Letter to shareholders

N° 33

Dear Shareholders,

I would like to express my gratitude to the many of you who followed our Annual General Meeting on May 3, either in person, or via our Website. This important annual gathering was the opportunity to discuss the achievements, outlook and key elements of your company's governance.

At the general meeting, we looked back on key milestones of 2012, in particular the loss of exclusivity of historic blockbusters. While these mark the end of the "patent cliff", they are still negatively impacting our results in the first half of 2013.

Today, we are well positioned thanks to the diversity and the scale of our different businesses – our growth platforms continued their steady increase in the first quarter of 2013 - however, the future of our company is still largely determined by our ability to innovate.

Our Research & Development efforts are considerable and the transformations of the R&D organization are starting to deliver results. We have launched six new products over the last twelve months and achieved several regulatory milestones, which will lead to more new product launches. Our environment remains difficult: many governments have put in place policies to reduce healthcare costs, counting on the contribution of the pharmaceutical industry. Yet, thanks to the performance of our growth platforms, improving R&D and cost control, we are on track to resume growth.

Thank you for your trust and continuing loyalty.

Serge Weinberg

Chairman of the Board of Directors

Dear Shareholders,

The first half of 2013 is an important milestone for Sanofi as these are the last two quarters before the impact of the loss of exclusivity of Plavix® and Avapro® in the U.S becomes minimal. In fact, the residual impact on business net income was €562m in the first quarter of 2013, affecting our business earnings per share, which was down 29% at constant exchange rates. In the second quarter of 2013, the residual impact is expected to be around €240m. Thanks to the strong performance of our growth platforms, we expect to resume growth in the second half of 2013, as announced earlier.

The Vaccines, Diabetes Solutions and Genzyme growth platforms achieved double-digit growth in the first quarter. Total sales of our growth platforms increased by 8.6% at constant exchange rates and now account for 71% of total Group sales.

The contribution of our "Other Innovative Products" platform is still relatively small, but it is expected to grow as we launch more and more new products. Since August 2012, we have put six new products on the market. The launches in the United States of Aubagio® for multiple sclerosis and Auvi-Q™(1) for allergic reactions look encouraging. The launches of Zaltrap®(2) for colorectal metastatic cancer and Lyxumia® for type 2 diabetes in Europe, as well as the U.S. launch of Kynamro™(3) for homozygous familial hypercholesterolemia have started in March 2013. The launch of the Imovax® Polio vaccine in Japan in September 2012 contributed to the strong results of our Vaccines division in the first quarter of 2013.

Most recently, the Committee for Medicinal Products for Human Use has issued a positive opinion for approval of two new products for the treatment of multiple sclerosis in Europe, Lemtrada™ and Aubagio®. We have also obtained the approval of Lyxumia® in Japan. Our Diabetes franchise has been strengthened by the presentation of positive Phase III results for our investigational new insulin U300.

Several regulatory milestones achieved since the beginning of the year as well as important study releases for products in late stage development confirm the emergence of a more robust pipeline. We also expect further Phase III data coming up for several products this year. Innovation is, and remains, at the core of our strategy.

Thank you for your support,

Christopher A. Viehbacher

Chief Executive Officer

(1) Sanofi U.S. licensed the North American commercialization rights to Auvi-Q™ from Intellijject Inc.
(2) Developed in collaboration with Regeneron
(3) Developed in collaboration with Isis Pharmaceuticals

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NEW COMMERCIAL ORGANIZATION

The past four years have seen a significant shift within the Company towards becoming an integrated global healthcare leader with increasingly diversified businesses. Hanspeter Spek, President, Global Operations, contributed to the success of these important changes throughout the world. Following the previously announced retirement of Hanspeter Spek after 28 years with the Company, Sanofi changes the commercial operations organization and appoints two new members to the Executive Committee, effective July 1st, 2013:

- **Peter Guenter is appointed Executive Vice President, Global Commercial Operations**. He will focus on in-market execution across the diverse regions of North America, Latin America, Europe, Asia, Japan & Pacific and Intercontinental. The regions will focus on driving growth platforms and delivering innovative solutions to meet patients' needs.

