and (iii) the Quotient which sets out financial conditions under which we can use any intellectu
rights and research results derived from certain research collaboration programs we had with
University of Montpellier, and the Institut Curie and which have now been terminated (the "Ro

Pursuant to the Royalties Agreement, the CNRS and the Institut Curie are entitled to rec
payments, as well as royalty payments on global net sales of products using the intellectual property
research results jointly developed with them (including obefazimod) (each, a "Qualifying Proc
the milestone payments for each Qualifying Product are limited and not material compared to t
expected royalties.

In case we commercialize directly a Qualifying Product (either (i) implementing the joint
and the jointly developed know-how or (ii) only implementing the jointly developed know-how), royalt
the Royalties Agreement are in the low single-digit percentages subject to an annual minimum.

In the event we commercialize a Qualifying Product by way of a license granted to a thir
(i) to pay royalties calculated in the same manner as if we were commercializing the Qualifying Prod
(ii) to pay royalties (high single-digit to low double-digit percentages) calculated based or
under the license granted to the third-party. We must notify the CNRS regarding which royalty amou
pay at the same time that the third-party grants the license.

For the avoidance of doubt, the Royalties Agreement does not include any cap on the tota
may be due by us under such Royalties Agreement.

The Royalties Agreement survives until the expiration of the underlying intellectual pro
any termination rights by either party.

D. Exchange Controls

Under current French foreign exchange control regulations there are no limitations on th
payments that we may remit to residents of foreign countries. Laws and regulations concerning
controls do, however, require that all payments or transfers of funds made by a French reside
such as dividend payments be handled by an accredited intermediary. All registered banks and
credit institutions in France are accredited intermediaries.

E. Taxation

*The summary set forth below describes certain French and U.S. federal income tax consequ
the purchase, ownership and disposition of the ADSs to U.S. Holders (as defined below) as of
summary does not represent a detailed description of the tax consequences applicable to a U.S
subject to special treatment under the U.S. federal tax laws, including, without limitation:*

- certain financial institutions;
- traders in securities who use a mark-to-market method of tax accounting;
- dealers in securities or currencies;
- persons holding ADSs as part of a hedging transaction, "straddle," wash sale, conve
integrated transaction or persons entering into a constructive sale with respect to
- regulated investment companies;
- insurance companies;
- real estate investment trusts, grantor trusts or other trusts;
- persons whose "functional currency" for U.S. federal income tax purposes is not the
- expatriates of the United States;

- tax exempt entities, including "individual retirement accounts" and "Roth IRAs";
- entities or arrangements classified as partnerships or other pass-through entities
income tax purposes (and investors therein);
- persons that received ADSs as compensation for the performance of services;
- persons that own or are deemed to own ten percent or more of our shares (by vote or
- persons holding ADSs in connection with a trade or business, permanent establishmen
outside the United States.

**This summary is for general information only. Prospective Investors considering the purch
ownership or disposition of the ADSs are advised to consult their own tax advisers concerning
U.S. federal income tax consequences in light of their particular facts and circumstances, as
consequences arising under the laws of any other taxing jurisdiction.**

French Income Tax Considerations

The following describes the material French income tax consequences to U.S. Holders (as
purchasing, owning and disposing of our ADSs and, unless otherwise noted, this discussion is
Dechert, our French tax counsel, insofar as it relates to matters of French tax law and legal
to those matters.

This discussion does not purport to be a complete analysis or listing of all potential ta
acquisition, ownership or disposition of our ADSs to any particular investor, and does not di
that arise from rules of general application or that are generally assumed to be known by inv
following is subject to change. Such changes could apply retroactively and could affect the
below.

In 2011, France introduced a comprehensive set of new tax rules applicable to French ass
in foreign trusts. These rules, among other things, provide for the inclusion of trust assets
for purpose of applying the former French wealth tax (replaced by the French real estate weal
January 1, 2018), for the application of French gift and death duties to French assets held i
on capital on the French assets of foreign trusts not already subject to the former French we
French real estate wealth tax as from January 1, 2018) and for a number of French tax reporti

obligations. The following discussion does not address the French tax consequences applicable
trusts. If ADSs are held in trust, the grantor, trustee and beneficiary are urged to consult
regarding the specific tax consequences of acquiring, owning and disposing of ADSs.

