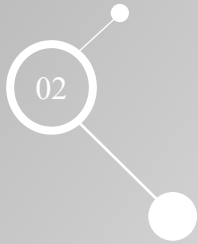




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Please refer to the reference document for further information.



CHAIRMAN'S MESSAGE



ALBERT
SAPORTA

Chairman and Chief Executive Officer



Our clinical results, the European registration of Oralair[®] and Stallergenes' sound financial position open the way for more ambitious international expansion

Dear Shareholders,

2009 indisputably proved to be a turning point for Stallergenes and allergen immunotherapy

- The European registration of our grass pollen immunotherapy tablet Oralair[®], achieved in November, demonstrated our ability to meet today's pharmaceutical regulatory requirements.
- The clinical trial (phase IIb/III) on the Actair[®] dust mite immunotherapy tablet provided unambiguous evidence of its efficacy and safety against dust mite allergic rhinitis, the most prevailing allergic disease in the world.
- The positive results of the clinical trial (phase IIb/III) on the birch pollen immunotherapy tablet (Bet v 1 recombinant) will enable us to carry on the clinical development aiming at a European licence for the first recombinant allergen.
- The Oralair[®] phase III clinical trial carried out in the US fully confirmed the results obtained in Europe.
- Lastly, the results of the 3-year long-term trial on Oralair[®] have demonstrated a progressive improvement in treatment efficacy. The trial is continuing into 2010 in order to show that this effect persists after the end of the treatment.

The convergence of clinical evidence and the recognition of a European registration have established tablets as the future of allergen immunotherapy, as testified by the World Allergy Organization's position paper of December 2009. The guidelines of the European Medicines Agency, EMA, substantially inspired by the development of immunotherapy tablets, were published for the first time in July 2009. They definitely conferred the status of new therapeutic class to allergens.

The company's sales and financial results exceeded expectations in spite of unfavourable macro-economic conditions. For the ninth year running, Stallergenes enjoyed double-digit sales (up 13%) and net profit growth (up 19%), in spite of a significant increase in Research and Development expenditure (up 20%). For the first time in 6 years and at the end of an unprecedented capital expenditure cycle in the Company's history, Stallergenes posted a positive net cash position, thus further enhancing its expansion capacities.

Even though growth is expected to continue at a less buoyant pace in 2010, we expect nonetheless a further increase in our results, due to stabilised R&D expenditure. Following the successful launch of Oralair[®] in Germany in 2008, this product should be introduced to other European markets in 2010 or 2011, once pricing and refund assessment procedures have been conducted.

Beyond the short-term outlook, the clinical results obtained as a whole, the European registration of Oralair[®] and the Company's sound financial position now open the way for more ambitious international expansion:

- by actively seeking a partner to make the best possible use of allergen tablets in the strategic US and Japanese markets;
- by contributing to the development of emerging markets, such as China, Korea, Russia and Latin America;
- by participating in the consolidation of the market, made inescapable by ever more stringent regulatory constraints.

Based on soundly established foundations, our Company, aware of its corporate responsibilities, is turning confidently, with composure and enthusiastically to the future.

Albert Saporta

IMMUNOTHERAPY ENTERS A NEW ERA



**ALBERT
SAPORTA**
Chairman and CEO

.....
**DR LOUIS
CHAMPION**
Managing Director

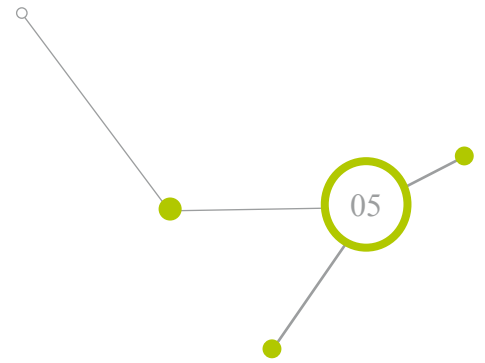


Any comments on your 2009 clinical news flow?

The results achieved in 2009 are decisive and mark a major step in the history of allergen immunotherapy. These trials, carried out on large cohorts and implementing unquestionable methodology, confirmed the efficacy and safety of allergen tablets against the 3 most common allergens in Europe: grass pollen, dust mites and birch pollen. No other administration route for allergen immunotherapy has achieved this level of proof or displays such a favourable benefit to

risk ratio. But above all, sublingual allergen immunotherapy has become a pharmaceutical class of the same level as symptomatic treatments in caring for respiratory allergy diseases, with its own specific positioning.

The Oralair® long-term trial has demonstrated growing efficacy year after year. Immunotherapy tablets have a statistically proven efficacy after only several months of treatment against pollens and dust mites alike, which is much faster than other administration routes. In addition, a



Tablets will both revolutionise and make the use of immunotherapy more credible

detailed results analysis can pinpoint the patients that will benefit the most from this treatment and to measure the improvements we can expect: immunotherapy tablets are primarily dedicated to allergic patients who suffer from severe rhinitis that is badly controlled by symptomatic treatments. The trial carried out in the US on Oralair® confirmed the results obtained in Europe. Last but not the least of the results, the methodology designed to develop tablets had significant influence on international standards that will now be demanded by regulatory authorities in future allergen immunotherapy trials. This is a genuine breakthrough!

Why are regulatory requirements increasingly strict and what consequences will there be for the allergen immunotherapy market?

All pharmaceutical products must demonstrate their safety, efficacy and a favourable benefit to risk ratio in relation to the treated pathology. In many countries, allergens – which have been available for over 30 years – escaped and are still escaping this obligation due to historically non-existent or minimum regulations. Allergen immunotherapy tablets, designed and developed as proprietary medicines meet these standards. However, the methodology is tailored to the specific needs of immunotherapy, which remains an etiologic treatment that acts on the immunologic mechanism of the disease, not an on-demand symptomatic treatment that acts on the inflammation mechanism.

By validating the concept of allergen immunotherapy, the development of tablets enables allergens prepared for a specific individual can be retained (NPPs), in particular for allergens whose occurrence is too low to allow large-

scale clinical development. In effect, the main European agencies have initiated a process of strictly regulating allergens. This is a positive development, which is necessary to make allergen immunotherapy more credible.

However, the effort required is set very high, from a financial but especially expertise point of view. The market should consolidate into a limited number of participants over the next five years. Stallergenes may participate in this development to selectively consolidate its approach in certain markets.

To what extent do immunotherapy tablets drive growth?

