

VALNEVA
Société Européenne with a Management Board and a Supervisory Board
Share capital: €8,390,317.14
Registered office: 70, rue Saint Jean de Dieu, 69007 Lyon
Lyon Companies Register (RCS) No.: Identification no.: 422 497 560

REPORT OF THE MANAGEMENT BOARD
TO THE COMBINED GENERAL MEETING OF SHAREHOLDERS OF JUNE 26, 2014

To the shareholders:

We have called this Combined General Meeting of Shareholders in accordance with the law and the Company's articles of association to consider the draft resolutions hereinafter.

The following reports have been made available to you according to the legal and regulatory provisions:

- Management Board's report to the combined general meeting of shareholders;
- Management Board's report on the company's operations and the parent-company and consolidated financial statements for the year ended 31 December 2013, accompanied by the five-year financial summary and a summary of authorisations for capital increases as provided by Article L. 225-100, subsection 7 of the French Commercial Code;
- Management Board's special report pursuant to Articles L. 225-177 to L.225-186 of the French Commercial Code;
- Management Board's special report pursuant to Articles L. 225-197-1 to L.225-197-3 of the French Commercial Code;
- Supervisory Board's report on the financial statements for the year ended 31 December 2013;
- Supervisory Board Chairman's report on the preparation and organization conditions of the Supervisory Board and the internal control procedures implemented by the Company;
- Supplementary Management Board's report on the use of authorisations for capital increases pursuant to Article L. 225-129-5 of the French Commercial Code;
- Joint Statutory Auditors' report on the statutory financial statements for the year ended 31 December 2013;
- Joint Statutory Auditors' report on the consolidated financial statements for the year ended 31 December 2013;
- Joint Statutory Auditors' report on the regulated agreements referred to in Articles L. 225-86 and L.225-90 of the French Commercial Code;
- Joint Statutory Auditors' report on the Supervisory Board Chairman's report on the Board's work and the internal control procedures implemented by the Company;
- Joint Statutory Auditors' report on the issuance of shares and/or securities giving immediate and/or future access to the capital of the Company, while maintaining or cancelling the preferential subscription rights;
- Joint Statutory Auditors' report on the share capital reduction through cancellation of purchased shares;
- Joint Statutory Auditors' special report pursuant to Article L. 225-138, II, of the French Commercial Code.
- Joint Statutory Auditors' special report on the authorization for the issuance of stock-options;
- Joint Statutory Auditors' special report on the authorization for the issuance of free shares;
- Joint Statutory Auditors' special report on the share capital increase reserved to members of a company saving plan;

After reading of the above mentioned reports, the following resolutions will be submitted to your approval:

For the Ordinary General Meeting of Shareholders:

- Approval of parent-company financial statements for the year ended 31 December 2013 (Resolution 1)
- Approval of consolidated financial statements for the year ended 31 December 2013 (Resolution 2)
- Discharge from liability of members of the Management Board and Supervisory Board (Resolution 3)
- Allocation of earnings for the year ended 31 December 2013 (Resolution 4)
- Approval of the regulated agreements referred to in Articles L. 225-86 et seq. of the French Commercial Code and of the Statutory Auditors' special report thereon (Resolution 5)
- Ratification of the loan agreement concluded between Valneva Austria GmbH and Valneva SE in 2013 (regulated agreement referred to in Article L. 225-90 of the French Commercial Code) (Resolution 6)
- Ratification of the service agreement concluded between Vivalis Toyama Japan K.K. and Vivalis (now Valneva) (regulated agreement referred to in Article L. 225-90 of the French Commercial Code) (Resolution 7)
- Setting attendance fees for Supervisory Board members (Resolution 8)
- Authorisation and powers granted to the Management Board for the Company to buy back its own shares (Resolution 9)

For the Extraordinary General Meeting of Shareholders:

- Authorisation granted to the Management Board for cancellation of treasury shares (Resolution 10)
- Issue of detachable equity warrants (Resolution 11)
- Cancellation of pre-emptive subscription rights (Resolution 12)
- Grant of authority to the Management Board in order to increase the share capital by issuing ordinary shares or any securities giving access to the capital while maintaining the preferential subscription right (Resolution 13)
- Grant of authority to the Management Board in order to increase the share capital by issuing ordinary shares or of any securities giving access to the capital by means of public offering while cancelling the preferential subscription right but with an optional priority period (Resolution 14)
- Grant of authority to the Management Board in order to increase the share capital through the capitalisation of reserves, earnings or premium (Resolution 15)
- Grant of authority to the Management Board in order to proceed with a capital increase in connection with a private placement by issuing shares and/or securities giving immediate or later access to the capital with suppression of the preferential subscription right (Resolution 16)
- Grant of authority to the Management Board in order to implement the issue of Company ordinary shares and/or securities giving immediate and/or later access to the capital of the Company with suppression of the preferential subscription right, to set the issue price in accordance with the rules set by the General Meeting of Shareholders up to a limit of 10% of the capital per year (Resolution 17)
- Grant of authority to the Management Board in order to increase the share capital by the issuance of shares and/or securities giving immediate and/or future access to the capital of the Company, cancelling the preferential subscription rights in consideration for contributions in kind for equity securities or other securities giving access to the capital (Resolution 18)
- Maximum aggregate amount of capital increases (Resolution 19)
- Issuance of stock options – Grant of authority to the Management Board for this purpose (Resolution 20)
- Issuance of free shares, repurchase by the Company of its shares on the market for this purpose – Corresponding grant of authority to the Management Board (Resolution 21)
- Authority for the Management Board to decide to carry out a capital increase reserved for employees (Resolution 22)
- Powers to carry out formalities (Resolution 23)

Our report, the Statutory Auditors' reports and the parent-company and consolidated financial statements have been made available to you in accordance with the conditions and timeframes provided for by the Company's articles of association and the applicable legal requirements.

