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## **BOARD OF DIRECTORS MEETING OF MAY 4, 2016**

### **ABSTRACT OF THE MINUTES**

#### **Grant of Stock Subscription Options and of Performance Shares to the Chief Executive Officer, Olivier Brandicourt, for Fiscal Year 2016**

##### **TSR**

For the Period, this performance criterion, the Total Shareholder Return (“**TSR**”), corresponds to the increase in the trading price of the shares increased by dividends per share. Growth or increases in the trading price of the shares is determined by analyzing the average of the opening trading prices from February 1, 2015 to January 31, 2016 and the average of the opening trading prices from February 1, 2018 to January 31, 2019.

Furthermore, the dividend per share is the sum of the dividends paid on the Company’s shares during the relevant period, without reinvestment.

The TSR thus calculated will be compared to the one calculated for the same periods by a panel of “peer” companies. The companies constituting such panel (10 companies + Sanofi) are: Astra Zeneca, BMS, Eli Lilly, GSK, Johnson & Johnson, Merck, Novartis, Pfizer, Roche, and Bayer. The Board of Directors may review such panel during the period, in the exceptional event of the disappearance of a company or consolidation of companies.

The Company’s TSR will thus be compared to the TSR of each of the companies in the panel and will result in a classification between the Company and the companies on the panel. The Allocation rate will be analyzed according to the Company’s ranking within the panel as follows (“**TSR Allocation Rate**”):

- Definitions:

The median TSR is the performance of the company ranked 6<sup>th</sup> in the panel (“**M**”).

The high position is the arithmetic average of the performance of companies in the panel ranked 1<sup>st</sup> and 2<sup>nd</sup> (“**H**”).

The intermediary position is equal to  $M + ((H - M) / 2)$  (“Intermediary Position”).

- Calculation of the TSR Allocation Rate:

- If the Company’s TSR is less than M, the TSR Allocation Rate shall equal 0%.

- If the Company’s TSR is equal to M, the TSR Allocation Rate shall equal 50%.

- If the Company’s TSR is equal to the Intermediary Position, the TSR Allocation Rate shall equal 100%.

- If the Company’s TSR is equal to or more than H, the TSR Allocation Rate shall equal 150%.

- If the Company’s TSR is superior to M and inferior to H, the TSR Allocation Rate shall be calculated by linear interpolation, using the following formula:

\* If the Company’s TSR is between M and the Intermediary Position:

$$\text{TSR Allocation Rate} = \frac{(\text{Company's TSR} - M) \times 50}{(\text{Intermediary Position} - M)} + 50$$

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\* If the Company's TSR is between the Intermediary Position and H:

$$\text{TSR Allocation Rate} = \frac{(\text{Company's TSR} - \text{Intermediary Position}) \times 50}{(\text{H} - \text{Intermediary Position})} + 100$$

### **Global Allocation Rate**

It represents the weighted average of the Average Net Income Allocation Rate (at 50%), the ROA Allocation Rate (at 30%), and the TSR Allocation Rate (at 20%) of the Period, multiplied by an effective presence coefficient. The effective presence coefficient corresponds to the ratio of the vesting period during which the beneficiary has been in office (from today's decision until departure from the Group) to the total duration of the vesting period.

At the Meeting of the Board of Directors at which the 2018 financial statements are adopted, the Board will determine whether or not the performance conditions for the Period have been met by determining successively: (i) the Business Net Income Allocation Rate, (ii) the ROA Allocation Rate, (iii) the TSR Allocation Rate, and (iv) the Global Allocation Rate, by establishing the weighted average of the Average Net Income Performance Rate, the ROA Performance Rate, and the TSR Performance Rate.

The number of subscription options exercisable or the number of shares to be actually delivered at the end of the vesting period will be, subject to meeting the continued employment condition described below and except in specific cases, equal to the Global Allocation Rate multiplied by the total number of subscription options and of performance shares initially awarded.

If the multiplication of the number of subscription options or of performance shares initially granted by the Global Allocation Rate for the Period results in a fractional number of exercisable options or of shares awarded, such number will be rounded upward to the next highest whole number.

In any event, the maximum number of exercisable options or of shares awarded may not be more than the number of options or of performance shares initially granted, subject to the adjustments set forth under the Article "**Adjustments**" below.

As with the Employees Plans, the objectives set are final. The Board of Directors will have the right, however, to adjust the performance conditions in case unusual circumstances justify such change, with concurring recommendation of the *Compensation Committee*, i.e., in case of a change in the Company's scope of consolidation, a change in accounting methods, or any other circumstance justifying such adjustment in the opinion of the Board of Directors, so as to neutralize, to the extent possible, the consequences of such changes on the objective fixed at the time of the initial grant. Such adjustment shall be confirmed by an independent certified public accountant or financial expert.

It being specified that if Sanofi were to acquire a number of shares of Regeneron such that its percentage stake would increase by more than 1% compared to its current percentage stake of 22.1%, then the Board of Directors would if necessary revise the ROA Target initially set.

In the event of disability or death prior to determination of the Global Allocation Rate, the Global Allocation Rate, will be deemed to be 100% on the date the relevant event occurs. In such case, the number of exercisable options or of shares awarded will be equal to the number of subscription options or of performance shares initially granted. In the event of disability or death after determination of the Global Allocation Rate, the Global Allocation Rate will be the rate determined by the Board of Directors.

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### **Condition of continued employment**

Should Olivier Brandicourt's office as Chief Executive Officer terminate, he shall retain his right to exercise his options and his rights to the performance shares, except as follows (unless the Board of Directors decides otherwise):

- (i) in case of resignation: the loss of his right to exercise the options or of his right to the performance shares will take effect on the date his responsibilities as Chief Executive Officer terminate; and
- (ii) in case of removal for serious cause or gross misconduct (*faute grave*): the loss of his right to exercise the options or of his right to the performance shares will take effect on the date on which removal is notified.

If at any time before the expiry of his option rights or of the performance shares vesting period, Olivier Brandicourt joins as employee or executive officer, or provides services to, or cooperates with a competitor of the Company, he shall irrevocably lose all of his rights to exercise his options and all of his performance shares regardless of a possible decision of the Board of Director to cancel, totally or partially, his non-compete undertaking under his office as Chief Executive Officer.

### Specific Cases:

- (i) If Olivier Brandicourt retires after legal retirement age but before the expiry of his option rights or of the performance shares vesting period, he will retain his option rights and right to vesting of his performance shares initially awarded, but will remain subject to the other conditions of the Plan, including the performance conditions.
- (ii) Should Olivier Brandicourt be classified as disabled to a degree corresponding to classification in the second or third category described in Article L. 341- 4 of the French Social Security Code, i.e., equivalent to being unable to engage in any professional activity and such event shall constitute his becoming disabled for purposes of Section 409A of the US Internal Revenue Code:
  - a. Olivier Brandicourt may exercise his options immediately without being required to comply with the vesting period described below until the expiration of the period of validity of the option, *i.e.*, until May 4, 2026 at midnight Paris Time, and will be able to immediately sell or transfer the shares acquired, if any.
  - b. The early vesting and delivery of the performance shares will occur within the timing required by said Section 409A. The shares will then be freely transferable, regardless of whether the disability occurred before or after the expiry of the vesting period.
- (iii) In case of Olivier Brandicourt's death, his heirs and successors may exercise the options and/or request final award of the performance shares within six months from the date of death; otherwise they will irrevocably lose the right to so exercise or request. They may immediately sell or transfer the shares notwithstanding the vesting period.

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