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Press release

From cells to therapeutics **Vivalis**

VIVALIS LAUNCHES A €30 MILLION RIGHTS ISSUE, SUPPORTED BY ITS REFERENCE SHAREHOLDER, GROUPE GRIMAUD, COMMITTING TO SUBSCRIBE €15.7 MILLION (52.5% of the offering)

Nantes, Lyon (France) – July 2, 2010 – VIVALIS (NYSE Euronext: VLS) announces today the launch of a rights issue of approximately €30 million, in which preferential subscription rights will be given to all shareholders. The purpose of this financing is mainly to accelerate the development of its proprietary monoclonal antibody products as well as to provide Vivalis with the capacity to further strengthen and to industrialise the Humalex® platform.

Since it was founded, Vivalis has based its corporate development on the commercialisation of the EB66® cell line in the vaccines and therapeutic proteins fields. So far, the company has signed 17 commercial licenses - a commercial sub-license was also signed -– and around ten R&D licenses for the EB66® cell line. Vivalis will very actively continue the technological and commercial development of this cell line.

To better capture additional value, Vivalis announced the acquisition of Humalys and its discovery platform for human antibodies, Humalex®, in January 2010, which allowed the Company to enter this fast growing market. The success of this strategy has been illustrated through the first commercial license agreement for the discovery of several antibodies in the anti-infectives space, which was signed with Sanofi Pasteur in June 2010 for a very significant amount.

As owner of the Humalex platform, the EB66® cell line and suitable bio-manufacturing facilities, Vivalis has an integrated offering spanning from the discovery of antibodies to the production of pre-clinical and clinical batches. By leveraging these assets, Vivalis plans to accelerate its development and capture more value for its shareholders by developing a portfolio of proprietary products. It intends to launch the development of one new antibody per year from 2011 for out-licensing after phase II.

To finance this new stage of the company's development whilst industrializing the Humalex® discovery platform, Vivalis intends to strengthen its shareholders' equity. The €30 million that Vivalis plans to raise with this transaction will principally (at a minimum of two-thirds of proceeds) serve to finance the development of a portfolio of proprietary products, which the Company intends to commence in 2011, and to a lesser extent industrialize the Humalex® technology, improving its productivity and quality of the generated antibodies, further differentiating the technology from the competition.

Groupe Grimaud La Corbière (GLC), holder of 52.5% of Vivalis' shares, has committed to subscribe to this rights issue for an aggregate value of €15.7 million. This subscription is supported by an investment by Fonds Strategique d'Investissement (FSI) in the share capital of Groupe Grimaud La Corbière, for an aggregate amount of €40 million as described in the press announcement published jointly today by the FSI and GLC. The FSI is a French corporation 51% owned by the Caisse des Dépôts et Consignations and 49% owned by the French Republic, which has the objective to invest in minority equity stakes of French companies that are dedicated to value-creating industrial projects that strengthen the economy's competitiveness.

At mid-year, Vivalis confirms its objectives for 2010:

- seven new licenses for EB66®, of which two are commercial (two licenses have already been signed)
- a first commercial licence agreement for the Humalex® platform (signed with Sanofi Pasteur)
- a first approval to conduct clinical trials with a vaccine produced using EB66® before the end of 2010
- a year-end cash position in excess of EUR 15 million (before this capital increase)

Franck Grimaud, C.E.O. and Majid Mehtali, C.S.O., co-managers of VIVALIS, said: "The IPO proceeds of €27 million that were raised mid-year 2007 allowed the company to more than double in size, to build the EB66® technology into the industry standard production substrate for human and veterinary vaccines with around 30 agreements signed so far, including 17 commercial licenses, and to start to penetrate the antibody production market. It has also allowed us to finance the construction of our bio-production unit BPF and our new R&D laboratory and the acquisition of Humalys. Having leveraged our assets over these years and in order to start a new development stage by establishing a portfolio of proprietary products, we would like our shareholders to take part in the strengthening of our finances. We are very happy to be able to rely on the support of our majority shareholder, Groupe Grimaud, and we count on our shareholders to give us the necessary means to achieve our commercial objective/industrial project of building an integrated leader *From cells to therapeutics* in the biological field."

Details of the rights issue

The share capital increase undertaken through the issuance of preferential subscription rights to existing shareholders will result in the creation of 5,928,652 new shares[1] at a subscription price of €5.06. All existing Vivalis shareholders, both in France and outside France, will be entitled to receive one preferential subscription right for every share held as of the close of trading on 2 July 2010. Holders of preferential subscription rights for every share will be able to subscribe and/or sell all, or part, of their rights. 5 preferential subscription rights will entitle their holder to subscribe for 2 new ordinary shares by irrevocable entitlement (*souscription à titre irréductible*), at a subscription price of €5.06 per new ordinary share. Shareholders will also be entitled to subscribe for new ordinary shares on a reducible basis (*souscription à titre reductible*).

On the basis of Vivalis' closing share price on 30 June 2010 (€9.02), the subscription price of €5.06 represents a 35.9% discount to the theoretical ex-right price, with the theoretical value of a preferential subscription right amounting to €1.13.