1. Approval of the parent-company financial statements for the year ended 31 December 2013;

The parent-company financial statements for the year ended 31 December 2013 hereby submitted for your approval were prepared in accordance with the reporting rules and valuation methods provided for by the applicable regulations in France.

The Management Board submits these parent-company financial statements for your approval.

The parent-company financial statements show a loss of €9,952,449.94 for the year ended 31 December 2013 compared to a loss of €11,957,883.49 for the previous year.

For further details on the parent-company financial statements, we refer you to the Management Board's management report and the Supervisory Board's observations on this management report, which were made available to you in accordance with the applicable regulations.

The Company did not incur during the past year non-tax-deductible expenditures, pursuant to Article 39-4 of the said Code.

2. Approval of the consolidated financial statements for the year ended 31 December 2013;

The consolidated financial statements for the financial year ended 31 December 2013 hereby submitted for your approval were prepared in accordance with IFRS standards.

The Management Board submits these consolidated financial statements for your approval.

The consolidated financial statements show a loss of €24,110,096.75 for the year ended 31 December 2013 compared to a loss of €14,840,920.55 for the year ended 31 December 2012.

For further details on the consolidated financial statements, we refer you to the Management Board's management report and the Supervisory Board's observations on this management report, which were made available to you in accordance with the applicable regulations.

3. Proposed allocation of net income;

In light of the parent-company financial statements, net income for the financial year shows a loss of €9,952,449.94 that we propose to allocate to the "retained earnings" account. After allocation of this net income, the "retained earnings" account will amount to €-43,832,409.55.

We also remind you, pursuant to Article 243 bis of the French General Tax Code, that no dividend has been distributed over the last three financial years.

4. Approval of the Statutory Auditors' special report on the regulated agreements referred to in Articles L. 225-86 et seq. of the French Commercial Code;

Pursuant to the provisions of Article L. 225-86 of the French Commercial Code, we ask you to approve the Statutory Auditors' special report and the regulated agreements cited therein.

This report covers the agreements concluded in 2013 and also those which were concluded previously and remained in force in 2013.

5. Ratification of the loan agreement concluded between Valneva Austria GmbH and Valneva SE in 2013 (regulated agreement referred to in Article L. 225-90 § 3 of the French Commercial Code);

We ask you to ratify the loan agreement for €30 million concluded on 1 October 2013 between Valneva Austria GmbH as borrower and Valneva SE as lender, as described in the Statutory Auditors' special report.

We hereby inform you that the interest recognised as income for the year amounted to €161,977.85.

6. Ratification of the service agreement concluded between Vivalis Toyama Japan K.K. and Vivalis (now Valneva) (regulated agreement referred to in Article L. 225-90 § 3 of the French Commercial Code);

We ask you to ratify the service agreement concluded between Vivalis Toyama Japan KK and Vivalis (now Valneva, as of the Vivalis / Intercell merger on 28 May 2013), as described in the Statutory Auditors' special report.

We hereby inform you that the services recognised as expenses for the year amounted to €758,440.56.

7. Setting attendance fees for Supervisory Board members;

We propose that you set the total amount of attendance fees to be divided between Supervisory Board members for the period from June 1, 2014 until May 31, 2015 and subsequent 12-month periods until a meeting of shareholders decides otherwise, at €250,000.

8. Buy back by the Company of its own shares and Cancelling of treasury shares – Authorisation and powers to be granted to the Management Board to this effect;

We propose that you grant a new authorisation to the Management Board, with powers of delegation under the conditions set by law, to trade in Company shares, pursuant to the provisions of article L. 225-209 of the French Commercial Code and Articles 241-1 et seq. of the general regulations of the French Financial Markets Authority (AMF).

The acquisitions could be used to:

- maintain an orderly market for the Company's share through a liquidity guarantee that complies with the AMAFI (French Association of Financial Markets) code of professional conduct dated 8 March 2011 and concluded with an investment services provider acting independently;
- hold acquired shares and subsequently remit them as payment or in exchange as part of financial transactions or acquisitions, pursuant to the applicable regulations;
- cancel acquired shares, subject to an extraordinary general meeting of shareholders approving a resolution authorising the Management Board to reduce the share capital by cancelling treasury shares; and
- cover share option plans reserved for employees or other share allocations according to the conditions set out in Articles L. 3332-1 et seq. and R. 3332-3 of the French Labour Code or the allocation of Company shares to employees and/or officers of the Company or companies referred to in Article L. 225-197-2 of the French Commercial Code or share allocations as part of employee profit sharing.

This authorisation would be granted under the following conditions:

- the number of shares purchased by the Company pursuant to this authorisation could not represent more than 5% of the share capital, as adjusted based on operations that could affect the share capital after the decision of the general meeting of shareholders, less treasury shares;

However, when the shares are bought back to favour an orderly market for the Company's share under the conditions defined by the AMF's general regulations, the number of shares taken into account to calculate the 5% limit will correspond to the number of shares purchased, less the number of shares resold during the period the authorisation is in effect. Furthermore, the number of shares acquired by the Company for purposes of holding and subsequently remitting them as payment or in exchange as part of merger, divestment or contribution transactions, cannot exceed 5% of the share capital, as adjusted based on operations that could affect the share capital after the decision of the general meeting of shareholders;

- the Company could only buy its own shares at a price per share not exceeding €10;
- the Company could sell, assign or transfer by any means all or part of the shares so acquired or cancel said shares by reducing the share capital, provided this resolution is adopted, up to a maximum of 5% of the Company's share capital per 24-month period ; and

- this authorisation would be granted for a period of eighteen (18) months, starting from the general meeting of shareholders.

These shares could be purchased, sold or transferred on one or more occasions, at any time, including during a public offering, and by any means, especially by trading in the market or off-market, including block transactions, except for the use of derivatives. The maximum portion of the buyback program that can be carried out by the acquisition or disposal of blocks of shares could comprise the entire authorised share buyback program.