In Europe, they will gradually substitute for other administration routes and sublingual drops, through allergen franchising, while at the same time encouraging a consolidation movement. The US and Japanese markets represent more than 50% of the global pharmaceutical market, but only 10% of the allergen market. The two markets have in common the absence of sublingual treatments, which appeared in Europe 20 years ago. Before tablets were introduced, the clinical literature of this administration was insufficient to incite allergists to modify their prescription habits in these two countries. Over the past few years however, we have noted a significant change in how sublingual immunotherapy is perceived. Tablets, as registered specialties, should “revolutionise” immunotherapy practices while at the same time making it more credible. Local clinical developments will be necessary for their registration and significant resources will have to be devoted to assert this new concept, which is sometimes at odds with existing practices.

What is Stallergenes’ development model?

Our development focuses on the following two areas: products and markets.

The product development strategy is based on the following 3 simple ideas:

- The immunotherapy market needs increased credibility to develop: allergen immunotherapy must demonstrate its efficacy and safety in accordance with modern pharmaceutical standards. This requirement is also an opportunity.
- The sublingual route offers a much better benefit to risk ratio than the subcutaneous route and is also well accepted by patients.
- 5 allergens are responsible for 80% of respiratory allergies.

The business plan thus includes 5 tablets in relation to these allergens¹, with the priority being given to European allergens.

In Europe, Stallergenes is now very well established with 10 subsidiaries and an extensive network of distributors. Our strategy is to gradually substitute existing products with our tablets. In the US, the effort necessary to completely change practices requires a powerful partner to carry out local clinical developments (including the ragweed, an allergen specific to the US), interact with regulatory agencies and market its products. In Japan and in the main emerging markets (BRICs²), we will have to create the market by gathering support from the best local partners.

¹ Dust mites, grasses, birch, ragweed and Japanese cedar pollen
² Brazil, Russia, India and China





THE FOUNDATIONS FOR TOMORROW'S IMMUNOTHERAPY

Allergen immunotherapy achieved a high level of recognition in 2009 due to the application of new EMA guidelines. It is now well established that immunotherapy tablet treatments represent a new therapeutic class, devoted to patients who suffer from severe allergic rhinitis, inadequately controlled by symptomatic treatments.

Stallergenes' commitment and continually enriched expertise contributed to greater immunotherapy credibility, as illustrated by the major clinical results obtained by the Company.

2009, YEAR OF RECOGNITION FOR IMMUNOTHERAPY



2009 marked a major turning point for **allergen immunotherapy, now recognised** by European health authorities as **a therapeutic class in its own right.**



New guidelines from the EMA¹, concerning the clinical development², production and quality³ of immunotherapy products came into force in 2009, with a view to registering specialties.

Structuring guidelines for the registration of specialties in Europe

EMA guidelines establish a comprehensive framework and a benchmark for all European health agencies. All laboratories intending to market their products in more than two European countries must take these guidelines into account. The guidelines encourage an irreversible trend towards the registration of the main allergens as proprietary medicines, implicitly recognise allergens as a true therapeutic class and thus the permanence of immunotherapy and its practice.

From a clinical point of view, these guidelines specify the rules governing clinical trials carried out to assess products used in allergen immunotherapy. As the brainchild of a shared vision between

the authorities and the main industry participants, the rules were designed based on the development programmes of immunotherapy specialties initiated in 2003. The clinical development of tablets was a determining factor in drawing up EMA guidelines, setting a precise methodological framework that encourages a better assessment of the results of the various trials. All new clinical trial aiming for European Registration must follow this methodology.

Concerning allergic rhinitis, the guidelines specify that the efficacy of allergen immunotherapy on allergy symptoms may be assessed from the first year following the start of the immunotherapy treatment, both for adults and children. Sustained efficacy (after 3 years of treatment) must be subsequently demonstrated, as well as continuing effects after the end of the treatment for adults.

Consistent development, in line with guidelines

In the past, trials assessing sublingual route allergen immunotherapy treatments were highly inconsistent in terms of follow-up, inclusion criteria, statistic data analysis and control over environmental variables. Nonetheless, meta-analyses of these trials did support interest for these treatments. This interest was recognised by the ARIA⁴ consensus but the level of evidence is now insufficient in light of current regulatory requirements.

Due to the clinical development of tablets, the efficacy and safety of products used in allergen immunotherapy were assessed in accordance with a rigorous methodology that meets the requirements of evidence-based medicine (EBM⁵).

1 European Medicines Agency
 2 Ref. CHMP/EWP/18504/2006, in force since June 2009
 3 Ref. CHMP/BWP/304831/2007, in force since May 2009
 4 Allergic Rhinitis and its Impact on Asthma: international consensus on the treatment of allergy rhinitis
 5 Evidence Based Medicine



INTERVIEW WITH
PR. ANTHONY FREW

Professor of Allergy and Respiratory Medicine
Royal Sussex County Hospital, Brighton – UK
President EAACI 2010

What do the recent immunotherapy tablet development programs bring?

In the past, immunotherapy products were made available at national level, either because they were historically registered or they were authorised to be supplied under special conditions (such as named patient products). In the last few years, the worldwide leaders in immunotherapy have conducted clinical development plans with tablets which have provided hard evidence for the use of sublingual

immunotherapy and brought this therapy to a new level – one of evidence-based medicine (EBM) and sufficient to justify European registration. These clinical development plans have also allowed EMA to regulate the immunotherapy market through the establishment of guidelines.

How do the new EMA guidelines impact the development of SIT products?

The new EMA guidelines will have a great impact because they take account of the work that has been done in sharpening up the process of immunotherapy clinical development.



The increasing frequency of references to allergens in regulatory literature and the publication of EMA guidelines in 2009 reflect the growing awareness by health authorities of the essential role to be played by immunotherapy in the treatment of allergy diseases. The European registration of Oralair® is perfectly in keeping with this new trend.

Véronique Janet,
Vice President, Regulatory Affairs

This clinical development thus documents efficacy in accordance with EBM principles: clinical trials are carried out on significant populations, administration patterns are rational, the efficacy assessment criteria are rational and the methodology is strict.

The guidelines have helped to define a specific clinical development for immunotherapy products. This clinical development is further improved by a more rigorous methodology, which is different from that used for symptomatic treatments, due to the etiologic nature of immunotherapy treatments.

The real efficacy of immunotherapy is actually higher than that measured by clinical trial, since its effects are minimised by the recourse to rescue medi-

cation, authorised in the trials. The real efficacy of immunotherapy on severe patients is undisputable and the magnitude of its effect without compare if these effects are excluded.

