VALNEVA

A European company (*Societas Europaea* or SE) with a Management and a Supervisory Board
Share capital: €11 383 243,14
Siège social: World Trade Center Lyon, Tour Oxygène,
10-12 Boulevard Marius Vivier Merle, 69003 Lyon
Lyon Companies Register (RCS) No. 422 497 560

REPORT OF THE MANAGEMENT BOARD
TO THE COMBINED GENERAL MEETING OF JUNE 30, 2016

This Report, dated June 2, 2016, supersedes the version dated May 12, 2016.

***

To the Shareholders,

We have called you to this Combined General Meeting, in accordance with the provisions of the law and the company's articles of association, to vote on the draft resolutions presented below.

As required by law and regulations, the following reports have been made available to you:

- Management Board's report to the Combined General Meeting of shareholders;
- Management Board's report on the company's operations and the statutory and consolidated financial statements for the fiscal year ended December 31, 2015 including a five-year financial summary and a summary of authorizations for capital increases in accordance with article L. 225-100, subsection 7, of the French commercial code;
- Management Board's special report on the transactions undertaken in the fiscal year ended December 31, 2015, in accordance with the provisions of articles L. 225-177 to L. 225-186 of the French commercial code;
- Management Board's special report on the transactions undertaken in fiscal year ended 31 December 2015, in accordance with the provisions of 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 fiscal year ended December 31, 2015;
- Supervisory Board Chairman's report on the preparation and organization of the Board's work and the internal control procedures implemented by the Company;
- Supplemental reports of the Management Board on the use of authorizations to increase the share capital, in accordance with article L. 225-129-5 of the French commercial code;
- Report of the Joint Auditors on the performance of their duties and the statutory financial statements for the fiscal year ended December 31, 2015;
- Report of the Joint Auditors of their duties and the consolidated financial statements for the fiscal year ended December 31, 2015;
- Report of the Joint Auditors on regulated agreements and commitments for the period ended, in accordance with article L. 225-86 and L. 225-90 of the French commercial code;

- Report of the Joint Auditors on the Chairman of the Supervisory Board's Report on the organization and preparation of the Board's work and the internal control procedures implemented by the Company;
- Report of the Joint Auditors on the share capital decrease;
- Supplemental report of the Joint Auditors on the issuance of equity warrants "BSA 27" with cancellation of preferential subscription rights;
- Report of the Joint Auditors on the issuance of shares and various securities with and/or without preferential subscription rights;
- Report of the Joint Auditors on the issuance of preferred shares convertible into ordinary shares, with cancellation of preferential subscription rights, and on the special benefits resulting from the issuance of preferred shares convertible into ordinary shares;
- Report of the Joint Auditors on the authorization to grant free preferred shares to be issued;
- Report of the Joint Auditors on the authorization for the issuance of stock-options;
- Report of the Joint Auditors on a capital increase reserved for participants in a company savings plan;

After a reading has been given of the aforementioned reports, the following resolutions will be submitted for your approval:

Ordinary resolutions

Approval of the statutory financial statements for the year ended December 31, 2015 (1st resolution);

- Approval of consolidated financial statements for the year ended December 31, 2015 (2nd resolution);
- Discharge of Management Board and Supervisory Board members for the performance of their duties (3rd resolution);
- Appropriation of earnings for the year ended December 31, 2015 (4th resolution);
- Regulated agreements and commitments referred to in articles L 225-86 *et seq.* of the French commercial code (5th resolution);
- Approval of the regulated agreement and commitments made in the year ended December 31, 2015 for the benefit of Mr. Franck Grimaud (6th resolution);
- Approval of the regulated commitments made in the year ended December 31, 2015 for the benefit of Mr. Thomas Lingelbach (7th resolution);
- Approval of the regulated commitments made in the year ended December 31, 2015 for the benefit of Mr. Reinhard Kandera (8th resolution);
- Reappointment of a Supervisory Board member (Mr. Frédéric Grimaud) (9th resolution);
- Reappointment of a Supervisory Board member (Mr. James Sulat) (10th resolution);
- Reappointment of a Supervisory Board member (Ms. Anne-Marie Salaun) (11th resolution);
- Reappointment of a Supervisory Board member (Mr. Alexander von Gabain) (12th resolution);
- Reappointment of a Supervisory Board member (Mr. Alain Munoz) (13th resolution);
- Appointment of a new Supervisory Board member (Ms. Lisa Shaw-Marotto) (14th resolution);

- Appointment of a new Supervisory Board member (Mr. Ralf Clemens) (15th resolution);
- Appointment of a new Supervisory Board member (Bpifrance Participations) (16th resolution);
- Setting the attendance fees for Supervisory Board members (17th resolution);
- Approval of registered office relocation (18th resolution);
- Authorization and powers given to the Management Board for purchase by the Company of its own shares (19th resolution);

Extraordinary resolutions

- Authorization granted to the Management Board for cancellation by the Company of its own shares (20th resolution);
- Grant of authority to the Management Board to increase the share capital by issuing ordinary shares or any securities giving access to the capital while maintaining the preferential subscription right (21st resolution);
- Grant of authority to the Management Board to increase the capital by issuing ordinary shares and all securities conferring rights to the capital, through a public offering, canceling preferential subscription rights, while including an option for a priority period (22nd resolution);
- Grant of authority to the Management Board in order to increase the share capital through the capitalization of reserves, earnings or premium (23rd resolution);
- Grant of authority to the Management Board to increase the share capital by issuing shares and/or securities giving present and/or future access to the Company's share capital through private placement, with cancellation of preferential subscription rights (24th resolution);
- 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 cancellation of preferential subscription rights, and to set the issue price in accordance with the rules set by the General Meeting up to a limit of 10% of the share capital per year (25th resolution);
- Grant of authority to the Management Board to increase the share capital by issuing shares and/or securities giving immediate and/or future access to the capital of the Company, in consideration for contributions in kind for equity securities or other securities giving access to the capital, with cancellation of preferential subscription rights (26th resolution);
- Maximum aggregate amount of capital increases (27th resolution);
- Grant of authority to the Management Board in order to increase the share capital by issuing preferred shares convertible into ordinary shares, and canceling the preferential subscription rights for the benefit of a defined category of persons (28th resolution);
- Cancellation of preferential subscription rights for the benefit of selected categories of persons (29th resolution);
- Authorization for the Management Board to freely award preferred shares of the Company for the benefit of employees and/or corporate officers of the Company and its subsidiaries, entailing a waiver by shareholders of their preferential subscription right (30th resolution);
- Authorization for the Management Board for the purpose of granting stock options, through one or more issues, for the benefit of employees and/or corporate officers of the Company

and its affiliates, entailing waiver by shareholders of their preferential subscription right (31st resolution);

- Issuance of equity warrants (32nd resolution);
- Cancellation of preferential subscription rights for the benefit of selected categories of persons (33rd resolution);
- Grant of authority to the Management Board for the purpose of deciding to carry out a capital increase reserved for employees (34th resolution);
- Powers for formalities (35th resolution).

Our report, the reports of the Joint Auditors and the Auditor for special benefits, the required information on the proposed new supervisory board members and the statutory and consolidated financial statements have been made available to you in accordance with the conditions and deadlines provided for by the Company's articles of association and the provisions of applicable laws.

Approval of the statutory financial statements for the financial year ended December 31, 2015

The statutory financial statements for the period ended December 31, 2015, submitted for your approval, have been established in accordance with the rules of presentation and valuation methods provided for by regulations applicable in France (French GAAP).

The Management Board hereby presents these statutory financial statements for your approval.

These statutory financial statements show a loss of seventeen million six hundred and nineteen thousand one hundred and forty five euros and fourteen cents (€17,619,145.14) for the period ended December 31, 2015, compared to a loss of fourteen million eight hundred and eighty three thousand four hundred and eighty two euros and thirty eight cents (€14,883,482.38) for the prior period.