The maximum amount of funds earmarked for this program would be set at fifteen million euros.

In the event the capital is increased through a bonus share issue paid up by capitalising reserves, a stock-split or reverse stock-split, the prices indicated above would be adjusted by a multiplying factor equal to the ratio between the number of shares comprising the capital before the operation and this number after the operation.

All of the information provided for in the legal and regulatory requirements as well as in articles 241-1 et seq. of the AMF's general regulations will be contained in the description of the share buyback program that will be prepared for you and published before this new program is carried out, pursuant to Article L.241-2 of the AMF's general regulations.

If you accept this proposal, we ask you to grant all powers to the Management Board, with powers of delegation according to the conditions set by law, to place all orders, conclude all agreements, complete all formalities and filings with all bodies and, in general, to do whatever is necessary.

Furthermore, to allow the Management Board to cancel the shares purchased by the Company as part of the implementation of the buyback program, we ask you to authorise the Board, with powers of delegation according to the conditions set by law, to reduce the share capital by cancelling the Company's treasury shares, to acknowledge the completion of the capital increase(s) and to modify the articles of association accordingly.

Pursuant to the provisions of Article L. 225-209 § 7 of the French Commercial Code, the Company's treasury shares could therefore be cancelled up to a maximum of 10% of the Company's share capital, as adjusted based on operations that could affect the share capital after the decision of the general meeting of shareholders, per 24-month period.

This resolution, if adopted, would supersede and cancel any prior authorisation having the same purpose.

9. Issue of detachable equity warrants and cancellation of pre-emptive subscription rights:

We submit for your approval the free of charge issue of 153,000 detachable equity warrants (referred to as BSA 25) with cancellation of pre-emptive subscription rights in favour of natural persons who are not employees and are members of the Company's Supervisory Board, with the General Meeting of the Shareholders authorising the Management Board to designate the beneficiaries within this category as well as the number of shares to be allocated to them.

This would constitute a profit-sharing instrument based on the Company's activity and performance.

The BSA 25 equity warrants would have the following characteristics:

Form

The BSA 25 equity warrants would be created exclusively in registered form.

Term

Each BSA 25 equity warrant would be exercisable over a maximum period of five (5) years. As a result, at the end of the exercise period and subject to the provisions set forth below, any BSA 25 equity warrants that has not been exercised would immediately become null and void.

Transfer

All BSA 25 equity warrants would be freely transferable.

Issue price

Each BSA 25 equity warrant would be issued free of charge.

Exercise price

Each BSA 25 equity warrant would give the holder the right to subscribe to one new Company share. The subscription price for this share would equal the average closing price for the last 20 trading days as of the date the Management Board allocates the equity warrants to the holders.

The subscription price would be payable in full on subscription either in cash or by means of offsetting debt that is uncontested, liquid, and immediately enforceable against the Company.

Notification of exercise

Applications to subscribe shares by exercising BSA 25 equity warrants would have to be received during the exercise period defined above, at the Company's registered office, with the subscription price having to be paid simultaneously with submission of the application form.

Date of record for shares resulting from the exercise of the BSA 25 equity warrants

New shares issued as a result of exercising the BSA 25 equity warrants would be subject to all statutory provisions, would be fungible with the existing shares and would carry full rights from their issue date with, concerning coupons for the current financial year, dividend rights from the first day of the said financial year.

Legal restrictions and maintenance of the rights of BSA 25 equity warrant holders

If the Company (i) issues, in any form whatsoever, new shares with a pre-emptive subscription right reserved for its shareholders or from the capitalisation of reserves, profits or additional paid-in capital, (ii) distributes reserves or additional paid-in capital, (iii) changes the distribution of its profits by creating preference shares, or (iv) if the Company merges with another company or is taken over, the rights of BSA 25 equity warrant holders must be maintained under the conditions set out in Articles L. 228-99 to L. 228-102 of the French Commercial Code.

Moreover, the consent of the BSA 25 equity warrant holders would have to be obtained as part of and for operations provided for by the applicable regulations, according to the terms stipulated in said regulations.

If the holders of BSA 25 equity warrants fail to give their authorisation in accordance with the provisions of Article L. 228-98 of the French Commercial Code, the Company would refrain from, as from the actual issuing of the said BSA 25 equity warrants and, more generally, of any security giving entitlement to an equity interest: (i) repay its share capital, (ii) amend its profit distribution rules or (iii) modify its form or purpose.

In the event the Company's capital is reduced by losses or a reduction either in the shares' face value or in the number of shares, the rights of BSA 25 equity warrant holders would be reduced accordingly, as if they had exercised their rights before the date on which the reduction in capital became final, in accordance with Article L. 228-98 of the French Commercial Code.

If you accept this proposal, we ask you to grant all powers to the Management Board to implement this decision and in particular to:

- set the terms and conditions for issuing the BSA 25 equity warrants in accordance with the criteria set out above and, in particular, determine the subscription period for the BSA 25 equity warrants and the list of beneficiaries within the category identified above and the number of BSA 25 equity warrants to be attributed to each of them;
- increase the capital by a maximum of €22,950 by issuing no more than 153,000 new shares, each with a face value of €0.15, in return for payment of a subscription price as defined above, as a result of the exercise of all or part of the BSA 25 equity warrants issued;

- take all necessary steps to successfully issue the BSA 25 equity warrants;
- collect the share subscriptions resulting from the exercise of the BSA 25 equity warrants and the subscription price payments;
- record the number and value of the shares issued as a result of the BSA 25 equity warrants exercised;
- take all necessary steps, including issuing additional new shares to protect the rights of BSA 25 equity warrant holders, as provided by law;
- carry out, as provided by law, the formalities resulting from the corresponding capital increases and make any correlated changes to the articles of association; and
- take all measures and carry out all useful formalities to issue the BSA 25 equity warrants or to create the shares to be issued when the BSA 25 equity warrants are exercised and, more generally, do whatever is necessary with respect to applicable laws and regulations.

