

**VALNEVA**

A European company (*Societas Europaea* or SE) with a Management and a Supervisory Board

Share capital: EUR 11,377,832.04

Registered office: 70, rue Saint Jean de Dieu, 69007 Lyon

Lyon Companies Register (RCS) No. 422 497 560

**REPORT OF THE MANAGEMENT BOARD  
TO THE COMBINED GENERAL MEETING OF JUNE 25, 2015**

*This Report, dated June 4, 2015, supersedes the version dated May 9, 2015.*

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, 2014 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, 2014, 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 2014, 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, 2014;
- 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, 2014;
- Report of the Joint Auditors on the performance of their duties and the consolidated financial statements for the fiscal year ended December 31, 2014;
- Report of the Joint Auditors on regulated agreements 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 reduction of share capital;
- Supplemental report of the Joint Auditors on the issuance of equity warrants "BSA 26" 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;



*This document is a free translation. In case of discrepancy between the French and the English version, the French version shall prevail.*

- Report of the Joint Auditors on the issuance of preferred shares convertible into ordinary shares, with cancellation of preferential subscription rights;
- Report of the Joint Auditors on the authorization to grant free preferred shares to be issued;
- Report from the Independent Auditor for special benefits on the issuance of preferred shares convertible into ordinary shares;
- 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, 2014 (1<sup>st</sup> resolution);
- Approval of consolidated financial statements for the year ended December 31, 2014 (2<sup>nd</sup> resolution);
- Discharge of Management Board and Supervisory Board members for the performance of their duties (3<sup>rd</sup> resolution);
- Appropriation of earnings for the year ended December 31, 2014 (4<sup>th</sup> resolution);
- Agreements entered into or remaining in force during the year ended December 31, 2014 (5<sup>th</sup> resolution);
- Authorization and powers given to the Management Board for purchase by the Company of its own shares (6<sup>th</sup> resolution);

#### **Extraordinary resolutions:**

- Authorization granted to the Management Board for cancellation by the Company of its own shares (7<sup>th</sup> resolution);
- Issuance of equity warrants (8<sup>th</sup> resolution);
- Cancellation of preferential subscription rights for the benefit of selected categories of persons (9<sup>th</sup> 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 (10<sup>th</sup> 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 (11<sup>th</sup> resolution);
- Grant of authority to the Management Board in order to increase the share capital through the capitalization of reserves, earnings or premium (12<sup>th</sup> 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 (13<sup>th</sup> 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 (14<sup>th</sup> 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 (15<sup>th</sup> resolution);



*This document is a free translation. In case of discrepancy between the French and the English version, the French version shall prevail.*

- Maximum aggregate amount of capital increases (16<sup>th</sup> resolution);
- Creation of a new class of preferred shares convertible into ordinary shares following a period of 4 years (17<sup>th</sup> 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 (18<sup>th</sup> resolution);
- Cancellation of preferential subscription rights for the benefit of selected categories of persons (19<sup>th</sup> 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 (20<sup>th</sup> resolution);
- Grant of authority to the Management Board for the purpose of deciding to carry out a capital increase reserved for employees (21<sup>st</sup> resolution);
- Modification to article 1 of the articles of association (22<sup>nd</sup> resolution);
- Modification to article 13.2 of the articles of association (23<sup>rd</sup> resolution);
- Modification to article 22 of the articles of association (24<sup>th</sup> resolution);
- Modification to article 27 of the articles of association (25<sup>th</sup> resolution);
- Powers for formalities (26<sup>th</sup> resolution).

Our report, the reports of the Joint Auditors and the Auditor for special benefits, 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.

#### **1. Approval of the statutory financial statements for the financial year ended December 31, 2014;**

The statutory financial statements for the period ended December 31, 2014, 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 EUR 14,883,482.38 for the period ended December 31, 2014, compared to a loss of EUR 9,952,449.94 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 EUR 2,043.

#### **2. Approval of the consolidated financial statements for the financial year ended December 31, 2014;**

The consolidated financial statements for the period ended December 31, 2014, 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.



