December 16, 2012

VIVALIS SA

INTERCELL AG

TERMS OF MERGER

Article 20 of Council Regulation (EC) No 2157/2001
of 8 October 2001
on the statute of the European Company

TERMS OF
CROSS-BORDER MERGER

BETWEEN

(1) **Vivalis SA**, a *société anonyme à Directoire et Conseil de Surveillance* incorporated under the laws of France, with a share capital of 3,201,413.55 euros, having its registered office at La Corbière - 49450 Roussay, registered with the Commercial and Companies Register of Angers under number 422 497 560, duly represented by Franck Grimaud acting in his capacity as Chairman of the management board,

Hereinafter referred to as ***Vivalis*** or the ***Transferee Company***

AND

2) **Intercell AG,** a joint-stock corporation (*Aktiengesellschaft*) incorporated under the laws of Austria, with a share capital of 55,183,961 euros, having its registered office at Campus Vienna Biocenter 3, 1030 Vienna, Austria, registered with the Commercial and Companies Register of Vienna under number FN 166438m, duly represented by Thomas Lingelbach, acting in his capacity as member of the Management Board (*Vorstand*) and Chief executive officer and Reinhard Kandera, acting in his capacity as member of the Management Board (*Vorstand*) and Chief financial officer,
Hereinafter referred to as ***Intercell*** or the ***Transferor Company***.

The Transferee Company and the Transferor Company are hereinafter together referred to as the ***Parties*** and each as a ***Party***.

WHEREAS:

The terms of this merger plan (the ***Merger Plan***) have been prepared by and between the management board (*Directoire*) of the Transferee Company and the management board (*Vorstand*) of the Transferor Company for the purpose of merging the Transferor Company into the Transferee Company which will take the form of an European Company simultaneously with the Merger, in accordance with the applicable European law as well as with non-conflicting provisions of the laws governing each of the Parties, namely:

- Council Regulation (EC) n°2157/2001 dated 8 October 2011 on the statute of the European Company (*Societas Europaea* or SE) (the ***Council Regulation***) and Council Directive 2001/86/CE dated 8 October 2001 supplementing the statute for a European Company with regards to the involvement of employees (the ***SE Directive***);

- the provisions under French law of articles L. 229-1 et seq. of the French Commercial Code transposing the above-mentioned European legislation and articles L. 236-25 et seq. of the same code as well as the legal and regulatory provisions applicable to mergers between French companies which do not conflict with the aforementioned; and

- the provisions under Austrian law of the Austrian Act on the statute of the European Company (*Societas Europaea* or ***SE***) transposing the Council Regulation (the ***Austrian SE Act***), paragraphs 219 et *seq.* of the Austrian Stock Corporation Act as well as the legal and regulatory provisions applicable to mergers between Austrian companies which do not conflict with the aforementioned.

According to Articles 20 seq. of the Council Regulation and Article 17 of the Austrian SE Act, the Merger Plan shall include the following details:

- **Article 20§1 a) of the Council Regulation:** the name and registered office of each of the merging companies together with those proposed for the SE.
  Such information is provided in Sections A, B and E b. of the Merger Plan;

- **Article 20§1 b) of the Council Regulation:** the share-exchange ratio and the amount of compensation.
  Such information is provided in Section 3.1 and E b. of the Merger Plan;

- **Article 20§1 c) of the Council Regulation:** the terms for the allotment of shares in the SE.
  Such information is provided in Section 3.2 of the Merger Plan;

- **Article 20§1 d) of the Council Regulation:** the date from which the holding of shares in the SE will entitle their holders to share in profits and any special conditions affecting that entitlement.
  Such information is provided in Section 3.2 of the Merger Plan;

- **Article 20§1 e) of the Council Regulation:** the date from which the transactions of the merging companies will be treated for accounting purposes as being those of the SE.
  Such information is provided in Section 6. of the Merger Plan;

- **Article 20§1 f) of the Council Regulation:** the rights conferred by the SE on the holders of the shares to which special rights are attached and on the holders of securities other than shares, or the measures proposed concerning them.
  Such information is provided in Sections 7.3 and 7.8 of the Merger Plan;

- **Article 20§1 g) of the Council Regulation:** any special advantage granted to the experts who examine the Merger Plan or to members of the administrative, management, supervisory or controlling organs of the merging companies.
  Such information is provided in Section 8.4of the Merger Plan;

- **Article 20§1 h) of the Council Regulation:** the articles of association of the SE.
  The articles of association of the SE will be substantially in the form attached as Schedule 1 to the Merger Plan.
  Such information is provided in Section E b. and in Schedule 1 to the Merger Plan;

- **Article 20§1 i) of the Council Regulation:** information on the procedures by which arrangements for employee involvement are determined pursuant to Directive 2001/86/CE.
  Such information is provided in Section 8.3 and Schedule 4 of the Merger Plan.

- **Article 25§3 of the Council Regulation:** Exit Right of the Transferor Company Shareholder and relating cash compensation.
  Such information is provided in Section 7.5 of the Merger Plan.

- **Article 25§3 of the Council Regulation:** Right of objection to the share exchange ratio for the Transferor Company Shareholders.
  Such information is provided in Section 7.6 of the Merger Plan.

- **Article 24 §1 a) of the Council Regulation:** Rights of creditors of the Transferor Company.
  Such information is provided in Section 7.4 of the Merger Plan.

- **24§1 b) of the Council Regulation:** Right of holders of bonds of the Transferor Company and right of stock option holders of the Transferor Company.
  Such information is provided in Sections 7.8 and 7.9 of the Merger Plan.

- **Article 17 of the Austrian SE Act:** The conditions of the cash compensation offered to shareholders of the Transferor Company who have objected to the cross-border merger.
  Such information is provided in Section 7.5 of the Merger Plan.

- Information on the measures adopted to avoid a prohibited capital releasing effect is included in Section 7.13.

The merging companies may include further items in the Merger Plan.

(A) Presentation of the Transferor Company (Article 20 §1 a) Council Regulation)

a. Purposes:

The Transferor Company is Intercell AG a joint-stock corporation

incorporated and governed by the laws of Austria with its corporate seat in Vienna and the business address at 1030 Wien, Campus Vienna Biocenter 3 and whose purpose is, according to article 3.1 of its articles of association:

- the research and development in the fields of biomedicine and pharmacology;
- the commercial exploitation of patents and know-how;
- the participation in and lease of enterprises of any kind except for enterprises rendering banking services; and

- the trading of goods of all kinds and rendering of services in the areas of automatic data processing and information technology.

In addition, the Transferor Company is entitled to enter into all business transactions and to take all measures, except in the field of banking, necessary or appropriate to pursue its corporate purpose, including, without limitation, participations in other enterprises and companies and the establishment of branch offices or subsidiaries in Austria or abroad.

History of the Transferor Company

The Transferor Company is a company that was formed on 3 December 1997 as Intercell Biomedizinische Forschungs-und Entwicklungs GmbH and which was registered with the companies register of the Commercial Court of Vienna on 13 January 1998.

On 28 September 2000, the shareholders approved the conversion of Intercell Biomedizinische Forschungs- und Entwicklungs GmbH into a joint stock corporation, and on 28 October 2000 it was registered in the companies register as Intercell Biomedizinische Forschungs- und Entwicklungs AG.

In May 2003, Intercell Biomedizinische Forschungs- und Entwicklungs AG's name was changed to Intercell AG. This change was registered in the companies register on May 24, 2003.

Since February 28, 2005 the Transferor' shares of common stock have been traded on the prime market segment of the Vienna Stock Exchange under the symbol "ICLL".

The Transferor Company has two wholly-owned subsidiaries, namely Intercell USA Inc., a Delaware corporation with its corporate seat in Gaithersburg, Maryland, USA and Intercell Biomedical Ltd with its corporate seat in Livingstone, Scotland, United Kingdom.

b. Registration date:

The Transferor Company was registered with the companies register of the Commercial Court of Vienna on 13 January 1998 for an indefinite period of time.

c. Share capital and securities:

The share capital of the Transferor Company is divided into ordinary shares. Equity-linked securities of the Transferor Company have also been issued.

Ordinary shares

As of the date hereof, the Transferor Company has an issued share capital of 55,183,961 euros, divided into 55,183,961 shares of common stock with no par value with a calculated notional amount of 1 euro per share. The 55,183,961 shares include 301,748 shares of common stock the Transferor Company holds as treasury stock. The shares of common stock are in bearer form, are freely tradable and are fully paid-up and non-assessable. There are no shares of any other class of capital stock outstanding.

The ordinary shares of the Transferor Company are admitted to trading on Wiener Börse (VSE: ICLL).

Convertible Notes

In February 2011, the Transferor Company placed 33,000,000 euros of senior unsecured convertible notes due 2014 in an international private placement with institutional investors, with each convertible note having a principal amount of 110,000 euros (the ***Convertible Notes***).

The Convertible Notes have a conversion price of 11.43 euros and a fixed rate coupon of 6 percent per annum which is payable quarterly in arrears. Principal and interest payments may be paid in cash or, subject to minimum thresholds in trading volumes and values, in shares of the Transferor Company, at the sole option of the Transferor Company.

The terms and conditions of the Convertible Notes include change of control provisions which provide for an adjustment of the conversion price, depending on the time and the price of a change of control and for a minimum redemption price of 120 percent of the nominal value of the Convertible Notes. According to terms and conditions of the Convertible Notes, the principal amount shall amortize in eleven equal instalments, on April 1, July 1, October 1 and January 1 of each year during the term of the Convertible Notes. The holders of the Convertible Notes may, at their sole option, choose to defer quarterly redemption of the instalments to the date of maturity of the Convertible Notes. On the date of maturity, the whole of the then outstanding principal amount will become due. As at the date hereof, an amount of 17.8 million euros of principal amount has been redeemed in cash.

The Convertible Notes have been included in the unregulated third market (operated as a multilateral trading facility) of the Vienna Stock Exchange (ISIN AT0000A0NU12).

As of the date hereof, the Transferor Company has 15,000,000 shares of conditional capital it holds as stock available for the grant of conversion or subscription rights to the subscribers of the Convertible Notes.

ADR

In May 2009, the Transferor Company launched a Level 1 ADR program. The Bank of New York Mellon has been appointed as the

Transferor Company's depositary bank for this program and is responsible for issuing ADRs. Each ADR represents one Transferor Company ordinary share. ADRs are denominated in U.S. dollars and trade on the over-the-counter markets. Transferor Company ADRs are quoted on the OTCQX International market under symbol INRLY. As the date hereof, the number of ADRs amounts to 4,345.

Stock Options

The Transferor Company has adopted 5 stock option plans for employees and members of the management in 2000, 2001, 2006, 2008, and 2011. Other stock options were granted to the supervisory board members by the Transferor Company' shareholders (the ***Stock Options***).

As of the date hereof, the Transferor Company has 2,341,426 Stock Options outstanding, and it has 5,789,457 shares of conditional capital it holds as treasury stock available for the exercise of Stock Options. The outstanding stock options were issued under the stock option plans 2008 and 2011.

The Stock Option plans 2008 and 2011 include a change of control provision. Pursuant to this provision, all outstanding Stock Options become exercisable if more than 50 percent of the outstanding voting rights of the Transferor Company (be it through an acquisition, merger or transfer of essentially all of the assets of the Transferor Company) by a single party or two or more parties acting in concert, are taken over. However, the Transferor Company has in such a case the right to make a cash settlement, provided that the same value per share paid in the transaction is applied for calculating the cash compensation amount.

d. Shareholding:

As of the date hereof, the main shareholders of the Transferor Company are the following:

- Novartis: 14.9%
- Management: 0.3%
- Float free: 84.2%
- Treasury shares: 0.5%

e. Voting Rights:

At all shareholders' meetings, each common share entitles the holder to one vote per share.

f. Management:

As required by the Austrian Stock Corporation Act, the Transferor Company has a two-tier board system consisting of a management board and a supervisory board. The two boards are separate, and no individual may serve on both boards simultaneously.

The members of the management board are as at the date hereof:

- Mr Thomas Lingelbach, CEO; and
- Mr Reinhard Kandera, CFO.

The members of the supervisory board are as at the date hereof:

- Mr Thomas Szucs;
- Mr Ernst Günter Afting;

- Mr Michel Gréco (Article (C) b)
- Mr James Sulat;
- Mr Hans Wigzell and
- Mr Alexander von Gabain.

Mr Thomas Szucs is chairman of the supervisory board and Mr Ernst Günter Afting is his deputy.

g. Financial year:

The Transferor Company's financial year begins on 1 January and ends on 31 December of each year.

h. Tax:

The Transferor Company is an Austrian tax resident and is subject to corporation tax in Austria.

i. Employees:

As of 31 December 2011, the number of full-time employees was 141.1.
Employees carry out their activity mainly in Austria.

In addition, Intercell USA, Inc had, as of December 31, 2011, 31 full-time employees, who carried out their activity mainly in the US and Intercell Biomedical Ltd had, as of December 31, 2011, 91.6 fully-time employees, who carried out their activity mainly in Scotland.

(B) Presentation of the Transferee Company **(Article 20 §1 a) Council Regulation)**

a. Purposes:

The Transferee Company is Vivalis SA a *société anonyme* incorporated under the laws of France with its corporate seat and its business address at La Corbière – 49450 Roussay, whose purpose is to:

- produce, control and commercialize any goods, services or research programs with uses in human and animal health using molecular and cell biology technologies or any techniques relating thereto;

- in particular, the manufacturing, import, export, commercialization and distribution of medicines intended for human use and for human experimentation; and

- more generally, any industrial, commercial, financial, movable or immovable operation directly or indirectly relating to the corporate purpose or which may facilitate its operation, achievement or development.

History of the Transferee Company

Established in 1999 by Group Grimaud, the Transferee Company was born of a meeting between industrialists in avian genetic selection located in the region of Nantes and a team of INRA / CNRS / ENS scientists at Lyon. Initially specialised in avian transgenesis, the Transferee Company has today become a biopharmaceutical company that markets innovative cellular solutions for the production of vaccines and therapeutic proteins and that develops treatments for diseases which do not respond to medical treatment.

Thanks to the experience gained in therapeutic proteins, the Transferee Company in early January 2010 acquired all the shares of

Lyon-based Humalys S.A.S. Established in 2007 by five founders with a long experience in immunology, this company has accumulated a unique expertise that makes it possible to identify from human donors antibodies useful in fighting specific diseases.

Humalys transferred all its assets to the Transferee Company on 31 January 2011.

In 2011, the Transferee Company acquired from SC WORLD, a Japanese company, the technology for the high-throughput screening of antibodies from B lymphocytes, the so-called ISAAC technology. By combining Humalex and ISAAC technologies, the Transferee Company was able to develop its own antibody discovery technology called the VivaScreen technology.

b. Registration date:

The Transferee Company was incorporated on April 7th, 1999 to the Commercial and Companies Register in Angers under number 422 497 560 for a 99 year term that will expire on April 6th, 2098 barring extension or early termination.

c. Share capital and securities:

As at the date hereof, the share capital of the Transferee Company amounts to 3,201,413.55euros and consists of 21,342,757 ordinary shares, each with a par value of 0.15 euro fully paid in, all from the same single class and bearing the same rights and obligations (the ***Existing Ordinary Shares***).

The Existing Ordinary Shares are admitted to trading on the regulated market of NYSE Euronext in Paris (***Euronext Paris***) (code ISIN: FR0004056851).

There are no shares that do not represent capital.

Except for the stock options, equity warrants and free shares mentioned hereinafter, the Transferee Company did not issue any other equity securities outstanding as of the date of this document which would confer entitlement, through conversion, exchange, repayment, or exercise of a security or in any way whatsoever, to the allocation at any time or in the long term of securities, which are or shall be issued to this effect to represent a percentage of the capital or of voting rights.

Stock options and equity warrants

The Transferee Company has adopted six stock option plans successively dated 29 June 2001, 23 May 2002, 29 November 2002, 3 November 2004, 13 September 2005 and 9 June 2009, under which 10,927 options can be exercised as at the date hereof and entitling their holders to subscribe for 431,116 Transferee Company ordinary shares under the terms and conditions provided for under said plans.

Equity warrants

The Transferee Company issued equity warrants (designated as " BSA23") in 2011 which entitle their holders to receive 1 Transferee Company ordinary share on exercising 1 BSA23, at a subscription price per share of 5.17 euros.

As of the date of this document, there are 16,875 BSA23, entitling their holders to receive a maximum of 16,875 Transferee Company ordinary shares.

Allocation of free shares

Pursuant to a first delegation given at the extraordinary shareholders' meeting of 31 March 2007, the management board allocated freely 436,000 Existing Ordinary Shares to employees and corporate officers, in connection with which 348,834 have vested as of the date hereof and 28,166 are still vesting.

Pursuant to a second delegation given at the extraordinary shareholders' meeting of 9 June 2009, the management board allocated freely 155,166 Existing Ordinary Shares to employees and corporate officers in connection with which none is vested as of the date hereof and 80,000 are still vesting.

At the extraordinary shareholders' meeting of 10 June 2010, authorization was given to the management board to allocate 7,500 free Transferee Company ordinary shares in one or more instalments to employees and corporate officers over the next 38 months. The management board to date has not made use of this authorization.

The extraordinary shareholders' meeting of 7 June 2011 delegated to the management board the possibility of allocating 7,500 free Transferee Company ordinary shares in one or more instalments to employees and corporate officers over the next 38 months. The management board to date has not made use of this authorization.

The extraordinary shareholders' meeting of 4 June 2012 delegated to the management board the possibility of allocating 157,000 free Transferee Company ordinary shares in one or more instalments to employees and corporate officers over the next 38 months. The management board to date has not made use of this authorization.

d. Shareholding:

As at the date hereof, the main shareholders of the Transferee Company are the following:

- Grimaud Group: 51%
- La Financière Grand Champ: 1.30 %
- Individual shareholders from Grimaud Family: 1.70 %
- Bearer shares: 39.47 %
- Investors: 1.84 %
- Members of management board: 2.41 %
- Independent members of the supervisory board: 0.20 %
- Registered private shareholders: 0.76 %
- Employee shareholders without corporate office: 1.33%

As at the date hereof, the Transferee Company has not received any other notification of thresholds crossing.

e. Voting rights:

At all shareholders' meetings, each Existing Ordinary Share entitles the holder to one vote subject to the exceptions and limitations provided for in the law.

Nevertheless, shareholders may avail themselves of a double voting right in respect of registered Transferee Company ordinary shares they have been holding for at least two years under the conditions provided in the articles of association (the ***Double Voting Right***). The number of shares to which a double voting right is attached as of the date hereof amounts to 9,403,241 Transferee Company

ordinary shares.

f. Management:

The Management of the Transferee Company is composed of a management board and a supervisory board.

The management board members of the Transferee Company are, at the date hereof, the following:

- Mr Franck Grimaud, President ;
- Mr Majid Mehtali ; and
- Mrs Céline Breda.

The members of the supervisory board members are, at the date hereof, the following:

- Mr Frédéric Grimaud, President ;
- Group Grimaud La Corbière ;
- Mr Joseph Grimaud ;
- Mr Thomas Grimaud ;
- Mr Alain Munoz (independent member); and
- Mr Michel Greco (independent member).

g. Financial year:

The Transferee Company's financial year begins on 1 January and ends on 31 December of each year.

h. Tax:

The Transferee Company is a French tax resident and subject to corporation tax in France.

i. Employees:

As at 31 December 2011, the number of Transferee Company employees was 109.
Given the complementarities of the product lines and their synergism, employees are not given any specific assignment within the Transferee Company.

Employees carry out their activity mainly in France.

(C) Relationship between the Transferor Company and the Transferee Company

a. Capital links

As at the date hereof, the Transferee Company and the Transferor Company have no capital links.

a.

b. Common directors

The Transferee Company and the Transferor Company have a common company officer: Mr Michel Gréco is a member of the supervisory board of the Transferor Company and an independent member of the supervisory board of the Transferee Company. However, Mr Michel Gréco indicated that he intends to resign from his functions in the Transferor Company as from the date of this Merger Plan.

(D) Rationale and purpose for the Merger

a. Rationale of the Merger

The Merger is intended to create an integrated company with greater scale and diversification, strengthened financial profile and complementary talent and capabilities which the Management Boards of both Parties view as follows:

- Vivalis and Intercell have complementary business models which operate across the value chain. Valneva's capabilities will range from discovery through pre-clinical and clinical development, manufacturing to commercialization. The combination of Vivalis' validated and commercialized platform and pre-clinical capabilities with Intercell's clinical development, manufacturing and commercialization expertise will create a fully integrated European biotech leader in vaccines and antibodies.

- Valneva should benefit from a diversified revenue stream thanks to the contribution of IXIARO, Intercell's marketed vaccine against Japanese Encephalitis Virus (JEV), and income from multiple, commercial licenses of Vivalis' EB66 cell line, expected to generate royalty streams from both veterinary and human pharmaceutical licences, and VIVA|Screen™ technologies, which has currently one commercial license with sanofi pasteur and one research program.

- In addition to two commercial products, Valneva will have a broad portfolio of partnered clinical stage vaccines programs, including an EB66 based pandemic flu vaccine in Phase III, a Pseudomonas vaccine in Phase II/III and a vaccine against Tuberculosis in Phase II.

- A portfolio of validated and commercialized technology platforms including the EB66® cell line for human and veterinary product development which is becoming the industry standard, the VIVA|Screen™ antibody discovery platform and the IC31® novel adjuvant.

- The companies expect to generate 5-6 million euros of cost synergies, on an annual run-rate basis, through the combination. These synergies will be derived from the consolidation of G&A expenditures, the rationalization of R&D platforms and from the partnering or divestiture of Intercell's eMAB platform and of Vivalis' CMO business. The synergies should be achieved within two years following completion of the Merger.

- Valneva is expected to have a substantially improved financial profile with a combined cash balance as at 30 September 2012 of 94 million euros, adjusted for the planned 40 million euros rights issue and the repayment of Intercell's outstanding convertible bond. This enhanced financial position should improve the development of Valneva's vaccine and antibody portfolio and de-risk the path to profitability.

- Valneva's management will combine the capabilities and experience of both Vivalis' and Intercell's management teams. It will be led by Thomas Lingelbach as President and Chief Executive Officer, Franck Grimaud as President and Chief Business Officer, Majid Mehtali as Chief Scientific Officer and Reinhard Kandera as Chief Financial Officer, who will together form the combined entity's Management Board.

b. Objectives of the Merger

The strategic objectives of Valneva are:

1. To create a sustainable, independent and growing business driven by diversified revenues, the achievement of expected cost synergies and the enhanced financial profile and balance sheet strength.

2. To focus on developing vaccine product candidates. Valneva intends to develop its broad vaccine portfolio including enhanced progression of its partnered vaccine programs. It is intended that this focus on development should result in additional commercial vaccine product(s)

3. To maximize the output of its antibody and vaccine discovery engines for both internal and partners' development programs. Valneva aims to become the partner of choice for novel antibody and vaccine discovery. Partnering should enable monetization of Valneva's discovery technologies in the near-term

Valneva aims that these strategic objectives will result in robust and sustainable value creation for all of its shareholders and stakeholders.

(E) Transactions preceding or following the Merger

a. **Demerger of the operative business of the Transferor Company**

The Merger is part of a two-stage transaction by the Transferor Company. This two-stage transaction will be implemented in consecutive legal steps:

- in a first step, a demerger of the operative business as well as the shareholding in Intercell USA, Inc and Intercell Biomedical Ltd by the Transferor Company to Intercell Austria AG (as described below); and
- in the second step, the Merger.

Completion of the Merger shall be preceded by a demerger of the operative business as well as the shareholding in Intercell USA, Inc and Intercell Biomedical Ltd of the Transferor Company to Intercell Austria AG, a stock corporation to be organized under the laws of Austria and wholly-owned by the Transferor Company (the ***Demerger***) pursuant to section 1 (2) no.2 and section 17 of the Austrian Demerger Act (*Spaltungsgesetz*).

The Demerger shall include all the assets and liabilities of the Transferor Company as at the legal date of its completion, except the following items which shall be excluded from the scope of the Demerger (the ***Excluded Demerger Assets and Liabilities***):

- the shares held by the Transferor Company in Intercell Austria AG;

- all rights and obligations attached to the Stock Option plans adopted by the Transferor Company as well as any outstanding options;

- all rights and obligations attached to the Convertible Notes issued by the Transferor Company;

- all rights and obligations attached to the ADRs issued by the Transferor Company;

- all treasury shares held by the Transferor Company;
- at least one bank account of the Transferor Company;
- certain securities held by the Transferor Company;
- all agreements relating to the employment relationship of the management board (*Vorstand*) members of the Transferor Company;
- all agreements entered into with the Vienna Stock Exchange regarding the listing of the shares of the Transferor Company;
- all agreements entered into with advisors and auditors relating to the Merger; and
- the framework agreement entered into with the Transferee Company on the date hereof as well as any other agreement with the Transferee Company or any agreements relating to the Merger.

The legal completion date of the Demerger shall occur prior to the legal completion date of the Merger.