The days of the debate on the efficacy of immunotherapy are behind us. The allergology community can now rely on undisputable and comparable data to design the best therapeutic options for patients. Immunotherapy benefits from clear positioning: it addresses patients suffering from severe allergic rhinitis that is inadequately controlled by symptomatic treatments, i.e. 15 to 20% of people suffering from allergic rhinitis.

They provide a framework for the development of any immunotherapy product to be marketed in more than one European country.

What will be the impact on the immunotherapy market?

The clinical development of sublingual immunotherapy tablets and the EMA guidelines establish a clear road map for any immunotherapy products which will be marketed in Europe and they will be the reference for all the national health agencies. National health authorities are

converging irreversibly towards the EMA guidelines. These new data allow us to have robust discussions with healthcare purchasers and should lead to the recognition of sublingual immunotherapy beyond the frontiers of the existing markets, for example in countries like the UK where immunotherapy has not been widely available. Meanwhile, physicians are becoming more and more convinced of the necessity to select the best documented products, which comply with healthcare system requirements and meet the expectations of patients.



Regulatory developments, market consolidation factors

Health authorities encourage tighter regulation to guarantee an adequate benefit to risk ratio for patients. Regulations involve significant improvement in the quality of clinical and pharmaceutical development. Major immunotherapy companies have taken this regulatory direction a long time ago. It involves significant human and financial investment for other market participants, not all of which will be able to sustain. This barrier to entry promotes market consolidation, originating in major European countries in relation to major allergens. Immunotherapy is thus undergoing change and rationalisation, as well as being sucked into an inescapable consolidation movement. 2009 is a

founding year, a year of breakthrough and rebirth for immunotherapy. It materialised and marked a decisive stage for immunotherapy: not only was it recognised that immunotherapy products may be developed to the same level as symptomatic treatments, but these developments are now deemed essential.

THE CONVERGENCE OF NATIONAL REGULATIONS IS IN PROGRESS

In Europe, various immunotherapy products co-exist, featuring highly disparate pharmaceutical and clinical literature. This situation is due to the lack of regulatory harmonisation at European level. Several countries have initiated more stringent national regulations, which will eventually regulate the immunotherapy market. France and Germany have led the regulatory movement in relation to allergens.

In France, Afssaps¹ issued a decree regulating NPPs² in 2004, which was implemented in 2008 and 2009. In Germany, the PEI³ issued new regulation in November 2008 for the most frequent allergens, in order to guarantee the quality, efficacy and safety of the products and avoid the co-existence of registered and unregistered products in the market. In the Netherlands, health authorities have made registration a prerequisite for refund in July 2009 and have introduced further restrictions in October 2009 to the marketing of unregistered products. Similar initiatives have been launched in Italy and Spain.

The co-existence of unregistered and registered products is less and less possible today in Europe. A convergence of the various regulations is taking shape. In the coming years, only registered products benefiting from the same level of documentation as proprietary medicines will be granted marketing authorisations.

1 Afssaps: French health authority
2 NPP: Named patient products
3 PEI: German biologic product regulatory agency

STALLERGENES, THE ALLERGOLOGY COMPANY



Stallergenes significantly contributed to **the rebirth of allergology** due to its long-standing commitment and **a constantly enriched specific expertise** in sublingual allergen immunotherapy.



In 2003, Stallergenes put into place an ambitious programme, Stalair^{®1}, to develop sublingual immunotherapy tablets. This programme, initiated 7 years ago, has represented to date a cumulative R&D investment of € 120 million, of which 75% of external costs, primarily including clinical trials, as well as capital expenditure of € 30 million. This highly coherent programme draws both on Stallergenes' significant expertise and on anticipating regulatory developments.

Stallergenes, a player in the rebirth of modern allergology

Sublingual tablets have acquired a level of evidence that exceeds that of other immunotherapy products and embody the future of this therapeutic approach. Large-scale clinical trials have demonstrated the efficacy and safety of use of sublingual immunotherapy tablets in both adult and paediatric populations. On these bases, the development of grass pollen tablets has today become the benchmark. The demonstration of

their efficacy is all the more convincing that it is backed by undisputable methodology, a large panel of patients (never matched by other administration routes²) and trials in both adults and children. In comparison, subcutaneous route treatments are only supported by small-scale disparate trial, particularly incomplete for children.

Continually confirmed expertise that strengthens Stallergenes' expertise

Stallergenes' expertise in its core market of sublingual allergen immunotherapy is long established. Stallergenes was at the origin of the sublingual route, which represents today nearly 50% of the global allergen market.

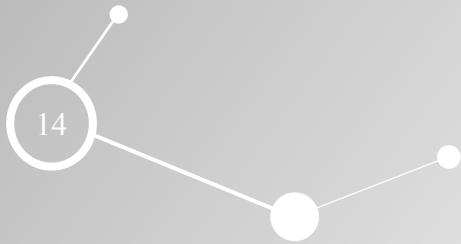
In 1992, the Company initiated the development of sublingual products in drops. The Company designed and conducted development programmes and was at the origin of numerous proof of concept trials. The Stalair[®] programme is intended to develop, in a coordinated manner, sublingual immunotherapy tablets based on registered allergens, the

properties of which were documented in accordance with the rules of Evidence-Based Medicine. This pharmaceutical and clinical development programme targets the unmet needs of patients suffering from severe allergy rhinitis and rhinoconjunctivitis, which are not controlled by usual symptomatic treatments.

Stalair[®] concerns the main allergens, involved in more than 80% of respiratory allergy cases in developed countries. The large-scale clinical studies already conducted by Stallergenes have validated the efficacy and safety of major allergens (grass pollen, dust mites and birch pollen).

1 Name of the sublingual allergen immunotherapy tablet development programme. This programme notably includes the development of the Oralair[®] (grass pollen), Actair[®] (dust mites) and r Bet v 1 (birch pollen) tablets.

2 Calderon M, Mösges R, Hellmich M, Demoly P. Towards evidence-based medicine in specific grass pollen immunotherapy. Allergy 2009



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INTERVIEW

CHARLES RUBAN

Vice-President – Product Development

Anticipation is the necessary condition for success

To what extent can we talk about anticipation in setting up the Stalair® development plan?

