

PRESS RELEASE

innate pharma

INNATE PHARMA ANNOUNCES A CAPITAL INCREASE OF A MAXIMUM OF 24.3 MILLION EUROS RESERVED TO CATEGORIES OF INVESTORS

- ***The “Fonds Stratégique d’Investissement” (French sovereign fund) invested 11 million euros***
- ***Novo Nordisk A/S and Alta Partners, two historical shareholders of the Company, also participated in the transaction***

Marseilles, France, December 18, 2009

Innate Pharma (the “Company” - Euronext Paris: FR0010331421 – IPH) announces today a capital increase reserved to categories of investors. The gross proceeds of the share capital increase amount to a maximum of 24.3 million euros. The net proceeds are estimated at a maximum of 23.1 million euros.

The capital increase, which was lead by Bryan, Garnier & Co. acting as global coordinator and bookrunner, was reserved to financial and industrial qualified investors, matching with the categories defined by the extraordinary Shareholder’s Meeting of June 23, 2009.

The settlement-delivery of the new shares is expected to take place on December 23rd, 2009.

The “Fonds Stratégique d’Investissement” (France’s sovereign fund – “FSI”) subscribed to 11 million euros. It is the second investment of the FSI in a biotechnology company in 2009. The FSI is a French corporation owned at 51% by the Caisse des Dépôts et Consignations and at 49% by the French State. Its objectives are to support French medium-sized companies considered as important for the growth and competitive position of the French economy.

During the next Shareholder’s Meeting, the appointment of a representative of the FSI to the Supervisory Board of the Company will be proposed.

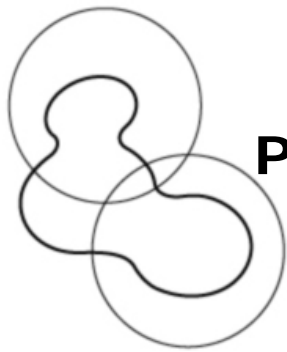
Novo Nordisk A/S and Alta Partners, historical shareholders of the Company, also participated in the transaction.

Innate Pharma will apply for the listing of the new shares on Euronext Paris where they will be fully fungible with the existing ordinary shares of the Company. A prospectus has been submitted for approval to the “Autorité des Marchés Financiers” for the listing of the shares.

The subscription price is 2.27 euros per share. The dilution for existing shareholders of the Company will be approximately 30%.

The Company doesn’t anticipate other fund raisings, by mean of a private or public placement, in the short term.

Hervé Brailly, Chairman of the Executive Board of the Company, said: *“It was very important to us to realize this capital increase with long-term strategic partners as well as with new shareholders. We now have the financial capacity to realise our development plan for the next three years, and notably the plan for the IPH 2101 drug-candidate, a monoclonal antibody currently in Phase II clinical trials”*. He added: *“We also plan to complete the IPH 1101 program with the aim of forming a potential partnership as well as to move forward our other monoclonal antibodies – now at the core of our strategy – to clinical trial”*.



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About Innate Pharma:

Innate Pharma S.A. is a clinical-stage biopharmaceutical company developing first-in-class immunotherapy drugs for cancer and other severe diseases. The Company was incorporated in 1999 and listed on NYSE-Euronext in Paris in 2006. The Company has two drug candidates currently in Phase II clinical trials. Two of its preclinical programs are out-licensed to Novo Nordisk A/S.

Innate Pharma is based in Marseilles, France, and had 84 employees as at September 30, 2009.

Learn more about Innate-Pharma at www.innate-pharma.com.

Practical Information about Innate Pharma shares:

ISIN code FR0010331421

Ticker code IPH

Disclaimer:

This press release contains information on the markets on which the Company operates and forward-looking statements. Although the Company believes this information and these expectations are based on reasonable assumptions, this information and these forward-looking statements are subject to numerous risks and uncertainties, which could cause actual results to differ materially from those anticipated. For a discussion of risks and uncertainties which could cause the Company's actual results, financial condition, performance or achievements to differ from those contained in the forward-looking statements, please refer to the Risk Factors ("Facteurs de Risque") section of the *Document de Reference* prospectus filed with the AMF, which is available on the AMF website (<http://www.amf-france.org>) or on Innate Pharma's website.

This press release does not constitute an offer or solicitation of an offer to purchase or subscribe for securities to the public in France. The new shares may not and will not be offered to the public in France.

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