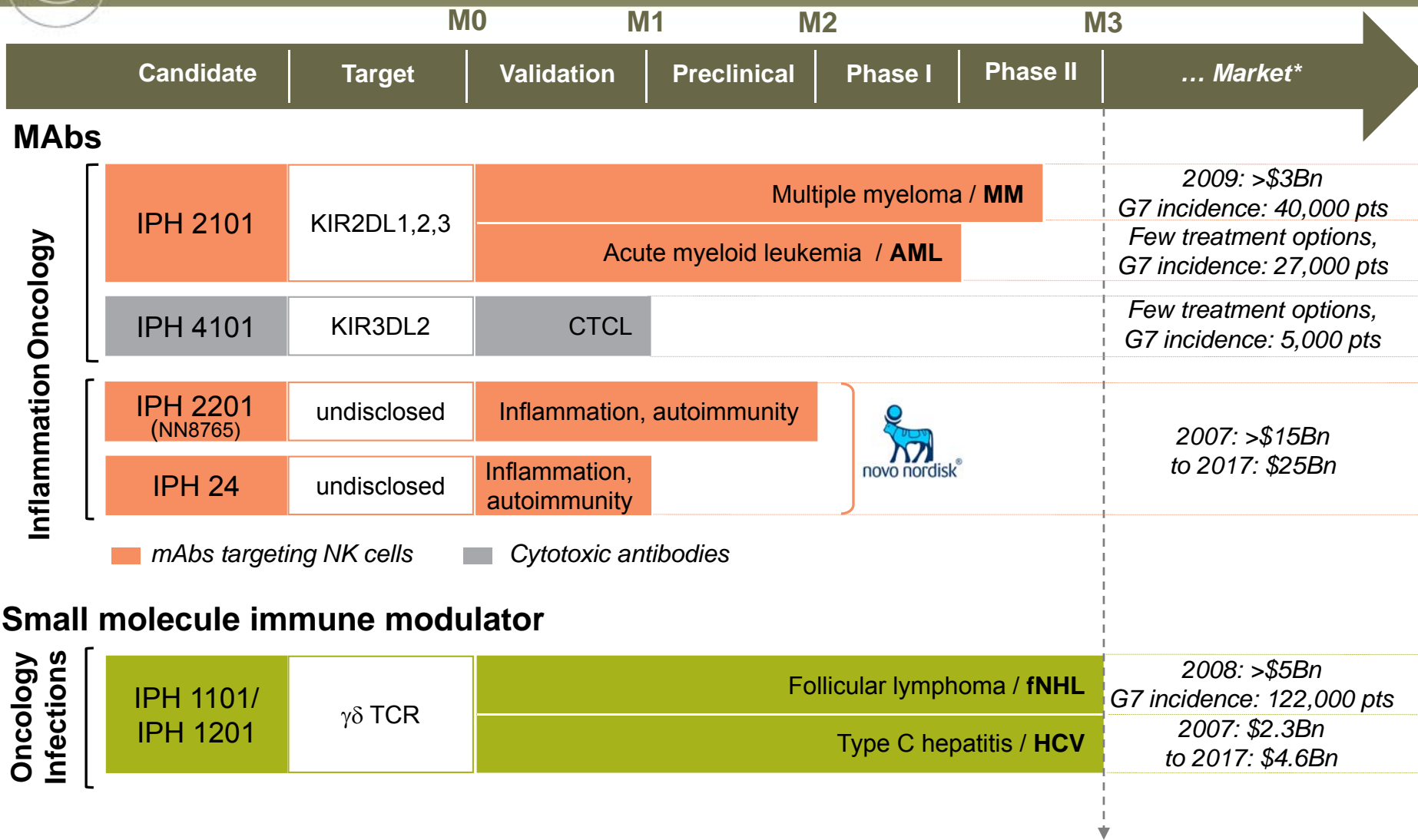
Proxy: Rituxan® (Roche/Genentech)



* Same targets might be relevant for cancer (agonist) and inflammation (antagonist)