The economic effective date of the Demerger from an accounting and tax perspective shall be fixed retroactively as from 30 September 2012 (24.00h CET) (the ***Demerger Economic Effective Date***). All transactions of the Transferor Company as from the Demerger Economic Effective Date will be treated for accounting and tax purposes as those of Intercell Austria AG, apart from the transactions related to the Excluded Demerger Assets and Liabilities.

Accordingly, the assets and liabilities that will be transferred to the Transferee Company as part of the Merger will consist of the shares in Intercell Austria AG, as well as the other Excluded Demerger Assets and Liabilities.

In accordance with sections 17 no 5 of the Austrian Demerger Act in combination with section 220b para 2 of the Austrian Stock Corporation Act and section 3 para 4 of the Austrian Demerger Act, an Austrian audit firm will be designated as demerger appraiser (*Spaltungsprüfer*) and appraiser of the remaining net equity (*Restvermögensprüfung*) by order of the companies register of the commercial court of Vienna. The demerger appraisal will assess that the demerger agreement is complete and correct. The appraiser of the remaining net equity has to assess that the value of the assets remaining with the Transferor Company after the Demerger amounts at a minimum to the amount of stated share capital (*Grundkapital*) plus restricted reserves (*gebundene Rücklagen*) of the Transferor Company after the Demerger.

In compliance with the provisions of Austrian Demerger Act, no shares will be issued by Intercell Austria AG as consideration for the Demerger.

The shareholders' meeting of the Transferor Company resolving on the Merger shall also approve the Demerger.

The registration in the companies register of the Commercial Court of Vienna of the Demerger will occur prior to the registration of the Merger. The Merger is conditional upon registration of the Demerger

in the companies register of the Commercial Court of Vienna.

Following completion of the Merger Intercell Austria AG will be a wholly-owned subsidiary of Newco SE.

b.

b. Conversion into an European Company (Article 20 §1 a) Council Regulation and Article 20 §1 4) Council Regulation)

On the Completion Date, the Transferee Company will take the form of a European Company (*Societas Europae - SE*) and will change its name and will take the name Valneva (***Newco SE***) and will adopt new articles of association. The draft of articles of association of Newco SE will be substantially in the form attached in Schedule 1 hereto. Upon adoption of these new articles of association, the following will occur:

- the existing Double Voting Rights on the Existing Ordinary Shares will be terminated and a new double voting right scheme will be created with effective date at the expiry of a two year period after the Completion Date available for all shareholders of Newco SE; and

- a cap on voting rights will be created, pursuant to which a shareholder (or group of shareholders when acting in concert) may not exercise voting rights in excess of 29.9% of all the voting rights attached to all of the shares of Newco SE for a period of 5 years from the completion of the Merger.

Newco SE will be governed by a management board (the ***Management Board***) and a supervisory board) (the ***Supervisory Board***).

Once all Conditions Precedent set out in the Merger Plan have been satisfied, the Merger and the simultaneous formation of Newco SE shall take effect on the date on which Newco SE will be registered in France in accordance with applicable law and regulations.

c. Share Capital Increase

Following the legal completion of the Merger, Newco SE intends to proceed with a share capital increase with subscription rights for a proposed amount of 40,000,000 euros including premium (the ***Share Capital Increase***).

The Share Capital Increase will be launched shortly after (and not earlier than 10 trading days following) the legal completion of the Merger. All shareholders of Newco SE at the launch date of the Share Capital Increase will be entitled to subscribe for new Newco SE ordinary shares on a pro rata basis at the same subscription price.

The new shares of Newco SE to be issued pursuant to the Share Capital Increase will be listed on Euronext Paris and on the Vienna Stock Exchange.

(F) Financial statements used and appraisal methods

a) Financial statements used to determine the terms of the Merger

In order to determine the terms and conditions of the Merger, the Transferee Company and the Transferor Company have agreed to refer to the financial statements as follows:

- for the Transferee Company, the interim financial statements for

the period ending 30 June 2012, prepared on the basis of the methods and in accordance with the same principles as those applied to prepare the annual balance sheet for the financial year ended 31 December 2011; and

- for the Transferor Company, the pro forma accounts as at 30 June 2012 prepared for the sole purposes of the Merger and taking into account the impact of the Demerger (the ***Transferor Company Pro Forma Accounts***).

These financial statements are attached as Schedule 2 and Schedule 3 hereof, respectively.

b) Appraisal methods

In order to evaluate the assets and liabilities contributed by the Transferor Company, the Parties have agreed to take their estimated value on the basis of the Transferor Company Pro Forma Accounts, it being understood that those values are only indicative in as much as these assets and liabilities shall be transferred on the basis of their state and value on the Completion Date.

In order to determine the exchange ratio in connection with the Merger; i.e., the number of the New Ordinary Shares and Preferred Shares to be issued by the Transferee Company to shareholders of the Transferor Company in exchange for the shares of the Transferor Company, the Parties have estimated the economic value of each company relative to each other and then the relative value of each Transferor Company share in comparison with one Transferee Company New Ordinary Share and one Preferred Share.

In accordance with article L. 236-27 of the French Commercial Code and article R. 236-16 of the French Commercial Code, a report drafted by the management board of the Transferee Company and according to section 220a Austrian Stock Corporation Act by the management board of the Transferor Company explains the Merger in a detailed manner from a legal and economic standpoint, especially in relation to the share exchange ratio and the valuation methods used. The report issued by the management board of the Transferor Company also explains the terms and conditions of the cash compensation to be paid to the Transferor Company Exit Shareholders (see in detail Section 7.5 below).
This report will be made available to the Transferee Company shareholders at the Transferee Company registered office in accordance with article R. 236-16 of the French Commercial Code. This may also be downloaded from the the Transferee Company website at the following address: www.vivalis.com.

This report will be made available to the Transferor Company shareholders at the Transferor Company's registered offices in accordance with section 221a of the Austrian Stock Corporation Act and may also be downloaded from the Transferor Company website at the following address: www.intercell.com.

c) Merger Appraisers

In accordance with the provisions of article L. 236-10 of the French Commercial Code, the Transferee Company will file a request with the President of the Commercial Court of Angers in order to obtain the appointment of a merger appraiser (the ***French Merger Appraiser***) for the purposes of:

- assessing the terms and conditions of the Merger;

- checking that the relative value assigned to the shares of the Transferor Company and of the Transferee Company are relevant and that the Exchange Ratio is fair;

- assessing that the value of the contributions in kind made by the Transferor Company as part of the Merger is not over-estimated and assessing the special benefits which will be granted as part of the Merger; and

- preparing the report on the terms and conditions of the Merger as provided for in article L. 236-10 I of the French Commercial Code as well as the report on the value of the contributions provided for in article L. 236-10 III of the French Commercial Code.

The French Merger Appraiser will also have to assess the value of the rights attached to the Preferred Shares issued in the context of the Merger in accordance with articles L. 228-15 and L. 236-10 II of the French Commercial Code.

In accordance with the provisions of article 18 Austrian SE Act and section 220b of the Austrian Stock Corporation Act, the supervisory board of the Transferor Company will appoint a merger appraiser (the ***Austrian Merger Appraiser***), for the purposes of:

-

- checking whether the proposed Exchange Ratio is adequate,

- appreciating the adequacy of the financial compensation provided to those shareholders that wish to exercise their Exit Right.

The report needs, in particular, state (i) according to which methods the proposed exchange ratio has been calculated, (ii) for which reasons the application of such methods are appropriate and (iii) which exchange ratio would result according to different methods if more than one was applied.

The reports issued by the French and Austrian Merger Appraisers (together, the ***Merger Appraisers***) will be made available to the shareholders of the Transferor Company and of the Transferee Company at their respective registered office, at least one month before the date of the extraordinary shareholders' meetings convened to resolve on the contemplated Merger. These reports can be downloaded as well on the website of the Transferor Company (www.intercell.com) and on the website of the Transferee Company (www.vivalis.com).

d) Independent Expert

The Transferee Company will appoint an independent expert (the ***Independent Expert***). The role of the Independent Expert will be to prepare a report on the fairness for the existing shareholders of the Transferee Company of the terms and conditions of the Preferred Shares, including the conversion ratio of the Preferred Shares into ordinary shares of Newco SE.

e) Supervisory board of the Transferor Company

In addition to the management board of the Transferor Company, the supervisory board of the Transferor Company will have also to examine the Merger on the basis of the merger report of the management board and the report issued by the Austrian Merger Appraiser.

The report of the supervisory board will be made available to the shareholders of the Transferor Company at its registered office, at least one month before the meeting date of the extraordinary shareholders' meetings convened to resolve on the Merger. The report can also be downloaded on the website of the Transferor Company (www.intercell.com).

IT IS AGREED AS FOLLOWS

1. PRINCIPLE: MERGER OF INTERCELL INTO VIVALIS

Subject to satisfaction of the Conditions Precedent (or waiver to the extent legally possible) set forth in article 11 and under the conditions provided for herein, as of the Completion Date of the Merger, the Transferor Company shall contribute and transfer to the Transferee Company, which accepts this and takes over, all its property, rights and obligations (including off-balance sheet commitments), assets and liabilities, with no restriction or exception at that date, it being specified that:

- the Merger shall include the universal transfer of all assets and liabilities of the Transferor Company into the Transferee Company as at the Completion Date following completion of the Demerger; and

- the dissolution of the Transferor Company and the transfer of its assets and liabilities to the Transferee Company as a result of the Merger shall be completed as a matter of law at the Completion Date, without any liquidating operations.

2. DESIGNATION AND EVALUATION OF THE TRANSFERRED ASSETS AND LIABILITIES

The Transferor Company shall transfer to the Transferee Company all its property, rights and obligations and any assets and liabilities as they will exist as of the Completion Date.

The list provided below based on the Transferor Company Pro Forma Accounts as of June 30, 2012, is provided for information purposes only and is not exhaustive as the Merger results in the transfer of all of the Transferor Company's assets and liabilities including those items not expressly mentioned below as they exist on the Completion Date of the Merger, in accordance with the provisions of articles 29 §1 (a) of the Council Regulation and L. 236-3 of the French Commercial Code.

In particular, as of the Completion Date of the Merger that will occur after completion of the Demerger, the Transferor Company will be a holding company and the assets and liabilities that will be transferred to the Transferee Company as part of the Merger will consist of:

- all shares in Intercell Austria AG; and
- the other Excluded Demerger Assets and Liabilities, except with Completion Date the agreements relating to the employment relationship of the management board members of the Transferor Company.

As the Transferee Company does not control the Transferor Company, regulation n°2004-01 of the French Accounting Regulation Committee provides that the Transferor Company's contributions to the Transferee Company must be recorded at their fair market value at the Completion Date in the Transferee Company's accounts.

2.1 Transferred assets

The assets of the Transferor Company to be transferred to the Transferee Company, on the basis of the Transferor Company Pro Forma Accounts as of June 30, 2012 after taking into account the Demerger, are listed as assets in the Transferor Company Pro Forma Accounts attached as Schedule 3.

The fair market value of these contributed assets is estimated at 159,241,168.36 euros.

2.2 Transferred liabilities

The liabilities of the Transferor Company, the full amount of which the Transferee Company will become liable for upon completion of the Merger, are listed as liabilities in the Transferor Company Pro Forma Accounts attached as Schedule 3.

The fair market value of these contributed liabilities is estimated at 23,026,540.71 euros.

The Transferee Company will pay and discharge in lieu of the Transferor Company all its liabilities as of the Completion Date, after completion of the Demerger.

2.3 Provision for contingent losses

A provision for foreseeable losses of the Transferor Company in respect of the transferred assets and liabilities (as described in Sections 2.1 and 2.2) for the period 30 June 2012 (date of the Pro Forma Accounts, which was used to determine the conditions of the Merger) until Completion Day is determined at an amount of 1,214,627.66 Euros and reduces the net asset value.

2.4 Net contributed value assessed

Based on the above, the fair market value of the net assets of the Transferor Company is estimated at 135,000,000 Euro as follows:

Transferred assets:	159,241,168.36 Euro
Transferred liabilities:	- 23,026,540.71 Euro
Provision for contingent losses:	- 1,214,627.66 Euro
Total net assets:	135,000,000 Euro

2.5 Off balance sheet commitments

At 30 June 2012 the Transferred Company had no off-balance commitments regarding the Demerger Excluded Assets.

3. CONSIDERATION FOR THE MERGER

3.1. Principle – Exchange Ratio (Article 20 §1 b) Council Regulation)

In consideration of the contribution by the Transferor Company of all of its assets and liabilities to the Transferee Company, the shareholders of the Transferor Company shall receive in exchange of their shares, new ordinary shares of the Transferee Company (the ***New Ordinary Shares***) as set out in article 3.2 and preferred shares (the ***Preferred Shares***) of the Transferee Company as set out in article 3.3 that will be allotted to them pursuant to an exchange ratio (the ***Exchange Ratio***) which has been determined on the basis of the value of the shares of each merging company.

As a result, the Exchange Ratio proposed to the shareholders of the Transferee Company and the shareholders of the Transferor Company under the terms of the Merger Plan is 13 New Ordinary Shares and 13 Preferred Shares for 40 shares in the Transferor Company. Each shareholder of the Transferor Company and who is not a Transferor Company Exit Shareholder (as defined in Section

7.4 of this Merger Plan) will thus be entitled to receive 13 New Ordinary Shares and 13 Preferred Shares for 40 Transferor Company shares.
The method for the determination of this Exchange Ratio will be detailed in the management board reports of the Transferee Company and the Transferor Company to be prepared in accordance with applicable law.

3.2. Creation and allotment of the New Ordinary Shares (Article 20 §1 c) Council Regulation and Article 20 §1 d) Council Regulation)

The Transferee Company shall create New Ordinary Shares with a nominal value of 0.15 euro each, fully paid-up, by way of an increase in its share capital and which will be allotted to the shareholders of the Transferor Company as consideration for their shares in the Transferor Company in accordance with the Exchange Ratio.

The New Ordinary Shares will upon issuance be immediately fungible and rank *pari passu* with the Existing Ordinary Shares, carrying the same rights including the right to receive and retain all dividends and distributions (if any) decided on or after the issuance of the New Ordinary Shares and incurring the same charges and will be subject to all the provisions of the articles of association. The New Ordinary Shares carry dividend rights as of January 1, 2013.

It is proposed that the shareholders who do not hold a sufficient number of shares in the Transferor Company to entitle them to receive a whole number of New Ordinary Shares shall purchase or sell the relevant number of shares in the Transferor Company.
In addition, in accordance with the provisions of article L. 228-6 and L. 228-6-1 of the French Commercial Code, the Transferee Company will be authorized to sell (i) any New Ordinary Shares issued pursuant to the Merger but that are not claimed by former shareholders of the Transferor Company and (ii) the New Ordinary Shares not allocated to the shareholders of the Transferor Company and corresponding to the aggregate of all fractional entitlements to New Ordinary Shares.

The Transferor Company will appoint Erste Group Bank AG as Escrow Agent (*Treuhänder*) for the transfer of the New Ordinary Shares to the shareholders of Transferor Company in accordance with the procedure set forth in section 3.4.

Treatment of the New Ordinary Shares not claimed:

As from this sale, the shareholders of the Transferor Company will only be entitled to receive the proceeds of the sale of the New Ordinary Shares which were not claimed plus, as the case may be, the amount of dividends, interim dividends and distributions of reserves (or similar) that these New Ordinary Shares would have been entitled to, prior to their sale as described above.

The shareholders of the Transferor Company will be informed that the Transferee Company will make available to them the proceeds of the sale of the New Ordinary Shares for 10 years, in a blocked account in a financial institution (amounts corresponding to dividends, interim dividends and distributions reserves (or similar) that may be distributed can only be claimed during a period of 5 years from their payment date). Once the 10-year period has expired, the sums will be transferred to the *Caisse des dépôts et consignations* where they can be claimed by the persons entitled thereto for up to 20 years. Once this period has expired, the sums will be definitively transferred to the State.

Treatment of the New Ordinary Shares corresponding to fractional entitlements

The New Ordinary Shares corresponding to the aggregate of all fractional entitlements to New Ordinary Shares will be sold by Newco SE through a centralizing bank that will be appointed by Newco SE on the EURONEXT Paris to facilitate the allocation and settlement of the proceeds of the sale of the New Ordinary Shares corresponding to the aggregate of all fractional entitlements to New Ordinary Shares to the benefit of the shareholders of the Transferor Company.

The Transferor Company will appoint Erste Group Bank AG as Escrow Agent (*Treuhänder*) for the management of the proceeds of the sale of the New Ordinary Shares corresponding to the aggregate of all fractional entitlements.

3.3. Creation and allotment of the Preferred Shares (Article 20 §1 d) Council Regulation)

In addition to New Ordinary Shares, the application of the Exchange Ratio will result in the creation of Preferred Shares with a nominal value of 0.01 euro each, fully paid-up, by way of an increase in the share capital of the Transferee Company and the transfer of these shares to the shareholders of the Transferor Company in exchange for their shares in the Transferor Company.

The Transferor Company will appoint **Erste Group Bank AG** as Escrow Agent (*Treuhänder*) for the transfer of the Preferred Shares to the shareholders of Transferor Company in accordance with the procedure set fort in section 3.4.

It is proposed that the shareholders who do not hold a sufficient number of shares in the Transferor Company to entitle them to receive a whole number of Preferred Shares shall purchase or sell the relevant number of shares in the Transferor Company.
In addition, Preferred Shares that are not claimed by the shareholders of the Transferor Company or that related to fractional entitlement will be bought back by the Transferee Company at its nominal value und will be terminated; the proceeds from such buy back will be paid out or will be held for a period of 10 years in a blocked account in a financial institution. Once the 10-year period has expired, the sums will be transferred to the *Caisse des dépôts et consignations* where they can be claimed by the persons entitled thereto for up to 20 years. Once this period has expired, the sums will be definitively transferred to the State.

The Preferred Shares shall constitute a new class of shares of the Transferee Company. Unlike ordinary shares of the Transferee Company, they shall not be admitted to trading on an organized or regulated market but shall be freely transferable.

The Transferor Company appoints Erste Group Bank AG as trustee for the transfer of any fractional entitlements to the shareholders of the Transferor Company according to the procedure described in Section 3.4.
The rights pertaining to these Preferred Shares as well as the terms and conditions of their conversion or redemption are defined in the articles of association of Newco SE as set out in Schedule 1 of the Merger Plan.

The Preferred Shares shall be (a) convertible into ordinary shares of Newco SE in accordance with their terms and conditions as described below, (b) or shall be redeemed by Newco SE if, at the end

of a seven (7) year-period from the Completion Date of the Merger, the Condition (as defined below) has not been satisfied.

The conversion of Preferred Shares into Newco SE ordinary shares will be subject to the condition precedent that (i) Newco SE (or any subsidiary, affiliate or successor) is granted a marketing authorization in the United States of America or in Europe (on the basis of a centralized procedure) for the pseudomonas vaccine's therapeutic application on all-cause mortality in patients in intensive care unit, and either (a) provided that at the date of the granting of such authorization, the royalties reverting to Newco SE from such pseudomonas vaccine are at least equal to 9.375% of net sales of the vaccine or (b) the proportion of profit resulting from the sale of such vaccine that Intercell Austria AG is entitled to, remains unchanged and is at minimum 45% in any case as currently set forth in the Novartis strategic alliance agreement as amended (the ***Condition***), whereas the choice is to be made by Intercell Austria AG and such choice requires a prior approval of the supervisory board of Newco SE with simple majority vote. The Condition must be satisfied within seven (7) years of the Completion Date of the Merger. Such Condition shall be deemed satisfied at the date of issue of the first approval once final after expiry of the time for appeal, if any, on the part of either the FDA (*Food and Drug Administration*) for the United States of America or the EMA (*European Medicines Agency*) for the countries of the European Union.

The conversion of Preferred Shares will lead to the issuance of 8,570,473 Newco SE ordinary shares according to the exchange ratio of 0.4810 Newco SE ordinary shares for each (1) Preferred Shares (the "**Exchange Ratio**"). The shareholders who do not hold a sufficient number of Preferred shares to entitle them to receive a whole number of Newco SE ordinary shares will be entitled to receive a cash payment corresponding to the fractional entitlements of the Preferred Shares in accordance with article L. 225-149 of the French commercial code and as stated in the draft articles of association of Newco SE attached as Schedule 1 to this Merger Plan.

If at the end of the seven (7) year period from the Completion Date, the Condition has not been satisfied, the Preferred Shares shall be redeemed by Newco SE for their nominal value and shall be cancelled.

The Preferred Shares, as long as they exist as such and until they have been converted, shall not carry voting rights at shareholders' meetings. However, holders of Preferred Shares shall be entitled to participate in a special meeting in accordance with the conditions provided for in article L. 225-99 of the French Commercial Code and in the articles of association, if it is proposed to modify the rights pertaining to this class of shares.

Each Preferred Share carries a right to receive 1/15 of any amount or asset distributed in respect of each Newco SE ordinary share and, in the event of a dissolution of the Transferee Company, a right in the liquidation surplus in proportion to the amount that its nominal value represents into the share capital.

Preferred Shares shall not have of preferential subscription rights in respect of any share capital increase of a different class of securities. However, the Conversion Ratio will be adjusted for any subsequent share capital increase of Newco SE with preferential subscription rights as well as in the event of any change or depreciation of the share capital of Newco SE (other than the Share Capital Increase) or

any other transaction provided in the articles of Newco SE, the impact of such transactions on the rights of holders of Preferred Shares shall be determined by the articles of association of Newco SE, a draft of which is set out in Schedule 1 to this Merger Plan.

3.4. Escrow Agent

The Transferor Company has appointed **Erste Group Bank AG** (the ***Escrow Agent***), to receive all New Ordinary Shares and Preferred Shares on behalf of, and to forward them without undue delay (and via their respective financial intermediaries) to, the Transferor Company's shareholders, except for the Transferor Company Exit Shareholders. Hence, on the Completion Date, Newco SE will transfer (via the French central depositary) the New Ordinary Shares and Preferred Shares to Oesterreichische Kontrollbank Aktiengesellschaft who acts as central securities depositary for the shares in the Transferor Company (the ***Depositary***). Upon instruction and on behalf of the Escrow Agent, the Depositary shall credit the securities accounts of each Transferor Company shareholder with the New Ordinary Shares and Preferred Shares *in lieu* (ie concurrently against deletion) of the respective shares in the Transferor Company for which they are exchanged. Fractional entitlements to New Ordinary Shares shall be sold by Newco SE through a centralizing bank that will be appointed by Newco SE anf fractional entitlements relating to Preferred Shares will be bought back by Newco SE. The proceeds shall be transferred to the Escrow Agent and then by the Escrow Agent to the clearing accounts of the Transferor Company's shareholders (other than the Transferor Company Exit Shareholders) or made available to the person entitled to according to the conditions referred to above.

4. SHARE CAPITAL INCREASE - MERGER PREMIUM

Based on the share capital of the Transferor Company as at the date of this Merger Plan consisting of 54,882,213 shares (excluding the treasury shares), the number of shares to be issued by the Transferee Company in accordance with the Exchange Ratio would be of 17,836,719 New Ordinary Shares with a par value of 0.15 euro and 17,836,719 Preferred Shares with a par value of 0.01 euro, resulting in a share capital increase of 2,853,875.04 euros. The share capital of the Transferee Company would therefore be increased from 3,188,687.55 euros to 6,055,288.96 euros. These figures may vary according to the actual number of outstanding Transferor Company shares as at the Completion Date of the Merger.

The difference between the net assets contributed by the Transferor Company and the nominal value of the capital increase of the Transferee Company will be recorded as a merger premium (the ***Merger Premium***).

Based on the net estimated value as at 30 June 2012 as explained in article 2 above, the amount of the Merger Premium would be 132,146,124.96 euros as detailed below.

Net contributed value	135,000,000 Euro
Nominal value of the Ordinary Shares	2,675,507.85 Euro
Nominal value of the Preferred Shares	178,367.19 Euro
Merger premium	132,146,124.96
Euros	

From the Merger Premium, an amount of 1,286,920.95 euros equal to the number of Newco SE ordinary shares to be issued upon conversion of the Preferred Shares multiplied by 0.15 euro will to be transferred to a blocked reserve account of the Transferee

Company, from which the amount needed to pay the nominal value of the Newco SE ordinary shares to be issued upon conversion of the Preferred Shares or to buy back the Preferred Shares if the Condition is not satisfied will be taken.

From this Merger Premium and amount of 51,533,034.54euros will be taken in order to build up the restricted reserve according to Section 7.13 of this Merger Plan.
The balance of the Merger Premium can be allocated in accordance with the applicable laws, as decided by the shareholders' meeting of the Transferee Company.

It is expressly specified that the Transferee Company's extraordinary shareholders' meeting convened to approve the Merger will be asked to grant all powers to the Management Board to (i) deduct from the Merger Premium all expenses, rights, costs and taxes arising from the share capital increase resulting from the Merger, (ii) withhold, as applicable, from the Merger Premium the amounts necessary to recreate, as the company's liabilities, the reserves and regulated provisions as existing in the Transferor Company's balance sheet, (iii) proceed with the formalities as a consequence of the Merger and the corresponding share capital increase, (iv) apply for the admission to trading of the New Ordinary Shares and Existing Ordinary Shares on the Paris and Vienna regulatory stock markets and, in general, (v) perform all formalities and take all measures needed or useful to achieve the completion of the Merger.

