BRYANT ANDY D
Form 4
January 26, 2010

FORM 4

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

(Print or Type Responses)

1. Name and Address of Reporting Person *
BRYANT ANDY D

(Last) (First) (Middle)

INTEL CORPORATION, 2200 MISSION COLLEGE BLVD.

(Street)

SANTA CLARA, CA 95054

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
INTEL CORP [INTC]

3. Date of Earliest Transaction (Month/Day/Year)
01/22/2010

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

_____ Director _____ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
Exec VP, TMES, CAO

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock								225,109	D	
Common Stock								1,000	I	By Daughter
Common Stock								2,678.034	I	By Employee Benefit Plan Trust
Common Stock								1,600	I	By Son

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title Underly (Instr. 3
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title
Employee Stock Option (Right to Buy)	$ 20.3	01/22/2010		A		172,020		01/22/2011(1)	01/22/2017	Comm Stoc
Performance-based Restricted Stock Units	$ 0 (2)	01/22/2010		A		103,990		02/22/2013(3)	(3)	Comm Stoc

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
BRYANT ANDY D INTEL CORPORATION 2200 MISSION COLLEGE BLVD. SANTA CLARA, CA 95054			Exec VP, TMES, CAO	

Signatures

/s/ Wendy Yemington, attorney-in-fact	01/25/2010
**Signature of Reporting Person	Date

Explanation of Responses:

*	If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).
**	Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
(1)	The option vests in four equal annual installments beginning on the first anniversary of the grant date.
(2)	Each Performance-based Restricted Stock Unit (RSU) represents the right to receive, following vesting, no less than 33% and no more than 200% of one share of Intel common stock, together with dividend equivalent shares on the vested number of shares. The resulting number of shares of Intel common stock acquired upon vesting of the Performance-based RSUs is contingent upon the achievement of pre-established performance metrics, as approved by the Company's Compensation

Committee, over a three-year period beginning on the grant date and ending on the third anniversay of the grant date, unless that date falls on a date that the NASDAQ Stock Market is closed, in which case the next business date that the NASDAQ Stock Market is open shall apply.

(3) Unless earlier forfeited under the terms of the Performance-based RSU, each Performance-based RSU vests and converts into no less than 33% and no more than 200% of one share of Intel common stock three years and one month after the grant date (together with dividend equivalent shares thereon), unless that date falls on a non-business date, in which case the next business date shall apply.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
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Like all Group employees with at least three months service, Christopher Viehbacher was awarded 20 shares as part of Share 2010, a global restricted share plan.

Performance shares awarded to Christopher Viehbacher

At year end 2010 and as of the date of this annual report, Christopher Viehbacher had been awarded:

Origin	Date of Board award	Number of performance shares awarded	Value (in)	Acquisition date	Availability date
Sanofi-aventis	03/01/10	65,000	2,221,700	03/03/2011	03/04/2013

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On March 2, 2009, in accordance with what had been contemplated on the announcement of his appointment in September 2008, 65,000 performance shares were awarded to Christopher Viehbacher. All of his performance shares are subject to a performance condition. The performance condition must be fulfilled each financial year preceding the vesting of the shares (2009 and 2010), and requires the ratio of adjusted net income excluding selected items (which was a non-GAAP financial measure used until the end of 2009) to net sales to be at least 18%. The value of each performance share amounts 34.18, valuing the total benefit at 2,221,700.

On February 24, 2011, the Board of Directors, acting on the recommendations of the Compensation Committee, determined that the conditions to the March 2, 2009 grant had been met. As a result the performance conditions have been fulfilled.

The March 2, 2009 grant of performance shares will vest on March 3, 2011, and will remain subject to a mandatory lock-up period.

The shares awarded to Christopher Viehbacher in 2009 represent 0.49% of the maximum total grant approved at the Shareholders Annual General Meeting of April 17, 2009 (1% of our share capital) and 5.44% of the total grant made to all of the beneficiaries on March 2, 2009.

Performance shares awarded to Christopher Viehbacher which became available in 2010.

No performance shares awarded to Christopher Viehbacher became available in 2010.

Performance shares awarded to Christopher Viehbacher

As of the date of this annual report, the number of performance shares awarded to Christopher Viehbacher represented 0.005% of the share capital as of December 31, 2010.

Pension arrangements for Christopher Viehbacher

Christopher Viehbacher is covered by the sanofi-aventis top-up defined benefit pension plan. The sanofi-aventis plan is offered to all executives of sanofi-aventis and its French subsidiaries who meet the eligibility criteria specified in the plan rules, extended to corporate officers, including currently Christopher Viehbacher. This plan was set up on October 1, 2008 as the final stage in the process of harmonizing the status of personnel across the French subsidiaries.

This top-up defined-benefit pension plan is offered to executives (within the meaning of the AGIRC regime *Association Générale des Institutions de Retraite des Cadres*, a confederation of executive pension funds) of sanofi-aventis and its French subsidiaries who meet the eligibility criteria specified in the plan rules; the benefit is contingent upon the plan member ending his or her career within the Group. The plan is reserved for executives with at least ten years service whose annual base compensation has for ten years exceeded four times the French social security ceiling, and is wholly funded by the Company.

Based on the assumptions used in the actuarial valuation of this plan, approximately 460 executives are potentially eligible for this plan, almost all of them active executives.

The top-up pension, which may not exceed 37.50% of final salary, is in the form of a life annuity, and is transferable as a survivor s pension. The annuity is based on the arithmetical average of the three highest years average annual gross compensation (fixed plus variable) paid during the five years (not necessarily consecutive) preceding final cessation of employment. This reference compensation is capped at 60 times the French social security ceiling (PASS) applicable in the year in which the rights vest. The annuity varies according to length of service (capped at 25 years) and supplements the compulsory industry schemes, subject to a cap on the total pension from all sources equal to 52% of final compensation.

The admission of Christopher Viehbacher to this plan was approved by the Shareholders General Meeting of April 17, 2009.

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Jean-François Dehecq

Compensation, options and shares awarded to Jean-François Dehecq

(in euros)	2010	2009
Compensation payable for the year (details provided in the table below)	4,710,599	2,279,995
Value of stock subscription options awarded during the year	0	0
Value of performance shares awarded during the year	0	0
Total	**4,710,599**	**2,279,995**

Compensation payable and paid to Jean-François Dehecq

	2010		2009	
(in euros)	**Payable**	**Paid**	**Payable**	**Paid**
Fixed compensation [(1)]	541,665	541,665	1,300,000	1,300,000
Variable compensation [(2)]	368,062	1,343,062	975,000	975,000
Exceptional compensation	3,799,032	3,799,032	0	0
Attendance fees	0	0	0	0
Benefits in kind	1,840	1,840	4,995	4,995
Total	**4,710,599**	**5,685,599**	**2,279,995**	**2,279,995**

The amounts reported are gross amounts before taxes.

(1) Fixed compensation payable in respect of a given year is paid during that year.

(2) Generally, variable compensation in respect of a given year is determined and paid at the start of the following year. As an exception, variable compensation for 2010 was determined and paid in 2010, when Jean-François Dehecq left office.

For 2010, the fixed compensation and the terms and conditions of the variable compensation of Jean-François Dehecq were maintained on a *pro rata* basis for the remainder of his term as Chairman of the Board of Directors, i.e. until May 2010.

For 2010, the variable compensation of Jean-François Dehecq was based 25% on a quantitative criterion and 75% on qualitative criteria.

The quantitative criterion used was linked to adjusted earnings per share excluding selected items (which was a non-GAAP financial measure used until the end of 2009).

The qualitative criteria were essentially based on the support provided to the Chief Executive Officer, leadership of the Board of Directors, input on the Group s global strategy, and representation of the high-level interests of the Group.

The variable compensation could have represented between 60% and 75% of his fixed compensation.

Taking into account the abovementioned criteria, the performance of the Company and the input of the Chairman of the Board of Directors during 2010, the Board of Directors set the variable compensation of Jean-François Dehecq for 2010 at 368,062.50, i.e., 75% of the fixed portion of his compensation pro rated through May 17, 2010. His variable compensation was paid in 2010.

The amount reported for benefits in relates to a company car.

No stock options and no shares were granted in 2010. However, under the rules plan, he keeps the benefits of the share subscription options previously awarded.

Pension arrangements for Jean-François Dehecq

Jean-François Dehecq was covered by the Sanofi-Synthélabo top-up defined-benefit pension plan established in 2002 (and amended January 1, 2008) offered to executives of sanofi-aventis and its French

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subsidiaries who meet the eligibility criteria specified in the plan rules, the benefit of which is contingent upon the plan member ending his or her career within the Group. The plan is wholly funded by the Company.

Based on the assumptions used in the actuarial valuation of this plan, 91 executives are beneficiaries or potentially eligible for this plan.

Effective October 1, 2008, this plan was closed to any new eligible executive following the harmonization of the top-up defined-benefit pension plans of the French subsidiaries of the Aventis Group (including the Vaccine Division) and the Sanofi-Synthélabo Group, which merged in 2005. Nevertheless, it was replaced by the substantially similar sanofi-aventis plan. It is offered to all executives (within the meaning of the AGIRC regime *Association Générale des Institutions de Retraite des Cadres*, a confederation of executive pension funds) of sanofi-aventis and its French subsidiaries, extended to corporate officers, including Christopher Viehbacher (see above).

The top-up pension, which may not exceed 37.50% of final salary, is in the form of a life annuity, and is transferable as a survivor s pension. The annuity is based on the arithmetical average of the three highest years average annual gross compensation (fixed plus variable) paid during the five years (not necessarily consecutive) preceding final cessation of employment. This reference compensation is capped at 60 times the French social security ceiling (PASS) applicable in the year in which the rights vest. The annuity varies according to length of service (capped at 25 years) and supplements the compulsory industry schemes, subject to a cap equal to 52% of final salary on the total pension from all sources.

In accordance with the generally applicable rules of the French compulsory pension schemes (social security, ARRCO and AGIRC) and the rules of the Sanofi-Synthélabo top-up defined benefit plan, Jean-François Dehecq requested the liquidation of his pension plans on May 17, 2010, with benefits commencing June 1, 2010. Between June 1 and December 31, 2010, the gross annual pension that he received from the top-up defined benefit plan amounted to 454,387, which would amount on a full year basis to an annual gross pension of 778,944.

Severance arrangements for Jean-François Dehecq

Jean-François Dehecq s termination benefit was approved at successive Shareholders Annual General Meetings, most recently that of May 14, 2008. Payment of the termination benefit, which was equivalent to 20 months of his last total compensation (fixed plus variable), was contingent upon fulfillment of two out of three performance criteria.

The first criterion was that the sanofi-aventis share price had outperformed the CAC 40 index since he first took office as Chairman and Chief Executive Officer of the Company on February 15, 1988.

The two other criteria, fulfillment of which would be assessed over the three financial years preceding his ceasing to hold office, were:

- the average of the ratios of adjusted net income excluding selected items (which was a non-GAAP financial measure used until the end of 2009) to net sales for each financial year had to be at least 15%.

the average of the ratios of operating cash flow before changes in working capital to net sales for each financial year had to be at least 18%.

Payment of the termination benefit was not limited to non-voluntary departure linked to a change in control or strategy, but also covered retirement. This commitment was approved before the adoption of the AFEP-MEDEF corporate governance code. Following the liquidation of his pension plans in May 2010, sanofi-aventis executed its contractual obligations in favor of Jean-François Dehecq.

On May 17, 2010, upon the recommendation of the Compensation Committee, and in accordance with the provisions of the general meeting of May 14, 2008, the Board of Directors acknowledged that the conditions for awarding Jean-François Dehecq a termination benefit equivalent to 20 months of his last total compensation (fixed plus variable) had been fulfilled. The Board of Directors authorized termination benefit to be paid in full. This termination benefit, amounting to 3,799,032, was paid in May 2010.

These provisions exclude all other termination benefits for any reason whatsoever.

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Commitments in favor of the Chairman and the Chief Executive Officer in office as of December 31, 2010.

Executive director	Contract of employment	Top-up pension plan	Compensation or benefits payable or potentially payable on termination of office	Compensation payable under non-competition clause
Serge Weinberg	No	No	No	No
Christopher Viehbacher	No	Yes	Yes	No

In the event of his removal from office as Chief Executive Officer, Christopher Viehbacher would receive a termination benefit equivalent to 24 months of total compensation on the basis of his fixed compensation effective on the date he ceases to hold office and the last variable compensation received prior to that date, subject to the performance criteria described below.

In accordance with article L. 225-42-1 of the French Commercial Code, payment of the termination benefit would be contingent upon fulfillment of two of the three performance criteria, assessed over the three financial years preceding his ceasing to hold office or, if he leaves office prior to the end of the 2011 financial year, the most recently ended financial years.

The three criteria are:

- the average of the ratios of adjusted net income excluding selected items (which was a non-GAAP financial measure used until the end of 2009) to net sales for each financial year must be at least 15%;

- the average of the ratios of operating cash flow before changes in working capital to net sales for each financial year must be at least 18%;

- the average of the growth rates for the Group s activities, measured for each financial year in terms of net sales on a comparable basis, must be at least equal to the average of the growth rates of the Pharmaceutical and Vaccines activities of the top 12 global pharmaceutical companies, measured for each financial year in terms of net sales adjusted for the principal effects of exchange rates and changes in scope of consolidation.

The terms for the termination benefit entitlement of Christopher Viehbacher were approved by the Shareholders Annual General Meeting of April 17, 2009.

Any activation of this termination benefit will be carried out in compliance with the AFEP-MEDEF corporate governance code, *i.e.* only if the departure is non-voluntary and linked to a change in control or strategy.

Lock-up period for shares obtained on exercise of stock options by, or disposition of performance shares, by the Chief Executive Officer

Until he ceases to hold office, the Chief Executive Officer will be required to retain, in the form of sanofi-aventis shares, 50% of any capital gains (net of taxes and social contributions) obtained by the exercise of stock options or upon disposition of performance shares awarded by sanofi-aventis. He must hold these shares as registered shares.

As called for by the AFEP-MEDEF corporate governance code, the Charter of the sanofi-aventis Board of Directors forbids the Chief Executive Officer from contracting any hedging instruments in respect of his own interests, and, as far as sanofi-aventis is aware, no such instruments have been contracted.

Compensation and pension payments for directors other than the Chairman and the Chief Executive Officer

Attendance fees

The table below shows amounts paid to each member of the sanofi-aventis Board of Directors in respect of 2009 and 2010, including those whose term of office ended during the year.

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Attendance fees in respect of 2009, the amount of which was set by the Board meeting of March 1, 2010, were paid in 2010.

Attendance fees in respect of 2010, the amount of which was set by the Board meeting of February 24, 2011, will be paid in 2011.

For 2010, the basic annual attendance fee was set at 15,000, apportioned on a time basis for directors who assumed or left office during the year.

The variable portion of the fee is linked to actual attendance by directors in accordance with the principles described below:

- directors resident in France receive 5,000 per Board or Committee meeting attended, except for Audit Committee meetings for which the fee is 7,500 per meeting;
- directors resident outside France receive 7,000 per Board meeting attended, and 7,500 per Committee meeting attended;
- the chairman of the Compensation Committee receives 7,500 per Committee meeting;
- the chairman of the Audit Committee, who is resident outside France, receives 10,000 per Committee meeting.

The attendance fee payable to a Director who participates by conference call or by videoconference is equivalent to half of the attendance fee received by a French Director who attends in person.

As an exception, some meetings give entitlement to a single attendance fee :

- If on the day of a Shareholders General Meeting, the Board of Directors meets before and after the Meeting, only one attendance fee is paid for both.
- If a Director participates in a meeting of the Compensation Committee and in a meeting of the Appointments and Governance Committee the same day, only one attendance fee is paid for both.