Portfolio of core drug candidates

From novel target to clinical proof-of-concept



Discovery assets are not discussed in this presentation

Clinical proof-of-concept



Main achievements in 2009

Delivering on plan

- Key clinical achievements:
 - Completion of IPH 2101 initial Phase I program, initiation of Phase II program
 - Encouraging Phase IIa results with IPH 1101 in HCV and NHL
 - Final NHL results expected mid-2010
- Focus on antibody development :
 - 2 proprietary mAb drug candidate in development – Termination of IPH 4201
 - 2 other mAb programs licensed to Novo Nordisk A/S
 - Agreement with Inserm Tranfert to feed portfolio with new targets in oncology and inflammation / auto-immunity
- Strengthening of the cash situation through a “PIPE” deal in December 2009:
 - €44.8m in cash and cash equivalents at the end of 1Q 2010

- **To meet its objective, Innate Pharma's strategy is to:**

- > Bring assets to **clinical POC***
- > **Find partners:**
 - In cancer when access to global development capabilities is needed
 - In inflammation and infectious diseases
- > **Build its portfolio through:**
 - In-house capabilities
 - Acquisition and/or in-licensing

- **In the short run, the Company intends to:**

- > Execute Phase II program of IPH 2101
- > Complete the Phase II program for IPH 1101 in order to partner the platform
- > Move IPH 4101 to clinical stage
- > Leverage on the newly signed collaboration with Inserm and other to source new antibody targets

**Proof-of-concept*



Key products summary

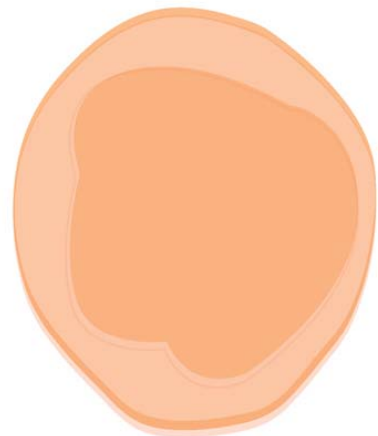
IPH 2101

Anti KIR

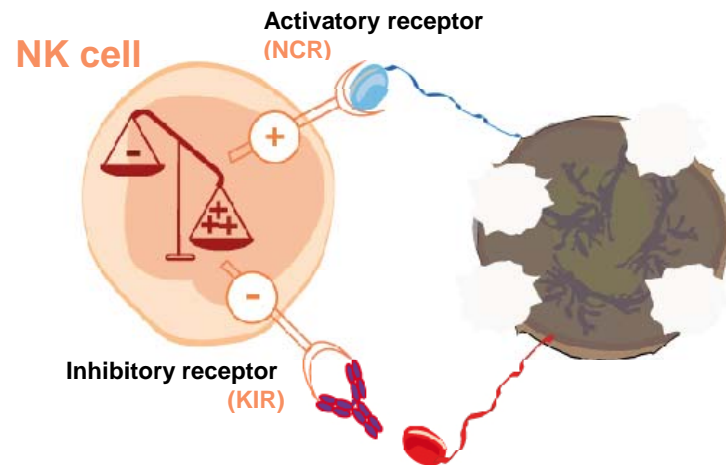
First mAb candidate
stimulating NK cells

*Mechanism of action supported by clinical evidence
(Science, 2002; Blood, 2007 for AML and MM)*

In clinical phase II in MM



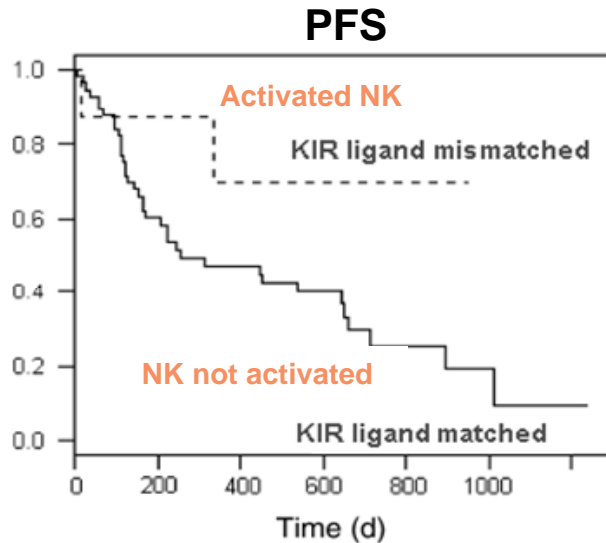
Compound class:	Fully human antibody
Target / Mechanism of action:	Anti-KIR: potentiates the anti-tumor activity of natural killer (NK) cells
Indications in development:	Acute Myeloid Leukemia Multiple Myeloma
Development status:	Phase II