5. DISSOLUTION OF THE TRANSFEROR COMPANY WITHOUT LIQUIDATION

According to article 29 §1 c) of the Council Regulation, as a result of the final completion of the Merger, the Transferor Company shall, on the Completion Date, be dissolved by sole effect of law without going into liquidation.

6. COMPLETION DATE AND EFFECTIVE DATE OF THE MERGER – POSSESSION (ARTICLE 20 § 1 COUNCIL REGULATION)

6.1 Completion date and effective date of the Merger (Article 20 §1 e) Council Regulation)

Subject to completion of the Conditions Precedent set forth in article 11 of the Merger Plan and in accordance with the provisions of article 20§1 e) of Council Regulation, the Merger shall take effect on the date that Newco SE is registered with the Commercial and Companies Register (the ***Completion Date***).

The effective date of the Merger for tax and accounting purposes shall be 1 January 2013 (00.00h CET) (the ***Merger Accounting Effective Date***).

6.2 Possession

As from the Completion Date, Newco SE will be the owner of all the assets of the Transferor Company and liable for all the liabilities of the Transferor Company existing as at the Completion Date.

However, for accounting and tax purposes, all the actions and operations of the Transferor Company as from the Merger Accounting Effective Date and until the Completion Date, in connection with the assets and liabilities to be transferred in the scope of the Merger, shall be considered to have been made in the name and on behalf of the Transferee Company. The result of these actions and operations shall therefore, for accounting and tax purposes, form part of the profits or losses of the Transferee Company.

The New Ordinary Shares and the Preferred Shares issued in consideration of the Merger will be entitled – each in proportion to the rights they confer – to all distributions of earnings and reserves that may be decided by Newco SE after they are issued.

The New Ordinary Shares and the Preferred Shares will be issued to the Transferor Company' shareholders on the Completion Date. They will be transferable as from the Completion Date.

Application will be made for the New Ordinary Shares to be admitted to trading on NYSE Euronext Paris on the Completion Date and in accordance with the terms and conditions that shall be set forth in a notice published by NYSE Euronext Paris.

Application will also be made for the admission of New Ordinary Shares and the Existing Ordinary Shares to trading on the Vienna Stock Exchange with effect from the Completion Date.

The Preferred Shares shall not be listed on a regulated, organized or unregulated market, but will be freely transferable.

7. CHARGES AND CONDITIONS OF THE MERGER

7.1 Transfer of all rights and obligations of the Transferor Company

a. As from the Completion Date, the Transferee Company:

(i)

(i) shall receive all of the assets and liabilities of the Transferor Company in the consistency and conditions they are on the Completion Date;

(ii) shall be subrogated in all rights and obligations resulting from any agreement or commitment whatsoever imposing obligations on the Transferor Company, or benefiting to it, so far as they belong to the Excluded Demerger Assets and Liabilities;

As a result, and with the exception of the rights and obligations transferred to Intercell Austria AG as part of the Demerger, Newco SE, as from the Completion Date, (i) shall bear all taxes, charges, premiums, contributions or equivalent as well as all ordinary and extraordinary costs and expenses which encumber or shall encumber the transferred properties or which are attached to their ownership or management, and (ii) serve, where necessary and in timely manner, all notices and steps with all authorities required for the transfer of the assets;

(iii) shall fulfil in lieu of the Transferor Company all treaties, agreements, contracts, covenants and commitments entered into with customers, suppliers, creditors and generally with third parties in connection with the transferred assets and liabilities, and shall also take it upon itself to fulfil or terminate at its own risk and expense all agreements, treaties, covenants, contracts, memorandums of understanding, insurance policies or any other commitments that may have been entered into by the Transferor Company prior to the Completion Date for its operating needs or its estate and which have not been transferred or taken over by Intercell Austria AG as part of the Demerger or to which the Transferor Company is jointly and severally liable with Intercell Austria AG as part of the Demerger;

(iv) shall be required to discharge excess liabilities and shall benefit from any reduction in such liabilities if it turns out that there is a difference, whether positive or negative, between the reported liabilities and the amounts claimed by third parties and recognized as being due;

(v) shall comply with the legislative and regulatory provisions concerning the management and nature of the transferred assets and shall make sure that all required authorizations are obtained or renewed, at its own risk and expense;

(vi) shall be required to fulfil all obligations and shall benefit from all the rights of the Transferor Company or in connection with its management or resulting therefrom and notably from all the rights and obligations resulting from all permits, agreements or authorizations;

(vii) shall be subrogated in the rights of the Transferor Company acting as plaintiff or defendant, as the case may be, in all legal, administrative or other proceedings; and

(viii) shall become shareholder or a partner in any companies where the Transferor Company holds a shareholding, provided that the applicable contractual, regulatory and legislative provisions are complied with.

In this respect, Newco SE shall, at its own costs, arrange for the registration of the securities and share capital rights, whatever their type, which shall be transferred to it in the context of the Merger.

b. The Transferor Company:

(i) shall provide to the Transferee Company all information which it may need and shall give it all signatures and shall provide all necessary support in order to ensure the effectiveness vis-à-vis any party of the transfer of the assets and liabilities transferred in the context of the Merger and that this Merger Plan has full effect;

(ii) shall in particular establish any supplementary, reiterative or confirmatory agreements in respect of the contemplated Merger and shall provide any explanations and signatures that may be required.

7.2 Specific provisions relating to the agreements entered into between the Transferor Company and the Transferee Company

Any agreement entered into between the Transferee Company and the Transferor Company shall, as a result of this Merger, be automatically terminated as from the Completion Date; however any agreements to which any third party is also a party shall continue to apply with regards the Transferee Company.

7.3 Rights conferred by Newco SE on the holders of shares with special rights (Article 20§1f of the Council Regulation)

Transferor Company and Transferee Company have not issued any shares to which special rights according to Article 20§1f of the Council Regulation were attached. Therefore Newco SE will not issue shares with special rights attached.

7.4 Right of opposition of creditors other than bondholders (Article 24 § 1a) Council Regulation)

The Transferee Company shall be liable to all of the creditors (other than those whose receivable is transferred to Intercell Austria AG by way of the Demerger) of the Transferor Company instead of the latter, without such substitution entailing a novation on their part.

For the avoidance of doubt, the creditors of the Transferee Company other than bondholders may oppose the Merger in accordance with article L. 236-14 of the French Commercial Code.

Pursuant to Section 23 of the Austrian SE Act, creditors of the Transferor Company have, within one month following the resolutions of the Transferor Company relating to the approval of the Merger, the right to demand security for their claims provided they can show that the Merger endangers their claims.

In any event, the opposition by any creditor of the Transferee Company and the claim for security of any creditor of the Transferor Company shall not prevent the implementation of the Merger.

The provisions set out above shall not be construed as an acknowledgement of debt towards alleged creditors, which will be required to evidence their rights and to prove their claims.

7.5 Exit Right of Transferor Company shareholders (Article 25 § 3 Council Regulation and Article 17 of the Austrian SE Act)

a.

a. Requirements to exercise the Exit Right

In accordance with Austrian law, shareholders of the Transferor Company who vote against the Merger during the shareholders' meeting of the Transferor Company called to approve the Merger and object (*Widerspruch erheben*) to the resolution relating to the approval of the Merger during such meeting, with such objection being noted in the minutes of such shareholders' meeting are entitled to an exit right (the ***Exit Right***) consisting in a cash compensation in exchange for their Transferor Company shares (the ***Cash Compensation***) provided that such shareholder was a shareholder of the Transferor Company from and including the date of the shareholders' meeting of the Transferor Company resolving on the Merger up to the date it exercises its right to Cash Compensation.

Shareholders wishing to exercise their Exit Right may accept the Cash Compensation offered either by declaration during the shareholders' meeting of the Transferor Company called to approve the Merger or

by written statement to be received by the Transferor Company at the latest one month after the shareholders' meeting of the Transferor Company called to approve the Merger (the ***Transferor Company Exit Shareholders***). As from the date of such notice, the shares of the Transferor Company Exit Shareholders will cease to be tradable and shall be designated with a separate International Securities Identification Number.

The right to receive Cash Compensation is conditional upon the registration of the Merger with the Commercial Register of Angers.

b. Limit to the Cash Compensation – Condition Precedent to the Merger

As Condition Precedent to the Merger, the number of shares held by the Transferor Company Exit Shareholders must not exceed 4,138,800 shares, (i.e. 7.5% of the issued share capital of the Transferor Company before completion of the Merger).

c. Amount and payment of the Cash Compensation

The Cash Compensation is adequate and is equal, for each Transferor Company share, to 1.69 euros; this corresponds to the volume-weighted average share price of the Transferor Company on the Vienna Stock Exchange during the month prior to the date of signing of this merger agreement.

Any costs attached to the transfer of the shares of the Transferor Company Exit Shareholders and the transfer of the Cash Compensation will be paid by Newco SE.

Payment of the Cash Compensation shall be made by Newco SE and will be due and payable upon registration of the Merger with the Commercial Register of Angers. Any right to Cash Compensation will become time-barred after a three-year period as from registration of the Merger.

d. Guarantee for the payment of the Cash Compensation

Pursuant to Austrian legislation, the merging companies are required to provide security for the aggregate amount of the Cash Compensation that could be requested by all of the Transferor Company Exit Shareholders in the form of a bank guarantee or a cash deposit.

An unconditional, first-demand bank guarantee issued by a reputable international bank will thus be provided to the Escrow Agent.

f. Possibility to challenge the Cash Compensation

According to Austrian law, the Transferor Company Exit Shareholders will be entitled to apply for a judicial review of the amount of the Cash Compensation.

The Commercial Court of Vienna (*Handelsgericht Wien*) shall have exclusive jurisdiction to review the adequacy of the Cash Compensation in accordance with Section 13 of the Austrian SE Act. Any such proceedings will have no effect on the effectiveness and completion of the Merger.

g. Repurchase of the shares allocated to the Transferor Company Exit Shareholders and payment

Erste Group Bank AG as Escrow Agent shall to do the following upon completion of the Merger:

(i) receive all of the shares held by such shareholder in the Transferor Company;

(ii) receive the New Ordinary Shares and the Preferred Shares to which the Transferor Company Exit Shareholder would have been entitled if such shareholder had not exercised his Exit Right;

(iii) sell such New Ordinary Shares and Preferred Shares to Newco SE at a price that corresponds to the Cash Compensation offered *in lieu* of such New Ordinary Shares and Preferred Shares at a minimum;
(iv) receive the cash corresponding to the sale of the New Ordinary Shares and the Preferred Shares to Newco SE;

(v) draw, as the case may be, under the bank guarantee which has been provided as security for the aggregate amount of the Cash Compensation requested by all of the Transferor Company Exit Shareholders; and
(vi) pay the Cash Compensation to such shareholder.

The repurchase by Newco SE of the New Ordinary Shares received by the Escrow Agent on behalf of the Transferor Company Exit Shareholders will be carried out within the framework of a share buy-back program to be put in place by Newco SE in accordance with the provisions of article L. 225-209 of the French Commercial Code.

The repurchase by Newco SE of the Preferred Shares will be carried out in accordance with the articles of association of Newco SE. This repurchase will trigger the immediate and automatic cancellation of the Preferred Shares.

7.6 Right of objection to the Exchange Ratio of the Merger (Article 25 § 3 Council Regulation)

According to Austrian law, the shareholders of the Transferor Company will have a statutory right to challenge the Exchange Ratio.

The Commercial Court of Vienna (*Handelsgericht Wien*) shall have exclusive jurisdiction to review the adequacy of the Exchange Ratio in accordance with Section 22 of the Austrian SE Act. Any such proceedings will have no effect on the effectiveness and completion of the Merger.

7.7 Declaration of Submission by Vivalis

(a) Consent to Exchange Ratio review procedure pursuant to Article 25 (3) of the Council Regulation and Section 22 of the Austrian SE Act

It is proposed that, at the shareholders' meeting of Transferee Company resolving on the Merger, the shareholders of Transferee Company will approve a resolution expressly accepting in accordance with Section 22 of the Austrian SE Act that shareholders of the Transferor Company shall have recourse to review proceedings before the Commercial Court of Vienna (*Handelsgericht Wien*) relating to the Exchange Ratio in accordance with Article 25 (3) of the Council Regulation, Section 22 of the Austrian SE Act and section 225b et seq. of the Austrian Stock Corporation Act.

(b) Consent to Cash Compensation offer review pursuant to Article 25 (3) of the Council Regulation

It is proposed that, at the shareholders' meeting of the Transferee Company resolving on the Merger, the shareholders of the Transferee Company will approve a resolution expressly accepting in accordance with Article 25 (3) of the Council Regulation that shareholders of the Transferor Company shall have recourse to review proceedings before the Commercial Court of Vienna (*Handelsgericht Wien*) relating to the Cash Compensation in accordance with Article 25 (3) of the Council Regulation and Section 234b of the Austrian Stock Corporation Act.
Therefore, the shareholders of the Transferor Company will be entitled to request a review of the Exchange Ratio and/or the amount of the Cash Compensation, as applicable, before the Commercial Court of Vienna (*Handelsgericht Wien*).

7.8 Treatment of Convertible Notes issued by the Transferor Company (Article 20 §1 f) Council Regulation and Article 25 § 1 b) Council Regulation)

The Convertible Notes will not be transferred to Intercell Austria AG as part of the Demerger and will remain with the Transferor Company at the time of the Merger.

The Merger shall qualify as a Change of Control (as defined in the terms and conditions of the Convertible Notes in English language) for the purposes of the Convertible Notes.

Accordingly, the Merger shall entitle the holders of Convertible Notes to exercise the following rights:

(a) Redemption Right

No later than ten (10) Business days (as defined in the terms and conditions of the Convertible Notes) prior to the Completion Date of the Merger, the Transferor Company shall publish a specific notice in accordance with section 22(a) of the terms and conditions of the Convertible Notes. At any time during the period beginning after the receipt of such notice of Change of Control and ending twenty (20) days Business Days (as defined in the terms and conditions of the Convertible Notes) later, the holder of Convertible Notes may, subject to completion of the Merger, require the Transferor Company or the Transferee Company, as the case may be, to early redeem all or any of its Convertible Notes by delivering a Change of Control Redemption Notice (as defined in the terms and conditions

of the Convertible Notes in English language) to the Transferor Company or the Transferee Company, as the case may be. The Change of Control Redemption Notice shall indicate the number of Convertible Notes the holder is electing to require the Transferor Company or the Transferee Company, as the case may be, to redeem.

The Convertible Notes subject to redemption shall be redeemed in cash at a price equal to the greater of (i) 120% of the sum of (A) the Conversion Amount (as defined in the terms and conditions of the Convertible Notes) being redeemed and (B) any accrued and unpaid Interest and Late Charges (as defined in the terms and conditions of the Convertible Notes), if any, on such Conversion Amount and Interest through to the date of redemption and (ii) the product of (A) the Conversion Amount being redeemed together with any accrued and unpaid Interest thereon and Late Charges, if any, on such Conversion Amount and Interest through to the date of redemption date multiplied by (B) the quotient determined by dividing (1) the aggregate cash consideration and the aggregate cash value of any non-cash consideration per share to be paid to the holders of shares in the Transferor Company upon completion of the Change of Control (any such non-cash consideration consisting of marketable securities to be valued at the higher of the Closing Sale Price (as defined in the terms and conditions of the Convertible Notes) of such securities on the Trading Day (as defined in the terms and conditions of the Convertible Notes) immediately prior to the Completion Date of the Merger), the Closing Sale Price as of the Trading Day immediately following the public announcement of the Merger and the Closing Sale Price on the Trading Day immediately prior to the public announcement of the Merger by (2) the Conversion Price (as defined in the terms and conditions of the Convertible Notes).

As the Redemption Right shall only take place if the Change of Control is completed, the obligation to pay the redemption price will be transferred by the Transferor Company to the Transferee Company pursuant to the terms of the Merger. Consequently, the redemption price of the Convertible Bonds will be paid by Newco SE.

(b) Adjustment to the Conversion Rate

If the holder of Convertible Notes converts its Convertible Notes at any time beginning on the date of the notice of Change of Control (referred to in paragraph (a) above) and ending at the close of business on the Trading Day immediately prior to the Completion Date of the Merger, the Transferee Company will increase the Conversion Rate (as defined in the terms and conditions of the Convertible Notes) per 1,000 euros of principal amount of the Convertible Notes converted by a number of additional shares for such Convertible Note as described in the terms and conditions of the Convertible Notes.

The number of additional shares will be determined by reference to a specific table provided in the terms and conditions of the Convertible Bonds, based on the date of the Change of Control and the price of the ordinary shares of the Transferor Company. The price of the ordinary shares will be the average of the Closing Share Price per share of the ordinary shares for the five (5) consecutive Trading Days immediately preceding the date of the Change of Control.

Holders of Convertible Bonds that do not elect for the exercise of the rights described above, will with effect from the Completion

Date of the Merger, become holders of bonds in Newco SE under an amended and restated terms and conditions that will be negotiated with each holder separately.

7.9 Treatment of the Stock Options of the Transferor Company (Article 20 §1 f) Council Regulation)

The Stock Options plans of the Transferor Company consisting of the 2008 and 2011 Stock Options plans will not be transferred to Intercell Austria AG as part of the Demerger.

Prior to the Completion Date of the Merger, the Transferor Company will offer to the holders of Stock Options a cash compensation for the cancellation of such Stock Options calculated on the same basis as for the Cash Compensation to be paid to the Transferor Company Exit Shareholders. This offer will be conditional upon the completion of the Merger.

Upon completion of the Merger, the remaining Stock Option plans of the Transferor Company will be cancelled and the cash compensation for such cancellation will be paid by Newco SE.

7.10 Treatment of the ADRs

The Parties have agreed that no ADR (*American Depositary Receipts*) program will be continued by Newco SE after the completion of the Merger.

Accordingly, the depositary of the ADR program will be instructed to terminate the ADR program with effect on the business day prior to the Completion Date of the Merger.

7.11 Treatment of the treasury shares

The treasury shares of the Transferor Company will be cancelled upon completion of the Merger.

7.12 Right of opposition of the French Public Prosecutor's Office

In accordance with the provisions of article L. 229-4 of the French Commercial Code and 19 of the Council Regulation, the Public Prosecutor of the French Republic can intervene of his own accord or be required to do so by any person or authority who is of the opinion that the Merger is contrary to a public interest and can lodge an objection prior to the issuance of the certificate required for registration of the European Company.

7.13 No Capital Releasing Effect

As of 30 September 2012, the restricted reserves (*gebundene Rücklagen*) which were recognized in the Transferor Company's annual financial statements as of 31 December 2011 and/or resulting from the Transferor Company's capital increase in 2012, were reduced to EUR 2,404,362.13. Further, no restricted reserves will be recognised in the Transferor Company's annual financial statements as of 31 December 2012. The total committed capital (*gebundenes Kapital*) of the Transferor Company on the basis as of today equals to its share capital of EUR 55,183,961 plus restricted reserves in an amount of EUR 2,404,362.13, in total therefore 57,588,323.13.

In order to avoid a capital releasing effect (*kapitalentsperrender Effekt*), Newco SE shall recognize restricted reserves in an amount at least equal to the difference between the committed capital of the Transferor Company before Completion and the committed capital of Newco SE immediately after Completion (including the

capital increase), ie EUR 51,533,034.54 This amount will be available out of the Merger Premium (see section 4).

The Merger therefore does not constitute a capital decreasing effect.

8. EMPLOYEES

8.1 Transfer of employees

As a result of the Demerger, all the employees of the Transferor Company will be transferred to Intercell Austria AG prior to the legal completion of the Merger. The existing employees of the Transferor Company will be employed by Intercell Austria AG in Austria and all underlying legal arrangements (such as labor contracts and wage agreements) will continue to apply.

No employees shall therefore be transferred to the Transferee Company as a result of the Merger.

As a result of the transfer of all employees of the Transferor Company to Intercell Austria AG pursuant to the Demerger, the Merger itself will not have a direct impact on the employees of Transferor Company.

8.2 Information and consultation of the Works Council of the Transferee Company

Before entering into the Merger Plan, the Works Council of the Transferee Company has been informed and consulted in accordance with the rules set forth in article L. 2323-19 of the French Labour Code.

By a resolution voted as of 10 December 2012, the Works Council has expressed a positive opinion on the Merger Plan.

8.3 Arrangements for the involvement of employee and participation rights in the Transferee Company (Article 20 §1 i) Council Regulation)

The procedures by which a negotiation will be launched with the representatives of the employees of the Transferee Company and the Transferor Company with a view to entering into an agreement relating to the involvement of the employees within the European Company in accordance with the SE Directive are described in Schedule 4 of the Merger Plan.

In accordance with article 12§2 of the Council Regulation, the registration of a European Company is possible only if the terms on the involvement of the employees within the European Company have been agreed in accordance with the provisions of the SE Directive.

8.4 Appraisers' and directors' benefits (Article 20 §1 g) Council Regulation)

In accordance with article 20§1 g) of the Council Regulation, in connection with this Merger no special advantage will be granted to the members of the administrative, management, supervising or controlling bodies of the Parties or to any third party such as the merger appraisers, the Independent Expert or any auditors.

The fees to be paid to the merger appraisers, to the Independent

Expert and to the auditors have been agreed with the Transferee Company and the Transferor Company (as the case may be) and do not constitute special advantage within the meaning of article 20§1 g) of the Council Regulation.

9. TAX PROVISIONS

9.1 General Provisions

a.

a. Accounting Effective Date of the Merger for the purpose of the application of the tax rules

For the purpose of the application of the tax and accounting rules, the Merger will be effective on the Merger Accounting Effective Date. Any actions taken on the Transferor Company as from the Merger Accounting Effective Date will be treated for accounting and tax purposes as being those of the Transferee Company.

b. General representation undertaking

The Transferee Company and the Transferor Company undertake to ensure that they respectively comply with all of the legal provisions in force with regard to the declarations to be made for the payment of corporation tax and of all levies and taxes resulting from the definitive completion of this transaction, within the framework of that which is stipulated below.

It is recalled that the Transferee Company is subject to income tax in France in application of article 206 of the French Tax Code, whereas the Transferor Company is tax resident in Austria and is not liable to income tax in France.

9.2 Registration duties

The Parties declare that this Merger shall benefit from the special regime provided in article 816-I of the French Tax Code as the Transferee Company and the Transferor Company are companies subject to corporation tax.

Consequently, this Merger shall be registered in France in return for the payment of the single fixed fee of 500 euros.

9.3 Corporate income tax

The Merger is eligible to the tax provisions for mergers provided for by the European Council Directive 90/434/EC of 23 July 1990 amended and recodified by Directive 2009/193/EC of 19 October 2009 defining the main provisions applicable to mergers concerning companies of different Member States of the European Community. The Transferee Company and the Transferor Company have elected for the application of said set of tax rules to the Merger.

The Merger is tax-neutral to the extent that the Austrian Reorganisation Tax Act (*Umgründungssteuergesetz*) is applicable.

9.4 Value added tax

Pursuant to article 257 bis of the French tax code, to the extent that the Merger triggers the transmission of a universality of assets, the delivery of goods, supply of services and other transactions set out under items 6° and 7° of article 257 of the French tax code effected between persons subject to VAT are deemed exempt from such tax.

Pursuant to article 287-5.c) of the French tax code, the Transferee Company will include the total amount net of tax of the transmission on its next VAT return.

The Merger is not subject to VAT to the extent that the Austrian Reorganisation Tax Act (*Umgründungssteuergesetz*) is applicable.

9.5 Other taxes

It is stated that the Transferor Company neither owns domestic properties nor 100% of the shares in companies which own properties in Austria. The Merger therefore does not trigger real estate transfer tax.