Peter Guenter is currently Senior Vice President, Europe, Sanofi.

- **Pascale Witz is appointed Executive Vice President, Global Divisions & Strategic Commercial Development**. She will be responsible for setting the strategic direction and guiding product development of the Group key businesses. She will have direct responsibilities for the Diabetes, Oncology & PCS (Patient Centered Solutions) divisions, as well as a new structure for Consumer Healthcare. She will work in close collaboration with R&D, to shape the profiles of new products and ensure the successful launch preparation. The implementation of new integrated health solutions will be initiated from this organization.

Pascale Witz is currently President & Chief Executive Officer of Medical Diagnostics at GE Healthcare.

David Loew joins the Group on July 1st, 2013 as Senior Vice President, Commercial Operations, Europe, member of the Global Leadership Team and Chairman of the European Strategic Committee. Reporting to Peter Guenter, he will be responsible for 38 countries and the commercial strategy for the region.

David Loew is currently Regional Head Eastern Europe, Middle East and Africa at Roche Pharmaceuticals.

STRENGTHENING OUR PRESENCE IN EMERGING MARKETS

Sanofi will invest $75m in a new manufacturing facility in Vietnam. The new state-of-the-art plant will expand Sanofi's manufacturing capacity in Vietnam to meet the fast growing demand of the Vietnamese pharmaceutical market and will serve as an export platform to South-East Asia. The facility will produce high-quality pharmaceuticals and consumer healthcare products. The plant is scheduled to be fully operational by the end of 2015 and will join Sanofi's existing network of 40 manufacturing sites in Emerging Markets.

Sanofi reinforces its presence in Morocco with the opening of its new €20m logistics hub in Casablanca that will become the largest distribution center for Sanofi's pharmaceutical products on the African continent. Sanofi and the Ministry of Trade, Industry and New Technologies, and the Ministry of Health of the Kingdom of Morocco also signed three collaboration agreements intended to improve the care of patients with type I diabetes, those suffering from mental disorders and epilepsy, and training for careers in the pharmaceutical industry.

COLLABORATIONS & PARTNERSHIPS

Collaboration with Transgene

Sanofi and Transgene signed a collaboration agreement for the creation of a **new state-of-the-art industrial platform dedicated to the production of immunotherapy products** including Transgene's therapeutic products. The platform will be realized on Genzyme Polyclonals site in Lyon for an investment amount of €10m, equally financed by Sanofi and Transgene.

Agreement with Schneider Electric

Sanofi and Schneider Electric signed a collaboration agreement as part of Sanofi's **energy performance optimization program** for its industrial sites around the world. This program currently has enabled Sanofi to be ahead of its objective to reduce direct and indirect missions of CO_2 to 20% below 2010 values by 2020.

Franco-German partnership

Sanofi announced its involvement in **two major Franco-German projects in the field of healthcare**, on the occasion of the "French-German Week for Science and Alumni" in April: the creation of the French-German Advanced Translational drug discovery Center, and its support to the Paris-Berlin Virchow-Villermé University Center for Public Health.

Fight against malaria

Sanofi and the Drug Development program of the non-governmental organization PATH, established through an affiliation with OneWorld Health, launched **the large-scale production line of semisynthetic artemisinin** at Sanofi's Garessio site in Italy. Artemisinin is a key ingredient of anti-malaria therapies. Because the existing botanical supply of artemisinin is inconsistent, having multiple sources of high-quality artemisinin will strengthen the artemisinin supply chain and contribute to a more stable price.

Sanofi and the Drugs for Neglected Diseases initiative (DNDi), an independent not-for-profit foundation, have celebrated six years of collaboration in fighting malaria. More than **200 million treatments of ASAQ Winthrop®** have been distributed in Africa since the medication became available in 2007.

FIRST-QUARTER 2013 RESULTS

- Total sales[1] were €8,059m, down 2.8% impacted by sales lost due to generic competition (€553m).
- Sales of growth platforms reached €5,723m, an increase of 8.6% and accounted for 71% of total sales.
- Q1 2013 business EPS[2] was €1.22 reflecting the negative impact of €0.42 at constant exchange rates related to the Plavix® and Avapro® losses of exclusivity in the U.S. last year.