- Immune modulator, first antibody drug candidate to target KIR
- Long patent life providing market exclusivity
- Potential for horizontal market expansion in onco-hematology and then in solid tumors and possibly in chronic inflammation
- Bio-equivalent candidate IPH 2102 with improved manufacturing process would be the marketed drug

Proven mechanism of action in AML and MM

- MOA* supported by clinical evidence in studies on haploidentical hematopoietic transplantation for AML (*Science, 2002; Blood, 2007*) and MM (*British Journal of Haematology, 2005*)



Demonstrated effect of NK cells on relapse and survival after ASCT for Multiple Myeloma
Kröger et al., Br. J. Hematol. 2005

- First indications selected based on scientific rationale, medical need and potential for rapid registration
- Phase I studies (ASCO, ASH 2009) demonstrated good safety profile as single agent, suggesting potential for combination with other agents

*Mechanism-of-action

Development strategy in AML:

- Envisaged positioning is extension of first remission requiring time-to-event endpoints (PFS, OS, etc) which can be addressed only through Phase III trials

<p>Next study</p>	<p>Phase I extension in patients in first CR to confirm dose and schedule and document efficacy signals on DFS possibly leading to registration study (initiated)</p>
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Development strategy in MM:

- Established biological endpoint in MM (M-Protein) providing short term signal correlated with time-to-event endpoints such as PFS, TTP and OS

<p>Three Phase IIa studies planned</p>	<p>Monotherapy in non-progressing settings: maintenance post first line therapy in stable residual disease (initiated) and smoldering myeloma (to be initiated)</p> <p>Combination with standard of care lenalidomide (Revlimid®, Celgene Corporation), in patients in first relapse (to be initiated, collaboration with Celgene Corporation)</p>
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PFS: progression free survival, DFS: disease free survival, OS: overall survival, CR: complete response, TTP: time to progression, SOC: standard of care

Multiple Myeloma

Second hematological cancer, still incurable

Description of the disease and natural history :

- Monoclonal proliferation of plasma cells (differentiated B-cells producing immunoglobulins - Ig)
- Smoldering myeloma evolving into symptomatic myeloma – Smoldering myeloma is under-diagnosed
- OS < 2 years (< 1y if renal failure)

Population:

- Incidence / Mortality (G7): 40,900 / 27,400 patients/year
- Median age at diagnosis: 65-70y

Patients < 65 yrs:
5-yr survival 20-30%

Patients > 65 yrs:
5-yr survival 5-15%

Significant unmet medical needs:

- Newly approved treatment have improved patients' outcome but medical needs remain high:
 - > Drugs with lower toxicity, notably for elderly patients
 - > Consolidation / Maintenance after complete response
 - > Treatment of relapse (combination)
 - > Prevention of progression of smoldering MM into symptomatic MM

IPH 2101
may bring significant
improvement in these
settings

IPH 2101's new MOA:

- May shrink residual disease resistant to cytotoxic agents or targeted therapies
- Is expected to be well tolerated, key consideration notably for elderly patients (not suitable for intensification regimen)

Potential market: ~€800m
(newly approved treatments: >\$3Bn in cumulative sales)

Acute Myeloid Leukemia

Strong medical need for the most common type of adult leukemia

Description of the disease and natural history:

- Rapid growth and accumulation of abnormal and immature myeloblasts in the bone marrow; very heterogeneous disease
- Median age at diagnosis: 65 years; Overall survival: ~20%

Patients <60 yrs:
5-yr survival 20-30%

Patients >60 yrs:
5-yr survival 5-15%

Population:

- Incidence / Mortality (US): 13,000 / 9,000 patients/year

Significant unmet medical needs:

- No major progress for the last 10 years, no drug currently in development anticipated to have a large impact on patient outcomes
- Major medical needs in the following areas:
 - > Curative therapy beside transplant
 - > Non-cytotoxic drugs to overcome multidrug resistance
 - > Well tolerated drugs to expand remission particularly for elderly patients
 - > Novel therapies for relapsed / refractory disease