10. CONDITIONS PRECEDENT

This Merger Plan and all the transactions contemplated hereby are subject to the satisfaction (or waiver to the extent legally possible) of all the following conditions precedent (the ***Conditions Precedent***):

i) approval (*visa*) by the AMF of the Document E filed by the Transferee Company;

ii) approval by the extraordinary shareholders' meeting of the Transferor Company of the resolutions proposed by the management board (*Vorstand*) in order to implement the Demerger and the Merger and connected actions.

iii) approval by the extraordinary shareholders' meeting of the shareholders of the Transferee Company of the resolutions proposed by the management board in order to:

a) review and approve the terms of the Merger and approve the share capital increase resulting from the Merger (including the New Ordinary Shares and the Preferred Shares);

b) accept that the shareholders of the Transferor Company have a recourse before the Vienna Commercial Court to review proceedings relating to the Cash Compensation offered to these Transferor Company Exit Shareholders;

c) accept that the shareholders of the Transferor Company have a recourse before the Vienna Commercial Court to review proceedings relating to the Exchange Ratio;

d) adopt the new articles of association as set out in Schedule 1 of this Merger Plan and acknowledge the conversion of the Transferee Company into a European Company and,

e) appointment of the members of the Supervisory Board;

f) review and approve the Share Capital Increase;

g) terminate the Double Voting Rights with immediate effect;

h) re-introduce the Double Voting Right with effect as from two (2) years after the Completion Date; and

i) introduce a 29.9% limit to the voting rights that any holder of ordinary shares (acting alone or in concert)

may exercise.

iv) approval by the Transferee shareholders' Special Meeting with double voting rights, of the removal of the Double Voting Rights;

v) registration of the Demerger in the Austrian commercial register;

vi) the number of shares held by the Transferor Company Exit Shareholders does not exceed the limit set out in article 7.5.b hereto;

vii) no receipt by either Party of a written request from the Austrian Takeover Commission (*Österreichische Übernahmekommission*) to file a mandatory take-over bid for the shares of the Transferor Company or the shares of Newco SE issued to the (former) shareholders of the Transferor Company as a result of the Merger prior to the application for the pre-merger certificate with the Austrian commercial register;

viii) no receipt by either Party of a written request from the AMF to file a mandatory take-over bid for the shares of the Transferee Company as a result of the Merger prior to the application for the pre-merger certificate with the clerk of the Commercial Court of Angers;

ix) delivery of a pre-merger certificate by the Austrian commercial register;

x) delivery of a pre-merger certificate by the clerk of the Commercial Court of Angers;

xi) delivery of the merger legality certificate by a French public notary or by the clerk of the Commercial Court of Angers; and

xii) the obtaining of any mandatory material regulatory approvals, where such non-obtaining would have significant implications.

If all such Conditions Precedent are not satisfied by 30 June 2013 at the latest, the Merger Plan shall be automatically terminated and no indemnity shall be due by either Party as a result of such termination.

11. FILING AND PUBLICITY FORMALITIES – POWERS OF ATTORNEY

11.1 Filing and publicity formalities

The Parties to this Merger Plan shall carry out within the statutory deadline all filing and notification formalities necessary for or consecutive to the performance hereof and generally all formalities necessary to ensure that the Merger is binding on third parties.

More particularly, this Merger Plan shall be filed with the Registry of the Commercial Court of Angers and at the companies register of the Vienna Commercial Court and shall be published:

(i) in the French Official Bulletin of Legal Notices (BALO), in the Official Bulletin of Civil and Commercial Notices (BODACC) and on the Transferee Company's website, at least one month before the extraordinary shareholders' meeting of the Transferee Company convened to approve the Merger, so that

the deadline granted to creditors to lodge an objection will have expired before the date on which these decisions are taken,

(ii) in the Austrian electronic publication *Ediktsdata*) and on the Transferors Company's website, at least one month before the extraordinary shareholders' meeting of the Transferor Company convened to approve the Merger.

11.2 Powers of attorney

The Transferor Company and the Transferee Company grant the widest powers to the holder of an original or a certified copy of this Merger Plan for the purpose of or in relation to the final completion of the Merger and, consequently, preparing all confirmations, additions or alterations as may prove necessary, carrying out all acts and formalities as may be useful to facilitate the transfer of the Transferor Company's assets and liabilities and, finally, fulfilling any and all formalities and making any useful and necessary declarations.

12. MODIFICATION

The Transferee Company and the Transferor Company may jointly consent to any modification of, or addition to, this Merger Plan or to any condition which a relevant judicial, administrative or governmental authority may approve or impose.

13. COSTS AND DUTIES

All costs, duties and fees relating to the Merger shall be borne by the Newco SE subject to completion of the Merger.

14. ELECTION OF DOMICILE

For the purpose of the execution hereof and the acts or minutes that shall follow or result herefrom, the Parties elect domicile at their respective registered offices.

15. DECLARATION OF SINCERITY

Each of the Parties hereby expressly declares, a fraudulent declaration being subject to the penalties provided by article 1837 of the French General Tax Code, that this Merger Plan expresses all of the contributed property and of the assumed liabilities.

16. SEVERABILITY

If, at any time, any provision of this Merger Plan, in whole or in part, is or becomes illegal, invalid or unenforceable in any respect under any law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions, nor the legality, validity or enforceability of such provision under the law of any other jurisdiction, will in any way be affected or impaired. An illegal, invalid or unenforceable provision shall be replaced by a suitable and equitable provision which comes as close as possible to the replaced provision in keeping with the economic purposes. The foregoing also applies to gaps in this Merger Plan.

17. APPLICABLE LAW - JURISDICTION

This Merger Plan shall be governed by, and interpreted in accordance with, French law, except for (a) all matters that are mandatorily governed by the Austrian law applicable to the Transferor Company and settled by an Austrian court, and (b) the right of the shareholders of the Transferor Company to claim against the Exchange Ratio or against the amount of the Cash Compensation, which claim shall be governed by Austrian law.

All disputes arising out of or in connection with this Merger Plan (including without limitation with respect to the existence, validity, performance, termination and interpretation of this Merger Plan and any non-contractual obligation arising out of or in connection with this Merger Plan) shall be finally settled under the Rules of Arbitration of the International Chamber of Commerce by three arbitrators appointed in accordance with the said Rules. The place of the arbitration shall be Paris. The language of the arbitration shall be English.

Executed in Vienna, on 16 December 2012

Vivalis

Represented by Franck Grimaud

Intercell

Represented by Thomas Lingelbach and Reinhard Kandera

(signed)

LIST OF SCHEDULES

Schedule 1	Draft terms of the articles of association of Newco SE
Schedule 2	Interim financial statements of the Transferee Company on 30 June 2012
Schedule 3	Pro Forma Accounts of the Transferor Company as at 30 June 2012
Schedule 4	Off balance commitments as at 30 June 2012
Schedule 5	Procedures related to negotiations for employee involvement in Newco SE

SCHEDULE 1

DRAFT BY-LAWS

VALNEVA SE

European company with an Management Board and Supervisory Board
with a share capital of [•] Euros
Registered office: [•]
[•]
Identification N° [•] RCS[1] Lyon

ARTICLES OF ASSOCIATION

[1] RCS – Trade and Companies Register

TITLE I

FORM - COMPANY NAME - COMPANY OBJECT -

REGISTERED OFFICE - DURATION

Article 1 - Form

The company was incorporated in the form of a Limited Liability Company with a Board of Directors under the terms of a private deed of 24 March 1999.

The shareholders of the company modified the form of management and governance, adopting the formula of a Management Board and Supervisory Board, by decision of the Extraordinary General Meeting of 29 November 2002.

The company was subsequently transformed into a European Company (*Societas Europaea* or ***SE***) with a Management Board and Supervisory Board through a cross-border merger between Intercell AG, a company governed by Austrian law, with a share capital of 55,183,961 Euros, with registered office at Campus Vienna Biocenter 3, 1030 Vienna, Austria, formerly entered in the Trade and Companies Register of Vienna under the number FN 166438m and Vivalis SA, a limited liability company governed by French law with a share capital of 3,172,616.55 Euros, with registered office at La Corbière - 49450 Roussay and with the unique identification number 422 497 560 RCS Angers.

It is governed by the European Community and national regulations in effect, as well as by these Articles of Association (the ***Company***).

Article 2 – Name

The company name is: Valneva.

In all of the instruments and documents deriving from the Company and intended for third parties, the name must be immediately preceded or followed by the words "European company" or the initials "SE" and a statement of the amount of the share capital.

Article 3 – Object

The Company has as its object, within France and in every country:

- research and development within the field of biomedicine and pharmacology;
- the commercial exploitation of patents and know-how;
- trading in products of all kinds and the provision of services in the field of data processing and information technology;
- the production, monitoring and marketing of all products, services and research programmes with applications to human and animal health, using the technologies of molecular and cellular biology and all of the associated techniques;

- the participation of the Company by all means, direct or indirect, in all operations which may be associated with its company object, through the creation of new companies, contributions, subscription or purchase of securities or company rights, mergers or otherwise, the creation, acquisition, leasing, lease management of all operating assets or facilities; the acquisition, operation or sale of all procedures and patents regarding these activities, within France and abroad;

- and more generally, all industrial, commercial or financial, securities or property operations, which may be directly or indirectly associated with its business object or likely to favour its exploitation, realisation or development.

Article 4 - Registered office

The registered office of the Company is located in **[•]**, Lyon.

The registered office may be transferred to any other location in the same department or a neighbouring department, by a simple decision of the Supervisory Board, subject to ratification of this decision by the subsequent Ordinary General Meeting of Shareholders and to any other location pursuant to a decision of the Extraordinary General Meeting of shareholders, subject to the legal and regulatory provisions in effect. The transfer of registered office to another Member State of the European Community shall be subject to ratification by the Special Meetings of shareholders, pursuant to article L. 229-2 of the Commercial Code. In the event of a transfer decided pursuant to the law by the Supervisory Board, this body shall be authorised to amend the Articles of Association accordingly.

Article 5 - Duration – financial year

The duration of the Company shall be ninety nine (99) years from its first registration in the Trade and Companies Register, except in cases of extension or early dissolution.

The financial year shall begin on 1 January and shall end on 31 December.

TITLE II

SHARE CAPITAL - SHARES

Article 6 - Share Capital

The share capital is set at **[•]** Euros. It is divided into:

- **[•]** ordinary shares with nominal value of 0.15 Euros each, fully subscribed and paid up (the ***Ordinary Shares***); and

- **[•]** preferred shares with nominal value of 0.01 Euros each, fully subscribed and paid up, granting the holder the special rights defined in these Articles of Association (the ***Preferred Shares***).

The Ordinary Shares and the Preferred Shares are collectively designated as the ***Shares***.

Article 7 - Increase in the share capital

The share capital shall be increased by any means and by all procedures provided by law. The Extraordinary General Meeting, on the report of the Management Board, has sole competence for deciding on the share capital increase.

The shareholders shall have a preferential subscription right, in proportion to their Shares, for subscribing to Ordinary Shares in the context of a share capital increase. Shareholders may waive their preferential subscription right in an individual capacity.

The right to the allocation of new Ordinary Shares to the shareholders, following the capitalisation of reserves, profits or issuance premiums, shall belong to the bare owner, subject to the rights of the usufructuary.

Article 8 - Paying up of the shares

Shares subscribed in cash shall mandatorily be paid up for at least a quarter of their nominal value on subscription and if necessary, for the entire issuance premium.

The paying in of the surplus shall take place on one or several occasions, at the decision of the Management Board, within five years of the date on which the share capital increase has become final.

Calls for funds shall be brought to the attention of subscribers by registered letter with notice of receipt, sent at least fifteen days before the date set for each payment. Payments shall be made either to the registered office or to any other place indicated for this purpose.

Any delay in the payment of amounts due on the unpaid amount of the Shares shall entail, *ipso jure* and without any formality being necessary, the payment of interest at the legal rate, starting from the due date, without prejudice to the personal action that the Company may take against the defaulting shareholder and the enforcement measures provided by law.

Article 9 – Reduction - amortisation of the share capital

The reduction of the share capital shall be authorised or decided by the Extraordinary General Meeting, which may delegate all of the powers to the Management Board for the execution of the same. In no case may it infringe the equal standing of shareholders.

However, the amortisation of the share capital due to the cancellation of Preferred Shares shall not entitle the holders of Ordinary Shares to the amortisation of all or part of their Ordinary Shares.

The reduction of the share capital to an amount less than the legal minimum may only be decided under the condition precedent of a share capital increase intended to bring it to an amount at least equal to this minimum, unless the Company is transformed into a company of another form.

In the event of failure to comply with these provisions, any interested party may apply to a court for the dissolution of the Company.

At the same time, the court cannot pronounce the dissolution if the adjustment has taken place on the day on which it rules on the merits.

The share capital may be amortised in accordance with the law.

Article 10 - Form of the Shares

Article 10.1 – Form of the Ordinary Shares

1. The fully paid up Ordinary Shares may take nominative or bearer form, at the choice of the shareholder, subject to the legal and regulatory provisions in effect.

   The Ordinary Shares are recorded in the shareholders' accounts under the conditions and pursuant to the procedures provided by law. The securities recorded in the account are transferred by transfer from account to account. Records in the accounts, payments and transfers are carried out in accordance with legal and regulatory requirements.

2. For the purposes of identifying the holders of bearer shares, the Company is entitled to ask the central depository responsible for maintaining the securities issuance account (the ***Central Depositary***), as per the case, for the name or company name, nationality, year of birth or year of incorporation and the addresses of the holders of securities conferring immediate or future voting rights at its meetings and the number of shares held by each of them, as well as, if applicable, the restrictions which may affect the securities.

   With regard to the list provided to the Company by the Central Depositary, the Company has the right to request either from the Central Depository, or directly from the persons on this list and which the Company believes may be registered as an intermediary and on behalf of third party owners of securities, the information provided in the preceding paragraph regarding the owners of the securities.

   These persons shall be required, if they have the capacity of intermediary, to disclose the identity of the owners of these securities. The information shall be provided directly to the authorised financial intermediary which holds the account, with the obligation of this latter party to notify it, as appropriate, to the Issuer or to the Central Depository.

   The Company is also entitled, with regard to the securities in the nominative form, to ask, at any time, the intermediary registered on behalf of third party owners of the securities to disclose the identity of the owners of these securities.

   For as long as the Company considers that certain holders of securities, in bearer or nominative form, whose identity has been disclosed to it are acting as holders on behalf of third party owners of the shares, it shall be entitled to ask these owners to reveal the identity of the owners of the securities, under the conditions provided above.

Following the requests for information cited above, the Company shall be entitled to request that any legal person owning Shares of the Company representing more than 2% of its share capital or voting rights reveal the identity of persons holding directly or indirectly more than one third of the share capital of this legal person or of the voting rights which are exercised at the general meetings of the same person.

When the person forming the object of a request pursuant to the stipulations of this article has not submitted the information so requested within the legal and regulatory deadlines or has transmitted incomplete or erroneous information regarding either its capacity or the owners of the securities, the Ordinary Shares or the securities giving immediate or future access to the share capital for which the person has been entered in the account shall be deprived of voting rights for all General Meetings to be held until the date of regularisation of identification, with the payment of dividends deferred until that date.

Article 10.2 – Form of Preferred Shares

The Preferred Shares shall obligatory be in the nominative form.

They shall give rise to registration in an account opened by the Company on behalf of each shareholder, under the conditions and according to the procedures prescribed by the law and the regulations in effect.

Article 11 – Indivisibility of Shares

Shares are indivisible with respect to the Company. The undivided joint owners of shares shall be represented at General Meetings by one of their number or by a joint representative of their choice. In the absence of agreement among them on the choice of a representative, the latter shall be designated by order of the President of the Commercial Court ruling in summary proceedings at the request of the first joint owner to take action.

The voting right attached to the Share belongs to the usufructuary for the Ordinary General Meetings and to the bare owner for the Extraordinary General Meetings. Shareholders may nevertheless agree among themselves on any other allocation for the exercise of the voting right at General Meetings. In this event, they shall bring their agreement to the attention of the Company by registered letter addressed to the registered office, with the Company obliged to observe this agreement for any General Meeting to be convened after the expiry of a one-month deadline after sending the registered letter, with the postmark serving as evidence of the date of dispatch.

The right of the shareholder to obtain notification of the company documents or to consult them may also be exercised by each of the joint owners of the undivided Shares by the usufructuary and the bare owner of Shares.

Article 12 – Transfer and Transmission of Shares – Crossing of Threshold

At the choice of their owner, fully paid up Shares shall be in the nominative or bearer form unless otherwise stipulated in the Articles of Association.

Shares shall be recorded in the shareholders' accounts under the conditions and pursuant to the procedures provided by law.

The transfer of Shares shall be effected by transfer from account to account, pursuant to the law.

In the event of a share capital increase, the Shares shall be negotiable as of its final conclusion.

Movements of securities for which due payments have not been made shall not be authorised.

In addition to the legal obligation to inform the Company of holdings of certain fractions of the share capital and to make any resulting declaration of intent, each natural or legal person, acting alone or in concert, who comes to hold or ceases to hold a fraction equal to 2% of the share capital or voting rights, or any multiple of this percentage, shall be obliged to notify the Company of the same within four stock exchange trading days, as soon as one of these thresholds is crossed, by registered letter with notice of receipt, addressed to the registered office of the Company, specifying the number of shares, corresponding voting rights and securities giving access to the share capital that it holds alone or in concert.

In order to determine the stipulated thresholds, account shall also be taken of the Shares held indirectly and of Shares regarded as owned Shares, as defined by the provisions of Articles L. 233-7 *et seq.* of the Commercial Code.

In each of the declarations cited above, the declaring party shall certify that the declaration made includes all shares held or possessed pursuant to the provisions of Articles L. 233-7 *et seq.* of the Commercial Code. It shall also indicate the date or dates of acquisition.

This disclosure obligation applies in all cases of crossing thresholds stipulated above, including the thresholds prescribed by law.

Failure to observe the notification obligation cited above shall be sanctioned, at the demand (recorded in the minutes of the Meeting) of one or several shareholders who together hold a fraction of at least 2% of the share capital or voting rights of the Company, by suspension of voting rights attached to the Shares which exceed the fraction that has not been regularly declared for each General Meeting of Shareholders held until the date of regularisation of the notification.

Furthermore, in the event that the registered shareholder knowingly disregards the notification obligation for threshold crossing with regard to the Company, the Commercial Court within the jurisdiction of which the Company has its registered office may, at the request of the Company or of a shareholder, pronounce the complete or partial suspension of voting rights, for a total period not exceeding five years, against any shareholder who has not made the declarations cited above or who has not observed the content of the declaration of intent provided in Article L. 233-7 VII of the Commercial Code within six (6) months of the publication of the said declaration.

Article 13 – Rights and obligations attached to the Shares

Article 13.1 Rights and obligations common to the Shares

1. Each Share gives the right to participate in collective decisions, as well as the right to be informed of the progress of the Company and to receive certain documents at times and under the conditions provided by law and these Articles of Association.

2. Shareholders shall only bear losses up to the limit of their contributions.

   Subject to the provisions of the law and of these Articles of Association, no majority may impose an increase in their commitments. The rights and obligations attached to the Share shall follow the security regardless of its holder.

3. The ownership of a Share shall entail the *ipso jure* adhesion to the decisions of the General Meeting and to these Articles of Association.

   The assignment shall include all dividends fallen due and falling due, as well as any portion of the reserve fund, unless otherwise notified to the Company.

   The heirs, creditors, assignees or other representatives of a shareholder may not, under any pretext, require the sealing of the property and company documents, demand the division or the sale by auction of these assets or interfere in the administration of the Company. In order to exercise their rights, they shall refer to the company inventories and to the decisions of the General Meeting.

4. Whenever it is necessary to possess a certain number of Shares in order to exercise any right, in the event of an exchange, consolidation or attribution of securities or for an increase or reduction in the share capital, a merger or any other transaction, shareholders holding a number of Shares less than that required shall only be able to exercise these rights provided that they personally ensure that they obtain the required number of Shares.

Article 13.2 Stipulations specific to Ordinary Shares

1. Each Ordinary Share confers a right of ownership of the Company's assets, to profit-sharing and to the liquidation surplus, to a share proportional to the stake in the share capital which it represents, taking into account, where appropriate, amortised and unamortised, paid up and unpaid share capital, for the nominal amount of the Shares and the rights of the different classes of Shares.

2. Except in cases where the law provides otherwise and with the exception of the double voting right provided below, each shareholder shall have as many voting rights and express as many votes at Meetings as he has Ordinary Shares fully paid up for all of the due payments. For the same nominal value, each capital or participating Ordinary Share shall confer one vote.

3. A double voting right, considering the proportion of the share capital which they represent, shall be attributed to all fully paid up Ordinary Shares, which shall be documented by a registration in the nominative form for at least two years, starting from the registration of the Company in the form of a European company, in the name of the same shareholder. This right is also granted on issuance, in the event of a share capital increase through incorporation of reserves, profits or issue premiums, to the Ordinary Shares attributed as a

bonus to a shareholder by virtue of former Ordinary Shares for which it has already benefited from this right.

4. Any shareholder may, by registered letter with request for notice of receipt addressed to the Company, temporarily or definitively waive all or part of its double voting rights. This waiver shall take effect on the third business day following the receipt by the Company of the letter of waiver.

5. Regardless of the number of Ordinary Shares held by it, whether directly or indirectly, a shareholder, acting alone or in concert, may not express, by way of the votes which it submits, whether in its own name or as a proxy during a General Meeting, more than 29.9% of the votes attached to the Ordinary Shares issued and with attached voting rights as at the date of such General Meeting. This cap shall apply to shareholders acting in concert according to article L. 233-10 of the Commercial code, the voting rights of such shareholders to be aggregated for this purpose. If the cap is to apply to one or more shareholders, the quorum and majority rules shall be determined for each General Meeting by taking into account the number of voting rights that could be validly exercised by the relevant shareholders. This cap shall apply for a period of five (5) years from the registration of the Company as a European Company with the trade and companies register.

Article 13.3 Stipulations specific to the Preferred Shares

1. Pecuniary rights

The pecuniary rights associated with a Preferred Share shall be limited under the conditions provided in Articles 34 and 39 of these Articles of Association.

2. Voting right

Preferred Shares shall be deprived of their voting right at General Meetings. This provide entitlement, under the conditions set by the law and by Article 31 of these Articles of Association, to take part in and vote at the special meetings of holders of Preferred Shares.

3. Right to convert Preferred Shares into Ordinary Shares subject to conditions

(i) Condition for conversion of Preferred Shares into Ordinary Shares

Subject to any adjustments pursuant to the stipulations of the paragraph "*Protection of individual rights of holders of Preferred Shares*" below, all of the Preferred Shares shall be converted *ipso jure* into a number of Ordinary Shares determined according to the procedures appearing in the paragraph "*Determination of the Conversion Ratio*" below, in the event that (i) the Company (or any subsidiary, company member of the same group or successor by operation of law) obtains the marketing authorisation in the United States of America or in Europe (on the basis of a centralised procedure) for the therapeutic application of the vaccine *Pseudomonas aeruginosa* against mortality from any cause for ICU patients, and (ii) that at the date of such granting either (a) the royalties received by the Company for this vaccine *Pseudomonas aeruginosa* represent at least 9.375% of the net proceeds from the sales of the vaccine, as currently stipulated in the strategic alliance agreement (as modified) concluded with Novartis or (b) the share of

the profits resulting from the sales of the vaccine for Intercell remains unchanged and at least equal to 45%, in each case as currently set forth in the Novartis Strategic Alliance Agreement (as modified) (the ***Condition***) depending on the election of Intercell Austria AG, such election by Intercell Austria AG being subject to the prior approval of the Supervisory Board of the Company at a simple majority.

This condition must be satisfied within seven (7) years starting from the date of realisation of the merger between the Company and Intercell AG and shall. be deemed satisfied at the date of issue of the first approval once final after expiry of the time for appeal, if any, on the part of either the FDA (Food and Drug Administration) for the United States of America or the EMA (European Medicines Agency) for the countries of the European Union.

(ii) *Procedures for conversion of Preferred Shares into Ordinary Shares*

Determination of the Conversion Ratio

The conversion of the Preferred Shares into Ordinary Shares shall be carried out pursuant to a conversion ratio of 0.4810 Ordinary Share for 1 Preferred Share (the ***Conversion Ratio***).

Conversion procedures for Preferred Shares

The conversion of Preferred Shares into Ordinary Shares shall not require either instructions or payment by the holders of the Preferred Shares.

The nominal value of each of the Ordinary Shares shall be paid up by debiting the special blocked reserve account created for that purpose in the accounts (shareholders' equity) of the Company.

Each Ordinary Share issued on conversion of the Preferred Shares shall be registered in the name of its holder in the shareholders' accounts of the Company, without prejudice for the owner to freely modify this registration in observance of the provisions of the law and the Articles of Association.

The conversion of Preferred Shares into Ordinary Shares and the registration in the shareholders' accounts of the Company resulting from the same shall take place *ipso jure* within 10 days of the realisation of the Condition.

All Preferred Shares converted into Ordinary Shares shall definitively be considered as Ordinary Shares on the date of their conversion.

The Management Board shall be entitled to carry out any conversion transaction, amend the Articles of Association and carry out any subsequent necessary or legal formalities.

Payment of Fractional Shares

On conversion of the Preferred Shares, every holder of the Preferred Shares may obtain a number of Ordinary Shares calculated with regard to the number of Preferred Shares which it holds on the basis of the Conversion Ratio in effect.

When the number of Ordinary Shares so calculated is not a whole number, the fraction of Ordinary Shares forming a fractional lot shall be paid in cash. In such an event, the holder of the Preferred Shares shall receive an amount equal to the product (i) of the fraction of an Ordinary Share forming a fractional lot and (ii) an amount equal to the first recorded market price of the Ordinary Share for the stock exchange trading session preceding that of the *ipso jure* conversion of the Preferred Shares into Ordinary Shares.

Such amount shall be debited from the special blocked reserve account created for that purpose in the accounts (shareholders' equity) of the Company and, as the case may be, from any available reserve accounts.

(iii) *Protection of the individual rights of holders of the Preferred Shares*

It is hereby specified that the share capital increase operation which will be decided by the next General Meeting of shareholders shall not give rise to any adjustment of the Conversion Ratio for the Preferred Shares.