*This document is a free translation. In case of discrepancy between the French and the English version, the French version shall prevail.*

These consolidated financial statements show a loss of EUR 26,271,649.67 for the period ended December 31, 2014, compared to a loss of EUR 24,110,096.75 for the period ended December 31, 2013.

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.

### **3. Proposed appropriation of earnings;**

With the statutory financial statements for 2014 showing a loss of EUR 14,883,482.38, 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 EUR - 58,715,891.93.

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.

### **4. Approval of agreements covered by 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 of the Company, and in consequence, all new agreements, having been executed in 2014 and mentioned therein.

We remind you that in accordance with article 38-I of Order No. 2014-863 of July 31, 2014, the Company's Supervisory Board decided not to review on an annual basis agreements authorized in prior periods and remaining in force in 2014, entered into between the Company and directly or indirectly wholly-owned subsidiaries. On that basis, these agreements, as well as the amendments thereto entered into before August 2, 2014, are not included in the list of regulated agreements covered by the Auditors' special report submitted on this date for your approval. Furthermore, in accordance with article L.225-87 of the French commercial code (as amended by Order No. 2014-863 of July 31, 2014), agreements entered into after August 2, 2014 between the Company and its directly or indirectly wholly-owned subsidiaries were not included on the list of regulated agreements, as the procedure governing such agreements provided for by articles L.225-86 et seq. of the French commercial code no longer applies to them after said date.

### **5. 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



*This document is a free translation. In case of discrepancy between the French and the English version, the French version shall prevail.*

conduct dated March 8, 2011 and concluded with an investment services provider acting independently;

- + hold acquired shares and subsequently remit them as payment or in exchange as part of financial transactions or acquisitions, pursuant to the applicable regulations;
- + 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 seven 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 six 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 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 EUR 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 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 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 seventh resolution hereby submitted for your approval, and within the limit of 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.





*This document is a free translation. In case of discrepancy between the French and the English version, the French version shall prevail.*

The maximum amount of funds allocated for this program is set at fifteen million euros (EUR 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 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 sixth 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 seventh 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.

#### **6. Issuance of equity warrants and cancellation of preferential subscription rights:**

We hereby submit for your approval, subject to adoption of the ninth 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 250,000 equity warrants (referred to as "**BSA 26**" 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 26 warrants would have the following characteristics:



*This document is a free translation. In case of discrepancy between the French and the English version, the French version shall prevail.*

### Form

BSA 26 warrants would be created exclusively in registered form.

### Term

Each BSA 26 warrant would be exercisable over a maximum period of five (5) years. As a result, at the end of the exercisable period and subject to the provisions set forth below, BSA 26 warrants that have not been exercised would immediately become null and void.

### Transfer

All BSA 26 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 closing price of the Company's ordinary share for the last twenty (20) trading days as of the grant date of the BSA 26 by the Management Board.

### Exercise price

Each BSA 26 warrant would permit the subscription for one new share of the Company. The subscription price would equal ninety (90) per cent of the volume-weighted average closing price of the Company's ordinary share for the last twenty (20) trading days as of the grant date of the BSA 26 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 26 equity warrants must be received during the exercise period of 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 26 warrants

New shares issued as a result of the exercising of BSA 26 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 26 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 26 warrant holders should be maintained under the conditions set out in Articles L.228-99 to L.228-102 of the French commercial code.



*This document is a free translation. In case of discrepancy between the French and the English version, the French version shall prevail.*

Moreover, the consent of the holders of BSA 26 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 26 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 26 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 the BSA 26 warrants according to the criteria set forth in the eighth resolution hereby submitted for your approval, and notably determining the subscription period for said warrants;
- + drawing up the list of the grantees and the number of BSA 26 warrants to be allotted to each;
- + increasing the capital by a maximum amount EUR 37,500 by issuing no more than 250,000 new shares, each with a nominal value of EUR 0.15, by payment of a subscription price as defined above, as a result of the exercising of all or some of the BSA 26 warrants;
- + taking all necessary steps to properly execute the BSA 26 warrant issue;
- + receiving subscription orders for shares from the exercise of BSA 26 warrants and the subscription price payments;
- + recording the number and amount of shares issued from the exercise of BSA 26 warrants;
- + taking all necessary steps, including issuing additional new shares, to protect the rights of BSA 26 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 26 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 26 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 by the Meeting would automatically entail by operation of law, for the benefit of BSA 26 warrants, waiver by the





*This document is a free translation. In case of discrepancy between the French and the English version, the French version shall prevail.*

shareholders of their preferential subscription right for shares that may be subscribed for by exercising said warrants.