If necessary, a reduction coefficient is applied to this scale in order to keep attendance fees within the total attendance fee entitlement.

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(in euro) Name	Attendance fees in respect of 2010 to be paid in 2011		2010 Pensions paid in 2010	Total theoretical compensation (6)	Total effective compensation (7)	Attendance fees in respect of 2009 to be paid in 2010		2009 Pensions paid in 2009	Total theoretical compensation (8)	Total effective compensation (9)
	fixed	variable				fixed	Variable			
Uwe Bicker	15,000	98,500		113,500	105,848	15,000	71,000		86,000	85,519
Jean-Marc Bruel(1)	5,625	47,500	141,380	194,505	190,923	15,000	90,000	376,189	481,189	480,601
Robert Castaigne	15,000	107,500		122,500	114,241	15000	107,500		122,500	121,814
Patrick de La Chevardière (2)	7,500	15,000		22,500	20,983	15,000	27,500		42,500	42,262
Thierry Desmarest	15,000	92,500		107,500	100,253	15,000	62,500		77,500	77,066
Lord Douro	15,000	116,000		131,000	122,168	15,000	79,000		94,000	93,474
Jean-René Fourtou	15,000	97,500	1,618,818	1,731,318	1,723,733	15,000	62,500	1,602,013	1,679,513	1,679,079
Claudie Haigneré	15,000	65,000		80,000	74,607	15,000	60,000		75,000	74,580
Igor Landau	15,000	42,500	2,216,308	2,273,808	2,269,931	15,000	47,500	2,193,300	2,255,800	2,255,450
Christian Mulliez	15,000	42,500		57,500	53,623	15,000	47,500		62,500	62,150
Lindsay Owen-Jones	15,000	62,500		77,500	72,275	15,000	47,500		62,500	62,150
Klaus Pohle	15,000	143,500		158,500	147,814	15,000	141,000		156,000	155,127
Carole Piwnica(3)	0	0		0	0	0	0		0	0
Gunter Thielen (4)	0	0		0	0	12,500	22,000		34,500	34, 307
Gérard Van Kemmel	15,000	142,500		157,500	146,882	15,000	127,500		142,500	141,702
Serge Weinberg (5)	5,625	30,000		35,625	33,223	1,250	5,000		6,250	6,215
Total	183,750	1,103,000	3,976,506	5,263,256	5,176,504	208,750	998,000	4,171,502	5,378,252	5,371,496
Total attendance fees (theoretical)	**1,286,750**					**1,206,750**				
Total attendance fees (effective)	**1,199,997**					**1,199,994**				

(1) Left office May 17, 2010. Compensation from January 1, 2010 to May 17, 2010
(2) Left office July 1, 2010.
(3) Assumed office December 15, 2010.
(4) Left office November 24, 2009.
(5) Assumed office December 16, 2009. Compensation until May 17, 2010.
(6) Before reducing pro rata by 0.93%
(7) After reducing pro rata by 0.93%.
(8) Before reducing pro rata by 0.56 %.
(9) After reducing pro rata by 0.56 %.

Pensions

The amount recognized in 2010 in respect of corporate pension plans for directors with current or past executive responsibilities at sanofi-aventis (or companies whose obligations have been assumed by sanofi-aventis) was 2.4 million.

As retirees, Jean-Marc Bruel, Jean-René Fourtou and Igor Landau are covered by the GRCD top-up pension plan instituted in 1977 for senior executives of Rhône-Poulenc. This plan was amended in 1994, 1996, 1999 and 2003, and currently applies to 2 active executives, 3 early retirees and 26 retired executives. At its meeting of February 11, 2008, the Board of Directors decided to close this plan to new entrants. Christopher Viehbacher does not benefit from this top-up pension plan.

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Compensation of senior management

The compensation of the other Executive Committee members is based on an analysis of the practices of major global pharmaceutical companies and the recommendation of the Compensation Committee.

In addition to fixed compensation, these key executives receive variable compensation, the amount of which is determined by the actual performance and growth of the business areas for which he or she is responsible. Variable compensation generally represents 60% to 110% of their fixed compensation.

These compensation packages may be supplemented by the granting of stock options and performance shares (see Item 6. Directors, Senior Management and Employees E. Share Ownership for details of the related plans).

In 2010, total gross compensation before social charges paid to or accrued for the members of our Executive Committee in office in 2010, including the Chief Executive Officer, amounted to 12.3 million. Fixed compensation represented 5.6 million for the members of the Executive Committee.

Origin	Date of shareholder authorization	Date of Board grant	Grant to Executive Committee Members	Start date of exercise period	Expiration date [2]	Purchase price	Number exercised as of 12/31/2010	Number canceled as of 12/31/2010	Number outstanding
Sanofi-Aventis	05/31/07	12/13/07	520,000	12/14/11	12/13/17	62.33	0	0	520,000
Sanofi-Aventis	05/31/07	03/02/09	650,000	03/04/13	03/01/19	45.09	0	50,000	600,000
Sanofi-Aventis	04/17/09	03/01/10	805,000	03/03/14	02/28/20	54.12	0	50,000	755,000

In 2010, 805,000 stock options were granted to the nine members of our Executive Committee (including the 275,000 stock options granted to Christopher Viehbacher). On March 1, 2010, the Board of Directors decided upon the recommendation of the Compensation Committee to subject all the stock options granted to the Chief Executive Officer and half of the stock options granted to the other members of the Executive Committee to a performance condition. The performance condition must be fulfilled for each financial year preceding the exercise period (2010, 2011, 2012 and 2013), and requires the ratio of business net income (which was a non-GAAP financial measure used until the end of 2009) to net sales to be at least 18% (see Item 5. Operating and Financial Review and Prospects Business Net Income). The Board of Directors, upon the advice of the Compensation Committee, determined that these performance criteria were met for 2009 and 2010.

As of December 31, 2010, 2,671,777 options had been granted to the members of our Executive Committee. As of the same date, 2,353,762 options granted to the members of our Executive Committee were outstanding. These figures include the options granted to Christopher Viehbacher, who is a member of our Executive Committee. The exercise date and other basic characteristics of such options are set out in the table E. Share Ownership Existing Options Plans as of December 31, 2010 below.

In 2010, 20 restricted shares were awarded to any employee with at least three months service, including the members of our Executive Committee (including Christopher Viehbacher) as part of Share 2010, a global restricted share plan. All members of our Executive Committee subsequently renounced delivery of these restricted shares.

Under French law, directors may not receive options solely as compensation for service on our Board, and thus our Company may grant options only to those directors who are also our officers.

Because some of our non-executive directors were formerly officers or executive officers of our Company or its predecessor companies, some of our non-executive directors hold sanofi-aventis stock options.

We do not have separate profit-sharing plans for key executives. As employees, they are able to participate in our voluntary and statutory profit-sharing schemes on the same terms as our other employees. These plans are described below under Employees Profit-sharing schemes.

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The total amount accrued and recognized in the income statement for the year ended December 31, 2010 in respect of corporate pension plans for (i) directors with current or past executive responsibilities at sanofi-aventis or at companies whose obligations have been assumed by sanofi-aventis and (ii) members of the Executive Committee was 58.7 million.

This total amount accrued for the year ended December 31, 2009 included 140.3 million for members of the Executive Committee collectively.

C. Board Practices

Neither we nor our subsidiaries have entered into service contracts with members of our Board of Directors providing for benefits upon termination of employment. With respect to Christopher Viehbacher, see also B. Compensation Christopher Viehbacher above.

Sanofi-aventis follows the guidelines contained in the AFEP-MEDEF corporate governance code as amended.

Since 1999, our Board of Directors has been assisted in its deliberations and decisions by specialist committees. Members of these committees are chosen by the Board from among its members, based on their experience.

Audit Committee

At December 31, 2010, the Audit Committee comprised:

Klaus Pohle, Chairman;

Robert Castaigne; and

Gérard Van Kemmel.

Two of the three members of the Audit Committee are independent Directors as this term is generally employed by the Board. All its members, including Robert Castaigne, are independent within the terms of the Sarbanes-Oxley Act. In addition all three members of this committee have financial or accounting expertise as a result of their training and work experience and qualify both as financial experts under French standards and as financial experts within the terms of the Sarbanes-Oxley Act and French legislation. See Item 16A. Audit Committee Financial Expert. The Committee must be composed of at least three Directors; neither the Chairman nor the Chief Executive Officer may be members. At least two-thirds of its members must be independent, and a Director belonging to another company the audit committee of which includes a sanofi-aventis Director may not be appointed to the Audit Committee.

The roles of the Audit Committee are to review:

- the process for the preparation of financial information;
- the effectiveness of the internal control and risk management systems;
- the audit of the parent company financial statements and consolidated financial statements by the statutory auditors; and
- the independence of the statutory auditors.

The role of the Committee is not so much to examine the financial statements in detail as to monitor the process of preparing them and to assess the validity of elective accounting treatments used for significant transactions.

In fulfilling its role, the Committee interviews the statutory auditors and the officers responsible for finance, accounting and treasury management. It is possible for such interviews to take place without the Chief Executive Officer being present if the Committee sees fit. The Committee may also visit or interview managers of operational entities in furtherance of its role, having given prior notice to the Chairman of the Board and to the Chief Executive Officer.

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The Committee interviews the person responsible for internal audit, and gives its opinion on the organization of the internal audit function. The Committee receives the internal audit reports or a periodic summary of these reports.

The Committee reviews the scope of consolidation and, as the case may be, the reasons why companies are included in or excluded from such scope.

The Committee has authority to consult external experts at the Company s expense, after first informing the Chairman of the Board or the Board of Directors, and shall report on its use of such authority to the Board of Directors.

The examination of the financial statements by the Audit Committee is accompanied by a presentation by the statutory auditors highlighting key issues not only regarding the financial results but also the elective accounting treatments used, along with a presentation by the Chief Financial Officer describing the Group s risk exposure and significant off balance sheet commitments.

In addition, the Committee:

- directs the selection process for the statutory auditors when their mandates are due for renewal, submits the results of this process to the Board of Directors, and issues a recommendation;
- is informed of the fees paid to the statutory auditors, ensures that the signatory partners are rotated, and oversees compliance with other rules relating to auditor independence;
- with the statutory auditors, assesses any factors that may compromise the auditors independence and any measures taken to mitigate such risk; the Committee ensures in particular that the amount of fees paid by the Company and the Group, or the percentage such fees represent of the auditors firms or networks, are not likely to compromise the auditors independence;
- approves in advance any request for the statutory auditors to provide services that are incidental or complementary to the audit of the financial statements, in accordance with applicable law;
- ensures that internal early warning procedures relating to accounting, internal accounting controls and audit are in place and applied; and
- ensures that independent Directors receive no compensation other than attendance fees.

During 2010, the Audit Committee met seven times.

Compensation Committee

At December 31, 2010, this Committee was composed of:

Gérard Van Kemmel, Chairman;

Thierry Desmarest;

Jean-René Fourtou;

Claudie Haigneré; and

Lindsay Owen-Jones.

The Compensation Committee is composed of five Board members, three of whom are independent. A majority of its members must be independent. No executive Directors may be members and a Director belonging to another company the compensation committee of which includes a sanofi-aventis Director may not be appointed to the Compensation Committee.

The roles of the Compensation Committee are:

to make recommendations and proposals to the Board about the compensation, pension and welfare plans, top-up pension plans, benefits in kind and other pecuniary benefits of the executive directors of sanofi-aventis, and about the granting of restricted shares, performance shares and stock options;

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to define the methods used to set the variable portion of the compensation of the executive directors, and check that these methods are applied;

to formulate general policy on the granting of restricted shares, performance shares, and stock options, and to determine the frequency of grants for each category of grantee;

to review the system for allocating attendance fees among Directors; and

to advise the Chief Executive Officer on the compensation of key senior executives.

The Committee also assists in the preparation of the sections of the Company s French reference document that describe the Company s policy with respect to the granting of purchase or subscription options, restricted shares or performance shares, and executive compensation.

The Committee has authority to consult external experts at the Company s expense, after first informing the Chairman of the Board or the Board of Directors, and shall report on its use of such authority to the Board of Directors.

The Committee is informed of the compensation policy applicable to the key senior executives other than the Chairman and the Chief Executive Officer. On such occasions, the Committee meets in the presence of the Chairman and the Chief Executive Officer.

The Compensation Committee met four times in 2010.

Appointments and Governance Committee

At December 31, 2010, this Committee was composed of:

Serge Weinberg, Chairman;

Thierry Desmarest;

Lord Douro;

Jean-René Fourtou;

Claudie Haigneré;

Lindsay Owen-Jones; and

Gérard Van Kemmel.

The Appointments and Governance Committee is composed of seven Board members, four of whom are independent. A majority of its members must be independent.

The roles of the Appointments and Governance Committee are:

to recommend suitable candidates to the Board for appointment as Directors or executive officers, taking into account the desired composition of the Board in light of the composition of and changes in the Company s shareholder base, the experience and skills needed for the Board s missions, gender balance of the Board;

to establish corporate governance rules for the Company, and to oversee the application of those rules;

to ensure that there is adequate succession planning for the Company s executive bodies, in particular through the establishment of a succession plan for the Chairman and the Chief Executive Officer so that replacement solutions may be proposed in the event of an unexpected vacancy;

to oversee compliance with ethical standards within the Company and in its dealings with third parties;

to organize a procedure for the selection of future independent Directors and to carry out studies of potential candidates prior to any contact therewith;

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to determine whether each Director qualifies as being independent, both on his or her initial appointment and annually prior to publication of the French reference document, and report its conclusions to the Board of Directors; the Committee may set independence criteria based on those set out in the AFEP-MEDEF code;

to debate the skills and/or financial expertise of Directors nominated to the Audit Committee and report its conclusions to the Board of Directors;

to propose methods for evaluating the operating procedures of the Board and its Committees and oversee the application of these methods; and

to examine the Chairman s report on corporate governance.

The Committee has authority to consult external experts at the Company s expense, after first informing the Chairman of the Board or the Board of Directors, and shall report on its use of such authority to the Board of Directors.

The Appointments and Governance Committee met four times in 2010.

Strategy Committee

At December 31, 2010, this Committee was composed of:

Serge Weinberg, Chairman;

Christopher Viehbacher;

Uwe Bicker;

Thierry Desmarest;

Lord Douro;

Jean-René Fourtou; and

Lindsay Owen-Jones.

The Strategy Committee is composed of seven Board members, three of whom are independent. The Committee is composed of the Chairman of the Board, the Chief Executive Officer and at least three other Directors.

The Strategy Committee is tasked with assessing major strategic options with a view to the development of the Company s business.

It briefs the Board of Directors on issues of major strategic interest, such as:

- acquisition, merger and alliance opportunities;
- divestment opportunities;
- development priorities;
- financial and stock market strategies, and compliance with key financial ratios;
- potential diversification opportunities; and
- more generally, any course of action judged essential to the Company s future.

The Strategy Committee met six times in 2010.

The committee worked in particular on the business plan, external growth opportunities, research and development, and the Oncology and Diabetes divisions.

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D. Employees

Number of Employees

As of December 31, 2010, sanofi-aventis employed 101,575 people worldwide. The tables below give a breakdown of employees by geographic area and function as of December 31, 2010. Central and Eastern European countries are included in Other Europe.