Amortisation of the share capital – Modification of profit-sharing –Issuance of preferred shares

The Company shall have the right to amortise its share capital, to modify the rules for sharing of its profits or the issuance of preferred shares, provided that, for as long as Preferred Shares are in circulation, it has taken the necessary measures to preserve the rights of the holders of the Preferred Shares, pursuant to the stipulations of the paragraph "*Financial Operations of the Company*" below.

Capital reduction due to losses

In the event of reduction of the share capital of the Company due to losses and carried out through a reduction in the nominal amount or number of shares comprising the share capital, the rights of the holders of the Preferred Shares shall consequently be reduced, as if the holders of the Preferred Shares had converted their Preferred Shares before the date on which the capital reduction had become final.

Financial operations of the company

On conclusion of one of the following operations:

1. financial operations with a listed preferential subscription right;

2. attribution of bonus ordinary shares of the Company to shareholders, division or consolidation of shares;

3. free attribution to shareholders of any financial instruments other than the ordinary shares of the Company;

4. absorption, merger, division;

5. amortisation of the share capital;

which the Company could realise starting from the date of issuance of the Preferred Shares, the maintenance of rights of holders of the Preferred Shares shall be ensured by carrying out an adjustment of the Conversion Ratio, pursuant to the following procedures (the ***Adjusted Conversion Ratio***).

This adjustment shall be carried out in such a way that it equalises the value of the Ordinary Shares, to the nearest thousandth of an Ordinary Share, which have been obtained in the event of conversion of the Preferred Shares, immediately after the realisation of this operation.

In the event of adjustments carried out pursuant to paragraphs 1 to 5 below, the new Conversion Ratio shall be determined to the nearest thousandth (0.0005 being rounded up to the nearest thousandth, i.e. to 0.001). Any further adjustments shall be carried out on the basis of the preceding Conversion Ratio so calculated and rounded. At the same time, the Ordinary Shares shall only give rise to the delivery of a full number of Ordinary Shares, with the payment of partial Shares being specified in the paragraph "*Payment of partial shares*" above.

1. In the case of financial operations entailing a listed preferential subscription right, the Adjusted Conversion Ratio shall be equal to the product of the current Conversion Ratio before the start of the operation in question and the ratio below:

$$\frac{\text{Value of the Ordinary Share after detachment of the preferential subscription right + value of the preferential subscription right}}{\text{Value of the Ordinary Share after detachment of the preferential subscription right}}$$

To calculate this ratio, the value of the Ordinary Share after detachment of the preferential subscription right shall be determined as the arithmetic average of the first market prices on NYSE Euronext Paris exchange (or in the absence of a market price on NYSE Euronext Paris exchange, on another regulated or similar market on which the share and the subscription right are both listed) for all of the trading days included in the subscription period.

2. In the event of attribution of bonus Shares, as well as in the event of division or consolidation of Ordinary Shares, the Adjusted Conversion Ratio shall be equal to the product of the Conversion Ratio in effect before the start of the operation in question and the following ratio:

$$\frac{\text{Number of Ordinary Shares comprising the share capital after the operation}}{\text{Number of Ordinary Shares comprising the share capital before the operation}}$$

3. In the event of attribution free of charge of a financial instrument/financial instruments other than the ordinary shares of the Company, the Adjusted Conversion Ratio shall be determined as follows:

(a) if the right of free attribution of the financial instrument/financial instruments is subject to a listing on NYSE Euronext Paris exchange (or in the absence of a listing on NYSE Euronext Paris exchange, on another regulated or similar market), the new Conversion Ratio shall be equal to the product of the Conversion Ratio in effect before the start of the operation in question and the following ratio:

$$\frac{\text{Value of the ordinary share ex the free bonus right + value of the free bonus right}}{\text{Value of the ordinary share ex the free bonus right}}$$

To calculate this ratio:

- the value of the ordinary share ex the free bonus right shall be determined as the average weighted by the volumes of the first market prices quoted on NYSE Euronext Paris exchange (or in the absence of a price on NYSE Euronext Paris exchange, on another regulated or similar market on which the share and the subscription right are both listed) for the ordinary share ex the free bonus right for the first three stock exchange trading sessions, starting on the date on which the ordinary shares are listed ex the free bonus right;

- the value of the free bonus right shall be determined as in the above paragraph. If the free bonus right is not listed for at least each of these three stock exchange sessions, its value shall be determined by an independent expert of international reputation, chosen by the Company.

(b) if the bonus right for the financial instrument/financial instruments is not listed on the NYSE Euronext Paris exchange (or in the absence of a price on the NYSE Euronext Paris exchange, on another regulated or similar market), the Adjusted Conversion Ratio shall be equal to the product of the Conversion Ratio in effect before the start of the operation in question and the following ratio:

$$\frac{\text{Value of the ordinary share ex free bonus right + value of the financial instrument(s) attributed per ordinary share}}{\text{Value of the ordinary share ex free bonus right}}$$

To calculate this ratio:

- the value of the ordinary share ex the free bonus right shall be determined as in paragraph (a) above.

- if the attributed financial securities are listed or likely to be listed on the NYSE Euronext Paris exchange (or in the absence of a listing on the NYSE Euronext Paris exchange, on another regulated or similar market), for the 10-day trading period starting on the date on which the shares are listed ex-distribution, the value per share of the attributed financial security/securities shall be equal to the average weighted by the volumes of the prices of the said financial securities observed on the said market for the first three stock exchange trading sessions included in this period during which the said financial securities are listed. If the said attributed financial securities are not listed for at least each of these three stock exchange trading sessions, the per share value of the attributed financial security/securities shall be determined by an independent expert of international reputation, chosen by the Company.

4. In the event of absorption of the Company by another company or merger with one or several other companies to form a new company or a division, the Preferred Shares shall be exchanged for the preferred shares of the absorbing or new company or of the companies benefiting from the division and shall be converted into ordinary shares of the absorbing or new company or the companies benefiting from the division (the ***Replacement Shares***).

   The new Conversion Ratio shall be determined by multiplying the Conversion Ratio in effect before such an event by the exchange ratio for the Ordinary Shares into the Replacement Shares.

   The company or companies, which are beneficiaries of the contributions or the new company/companies shall replace the Company *ipso jure* in its obligations with regard to the holders of the Preferred Shares.

5. In the event of amortisation of the share capital, the Adjusted Conversion Ratio shall be equal to the product of the Conversion Ratio in effect before the amortisation and the following ratio:

$$\frac{\text{Value of the Ordinary Share before the amortisation}}{\text{Value of the Ordinary Share before the amortisation – amount of the amortisation per Ordinary Share}}$$

To calculate this ratio, the value of the Ordinary Share before the amortisation shall mean the average weighted by the volumes of the market prices quoted on the NYSE Euronext Paris exchange (or in the absence of a price on the NYSE Euronext Paris exchange, on another regulated or similar market) for the last three stock exchange trading sessions preceding the day on which the Ordinary Shares are listed ex-amortisation.

In the event that the Company executes operations for which an adjustment has not been stipulated by way of paragraphs 1 to 10 above and where a further provision of law or regulation provides for an adjustment, the Company shall make this adjustment pursuant to the applicable legal or regulatory provisions, taking account of practices in the field within the French market. In the event that the Ordinary Share of the Company is no longer admitted to trading on the NYSE Euronext Paris exchange (or in the absence of a price on the NYSE Euronext Paris exchange, on another regulated or similar market), the values referred to above shall be determined by an independent expert of international reputation, chosen by the Company.

(iv) Permanent information regarding the Preferred Shares

The Company shall notify the following information by all appropriate means within France and in Austria, shall place it on-line on the Company's website and shall proceed, as the case may be, with the necessary publications in the *Bulletin des Annonces Légales Obligatoires* (*BALO*) within the time limits set out by applicable laws:

- the realisation of the Condition at the latest within five (5) working days from such realisation;
- at latest on 30 June of each year, until the date of realisation of the Condition, a special report by the Statutory Auditors of the Company on the observance by the Company of the particular rights associated with the Preferred Shares;
- in the event of adjustment of the Conversion Ratio, the new Conversion Ratio within five (5) working days following [the adjustment date of the Conversion Ratio;
- after the expiry of the 7 years delay within which the Condition is to be met, and if such Condition is not satisfied, the procedure to buy back the Preferred Shares

4. Repurchase of the Preferred Shares:

The Company shall buy-back:

- the Preferred Shares that were not allotted to the shareholders of Intercell AG according to article 7.4 of the Merger Agreement entered into between the Company and Intercell AG;
- of all the Preferred Shares in the event that the Condition is not realised, for a price equal to their nominal value and payable within a

ten (10) working day-period from the end of the period within which the Condition is to be met;

- The Preferred Shares not attributed by the Company following a financial transaction such as a merger, demerger, reduction of the share capital, stock split or reverse stock split, distributions deduced from reserves or relating to a reduction of the share capital, distribution or free grant, either because they correspond to fractional entitlements or because the people entitled to them did not claim them, and wich shall be bought-back for a price equal to the nominal value, it being specified that in such case, the Company shall make the net proceeds of the buy-back available to the right-holders during a 10-year period in a blocked account in a credit institution, at the end of which the sums shall be transferred to the *Caisse des dépôts et consignations* where they may be claimed by the right-holders for a 20-year period, at the end of which the sums shall be definitively gained by the French state.

In any event, the repurchase of the Preferred Shares shall be carried out by the Company by deduction from the special blocked reserve account created for such purpose.

5. Cancellation of the Preferred Shares

The Company shall cancel:

- the non converted Preferred Shares if the Conversion Ratio was to lead to the creation of a lower number of Ordinary Shares than the existing number of Preferred Shares as at the date of the completion of the Condition;

- the Preferred Shares bought back by the Company in one of the cases set out in paragraph 4 above.

The Management Board is hereby granted all powers to carry out the cancellation of the Preferred Shares and the subsequent amendment of the Articles of Association.

TITLE III

ADMINISTRATION AND CONTROL OF THE COMPANY

Article 14 - Management Board

1. The Company is directed by a Management Board which carries out its duties under the control of the Supervisory Board.

The Management Board shall be composed of two to at most seven members, appointed by the Supervisory Board.

2. On penalty of nullity of appointment, the members of the Management Board shall be natural persons. They may be chosen from outside the shareholders.

   If a member of the Supervisory Board is appointed to the Management Board, his mandate on the former Board shall end as soon as he takes up his position.

3. The members of the Management Board shall be appointed by the Supervisory Board; they shall be dismissed by the Ordinary General Meeting of shareholders or by the Supervisory Board.

   If the dismissal is decided without just cause, it may give rise to damages.

   In the event that the concerned party has concluded an employment agreement with the Company, the revoking of his functions as a member of the Management Board shall not have the effect of terminating this agreement.

4. The Management Board shall be appointed for a period of three (3) years, ending on the date of the General Meeting convened to decide on the financial statements for the past financial year and held during the year in which the mandate expires, on expiry of which, it shall be entirely renewed. In the event of a vacancy, the Supervisory Board shall make provision within two months for the filling of the vacant position. A member of the Supervisory Board may be appointed by the Supervisory Board to exercise the duties of a member of the Management Board for the remaining period until the renewal of the Management Board and up to six months. During this period, the duties of the party in question on the Supervisory Board shall be suspended.

   The members of the Management Board shall all be re-electable.

5. The age limit for the exercise of functions of the members of the Management Board shall be set at seventy (70). A member of the Management Board in office shall be considered to have resigned at the end of the financial year during which he reaches this age.

   The procedure for and amount of remuneration of each of the members of the Management Board shall be set by the Supervisory Board.

6. The Supervisory Board shall appoint one of the members of the Management Board as chairman. The chairman of the Management Board shall carry out his duties for the duration of his mandate as a member of the Management Board.

   The chairman of the Management Board may be dismissed by decision of the General Meeting of shareholders or by the decision of the Supervisory Board, with a majority of the members of the Supervisory Board.

7. The Management Board shall meet as often as the interests of the Company demand, on convening by its Chairman, its chief executive officer or by at least half of its members, at the registered office of the company or at any other location indicated in the convening notice; it may be convened by any means, including by e-mail or even verbally. The agenda must appear in the convening notice but may be supplemented at the time of the meeting.

The Chairman of the Management Board shall chair the sessions and appoint a secretary, who may be chosen from outside of its members. In the absence of the Chairman of the Management Board, the sessions shall be chaired by the chief executive officer, or failing that by the member of the Management Board whom the Management Board has appointed for this purpose.

For decisions to be valid, at least half of the members must be present. If the Management Board includes two members, the decisions shall be taken unanimously. If it includes more than two members, decisions shall be taken by a majority of members present. Each member of the Management Board shall have one voting right and the president shall not have a casting vote in the event of a tied vote.

For the purposes of calculating the quorum and majority, members of the Management Board who take part in its meeting via conference call or telecommunications media, which permit their identification and guarantee their effective participation, the nature and conditions of application of which are determined by legislative and regulatory provisions in effect shall be considered to be present.

However, this procedure may not be used to establish the annual financial statements and management report, or to establish the consolidated accounts and management report for the group, if it is not included in the annual report.

8. The Statutory Auditors shall be convened to all of the meetings of the Management Board which examine or draw up the annual or interim financial statements.

9. The decisions are confirmed by minutes drawn up in a special register and signed by the Chairman of the Management Board and another member of the Management Board who has taken part in the session.

The minutes shall mention the name of the present or represented members and those of the absent members. Copies or extracts of these minutes shall be certified the Chairman of the Management Board, one of its members or any other person designated by the Management Board and during the liquidation period, by the liquidator.

10. The members of the Management Board may allocate the executive tasks among themselves with the authorisation of the Supervisory Board, pursuant to Article R. 225-39 of the Commercial Code. This allocation may in no case dispense the Management Board from meeting and deciding on the most important management issues of the Company nor have the effect of depriving the Management Board of its character as a body which provides the general management of the Company in a collective manner.

Article 15 - Attributions and powers of the Management Board

1. The Management Board shall be assigned the most extensive powers for acting in all circumstances in the name of the Company and shall exercise these within the limits of the company object and subject to those expressly attributed by law to the Supervisory Board and to the General Meetings of shareholders and those which require the prior authorisation of the Supervisory Board, as specified below.

Any limitation on the powers of the Management Board shall be unenforceable against third parties.

The Management Board shall convene the General Meetings of the shareholders, set their agenda and execute their decisions.

At least once a quarter, the Management Board shall submit a report to the Supervisory Board which retraces the principal actions or events occurring in the management of the Company.

After the closure of each financial year and within the following three (3) months, the Management Board shall submit the annual documents to the Supervisory Board, as well as all documents provided by law, for verification and control purposes. It shall propose the allocation of results for the past financial year.

2. The Chairman of the Management Board shall represent the Company in its relations with third parties. At the same time, the Supervisory Board shall be authorised to attribute the same power of representation to one or several members of the Management Board, for which each of them shall then have the title of chief executive officer. The Supervisory Board may abolish this power of representation by withdrawing the role of chief executive officer from the member of the Management Board. The Company shall even be committed by the actions of the Chairman or one of the chief executive officers which do not relate to the Company object, unless it demonstrates that the third party was aware that this action exceeded this object or could not have been unaware of the same in view of the circumstances.

   The stipulations limiting this power of representation are unenforceable against third parties.

   The actions committing the Company with regard to third parties are validly executed with a single signature of any one of the members of the Management Board authorised to represent the Company, pursuant to the stipulations of this article.

3. The Management Board may entrust special, permanent or temporary missions which it determines to one or several of its members or to any other person and delegate the powers to them which it judges necessary for one or several given objects, with or without the power of subdelegation.

4. The Management Board shall examine and present the quarterly and half-yearly accounts to the Supervisory Board.

5. The Management Board shall decide or authorise the issuance of bonds under the conditions of Article L. 228-40 of the Commercial Code, unless the General Meeting decides to exercise this power. The Management Board may delegate to its Chairman and, with the agreement of the same, to one or several of its members, the powers necessary for realising the issuance of bonds, within a one-year deadline, and draw up the procedures for these.

6. The members of the Management Board, as well as any person convened on to attend its meetings shall be bound by secrecy with regard to information of a confidential character or which is presented as such.

7. The decision listed in Article 19 of these Articles of Association are subject to the prior approval of the Supervisory Board, ruling with a simple or enhanced majority or unanimously, as per the case, at the proposal of the Management Board.

When an operation demands the authorisation of the Supervisory Board, pursuant to Article 19 of these Articles of Association and which this latter party refuses, the Management Board may submit the difference to the General Meeting of shareholders, which shall decide on the follow-up for the plan, pursuant to Article R. 225-40 of the Commercial Code.

Article 16 - Composition of the Supervisory Board

The Supervisory Board consists of at least three (3) members and at most eighteen (18) members, appointed by the Ordinary General Meeting of shareholders, subject to legal exemptions.

The members of the Supervisory Board who are natural persons, must be aged less than seventy five (75), subject to the following stipulations.

A legal person may be appointed as member of the Supervisory Board but must, under the conditions provided by the law, designate a natural person who shall be its permanent representative on the Supervisory Board. The permanent representatives must be aged less than seventy five (75), subject to the following stipulations.

Article 17 - Duration of duties - renewal – co-opting

The duration of the functions of the members of the Supervisory Board is set at three (3) years (with one year understood as the interval between two consecutive Ordinary General Meetings), subject to the following stipulations.

The duration of the functions of any member of the Supervisory Board shall be limited to the remaining period until the annual Ordinary General Meeting, held in the year during which the member of the Supervisory Board in question reaches the age of seventy five (75).

The members of the Supervisory Board shall be re-elected on one or several occasions, subject to the above stipulations concerning the age limit. They may be dismissed at any time by decision of the Ordinary General Meeting, under the conditions and pursuant to the procedures provided by law.

In the event of a vacancy, due to death or resignation, of one or several positions on the Supervisory Board, the Supervisory Board may make appointments in a provisional capacity between two General Meetings. These appointments shall be submitted for the ratification of the following Ordinary General Meeting. In the absence of ratification, the decisions taken and the acts previously carried out by the Board shall nevertheless remain valid.

When the number of members of the Supervisory Board has fallen below the legal minimum, the Management Board shall call the Ordinary General Meeting within the shortest possible period, with a view to establishing a full Board.

The member appointed as a replacement for another whose mandate has not expired, shall only remain in office during the remaining time of the mandate of his predecessor.

Furthermore, the Supervisory Board may include elected members representing employees, pursuant to the provisions of Article L. 225-79 and, as appropriate, L. 225-71 of the Commercial Code.

Article 18 - Bureau and resolutions of the Board

1. The Board shall appoint a Chairman and a Deputy Chairman from among its members, who are responsible for convening the Board and directing its discussions. The Chairman shall also designate a secretary, who may be selected from outside the shareholders and who, together with the Chairman and the Deputy Chairman, shall comprise the bureau.

   They shall be appointed for the duration of their mandate for the Supervisory Board and shall always be re-electable.

   The Chairman and the Deputy Chairman shall be natural persons.

   In the event of absence or impediment of the Chairman, the session of the Supervisory Board shall be chaired by the Deputy Chairman.

2. The Supervisory Board shall meet as often as the interests of the Company demand and at least once per quarter, at the convening of the Chairman, the Deputy Chairman or a member of the Supervisory Board, made by all written means, including by e-mail or even verbally.

   At the same time, the Chairman shall convene the Board on a date which must not be more than fifteen (15) days later, when at least one member of the Management Board or at least one third of the members of the Supervisory Board submit a grounded request in this sense. If the request has remained without response, its authors may themselves call the meeting, indicating the agenda of the session. Other than this case, the agenda shall be set by the Chairman and may only be set at the time of the meeting.

   The Supervisory Board may also be held by videoconference or any other electronic means of telecommunications or remote transmission.

   The meetings shall take place at the registered office or at any other location indicated in the convening notice.

   For resolutions to be valid, at least half of the members of the Supervisory Board must be present. Subject to the stipulations of Article 19, decisions shall be taken by a majority of votes of present or represented members; in the event of a vote, the chairman of the session shall have the deciding vote.

   Moreover, for the purposes of calculating the quorum and majority, the members of the Supervisory Board who take part in the board meetings by videoconference or any other electronic means of telecommunications or remote transmission shall be considered to be present, except for the adoption of the following decisions:

- verification and control of the annual financial statements and, as appropriate, of the consolidated accounts;

- appointment of the members of the Management Board ;

- appointment of the Chairman or of the Deputy Chairman of the Supervisory Board and determination of their remuneration.

The members of the Supervisory Board may be represented at each session by one of their colleagues, but one member may only represent one of his colleagues as a proxy. These powers shall only be valid for a single session and may be granted by simple letter, e-mail or fax.

An attendance register shall be kept at the registered office, which shall be signed by the members of the Supervisory Board who take part in the board meeting.

The production of an extract or copy of the minutes shall serve as sufficient evidence for the number of members in office and their attendance or representation.

The decisions of the Board shall be noted in the minutes drawn up in a special register or on numbered and initialled loose sheets, pursuant to the conditions set by the current legislation.

These minutes shall be signed by the chairman of the session and by another member of the Supervisory Board.

In the event of impediment of the chairman of the session, the minutes shall be signed by at least two members of the Supervisory Board.

The copies or extracts of these minutes shall be certified by the Chairman, the Deputy Chairman, a member of the Management Board or by a proxy authorised for this purpose.

The Supervisory Board shall draw up internal regulations which may provide that with the exception of decisions relating to the verification and inspection of the annual financial statements, as well as the verification and inspection of the consolidated financial statements, for the purposes of calculating the quorum and majority, the members of the Supervisory Board shall be considered to be present who attend the meeting via videoconference or telecommunications media which permit their identification and guarantee their effective participation, the nature and conditions of application of which are determined by the current legal and regulatory provisions.

The members of the Supervisory Board, as well as any person taking part in the meetings of the Supervisory Board, shall be bound to secrecy with regard to the resolutions of the Supervisory Board, as well as to the information presenting a confidential character or presented as such by the Chairman of the Supervisory Board or the Chairman of the Management Board.

The Statutory Auditors shall be convened to all of the meetings of the Supervisory Board which examine or draw up the annual or interim financial statements.

Article 19 - Powers and attributions of the Supervisory Board

The Supervisory Board shall exercise permanent control of the management of the Company carried out by the Management Board.

It shall appoint the members of the Management Board and set their remuneration. It shall designate the Chairman of the Management Board and possibly the chief executive officers. It may also pronounce their dismissal under the conditions provided by law and by the Articles of Association of the Company.

It shall convene the General Meeting of shareholders, in the absence of convening by the Management Board.

It shall carry out the verifications and inspections which it considers appropriate at any time of the year and may order the forwarding of documents which it considers necessary for carrying out its mission.

The Supervisory Board shall authorise the following agreements and operations, prior to their conclusion:

1. By a majority of present or represented members, pursuant to current legal and regulatory provisions:

   (i) any assignment of property in kind;

   (ii) any total or partial assignment of investments;

   (iii) any establishment of sureties, as well as securities, endorsements and guarantees; and

   (iv) any agreement between the Company and one of the members of the Supervisory Board or of the Management Board, by way of application of Articles L. 225-86. of the Commercial Code.

2. With a majority representing more than half of its members in office (i.e. for the first Supervisory Board, by a majority of 4 out of the 7 members in office):

   (i) approval of the annual budget;

   (ii) approval of the business plan;

   (iii) appointment and revocation of the members of the Management Board (*Directoire*) and executive officers, decision on their remuneration and leaving terms;

   (iv) submission of draft resolutions to the shareholders' meeting relating to any distribution (including distribution of dividends or reserves) to the shareholders;

   (v) approval of material changes in accounting policies;

   (vi) submission of draft resolutions to the extraordinary shareholders' meeting and exercise of delegations of authority or delegations of powers granted by the shareholders' meeting and relating to the issue

of shares or securities granting access, immediately and/or in the future, to the share capital of the Company;

(vii) share capital reductions and share buy back programs;

(viii) submission of draft resolutions to the shareholders' meeting relating to any amendment of the articles of association;

(ix) acquisition and disposal of business branches, equity interests or assets for an amount exceeding EUR 1 million as well as any lease management (*location-gérance*) of all or part of the *fonds de commerce*, except for the transactions previously submitted and approved as part of the annual budget or business plan;

(x) assignments of rights relating to, and the licensing of antibodies, vaccines or related products for an amount exceeding EUR 1.5 million;

(xi) implementation of any capital expenditure for an amount exceeding EUR 1 million not previously submitted and approved as part of the annual budget;

(xii) implementation of any expense for recruiting a team for a total annual gross compensation (including social charges and withholding taxes) of EUR 1.5 million in the first year, and not previously submitted and approved as part of the annual budget;

(xiii) any implementation, refinancing or amendment to the terms of any borrowings (including any bonds) for an amount exceeding EUR 1 million, and not previously submitted and approved as part of the annual budget;

(xiv) allocation of options entitling their holders to subscribe to newly issued shares (*options de souscription d'actions*) or to acquire existing shares (*options d'acquisition d'actions*), allocation of free shares or other plans in favour of the Management Board members and key employees (i.e employees with an annual gross compensation in excess of EUR 100,000) ;

(xv) any merger, demerger, asset contribution, dissolution, liquidation or other restructurings;

(xvi) any settlement or compromise relating to any litigation of an amount exceeding EUR 500,000, provided that any settlement or compromise relating to a litigation of an amount exceeding EUR 250,000 will be reviewed by the audit committee of the Supervisory Board;

(xvii) any material change in the business; and

(xviii) any agreement or undertaking to do any of the foregoing.