For further information on the statutory financial statements, please refer to the Management Report of the Management Board and the Supervisory Board's observations on this Report, which were made available to you as required by applicable regulations.

For the period ended, the Company did not incur expenses not deductible from taxable income covered by article 39-4 and 39-5 (subsection 10) of the French general tax code, except for nondeductible surplus lease payments for passenger vehicles for seven thousand four hundred and thirty euros (€7,430).

Approval of the consolidated financial statements for the financial year ended December 31, 2015

The consolidated financial statements for the period ended December 31, 2015, submitted for your approval, have been established in accordance with International Financial Reporting Standards (IFRS).

The Management Board hereby presents these consolidated financial statements for your approval.

These consolidated financial statements show a loss of twenty million and six hundred and sixteen thousand six hundred and sixty six euros and fifty one cents (€20,616,666.51 for the period ended December 31, 2015, compared to a loss of twenty six million and two hundred and seventy one thousand six hundred and forty nine euros and sixty seven cents (€26,271,649.67) for the period ended December 31, 2014.

For further information on consolidated financial statements, please refer to the Management Report of the Management Board and the Supervisory Board's observations on this Report, which were made available to you as required by applicable regulations.

Proposed appropriation of earnings

With the statutory financial statements for 2015 showing a loss of seventeen million six hundred and nineteen thousand one hundred and forty five euros and fourteen cents (€17,619,145.14), we accordingly propose that this amount be allocated to the "accumulated deficit/retained earnings" account. After appropriation of this amount, the "accumulated deficit" will be accordingly increased to minus seventy six million and three hundred and thirty five thousand thirty seven euros and seven cents (minus €76,335,037.07).

We furthermore note for the record, pursuant to article 243 bis of the French General Tax Code, that no dividend has been distributed over the last three financial years.

Approval of regulated agreements and commitments covered by articles L. 225-86 et seq. of the French commercial code and of the Auditors' special report on said agreements

We ask you to approve the Auditors' special report on regulated agreements and commitments of the Company, and in consequence, all new agreements, having been executed in 2015 and mentioned therein.

We also ask you to approve the regulated agreements and commitments described below, as authorized by the supervisory board on June 25, 2015:

- For the benefit of Mr. Franck Grimaud: (i) the new agreement executed between the Company and Mr. Franck Grimaud for the purpose of setting his remuneration and benefits as management board member and managing director ("*directeur général*") and (ii) the Company's commitments to pay Mr. Franck Grimaud compensation for non-competition obligations, inability to work or termination of duties;
- For the benefit of Mr. Thomas Lingelbach: the commitments of the Company's subsidiary "Valneva Austria GmbH" to pay Mr. Thomas Lingelbach compensation for non-competition obligations, inability to work or termination of duties;
- For the benefit of Mr. Reinhard Kandera: the commitments of the Company's subsidiary "Valneva Austria GmbH" to pay Mr. Reinhard Kandera compensation for non-competition obligations, inability to work or termination of duties;

Appointment and reappointment of supervisory board members

We ask you to reappoint all current supervisory board members, except Mr. Hans Wigzell and Mr. Michel Greco who will be replaced by Ms. Lisa Shaw-Marotto and Mr. Ralf Clemens.

We also propose to appoint Bpifrance Participations as an additional supervisory board member, thus increasing the total number of supervisory board members from seven to eight.

Setting the attendance fees for supervisory board members

We ask you to set the total annual amount of attendance fees to be given to the supervisory board from June 1, 2016 at two hundred and eighty thousand euros (€280,000).

Approval of registered office relocation

We ask you to approve the supervisory board's decision dated May 12, 2016 to relocate the Compnay's registered office from 70 rue Saint Jean de Dieu 69007 Lyon to World Trade Center Lyon, Tour Oxygène, 10-12 boulevard Marius Vivier Merle, 69003 Lyon, with effect from May 13, 2016.

Purchase by the Company of its own shares and cancellation of treasury shares - Authorization and powers to be given to the Board for this purpose

We hereby propose that a new authorization be granted to the Management Board, with powers of delegation according to conditions set by law, to trade in the Company's shares, pursuant to the provisions of article L. 225-209 of the French commercial code and articles 241-1 *et seq*. of the General Regulation of the French Financial Markets Authority (AMF).

Purchase by the Company of its own shares

Purchases by the Company of its own shares would be carried out for the purposes provided for by law, or subsequently permitted by law, and notably to:

- maintain an orderly market in the Company's share through a liquidity guarantee that complies with the AMAFI (French Association of Financial Markets) code of professional conduct 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;
- implement and honor obligations, and in particular remit shares pursuant to the exercise of rights attached to securities giving access, by any means, immediately or in the future, to the Company's shares, as well as all hedging transactions resulting from the obligations of the Company arising from these securities, in accordance with the provisions provided for by market authorities and at such times as the Management Board or the person acting on the authority of the latter shall determine;
- cancel acquired shares, subject to an Extraordinary General Meeting of shareholders approving resolution twenty submitted to your approval, authorizing the Management Board to reduce the share capital by canceling treasury shares;
- 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. 3332-4 of the French Labor 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.

The authorization provided for under resolution nineteen hereby submitted for your approval would be granted under the following conditions:

- the number of shares purchased by virtue of this authorization would not represent more than five percent (5%) of the share capital, adjusted for corporate actions that may affect the capital after the General Meeting's decision and after deducting treasury shares. The Company would purchase its own shares at a price per share at least equal to ten euros (€10);
- when shares would be purchased to promote liquidity under the conditions defined by the French Financial Market Authority's General Regulations, the number of shares to be taken into account for calculating this five percent (5%) limit would equal the number of shares purchased minus shares resold during the authorization period. Furthermore, the number of shares acquired by the Company to be held and subsequently used in payment or exchange in connection with a merger, spin-off or contribution would not exceed five percent (5%) of the share capital, after adjustments for corporate actions occurring after this decision of the General Meeting;
- the Company may sell, assign or transfer by any means all or part of the shares thus acquired, or cancel said shares by reducing the share capital, subject to adoption of the twentieth

resolution hereby submitted for your approval, and within the limit of five percent (5%) of the Company's share capital per twenty-four (24) month period; and

+ this authorization will be granted for a period of eighteen (18) months, as from the date of the General Meeting of the shareholders.

These shares may 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 when involving the use of derivatives. The purchase and sale of shares through block trades may account for the entire authorized share buyback program.

The maximum amount of funds allocated for this program is set at fifteen million euros (€15,000,000).

In the event of an increase in the capital by capitalizing reserves and a grant of restricted share units, stock splits or reverse stock splits, the prices indicated above would be adjusted by a multiplier equal to the ratio between the number of shares making up the share capital before and after the transaction.

We hereby inform you that all information required by law and regulations, as well as by articles 241-1 *et seq*. of the General Regulation of the AMF, the French financial market authority, will be provided in a description of the share buyback program to be drawn up and published prior to the implementing this new program in accordance with article L. 241-2 of the AMF General Regulation.

If you accept this proposal, we request that you 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.

Cancellation of treasury shares

To permit the Management Board to cancel shares purchased by the Company under this share buyback program, we hereby ask you to authorize the Board, with powers of delegation according to conditions set by law, to reduce the share capital by canceling treasury shares held by the Company, duly record completion of the capital reduction(s) and modify, in consequence, the articles of association, and complete all necessary formalities.

In accordance with the provisions of article L. 225-209, subsection 7, of the French commercial code, own shares held by the Company may be canceled within the limit of ten percent (10%) of the Company's share capital, adjusted for corporate actions that may affect the capital after the General Meeting's decision and per twenty-four (24) month period.

If the nineteenth resolution submitted to your approval and relating to the authorization and powers to be given to the Management Board for purchase by the Company of own shares is adopted, this would render any previous authorization with the same purpose without any legal effect. Similarly, if the twentieth resolution submitted to your approval and relating to the authorization and powers to be given to the Management Board to cancel treasury shares held by the Company is adopted, this would render any previous authorization with the same purpose without any legal effect.