The description of the French income tax and real estate wealth tax consequences set for
the Convention Between the Government of the United States of America and the Government of t
Republic for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respe
Income and Capital of August 31, 1994 which came into force on December 30, 1995 (as amended
subsequent protocols, including the protocol of January 13, 2009, or the "Treaty") and the ta
the French tax authorities in force as of the date of this Annual Report on Form 20-F.

For the purposes of this discussion, the term “U.S. Holder” means a beneficial owner of A
treated as), for U.S. federal income tax purposes: (1) an individual who is a U.S. citizen or
or other entity that is treated as a corporation for U.S. federal income tax purposes, create
the laws of the United States or any state thereof, including the District of Colombia, (3) c
federal income taxation or (4) a trust, if a court within the United States is able to exerci
its administration and one or more U.S. persons have the authority to control all of the subs
trust or has a valid election in effect under applicable U.S. Treasury Regulations to be trea
person.

If a partnership (or any other entity treated as partnership for U.S. federal income tax
the tax treatment of the partnership and a partner in such partnership generally will depend
partner and the activities of the partnership. If a U.S. Holder is a partnership or a partner
ADSs, such holder is urged to consult its own tax adviser regarding the specific tax conseque
owning and disposing of securities.

This discussion applies only to investors that hold our ADSs as capital assets that have
functional currency, that are entitled to Treaty benefits under the “Limitation on Benefits”

Treaty, and whose ownership of the ADSs is not effectively connected to a permanent establish
in France. Certain U.S. Holders (including, but not limited to, U.S. expatriates, partnership
classified as partnerships for U.S. federal income tax purposes, banks, insurance companies,
companies, tax-exempt organizations, financial institutions, persons subject to the alternati
who acquired the securities pursuant to the exercise of employee share options or otherwise a
persons that own (directly, indirectly or by attribution) 5% or more of our voting stock or 5
outstanding share capital, dealers in securities or currencies, persons that elect to mark th
U.S. federal income tax purposes and persons holding securities as a position in a synthetic
conversion transaction) may be subject to special rules not discussed below.

U.S. Holders are urged to consult their own tax advisers regarding the tax consequences o
ownership and disposition of securities in light of their particular circumstances, especiall
“Limitations on Benefits” provision.

Estate and Gift Taxes and Transfer Taxes

In general, a transfer of securities by gift or by reason of death of a U.S. Holder that
subject to French gift or inheritance tax, respectively, will not be subject to such French t
Convention between the Government of the United States of America and the Government of the F
for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Tax
Inheritances and Gifts, dated November 24, 1978 (as amended by any subsequent protocols, incl
of December 8, 2004), unless (i) the donor or the transferor is domiciled in France at the ti
at the time of his or her death, or (ii) the securities were used in, or held for use in, the
a permanent establishment or a fixed base in France.

Financial Transactions Tax

Pursuant to Article 235 ter ZD of the French General Tax Code (*Code général des impôts*, the “FTC”), purchases of
certain securities issued by a French company, including ordinary shares (which may be in the
which are listed on a regulated market of the EU or an exchange market formally acknowledged
Economy, after consultation opinion from the AMF (in each case within the meaning of the Fren
Financial Code (the “FMFC”)) are subject in France to a 0.3% tax on financial transactions (t
inter alia, that the issuer’s market capitalization exceeds €1 billion as of December 1 of the ye
taxation year.

The Nasdaq Global Market, on which ADSs are listed, is not currently acknowledged by the
of Economy, but it may change in the future.

Moreover, a list of French relevant companies whose market capitalization exceeds €1 bil
December 1 of the year preceding the taxation year is published annually by the French State.
such list was dated December 20, 2023 (BOI-ANNX-000467). It did not include Abivax SA as its
capitalization did not exceed €1.0 billion.