Should the Management Board to implement the authorization granted under the eighth 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 26 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.

This eighth resolution, if adopted, would cancel and supersede any previous authorization having the same purpose.

**7. 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 ordinary shares of the Company and/or any securities giving access by any means, immediately and/or in the future, to the capital of the Company;
- + 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 may not under any circumstances exceed a maximum overall amount of four million five hundred thousand euros (EUR 4,500,000) or the equivalent value in a foreign currency, to which amount will be added, if applicable, the supplementary amount of shares or securities to be issued for the purposes of any adjustments to be made in accordance with applicable legislative or regulatory provisions and, if applicable, with contractual stipulations providing for other forms of adjustment, in order to preserve the rights of the holders of securities giving access to the capital;
- + decide that shareholders may exercise, in accordance with legal and regulatory provisions in force, their preferential rights to subscribe on the basis of irrevocable entitlement (*à titre irréductible*) for ordinary shares and securities by virtue of the tenth 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 offer all or part of the securities not taken up to the public;
- + Resolve that the securities giving access to shares in the Company thereby issued may consist of debt securities or be linked to the issuing 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 subordinated, 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 cannot exceed one hundred and twenty-five million euros (EUR 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 debt securities not giving access to capital for which issue may otherwise be authorized. 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 of the new capital after each issue;
- + note that the delegation of power provided for under the tenth 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.

**8. 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 request 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 the issuing of ordinary shares of the Company or of any securities giving access by any means, immediately or in the future, to the capital of the Company;
- + 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 (EUR 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;
- + 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 eleventh 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 eleventh 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 giving access to shares of the Company thereby issued may consist of debt securities or be linked to the issuing 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 subordinated, 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 and twenty-five million euros (EUR 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 debt securities not giving access to capital for which the issue may otherwise be authorized. 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 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 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 eleventh resolution hereby submitted for your approval, and in particular to:
  - o charge fees for increases in capital to total premiums and deduct from this amount the sums required to keep the legal reserve at 1/10 of the new capital after each increase;
  - o decide on the kind of securities to be created, their characteristics, their price and the terms and conditions of their issue;
  - o decide on the method for paying up, including by debt settlement, securities to be issued and, if applicable, the conditions for their redemption;
  - o charge all issue expenses incurred to premium;
  - o make all allotments of securities by conversion, exchange, redemption or presentation of a warrant;
  - o 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;
  - o execute all underwriting agreements;
  - o 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;
  - o 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;
  - o record the capital increase(s) resulting therefrom;
  - o make any amendments to the articles of association in relation to the amount of share capital and the number of shares involved;
  - o 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.



*This document is a free translation. In case of discrepancy between the French and the English version, the French version shall prevail.*

- + note that the delegation of power provided for under the eleventh 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 eleventh 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.

**9. 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 the twelfth resolution hereby submitted for your approval may not, under any circumstances, exceed a total of four million five hundred thousand euros (EUR 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 twelfth 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.

**10. 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 request 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 the issuing of ordinary shares of the Company and/or of any securities giving access by any means, immediately or in the future, to the capital of the Company, through a private placement as referred to by article L.411-2 II of the French monetary and financial code (*Code monétaire et financier*);





- + 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 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 thirteenth 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 thirteenth resolution hereby submitted for your approval relates;
- + resolve that the securities giving access to shares of the Company thereby issued may consist of debt securities or be linked to the issuing 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 subordinated, 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 and twenty-five million euros (EUR 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 debt securities not giving access to capital for which the issue may otherwise be authorized. 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 issue price of new shares that may be issued under this delegation provided for by the thirteenth 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:
  - o 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 5%);
  - o 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 thirteenth resolution hereby submitted for your approval, and in particular to:



*This document is a free translation. In case of discrepancy between the French and the English version, the French version shall prevail.*

- charge fees for increases in capital to total premiums and deduct from this amount the sums required to keep the legal reserve at 1/10 of the new capital after each increase;
  - decide on the kind of securities to be created, their characteristics, their price and the terms and conditions of their issue;
  - decide on the method for paying up, including by debt settlement, securities to be issued and, if applicable, the conditions for their redemption;
  - charge all issue expenses incurred to premium;
  - make all allotments of securities by conversion, exchange, redemption or presentation of a warrant;
  - determine procedures for adjusting the conditions for future access to 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 thirteenth resolution hereby submitted for your approval.
- + note that the delegation of powers provided for under the thirteenth 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 thirteenth 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.



