HALF-YEAR FINANCIAL REPORT 2010

sanofi aventis

Because health matters

Table of Contents

Free Translation of the French Language Original

The condensed half-year consolidated financial statements are unaudited but have been subject to a limited review by the statutory auditors in accordance with professional standards applicable in France

I – Condensed half-year consolidated financial statements

CONSOLIDATED BALANCE SHEETS – ASSETS

(€ million)	Note	June 30, 2010	December 31, 2009
Property, plant and equipment	B.2.	8,234	7,830
Goodwill	B.3.	33,050	29,733
Intangible assets	B.3. - B.4.	14,503	13,747
Investments in associates	B.5.	950	955
Non-current financial assets	B.6.	1,256	998
Deferred tax assets	B.12.	3,262	2,912
Non-current assets		**61,255**	**56,175**
Inventories		5,118	4,444
Accounts receivable		6,986	6,015
Other current assets		1,983	2,104
Current financial assets		181	277
Cash and cash equivalents	B.9.	3,221	4,692
Current assets		**17,489**	**17,532**
Assets held for sale or exchange	B.7.	7,501	6,342
TOTAL ASSETS		**86,245**	**80,049**

The accompanying notes on pages 8 to 36 are an integral part of the condensed half-year consolidated financial statements.

CONSOLIDATED BALANCE SHEETS – LIABILITIES AND EQUITY

(€ million)	Note	June 30, 2010	December 31, 2009
Equity attributable to equity holders of sanofi-aventis		52,417	48,188
Equity attributable to non-controlling interests		156	258
Total equity	**B.8.**	**52,573**	**48,446**
Non-current debt	**B.9.**	7,060	5,961
Provisions and other non-current liabilities	**B.11.**	9,294	8,311
Deferred tax liabilities	**B.12.**	5,249	4,933
Non-current liabilities		**21,603**	**19,205**
Accounts payable		2,874	2,654
Other current liabilities		5,044	5,445
Current debt	**B.9.**	2,507	2,866
Current liabilities		**10,425**	**10,965**
Liabilities related to assets held for sale or exchange	**B.7.**	1,644	1,433
TOTAL LIABILITIES & EQUITY		**86,245**	**80,049**

The accompanying notes on pages 8 to 36 are an integral part of the condensed half-year consolidated financial statements.

CONSOLIDATED INCOME STATEMENTS

(€ million)	Note	6 months to June 30, 2010	6 months to June 30, 2009	12 months to December 31, 2009
Net sales		**15,168**	**14,545**	**29,306**
Other revenues		798	703	1,443
Cost of sales		(4,105)	(3,619)	(7,880)
Gross profit		**11,861**	**11,629**	**22,869**
Research and development expenses		(2,190)	(2,260)	(4,583)
Selling and general expenses		(3,659)	(3,627)	(7,325)
Other operating income		236	450	866
Other operating expenses		(140)	(170)	(481)
Amortization of intangibles		(1,802)	(1,805)	(3,528)
Operating income before restructuring, impairment of property, plant and equipment and intangibles, gains and losses on disposals, and litigation		**4,306**	**4,217**	**7,818**
Restructuring costs	**B.15.**	(190)	(907)	(1,080)
Impairment of property, plant and equipment and intangibles	**B.4.**	(108)	(28)	(372)
Gains and losses on disposals, and litigation		—	—	—
Operating income		**4,008**	**3,282**	**6,366**
Financial expenses	**B.16.**	(214)	(151)	(324)
Financial income	**B.16.**	74	37	24
Income before tax and associates		**3,868**	**3,168**	**6,066**
Income tax expense	**B.17.**	(974)	(795)	(1,364)
Share of profit/(loss) of associates		476	394	814
Net income excluding the held-for-exchange Merial business[1]		**3,370**	**2,767**	**5,516**
Net income from the held-for-exchange Merial business[1]	**B.7.**	198	102	175
Net income		**3,568**	**2,869**	**5,691**
Net income attributable to non-controlling interests		147	232	426
Net income attributable to equity-holders of sanofi-aventis		**3,421**	**2,637**	**5,265**
Average number of shares outstanding (million)	**B.8.6.**	1,305.8	1,305.5	1,305.9
Average number of shares outstanding after dilution (million)	**B.8.6.**	1,309.3	1,306.5	1,307.4
– Basic earnings per share (in euros)		2.62	2.02	4.03
– Diluted earnings per share (in euros)		2.61	2.02	4.03

(1) Reported separately in accordance with IFRS 5 (Non-Current Assets Held for Sale and Discontinued Operations). For the other disclosures required under IFRS 5, refer to Note B.7.

The accompanying notes on pages 8 to 36 are an integral part of the condensed half-year consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(€ million)	6 months to June 30, 2010	6 months to June 30, 2009	12 months to December 31, 2009
Net income	**3,568**	**2,869**	**5,691**
Income/(expense) recognized directly in equity:			
• Available-for-sale financial assets	23	16	110
• Cash flow hedges	(56)	(140)	(175)
• Remeasurement of previously-held equity interests:			
- Merial (50%)	(5)	—	1,215
- Zentiva (24.9%)	—	130	108
• Actuarial gains/(losses)	(628)	(69)	(169)
• Change in cumulative translation difference	4,671	(167)	(301)
• Tax effect of income and expenses recognized directly in equity[1]	208	50	(241)
Total income/(expense) recognized directly in equity	**4,213**	**(180)**	**547**
Total recognized income/(expense) for the period	**7,781**	**2,689**	**6,238**
Attributable to equity-holders of sanofi-aventis	*7,618*	*2,457*	*5,811*
Attributable to non-controlling interests	*163*	*232*	*427*

(1) See analysis in Note B.8.7.

The accompanying notes on pages 8 to 36 are an integral part of the condensed half-year consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(€ million)	Share capital	Additional paid-in capital and retained earnings	Treasury shares	Stock options and other share-based payment	Other items recognized directly in equity *(1)*	Attributable to equity-holders of sanofi-aventis	Attributable to non-controlling interests	Total equity
Balance at January 1, 2009	**2,631**	**44,819**	**(552)**	**1,581**	**(3,613)**	**44,866**	**205**	**45,071**
Income/(expense) recognized directly in equity	—	63	—	—	(243)	(180)	—	(180)
Net income for the period	—	2,637	—	—	—	2,637	232	2,869
Total recognized income/(expense) for the period	**—**	**2,700**	**—**	**—**	**(243)**	**2,457**	**232**	**2,689**
Dividend paid out of 2008 earnings (€2.20 per share)	—	(2,872)	—	—	—	(2,872)	—	(2,872)
Payment of dividends and equivalents to non-controlling interests	—	—	—	—	—	—	(313)	(313)
Share-based payment plans:								
• Exercise of stock options	—	1	—	—	—	1	—	1
• Proceeds from sale of treasury shares on exercise of stock options	—	—	1	—	—	1	—	1
• Value of services obtained from employees	—	—	—	66	—	66	—	66
• Tax effect of exercise of stock options				—				
Non-controlling interests generated by acquisitions	—	—	—	—	—	—	35	35
Changes in non-controlling interests without loss of control	—	—	—	—	—	—	4	4
Step acquisitions[2]	—	102	—	—	—	102	—	102
Balance at June 30, 2009	**2,631**	**44,750**	**(551)**	**1,647**	**(3,856)**	**44,621**	**163**	**44,784**
Income/(expense) recognized directly in equity	—	806	—	—	(80)	726	1	727
Net income for the period	—	2,628	—	—	—	2,628	194	2,822
Total recognized income/(expense) for the period	**—**	**3,434**	**—**	**—**	**(80)**	**3,354**	**195**	**3,549**
Payment of dividends and equivalents to non-controlling interests	—	—	—	—	—	—	(105)	(105)
Share-based payment plans:								
• Exercise of stock options	6	133	—	—	—	139	—	139
• Proceeds from sale of treasury shares on exercise of stock options	—	—	25	—	—	25	—	25
• Value of services obtained from employees	—	—	—	48	—	48	—	48
• Tax effect of exercise of stock options	—	—	—	1	—	1	—	1
Non-controlling interests generated by acquisitions	—	—	—	—	—	—	14	14
Changes in non-controlling interests without loss of control	—	—	—	—	—	—	(9)	(9)
Balance at December 31, 2009	**2,637**	**48,317**	**(526)**	**1,696**	**(3,936)**	**48,188**	**258**	**48,446**
Income/(expense) recognized directly in equity	—	(441)	—	—	4,638	4,197	16	4,213
Net income for the period	—	3,421	—	—	—	3,421	147	3,568
Total recognized income/(expense) for the period	**—**	**2,980**	**—**	**—**	**4,638**	**7,618**	**163**	**7,781**
Dividend paid out of 2009 earnings (€2.40 per share)	—	(3,131)	—	—	—	(3,131)	—	(3,131)
Payment of dividends and equivalents to non-controlling interests	—	—	—	—	—	—	(239)	(239)
Share repurchase program [3]	—	—	(321)	—	—	(321)	—	(321)
Capital reduction[3]	(16)	(404)	420	—	—	—	—	—
Share-based payment plans:								
• Exercise of stock options	1	10	—	—	—	11	—	11
• Proceeds from sale of treasury shares on exercise of stock options	—	—	56	—	—	56	—	56
• Value of services obtained from employees	—	—	—	58	—	58	—	58
• Tax effect of exercise of stock options	—	—	—	(1)	—	(1)	—	(1)
Non-controlling interests generated by acquisitions	—	—	—	—	—	—	—	—
Changes in non-controlling interests without loss of control	—	(61)[4]	—	—	—	(61)	(26)	(87)
Balance at June 30, 2010	**2,622**	**47,711**	**(371)**	**1,753**	**702**	**52,417**	**156**	**52,573**

(1) See Note B.8.7.

(2) Adjustment to retained earnings prior to the acquisition of Zentiva, in particular the impairment loss recognized against the carrying amount of the equity interest in 2007.

(3) See Notes B.8.2. and B.8.3.

(4) Primarily buyouts of non-controlling interests in Aventis Pharma Limited (India) and in Zentiva.

The accompanying notes on pages 8 to 36 are an integral part of the condensed half-year consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(€ million)	Note	6 months to June 30, 2010	6 months to June 30, 2009	12 months to December 31, 2009
Net income attributable to equity-holders of sanofi-aventis		**3,421**	**2,637**	**5,265**
Net income from the held-for-exchange Merial business		(198)	(102)	(175)
Dividends received from Merial		73	63	179
Non-controlling interests other than BMS[1]		10	13	21
Share of undistributed earnings of associates		54	58	34
Depreciation, amortization and impairment of property, plant and equipment and intangible assets		2,413	2,271	5,011
Gains and losses on disposals of non-current assets, net of tax[2]		(81)	(13)	(25)
Net change in deferred taxes		(281)	(587)	(1,169)
Net change in provisions		(222)	574	161
Cost of employee benefits (stock options and other share-based payments)		58	66	114
Impact of workdown of acquired inventories remeasured at fair value		22	19	27
Unrealized (gains)/losses recognized in income		210	366[5]	(81)
Operating cash flow before changes in working capital		**5,479**	**5,365**	**9,362**
(Increase)/decrease in inventories		(416)	(441)	(489)
(Increase)/decrease in accounts receivable		(298)	(357)	(429)
Increase/(decrease) in accounts payable		2	(237)	(336)
Net change in other current assets, current financial assets and other current liabilities		(547)	48	407
Net cash provided by/(used in) operating activities[3]		**4,220**	**4,378**	**8,515**
Acquisitions of property, plant and equipment and intangible assets	**B.2. – B.3.**	(742)	(824)	(1,785)
Acquisitions of investments in consolidated entities, net of cash acquired	**B.1.**	(1,357)	(1,825)	(5,563)
Acquisitions of available-for-sale financial assets	**B.6.**	(41)	(3)	(5)
Proceeds from disposals of property, plant and equipment, intangible assets and other non-current assets, net of tax[4]		75	28	85
Net change in loans and other non-current financial assets		(29)	(13)	(19)
Net cash provided by/(used in) investing activities		**(2,094)**	**(2,637)**	**(7,287)**
Issuance of sanofi-aventis shares	**B.8.**	11	2	142
Dividends paid:				
• to equity-holders of sanofi-aventis		(3,131)	(2,872)	(2,872)
• to non-controlling interests (excluding BMS)[1]		(5)	(5)	(6)
Transactions with non-controlling interests other than dividends		(96)	—	—
Additional long-term borrowings	**B.9.1.**	527	3,202	4,697
Repayments of non-current debt	**B.9.1.**	(438)	(34)	(1,989)
Net change in current debt		(326)	(66)	(785)
Acquisitions of treasury shares	**B.8.2.**	(321)	—	—
Disposals of treasury shares, net of tax		57	1	26
Net cash provided by/(used in) financing activities		**(3,722)**	**228**	**(787)**
Impact of exchange rates on cash and cash equivalents		**125**	**19**	**25**
Net change in cash and cash equivalents		**(1,471)**	**1,988**	**466**
Cash and cash equivalents, beginning of period		**4,692**	**4,226**	**4,226**
Cash and cash equivalents, end of period	**B.9.**	**3,221**	**6,214**	**4,692**
[3] Including:				
– Income taxes paid		(1,672)	(1,374)	(2,981)
– Interest paid		(204)	(109)	(269)
– Interest received		28	58	88
– Dividends received from non-consolidated entities		3	3	5

[1] See Note C.1. (i) to the consolidated financial statements for the year ended December 31, 2009

[2] Including available-for-sale financial assets

[4] Property, plant and equipment, intangible assets, investments in consolidated entities and other non-current financial assets.

[5] Arising primarily on the translation of U.S. dollar surplus cash from American subsidiaries transferred to the sanofi-aventis parent company.

The accompanying notes on pages 8 to 36 are an integral part of the condensed half-year consolidated financial statements.

NOTES TO THE CONDENSED HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS – SIX MONTHS ENDED JUNE 30, 2010

INTRODUCTION

Sanofi-aventis is a global healthcare group engaged in the research, development, manufacture and marketing of healthcare products, drugs and vaccines. The sanofi-aventis pharmaceutical portfolio includes flagship products, together with a broad range of prescription and generic drugs and consumer health products.

Sanofi-aventis, the parent company, is a *société anonyme* (a form of limited liability company) incorporated under the laws of France. The registered office is at 174, avenue de France, 75013 Paris, France.

Sanofi-aventis is listed in Paris (Euronext: SAN) and New York (NYSE: SNY).

The consolidated financial statements for the half-year ended June 30, 2010 were reviewed by the sanofi-aventis Board of Directors at the Board meeting of July 28, 2010.

A. BASIS OF PREPARATION OF THE HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES

A.1. Basis of preparation of the half-year consolidated financial statements and accounting policies

The half-year consolidated financial statements have been prepared and presented in condensed format in accordance with IAS 34 (Interim Financial Reporting). The accompanying notes therefore relate to significant items for the period, and should be read in conjunction with the consolidated financial statements for the year ended December 31, 2009.

The consolidated financial statements as of June 30, 2010 have been prepared in compliance with standards and interpretations adopted by the European Union and with those issued by the IASB. Except as described below, the accounting policies applied as of June 30, 2010 are consistent with those described in the notes to consolidated financial statements for the year ended December 31, 2009.

- Business combinations completed on or after January 1, 2010 are accounted for in accordance with the revised IFRS 3 (Business Combinations). The revised standard changes the method of application of the “purchase method”, as described in Note B.3. to the consolidated financial statements for the year ended December 31, 2009 (and now referred to as the “acquisition method” in the revised IFRS 3) in particular:
  - Acquisition-related costs are now recognized as an expense at the acquisition date.
  - In the case of a step acquisition, the previously-held equity interest in the acquiree is remeasured at its acquisition-date fair value, with the difference between this fair value and the carrying amount taken to profit or loss, along with any gains or losses relating to the previously-held interest that were initially recognized directly in equity (other comprehensive income) and which are reclassifiable to profit or loss.
  - Goodwill may be calculated on the basis of either (i) the entire fair value of the acquiree, or (ii) a share of the fair value of the acquiree proportionate to the interest acquired. This option may be elected for each acquisition individually.
  - Contingent purchase consideration is recognized at fair value at the acquisition date irrespective of the probability of payment, with the obligation to pay recognized either as a liability or as equity; if this obligation is initially recognized as a liability, subsequent adjustments are recognized in profit or loss. Subsequent contingent purchase consideration adjustments in respect of business combinations completed prior to January 1, 2010 continue to be accounted for in accordance with the pre-revision IFRS 3, i.e. through goodwill.

Refer to Note B.1 for a description of business combinations completed during the period.

- The amendments to IAS 27 (Consolidated and Separate Financial Statements) apply from January 1, 2010, and introduce the following changes:
  - The impact of transactions with non-controlling interests is now recognized in equity, provided there is no change of control.
  - In the event of a partial disposal resulting in loss of control, the retained equity interest is remeasured at fair value at the date of loss of control; the gain or loss recognized on the disposal will include the effect of this remeasurement and the gain or loss on the sale of the shares, including items initially recognized in equity and reclassified to profit or loss.
- The other standards, amendments and interpretations mandatorily applicable with effect from January 1, 2010 and issued in 2009 or earlier are described in Note B.28. to the consolidated financial statements for the year ended December 31, 2009, and did not have a material impact on the half-year consolidated financial statements for the six months ended June 30, 2010.

IFRSs adopted by the European Union as of June 30, 2010 can be accessed under the heading "IAS/IFRS Standards and Interpretations" via the web link:

http://ec.europa.eu/internal_market/accounting/ias/index_en.htm

The financial statements for the year to December 31, 2010, and the comparative information presented therein, will be prepared in compliance with standards and interpretations applicable at that date. The information contained in this half-year report relating to the periods ended December 31, 2009 and June 30, 2010 may therefore be subject to change if new or amended standards and interpretations are issued by the IASB and adopted by the European Union.

A.2. Use of estimates

The preparation of financial statements requires management to make reasonable estimates and assumptions, based on information available at the date of preparation of the financial statements, that may affect the reported amounts of assets, liabilities, revenues and expenses in the financial statements, and disclosures of contingent assets and contingent liabilities. Examples of estimates and assumptions include:

- amounts deducted from sales for projected sales returns, chargeback incentives, rebates and price reductions;
- the amount of provisions for product claims;
- impairment of property, plant and equipment, intangible assets and investments in associates;
- the valuation of goodwill, and the valuation and useful life of acquired intangible assets;
- the amount of post-employment benefit obligations;
- the amount of provisions for restructuring, litigation, tax risks and environmental risks.

For the purposes of the half-year financial information, and as allowed under IAS 34, sanofi-aventis has determined income tax expense on the basis of an estimate of the effective tax rate for the full financial year. This rate is applied to ***Income before tax and associates***. The estimated effective tax rate is based on the tax rates that will be applicable to projected pre-tax profits or losses arising in the various tax jurisdictions in which sanofi-aventis operates.

Actual amounts could vary from these estimates.

A.3. Seasonal trends

The operations of sanofi-aventis are not subject to significant seasonal fluctuations.

B. SIGNIFICANT EVENTS DURING THE FIRST HALF OF 2010

B.1. Impact of changes in the scope of consolidation

Business combinations completed on or after January 1, 2010 are accounted for by the acquisition method in accordance with the revised IFRS 3. Refer to Note A.1. for a description of the main changes introduced by the revision of IFRS 3.

The main change in the scope of consolidation during the first half of 2010 is described below:

- **Chattem, Inc. (Chattem)**

On February 9, 2010, sanofi-aventis acquired Chattem, Inc. by successfully completing a cash tender offer. Headquartered in Chattanooga (United States), Chattem is a major consumer health player in the United States, producing and distributing 26 branded consumer health products, toiletries and dietary supplements across various market segments. Chattem will manage the Allegra® brand, and act as the platform for sanofi-aventis over-the-counter and consumer health products in the United States. As of June 30, 2010, sanofi-aventis held 100% of the outstanding shares of Chattem.

