

# **INNATE PHARMA**

Société Anonyme

117, avenue de Luminy

BP 30191

13276 Marseille Cedex 9

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## **Statutory Auditors' special report on regulated agreements and commitments**

Shareholders' Meeting held to approve the financial statements for the year ended 31 December 2014

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*This is a free translation into English of the statutory auditors' special report on regulated agreements and commitments with third parties that is issued in the French language and is provided solely for the convenience of English speaking readers. This report on regulated agreements and commitments should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France. It should be understood that the agreements reported on are only those provided by the French Commercial Code and that the report does not apply to those related party transactions described in IAS 24 or other equivalent accounting standards.*

To the Shareholders,

In our capacity as Statutory Auditors of your company, we hereby present to you our report on regulated agreements and commitments.

The terms of our engagement require us to communicate to you, based on information provided to us, the principal terms and conditions of those agreements and commitments brought to our attention, without expressing an opinion on their usefulness and appropriateness. It is your responsibility, pursuant to Article R. 225-58 of the French Commercial Code, to assess the interest involved in respect of the conclusion of these agreements and commitments for the purpose of approving them.

Furthermore, it is our responsibility, as applicable, to provide you with the information stipulated in Article R. 225-58 of the French Commercial Code (*Code de Commerce*) concerning the performance over the past fiscal year of the agreements and commitments that were already approved by the Shareholders' Meeting.

We carried out the procedures we deemed necessary in accordance with the professional standards of the French National Institute of Statutory Auditors (*Compagnie Nationale des*

*Commissaires aux Comptes*) related to this assignment. These procedures consisted in verifying the consistency of the information that was provided to us with the relevant source documents.

#### **AGREEMENTS AND COMMITMENTS SUBMITTED FOR APPROVAL BY THE SHAREHOLDERS' MEETING**

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##### **Agreements and commitments approved during the past fiscal year**

Pursuant to Article L. 225-88 of the French Commercial Code, we have been advised of the following agreements and commitments which were previously approved by your Supervisory Board.

*Agreements concluded with Mr. Nicolai Wagtmann, member of the Executive Board*

##### Compensation:

Mr. Nicolai Wagtmann received a fixed monthly compensation of €13,494 over twelve months from January to December 2014 pursuant to his employment contract and a collective bonus of €6,747 for fiscal 2014. Furthermore, in 2014, Mr. Nicolas Wagtmann benefited from a housing in-kind benefit of €3,200.

##### Supplemental pension agreement:

Mr. Nicolai Wagtmann benefited from an "Article 83" pension agreement with France Vie at a gross rate of 2%, of which 1.20% payable by Innate Pharma. The amount paid by Innate Pharma in fiscal 2014 was €1,392.

##### Company vehicle:

Mr. Nicolai Wagtmann had a long-term lease for a company vehicle that generated an expense of €2,160 for the company in respect of fiscal 2014.

#### **AGREEMENTS AND COMMITMENTS ALREADY APPROVED BY THE SHAREHOLDERS' MEETING**

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##### **Agreements and commitments approved in previous years with continuing effect during the past fiscal year.**

In accordance with Article R. 225-57 of the French Commercial Code, we have been advised that the following agreements and commitments approved in previous years by the Shareholders' Meeting have had continuing effect during the past fiscal year.

*Agreements concluded with Mr. Hervé Brailly, Chairman of the Executive Board*

##### Compensation:

Mr. Hervé Brailly received a fixed monthly compensation of €16,670 over six months from January to June 2014 and €1,667 over six months from July to December 2014 pursuant to his employment contract and a collective bonus of €10,833 for fiscal 2014, plus an additional

collective bonus of €10,002 for fiscal 2013. Furthermore, in 2014 Mr. Hervé Brailly received an individual bonus of €82,290 for fiscal 2013.

Supplemental pension agreement:

Mr. Hervé Brailly benefited from an “Article 83” pension agreement with France Vie at a gross rate of 2%, of which 1.20% payable by Innate Pharma.

The amount paid by Innate Pharma in fiscal 2014 was €2,745.

Convention Garantie Sociale des Chefs et Dirigeants d'Entreprise – Social security agreement for company executive officers:

The purpose of this agreement is to guarantee the payment of compensation in the event of unemployment (up to 70% of the most recent professional revenue declared to the French tax authorities) to company executive officers who are not entitled to receive French unemployment benefit. This agreement was set up as from 1 April 2006 as authorized by the Supervisory Board on 23 September 2005. The amount paid by Innate Pharma in fiscal 2014 was €7,306.

*Company vehicle:*

Under the terms set forth by the Compensation Committee on January 19, 2007, Mr. Hervé Brailly had a long-term lease for a company vehicle that generated an expense of €1,980 for the company in respect of fiscal 2014.

*Agreement concluded with Mrs. Catherine Moukheibir, member of the Executive Board*

A consultant agreement was entered into on 18 April 2011 between Innate Pharma and Mrs. Catherine Moukheibir, who worked as of 1 March 2011 on assignments as “Senior Advisor, Finance”. This agreement was amended on 30 April 2011, then renewed for 2 years as of 4 March 2013.

To this end, Innate Pharma paid €246,000 for the services performed between 1 January 2014 and 31 December 2014.

*Agreements concluded with Novo Nordisk A/S, shareholder*

Cooperation agreement:

Novo Nordisk A/S and Innate Pharma signed on March 28, 2006 a cooperation agreement including an exclusive licence for development and commercialisation of IPH 2101.

On 6 October 2008, amendment no. 1 was signed between the parties in order to grant to Innate Pharma exclusive development and commercialisation rights to IPH 2101 drug candidate.

On 6 October 2008, amendment no. 2 was signed; according to this amendment, Innate Pharma abandoned rights to milestones payments and royalties on IPH 2301, another drug candidate licensed to Novo Nordisk A/S.

On 26 June 2009, amendment no. 3 was signed to adjust patents management.

On 16 December 2010, Novo Nordisk A/S and Innate Pharma signed amendment no. 4 to their cooperation agreement, modifying the scope of their respective developments, with no financial impact.

On 5 January 2011, amendment no. 5 was signed between the parties to update the list of patents.

On 5 July 2011, amendment no. 6 was signed to align certain contractual terms with the agreement entered into between Bristol-Myers Squibb and Innate Pharma on 6 July 2011.

On 5 February 2014, amendment no. 7 was signed according to which Novo Nordisk A/S transferred to Innate Pharma the development and commercialisation rights to the anti-NKG2A anti-body for €7.0 million, i.e. €2.0 million in cash and 600,000 Innate Pharma shares.

Licensing agreement:

On 9 December 2013, Novo Nordisk Health Care AG, the wholly-owned subsidiary of Novo Nordisk A/S, and Innate Pharma signed a licensing agreement under which Novo Nordisk Health Care AG granted Innate Pharma a co-exclusive license for protein engineering patents.

Marseille, 11 March 2015

The Statutory Auditors

Audit Conseil Expertise SA  
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Nicolas LEHNERTZ

Hugues DESGRANGES