The subscription period will be open from 5 July 2010 to 16 July 2010 inclusive. During this period, the preferential subscription rights will be listed and traded on Euronext Paris (ISIN: FR0010916932). The offering will be open to the public only in France. The settlement, delivery and listing of the new ordinary shares is expected to take place on July 28, 2010. The newly issued shares will have a nominal value of €0.15 and an issue premium of €4.91, and will be fungible with existing shares listed on Euronext Paris (ISIN: FR0004056851).

GLC has undertaken to subscribe to the share capital increase to the amount of €15.7 million by exercising by irrevocable entitlement (*à titre irréductible*) all the preferential subscription rights attached to its Vivalis shares. This subscription commitment of GLC represents 52.5% of the issuance. The offer is underwritten by Natixis on the amount of the capital increase not covered by the subscription undertakings of GLC, i.e. 47.5% of the transaction. This underwriting does not constitute a completion guarantee within the meaning of Article L. 225-145 of the French commercial code.

The depositary agent will be CACEIS, 14, rue Rouget de Lisle 92862 Issy-les-Moulineaux cedex 9, France.

Natixis and Nomura Code act as Joint Lead Managers and Joint Bookrunners for the share capital increase. Kempen & Co has been mandated as co-manager of the transaction

[1] The number of new shares may be increased to 6,196,912 if all of the outstanding and exercisable stock options and stock subscription warrants are exercised before 9 July 2010 at 11h59pm CET, resulting in the size of the issue to be therefore increased to approximately €31,4 million.

Next financial press release:
21 July 2010, after NYSE Euronext market closing: Second quarter 2010 revenues

About VIVALIS (www.vivalis.com)

VIVALIS (NYSE- Euronext: VLS) is a biopharmaceutical company that provides innovative cell-based solutions to the pharmaceutical industry for the manufacture of vaccines and proteins, and develops drugs for the prevention and treatment of viral diseases. VIVALIS' expertise and intellectual property are exploited in three main areas:

1. VIVALIS offers research and commercial licenses for its EB66® cell line, derived from duck stem cells, to pharmaceutical and biotechnology companies for the production of vaccines and monoclonal antibodies. VIVALIS receives upfront fees, milestone payments and royalties on its licensees' net sales.

2. Through the Humalex® platform, VIVALIS proposes customers solutions for the discovery, development and production of human antibodies. VIVALIS receives upfront fees, milestone payments and royalties on its licensees' net sales.

3. The construction of a portfolio of proprietary products in the area of vaccines and anti-viral molecules (hepatitis C).

Based in Nantes (France), VIVALIS was founded in 1999 by the Grimaud group (1,500 employees), a worldwide leader in animal genetic selection. VIVALIS has established more than 30 partnerships and licenses with world leaders in this sector, including Sanofi Pasteur, GlaxoSmithKline, Merck, CSL, Kaketsuken, Merial, Intervet, SAFC Biosciences. VIVALIS is a member of the French ATLANPOLE BIOTHERAPIES and LYON BIOPOLE bioclusters.

VIVALIS
Listed on Euronext Paris – Compartment C of NYSE Euronext
Reuters: VLS.PA – Bloomberg: VLS FP
Included in NYSE Euronext's SBF 250, CAC Small 90 and Next Biotech indexes

VLS LISTED NYSE EURONEXT

This document contains forward-looking statements and comments on the company's objectives and strategies. No guarantee can be given as to any of the events anticipated by the forward-looking statements, which are subject to inherent risks, including the risk factors described in the Company's reference document, changes in economic conditions, the financial markets or the markets in which the company operates.

PUBLIC INFORMATION:

A French language prospectus including (i) the reference document (*document de référence*) of Vivalis filed with the *Autorité des marchés financiers* (AMF) on 22 April, 2010 under no. R. 10-026 as replaced by the reference document dated 1 July, 2010 and (ii) the securities note (*note d'opération*) (including a summary of the prospectus) approved by the AMF on 1 July 2010 under no 10-215, are available free of charge from Vivalis (6, rue Alain Bombard, 44 821 Saint-Herblain CEDEX), as well as on the websites of Vivalis (www.vivalis.com) and the AMF (www.amf-france.org).

Vivalis draws the attention of the public to the risk factors described in chapter 4 of the reference document and chapter 2 of the securities note.

This Press Release, together with the material set forth herein, does not constitute an offer of securities for sale nor a solicitation to purchase securities in any jurisdiction. Distribution of such Press Release in certain jurisdiction may constitute a breach of applicable laws and regulations.

With respect to the member states of the European Economic Area which have implemented the Directive 2003/71/EC of the European Parliament and the Council of November 4, 2003 (the "Prospectus Directive"), other than France, no action has been undertaken or will be undertaken to make an offer to the public of the securities referred to herein requiring a publication of a prospectus in any relevant member state (other than France). As a result, the securities may not and will not be offered in any relevant member state (other than France) except in accordance with the exemptions set forth in Article 3(2) of the Prospectus Directive, if they have been implemented in that relevant member state, or under any other circumstances which do not require the publication by Vivalis of a prospectus pursuant to Article 3(2) of the Prospectus Directive and/or to applicable regulations of that relevant member state.

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