	Q1 2013	Change on a reported basis	Change at constant exchange rates
Net sales	€8,059m	-5.3%	-2.8%
Business net income[2]	€1,613m	-33.5%	-28.8%
Business EPS[2]	**€1.22**	**-33.3%**	**-29.0%**

NEGATIVE IMPACT OF PATENT LOSSES IN 2012

In the first quarter of 2013, Sanofi generated sales of €8,059m, a decrease of 5.3% on a reported basis. **Exchange rate movements** had a negative effect of 2.5 percentage points.

First-quarter sales for the **Pharmaceuticals business** reached €6,808m, a decrease of 4.4%, which reflected generic competition and EU austerity measures. Net sales lost due to generic competition on main legacy products in the U.S. and EU were €553m.

CONTINUED GOOD PERFORMANCE OF GROWTH PLATFORMS

Q1 2013 sales[1]

Emerging Markets[3]	**€2,719m**	**+6.5%**
Diabetes Solutions	**€1,542m**	**+19.6%**
Consumer Healthcare	**€811m**	**+3.1%**
Vaccines	**€697m**	**+15.9%**
Animal Health	**€554m**	**-3.1%**
Genzyme[4]	**€493m**	**+25.5%**
Other Innovative Products[5]	**€157m**	**+13.7%**

A STRONG FIRST QUARTER FOR VACCINES

First-quarter consolidated sales of Sanofi Pasteur increased 15.9% to €697m, driven by Polio/Pertussis/Hib vaccines in Asia and Flu vaccines.

First-quarter sales of **Polio/Pertussis/Hib vaccines** grew 15.9% to €270m, driven by phasing of Pentaxim® (5-in-1 vaccine protecting against diphtheria, tetanus, pertussis, poliomyelitis and Haemophilus influenzae type b) roll out in China and IPV campaign (Inactivated Polio Vaccine) in Japan.

Sales of **influenza vaccines** increased 34.8% to €119m in the first quarter, driven by a late flu season in the U.S. and good performance in the Emerging Markets driven by Latin America.

Moody's and Standard & Poor's upgrade Sanofi's credit rating

At the end of Mach 2013, the credit rating agency Moody's announced that it upgraded Sanofi's long term credit rating from A2 to **A1**, followed in early May by Standard & Poor's who upgraded their rating from AA- to **AA**. These upgrades notably reflect Sanofi's solid deleveraging since its acquisition of Genzyme, and its solid business risk profile. Both agencies maintain their stable outlook.

In the first quarter of 2013, net debt decreased by €279m. **At the end of March 2013, net debt was €7,440m** (amount net of €6,189m cash and cash equivalents).

(1) Growth in net sales is expressed at constant exchange rates (CER) unless otherwise indicated.

*(2) **Business net income** is a key non-GAAP indicator and is defined as net income attributable to equity holders of Sanofi excluding: amortization of intangible assets, impairment of intangible assets, fair value remeasurement of contingent consideration liabilities related to business combinations, other impacts associated with acquisitions (including impacts of acquisitions on associates), restructuring costs*, other gains and losses (including gains and losses on disposals of non-current assets*), costs or provisions associated with litigation*, tax effects related to the items listed above as well as effects of major tax disputes. (*reported in the line items Restructuring costs and Gains and losses on disposals, and litigation, of our consolidated financial statements).*

***Business EPS:** Business earnings per share are defined as business net income divided by the weighted average number of shares outstanding.*

(3) World less the U.S. and Canada, Western Europe, Japan, Australia and New Zealand.

(4) Genzyme consists of rare diseases and multiple sclerosis products.

(5) Includes recent product launches which do not belong to the other growth platforms: Multaq®, Jevtana®, Zaltrap®, Auvi-Q™ and Mozobil®.

COMBINED GENERAL MEETING 2013

- Approval of the financial statements for 2012
- Dividend of €2.77 per share payable as of May 14, 2013
- Nomination of a new director, Ms. Fabienne Lecorvaisier

Further information on the General Meeting, including detailed voting results and recorded video webcast are available at: **www.sanofi.com/AGM2013**

PRESENTATIONS AND DISCUSSIONS

The Combined General Meeting was held on May 3, 2013 at the Palais des Congrès in Paris, gathering close to 1,300 shareholders.