Employees by geographic area

	As of December 31,					
	2010	**%**	**2009**	**%**	**2008**	**%**
France	25,896	25.5%	27,694	26.4%	28,223	28.7%
Other Europe	28,919	28.5%	30,202	28.8%	25,292	25.8%
United States	12,954	12.7%	14,517	13.8%	15,228	15.5%
Japan	3,153	3.1%	3,198	3.1%	3,121	3.2%
Other countries	30,653	30.2%	29,256	27.9%	26,349	26.8%
Total	**101,575**	**100%**	**104,867**	**100%**	**98,213**	**100%**

Employees by function

	As of December 31,					
	2010	**%**	**2009**	**%**	**2008**	**%**
Sales	32,686	32.2%	34,292	32.7%	33,507	34.1%
Research and Development	16,983	16.7%	19,132	18.3%	18,976	19.3%
Production	37,504	36.9%	36,849	35.1%	31,903	32.5%
Marketing and Support Functions	14,402	14.2%	14,594	13.9%	13,827	14.1%
Total	**101,575**	**100%**	**104,867**	**100%**	**98,213**	**100%**

Industrial Relations

Industrial relations within sanofi-aventis are founded on respect and dialogue. In this spirit, employee representatives and management meet frequently to exchange views, negotiate, sign agreements, and ensure these agreements are being implemented. During 2010, the forums for dialogue with our employees that exist in most of the countries where we operate were kept regularly informed about the Group s progress and about the transformation program initiated by management in 2009.

At the European level, the sanofi-aventis European Works Council has 40 members and 40 alternates, representing employees from the 27 European Union member states where we operate. During 2010, the European Works Council members received training about the Council s role and prerogatives in light of changes in the legislative framework.

The Council met in March, April, September and October 2010 to give the employee representatives regular updates about developments in the Group s various entities (R&D, Industrial Affairs, Commercial Operations, Vaccines, and Support Functions). These developments reflect the adaptations needed for us to remain competitive internationally, to migrate our research and industrial facilities towards biotechnologies, and to adjust our sales forces in response to local regulatory constraints (such as exclusion from reimbursement or price regulation) and to generic competition for some of our flagship products.

These plenary meetings were supplemented by additional meetings with the officers of the European Works Council, providing a more frequent and specific forum for exchanges with the Council on the latest developments in the Group.

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We also conducted negotiations throughout the year with employee representatives in each European country affected by the changes. These meetings provided an opportunity for us to explain the changes (commercial operations in Germany, Spain, Italy and France; divestments of sites in England and France; site closures, etc), and to establish employee support measures best suited to local circumstances (internal retraining, outplacement, voluntary redundancy, early retirement, etc). The objective is to inform employee representatives at the earliest possible stage so that their views and proposals can be taken into account.

In order to adapt to the changing U.S. market, including the expected loss of patent exclusivity on a number of major products and increased generic competition, sanofi-aventis made further adjustments to its U.S. workforce in 2010. In October 2010, the Group announced a reorganization of its operational units to rescale and reposition pharmaceutical operations according to the needs of the drug portfolio. Close to one quarter of the workforce was concerned, representing about 1,700 persons mainly in commercial operations. Sanofi-aventis put in place departure conditions for these persons including both financial aspects and outplacement support.

In the rest of the world, we continued to implement an action plan in the Philippines, prepared in response to an employee relations survey conducted in 2009, and also initiated similar surveys in other countries, such as Taiwan and Japan.

The French Group Works Council, consisting of 25 members and 25 alternates plus trade union representatives, met in February, April, July, October and December 2010. During these meetings, the Council was updated on our activities and financial position, on employment trends within the Group in France, and on the status of our transformation program (reorganization of our R&D, Chemicals, and Commercial Operations in France, site divestment, etc) and other ongoing projects (such as the integration of companies acquired in France).

In 2010, five amendments to healthcare and welfare agreements were signed, along with an agreement on a 3% uplift to the minimum guaranteed annual salary.

A further five amendments to collective compensation agreements were signed in order to extend them to the employees of Oenobiol and Fovea, acquired in 2009.

In addition, specific agreements were signed at sites operated by individual Group companies (sanofi-aventis Recherche et Développement, Sanofi Winthrop Industrie, Sanofi Chimie, Sanofi-aventis France, sanofi pasteur and sanofi-aventis groupe), for example on the adoption of chemical industry classification at entity level.

In line with our ongoing policies on the employment of seniors and the prevention of psychosocial risks, a number of initiatives were taken in France during 2010:

- Employment of seniors: the Group action plan is being rolled out at entity level (R&D, Industrial Affairs, Vaccines, etc), including the introduction by Human Resources of a voluntary career development interview with employees aged over 45 (potentially involving some 12,000 people).

- Prevention of psychosocial risks: the Group-wide agreement signed in December 2009 is being implemented through a broad range of initiatives at our 37 sites across France, including training and awareness programs for management, staff, and Health and Safety

Committees. In addition, we will be setting up a Stress Observatory at Group level early in 2011.

Finally, negotiations were conducted throughout 2010 on issues such as ergonomics, training, strategic workforce planning, and employment; these will continue in 2011.

Profit-sharing Schemes, Employee Savings Schemes and Employee Share Ownership

Profit-sharing Schemes

All employees of our French companies belong to voluntary and statutory profit-sharing schemes.

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Voluntary Scheme (*Intéressement des salariés*)

These are collective schemes that are optional for the employer and contingent upon performance. The aim is to give employees an interest in the growth of the business and improvements in its performance.

The amount distributed by our French companies during 2010 in respect of voluntary profit-sharing for the year ended December 31, 2009 represented 4.3% of total payroll.

In June 2008, sanofi-aventis signed a three-year Group-wide agreement, effective from the 2008 financial year, and applicable to all French companies more than 50% owned by sanofi-aventis. Under the agreement, payments under the Group voluntary profit-sharing scheme are linked to growth in our adjusted net income excluding selected items (which was a non-GAAP financial measure used until the end of 2009). The current agreement will be renegotiated in 2011.

Statutory Scheme (*Participation des salariés aux résultats de l entreprise*)

The scheme is a French legal obligation for companies with more than 50 employees that made a profit in the previous financial year.

The amount distributed by our French companies during 2010 in respect of the statutory scheme for the year ended December 31, 2009 represented 6.8% of total payroll.

In November 2007, sanofi-aventis signed a new Group-wide agreement for an indefinite period, covering all the employees of our French companies.

An amendment to this agreement was signed in April 2009, primarily to bring the agreement into line with a change in French legislation (Law 2008-1258 of December 3, 2008) designed to protect against erosion in purchasing power, under which each qualifying employee can elect to receive some or all of his or her profit-sharing bonus without regard to the normally applicable mandatory lock-up period.

Distribution Formula

In order to favor lower-paid employees, the voluntary and statutory profit-sharing agreements entered into since 2005 split the benefit between those entitled as follows:

- 60% on the basis of presence during the year; and

- 40% on the basis of annual salary, up to a limit of three times the Social Security ceiling.

Employee Savings Schemes and Collective Retirement Savings Plan

The employee savings arrangements operated by sanofi-aventis are based on a Group savings scheme (*Plan Epargne Groupe*) and a collective retirement savings plan (*Plan Epargne pour la Retraite Collectif*). These schemes reinvest the sums derived from the statutory and voluntary profit-sharing schemes (compulsory investments), and voluntary contributions by employees.

Since June 1, 2008, all of these arrangements have been open to all the employees of our French companies.

In June 2010, 78.4% of the employees who benefited from the profit-sharing schemes opted to invest in the collective retirement savings plan.

In 2010, 114.7 million and 55.5 million were invested in the Group savings scheme and the collective retirement savings plan respectively through the voluntary and statutory schemes for 2009, and through top-up contributions.

Employee Share Ownership

At December 31, 2010, shares held by employees of sanofi-aventis and of related companies and by former employees under Group employee savings schemes amounted to 1.44% of the share capital.

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E. Share Ownership

Senior Management

Members of the Executive Committee hold shares of our Company amounting in the aggregate to less than 1% of the Company s share capital.

At December 31, 2010, a total of 2,671,777 options had been granted to the members of the Executive Committee (plans existing or closed in 2010) and 2,353,762 unexercised options to subscribe for or to purchase sanofi-aventis shares were held by the members of the Executive Committee. These figures include the options granted to Christopher Viehbacher, who is a member of the Executive Committee. The terms of these options are summarized in the tables below.

In 2010, 710 stock options were exercised by members of the Executive Committee.

Existing Option Plans as of December 31, 2010

As of December 31, 2010, a total of 82,270,928 options were outstanding, including 5,847,276 options to purchase sanofi-aventis shares and 76,423,652 options to subscribe for sanofi-aventis shares. Out of this total, 55,663,453 were immediately exercisable, including 5,847,276 options to purchase shares and 49,816,177 options to subscribe for shares.

Stock options (which may be options to subscribe for shares or options to purchase shares) are granted to employees, the Chairman and the Chief Executive Officer by the Board of Directors on the basis of recommendations from the Compensation Committee.

Granting options is a way of recognizing the beneficiary s contribution to the Group s development, and also of securing his or her future commitment to the Group.

For each plan, the Compensation Committee and the Board of Directors assess whether it should take the form of options to subscribe for shares or options to purchase shares, based on criteria that are primarily financial.

A list of beneficiaries is submitted by the Senior Management to the Compensation Committee, which reviews the list and then submits it to the Board of Directors, which grants the options. The Board of Directors also sets the terms for the exercise of the options (including the exercise price) and the lock-up period. The exercise price never incorporates a discount, and must be at least equal to the average of the quoted market prices on the 20 trading days preceding the date of grant by the Board. Stock option plans generally specify a vesting period of four years.

In accordance with the AFEP-MEDEF corporate governance code, all grants of options to the Chief Executive Officer are subject to performance conditions. The Board of Directors also applies performance conditions to other beneficiaries. (see B. Compensation Compensation and pension arrangements for corporate officers).

At its meeting of March 1, 2010, in addition to the 275,000 stock options granted to Christopher Viehbacher, the Board of Directors granted 5,727 beneficiaries a total of 7,846,355 options to subscribe for one sanofi-aventis share each (representing 0.6% of our share capital before dilution). Half the stock options granted to the members of the Executive Committee and all the stock options granted to Christopher Viehbacher are subject to a performance condition. The performance condition must be fulfilled for each financial year preceding the exercise period (2010, 2011, 2012 and 2013), and requires the ratio of business net income to net sales to be at least 18% (see Item 5. Operating and Financial Review and Prospects Business Net Income).

Options granted to the Chief Executive Officer in 2010 represented 0.8% of the maximum total grant approved at the Shareholders Annual General Meeting of April 17, 2009 (2.5% of our share capital) and 3.38% of the total grant made to all of the beneficiaries on March 1, 2010.

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Share Purchase Option Plans

Origin	Date of shareholder authorization	Date of Board grant	Number of options initially granted	- to corporate officers [1]	- to the 10 employees granted the most options [2]	Start date of exercise period	Expiration date	Purchase price (in)	Number exercised as of 12/31/2010	Number canceled as of 12/31/2010	Number outstanding
Synthélabo	6/28/1990	12/15/1993	364,000	130,000	104,000	12/15/1998	12/15/2013	6.36	352,600	5,200	6,200
Synthélabo	6/28/1990	10/18/1994	330,200	0	200,200	10/18/1999	10/18/2014	6.01	319,300	0	10,900
Synthélabo	6/28/1990	1/12/1996	208,000	0	52,000	1/12/2001	1/12/2016	8.56	188,730	0	19,270
Synthélabo	6/28/1990	4/05/1996	228,800	0	67,600	4/05/2001	4/05/2016	10.85	194,130	0	34,670
Synthélabo	6/28/1990	10/14/1997	262,080	0	165,360	10/14/2002	10/14/2017	19.73	227,638	5,200	29,242
Synthélabo	6/28/1990	6/25/1998	296,400	148,200	117,000	6/26/2003	6/25/2018	28.38	285,880	0	10,520
Synthélabo	6/23/1998	3/30/1999	716,040	0	176,800	3/31/2004	3/30/2019	38.08	390,135	5,720	320,185
Sanofi-Synthélabo	5/18/1999	5/24/2000	4,292,000	310,000	325,000	5/25/2004	5/24/2010	43.25	4,003,464	288,536	0
Sanofi-Synthélabo	5/18/1999	5/10/2001	2,936,500	145,000	286,000	5/11/2005	5/10/2011	64.50	275,061	125,900	2,535,539
Sanofi-Synthélabo	5/18/1999	5/22/2002	3,111,850	145,000	268,000	5/23/2006	5/22/2012	69.94	61,000	149,600	2,880,750

[1] *Comprises the Chairman and Chief Executive Officer, the Chief Executive Officer or equivalent officers as of the date of grant.*
[2] *Employed as of the date of grant.*

Share Subscription Option Plans

Origin	Date of shareholder authorization	Date of grant	Number of options initially granted	- to corporate officers [1]	- to the 10 employees granted the most options [2]	Start date of exercise period	Expiration date	Subscription price (in)	Number exercised as of 12/31/2010	Number canceled as of 12/31/2010	Number outstanding
Aventis	5/26/1999	05/11/1999	877,766	0	86,430	05/11/2003	05/11/2010	49.65	586,122	291,644	0
Aventis	5/24/2000	11/14/2000	13,966,871	1,526,087	1,435,000	11/15/2003	11/14/2010	67.93	1,272,007	12,694,864	0
Aventis	5/24/2000	3/29/2001	612,196	0	206,000	3/30/2004	3/29/2011	68.94	28,476	36,964	546,756
Aventis	5/24/2000	11/07/2001	13,374,051	1,068,261	875,200	11/08/2004	11/07/2011	71.39	880,241	2,977,475	9, 516,335
Aventis	5/24/2000	3/06/2002	1,173,913	1,173,913	0	3/07/2005	3/06/2012	69.82	0	7	1,173,906
Aventis	5/14/2002	11/12/2002	11,775,414	352,174	741,100	11/13/2005	11/12/2012	51.34	4,643,971	1,881,231	5,250,212
Aventis	5/14/2002	12/02/2003	12,012,414	352,174	715,000	12/03/2006	12/02/2013	40.48	5,046,091	1,692,290	5,274,033
Sanofi-Synthélabo	5/18/1999	12/10/2003	4,217,700	240,000	393,000	12/11/2007	12/10/2013	55.74	188,780	212,150	3,816,770
Sanofi-aventis	5/31/2005	5/31/2005	15,228,505	400,000	550,000	6/01/2009	5/31/2015	70.38	6,500	1,859,580	13,362,425
Sanofi-aventis	5/31/2005	12/14/2006	11,772,050	450,000	585,000	12/15/2010	12/14/2016	66.91	0	896,310	10,875,740
Sanofi-aventis	5/31/2007	12/13/2007	11,988,975	325,000	625,000	12/14/2011	12/13/2017	62.33	0	749,780	11,239,195
Sanofi-aventis	5/31/2007	03/02/2009	7,736,480	250,000	655,000	03/04/2013	03/01/2019	45.09	620	313,915	7,421,945
Sanofi-aventis	4/17/2009	03/01/2010	7,316,355	0	665,000	03/01/2014	28/02/2020	54.12	0	125,020	7,191,335
Sanofi-aventis	4/17/2009	03/01/2010	805,000	275,000	805,000	03/01/2014	29/02/2020	54.12	0	50,000	755,000

[1] *Comprises the Chairman and Chief Executive Officer, the Chief Executive Officer, or equivalent officers as of the date of grant.*
[2] *Employed as of the date of grant.*

The main characteristics of our stock options are also described in Note D.15.8 to our consolidated financial statements, included in Item 18 of this annual report.

Awards of Restricted Shares as of December 31, 2010

Since 2009, the Board of Directors has awarded restricted shares to certain employees in order to give them a direct stake in the Company s future and performances via trends in the share price, as a partial substitute for the granting of stock options.