Capital increase through the issuance of ordinary shares and all securities conferring rights to the capital, while maintaining preferential subscription rights – Grant of authority to the Management Board to this purpose

We hereby 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 (26) months from the present Meeting,

power to decide to carry out one or more immediate or future increases in capital by issuing any of the following:

- ordinary shares of the Company; and/or
- any capital securities of the Company giving access by any means, immediately or in the future, to other existing or future capital securities of the Company or giving the right to receive debt instruments from the Company; and/or
- any securities, whether hybrid or not, giving access by any means, immediately or in the future, to capital securities to be issued by the Company, and possibly giving access to existing capital securities and/or giving the right to receive debt instruments from the Company;

it being specified that these shares and securities may be subscribed for in cash or by offsetting debts;

+ resolve that the issuing of any preferred shares or securities giving access, immediately or in the future, to preferred shares are excluded from this delegation;
+ decide that the total nominal amount of increases in share capital which can be carried out, immediately or in the future, by virtue of powers delegated by the general meeting in resolution twenty-one may not under any circumstances exceed a maximum overall amount of four million five hundred thousand euros (€4,500,000) or the equivalent value in a foreign currency, to which amount will be added, if applicable, the nominal 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 on the basis of irrevocable entitlement (*à titre irréductible*) for ordinary shares and securities by virtue of the twenty-first resolution hereby submitted for your approval, and that the Management Board may furthermore establish for the benefit of shareholders a right to apply for excess shares subject to reduction (*à titre réductible*) that may 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*), would fail to account for the entire issue of the shares or securities as defined above, the Management Board may may, at its option and in the order it has determined, (i) freely allocate all or part of the unsubscribed securities to any persons of its choosing, (ii) offer these securities to the public and/or (iii) restrict the amount of the issuance to the subscriptions received, provided that these amount to not less than three quarters of the intended issuance;
+ Resolve that the securities that may be issued under this delegation may notably consist of debt securities, including securities giving the right to receive debt securities, whether or not governed by articles L 228-91 *et seq.* of the Commercial code, or of warrants, or may be associated with the issue of such securities, or allow the issue thereof as intermediate securities. These debt securities may or may not be for an unlimited term, may or may not be subordinate, and 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 issued under this delegation and resolutions twenty-two,

twenty-four, twenty-five and twenty-six may not exceed one hundred twenty-five million euros (€125,000,000) or the equivalent value at the exchange rate prevailing on the date of the issue decision, but will be independent of the amount of any debt securities referred to in articles L. 228-38, L. 228-92 (3rd paragraph), L. 228-93 (6th paragraph) and L. 228-94 (3rd paragraph) of the Commercial code, for which the issue may otherwise be authorized or decided, in accordance with articles L. 228-36-A and L. 228-40 of the Commercial code and the Company's articles of association. They may be subject to a fixed or variable interest rate, with or without capitalization, and be the subject of redemption, with or without a premium, or amortization, 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;

+ 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, list the securities to be issued, and generally allow for all measures, enter into all agreements and carry out all formalities necessary to ensure the successful completion of the proposed issues, formally record the capital increases resulting therefrom and amend the articles of association in consequence;
+ give the Management Board the authority (that it may further delegate as permitted by law) at its own initiative, 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 (1/10) of the new capital after each issue;
+ note that the delegation of power provided for under the twenty-first resolution hereby submitted for your approval automatically entails by operation of law, in favor 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 said securities could give a right.

Capital increase through the issuance of ordinary shares and all securities conferring rights to the capital, through a public offering, canceling preferential subscription rights, while including an option for a priority period – Grant of authority to the Management Board to this purpose;

We hereby propose that you:

+ resolve, in accordance with the provisions of article L.225-129-2 of the French commercial code (*Code de Commerce*), to delegate to the Management Board, with the option of subdelegation under the conditions laid down by law, for a maximum period of twenty-six (26) months from the present Meeting, its power to decide to carry out one or more immediate or future increases in capital by issuing any of the following:
    - ordinary shares of the Company; and/or
    - any capital securities of the Company giving access by any means, immediately or in the future, to other existing or future capital securities of the Company or giving the right to receive debt instruments from the Company; and/or
    - any securities, whether hybrid or not, giving access by any means, immediately or in the future, to capital securities to be issued by the Company, and possibly giving access to existing capital securities and/or giving the right to receive debt instruments from the Company;

it being specified that these shares and securities may be subscribed for in cash or by offsetting debts;

- resolve that the maximum nominal amount of increases in share capital which can be carried out, immediately or in the future, may not under any circumstances exceed a maximum overall amount net of issue premium of four million five hundred thousand euros (€4,500,000) or the equivalent value in a foreign currency, to which amount will be added, if applicable, the additional amount of shares or securities to be issued for the purpose of any adjustments to be made in accordance with applicable laws and regulations 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;
- resolve that the Company may carry out the capital increases through a public offering of securities, and note that any public offerings decided under resolution twenty-two may be combined with private placement offers referred to in article L. 411-2 II of the Commercial code and decided under resolution twenty-four, within the same issue or through several simultaneous issues;
- resolve that the Management Board, will have all powers to implement, if it so decides, that it may further delegate under the conditions provided for by law, the delegation of power provided for under the twenty-second resolution hereby submitted for your approval, on one or more occasions, in proportions and at times that it sees fit, and to amend the articles of association accordingly;
- decide to cancel shareholders' preferential subscription rights to shares and securities giving access to the capital of the Company covered by the twenty-second resolution hereby submitted for your approval. The Management Board may nevertheless grant the shareholders, pursuant to article L. 225-135, paragraph 5, of the French commercial code, a priority subscription period for a time period that it will establish in accordance with applicable laws and regulations, and for all or part of the issue. This priority subscription period shall not result in the creation of negotiable rights and must be exercised in proportion to the number of shares owned by each shareholder;
- resolve that the securities that may be issued under this delegation may notably consist of debt securities, including securities giving the right to receive debt securities, whether or not governed by articles L. 228-91 *et seq.* of the Commercial code, or of warrants, or may be associated with the issue of such securities, or enable the issue thereof as intermediate securities. These debt securities may or may not be for an unlimited term, may or may not be subordinate, and 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 may not exceed a nominal amount of one hundred twenty-five million euros (€125,000,000) or the equivalent value at the exchange rate prevailing on the date of the issue decision, but will be independent of the amount of any debt securities referred to in articles L. 228-38, L. 228-92 (3rd paragraph), L. 228-93 (6th paragraph) and L. 228-94 (3rd paragraph) of the Commercial code, for which the issue may otherwise be authorized or decided, in accordance with articles L. 228-36-A and L. 228-40 of the Commercial code and the Company's articles of association. They may be subject to a fixed or variable interest rate, with or without capitalization, and be the subject of redemption, with or without a premium, or amortization, 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;

- resolve that the nominal value of the debt securities that may be issued under the twenty second resolution will be credited against the maximum nominal amount of debt securities as set out in resolution twenty one;
- resolve that the issue price of new shares that may be issued under the delegation of powers submitted for your approval, will be determined by the Management Board, with the option of sub-delegation under the conditions laid down by law:
    i. the issue price for the ordinary shares shall at least equal the minimum amount provided for by law and regulations in force at the time the delegation of powers is used, after adjusting, if applicable, this amount to take into account the difference in the date of record (i.e. currently the volume-weighted average price for the last three (3) trading days on NYSE Euronext Paris preceding the pricing of subscription for the capital increase, that may be reduced by a maximum discount of five percent (5%) in accordance with article L. 225-136 and article R. 225-119 of the French commercial code); and
    ii. the issue price for the securities will be the amount immediately received by the Company, increased by, as applicable, the amount that may be subsequently received by the Company, so that for each ordinary share issued pursuant to the issuance of these securities, it represents an amount at least equal to the amount referred to above in point "(i)", after adjustment, if applicable in order to take into account the difference in the date of record.
- give the Management Board the power, with the option of subdelegation under the conditions laid down by law, at its own initiative, to implement the delegation provided for under the twenty-second resolution hereby submitted for your approval, 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 one tenth (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 the 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 (3) 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;
    - lay down 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;

- record the capital increase(s) resulting therefrom;
- 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 by virtue of the eleventh resolution hereby submitted for your approval.

