PRESS RELEASE

innate pharma

INNATE PHARMA STRENGTHENS ITS PLATFORM IN THE PHARMACOLOGY OF TOLL-LIKE RECEPTORS (TLR) WITH ASSETS LICENSED FROM US-BASED GLOBAL PHARMACEUTICAL COMPANY SCHERING-PLOUGH CORPORATION AND ADVANCED R&D COLLABORATION WITH "INSTITUT DE CANCÉROLOGIE GUSTAVE-ROUSSY", FRANCE'S LARGEST CANCER CENTER

Marseille, June 19 2006

Innate Pharma S.A. (www.innate-pharma.com), a biopharmaceutical company that develops new classes of drug candidates targeting the innate immune system, with an initial focus on cancer diseases, today announced the strengthening of its product platform based on the pharmacological manipulation of Toll-like receptors (TLRs) with the in-licensing of key assets from US group Schering-Plough Corporation and the signature of an advanced R&D collaboration, in the field, with "Institut de cancérologie Gustave-Roussy" (or "IGR"), France's largest cancer center.

Following encouraging initial results with its first two platforms of immunotherapeutic products targeting non-conventional lymphocytes (gamma delta T cells and natural killer, or NK, cells), with one product (a gamma delta T cells agonist) already in Phase II clinical trial in renal cancer, Innate Pharma entered in September 2005 in the field of pharmacological manipulation of TLR, another promising segment of innate immunity.

The TLR platform's first drug candidate, IPH 31XX, is an agonist to the TLR3 receptor. Innate Pharma intends to develop this drug candidate in several indications as targeted immunotherapy addressing TLR3 positive cancers with, possibly, an initial focus on TLR3 positive breast cancers. Innate Pharma expects IPH 31XX to enter in clinical trials in 2008.

Innate Pharma estimates that TLR3 positive breast cancers account for between 5 to 10% of all breast cancers, or between 22,500 to 45,000 new cases per year in developed countries. The incidence in other cancers is currently being evaluated by the company. As a good example of individualized therapy, the rapidly emerging approach in cancer treatment, IPH31XX should be developed together with a diagnostic kit so as to specifically target the TLR3 positive cancer populations.

The TLR3 agonist approach has already shown promising results in a comprehensive retrospective analysis done in collaboration with IGR**.** Besides the R&D collaboration and the transfer of technologies from IGR, Innate Pharma's third platform is supported by the acquisition of technologies and the licensing of intellectual property rights from US-based Schering-Plough Corporation.

The agreement with Schering-Plough includes an option for Schering-Plough to obtain some rights to Innate Pharma's TLR3 product candidates in non-European territories, under certain specified conditions and up to a certain point in development.

Similarly, the agreement includes an option for Innate Pharma to obtain some rights to a Schering-Plough's TLR3 product candidates in the European Union, under certain specified conditions and up to a certain point in development.

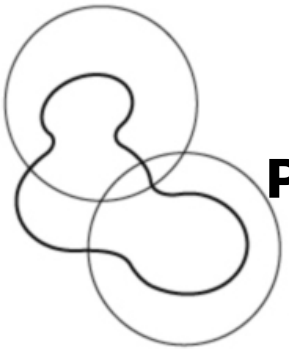
Other terms and conditions of the Innate Pharma agreements with Schering-Plough and IGR were not disclosed.

"*TLR agonists are now attracting a lot of attention from the pharmaceutical industry*" said Hervé Brailly, CEO of Innate Pharma. "*This new area of development is very consistent with our science, strategy and know-how, and we enter this domain with a very promising approach based on individualized immunotherapy*." He concluded by saying that: "*We now have a well-balanced portfolio of products, with three platforms – gamma delta T cells, natural killer cells and TLR – bearing different risks and at different stages of development, as well as strong partners, including Novo Nordisk A/S, our exclusive R&D partner in the NK biology and one of our shareholders, which endorsed our position in the field of innate immunity".*

About Toll-Like Receptor 3

TLR3 belongs to a family of phylogenetically conserved mediator of innate immunity. TLR recognize distinct Pathogen Associated Molecular Patterns ("PAMP"), such as LPS, CpG DNA or double-stranded RNA and play a crucial role in the induction of acquired immunity as well as innate immunity. Several recent publications have shown that in addition to their immunostimulatory properties, TLR can also directly induce cell death upon pathogen recognition. It was recently observed *in vitro* that TLR3 activation by dsRNA can trigger apoptosis in some human breast cancer cell lines, as well as primary breast cancer cells.

In collaboration with IGR, Innate Pharma had the opportunity to address the clinical relevance of these *in vitro* data. Retrospective immunostaining of breast cancer biopsies from 175 patients with node positive disease previously included in a prospective randomized trial comparing a synthetic dsRNA, Poly(A:U) to placebo showed that only patients with TLR3 positive breast cancer had a prolonged survival after receiving Poly(A:U).Therefore, both the improved survival of patients with TLR3 positive breast cancer and the lack of efficacy in TLR3 negative cancers argue against non-specific immuno-stimulation by Poly(A:U) and rather suggest a direct effect of TLR3 agonist on cancer cells that is compatible with said *in vitro* data.



PRESS RELEASE

innate pharma

About Innate Pharma

Founded in 1999, Innate Pharma S.A. is a biopharmaceutical company in clinical stage, developing "First in class*" drug candidates targeting the innate immune system. The pioneering work of Innate Pharma's scientific founders and its team led to three product platforms – each with indirect clinical validation in oncology. Taking into account their mechanisms of action, Innate Pharma's drug candidates also present a potential development outside oncology, particularly in the control of viral infections and chronic inflammation related to auto-immune pathologies. As a result of its scientific position in innate immunity pharmacology, its intellectual property portfolio and its know-how in R&D, Innate Pharma aims to become a leader in the rapidly growing immunotherapy market. Innate Pharma has raised 50 million euros in three rounds of financing (2000, 2002, and 2004) plus a reserved capital increase for its partner, Novo Nordisk A/S, in a deal closed on March 29, 2006. In addition to Novo Nordisk A/S, investors in Innate Pharma are reference biotechnology investors, including: Sofinnova Partners (Paris), Alta Partners (San Francisco), GIMV (Antwerp), Auriga Partners (Paris), Axa Private Equity (Paris), Gilde Healthcare (Utrecht), NIF (Tokyo), Quilvest (Paris), Pechel Industries (Paris), Innoveris (Marseille) and Inserm-Transfert (Paris). Based in Marseilles, France, Innate Pharma had 62 employees as of April 30, 2006, including 17 Doctors in Science, Medicine and Pharmacy. More than 70% of Innate Pharma's staff is involved in R&D activities. Innate Pharma's R&D activities are ISO 9001:2000 certified (since 2005).

**with new mechanisms of action.*

For further information, visit www.innate-pharma.com

Press and analyst contacts:

Innate Pharma
Stéphane Boissel, CFO
Tél. : +33 (0)4 96 19 05 58
stephane.boissel@innate-pharma.fr

Alize Public Relations
Caroline Carmagnol
Tél. : +33 (0)6 64 18 99 59
caroline.carmagnol@wanadoo.fr