The period during which the Management Board could use this authorisation to issue the BSA 25 equity warrants would be set at eighteen months (18 months) from the General Meeting of Shareholders. The Management Board could use this authorisation on one or more occasions.

In accordance with Article L. 225-132 of the French Commercial Code, the adoption by the Meeting would entail, as of right, the shareholders' waiver of their pre-emptive subscription right to shares that may be subscribed by exercising the BSA 25 equity warrants, in favour of the BSA 25 equity warrant holders.

Pursuant to the provisions of Article L. 225-138-II of the French Commercial Code, the Company's statutory auditors have prepared a report on the conditions of the setting of the issue price, which will be read to you.

Should the Management Board use this delegation, it would provide a supplemental report specifying the consequences of the issuance on shareholders and equity warrant holders, in accordance with articles L 225-38 II and R 225-116 of the Commercial Code.

This resolution, if adopted, would supersede and cancel any prior authorisation having the same purpose.

10. Share capital increase by issuing ordinary shares or any securities giving access to the capital while maintaining the preferential subscription right - Grant of authority to the Management Board to this effect;

We propose that you:

- Delegate to the Management Board, with the option of subdelegation under the conditions laid down by law, for a maximum period of twenty-six months from the General Meeting of Shareholders, power to decide to carry out one or more immediate or future increases in capital by issuing ordinary shares of the Company or/any securities giving access by any means, immediately and/or in the future, to the capital of the Company;
- Decide that the nominal amount of increases in share capital which would be carried out, immediately or in the future, could not under any circumstances exceed a maximum aggregate amount of three million euros (€3,000,000) or the equivalent value in a foreign currency, to which amount would be added, if applicable, the supplementary amount of shares or securities to be issued for the purposes of any adjustments to be made in accordance with applicable legislative or regulatory provisions and, if applicable, with contractual stipulations providing for other forms of adjustment, in order to preserve the rights of the holders of securities giving access to the capital;
- Decide that shareholders may exercise, in accordance with legal and regulatory provisions in force, their preferential rights to subscribe for ordinary shares and securities on the basis of revocable entitlement (*à titre réductible*) and that the Management Board would furthermore establish in favour of shareholders a right to apply for excess shares subject to reduction (*à titre réductible*) that would be exercised in proportion to their rights and within the limit of their demand;
- Decide that if take-up for shares on the basis of irrevocable entitlement (*à titre irréductible*) with respect to exact rights and, when applicable, for excess shares subject to reduction (*à titre réductible*), should fail to account for the entire issue of the shares or securities as defined above,

- the Management Board would offer all or part of the securities not taken up to the public;
- Decide that the securities giving access to shares in the Company thereby issued would consist of debt security or may be associated with the issue of such securities, or allow the issue thereof as intermediate securities. These debt securities would or would not be for an unlimited term, may or may not be subordinated, may be issued in France or abroad, either in euros or in another currency, or in any other monetary units established by reference to several currencies. The maximal nominal amount of debt securities thereby issued could not exceed seventy million euros (€70,000,000) or the equivalent value at the exchange rate prevailing on the date of the issue decision, but would be independent of the amount of debt securities not giving access to capital for which the issue may otherwise be authorised. They would be subject to a fixed or variable interest rate, with or without capitalisation, and be the subject of redemption, with or without a premium, or amortisation, of any kind, and such securities may furthermore to be bought on the stock market or offered for sale or exchange by the Company;
 - Delegate all powers to the Management Board, that it may in turn delegate as permitted by law, to set the issue price and conditions, set the amount of the issue, determine the issue procedures and the form of securities to be created, set the date of record, including on a retroactive basis, of the securities to be issued, make all adjustments required in accordance with legal and regulatory provisions to protect the rights of holders of securities giving access to the capital of the Company, proceed with the listing of the securities to be issued, and generally take any measures, conclude any agreements and carry out all formalities to bring the planned issues to a successful conclusion, acknowledge the resulting increase in capital, and amend the Company's articles accordingly;
 - Vest the Management Board with the authority (that it may further delegate as permitted by law) to charge fees for increases in capital to total premiums and to deduct from this amount the sums required to keep the legal reserve at one tenth of the new capital after each issuance;
 - Note that this delegation of power automatically would entail, in favour of the owners of securities giving access, immediately or in the future, to the capital of the Company, which may be issued by virtue of this delegation, renunciation by the shareholders of their preferential right to subscribe for shares to which these securities could give a right.

11. Share capital increase by issuing ordinary shares or of any securities giving access to the capital by means of public offering while cancelling the preferential subscription right but with an optional priority period - Grant of authority to the Management Board to this effect:

We propose that you:

- Delegate to the Management Board, in accordance with the provisions of Article L. 225-129-2 of the French Commercial Code (Code de Commerce), with the option of subdelegation under the conditions laid down by law, for a maximum period of twenty-six months from the General Meeting of Shareholders, the power to decide to carry out one or more immediate or future increases in capital by the issuing of ordinary shares of the Company or of any securities giving access by any means, immediately or in the future, to the capital of the Company;
- Decide that the total nominal amount of increases in capital which can be carried out, immediately or in the future, could not under any circumstances exceed a maximum aggregate amount excluding issue premium of three million euros (€3,000,000) or the equivalent value in a foreign currency, to which amount would be added, if applicable, the supplementary amount of shares or securities to be issued for the purposes of any adjustments to be made in accordance with applicable legal or regulatory provisions and, if applicable, with contractual provisions providing for other forms of adjustment, in order to preserve the rights of the holders of securities giving access to the capital;
- Decide that the Company would carry out capital increases through public offerings of its shares;
- Decide that the Management Board, would have all powers to implement, if it so decides, that it may further delegate under the conditions provided for by law, this delegation of power on one or more occasions, in proportions and at times that it would assess, and to amend the articles of association accordingly;
- Decide to cancel shareholders' preferential right to subscribe for shares and securities giving access to the capital of the Company; providing the Management Board, in accordance with article L. 225-135 § 5° of the Commercial Code, with the flexibility to grant to the shareholders, during a period and within the terms that it would set up in compliance with applicable legal or regulatory provision, and for all or part of the issuance made, a subscription priority period that do not give rise to the creation of negotiable right and that would be exercised in proportion to the number of shares held by each shareholder;
- Decide that the securities giving access to shares in the Company thereby issued would consist of debt security or may be associated with the issue of such securities, or allow the issue thereof as