Anticipation relates to the intrinsic construction of a proprietary medicine,

which is very different from our current products, NPPs. Developing a medicine is highly demanding in terms of analytical, clinical, pharmaceutical and regulatory development. Due to the biological nature of our products, made from natural or recombinant allergens, pharmaceutical development is particularly complex and requires expertise, which Stallergenes was able to reinforce from 2003. The Company subsequently implemented the necessary resources to transpose its accumulated expertise

from one project and from one country to another.

What is specific about the Stalair® development plan?

The Stalair® development plan focuses on patients. The Company's departments that are in contact with physicians and patients are involved in projects from the outset of their development. The development plans are thus designed based on patients' needs (packaging, preserving, protocol, etc.)



The clinical benefit of immunotherapy on patients suffering from severe rhinitis, inadequately controlled by symptomatic treatments, was clearly demonstrated by the Stalair® programme. Our developments are consistent with our patients' expectations and the financial requirements of health authorities.

Antoine Barouky,
Vice-President – Marketing

To date, the Stalair® programme includes 13 phase I to III clinical trials, of which ten have been completed and three are in progress. A total of 5,000 patients were involved in these trials. In order to bring this programme to a successful conclusion, Stallergenes dedicated 24% of sales to R&D in 2009.

Patient at the heart of clinical development

Any treatment, even having proven its efficacy, must be adhered to by patients to provide therapeutic benefit. Proper adherence is thus essential for treatment efficacy, especially in chronic cases. Administration methods must be simple and consistent with patients' expectations.

Shorter treatment time and drug holidays increase patient adherence to their treatment. The pre and co-seasonal protocol comes within the

framework of this patient-centred approach. Oralair® was administered according to a pre and coseasonal protocol in all clinical development trials. In practice, the treatment began about 4 months before the start of the pollen season and continued throughout the season. The connection between the pollen season, which is well known by patients as the period they suffer from allergy symptoms, and administration of the treatment is a factor of therapeutic adherence and patient satisfaction.

The successful launch of Oralair® in Germany confirmed that this protocol suits patients. It also meets the financial requirements of healthcare policies and lowers public healthcare costs.

Unique allergen knowledge

The key to Stallergenes' expertise resides in allergens, regardless of whether the quality of raw materials

We do everything in our power to simplify the treatment, for both physician and patient. Stallergenes has put into place an incremental development process for the Stalair® programme, which enables it to consider new indications and prospects for its products as progress is made, in line with EMA guidelines (assessment of sustained efficacy in both adults and children, measurement of continuing effect after the end of the treatment).

What was the contribution of the Product Development Department?
The Product Development Department materialises Stallergenes' capacity to manage a diversified and consistent project portfolio. Cross-divisional project management, initiated in 2003, reached a maturity level that enable it to focus on the most relevant projects, while at the same time retaining the Company's entrepreneurial agility. The magnitude of the 2009 news flow resulted from this strategy.



or the extraction and manufacturing processes are concerned. New specific processes, that maintain the significant in-house expertise, were set up to control the quality and reproducibility of allergen extracts. This know-how has made it possible to produce an increasing quantity of our principal raw materials (dust mites, grass pollen) and enables us to help our suppliers to continuously improve their own raw materials, which are the basis for our own products. Control over the processes and the accumulated experience consolidate intellectual property protection and contribute to make Stallergenes a standard-setting laboratory for allergen quality. The processes put into place as part of Quality Assurance enable us to capitalise on Stallergenes' expertise and share the significant knowledge accumulated by the Company. Quality Assurance team members are included in development

projects from their inception and are closely associated with arbitration on decisions relating the supplier management or batch validation. Stallergenes' newest pharmaceutical manufacturing unit, inaugurated in September 2008, was designed to meet the most demanding regulatory requirements, such as the FDA's. Stallergenes thus put into place a specific activity schedule with a view to obtaining FDA certification.

RECOGNITION OF AN UNDISPUTABLE LEVEL OF EVIDENCE

The World Allergy Organisation (WAO) has issued a position paper¹ that summarised current data on sublingual allergen immunotherapy efficacy and safety.

The World Allergy Organisation states that the sublingual route offers a much more positive benefit to risk ratio than the subcutaneous route and that immunotherapy tablets are much better documented. It also noted the significance of the registration of sublingual immunotherapy tablets, which better meet patient expectations and enhance treatment credibility with health authorities.

This position paper confirmed that the treatment is particularly suitable for patients whose allergy pathology is inadequately controlled, in spite of symptomatic treatments.

It also highlighted the etiologic nature of immunotherapy, positioned as a preventive treatment of respiratory allergy pathologies, in particular asthma.

¹ Sublingual immunotherapy. World Allergy Organization Position Paper 2009. Allergy 2009 ; 64 (Suppl. 091) : 1-59.

ANNOUNCED IN 2008, CARRIED OUT IN 2009



Stallergenes' news flow was particularly significant in 2009, in line with the **Company's forecasts.**

The Stalair® programme was the subject of major clinical results that confirm the Company's future expansion. Thus, the efficacy of the main three tablets of the Stalair® programme (Oralair®, Actair® and r Bet v 1), which cover nearly 80% of the epidemiology, was confirmed by large-scale clinical trials that complied with good practices.

Oralair®: approval obtained in Europe and 3-year efficacy demonstrated

The grass pollen immunotherapy tablet, Oralair®, was released in the German market in the summer 2008 in the adult indication and in January 2009 for children. It was well received by allergy specialists due to its user-friendliness for

patients and appropriate pricing, in particular due to its pre and coseasonal protocol. The launch enabled Stallergenes to gain market shares beyond the sublingual segment and thus broaden its prescriber base.

In November 2009, Stallergenes obtained approval in more than 20 other European countries for both indications of this treatment, adults and children, through a mutual recognition procedure. Price and refund assessment procedures, the stage that precedes the country by country launch, are ongoing.

In December 2009, the highly positive three-year results of the long-term trial (VO53.06) strengthened the clinical rele-



vance of Oralair®. This is the first pivotal trial designed, from its inception, to measure both the sustained effect and the disease-modifying effect after the end of the treatment of an immunotherapy tablet. This trial demonstrated the sustained clinical effect of Oralair® as part of a pre and coseasonal therapeutic scheme, and growing efficacy as seasons go by. It will be continued for another 2 years in order to assess the continuing therapeutic benefit after the end of the treatment.