Purchases of our ADSs may thus be subject to the TFT if (1) Abivax SA’s market capitalizatio
€1.0 billion, and (2) the Nasdaq Global Market is acknowledged by the French Minister of Ecor

Registration Duties

In the case where the TFT is not applicable, (1) transfers of shares issued by a French c
listed on a regulated or organized market within the meaning of the FMFC are subject to uncap
duties at the rate of 0.1% if the transfer is evidenced by a written statement (“acte”) execu
outside France, whereas (2) transfers of shares issued by a French company which are not list
organized market within the meaning of the FMFC are subject to uncapped registration duties a
notwithstanding the existence of a written statement.

As ordinary shares of Abivax SA are listed on Euronext Paris, which is a regulated marke
of the FMFC, their transfer should be subject to uncapped registration duties at the rate of
is evidenced by a written agreement. Although the official guidelines published by the French
silent on this point (BOI-ENR-DMTOM-40-10-10-12/09/2012), ADSs should remain outside of the s
aforementioned 0.1% registration duties.

Real Estate Wealth Tax

Since January 1, 2018, the French wealth tax (*impôt de solidarité sur la fortune*) has been repealed and replaced by the French real estate wealth tax (*impôt sur la fortune immobilière*).

The scope of such new tax is narrowed to real estate assets (and certain assets deemed to or rights, held directly or indirectly through one or more legal entities and whose net taxab to €1,300,000.

Broadly, subject to provisions of double tax treaties and to certain exceptions, individu residents of France for tax purposes within the meaning of Article 4 B of the FTC, are subjec tax (*impôt sur la fortune immobilière*) in France in respect of the portion of the value of their shares representing real estate assets (Article 965, 2° of the FTC). Some exceptions are provided by any participations representing less than 10% of the share capital of an operating company ar real estate for the professional use of the company considered shall not fall within the scop wealth tax (*impôt sur la fortune immobilière*). Under the Treaty (the provisions of which should be applica new real estate wealth tax (*impôt sur la fortune immobilière*), the French real estate wealth tax (*impôt sur la fortune immobilière*) will however generally not apply to securities held by an eligible U.S. Hol resident, as defined pursuant to the provisions of the Treaty, provided that such (i) U.S. Ho directly or indirectly more than 25% of the issuer's financial rights and (b) that the ADSs c business property of a permanent establishment or fixed base in France and (ii) that the issu in at least 50 percent of real property located in France, or that the issuer's shares do not their value, directly or indirectly, from real property located in France.

U.S. Holders are advised to consult their own tax advisor regarding the specific tax cons apply to their particular situation with respect to such French real estate wealth tax (*impôt sur la fortune immobilière*).

Taxation of Dividends

Dividends paid by a French corporation to non-residents of France are generally subject t tax at a rate of currently (i) 25% for dividends paid to legal persons which are not French t 12.8% for dividends paid to individuals who are not French tax residents. Dividends paid by a a non-cooperative State or territory, as defined in Article 238-0 A of the FTC, other than th mentioned in 2° of 2 bis of the same Article 238-0 A will generally be subject to French with 75%. However, eligible U.S. Holders entitled to Treaty benefits under the "Limitation on Bene contained in the Treaty who are U.S. residents, as defined pursuant to the provisions of the subject to this 12.8%, 25% or 75% withholding tax rate, but may be subject to the withholding (as described below).

Under the Treaty, the rate of French withholding tax on dividends paid to an eligible U.S U.S. resident as defined pursuant to the provisions of the Treaty and the beneficial owner of whose ownership of the ordinary shares (which may be in the form of ADSs) is not effectively permanent establishment or fixed base that such U.S. Holder has in France, is generally reduc such U.S. Holder is a corporation and owns directly or indirectly at least 10% of the share c U.S. Holder may claim a refund from the French tax authorities of the amount withheld in exce of 15% or 5%, if any.

