

PricewaterhouseCoopers Audit

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Valneva

Société Européenne

Gerland Plaza TechSud
70, rue Saint-Jean de Dieu
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**Statutory Auditors' report on the issuance of preferred
shares with cancellation of preferential subscription
rights and the inclusion of procedures for the conversion
and buyback of preferred shares in the Articles of
Association**

Combined General Meeting of 25 June 2015
Seventeenth to nineteenth resolutions

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Combined General Meeting of 25 June 2015 – Seventeenth to nineteenth resolutions

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

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To the Shareholders,

In our capacity as Statutory Auditors of Valneva, and in accordance with the provisions of Articles L.228-12, L.225-135 *et seq.* and R.228-20 of the French Commercial Code (*Code de commerce*), we hereby report to you on:

- the proposal to grant authority to the Management Board to decide a share capital increase by issuing 2,000 preferred shares convertible into ordinary shares (hereafter "Convertible Preferred Shares") with cancellation of preferential subscription rights, reserved for members of the Company's Management Board or Executive Committee, which is submitted to you for approval; and
- the procedures for the conversion and buyback of Convertible Preferred Shares and their proposed inclusion in the Articles of Association.

This transaction would result in the issue of up to 2,000 Convertible Preferred Shares with a nominal value of €0.15 each, and a share issue premium of €160.85, convertible into a maximum of 200,000 ordinary shares, representing a maximum capital increase of €30,000.

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On the basis of the Management Board's report, shareholders are requested to delegate to the Management Board, for an 18-month period, the authority to decide to carry out the share capital increase and to cancel their preferential subscription rights in respect of the ordinary shares to be issued. The Management would be responsible for setting the final terms and conditions of this operation.

It is the Management Board's responsibility to prepare a report in accordance with Articles R.228-17 and R.228-20 of the French Commercial Code. It is our responsibility to give our opinion on the fair presentation of the financial information taken from the financial statements, on the proposed share capital increase, on the proposal to cancel shareholders' preferential subscription rights, on the procedures for the conversion and buyback of Convertible Preferred Shares and their proposed inclusion in the Articles of Association and on certain other information relating to the share issue given in the report.

We performed the procedures that we deemed necessary in accordance with professional standards applicable in France to such engagements. These procedures consisted in verifying the information contained in the Management Board's report relating to this operation and the methods used to set the issue price of the Convertible Preferred Shares.

Subject to any subsequent review of the terms and conditions of the proposed increase in share capital, we have no matters to report on the issue price of the newly issued Convertible Preferred Shares disclosed in the Management Board's report and on the presentation of the characteristics of the Convertible Preferred Shares as set out in the report.

Since the final terms and conditions of the issue have not been set, we do not express an opinion in this respect or, consequently, on the proposed cancellation of shareholders' preferential subscription rights.

In addition, regarding the presentation in the Management Board's report of the procedures for the conversion and buyback of Convertible Preferred Shares, which are to be included in the Articles of Association, the Management Board's report does not contain any information on the justification of the methods used to calculate the maximum conversion ratio of the Convertible Preferred Shares into ordinary shares.

Lastly, we inform you that the Management Board's report does not set out the information relating to procedures to provide Management Board and Statutory Auditors' reports to shareholders as required by Articles R.228-18 and R.228-19 of the French Commercial Code.

In accordance with Article R.225-116 of said code, we will prepare an additional report if and when the Management Board uses this delegation of authority.

Furthermore, in accordance with Article R.228-20 of the French Commercial Code, we will prepare the report as required by Article R.228-18 of the same code if the Management Board performs the conversion and buyback of the Convertible Preferred Shares in accordance with the Articles of Association.

Valneva
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Neuilly-sur-Seine and Marseille, 4 June 2015

The Statutory Auditors

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Deloitte & Associés

Thierry Charron

Vincent Gros