POSITIVE RESULTS ACHIEVED BY THE ORALAIR® PHASE III TRIAL IN THE US

Stallergenes carried out a phase III (VO61.08) clinical trial in the US as part of the Oralair® development programme. This randomized, double-blind and placebo-controlled trial was conducted on 473 adult patients suffering from grass pollen-induced rhinoconjunctivitis in 51 centres in the United States. The trial achieved its objective: a statistically significant reduction in the combined symptom / rescue medication score. The magnitude of the results was similar to those of European studies. The trial confirmed the very high level of evidence of Oralair® and is pivotal in preparing a Marketing Authorization application for the product in the US in the adult indication (BLA)¹.

¹ BLA: Biologics License Application



The more we carry out clinical trials, the more our expertise is strengthened. After Oralair®, we have obtained decisive results with Actair® and the r Bet v 1 tablet. This comprehensive control gives us the strength and confidence to continue our long-term clinical developments in the US and Japan.

**Dr. Olivier de Beaumont,
Vice-President, Medical**



INTERVIEW

ASS. PROFESSOR HANS-JØRGEN MALLING

Allergy Clinic 816,
Gentofte University Hospital
Hellerup, Denmark

The Stalair® development program illustrates the break-point between experience and evidence

What are your views on the Stalair® development program?

The Stalair® development program has helped to define a clear status for registered immu-

notherapy pharmaceuticals and has led to greater recognition of sublingual immunotherapy by health authorities, healthcare purchasers, physicians and patients. In addition to fitting squarely with EMA guidelines issued in 2009, it also questions a number of traditional views in the field of immunotherapy.

What are the main findings of the Stalair® development program relative to grass pollen?

The level of evidence for grass pollen sublingual immunotherapy is now

well established, and irrefutable:

- The dose range is clearly established;
- The efficacy and safety have been demonstrated in both adults and children;
- The efficacy has been demonstrated over both the short and long term (3-year treatment);
- The pre and coseasonal protocol fits with patients' expectations;
- The onset of action is quicker than expected;



In 2009, the size of our workforce further increased by 10%, including 53% of executives and 40% of technicians. 47% of all these recruitments related to development positions.

We continue to implement our recruitment policy, which consists in continually raising the level of expertise necessary to achieve our targets.

Michelle Jacquet,
Vice-President, Human Resources

The Oralair® development programme, which involves more than 2,300 patients in total, has provided an undisputable level of evidence in favour of this treatment. The programme, launched in 2003, brought immunotherapy tablets to the same level of recognition as traditional pharmaceutical products and set a benchmark for clinical developments.

Actair®: efficacy from 4 months of treatment in adults

The sublingual dust mite immunotherapy tablet, Actair®, is subject to a positive phase IIb/III trial (VO57.07) in adult allergic rhinitis, the results of which were released in the first half of 2009.

Due to the results achieved, for the first time in a large-scale trial (509 patients), the efficacy of dust mite immunotherapy in perennial allergic rhinitis,

the short efficacy mean time (4 months) and a satisfactory safety profile mean the tablet meets the needs of patients suffering from a severe form of the disease.

This trial will be pivotal for the registration file of this tablet. A paediatric study is in progress. Stallergenes is significantly ahead of its competitors in the development of a sublingual dust mite immunotherapy tablet.

Stalair® r Bet v 1: positive results for r Bet v 1 allergen (birch pollen) via sublingual route

The r Bet v 1 tablet (Bet v 1 recombinant, a major birch pollen allergen) was subject to a positive phase IIb/III trial, carried out on birch pollen allergy rhinoconjunctivitis. For the first time in the world, this tablet uses an allergen recombinant as

- The product meets the needs of severe allergic rhinitis sufferers whose condition is inadequately controlled using symptomatic treatments.

What are the main findings of the Stalair® development program relative to house dust mites and r Bet v 1 (recombinant birch pollen)?

The Actair® dust mite immunotherapy tablet has been the subject of a phase IIb/III clinical trial, which is the first large-scale study ever to demonstrate the efficacy of dust mites aller-

gen in the treatment of perennial allergic rhinitis. It has demonstrated a rapid onset of action (efficacy from the fourth month) and a good safety profile, addressing the needs of patients with severe forms of the allergy.

Stalair® r Bet v 1 tablet (recombinant birch pollen) has been the subject of a positive phase IIb/III clinical trial conducted in allergic rhinitis triggered by birch pollen. This study is the first ever to use a recombinant aller-

gen as an active substance in sublingual immunotherapy.

Thanks to the Stalair® development program, we have gained a better understanding of the condition and patients' needs. Stallergenes has taken the lead in clinical development in line with the requirements of EBM and EMA guidelines. As an expert, I am particularly proud to have played a part in this clinical development, which represents a major breakthrough in the field of immunotherapy.

active substance in sublingual immunotherapy. The use of a recombinant protein in dry form in a phase IIb/III trial is also a world first. A phase III confirmation study is being prepared with a view to achieving EMA registration.

The clinical results achieved in 2009 contributed to consolidate Stallergenes' expertise and confirmed the relevance of its development plan. In obtaining these results in Europe, the Company provided itself with the necessary resources to tackle other strategic markets, such as the US and Japan.

The Company will enter a new phase in 2010, with the release of the results for one clinical trial assessing the disease-modifying effect of Oralair® (effect after 3 years of treatment followed by a year's break) and

another one assessing the disease-modifying effect of Actair® (effect after 1 year of treatment followed by a year's break).

Stallergenes has become a biopharmaceutical company that benefits from a strong strategic position in respiratory allergy. The unmet medical needs of patients suffering from severe allergic rhinitis are high and immunotherapy is the solution.



The Stalair® programme meets both the new regulatory requirements and the prescribers' expectations. This programme is the main driver for our expansion in strategic markets and in gaining additional market shares in our original markets.

Philippe Verez,
Vice-president - International Operations

STALLERGENES, A RESPONSIBLE COMPANY



A major player in allergen immunotherapy, Stallergenes set itself the objective, in conjunction with healthcare professionals, to increase the treatment of severe respiratory allergy and **sustainably improve the patients' quality of life.** This mission comes as part of the Company's corporate responsibility approach.

PATIENTS

Stallergenes has a long-standing commitment to innovation and invests more than 20% of its sales in R&D. This commitment led to the implementation of the patient-centred Stalair® sublingual tablet development programme. This programme covers 80% of respiratory allergy cases in developed

PERSONNEL

A workforce of more than 870 contributes to the Company's development. With a 12% increase in its workforce size every year over the past 4 years, the Group looks for new talent on an ongoing basis. Between 2005 and 2009, Stallergenes created 320 jobs, of which 50% were high level positions.