For U.S. Holders that are not individuals but are U.S. residents, as defined pursuant to Treaty, the requirements for eligibility for Treaty benefits, including the reduced 5% or 15% contained in the "Limitation on Benefits" provision of the Treaty, are complicated, and certa were made to these requirements by the protocol of January 13, 2009. U.S. Holders are advised tax advisers regarding their eligibility for Treaty benefits in light of their own particular

Dividends paid to an eligible U.S. Holder may immediately be subject to the reduced rates provided that:

- such holder establishes before the date of payment that it is a U.S. resident under completing and providing the depositary with a treaty form (Form 5000) in accordanc guidelines (BOI-INT-DG-20-20-20-20-12/09/2012); or
- the depositary or other financial institution managing the securities account in th Holder provides the French paying agent with a document listing certain information Holder and its ordinary shares or ADSs and a certificate (BOI-LETTRE-000138-28/07/2

the financial institution managing the U.S. Holder's securities account in the Unit responsibility for the accuracy of the information provided in the document.

Otherwise, dividends paid to a U.S. Holder, if such U.S. Holder is a legal person, will b withholding tax at the rate of 25%, or 75% if paid in a non-cooperative State or territory (a A of the FTC, but other than those states or territories mentioned in 2° of 2 bis of the same then reduced at a later date to 5% or 15%, provided that such holder duly completes and provi authorities with the treaty forms Form 5000 and Form 5001 before December 31 of the second ca following the year during which the dividend is paid.

Certain qualifying pension funds and certain other tax-exempt entities are subject to the requirements as other U.S. Holders except that they may have to supply additional documentati entitlement to these benefits.

Since the withholding tax rate applicable under French domestic law to U.S. Holders who a not exceed the cap provided in the Treaty (i.e., 15%), the 12.8% rate shall apply, without ar under the Treaty.

Besides, please note that pursuant to Article 236 (introduced by the French finance bill No. 2019-1479 for 2020) and under certain conditions, a corporate U.S. Holder which is in a t fiscal year during which the dividend is received may be entitled to a deferral regime, and c refund. The tax deferral ends in respect of the first financial year during which this U.S. H position, as well as in the cases set out in Article 235 *quater* of the FTC. The Finance Bill for 2022 extended the deac to claim the refund (December 31 of the second year following the year of payment instead of end of the fiscal year following the payment of the income) and clarify the order in which th due (the forfeiture of the deferral applies in priority to the oldest withholding taxes). Als introduced Article 235 *ter ZH* of the FTC and under certain conditions, a corporate U.S. Holder may to a refund of a fraction of the withholding tax, up to the difference between the withholdin basis) and the withholding tax based on the dividend net of the expenses incurred for the acc conservation directly related to the income, provided (i) that these expenses would have beer U.S. Holder been established in France, and (ii) that the tax rules in the United States do r to offset the withholding tax.

Tax on Sale or Other Disposition

In general, under the Treaty, a U.S. Holder who is a U.S. resident for purposes of the Tr subject to French tax on any capital gain from the redemption (other than redemption proceeds dividends under French domestic tax law or administrative guidelines), sale or exchange of AD form part of the business property of a permanent establishment or fixed base that the U.S. H

Special rules apply to U.S. Holders who are residents of more than one country.

Material U.S. Federal Income Tax Considerations for U.S. Holders

The following is a description of the material U.S. federal income tax consequences to th described below of acquiring, owning and disposing of the ADSs. It is not a comprehensive des considerations that may be relevant to a particular person's decision to acquire securities. only to a U.S. Holder that holds ADSs as "capital assets" (generally, property held for inves Internal Revenue Code of 1986, as amended (the "Code"). In addition, it does not describe all considerations that may be relevant in light of a U.S. Holder's particular circumstances, inc and gift taxes, the Medicare contribution tax on net investment income, the alternative minim the Code, the special tax accounting rules under Section 451(b) of the Code, any state, local considerations, and tax considerations applicable to U.S. Holders subject to special rules, i limitation:

