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Neovacs® receives a payment of €1,448 million from OSEO following achievement of the second key milestone in the Tracker Project with TNF-Kinoid in rheumatoid arthritis

Paris, June 9, 2011 – Neovacs® (Alternext Paris: ALNEV), a biotech company focused on an active immunotherapy technology platform (Kinoids) with applications in the treatment of autoimmune diseases, inflammatory diseases and cancer, today announced that it has received a 1,448 K€ payment from OSEO for the Tracker Project which focuses on rheumatoid arthritis therapy.

Neovacs® received the payment of 1,448 K€ in early June, in respect of the second milestone of its contract with OSEO, the French State innovation agency. This agreement signed in 2008 supports Tracker, a development project with its TNF-Kinoid drug candidate for rheumatoid arthritis. The payment was made according to the schedule laid out in the contract and followed presentation of the results of the second phase of the project.

“We are delighted to have received this payment from OSEO. It recognizes the good progress made in the development of our TNF-Kinoid drug-candidate to treat patients suffering from rheumatoid arthritis and who have developed resistance to the current treatments with TNF inhibitors. In the rheumatoid arthritis indication, our TNF-Kinoid is currently in a phase II trial; a second phase II trial is ongoing in Crohn’s disease. The first results are expected by the end of 2011 for both trials. The current biologics demonstrate that the market is huge: TNF inhibitors had more than \$20 billion sales in 2010.” said Guy-Charles de La Horie, Neovacs®’ CEO.

The aim of the Tracker project is to develop a holistic therapeutic strategy for patients with rheumatoid arthritis. The most effective drugs currently available, TNF inhibitors, frequently lose efficacy over time, often quite rapidly. One major cause of the development of resistance is the induction of antibody to the drug, which becomes increasingly ineffective and may also produce undesirable side effects. According to Datamonitor, by 2012, the number of RA patients having failed at least one TNF inhibitor will exceed the number taking their first. The primary objectives of Tracker are to validate the diagnostic tools produced by the diagnostic company Biomedical Diagnostics (BMD) to evaluate these neutralizing antibodies and to test the therapeutic solution developed by Neovacs® with its TNF-Kinoid. The OSEO funding totals €7.9 million, of which €6.4 million is Neovacs®’ share.

About Neovacs®

Neovacs® is a biotechnology company focused on an active immunotherapy technology platform (Kinoids) with applications in autoimmune, inflammatory diseases and other chronic conditions. Neovacs® proprietary technology, protected by five patent families, aims to induce a polyclonal immune response from the patient's own immune system targeting an over-expressed cytokine. Neovacs®' current portfolio consists of 3 drug candidates: TNF-Kinoid, IFN α -Kinoid and VEGF-Kinoid. The company's lead immunotherapy program (TNF-Kinoid) targets TNF-mediated chronic inflammatory diseases. For TNF-Kinoid, a Phase I/II clinical trial in Crohn's disease has been completed and Phase II trials in rheumatoid arthritis (RA) and Crohn's Disease are ongoing. The RA clinical study is also the focus of collaboration with the French diagnostics company BMD, with the goal of developing theranostic tools in RA for patients who have become resistant to anti-TNF monoclonal antibodies. Patient recruitment is complete in a Phase I/II trial of Neovacs®' second product candidate (IFN α -Kinoid, an immunotherapy targeting interferon alpha) in the treatment of lupus and preliminary data was presented at the European Lupus Meeting on April 8, 2011 in Porto (Portugal).

On April 1st, Neovacs® announced a capital increase of € 2.25 million, via the issuance of shares at 4€ per share: Debioinnovation SA, subsidiary of the Swiss Debiopharm Group, subscribed for € 1 million; Truffle Capital, the lead institutional investor in the Company and OTC Asset Management also subscribed to the capital increase in the amount of € 1.25 million, also at 4 euros per share.

For more information, visit the Neovacs® web site at www.neovacs.com

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