Any decision to transfer out of France the registered office and/or the research & development centre(s) operated by the Company in France shall be subject, as from

the date hereof, to the prior authorisation of the Supervisory Board resolving unanimously.

The Supervisory Board shall receive a report from the Management Board on the progress of the company's affairs whenever it considers it necessary and at least once a quarter.

Within the deadline of three months from the end of the financial year, the Management Board shall present the annual financial statements and its draft management report for the General Meeting to the Supervisory Board, for verification and control purposes.

It shall present its observations on the report by the Management Board, as well as on the annual financial statements to the Annual Ordinary General Meeting of shareholders.

The Supervisory Board may grant all of the special mandates or specific missions to one or several of its members, for one or several given objects.

The Supervisory Board may also appoint, from among its members, one or several specialised committees, the composition and attributions of which it shall set and which shall carry out their activities at its liability, without the said attributions having the object of delegating to the committees the powers exclusively attributed to the Supervisory Board by the law or these Articles of Association, or the effect of reducing limiting the powers of the Supervisory Board.

Article 20 - Allocation of the Supervisory Board

The members of the Supervisory Board may receive by way of remuneration of their activity a fixed annual amount by way of attendance fees, the amount of which, determined by the Ordinary General Meeting of shareholders, shall be maintained until a decision to the contrary and shall be charged to the general expenses of the Company.

The Board shall share these benefits among its members in a manner which it considers appropriate.

The Supervisory Board may also allocate exceptional remuneration to certain of its members for missions or mandates entrusted to them in the cases and under the conditions provided by law.

No remuneration, permanent or otherwise, may be paid to the members of the Supervisory Board, other than what is allocated to the Chairman and possibly to the Deputy Chairman, or that due by way of an employment contract corresponding to an effective job.

Article 21 – Observers

The Supervisory Board may appoint one or several observers who only take part in meetings of the Supervisory Board and its committees in an advisory capacity.

The observer or observers must receive the same information as the members of the Supervisory Board and may obtain all supplementary information within the context of carrying out their duties.

The observer(s) may not be remunerated.

Article 22 - Statutory auditors

One or several Statutory Auditors shall be appointed and shall carry out their monitoring mission pursuant to the law.

They shall have the permanent mission, to the exclusion of any interference in the management, of verifying the books and values of the Company and of monitoring the regularity and fairness of the Company accounts.

One or several alternate Auditors shall be appointed, who shall be convened on to replace the Statutory Auditors in the event of impediment, rejection, resignation or death.

TITLE IV

SHAREHOLDERS' MEETINGS

Article 23 - Nature of the Meetings

The decisions of the shareholders shall be taken at a General Meeting.

The Ordinary General Meetings shall be those which are convened on to take all of the decisions which do not modify the Articles of Association.

The Extraordinary General Meetings shall be those convened on to decide or authorise direct or indirect modifications of the Articles of Association.

The Special Meetings shall bring together the holders of Shares of a given category to rule on a modification of the rights of the Shares of this category and all other decisions provided by law or by these Articles of Association.

The resolutions of the General Meetings shall oblige all of the shareholders, even if absent, dissenting or incapable.

Article 24 - Calling and convening of the general meetings

The General Meetings shall be convened either by the Management Board or failing this, by the Supervisory Board or the Statutory Auditors or by a representative designated by the court, at the demand, either of any interested party or works council in the event of an emergency or by several shareholders representing at least 5% of the share capital.

During the liquidation period, the Meetings shall be convened by the liquidator(s).

The General Meetings shall be convened at the registered office or at any other location indicated in the notice of calling.

The Company shall be obliged, within the time limits set out in applicable laws, to publish a notice of meeting in the *Bulletin des Annonces Légales Obligatoires* (BALO) (Bulletin of Obligatory Legal Announcements containing the mentions provided by the laws in effect.

The convening of the General Meetings shall be realised by the inclusion in a newspaper authorised to receive legal announcements in the Department of the registered office and in addition, in the *Bulletin des Annonces Légales Obligatoires* (BALO), within the time limits set out in applicable laws.

When a Meeting has been unable to deliberate in regular fashion, due to failure to reach the necessary quorum, the second Meeting and as per the case, the second extended Meeting, shall be convened, in the same forms as the first, within the time limits set out in applicable laws and the notice of calling shall recall the date of the first calling and reproduce its agenda.

Article 25 - Agenda

1. The agenda of the Meetings shall be drawn up by the author of the calling.

2. One or several shareholders, representing at least the required proportion of the share capital and acting under the conditions and pursuant to the deadlines set by the law, shall be entitled to request the inclusion of draft resolutions in the agenda of the Meeting by registered letter with a request for notice of receipt.

3. If a works council exists, it may request the entering of draft resolutions on the agenda of a Meeting.

   These draft resolutions must be notified to the shareholders and be entered in the agenda and submitted to the vote of the Meeting.

4. The Meeting may not deliberate on an issue which is not entered on the agenda, which may not be modified at a second calling. It may nevertheless dismiss one or several members of the Supervisory Board under any circumstances and replace them.

Article 26 – Admissions to Meetings - powers

All of the shareholders shall be entitled to take part in the Meetings on providing evidence of their identity, albeit with their participation in the Meeting subordinated:

- for the owners of nominative Shares, to their registration in the nominative form in the shareholders' accounts of the Company, at the latest on the third day preceding the date of the Meeting;

- for owners of bearer Ordinary Shares, on issuance of a declaration of participation by an authorised intermediary, noting the registration in the shareholders' accounts, at latest on the third day preceding the date of the Meeting.

Any shareholder may vote by post through a form, a copy of which may be obtained under the conditions indicated by the notice of calling of the Meeting.

A shareholder may be represented by another shareholder who provides evidence of a power of attorney, by his/her spouse or partner with whom he/she has concluded a civil solidarity pact.

A shareholder may furthermore be represented by any other natural or legal person of his/her choice and this under the conditions provided in Articles L. 225-106, L. 225-106-1 and R. 225-79 of the Commercial Code.

In the event of existence of a works council within the Company, two of its members designated by the counsel, of which one belongs to the category of technical staff and supervisors and the other to the category of employees and workers, or where appropriate, the persons mentioned in articles L. 2323-64 and L. 2323-65 of the Labour Code, may attend the General Meetings. They shall be heard at their request for all of the resolutions which require the unanimity of shareholders.

Article 27 – Holding of the Meeting – Bureau - minutes

An attendance sheet shall be signed by the attending shareholders and representatives, to which shall be attached the powers granted to each representative and, as appropriate, the postal voting forms. It shall be certified as accurate by the bureau of the Meeting.

The Meetings shall be chaired by the Chairman of the Supervisory Board or, in his absence, by the Deputy Chairman or by a member of the Board especially appointed for this purpose. In the event of convening by a Statutory Auditor or court-appointed agent, the Meeting shall be chaired by the author of the convening notice. Failing this, the Meeting shall itself elect its Chairman.

The two present and accepting shareholders, representing the largest number of votes, both as themselves and as representatives, shall serve as scrutineers. The bureau so established shall designate a secretary, who may be selected from outside the members of the Meeting.

The deliberations of the meetings shall be recorded in minutes signed by the members of the bureau and drawn up in a special register, in accordance with the law. Copies and extracts of these minutes shall be certified under the conditions set by law.

Article 28 – Quorum – Vote

1. The quorum shall be calculated on all of the Shares comprising the share capital, except in the Special Meetings, where it shall be calculated on all of the Shares for the category in question, all of which minus the Shares deprived of the voting rights by virtue of the provisions of the law. In the event of a postal vote, for the calculation of the quorum, only forms duly completed and received by the Company at least three (3) days before the date of the Meeting shall be considered.

2. Subject to the double voting right and the cap of the voting rights cited in the article 13.2, the voting rights attached to Ordinary Shares shall be proportional to the stake in the share capital which they represent.

3. The vote shall be expressed by a show of hands, by a roll-call or by a secret ballot, pursuant to what the bureau of the Meeting or the shareholders decide. The shareholders may also vote by post.

4. For the purposes of calculating the quorum and majority, shareholders shall be considered to be present who take part in the Meeting via videoconference or telecommunications media which permit their identification and guarantee their effective participation, the nature and conditions of application of which are determined by legislative and regulatory provisions in effect.

Article 29 - Ordinary general meeting

The Ordinary General Meeting shall take all of the decisions exceeding the powers of the Management Board, which do not have the object of modifying the Articles of Association.

The Ordinary General Meeting shall meet at least once a year, within six months of the end of the financial year, to rule on the financial statements for the financial year, subject to the extension of the deadline by a court decision.

It shall only deliberate validly, on a first convening, if the present and represented shareholders, or those voting by postal vote, hold at least the number of shares set out in applicable laws.

No quorum shall be required for the second convening. It shall rule with a majority of the votes validly cast by the present or represented shareholders or shareholders voting by post. Abstention and votes blank or void shall not be considered as votes cast.

For the purposes of calculating the quorum and majority, shareholders shall be considered to be present who take part in the General Meetings via videoconference or telecommunications media as detailed above, albeit with the exception of resolutions relating to the approval of the company accounts, and as per the case, the approval of the consolidated accounts.

Article 30 - Extraordinary General Meeting

The Extraordinary General Meeting may amend the Articles of Association in all of their provisions and notably decide on the conversion of the Company into a limited liability company. It may nevertheless increase the commitments of the shareholders, subject to the operations resulting from a consolidation of Shares effected in regular fashion.

The Extraordinary General Meeting may only deliberate validly if the present or represented shareholders or shareholders voting by postal vote possess on the first convening or on the second convening the number of shares set out by applicable laws. In the absence of this latter quorum, the second Meeting may be extended until a date two months later than the one on which it had been convened.

The Extraordinary General Meeting shall rule with a majority of two thirds of the votes validly cast by the present or represented shareholders, or voting by postal vote, unless there is a legal exemption. Abstention and votes blank or void shall not be considered as votes cast.

In constituent Extraordinary General Meetings, i.e. those convened to deliberate on the approval of a contribution in kind or the granting of a particular benefit, the grantor or beneficiary shall not have a vote, either for itself or as a representative.

For the purposes of calculating the quorum and majority, shareholders shall be regarded as present who take part in the General Meetings via videoconference or telecommunications media as detailed above, albeit with the exception of resolutions relating to a modification of the share capital, a merger, division or partial contribution of assets.

Article 31 - Special Meetings

If there are several categories of Share, no modification may be made to the rights of the Shares in one of these categories, without a requisite vote of an Extraordinary General Meeting, open to all of the shareholders and furthermore, without an equally requisite vote of a Special Meeting, open only to the owners of Shares of the category in question.

The special Meetings may only deliberate validly if the present or represented shareholders hold on the first convening or on the second convening the number of shares of the relevant category set out by applicable laws.

Other meetings shall be convened and shall deliberate under the same conditions as the Extraordinary General Meetings, subject to the particular provisions applicable to Meetings of holders of Shares with a priority dividend, but without voting rights.

For the purposes of calculating the quorum and majority, shareholders shall be regarded as present who take part in the Meeting via videoconference or telecommunications media as detailed above and for which the nature and conditions of application are determined by current legislative and regulatory provisions.

As necessary, it is hereby specified that the conversion of Preferred Shares into Ordinary Shares under the conditions provided in Article 13.3 of these Articles of Association shall not be subject to the approval of the special meeting of Preferred Shareholders.

Article 32 - Right of notification of the Shareholders

Every shareholder has the right to receive, under the conditions and at times set by law, the documents required for it to be able to pronounce knowledgeably and draw up a ruling on the management and control of the Company.

The nature of these documents and the conditions of their dispatch or provision shall be determined by the law and regulations.

TITLE V

COMPANY ACCOUNTS -

ALLOCATION AND DISTRIBUTION OF PROFITS

Article 33 - Inventory - Annual Financial Statements

The Company shall maintain regular accounts of its operations, pursuant to the law and commercial practice.

At the end of each financial year, the Management Board shall draw up an inventory of the various elements of the assets and liabilities. It shall also draw up the annual reports and as appropriate, the consolidated financial statements, pursuant to the provisions of the Commercial Code.

It shall attach a statement of guarantee deposits, endorsements and guarantees given by the Company to the balance sheet, together with a statement of sureties granted by it.

It shall draw up a management report containing the indications set by law.

The management report shall include, as per the case, the report on the management of the group, when the Company must draw up and publish consolidated accounts under the conditions provided by law.

As appropriate, the Management Board shall draw up provisional accounting documents under the conditions provided by law.

All of these documents shall be made available to the Statutory Auditors under the appropriate legal and regulatory conditions.

Article 34 - Allocation and distribution of profits

First of all, amounts to be provisioned in legal reserves shall be deducted from the net profit for each financial year minus previous losses, if any. In this way, 5% shall be deducted to establish the legal reserve fund; this deduction shall cease to be obligatory when the said fund has reached one tenth of the share capital; it shall resume if, for any reason, the legal reserve has fallen below this fraction.

The distributable profits shall consist of the net profit for the financial year minus previous losses and the amounts provisioned to reserves by way of application of the law and the Articles of Association plus retained earnings.

For this profit, the General Meeting shall then deduct the amounts which it considers appropriate to allocate to optional, ordinary or extraordinary reserves or as retained earnings.

The balance, if any, may be allocated among all of the Shares in proportion to their paid-up and unamortised amount and their respective pecuniary rights.

Each Preferred Share shall provide entitlement to the distribution of one fifteenth ($1/15^{th}$) of the amount of any distribution or, as the case may be, of the allocation of assets, decided in favour of the holders of each Ordinary Share.

At the same time, except in the case of a capital reduction, no distribution may be made to the shareholders when the shareholders' equity is or becomes, following this distribution, less than the amount of the share capital plus the reserves for which distribution is prohibited, pursuant to the law or the Articles of Association.

The General Meeting may decide to distribute the amounts deducted from the optional reserves, either to provide or supplement a dividend, or by way of an exceptional distribution; in this event, the decisions shall expressly indicate the reserve items from which the deductions shall be made. At the same time, the dividends shall be distributed as a priority from the distributable profit for the financial year.

The losses, if any, shall be attributed, after the approval of the financial statements by the General Meeting, to a special account, for attribution to profits for future financial years, until they are extinguished.

Article 35 - Payment of dividends

Ruling on the annual financial statements, the General Meeting has the right to grant an option to each shareholder for all or part of the distributed dividend or interim dividends, for payment of the dividend or interim dividends in cash or in Shares.

The procedures for payment of dividends in cash shall be set by the General Meeting or failing this, by the Management Board.

However, the payment of dividends must take place within at most nine months of the end of the financial year, unless this deadline is extended by a judicial authorisation.

When financial statements drawn up during or at the end of the financial year and certified by a Statutory Auditor reveal that the Company has generated a profit, after the end of the preceding financial year, after establishing the necessary depreciation and provisions and deducting previous losses, if any, as well as amounts to be attributed to reserves by way of application of the law or Articles of Association and taking account of retained earnings, interim dividends may be distributed before approval of the annual financial statements. The amount of these interim dividend payments may not exceed the amount of the profit so defined.

The Company may only demand a repeat of the dividend from the shareholders if the distribution has been carried out in violation of the legal provisions and if the Company establishes that the beneficiaries were aware of the regular character of this distribution when it was made or could not have been unaware of the same in view of the circumstances. Actions for the return of undue payments shall be prescribed five years after the payment of these dividends. Dividends unclaimed within five years of their payment falling due shall be prescribed.

TITLE VI

SHAREHOLDERS' EQUITY - PURCHASE BY THE COMPANY

CONVERSION - EXTENSION - DISSOLUTION - LIQUIDATION

Article 36 - Shareholders' equity less than half of the share capital

If, on account of the losses observed in the accounting documents, the shareholders' equity of the Company falls below half of the share capital, the Management Board shall be obliged, within four months following the approval of the accounts which have revealed these losses, to convene the Extraordinary General Meeting for the purpose of deciding whether there are grounds for the advance dissolution of the Company.

If the dissolution is not pronounced, subject to the legal provisions relating to the minimum capital and within the legal deadline, the share capital shall be reduced by an amount equal to that of the losses which could not be attributed to the reserves if, within this deadline, the shareholders' equity could not be restored to a value equal to at least half of the share capital.

In any event, the decision of the General Meeting must form the object of notification formalities required by the applicable regulatory provisions.

In the event of failure to observe these prescriptions, any concerned party may apply to a court for the dissolution of the Company. The same shall apply if the shareholders are unable to deliberate in valid fashion.

At the same time, the court may not pronounce its dissolution if, on the day on which it rules on the merits, the adjustment has been made.

Article 37 - Conversion

Pursuant to article L. 229-10 of the Commercial Code, the Company may be transformed into a limited liability Company, if, at the time of conversion, it has been in existence for at least two years and if it has drawn up financial statements for the last two financial years and these have been approved by its shareholders.

The conversion decision shall be taken on the basis of a report by one or several conversion auditors designated by a decision of the court, which attests that the shareholders' equity is at least equal to the share capital.

Article 38 - Extension

At least one year before the expiry date of the Company, the Management Board must convene the Extraordinary General Meeting of shareholders for the purpose of deciding, under the conditions required for the amendment of the articles of Association, whether the Company must be extended.

The shareholders who oppose the said extension shall be obliged to assign their Shares to the other shareholders within 3 months, starting from the resolution of the General Meeting which has decided on the extension, at the express demand of these latter parties by registered letter with notice of receipt. The assignment price of the Shares shall be determined by an expert under the conditions provided in Article 1843-4 of the Civil Code. In the event that the purchase requests exceed the number of Shares to be assigned, the allocation shall be made pro rata to the number of

Shares already held by the acquirers and within the limits of the Shares to be assigned.

Article 39 – Dissolution – Liquidation

Except in the cases of judicial dissolution provided by the law, and unless the Company is extended in regular fashion, it shall be dissolved on expiry of a deadline set by the Articles of Association or following a decision of an Extraordinary General Meeting of the shareholders.

One or several liquidators shall then be appointed by this Extraordinary General Meeting under the conditions of a quorum and majority provided for the Ordinary General Meetings.

The liquidator shall represent the Company. The entire company assets shall be realised and the liabilities discharged by the liquidator, who shall be vested with the broadest powers. He shall then allocate the available balance between the Ordinary Shares and, as the case may be, the Preferred Shares, pro rata to their participation in the share capital.

The General Meeting of shareholders may authorise it to continue with current business transactions or to undertake new ones for the purposes of the liquidation.

In the event that all of the Shares are acquired by a single shareholder, any dissolution decision, whether voluntary or judicial, shall entail the transmission of the Company's assets, to the sole shareholder, under the conditions provided by law, without a liquidation being necessary.

TITLE VII

DISPUTES

Article 40 - Disputes

Any disputes which may arise regarding the business of the company or the execution of the provisions of the Articles of Association, during the life of the Company or during its liquidation, whether between the shareholders, the management or controlling bodies of the Company or the Statutory Auditors, or between the shareholders themselves, shall be submitted to the competent courts with jurisdiction over the registered office.

* *

*

SCHEDULE 2

VIVALIS INTERIM ACCOUNTS AS AT 30 JUNE 2012

VIVALIS

A French public limited company (*Société Anonyme*)
with an Executive Board and a Supervisory Board
Share capital: 3,188,687.55 euros
Registered office: La Corbière, 49450 Roussay France
Angers Companies Register (RCS) No.: 422 497 560

INTERIM FINANCIAL REPORT

FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2012

A- RESPONSIBILITY STATEMENT

To the best of my knowledge, and in accordance with applicable reporting principles for interim financial reporting, the condensed interim consolidated financial statements of the Company and all consolidated operations provide a fair view of its assets and liabilities, financial position and earnings, and the interim management report on page 2 includes a fair view of material events occurring in the first six months, their impact on the interim financial statements, the main transactions with related parties and a description of the key risks and uncertainties for the remaining six months.

Franck Grimaud
Chairman of the Executive Board of the Company

B- AUDITORS' REPORT ON THE 2012 INTERIM FINANCIAL INFORMATION

To the Shareholders:

In our capacity as Statutory Auditors, and in accordance with Article L.451-1-2 III of the French monetary and financial code, we performed:
- The limited review of the accompanying interim condensed consolidated financial statements of Vivalis for the six-month from 1 January to June 30, 2012;
- A verification of the information given in the interim management report.

These interim condensed consolidated financial statements were prepared under the responsibility of your Executive Board. Our responsibility is to express our conclusion on these financial statements based on our limited review.

I- Conclusion

We have conducted our limited review in accordance with the professional standards applicable in France. A limited review consists mainly in making inquiries with members of management responsible for accounting and financial matters and applying analytical procedures. The scope of such a review is substantially less than for an audit conducted in accordance with generally accepted audit standards in France. As such, it provides a moderate assurance that the financial statements as a whole are free of material misstatements and a lesser assurance than would result from an audit.

Based on our limited review, nothing has come to our attention to suggest that the interim condensed financial statements do not comply in all material respects with IAS 34, the IFRS standard applicable to interim financial statements, as adopted by the European Union.

II- Specific verifications

We have also reviewed the information given in the interim report accompanying the interim condensed consolidated financial statements that were the subject of our limited review. We have nothing to report with respect to the fair presentation of such information and its consistency with the interim condensed consolidated financial statement.

Cholet and Neuilly-sur-Seine, 29 August 2012
The Statutory Auditors
[French original signed by]

Jean-Claude Pionneau
Cabinet Gérard Chesneau & Associés

Christophe Perrau
Deloitte & Associés

C- 2012 INTERIM MANAGEMENT REPORT

I. Review of operations of Vivalis for the 2012 first half

2012 first half highlights:

Significant events in the first half included:

- The commercial success of the EB66® and Viva|Screen™ technology platforms;
- The first antibody discovery platform focusing on oncology;
- The search for partners for the development or sale of rights for anti-hepatitis C molecules.

a) The commercial success of the EB66® and Viva|Screen™ technology platforms;

5 new licenses and research agreements, notably with BioDiem (human), Merck Animal Health (veterinary), Merial (veterinary) and Farvet (veterinary), have been signed since 1 January 2012 to use the EB66® cell line to produce vaccines and monoclonal antibodies, including 2 commercial licenses. In light of the signatures, Vivalis expects to exceed initial targets, namely to reach 8 to 10 licenses for 2012, including 3 commercial licenses

In the field of antibody discovery (Viva|Screen™ technology), early in the year Sanofi Pasteur initiated a third antibody discovery program within the framework of the collaboration agreement signed in June 2010. This agreement was furthermore extended to include an additional target. On that basis, this strategic agreement now represents potential revenue of more than €140 million from milestone payments and royalties and confirms Sanofi-Pasteur's considerable interest in the Viva|Screen™ technology.

b) The first antibody discovery platform focusing on oncology;

Vivalis has launched its first antibody discovery program in oncology using its Viva|Screen™ platform.

c) The search for partners for the development or sale of rights for anti-hepatitis C molecules.

Vivalis is actively searching for partners for the development or sale of rights for its two molecules of interest against hepatitis C.

II. Outlook:

Vivalis has revised its objectives for 2012 as follows:

- **Antibody Discovery: Viva|Screen™**

The Company confirms its target for the signature of 2 new license and collaboration agreements for the Viva|Screen™ antibody discovery technology.

- **EB66® Cell Line for the Production of Vaccines and Antibodies**

Since 1 January 2012, VIVALIS has signed five new EB66® licenses and research agreements, including two commercial licenses, with an initial objective for the year of six licenses, including two commercial. Based on the number of on-going discussions, VIVALIS has now raised this target to eight to ten new EB66® licenses for 2012, including three commercial licenses.

- **2012 year-end cash target**

As a result of delays in certain programs, in particular the bioproduction unit, the Company has lowered its cash target to approximately €14 million at year-end 2012 from €16 million initially.

III. Risks and uncertainties concerning the company's business in the following six months:

Vivalis operates in a rapidly evolving environment subject to significant risks and uncertainties outside of the Group's control. Risks and uncertainties potentially affecting the Group are presented in the French registration document (*document de référence*) filed with the French securities regulator, the AMF (*Autorité des Marchés Financiers*) under No. D 12- 0412 on 25 April 2012, also available at the Group's website: www.vivalis.com.
The Group is notably subject to the following risks. As this list is not exhaustive, consultation of the registration document is recommended for a more precise description of the risks associated with the Group's business:

- Risks of failures or delays in development of the EB66® cell line;
- Risks relating to developing products of Group licensees;
- Risks relating to developing Group products;
- Risks of dependence with respect to the EB66® cell lines out-licensing activities and the Viva|Screen platform.