**Strong
rationale for
IPH 2101**

IPH 2101's new MOA:

- May shrink residual disease resistant to cytotoxic agents
- Is expected to be well tolerated, key consideration notably for elderly patients

Potential market for post-remission setting: ~€200m

IPH 1101

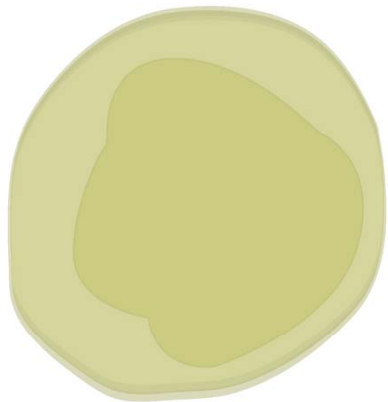
IPH 1201

**Small molecule
stimulating $\gamma\delta$ T cells**

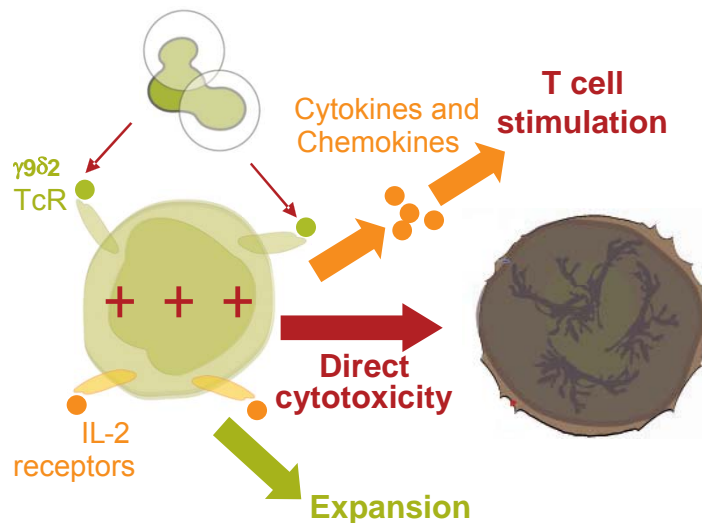
Most advanced program

POC data in 2009/2010 in NHL and in HCV

Objective is partnering-out



Compound class:	Small molecule (NCE)
Target / Mechanism of action:	Agonist of $\gamma\delta$ T-cells
Indications in development:	Non Hodgkin's Lymphoma and Type C viral Hepatitis
Development status:	Phase II POC data in HCV and NHL



- Immune modulator, first molecule to specifically target $\gamma\delta$ T-cells
- Long patent life providing market exclusivity
- In total, IPH 1101 was administered to ~200 patients in 6 clinical trials with good safety and evidence of clinical activity in HCV and in NHL
- Next step is to partner the program for further development

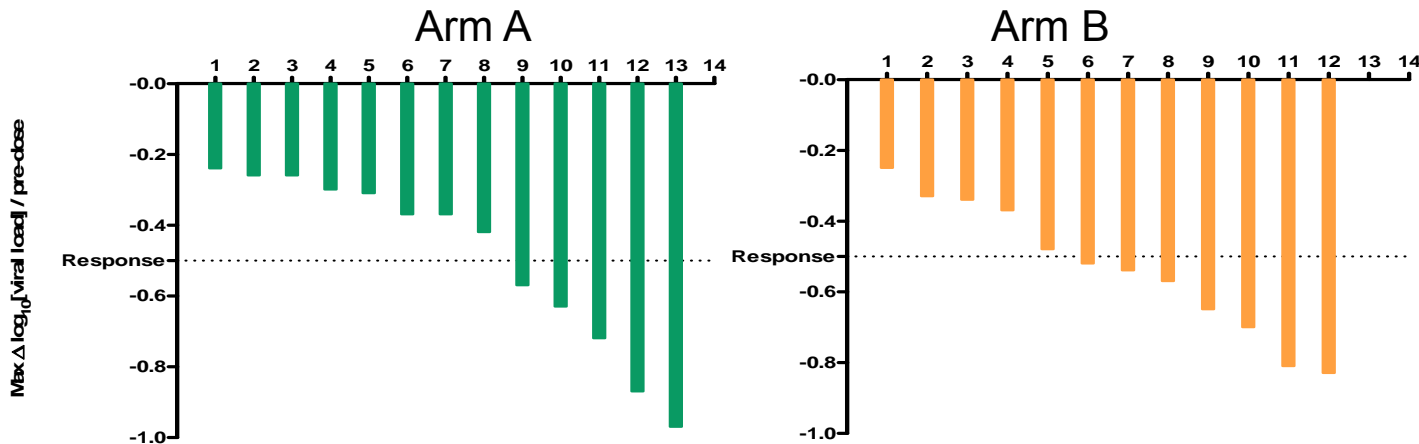
IPH 1201: follow-up compound with pharmacological properties similar to IPH 1101 and potential for different administration routes.