**11. 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 eleven and/or thirteen submitted for your approval, by means of the issue of Company shares and/or securities giving immediate or future access to the capital (whether new or existing shares) of the Company, with suppression of the preferential subscription right by way of a public offering and/or, as the case may be, targeted offering(s) pursuant to II of article L.411-2 of the French monetary and financial code (*code monétaire et financier*), departing from the price conditions stipulated in resolutions eleven and thirteen 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 between three (3) and ninety (90) consecutive trading days preceding the setting of the issue price, and possibly reduced by a maximum of 20%;
- + resolve that the maximum nominal amount of capital increases which may be carried out immediately or in the future, under the fourteenth resolution hereby submitted for your approval, may not exceed 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 eleven, or according to the case, resolution thirteen, and the maximum capital increase provided for by resolution sixteen from which it is deducted;
- + resolve, in accordance with the provisions provided for by the eleventh resolution, or according to the case, the thirteenth resolution, that the Management Board will be vested with all powers to implement the authorization provided for by the relevant resolution;
- + resolve that the authorization provided for by the fourteenth 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 eleventh resolution, or according to the case, the thirteenth resolution, 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 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.



*This document is a free translation. In case of discrepancy between the French and the English version, the French version shall prevail.*

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.

**12. 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, pursuant to the report of the contribution in kind auditor(s) to increase the share capital by the issuance of shares and/or securities giving immediate and/or future access to the capital of the Company as consideration for contributions in kind granted to the Company and consisting of equity securities or other securities giving access to the capital, within the limit of 10 % of the share capital, as adjusted for corporate actions occurring after the General Meeting affecting this capital, when the provisions of article L.225-148 of the French commercial code are not applicable;
- + resolve to cancel the preferential subscription rights of the shareholders to securities covered by the fifteenth resolution hereby submitted for your approval;
- + set the duration of the authorization provided for under the fifteenth 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 fifteenth 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 fifteenth 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 fifteenth resolution hereby submitted for your approval.

### **13. Maximum aggregate amount of capital increases:**

Subject to adoption by the Combined General Meeting of resolutions ten to fifteen described above, we hereby propose that you:

- + resolve that the maximum aggregate amount of capital increases that may be carried out, with immediate effect or in the future, under resolutions ten to fifteen submitted for your approval, may not exceed four million five hundred thousand euros (EUR 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 ten to fifteen, and this sixteenth 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 thirteen to eighteen of the Combined General Meeting of the Company of June 26, 2014.

### **14. Creation of a new class of preferred shares convertible into ordinary shares following a period of 4 years; 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;**

#### **Creation of a new class of preferred shares convertible into ordinary shares following a period of 4 years**

The seventeenth resolution hereby submitted for your approval concerns the creation of a new class of preferred shares convertible into ordinary shares (the “**Convertible Preferred Shares**”) to be issued in connection with the capital increase with preferential subscription rights for the benefit of persons belonging to the category of Management Board members and Executive Committee members, covered by the eighteenth and/or nineteenth resolutions, and/or a grant of restricted share units free of consideration for the benefit of employees and/or Corporate officers of the Company and/or of associated companies or groupings, covered by the twentieth resolution.

The conversion of the Convertible Preferred Shares into ordinary shares of the Company would be subject to conditions of presence and stock market performance and would be possible only after the end of a four-year period from the date of issuance and/or grant. During this period, the creation of Convertible Preferred Shares would not impact the situation of existing shareholders as their beneficiaries:

- would not have a right to vote in the shareholders' meetings;





*This document is a free translation. In case of discrepancy between the French and the English version, the French version shall prevail.*

- would not have a preferential subscription right for increases in the share capital;
- would not be entitled to dividends.