- intermediate securities. These debt securities would or would not be for an unlimited term, may or may not be subordinated, may be issued in France or abroad, either in euros or in another currency, or in any other monetary units established by reference to several currencies. The maximal nominal amount of debt securities thereby issued could not exceed seventy million euros (€70,000,000) or the equivalent value at the exchange rate prevailing on the date of the issue decision, but would be independent of the amount of debt securities not giving access to capital for which issue may otherwise be authorised. They would be subject to a fixed or variable interest rate, with or without capitalisation, and be the subject of redemption, with or without a premium, or amortisation, of any kind, with the possibility for the securities to be bought on the stock market or offered for sale or exchange by the Company.
- Decide that the issue price of new shares that may be issued by virtue of this delegation would be determined by the Management Board, with the option of subdelegation under the conditions laid down by law:
 - i. the issue price of the ordinary shares would be at least equal to the minimum amount stipulated by the applicable laws and regulations at the time the delegation of power is used, after adjustment, if applicable, of this amount to take into account the difference between the enjoyment date (i.e. currently the weighted average share price of the three last trading days on NYSE Euronext Paris prior to determination of the subscription price for the capital increase, possibly reduced by a maximum discount of 5%, in accordance with Articles L. 225-136 and R. 225-119 of the French Commercial Code); and
 - ii. the issue price of the securities giving access to the capital would be set so that the amount immediately received by the Company, plus, as the case may be, the amount likely to be received later by the Company for each ordinary share issued as a result of the issuance of these securities, be at least equal to the amount mentioned under paragraph “(i)” above, after adjustment, if applicable, of this amount to take into account the difference between the enjoyment date;
 - Give the Management Board the power, with the option of subdelegation under the conditions laid down by law, at its own initiative, to implement this delegation, and in particular to:
 - Charge fees for increases in capital to total premiums and deduct from this amount the sums required to keep the legal reserve at 1/10 of the new capital after each increase;
 - Decide on the kind of securities to be created, their characteristics, their price and the terms and conditions of their issue;
 - Decide on the method of paying up, including by debt settlement, securities to be issued and, if applicable, the conditions for their redemption;
 - Make all charges to share premiums;
 - Make all allotments of securities by conversion, exchange, redemption or presentation of a warrant;
 - Determine the terms of adjustments of conditions for future accessing of security capital (including warrants) thereby issued, and suspend, if applicable, the exercising of rights attached to these securities and warrants for a maximum period of three months;
 - Execute all underwriting agreements;
 - Take all measures and ensure compliance with all formalities required for admission to trading, on a regulated market, of any rights, shares, securities and warrants created;
 - Set the conditions for free allotment and the exercising of autonomous equity warrants, and determine the terms of stock exchange purchase or offer for purchase or exchange of securities or equity warrants or allotment of shares, and the redemption of these securities or warrants;
 - Acknowledge the completion of the resulting capital increases;
 - Make any amendments to the articles of association in relation to the amount of share capital and the number of shares involved;
 - And, generally, decide and carry out all formalities, lay down all conditions useful for ensuring the completion and proper performance of any issues that may be carried out.
 - Note that this delegation of power automatically would entail, in favour of the owners of securities giving access, immediately or in the future, to the capital of the Company, which may be issued by virtue of this delegation, renunciation by the shareholders of their preferential right to subscribe for shares to which these securities could give a right;
 - Note that, in the event that the Management Board uses the present delegation of power, the Management Board would report to the next Ordinary General Meeting, in accordance with the applicable law and regulations, on the use made of the authorisation granted in this resolution.

In the event that the Management Board uses the present delegation of authority, a special report by the Auditors would be drawn up, in accordance with Article L. 225-135 of the French Commercial Code and in accordance with regulatory provisions.

12. Share capital increase through the capitalisation of reserves, earnings or premium - Grant of authority to the Management Board to this effect:

We propose you that you vest the Management Board with the authority, pursuant to the provisions of L. 225-129-2 of the French Commercial Code, for a period not exceeding twenty-six (26) months from the date of the General Meeting of Shareholders, to proceed with one or more capital increases, through the capitalisation of reserves, earnings or other means which listing is admitted or in the form of grant of bonus shares to be issued or the increase in the par value of existing shares, or a combination thereof.

The maximum nominal amount of capital increases able to be carried out, with immediate effect or in the future, could under no circumstance exceed a maximum amount of three million euros (€ 3,000,000).

The fractional shares would not be negotiable and would be sold, with the proceeds of said sales to allocated to holders of such rights within the time limits provided for by regulation, *i.e.* no later than thirty (30) days after the date when the total number of allocated shares is credited to their account.

The Management Board would have all powers to implement, if it so decides, this authorisation through one or more transactions, in proportions and at times that it would see fit and amend the articles of association accordingly.