The provisional allocation of the acquisition cost of Chattem is shown below:

($ million)	Historical cost	Fair value adjustment	Fair value
Intangible assets	576	967	1,543
Property, plant and equipment	38	3	41
Inventories	48	29	77
Deferred taxes	(18)	(376)	(394)
Non current and current debt	(377)	(114)	(491)
Other assets/(liabilities), net	(44)	(15)	(59)
Net assets of Chattem as of February 9, 2010	**223**	**494**	**717**
Goodwill			**1,059**
Purchase price			**1,776**

Acquisition-related costs totaled $15 million, and were recognized as an expense in the income statement.

Since the acquisition date, Chattem has generated net sales of €149 million and business net income (see definition in Note B.18) of €55 million, and a negative contribution of €3 million to net income (including expenses recognized during the period in connection with the fair value remeasurement of the company's assets at the acquisition date).

Other transactions completed during the first half of 2010 included:

- The acquisition in April 2010 of a controlling interest in the capital of Bioton Vostok, a Russian insulin manufacturer.
- The formation in May 2010 of a joint venture with Nichi-Iko Pharmaceuticals Co. Ltd. (Nichi-Iko), a leading player in the Japanese generics market, to expand generics activities in the country. As well as forming this joint venture, sanofi-aventis also took a 4.66% interest in the capital of Nichi-Iko (see Note B.6.).
- The acquisition in June 2010 of the cosmetics and skincare products distribution activities of the Canadian company Canderm Pharma, Inc. This business generated CAD 24 million of net sales in 2009.

B.2. Property, plant and equipment

Acquisitions of property, plant and equipment during the first half of 2010 totaled €477 million, of which €281 million related to investments in the Pharmaceuticals segment, primarily in industrial facilities (€174 million) and plant and installations at research sites (€69 million). The remaining €196 million related to acquisitions made in the Vaccines segment.

B.3. Intangible assets and goodwill

Movements in intangible assets during the first half of 2010 are shown below:

(€ million)	Acquired Aventis R&D	Other acquired R&D	Rights to marketed Aventis products	Products, trademarks and other rights	Software	Total intangible assets
Gross value at January 1, 2010	**2,321**	**1,492**	**29,955**	**3,284**	**655**	**37,707**
Changes in scope of consolidation	—	16	—	1,149	—	1,165
Acquisitions and other increases	—	97	—	66	20	183
Disposals and other decreases	—	(4)	—	—	(8)	(12)
Translation differences	210	156	3,099	427	43	3,935
Transfers	(172)	(86)	172	89	1	4
Gross value at June 30, 2010	**2,359**	**1,671**	**33,226**	**5,015**	**711**	**42,982**
Accumulated amortization and impairment at January 1, 2010	(1,456)	(72)	(20,610)	(1,283)	(539)	(23,960)
Amortization expense	(5)	(23)	(1,569)	(204)	(24)	(1,825)
Impairment losses, net of reversals	—	—	(15)	(93)	—	(108)
Disposals and other decreases	—	2	—	—	8	10
Translation differences	(136)	(10)	(2,255)	(154)	(37)	(2,592)
Transfers	—	—	—	—	(4)	(4)
Accumulated amortization and impairment at June 30, 2010	**(1,597)**	**(103)**	**(24,449)**	**(1,734)**	**(596)**	**(28,479)**
Carrying amount at January 1, 2010	865	1,420	9,345	2,001	116	13,747
Carrying amount at June 30, 2010	**762**	**1,568**	**8,777**	**3,281**	**115**	**14,503**

The provisional allocation of the acquisition cost of Chattem resulted in the recognition of intangible assets of €1,121 million, represented mainly by the value of Chattem's marketed products and brands. Goodwill on the acquisition amounted to €770 million.

Acquisitions of intangible assets other than software during the first half of 2010 amounted to €163 million.

Some of the acquired research and development came into commercial use during the period, and is being amortized from the date of marketing approval. This relates mainly to the oncology product Jevtana® (cabazitaxel) in the United States.

Movements in goodwill during the period are shown below:

(€ million)	Gross value	Accumulated amortization and impairment	Carrying amount
Balances at January 1, 2010	**29,758**	**(25)**	**29,733**
Changes in scope of consolidation	1,023	—	1,023
Disposals and other decreases	—	—	—
Translation differences	2,294	—	2,294
Balances at June 30, 2010	**33,075**	**(25)**	**33,050**

The line "Changes in scope of consolidation" also includes a goodwill adjustment of €157 million arising from the contingent purchase consideration on Fovea (acquired in 2009), recognized as a financial liability as of June 30, 2010.

B.4. Impairment of property, plant and equipment and intangible assets

As of June 30, 2010, the results of impairment tests conducted in accordance with IAS 36 (Impairment of Assets) led to the recognition of a charge of €108 million, which relates primarily to a partial impairment loss on the Shan5® intangible asset (pentavalent vaccine).

B.5. Investments in associates

Associates consist of companies over which sanofi-aventis exercises significant influence, and joint ventures. Sanofi-aventis accounts for joint ventures using the equity method (i.e. as associates), in accordance with the allowed alternative treatment specified in IAS 31 (Interests in Joint Ventures).

Investments in associates break down as follows:

(€ million)	% interest	June 30, 2010	December 31, 2009
Sanofi Pasteur MSD	50.0	357	407
Entities and companies managed by Bristol-Myers Squibb [1]	49.9	269	234
Financière des Laboratoires de Cosmétologie Yves Rocher	39.1	128	123
InfraServ Höchst	31.2	86	95
Other investments in associates	—	110	96
Total		**950**	**955**

[1] Under the terms of the agreements with Bristol-Myers Squibb (BMS) (see Note C.1. to the consolidated financial statements for the year ended December 31, 2009), the Group's share of the net assets of entities and companies controlled by BMS is recorded in ***Investments in associates***.

The financial statements include commercial transactions between the Group and certain of its associates. The principal transactions of this nature are summarized below:

(€ million)	6 months to June 30, 2010	6 months to June 30, 2009	12 months to December 31, 2009
Sales	273	225	517
Royalties[1]	640	588	1,179
Accounts receivable[1]	507	416	419
Purchases	114	116	247
Accounts payable	15	20	32
Other liabilities[1]	371	264	297

[1] These items mainly relate to transactions with companies and entities managed by BMS.

B.6. Non-current financial assets

The main non-current financial assets reported in the balance sheet are as follows:

(€ million)	June 30, 2010	December 31, 2009
Available-for-sale financial assets[1]	663	588
Pre-funded pension obligations	4	3
Long-term loans and advances	303	256
Assets recognized under the fair value option	111	100
Derivative financial instruments	175	51
Total	**1,256**	**998**

[1] Includes 14.8 million shares in Regeneron Pharmaceuticals, valued at €269 million on the basis of the quoted stock market price as of June 30, 2010 (versus €248 million at December 31, 2009); and the acquisition of 1.5 million shares representing a 4.66% interest in Nichi-Iko, as of June 16, 2010, and valued at €46 million on the basis of the quoted stock market price at June 30, 2010.

B.7. Assets held for sale or exchange, and related liabilities

Assets held for sale or exchange, and related liabilities, break down as follows:

(€ million)	June 30, 2010	December 31, 2009
Merial	7,497	6,338
Other	4	4
Total assets held for sale or exchange	**7,501**	**6,342**
Merial	1,644	1,433
Total liabilities related to assets held for sale or exchange	**1,644**	**1,433**

The change in the Merial balances between December 31, 2009 and June 30, 2010 is mainly due to translation differences arising from movements in the U.S. dollar exchange rate between those dates.

In March 2010, sanofi-aventis exercised its contractual right to combine Merial with the Intervet/ Schering-Plough business to form a new joint venture equally owned by Merck and sanofi-aventis. Formation of the new joint venture is subject to signature of final agreements, antitrust review in the United States, Europe and other countries, and other customary closing conditions. Closing of the transaction is expected in the first quarter of 2011.

As stated in Note D.8.1. to the consolidated financial statements for the year ended December 31, 2009, the entire assets of Merial are reported on the line ***Assets held for sale or exchange***, and the entire liabilities of Merial are reported on the line ***Liabilities related to assets held for sale or exchange***. The net income of Merial is reported on the line ***Net income from the held-for-exchange Merial business.***

The table below shows the assets and liabilities of Merial classified in ***Assets held for sale or exchange*** and ***Liabilities related to assets held for sale or exchange*** as of December 31, 2009, and June 30, 2010, after elimination of intercompany balances between Merial and other Group companies.

(€ million)	June 30, 2010	December 31, 2009
Assets		
Property, plant and equipment and financial assets	779	684
Goodwill	1,478	1,258
Intangible assets	3,909	3,347
Deferred tax assets	73	60
Inventories	339	425
Accounts receivable	583	373
Other current assets	70	64
Cash and cash equivalents	266	127
Total assets held for sale or exchange	**7,497**	**6,338**
Liabilities		
Non-current debt	4	6
Non-current provisions	80	85
Deferred tax liabilities	1,137	966
Current debt	33	22
Accounts payable	134	124
Other current liabilities	256	230
Total liabilities related to assets held for sale or exchange	**1,644**	**1,433**

The components of ***Net income from the held-for-exchange Merial business*** are shown below:

(€ million)	6 months to June 30, 2010	6 months to June 30, 2009	12 months to December 31, 2009
Net sales	1,037	—	479 [2]
Operating income	295	—	69 [2]
Net financial income/(expense)	—	—	2 [2]
Income tax expense	(97)	—	(35) [2]
Share of profit/(loss) of associates	—	102	139 [1]
Net income from the held-for-exchange Merial business	**198**	**102**	**175**

(1) Until September 17, 2009.

(2) From September 18, 2009.

The table below gives disclosures, as required by IFRS 5, of how net income, basic earnings per share and diluted earnings per share are split between activities other than Merial and the held-for-exchange Merial business:

(€ million)	6 months to June 30, 2010	6 months to June 30, 2009	12 months to December 31, 2009
Net income excluding the held-for-exchange Merial business	3,370	2,767	5,516
Net income from the held-for-exchange Merial business	198	102	175
Net income	**3,568**	**2,869**	**5,691**
Net income attributable to non-controlling interests:			
Net income excluding the held-for-exchange Merial business	148	232	426
Net income from the held-for-exchange Merial business	(1)	—	—
Net income attributable to non-controlling interests	**147**	**232**	**426**
Net income attributable to equity-holders of sanofi-aventis:			
Net income excluding the held-for-exchange Merial business	3,222	2,535	5,090
Net income from the held-for-exchange Merial business	199	102	175
Net income attributable to equity-holders of sanofi-aventis	**3,421**	**2,637**	**5,265**
Basic earnings per share:			
Excluding the held-for-exchange Merial business (in euros)	2.47	1.94	3.90
Held-for-exchange Merial business (in euros)	0.15	0.08	0.13
Basic earnings per share (in euros)	**2.62**	**2.02**	**4.03**
Diluted earnings per share:			
Excluding the held-for-exchange Merial business (in euros)	2.46	1.94	3.90
Held-for-exchange Merial business (in euros)	0.15	0.08	0.13
Diluted earnings per share (in euros)	**2.61**	**2.02**	**4.03**

The table below shows net sales of Merial's principal products, expressed in millions of US dollars:

($ million)	6 months to June 30, 2010	6 months to June 30, 2009	12 months to December 31, 2009
Frontline® and other fipronil-based products	597	586	996
Vaccines	401	360	794
Avermectin	251	250	475
Other	142	139	289
Total	**1,391**	**1,335**	**2,554**

B.8. Equity

B.8.1. Capital

The share capital of €2,621,647,132 consists of 1,310,823,566 shares with a par value of €2.

Treasury shares are deducted from equity. Gains and losses on disposals of treasury shares are taken directly to equity and not recognized in net income for the period.

Treasury shares held by sanofi-aventis are as follows:

	Number of shares *(million)*	%
June 30, 2010	6.1	0.46%
December 31, 2009	9.4	0.71%
June 30, 2009	10.0	0.76%
January 1, 2009	10.0	0.76%

A total of 255,814 shares were issued during the first half of 2010 as a result of the exercise of options under sanofi-aventis stock subscription option plans.

B.8.2. Repurchase of sanofi-aventis shares

Under the share program authorized by the Shareholders' Annual General Meeting on April 17, 2009, sanofi-aventis repurchased 5,871,026 of its own shares during the first half of 2010 for a total of €321 million.

The Shareholders' Annual General Meeting of May 17, 2010 authorized a sanofi-aventis share repurchase program for a period of 18 months. The Group has not repurchased any of its own shares under this program since May 17, 2010.

B.8.3. Reduction in share capital

On April 28, 2010, the sanofi-aventis Board of Directors decided to cancel 7,911,300 treasury shares, representing 0.60% of the share capital as of that date.

This cancellation had no impact on equity.

B.8.4. Restricted share plan

The Board of Directors, meeting on March 1, 2010, decided to award a restricted share plan comprising 1,231,249 shares, of which 699,524 will vest after a four-year service period and 531,725 will vest after a two-year service period but will be non-transferable for a further two-year lock-up period.

In compliance with IFRS 2 (Share-Based Payment), sanofi-aventis has measured the fair value of this plan by reference to the fair value of the equity instruments awarded, representing the fair value of the services rendered during the period.

The plan was measured as of the date of grant. The fair value of each share awarded is equal to the listed market price of the share as of that date (€54.82), adjusted for dividends expected during the vesting period.

On this basis, the fair value of the plan is €50 million.

This amount is being recognized as an expense over the vesting period, with the matching entry recorded directly in equity.

The expense recognized for this plan during the first half of 2010 was €6 million.

The total expense arising from restricted share plans during the first half of 2010 was €13 million, against €4 million in the comparable period of 2009.

A total of 2,393,192 restricted shares were in process of vesting as of June 30, 2010 (1,224,082 under the 2010 plan and 1,169,110 under the 2009 plan).

B.8.5. Stock option plans

On March 1, 2010, the Board of Directors awarded a stock subscription option plan consisting of 8,121,355 options at an exercise price of €54.12. The vesting period is four years and the plan expires on February 28, 2020.

The following assumptions were used in determining the fair value of this plan:

- dividend yield: 4.66%;
- life of the plan: 6 years;
- volatility of sanofi-aventis shares, computed on a historical basis: 27.08%;
- risk-free interest rate: 2.56%.

On this basis, the fair value of one option is €9.09.

The fair value of the stock option plan awarded in 2010 is €66 million.

This amount is being recognized as an expense over the vesting period, with the matching entry recorded directly in equity.

The expense recognized for this plan during the first half of 2010 was €6 million.

The total expense recognized for stock option plans in the first half of 2010 was €45 million, versus €62 million in the first half of 2009.

The table below provides information about options outstanding and exercisable at June 30, 2010:

	Outstanding			Exercisable	
Range of exercise prices per share	Number of options	Average residual life (years)	Weighted average exercise price per share (€)	Number of options	Weighted average exercise price per share (€)
From €1.00 to €10.00 per share	43,870	4.69	7.19	43,870	7.19
From €10.00 to €20.00 per share	64,444	6.47	14.95	64,444	14.95
From €20.00 to €30.00 per share	11,520	7.99	28.38	11,520	28.38
From €30.00 to €40.00 per share	321,125	8.75	38.08	321,125	38.08
From €40.00 to €50.00 per share	13,007,303	6.47	43.15	5,464,758	40.48
From €50.00 to €60.00 per share	17,161,637	6.03	53.62	9,128,947	53.19
From €60.00 to €70.00 per share	39,799,940	4.26	66.05	17,470,430	67.92
From €70.00 to €80.00 per share	23,044,259	3.44	70.80	23,044,259	70.80
Total	**93,454,098**			**55,549,353**	
of which stock purchase options	*5,877,248*				
of which stock subscription options	*87,576,850*				

B.8.6. Number of shares used to compute diluted earnings per share

The number of shares used to compute diluted earnings per share is obtained by adding stock options and restricted shares with potentially dilutive effect to the average number of shares outstanding.

(in millions)	June 30, 2010	June 30, 2009	December 31, 2009
Average number of shares outstanding	1,305.8	1,305.5	1,305.9
Adjustment for stock options with potentially dilutive effect	2.5	0.7	1.1
Adjustment for restricted shares with potentially dilutive effect	1.0	0.3	0.4
Number of shares used to compute diluted earnings per share	1,309.3	1,306.5	1,307.4

A total of 74.8 million stock options were excluded from the calculation of diluted earnings per share as of June 30, 2010 because they did not have a potentially dilutive effect, compared with 80.3 million as of December 31, 2009 and 83.4 million as of June 30, 2009.

B.8.7. Income and expense recognized directly in equity

Changes in income and expense recognized directly in equity were as follows:

(€ million)	6 months to June 30, 2010	6 months to June 30, 2009	12 months to December 31, 2009
Balance, beginning of period	**(3,889)**	**(4,436)**	**(4,436)**
Available-for-sale financial assets:			
• Change in fair value[1]	23	16	110
• Tax effect	(3)	(7)	(23)
Cash flow hedges:			
• Change in fair value [2]	(56)	(140)	(175)
• Tax effect	19	49	61
Zentiva fair value remeasurement [3]:			
• Change in fair value	—	130	108
• Tax effect	—	(24)	(28)
Merial fair value remeasurement [3]:			
• Change in fair value	(5)	—	1,215
• Tax effect	2	—	(293)
Actuarial gains and losses			
• Impact of asset ceiling	—	—	2
• Actuarial gains/(losses) excluding associates and joint ventures (see Note B.11.1.)	(627)	(70)	(169)
• Actuarial gains/(losses) of associates and joint ventures	(1)	1	(2)
• Tax effect	190	26	36
Change in cumulative translation differences:			
• Translation differences on foreign subsidiaries[4]	4,671	(149)	(283)
• Hedges of net investments in foreign operations	—	(18)	(18)
• Tax effect	—	6	6
Balance, end of period	**324**	**(4,616)**	**(3,889)**
Net income attributable to equity-holders of sanofi-aventis	*324*	*(4,599)*	*(3,873)*
Net income attributable to non-controlling interests	—	*(17)*	*(16)*

(1) Includes reclassifications to profit or loss: (€0.4) million for the six months ended June 30, 2010, (€1) million for the six months ended June 30, 2009, and (€1) million for the year ended December 31, 2009.

(2) Includes reclassifications to profit or loss: in operating income, €7 million for the six months ended June 30, 2010, (€123) million for the six months ended June 30, 2009, and (€123) million for the year ended December 31, 2009; in net financial expense, €2 million for the six months ended June 30, 2010, (€4) million for the six months ended June 30, 2009, and (€35) million for the year ended December 31, 2009.

(3) Fair value remeasurement of previously-held equity interests (Zentiva 24.9%, Merial 50%) as of the date of acquisition of control (see Note D.1. to the consolidated financial statements for the year ended December 31, 2009).

(4) Includes translation differences arising on Merial: €332 million during the six months ended June 30, 2010, and €7 million from the acquisition date to December 31, 2009.

B.9. Debt, cash and cash equivalents

The table below shows changes in the Group's financial position:

(€ million)	June 30, 2010	December 31, 2009
Non-current debt	7,060	5,961
Current debt	2,507	2,866
Interest rate and currency derivatives used to hedge debt	(175)	(7)
Total debt	**9,392**	**8,820**
Cash and cash equivalents	(3,221)	(4,692)
Debt, net of cash and cash equivalents	**6,171**	**4,128**

Trends in the gearing ratio are shown below:

(€ million)	June 30, 2010	December 31, 2009
Debt, net of cash and cash equivalents	6,171	4,128
Total equity	52,620	48,446
Gearing ratio	**11.7%**	**8.5%**

B.9.1. Debt at value on redemption

A reconciliation of the carrying amount of debt at June 30, 2010 to value on redemption is shown below:

(€ million)	Carrying amount at June 30, 2010	Amortized cost	Adjustment to debt measured at fair value	Value on redemption at June 30, 2010	Value on redemption at December 31, 2009
Non-current debt	7,060	5	(51)	7,014	5,943
Current debt	2,507	—	(4)	2,503	2,853
Interest rate and currency derivatives used to hedge debt	(175)	—	24	(151)	8
Total debt	**9,392**	**5**	**(31)**	**9,366**	**8,804**
Cash and cash equivalents	(3,221)	—	—	(3,221)	(4,692)
Debt, net of cash and cash equivalents	**6,171**	**5**	**(31)**	**6,145**	**4,112**

Details of debt, net of cash and cash equivalents by type at value on redemption are as follows:

	June 30, 2010			December 31, 2009		
(€ million)	non-current	current	Total	non-current	current	Total
Bond issues	5,835	1,628	**7,463**	5,236	1,982	**7,218**
Other bank borrowings	871	394	**1,265**	678	529	**1,207**
Finance lease obligations	20	9	**29**	15	9	**24**
Other borrowings	288	52	**340**	14	16	**30**
Bank credit balances	—	420	**420**	—	317	**317**
Interest rate and currency derivatives used to hedge debt	(151)	—	(151)	(53)	61	8
Total debt	**6,863**	**2,503**	**9,366**	**5,890**	**2,914**	**8,804**
Cash and cash equivalents	—	(3,221)	**(3,221)**	—	(4,692)	**(4,692)**
Debt, net of cash and cash equivalents	**6,863**	**(718)**	**6,145**	**5,890**	**(1,778)**	**4,112**

The line "Other borrowings" includes, among other items, contingent purchase consideration on business combinations and the value of put options granted to non-controlling interests.