The purposes of the grant and/or issuance of Convertible Preferred Shares are as follows:

- reward performance;
- promote a sense of belonging to the Company, and
- improve the Company's competitiveness in terms of compensation,

Under these conditions, we hereby propose that you:

- + resolve, subject to implementation by the Management Board of the delegation of powers provided for under the terms of the eighteenth or twentieth resolutions submitted for your approval, to introduce, into the articles of association of the Company, the possibility to create a new class of shares, and namely Convertible Preferred Shares governed by articles L.228-11 *et seq.* of the French commercial code, and for which the characteristics and procedures for the conversion into ordinary shares will be established as indicated below:
  - o admission of the Convertible Preferred Shares for trading on the regulated market of Euronext Paris will not be requested;
  - o the Convertible Preferred Shares will have a nominal value equal to that of the Company's ordinary shares, i.e. a nominal value per share of EUR 0.15;
  - o at the end of a period of four (4) years from (i) their issue date on the basis of the grant of authority delivered to the Management Board in accordance with resolution eighteen submitted to your approval or (ii) the initial decision to allot the Convertible Preferred Shares on the basis of the grant of authority delivered to the Management Board in accordance with resolution twenty submitted to your approval (the "**Conversion Date**"), the Convertible Preferred Shares will be converted into ordinary shares according to a conversion ratio determined according to the conditions described below;
  - o the Convertible Preferred Shares will not carry voting rights. However, holders of Convertible Preferred Shares will have the right to participate in a special meeting in accordance with the conditions provided for by article L.225-99 of the French commercial code and the company's articles of association if the rights attached to this class of shares are modified;
  - o the Convertible Preferred Shares will not be entitled to the distribution of dividends;
  - o the Convertible Preferred Shares will 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. However, the Conversion Ratio (as defined below) will be adjusted to preserve the rights of the holders.
- + resolve that the Convertible Preferred Shares may be converted into ordinary shares under the following conditions (the "**Condition of Convertible Preferred Shares**"):
  - o 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 to be 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**").
- 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 automatically be converted if the holder has not requested conversion during this period.

In addition, we propose you to:

- + resolve that the Management Board must note for the record, as applicable, the number of new shares resulting from the conversion of Convertible Preferred Shares occurring on the conversion date and will make the necessary corresponding changes to the articles of association;
- + resolve that the Convertible Preferred Shares will be converted into new ordinary shares or existing ordinary shares held within the share buyback program, and note for the record that the conversion of Convertible Preferred Shares into new ordinary shares constitutes waiver by the shareholders of preferential subscription rights to new ordinary shares resulting from the conversion;
- + resolve that as from the issuance of Convertible Preferred Shares, the Company's share capital will be divided into three classes of shares: ordinary shares, preferred shares and Convertible Preferred Shares;
- + resolve that, subject to the issuance of Convertible Preferred Shares, upon deciding to proceed with the issue of Convertible Preferred Shares, articles 10.3 and 13.4 must be added to the Company's articles of association, drafted as follows:

*"Article 10 – Form of shares*

*[...]*

*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 – Rights and obligations attaching to shares

[...]

Article 13.4 – Special provisions applicable to the Convertible Preferred Shares

1. 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 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.*

2. Right to convert Convertible Preferred Shares into Ordinary Shares subject to conditions

(i) Condition 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 "**Condition 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 to be 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**").

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 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.*

*(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 their 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."*





*This document is a free translation. In case of discrepancy between the French and the English version, the French version shall prevail.*

If you decide to adopt the seventeenth resolution hereby submitted for your approval, the Management Board, when it will make use of the authorization granted under the eighteenth or twentieth resolution, as the case may be, will draft, in accordance with article R.225-116 of the French commercial code, a supplementary report certified by the auditors, which will describe the final conditions of the operation, as well as the information provided by article R.225-115 of the French commercial code (notably, in relation with the impact of the issuance on the situation of the holders of shares and securities giving access to the share capital of the company, in particular regarding the shareholders' equity at the closing of the fiscal year.