Phase IIa in HCV patient (IPH 1101-203)

Key highlights

- Primary objective was met with evidence of antiviral activity in both arms
 - > Arm A (without IL-2): 5/13 patients with viral load decrease $>0.5\log_{10}^*$
 - > Arm B (with IL-2): 7/12 patients with viral load decrease $>0.5\log_{10}$
- Anti-viral effect strongly correlates with cytokine release
- Good response rate in genotype 1 patients
- Decrease was rapid and lasted up to 3 days after injection
- Very good tolerance of IPH 1101

Maximal viral load decrease

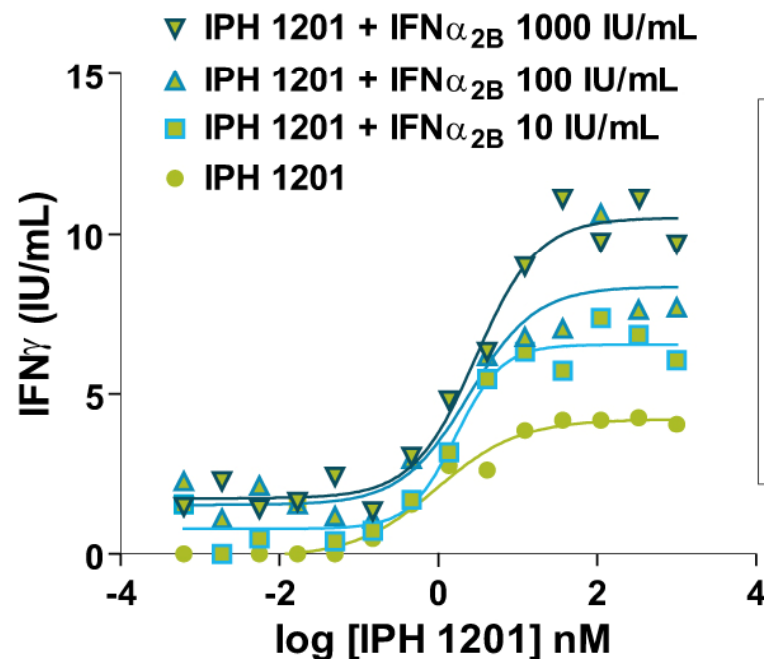


* About 3-fold decrease

Phase IIa in HCV patient (IPH 1101-203)

Perspectives

- Novel mechanism of action with demonstrated antiviral effect
- First proof of concept in man for $\gamma\delta$ T cell agonist IPH 1101
- Strong pre-clinical rationale for combining with current SOC
- Persistent need for additional drugs in future combination regimen to treat HCV