Restricted shares are awarded to employees on the basis of a list submitted to the Compensation Committee, which then submits the list to the Board of Directors, which awards the shares. The Board of Directors sets the vesting conditions for the award, and any lock-up conditions for the shares.

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In 2010, the Board of Directors approved both a targeted plan on March 1, 2010 along the lines of the 2009 plan and a global plan open to all employees with at least three months service on October 27, 2010 (Share 2010, described below).

At its meeting of March 1, 2010, the Board of Directors set up two plans:

- a French plan awarding 531,725 restricted shares to 2,262 beneficiaries, subject to a vesting period of two years followed by a lock-up period of two years; and
- an international plan awarding 699,524 restricted shares to 3,333 beneficiaries, subject to a vesting period of four years.

No shares were awarded to the members of the Executive Committee, including Christopher Viehbacher, under the March 2010 plans.

At its meeting of October 27, 2010, in accordance with French legislation on earnings from employment enacted on December 3, 2008, the Board of Directors set up Share 2010, the Group s first global restricted share plan. This plan awarded 20 restricted shares to each Group employee with at least three months service at the date of the meeting, subject to a presence condition. Share 2010 was deployed in 95 countries, in two separate plans:

- a French plan awarding 556,480 restricted shares to 27,824 beneficiaries, subject to a vesting period of two years followed by a lock-up period of two years, and.
- an International plan awarding 1,544,860 restricted shares to 77,243 beneficiaries, subject to a vesting period of four years.

Under the terms of Share 2010, the members of the Executive Committee (including Christopher Viehbacher) were beneficiaries of the plan, but they subsequently renounced delivery of the shares.

The award of restricted shares in 2010 represents a dilution of about 0.25% of the share capital as of December 31, 2010 before dilution.

Restricted Share Plans

Origin	Date of shareholder authorization	Date of award	Number of shares initially awarded	- to corporate officers [1]	- to the 10 employees awarded the most shares [2]	Date of award	Vesting date	Availability date	Number transferred as of 12/31/2010	Number of rights canceled as of 12/31/2010	Number outstanding
Sanofi-aventis	5/31/07	03/02/09	590,060	65,000	13,900	03/02/09	03/03/11	03/04/13	0	3,126	586,934
Sanofi-aventis	5/31/07	03/02/09	604,004	0	13,200	03/02/09	03/04/13	03/04/13	0	32,571	571,433

Sanofi-aventis	4/17/09	3/01/10	531,725	0	12 600	3/01/10	03/02/12	03/03/14	0	2,788	528,937
Sanofi-aventis	4/17/09	3/01/10	699,524	0	16 530	3/01/10	03/02/14	03/03/14	0	20,200	679,324
Sanofi-aventis	4/17/09	10/27/10	556,480	20	200	10/27/10	10/27/12	10/28/14	0	540	555,940
Sanofi-aventis	4/17/09	10/27/10	1,544,860	0	200	10/27/10	10/27/14	10/28/14	0	340	1,544,520

(1) *Comprises the Chief Executive Officer as of the date of grant.*
(2) *Employed as of the date of grant.*

As of December 31, 2010, a total of 4,467,088 restricted shares were outstanding as the vesting period of each plan had not yet expired.

Shares Owned by Members of the Board of Directors

As of December 31, 2010, members of our Board of Directors held in the aggregate 50,497 shares, or under 1% of the share capital and of the voting rights, excluding the beneficial ownership of 72,186,832 shares held by Total as of such date which may be attributed to Thierry Desmarest (who disclaims beneficial ownership of such shares) and excluding the beneficial ownership of 118,227,307 shares held by L Oréal as of such date which may be attributed to Lindsay Owen-Jones or Christian Mulliez (who disclaim beneficial ownership of such shares).

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Transactions in Shares by Members of the Board of Directors and comparable persons in 2010

On February 11, 2010, Serge Weinberg bought 900 shares at a price of 52.51 per share and 600 shares at a price of 52.35.

On March 2, 2010, Uwe Bicker, Director, bought 300 shares at a price of 54.67 per share.

On March 9, 2010, Karen Linehan, Senior Vice President Legal Affairs and General Counsel, exercised 710 options to purchase 710 shares at a price of 43.25 per share and sold 710 shares at a price of 56.25 per share (Plan Sanofi-Synthélabo of May 24, 2000).

On March 11, 2010, Lord Douro, Director, bought 450 shares at a price of £50.80 per share.

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Item 7. Major Shareholders and Related Party Transactions

A. Major Shareholders

The table below shows the ownership of our shares as of January 31, 2011, indicating the beneficial owners of our shares. To the best of our knowledge and on the basis of the notifications received as disclosed below, except as described below no shareholder holds more than 5% of our share capital or voting rights.

	Total number of issued shares		Number of actual voting rights (excluding own shares) [3]		Theoretical number of voting rights (including own shares) [4]	
	Number	%	Number	%	Number	%
L Oréal	118,227,307	9.02	236,454,614	15.61	236,454,614	15.55
Total	67,710,891	5.16	134,719,904	8.89	134,719,904	8.86
Treasury shares [1]	6,072,712	0.46			6,072,712	0.40
Employees [2]	18,682,750	1.43	35,229,250	2.33	35,229,250	2.32
Public	1,100,311,216	83.93	1,108,344,542	73.17	1,108,344,542	72.87
Total	**1,311,004,876**	**100**	**1,514,748,310**	**100**	**1,520,821,022**	**100**

(1) Includes net position of share repurchases under the Group s liquidity contract which amounted to 15,000 as of December 31, 2010. Amounts held under this contract vary over time

(2) Shares held via the sanofi-aventis Group Employee Savings Plan.

(3) Based on the total number of voting rights as of January 31, 2011.

(4) Based on the total number of voting rights as of January 31, 2011 as published in accordance with article 223-11 and seq. of the General Regulations of the Autorité des Marchés Financiers (i.e., calculated before suspension of the voting rights of treasury shares).

Our *statuts* (Articles of Association) provide for double voting rights for shares held in registered form for at least two years. All of our shareholders may benefit from double voting rights if these conditions are met, and no shareholder benefits from specific voting rights. For more information relating to our shares, see Item 10. Additional Information B. Memorandum and Articles of Association.

L Oréal and Total are the only two entities known to hold more than 5% of the outstanding sanofi-aventis ordinary shares. These entities reduced their holdings from 2007 to 2010 after no significant changes in 2006 and 2005. At year end 2006, their respective holdings were 10.52% and 13.13% of our share capital compared to 9.02% and 5.51% on December 31, 2010.

On May 17, 2010, our shareholder Total declared that it had passed below the legal threshold of 10% of voting rights as a result of its share sales, and held as of the declaration date shares representing 5.88% of our share capital and 9.78% of our voting rights.

In accordance with our *statuts*, shareholders are required to notify us once they have passed the threshold of 1% of our share capital or our voting rights and each time they cross an incremental 1% threshold (see Item 10. Additional Information B. Memorandum and Articles of Association Requirements for Holdings Exceeding Certain Percentages).

For the year ended December 31, 2010, we were informed that the following share ownership declaration thresholds had been passed:

Amundi declared that it had passed successively above and below the thresholds of 3% and 4% of our share capital as a result of holdings through its mutual funds (*fonds communs de placement*), and as of its last declarations held 2.99% of our share capital (declaration of November 5, 2010) and 2.88% of our voting rights (declaration of May 26, 2010).

BNP Paribas Asset Management declared that it had passed successively above and below the threshold of 1% of our share capital as a result of holdings through its mutual funds (*fonds communs de placement*), and as of its last declaration held 0.98% of our share capital and 0.84% of our voting rights (declaration of April 27, 2010).

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Crédit Agricole S.A declared that the Crédit Agricole group had passed above the threshold of 1% of our share capital and as of its last declaration held 1.04% of our share capital and 0.89% of our voting rights (declaration of May 21, 2010).

Crédit Suisse declared that it had passed successively above and below the thresholds of 1% and 3% of our share capital, and as of its last declaration held 1.24% of our share capital (declaration of December 16, 2010).

Dodge & Cox declared that it had passed above the threshold of 3% of our share capital and as of its last declaration held 3.01% of our share capital and 2.59% of our voting rights (declaration of October 13, 2010).

Franklin Ressources declared that it had passed above the threshold of 2% of our share capital, and as of its last declaration held 2.01% of our share capital and 1.72% of our voting rights (declaration of May 20, 2010).

L Oréal, as a result of a share cancellation by sanofi-aventis, declared that it had passively passed above the threshold of 9% of our share capital, and as of its last declaration held 9.02% of our share capital (declaration of May 12, 2010).

Natixis Asset Management declared that it had passed successively above and below the threshold of 2% of our share capital, and as of its last declaration held 1.99% of our share capital (declaration of December 22, 2010).

Total declared that as a result of share sales it had passed successively below the thresholds of 7% and 6% of our share capital (declaration of April 13, 2010) and the thresholds of 12%, 11% and 10% of our voting rights, and as of its last declaration held 5.88% of our share capital and 9.78% of our voting rights (declaration of May 20, 2010).

Since January 1, 2011 we have been informed that the following share ownership declaration thresholds have been passed:

Amundi declared that as a result of share purchases it had passed successively above and below the threshold of 3% of our share capital and as of its last declaration held 2.98% of our share capital (declaration of January 10, 2011).

Crédit Suisse declared that it had passed successively above and below the threshold of 1% or our share capital and as a of its last declaration held 1.02% of our share capital (declaration of February 3, 2011)

Total declared that it had passed below the threshold of 9% of voting rights as a result of its share sales, and as of its last declaration held 5.30% of our share capital and 8.97% of our voting rights (declaration of January 18, 2011).

Individual shareholders (including employees of sanofi-aventis and its subsidiaries, as well as retired employees holding shares via the sanofi-aventis Group Employee Savings Plan) hold approximately 7% of our share capital. Institutional shareholders (excluding L Oréal and Total) hold approximately 73% of our share capital. Such shareholders are primarily American (26.1%), French (18.6%) and British (10.1%). German institutions hold 3.2% of our share capital, Swiss institutions hold 1.9%, institutions from other European countries hold 7.6% and Canadian institutions hold 1.1% of our share capital. Other international institutional investors (excluding those from Europe and the United States) hold approximately 4.3% of our share capital. In France, our home country, we have 8,642 identified holders of record. In the United States, our host country, we have 49 identified shareholders of record and 12,424 identified ADS holders of record.

(source: a survey conducted by Euroclear France as of December 31, 2010, and internal information).

Shareholders Agreement

We are unaware of any shareholders agreement currently in force.

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B. Related Party Transactions

In the ordinary course of business, we purchase or provide materials, supplies and services from or to numerous companies throughout the world. Members of our Board of Directors are affiliated with some of these companies. We conduct our transactions with such companies on an arm s-length basis and do not consider the amounts involved in such transactions to be material.

On September 17, 2009, sanofi-aventis acquired the interest held by Merck & Co., Inc. (Merck) in Merial Limited (Merial) and Merial is now a wholly-owned subsidiary of sanofi-aventis. As per the terms of the agreement signed on July 29, 2009, sanofi-aventis also had an option, following the closing of the Merck/Schering-Plough merger, to combine the Intervet/Schering-Plough Animal Health business with Merial to form an animal health joint venture that would be equally owned by the new Merck and sanofi-aventis. On March 8, 2010, sanofi-aventis did in fact exercise its contractual right to combine the Intervet/Schering-Plough Animal Health business with Merial. In addition to execution of final agreements, formation of the new animal health joint venture remains subject to approval by the relevant competition authorities and other closing conditions (for more information see Notes D.1 and D.8.1 to our consolidated financial statements included at Item 18 of this annual report).

On October 2, 2010, in order to fund a significant part of its proposed acquisition of Genzyme Corporation, sanofi-aventis executed a Facilities Agreement (the Facilities Agreement , described at Item 10. Additional Information C. Material Contracts herein) with J.P. Morgan plc, Société Générale Corporate & Investment Banking and BNP Paribas for unsecured term loan facilities of up to US $15,000,000,000.

Because Robert Castaigne serves on the boards of both Société Générale and sanofi-aventis, sanofi-aventis submitted the Facilities Agreement and certain non-material ancillary agreements, as well as a subsequent amendment, to the prior approval of its Board of Directors with Robert Castaigne abstaining from the vote.

Other than these agreements, during 2010 and through the date of this annual report, we have not been involved in, and we do not currently anticipate becoming involved in, any transactions with related parties that are material to us or to any of our related parties and that are unusual in their nature or conditions. We have not made any outstanding loans to or for the benefit of:

- enterprises that, directly or indirectly, control or are controlled by, or are under common control with us;
- enterprises or associates in which we have significant influence or that have significant influence over us;
- shareholders beneficially owning a 10.0% or greater interest in our voting power;
- any member of our Executive Committee or Board of Directors or close members of such individuals families; or
- enterprises in which persons described above own, directly or indirectly, a substantial interest in the voting power or over which persons described above are able to exert significant influence.

C. Interests of Experts and Counsel

N/A

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Item 8. Financial Information

A. Consolidated Financial Statements and Other Financial Information

Our consolidated financial statements as of and for the years ended December 31, 2010, 2009, and 2008 are included at Item 18 of this annual report.

Dividends on Ordinary Shares

We paid annual dividends for the years ended December 31, 2005, 2006, 2007, 2008 and 2009 and our shareholders will be asked to approve the payment of an annual dividend of 2.50 per share for the 2010 fiscal year at our next annual shareholders meeting. If approved, this dividend is scheduled to be paid on June 16, 2011.

We expect that we will continue to pay regular dividends based on our financial condition and results of operations. The proposed 2010 dividend equates to a distribution of 35.4% of our business earnings per share. For information on the non-GAAP financial measure, business earnings per share , see Item 5. Operating and Financial Review and Prospects Business Net Income.

The following table sets forth information with respect to the dividends paid by our Company in respect of the 2006, 2007, 2008 and 2009 fiscal years and the dividend that will be proposed for approval by our shareholders in respect of the 2010 fiscal year at our May 6, 2011 shareholders meeting.

	2010 [1]	2009	2008	2007	2006
Net Dividend per Share (in)	2.50	2.40	2.20	2.07	1.75
Net Dividend per Share (in $) [2]	3.34	3.46	3.06	3.02	2.31

[1] *Proposal, subject to shareholder approval.*
[2] *Based on the relevant year-end exchange rate.*

The declaration, amount and payment of any future dividends will be determined by majority vote of the holders of our shares at an ordinary general meeting, following the recommendation of our Board of Directors. Any declaration will depend on our results of operations, financial condition, cash requirements, future prospects and other factors deemed relevant by our shareholders. Accordingly, we cannot assure you that we will pay dividends in the future on a continuous and regular basis. Under French law, we are required to pay dividends approved by an ordinary general meeting of shareholders within nine months following the meeting at which they are approved.

Annual Payments on Participating Share Series A (PSSA)

The table below sets forth, for the years indicated, the amount of dividends paid per PSSA (see Item 9. The Offer and Listing for further detail). In the United States, the PSSAs exist in the form of American Depositary Shares issued by The Bank of New York Mellon, formerly known as The Bank of New York, as depositary, each representing one-quarter of a PSSA (PSSA-ADSs). The PSSAs are generally entitled to receive an annual payment determined according to a specific formula and subject to certain conditions.

The annual payments on the PSSAs are equal to the sum of a fixed portion (1.14 per PPSA) and a variable portion equal to the greater of 704% of the dividend per ordinary share or 150% of an amount calculated pursuant to a formula which takes into account changes in consolidated sales and consolidated net income.

Such amounts have been translated in each case into dollars and adjusted for the one-to-four ratio of PSSAs to PSSA-ADSs. Annual payments paid to holders of PSSA-ADSs will generally be exempt from French withholding tax.