ETHICS AND GOVERNANCE

A pioneer in regulatory developments for allergen immunotherapy, Stallergenes has been conducting since 2003 its Stalair® sublingual tablet development programme, in line with and anticipating developments in European regulations. The company pays particular attention to comply with

ENVIRONMENT

Due to its business sector, Stallergenes pays particular attention to environmental safety. As an expert in respiratory allergies, Stallergenes has taken part in many trial projects that demonstrated that a deteriorated environment had a direct negative impact on people's health, es-

Stallergenes' mission

To provide allergy specialists with registered allergen pharmaceuticals to treat patients suffering from allergic respiratory diseases, not adequately controlled with symptomatic treatments

Stallergenes' vision

Be the worldwide innovation-driven biopharmaceutical leader for allergen immunotherapy.

countries and targets the unmet medical needs of patients suffering from severe allergy rhinitis and rhinoconjunctivitis, not controlled by symptomatic treatments. It is being conducted pursuant to Evidence-Based Medicine rules and provides for simple and practical administration methods, consistent with patient's expectations. As for grass pollen allergy, Stallergenes offers a protocol that comes within the framework of this patient-centred approach. Treatment is administered based on a pre and coseasonal protocol (treatment starts 4 months before the pollen season and is continued over the 2 months of the season).

Taking the treatment several months before and during the period when patients suffer from their allergy symptoms contributes to therapeutic adherence and patient satisfaction.

Concurrently, Stallergenes offers a wide range of services to allergists and their patients to ensure a better understanding and appropriate treatment of the pathology.

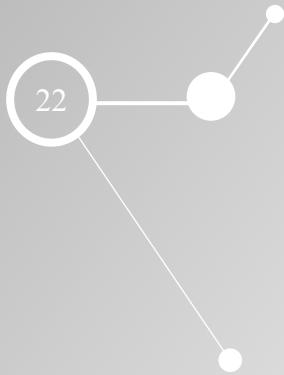
Concurrently to these recruitments, the in-house training policy is a significant factor of personal and career development. The Group thus enables its employees to adapt to changing job requirements and the pharmaceutical environment. The relentless training effort facilitates the rapid integration of new recruits and enables 40% of vacancies to be filled in-house. The Company strives to give a sense of responsibility to its personnel, regardless of the job description or level of authority of each of them. By favouring open corporate dialogue, Stallergenes strives to reward its personnel's commitment through a particularly attractive policy of sharing in the Company's profits. The laboratory shares profits in an equitable manner, since 45% of them are paid out to employees and shareholders in an equal measure, the remaining 55% being reinvested.

In order to meet the employees' expectations in terms of work/life balance, the Company offers various part time options. Lastly, Stallergenes contributes to job security in 2009, 52% of people recruited on a contract basis were made permanent.

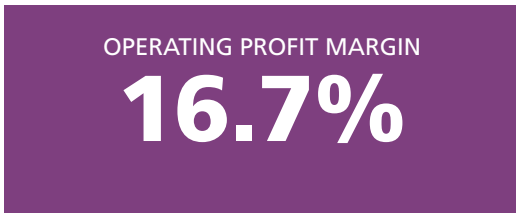
GMP (Good Manufacturing Practices) and GCP (Good Clinical Practices) standards, has been ISO 9001-certified since 1999 and has designed its industrial facilities in accordance with international pharmaceutical standards (EMA, FDA). A thought process to establish a corporate ethics code is being conducted and a suppliers' ethics charter is being prepared.

Stallergenes takes particular care to provide transparent information and has long implemented a policy of assisting prescribers and patients. Stallergenes supports the various allergology organizations and scientific societies, as well as the patient association "Asthme & Allergie". Since 2007, Stallergenes is at the origin of the CFOA (French Allergy Observatory Committee), whose ambition is to analyse the economic and social impact of respiratory allergies on the French population, promote a general awareness of the this matter and encourage industry participants and public authorities to implement a joint approach to remedy this public health and social issue. Lastly, Stallergenes has put into place balanced and transparent corporate governance and benefits from a stable shareholding structure.

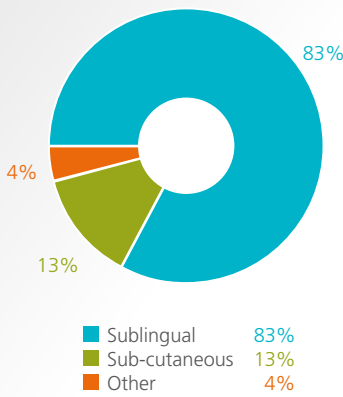
pecially children. In 2009, the Company launched a greenhouse gas inventory in order to assess its impact on the environment and identify possible areas of improvement. The production of allergen immunotherapy treatments uses very little fluids. The Group's environmental expenditure primarily relates to waste recycling costs, which totalled € 130,000 in 2009. All the waste is processed by specialised companies, certified by FNADE (French federation of pollution control and environmental activities). In order to make its operations even cleaner, the Company improved its production processes to abolish the use of dangerous materials, such as formaldehyde. The Company also strives to inform and give a sense of responsibility to its personnel in better looking after their environment. Fuel-efficient driving lessons are provided to all medical representatives and employees who drive company vehicles. Video conferences systems are being installed at the Group's main facilities to reduce business trips by plane.



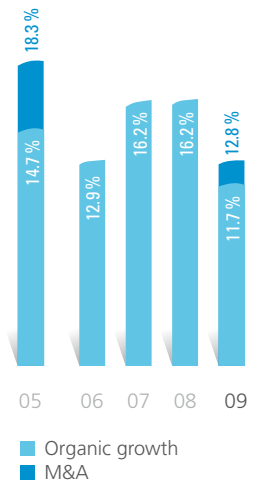
2009 KEY FIGURES



SALES ANALYSIS BY RANGE

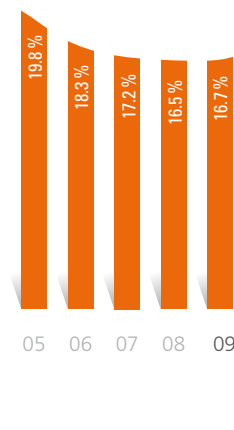


GROWTH



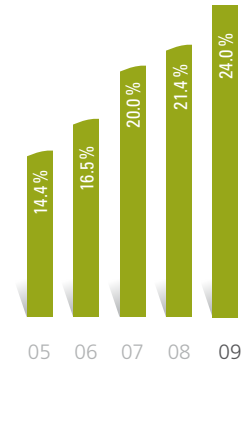
Organic growth continued at a sustained pace within a difficult economic environment.