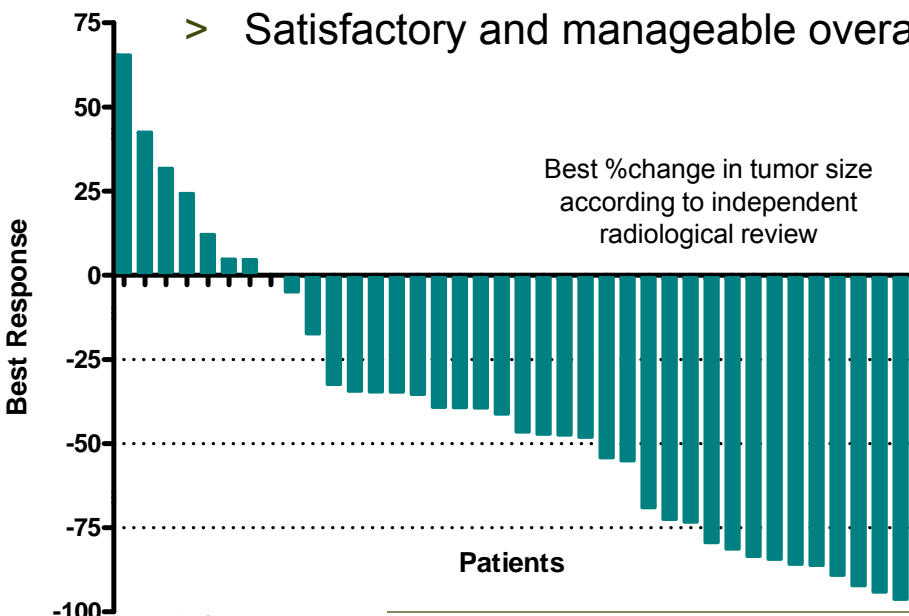


- Opens the way for development of $\gamma\delta$ T cell agonists in HCV, in combination settings

Phase IIa in fNHL patient (IPH 1101-202)

Key highlights

- IPH 1101 in combination with rituximab and low dose IL-2 in patients with relapsing follicular Non-Hodgkin's Lymphoma
 - > Encouraging rate of 26% complete response, assessed by independent central review
 - > Known to be related to response duration
 - > Reference paper Davis et al. (*JCO, 2000*): 11% CRR expected in this population with rituximab alone
 - > This benefit is observed in a population with unfavorable FcRγIIIa gene polymorphism (94.4% F-carriers), known to be poorer responders to rituximab alone
 - > Satisfactory and manageable overall tolerance and safety



		CRR	ORR
FLIPI	Low (n = 21)	7 (33.3%)	11 (52.4%)
	Interm. / Poor (n = 17)	3 (17.6%)	6 (35.3%)

Perspectives

- Novel mechanism of action
 - Persistent need for additional drugs with lower toxicity to replace chemotherapy
 - Rituximab status as market leader is unlikely to be challenged within the next 5-10 years
 - IPH 1101 synergizes with rituximab or other cytotoxic mAb by enhancing Antibody Dependent Cell Cytotoxicity (ADCC)
- Next step would be to confirm this efficacy in a randomized trial