- certain financial institutions;
- traders in securities who use a mark-to-market method of tax accounting;
- dealers in securities or currencies;
- persons holding ADSs as part of a hedging transaction, "straddle," wash sale, conve integrated transaction or persons entering into a constructive sale with respect to
- regulated investment companies;

- insurance companies;
- real estate investment trusts, grantor trusts or other trusts;
- persons whose "functional currency" for U.S. federal income tax purposes is not the
- expatriates of the United States;
- tax exempt entities, including "individual retirement accounts" and "Roth IRAs";
- entities or arrangements classified as partnerships or other pass-through entities income tax purposes (and investors therein);
- persons that received ADSs as compensation for the performance of services;
- persons that own or are deemed to own ten percent or more of our shares (by vote or
- persons holding ADSs in connection with a trade or business, permanent establishmen outside the United States.

If an entity or arrangement that is classified as a partnership for U.S. federal income t ADSs, the U.S. federal income tax treatment of a partner in that partnership will generally d the partner and the activities of the partnership. Partnerships holding the ADSs and partners encouraged to consult their own tax advisers as to the particular U.S. federal income tax con owning, and disposing of the ADSs.

This description is based on the Code, existing, proposed and temporary U.S. Treasury Reg promulgated thereunder and administrative and judicial interpretations thereof, in each case on the date hereof. All of the foregoing is subject to change, which change could apply retro interpretations, all of which could affect the tax considerations described below. No rulings the U.S. Internal Revenue Service (the "IRS"), regarding the matters discussed herein and the that the IRS will not take a contrary position concerning the tax consequences of the acquisi disposition of the ADSs or that such a position would not be sustained. U.S. Holders should c advisers concerning the U.S. federal, state, local and non-U.S. tax consequences of acquiring of the ADSs in their particular circumstances.

As used for purposes of this section "—Material U.S. Federal Income Tax Considerations fo "U.S. Holder" is a holder who, for U.S. federal income tax purposes, is a beneficial owner of

initial purchaser of the ADSs sold in our initial public offering of our ADSs in the United S

- an individual who is a citizen or resident of the United States;
- a corporation, or other entity taxable as a corporation, created or organized in or United States, any state therein or the District of Columbia;
- an estate whose income is eligible for inclusion in gross income for U.S. federal i regardless of its source; or
- a trust, if (A) a U.S. court is able to exercise primary supervision over the trust one or more United States persons (as such term is defined under the Code) have aut all substantial decisions of the trust, or (B) the trust has a valid election in pl Treasury regulations to treat the trust as a United States person (as such term is Code).

The discussion below assumes that the representations contained in the depositary agreem the obligations in the deposit agreement and any related agreement will be complied with in a terms. For U.S. federal income tax purposes, it is generally expected that a U.S. Holder of A the beneficial owner of the underlying ordinary shares represented by the ADSs. The remainder assumes that a U.S. Holder of our ADSs will be treated in this manner. Accordingly, deposits ADSs for ordinary shares will generally not be subject to U.S. federal income tax.

U.S. Holders are encouraged to consult their own tax advisers concerning the U.S. federal and foreign tax consequences of acquiring, owning and disposing of the ADSs in their particul circumstances.

Taxation of Distributions

Subject to the passive foreign investment company (“PFIC”) rules described below, distril ADSs, other than certain pro rata distributions of the ADSs, will generally be treated as div out of our current or accumulated earnings and profits (as determined under U.S. federal inco do not maintain calculations of our earnings and profits under U.S. federal income tax princi that distributions generally will be reported to U.S. Holders as dividends. Subject to applic paid by a “qualified foreign corporation” are eligible for taxation at a preferential capital marginal tax rates generally applicable to ordinary income provided that certain requirements we are a PFIC (or treated as a PFIC with respect to the U.S. Holder) for the taxable year in paid or the preceding taxable year (see discussion below under “Passive Foreign Investment Co will not be treated as a qualified foreign corporation, and therefore the preferential capita above will not apply. Each U.S. Holder is advised to consult its tax advisors regarding the a preferential tax rate on dividends with regard to its particular circumstances.