OPERATING PROFIT MARGIN

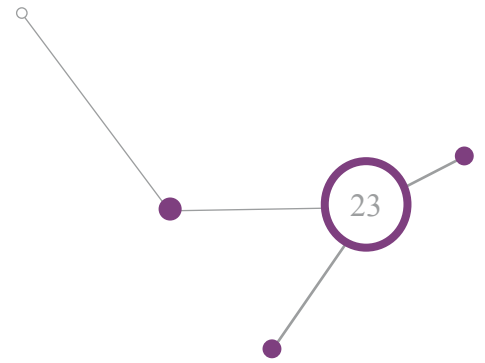


Operating profit margin improved in 2009 following a consolidation period.

R&D / SALES (GROSS DATA)



The R&D effort represents 24% of sales, a 10% point increase over the past 5 years.



NET PROFIT MARGIN
11.5%

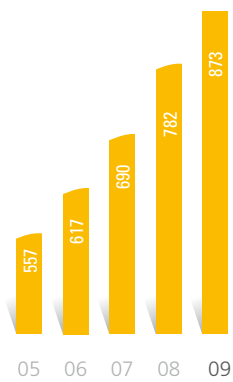
OPERATING PROFIT
€32.2 m

873
WORKFORCE

NET PROFIT
€22.2 m



WORKFORCE SIZE (YEAR-END)



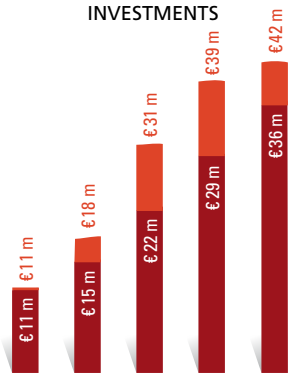
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NET PROFIT MARGIN



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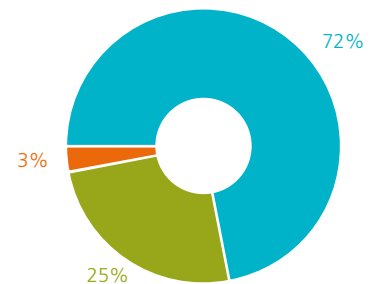
STALAIR® INVESTMENTS



05 06 07 08 09

■ R&D
■ Capital expenditure

SALES ANALYSIS BY MARKET



■ Southern Europe 72%
■ Other European countries 25%
■ Other markets 3%

Stallergenes created 91 jobs in 2009. The workforce size has grown by 67% in 5 years.

The net profit margin continued to recover and is now close to 12%.

Since 2004, Stallergenes has invested € 150 million in the Stalair® programme

CONDENSED FINANCIAL STATEMENTS



The € 28 million investment in the Stalair® programme explains the increase in capital invested over the last five years. Over the same period, shareholders' equity increased 2.5-fold.

Condensed Balance Sheet at 31 December (€ millions)

	2005	2006	2007	2008	2009
Goodwill	28.3	28.3	28.3	28.3	33.4
Property	6.4	8.1	7.8	17.4	16.8
Other non-current assets, net	14.4	17.3	29.9	31.6	34.6
Total non-current assets, net	49.1	53.7	66.0	77.3	84.9
Operating working capital	8.0	11.0	10.8	14.9	12.9
Total capital invested	57.1	64.7	76.8	92.2	97.8
Financed by:					
Shareholders' equity	39.8	52.7	66.4	82.6	102.7
Property loans	5.8	5.3	4.7	11.2	9.9
Other borrowings	18.0	16.0	14.0	7.0	7.0
Cash and cash equivalents	(6.6)	(9.3)	(8.3)	(8.6)	(21.8)
Net debt (net cash position)	17.2	12.0	10.4	9.6	(4.9)
Total capital employed	57.1	64.7	76.8	92.2	97.8

Income Statement (€ millions)

	2005	2006	2007	2008	2009
Sales	112.0	126.6	147.1	170.9	192.8
Cost of goods sold	(27.4)	(29.5)	(32.9)	(39.8)	(43.1)
Gross profit	84.6	97.0	114.2	131.0	149.7
General, admin. and selling expenses	(49.2)	(55.9)	(65.1)	(72.9)	(78.9)
Research and development costs, gross	(16.1)	(20.8)	(29.3)	(36.6)	(46.2)
R&D related income	2.9	2.8	5.5	6.6	7.6
Operating profit (EBIT)	22.2	23.2	25.3	28.1	32.2
Net financial expense	(1.0)	(0.7)	(1.2)	(1.3)	(0.7)
Income tax	(7.5)	(7.9)	(8.0)	(7.8)	(9.4)
Net profit	13.8	14.6	16.0	19.0	22.2

Cash Flow Statement (€ millions)

Operating profit (EBIT)	22.2	23.2	25.3	28.1	32.2
None cash items	4.7	4.4	4.8	6.2	7.4
Gross operating profit (EBITDA)	26.8	27.6	30.0	34.3	39.7
Current income tax on operating activities	(7.4)	(6.8)	(7.4)	(7.8)	(8.4)
Change in working capital requirements	(3.6)	(3.0)	0.2	(3.5)	2.2
Capital expenditure	(14.7)	(9.7)	(16.2)	(18.3)	(16.0)
Free cash flow	1.2	8.1	6.5	4.7	17.5
Dividends	(3.3)	(4.1)	(4.5)	(5.2)	(5.9)
Option exercise / Treasury shares	(14.3)	1.7	1.0	1.7	3.2
Cost of net financial debt and other	(0.3)	(0.5)	(1.4)	(0.4)	(0.4)
Change in net financial debt	(16.6)	5.2	1.6	0.8	14.4