IV. Management's discussion and analysis of financial condition and results of operations for the six month period ended 30 June 2012

The condensed consolidated financial statements for the six-month period ended 30 June 2012 were prepared in accordance with the provisions of IAS 34 for interim financial reporting authorising the presentation of selected explanatory notes. In consequence, these condensed consolidated financial statements must be read in conjunction with the IFRS annual financial statements for the 2011 fiscal year (registration document filed with the AMF under No. D 12- 0412 on 25 April 2012 available in French at the company's website: www.vivalis.com).
Figures presented in these financial statements are expressed in thousands of euros

Recurring operating income

Current operating income was €2,790,000 in the 2012 first-half, down from €5,654,000 from the same period last year or 51%. Revenue from commercial partners amounted to €1,504,000, declining 68% from €4,688,000 in the 2011 first half. This latter category of revenue now accounts for only 54% of total recurring operating income for the 2012 first half compared with 83% in last year's same period.

Revenue streams from research services are much less irregular mainly because of the different collaboration programs with Sanofi-Pasteur on the antibody discovery platform, with a third collaboration program launched in early 2012. Accordingly, first-half revenue from research services increased 4% from €830,000 in 2011 to €863,000 in 2012.

Revenue from commercial licenses recognised under "licensing income" over the duration of the product's development in which the Group participates declined significantly by 83% to €641,000 in the 2012 first half from €3,859,000 in last year's same period. This decline reflects mainly exceptional items in 2011 (a milestone payment following the transformation of the co-exclusive EB66® license agreement signed between GSK and VIVALIS in 2007 in the field of influenza vaccines into an exclusive license, termination of the CSL and Nobilon co-exclusive licenses and the commercial license of Innate). Furthermore, important commercial contacts in progress both for the EB66 cell lines and antibody discovery have not yet reached conclusions that would allow for the recognition of significant revenues.

Recurring operating income also includes three other categories of income that experienced mixed trends in the 2012 first half.

Capitalised production corresponding to the development expenditures for Vivalis programs that now concerns only patents has remained very marginal since 2009 after they advanced to the commercial deployment phase.

Operating grants represented only €88,000 in the 2012 first half, down from €251,000 from last year's same period. This significant decrease is largely the result of reduced amounts received under the OSEO grant for the VIVABIO program. In effect, for a portion of the program, a transfer of eligible costs from grants to reimbursable loans is recognised. Furthermore, eligible costs for the second part of the program were suspended pending the decision on the admission of the new partner.

Other operating income concerned research tax credits (RTC) amounting to €1,154.000 in 2012 first half compared with €690,000 in the same period last year. The significant 67% increase is mainly due to the decline in public financing receipts budgeted for 2012 in relation to the prior year and that are deducted from the base of all eligible costs. In addition, eligible costs themselves registered a marginal increase.

Recurring operating expenses

Recurring operating expenses came to €9,638,000 at 30 June 2012, up from €8,196,000 year-on-year. This rise that remains significant (+18%) reflects Vivalis' ongoing efforts in the field of antibody discovery (Viva Screen platform both for the Lyon operation and the Japanese subsidiary).

Staff costs remain the main operating expense representing slightly more than 36% of the total, and declined 1% to €3,479,000 in 2012 from €3,518,000 in 2011. The average number of personnel of Vivalis for continuing operations in the 2012 first half amounted to 97.5 FTE (full-time equivalents), up from 92.4 FTE for the same period last year like-for-like or 5%.

Between the first six months of 2011 and 2012, expenditures for raw materials and other supplies rose 44% to €1,255,000 related to the antibody discovery activity. Other purchases and external expenses rose 41% to €2,892,000, mainly from fees.

Depreciation and amortisation expenses continued to increase from €1,516,000 in €2011 to €1,811,000 in 2012. This increase included mainly:

- Amortisation expenses for the acquisition of the antibody discovery technology acquired from the Japanese company SC World at the end of April 2011 for a full six months basis in 2012;
- Depreciation expenses for fixtures and equipment for Lyon and Toyama following investments made in the 2011 second half for the industrialisation of the VivaScreen technology platform.

Net income/(loss) from continuing operations

At 30 June 2012 the loss from continuing operations amounted to €6,847,000, up from €2,541,000 one year earlier. This decline is mainly the result of the significant drop in revenue combined with sustained efforts in pursuing research and development.

Net financial income/(expense)

The 2012 first half had net financial income of €21,000 compared with net financial expense of €19,000 in the same period last year, reflecting an improvement in charges for discounting amounts owed to sellers of Humalys and SCW.

At 30 June 2012, the loss before tax amounted to €6,827,000, up from €2,560,000 one year earlier.

Net income from continuing operations

At 30 June 2012, the loss from continuing operations amounted to €6,845,000, up from €2,560,000 the same period last year.

The net loss from continuing operations per ordinary share amounted to €0.32 for the 2012 first half compared with €0.12 for last year's first half.

Income (loss) from assets held for sale or discontinued operations

In the 2012 first half, the Group recognised a loss of €657,000 for the Drug Discovery business classified as an asset held for sale compared with a loss of €512,000 for the same period in 2011.

Net loss

The net loss at 30 June 2012 came to €7,502,000 compared with €3,072,000 at 30 June 2011.

Capital resources

In the first six months of 2012, the €9.9 million decline in the cash position reflected the following items:

- -€7.4 million for operating activities;
- -€4.6 million for investing activities, including €3.8 for technology acquisitions;
- +€2.1 million for financing activities, mainly from the disposal of current financial assets (fixed deposits), keeping in mind that a 1.5 million credit facility was put into place only in early July.

Assets

Net intangible assets: excluding capital expenditures in the period, more than 60% of the decrease in this line item (from €19,820,000 at 31 December 2011 to €17,929,000 at 30 June 2012) was due to derecognition in accordance with IFRS 5 of intangible assets for Drug Discovery held for sale (€1,080,000), and more than one third allowances for amortisation for technologies required and, to a lesser extent, development expenditures capitalised in the period.

Net property, plant and equipment of €13,315,000 at 31 December 2011 declined to €12,754,000 at 30 June 2012, with depreciation expenses for these assets exceeding amounts for acquisitions.

Other non-current assets increased from €5,957,000 at 31 December 2011 to €7,185,000 at 30 June 2012, mainly from a RTC receivable of €1,348,000 recognised for the period.

Other current assets increased from €1,067,000 at 31 December 2011 to €1,306,000 at 30 June 2012, mainly relating to VAT and prepaid expenses for operating activities.

Current financial assets consist mainly of fixed deposits.

Liabilities and equity

Shareholders' equity at 30 June 2012 was €33.2 million compared to €40.4 million at 31 December 2011. This decline reflects mainly the period's loss.

Bank borrowings (including both the current and non-current portions) rose €0.7 million, with credit facilities for €1.5 million put into place only in July.

The €4.8 million decrease in other payables (current and non-current) included:

- A €2.8 million reduction in debt incurred by Vivalis in favour of the sellers for the acquisition of Humalys;
- €1.3 million for amounts payable to fixed asset suppliers that included mainly a reduction in the debt for the acquisition of antibody discovery technologies;
- A €0.7 million decline in deferred income or grants recognised under income;

Total assets at 30 June 2012 amounted to €60.4 million compared to €73.1 million at 31 December 2011.

V. Related party transactions

No new regulated agreements were signed by Vivalis Group in the 2012 first-half. Related party transactions in 2011 are described in section 19 of the registration document filed with the French financial market authority (*Autorité des Marchés Financiers* or AMF) on 25 April 2012 under No. D 12- 0412: www.vivalis.com.

INTERIM FINANCIAL STATEMENTS AT 30/06/2012

I – Consolidated balance sheet

(in thousands of euros)	*Note No.*	*30/06/2012*	*31/12/2011*
Goodwill		341	341
Intangible fixed assets	5.7.1	17,929	19,820
Property, plant and equipment	5.7.2	12,754	13,315
Non-current financial assets		221	195
Other non-current assets	5.7.3	7,185	5,957
NON-CURRENT ASSETS		**38,429**	**39,629**
Inventories and work in progress		902	951
Trade receivables and related accounts	5.7.4	595	881
Other current assets	5.7.5	1,306	1,067
Current financial assets	5.7.6	17,852	20,648
Cash and cash equivalents	5.7.7	122	9,907
CURRENT ASSETS		**20,776**	**33,455**
Assets held for sale or discontinued operations	5.7.8	**1,240**	
TOTAL ASSETS		**60,444**	**73,083**

Share capital		3,182	3,168
Share premium		62,142	62,117
Retained earnings (accumulated deficit) and reserves		-24,603	-20,420
Net income/(loss) for the year		-7,502	-4,419
SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE GROUP		**33,219**	**40,445**
Non-controlling interests		-	-
TOTAL SHAREHOLDERS' EQUITY		**33,219**	**40,445**
Provisions		12	12
Provisions for employee commitments		98	98
Bank borrowings	5.7.9	4,606	5,268
Other non-current liabilities	05/07/2010	11,159	13,921
NON-CURRENT LIABILITIES		**15,875**	**19,299**
Provisions		17	
Bank borrowings	5.7.9	1,608	1,528
Trade payables and related accounts	05/07/2011	1,505	1,384
Tax and employee-related liabilities	05/07/2012	1,599	1,817
Other current liabilities	05/07/2010	6,622	8,610
CURRENT LIABILITIES		**11,350**	**13,339**
Liabilities associated with assets held for sale			
TOTAL SHAREHOLDERS' EQUITY & LIABILITIES		**60,444**	**73,083**

II. – Consolidated income statement

(in thousands of euros)	*Note No.*	*30/06/2012*	*30/06/2011 restated (*)*
Research services		863	830
Licensing income		641	3,859
REVENUE	**5.7.13**	**1,504**	**4,688**
Change in inventory of own production of goods and services			
Own production of goods and services capitalised		44	25
Grants	5.7.14	88	251
Other income	5.7.14	1,154	690
RECURRING OPERATING INCOME		**2,790**	**5,654**
Purchases of raw materials & other supplies		1,207	979
Change in inventory		48	- 105
Other purchases and external expenses		2,892	2,055
Taxes, duties and related amounts		153	123
Staff costs		3,479	3,518
Depreciation, amortisation & impairment of fixed assets	5.7.15	1,811	1,516
Other expenses		48	112
RECURRING OPERATING EXPENSES		**9,638**	**8,196**
NET INCOME/(LOSS) FROM CONTINUING OPERATIONS		**- 6,847**	**- 2,541**
Non-recurring operating income		-	-
Non-recurring operating expenses		-	-
OPERATING PROFIT/ LOSS		**- 6,847**	**- 2,541**
Income from cash and cash equivalents		287	328
Cost of gross borrowings		- 266	- 346
NET BORROWING COSTS		**21**	**- 19**
INCOME BEFORE TAX		**- 6,827**	**- 2,560**
Income tax		19	-
NET INCOME FROM CONTINUING OPERATIONS		**- 6,845**	**- 2,560**
Income (loss) from assets held for sale or discontinued operations	5.7.8	- 657	- 512
NET INCOME		**- 7,502**	**- 3,072**
Basic net earnings from continuing operations per share (in euro)	5.7.16	-0.32	-0.12
Diluted net earnings from continuing operations per share (in euro)		-0.32	-0.12

(in thousands of euros) **Statement of net profit and income and expense recognised directly in equity**	*30/06/2012*	*30/06/2011*
Net income/(loss)	- 7,502	- 3,072
Total income and expense recognised directly in equity	43	-
Total net profit and income and expense recognised directly in equity	**- 7,459**	**- 3,072**

(*) In accordance with IFRS 5 on income from assets held for sale or discontinued operations, the 2011 first half has been restated in the interest of providing a clearer presentation of performance.

III – Consolidated statement of changes in shareholders' equity

a. Change from 1 January 2012 to 30 June 2012

	Share capital	Share premiums	Reserves and retained earnings	Net income	Shareholders' equity attributable to the Group	Non-controlling interests	Total
At 1 January 2012	**3,168**	**62,117**	**-20,420**	**-4,419**	**40,446**	**0**	**40,446**
Capital increase	14	25			**39**		**39**
Income appropriation			-4,419	4,419	**0**		**0**
Treasury shares			21		**21**		**21**
Share-based payments			218		**218**		**218**
Net income/(loss) for the period				-7,502	**-7,502**		**-7,502**
Translation differences of consolidated subsidiaries			-3		**-3**		**-3**
At 30 June 2012	**3,182**	**62,142**	**-24,603**	**-7,502**	**33,219**	**0**	**33,219**

b. Change from 1 January 2011 to 30 June 2011

	Share capital	Share premiums	Reserves and retained earnings	Net income	Shareholders' equity attributable to the Group	Non-controlling interests	Total
At 1 January 2011	**3,149**	**62,111**	**-13,010**	**-7,962**	**44,288**	**0**	**44,288**
Capital increase	2	22			**25**		**25**
Income appropriation			-7,962	7,962	**0**		**0**
Treasury shares			133		**133**		**133**
Share-based payments			356		**356**		**356**
Net income/(loss) for the period				-3,072	**-3,072**		**-3,072**
At 30 June 2011	**3,151**	**62,133**	**-20,483**	**-3,072**	**41,729**	**0**	**41,729**

IV – Consolidated statement of cash flows

(in thousands of euros)

(in thousands of euros)	Note No.	H1_2012	H1_2011
Cash flow from operating activities:			
Net income/(loss)		-7,502	-3,072
Income and expenses with no impact on cash and unrelated to operating activities, tax and financial expense			
Operating depreciation and amortisation expenses	5.7.15	1,811	1,558
Reversals of operating depreciation and amortisation expenses	5.7.15	0	0
Share-based payment expenses	IV	218	357
Expense reclassifications on capitalised assets		0	0
Share of grant transferred to income		-83	-60
Net borrowing costs		-21	-128
Other non-cash items		0	-38
(Gains)/losses on disposal of assets		0	0
Change in other current assets/liabilities			
Inventories		50	-142
Trade receivables and related accounts		286	190
Trade payables and related accounts		121	230
Other non-current assets		-1,156	-1,297
Other current assets		-239	489
Tax and employee-related liabilities		-218	3
Other non-current liabilities		-712	-1,268
Other current liabilities (excluding payables to fixed asset suppliers)		-159	-79
Net cash from operating activities before tax and financial expense		**-7,605**	**-3,257**
Interest income/expense		206	128
Income tax payments		0	0
Net cash from/(used in) operating activities		**-7,399**	**-3,129**
Cash flow from investing activities			
Purchase of intangible fixed assets (excl. Humalys)	5.7.1	0	-6,055
Purchase of property plan and equipment	5.7.2	-542	-752
Purchase of long-term investments		-26	-157
Acquisition of Humalys net of cash received		-2753	-2324
Change in working capital requirements with regard to assets		-1,296	5,318
Net capital expenditure		0	2
Net cash used in investing activities		**-4,617**	**-3,968**
Cash flow from financing activities			
New borrowings	5.7.9	0	1,200
Repayment of borrowings	5.7.9	-711	-593
Change in other financial assets	5.7.6	2,796	2,005
Subordinated grants received/(repaid)		0	0
Investment grants received		0	0
Other			133
Capital increase	IV	39	25
Net cash from financing activities		**2,124**	**2,770**
Effect of foreign exchange rate changes		1	0
Net change in cash and cash equivalents		**-9,891**	**-4,327**
Opening cash, cash equivalents and marketable securities		9,792	34,748
Closing cash, cash equivalents and marketable securities		-99	30,420
Net change in cash and cash equivalents		-9,891	-4,328
Change in current financial assets		**-2,796**	**-2,005**
Net change in cash, cash equivalents and current financial assets		**-12,687**	**-6,333**

V.– Notes to the interim financial statements (In thousands of euros)

5.1 – Significant events and transactions in the first half having an impact on the condensed consolidated financial statements of 30 June 2012.

Significant events in the first half included:

- The commercial success of EB66® and theViva| Screen™ technology platforms
- The first antibody discovery platform focusing on oncology;
- The search for partners for the development or sale of rights for anti-hepatitis C molecules.

a) The commercial success of the EB66® and Viva| Screen™ technology platforms;

5 new licenses and research agreements, notably with BioDiem (human), Merck Animal Health (veterinary), Merial (veterinary) and Farvet (veterinary), have been signed since 1 January 2012 to use the EB66® cell line to produce vaccines and monoclonal antibodies, including 2 commercial licenses. In light of these signatures, Vivalis expects to exceed initial targets, namely to reach 8 to 10 licenses for 2012, including 3 commercial licenses

In the field of antibody discovery (Viva|Screen™ technology), early in the year Sanofi Pasteur initiated a third antibody discovery program within the framework of the collaboration agreement signed in June 2010. This agreement was furthermore extended to include an additional target. On that basis, this strategic agreement represents potential revenue of €140 million from milestone payments and royalties, confirming Sanofi-Pasteur's considerable interest in the Viva|Screen™ technology.

b) The first antibody discovery platform focusing on oncology;

Vivalis has launched its first antibody discovery program in oncology using its Viva| Screen™ platform.

c) The search for partners for the development of anti-hepatitis C molecules

Vivalis is actively searching for partners for the development or sale of rights for its two molecules of interest against hepatitis C.

5.2 - Changes in the Group structure

There were no changes in the Group structure of consolidated operations at 30 June 2012 that consequently includes Vivalis Toyama Japan and Smol Thérapeutics, wholly-owned subsidiaries of Vivalis SA.

5.3- Accounting policies and statement of compliance

Preliminary comments:

Amounts presented in the Group's condensed consolidated financial statements are expressed in thousands of euros, except when indicated otherwise;

The closing date for the condensed consolidated interim financial statements is 30 June of each year. The separate financial statements included in the condensed consolidated financial statements are established on the closing date for the condensed consolidated financial statements, i.e. 30 June and cover the same period.

The condensed consolidated financial statements of 30 June 2012 were established on 27 August 2012 by the Management Board.

Main accounting policies and statement of compliance

In compliance with European regulation 1606 / 2002 of 19 July 2002 adopted by the European Parliament and Council, the financial statements of the Group at 31 December 2009 were prepared in accordance with IFRS (*International Financial Reporting Standards*) as approved by the European Union on the date these financial statements were produced.

IFRSs as adopted by the European Union differ in certain respects with those published by the International Accounting Standards Board (IASB). Nevertheless, the Group has ensured that the financial information presented for the periods presented does not materially differ from financial information presented on the basis of the IASB version of IFRS.

International accounting standards are comprised notably of IFRS (*International Financial Reporting Standards*), IAS (*International Accounting Standards*) as well as SIC (*Standing Interpretations Committee*) and IFRIC (*International Financial Reporting Interpretations Committee*).

The condensed consolidated financial statements for the period ended 30 June 2012 were prepared in accordance with the provisions of IAS 34 on interim financial reporting as adopted by the European Union that authorises the presentation of selected explanatory notes.

As the notes to these financial statements do not include all information required for complete annual financial statements they must consequently be read in conjunction with the 2011 annual financial statements.

All IAS/IFRS standards and interpretations adopted by the European Union may be consulted at the European Commission's website at the following address:
http://ec.europa.eu/internal_market/accounting/ias/index_en.htm.

International Financial Reporting Standards (IFRS) applied as of 30 June 2012:

The condensed financial statements have been prepared in accordance with the accounting methods and policies applied by the Group for the annual financial statements of fiscal 2011 (described in note 5.2 of the financial statements of 31 December 2011). The new texts and amendments whose application became mandatory as of 1 July 2012 presented in note 5.2.1 of the consolidated financial statements of 31 December 2011 are not applicable or do not have a material effect on the Group's consolidated financial statements at 30 June 2012.

The Group has not opted to apply in advance those standards and interpretations that were not mandatory effective 1 January 2012.

In light of the decision to proceed with the disposal of the Drug Discovery business, IFRS 5 "non-current assets held for sale or discontinued operations" became applicable for the first time in the condensed consolidated financial statements for the six-month period ending 30 June 2012. For improved clarity to evaluate performance, the 2011 interim consolidated income statement has been restated on the same basis of application as the 2012 first half.

5.4 - Seasonal business trends

The Group is not subject to seasonal business trends though revenue streams from commercial contracts may fluctuate significantly.

5.5 - Operating segments

Since 2010, Vivalis Group has identified three operating segments for the purpose of analysing its business and results:

- Cell line platform (EB66);
- Platform for the development of small molecules (3DScreen);
- Antibody discovery platform (Viva⎪Screen).

In light of the decision for the disposal of the Drug Discovery business, as of 2012 this operating segment no longer exists and the relevant items have been consequently reclassified in accordance with IFRS 5.

a – Income statement aggregates by segment

(in thousands of euros)	First half		% Change
	2012	2011 Restated (*)	
Revenue by business sector	**1,504**	**4,688**	**-67.9%**
EB66 cell line	529	3,585	-85.2%
Drug Discovery (3DScreen technology) (*)			
Viva | screen technology	975	1,103	-11.6%
Other income by business sector	**1,286**	**966**	**33.2%**
EB66 cell line	816	786	3.9%
Drug Discovery (3DScreen technology) (*)			
Viva | screen technology	427	133	220.7%
Income not attributed to an operating segment	43	47	-8.5%
Net income/(loss) from continuing operations	**-6,847**	**-2,541**	**169.4%**
EB66 cell line	-2,748	166	-1759.5%
Drug Discovery (3DScreen technology) (*)			
Viva | screen technology	-1,113	-524	112.5%
Income not attributed to an operating segment	-2,986	-2,183	36.8%

(*) In accordance with IFRS 5 for the probable disposal on 30 June 2012 of the Drug Discovery business (3DScreen technology).
For improved clarity about performance, the 2011 first half has been restated on an identical basis.

b – Balance sheet aggregates by operating segment

Segment analysis at 30 June 2012

(in thousands of euros)	*Global*	*EB66*	*3DS (1)*	*VivaScreen*	*Unallocated*
Goodwill	341			341	
Intangible fixed assets	17,929	2,887		14,915	127
Property, plant and equipment	12,754	4,026		1,514	7,214
Non-current financial assets	221				221
Other non-current assets	7,185	1,274			5,911
NON-CURRENT ASSETS	**38,429**	**8,187**		**16,770**	**13,473**
Inventories and work in progress	902	514		388	
Trade receivables and related accounts	595	266		246	83
Other current assets	1,306				1,306
Current financial assets	17,852				17,852
Cash and cash equivalents	122				122
CURRENT ASSETS	**20,776**	**780**		**634**	**19,363**
Assets held for sale or discontinued operations	1,240		**1,240**		
TOTAL ASSETS	**60,444**	**8,967**	**1,240**	**17,404**	**32,836**

Provisions	12				12
Provisions for employee commitments	98	32	8	39	19
Bank borrowings	4,606				4,606
Other non-current liabilities	11,159	4,099		4,565	2,495
NON-CURRENT LIABILITIES	**15,875**	**4,131**	**8**	**4,604**	**7,132**
Provisions	17	17			
Bank borrowings	1,608				1,608
Trade payables and related accounts	1,505				1,505
Tax and employee-related liabilities	1,599				1,599
Other current liabilities	6,622	686		5,031	905
CURRENT LIABILITIES	**11,350**	**703**		**5,031**	**5,617**
Liabilities associated with assets held for sale					
TOTAL CURRENT/NON-CURRENT LIABILITIES	**27,226**	**4,834**	**8**	**9,635**	**12,749**

Segment analysis at 31 December 2011

(in thousands of euros)	*Global*	*EB66*	*3DS*	*VivaScreen*	*Unallocated*
Goodwill	341			341	
Intangible fixed assets	19,820	3,166	1,036	15,464	154
Property, plant and equipment	13,315	4,255	182	1,431	7,447
Non-current financial assets	195				195
Other non-current assets	5,957	1,274	108		4,575
NON-CURRENT ASSETS	**39,629**	**8,695**	**1,327**	**17,236**	**12,371**
Inventories and work in progress	951	526	59	366	
Trade receivables and related accounts	881	199		678	4
Other current assets	1,067		271		796
Current financial assets	20,648				20,648
Cash and cash equivalents	9,907				9,907
CURRENT ASSETS	**33,455**	**726**	**330**	**1,044**	**31,355**
TOTAL ASSETS	**73,083**	**9,420**	**1,657**	**18,280**	**43,726**

Provisions	12				12
Provisions for employee commitments	98	32	8	39	19
Bank borrowings	5,268				5,268
Other non-current liabilities	13,921	4,548	126	6,907	2,340
NON-CURRENT LIABILITIES	**19,299**	**4,580**	**134**	**6,946**	**7,639**
Provisions					
Bank borrowings	1,528				1,528
Trade payables and related accounts	1,384			104	1,280
Tax and employee-related liabilities	1,817	907	151	188	572
Other current liabilities	8,610	830	260	7,208	312
CURRENT LIABILITIES	**13,339**	**1,737**	**411**	**7,500**	**3,692**
TOTAL CURRENT/NON-CURRENT LIABILITIES	**32,638**	**6,317**	**545**	**14,446**	**11,331**

5.6 – Other information

With respect to interim consolidated financial statements, the method used for the valuation of the 2012 Research Tax Credit (RTC) is based on a calculation of the fiscal 2012 year-end value according to estimated inflows of grants and repayable loans. 50% of this amount is then applied to the interim financial statements ending 30 June 2012, with expenses on which the RTC is based estimated on a straight-line basis over the full year period.

Otherwise, with the exception of IFRS 5 (see above), there have been no other changes in presentation, accounting methods or estimates in relation to 31 December 2011.