+ note that the delegation of power provided for under the twenty-second resolution hereby submitted for your approval automatically entails by operation of law, in favor 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 said securities could give a right.

If the Management Board were to implement the delegation of power provided for by the twenty-second resolution hereby submitted for your approval, a special report of the Auditors would be drawn up, in accordance with article L. 225-135 of the French commercial code and regulations.

Increase in the share capital by capitalizing reserves, earnings or premiums - Grant of authority to the Management Board to this purpose

We hereby propose that you delegate to the Management Board, in accordance with 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, authority to proceed with one or more capital increases, by capitalizing reserves, earnings, additional paid-in capital or other eligible amounts, whether in the form of the grant of new restricted shares to be issued or by increasing the par value of existing shares, or a combination thereof.

The overall nominal amount of increases in share capital to be carried out immediately or in the future pursuant to the twenty-third resolution hereby submitted for your approval may not, under any circumstances, exceed a total of four million five hundred thousand euros (€4,500,000).

Fractional rights would not be negotiable and the corresponding shares would be sold. The proceeds from the sale would be allocated to rights holders within the time frame imposed by regulations, or no later than thirty (30) days from the date the whole number of shares thus granted has been recorded in their account.

The Management Board would have all powers to implement, if it so decides, the delegation of powers provided for under the twenty-third resolution hereby submitted for your approval, on one or more occasions, in proportions and at times that it shall see fit, and to amend the articles of association accordingly.

Capital increase by issuance of shares and/or securities giving present and/or future access to the Company's share capital through private placement, with cancellation of preferential subscription rights - Delegation of powers to the Management Board to this purpose

We hereby propose that you:

+ resolve, in accordance with the provisions of the French commercial code and in particular articles L. 225-135 and L. 225-136 of said code, to delegate to the Management Board, with the option of subdelegation under the conditions laid down by law, for a maximum period of

twenty-six (26) months from the present Meeting, its power to decide to carry out one or more immediate or future increases in capital by issuing any of the following

- ordinary shares of the Company; and/or
- any capital securities of the Company giving access by any means, immediately or in the future, to other existing or future capital securities of the Company or giving the right to receive debt instruments from the Company; and/or
- any securities, whether hybrid or not, giving access by any means, immediately or in the future, to capital securities to be issued by the Company, and possibly giving access to existing capital securities and/or giving the right to receive debt instruments from the Company;

through a private placement as referred to in article L. 411-2 II of the French monetary and financial code (*Code monétaire et financier*), it being specified that these shares and securities may be subscribed for in cash or by offsetting debts;

+ resolve that the total amount of capital increases that may be carried out, immediately and/or in the future, may not exceed the maximum amount provided for by applicable regulation, or twenty percent (20%) of the share capital per year, it being specified that to this maximum amount will 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;
+ resolve that the Management Board, will have all powers to implement, if it so decides, that it may further delegate under the conditions provided for by law, the delegation of powers provided for under the twenty-fourth resolution hereby submitted for your approval, on one or more occasions, in proportions and at times that it sees fit, and to amend the articles of association accordingly;
+ resolve to cancel shareholders' preferential right to subscribe for shares and securities giving access to the capital of the Company to which the twenty-fourth resolution hereby submitted for your approval relates;
+ resolve that the securities that may be issued under this delegation may notably consist of debt securities, including securities giving the right to receive debt securities, whether or not governed by articles L. 228-91 *et seq.* of the Commercial code, or of warrants, or may be associated with the issue of such securities, or enable the issue thereof as intermediate securities. These debt securities may or may not be for an unlimited term, may or may not be subordinate, and 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 may not exceed one hundred twenty-five million euros (€125,000,000) or the equivalent value at the exchange rate prevailing on the date of the issue decision, but will be independent of the amount of any debt securities referred to in articles L. 228-38, L. 228-92 (3rd paragraph), L. 228-93 (6th paragraph) and L. 228-94 (3rd paragraph) of the Commercial code, for which the issue may otherwise be authorized or decided, in accordance with articles L. 228-36-A and L. 228-40 of the Commercial code and the Company's articles of association. They may be subject to a fixed or variable interest rate, with or without capitalization, and be the subject of redemption, with or without a premium, or amortization, 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;

- resolve that the nominal value of the debt securities that may be issued under this delegation will be credited against the maximum nominal amount of debt securities as set out in resolution twenty-one;
- resolve that the issue price of new shares that may be issued under this delegation provided for by the twenty-fourth resolution hereby submitted for your approval, 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 shall at least equal the minimum provided by applicable legal and regulatory provisions on the issue date (i.e. currently the volume-weighted average price for the last three (3) trading days on NYSE Euronext Paris preceding the pricing of subscription for the capital increase, that may be reduced by a maximum discount of five percent (5%));
    - the issue price of securities giving access to the share capital will be such that the amount immediately received by the Company, increased, as applicable, by amounts it may subsequently receive, will be for each ordinary share issued pursuant to the issuance of these securities, at least equal to the minimum subscription price as 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 the twenty-fourth resolution hereby submitted for your approval, 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 one tenth (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 the 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 (3) 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;
    - lay down 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 by virtue of the twenty-fourth resolution hereby submitted for your approval.

+ note that the delegation of powers provided for under the twenty-fourth resolution hereby submitted for your approval automatically entails by operation of law, in favor of the holders 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 said securities could give a right.

If the Management Board were to implement the delegation of powers provided for by the twenty-fourth resolution hereby submitted for your approval, a special report of the Auditors would be drawn up, in accordance with article L. 225-135 of the French commercial code and regulations.

Increase in the share capital by issuing ordinary shares and/or securities giving immediate and/or later access to the capital of the Company with cancellation of preferential subscription rights, and to set the issue price in accordance with the rules set by the General Meeting up to a limit of 10% of the share capital per year - Delegation of powers to the Management Board to this purpose

We hereby propose, in accordance with the provisions of article L. 225-136, 1°, subsection 2, of the French commercial code, that you:

+ authorize 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, decided under the preceding resolutions twenty-two and/or twenty-four, by means of the issue of any of the following:
    - ordinary shares of the Company; and/or
    - any capital securities of the Company giving access by any means, immediately or in the future, to other existing or future capital securities of the Company or giving the right to receive debt instruments from the Company; and/or
    - any securities, whether hybrid or not, giving access by any means, immediately or in the future, to capital securities to be issued by the Company, and possibly giving access to existing capital securities and/or giving the right to receive debt instruments from 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 resolutions twenty-two and/or twenty-four above under the following conditions: the issue price must not be lower than the weighted average share price on NYSE Euronext Paris, calculated over a period comprising three (3) and ninety (90) consecutive trading days preceding the setting of the issue and possibly reduced by a maximum of twenty percent (20%) if the Management Board so decides;

+ resolve that the maximum nominal amount of capital increases which may be carried out immediately or in the future, under the twenty-fifth resolution hereby submitted for your approval, may not exceed ten percent (10%) of the Company's share capital (this limit being determined on the date of this General Meeting, it being specified that to this maximum amount will be added, as applicable, the additional number of shares to be issued, to

preserve, in accordance with the law and, as applicable, contractual provisions providing for other cases for adjustments, the rights of holders of securities giving access to a share of the Company's share capital), within the limit of the maximum increase in capital provided for under resolution twenty-two, or according to the case, resolution twenty-four, and the maximum capital increase provided for by resolution twenty-seven from which it is deducted;

+ resolve, in accordance with the provisions provided for by the twenty-second resolution, or according to the case, the twenty-fourth resolution, that the Management Board will be vested with all powers to implement this delegation;
+ resolve that the authorization provided for by the twenty-fifth resolution hereby submitted for your approval shall be valid for twenty-six (26) months from the date of this meeting; and
+ duly note that, if the Management Board were to use this delegation of powers provided for by the above-mentioned delegations, the Board will report to the next Ordinary General Meeting, as required by law and regulations, on the uses made of the authorization granted under the relevant resolution.

