



innate pharma

NEWSLETTER TO #9 SHAREHOLDERS

October 2011

- Editorial
- Business and corporate news
 - ✓ Focus on the partnership with Bristol-Myers Squibb
 - ✓ Flashback on the creation of Platine
 - ✓ Socially responsible investment
- Investor news
 - ✓ Conferences 2011 - 2nd semester
 - ✓ Focus: Actionaria

Product news:

- Clinical milestone for IPH22 developed in inflammation by Novo Nordisk A/S (February)
See page 2
- Breakthrough global license agreement with Bristol-Myers Squibb (July)
See page 2

Rendez-vous
with individual investors



See page 4

Corporate news:

The FSI (French sovereign fund) called Innate Pharma to testify on the topic of social responsibility
See page 3



EDITORIAL

Dear Shareholders,

As you probably already read and heard, the 2011 Nobel Prize for Medicine ... honored innate immunity. It was awarded to Jules Hoffmann (France), Bruce Beutler and Ralph Steinman (United States).

The first two recipients were rewarded for unraveling the mechanisms of activation of this major component of immunity and the last for his discovery of dendritic cells and their role in adaptive immunity.

These three scientists worked on humans, locusts, flies, mice... Whatever the study design, the challenge is the same: to discover how the immune system can depict danger and protect self.

These three researchers pioneered the development of new therapies against infections, cancers and inflammatory diseases.

Now it is up to industry to convert this knowledge into treatments that can fight against these diseases.

This is the heart of the activity of Innate. To join us in this development we have had a key partnership for several years with Novo Nordisk A/S in the area of inflammation. Since this summer, we can be proud of a new collaboration, this time with a leader in therapies against cancer: the American company Bristol-Myers Squibb.

This new collaboration for our program IPH21 involves Innate Pharma in the development of the drug candidate, reinforces our cash position and gives us the means for our future development.

We are now working on our roadmap for the next three years, which we will certainly share with you.

So, a very exciting time is coming for Innate, and we thank you for being part of us!

HERVÉ BRAILLY,
Chairman of the Executive Board
Chief Executive Officer



Latest news:

- Clinical milestone for IPH2201 developed in inflammation by Novo Nordisk A/S (February) IPH2201 is the third monoclonal antibody resulting from our collaboration with Novo Nordisk A/S expected to enter human clinical trials soon, after IPH2101 and NN8555
- Creation of Platine, owned by Innate Pharma and Transgene (May) See below
- Global licence agreement with Bristol-Myers Squibb (July) See opposite

Latest nominations:

- Two new members in our Executive committee: Catherine Moukheibir is in charge of the financial strategy. She is also member of the Executive Board; Yannis Morel is in charge of the business development of the Company since 2007.
- Another new face on the Supervisory board: Alta BioPharma Partners II, LP, represented by Ekaterina Smiryagina, appointed during the last Annual General Meeting.

Zoom in our partnership with Bristol-Myers Squibb

Announced on July 6, 2011, it is a breakthrough global licence agreement for an investigational immunoncology biologic. Innate Pharma is eligible to up to \$465 million including an upfront payment of \$35 million.

Innate Pharma granted to Bristol-Myers Squibb exclusive worldwide rights to develop, manufacture and commercialize IPH2102 and related compounds blocking KIR receptors. The agreement covers all potential indications for IPH2102.

Innate Pharma will continue to develop IPH2102 in acute myeloid leukemia through to the end of Phase II. Innate Pharma will also provide pre-clinical support for the development of IPH2102.

Bristol-Myers Squibb will fund the development of IPH2102, make an upfront payment of \$35 million and additional payments of up to \$430 million, depending on the achievement of pre-specified milestones during the development and commercialization period, as well as pre-specified tiered double-digit royalty payments on worldwide net sales.



Signing of the agreement at BMS France

Lamberto Andreotti, CEO of BMS & Hervé Brailly, CEO of IPH. With Mike Seeley, senior vice President Europe and President of BMS France, Ron Cooper, President of BMS Europe, and Gilles Brisson, Chairman of the Supervisory Board at IPH.

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The signing of the partnership with Bristol-Myers Squibb is a major step for Innate Pharma in several respects:

- This is the second technology validation of Innate Pharma, this time in cancer;
- The financial terms - among the best for an antibody intended for cancer therapy at this stage of development - reflect the interest of Bristol-Myers Squibb in our approach and its commercial potential;
- IPH2102 is now in the hands of a pharmaceutical expert in this new field (in particular with Yervoy®), which will open development horizons for for IPH2102 in terms of indications and combinations;
- The agreement includes a preclinical and clinical collaboration that will enable Innate to stay involved in the development of the antibody and to strengthen its clinical expertise with a large group;
- This agreement equips Innate with new resources and financial flexibility to embark on new projects.