Undrawn confirmed credit facilities not used to back French and U.S. commercial paper programs were €12.7 billion at June 30, 2010, compared with €12.3 billion at December 31, 2009.

Principal financing and debt reduction transactions during the period

The following financing transaction took place during the first half of 2010:

- Issuance of a supplementary tranche of €500 million to the existing fixed-rate issue (annual rate 3.125%) maturing October 10, 2014.

Two bond issues were redeemed at maturity:

- The January 2007 issue of £200 million (€227 million), which matured January 18, 2010.
- The December 2007 issue of CHF 200 million (€136 million), which matured January 21, 2010.

On July 6, 2010, sanofi-aventis contracted a new €7 billion syndicated credit facility with a pool of 16 banks, which can be drawn down in euros or U.S. dollars and which expires July 6, 2015.

On the same day, sanofi-aventis terminated in advance of the contractual expiry date (i) a €4 billion syndicated credit facility due to expire January 12, 2011 and (ii) two bilateral credit facilities totaling $850 million, and reduced to €6 billion an existing €8 billion facility (€0.3 billion of which was due to expire March 31, 2011, and €7.7 billion of which was due to expire March 31, 2012).

Sanofi-aventis now has the following arrangements in place to manage its liquidity needs:

- A €6 billion syndicated credit facility (€0.2 billion expiring March 31, 2011, €5.8 billion expiring March 31, 2012), which can be drawn down in euros or U.S. dollars.
- A €7 billion syndicated credit facility expiring July 6, 2015, which can also be drawn down in euros or U.S. dollars.

Neither the financing arrangements in place as of June 30, 2010 at the level of the sanofi-aventis parent company (which centrally manages the bulk of the Group's financing needs), nor those contracted subsequently, are subject to covenants regarding financial ratios or contain any clauses linking credit spreads or fees to the sanofi-aventis credit rating.

B.9.2. Market value of debt

As of June 30, 2010, the market value of debt, net of cash and cash equivalents was €6,530 million (versus €4,349 million as of December 31, 2009), compared with a value on redemption of €6,145 million (versus €4,112 million as of December 31, 2009).

B.10. Derivative financial instruments

B.10.1. Currency derivatives used to manage operational risk exposures

The table below shows operational currency hedging instruments in place as of June 30, 2010, with the notional amount translated into euros at the relevant closing exchange rate.

June 30, 2010			Of which derivatives designated as cash flow hedges			Of which derivatives not eligible for hedge accounting	
(€ million)	Notional amount	Fair value	Notional amount	Fair value	Of which recognized in equity	Notional amount	Fair value
Forward currency sales	**2,779**	**(63)**	**1,043**	**(57)**	**(57)**	**1,736**	**(6)**
• *of which U.S. dollar*	*1,800*	*(48)*	*879*	*(47)*	*(47)*	*921*	*(1)*
• *of which Japanese yen*	*183*	*(12)*	*101*	*(10)*	*(10)*	*82*	*(2)*
• *of which Russian rouble*	*178*	*(3)*	*—*	*—*	*—*	*178*	*(3)*
• *of which Pound sterling*	*108*	*(1)*	*—*	*—*	*—*	*108*	*(1)*
Forward currency purchases	**190**	**(2)**	**—**	**—**	**—**	**190**	**(2)**
• *of which Hungarian forint*	*54*	*(2)*	*—*	*—*	*—*	*54*	*(2)*
Put options purchased	**1,208**	**9**	**—**	**—**	**—**	**1,208**	**9**
• *of which U.S. dollar knock-out options*	*1,019*	*8*	*—*	*—*	*—*	*1,019*	*8*
• *of which Japanese yen knock-out options*	*152*	*1*	*—*	*—*	*—*	*152*	*1*
Call options written	**1,282**	**(75)**	**—**	**—**	**—**	**1,282**	**(75)**
• *of which U.S. dollar knock-out options*	*1,019*	*(50)*	*—*	*—*	*—*	*1,019*	*(50)*
• *of which Japanese yen knock-out options*	*207*	*(23)*	*—*	*—*	*—*	*207*	*(23)*
Put options written	**13**	**—**	**—**	**—**	**—**	**13**	**—**
Call options purchased	**73**	**8**	**—**	**—**	**—**	**73**	**8**
Total	**5,545**	**(123)**	**1,043**	**(57)**	**(57)**	**4,502**	**(66)**

As of June 30, 2010, none of these instruments had an expiry date later than February 2011.

These positions hedge:

- Material foreign-currency cash flows arising after the balance sheet date in relation to transactions carried out during the six months to June 30, 2010 and recognized in the consolidated balance sheet as of that date. Gains and losses on these hedging instruments (forward contracts and options) have been and will continue to be calculated and recognized in parallel with the recognition of gains and losses on the hedged items.

- Forecast foreign-currency cash flows relating to commercial transactions to be carried out in the second half of 2010. As regards the U.S. dollar, this portfolio (forward contracts and options) would cover approximately 35% to 60% of the forecast net cash flows in that currency during the second half of 2010, depending on whether or not the knock-out level (in a range between $1.39 and $1.44 to the euro) were to be reached.

B.10.2. Currency and interest rate derivatives used to manage financial risk exposure

Cash pooling arrangements for foreign subsidiaries outside the euro zone, and some of the Group's financing activities, expose certain entities (especially the sanofi-aventis parent company) to financial foreign exchange risk. This is the risk of changes in the value of borrowings and loans denominated in a currency other than the functional currency of the borrower or lender.

The net foreign exchange exposure for each currency and entity is hedged by firm financial instruments, usually currency swaps. The table below shows instruments of this type held as of June 30, 2010:

June 30, 2010 *(€ million)*	***Notional amount***	***Fair value***	***Expiry***
Forward currency purchases	***2,664***	***131***	
• of which U.S. dollar [1]	1,433	111	2010
• of which Pound sterling	516	10	2010
• of which Swiss franc	232	10	2010
• of which Japanese yen	139	2	2010
Forward currency sales	***2,921***	***(190)***	
• of which Japanese yen	1,112	(99)	2010
• of which U.S. dollar	865	(88)	2012
• of which Czech koruna	412	(5)	2010
• of which Swiss franc	152	(1)	2010
Total	***5,585***	***(59)***	

(1) Includes €1,145 million used to hedge U.S. dollar intragroup deposits placed with the sanofi-aventis parent company.

To limit risk and optimize the cost of its short- and medium-term debt, sanofi-aventis uses derivative instruments that alter the structure of its debt. The table below shows instruments of this type in place at June 30, 2010:

	Notional amounts by expiry date as of June 30, 2010						**Of which derivatives designated as fair value hedges**		**Of which derivatives designated as cash flow hedges**		
(€ million)	**2012**	**2013**	**2015**	**2016**	**Total**	**Fair value**	**Notional amount**	**Fair value**	**Notional amount**	**Fair value**	**Of which recognized in equity**
Interest rate swap, pay floating[1] / receive 2.73%	—	—	—	500	500	18	500	18	—	—	—
Cross-currency Swaps											
- pay € floating [2] / receive JPY floating [3]	—	92	—	—	92	46	—	—	—	—	—
- pay € 4.89% / receive CHF 3.26%	180	—	—	—	180	25	—	—	180	25	(1)
- pay € 4.87% / receive CHF 3.38%	—	—	244	—	244	56	—	—	244	56	—
- pay € floating [2] / receive CHF 3.26%	167	—	—	—	167	30	167	30	—	—	—
Total	**347**	**92**	**244**	**500**	**1,183**	**175**	**667**	**48**	**424**	**81**	**(1)**

(1) Floating: benchmark rate = 1-month Euribor
(2) Floating: benchmark rate = 3-month Euribor
(3) Floating: benchmark rate = 3-month Libor JPY

B.11. Provisions and other non-current liabilities

(€ million)	Provisions for pensions and other long-term benefits	Restructuring provisions	Other provisions	Other non-current liabilities	Total
Balance at January 1, 2010	**4,342**	**257**	**3,533**	**179**	**8,311**
Changes in scope of consolidation	20	—	14	5	39
Increases in provisions and other liabilities	188	112[3]	291	18	609
Reversals of utilized provisions	(343)	(7)	(230)	—	(580)
Reversals of unutilized provisions	(35)	—	(183)[4]	—	(218)
Transfers [1]	6	(38)	81	(80)	(31)
Unwinding of discounting	—	11	17	2	30
Unrealized (gains)/losses	—	—	—	94	94
Translation differences	204	9	186	14	413
Actuarial (gains)/losses on defined-benefit plans [2]	627	—	—	—	627
Balance at June 30, 2010	**5,009**	**344**	**3,709**	**232**	**9,294**

(1) Including transfers between current and non-current mainly.
(2) See Note B.11.1.
(3) See Note B.15.
(4) These reversals relate to settlements of disputes where the outcome was more favorable than originally expected.

B.11.1. Provisions for pensions and other long-term benefits

Sanofi-aventis applies the option allowed by the amendment to IAS 19, under which all actuarial gains and losses under defined-benefit plans are recognized in the balance sheet with the matching entry recorded as a component of equity. Under this method, sanofi-aventis reviews the relevant assumptions (in particular discount rates and the fair value of plan assets) at each balance sheet date.

For disclosures about the sensitivity of pension and other long-term employee benefit obligations, and the assumptions used as of December 31, 2009, refer to Note D.18.1. to the consolidated financial statements for the year ended December 31, 2009.

The principal assumptions used for the euro zone, the United States and the United Kingdom were reviewed as of June 30, 2010 to take into account changes during the six-month period.

Actuarial gains and losses on pensions and other post-employment benefits (pre-tax amounts) recognized with a matching entry in equity break down as follows:

(€ million)	6 months to June 30, 2010	6 months to June 30, 2009	12 months to December 31, 2009
Actuarial gains/(losses) on plan assets	(126)	67	553
Actuarial gains/(losses) on benefit obligations	(501)	(137)	(722)
Decrease/(increase) in provisions	(627)	(70)	(169)

B.12. Net deferred tax position

The net deferred tax position breaks down as follows:

(€ million)	June 30, 2010	December 31, 2009
Deferred tax on:		
• Consolidation adjustments to eliminate intragroup margin on inventories	910	858
• Provision for pensions and other employee benefits	1,345	1,097
• Remeasurement of acquired intangible assets [1]	(4,301)	(4,144)
• Recognition of acquired property, plant and equipment at fair value	(87)	(99)
• Tax cost of distributions made from reserves	(740)	(643)
• Tax losses available for carry-forward	164	70
• Stock options	12	21
• Other non-deductible provisions and other items	710	819
Net deferred tax liability	**(1,987)**	**(2,021)**

[1] Includes a deferred tax liability of €3,237 million as of June 30, 2010 relating to the remeasurement of Aventis intangible assets.

B.13. Commitments

Collaboration agreements

This item mainly relates to commitments to third parties under collaboration agreements. In pursuance of its strategy, sanofi-aventis acquires technologies and rights to products. Such acquisitions may be made in various contractual forms: acquisitions of shares, loans, license agreements, joint development and co-marketing. These contracts usually involve upfront payments on signature of the agreement, and development milestone payments. Some of these complex agreements include undertakings to finance research programs in future years, and payments contingent upon completion of development milestones, or upon the granting of approvals or licenses, or upon the attainment of sales targets once a product is on the market.

The main collaboration agreements entered into by the Pharmaceuticals segment during the first half of 2010 are described below.

- On April 8, 2010, sanofi-aventis and CureDM Group Holdings, LLC (CureDM) signed a global license agreement on a novel human peptide, Pancreate™, which could restore a patient's ability to produce insulin and other pancreatic hormones in both type 1 and type 2 diabetes. Under the agreement, sanofi-aventis was granted an exclusive worldwide license to develop, manufacture and commercialize Pancreate™ and related compounds. CureDM received an upfront payment, and will also receive development, regulatory and commercialization milestone payments. The total amount of these payments could reach $335 million. CureDM will also be entitled to tiered royalties on worldwide product sales.

- On May 3, 2010, sanofi-aventis signed a license agreement with Glenmark Pharmaceuticals S.A. (GPSA), a wholly-owned subsidiary of Glenmark Pharmaceuticals Limited India (GPL), to develop and commercialize novel agents for the treatment of chronic pain. Under the terms of the agreement, Glenmark has received an upfront payment, and will also receive development, regulatory and commercialization milestone payments. The total amount of these payments could reach $325 million. Glenmark is also entitled to tiered royalties on products sold under the license.

- On June 4, 2010, sanofi-aventis and Ascenta Therapeutics (Ascenta), a US biopharmaceutical company, signed an exclusive global collaboration and license agreement on a number of compounds that could restore apoptosis (cell death) in tumor cells. Under the terms of the agreement, sanofi-aventis obtained an exclusive worldwide license to develop, manufacture and commercialize all the compounds derived from the program. Ascenta has received an upfront payment under the agreement, and will also receive development, regulatory and commercialization milestone payments. The total amount of these payments could reach $398 million. Ascenta will also be entitled to tiered royalties on worldwide product sales.

- On June 22, 2010, sanofi-aventis and Regulus Therapeutics Inc. (Regulus) entered into a strategic alliance to discover, develop and commercialize novel micro-RNA therapeutics. Research will initially focus on fibrosis. Regulus received an upfront payment of $25 million, and sanofi-aventis also committed to making a $10 million equity investment in Regulus subject to mutual agreement on the valuation of the company. The total amount payable under the collaboration could exceed $750 million after taking account of the upfront payment, the equity investment, research expenses, and all potential milestone payments on preclinical and clinical development and commercialization of the products.

- On June 25, 2010, sanofi-aventis and Metabolex signed a global license agreement on MBX-2982, an oral agent for the treatment of type 2 diabetes. Under the terms of the agreement, sanofi-aventis obtained an exclusive worldwide license to develop, manufacture and commercialize MBX-2982 (currently in Phase IIa) and related compounds. Metabolex will receive an upfront payment, and will be entitled to receive development, regulatory and specified commercial milestone payments. The total amount of these payments could reach $375 million. Metabolex will also receive royalties on worldwide product sales.

Commitments relating to business combinations

Commitments relating to business combinations entered into during the first half of 2010 are described below:

- **Minsheng**

  On January 29, 2010, sanofi-aventis entered into an agreement with Minsheng Pharmaceutical Co., Ltd. with a view to the formation of a new consumer health joint venture in China. Subject to conditions, including the customary regulatory clearances, sanofi-aventis expects to obtain a majority interest in this new venture.

- **Merial**

  On March 8, 2010, sanofi-aventis exercised its contractual right to combine Merial with Intervet/Schering-Plough, Merck's animal health business, to form a new joint venture equally owned by Merck and sanofi-aventis. Formation of the new joint venture is subject to signature of final agreements, antitrust review in the United States, Europe and other countries, and other customary closing conditions. Merial and Intervet/Schering-Plough will continue to operate independently until closing of the transaction, which is expected to be before March 2011. Sanofi-aventis will be required to make a true-up payment of $250 million to Merck to establish parity in the joint venture, in addition to the $750 million payment stipulated in the agreement signed on July 29, 2009. All payments, including adjustments for debt and other liabilities, will be made on closing of the transaction.

- **Nepentes**

  On May 19, 2010, an agreement was signed by Sanofi-Aventis sp. z o.o. (the Polish subsidiary of sanofi-aventis), Nepentes S.A. (Nepentes) and the majority shareholders of Nepentes, under which Sanofi-Aventis sp. z o.o. is to launch a public tender offer for 100% of the outstanding shares of Nepentes, a Polish manufacturer of pharmaceuticals and dermocosmetics listed on the Warsaw stock exchange. Prior to the announcement of the public tender offer, Sanofi-Aventis sp. z o.o., Nepentes, and the majority shareholders of Nepentes (who between them hold approximately 63% of the company's outstanding shares) signed an investment agreement, under which the majority shareholders made a binding commitment (subject to some limited exceptions) to sell all their shares to Sanofi-Aventis sp. z o.o. and not to tender their shares to any competing offer. The success of the offer is contingent on at least 90% of the outstanding shares of Nepentes being tendered into the offer, and on clearance from the Polish antitrust authorities. The offer is due to close on August 10, 2010, and values Nepentes at PLN 420 million, equivalent to €105 million.

- **TargeGen Inc**

  On June 30, 2010, sanofi-aventis signed an agreement with a view to acquiring TargeGen Inc, a privately-owned US biopharmaceutical company developing small molecule kinase inhibitors for the treatment of certain forms of leukemia, lymphoma and other hematological malignancies and blood disorders. The transaction was completed in July 2010 and an upfront payment of $75 million was made. Future milestone payments will be made at various stages in the development of TG101348, TargeGen's principal product candidate. The total amount of payments (including the upfront payment) could reach $560 million.

B.14. Legal and Arbitral Proceedings

Sanofi-aventis and its affiliates are involved in litigation, arbitration and other legal proceedings. These proceedings typically are related to product liability claims, intellectual property rights (particularly claims against generic companies seeking to limit the patent protection of sanofi-aventis products), competition law and trade practices, commercial claims, employment and wrongful discharge claims, tax assessment claims, waste disposal and pollution claims, and claims under warranties or indemnification arrangements relating to business divestitures.

The matters discussed below constitute the most significant developments since publication of the disclosures concerning legal proceedings in the Company's financial statements for the year ended December 31, 2009.

a) Products

- *Sanofi Pasteur Inc. Thimerosal Litigation*

  On March 12, 2010, the U.S. Court of Federal Claims announced decisions in all three test cases, in the second of the two causation theories, which were the subject of hearings completed in 2008. In each decision, it was held that the petitioners failed to establish that their claimed injuries were caused in any way by thimerosal-containing vaccines alone, and no compensation was awarded to any of the petitioners under the National Vaccine Injury Compensation Program (VICP). The petitioners chose not to seek rehearings on these cases, but instead have filed elections to file civil actions against the manufacturers.

  Further, on May 13, 2010 the US Court of Appeals for the Federal Circuit affirmed the decision in the third test case, in the first of the two causation theories, finding that the petitioners failed to demonstrate the necessary causal link between the claimed injuries and thimerosal-containing vaccines and the MMR vaccine.

b) Patents

- *Plavix® Patent Litigation*

  United States. In March 2010, the USPTO, after being requested by Apotex to re-examine the patent, concluded that all of the original claims were patentable. In April, the U.S. District Court denied Apotex's motion to stay the damages action. In June, the USPTO issued the reexamination certificate.

- *Allegra® Patent Litigation*

  United States. The United States District Court for the District of New Jersey has granted a motion for a preliminary injunction brought by sanofi-aventis US and its licensor, Albany Molecular Research, Inc., against Dr. Reddy's Laboratories to enjoin the marketing of unlicensed generic versions of Allegra-D® 24-Hour (fexofenadine HCl-pseudophedrine) tablets. A trial is currently scheduled to begin in the fourth quarter of 2010 relating to Dr. Reddy's proposed generic version of Allegra-D® 24 Hour.

- *Taxotere® Patent Litigation*

  Europe. In Germany, one of the formulation patents has been revoked in June 2010.