In 2010, the annual payment per PSSA in respect of 2009 was equal to 18.0477.

	2009	2008	2007	2006	2005
Annual payment per PSSA	18.0477	16.6390	15.7234	13.4695	12.9929
Annual payment per PSSA-ADS	$ 5.7708	$ 6.0204	$ 5.8550	$ 4.5877	$ 4.1438

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Information on Legal or Arbitration Proceedings

Our principal legal proceedings are described in Note D.22 to the consolidated financial statements included at Item 18 of this annual report, which we incorporate herein by reference, and are further updated below to reflect material developments through the date of this document.

We are also involved from time to time in a number of legal proceedings incidental to the normal conduct of our business, including proceedings involving product liability claims, intellectual property rights (particularly claims by generic product manufacturers seeking to limit the patent protection of sanofi-aventis products), compliance and trade practices, commercial claims, employment and wrongful discharge claims, tax assessment claims, waste disposal and pollution claims and claims under warranties or indemnification arrangements relating to business divestitures.

Eloxatin® (oxaliplatin) Patent Litigation

(Update to the caption Eloxatin® (oxaliplatin) Patent Litigation at Note D.22.b) to our consolidated financial statements included herein at Item 18.)

On February 9, 2011, sanofi-aventis and Sun Pharmaceuticals filed a stipulation before the U.S. District Court of New Jersey, whereby Sun Pharmaceuticals agreed not to launch a generic oxaliplatin before February 17, 2011. On February 14, 2011, the Court of Appeals for the Federal Circuit issued a mandate, in connection with its December 2010 decision, transferring jurisdiction of the case to the U.S. District Court of New Jersey. On February 16, 2011, the U.S. District Court of New Jersey granted sanofi-aventis request for a preliminary injunction, preventing Sun Pharmaceuticals from launching a generic oxaliplatin until the District Court resolves all issues pertaining to the settlement agreement, under which Sun Pharmaceuticals was obliged to desist from selling its unauthorized generic oxaliplatin product in the U.S. from June 30, 2010 to August 9, 2012.

B. Significant Changes

In addition to the information included elsewhere in this annual report, we bring to your attention the following developments since the end of 2010.

Genzyme

On February 16, 2011, sanofi-aventis and its wholly owned subsidary, GC Merger Corp., signed an Agreement and Plan of Merger with Genzyme Corporation, pursuant to which, among other things, sanofi-aventis and GC Merger Corp. agreed to amend their initial tender offer dated October 4, 2010 to reflect the terms of the Agreement and Plan of Merger and to increase the offered purchase price to (i) $74.00 in cash per share of Genzyme common stock, and (ii) one contingent value right per share of Genzyme common stock to be issued by sanofi-aventis. The Agreement and Plan of Merger and the related CVR Agreement are described at Item 10.C. Material Contracts herein.

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Item 9. The Offer and Listing

A. Offer and Listing Details

We have one class of shares. Each American Depositary Share, or ADS, represents one-half of one share. The ADSs are evidenced by American Depositary Receipts, or ADRs, which are issued by The Bank of New York.

Our shares trade on the Eurolist market of NYSE Euronext Paris (Compartment A) and our ADSs trade on the New York Stock Exchange. There can be no assurances as to the establishment or continuity of a public market for our shares or ADSs.

Trading History

The table below sets forth, for the periods indicated, the reported high and low quoted prices of our shares on the Eurolist market of NYSE Euronext Paris and on the New York Stock Exchange (source: Bloomberg).

	NYSE Euronext		NYSE	
Calendar period	**High**	**Low**	**High**	**Low**
	(price per share in)		**(price per ADS in $)**	
Monthly				
February 2011 (through February 25)	51.90	48.60	35.48	33.41
January 2011	52.23	48.11	35.42	31.45
December 2010	49.84	46.48	33.32	30.64
November 2010	51.41	46.23	36.31	30.05
October 2010	50.67	47.51	35.51	32.74
September 2010	50.90	45.13	34.10	29.55
August 2010	46.63	44.11	30.77	28.03
2010				
First quarter	58.90	51.68	41.59	34.90
Second quarter	55.85	45.21	37.72	28.01
Third quarter	50.90	44.01	34.10	28.03
Fourth quarter	51.41	46.23	36.31	30.05
Full Year	58.90	44.01	41.59	28.01
2009				
First quarter	49.93	38.43	32.80	24.59
Second quarter	48.67	39.32	33.83	25.57
Third quarter	51.68	40.91	38.00	28.60
Fourth quarter	56.78	48.35	40.80	35.83
Full Year	56.78	38.43	40.80	24.59
2008				
Full Year	66.90	36.055	49.04	23.95
2007				
Full Year	71.95	56.20	48.30	37.90
2006				
Full Year	79.85	64.85	50.05	41.65

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B. Plan of Distribution

N/A

C. Markets

Shares and ADSs

Our shares are listed on the Euronext Paris Market (Compartment A) under the symbol SAN and our ADSs are listed on the New York Stock Exchange, or NYSE, under the symbol SNY . At the date of this annual report, our shares are included in a large number of indices including the CAC 40 Index, the principal French index published by Euronext Paris. This index contains 40 stocks selected among the top 100 companies based on free-float capitalization and the most active stocks listed on the Euronext Paris Market. The CAC 40 Index indicates trends on the French stock market as a whole and is one of the most widely followed stock price indices in France. Our shares are also included in the S&P Global 100 Index, the Dow Jones EuroSTOXX 50, the Dow Jones STOXX 50, the FTS Eurofirst 100, the FTS Eurofirst 80 and the MSCI Pan-Euro Index, among other indices.

The Euronext Paris Market

The Euronext Paris Market is a regulated market operated and managed by Euronext Paris, a market operator (*entreprise de marché*) responsible for the admission of securities and the supervision of trading in listed securities on Euronext Paris. Euronext Paris publishes a daily official price list that includes price information on listed securities. The Euronext Paris Market is divided into three capitalization compartments: A for issuers with a market capitalization over 1 billion, B for issuers with a market capitalization between 1 billion and 150 million, and C for issuers with a market capitalization under 150 million.

Trading on the Euronext Paris Market

Securities admitted to trading on the Euronext Paris Market are officially traded through authorized financial institutions that are members of Euronext Paris. Euronext Paris places securities admitted to trading on the Euronext Paris Market in one of two categories (continuous (*continu*) or fixing), depending on whether they belong to certain indices or compartments and/or on their historical and expected trading volume. Our shares trade in the category known as *continu*, which includes the most actively traded securities. Securities belonging to the *continu* category are traded on each trading day from 9:00 a.m. to 5:30 p.m. (Paris time), with a pre-opening session from 7:15 a.m. to 9:00 a.m. and a post-closing session from 5:30 p.m. to 5:35 p.m. (during which pre-opening and post-closing sessions trades are recorded but not executed until the opening auction at 9:00 a.m. and the closing auction at 5:35 p.m., respectively). In addition, from 5:35 p.m. to 5:40 p.m., trading can take place at the closing auction price. Trading in a share belonging to the *continu* category after 5:40 p.m. until the beginning of the pre-opening session of the following trading day may take place at a price that must be within a range of plus or minus 1% of the closing auction price.

Euronext Paris may temporarily interrupt trading in a security admitted to trading on the Euronext Paris Market if matching a bid or ask offer recorded in the system would inevitably result in a price beyond a certain threshold, determined on the basis of a percentage fluctuation above or below a set reference price. With respect to equity securities included in the CAC 40 Index and trading in the *continu* category, once trading has commenced, volatility interruptions for a reservation period of 2 minutes (subject to extension by Euronext Paris) are possible if the price fluctuates by more than 3% above or below the relevant reference price. Euronext Paris may also suspend trading of a security admitted to trading on the Euronext Paris Market in certain circumstances including at the request of the issuer or the occurrence of unusual trading activity in a security. In addition, in exceptional cases, including, for example, upon announcement of a takeover bid, the French market regulator (*Autorité des marchés financiers* or AMF) may also require Euronext Paris to suspend trading.

Trades of securities admitted to trading on the Euronext Paris Market are settled on a cash basis on the third trading day following the trade. For certain liquid securities, market intermediaries which are members of Euronext Paris are also permitted to offer investors the opportunity to place orders through a deferred settlement service (*Ordres Stipulés à Règlement-Livraison Différés* OSRD). The deferred settlement service is only available for trades in securities that have both a total market capitalization of at least 1 billion and a daily

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average volume of trades of at least 1 million. Investors can elect on or before the determination date (*jour de liquidation*), which is the fourth trading day before the end of the month, either to settle by the last trading day of the month or to postpone the settlement decision to the determination date of the following month. At the date of this annual report, our shares are currently eligible for the deferred settlement service.

Equity securities traded on a deferred settlement basis are considered to have been transferred only after they have been recorded in the purchaser s account. Under French securities regulations, if the sale takes place before, but during the month of, a dividend payment date, the purchaser s account will be credited with an amount equal to the dividend paid.

Prior to any transfer of securities listed on the Euronext Paris Market held in registered form, the securities must be converted into bearer form and accordingly recorded in an account maintained by an accredited intermediary with Euroclear France S.A., a registered central security depositary. Transactions in securities are initiated by the owner giving the instruction (through an agent, if appropriate) to the relevant accredited intermediary. Trades of securities listed on the Euronext Paris Market are cleared through LCH.Clearnet and settled through Euroclear France S.A. using a continuous net settlement system. A fee or commission is payable to the accredited intermediary or other agent involved in the transaction.

Participating Shares Series A

Further to a public offer to exchange ordinary shares for PSSAs in 1993, a tender offer to purchase for cash all of the outstanding PSSA-ADSs in 1995 and repurchases in private transactions since that date, there are only 3,271 PSSAs outstanding as of December 31, 2010. In view of the small number of PSSAs that remain outstanding, at some time in the future, sanofi-aventis intends to terminate the Deposit Agreement for the PSSA-ADSs and apply to the U.S. Securities and Exchange Commission to terminate registration of the PSSAs and the PSSA-ADSs under the Securities Exchange Act of 1934, as amended.

We are not aware of any non-U.S. trading market for our Participating Shares Series A. In the United States, the PSSAs exist in the form of American Depositary Shares issued by The Bank of New York Mellon, formerly known as the Bank of New York, as depositary, each representing one-quarter of a PSSA. We are not aware of any U.S. trading market for the PSSA-ADSs since their suspension from trading on the NYSE on May 18, 1995, and their subsequent removal from listing on the NYSE on July 31, 1995. Prior to their delisting, the PSSA-ADSs traded on the NYSE under the symbol RP PrA.

Trading Practices and Trading in own Shares

Under French law, a company may not issue shares to itself, but it may purchase its own shares in the limited cases described at Item 10. Additional Information B. Memorandum and Articles of Association Trading in Our Own Shares.

D. Selling Shareholders

N/A

E. Dilution

N/A

F. Expenses of the Issue

N/A

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Item 10. Additional Information

A. Share Capital

N/A

B. Memorandum and Articles of Association

General

Our Company is a *société anonyme*, a form of limited liability company, organized under the laws of France.

In this section, we summarize material information concerning our share capital, together with material provisions of applicable French law and our *statuts*, an English translation of which has been filed as an exhibit to this annual report. For a description of certain provisions of our *statuts* relating to our Board of Directors and statutory auditors, see Item 6. Directors, Senior Management and Employees. You may obtain copies of our *statuts* in French from the *greffe* (Clerk) of the *Registre du Commerce et des Sociétés de Paris* (Registry of Commerce and Companies of Paris, France, registration number: 395 030 844). Please refer to that full document for additional details.

Our *statuts* specify that our corporate affairs are governed by:

- applicable laws and regulations (in particular, Title II of the French Commercial Code); and
- the *statuts* themselves.

Article 3 of our *statuts* specifies that the Company s corporate objects, in France and abroad, are:

- Acquiring interests and holdings, in any form whatsoever, in any company or enterprise, in existence or to be created, connected directly or indirectly with the health and fine chemistry sectors, human and animal therapeutics, nutrition and bio-industry;

in the following areas :

Purchase and sale of all raw materials and products necessary for these activities;

Research, study and development of new products, techniques and processes;

Manufacture and sale of all chemical, biological, dietary and hygienic products;

Obtaining or acquiring all intellectual property rights related to results obtained and, in particular, filing all patents, trademarks and models, processes or inventions;

Operating directly or indirectly, purchasing, and transferring for free or for consideration pledging or securing all intellectual property rights, particularly all patents, trademarks and models, processes or inventions;

Obtaining, operating, holding and granting all licenses; and

Within the framework of a group-wide policy and subject to compliance with the relevant legislation, participating in treasury management transactions, whether as lead company or otherwise, in the form of centralized currency risk management or intra-group netting, or any other form permitted under the relevant laws and regulations;

And, more generally:

All commercial, industrial, real or personal property, financial or other transactions, connected directly or indirectly, totally or partially, with the activities described above and with all similar or related activities or having any other purposes likely to encourage or develop the company s activities.

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Directors

Transactions in Which Directors Are Materially Interested

Under French law, any agreement entered into (directly or through an intermediary) between our Company and any one of the members of the Board of Directors that is not entered into (i) in the ordinary course of our business and (ii) under normal conditions is subject to the prior authorization of the disinterested members of the Board of Directors. The same provision applies to agreements between our Company and another company if one of the members of the Board of Directors is the owner, general partner, manager, director, general manager or member of the executive or supervisory board of the other company, as well as to agreements in which one of the members of the Board of Directors has an indirect interest.

The Board of Directors must also authorize any undertaking taken by our Company for the benefit of our Chairman, Chief Executive Officer (*directeur général*) or his delegates (*directeurs généraux délégués*) pursuant to which such persons will or may be granted compensation, benefit or any other advantage as a result of the termination or change in their offices or following such termination or change.

In addition, such termination package, except any non-compete indemnity and certain pension benefits: (i) must be authorized by our shareholders by adopting a separate general shareholders meeting resolution for each such beneficiary, which has to be renewed at each renewal of such beneficiary s mandate, and (ii) cannot be paid to such beneficiary unless (a) the Board of Directors decides that such beneficiary has satisfied certain conditions, linked to such beneficiary s performances measured by our Company s performances, that must have been defined by the Board of Directors when granting such package, and (b) such decision is publicly disclosed.

Directors Compensation

The aggregate amount of attendance fees (*jetons de présence*) of the Board of Directors is determined at the Shareholders Ordinary General Meeting. The Board of Directors then divides this aggregate amount up among its members, by a simple majority vote. In addition, the Board of Directors may grant exceptional compensation (*rémunérations exceptionnelles*) to individual directors on a case-by-case basis for special assignments following the procedures described above at Transactions in Which Directors Are Materially Interested. The Board may also authorize the reimbursement of travel and accommodation expenses, as well as other expenses incurred by Directors in the corporate interest. See also Item 6. Directors, Senior Management and Employees.

Board of Directors Borrowing Powers

All loans or borrowings on behalf of the Company may be decided by the Board of Directors within the limits, if any, imposed by the Shareholders General Meeting.

Directors Age Limits

For a description of the provisions of our *statuts* relating to age limits applicable to our Directors, see Item 6. Directors, Senior Management and Employees.

Directors Share Ownership Requirements

Directors are required to hold at least 500 shares during the term of their appointment.

Share Capital

As of December 31, 2010, our share capital amounted to 2,621,995,570, divided into 1,310,997,785 outstanding shares with a par value of 2 per share. All of our outstanding shares are of the same class and are fully paid. Of these shares, we or entities controlled by us held 6,070,712 shares (or 0.46% of our outstanding share capital), as treasury shares as of such date. As of December 31, 2010, the carrying amount of such shares was 371 million.