Serge Weinberg, Chairman of the Board of Directors, gave his assessment of the Company, reiterating the importance of growth platforms, and also the efficacy of Research & Development for the future. He then presented the organization and activities of the Board of Directors, concluding with Sanofi's share performance over the last five years.

During his presentation on Sanofi's compensation policy, **Gérard Van Kemmel**, Chairman of the Compensation Committee, notably explained the resolutions on stock options and employee shareholder plans.

Christopher A. Viehbacher, Chief Executive Officer, presented the Company's achievements in 2012, highlighting the strong performance of our growth platforms (Emerging Markets, Diabetes Solutions, Vaccines, Consumer Healthcare, Animal Health, Genzyme and Other Innovative Products) and the important changes of the R&D model, on a global basis and in France.

Jérôme Contamine, Chief Financial Officer, reported on the financial performance in 2012, underlining the solid free cash flow generated despite the losses of exclusivity for several products.

During the **Questions & Answers session**, discussions focused mainly on Research & Development, the Company's net debt and its development strategy.

COMPOSITION OF THE BOARD OF DIRECTORS

Shareholders have approved the appointment of Ms. Fabienne Lecorvaisier as a Director for a term of four years, i.e., until the General Meeting called to approve the financial statements for the year 2016.

After the Shareholder Meeting, the new Board of Directors is comprised of 16 members, of whom four are women and ten are independent Directors (*). It consists of the following members:

- Serge Weinberg, Chairman of the Board of Directors
- Christopher Viehbacher, Chief Executive Officer
- Laurent Attal
- Uwe Bicker*
- Robert Castaigne*
- Thierry Desmarest
- Lord Douro*
- Jean-René Fourtou*
- Claudie Haigneré*
- Igor Landau
- Fabienne Lecorvaisier*
- Suet-Fern Lee*
- Christian Mulliez
- Carole Piwnica*
- Klaus Pohle*
- Gérard Van Kemmel*

During the Board of Directors session following the meeting, Ms. Fabienne Lecorvaisier was appointed member of the Audit Committee.

A new woman at the Board of Directors and Audit Committee: Fabienne Lecorvaisier

French citizen, 51 years old

Fabienne Lecorvaisier is a graduate of Ecole Nationale des Ponts & Chaussées and started her career at Société Générale. She then held various positions at Barclays Bank and the Banque du Louvre. In 1993, she joined the Essilor Group as Development Director before being appointed Director Finance and Information Systems of Essilor America in 1996, then Chief Financial Officer of the Group in 2001 and Senior Vice-President Strategy and Acquisitions in 2007. In 2008, Fabienne Lecorvaisier has been appointed Vice-President, Finance and Administration of the Air Liquide Group, and member of the Group Executive Committee.

APPROVAL OF ALL RESOLUTIONS

The vote on resolutions was opened with a quorum of over 64% of the share capital. The shareholders approved all resolutions. Detailed voting results are available on our website www.sanofi.com/AGM2013 or by contacting the Shareholder Relations team in Europe (+33 800 075 876) or in the United States (+1 888 516 3002).

PROMISING PROJECTS IN OUR R&D PORTFOLIO

On May 2, 2013, Sanofi had 62 projects and vaccine candidates in clinical development, of which 16 were in Phase III or had been submitted to health authorities for approval.

Recent regulatory approvals have resulted in six new product launches since August 2012 in Europe, the United States and Japan.

Among our latest clinical data releases, two monoclonal antibodies developed in partnership with Regeneron (dupilumab and sarilumab) and our JAK2 inhibitor achieved important milestones.

DUPILUMAB – ATOPIC DERMATITIS AND SEVERE ASTHMA

Dupilumab is a fully human monoclonal antibody administered via subcutaneous injection, targeting the alpha subunit of the interleukin 4 receptor (IL-4R∝), which contributes to the mechanisms inducing atopic dermatitis and some types of asthma.