- *Eloxatin® (oxaliplatin) Patent Litigation*

  United States. In April 2010, sanofi-aventis and Debiopharm, licensor of the patents rights concerned, signed settlement agreements with all but one of the generic manufacturers, thus resolving the litigation over certain formulations of Eloxatin® (oxaliplatin) in the U.S. District Court for the District of New Jersey and the U.S. District Court for the District of Columbia.

  Under the terms of the settlement agreements, the generic manufactures would cease selling their unauthorized generic oxaliplatin products in the U.S. starting from June 30, 2010, to August 9, 2012, at which time the generic manufacturers would be authorized to sell generic oxaliplatin products under a license, before expiry of the patents at issue. The rest of the settlement provisions are confidential. Moreover, all of the settlement provisions, including the dates noted above, are subject to contingencies. The settlement agreements are subject to review by the Federal Trade Commission, the U.S. Department of Justice and the Attorney General for the State of Michigan. In addition, the court decided that the above-described obligation to cease selling unauthorized generic oxaliplatin in the U.S. market also applies to Sun Pharmaceuticals, who has appealed that decision.

- *Xatral® Patent Litigation*

  In May 2010, following trial originally scheduled for March 2010, the U.S. District Court ruled in favour of sanofi-aventis, finding infringement on the part of Mylan and later finding that the invention of U.S. Patent No. 4,661,491(the “491 patent”) is not obvious. Mylan can seek to appeal.

c) Government Investigations, Competition Law and Regulatory Claims

- *Government Investigations — Pricing and Marketing Practices*

  Lovenox® Marketing. In June 2010, the parties in the Federal False Claims Act case reached a settlement, and the case was subsequently dismissed.

- *Plavix® Antitrust Claim*

  On March 26, 2010, the district court granted defendants' motions to dismiss the direct purchasers' consolidated complaint; a decision on motions to dismiss the indirect purchasers' consolidated complaint has yet to issue. Direct purchasers may appeal.

d) Other litigation and arbitration

- *Zimulti® /Acomplia® (rimonabant) Class Action*

  On July 27,2010 the U.S. District Court for the Southern District of New York granted plaintiff’s motion to reconsider the September 2009 Court’s earlier dismissal of the attempted securities class action against the Company, and authorized plaintiffs to submit an amended complaint.

e) Contingencies arising from certain Business Divestitures

- *Rhodia*

  On February 10, 2010, Rhodia submitted its pleadings brief (conclusions récapitulatives) in connection with the complaint it had filed with the Commercial Court of Paris against sanofi-aventis in July 2007. In its brief, Rhodia has asked the Court to hold that sanofi-aventis was at fault in failing to provide Rhodia with sufficient capital to meet its pension obligations and environmental liabilities, and has claimed indemnification in the amount of €1.3 billion for retirement commitments and approximately €311 million for environmental liabilities. Sanofi-aventis will submit its answer shortly. The case should be decided in 2011.

B.15. Restructuring costs

Under IAS 37 (Provisions, Contingent Liabilities and Contingent Assets), restructuring provisions are recognized if the Group has a detailed, formal restructuring plan at the balance sheet date and has announced its intention to implement this plan to those affected by it.

The restructuring costs recognized in the first half of 2010 mainly relate to measures announced by sanofi-aventis in March 2010 aimed at migrating the Group's chemical industrial activities in France towards biotechnologies and the manufacture of vaccines, and at anticipating the fall in production volumes arising from the expiry of patents on a number of major pharmaceutical products. These costs mainly comprise employee-related expenses in connection with the employment protection plan, industrial site rehabilitation costs, and accelerated depreciation of property, plant and equipment. They also include the cost of ongoing measures to adjust the Group's sales forces and Research & Development teams in Western Europe and North America.

B.16. Financial income and expenses

Financial income and expenses break down as follows:

(€ million)	6 months to June 30, 2010	6 months to June 30, 2009	12 months to December 31, 2009
Cost of debt [1]	(193)	(145)	(310)
Interest income	28	58	88
Cost of debt, net of cash and cash equivalents	**(165)**	**(87)**	**(222)**
Non-operating foreign exchange gains/(losses)	(9)	(24)	(67)
Unwinding of discounting of provisions[2]	(31)	(20)	(42)
Net gains/(losses) on disposals of financial assets	51	—	1
Impairment losses on financial assets, net of reversals	(4)	—	(2)
Other items	18	17	32
Net financial income/(expenses)	**(140)**	**(114)**	**(300)**
comprising: Financial expenses	**(214)**	**(151)**	**(324)**
Financial income	**74**	**37**	**24**

(1) Including gain/(loss) on interest rate and currency derivatives used to hedge debt: €4 million for the first half of 2010, (€1) million for the first half of 2009, and €25 million for the year ended December 31, 2009.

(2) Mainly provisions for environmental risks.

B.17. Income tax expense

The difference between the effective tax rate and the standard corporate income tax rate applicable in France is explained as follows:

(as a percentage)	6 months to June 30, 2010 [1]	6 months to June 30, 2009 [1]	12 months to December 31, 2009
Standard tax rate applicable in France	34	34	34
Impact of reduced-rate income tax on royalties in France	(8)	(8)	(9)
Impact of change in net deferred tax liability due to changes in tax rates	—	—	1
Impact of the ratification of the Franco-American treaty on net deferred tax liability relating to tax cost of distributions made from reserves	—	—	(2)
Impact of tax borne by BMS for the territory managed by sanofi-aventis	(2)	(3)	(3)
Other [2]	1	2	1
Effective tax rate	**25**	**25**	**22**

(1) Rate calculated on the basis of the estimated full-year effective tax rate (see Note A.2.).

(2) Includes the impact of "CVAE" (the component of French business taxes based on value added) in 2010.

B.18. Segment information

Sanofi-aventis has two operating segments: the Pharmaceuticals segment and the Human Vaccines (Vaccines) segment. All other activities are combined in a separate segment, "Other".

The Pharmaceuticals segment covers research, development, production and marketing of medicines. The sanofi-aventis pharmaceuticals portfolio consists of flagship products, plus a broad range of prescription medicines, generic medicines, and consumer health products. This segment also includes all associates whose activities are related to pharmaceuticals, in particular the entities majority owned by BMS.

The Vaccines segment is wholly dedicated to vaccines, including research, development, production and marketing. This segment includes the Sanofi Pasteur MSD joint venture.

The Other segment includes all segments that are not reportable segments within the meaning of IFRS 8 (Operating Segments). This segment includes the Group's interest in the Yves Rocher group, the Animal Health business (Merial), and the impact of retained commitments in respect of divested activities.

Inter-segment transactions are not material.

Segment results

Sanofi-aventis reports segment results on the basis of "Business operating income". This indicator, adopted in order to comply with IFRS 8, is used internally to measure operational performance and allocate resources.

"Business operating income" equates to ***Operating income before restructuring, impairment of property, plant and equipment and intangibles, gains and losses on disposals, and litigation***, as defined in Note B.20. to the consolidated financial statements for the year ended December 31, 2009, adjusted as follows:

- amortization charged against intangible assets is eliminated
- the share of profits/losses of associates is added, and the share of net income attributable to non-controlling interests is deducted;
- other acquisition-related effects (primarily the workdown of acquired inventories remeasured at fair value at the acquisition date, and the impact of acquisitions on investments in associates) are eliminated.

Segment results are shown in the tables below:

	6 months ended June 30, 2010			
(€ million)	Pharmaceuticals	Vaccines	Other	Total
Net sales	**13,476**	**1,692**	**—**	**15,168**
Other revenues	786	12	—	798
Cost of sales	(3,531)	(552)	—	(4,083)
Research and development expenses	(1,943)	(247)	—	(2,190)
Selling and general expenses	(3,373)	(284)	(2)	(3,659)
Other operating income and expenses	168	(2)	(70)	96
Share of profit/(loss) of associates[1]	491	(8)	8	491
Net income from the held-for-exchange Merial business	—	—	250	250
Net income attributable to non-controlling interests	(150)	1	1	(148)
Business operating income	**5,924**	**612**	**187**	**6,723**
Financial income and expenses				(140)
Income tax expense				(1,678)
Business net income				**4,905**

(1) Net of taxes

	6 months ended June 30, 2009			
(€ million)	Pharmaceuticals	Vaccines	Other	Total
Net sales	**13,206**	**1,339**	**—**	**14,545**
Other revenues	688	15	—	703
Cost of sales	(3,104)	(496)	—	(3,600)
Research and development expenses	(2,039)	(221)	—	(2,260)
Selling and general expenses	(3,351)	(275)	(1)	(3,627)
Other operating income and expenses	183	(2)	99	280
Share of profit/(loss) of associates[1]	389	14	6	409
Net income from the held-for-exchange Merial business	—	—	130	130
Net income attributable to non-controlling interests	(232)	—	—	(232)
Business operating income	**5,740**	**374**	**234**	**6,348**
Financial income and expenses				(114)
Income tax expense				(1,718)
Business net income				**4,516**

(1) Net of taxes

	12 months ended December 31, 2009			
(€ million)	Pharmaceuticals	Vaccines	Other	Total
Net sales	**25,823**	**3,483**	**—**	**29,306**
Other revenues	1,412	31	—	1,443
Cost of sales	(6,527)	(1,326)	—	(7,853)
Research and development expenses	(4,091)	(491)	(1)	(4,583)
Selling and general expenses	(6,762)	(561)	(2)	(7,325)
Other operating income and expenses	387	(3)	1	385
Share of profit/(loss) of associates[1]	792	41	8	841
Net income from the held-for-exchange Merial business	—	—	241	241
Net income attributable to non-controlling interests	(426)	(1)	—	(427)
Business operating income	**10,608**	**1,173**	**247**	**12,028**
Financial income and expenses				(300)
Income tax expense				(3,099)
Business net income				**8,629**

(1) Net of taxes

"Business net income" is determined by taking "business operating income" and adding financial income and deducting financial expenses, including the related income tax effects.

"Business net income" is defined as ***Net income attributable to equity holders of sanofi-aventis***, excluding (i) amortization of intangible assets; (ii) impairment of intangible assets, (iii) other impacts associated with acquisitions (including impacts of acquisitions on associates); (iv) restructuring costs, gains and losses on disposals of non-current assets, and costs or provisions associated with litigation; (v) the tax effect related to the items listed in (i) through (iv); (vi) effects of major tax disputes; and (vii) the share attributable to non-controlling interests of items (i) through (vi). Items listed in (iv) correspond to those reported in the line items ***Restructuring costs*** and ***Gains and losses on disposals, and litigation***, as defined in Note B.20. to the consolidated financial statements for the year ended December 31, 2009.

A reconciliation of "Business net income" to ***Net income attributable to equity holders of sanofi-aventis*** is set forth below:

(€ million)		6 months to June 30, 2010	6 months to June 30, 2009	12 months to December 31, 2009
Business net income		**4,905**	**4,516**	**8,629**
(i)	Amortization of intangible assets	(1,802)	(1,805)	(3,528)
(ii)	Impairment of intangible assets	(108)	(28)	(372)
(iii)	Expenses arising from the impact of acquisitions on inventories[1]	(22)	(19)	(27)
(iv)	Restructuring costs	(190)	(907)	(1,080)
(iii) / (iv)	Other items	—	—	—
(v)	Tax effects on the items listed above	704	923	1,629
	comprising:			
	- amortization of intangible assets	*600*	*597*	*1,126*
	- impairment of intangible assets	*33*	*10*	*136*
	- expenses arising from the impact of acquisitions on inventories	*8*	*4*	*7*
	- restructuring costs	*63*	*312*	*360*
(iii) / (vi)	Other tax items	—	—	106[2]
(vii)	Share of items listed above attributable to non-controlling interests	1	—	1
(iii)	Expenses arising from the impact of the Merial acquisition [3]	(52)	(28)	(66)
(iii)	Expenses arising from the impact of acquisitions on associates [4]	(15)	(15)	(27)
Net income attributable to equity-holders of sanofi-aventis		**3,421**	**2,637**	**5,265**

(1) Expenses arising from the impact of acquisitions on inventories: workdown of inventories remeasured at fair value at the acquisition date.

(2) Reversal of deferred taxes following ratification of the Franco-American Treaty (see Note D.30. to the consolidated financial statements for the year ended December 31, 2009).

(3) This line comprises: until September 17, 2009, amortization and impairment charged against the intangible assets of Merial; and from September 18, 2009, (i) the impact of the discontinuation of depreciation of the property, plant and equipment of Merial in accordance with IFRS 5 (see Note B.7. to the consolidated financial statements for the year ended December 31, 2009) and (ii) the expense arising from the workdown of inventories remeasured at fair value at the acquisition date.

(4) Expenses arising from the impact of acquisitions on associates: workdown of acquired inventories, amortization and impairment of intangible assets, and impairment of goodwill.

Other segment information

The tables below show the split by operating segment of (i) the carrying amount of investments in associates and joint ventures accounted for by the equity method, (ii) acquisitions of property, plant and equipment, and (iii) acquisitions of intangible assets.

The principal associates and joint ventures accounted for by the equity method are: for the Pharmaceuticals segment, the entities majority-owned by BMS (see Note C.1. to the consolidated financial statements for the year ended December 31, 2009), Handok and Infraserv Höchst; for the Vaccines segment, Sanofi Pasteur MSD; and for the Other segment, Merial (for the first half of 2009) and Yves Rocher.

Acquisitions of intangible assets and property, plant and equipment correspond to acquisitions paid for during the period.

	June 30, 2010			
(€ million)	**Pharmaceuticals**	**Vaccines**	**Other**	**Total**
Investments in associates and joint ventures accounted for by the equity method	459	363	128	950
Acquisitions of property, plant and equipment	358	208	—	566
Acquisitions of intangible assets	149	27	—	176

	June 30, 2009			
(€ million)	**Pharmaceuticals**	**Vaccines**	**Other** [1]	**Total**
Investments in associates and joint ventures accounted for by the equity method	397	396	1,349	2,142
Acquisitions of property, plant and equipment	478	221	—	699
Acquisitions of intangible assets	119	6	—	125

(1) Including Merial

	December 31, 2009			
(€ million)	**Pharmaceuticals**	**Vaccines**	**Other**	**Total**
Investments in associates and joint ventures accounted for by the equity method	420	412	123	955
Acquisitions of property, plant and equipment	940	465	—	1,405
Acquisitions of intangible assets	364	16	—	380

Information by geographic region

The geographical information on net sales provided below is based on the geographical location of the customer.

In accordance with IFRS 8, the non-current assets reported below exclude financial instruments, deferred tax assets, and pre-funded pension obligations.

	June 30, 2010					
(€ million)	**Total**	**Europe**	***of which France***	**North America**	***of which United States***	**Other countries**
Net sales	**15,168**	5,971	*1,489*	4,597	*4,360*	4,600
Non-current assets:						
– property, plant and equipment	**8,234**	5,763	*3,502*	1,630	*1,208*	841
– intangible assets	**14,503**	4,183		7,304		3,016
– goodwill	**33,050**	13,673		14,388		4,989

	June 30, 2009					
(€ million)	**Total**	**Europe**	***of which France***	**North America**	***of which United States***	**Other countries**
Net sales	**14,545**	6,027	*1,655*	4,945	*4,733*	3,573
Non-current assets:						
– property, plant and equipment	**7,559**	5,660	*3,328*	1,353	*1,051*	546
– intangible assets	**15,130**	4,925		7,107		3,098
– goodwill	**29,471**	13,386		11,619		4,466

	December 31, 2009					
(€ million)	**Total**	**Europe**	***of which France***	**North America**	***of which United States***	**Other countries**
Net sales	**29,306**	12,059	*3,206*	9,870	*9,426*	7,377
Non-current assets:						
– property, plant and equipment	**7,830**	5,734	*3,436*	1,375	*1,018*	721
– intangible assets	**13,747**	4,636		5,930		3,181
– goodwill	**29,733**	13,528		11,419		4,786

As described in Note D.5. to the consolidated financial statements for the year ended December 31, 2009, France is not a cash-generating unit. Consequently, information about goodwill is provided for Europe.

Net sales

Net sales of sanofi-aventis comprise net sales generated by the Pharmaceuticals segment and net sales generated by the Vaccines segment. The table below shows net sales of flagship products and of the other major products of the Pharmaceuticals segment:

(€ million)	6 months to June 30, 2010	6 months to June 30, 2009	12 months to December 31, 2009
Lantus®	1,716	1,539	3,080
Apidra®	83	66	137
Amaryl®	234	207	416
Insuman®	67	66	131
Sub-total – Diabetes	**2,100**	**1,878**	**3,764**
Lovenox®	1,635	1,542	3,043
Taxotere®	1,129	1,118	2,177
Plavix®	1,073	1,389	2,623
Aprovel®	665	620	1,236
Eloxatine®	160	697	957
Multaq®	63	—	25
Stilnox®/ Ambien®/ Ambien CR®/ Myslee®	441	447	873
Allegra®	319	437	731
Copaxone®	262	231	467
Tritace®	211	221	429
Depakine®	184	165	329
Xatral®	153	153	296
Actonel®	124	137	264
Nasacort®	104	120	220
Other products	3,060	3,014	5,947
Consumer Health Care	1,069	660	1,430
Generics	724	377	1,012
Total Pharmaceuticals	**13,476**	**13,206**	**25,823**

Net sales of the principal vaccine types sold by the Vaccines segment are shown below:

(€ million)	6 months to June 30, 2010	6 months to June 30, 2009	12 months to December 31, 2009
Influenza Vaccines	532	120	1,062
Seasonal influenza	*113*	*95*	*597*
Pandemic influenza	*419*	*25*	*465*
Pediatric and Polio Vaccines	483	495	968
Meningitis and Pneumonia Vaccines	224	259	538
Adult Booster Vaccines	186	202	406
Travel and Other Endemic Disease Vaccines	193	165	313
Other Vaccines	74	98	196
Total Vaccines	**1,692**	**1,339**	**3,483**

Split of sales

In the first half of 2010, the Group's three largest customers accounted for approximately 8.4%, 7.9% and 6.9% of gross sales, respectively.

C. EVENT SUBSEQUENT TO THE BALANCE SHEET DATE (JUNE 30, 2010)

On July 23, 2010, sanofi-aventis learned that the FDA *(Food and Drug Administration)* had approved a generic enoxaparin Abbreviated New Drug Application (ANDA). As a result of this ANDA approval, first half 2010 sales of Lovenox® in the United States (€951million) should not be considered indicative of future sales.

II – Half-year management report

A. SIGNIFICANT EVENTS OF THE FIRST HALF OF 2010

A.1. Pharmaceuticals

A.1.1. Filings for marketing approval and new product launches

A highlight of the first half of 2010 was the marketing approval granted to **Jevtana**® (cabazitaxel) in the United States on June 17, 2010. Based on results from the TROPIC Phase III clinical study (see section "A.1.2. Research and Development"), the U.S. Food and Drug Administration (FDA) approved Jevtana® in injectable form in combination with prednisone for the treatment of patients with metastatic hormone-refractory prostate cancer already treated with docetaxel-based chemotherapy.

Jevtana® had been granted a fast track review by the FDA in November 2009. The rolling new drug application submission was completed in March 2010 and granted priority review in April 2010. Jevtana® injectable solution became available in the United States on July 19, 2010. Submissions for approval are currently being reviewed by other regulators, including the European Medicines Agency (EMA).

Other significant events during the period included the following:

- On March 24, 2010, the European Commission approved the marketing in Europe of **DuoPlavin**® and **DuoCover**®, a dual anti-platelet combination tablet (clopidogrel 75mg and acetylsalicylic acid 100mg or 75mg). This combination is indicated for the prevention of atherothrombotic events in adult patients already taking clopidogrel and acetylsalicylic acid.
- On March 30, 2010, the National Institute for Health and Clinical Excellence (NICE) in England and Wales published a new appraisal consultation document for **Multaq**® (dronedarone), indicating its intention to recommend the product for the management of patients with atrial fibrillation. **Multaq**® has been available in the United Kingdom since that date.
- At the end of March 2010, sanofi-aventis applied to the FDA for its anti-histamine **Allegra**® (fexofenadine), currently a prescription-only medicine, to be reclassified as an over-the-counter product in the United States.
- In May 2010, marketing approval was granted to **Taxotere**® in Europe, as an adjuvant treatment for early stage breast cancer without lymph node involvement. In March 2010, pediatric exclusivity was granted to Taxotere® in the United States.