The suggested twenty percent (20%) maximum discount is meant to allow the Management Board to respond to the then current market conditions and is consistent with past transactions of this sort. The suggested maximum period of reference may smooth out price fluctuations, if needed and relevant in view of the actual fluctuations.

In accordance with the provisions of article L. 225-136, 1°, of the French commercial code, the Joint Statutory Auditors have drawn up a report on the procedures used to set the issue price, that will be hereby presented to you.

Furthermore, if you decide to adopt the fourteenth resolution hereby submitted for your approval, when the Management Board makes use of the authorization granted under the eleventh or thirteenth resolution, as the case may be, a supplementary report certified by the auditors will describe the final conditions of the transaction and provide information on the items for assessing its actual impact on the situation of the shareholders.

Increase in the share capital by the issuance of shares and/or securities giving immediate and/or future access to the capital of the Company, in consideration for contributions in kind for equity securities or other securities giving access to the capital, with cancellation of preferential subscription rights - Authorization to the management board for this purpose

We hereby propose, in accordance, in particular, with the provisions of articles L. 225-129, L. 225-129-1, L. 225-135 and L. 225-147, subsection 6, of the French commercial code, that you:

+ authorize the Management Board to proceed with the issuance of the instruments set out below, on the Management Board's sole decision, in one or several steps, when the Management Board so decides and pursuant to the report of the equity auditor(s), as consideration for contributions in kind granted to the Company and consisting of equity securities or other securities giving access to the share capital of other companies, when the provisions of article L. 225-148 of the French commercial code are not applicable:
    - ordinary shares of the Company; and/or
    - any capital securities of the Company giving access by any means, immediately or in the future, to other existing or future capital securities of the Company or giving the right to receive debt instruments from the Company; and/or
    - any securities, whether hybrid or not, giving access by any means, immediately or in the future, to capital securities to be issued by the Company, and possibly giving

access to existing capital securities and/or giving the right to receive debt instruments from the Company;

+ resolve, for the benefit of holders of securities resulting from such contributions in kind, to cancel the preferential subscription rights of the shareholders to securities covered by this resolution, and duly note that if the Company issues securities giving access to new shares of the Company, this delegation will automatically entail, in favor of the owners of securities giving access, renunciation by the shareholders of their preferential right to subscribe for shares to which these securities could give a right;
+ resolve that the securities that may be issued pursuant to this delegation may notably consist of debt securities, including securities giving the right to receive debt securities, whether or not governed by articles L. 228-91 *et seq.* of the Commercial code, or of warrants, or may be associated with the issue of such securities, or enable the issue thereof as intermediate securities. These securities may or may not be for a limited term, may or may not be subordinate, and may be issued in euros or in a foreign currency, or in any other monetary units established by reference to several currencies;
+ resolve that the maximum nominal amount of capital increases which may be carried out immediately or in the future, under this delegation may not exceed ten percent (10%) of the Company's share capital at any time, as this share capital may have been adjusted after this general meeting, it being specified that to this maximum amount will be added, as applicable, the nominal value of the shares to be issued to preserve, in accordance with the law and, as applicable, contractual provisions providing for other cases for adjustments, the rights of holders of securities giving access to a share of the Company's share capital;
+ resolve that the maximum nominal amount of the debt securities that may be issued under this delegation will not exceed, and will be credited against, the maximum total amount of debt securities set out in resolution twenty-two;
+ set the duration of the authorization provided for under the twenty-sixth resolution hereby submitted for your approval at twenty-six (26) months from the date of this Meeting;
+ grant all powers to the Management Board, that it may further delegate under the conditions provided for by law, to implement the authorization provided for under the twenty-sixth resolution hereby submitted for your approval, 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;
    - recognize the completion of the contribution and charge all costs, expenses and fees to the premium;
    - duly record 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 the authorization provided for under the twenty-sixth resolution hereby submitted for your approval, and the exercise of the corresponding rights.
+ duly note that the Management Board will report to the next Ordinary General Meeting, as required by law and regulation, on the uses made of the authorizations granted under the twenty-sixth resolution hereby submitted for your approval.

Maximum aggregate amount of capital increases

Subject to adoption by the Combined General Meeting of resolutions twenty-one to twenty-six described above, we hereby propose that you:

- resolve that the maximum aggregate nominal amount of capital increases that may be carried out, with immediate effect or in the future, under resolutions twenty-one to twenty-six submitted for your approval, may not exceed four million five hundred thousand euros (€4,500,000), it being specified that to this maximum aggregate amount will 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 provisions providing for other forms of adjustment, in order to preserve the rights of the holders of securities or other rights giving immediate and/or future access to the capital of the Company;
- duly note for the record that, in accordance with the provisions of article L. 225-129-2, subsection 2, of the French commercial code, the authority granted to the Management Board under resolutions twenty-one to twenty-six, and this twenty-seventh resolution hereby submitted for your approval, shall replace and render null and void, only for the future and for the portion not yet used, the authority having the same purpose granted by resolutions ten to sixteen of the Combined General Meeting of the Company of June 25, 2015.

Issuance of preferred shares convertible into ordinary shares; Cancellation of preferential subscription rights; Grant of preferred shares of the Company free of consideration for the benefit of employees and/or corporate officers of the Company and its subsidiaries; Delegation of powers to the Management Board

Issuance of preferred shares convertible into ordinary shares with cancellation of preferential subscription rights

We hereby propose, with respect to the twenty-eighth resolution hereby submitted for your approval, that you:

- resolve, in accordance with the provisions of article L. 225-129-2 of the French commercial code, to delegate to the Management Board, with the option of subdelegation under the conditions laid down by law, for a maximum period of eighteen (18) months from the present Meeting, its power to decide to carry out one or more capital increases by issuing Convertible Preferred Shares (as defined in the Company's articles of association);
- resolve that the maximum number of Convertible Preferred Shares that may be issued based on this delegation is two thousand (2,000) Convertible Preferred Shares and that the maximum number of ordinary shares that may be created if the Convertible Preferred Shares are converted is two hundred thousand (200,000) ordinary shares, or a maximum capital increase of thirty thousand euros (€30,000), it being specified that these limits are set without taking into account the legal, regulatory or contractual adjustments required to preserve the rights of beneficiaries of Convertible Preferred Shares;
- resolve that the Management Board, will have all powers to implement, if it so decides, that it may further delegate, under the conditions provided for by law, the delegation of power set out in resolution twenty-eight, on one or more occasions, in proportions and at times that it sees fit, and to amend the articles of association accordingly;
- set the issue price for each Convertible Preferred Share issued on the basis of resolution twenty-eight at one hundred and sixty one euros (€161) per Convertible Preferred Share, or a

nominal amount of fifteen cents (€ 0.15) and issue premium of one hundred and sixty euros and eighty five cents (€160.85);

+ 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 one tenth (1/10) of the new capital after each increase;
    - determine the method by which the Convertible Preferred Shares to be issued will be paid for, including by offsetting debt;
    - 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 by virtue of resolution twenty-eight hereby submitted for your approval.
+ note that the delegation of power provided for under the twenty-eighth resolution hereby submitted for your approval automatically entails by operation of law, in favor 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 said securities could give a right.