In March, Sanofi and Regeneron published **positive proof-of-concept data in atopic dermatitis**. The efficacy data of these Phase Ib studies showed that dupilumab significantly improved the signs and symptoms of patients with moderate-to-severe atopic dermatitis whose disease was not adequately controlled with topical medications (applied to the skin).

Atopic dermatitis is a chronic inflammation of the skin that sometimes causes intolerable itching. The prevalence of atopic dermatitis is estimated to be between 1% and 3% of adults.

In May, positive Phase IIa data establishing the **proof-of-concept of dupilumab in asthma** were published in the *New England Journal of Medicine*. The study demonstrated 87% reduction in risk of asthma exacerbations in moderate-to-severe allergic asthma patients that were not well controlled.

Asthma is a chronic inflammatory disease of the airways. It is estimated that approximately 235-300 million people have asthma worldwide. An estimated 10% to 20% of asthmatic patients are less than optimally controlled despite existing therapies.

SARILUMAB – RHEUMATOID ARTHRITIS

Sarilumab is a fully human monoclonal antibody administered via subcutaneous injection, directed against the alpha subunit of the IL-6 receptor complex (IL-6R∝), which contributes to the inflammatory mechanism of rheumatoid arthritis.

Following positive Phase II study results, Sanofi and Regeneron announced in May they have **enrolled their first patients in two Phase III trials focused on adult populations with moderate to-severe rheumatoid arthritis** who are inadequate responders to certain other therapies. The primary objective of the program is to determine the safety and efficacy of sarilumab in reducing the clinical signs and symptoms, as well as inhibiting disease progression.

Rheumatoid arthritis is a chronic systemic autoimmune disease affecting approximately 0.5% to 1% of the global adult population. When the disease acts up, joints become inflamed, causing swelling and pain in the areas around the affected joints, resulting in loss of normal movement.

JAK2 INHIBITOR– MYELOFIBROSIS

The **JAK2 inhibitor** targets dysregulation of the JAK/STAT pathway whose normal functioning is key to blood cell development.

In May, Sanofi announced **positive topline results from a Phase III study** examining the selective JAK2 inhibitor in myelofibrosis. The study met its primary endpoint that was the reduction of spleen volume.

Myelofibrosis is a rare, but serious blood disease characterized by abnormal blood cell production and fibrosis (scarring) within the bone marrow. It can cause an enlarged spleen.

Latest regulatory milestones

LEMTRADA alemtuzumab

The U.S. Food and Drug Administration (FDA) has accepted for review the file seeking approval of Lemtrada™* in multiple sclerosis. Its decision is expected in Q4 2013. In Europe, the CHMP (Committee for Medicinal Products for Human Use of the European Medicines Agency) has issued a positive opinion for approval of Lemtrada™ at the end of June 2013.

** developed in collaboration with Bayer HealthCare*

AUBAGIO teriflunomide

The CHMP (Committee for Medicinal Products for Human Use of the European Medicines Agency) has issued a positive opinion regarding the approval of Aubagio® in multiple sclerosis in Europe.

Lyxumia® lixisenatide

The FDA has accepted to review the file seeking approval of Lyxumia® in type 2 diabetes in the United States. The product was approved in Japan at the end of June 2013.

Hexyon® Hexacima®

The European Commission has approved the 6-in-1 pediatric vaccine Hexyon® / Hexacima®.