Innate Pharma looks for a partner for the further development of this program



Turning concepts into drug candidates

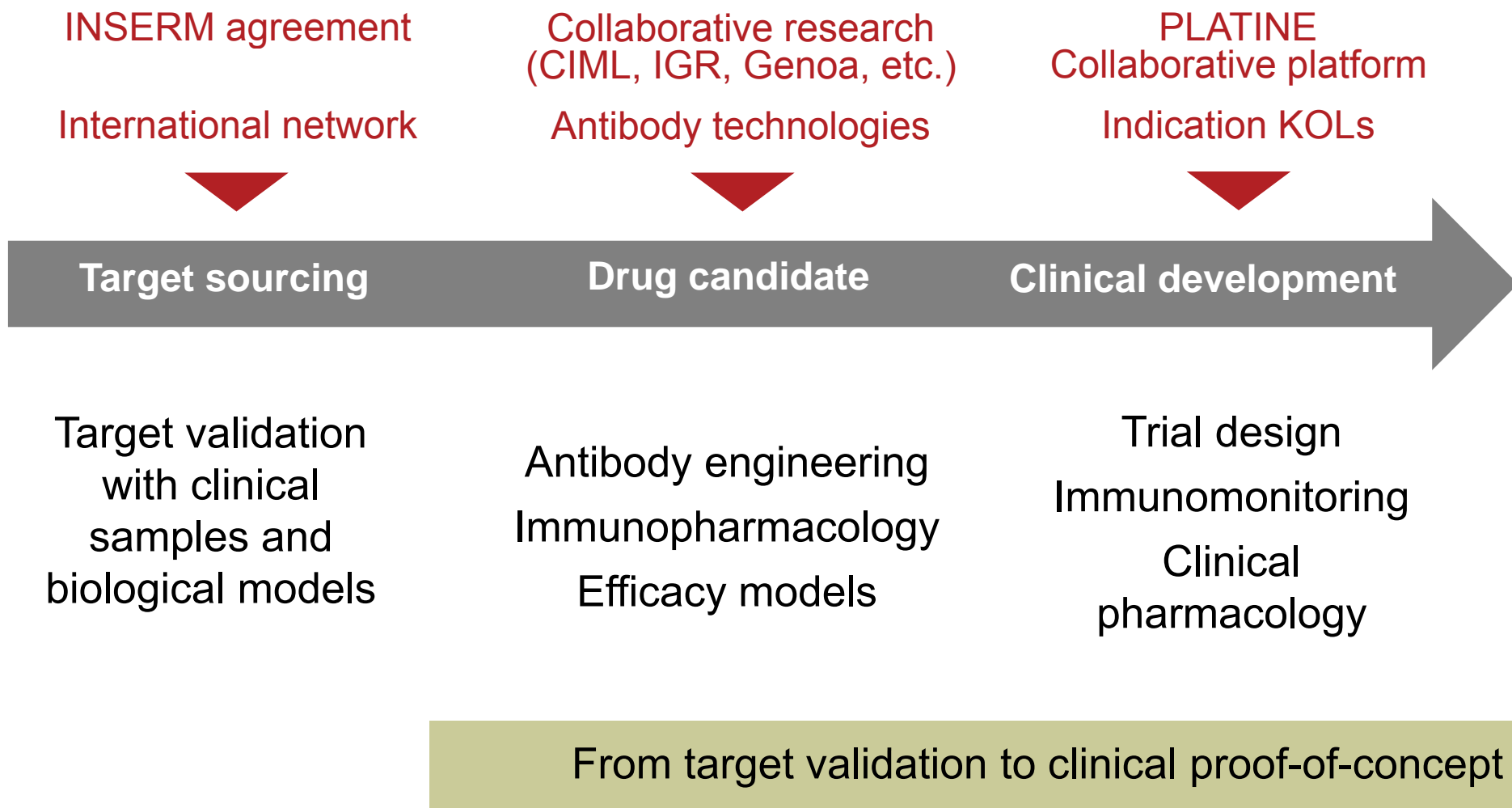
Feeding the pipe with novel targets

Multiple business opportunities



Expertise and know-how

Innate Pharma's core expertise is translational research






IPH's track-record

10 years of achievements in drug discovery and development

- All drug candidates developed by IPH are **first-in-class**
- **Three drug candidates brought to clinical stage** since inception
 - > Two are developed by IPH and one by Novo Nordisk A/S
- **Clinical proof-of-concept data** for most advanced candidate, IPH 1101
- Next candidate, IPH 2101, elected as **one of the top 100 great investigational drugs in 2008***
- Experience of fruitful pharma collaboration in the **six-year strategic collaboration with Novo Nordisk A/S** (four antibody programs)
- In-house research and collaborative partnerships with academic laboratories (such as INSERM) **feed portfolio with novel candidates**

**R&D Directions magazine, 2008*

Track-record validates positioning
in the oncology and antibody spaces



Financials and conclusion



Key 2009 accounting facts

Significant strengthening of the balance sheet

- **Increase in operating loss (€15.5m in 2009 vs. €13.1m in 2008)** in the context of a decrease in operating revenue, following the contractual end of the NK collaboration with Novo Nordisk A/S
 - 1Q 2010 update: turnover of €0.1m vs €2.5m in 1Q 2009
- **Decrease in operating expenses (€23.3m in 2009 vs. €25.9m in 2008)** mostly attributable to the accounting for €2.5m in purchase of materials in 2008 following the grant back IPH 2101
- **Positive cash flow in the period thanks to:**
 - (i) early CIR refund amounting €10.4m, and
 - (ii) €23.1m in net proceeds of the PIPE deal done in December
- **IPH ended up 2009 with €49.2m in cash**, enough to go into 2012 based on the current business plan
 - 1Q 2010 update: €44.8m in cash and cash equivalents as at the end of 1Q10