The one hundred sixty-one euro (€161) price referred to above is equal to the price set in 2015 under resolution eighteen as approved by the Extraordinary General Meeting of June 25, 2015. This price was determined on the basis of the following:

- Volume-weighted average price of Valneva ordinary shares over the 20-trading day period immediately preceding the filing of draft resolutions with the "BALO" (Mai 13, 2015): €4.04 (rounded to €4.00);
- Envisioned highest conversion rate: 100 ordinary shares to 1 Convertible Preferred Share;
- The €161 price is equal to the IFRS cost of one Convertible Preferred Share granted for free, if the volume-weighted average price of Valneva ordinary shares over the 20-trading day period immediately preceding the granting would be €4.00.

This €161 price has been kept for draft resolution twenty-eight, despite variations in the price of ordinary shares, so that the personal investment required from the participants in a long-term incentive program based on free Convertible Preferred Shares is the same as the investment made by the 2015 participants, without changing the relationship between payable Convertible Preferred Shares and free Convertible Preferred Shares (25 free Convertible Preferred Shares to 1 payable Convertible Preferred Share).

The issuance of new Convertible Preferred Shares will not affect the present holders of such shares, with the exception of some very slight dilution, because the conversion of the new Convertible Preferred Shares, as the case may be, will result in the creation of new ordinary shares.

If the Management Board were to implement the delegation of power provided for by the twenty-eighth resolution hereby submitted for your approval, a special report of the Auditors would be drawn up, in accordance with article L. 225-135 of the French commercial code and regulations.

Subject to adoption by the Combined General Meeting of resolution twenty-eight, we hereby propose, with respect to the twenty-ninth resolution hereby submitted for your approval, that you:

- in accordance with the provisions of article L. 225-138 of the French commercial code, cancel the preferential subscription right of shareholders to subscribe for Convertible Preferred Shares for the benefit of categories of persons having the following characteristics:
    - Management Board members and Executive Committee members of the Company;
- delegate to the Management Board, for a period of eighteen (18) months from the present Meeting, responsibility for drawing up, on one or more occasions, the list of recipients in the categories defined above and the number of Convertible Preferred Shares to be allotted to each of said persons.

If the Management Board were to implement the delegation of power provided for by the twenty-eighth and twenty-ninth resolutions hereby submitted for your approval, the Management Board would then submit information to the next ordinary general meeting of the Company on the completion of the issuance of the Convertible Preferred Shares in a supplemental report to be certified by the Statutory Auditors.

Grant of preferred shares of the Company free of consideration for the benefit of employees and/or corporate officers of the Company and its subsidiaries

We hereby propose, with respect to the thirtieth resolution hereby submitted for your approval, that you:

- authorize the Management Board, in accordance with applicable laws and regulations and notably articles L. 225-197-1 *et seq.* of the French commercial code, to proceed with, on one or more occasions and according to conditions it will determine, within the limits set by the authorization provided for under resolution thirty hereby submitted for your approval, free grants of Convertible Preferred Shares, to employees of the Company and/or companies and or groups of companies affiliated therewith within the meaning of L. 225-197-2 of the French commercial code and/or corporate officers of the Company (within the meaning of article L. 225-197-1 of the French commercial code);

- decide that the total number of Convertible Preferred Shares that may be freely granted based on resolution thirty hereby submitted for your approval may not represent more than two percent (2%) of the Company's share capital on the date of the Management Board's grant decision, and that the maximum number of ordinary shares that may be created if these Convertible Preferred Shares are converted is one million four hundred thousand, or a maximum capital increase of two hundred and ten thousand euros (€210.000), it being specified that these limits are set without taking into account the legal, regulatory or contractual adjustments required to preserve the rights of beneficiaries of Convertible Preferred Shares;
- decide that:
    - the allocation of Convertible Preferred Shares to their grantees shall become final at the end of a vesting period whose duration will be determined by the Management Board, it being specified that such vesting period will not be less than one (1) years; and
    - the grantees will have to retain said Convertible Preferred Shares during a holding period as defined by the Management Board, it being specified that this period shall not be less than one (1) years from the final allocation of said shares.

However, in case the vesting period is set for a minimum period of two (2) years, the Shareholders authorize the Management Board to exclude any holding period for said Convertible Preferred Shares.

+ duly note, as required, that the authorization provided for under resolution thirty hereby submitted for your approval entails the waiver by shareholders of all rights to the Convertible Preferred Shares freely granted based on this authorization for the benefit of Convertible Preferred Shares grantees;
+ authorize the Management Board, in the event of free grants of Convertible Preferred Shares to be issued, to carry out one or more capital increases by capitalizing reserves, earnings or other eligible amounts, in favor of the beneficiaries of said shares, the authorization provided for under resolution 30 hereby submitted for your approval entailing, by operation of law, the corresponding waiver by shareholders for the benefit of grantees of their preferential subscription rights to said Convertible Preferred Shares and to the portion of the reserves, earnings and share premium or other eligible amounts, having been capitalized, for which the Management Board has been given a delegation of power in accordance with articles L. 225-129-2 and L. 225-197-1 of the French commercial code; and
+ resolve that existing shares able to be granted under the thirtieth resolution hereby submitted for your approval must be acquired by the Company within the framework of article L. 225-208 of the French commercial code and/or the share buyback program implemented in accordance with the conditions provided for by article L. 225-209 of the French commercial code;
+ grant full powers to the Management Board within the limits set forth above, notably for the purpose of:
    - set the grant conditions and the conversion criteria for Convertible Preferred Shares;
    - determine the identity of beneficiaries, the number of Convertible Preferred Shares to be granted to each, the procedures for granting said Convertible Preferred Shares, and in particular, the vesting and holding periods applicable to Convertible Preferred Shares freely granted accordingly, in restricted share plan rules for Convertible Preferred Shares;
    - set, according to the conditions and limits provided for by law, the dates for the free grants of Convertible Preferred Shares;
    - if it considers appropriate, set criteria for the vesting of Convertible Preferred Shares grants, and in particular conditions of presence and/or performance;
    - rule, in the case of corporate officers, in accordance with the last section of II of article L. 225-197-1 of the French commercial code;
    - provide for the possibility to temporarily suspend the rights to award the shares;
    - determine the impacts on the rights of beneficiaries, of transactions modifying the capital or which might affect the value of the Convertible Preferred Shares granted and executed during the vesting and holding periods;
    - adjust, as applicable, the number of Convertible Preferred Shares freely granted to preserve the rights of beneficiaries pursuant to corporate actions by the Company, and namely a modification in the nominal value of ordinary shares, capitalizing reserves by increasing the number of ordinary shares, capitalizing

reserves, earnings or other eligible amounts by increasing the nominal value of ordinary shares, a free award of ordinary shares to all shareholders, the issuance of equity securities or securities giving access to the Company's share capital with preferential subscription rights reserved for shareholders, a stock split or reverse stock split, the distribution of reserves, share premium or any other assets, redemption of capital, modification of the appropriation of earnings, a capital reduction pursuant to a loss by reducing the number of ordinary shares or any other transaction affecting the equity capital (including through public offerings and/or changes in control). It is specified that Convertible Preferred Shares granted pursuant to these adjustments will be considered as having been granted on the same day as the initial grant of Convertible Preferred Shares;

- record the vesting dates;
- determine if the ordinary shares resulting from the conversion of Convertible Preferred Shares are existing shares or shares to be issued and, for the issuance of new ordinary shares, deduct from, as applicable, reserves, earnings, share premium and other items amounts eligible for capitalization, the amounts required for payment of these ordinary shares, record the completion of the capital increase(s) implemented pursuant to resolution thirty hereby submitted for your approval, make the corresponding amendments to the articles of association and, in general, carry out all necessary actions and formalities;
- as applicable, ensure that the amounts of existing reserves are sufficient and, at the time of each grant, transfer to the restricted reserved the amounts necessary to pay up the Convertible Preferred Shares to be granted;
- as applicable, decide when appropriate, the capital increase(s) by capitalizing reserves, earnings, share premium or other amounts eligible for capitalization, corresponding to the issuance of new Convertible Preferred Shares that are fully vested;
- as applicable, repurchase ordinary shares within the framework of article L. 225-208 of the French commercial code and/or the share buyback program implemented in accordance with the conditions provided for by article L. 225-209 of the French commercial code;
- as applicable, take all useful measures to ensure compliance with the obligation imposing a holding period on beneficiaries;
- as applicable, in accordance with the laws in force, take all steps necessary to implement the authorization provided for under resolution thirty hereby submitted for your approval.

