PRESS RELEASE

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INNATE PHARMA REPORTS POSITIVE PHASE IIa CLINICAL RESULTS FOR IPH 1101 (γδ T CELL AGONIST) IN TYPE C VIRAL HEPATITIS

- ***The primary endpoint of the trial was met***
- ***This is the first proof of concept in patients of an anti-viral effect of γδ T cell activation***
- ***Innate Pharma intends to develop further its program in this indication***

Marseilles, France, June 29, 2009

Innate Pharma (Euronext Paris: FR0010331421 – IPH) reports positive results for its first Phase IIa clinical trial with IPH 1101 (a small-molecule γδ T cell agonist) in patients with type C viral hepatitis ("HCV").

In this open-label trial, two injections of IPH 1101 were administered to patients three weeks apart to chronically infected HCV patients. IPH 1101 was administered either alone (Arm A) or combined with low-dose interleukin-2 ("IL-2"; Arm B). The objective of this clinical trial was to detect a decrease of at least 0.50 $\log_{10}$ of the viral load in at least 6 patients out of 13 evaluable patients in each arm.

In Arm A, 5 out of the 13 (38%) evaluable patients showed a viral load decrease of at least 0.50 $\log_{10}$, with a median decrease of -0.69 $\log_{10}$ (+/-0.15). In Arm B, 7 patients out of 12 evaluable patients (58%) showed a viral load decrease of 0.50 $\log_{10}$ or more, therefore meeting the objective for the primary endpoint. The median decrease of responders in Arm B was -0.65 $\log_{10}$ (+/-0.13).

Most of the patients included in the trial had genotype I HCV, the most difficult to treat. The viral load decrease correlated with biomarkers of immune activation, such as cytokine production, thus confirming the mode of action of γδ T cell stimulation on viral load decrease[*]. The tolerance was very good in this trial, with no serious adverse events reported.
Abstracts fully describing data and results of this trial were submitted to forthcoming international medical congresses.

"*Achievement of a viral load decrease via stimulation of γδ T cells is very encouraging, especially in light of its correlation with immune activation*", commented Professor Christian Trepo (Hotel Dieu Hospital, Lyon), principal investigator of the trial. He added: "*There is still a significant unmet medical need in HCV. It has been demonstrated in pre-clinical models that combination of γδ T cell stimulation with standard-of-care therapy - interferon-α and ribavirin - shows a synergistic effect on the inhibition of viral replication. Therefore this new immunological approach warrants further development in HCV patients.*"

"This is Innate Pharma's first clinical proof-of-concept. The company has been working on IPH 1101 since its inception, so this is an exciting milestone for us", said Hervé Brailly, CEO of Innate Pharma. *"We are now working with experts and investigators to plan further trials in the indication".*

Conference call: **Innate Pharma management will be hosting a conference call to discuss these results, today at 2:00 pm (Paris time). Investors, journalists and financial analysts are invited to participate in the conference call by dialing +33 (0)1 72 00 09 84. A slideshow will be available on Innate Pharma's website shortly before the opening of the conference (www.innate-pharma.com).**

[*] See below « About IPH 1101 »

About the Phase IIa trial in type C viral hepatitis (IPH 1101-203):

IPH 1101-203 was a multicenter, open label Phase IIa clinical trial designed to evaluate the effect on the viral load of IPH 1101 treatment with and without IL-2, as well as its tolerance and pharmacodynamics in chronically infected hepatitis C patients who are either treatment naïve or have relapsed after one course of standard of care treatment.

The rationale of this trial was based on the known role of γδ T cells in anti-infectious immunity in general and in stimulating the production of certain cytokines in particular.

The primary efficacy endpoint of the trial was a decrease in the viral load of at least 0.5 $\log_{10}$ in at least 6 patients out of 13 evaluable patients in each arm.