13. Share capital increase in connection with a private placement by issuing shares and/or securities giving immediate or later access to the capital with suppression of the preferential subscription right - Grant of authority to the Management Board to this effect:

We propose that you:

- Delegate to the Management Board, in accordance with the provisions of the French Commercial Code and in particular Articles L. 225-135 and L. 225-136 of said code, with the option of subdelegation under the conditions laid down by law, for a maximum period of twenty-six months from this General Meeting of Shareholders, the power to decide to carry out one or more immediate or future increases in capital by the issuing of ordinary shares in the Company and/or of any securities giving access by any means, immediately or in the future, to the capital of the Company, through a private placement as referred to by Article L. 411-2 II of the French Monetary and Financial Code (*code monétaire et financier*);
- Decide that the total amount of capital increases that may be carried out, immediately and/or in the future, could not exceed the maximum amount provided for by applicable regulation, that is 20% of the capital per year with it being specified that to this maximum amount would be added, as applicable, the nominal amount of shares to be issued in accordance with the provisions of the law and contractual provisions to preserve the rights of holders of securities giving access to the capital;
- Decide that the Management Board, with the option of subdelegation under the conditions laid down by law, would have all powers to implement, if it so decides, this delegation of power on one or more occasions, in proportions and at times that it would see fit, and to amend the articles accordingly;
- Decide to cancel shareholders' preferential right to subscribe for shares and securities giving access to the capital of the Company;
- Decide that the securities giving access to shares in the Company thereby issued would consist of debt securities or be linked to the issuing of such securities, or enable the issue thereof as intermediate securities. These debt securities could or could not be for an unlimited term, could or could not be subordinated, could be issued in France or abroad, either in euros or in another currency, or in any other monetary units established by reference to several currencies. The maximal nominal amount of debt securities thereby issued could not exceed seventy million euros (€70,000,000) or the equivalent value at the exchange rate prevailing on the date of the issue decision, but would be independent of the amount of debt securities not giving access to capital for which the issue may otherwise be authorised. They could be subject to a fixed or variable interest rate, with or without capitalisation, and be the subject of redemption, with or without a premium, or amortisation, of any kind, with the possibility for the securities to be bought on the stock market or offered for sale or exchange by the Company.
- Decide that the issue price of new shares that may be issued by virtue of this delegation, in accordance with Articles L. 225-136 § 1 and R. 225-119 of the French commercial code, will be set by the Management Board under the following conditions:
 - The issue price for shares directly issued would at least equal to the minimum provided by applicable legal and regulatory provisions on the issue date (*i.e.* on this date, the volume-

- weighted average price of the share on NYSE Euronext Paris calculated over a period of three trading days preceding the price-fixing date minus a discount of 5%);
- The issue price of securities giving access to the share capital would be such that the amount immediately received by the Company, increased, as applicable, by amounts it may subsequently receive, for each ordinary share issued pursuant to the issuance of these securities, will at least equal the minimum subscription price defined in the above paragraph;
- Give the Management Board the power, with the option of subdelegation under the conditions laid down by law, at its own initiative, to implement this delegation, and in particular to:
 - Charge fees for increases in capital to total premiums and deduct from this amount the sums required to keep the legal reserve at 1/10 of the new capital after each increase;
 - Decide on the kind of securities to be created, their characteristics, their price and the terms and conditions of their issue;
 - Decide on the method for paying up, including by debt settlement, securities to be issued and, if applicable, the conditions for their redemption;
 - Charge all issue expenses incurred to premium;
 - Make all allotments of securities by conversion, exchange, redemption or presentation of a warrant;
 - Determine procedures for adjusting the conditions for future access to capital of securities (including warrants) thereby issued, and suspend, if applicable, the exercise of rights attached to these securities and warrants for a maximum period of three months;
 - Execute all underwriting agreements;
 - Take all measures and ensure compliance with all formalities required for admission to trading, on a regulated market, of any rights, shares, securities and warrants created;
 - Set the conditions for free allotment and the exercising of autonomous equity warrants, and determine the terms of stock exchange purchase or offer for purchase or exchange of securities or equity warrants or allotment of shares, and the redemption of these securities or warrants;
 - Make any amendments to the articles of association in relation to the amount of share capital and the number of shares involved;
 - And, generally, decide and carry out all formalities, lay down all conditions useful for ensuring the execution and proper completion of any issues that may be carried out.
- Note that this delegation of power automatically would entail, in favour of the owners of securities giving access, immediately or in the future, to the capital of the Company, which may be issued by virtue of this delegation, renunciation by shareholders of their preferential right to subscribe for shares to which these securities could give a right.

In the event that the Management Board uses the present delegation of authority, a special report by the Auditors would be drawn up, in accordance with Article L. 225-135 of the French Commercial Code and in accordance with regulatory provisions.

14. Share capital increase through the issue of Company ordinary shares and/or securities giving immediate and/or later access to the capital of the Company with suppression of the preferential subscription right, to set the issue price in accordance with the rules set by the General Meeting up to a limit of 10% of the capital per year - Grant of authority to the Management Board to this effect;

We propose that, pursuant to the provisions of Article L. 225-136 1° § 2 of the French Commercial Code, you:

1. Authorise the Management Board, with the ability to subdelegate under the conditions stipulated by law to set the price of an increase of the Company's capital by means of the issue of Company shares and/or securities giving immediate or later access to the capital (whether new or existing shares) of the Company, with suppression of the preferential subscription right by way of a public offering and/or, as the case may be, targeted offering(s) pursuant to II of Article L. 411.-2 of the French Monetary and Financial Code (*code monétaire et financier*), departing from the price conditions stipulated in paragraphs 11 and 13 above. The issue price could not be lower than the weighted average share price on NYSE Euronext Paris, calculated over a period comprising 3 to 90 consecutive trading days preceding the setting of the issue price and possibly reduced by a maximum of 20%. This method allows the company to set a price consistent with the then current capital market conditions;
2. Resolve that the maximum nominal value of the capital increases that can be implemented immediately or in the longer term based on this delegation of power could not exceed 10% of the

Company's capital (this limit having been verified at the date of the General Meeting, and being specified that it would be added to this maximum aggregate amount, as the case may be, the additional number of shares to be issued to preserve, in accordance with the law and, as the case may be, any contractual provisions stipulating other cases when adjustments are needed, the rights of the holders of securities giving access to a quota of the Company's capital) up to the maximum amount of capital increase set out in the resolution to which paragraph 11 refers or the resolution to which paragraph 13 refers, as applicable, and the maximum aggregate amount of capital increase stipulated in the resolution to which paragraph 16 refers on which it would be imputed;

3. Resolve that the Management Board would have all powers to implement this authorisation;
4. Resolve that the authorisation would be valid for a period of twenty-six (26) months from the date of the General Meeting of Shareholders;
5. Acknowledge that, in the event that the Management Board uses the present authorisation, the Management Board would report to the next Ordinary General Meeting, in accordance with the applicable laws and regulations, on the use made of the authorisation granted hereunder.