A non-U.S. corporation (other than a corporation classified as a PFIC for the taxable yea dividend is paid or the preceding taxable year) generally will be considered to be a qualifie (i) it is eligible for the benefits of a comprehensive tax treaty with the United States, whi of the United States determines is satisfactory for purposes of this provision, and which inc information provision; or (ii) with respect to any dividend it pays on shares that are readil established securities market in the United States. We believe that we qualify as a resident of, and are eligible for the benefits of, the income tax treaty between France and the United has determined is satisfactory for purposes of the qualified dividend rules, and that it incl information provision, although there can be no assurance in this regard. Further, our ADSs w considered to be readily tradable on an established securities marked in the United States, i Global Market. Therefore, subject to the discussion below under “Passive Foreign Investment C the income tax treaty between France and the United States is applicable, or if the ADSs are established securities market in the United States, dividends paid on the ADSs will generally income” in the hands of individual U.S. Holders, provided that certain conditions are met, in relating to the holding period and the absence of certain risk reduction transactions.

A U.S. Holder must include the gross amount of a dividend without reduction for amounts w respect of French income taxes (see “Material United States Federal Income and French Tax Con Certain French Considerations”), even though the U.S. Holder did not in fact receive the amou withheld French tax. The amount of the dividend will be treated as foreign-source dividend income t and will not be eligible for the dividends-received deduction generally available to U.S. cor Code. Dividends generally will be included in a U.S. Holder’s income on the date of the U.S. deemed receipt) of the dividend. The amount of any distribution of property other than cash (rata distributions of ordinary shares or ADSs or rights to acquire ordinary shares or ADSs) w value of such property on the date of the distribution. The amount of any dividend income pai U.S. dollar amount calculated by reference to the exchange rate in effect on the date of actu regardless of whether the payment is in fact converted into U.S. dollars. If the dividend is on the date of receipt, a U.S. Holder should not be required to recognize foreign currency ga the dividend income. A U.S. Holder may have foreign currency gain or loss if the dividend is dollars after the date of receipt.

Subject to applicable limitations, some of which vary depending upon the U.S. Holder’s pa circumstances, French income taxes withheld from dividends on the ADSs at a rate not exceedin by the income tax treaty between France and the United States generally will be creditable ag U.S. federal income tax liability. Dividend distributions with respect to the ADSs generally ‘‘passive category’’ income from sources outside the United States for purposes of determin foreign tax credit limitation. The rules governing foreign tax credits are complex and U.S. H their tax advisers regarding the creditability of foreign taxes in their particular circumsta foreign tax credit, U.S. Holders may, at their election, deduct foreign taxes, including any computing their taxable income, subject to generally applicable limitations under U.S. law. A foreign taxes instead of claiming foreign tax credits applies to all foreign taxes paid or ac

Sale or Other Taxable Disposition of the ADSs

A U.S. Holder generally will recognize gain or loss for U.S. federal income tax purposes exchange or other taxable disposition of the ADSs in an amount equal to the difference betwee value of the amount realized from such sale or exchange and the U.S. Holder’s tax basis for t

the PFIC rules described below, this gain or loss generally will be a capital gain or loss. T
ADS generally will be equal to the cost of such ADS. Capital gain from the sale, exchange or

disposition of ADSs of a non-corporate U.S. Holder is generally eligible for a preferential r
to capital gains, if the non-corporate U.S. Holder's holding period determined at the time of
other taxable disposition for such ADSs exceeds one year (long-term taxable gain). The
deductibility of capital losses for U.S. federal income tax purposes is subject to limitation
such gain or loss that a U.S. Holder recognizes generally will be treated as U.S. source inco
credit limitation purposes.

