PRESS RELEASE

innate pharma

INNATE PHARMA RECEIVES $15 MILLION MILESTONE PAYMENT FROM BRISTOL-MYERS SQUIBB FOR CONTINUED EXPLORATION OF LIRILUMAB IN COMBINATION WITH OPDIVO

Marseille, January 9, 2017

Innate Pharma SA (the "Company" - Euronext Paris: FR0010331421 – IPH) today announces that, per the licensing agreement for lirilumab, Bristol-Myers Squibb has paid Innate Pharma a US$15 million milestone payment for the continued exploration of lirilumab in combination with Opdivo (nivolumab).

This milestone payment follows the presentation at the Society for Immunotherapy of Cancer annual meeting (November 2016) of encouraging preliminary activity results from the cohort of patients with Squamous Cell Cancer of the Head and Neck (SCCHN) of a Phase I/II trial. These interim efficacy results - the first report for the combination of an anti-KIR antibody and an anti-PD-1 therapy - indicate that targeting both pathways with lirilumab and nivolumab respectively may provide enhanced clinical activity, particularly in PD-L1 positive tumors, with deep and durable responses in some patients.

Pierre Dodion, Chief Medical Officer at Innate Pharma, said: "*The combination of lirilumab with nivolumab showed encouraging early efficacy signals in the initial part of the trial which support the strategy of simultaneously targeting the KIR and PD-1 pathways with lirilumab and nivolumab, respectively; the reported data point to broader potential for lirilumab. We look forward to further investigation of the combination in the Phase II part of this trial*."

In total, Bristol-Myers Squibb is currently investigating lirilumab in six trials, across a range of solid and hematological cancer indications, in monotherapy and in combination with other agents, and Innate Pharma is responsible for conducting the EffiKIR trial, a randomized Phase II trial evaluating lirilumab as a single agent in patients with acute myeloid leukemia (see on clinicaltrials.gov).

About CA223-001: A Phase I/II Dose Escalation and Cohort Expansion Study of the Safety, Tolerability and Efficacy of Anti-KIR (Lirilumab) Administered in Combination With Anti-PD-1 (Nivolumab) in Advanced Refractory Solid Tumors

CA223-001 is a Phase I/II dose escalation and cohort expansion study of lirilumab in combination with nivolumab in patients with advanced solid tumors.

During the dose escalation, patients with advanced solid tumors who progressed after ≥ 1 prior therapy received lirilumab 0.1–3.0 mg/kg once every 4 weeks (Q4W) plus nivolumab 3.0 mg/kg Q2W. Cohort expansion was initiated at the maximum dose of lirilumab 3.0 mg/kg Q4W plus nivolumab 3.0 mg/kg Q2W in patients with advanced solid tumors. The data reported at SITC pertain to an expansion cohort in SCCHN. Key study endpoints include safety (primary), objective response rate (ORR), disease control rate (DCR), duration of response (DOR), and biomarker assessments.

The purpose of this Phase I/II open label study is to determine the safety of the combination of lirilumab and nivolumab and to explore the preliminary anti-tumor activity of the combination in patients with a range of advanced solid tumors.

About lirilumab:

Lirilumab is a fully human monoclonal antibody that is designed to act as a checkpoint inhibitor by blocking the interaction between KIR2DL-1,-2,-3 inhibitory receptors and their ligands. Blocking these receptors facilitates activation of NK cells and potentially some subsets of T cells, ultimately leading to destruction of tumor cells.

Lirilumab is licensed to Bristol-Myers Squibb Company. As part of the agreement with Innate Pharma, Bristol-Myers Squibb holds exclusive worldwide rights to develop, manufacture and commercialize lirilumab and related compounds blocking KIR receptors, for all indications. Under the agreement, Innate Pharma conducts the development of lirilumab through Phase II in acute myeloid leukemia (AML).

Innate Pharma is currently testing lirilumab in a randomized, double-blind, placebo-controlled Phase II trial as maintenance treatment in elderly patients with AML in first complete remission ("EffiKIR" trial). In addition, lirilumab is also being evaluated by Bristol-Myers Squibb in clinical trials in combination with other agents in a variety of tumor types.