5.7 - NOTES TO THE BALANCE SHEET, INCOME STATEMENT AND STATEMENT OF CASH FLOWS

5.7.1 - Net intangible fixed assets

a. Change from 1 January 2012 to 30 June 2012

In thousands of euros	At 1 January 2012	Changes in the period						30 June 2012
		Increase			Decrease	Change in Group structure	Other changes (2)	
		Total	internally generated	separately acquired				
Development expenditure	7 003	47	47				-1 100	5 950
Acquired technology	17 186	0						17 186
Concessions, patents and licences	532	13	13		-310			235
Intangible assets under development	0	0						0
Gross intangible fixed assets	**24 721**	**60**	**60**	**0**	**-310**	**0**	**-1 100**	**23 371**
Development expenditure (1)	2 800	283	283				-20	3 063
Acquired technology	1 723	548		548				2 271
Concessions, patents and licences	378	0			-270			108
Total amortisation and impairment	**4 901**	**831**	**283**	**548**	**-270**	**0**	**-20**	**5 442**
Net intangible fixed assets	**19 820**	**-771**	**-223**	**-548**	**-40**	**0**	**-1 080**	**17 929**
(1) of which depreciation	149	0	0	0	0	0	0	149

(2) Relating to the Drug Discovery business reclassified under assets held for sale or discontinued operations (see note 5.7.8 -a)

b. Change from 1 January 2011 to 31 December 2011

In thousands of euros	At 1 January 2011	Changes in the period					At 31 December 2011
		Increase			Decrease	Change in Group structure	
		Total	internally generated	separately acquired			
Development expenditure	6 915	88	88				7 003
Acquired technology	11 067	6 119		6 119			17 186
Concessions, patents and licences	462	70		70			532
Intangible assets under development	0	0					0
Gross intangible fixed assets	**18 444**	**6 277**	**88**	**6 189**	**0**	**0**	**24 721**
Development expenditure (1)	2 238	562	562				2 800
Acquired technology	738	985		985			1 723
Concessions, patents and licences	310	68		68			378
Total amortisation and impairment	**3 286**	**1 615**	**562**	**1 053**	**0**	**0**	**4 901**
Net intangible fixed assets	**15 158**	**4 662**	**-474**	**5 136**	**0**	**0**	**19 820**
(1) of which depreciation	149	0	0	0	0	0	149

5.7.2 - Net property, plant and equipment

a. Change from 1 January 2012 to 30 June 2012

In thousands of euros	At 1 January 2012	Changes in the period				30 June 2012
		Increase	Decrease	Change in Group structure	Other changes (1)	
Land	1,010					1,010
Buildings on own land	4,682	21				4,703
Buildings on land of third parties	568	4				572
Building installations and improvements	3,878	2				3,880
Plant, machinery and equipment (*)	7,855	488	-1		-392	7,950
General installations, miscellaneous improvements	532	5			6	543
Vehicles	27					27
Office, IT equipment, furniture	926	22	-1			947
Recoverable packaging	5					5
Tangible fixed assets under construction	29				-6	23
Prepayments	15					15
Gross intangible fixed assets	**19,527**	**542**	**-2**	**0**	**-392**	**19,675**
Land	87	18				105
Buildings on own land	669	103				772
Buildings on land of third parties (2)	24	31				55
Building installations and improvements	1,150	174				1,324
Plant, machinery and equipment	3,691	525			-231	3,985
General installations, miscellaneous improvements	121	22				143
Vehicles	27	3				30
Office, IT equipment, furniture	438	64				502
Recoverable packaging	5	0				5
Total depreciation and amortisation	**6,212**	**940**	**0**	**0**	**-231**	**6,921**
Impairment	0					0
Net intangible fixed assets	**13,315**	**-398**	**-2**	**0**	**-161**	**12,754**

(*) including biomanufacturing materials

(1) Of which mainly the Drug Discovery business reclassified as assets held for sale or discontinued operations (see note 5.7.8 -a)

a. Change from 1 January 2011 to 31 December 2011

In thousands of euros	At 1 January 2011	Changes in the period				At 31 December 2011
		Increase	Decrease	Change in Group structure	Other changes	
Land	1,010	0				1,010
Buildings on own land	4,672	10				4,682
Buildings on land of third parties	28	540				568
Building installations and improvements	3,862	20	-4			3,878
Plant, machinery and equipment (*)	6,797	985	-209	282		7,855
General installations, miscellaneous improvements	517	38	-23			532
Vehicles	27	0				27
Office, IT equipment, furniture	733	201	-8			926
Recoverable packaging	5	0				5
Tangible fixed assets under construction	13	1,054			-1,038	29
Prepayments	0	15				15
Gross intangible fixed assets	**17,664**	**2,863**	**-244**	**282**	**-1,038**	**19,527**
Land	52	35	0			87
Buildings on own land	462	207	0			669
Buildings on land of third parties (2)	16	8	0			24
Building installations and improvements	849	303	-2			1,150
Plant, machinery and equipment	2,754	934	-49	52		3,691
General installations, miscellaneous improvements	81	45	-5			121
Vehicles	18	9	0			27
Office, IT equipment, furniture	342	104	-8			438
Recoverable packaging	5	0	0			5
Total depreciation and amortisation	**4,579**	**1,645**	**-64**	**52**	**0**	**6,212**
Impairment	0					0
Net intangible fixed assets	**13,085**	**1,218**	**-180**	**230**	**-1,038**	**13,315**
(1) of which depreciation for	0	0				0

(*) including biomanufacturing materials

5.7.3. Other non-current assets

In thousands of euros	At 30 June 2012	At 31 December 2011
Income tax and RTC	5,539	4,195
VAT		0
Grants	1,604	1,712
Prepaid expenses	42	46
Personnel and related accounts		4
Other non-current assets	**7,185**	**5,957**

In thousands of euros	At 30 June 2012	At 31 December 2011
2009 RTC	0	0
2010 RTC	2,145	2,145
2011 RTC	2,046	2,046
2012 RTC	1,348	0
Miscellaneous tax reductions		4
Total corporate income and RTC receivables (non-current p	**5,539**	**4,195**

At 30 June 2012, receivables in respect of grants break down as follows:

In thousands of euros	Allocated	Paid	Balance	non-current portion	current portion
OSEO (2006)	30	30	0	0	0
MINEFI (2006)	954	954	0	0	0
REGION (2007)		0	0	0	0
REGION (2008)	231	231	0	0	0
DIACT (2008)	550	220	330	330	0
ANR (2010)	541	162	379	0	379
REGION (2009)	894	894	0	0	0
OSEO (2009)	6,016	4,742	1,274	1274	0
NANTES (2009)	894	715	179	0	179
DEPT 44 (2009)	87	87	0	0	0
Other	27	27	0	0	0
Total grants	**10,224**	**8,062**	**2,162**	**1,604**	**558**

At 31 December 2011, receivables in respect of grants break down as follows:

In thousands of euros	Allocated	Paid	Balance	non-current portion	current portion
OSEO (2006)	30	30	0	0	0
MINEFI (2006)	954	954	0	0	0
REGION (2007)		0	0	0	0
REGION (2008)	231	231	0	0	0
DIACT (2008)	550	220	330	330	0
ANR (2010)	541	162	379	108	271
REGION (2009)	894	894	0	0	0
OSEO (2009)	6,016	4,742	1,274	1274	0
NANTES (2009)	894	715	179	0	179
DEPT 44 (2009)	87	87	0	0	0
Other	27	27	0	0	0
Total grants	**10,224**	**8,062**	**2,162**	**1,712**	**450**

5.7.4. Trade receivables and related accounts

a. At 30 June 2012

In thousands of euros	Gross	Impairment	Net
Trade receivables	264		264
Doubtful trade receivables	25	-21	4
Trade receivables – sales invoice a	327		327
Total receivables and related acco	**616**	**-21**	**595**

b. At 31 December 2011

In thousands of euros	Gross	Impairment	Net
Trade receivables	662		662
Doubtful trade receivables	25	-21	4
Trade receivables – sales invoice a	215		215
Total receivables and related acco	**902**	**-21**	**881**

5.7.5. Other current assets

In thousands of euros	At 30 June 2012	At 31 December 2011
Income tax, business tax and RTC	0	0
VAT	496	373
Grants (*)	558	450
Social security and related receivables	19	43
Sundry debtors	24	119
Prepaid expenses	209	82
Total other current assets	**1,306**	**1,067**

(*) See note 5.7.4 on the breakdown between current and non-current portion for grants

5.7.6. Current financial assets

In thousands of euros	At 30 June 2012	At 31 December 2011
Marketable securities pledged	0	2,750
Negotiable certificates of deposit	1,000	3,000
Fixed deposits	16,852	14,898
Total current financial assets	**17,852**	**20,648**

a. Change from 1 January 2012 to 30 June 2012

In thousands of euros	At 1 January 2012	Acquisitions	Disposals	Other changes	At 30 June 2012
Marketable securities pledged	2,750		-2,750		0
Negotiable certificates of deposit	3,000		-2,000		1,000
Fixed deposits	14,898	8,054	-6,100		16,852
Total	**20,648**	**8,054**	**-10,850**	**0**	**17,852**

b. Change from 1 January 2011 to 31 December 2011

In thousands of euros	At 1 January 2011	Acquisitions	Disposals	Other changes	At 31 December
Marketable securities pledged	6,750			-4,000	2,750
Negotiable certificates of deposit	1,005	3,000	-1,005		3,000
Fixed deposits	0	6,000	-10,000	18,898	14,898
Total	**7,755**	**9,000**	**-11,005**	**14,898**	**20,648**

5.7.7. Net cash flow

a. Cash flow items

In thousands of euros	At 30 June 2012	At 31 December 2011
Cash at bank and in hand (1)	**90**	**162**
Cash equivalents	**32**	**9,745**
Open-ended investment funds (SICAV)	*32*	*6,155*
Mutual funds	*0*	*3,590*
Cash assets	**122**	**9,907**
Bank facilities	221	115
Net cash flow	**-99**	**9,792**

(1) Fixed deposits are classified as current financial assets

B. Cash equivalents

*** Change from 1 January 2012 to 30 June 2012**

In thousands of euros	At 1 January 2012	Acquisitions	Disposals	Change in Group	Other changes (1)	At 30 June 2012
Open-ended investment fund (SICAV)	6,155	5,939	-12,062			32
Mutual funds	3,590		-3,590			0
TOTAL	**9,745**	**5,939**	**-15,652**	**0**	**0**	**32**

*** Change from 1 January 2011 to 31 December 2011**

In thousands of euros	At 1 January 2011	Acquisitions	Disposals	Change in Group	Other changes (1)	At 31 December
Open-ended investment fund (SICAV)	10,353	23,911	-32,109		4,000	6,155
Mutual funds	5,602	4,592	-6,604			3,590
TOTAL	**15,955**	**28,503**	**-38,713**	**0**	**4,000**	**9,745**

5.7.8. Assets held for sale or discontinued operations

a. Breakdown of assets held for sale or discontinued operations

In thousands of euros	At 30 June 2012	At 31 December 2011
Intangible assets - gross amounts	1,100	
Intangible assets - amortisation	-21	
Intangible assets - net amounts	**1,079**	**0**
Property, plant and equipment - gross amounts	392	
Property, plant and equipment - amortisation	-231	
Property, plant and equipment - net amounts	**160**	**0**
Total assets held for sale	**1,240**	**0**

b. Liabilities associated with assets held for sale or discontinued operations

There are no liabilities associated with assets held for sale or discontinued operations

c. Income (loss) from assets held for sale or discontinued operations

In thousands of euros	At 30 June 2012	At 30 June 2012
Revenue	0	0
Own production of goods and services capitalised	3	13
Operating grant	133	47
Other income (share of RTCs)	194	112
Total recurring operating income	**330**	**172**
Purchases of raw materials & other supplies	67	65
Change in inventory	0	0
Other purchases and external expenses	499	284
Taxes, duties and related amounts	5	4
Wages and salaries	265	187
Social charges	90	84
Allowances for depreciation and amortisation of fixed assets	47	42
Other expenses	14	18
Total recurring operating expenses	**987**	**684**
Income (loss) from assets held for sale or discontinued oper	**-657**	**-512**

5.7.9. Borrowings

In thousands of euros		At 30 June 2012	At 31 December 2011
CA 1000 of 31/01/05	3-month Euribor floating rate + 0.65%	276	326
CA 800 of 31/12/2009	3-month Euribor floating rate + 1.10%	601	641
CM 890 of 31/01/2005	3-month Euribor floating rate + 0.60%	245	290
CM 450 of 16/06/2005	3-month Euribor floating rate + 0.50%	0	32
CM 400 of 25/04/2006	3.60% fixed rate	57	87
CM 400 of 10/08/2007	3-month Euribor floating rate + 0.70%	129	158
CM 1200 of 08/08/08	5.45% fixed rate	618	704
CM 600 of 23/12/2009	3-month Euribor floating rate + 1.25%	451	481
CM 1,030 of 18/06/2010	2.70% fixed rate	737	811
CM 1,200 of 05/05/2011	3-month Euribor floating rate + 0.70%	1030	1118
CE 940 of 10/01/2005	CODEVI + 1% floating rate	293	343
CE 250 of 20/04/2006	CODEVI + 0.90% floating rate	40	59
CE 400 of 10/08/2007	3-month Euribor floating rate + 0.70%	144	174
CE 300 of 25/07/08	5.40% fixed rate	194	189
CE 600 of 23/12/2009	1-month Euribor floating rate + 1.20%	450	480
LCL 500 of 23/12/2009	1-month Euribor floating rate + 1.25%	375	400
LCL 470 of 30/07/2010	3-month Euribor floating rate + 0.80%	353	388
Current bank facilities, bank credit balances		221	115
Total		**6,214**	**6,796**
- current portion		1,608	1,528
- non-current portion		4,606	5,268

a. At 30 June 2012

In thousands of euros		Gross	Up to 1 year	More than 1 year	More than 5 years
Total borrowings		6,214	1,608	3,793	813
of which loans secured during the period	*0*				
of which loans repaid during the period	*711*				

b. At 31 December 2011

In thousands of euros		Gross	Up to 1 year	More than 1 year	More than 5 years
Total borrowings		6,796	1,528	4,137	1,131
of which loans secured during the year	*1,200*				
of which loans repaid during the year	*1,315*				

Dates indicated are those for the beginning of the repayment schedule.

No covenants exist under loans used to finance a portion of the work related to the construction of the laboratories of VIVALIS and their equipment.

An allocation agreement with respect to an interest rate swap was established on 11 June 2010 between Grimaud Group and Vivalis, following the conclusion by Grimaud Group and Crédit Agricole Corporate and Investment Bank (CACIB) of an interest rate swap agreement for three years.

Under the terms of this allocation agreement, the amount hedged for Vivalis' outstanding variable-rate debt was €1,856,000 at 31 December 2011. At 30 June 2012, this amount was reduced to €1,479,000.

This interest rate swap agreement provides for payment to GLC each quarter at 3-month Euribor plus a fixed-rate amount of 1.31%.

A new allocation agreement with respect to an interest rate swap was established on 26 September 2011 between Grimaud Group and Vivalis, following the conclusion by Grimaud Group and Crédit Agricole Anjou-Maine (CRCAM) of an interest rate swap agreement for four years.

Under the terms of this allocation agreement, 11.27% of the total contract amount for Vivalis' outstanding variable-rate debt is hedged for the first year that represented €800,000 at 31 December 2011. This hedge for Vivalis will be readjusted on loan agreement anniversary dates to €1,500,000 at 1 September 2012, to €2,300,000 at 1 September 2013 and €1,650,000 at 1 September 2014.

This interest rate swap agreement provides for payment to GLC each quarter at 3-month Euribor plus a fixed-rate amount of 1.82%.

5.7.10. Other non-current and current liabilities

	Non current portion		Current portion	
In thousands of euros	**At 30 June 2012**	**At 31 December 2011**	**At 30 June 2012**	**At 31 December 2011**
Investment grants	725	815	152	145
Subordinated grants	4,201	4,380	358	179
Research services (deferred income)	0	0	94	348
Up-front and milestones payments	2,498	2,961	1,271	1,229
Operating grants (deferred income)	340	320	291	424
Amounts payable on fixed assets	2,173	2,407	2,318	3,380
Debt on the acquisition of a subsidiary	1,222	3,038	2,128	2,895
Other trade payables	0	0	10	10
Total other liabilities	**11,159**	**13,921**	**6,622**	**8,610**

5.7.11. Trade payables and related accounts

In thousands of euros	**30 June 2012**	**31 December 2011**
Operating payables	954	840
Notes payable	7	28
Operating payables – purchase invoice accruals	544	516
Total receivables and related accounts	**1,505**	**1,384**

5.7.12. Tax and employee-related liabilities

In thousands of euros	**30 June 2012**	**31 December 2011**
VAT due	56	143
Other tax payables	151	120
Wages and salaries	643	672
Social charges	749	882
Total tax and employee-related liabilitie	**1,599**	**1,817**

5.7.13. Revenue

In thousands of euros	30 June 2012	30 June 2011
Research services	863	830
Licensing income	641	3,858
Total	**1,504**	**4,688**

In thousands of euros	30 June 2012	30 June 2011
Sales in France	1,224	1,729
Export sales	280	2,959
Total	**1,504**	**4,688**

5.7.14. Other recurring operating income

a. Operating grants

In thousands of euros	30 June 2012	30 June 2011
DIACT	-20	0
OSEO	23	185
ANR	133	47
TONIO (Toyama New Industry Organization)	23	0
MENRT	10	10
Pays de Loire Region	48	50
Loire-Atlantique Department	2	2
Other	2	4
Subtotal of operating grants	**221**	**298**
Reclassification of business disposal (1)	-133	-47
Total	**88**	**251**

b. Other income

In thousands of euros	30 June 2012	30 June 2011
RTC	1,348	802
Other	0	0
Subtotal of operating grants	**1,348**	**802**
Reclassification of business disposal (1)	-194	-112
Total	**1,154**	**690**

(1) Relating to the Drug Discovery business reclassified under income/(loss) from assets held for sale or discontinued operations (see note 5.7.8 -c)

5.7.15. Depreciation and amortisation, provisions and impairment

In thousands of euros	30 June 2012	30 June 2011
Amortisation of intangible fixed assets	918	751
Depreciation of property, plant and equipment	940	807
Impairment of non-current assets	0	0
Total fixed assets	**1,858**	**1,558**
Impairment of current assets	0	0
Allowance for contingencies and expenses	0	0
Reclassification of business disposal (1)	-47	-42
Total fixed assets - net	**1,811**	**1,516**

(1) Relating to the Drug Discovery business reclassified under income/(loss) from assets held for sale or discontinued operations (see note 5.7.8 -c)

5.7.16. Earnings per share

		30 June 2012	30 June 2011
Basic net loss from continuing operations (in thousands of euros	(a)	-6,845	-2,560
Number of ordinary shares at the beginning of the period:		21,117,443	20,993,647
- Capital increases (weighted average number)		37,596	13,167
- Treasury shares (weighted average number)		50,273	36,690
Weighted average number of shares outstanding in the period:	(b)	21,205,312	21,043,504
Diluted net earnings from continuing operations per share	**(a) / (b)**	**-0.32**	**-0.12**

In light of the net loss, diluted earnings per share are considered as identical to basic earnings.

5.8 – Information concerning related parties

No new related-party agreements were concluded between Vivalis and its parent company or its subsidiaries.

5.9 – Commitments and contingent liabilities

No commitments or contingent liabilities have been incurred in relation to 31 December 2011.

5.10 – Subsequent events

On the date this half-year report was issued, no material events had occurred that require disclosure

SCHEDULE 3

PRO FORMA ACCOUNTS OF THE TRANSFEREE COMPANY AS AT 30 JUNE 2012

Intercell AG, Wien

Proforma Balance Sheet as of June 30, 2012

Assets

	30/06/2012 EUR
A. ASSETS	
I. Non-current assets	
I. Property, plant and equipment	0,00
II. Intangible assets	0,00
III. Investment in Intercell NewCo	127 876 223,82
IV. Other non-current assets	0,00
V. Deferred income tax assets	0,00
	127 876 223,82
II. Current assets	
I. Inventory	0,00
II. Trade receivables and other current assets	0,00
III. Available-for-sale financial assets	10 006 809,96
IV. Cash and short-term deposits	21 358 134,58
	31 364 944,54
	159 241 168,36

Equity & Liabilities

	30/06/2012 EUR
A. LIABILITIES	
I. Non-current liabilities	
1. Borrowings	8 275 540,71
2. Other long-term liabilities	0,00
3. Deferred income	0,00
	8 275 540,71
II. Current liabilities	
1. Trade and other payables and accruals	0,00
2. Borrowings	14 751 000,00
3. Deferred income	0,00
	14 751 000,00
	23 026 540,71
B. PROVISION FOR INTERIM LOSSES	1 214 627,66
C. EQUITY	135 000 000,00
	159 241 168,36

SCHEDULE 4

EMPLOYEES

Pursuant to the Council Directive 2001/86/EC of 8 October 2001 supplementing the Statute for a European company with regard to the involvement of employees (SE Directive), the process of creating a Societae Europae (SE) by way of a merger must include a negotiation between the employee representatives and the management of the participating companies, with a view to entering into an agreement in relation to employee rights of information, consultation and participation within Newco SE.

The negotiation with the employee representatives will be carried out through a Special Negotiating Body (SNB) to be specifically set up for the time period of the negotiation. Pursuant to article 6 of the SE Directive, except where otherwise provided in the SE Directive, the legislation applicable to the negotiation procedure provided for in Articles 3 to 5 (concerning the creation of a special negotiating body, the content of the agreement and the duration of negotiations) shall be the legislation of the Member State in which the registered office of Newco SE is to be situated.

I. ESTABLISHMENT OF SNB

Since the registered office of Newco SE shall be located in France, as provided by the Merger Plan (including the draft Articles of Association of Newco SE), the governing law to the negotiation procedure of the SNB will be French law (i.e. the French Labour Code (FLC)), with the exception of the rules regarding the appointment or election of members of the Special Negotiating Body (SNB), which are governed by the relevant laws of the Member States.

The number of members of the SNB shall be calculated in proportion to the headcount employed in each Member State by the merging companies and their subsidiaries.

According to the applicable rules, and on the basis of information available the SNB to be set up by Vivalis SA (France) and Intercell AG (Austria), including its wholly owned subsidiary Intercell Biomedical Ltd (UK, will count 12 seats, allocated as follows (to be confirmed on the basis of headcount on the date of publication of the Merger Plan):

	Headcount	%	seats
Austria	170	43,59%	**5**
France	120	30,77%	**4**
UK	100	25,64%	**3**
Total	390	100%	**12**

II. NEGOTIATION WITH THE SNB

Once established, the management of each participating company shall convene the SNB members to a first meeting. This meeting shall start a six-month period to negotiate and enter into an agreement in relation to employee rights of information, consultation and participation within Newco SE. Subject to the parties' agreement, this period could be extended for a maximum second six-month period (art. L.2352-9 and art. D.2352-14 of the FLC).

1. SNB FUNCTIONING

The SNB has legal personality. The SNB has the right to be assisted by experts of its choice. The SNB members benefit from the same protection rules as those applying to works council members (right to time off for negotiating without loss of wages, protection against dismissal).

The SNB members and the experts who assist the SNB are subject to an obligation of professional secrecy and discretion.

The SNB will be informed by the competent organs of the participating companies of the plan and the actual process of establishing the SE until its registration.

2. VOTES

The SNB shall resolve by absolute majority of its members, which shall also represent the absolute majority of the employees of participating companies, subsidiaries and establishments, except for certain decisions in particular which involve, in certain cases, a reduction in the existing participation rights or the termination of the negotiations, where a 2/3 majority of SNB members from at least 2 Member States and representing at least 2/3 of the employees of participating companies, their subsidiaries or establishments is required (art. L.2352-13 FLC).

3. OUTCOME OF NEGOTIATIONS WITH THE SNB

The SNB may either:

- decide not to open negotiations or terminate the negotiations, in which case national rules will apply;
- fail to reach an agreement, in which case the standard rules set out in the SE Directive will apply; or
- agree to the terms of the information, consultation and participation rights of employees within Newco SE.

The terms of any agreement will depend on the outcome of the negotiations and will relate to:

- the companies, their subsidiaries and establishments;
- the scope of the agreement;
- the composition, number of members and allocation of seats on the representative body which will be the discussion partner of the competent organ of Newco SE in connection with arrangements for the information and consultation of the employees of Newco SE and its subsidiaries and establishments;
- the functions and the procedure for the information and consultation of the representative body;
- the frequency of meetings of the representative body;
- the financial and material resources to be allocated to the representative body;
- if, during negotiations, the parties decide to establish one or more information and consultation procedures instead of a representative body, the arrangements for implementing those procedures;
- if, during negotiations, the parties decide to establish arrangements for participation, the substance of those arrangements including (if applicable) the number of members in Newco SE's administrative or supervisory body which the employees will be entitled to elect, appoint, recommend or oppose, the procedures as to how these members may be elected, appointed, recommended or opposed by the employees, and their rights;
- the date of entry into force of the agreement and its duration, cases where the agreement should be renegotiated and the procedure for its renegotiation.