In addition, and in accordance with article R.228-18 of the French commercial code, the Management Board will draft, at the time of each conversion of Convertible Preferred Shares, a supplementary report certified by the auditors, which will describe (i) the conditions of conversion, the calculation method of the ratio of conversion and the modalities of its implementation, and (ii) provide information on the items for assessing its actual impact on the situation of the holders of shares and securities giving access to the share capital of the company.

These supplementary reports will be made available to the shareholders prior to the General Assembly of shareholders that will immediately follow the issuance or the conversion, depending on the case, of the Convertible Preferred Shares.

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

Subject to adoption by the Combined General Meeting of resolution seventeen, we hereby propose, with respect to the eighteenth 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;
- + resolve that the maximum number of Convertible Preferred Shares that may be issued based on this delegation of power is 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 200,000 ordinary shares, or a maximum capital increase of EUR 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 present delegation of power 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 this delegation of power at EUR 161 per Convertible Preferred Share, or a nominal amount of EUR 0.15 and issue premium of EUR 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 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 eighteen hereby submitted for your approval.
- + note that the delegation of power provided for under the eighteenth 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 EUR 161 price referred to above 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): EUR 4.04 (rounded to EUR 4.00);
- Envisioned highest conversion rate: 100 ordinary shares to 1 ADP;
- The EUR 161 price is equal to the IFRS cost of one ADP 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 EUR 4.00.

If the Management Board were to implement the delegation of power provided for by the eighteenth 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 eighteen, we hereby propose, with respect to the nineteenth 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.



*This document is a free translation. In case of discrepancy between the French and the English version, the French version shall prevail.*

If the Management Board were to implement the delegation of power provided for by the eighteenth and nineteenth 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**

Subject to adoption by the Combined General Meeting of resolution seventeen, we hereby propose, with respect to the twentieth 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 twenty 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 twenty hereby submitted for your approval may not represent more than 5.5% 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 four million, or a maximum capital increase of EUR 600.000, 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:
  - o 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 two (2) years; and
  - o 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 two (2) years from the final allocation of said shares. However, in case the vesting period is set for a minimum period of four (4) 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 twenty 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 twenty 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 twentieth 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 twenty 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 twenty hereby submitted for your approval.

The free Convertible preferred shares, as referred to in the twentieth 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 four 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 (100 ordinary shares to 1 Convertible preferred share) 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. 4 million 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 twentieth resolution hereby submitted for your approval, in accordance with the provisions of applicable laws and regulations.





*This document is a free translation. In case of discrepancy between the French and the English version, the French version shall prevail.*

The Management Board will inform the general meeting of grants carried out by virtue of the twentieth 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 twentieth resolution hereby submitted for your approval will be valid for a period of thirty-eight (38) months from the date of this General Meeting.

**15. Capital increase reserved for employees - Delegation of powers to the Management Board;**

We remind you that French Law No. 2001-152 of February 19, 2001 on employee savings schemes introduced in article L.225-129-6 of the French commercial code introduced a provision requiring 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 (EUR 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 twenty-one 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.



*This document is a free translation. In case of discrepancy between the French and the English version, the French version shall prevail.*

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 twenty-first resolution proposing to proceed with this capital increase.

#### **16. Amendment of article 1 of the articles of association**

In the interest of accuracy and consistency of the articles of association, and at the request of the French financial market authority (AMF), we hereby propose that you modify article 1, paragraph 3, of the Company's articles of association, to read as follows:

*"Article 1 – Form*

*[...]*

*On May 28, 2013, the Company was transformed into a European Company (Societas Europaea or SE) with a Management Board and Supervisory Board through a cross-border merger between Intercell AG, a company governed by Austrian law, with a share capital of 55,183,961 Euros, with registered office at Campus Vienna Biocenter 3, 1030 Vienna, Austria, formerly entered in the Trade and Companies Register of Vienna under number FN 166438m and Vivalis SA, a limited liability company governed by French law with a share capital of 3.224.379,30 Euros, with registered office at La Corbière - 49450 Roussay, and with the unique identification number 422 497 560 RCS Angers.*

*[...]"*

#### **17. Amendment of article 13.2 of the articles of association**

To ensure an optimal management of the "Double Voting Right" mechanism and at the request of the AMF, we hereby propose that you eliminate the fourth paragraph of article 13.2 of the Company's articles of association.