The protocol called for the treatment of 26 patients (divided into 2 groups receiving IPH 1101 (750 mg/m²) with and without IL-2 (2 MIU) respectively) for two treatment cycles three weeks apart. 28 patients were included in the trial and evaluable for safety. 25 patients were evaluable for efficacy (for technical reasons, 3 patients could not have their viral load assessed).

Five of the 13 evaluable patients in Arm A (38%) and 7 of the 12 evaluable patients in Arm B (58%) had a viral load decrease of more than 0.5 $\log_{10}$. The objective for the primary endpoint was therefore met in Arm B. The viral load decrease after injection was rapid and lasted for up to three days. Ten of the 19 genotype 1 HCV patients and 2 out of the 3 genotype 4 HCV patients (the two most difficult-to-treat genotypes) had viral load decreases of more than 0.5 $\log_{10.}$

About type C chronic hepatitis ("HCV"):

According to data from the World Health Organization (WHO), 170 million people may be chronically infected by HCV worldwide. There are probably about 3 or 4 million new cases of hepatitis C per year (Source: UNAIDS and WHO, 2005). Hepatitis C is known to be a major cause of cirrhosis and primary liver cancer (hepatocellular carcinoma). Furthermore, decompensated HCV-related cirrhosis is the leading cause of liver transplantation in Europe (source: Direction Générale de la Santé, France).

The standard treatment is based on a combination of interferon-α and ribavirin - both of which are aimed at blocking viral replication. This combination provides long-lasting control of the disease and prevents complications in about 50% of genotype 1 and 4 patients and about 80% of genotype 2 and 3 patients. Moreover, the length of the course of treatment (6 to 12 months) and the presence of side effects mean that only the most active forms of hepatitis C are treated.

About IPH 1101:

IPH 1101, Innate Pharma's most advanced drug candidate, is a chemical agonist of unconventional γ9δ2 T lymphocytes. It is a small-molecule, structural analogue of bacterial unconventional phospho-antigens.

IPH 1101 very specifically activates populations of unconventional γ9δ2 T lymphocytes. In oncology indications, it potentiates the direct cytotoxic activity of Vγ9Vδ2 T cells against a large number of tumor cell lines and triggers the synthesis of pro-inflammatory cytokines - thus inducing the recruitment of other cell effectors and facilitating implementation of an adaptive response. The addition of very low-dose IL-2 then enables amplification of the γδ T cell population.

Among the cytokines released upon IPH1101 stimulation, several bear a well characterized activity against viral replication and others can allow the improvement of an adaptive immune response against the virus.

IPH 1101 is being tested in a Phase IIa program in oncology and infectious disease indications (www.innate-pharma.com, section product / IPH 1101).

About Innate Pharma:

Innate Pharma S.A. ("the company") is a clinical-stage biopharmaceutical company developing first-in-class immunotherapy drugs for cancer and other severe diseases. The company was incorporated in 1999 and listed on NYSE-Euronext in Paris in 2006.

The company has significant expertise in identifying new targets and bringing novel drug candidates through to clinical proof-of-concept trials. It currently has seven proprietary drug candidates in development (two of which are in clinical trials with lead compound in Phase II clinical trial) and two programs out-licensed to Novo Nordisk A/S.

Innate Pharma is based in Marseilles, France, and had 88 employees as at March 31, 2009.

Learn more about Innate-Pharma at www.innate-pharma.com.

Practical Information about Innate Pharma shares:

ISIN code	FR0010331421
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Disclaimer:

This press release contains certain forward-looking statements. Although the company believes its expectations are based on reasonable assumptions, these forward-looking statements are subject to numerous risks and uncertainties, which could cause actual results to differ materially from those anticipated. For a discussion of risks and uncertainties which could cause the company's actual results, financial condition, performance or achievements to differ from those contained in the forward-looking statements, please refer to the Risk Factors ("Facteurs de Risque") section of the *Document de Reference* prospectus filed with the AMF, which is available on the AMF website (http://www.amf-france.org) or on Innate Pharma's website.

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