A.1.2. Research and Development

The first half of 2010 saw further advances in our research and development (R&D) portfolio, thanks to in-house developments and a number of alliances and acquisitions:

- Seven projects entered Phase II: XL147, an oral PI3K inhibitor for the treatment of endometrial cancer and breast cancer; SSR 125543, a CRF1 antagonist for the treatment of depression; SAR 153191, an anti-IL-6R monoclonal antibody for the treatment of rheumatoid arthritis and ankylosing spondylitis; FOV2302, a plasma kallikrein inhibitor, evaluated for the treatment of macular edema induced by retinal vein occlusion; FOV2304, a bradykinin B1 antagonist, for the treatment of diabetic macular edema; MBX-2982, an oral GPR-119 receptor agonist for the treatment of type 2 diabetes; and SAR 256212 (MM-121), an anti-ErbB3 monoclonal antibody for the treatment of breast cancer.
- Five products entered Phase I: SAR 113945, an IKK-Beta kinase inhibitor for the treatment of osteoarthritis; SAR 650984, an anti-CD38 monoclonal antibody for the treatment of hematological malignancies; SAR 279356, a monoclonal antibody for the prevention and treatment of infectious diseases; SAR 104772, a thrombin-activatable fibrinolysis inhibitor for the treatment of acute ischemic stroke; and GRC 15300 / SAR 292833, a vanilloid receptor antagonist for the treatment of chronic pain. In addition, the SAR 97276 (malaria treatment) project returned from Phase II to Phase I to allow for a better evaluation of its therapeutic index.

- Three Phase II projects were abandoned: nerispirdine, for improved walking ability in multiple sclerosis sufferers; SSR 411298, for the treatment of major depression; and SAR 161271, a very long acting insulin for the treatment of diabetes.

Two major new studies were launched: the PALLAS Phase IIIb multinational randomized double-blind study to evaluate the potential clinical benefit of **Multaq®** (dronedarone) in reducing major cardiovascular events in over 10,000 patients with permanent atrial fibrillation, and a Phase III study evaluating **BSI-201**, a PARP-1 inhibitor developed by BiPar Sciences (acquired by sanofi-aventis in 2009), in the treatment of lung cancer.

Patient enrolment has now been completed for two promising Phase III studies: a clinical trial evaluating **BSI-201** for the treatment of triple-negative metastatic breast cancer, and the VELOUR study evaluating **aflibercept** as a second-line treatment for colorectal cancer.

Positive results were announced from a number of clinical trials:

- On March 4, 2010, results from the TROPIC Phase III 755-patient randomized clinical trial were announced, showing that the compound **cabazitaxel** in combination with prednisone/prednisolone (when compared with mitoxantrone plus prednisone/prednisolone chemotherapy) significantly improved overall survival and progression-free survival in patients with metastatic (advanced) hormone-refractory prostate cancer whose disease progressed despite prior treatment with docetaxel-based chemotherapy. The results – updated on May 27, 2010 – demonstrated that the combination of cabazitaxel and prednisone/prednisolone significantly reduced the risk of death by 30% with a clinically meaningful improvement in the median overall survival of 15.1 months in the cabazitaxel combination arm versus 12.7 months in the mitoxantrone combination arm.

- On April 15, 2010, we announced that the results of the first placebo-controlled study of the GetGoal Phase III clinical trial program showed **lixisenatide** (AVE0010), a once-daily injectable GLP-1 agonist, significantly reduced HbA1c versus placebo, with more patients achieving the target HbA1c and improved glycemic control in adult patients with type 2 diabetes. The 12-week study included 361 patients with type 2 diabetes.

- On June 5, 2010, we announced new one-year data from a Phase II study with **teriflunomide**, a novel oral disease modifier being investigated for the treatment of relapsing multiple sclerosis (RMS). The results demonstrated an improvement in outcomes, with a consistent safety profile with data from a previous Phase II monotherapy study, in patients treated with beta interferon (IFN-β) – a standard therapy in RMS – and receiving teriflunomide 7 mg or 14 mg, compared with patients treated with IFN-β and receiving oral placebo.

A.1.3. Defense of our products

We continue to defend our rights vigorously whenever our products are under threat.

- In April 2010, sanofi-aventis announced that it had signed agreements (subject to approval from the Federal Trade Commission, the U.S. Department of Justice and the Attorney General for the State of Michigan) to settle the patent infringement suits relating to certain generic versions of **Eloxatine®** (oxaliplatin) in the United States with Teva Pharmaceuticals USA, Inc., Fresenius Kabi (formerly Dabur), Sandoz, Mayne/Hospira, MN/Par and Actavis. Under the terms of these agreements, the generics manufacturers must desist from selling their unauthorized generic oxaliplatin products in the United States from June 30, 2010 through August 9, 2012. They will then be authorized to sell generic oxaliplatin products under a license agreement (prior to expiry of the relevant patents). Under a court ruling made in April 2010, the same obligations also apply to Sun Pharmaceuticals.

- In June 2010, the U.S. District Court for the District of New Jersey granted sanofi-aventis US and Albany Molecular Research Inc a preliminary injunction against Dr. Reddy's Laboratories to prevent the commercialization of unauthorized generics of **Allegra-D® 24-Hour** (fexofenadine HC1-pseudophedrine) pending a ruling on the merits of the case.

- On July 23, 2010, sanofi-aventis learned that the FDA had approved a generic **enoxaparin** Abbreviated New Drug Application (ANDA). As a result of this ANDA approval, first half 2010 sales of Lovenox® in the United States (€951 million) should not be considered indicative of future sales (see section "E. Outlook" for additional information). Sanofi-aventis contests the basis of this approval and has commenced a lawsuit against the FDA seeking to reverse the FDA's decision.

A.1.4. Acquisitions and alliances

A number of acquisitions and alliances were agreed in the first half of 2010. The main transactions were as follows:

- On January 11, 2010, we made a public tender offer for all the outstanding shares of **Chattem, Inc.** (Chattem). This offer was further to the agreement signed on December 21, 2009 (see Note D.21. to the consolidated financial statements for the year ended December 31, 2009). As of February 9, 2010, sanofi-aventis held 89.8% of the shares of Chattem on a fully diluted basis (equivalent to approximately 97% of the outstanding shares). Since acquiring the remaining shares via a short form merger, sanofi-aventis has with effect from March 10, 2010 held 100% of the shares of Chattem.
- On January 29, 2010, we entered into an agreement with **Minsheng Pharmaceutical Co., Ltd.** with a view to the formation of a new consumer health joint venture in China. Subject to conditions, including the customary regulatory clearances, we expect to obtain a majority interest in this new venture in the second half of 2010.
- In February 2010, we signed a research partnership with **AVIESAN** (the French Life Sciences and Healthcare Alliance). This alliance comprises the Atomic Energy Commission (CEA), the National Scientific Research Center (CNRS), the National Institute for Agricultural Research (INRA), the National Institute for Research in Computer Science and Control (INRIA), the National Institute for Health and Medical Research (Inserm), the Pasteur Institute, the Research Institute for Development (IRD), the Conference of University Presidents and the Conference of Regional and University Hospital Chief Executives. We also signed a corporate sponsorship agreement supporting the "ATIP AVENIR" program run by CNRS and Inserm, which helps young researchers who want to establish their own research lab in France. We have agreed to commit a budget of up to €50 million to these partnerships over a 5-year period.
- On March 31, 2010, we signed a worldwide development, distribution and marketing agreement with **AgaMatrix** relating to blood glucose monitoring devices. Under the terms of the agreement, products derived from the alliance will be co-developed by sanofi-aventis and AgaMatrix, and commercialized exclusively by sanofi-aventis.
- On April 5, 2010, we amended our global collaboration agreement with Warner Chilcott plc (Warner Chilcott) on **Actonel®** (risedronate sodium) tablets in the United States and Puerto Rico. Under the amended agreement, Warner Chilcott has now assumed entire responsibility for the commercialization and management of Actonel® in the United States and Puerto Rico, including sales, marketing, distribution, and local R&D decisions. All the other terms of the global collaboration agreement are unchanged. As a result of the amendment, we will receive royalties from Warner Chilcott based on a percentage of net sales of the product in the United States and Puerto Rico until the global collaboration agreement expires on December 31, 2014.
- On April 8, 2010, we signed a global license agreement with **CureDM Group Holdings, LLC** (CureDM) on a novel human peptide, **Pancreate™**, which could restore a patient's ability to produce insulin and other pancreatic hormones in both type 1 and type 2 diabetes. Under the agreement, sanofi-aventis was granted an exclusive worldwide license to develop, manufacture and commercialize Pancreate™ and related compounds. CureDM received an upfront payment, and will also receive development, regulatory and commercialization milestone payments. The total amount of these payments could reach $335 million. CureDM will also be entitled to tiered royalties on worldwide product sales.
- On April 29, 2010, we acquired a majority interest in the capital of **Bioton Vostok**, a Russian insulin manufacturer. This acquisition follows the announcement in November 2009 of our intention to participate in the "Pharmpolis" project launched by the Russian government.

- On May 3, 2010, we signed a license agreement with **Glenmark Pharmaceuticals S.A.** (Glenmark), a wholly-owned subsidiary of Glenmark Pharmaceuticals Limited India (GPL), to develop and commercialize novel agents for the treatment of chronic pain. Under the terms of the agreement, Glenmark has received an upfront payment, and will also receive development, regulatory and commercialization milestone payments. The total amount of these payments could reach $325 million. Glenmark is also entitled to tiered royalties on products sold under the license. We have exclusive commercialization rights for North America, the European Union and Japan, subject to Glenmark's right to co-promote the products in the United States and five Eastern European countries. We also have co-exclusive rights to commercialize the products in ten other countries, including Brazil, Russia and China. Glenmark retains exclusive commercialization rights for India and the rest of the world.
- On May 19, 2010, we announced jointly with **Nepentes S.A.** (Nepentes) that Sanofi-Aventis sp. z o.o. (the Polish subsidiary of sanofi-aventis), Nepentes and the majority shareholders of Nepentes had reached a binding agreement under which Sanofi-Aventis sp. z o.o. is to launch a public tender offer for 100% of the outstanding shares of Nepentes, a Polish manufacturer of pharmaceuticals and dermocosmetics listed on the Warsaw stock exchange. In 2009, Nepentes generated net sales of approximately €30 million, 85% of which was generated in Poland; the company also has subsidiaries in Bulgaria and Romania. The success of the offer is contingent on at least 90% of the outstanding shares of Nepentes being tendered into the offer, and on clearance from the Polish antitrust authorities. The offer, based on a PLN 420 million (€105 million) enterprise value, is due to close on August 10, 2010.
- On May 26, 2010, we entered into a strategic alliance with the Center for Biomedical Innovation at the Massachusetts Institute of Technology (MIT), to be known as the **sanofi-aventis Biomedical Innovation Program** (SABIP). Under this new alliance, the SABIP will support a number of biomedical innovation activities through the granting of funding awards.
- On May 28, 2010, we formed a new joint venture, sanofi-aventis Nichi-Iko K.K., with **Nichi-Iko Pharmaceuticals Co., Ltd** (Nichi-Iko), the leading generics company in Japan with net sales of nearly €460 million in 2009, to develop both companies' generics activities in Japan. In conjunction with the formation of the new venture, we have also taken a 4.66% equity interest in Nichi-Iko.
- On May 31, 2010, we signed a collaboration agreement with the ***Charité - Universitätsmedizin Berlin*** Medical School for the research and development of innovative medicines and therapies.
- At the start of June 2010, we signed an exclusive global collaboration and license agreement with **Ascenta Therapeutics** (Ascenta), a US biopharmaceutical company, on a number of compounds that could restore apoptosis (cell death) in tumor cells. Under the terms of the agreement, sanofi-aventis obtained an exclusive worldwide license to develop, manufacture and commercialize all the compounds derived from the program. Ascenta has received an upfront payment under the agreement, and will also receive development, regulatory and commercialization milestone payments. The total amount of these payments could reach $398 million. Ascenta will also be entitled to tiered royalties on worldwide product sales.
- On June 22, 2010, we agreed a strategic alliance with **Regulus Therapeutics, Inc.** (Regulus), a joint venture between the American companies Alnylam Pharmaceuticals and Isis Pharmaceuticals, to discover, develop and commercialize novel micro-RNA (RiboNucleic Acid) therapeutics, initially in the field of fibrosis. Under the terms of the alliance, sanofi-aventis and Regulus will select up to four different micro-RNA targets, from which they will identify new compounds and develop them up to the start of clinical development. In addition, sanofi-aventis has an option to access the technology in order to develop and commercialize compounds from micro-RNA targets other than the four initially identified. Regulus received an upfront payment of $25 million, and sanofi-aventis also committed to making a $10 million equity investment in Regulus subject to mutual agreement on the valuation of the company. The total amount payable under the collaboration could exceed $750 million after taking account of the upfront payment, the equity investment, research expenses, and all potential milestone payments on preclinical and clinical development and commercialization of the products.

- On June 25, 2010, we signed an exclusive global license agreement with **Metabolex** on MBX-2982, an oral GPR-119 receptor agonist for the treatment of type 2 diabetes. Under the terms of the agreement, sanofi-aventis will obtain an exclusive worldwide license to develop, manufacture and commercialize MBX-2982 (currently in Phase IIa) and related compounds. Metabolex will receive an upfront payment, and will be entitled to receive development, regulatory and specified commercial milestone payments. The total amount of these payments could reach $375 million. Metabolex will also receive royalties on worldwide product sales.
- On June 30, 2010, sanofi-aventis signed an agreement with a view to acquiring **TargeGen Inc.** (TargeGen), a privately-owned US biopharmaceutical company developing small molecule kinase inhibitors for the treatment of certain forms of leukemia, lymphoma and other hematological malignancies and blood disorders. The transaction was completed in July 2010 and an upfront payment of $75 million was made. Future milestone payments will be made at various stages in the development of TG101348, TargeGen's principal product candidate. The total amount of payments (including the upfront payment) could reach $560 million.

A.2. Human Vaccines (Vaccines)

A.2.1. Filings for marketing approval and new vaccine launches

- In February 2010, the adjuvanted A/H1N1 monovalent influenza vaccine **Humenza®** received a positive opinion from the Committee for Medicinal Products for Human Use (CHMP), the scientific committee of the European Medicines Agency (EMA). The CHMP recommended the granting of marketing approval in European Union countries for Humenza® in the active immunization of people aged over 6 months against influenza infections caused by the 2009 A/H1N1 pandemic virus.
- In April 2010 and June 2010 respectively, the submissions for marketing approval of **Fluzone® ID**, an influenza vaccine administered by intradermal injection, and **Menactra® Infant Toddler** were filed in the United States.

In addition, the FDA has granted priority review status to the dengue fever vaccine currently in Phase II clinical development.

A.2.2. Acquisitions and alliances

- On January 11, 2010, sanofi pasteur signed an agreement with **KaloBios Pharmaceuticals, Inc.** (KaloBios), a U.S.-based privately-held biotech company, for the development of a Humaneered™ antibody fragment to treat and prevent *Pseudomonas aeruginosa (Pa)* infections. Under the terms of the agreement, sanofi pasteur acquired worldwide rights to KaloBios technology for all disease indications related to Pa infections except cystic fibrosis and bronchiectasis, which sanofi pasteur has the option to obtain at a later date.
- On April 12, 2010, sanofi pasteur entered into a strategic partnership with the **U.S. Naval Medical Research Center** to develop a new bacterial vaccine against enterotoxigenic Escherichia coli (ETEC), which causes nearly 400,000 childhood deaths in the developing world each year and is the predominant cause of infectious gastroenteritis in travellers and deployed military personnel.
- On June 8, 2010, sanofi pasteur signed a commercial license and collaboration agreement with **Vivalis** for the discovery and development of fully human monoclonal antibodies against several infectious diseases. Under the terms of the agreement, sanofi pasteur and its subsidiaries acquire exclusive access to Vivalis' platform for the discovery of fully human monoclonal antibodies targeting clinically significant infectious diseases, and will obtain worldwide exclusive development and commercialization rights for any antibodies discovered. Vivalis received an upfront payment of €3 million, and may receive development milestone payments of up to €35 million over the course of the development of each infectious disease indication, as well as royalties associated with product sales. In addition, sanofi pasteur will finance collaborative research activities related to the infectious disease programs.

A.3. Other activities

- On March 8, 2010, sanofi-aventis exercised its contractual right to combine Merial with Intervet / Schering-Plough, Merck's animal health business, to form a new joint venture equally owned by Merck and sanofi-aventis. Formation of the new joint venture is subject to signature of final agreements, antitrust review in the United States, Europe and other countries, and other customary closing conditions. Merial and Intervet / Schering-Plough will continue to operate independently until closing of the transaction, which is expected to be before March 2011. Sanofi-aventis will be required to make a true-up payment of $250 million to Merck to establish parity in the joint venture, in addition to the $750 million payment stipulated in the agreement signed on July 29, 2009. All payments, including adjustments for debt and other liabilities, will be made on closing of the transaction.

A.4. Other significant events of the first half of 2010

- On March 31, 2010, we unveiled plans to invest in and adapt our chemical and biotechnology industrial facilities in France. By 2014, we aim to have migrated our French chemical industrial facilities primarily towards biotechnology and vaccine production. We announced that we were to invest €150 million in our French industrial sites, including €90 million to install an innovative biosynthesis process at our sites in Saint-Aubin-Lés-Elbeuf and Vertolaye.
- In April 2010, we issued a supplementary €500 million tranche to the existing fixed-rate bond issue maturing October 10, 2014, taking the total amount of this issue to €1.2 billion.
- On May 17, 2010, our Shareholders' Annual General Meeting was held in Paris. The meeting approved the parent company and consolidated financial statements for the year ended December 31, 2009 and the distribution of a dividend of €2.40 per share, 9.1% higher than the previous year's dividend. The meeting also ratified the co-opting of Serge Weinberg as a Director. The Board of Directors, meeting immediately after the Annual General Meeting, appointed Serge Weinberg as Chairman of the Board of Directors. Jean-François Dehecq was appointed Honorary Chairman, and decided to resign from office as a Director. The same day, he was appointed President of the Sanofi Espoir Corporate Foundation, dedicated to implementing health and solidarity programs worldwide.
- On June 8, 2010, sanofi-aventis won the 2010 Global Business Coalition Core Competence Award for its partnership with the Drugs for Neglected Diseases Initiative (DNDi) foundation in improving access to anti-malaria treatments.

B. EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE (JUNE 30, 2010)

- On July 23, 2010, sanofi-aventis learned that the FDA had approved a generic enoxaparin Abbreviated New Drug Application (ANDA). As a result of this ANDA approval, first half 2010 sales of Lovenox® in the United States (€951 million) should not be considered indicative of future sales (see section "E. Outlook" for additional information). Sanofi-aventis contests the basis of this approval and has commenced a lawsuit against the FDA seeking to reverse the FDA's decision.
- On July 27, 2010 the U.S. District Court for the Southern District of New York granted plaintiff's motion to reconsider the September 2009 Court's earlier dismissal of the attempted securities Zimulti® / Acomplia® (rimonabant) class action against the Company, and authorized plaintiffs to submit an amended complaint.
- In July, 2010, Mr. Patrick de la Chevardière has informed the Chairman of the Board of Directors of his resignation as Director. As of the current time, the Board of Directors has taken no decision concerning the possible co-opting of a new Director, and is now composed of 13 members.