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At an extraordinary general meeting held on April 17, 2009, our shareholders authorized our Board of Directors to increase our share capital, through the issuance of shares or other securities giving access to the share capital with or without preemptive rights, by an aggregate maximum nominal amount of 1.3 billion. See Changes in Share Capital Increases in Share Capital, below.

The maximum total amount of authorized but unissued shares as of December 31, 2010 was 330.8 million, reflecting the unused part of the April 17, 2009 shareholder authorization, outstanding options to subscribe for shares, and awards of shares.

Stock Options

Types of Stock Options

We have two types of stock options outstanding: options to subscribe for shares (*options de souscription d actions*) and options to purchase shares (*options d achat d actions*). Upon exercise of an option to subscribe for shares, we issue new shares, whereas upon exercise of an option to purchase shares, the option holder receives existing shares. We purchase our shares on the market prior to the grant of the options to purchase in order to provide the option holder with shares upon exercise. Following the merger of Aventis with and into sanofi-aventis, all previously granted options for the shares of Aventis were converted into options for our shares.

Because the exercise of options to purchase shares will be satisfied with existing shares repurchased on the market or held in treasury, the exercise of options to purchase shares has no impact on our equity capital.

Stock Option Plans

Our combined general meeting of April 17, 2009 authorized our Board of Directors for 26 months to grant options to subscribe for shares and options to purchase shares to members of our salaried staff and/or corporate officers as well as to members of salaried staff and/or corporate officers of companies or economic interest groups related to our Company under the conditions referred to in Article L. 225-180 of the French Commercial Code.

The aggregate number of options to subscribe for shares and options to purchase shares that may be granted under this authorization may not give entitlement to a total number of shares exceeding 2.5% of the share capital as of the day the decision to grant options is made by the Board. Under such a resolution, the price payable on the exercise of options may not be lower than the average of the first quoted prices of sanofi-aventis ordinary shares on the Euronext Paris Market during the 20 consecutive trading days preceding the date on which the options are granted.

The authorization entails the express waiver by the shareholders, in favor of the grantees of options to subscribe for shares, of their preemptive rights in respect of shares that are to be issued as and when options are exercised.

The Board of Directors sets the terms on which options are granted and the arrangements as regards the dividend entitlement of the shares.

See Item 6. Directors, Senior Management and Employees E. Share Ownership for a description of our option plans currently in force.

Awards of Shares

Our combined general meeting held on April 17, 2009 authorized our Board of Directors for 38 months to allot existing or new restricted shares to some or all salaried employees and corporate officers of the Company or of companies of the Group in accordance with Articles L. 225-197-1 et *seq* of the French Commercial Code.

The existing or new shares allotted under this authorization may not represent more than 1% of the share capital as of the date of the decision by the Board of Directors.

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The authorization provides that allotment of shares to the allottees will become irrevocable either (i) at the end of a minimum vesting period of two years, the allottees being required to retain their shares for a minimum period of two years from the irrevocable allotment thereof, or (ii) after a minimum vesting period of four years, in which case allottees may not be subject to any minimum retention period.

In the case of newly issued shares, the authorization entails the express waiver by the shareholders, in favor of the allottees of restricted shares, of their preemptive rights in respect of shares that are to be issued as and when restricted shares are granted.

The Board of Directors sets the terms on which restricted shares are granted and the arrangements as regards the dividend entitlement of the shares.

See Item 6. Directors, Senior Management and Employees E. Share Ownership for a description of our restricted shares plans currently in force.

Changes in Share Capital in 2010

See Note D.15.1. to our consolidated financial statements included at Item 18 of this annual report.

Voting Rights

In general, each shareholder is entitled to one vote per share at any shareholders general meeting. However, our *statuts* provide that any fully paid-up shares that have been held in registered form under the name of the same shareholder for at least two years acquire double voting rights. As of December 31, 2010, there were 209,996,274 shares that were entitled to double voting rights, representing 16.02% of our total share capital, approximately 27.72% of our voting rights held by holders other than us and our subsidiaries, and 27.61% of our total voting rights.

Double voting rights are not taken into account in determining whether a quorum exists.

Under the French Commercial Code, shares of a company held in treasury or by entities controlled by that company are not entitled to voting rights and do not count for quorum purposes.

Our *statuts* allow us to obtain from Euroclear France the name, nationality, address and number of shares held by holders of our securities that have, or may in the future have, voting rights. If we have reason to believe that a person on any list provided by Euroclear France holds securities on behalf of another person, our *statuts* allow us to request information regarding beneficial ownership directly from such person. See B. Memorandum and Articles of Association Form, Holding and Transfer of Shares, below.

Our *statuts* provide that Board members are elected on a rolling basis for a maximum tenure of four years. Our *statuts* do not provide for cumulative voting rights.

Shareholders Agreement

We are not aware of any shareholder s agreement currently in force concerning our shares.

Shareholders Meetings

General

In accordance with the French Commercial Code, there are three types of shareholders meetings: ordinary, extraordinary and special.

Ordinary general meetings of shareholders are required for matters such as:

electing, replacing and removing directors;

appointing independent auditors;

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approving the annual financial statements;

declaring dividends or authorizing dividends to be paid in shares, provided the *statuts* contain a provision to that effect; and

approving share repurchase programs.

Extraordinary general meetings of shareholders are required for approval of matters such as amendments to our *statuts*, including any amendment required in connection with extraordinary corporate actions. Extraordinary corporate actions include:

changing our Company s name or corporate objects;

increasing or decreasing our share capital;

creating a new class of equity securities;

authorizing the issuance of securities giving access to our share capital or giving the right to receive debt instruments;

establishing any other rights to equity securities;

selling or transferring substantially all of our assets; and

the voluntary liquidation of our Company.

Special meetings of shareholders of a certain category of shares or shares with certain specific rights (such as shares with double voting rights) are required for any modification of the rights derived from that category of shares. The resolutions of the shareholders general meeting affecting these rights are effective only after approval by the relevant special meeting.

Annual Ordinary Meetings

The French Commercial Code requires the Board of Directors to convene an annual ordinary general meeting of shareholders for approval of the annual financial statements. This meeting must be held within six months of the end of each fiscal year. This period may be extended by an order of the President of the Commercial Court. The Board of Directors may also convene an ordinary or extraordinary general meeting of shareholders upon proper notice at any time during the year. If the Board of Directors fails to convene a shareholders meeting, our independent auditors may call the meeting. In case of bankruptcy, the liquidator or court-appointed agent may also call a shareholders meeting in some instances. In addition, any of the following may request the court to appoint an agent for the purpose of calling a shareholders meeting:

one or several shareholders holding at least 5% of our share capital;

duly qualified associations of shareholders who have held their shares in registered form for at least two years and who together hold at least 1% of our voting rights;

the works council in cases of urgency; or

any interested party in cases of urgency.

Notice of Shareholders Meetings

All prior notice periods provided for below are minimum periods required by French law and cannot be shortened, except in case of a public offer for our shares.

We must announce general meetings at least 35 days in advance by means of a preliminary notice (*avis de réunion*), which is published in the *Bulletin des Annonces Légales Obligatoires*, or *BALO*. The preliminary notice must first be sent to the AMF. The AMF also recommends that, prior to or simultaneously with the publication of the preliminary notice, we publish a summary of the notice indicating the date, time and place of the meeting in a newspaper of national circulation in France and on our website. In any event, the preliminary notice must be published on our website at least 21 days prior to the general meetings. The preliminary notice must contain,

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among other things, the agenda, a draft of the resolutions to be submitted to the shareholders and a detailed description of the voting procedures (proxy voting, electronic voting or voting by mail) and the procedure permitting shareholders to submit additional resolutions or items.

At least 15 days prior to the date set for a first call, and at least ten days prior to any second call, we must send a final notice (*avis de convocation*) containing the final agenda, the date, time and place of the meeting and other information related to the meeting. Such final notice must be sent by mail to all registered shareholders who have held shares in registered form for more than one month prior to the date of the final notice and by registered mail, if shareholders have asked for it and paid the corresponding charges. The final notice must also be published in a newspaper authorized to publish legal announcements in the local administrative department (*département*) in which our Company is registered as well as in the *BALO*, with prior notice having been given to the AMF for informational purposes. If no shareholder has proposed any new resolutions or items to be submitted to the shareholders at the meeting and provided that the Board of Directors has not altered the draft resolutions included in the preliminary notice, we are not required to publish the final notice; publishing a preliminary notice that stipulates that it shall be deemed to be equivalent to a final notice will be deemed sufficient.

In general, shareholders can only take action at shareholders meetings on matters listed on the agenda. As an exception to this rule, shareholders may take action with respect to the dismissal of directors even though this action has not been included on the agenda. Additional resolutions to be submitted for approval by the shareholders at the meeting may be proposed to the Board of Directors, for recommendation to the shareholders as from the publication of the preliminary notice in the *BALO* until 25 days prior to the general meeting and in any case no later than 20 days following the publication of the preliminary notice in the *BALO*:

one or several shareholders together holding a specified percentage of shares;

a duly qualified association of shareholders who have held their shares in registered form for at least two years and who together hold at least 1% of our voting rights; or

the works council.

Within the same period, the shareholders may also propose additional items to be submitted to the shareholders meeting. The shareholders must substantiate the reasons for proposing their proposals of additional items.

The resolutions and the list of items added to the agenda of the shareholders meeting must be promptly published on our website.

The Board of Directors must submit the resolutions to a vote of the shareholders after having made a recommendation thereon. The Board of Directors may also comment on the items that are submitted to the shareholders meeting.

Following the date on which documents must be made available to the shareholders (including documents to be submitted to the shareholders meeting and resolutions proposed by the Board of Directors, which must be published on our website at least 21 days prior to the general meeting), shareholders may submit written questions to the Board of Directors relating to the agenda for the meeting until the fourth business day prior to the general meeting. The Board of Directors must respond to these questions during the meeting or may refer to a Q&A section located on our website in which the question submitted by a shareholder has already been answered.

Attendance at Shareholders Meetings; Proxies and Votes by Mail

In general, all shareholders may participate in general meetings either in person or by proxy. Shareholders may vote in person, by proxy or by mail.

The right of shareholders to participate in general meetings is subject to the recording (*enregistrement comptable*) of their shares on the third business day, zero hour (Paris time), preceding the general meeting:

for holders of registered shares: in the registered shareholder account held by the Company or on its behalf by an agent appointed by it; and

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for holders of bearer shares: in the bearer shareholder account held by the accredited financial intermediary with whom such holders have deposited their shares; such financial intermediaries shall deliver to holders of bearer shares a shareholding certificate (*attestation de participation*) enabling them to participate in the general meeting.

Attendance in Person

Any shareholder may attend ordinary general meetings and extraordinary general meetings and exercise its voting rights subject to the conditions specified in the French Commercial Code and our *statuts*.

Proxies and Votes by Mail

Proxies are sent to any shareholder upon request received between the publication of the final notice of meeting and six days before the general meeting and must be made available on our website at least 21 days before the general meeting. In order to be counted, such proxies must be received at our registered office, or at any other address indicated on the notice convening the meeting, prior to the date of the meeting (in practice, we request that shareholders return proxies at least three business days prior to the meeting). A shareholder may grant proxies to any natural person or legal entity. The agent may be required to disclose certain information to the shareholder or to the public.

Alternatively, the shareholder may send us a blank proxy without nominating any representative. In this case, the chairman of the meeting will vote the blank proxies in favor of all resolutions proposed or approved by the Board of Directors and against all others.

With respect to votes by mail, we must send to shareholders a voting form upon request or must make available a voting form on our website at least 21 days before the general meeting. The completed form must be returned to us at least three days prior to the date of the shareholders meeting. For holders of registered shares, in addition to traditional voting by mail, instructions may also be given via internet starting in 2011 through procedures to be established.

Quorum

The French Commercial Code requires that shareholders together holding at least 20% of the shares entitled to vote must be present in person, or vote by mail or by proxy, in order to fulfill the quorum requirement for:

an ordinary general meeting; and

an extraordinary general meeting where the only resolutions pertain to either (a) a proposed increase in our share capital through incorporation of reserves, profits or share premium, or (b) the potential issuance of free share warrants in the event of a public offer for our shares (article L. 233-32 of the French Commercial Code).

For any other extraordinary general meeting the quorum requirement is at least 25% of the shares entitled to vote, held by shareholders present in person, voting by mail or by proxy.

For a special meeting of holders of a certain category of shares, the quorum requirement is one third of the shares entitled to vote in that category, held by shareholders present in person, voting by mail or by proxy.

If a quorum is not present at a meeting, the meeting is adjourned. However, only questions that were on the agenda of the adjourned meeting may be discussed and voted upon.

When an adjourned meeting is resumed, there is no quorum requirement for meetings cited in the first paragraph of this *Quorum* section. In the case of any other reconvened extraordinary general meeting or special meeting, the quorum requirement is 20% of the shares entitled to vote (or voting shares belonging to the relevant category for special meetings of holders of shares of such specific category), held by shareholders present in person or voting by mail or by proxy. If a quorum is not present, the reconvened meeting may be adjourned for a maximum of two months with the same quorum requirement. No deliberation or action by the shareholders may take place without a quorum.

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Votes Required for Shareholder Action

A simple majority of shareholders may pass a resolution at either an ordinary general meeting or an extraordinary general meeting where the only resolution(s) pertain to either (a) a proposed increase in our share capital through incorporation of reserves, profits or share premium, or (b) the potential issuance of free share warrants in the event of a public offer for our shares (article L. 233-32 of the French Commercial Code). At any other extraordinary general shareholders meeting and at any special meeting of holders of a specific category of shares, a two-thirds majority of the votes cast is required.

Abstention from voting by those present or those represented by proxy or voting by mail is counted as a vote against the resolution submitted to a shareholder vote.

Changes to Shareholders Rights

Under French law, a two-thirds majority vote at the extraordinary shareholders meeting is required to change our *statuts*, which set out the rights attached to our shares, except for capital increases through incorporation of reserves, profits or share premium, or through the issuance of free share warrants in the event of a public offer for our shares (article L. 233-32 of the French Commercial Code).

The rights of a class of shareholders can be amended only after a special meeting of the class of shareholders affected has taken place. The voting requirements applicable to this type of special meeting are the same as those applicable to an extraordinary general shareholders meeting. The quorum requirements for a special meeting are one-third of the voting shares, or 20% upon resumption of an adjourned meeting.

A unanimous shareholders vote is required to increase the liabilities of shareholders.

Financial Statements and Other Communications with Shareholders

In connection with any shareholders meeting, we must provide a set of documents including our annual report and a summary of the financial results of the five previous fiscal years to any shareholder who so requests.

We must also provide on our website at least 21 days before a shareholders meeting certain information and a set of documents including the preliminary notice, the proxies and voting forms, the resolutions proposed by the Board of Directors, the documents to be submitted to the shareholders meeting pursuant to article L.225-15 and R.225-83 of the French Commercial Code, etc. The resolutions and the list of items added to the agenda of the shareholders meeting must be promptly published on our website.

Dividends

We may only distribute dividends out of our distributable profits, plus any amounts held in our reserves that the shareholders decide to make available for distribution, other than those reserves that are specifically required by law or our *statuts*. Distributable profits consist of our unconsolidated net profit in each fiscal year, as increased or reduced by any profit or loss carried forward from prior years, less any contributions to the reserve accounts pursuant to law or our *statuts*.