Overview of media coverage of the event. For more information, visit <http://www.innate-pharma.com/news-events/media>

Flashback on the creation of Platine

On May 4, 2011, Innate Pharma and Transgene announced the creation of Platine Pharma Services ("Platine"), a new immunomonitoring company. Jointly owned, Platine aims to become a European leader in clinical and preclinical immunomonitoring of drugs.



Based in Lyon, in the cluster for Infectious Diseases, Platine offers flexible and integrated services, from advisory functions to establishment of immunomonitoring, routine or "tailor made" tests.

Platine focuses on the European market, which is estimated to be in the range of 100-200 million euros, growing at 15% per annum.

Platine Pharma Services will respond initially to the needs in immunomonitoring of its founders. It notably currently performs tests for IPH21 for Innate. The new company aims to become a major player in this growing market.

Socially responsible investment (SRI)

In September 2011, Innate Pharma was several times invited to testify on corporate social responsibility, in particular by the Fond Stratégique d'Investissement (FSI, the French sovereign fund).

According to the FSI, SRI "expands the assessment of business performance, taking into account, besides creating financial value, creating value for society as a whole. A flagship theme for the FSI, an investor concerned about the future of public resources and a socially responsible investor taking into account all the features that can be generated to strengthen the competitiveness of French companies" *.

* Selected excerpts of the report "Socially Responsible Investment" published by the FSI.



The report published by the FSI is available here: www.fonds-fsi.fr (in French only)

Visit of Eric Besson at Innate Pharma on August 26, 2011



The Minister of Industry came to greet the "successful business" that is Innate Pharma and meet the players of the Eurobiomed cluster as well as of the basic research in immunology conducted in Marseille-Luminy.

His visit was the occasion of a roundtable discussion on the state support for innovation and notably an announcement on the maintaining of the research tax credit.



Focus :



18 | 19
NOVEMBRE 2011
PALAIS DES CONGRÈS
DE PARIS

CONFERENCES 2011 2nd SEMESTER

- CF&B Midcap Event of Paris
September 22/23, Paris
- Bioinvestor Forum
October 25/26, San Francisco
Hervé Brailly participated in a panel on Cancer Immunotherapy
- Actionaria
November 18/19, Paris
See opposite
- The Antibody Society Annual meeting
December 04/08, San Diego
- American Society of Hematology December 10/13, San Diego
- Oddo Midcap event
January 5/6, 2012, Lyon

Innate Pharma will participate for the first time this year in Actionaria, dedicated to individual investors

The management of Innate Pharma has chosen to meet individuals in this forum because of its ease and accessibility and its offer of an educational approach to the stock market and the economy. "We want to better meet the needs and issues of individual shareholders, a class of investors important to us and that is long term, as some investors are with us since our IPO in 2006! This forum will be an opportunity for dialogue with our past, present and future investors." said Hervé Brailly, CEO of Innate.

On the program:

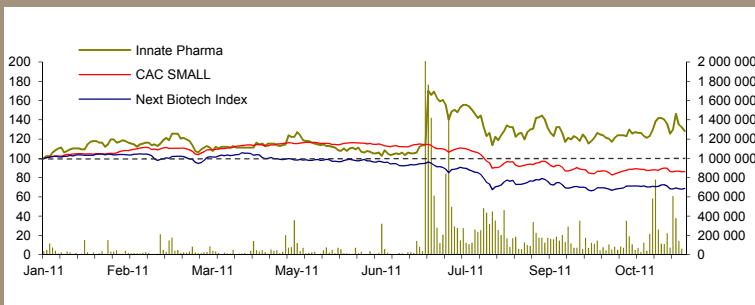
- Laure-Hélène Mercier, Director, Investor Relations, will welcome you at booth A16 (Level 1) November 18 and 19, to introduce you to Innate Pharma and answer your questions.
- Hervé Brailly, CEO and general manager of the Company, will be at the Agora of Presidents on November 18, at 11:25 am.

Be our guest!

- To register online and edit your own invitations, click here: <http://www.actionaria.com/Webform.aspx?fid=10&spid=1UI26716X6&ref=1UI26716X6>
- To receive paper invitations, please send an email to investors@innate-pharma.com, stating your postal address and the number of invitations you want so we can send them to you.

SHARE INFORMATION

Share price performance from January 2011



STOCK MARKET INFORMATION

Mnemo: IPH / ISIN Code: FR0010331421

Stock Market: NYSE Euronext Paris Eurolist (compartment C)

Total number of outstanding shares: 37,686,794

ANALYSTS

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Financial news:

November 4, 2011: Publication of revenue for 3Q2011, with management comments.

- Turnover of 3.1 million euros
- Cash position as at September 30, 2011 of 49.3 million euros

INVESTOR RELATIONS

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