The free Convertible preferred shares, as referred to in the thirtieth resolution, would be granted once to each participant in the program (member of the Management Board or the Executive Committee), with a view to converting them into ordinary shares after a period of not less than two (2) years after the initial granting, if the conversion conditions set by the Management Board, and authorized by the Supervisory Board, have been met.

The maximum conversion ratio was determined by taking account of the maximum number of new ordinary shares potentially resulting from the conversion of free Convertible preferred shares (i.e. 1,400,000 ordinary shares), and with a view to keeping sufficient flexibility to set the intermediate ratios.

The Management Board, within the limits set forth herein, may delegate in turn the powers given to it by the thirtieth resolution hereby submitted for your approval, in accordance with the provisions of applicable laws and regulations.

The Management Board will inform the general meeting of grants carried out by virtue of the thirtieth resolution hereby submitted for your approval, in accordance with article L. 225-197-4 of the French commercial code.

The authorization provided for by the thirtieth resolution hereby submitted for your approval will be valid for a period of thirty-eight (38) months from the date of this General Meeting.

***

The characteristics of, and the special provisions applicable to, the Convertible Preferred Shares are described in articles 10.3 and 13.4 of the Company's Articles of Association, extracts of which are attached to this Report as Appendix 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 conferring a right to subscribe for ordinary shares of the Company.

The maximal total number of stock options to be granted further to this authorisation could represent a maximum number of shares to be subscribed of four percent (4 %) of the share capital of the Company at the date of the allocation of options, without regard to any adjustments made in accordance with applicable statutory and regulatory provisions to protect the rights of holders.

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 would equal one hundred percent (100%) of the average closing price of the Company's ordinary shares on Euronext Paris over the twenty (20) 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 proceeded with a financial transaction affecting shareholders' equity, the Management Board would adjust the price, the number of options or the number of shares resulting from option exercise, as needed to protect the rights of option holders and in accordance with applicable law.

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.

This resolution, if adopted, would supersede and cancel any prior authorisation having the same purpose, notably the authorization granted by the shareholders on June 26, 2014.

Issuance of equity warrants and cancellation of preferential subscription rights

We hereby submit for your approval, subject to adoption of the thirty-third resolution relating to cancellation of the preferential subscription right for the benefit of a defined category of persons (individuals not employees who are members of the Company's Supervisory Board), issuance, for consideration, of one hundred and twenty five thousand (125,000) equity warrants (referred to as "**BSA 27**" warrants), the Shareholders Assembly delegating to the Management Board the task of determining the specific beneficiaries within this category and the number of securities to be granted thereto.

It would constitute performance units linked to the Company's business activity and performances.

These BSA 27 warrants would have the following characteristics:

Form

BSA 27 warrants would be created exclusively in registered form.

Term

Each BSA 27 warrant would be exercisable over a maximum period of five (5) years from granting. As a result, at the end of the exercisable period and subject to the provisions set forth below, BSA 27 warrants that have not been exercised would immediately become null and void.

Transfer

All BSA 27 warrants would be freely transferable.

Issue price

Each BSA would be issued at a price equal to ten (10) per cent of the volume-weighted average price of the Company's ordinary share for the twenty (20) trading day period immediately preceding the grant date of the BSA 27 by the Management Board.

Exercise price

Each BSA 27 warrant would permit the subscription for one new share of the Company. The subscription price would equal ninety per cent (90%) of the volume-weighted average price of the Company's ordinary share for the twenty (20) trading day period immediately preceding the grant date of the BSA 27 by the Management Board.

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

Notification of exercise

Applications to subscribe for shares by exercising BSA 27 equity warrants must be received during the exercise period of five (5) years defined above, at the Company's registered office, and the subscription price must be paid simultaneously with submission of the application form.

Date of record for shares resulting from the exercise of BSA 27 warrants

New shares issued as a result of the exercising of BSA 27 warrants would be subject to all statutory provisions, would be fungible with the existing shares and would carry full rights from their issue date, in respect to coupons for the current fiscal year, to dividends from the first day of the said fiscal year.

Legal restrictions and maintenance of the rights of BSA 27 warrant holders

If the Company would (i) issue, in any form whatsoever, new shares with a preferential subscription right reserved for its shareholders or from the capitalization of reserves, profits or additional paid-in capital, (ii) distribute reserves or additional paid-in capital, (iii) change the distribution of its profits by creating preference shares, or (iv) if the Company would merge with another company or would be taken over, the rights of BSA 27 warrant holders should 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 holders of BSA 27 warrants should be obtained under and for operations provided for by the regulations in force, according to the terms stipulated in said regulations.

If authorization is not given by the holders of BSA 27 warrants in accordance with the provisions of article L. 228-98 of the French commercial code, the Company should not, from the actual issuing of said warrants, and more generally of any security giving an entitlement to shares (i) repay its share capital (ii) modify its profit distribution rules and (iii) modify its form or purpose.

In the case of a reduction in the capital of the Company prompted by losses, by decrease, either in the nominal amount of the shares or in the number of shares, the rights of holders of BSA 27 warrants would be reduced as a result, 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 will thereupon ask you to grant all powers to the Management Board to implement this decision, in particular for the purpose of:

- setting the final terms and conditions for issuing and exercising the BSA 27 warrants according to the criteria set forth in the thirty-second resolution hereby submitted for your approval, and notably determining the exercise periods for said warrants;
- drawing up the list of the grantees and the number of BSA 27 warrants to be allotted to each;
- increasing the capital by a maximum amount eighteen thousand seven hundred and fifty euros (€18,750) by issuing no more than one hundred and twenty five thousand (125,000) new shares, each with a nominal value of fifteen cents (€0.15), by payment of a subscription price as defined above, as a result of the exercising of all or some of the BSA 27 warrants;
- taking all necessary steps to properly execute the BSA 27 warrant issue;
- receiving subscription orders for shares from the exercise of BSA 27 warrants and the subscription price payments;
- recording the number and amount of shares issued from the exercise of BSA 27 warrants;
- taking all necessary steps, including issuing additional new shares, to protect the rights of BSA 27 warrant holders as provided by law;
- carrying out, as provided by law, the formalities resulting from the corresponding capital increases and make any correlated changes to the articles of association; and
- taking all measures and carry out all useful formalities to issue the BSA 27 warrants or to create the shares to be issued when said warrants are exercised, and more generally, do whatever is necessary with respect to applicable laws and regulations.

The period during which the Management Board may make use of this authorization to issue BSA 27 warrants would be set at eighteen (18) months as from the date of the Meeting. The Management Board may make use of this authorization on one or more occasions.

In accordance with article L. 225-132 of the French commercial code, adoption of this decision by the Meeting would automatically entail by operation of law, for the benefit of BSA 27 warrants, waiver by the shareholders of their preferential subscription right for shares that may be subscribed for by exercising said warrants.

Should the Management Board implement the authorization granted under the thirty-second resolution hereby submitted for your approval, it would issue on that basis a supplemental report presenting in particular the impact of the proposed issue of BSA 27 warrants on the situation of holders of equity securities and other securities giving access to the Company's share capital, in accordance with article L. 225-138 II and article R. 225-116 of the French commercial code.