#### **18. Amendment of article 22 of the articles of association**

To update the articles of association in order to comply with new laws and regulations (and namely articles L.225-86 and L.225-87 of the French commercial code as amended by articles 8 and 9 of Order No. 2014-863 of July 31, 2014) we hereby propose that you modify article 22 of the Company's articles of association, to read as follows:

*"Article 22. Agreements between the Company, a member of the Management Board or the Supervisory Board, or a shareholder*

*All agreements entered into directly, or through an intermediary, between the Company and one of its Management or Supervisory Board member, a shareholder holding more than 10% of the voting rights or in the case of an entity shareholder, its controlling company within the meaning of article L.233-3 of the French commercial code, shall be subject to the prior authorization of the Board of Directors.*

*The same applies to agreements in which one of the persons mentioned in the preceding paragraph has an indirect interest, as well as agreements which take place between the Company and an entity, one of the Management Board or Supervisory Board members of the*



*This document is a free translation. In case of discrepancy between the French and the English version, the French version shall prevail.*

*Company is the owner, general partner having unlimited liability, manager, director, member of the supervisory board or, generally, an executive officer of such entity.*

*The prior authorization of the Supervisory Board is motivated by giving reasons indicating the interest of the agreement for the company, in particular, by specifying the financial conditions attached to it.*

*The concerned party is required to inform the Supervisory Board as soon as he or she is aware of an agreement subject to authorization. If serving on the Supervisory Board, this party may not take part in voting on the requested authorization.*

*The Chairman of the Supervisory Board shall inform the Statutory Auditors of all authorized agreements and shall submit them for approval to the general meeting of the shareholders. The Statutory Auditors submit a report on these agreements to the meeting of shareholders which must vote on this report. The interested party shall not have the right to take part in the vote and its shares shall not be taken into account for the calculation of the quorum and of the majority.*

*The agreements approved by the Shareholders' Meeting, together with those not approved, shall be effective with respect to third parties except when declared null and void in cases of fraud. However and even in the absence of fraud, any prejudicial consequences for the Company of agreements that have not been approved may be borne by the interested party.*

*Regardless of the liability of the interested party, agreements covered above entered into without such prior authorization by the Supervisory Board, may be declared null and void if the consequences thereof are prejudicial to the Company. An action to render the agreement null and void shall be time barred after three years as of the date of the agreement. However, if such agreement has been hidden, this period shall be calculated as of the date on which its existence was revealed. The nullity can be remedied by a vote by the Shareholders' Meeting held on a special report by the Statutory Auditors' stating the circumstances under which the authorization procedure was not followed. In such case, the interested party may not take part in the vote and his or her shares shall not be taken into account for the calculations of quorum and majority.*

*The foregoing provisions do not apply to agreements concerning current operations and entered under normal conditions or agreements entered into between two companies, one of which holds, directly or indirectly, all of the share capital of the other, if applicable, less the minimum number of shares required to satisfy the requirements of article 1832 of the French civil code, or Articles L.225-1 and L.226-1 of the French commercial code. "*

#### **19. Modifications of article 27 of the articles of association**

To update the articles of association in order to comply with new laws and regulations on the representation of shareholders at General Meetings (and namely articles L.225-86 and L.225-85 of the French commercial code as amended by articles 4 of Decree No.°2014-1466 of December 8, 2014), we hereby propose that you modify article 27 of the Company's articles of association, to read as follows:

*"Article 27. Admissions to Meetings – powers*

*All of the shareholders shall be entitled to take part in the Meetings on providing proof of their identity, though subject to compliance with the following provisions:*



*This document is a free translation. In case of discrepancy between the French and the English version, the French version shall prevail.*

- *for holders of registered shares, their registration in the registered share account maintained by the Company no later than the second day preceding the Meeting date;*
- *for holders of ordinary bearer shares, issuance of a certificate of participation (attestation de participation) by an authorized intermediary confirming the securities are registered in a securities account no later than the second day preceding the Meeting date.*

*[...] ”*

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 4, 2015

**THE MANAGEMENT BOARD**