C.1. Consolidated results of operations for the first half of 2010

Consolidated income statements for the six months to June 30, 2009 and 2010

(€ million)	6 months to June 30, 2010	as % of net sales	6 months to June 30, 2009	as % of net sales
Net sales	**15,168**	**100.0%**	**14,545**	**100.0%**
Other revenues	798	5.3%	703	4.8%
Cost of sales	(4,105)	(27.1%)	(3,619)	(24.8%)
Gross profit	**11,861**	**78.2%**	**11,629**	**80.0%**
Research and development expenses	(2,190)	(14.4%)	(2,260)	(15.5%)
Selling and general expenses	(3,659)	(24.1%)	(3,627)	(24.9%)
Other operating income	236		450	
Other operating expenses	(140)		(170)	
Amortization of intangibles	(1,802)		(1,805)	
Operating income before restructuring, impairment of property, plant and equipment and intangibles, gains and losses on disposals, and litigation	**4,306**	**28.4%**	**4,217**	**29.0%**
Restructuring costs	(190)		(907)	
Impairment of property, plant and equipment and intangibles	(108)		(28)	
Gains and losses on disposals, and litigation	—		—	
Operating income	**4,008**	**26.4%**	**3,282**	**22.6%**
Financial expenses	(214)		(151)	
Financial income	74		37	
Income before tax and associates	**3,868**	**25.5%**	**3,168**	**21.8%**
Income tax expense	(974)		(795)	
Share of profit/(loss) of associates	476		394	
Net income excluding the held-for-exchange Merial business [1]	**3,370**	**22.2%**	**2,767**	**19.0%**
Net income from the held-for-exchange Merial business [1]	198		102	—
Net income	**3,568**	**23.5%**	**2,869**	**19.7%**
Net income attributable to non-controlling interests	147		232	
Net income attributable to equity-holders of sanofi-aventis	**3,421**	**22.6%**	**2,637**	**18.1%**
Average number of shares outstanding (million)	1,305.8		1,305.5	
Basic earnings per share (in euros)	2.62		2.02	

[1] Reported separately in accordance with IFRS 5 (Non-Current Assets Held for Sale and Discontinued Operations). For the other disclosures required under IFRS 5, refer to note B.7. to the condensed half-year consolidated financial statements.

C.2. Business net income [1] for the first half of 2010

In accordance with IFRS 8 (Operating Segments), the segment information reported by sanofi-aventis is prepared on the basis of internal management data provided to the Chief Executive Officer, who is the Group's chief operating decision maker. The performance of these segments is monitored individually using internal reports and common indicators.

The operating segment disclosures required under IFRS 8 are provided in Note B.18. to the condensed half-year consolidated financial statements.

We report information for two operating segments: Pharmaceuticals and Human Vaccines (Vaccines). All other activities are combined in a separate segment, "Other". These segments reflect the Group's internal organizational structure, and are used internally for performance measurement and resource allocation.

[1] See definition in the Appendix (Section F).

The Pharmaceuticals segment covers research, development, production and marketing of medicines. The sanofi-aventis pharmaceuticals portfolio consists of flagship products, plus a broad range of prescription medicines, generic medicines, and consumer health products. This segment also includes all associates whose activities are related to pharmaceuticals, in particular the entities majority owned by BMS.

The Vaccines segment is wholly dedicated to vaccines, including research, development, production and marketing. This segment includes the Sanofi Pasteur MSD joint venture.

The Other segment includes all segments that are not reportable segments within the meaning of IFRS 8. This segment includes our interest in the Yves Rocher group, the Animal Health business (Merial), and the impact of retained commitments in respect of divested activities. Inter-segment transactions are not material.

Segment results

We report segment results on the basis of "Business operating income". This indicator, adopted in order to comply with IFRS 8, is used internally to measure operational performance and allocate resources.

"Business operating income" equates to "Operating income before restructuring, impairment of property, plant and equipment and intangibles, gains and losses on disposals, and litigation", as defined in Note B.20. to the consolidated financial statements for the year ended December 31, 2009, adjusted as follows:

- amortization of intangible assets is eliminated;
- the share of profits/losses of associates is added, and the share of net income attributable to non-controlling interests is deducted;
- other acquisition-related effects (primarily the workdown of acquired inventories remeasured at fair value at the acquisition date, and the impact of acquisitions on investments in associates) are eliminated.

We believe that investors' understanding of our operational performance is enhanced by reporting "business net income"[(1)]. This measure is determined by taking "business operating income" and adding financial income and deducting financial expenses, including the related income tax effects.

"Business net income" is defined as "Net income attributable to equity holders of sanofi-aventis", determined under IFRS, excluding (i) amortization of intangible assets; (ii) impairment of intangible assets, (iii) other impacts associated with acquisitions (including impacts of acquisitions on associates); (iv) restructuring costs, gains and losses on disposals of non-current assets, and costs or provisions associated with litigation; (v) the tax effect related to the items listed in (i) through (iv); (vi) effects of major tax disputes; and (vii) the share attributable to non-controlling interests of items (i) through (vi).

Items listed in (iv) correspond to those reported in the line items "Restructuring costs" and "Gains and losses on disposals, and litigation", as defined in Note B.20. to the consolidated financial statements for the year ended December 31, 2009.

Business net income for the first half of 2010 totaled €4,905 million (up 8.6% on the 2009 first-half figure of €4,516 million, or 10% at constant exchange rates), and represented 32.3% of net sales (versus 31% for the first half of 2009).

(1) See definition in the Appendix (Section F).

First-half segment results for 2010 and 2009, and 2009 full-year segment results, were as follows:

2010 first-half business net income

(€ million)	Pharmaceuticals	Vaccines	Other	Total
Net sales	**13,476**	**1,692**	**—**	**15,168**
Other revenues	786	12	—	**798**
Cost of sales	(3,531)	(552)	—	**(4,083)**
Research and development expenses	(1,943)	(247)	—	**(2,190)**
Selling and general expenses	(3,373)	(284)	(2)	**(3,659)**
Other operating income and expenses	168	(2)	(70)	**96**
Share of profit/(loss) of associates (excluding Merial) [1]	491	(8)	8	**491**
Net income from the held-for-exchange Merial business[1]	—	—	250	**250**
Net income attributable to non-controlling interests	(150)	1	1	**(148)**
Business operating income	**5,924**	**612**	**187**	**6,723**
Financial income and expenses				(140)
Income tax expense				(1,678)
Business net income				**4,905**

[1] Net of taxes

2009 first-half business net income

(€ million)	Pharmaceuticals	Vaccines	Other	Total
Net sales	**13,206**	**1,339**	**—**	**14,545**
Other revenues	688	15	—	**703**
Cost of sales	(3,104)	(496)	—	**(3,600)**
Research and development expenses	(2,039)	(221)	—	**(2,260)**
Selling and general expenses	(3,351)	(275)	(1)	**(3,627)**
Other operating income and expenses	183	(2)	99	**280**
Share of profit/(loss) of associates (excluding Merial) [1]	389	14	6	**409**
Net income from the held-for-exchange Merial business [1]	—	—	130	**130**
Net income attributable to non-controlling interests	(232)	—	—	**(232)**
Business operating income	**5,740**	**374**	**234**	**6,348**
Financial income and expenses				(114)
Income tax expense				(1,718)
Business net income				**4,516**

[1] Net of taxes

2009 full-year business net income

(€ million)	Pharmaceuticals	Vaccines	Other	Total
Net sales	**25,823**	**3,483**	**—**	**29,306**
Other revenues	1,412	31	—	**1,443**
Cost of sales	(6,527)	(1,326)	—	**(7,853)**
Research and development expenses	(4,091)	(491)	(1)	**(4,583)**
Selling and general expenses	(6,762)	(561)	(2)	**(7,325)**
Other operating income and expenses	387	(3)	1	**385**
Share of profit/(loss) of associates (excluding Merial) [1]	792	41	8	**841**
Net income from the held-for-exchange Merial business[1]	—	—	241	**241**
Net income attributable to non-controlling interests	(426)	(1)	—	**(427)**
Business operating income	**10,608**	**1,173**	**247**	**12,028**
Financial income and expenses				(300)
Income tax expense				(3,099)
Business net income				**8,629**

[1] Net of taxes

A reconciliation of our business net income to our net income attributable to equity holders of sanofi-aventis is set forth below:

(€ million)		6 months to June 30, 2010	6 months to June 30, 2009	12 months to December 31, 2009
Business net income		**4,905**	**4,516**	**8,629**
(i)	Amortization of intangible assets	(1,802)	(1,805)	(3,528)
(ii)	Impairment of intangible assets	(108)	(28)	(372)
(iii)	Expenses arising from the impact of acquisitions on inventories[1]	(22)	(19)	(27)
(iv)	Restructuring costs	(190)	(907)	(1,080)
(iii) / (iv)	Other items	—	—	—
(v)	Tax effects on the items listed above, comprising	704	923	1,629
	- amortization of intangible assets	*600*	*597*	*1,126*
	- impairment of intangible assets	*33*	*10*	*136*
	- expenses arising from the impact of acquisitions on inventories	*8*	*4*	*7*
	- restructuring costs	*63*	*312*	*360*
(iii) / (vi)	Other tax items	—	—	106[2]
(vii)	Share of items listed above attributable to non-controlling interests	1	—	1
(iii)	Expenses arising from the impact of the Merial acquisition[3]	(52)	(28)	(66)
(iii)	Expenses arising from the impact of acquisitions on associates[4]	(15)	(15)	(27)
Net income attributable to equity-holders of sanofi-aventis		**3,421**	**2,637**	**5,265**

[1] Expenses arising from the impact of acquisitions on inventories: workdown of inventories remeasured at fair value at the acquisition date.

[2] Reversal of deferred taxes following ratification of the Franco-American Treaty (see Note D.30. to the consolidated financial statements for the year ended December 31, 2009).

[3] This line comprises: until September 17, 2009, amortization and impairment charged against the intangible assets of Merial; and from September 18, 2009, (i) the impact of the discontinuation of depreciation of the property, plant and equipment of Merial in accordance with IFRS 5 (see Note B.7. to the consolidated financial statements for the year ended December 31, 2009) and (ii) the expense arising from the workdown of inventories remeasured at fair value at the acquisition date.

[4] Expenses arising from the impact of acquisitions on associates: workdown of acquired inventories, amortization and impairment of intangible assets, and impairment of goodwill.

We also report “business earnings per share”, a specific non-GAAP financial measure which we define as business net income divided by the weighted average number of shares outstanding.

Business earnings per share for the first half of 2010 was €3.76, an increase of 8.7% relative to the 2009 first-half figure of €3.46 (10.1% at constant exchange rates), based on an average number of shares outstanding of 1,305.8 million for the first half of 2010 and 1,305.5 million for the first half of 2009.

Pharmaceuticals segment first-half business operating income, 2010 and 2009

(€ million)	6 months to June 30, 2010	as % of net sales	6 months to June 30, 2009	as % of net sales	Year-on-year change
Net sales	**13,476**	**100.0%**	**13,206**	**100.0%**	**+2.0%**
Other revenues	786	5.8%	688	5.2%	+14.2%
Cost of sales	(3,531)	(26.2%)	(3,104)	(23.5%)	+13.8%
Gross profit	**10,731**	**79.6%**	**10,790**	**81.7%**	**-0.5%**
Research and development expenses	(1,943)	(14.4%)	(2,039)	(15.4%)	-4.7%
Selling and general expenses	(3,373)	(25.0%)	(3,351)	(25.4%)	+0.7%
Other operating income and expenses	168		183		-8.2%
Share of profit/(loss) of associates[1]	491		389		+26.2%
Net income attributable to non-controlling interests	(150)		(232)		-35.3%
Business operating income	**5,924**	**44.0%**	**5,740**	**43.5%**	**+3.2%**

(1) Net of taxes

Vaccines segment first-half business operating income, 2010 and 2009

(€ million)	6 months to June 30, 2010	as % of net sales	6 months to June 30, 2009	as % of net sales	Year-on-year change
Net sales	**1,692**	**100.0%**	**1,339**	**100.0%**	**+26.4%**
Other revenues	12	0.7%	15	1.1%	-20.0%
Cost of sales	(552)	(32.6%)	(496)	(37.0%)	+11.3%
Gross profit	**1,152**	**68.1%**	**858**	**64.1%**	**+34.3%**
Research and development expenses	(247)	(14.6%)	(221)	(16.5%)	+11.8%
Selling and general expenses	(284)	(16.8%)	(275)	(20.5%)	+3.3%
Other operating income and expenses	(2)		(2)		
Share of profit/(loss) of associates[1]	(8)		14		
Net income attributable to non-controlling interests	1		—		
Business operating income	**612**	**36.2%**	**374**	**27.9%**	**+63.6%**

(1) Net of taxes

C.3. Analysis of consolidated results for the first half of 2010

C.3.1. Net sales

Sanofi-aventis generated consolidated net sales of €15,168 million in the first half of 2010, up 4.3% on the first half of 2009. Exchange rate movements, mainly the appreciation of the Brazilian real and the Australian dollar against the euro, had a favorable effect of 2.1 points. At constant exchange rates[(1)] and after taking account of changes in structure (primarily the consolidation of Zentiva from the second quarter of 2009, and of Chattem from the first quarter of 2010), net sales rose by 2.2%. Excluding changes in structure and at constant exchange rates, net sales fell by 0.3%.

Reconciliation of 2010 first-half reported net sales to net sales on a constant structure basis and at constant exchange rates[(1)]

(€ million)	6 months to June 30, 2010	6 months to June 30, 2009	Change
Reported net sales	**15,168**	**14,545**	**+4.3%**
Effect of exchange rates	(299)		
Net sales at constant exchange rates	**14,869**	**14,545**	**+2.2%**
Effect of changes in structure		372	
Net sales on a constant structure basis and at constant exchange rates	**14,869**	**14,917**	**-0.3%**

C.3.1.1. Net sales by business segment

Our net sales comprise the net sales generated by our Pharmaceuticals business and net sales generated by our Human Vaccines (Vaccines) business. Net sales from the animal health business are not consolidated, the profit contribution from Merial being reported on the line "Net income from the held-for-exchange Merial business" in accordance with IFRS 5 (see Note B.7. to the condensed half-year consolidated financial statements).

(€ million)	6 months to June 30, 2010	6 months to June 30, 2009	Change on a reported basis	Change on a constant structure basis and at constant exchange rates	Change at constant exchange rates
Pharmaceuticals	13,476	13,206	+2.0%	-2.7%	-0.1%
Vaccines	1,692	1,339	+26.4%	+23.4%	+25.5%
Total	**15,168**	**14,545**	**+4.3%**	**-0.3%**	**+2.2%**

Pharmaceuticals

Net sales for the Pharmaceuticals business for the first half of 2010 were €13,476 million, up 2.0% on a reported basis but flat at constant exchange rates (down 0.1%).

The **Diabetes** division increased net sales by 10.8% at constant exchange rates to €2,100 million, driven by double-digit growth for Lantus®, Apidra® and Amaryl®.

Net sales of **Lantus®**, the world's leading insulin brand, advanced by 10.5% (at constant exchange rates) in the first half to €1,716 million, driven by a strong growth in Emerging markets (+20.9 % at constant exchange rates) and a solid performance in the United States (+8.8% at constant exchange rates). Growth was particularly strong in Japan (36.8%), Russia (29.6%), China (33.4%) and Brazil (39.9%).

First-half net sales of the rapid-acting human insulin analog **Apidra®** rose by 24.2% at constant exchange rates to €83 million, boosted by robust performances in Western Europe (up 23.1%) and Emerging markets (up 36.4%).

(1) See definition in the Appendix (Section F).

Lovenox®, a leading anti-thrombotic, recorded 5.1% net sales growth at constant exchange rates in the first half to €1,635 million, of which 42% (€684 million) was generated outside the United States. The growth rate outside the United States was 9.1%, with good performances in Western Europe (up 9.6%) and Eastern Europe (up 12.7%). On July 23, 2010, sanofi-aventis learned that the FDA had approved a generic enoxaparin Abbreviated New Drug Application (ANDA). See section "B. Events subsequent to the balance sheet date (June 30, 2010)" for further information.

Net sales of **Taxotere®** were flat (down 0.5% at constant exchange rates) at €1,129 million in the first half of 2010. Net sales in the United States rose by 4.2%.

(€ million) Product	Indication	6 months to June 30, 2010	6 months to June 30, 2009	Change on a reported basis	Change on a constant structure basis and at constant exchange rates	Change at constant exchange rates
Lantus®	Diabetes	1,716	1,539	+11.5%	+10.5%	+10.5%
Apidra®	Diabetes	83	66	+25.8%	+24.2%	+24.2%
Amaryl®	Diabetes	234	207	+13.0%	+11.1%	+11.1%
Insuman®	Diabetes	67	66	+1.5%	+1.5%	+1.5%
Sub-total: diabetes		**2,100**	**1,878**	**+11.8%**	**+10.8%**	**+10.8%**
Lovenox®	Thrombosis	1,635	1,542	+6.0%	+5.1%	+5.1%
Taxotere®	Breast, lung, prostate, stomach, and head & neck cancer	1,129	1,118	+1.0%	-0.5%	-0.5%
Plavix®	Atherothrombois	1,073	1,389	-22.8%	-24.3%	-24.3%
Aprovel®/CoAprovel®	Hypertension	665	620	+7.3%	+5.2%	+5.2%
Eloxatine®	Colorectal cancer	160	697	-77.0%	-78.5%	-78.5%
Multaq®	Atrial fibrillation	63				
Stilnox®/Ambien® /Myslee®	Sleep disorders	441	447	-1.3%	-1.3%	-1.3%
Allegra®	Allergic rhinitis, urticaria	319	437	-27.0%	-25.8%	-27.5%
Copaxone®	Multiple sclerosis	262	231	+13.4%	+13.7%	+11.7%
Tritace®	Hypertension	211	221	-4.5%	-5.1%	-6.8%
Depakine®	Epilepsy	184	165	+11.5%	+7.3%	+7.3%
Xatral®	Benign prostatic hypertrophy	153	153	0.0%	+0.7%	0.0%
Actonel®	Osteoporosis, Paget's disease	124	137	-9.5%	-16.1%	-16.1%
Nasacort®	Allergic rhinitis	104	120	-13.3%	-13.3%	-13.3%
Other Products		**3,060**	**3,014**	**+1.5%**	**+1.6%**	**-0.7%**
Consumer Health Care		**1,069**	**660**	**+62.0%**	**+9.5%**	**+53.6%**
Generics		**724**	**377**	**+92.0%**	**+24.8%**	**+80.4%**
Total Pharmaceuticals		**13,476**	**13,206**	**+2.0%**	**-2.7%**	**-0.1%**

First-half net sales of **Eloxatine®** fell by 78.5% at constant exchange rates to €160 million, hit by ongoing generic competition in Europe and in the United States, where settlements have now been reached with generics manufacturers (see section "A.1.3. Defense of our products").

Multaq®, launched at the end of 2009, achieved net sales of €63 million, mainly in the United States. The product is now available in 18 countries.

Net sales of the hypnotic **Stilnox®/Ambien®/Myslee®** fell by 1.3% at constant exchange rates to €441 million. In the United States, net sales were €268 million (including €228 million for Ambien® CR), a fall of 5.5% at constant exchange rates. In Japan, where Myslee® is the leading hypnotic on the market, the product delivered another solid performance with net sales of €110 million, up 15.3% at constant exchange rates.

Net sales of **Allegra®** fell by 27.5% at constant exchange rates to €319 million, affected by the availability of Allegra® D-12 generics in the American market since the end of 2009. Net sales in Japan were €188 million (down 9.3% at constants exchange rates).

Copaxone® achieved net sales of €262 million (up 11.7% at constant exchange rates), mainly in Western Europe.

Consumer Health Care reported 53.6% growth at constant exchange rates in the first half as net sales reached €1,069 million, driven by Emerging markets (especially Brazil and Russia). These figures include sales of the consumer health products of Zentiva from April 1, 2009, of Oenobiol from December 1, 2009, and of Chattem from February 9, 2010. On a constant structure basis and at constant exchange rates, net sales growth was 9.5%.

The **Generics** business posted first-half net sales of €724 million, up 80.4% at constant exchange rates. Growth accelerated in Emerging markets due to the acquisition and consolidation of Zentiva and Kendrick (from April 1, 2009) and of Medley (from May 1, 2009). On a constant structure basis and at constant exchange rates, net sales growth was 24.8%.

Net sales of the other products in the portfolio were virtually unchanged at €3,060 million (down 0.7% at constant exchange rates).