Capital increase reserved for employees - Delegation of powers to the Management Board

We remind you that article L. 225-129-6 of the French commercial code requires that a draft resolution for proceeding with a capital increase according to the conditions provided for by articles L. 3332-18 *et seq*. of the French labor code be submitted to the Extraordinary General Meeting deciding on any capital increase.

We will hereby read the legal provisions and related items and namely those relating to the subscription price of the shares.

In order to comply with this statutory requirement, and at such time the decisions proposed above have been approved by your Extraordinary General Meeting, we present you a draft resolution to:

- authorize the Management Board to proceed, within a maximum period of twenty-six months from the date of the shareholders' meeting, with a capital increase for a maximum nominal amount of one hundred thousand euros (€100,000), in one or more tranches, through the issue of cash shares reserved for employees participating in a company savings plan to be established by the company and carried out in accordance with the provisions of Articles L.3332-18 *et seq*. of the French labor code;
- resolve to cancel shareholders' preferential subscription rights to such new shares in favor of employees of the Company or companies and groups affiliated thereto within the meaning of article L. 225-180 of the French commercial code;
- resolve that the Management Board shall determine the shares' issue price in accordance with article L. 3332-19 of the French Labor Code; and
- grant all powers to the Management Board represented by its Chairman and, if need be, by the Company's deputy chief executive officer(s), to implement the authorization provided for under resolution thirty-four hereby submitted for your approval, and carry out the capital increase, and to that end, establish the list of beneficiaries and the number of shares to be awarded 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.

In accordance with the provisions of article L. 225-138, II, of the French commercial code, the Statutory Auditors have drawn up a report on the procedures for setting the issue price that will be hereby presented.

We hereby inform you however that this proposed capital increase is submitted solely for the purposes of complying with statutory provisions and that a capital increase of this nature is not foreseen by the Company. We accordingly ask you in consequence to reject the thirty-fourth resolution proposing to proceed with this capital increase.

In compliance with article R. 225-113 of the French commercial code, information on the company's affairs for the period in progress is presented in Section 4 of the Management Report made available to you as required by law.

We remain at your disposal to provide you with any further details and additional information that you might require.

On June 2, 2016

THE MANAGEMENT BOARD

Appendix 1 - Characteristics of, and special provisions applicable to, the Convertible Preferred Shares Extracts of articles 10.3 and 13.4 of the Company's Articles of Association

Article 10.3 – Form of preferred shares convertible into Ordinary Shares ***(Convertible Preferred Shares)***

1. The Convertible Preferred Shares are registered shares.

2. The provisions of article 10.1"Form of Ordinary Shares", § 2., also apply to the Convertible Preferred Shares, subject to the following characteristics of the latter.

Article 13.4 – Special provisions applicable to the Convertible Preferred Shares

- *Rights attaching to the Convertible Preferred Shares*

The Convertible Preferred Shares will not be entitled to the distribution of dividends.

The Convertible Preferred Share does not carry voting rights in General Meeting. In accordance with the provisions set by statute and article 32 of

"Reader's attention is drawn to the fact that this document is a free translation for information purpose only of theFrench language. In the event of any discrepancy between the French version and the English version, the French version shall prevail."

these Articles of Association, it confers a right to participate and vote in special shareholders meetings for holders of Convertible Preferred.

The Convertible Preferred Shares do not carry preferential subscription rights to capital increases or any other corporate action with preferential subscription rights to Ordinary Shares and will not benefit from capital increases by free grants of new shares or by increasing the nominal amount of existing ordinary shares or through the capitalization of reserves, earnings or other items that may be capitalized, or through free grants of securities giving access to shares for the benefit of holders of ordinary shares.

The Convertible Preferred Shares are non-transferable.

- *Right to convert Convertible Preferred Shares into Ordinary Shares subject to conditions*

(i) Conditions for converting Convertible Preferred Shares into Ordinary Shares

The Convertible Preferred Shares may be converted into Ordinary Shares at the end of four (4) years from their issuance date or their allocation date (the **Conversion Date**), according to a conversion ratio determined in the conditions described hereunder (the **Conditions of Convertible Preferred Shares**):

The number of Ordinary Shares that may result from the conversion will be calculated according to a conversion ratio determined by the Management Board based on the volume weighted average price of the Company's share for a period defined by the Management Board (**Volume Weighted Average Price**) on the Conversion Date (the **Conversion Ratio**). It being stipulated that the Management Board will determine for this purpose on the date the Convertible Preferred Shares are issued or awarded:

- the Volume Weighted Average Price from which the Convertible Preferred Shares may confer a right of conversion (the **Floor Price**) that may not, in any case be less than EUR 4;
- the target price on the Conversion Date above which the Ordinary Shares issued from the conversion will not increase (the **Ceiling Price**).

The Convertible Preferred Shares may not represent more than 6% of the share capital.

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

Subject to fulfillment of the Conditions of the Convertible Preferred Shares, the Convertible Preferred Shares will, on the Date of Conversion, be converted by the Company into Ordinary Shares at the request of the holder as from the Conversion Date and up to the cut-off date determined by the Management Board after which the Convertible Preferred Shares will

"Reader's attention is drawn to the fact that this document is a free translation for information purpose only of theFrench language. In the event of any discrepancy between the French version and the English version, the French version shall prevail."

automatically be converted if the holder has not requested conversion during this period.

The conversion of Convertible Preferred Shares into Ordinary Shares shall not require any payment by the holders of the Convertible 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.

The conversion of Convertible Preferred Shares into Ordinary Shares will constitute de facto waiver by shareholders of their preferential subscription rights resulting from new ordinary shares that will be, as applicable, issued pursuant to this conversion.

The Ordinary Shares resulting from the conversion of Convertible Preferred Shares will be definitively fungible with existing ordinary shares of the company as from the conversion date.

When the total number of Ordinary Shares to be received by a holder of Convertible Preferred Shares by applying the Conversion Ratio to the number of Convertible Preferred Shares held is not a whole number, said holder will receive the next lowest number of Ordinary Shares.

The Management Board must note for the record, as applicable, the number of Ordinary Shares resulting from the conversion of Convertible Preferred Shares, and make the necessary modifications to the bylaws, in particular with respect to the allocation of Shares per class and record the capital increase as required by law.

On conversion of the Convertible Preferred Shares, every holder of Convertible Preferred Shares may obtain a number of Ordinary Shares calculated with regard to the number of Convertible 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 Convertible 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.

"Reader's attention is drawn to the fact that this document is a free translation for information purpose only of theFrench language. In the event of any discrepancy between the French version and the English version, the French version shall prevail."

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

The provisions of article 13.3 "Special provisions applying to Preferred Shares", section 3 "Right to convert Preferred Shares into Ordinary Shares subject to conditions", subsection (iii) "Protection of the individual rights of holders of Preferred Shares", will also apply to Convertible Preferred Shares, subject to the characteristics of these securities.

(iv) Repurchase of Convertible Preferred Shares

If the functions of a holder of Convertible Preferred Shares within the Company or its subsidiaries is terminated for one of the following reasons:

- dismissal or gross or willful misconduct or the removal or non-renewal as corporate officer or employee of the Company or one of its subsidiaries in similar circumstances;
- voluntary early retirement with full pension benefits, in the absence of prior written approval from the Company;
- resignation in the absence of prior written approval from the Company,

the Company will buy back the Convertible Preferred Shares for the purpose of their cancellation.

The Convertible Preferred Shares will be repurchased at a price corresponding to their nominal value per share.

The Company will inform the holder of Convertible Preferred Shares concerned of the repurchase to be carried out by any means before the actual date of the repurchase.

All Convertible Preferred Shares repurchased on this basis will be definitively canceled as from that repurchase date and the capital of the company will be reduced by the corresponding amount, with the creditors possessing a right of objection.

The Management Board must note for the record, as applicable, the number of Convertible Preferred Shares repurchased and canceled by the company and make the necessary modifications to the articles of association with respect to the share capital and the number of shares making up the capital.

Page 20