2009 financial statements and annual report available at
www.innate-pharma.com

Key 2009 accounting figures

IFRS financial statements for 2009

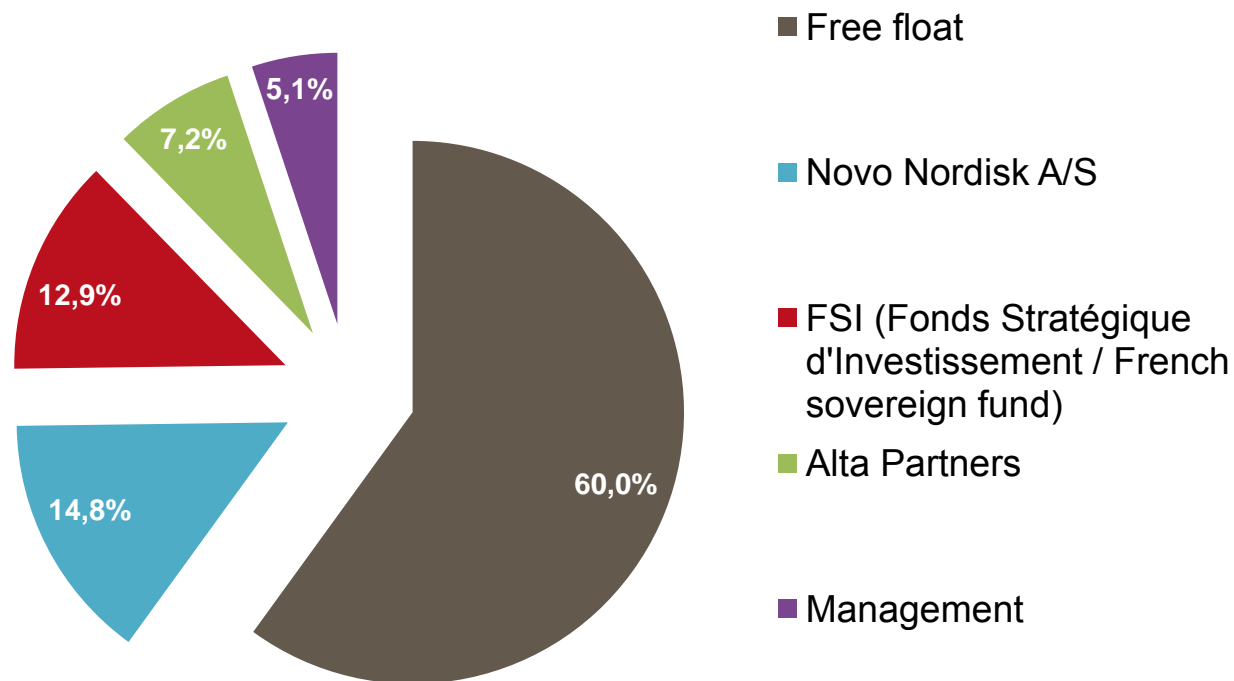
In thousand of euros	2008 Restated (1)	2009
Licensing revenue	7,364	3,243
Others and government funding for research costs	5,560	4,472
Operating revenue	12,924	7,716
Research and development	(20,897)	(18,032)
General and administrative	(5,043)	(5,219)
Net operating expenses	(25,940)	(23,251)
Operating income (loss)	(13,016)	(15,535)
Interest income/(expenses), net	1,154	910
Net loss	(11,862)	(14,626)
Shares outstanding (in thousands) – average	25,665	26,299
Net loss per share	(0.46)	(0.56)
Cash, cash equivalents and financial instruments	33,832	49,194
Total assets	57,288	64,219
Net book value	37,767	47,122
Total financial debt	8,442	8,277

(1) Following the amendment of IAS 38, intangible assets, applicable to financial period beginning on or after January 1, 2009, the Company changed its accounting policy in relation to the recognition of purchases of materials dedicated to its research and development activities.



Share information and shareholders

- First day of trading: November 1, 2006
- Number total of shares as at May 31, 2010: 37,686,794
- Shareholders as at May 31, 2010 :





- **A key immuno-pharmacology expertise...**
 - > New mechanisms of action – first-in-class targeted immunomodulators in cancer and chronic inflammation
 - > New tumor antigens - first-in-class cytotoxic antibodies
- **... to address significant opportunities**
 - > Cancer immunotherapy could yield breakthrough in cancer treatment (ipilimumab, therapeutic vaccines such as Provenge, MAGE-3 or TG 4010)
 - > Tumor antigen targeting is a validated pathway (>\$10Bn market), still at the beginning of its expansion
- **Track record of 2 Phase II drugs, including one with proof-of-concept data**
- **Key clinical and corporate news-flow in the 2010-2013 period**
- **Strong cash position to achieve objectives**



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