For comments on sales of Plavix® and Aprovel®/CoAprovel®, see section "C.3.1.3. Worldwide Presence of Plavix® and Aprovel®".

Geographical split of 2010 first-half net sales of the main pharmaceutical products

(€ million) Product	Western Europe*	Change at constant exchange rates	United States	Change at constant exchange rates	Emerging Markets**	Change at constant exchange rates	Other countries***	Change at constant exchange Rates
Lantus®	342	+6.6%	1,048	+8.8%	243	+20.9%	83	+27.1%
Apidra®	32	+23.1%	31	+10.7%	16	+36.4%	4	+300.0%
Insuman®	55	0.0%			12	+9.1%		
Amaryl®	22	-12.0%	3	-40.0%	111	+23.9%	98	+7.9%
Sub-total: diabetes	**451**	**+5.7%**	**1,082**	**+8.6%**	**382**	**+21.9%**	**185**	**+17.4%**
Lovenox®	400	+9.6%	951	+2.6%	244	+7.0%	40	+17.9%
Taxotere®	378	-5.5%	439	+4.2%	204	-2.0%	108	+2.0%
Plavix®	377	-51.6%	109[a]	-3.5%	327	+2.2%	260	+32.3%
Aprovel®/CoAprovel®	423	-2.8%	17[a]	—	176	+9.6%	49	+38.7%
Eloxatine®	23	-48.9%	37	-93.4%	70	-17.5%	30	+4.2%
Multaq®	11		51				1	
Stilnox®/Ambien®/Myslee®	27	-12.9%	268	-5.5%	34	-3.1%	112	+15.8%
Allegra®	10	-9.1%	79	-56.5%	42	+18.2%	188	-10.0%
Copaxone®	245	+11.9%			8	+14.3%	9	0.0%
Tritace®	99	-3.9%			97	-3.1%	15	-40.0%
Depakine®	74	+1.4%			103	+13.8%	7	-16.7%
Xatral®	35	-14.6%	82	+12.2%	35	-2.9%	1	-66.7%
Actonel®	57	-21.1%			48	-13.7%	19	0.0%
Nasacort®	17	0.0%	72	-15.1%	13	-20.0%	2	0.0%
Other Products	**1,367**	**-1.7%**	**335**	**+6.3%**	**1,007**	**+1.3%**	**351**	**-8.0%**
Consumer Health Care	**331**	**+5.8%**	**146**		**495**	**+62.1%**	**97**	**+20.6%**
Generics	**208**	**+24.8%**	**41**		**454**	**+106.0%**	**21**	**+63.6%**
Total Pharmaceuticals	**4,533**	**-7.3%**	**3,709**	**-5.9%**	**3,739**	**+16.1%**	**1,495**	**+6.2%**

* France, Germany, United Kingdom, Italy, Spain, Greece, Cyprus, Malta, Belgium, Luxembourg, Portugal, Netherlands, Austria, Switzerland, Sweden, Ireland, Finland, Norway, Iceland, Denmark

** World excluding United States, Canada, Western Europe, Japan, Australia and New Zealand

*** Japan, Canada, Australia and New Zealand

[a] Sales of active ingredient to the entity majority-owned by BMS in the United States.

Human Vaccines (Vaccines)

The Vaccines business generated 2010 first-half net sales of €1,692 million, up 25.5% at constant exchange rates and 26.4% on a reported basis, driven by sales of seasonal and pandemic influenza vaccines (€532 million, versus €120 million in the first half of 2009). Excluding the impact of pandemic influenza vaccines (H5N1 in 2009, A/H1N1 in 2010), Vaccines segment net sales fell by 5.2% at constant exchange rates.

Sales growth was particularly strong in Emerging markets (up 97.8% at constant exchange rates), the "other countries" region (up 43.6%), and Western Europe (up 10.5%).

Net sales of **Influenza Vaccines** rose by 350% (at constant exchange rates) to €532 million in the first half of 2010, boosted by sales of pandemic influenza vaccines in the southern hemisphere. Excluding pandemic influenza vaccines (€419 million of net sales), net sales growth was 10.7% at constant exchange rates.

Polio/Pertussis/Hib vaccines saw net sales fall 4.0% (at constant exchange rates) to €483 million, affected by a temporary reduction in the first quarter of Pentacel® inventories held by the Centers for Disease Control (CDC) in the United States.

Net sales of **Meningitis/Pneumonia Vaccines** totaled €224 million, a drop of 14.3% at constant exchange rates, due mainly to a decline in catch-up campaigns for the Menactra® quadrivalent meningococcal meningitis vaccine.

(€ million)	6 months to June 30, 2010	6 months to June 30, 2009	Change on a reported basis	Change at constant exchange rates
Influenza Vaccines* (*including Vaxigrip® and Fluzone®*)	532	120	+343%	+350%
- of which seasonal influenza vaccines	*113*	*95*	*+18.9%*	*+10.7%*
- of which pandemic influenza vaccines	*419*	*25*		
Polio/Pertussis/Hib Vaccines (*including Pentacel® and Pentaxim®*)	483	495	-2.4%	-4.0%
Meningitis/Pneumonia Vaccines (*including Menactra®*)	224	259	-13.5%	-14.3%
Adult Booster Vaccines (*including Adacel®*)	186	202	-7.9%	-9.9%
Travel and Other Endemic Disease Vaccines	193	165	+17.0%	+12.7%
Other Vaccines	74	98	-24.5%	-22.4%
Total Vaccines	**1,692**	**1,339**	**+26.4%**	**+25.5%**

First-half sales at Sanofi Pasteur MSD (not consolidated by sanofi-aventis), the joint venture with Merck & Co. Inc in Europe, totaled €362 million, down 25.7% on a reported basis. Sales of **Gardasil®**, a vaccine that prevents papillomavirus infections (a cause of cervical cancer), were down 46.8% to €122 million for the period, compared with €229 million for the first half of 2009, due mainly to a contraction in the catch-up vaccination market.

Geographical split of 2010 first-half Vaccines net sales

(€ million)	Western Europe*	Change at constant exchange rates	United States	Change at constant exchange rates	Emerging Markets**	Change at constant exchange rates	Other countries***	Change at constant exchange rates
Influenza Vaccines[a] (*incl. Vaxigrip® and Fluzone®*)	49		12	-64.9%	457	+541%	14	0.0%
Polio/Pertussis/Hib Vaccines (*incl. Pentacel® and Pentaxim®*)	34	-29.5%	226	-11.6%	182	0.0%	41	+143.8%
Meningitis/Pneumonia Vaccines (*incl. Menactra®*)	3	-25.0%	177	-14.1%	39	-17.0%	5	+33.3%
Adult Booster Vaccines (*incl. Adacel®*)	26	-10.7%	139	-11.5%	15	+15.4%	6	-20.0%
Travel and Other Endemic Disease Vaccines	12	+50.0%	40	0.0%	120	+15.8%	21	+6.3%
Other Vaccines	6	-80.0%	57	0.0%	8	+40.0%	3	0.0%
Total Vaccines	**130**	**+10.5%**	**651**	**-13.4%**	**821**	**+97.8%**	**90**	**+43.6%**

* France, Germany, United Kingdom, Italy, Spain, Greece, Cyprus, Malta, Belgium, Luxembourg, Portugal, Netherlands, Austria, Switzerland, Sweden, Ireland, Finland, Norway, Iceland, Denmark

** World excluding United States, Canada, Western Europe, Japan, Australia and New Zealand

*** Japan, Canada, Australia and New Zealand

[a] Seasonal and pandemic influenza vaccines

Animal Health

The Animal Health business is carried on by Merial, which has been a wholly-owned subsidiary of sanofi-aventis since September 18, 2009. In March 2010, sanofi-aventis exercised its option to combine Merial and Intervet / Schering-Plough in a new 50/50 joint venture with Merck in 2011. Consequently, Merial's profit contribution is reported on the line "Net income from the held-for-exchange Merial business", in accordance with IFRS 5 (see Note B.7. to the condensed half-year consolidated financial statements), and Merial's net sales are not consolidated by sanofi-aventis.

Merial reported net sales of $1,391 million for the first half of 2010, up 1.5% at constant exchange rates (or 4.2% on a reported basis). Net sales for the Companion Animals franchise showed good resilience (decreasing by 1.1% at constant exchange rates) to $958 million, under pressure from Frontline® generics in Europe; sales for the franchise held steady in the United States, despite recent launches of competing products. The Production Animals franchise performed well, with net sales up 8.0% at constant exchange rates at $433 million, reflecting the performance of the Avian sales and Veterinary Public Health sales. Sales of **Frontline®** and other fipronil products were virtually unchanged at $597 million (down 0.1% at constant exchange rates).

($ million)	6 months to June 30, 2010	6 months to June 30, 2009	Change at constant exchange rates
Frontline® and other fipronil-based products	597	586	-0.1%
Vaccines	401	360	+7.8%
Avermectin	251	250	-3.6%
Other	142	139	+0.8%
Total	**1,391**	**1,335**	**+1.5%**

C.3.1.2. Net sales by geographic region

(€ million)	6 months to June 30, 2010	6 months to June 30, 2009	Change on a reported basis	Change on a constant structure basis and at constant exchange rates	Change at constant exchange rates
Western Europe*	4,663	4,979	-6.3%	-7.6%	-6.9%
United States	4,360	4,733	-7.9%	-9.8%	-7.1%
Emerging Markets**	4,560	3,470	+31.4%	+19.4%	+25.9%
Of which Eastern Europe and Turkey	*1,308*	*1,049*	*+24.7%*	*+5.0%*	*+19.3%*
*Of which Asia (excl. Pacific region***)*	*969*	*813*	*+19.2%*	*+13.2%*	*+15.1%*
Of which Latin America	*1,421*	*837*	*+69.8%*	*+54.1%*	*+59.7%*
Of which Africa	*416*	*378*	*+10.1%*	*+3.3%*	*+5.8%*
Of which Middle East	*388*	*312*	*+24.4%*	*+22.8%*	*+24.0%*
Other Countries****	1,585	1,363	+16.3%	+7.3%	+7.7%
Of which Japan	*1,061*	*952*	*+11.4%*	*+9.6%*	*+9.4%*
Total	**15,168**	**14,545**	**+4.3%**	**-0.3%**	**+2.2%**

* France, Germany, United Kingdom, Italy, Spain, Greece, Cyprus, Malta, Belgium, Luxembourg, Portugal, Netherlands, Austria, Switzerland, Sweden, Ireland, Finland, Norway, Iceland, Denmark

** World excluding United States, Canada, Western Europe, Japan, Australia and New Zealand

*** Japan, Australia and New Zealand

**** Japan, Canada, Australia and New Zealand

Net sales in Western Europe fell by 6.9% at constant exchange rates to €4,663 million, affected by competition from generics of clopidogrel (the active ingredient of Plavix®) and to a lesser extent by price cuts introduced in some European countries in the second quarter.

In the United States, net sales were 7.1% lower at constant exchange rates at €4,360 million, reflecting competition from Eloxatine® generics and the initial effects of healthcare reform, and despite a good performance from Lantus® (8.8% growth at constant exchange rates).

Emerging Markets net sales reached €4,560 million and advanced strongly in the first half, driven by robust organic growth (up 19.4% on a constant structure basis and at constant exchange rates, or 25.9% at constant exchange rates). In Brazil, net sales more than doubled to €716 million (a rise of 123.1% at constant exchange rates), on higher sales of pandemic influenza vaccines and strong organic growth in both generics and consumer health products (up 103.4% and 52.8% respectively on a constant structure basis and at constant exchange rates). Net sales in Russia amounted to €330 million, thanks to strong organic growth (28.7% on a constant structure basis and at constant exchange rates). In China, where growth is being driven mainly by higher sales of Plavix®, net sales were €305 million (up 18.1% at constant exchange rates).

In the Other Countries region, net sales rose by 7.7% at constant exchange rates. Net sales in Japan were 9.4% higher at constant exchange rates, at €1,061 million, mainly on the success of Plavix® and the performance of the Vaccines business.

C.3.1.3. Worldwide presence of Plavix® and Aprovel®

Two of our leading products – Plavix® and Aprovel®– were discovered by sanofi-aventis and jointly developed with Bristol-Myers Squibb (BMS) under an alliance agreement. In all territories except Japan, these products are sold either by sanofi-aventis or by BMS in accordance with the terms of the alliance agreement [(1)].

[(1)] See note C.1. to the consolidated financial statements for the year ended December 31, 2009, included in our Annual Report on Form 20-F (pages F.38 and F.39); this document is available on our website, *www.sanofi-aventis.com*.

Worldwide sales of these two products are an important indicator of the global market presence of these sanofi-aventis products, and we believe this information facilitates a financial statement user's understanding and analysis of our consolidated income statement, particularly in terms of understanding our overall profitability in relation to consolidated revenues, and also facilitates a user's ability to understand and assess the effectiveness of our research and development efforts. Disclosing sales made by BMS of these two products enables users to have a clearer understanding of trends in different lines of our income statement, in particular the lines "Other revenues", where we record royalties received on those sales; "Share of profit/loss of associates", where we record our share of the results of entities included in the BMS Alliance and under BMS operational management; and "Net income attributable to non-controlling interests", where we record the BMS share of the results of entities included in the BMS Alliance and under our operational management.

Geographical split of 2010 and 2009 first-half worldwide sales of Plavix® and Aprovel®

(€ million)	6 months to June 30, 2010			6 months to June 30, 2009			Change on a reported basis	Change at constant exchange rates
	sanofi-aventis[2]	BMS[3]	Total	sanofi-aventis[2]	BMS[3]	Total		
Plavix®/Iscover ®[1]								
Europe	407	60	**466**	801	88	**889**	-47.6%	-48.0%
United States	—	2,262	**2,262**	—,	2,037	**2,037**	+11.0%	+12.6%
Other countries	551	136	**687**	434	122	**556**	+23.6%	+17.5%
Total	**957**	**2,458**	**3,415**	**1,235**	**2,247**	**3,482**	**-1.9%**	**-2.1%**

(€ million)	6 months to June 30, 2010			6 months to June 30, 2009			Change on a reported basis	Change at constant exchange rates
	sanofi-aventis[5]	BMS[3]	Total	sanofi-aventis[5]	BMS[3]	Total		
Aprovel®/Avapro®/Karvea® [4]								
Europe	408	81	**489**	410	88	**498**	-1.8%	-2.6%
United States	—	266	**266**	—	267	**267**	-0.4%	+0.9%
Other countries	198	103	**301**	159	91	**250**	+20.4%	+13.4%
Total	**606**	**450**	**1,056**	**569**	**446**	**1,015**	**+4.0%**	**+2.3%**

(1) Plavix® is marketed under the trademarks Plavix® and Iscover®.
(2) Net sales of Plavix® consolidated by sanofi-aventis, excluding sales to BMS (€154 million for the six months to June 30, 2010; €159 million for the six months to June 30, 2009).
(3) Translated into euros by sanofi-aventis using the method described in Note B.2. to the consolidated financial statements, included in our Annual Report on Form 20-F for the year ended December 31, 2009 (page F.15); this document is available on our website, *www.sanofi-aventis.com*.
(4) Aprovel® is marketed under the trademarks Aprovel®, Avapro® and Karvea®.
(5) Net sales of Aprovel® consolidated by sanofi-aventis, excluding sales to BMS (€60 million for the six months to June 30, 2010; €51 million for the six months to June 30, 2009).

First-half sales of Plavix®/Iscover® in the United States (consolidated by BMS) showed strong growth of 12.6% at constant exchange rates, to €2,262 million. In Europe, sales of Plavix® fell by 48% at constant exchange rates to €466 million, hit by competition from generics (most of which use a different salt of clopidogrel). Plavix® continued its success in Japan and China, where sales reached €228 million (up 43.0% at constant exchange rates) and €102 million (up 38.2% at constant exchange rates) respectively.

In a competitive environment that remains tough, first-half worldwide sales of Aprovel®/Avapro®/Karvea® were €1,056 million, up 2.3% at constant exchange rates. In Europe, competition from generics in Spain triggered a 2.6% drop in sales at constant exchange rates.

C.3.2. Other revenues

Other revenues, which mainly comprise royalty income under licensing agreements contracted in connection with ongoing operations, amounted to €798 million, 13.5% higher than the 2009 first-half figure of €703 million.

This increase was mainly due to license revenues under the worldwide alliance with BMS on Plavix® and Aprovel®, which totaled €632 million in the first half of 2010 (versus €578 million in the comparable period of 2009), helped by an 11% rise in first-half U.S. sales of Plavix®.

C.3.3. Gross profit

Gross profit for the six months ended June 30, 2010 was €11,861 million (78.2% of net sales), versus €11,629 million for the six months ended June 30, 2009 (80.0% of net sales), a rise of 2%.

The gross margin ratio of the Pharmaceuticals segment contracted by 2.1 points, reflecting the net effect of increased royalty income (+0.6 of a point) and a deterioration in the ratio of cost of sales to net sales (-2.7 points) that had been expected, due mainly to:

- a product mix effect, due to the impact of the lower gross margins generated by acquired companies (mainly on generics);
- the adverse effect of generic competition for Eloxatine® and Allegra® in the United States, and for Plavix® in Europe;
- a rise in the raw material price of heparins.

Nevertheless, the gross margin ratio for the Pharmaceuticals segment remains high, at 79.6% for the first half of 2010.

The gross margin ratio for the Vaccines segment improved by 4 points to 68.1%, reflecting a 4.4-point rise in the ratio of cost of sales; this was mainly due to cost efficiencies in the production of pandemic influenza vaccines.

Consolidated gross profit was also dented by a €22 million charge (0.1 of a point) arising from the workdown during the first half of 2010 of inventories remeasured at fair value in connection with acquisitions (principally Chattem).

C.3.4. Research and development expenses

Research and development expenses amounted to €2,190 million (14.4% of net sales), compared with €2,260 million (15.5% of net sales) for the first half of 2009, a fall of 3.1% (3.5% at constant exchange rates).

The Pharmaceuticals business achieved savings of 5% at constant exchange rates as a result of the ongoing reorientation of some in-house resources towards third-party collaborations, a process that began in 2009. The savings also reflect a rationalization of R&D projects following a full, objective review of the portfolio.

Research and development expenses for the Vaccines segment rose by €26 million, or 11.8% (9.8% at constant exchange rates), largely in the field of pandemic influenza vaccines.

C.3.5. Selling and general expenses

Selling and general expenses came to €3,659 million, compared with €3,627 million for the first half of 2009, a rise of 0.9%. At constant exchange rates, they fell by 1.3%, in spite of the rise in net sales and the inclusion of the expenses of companies acquired in the first half of 2010 (primarily Chattem). The ratio of selling and general expenses to net sales was 24.1%, versus 24.9% for the comparable period of 2009, thanks mainly to savings in selling costs in the United States and Europe and to reductions in general expenses.

C.3.6. Other operating income and expenses

Other operating income for the first half of 2010 was €236 million (versus €450 million for the first half of 2009), and other operating expenses were €140 million (versus €170 million).

The balance of other operating income and expenses was a net income figure of €96 million for the six months ended June 30, 2010, against €280 million for the comparable period of 2009. The year-on-year fall of €184 million reflects net operational foreign exchange losses due to highly volatile currency markets (net loss of €113 million, versus a net gain of €57 million in the first half of 2009), and the discontinuation in the second quarter of 2010 of royalty payments from Teva on North American sales of Copaxone®.

C.3.7. Amortization of intangibles

Amortization charged against intangible assets was virtually unchanged at €1,802 million for the six months ended June 30, 2010, against €1,805 million for the comparable period of 2009.

This item mainly relates to intangible assets remeasured at fair value on the acquisitions of Aventis (€1,584 million for the first half of 2010, versus €1,671 million for the first half of 2009) and Zentiva (€64 million for the first half of 2010, versus €26 million for the first half of 2009, following the first-time consolidation of Zentiva in March 2009).

C.3.8. Operating income before restructuring, impairment of property, plant & equipment and intangibles, gains and losses on disposals, and litigation

This indicator amounted to €4,306 million for the six months ended June 30, 2010, compared with €4,217 million for the six months ended June 30, 2009.