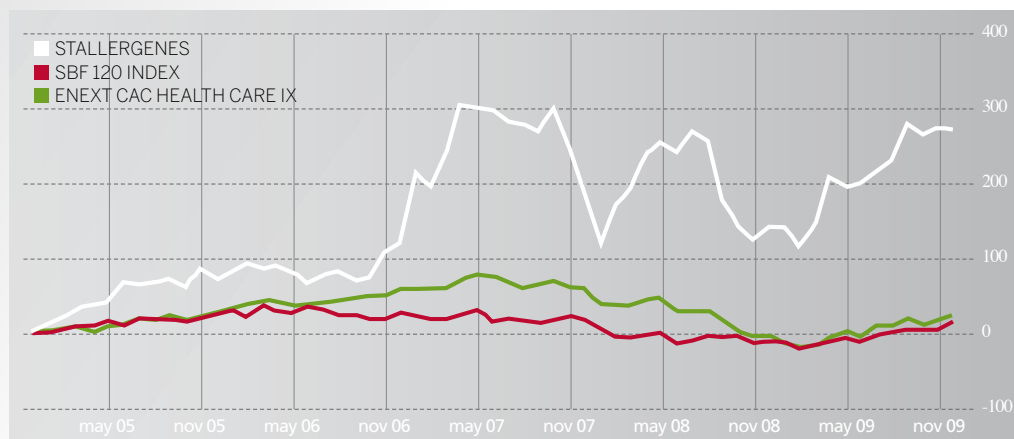


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Cash flow control is the core concern of Stallergenes' management system.

Christian Thiry,
Chief Financial Officer

STOCK MARKET: RECURRING OVERPERFORMANCE



Year high: € 63.20 on 17 November 2009
Year low: € 31.30 on 4 March 2009

In a market that remained unsettled in 2009, **Stallergenes stood out once again,** due to its steady, overperforming share price.

The share price grew by 54.5% (2009 closing price of € 58.85), which represents more than double the increase in major indices.

2009 change

Stallergenes	SBF 120	CAC Health Care	CAC 40
+ 54.5%	+ 23.7%	+ 22.3%	+ 22.3%

This overperformance is even more marked over a longer period. In 5 years, including the impact of the stock market crisis, the share price increased 3.6 fold, whereas the SBF120 virtually stagnated (up 5.3%). At the BFM Awards ceremony on 16 November

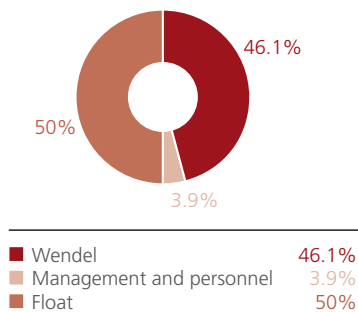
2009, Stallergenes was presented with the prize for the best stock market performance over 3 and 5 years. This award both highlighted the Company's growth share profile, as well as the value it creates for its shareholders, as reflected by its stock market performance over the past 5 years.

Share liquidity

An average 19,600 shares were traded per day in 2009.

Since March 2010, the share has been eligible for the SRD compartment (Euronext Paris deferred settlement service). This system enables both institutional and individual investors to use leverage to buy or sell shares, while being regulated by strict prudent rules.

SHARE CAPITAL OWNERSHIP



Access to SRD thus provides added flexibility in getting exposure to the share and contributes to increasing its liquidity. This label is thus associated with the most liquid securities trading on the Euronext Paris stock exchange.

Share description

ISIN: FR0000065674
 Reuters: GEN.PA
 Bloomberg: GENP FP
 Compartment: Eurolist B
 Shares outstanding: 13,212,438
 Market capitalisation at 31.12.2009: € 778 million
 Indices: SBF 120, CAC Mid&Small 190, CAC Small 90
 Eligible for SRD since March 2010
 Net proposed dividend for 2009: € 0.55
 Date of payment: 7 June 2010

Information transparency and regularity

Stallergenes' financial information to financial analysts and investors is based on the regular disclosure of information and a continuous and direct dialogue with the Group's executive management throughout the year.

The Group builds a long-term relationship with the financial community through annual and half-year results presentation meetings, conference calls for quarterly reporting, individual meetings and road shows with investors at the main European financial centres and in the US, as well as participating in theme days and organising site visits.

More than fifteen analysts follow the share, including Arkéon, Aurel, Cheuvreux, CM CIC, EthiFinance, Exane BNP Paribas, Federal Finance, Gilbert Dupont, Goldman Sachs, Kepler, Natixis, Oddo, Piper Jaffray, Portzamparc and SG Securities.

Contacts

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 Christian Thiry:
 Chief Financial Officer
 Lucile de Fraguier - Pavie Finance
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A historic overperformance rewarded by the 2009 BFM Award for “best stock market performance over 3 and 5 years”

MANAGEMENT TEAMS



Stallergenes set up an Executive Committee on 1 January 2010 as an operational decision-making body, based on the two management teams, CODIR and EUROCODIR. The management of business activities is more particularly overseen by the European Executive Committee or EUROCODIR.

These two management teams comprise the following members:

Victor ALVA CELMA Spanish Subsidiary General Manager	■	Edoardo NEGRONI Director of Operations, Northern & Southern Europe	■
Urs AMSTUTZ Swiss Subsidiary General Manager	■	Anne-Marie POMMIER³ Vice President, Industrial Operations	■ ■
Laurent ARTAUD Qualified Person, Quality Vice President	■	Eric POTIER International Development Director	■
Olivier AUBEY Vice President, French & North Africa Operations	■ ■	Philippe RICHOU Vice President, Purchasing & Real Estate	■
Antoine BAROUKY Vice President, Marketing	■ ■	Charles RUBAN⁴ Vice President, Product Development	■ ■ ■
Olivier de BEAUMONT Vice President, Medical	■ ■	Albert SAPORTA¹ Chairman and Chief Executive Officer	■ ■ ■
Louis CHAMPION² Managing Director	■ ■ ■	Cyril TAVIER German Subsidiary General Manager	■
Thierry GREHAIGNE Vice President, Organization & Information Technologies	■	Christian THIRY⁵ Chief Financial Officer	■ ■
Cécile HILAIRE Italian Subsidiary General Manager	■	Petr TOR General Manager, Czech Republic & Slovakia subsidiary	■
Mark HUT Dutch Subsidiary General Manager	■	Thao TRAN XUAN Pharmaceutical Affairs Adviser	■
Sébastien IVA Central & Eastern Europe Director	■	Philippe VEREZ⁶ Vice President, International Operations	■ ■ ■
Michelle JACQUET Vice President, Human Resources	■	Christine VERNOTTE Product line Manager, International Regulatory Affairs	■
Véronique JANET Vice President, Regulatory Affairs	■ ■		
Ingrid LANSARD Belgium Subsidiary General Manager	■		
Philippe MOINGEON Vice President, Scientific	■		

■ EXECUTIVE COMMITTEE
■ CODIR
■ EUROCODIR