For a cash basis taxpayer, units of foreign currency paid or received are translated into
rate on the settlement date of the purchase or sale. In that case, no foreign currency exchan
from currency fluctuations between the trade date and the settlement date of such a purchase
basis taxpayer, however, may elect the same treatment required of cash basis taxpayers with r
and sales of the ADSs that are traded on an established securities market, provided the elect
consistently from year to year. Such election may not be changed without the consent of the I
basis taxpayer who does not make such an election, units of foreign currency paid or received
U.S. dollars at the spot rate on the trade date of the purchase or sale. Such an accrual basi
exchange gain or loss based on currency fluctuations between the trade date and the settlemen
currency gain or loss a U.S. Holder realizes will be U.S. source ordinary income or loss.

Passive Foreign Investment Company Rules

Under the Code, we will be a PFIC for any taxable year in which, after the application of
through" rules with respect to subsidiaries, either (i) 75% or more of our gross income consi
income," ("income test") or (ii) 50% or more of the average quarterly value of our assets (ge
the basis of a weighted quarterly average) consist of assets that produce, or are held for th
income." Passive income generally includes dividends, interest, and gains from the sale or ex
property and rents or royalties other than rents or royalties which are received from unrelat
with the active conduct of a trade or business. Passive assets include, among others, cash an
convertible into cash, while our goodwill and other unbooked intangibles associated with acti
may generally be treated as non-passive assets. In addition, for purposes of the above calcul
corporation that owns, directly or indirectly, at least 25% by value of the equity interests
treated as if it held its proportionate share of the assets of the other corporation, and rec
proportionate share of the income of the other corporation. If a corporation is treated as a
Holder for any taxable year, the corporation will continue to be treated as a PFIC with respe
all succeeding taxable years, regardless of whether the corporation continues to meet the PFI
years, unless certain elections are made.

Based on our analysis of our financial statements, activities and relevant market and sha
not believe that we were a PFIC for the taxable year ended December 31, 2023. The determinati
are a PFIC is a fact-intensive determination made on an annual basis and the applicable law i
interpretation. Whether we are a PFIC for any taxable year will depend on the composition of
composition, nature and value of our assets from time to time (including the value or our goo
determined by reference to the value of our ADSs, which could fluctuate considerably). We cur
generate product revenues and therefore we may be a PFIC for any taxable year in which we do
sufficient amounts of non-passive income to offset our passive income. As a result, there can
we will not be treated as a PFIC for the current or any future taxable year and our U.S. coun
with respect to our PFIC status for any prior, current or future taxable year. Even if we det
PFIC for a taxable year, there can be no assurance that the IRS, will agree with our conclusi
would not successfully challenge our position. If we are a PFIC for any year during which a U
ADSs, unless certain elections have been made by the U.S. Holder, we generally will continue
PFIC with respect to such U.S. Holder for all succeeding years during which the U.S. Holder h
if we cease to meet the threshold requirements for PFIC status.

If we are a PFIC for any taxable year during which a U.S. Holder holds the ADSs, the U.S
subject to adverse tax consequences, regardless of whether we remain a PFIC. Generally, gain
disposition (including, under certain circumstances, a pledge) of the ADSs by the U.S. Holder
ratably over the U.S. Holder's holding period for such ADSs. The amounts allocated to the tax
disposition and to years before we became a PFIC ("pre-PFIC Years") would be taxed as ordinar
amount allocated to each other taxable years would be subject to tax at the highest rate in e
for individuals or corporations, as appropriate, and would be subject to an interest charge o
deemed deferred with respect to each such other taxable year. Further, to the extent that any
a U.S. Holder on its ADSs exceeds 125% of the average of the annual distributions on such ADS
U.S. Holder during the (i) preceding three years or (ii) the U.S. Holder's holding period, wh

distribution would be subject to taxation in the same manner described immediately above with
disposition.

Alternatively, if we are a PFIC and if the ADSs are "regularly traded" on a "qualified ex
Holder could make a mark-to-market election that would result in tax treatment different from
treatment described in the preceding paragraph. The ADSs would be treated as "regularly trade
year in which more than a *de minimis* quantity of the ADSs are traded on a qualified exchange, including
Global Market, on at least 15 days during each calendar quarter. The ADSs are listed on the N
and we expect, although no assurance can be given, that they will be regularly traded on the