C.3.9. Restructuring costs

Restructuring costs for the first half of 2010 were €190 million, against €907 million for the first half of 2009.

In the first half of 2010, these costs mainly covered adaptation measures affecting our chemical manufacturing facilities in France, and our sales and R&D functions in Western Europe and North America.

The 2009 first-half charge mainly covered measures to improve innovation by transforming our R&D operations and to streamline our organizational structures by adapting central support functions. These costs consisted mainly of employee-related charges, arising from early retirement benefits and termination benefits under the voluntary redundancy plans announced. The 2009 first-half charge also reflected, though to a lesser extent, ongoing measures to adjust the French sales force plus the ongoing adaptation – begun in 2008 – of manufacturing facilities in France.

C.3.10. Impairment of property, plant and equipment and intangibles

This line recorded impairment losses charged against intangible assets for €108 million for the first half of 2010, against €28 million for the first half of 2009. The losses recognized in the first half of 2010 related mainly to a partial impairment loss on the Shan5® intangible asset (pentavalent vaccine). Following a flocculation problem with some batches, Shan5® forecasts were revised to take account of the need to file a new application for prequalification of this product. The losses recognized in the first half of 2009 related to the decision taken in April 2009 to discontinue development of TroVax®, and the withdrawal of Di-Antalvic® from the market following a decision by the European Medicines Agency (EMA).

C.3.11. Gains and losses on disposals, and litigation

We made no major disposals in the first half of either 2010 or 2009.

C.3.12. Operating income

Operating income for the first half of 2010 was €4 008 million, compared with €3,282 million for the first half of 2009.

C.3.13. Financial income and expenses

Net financial expenses totaled €140 million, compared with €114 million for the first half of 2009, an increase of €26 million.

Financial expenses directly related to net debt (current and non-current debt plus related interest rate and currency derivatives, minus cash and cash equivalents) totaled €165 million, versus €87 million for the comparable period of 2009, in line with the movement in net debt over the period.

Gains on disposals amounted to €51 million, mainly arising on the disposal of our stake in Novexel.

The net foreign exchange loss on financial items for the period was €9 million, against €24 million in the first half of 2009.

C.3.14. Income before tax and associates

Income before tax and associates for the first half of 2010 was €3,868 million, 22.1% higher than the 2009 first-half figure of €3,168 million.

C.3.15. Income tax expense

Income tax expense for the six months ended June 30, 2010 was €974 million, versus €795 million for the six months ended June 30, 2009.

The effective tax rate[(1)] was 28%, against 29% for the first half of 2009; the difference relative to the standard income tax rate applicable in France (34%) is mainly due to the impact of reduced-rate taxes on royalty income in France.

This line also includes the tax effects of amortization charged against intangible assets (impact: €600 million in the first half of 2010, €597 million in the first half of 2009) and of restructuring costs (impact: €63 million over the first half of 2010, €312 million in the first half of 2009).

C.3.16. Share of profit/loss of associates

The net share of profits from associates for the six months ended June 30, 2010 was €476 million, against €394 million for the comparable period of 2009. This item mainly includes our share of after-tax profits from territories managed by BMS under the Plavix® and Avapro® alliance, which rose by 20.6% to €475 million (versus €394 million in the first half of 2009). The increase in our profit share was due in part to growth in U.S. sales of Plavix® (up 11% on a reported basis).

(1) calculated on business operating income (i) before the share of profit/loss from associates, the share of net income from Merial and net income attributable to non-controlling interests and (ii) minus financial income and expenses

C.3.17. Net income from the held-for-exchange Merial business

With effect from September 18, 2009, the date on which we obtained exclusive control over Merial, the operations of this company have been accounted for using the full consolidation method. In accordance with IFRS 5, the results of Merial's operations are reported separately in the line item "Net income from the held-for-exchange Merial business" (see Note B.7. to the condensed half-year consolidated financial statements).

The amount reported on this line for the first half of 2010 was €198 million, against €102 million for the first half of 2009. The increase mainly reflects the fact that since September 18, 2009, this line has included 100% of Merial's net income, compared with 50% previously. Besides, the figure reported includes the impact of the workdown of inventories remeasured at fair value in September 2009.

C.3.18. Net income

Net income for the six months ended June 30, 2010 was €3 568 million, versus €2,869 million for the six months ended June 30, 2009.

C.3.19. Net income attributable to non-controlling interests

Net income attributable to non-controlling interests totaled €147 million in the first half of 2010, compared with €232 million in the first half of 2009. This line mainly comprises the share of pre-tax profits paid to BMS from territories managed by sanofi-aventis (€137 million, versus €219 million in the first half of 2009); the year-on-year fall is directly related to increased competition from generics of clopidogrel in Europe.

C.3.20. Net income attributable to equity-holders of sanofi-aventis

Net income attributable to equity-holders of sanofi-aventis for the six months ended June 30, 2010 was €3,421 million, compared with €2,637 million for the six months ended June 30, 2009.

Earnings per share (EPS) came to €2.62, an increase of 29.7% relative to the 2009 first-half figure of €2.02, based on an average number of shares outstanding of 1,305.8 million in the first half of 2010 and of 1,305.5 million in the first half of 2009.

C.3.21. Business net income [(1)]

Business net income for the six months ended June 30, 2010 was €4,905 million, compared with €4,516 million for the six months ended June 30, 2009, an increase of 8.6% (10% at constant exchange rates).

Business EPS for the first half of 2010 was €3.76, 8.7% (10.1% at constant exchange rates) higher than the 2009 first-half figure of €3.46, based on the average number of shares outstanding.

(1) See definition in the Appendix (Section F).

C.4. Consolidated statement of cash flows

Condensed consolidated statement of cash flows

(€ million)	6 months to June 30, 2010	6 months to June 30, 2009
Net cash provided by/(used in) operating activities	4,220	4,378
Net cash provided by/(used in) investing activities	(2,094)	(2,637)
Net cash provided by/(used in) financing activities	(3,722)	228
Impact of exchange rates on cash and cash equivalents	125	19
Net change in cash and cash equivalents	**(1,471)**	**1,988**

Net cash provided by operating activities in the first half of 2010 amounted to €4,220 million, compared with €4,378 million in the first half of 2009.

Operating cash flow before changes in working capital for the period was €5,479 million, against €5,365 million for the first half of 2009, reflecting our strong operating performance.

Working capital requirements rose by €1,259 million during the period, compared with an increase of €987 million in the first half of 2009, due mainly to the disbursement in 2010 of €495 million in restructuring costs recognized as provisions in 2009.

Net cash used in investing activities totaled €2,094 million in the first half of 2010, compared with €2,637 million in the first half of 2009.

Acquisitions of property, plant and equipment and intangible assets amounted to €742 million (versus €824 million in the first half of 2009), and mainly comprised investments in industrial and research facilities (€459 million) and contractual payments for intangible rights (€156 million) under license agreements (see section “A.1.4. Acquisitions and Alliances”).

Acquisitions of investments during the first half of 2010 totaled €1,398 million, net of acquired cash. These acquisitions (inclusive of assumed liabilities and commitments) were valued at a total of €2,100 million, the main investments being equity interests in Chattem (€1,640 million), Bioton Vostok, Fovea and BiPar. In the first half of 2009, acquisitions of investments amounted to €1,828 million, the principal acquisitions being equity interests in Zentiva, Medley, Kendrick and BiPar.

After-tax proceeds from disposals were €75 million, and arose mainly from the divestment of the equity interest in Novexel (€47 million). This compares with an after-tax gain of €28 million in the first half of 2009, mainly from the sale of intangible assets and financial assets.

Financing activities generated a net cash outflow of €3,722 million in the first half of 2010, versus a net cash inflow of €228 million in the first half of 2009. The 2010 first-half figure includes the sanofi-aventis dividend payout of €3,131 million (versus €2,872 million in the first half of 2009), and a net repayment of borrowings (net change in current and non-current debt) of €237 million, versus a net €3,102 million of new borrowings contracted in the first half of 2009. It also includes €321 million for the repurchase of 6 million of our own shares.

After the impact of exchange rates, the net change in cash and cash equivalents during the first half of 2010 was a decrease of €1,471 million, against an increase of €1,988 million in the first half of 2009.

C.5. Consolidated balance sheet

As of June 30, 2010, total assets stood at €86,245 million, compared with €80,049 million as of December 31, 2009, an increase of €6,196 million.

Debt, net of cash and cash equivalents as of June 30, 2010 was €6.2 billion, versus €4.1 billion as of December 31, 2009. We define "debt, net of cash and cash equivalents" as debt (current and non-current), plus related interest rate and currency derivatives, minus cash and cash equivalents. The gearing ratio (debt, net of cash and cash equivalents as a proportion of total equity) increased from 8.5% to 11.7%. For an analysis of our debt as of June 30, 2010 and December 31, 2009 by type, maturity, interest rate and currency, see Note B.9. to our condensed half-year consolidated financial statements.

The financing arrangements in place as of June 30, 2010 at the level of the sanofi-aventis parent company are not subject to covenants regarding financial ratios and do not contain any clauses linking credit spreads or fees to the sanofi-aventis credit rating.

Other key movements in balance sheet items are described below.

Total **equity** was €52,573 million as of June 30, 2010, versus €48,446 million as of December 31, 2009. The net increase reflects the following factors:

- increases: net income for the six months to June 30, 2010 (€3,568 million), and the net change in cumulative translation difference due to the depreciation of the euro against other currencies (€4,671 million, mainly on the U.S. dollar);
- reductions: payments to shareholders (the sanofi-aventis dividend payout of €3,131 million made out of 2009 earnings).

As of June 30, 2010, sanofi-aventis held 6.1 million of its own shares, recorded as a deduction from equity and representing 0.5% of the share capital.

Goodwill and **intangible assets** represented a combined total of €47,553 million, and increased by €4,073 million relative to December 31, 2009, mainly as a result of the following factors:

- increases: acquisitions of companies (€1,023 million of goodwill, €1,165 million of intangible assets);
- reductions: amortization and impairment charged during the period (€1,933 million);
- positive impact: translation into euros of assets denominated in other currencies (net effect of €3,637 million, including €3,054 million for the U.S. dollar).

Provisions and other non-current liabilities (€9,294 million) increased by €983 million, largely due to the €667 million net rise in provisions for pensions and other long-term benefits and restructuring provisions (€87 million), and to a lesser extent the impact of the first-time consolidation of companies acquired during the first half of 2010 (principally Chattem).

Net deferred tax liabilities were virtually unchanged at €1,987 million, reflecting a reduction of €633 million due to the reversal of deferred tax liabilities relating to the remeasurement of acquired intangible assets, offset by increases due to the first-time consolidation of acquired companies, mainly Chattem (€286 million) and the appreciation of currencies against the euro (€229 million).

Other current liabilities (€5,044 million) decreased by €401 million, due primarily to the utilization of restructuring provisions.

Assets held for sale or exchange, net of related liabilities (€5,857 million) mainly comprise the net assets of Merial, reported separately in accordance with IFRS 5 (see Note B.7. to the condensed half-year consolidated financial statements).

D. PRINCIPAL RISKS FACTORS AND UNCERTAINTIES

The risk factors to which sanofi-aventis is exposed are described in our Annual Report on Form 20-F for the year ended December 31, 2009, filed with the U.S. Securities and Exchange Commission on March 12, 2010. These risks may materialize not only during the next six-month period, but also during subsequent periods. For an update on certain risks, refer to section "A. Significant Events of the First Half of 2010" and in particular to sections "A.1.3. Defense of our Products" and "B. Events subsequent to the balance sheet date (June 30, 2010)" on pages 38 and 43 of the half-year management report.

E. OUTLOOK

Based on our 2010 first-half results and on the future prospects for our operations – including the introduction of generics, sales of A/H1N1 pandemic influenza vaccines, and the performance of our growth platforms – we anticipate growth in 2010 full-year business earnings per share [(1)] to be between 0% and -4% at constant exchange rates, barring major unforeseen adverse events. This guidance takes account of the recent approval of a generic of Lovenox® in the U.S.; it incorporates the expected effects of U.S. healthcare reforms and of known reforms implemented by European governments as part of their efforts to control public sector deficits.

We define "business earnings per share" as "business net income"[(1)] divided by the weighted average number of shares outstanding.

Business net income for the full year ended December 31, 2009 amounted to €8,629 million, giving business earnings per share of €6.61.

This guidance has been prepared using accounting methods consistent with those used in the preparation of our historical financial information. It draws upon assumptions defined by sanofi-aventis and its subsidiaries, in particular regarding the following factors:

- trends in exchange rates and interest rates;
- growth in the national markets in which we operate;
- healthcare reimbursement policies, pricing reforms, and other governmental measures affecting the pharmaceutical industry;
- developments in the competitive environment, in terms of innovative products and the introduction of generics;
- respect by others for our intellectual property rights;
- progress on our research and development programs;
- the impact of our operating cost control policy, and trends in our operating costs;
- the average number of shares outstanding.

Some of the information, assumptions and estimates concerned are derived from or based, in whole or in part, on judgments and decisions made by sanofi-aventis management that may be liable to change or adjustment in future.

(1) See definition in the Appendix (Section F).

Forward-Looking Statements

This document contains forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995, as amended. Forward-looking statements are statements that are not historical facts. These statements include projections and estimates and their underlying assumptions, statements regarding plans, objectives, intentions and expectations with respect to future financial results, events, operations, services, product development and potential, and statements regarding future performance. Forward-looking statements are generally identified by the words "expects," "anticipates," "believes," "intends," "estimates," "plans" and similar expressions. Although sanofi-aventis' management believes that the expectations reflected in such forward-looking statements are reasonable, investors are cautioned that forward-looking information and statements are subject to various risks and uncertainties, many of which are difficult to predict and generally beyond the control of sanofi-aventis, that could cause actual results and developments to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements.

These risks and uncertainties include among other things, the uncertainties inherent in research and development, future clinical data and analysis, including post marketing, decisions by regulatory authorities, such as the FDA or the EMA, regarding whether and when to approve any drug, device or biological application that may be filed for any such product candidates as well as their decisions regarding labeling and other matters that could affect the availability or commercial potential of such products candidates, the absence of guarantee that the products candidates if approved will be commercially successful, the future approval and commercial success of therapeutic alternatives, the Group's ability to benefit from external growth opportunities as well as those discussed or identified in the public filings with the Securities and Exchange Commission (SEC) and the *Autorité des Marchés Financiers* (AMF) made by sanofi-aventis, including those listed under "Risk Factors" [(1)] and "Cautionary Statement Regarding Forward-Looking Statements" in our annual report on Form 20-F for the year ended December 31, 2009. For an update on litigation, refer to Note B.14. "Legal and arbitral proceedings" to our condensed half-year consolidated financial statements for the six months ended June 30, 2010 and section "D. Principal risks factors and uncertainties" on page 62 of the half-year management report.

Other than as required by applicable law, sanofi-aventis does not undertake any obligation to update or revise any forward-looking information or statements.

[(1)] Refer to pages 4 to 13 of our Annual Report on Form 20-F for the year ended December 31, 2009, which is available on our website: www.sanofi-aventis.com.

F. APPENDIX – DEFINITION OF FINANCIAL INDICATORS

F.1. Net sales on a constant structure basis and at constant exchange rates

F.1.1. Net sales at constant exchange rates

When we refer to changes in our net sales "at constant exchange rates", this means that we exclude the effect of changes in exchange rates.

We eliminate the effect of exchange rates by recalculating net sales for the relevant period at the exchange rates used for the previous period.

Reconciliation of 2010 first-half reported net sales to net sales at constant exchange rates

(€ million)	6 months to June 30, 2010
Reported net sales for the first half of 2010	**15,168**
Effect of exchange rates	(299)
Net sales at constant exchange rates for the first half of 2010	**14,869**

F.1.2. Net sales on a constant structure basis

We eliminate the effect of changes in structure by restating prior-period net sales as follows:

- by including sales from the acquired entity or product rights for a portion of the prior period equal to the portion of the current period during which we owned them, based on sales information we receive from the party from whom we make the acquisition;
- similarly, by excluding sales in the relevant portion of the prior period when we have sold an entity or rights to a product;
- for a change in consolidation method, by recalculating the prior period on the basis of the method used for the current period.

Reconciliation of 2009 first-half reported net sales to net sales on a constant structure basis

(€ million)	6 months to June 30, 2009
Reported net sales for the first half of 2009	**14,545**
Effect of changes in structure	372
Net sales on a constant structure basis for the first half of 2009	**14,917**

F.2. Business net income

"Business operating income", adopted in order to comply with IFRS 8, is an indicator that we use internally to measure operational performance and allocate resources.

"Business operating income" equates to "Operating income before restructuring, impairment of property, plant and equipment and intangibles, gains and losses on disposals, and litigation", as defined in Note B.20. to the consolidated financial statements for the year ended December 31, 2009, adjusted as follows:

- amortization charged against intangible assets is eliminated;
- the share of profits/losses of associates is added, and the share of net income attributable to non-controlling interests is deducted;
- other acquisition-related effects (primarily the workdown of acquired inventories remeasured at fair value at the acquisition date, and the impact of acquisitions on investments in associates) are eliminated.

“Business net income” is defined as “Net income attributable to equity holders of sanofi-aventis”, determined under IFRS, excluding (i) amortization of intangible assets; (ii) impairment of intangible assets, (iii) other impacts associated with acquisitions (including impacts of acquisitions on associates); (iv) restructuring costs, gains and losses on disposals of non-current assets, and costs or provisions associated with litigation; (v) the tax effect related to the items listed in (i) through (iv); (vi) effects of major tax disputes; and (vii) the share attributable to non-controlling interests of items (i) through (vi). Items listed in (iv) correspond to those reported in the line items “Restructuring costs” and “Gains and losses on disposals, and litigation”, as defined in Note B.20. to the consolidated financial statements for the year ended December 31, 2009.

We also report “business earnings per share” (“business EPS”), a non-GAAP financial measure that we define as business net income divided by the weighted average number of shares outstanding.

III – Statutory Auditors' review report on the 2010 half-year financial information

Period from January 1 to June 30, 2010

This is a free translation into English of the Statutory Auditor's review 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.

To the Shareholders,

In compliance with the assignment entrusted to us by your Shareholders' annual general meetings and in accordance with the requirements of article L.451-1-2 III of the French monetary and financial code (*Code monétaire et financier*), we hereby report to you on:

- the review of the accompanying condensed half-year consolidated financial statements of sanofi-aventis, for the period from January 1 to June 30, 2010;
- the verification of the information contained in the half-year management report.

These condensed half-year consolidated financial statements are the responsibility of the board of directors. Our role is to express a conclusion on these financial statements based on our review.

I. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that the financial statements, taken as a whole, are free from material misstatements, as we would not become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that these condensed half year consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 – the standard of IFRSs as adopted by the European Union applicable to interim financial information.

Without qualifying our conclusion, we draw your attention to the note A.1. to the condensed half-year consolidated financial statements relating to the implementation by sanofi-aventis of new IFRS standards and interpretations from January 1, 2010.

II. Specific verification

We have also verified the information given in the half-year management report on the condensed half-year consolidated financial statements subject to our review.

We have no matters to report as to its fair presentation and consistency with the condensed half-year consolidated financial statements.

Neuilly-sur-Seine and Paris-La Défense, July 30, 2010

The Statutory Auditors

French original signed by

PricewaterhouseCoopers Audit		Ernst & Young Audit	
Xavier Cauchois	Philippe Vogt	Christian Chiarasini	Jacques Pierres

IV – Responsibility statement of the certifying officer - Half-year financial report

"I hereby certify that, to the best of my knowledge, the condensed half-year consolidated financial statements have been prepared in accordance with the applicable accounting standards and present fairly the assets, the liabilities, the financial position and the profit of the Company and the entities included in the scope of consolidation, and that the half-year management report on page 37 provides an accurate overview of the significant events of the first six months of the financial year with their impact on the half-year consolidated financial statements, together with the major transactions with related parties and a description of the main risks and uncertainties for the remaining six months of the financial year."

Paris, July 30, 2010

Christopher A. Viehbacher

Chief Executive Officer

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