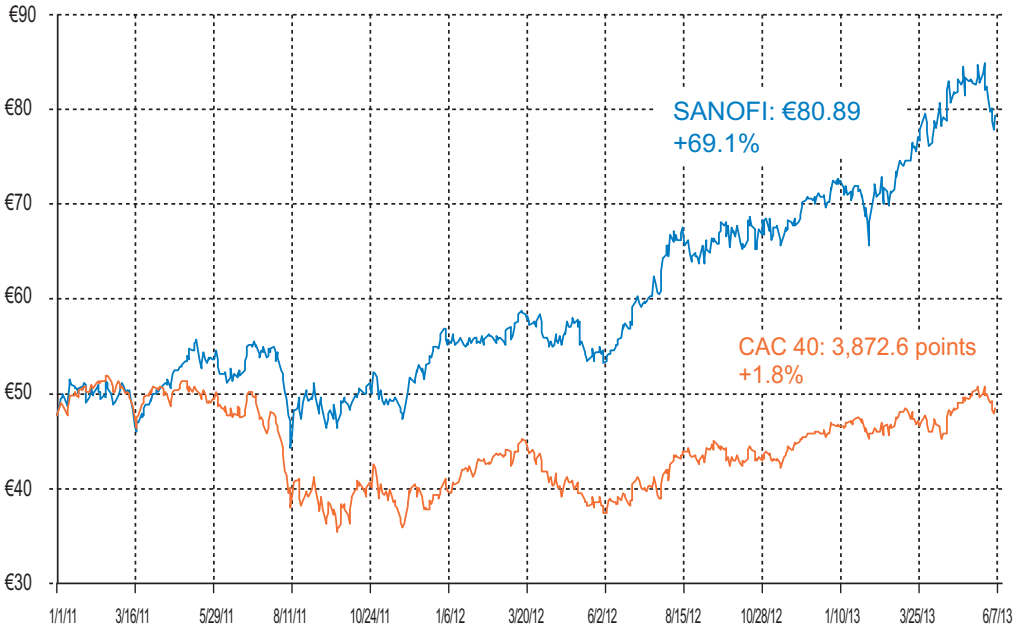
VAXIGRIP® TETRA

A decentralized marketing authorization application has been accepted for review in the European Union countries for a quadrivalent (four-strain) formulation of the influenza vaccine Vaxigrip®.

Fluzone® Quadrivalent INFLUENZA VIRUS VACCINE

The FDA licensed the new four-strain influenza vaccine, Fluzone® Quadrivalent, for children and adults in the United States.

SHARE PRICE TREND BETWEEN JANUARY 1, 2011 AND JUNE 7, 2013



CAC 40 rebased on the Sanofi share price - Source: Bloomberg

Euronext Paris, compartiment A
Member code: SAN
ISIN code: FR 0000120578

New York Stock Exchange
Symbol: SNY
CUSIP number: 80105N105000

ZOOM

VISIT THE SHAREHOLDER HANDBOOK ONLINE

The new edition of the Shareholder handbook, available since early May, presents Sanofi's key facts & figures for 2012 and provides information about your relationship with Sanofi and the management of your shares.

Visit the interactive online version of the Shareholder handbook at www.sanofi.com/shareholders. You will be able to enlarge all content as you read. Some graphics are animated for an easier understanding. For many topics, we provide links to related information on our Website. The interactive version of the Shareholder handbook is also adapted for use on touchpads and smartphones.

NEW TOOLS TO FOLLOW THE SANOFI SHARE

More news on our Website: a new interactive tool to follow the Sanofi share price in Paris and New York on **www.sanofi.com/stockchart**. Amongst other new features, you will be able to compare Sanofi's performance with key indices and other pharmaceutical companies on any period of your choice.

A shareholding calculator completes this toolbox at: **www.sanofi.com/calculator.** It allows you to calculate the value and the total return of your Sanofi shares on the period of your choice.

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CALENDAR

August 1, 2013
Second quarter 2013 results

September 24, 2013
Shareholder meeting in Caen, France

October 30, 2013
Third quarter 2013 results

November 18, 2013
Shareholder meeting in Lille, France

November 22-23, 2013
Actionaria shareholder exhibition
Palais des Congrès, Paris, France

December 9, 2013
Shareholder meeting in Nantes, France

Forward-looking statement:

This letter contains projections and other forward-looking statements that are not historical facts. Although the management of Sanofi believes that these projections and forward-looking statements, and their underlying assumptions, are reasonable as of the date of this letter, investors are cautioned that such projections, assumptions, intentions and forward-looking statements are subject to various risks and uncertainties (many of which are difficult to predict and generally beyond the control of Sanofi) that could cause actual results and developments to differ materially from those expressed or implied. These risks and uncertainties include those discussed elsewhere in this letter, as well as in the filings of Sanofi with the U.S. Securities and Exchange Commission (SEC) and the French Autorité des marchés financiers (AMF), notably under the caption "Risk Factors" in the company's annual report on Form 20-F. Other than as required by applicable law, Sanofi does not undertake any obligation to update any statement that is not a historical fact.

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