Pursuant to the provisions of Article L. 225-136 1° of the French Commercial Code, the Joint Statutory Auditors issued a report on the conditions according to which the terms of the issue price are determined and which will be read to you. Furthermore, if you decide to approve this resolution, the Management Board, when it uses this authority will draw up in accordance with the legal and regulatory provisions, a supplementary report certified by the Statutory Auditors, describing the final terms of the transaction and providing elements to appreciate the effective impact on the shareholders' situation.

15. Share capital increase by the issuance of shares and/or securities giving immediate and/or future access to the capital of the Company, cancelling the preferential subscription rights in consideration for contributions in kind for equity securities or other securities giving access to the capital - Grant of authority to the Management Board to this effect;

We propose that, pursuant to Articles L. 225-129, L. 225-129-1, L. 225-135 and L. 225-147, § 6 of the French Commercial Code, you:

1. Authorise the Management Board, on the basis of the report of the equity auditor(s), to increase the share capital by the issuance of shares and/or securities giving immediate and/or future access to the capital of the Company as consideration for contributions in kind granted to the Company and consisting of equity securities or other securities giving access to the capital, within the limit of 10% of the share capital adjusted for transactions occurring after the General Meeting of Shareholders affecting this capital, when the provisions of Article L. 225-148 of the French Commercial Code are not applicable,
2. Decide to cancel the preferential subscription rights attached to the securities covered by this resolution;
3. Set the duration of the authorisation to twenty-six (26) months from the date of the General Meeting of Shareholders;
4. Grant all powers to the Management Board, that it may further delegate under the conditions provided for by law, to implement this authorization and in particular to:
 - Establish the list of equity shares or securities tendered and determine the conditions of the issue, the share exchange rate, and when applicable, the balance to be paid in cash;
 - Recognise the completion of the contribution and charge all costs, expenses and fees to the premium;
 - Acknowledge completion of the capital increase and make the corresponding amendments to the articles of association; and
 - In general, conclude all agreements, undertake all measures and formalities useful for the issue, listing and financial services relating to the shares issued under this authorisation and the exercise of the corresponding rights.
5. Duly note that the Management Board would report to the next ordinary general meeting, as required by law and regulation, on the uses made of the authorisations thus granted.

16. Maximum aggregate amount of capital increases;

Subject to the adoption by the General Meeting of Shareholders of the resolutions to which paragraphs 10 to 15 refer, we propose that you:

- Decide that the maximum aggregate amount of capital increases that may be carried out with immediate effect or in the future by virtue of the resolutions to which paragraphs 10 to 15 refer could not exceed three million euros (€3,000,000), it being specified that to this maximum aggregate amount would be added the supplementary amount of shares or securities to be issued for the purposes of any adjustments to be made in accordance with applicable legal or regulatory provisions and, if applicable, with contractual provision providing for other forms of adjustment, in order to preserve the rights of the holders of securities giving immediate and/or future access to the Company's capital;
- Duly note that, in accordance with the provisions of Article L. 225-129-2 § 2 of the French Commercial Code, the authority granted to the Management Board under the resolutions to which paragraphs 10 to 15 refer would replace and would render null and void, only for the future and for the portion not yet used, any authority having the same purpose granted by resolutions 18 to 22 of the Combined Extraordinary and Ordinary General Meeting of the Company of 28 June 2013.

17. Issuance of stock options and bonus shares:

17.1 Issuance of stock options – Grant of authority to the Management Board to this effect

We propose that you authorise the Management Board to grant employees and officers of the Company and its subsidiaries, stock options, each conferring a right to subscribe for one ordinary share of the Company,

The maximal total number of stock options to be granted further to this authorisation could represent a maximum of shares to be subscribed of 4 % of the share capital of the Company at the date of the allocation of options;

The authorisation would be granted for thirty-eight (38) months from the General Meeting of Shareholders.

The Management Board would establish the stock option plan included notably the conditions according to which options would be granted, that may include restrictions prohibiting their immediate resale applicable to all or part of the shares, the subscription price of shares and the criteria for qualifying for the plan.

The subscription price of the shares could equal 100% of the average price of the shares over the twenty trading days preceding the date of grant by the Management Board.

In addition, in respect to setting the subscription price for shares, the Management Board could not apply any advantage or discount on the price set according to legal conditions at the time options are granted.

Protection of the interest of recipients of options

If the company proceeds with (i) a repayment or reduction of share capital, (ii) an allotment of free shares, the capitalisation of reserves, earnings or share premium, (iii) a distribution of reserves or share premium, (iv) a modification of the allocation of earnings by the creation of preferred shares, (v) an issue, in any form whatsoever, conferring rights to the share capital or securities conferring rights to the grant of equity securities with preferential subscription rights in favour of shareholders, the rights of recipients of stock options would be safeguarded in accordance with the provisions provided for by Article L. 228-99 of the French commercial code.

The Management Board would designate the beneficiaries of the plan, determine the amount of subscriptions pursuant to the exercise of options, set the date as of which stock options may be exercised and the maximum period for exercising options.

This authorisation would entail the express waiver in favour of the recipients of the options by the shareholders of their preferential subscription rights to shares that would be issued as options are exercised.