Legal Reserve

The French Commercial Code requires us to allocate 5% of our unconsolidated net profit for each year to our legal reserve fund before dividends may be paid with respect to that year. Funds must be allocated until the amount in the legal reserve is equal to 10% of the aggregate par value of the issued and outstanding share capital. This restriction on the payment of dividends also applies to each of our French subsidiaries on an unconsolidated basis. At December 31, 2010, our legal reserve amounted to 282,280,863, representing 10.7% of the aggregate par value of our issued and outstanding share capital as of that date. The legal reserve of any company subject to this requirement may serve to allocate losses that may not be allocated to other reserves or may be distributed to shareholders upon liquidation of the company.

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Approval of Dividends

According to the French Commercial Code, our Board of Directors may propose a dividend for approval by the annual general meeting of shareholders. If we have earned distributable profits since the end of the preceding fiscal year, as reflected in an interim income statement certified by our independent auditors, our Board of Directors may distribute interim dividends to the extent of the distributable profits for the period covered by the interim income statement. Our Board of Directors exercises this authority subject to French law and regulations and may do so without obtaining shareholder approval.

Distribution of Dividends

Dividends are distributed to shareholders *pro rata* according to their respective holdings of shares. In the case of interim dividends, distributions are made to shareholders on the date set by our Board of Directors during the meeting in which the distribution of interim dividends is approved. The actual dividend payment date is decided by the shareholders at an ordinary general shareholders meeting or by our Board of Directors in the absence of such a decision by the shareholders. Shareholders that own shares on the actual payment date are entitled to the dividend.

Dividends may be paid in cash or, if the shareholders meeting so decides, in kind, provided that all shareholders receive a whole number of assets of the same nature paid in lieu of cash. Our *statuts* provide that, subject to a decision of the shareholders meeting taken by ordinary resolution, each shareholder may be given the choice to receive his dividend in cash or in shares.

Timing of Payment

According to the French Commercial Code, we must pay any existing dividends within nine months of the end of our fiscal year, unless otherwise authorized by court order. Dividends on shares that are not claimed within five years of the date of declared payment revert to the French State.

Changes in Share Capital

Increases in Share Capital

As provided for by the French Commercial Code, our share capital may be increased only with the shareholders approval at an extraordinary general shareholders meeting following the recommendation of our Board of Directors. Increases in our share capital may be effected by:

issuing additional shares;

increasing the par value of existing shares;

creating a new class of equity securities; or

exercising the rights attached to securities giving access to the share capital.

Increases in share capital by issuing additional securities may be effected through one or a combination of the following:

in consideration for cash;

in consideration for assets contributed in kind;

through an exchange offer;

by conversion of previously issued debt instruments;

by capitalization of profits, reserves or share premium; or

subject to various conditions, in satisfaction of debt incurred by our Company.

Decisions to increase the share capital through the capitalization of reserves, profits and/or share premium or through the issuance of free share warrants in the event of a public offer for our shares (article L. 233-32 of the

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French Commercial Code) require the approval of an extraordinary general shareholders meeting, acting under the quorum and majority requirements applicable to ordinary shareholders meetings. Increases effected by an increase in the par value of shares require unanimous approval of the shareholders, unless effected by capitalization of reserves, profits or share premium. All other capital increases require the approval of an extraordinary general shareholders meeting acting under the regular quorum and majority requirements for such meetings. See Quorum and Votes Required for Shareholder Action above.

Since the entry into force of order 2004-604 of June 24, 2004, the shareholders may delegate to our Board of Directors either the authority *(délégation de compétence)* or the power *(délégation de pouvoir)* to carry out any increase in share capital. Our Board of Directors may further delegate this power to our Chief Executive Officer or, subject to our Chief Executive Officer s approval, to his delegates *(directeurs généraux délégués)*.

On April 17, 2009, our shareholders approved various resolutions delegating to the Board of Directors the authority to increase our share capital through the issuance of shares or securities giving access to the share capital, subject to an overall cap set at 1.3 billion. This cap applies to all the resolutions whereby the extraordinary shareholders meeting delegated to the Board of Directors the authority to increase the share capital, it being also specified that:

- the maximum aggregate par value of capital increases that may be carried out with preemptive rights maintained was set at 1.3 billion;
- the maximum aggregate par value of capital increases that may be carried out without preemptive rights was set at 500 million;
- the maximum aggregate par value of capital increases that may be carried out by capitalization of share premium, reserves, profits or other items was set at 500 million; and
- capital increases resulting in the issuance of securities to employees, early retirees or retirees under our employee savings plans are limited to 2% of the share capital as computed on the date of the Board s decision, and such issuances may be made at a discount of 20% (or 30% if certain French law restrictions on resales were to apply).

On April 17, 2009, our shareholders also approved resolutions delegating to the Board of Directors the authority to increase the share capital by granting options or free shares to our employees and/or corporate officers, subject to the overall cap mentioned above and under the following terms and conditions:

- the authorization, for a period of 26 months, to grant options to purchase or to subscribe for our shares to employees and/or corporate officers; such options may not give entitlement to a total number of shares exceeding 2.5% of the share capital as computed on the day of the Board s decision; see Stock Options above;
- the authorization, for a period of 38 months, to grant existing or new shares free of consideration to employees and/or corporate officers, up to a limit of 1% of the share capital as computed on the day of the Board s decision; see Awards of Shares above.

See also Item 6. Directors, Senior Management and Employees E. Share Ownership .

Decreases in Share Capital

According to the French Commercial Code, any decrease in our share capital requires approval by the shareholders entitled to vote at an extraordinary general meeting. The share capital may be reduced either by decreasing the par value of the outstanding shares or by reducing the number of outstanding shares. The number of outstanding shares may be reduced either by an exchange of shares or by the repurchase and cancellation of shares. Holders of each class of shares must be treated equally unless each affected shareholder agrees otherwise.

In addition, specific rules exist to permit the cancellation of treasury shares, by which the shareholders meeting may authorize the cancellation of up to 10% of a company s share capital per 24-month period. On April 17, 2009, our shareholders delegated to our Board of Directors for 26 months the right to reduce our share capital by canceling our own shares.

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Preemptive Rights

According to the French Commercial Code, if we issue additional securities to be paid in cash, current shareholders will have preemptive rights to these securities on a *pro rata* basis. These preemptive rights require us to give priority treatment to current shareholders. The rights entitle the individual or entity that holds them to subscribe to the issuance of any securities that may increase the share capital of our Company by means of a cash payment or a set-off of cash debts. Preemptive rights are transferable during the subscription period relating to a particular offering. These rights may also be listed on Euronext Paris Stock Exchange.

Preemptive rights with respect to any particular offering may be waived by a vote of shareholders holding a two-thirds majority of the shares entitled to vote at an extraordinary general meeting. Our Board of Directors and our independent auditors are required by French law to present reports that specifically address any proposal to waive preemptive rights. In the event of a waiver, the issue of securities must be completed within the period prescribed by law. Shareholders also may notify us that they wish to waive their own preemptive rights with respect to any particular offering if they so choose.

The shareholders may decide at extraordinary general meetings to give the existing shareholders a non-transferable priority right to subscribe to the new securities, for a limited period of time.

In the event of a capital increase without preemptive rights to existing shareholders, French law requires that the capital increase be made at a price equal to or exceeding the weighted average market prices of the shares for the last three trading days on Euronext Paris Stock Exchange prior to the determination of the subscription price of the capital increase less 5%.

Form, Holding and Transfer of Shares

Form of Shares

Our *statuts* provide that the shares may be held in either bearer form or registered form at the option of the holder.

Holding of Shares

In accordance with French law relating to the dematerialization of securities, shareholders ownership rights are represented by book entries instead of share certificates. We maintain a share account with Euroclear France (a French clearing system, which holds securities for its participants) for all shares in registered form, which is administered by BNP Paribas Securities Services. In addition, we maintain separate accounts in the name of each shareholder either directly or, at a shareholder s request, through the shareholder s accredited intermediary. Each shareholder account shows the name of the holder and the number of shares held. BNP Paribas Securities Services issues confirmations (*attestations d inscription en compte*) to each registered shareholder as to shares registered in the shareholder s account, but these confirmations are not documents of title.

Shares of a listed company may also be issued in bearer form. Shares held in bearer form are held and registered on the shareholder s behalf in an account maintained by an accredited financial intermediary and are credited to an account at Euroclear France maintained by such intermediary. Each accredited financial intermediary maintains a record of shares held through it and provides the account holder with a securities account statement. Transfers of shares held in bearer form may only be made through accredited financial intermediaries and Euroclear France.

Shares held by persons who are not domiciled in France may be registered in the name of intermediaries who act on behalf of one or more investors. When shares are so held, we are entitled to request from such intermediaries the names of the investors. Also, we may request any legal entity (*personne morale*) which holds more than 2.5% of our shares or voting rights, to disclose the name of any person who owns, directly or indirectly, more than one-third of its share capital or of its voting rights. A person not providing the complete requested information in time, or who provides incomplete or false information, will be deprived of its voting rights at shareholders meetings and will have its payment of dividends withheld until it has provided the requested information in strict compliance with French law. If such person acted willfully, the person may be deprived by a French court of either its voting rights or its dividends or both for a period of up to five years.

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Transfer of Shares

Our *statuts* do not contain any restrictions relating to the transfer of shares.

Registered shares must be converted into bearer form before being transferred on the Euronext Paris Market on the shareholders behalf and, accordingly, must be registered in an account maintained by an accredited financial intermediary on the shareholders behalf. A shareholder may initiate a transfer by giving instructions to the relevant accredited financial intermediary. A fee or commission is payable to the broker involved in the transaction, regardless of whether the transaction occurs within or outside France. No registration duty is normally payable in France unless a transfer instrument has been executed in France.

Redemption of Shares

Under French law, our Board of Directors is entitled to redeem a set number of shares as authorized by the extraordinary shareholders meeting. In the case of such an authorization, the shares redeemed must be cancelled within one month after the end of the offer to purchase such shares from shareholders. However, shares redeemed on the open market do not need to be cancelled if the company redeeming the shares grants options on or awards those shares to its employees within one year following the acquisition. See also Trading in Our Own Shares below.

Sinking Fund Provisions.

Our *statuts* do not provide for any sinking fund provisions.

Liability to Further Capital Calls

Shareholders are liable for corporate liabilities only up to the par value of the shares they hold; they are not liable to further capital calls.

Liquidation Rights

If we are liquidated, any assets remaining after payment of our debts, liquidation expenses and all of our remaining obligations will first be distributed to repay in full the par value of our shares. Any surplus will be distributed *pro rata* among shareholders in proportion to the par value of their shareholdings.

Requirements for Holdings Exceeding Certain Percentages

The French Commercial Code provides that any individual or entity, acting alone or in concert with others, that becomes the owner, directly or indirectly, of more than 5%, 10%, 15%, 20%, 25%, 33 1/3%, 50%, 66 2/3%, 90% or 95% of the outstanding shares or voting rights of a listed company in France, such as our Company, or that increases or decreases its shareholding or voting rights above or below any of those percentages, must notify the company, before the end of the fourth trading day following the date it crosses the threshold, of the number of shares it holds and their voting rights. The individual or entity must also notify the AMF before the end of the fourth trading day following the date it crosses the threshold. The AMF makes the notice public.

The AMF also requires disclosure of certain information relating to other financial instruments (e.g., convertible or exchangeable securities, warrants, equity swaps, etc.) that could increase the shareholding of the individual or entity.

Subject to certain limited exceptions, French law and AMF regulations impose additional reporting requirements on persons who acquire more than 10%, 15%, 20% or 25% of the outstanding shares or voting rights of a listed company in France. These persons must file a report with the company and the AMF before the end of the fifth trading day following the date they cross the threshold.

In the report, the acquirer will have to specify its intentions for the following six months including:

- whether it acts alone or in concert with others;

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- the means of financing of the acquisition (the notifier shall indicate in particular whether the acquisition is being financed with equity or debt, the main features of that debt, and, where applicable, the main guarantees given or received by the notifier. The notifier shall also indicate what portion of its holding, if any, it obtained through securities loans);

- whether or not it intends to continue its purchases;

- whether or not it intends to acquire control of the company in question;

- the strategy it contemplates *vis-à-vis* the issuer;

- the way it intends to implement it: (i) any plans for a merger, reorganization, liquidation, or partial transfer of a substantial part of the assets of the issuer or of any other entity it controls within the meaning of Article L. 233-3 of the French Commercial Code, (ii) any plans to modify the business of the issuer, (iii) any plans to modify the memorandum and articles of association of the issuer, (iv) any plans to delist a category of the issuer s financial instruments, and (v) any plans to issue the issuer s financial instruments;

- any agreement for the temporary transfer of shares or voting rights; and

- whether it seeks representation on the Board of Directors.

The AMF makes the report public. Upon any change of intention within the six-month period following the filing of the report, it will have to file a new report for the following six-month period.

In order to enable shareholders to give the required notice, we must each month publish on our website and send the AMF a written notice setting forth the total number of our shares and voting rights (including treasury shares) whenever they vary from the figures previously published.

If any shareholder fails to comply with an applicable legal notification requirement, the shares in excess of the relevant threshold will be deprived of voting rights for all shareholders meetings until the end of a two-year period following the date on which the owner complies with the notification requirements. In addition, any shareholder who fails to comply with these requirements may have all or part of its voting rights suspended for up to five years by the Commercial Court at the request of our Chairman, any shareholder or the AMF, and may be subject to criminal fines.

Under AMF regulations, and subject to limited exemptions granted by the AMF, any person or entity, acting alone or in concert, that crosses the threshold of 33 $^{1}/_{3}$% of the share capital or voting rights of a French listed company must initiate a public tender offer for the balance of the shares and securities giving access to the share capital or voting rights of such company.

In addition, our *statuts* provide that any person or entity, acting alone or in concert with others, who becomes the owner of 1%, or any multiple of 1% of our share capital or our voting rights must notify us by certified mail, return receipt requested, within five trading days, of the total number of shares and securities giving access to our share capital and voting rights that such person then owns. The same provisions of our *statuts* apply whenever such owner increases or decreases its ownership of our share capital or our voting rights to such extent that it goes above or below one of the thresholds described in the preceding sentence. Any person or entity that fails to comply with such notification requirement,

will, upon the request of one or more shareholders holding at least 5% of our share capital or of our voting rights made at the general shareholders meeting, be deprived of voting rights with respect to the shares in excess of the relevant threshold for all shareholders meetings until the end of a two-year period following the date on which such person or entity complies with the notification requirements.

Change in Control/Anti-takeover

There are no provisions in our *statuts* that would have the effect of delaying, deferring or preventing a change in control of our Company or that would operate only with respect to a merger, acquisition or corporate

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restructuring involving our Company or any of our subsidiaries. Further, there are no provisions in our *statuts* that allow the issuance of preferred stock upon the occurrence of a takeover attempt or the addition of other anti-takeover measures without a shareholder vote.

Our *statuts* do not include any provisions discriminating against any existing or prospective holder of our securities as a result of such shareholder owning a substantial number of shares.

Trading in Our Own Shares

Under French law, sanofi-aventis may not issue shares to itself. However, we may, either directly or through a financial intermediary acting on our behalf, acquire up to 10% of our issued share capital within a maximum period of 18 months, provided our shares are listed on a regulated market. Prior to acquiring our shares, we must publish a description of the share repurchase program (*descriptif du programme de rachat d actions*).

We may not cancel more than 10% of our issued share capital over any 24-month period. Our repurchase of shares must not result in our Company holding, directly or through a person acting on our behalf, more than 10% of our issued share capital. We must hold any shares that we repurchase in registered form. These shares must be fully paid up. Shares repurchased by us continue to be deemed issued under French law but are not entitled to dividends or voting rights so long as we hold them directly or indirectly, and we may not exercise the preemptive rights attached to them.