About Opdivo:

Opdivo is a programmed death-1 (PD-1) immune checkpoint inhibitor that is designed to uniquely harness the body's own immune system to help restore anti-tumor immune response. By harnessing the body's own immune system to fight cancer, Opdivo has become an important treatment option across multiple cancers.

Opdivo's leading global development program is based on Bristol-Myers Squibb's scientific expertise in the field of Immuno-Oncology and includes a broad range of clinical trials across all phases, including Phase 3, in a variety of tumor types. To date, the Opdivo clinical development program has enrolled more than 25,000 patients. The Opdivo trials have contributed to gaining a deeper understanding of the potential role of biomarkers in patient care, particularly regarding how patients may benefit from Opdivo across the continuum of PD-L1 expression.

In July 2014, Opdivo was the first PD-1 immune checkpoint inhibitor to receive regulatory approval anywhere in the world. Opdivo is currently approved in more than 57 countries, including the United States, the European Union and Japan. In October 2015, the company's Opdivo and Yervoy combination regimen was the first Immuno-Oncology combination to receive regulatory approval for the treatment of metastatic melanoma and is currently approved in more than 47 countries, including the United States and the European Union.

About Head & Neck cancer:

Cancers that are known as head and neck cancers usually begin in the squamous cells that line the moist mucosal surfaces inside the head and neck, such as inside the mouth, the nose and the throat.

Head and neck cancer is the seventh most common cancer globally, with an estimated 400,000 to 600,000 new cases and 223,000 to 300,000 deaths per year. The five-year survival rate is reported as less than 4% for metastatic Stage IV disease. Squamous cell carcinoma of the head and neck (SCCHN) accounts for approximately 90% of all head and neck cancers with global incidence expected to increase by 17% between 2012 and 2022.

Risk factors for SCCHN include tobacco and alcohol consumption. The Human Papilloma Virus (HPV) infection is also a risk factor leading to rapid increase in oropharyngeal SCCHN in Europe and North America. Quality of life is often impacted for SCCHN patients, as physiological function (breathing, swallowing, eating, drinking), personal characteristics (appearance, speaking, voice), sensory function (taste, smell, hearing), and psychological/social function can be affected.

About Innate Pharma:

Innate Pharma S.A. is a clinical-stage biotechnology company with a focus on discovering and developing first-in-class therapeutic antibodies that harness the innate immune system to improve cancer treatment and clinical outcomes for patients.

Innate Pharma specializes in immuno-oncology, a new therapeutic field that is changing cancer treatment by mobilizing the power of the body's immune system to recognize and kill cancer cells.

The Company's aim is to become a fully-integrated biopharmaceutical company in the area of immuno-therapy and focused on serious unmet medical needs in cancer. Innate Pharma has pioneered the discovery and development of checkpoint inhibitors to activate the innate immune system. Innate Pharma's innovative approach has resulted in three first-in-class, clinical-stage antibodies targeting natural killer cell receptors that may address a broad range of solid and hematological cancer indications as well as additional preclinical product candidates and technologies. Targeting receptors involved in innate immunity also creates opportunities for the Company to develop therapies for inflammatory diseases.

The Company's expertise and understanding of natural killer cell biology have enabled it to enter into major alliances with leaders in the biopharmaceutical industry including AstraZeneca, Bristol-Myers Squibb and Sanofi.

Based in Marseille, France, Innate Pharma has more than 150 employees and is listed on Euronext Paris.

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

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.

This press release and the information contained herein do not constitute an offer to sell or a solicitation of an offer to buy or subscribe to shares in Innate Pharma in any country.

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For additional information, please contact:

Innate Pharma

Laure-Hélène Mercier
Chief Financial Officer

Tel.: +33 (0)4 30 30 30 87

investors@innate-pharma.com

ATCG Press (France)

Marie Puvieux

Mob: +33 (0)6 10 54 36 72

presse@atcg-partners.com

International Media and Investor Relations
Consilium Strategic Communications

Mary-Jane Elliott / Sue Stuart /
Jessica Hodgson / Hendrik Thys

Tel.: +44 (0)20 3709 5700

InnatePharma@consilium-comms.com