The capital increase resulting from the exercise of options would be rendered definitive by the simple declaration of the exercise of the option, accompanied by the subscription application and payment in cash or by an offset with debt for the corresponding amount.

The extraordinary shareholders' meeting would grant the Management Board all powers necessary to proceed with this issue and notably establish the corresponding stock option plan regulations.

No later than one month following the end of each period, the Management Board would record, as applicable, the number and amount of ordinary shares issued during the period resulting from the exercise of options, and would make the corresponding modifications to the articles of association relating to the contributions, the amount of the share capital and number of shares they represent, and would be vested with all powers necessary to undertake the resulting formalities.

This resolution, if adopted, would supersede and cancel any prior authorisation having the same purpose.

17.2 Issue of free shares, repurchase by the Company of its shares on the market – Grant of authority to the Management Board to this effect

We propose that you authorise the Management Board, pursuant to Articles L. 225-197-1 et seq. of the French Commercial Code, to proceed through one or more transactions, with grants of free shares of the Company, existing or to be issued, in favour of categories of beneficiaries whose identity would be determined, by the Management Board from:

- Salaried employees of the Company and its subsidiaries;
- Members of the Management Board of the Company and executive officers of its subsidiaries.

We propose that you set the vesting period following which the grant of ordinary shares to the recipients would be fully definitive, subject to any conditions determined by the Management Board, at a minimum of two years, except if the beneficiary has a recognised disability as provided for under with Article L. 225-197-1 I of the French commercial code, from the date of final allotment of the shares.

We propose that you decide that recipients must hold the shares freely granted to them for a minimum of two years after the shares have been fully vested, except cases where the beneficiary has a recognised disability as provided for under Article L. 225-197-1 I of the French Commercial Code.

The authorisation would be granted to the Management Board for a maximum period of thirty-eight (38) months from the date of the meeting.

The total number of ordinary shares that may be freely granted under this authorisation could not exceed more than 2% of the share capital of the Company on the date of the allocation of bonus shares;

Existing shares that may be granted would be acquired in accordance with Article L. 225-208 of the French Commercial Code.

In compliance with Article L. 225-132 of the French Commercial Code, the decision of the shareholders' meeting would entail automatic waiver in favour of the recipients of free shares by the shareholders of their preferential subscription rights for ordinary shares issued as capital increases are carried out through the capitalisation of reserves, earnings or share premium, decided by the Management Board, under this authority, and any rights to the portion of reserves, earnings or share premium thus capitalised, on condition that the grant of said shares to recipients becomes definitive after the vesting period.

The shareholders would grant full powers to the Management Board within the set forth below to:

- Set, according to legal conditions and limits, the dates on which allotments would be made;
- Determine the identity of recipients, the number of ordinary shares allotted to each, and the terms for the allotment of shares;
- Set the conditions under which the number of ordinary shares freely allotted would be adjusted in the event of capital transactions by the Company undertaken to Protect the rights of recipients;
- Record, according to legal conditions, the amount of the resulting capital increase and demand the articles of association in consequence;
- And in general, do whatever it would be appropriate or necessary to implement this authorisation.

Every year, the Management Board would inform the ordinary general meeting of transactions carried out by virtue of this resolution in a special report, in accordance with Article L. 225-197-4 of the French Commercial Code.

This resolution, if adopted, would supersede and cancel any prior authorisation having the same purpose.

18. Capital increases reserved for employees – Authority given to the Management Board;

We remind you that Law No. 2001-152 of 19 February 2001 on payroll savings introduced a provision to Article L. 225-129-6 of the French Commercial Code according to which an Extraordinary General Meeting of Shareholders that approves any capital increase must rule on a draft resolution that aims to carry out a capital increase under the conditions provided for in Articles L. 3332-18 et seq. of the French Labour Code.

We will read to you the related legal requirements and in particular those related to the share subscription price.

In order to comply with this legal requirement, and as soon as your Extraordinary General Meeting of Shareholders has adopted the proposed resolutions, we propose that you:

1. authorise the Management Board to carry out, within a maximum period of twenty-six months from the date of the General Meeting of Shareholders, a capital increase with a maximum total face value of one hundred thousand euros (€100,000), in one or more tranches, by issuing shares for cash reserved for employees who are members of a company savings plan implemented by the company and carried out in accordance with the provisions of Articles L. 3332-18 et seq. of the French Labour Code;
2. resolve to cancel shareholders' pre-emptive subscription right to such new shares, in favour of employees of the Company or of related companies/groups within the meaning of Article L. 225-180 of the French Commercial Code;
3. resolve that the Management Board shall determine the shares' issue price in accordance with Article L. 3332-19 of the French Labour Code; and
4. grant all powers to the Management Board represented by its Chairman and, if need be, by the Company's managing director or managing directors, to implement this authorisation and carry out the capital increase and, to that end, to establish the list of beneficiaries and the number of shares to be attributed to each employee, set the number of new shares to be issued and their date of record, set, within the legal limits, the conditions for issuing the new shares and the periods given to employees to exercise their rights and the periods and terms for paying up the new shares; record the capital increase based on the number of shares subscribed and amend the articles of association accordingly, and take all steps and carry out all formalities necessary to complete the capital increase.

Pursuant to the provisions of Article L. 225-138-II of the French Commercial Code, the Company's Statutory Auditors have prepared a report on the conditions of setting the issue price, which will be read to you.

Nevertheless, we point out that this capital increase initiative is only presented to you in order to satisfy the legal requirements and that such an increase is not part of the Company's plans. Consequently, we ask you to reject the resolution that aims to implement this capital increase.

Pursuant to Article R. 225-113 of the French Commercial Code, developments in the company's business since the beginning of the current financial year are described in paragraph 5 of the management report that was made available to you in accordance with the applicable regulations.

We remain at your disposal to provide you with any other details or explanations you may wish.

Saint Herblain, April 16, 2014

THE MANAGEMENT BOARD