The shareholders, at an extraordinary general shareholders meeting, may decide not to take these shares into account in determining the preemptive rights attached to the other shares. However, if the shareholders decide to take them into account, we must either sell the rights attached to the shares we hold on the market before the end of the subscription period or distribute them to the other shareholders on a *pro rata* basis.

On May 17, 2010, our shareholders approved a resolution authorizing us to repurchase up to 10% of our shares over an 18-month period. Under this authorization, the purchase price for each sanofi-aventis ordinary share may not be greater than 80.00 and the maximum amount that sanofi-aventis may pay for the repurchases is 10,547,832,400. This authorization was granted for a period of 18 months from May 17, 2010 and cancelled and replaced the authorization granted to the Board of Directors by the general meeting held on April 17, 2009. A description of this share repurchase program as adopted by the Board of Directors on May 17, 2010, *(descriptif du* programme de rachat d actions) was published on March, 12, 2010.

Purposes of Share Repurchase Programs

European regulation 2273/2003, dated December 22, 2003 (which we refer to in this section as the Regulation), in application of European directive 2003/6/EC, dated January 28, 2003, known as the Market Abuse Directive (the Directive) relating to share repurchase programs and the stabilization of financial instruments, came into effect on October 13, 2004.

The entry into force of the Regulation has resulted in changes in the manner in which share repurchase programs are implemented. Under the Regulation, an issuer will benefit from a safe harbor for share transactions that comply with certain conditions relating in particular to the pricing, volume and timing of transactions (see below) and that are made in connection with a share repurchase program the purpose of which is:

- to reduce the share capital through the cancellation of treasury shares; and/or
- to meet obligations arising from debt instruments exchangeable into equity instruments and/or the implementation of employee share option programs or other employee share allocation plans.

Safe harbor transactions will by definition not be considered market abuses under the Regulation. Transactions that are carried out for other purposes than those mentioned above do not qualify for the safe harbor. However, as permitted by the Directive, which provides for the continuation of existing practices that do not constitute market manipulation and that conform with certain criteria set forth in European directive 2004/72, dated April 29, 2004, the AMF published exceptions on March 22, 2005 to permit the following existing market practices:

- transactions pursuant to a liquidity agreement entered into with a financial services intermediary that complies with the ethical code (*charte de déontologie*) approved by the AMF; and

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the purchase of shares that are subsequently used as acquisition currency in a business combination transaction.

The AMF confirmed that all transactions directed at maintaining the liquidity of an issuer s shares must be conducted pursuant to a liquidity agreement with a financial services intermediary acting independently.

Additionally, our program could be used for any purpose that is authorized or could be authorized under applicable laws and regulations.

Pricing, Volume and Other Restrictions

In order to qualify for the safe harbor, the issuer must generally comply with the following pricing and volume restrictions:

a share purchase must not be made at a price higher than the higher of the price of the last independent trade and the highest current independent bid on the trading venues where the purchase is carried out;

subject to certain exceptions for illiquid securities, the issuer must not purchase more than 25% of the average daily volume of the shares in any one day on the regulated market on which the purchase is carried out. The average daily volume figure must be based on the average daily volume traded in the month preceding the month of public disclosure of the share repurchase program and fixed on that basis for the authorized period of that program. If the program does not make reference to this volume, the average daily volume figure must be based on the average daily volume traded in the 20 trading days preceding the date of purchase.

In addition, an issuer must not:

sell treasury shares during the period of the repurchase program (without prejudice to the right of the issuer to meet its obligations under employee share option programs or other employee share allocation plans or to use shares as acquisition currency as mentioned above); it being further specified that such prohibition is not applicable in the event of off-market block trades or if the share repurchase program is implemented by a financial services intermediary pursuant to a liquidity agreement as mentioned above; and

effect any transaction during a blackout period imposed by the applicable law of the Member State in which the transaction occurs (*i.e.,* under French law, during the period between the date on which the company has knowledge of insider information and the date on which such information is made public and during the 30-day period preceding the date of publication of annual and half-year financial statements or the 15-day period preceding the date of publication of quarterly financial information), without prejudice to transactions carried out pursuant to a liquidity agreement as mentioned above; or

effect any transaction in securities with respect to which the issuer has decided to defer disclosure of any material, non-public information.

Use of Share Repurchase Programs

Pursuant to the AMF rules, issuers must immediately allocate the repurchased shares to one of the purposes provided for in the Regulation and must not subsequently use the shares for a different purpose. As an exception to the foregoing, shares repurchased with a view to covering stock option plans may, if no longer needed for this purpose, be re-allocated for cancellation or sold in compliance with AMF requirements relating in particular to blackout periods. Shares repurchased in connection with one of the market practices authorized by the AMF (see above) may also be re-allocated to one of the purposes contemplated by the Regulation or sold in compliance with AMF requirements. Shares repurchased with a view to their cancellation must be cancelled within 24 months following their acquisition.

During the year ended December 31, 2010, we used the authority delegated by our shareholders to repurchase our shares on the stock market.

Pursuant to our share repurchase program authorized by our shareholders in April 2009, we repurchased 3,900,000 of our shares for a weighted average price of 53.85 in February 2010 and 2,100,000 of our shares for a weighted average price of 56.02 in March 2010.

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On April 28, 2010, the Board of Directors cancelled 7,911,300 treasury shares, as follows:

- 7,821,500 shares repurchased up to March 31, 2010 pursuant to the share repurchase programs of the Company, including:
  - 1,011,500 shares repurchased in May 2008;
  - 810,000 shares repurchased in June and August 2008;
  - 5,871,026 shares repurchased on the market in February and March 2010; and
  - 128,974 shares repurchased from Hoechst GmbH in March 2010 (following the expiration of its last stock option plan);
- 89,800 shares previously allocated to expired stock option programs, which had been reallocated to the purpose of reducing the share capital.

In 2010, we also implemented the share repurchase program authorized by our shareholders in May 2010 with the sole aim of supporting the liquidity of the shares through a liquidity contract entered into with an investment service provider in compliance with the ethical code (*charte de déontologie*) approved by the AMF. We entered into this liquidity contract with Exane BNP Paribas on September 16, 2010.

Upon implementation of this contract, we allocated 40,000,000, of which 20,000,000 was initially made available, to the liquidity account. During 2010, Exane BNP Paribas purchased, between November 1, 2010 and December 31, 2010, 750,296 of our shares at an average weighted price of 48.48 and sold 735,296 of our shares at an average weighted price of 48.55.

In 2010, of the 7,601,216 shares allocated to stock purchase option plans outstanding at December 31, 2009, 1,326,730 shares were transferred to grantees of options,

As a result, as of December 31, 2010, treasury shares were allocated as follows :

- 5,851,776 shares, representing 0.446% of our share capital, were allocated to outstanding stock purchase option plans;
- 203,936 directly-owned shares, representing 0.015% of our share capital, were allocated to cancellation; and
- 15,000 directly-owned shares, representing 0.001% of our share capital, were allocated to the liquidity account.

As of December 31, 2010, we directly owned 6,070,712 sanofi-aventis shares with a par value of 2 representing around 0.46% of our share capital and with an estimated value of 379,248,041, based on the share price at the time of purchase.

Reporting Obligations

Pursuant to the AMF Regulation and the French Commercial Code, issuers trading in their own shares are subject to the following reporting obligations:

issuers must report all transactions in their own shares on their web site within seven trading days of the transaction in a prescribed format, unless such transactions are carried out pursuant to a liquidity agreement that complies with the ethical code approved by the AMF; and

issuers must declare to the AMF on a monthly basis all transactions completed under the share repurchase program unless they provide the same information on a weekly basis.

Ownership of Shares by Non-French Persons

The French Commercial Code and our *statuts* currently do not limit the right of non-residents of France or non-French persons to own or, where applicable, to vote our securities. However, non-residents of France must

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file an administrative notice with the French authorities in connection with the acquisition of a controlling interest in our Company. Under existing administrative rulings, ownership of 33 1/3% or more of our share capital or voting rights is regarded as a controlling interest, but a lower percentage might be held to be a controlling interest in certain circumstances depending upon factors such as:

- the acquiring party s intentions;
- the acquiring party s ability to elect directors; or
- financial reliance by the company on the acquiring party.

Enforceability of Civil Liabilities

We are a limited liability company (*société anonyme*) organized under the laws of France, and most of our directors and officers reside outside the United States. In addition, a substantial portion of our assets is located in France. As a result, it may be difficult for investors to effect service of process within the United States on such persons. It may also be difficult to enforce against them, either inside or outside the United States, judgments obtained against them in U.S. courts, or to enforce in U.S. courts, judgments obtained against them in courts in jurisdictions outside the United States, in any action based on civil liabilities under the U.S. federal securities laws. There is doubt as to the enforceability against such persons in France, whether in original actions or in actions to enforce judgments of U.S. courts, of liabilities based solely on the U.S. federal securities laws. Actions for enforcement of foreign judgments against such persons would require such persons who are of French nationality to waive their right under Article 15 of the French Civil Code to be sued only in France. We believe that no such French persons have waived such right with respect to actions predicated solely upon U.S. federal securities laws. In addition, actions in the United States under the U.S. federal securities laws could be affected under certain circumstances by the French law of July 26, 1968, as amended, which may preclude or restrict the obtaining of evidence in France or from French persons in connection with such actions. Additionally, awards of punitive damages in actions brought in the United States or elsewhere may be unenforceable in France.

C. Material Contracts

Sanofi-Aventis has executed a Facilities Agreement (the Facilities Agreement) with J.P. Morgan plc, Société Générale Corporate & Investment Banking and BNP Paribas (the Initial Mandated Lead Arrangers) for unsecured term loan facilities of up to US $15,000,000,000 for the purpose of financing part of the proposed acquisition of Genzyme Corporation (together, the Acquisition Facility):

- A US $10,000,000,000 term facility (Facility A) maturing 18 months from October 2, 2010, the date of execution of the Facilities Agreement. The maturity of Facility A can be postponed by sanofi-aventis by 6 months.
- A US $5,000,000,000 amortizable term facility (Facility B) with final maturity at 42 months from the date of execution of the Facilities Agreement.

The interest rate on each facility is equal to the London Inter-Bank Overnight Rate (or LIBOR), plus an applicable margin.

The Initial Mandated Lead Arrangers have committed to provide the full amount of the loans under the Acquisition Facility and have indicated their intention to form a syndicate of banks that would become lenders thereunder. The Facilities Agreement contains representations and warranties customary for credit facilities of this nature, including as to the accuracy of financial statements, litigation and no conflict with material agreements or instruments. The Facilities Agreement contains certain covenants, including limitations on liens (with exclusions to the extent necessary to comply with margin lending regulations and certain other exceptions to be agreed upon), mergers, compliance with laws and change of business. The commitment of the Initial Mandated Lead Arrangers is available until December 31, 2011 at the latest and is conditional upon, among other things, there being no change in control of Parent, receipt of required approvals and consents and delivery of certain financial statements.

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A copy of the Facilities Agreement and an amendment dated February 15, 2011 is on file with the SEC as exhibit 4.1 and 4.2 hereto. Reference is made to such exhibits for a more complete description of the terms and conditions of the Acquisition Facility as amended, and the foregoing summary of such terms and conditions is qualified in its entirety by such exhibits.

On February 16, 2011, sanofi-aventis and its wholly owned subsidiary GC Merger Corp. signed an Agreement and Plan of Merger which is governed by the laws of the Commonwealth of Massachusetts, and subject to the jurisdiction of the courts of the Commonwealth of Massachusetts (the Merger Agreement), with Genzyme Corporation (Genzyme). Pursuant to the Merger Agreement, among other things, sanofi-aventis and GC Merger Corp. agreed to amend the outstanding tender offer to acquire all of the outstanding shares of common stock of Genzyme (the Genzyme Shares) for $69 per Genzyme Share in cash (the tender offer as amended, the Amended Offer) to reflect the terms of the Merger Agreement and to increase the consideration offered to (i) $74.00 in cash (the Cash Consideration) and (ii) one contingent value right (a CVR) to be issued by sanofi-aventis subject to and in accordance with the CVR Agreement described below (collectively, the Merger Consideration) per Genzyme Share. The Merger Agreement also provides that, subject to the satisfaction or waiver of certain conditions, following consummation of the Amended Offer, GC Merger Corp. will be merged with and into Genzyme, with Genyzme surviving the Merger as a wholly-owned subsidiary of sanofi-aventis (the Merger).

At the effective time of the Merger (the Effective Time), all remaining outstanding Genzyme Shares not tendered in the Amended Offer (other than Genzyme Shares owned by Genzyme, sanofi-aventis or either of their respective subsidiaries), will be converted into the right to receive the Merger Consideration. All outstanding Genzyme stock options (other than those arising under the Genzyme employee stock purchase plan and those with an exercise price in excess of the Cash Consideration) (Genzyme Options), restricted stock (Restricted Stock) and restricted stock units (RSUs) of Genzyme will be canceled immediately prior to consummation of the Amended Offer. Holders of Genzyme Options with an exercise price less than the Cash Consideration will receive, for each Genzyme Share subject to such Option, (i) a cash payment equal to the difference between the Cash Consideration and the exercise price of the Option, and (ii) one CVR. Holders of Restricted Stock and RSUs will receive (i) a cash payment equal to the Cash Consideration and (ii) one CVR per Restricted Share or RSU.

The Merger Agreement provides that sanofi-aventis shall cause GC Merger Corp. to amend the Offer and sanofi-aventis shall file a registration statement with the US Securities and Exchange Commission (SEC) to register the CVRs (the CVR Registration Statement) within fifteen business days after the date of the Merger Agreement. In the Amended Offer, each Genzyme Share accepted by GC Merger Corp. in accordance with the terms and conditions of the Amended Offer will be exchanged for the right to receive the Merger Consideration. Sanofi-aventis shall cause GC Merger Corp. to accept for payment, and GC Merger Corp. shall accept for payment, all Genzyme Shares validly tendered and not validly withdrawn, pursuant to the terms and conditions of the Amended Offer, promptly following the Amended Offer s expiration date.

GC Merger Corp. s obligation to accept for payment and pay for all Genzyme Shares validly tendered pursuant to the Amended Offer is subject to the conditions that (a) the number of Genzyme Shares validly tendered and not validly withdrawn, together with any Genzyme Shares already owned by sanofi-aventis and its subsidiaries, represents at least a majority of the then-outstanding Genzyme Shares on a fully-diluted basis, (b) the CVR Registration Statement has been declared effective and no stop order suspending the effectiveness of the CVR Registration Statement is in effect and no proceedings for that purpose have been initiated or threatened by the SEC, (c) the CVRs being issued have been approved for listing on Nasdaq, (d) the CVR Agreement has been duly executed by sanofi-aventis and a mutually agreeable trustee and (e) certain other customary conditions as set forth in the Merger Agreement.

Genzyme has also granted to sanofi-aventis an irrevocable option (the Top-Up Option), which GC Merger Corp. will exercise promptly following consummation of the Amended Offer, under certain circumstances and subject to certain conditions, to purchase from Genzyme the number of Genzyme Shares that, when added to the Genzyme Shares already owned by sanofi-aventis or any of its subsidiaries following consummation of the Amended Offer, constitutes one Genzyme Share more than 90% of the Genzyme Shares then outstanding on a fully-diluted basis. If sanofi-aventis, GC Merger Corp. and any of their respective affiliates acquire more than 90% of the outstanding Genzyme Shares, including through exercise of the Top-Up Option, GC Merger Corp. will complete the Merger through the short form procedures available under Massachusetts law.

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Sanofi-aventis, GC Merger Corp. and Genzyme each made representations, warranties and covenants in the Merger Agreement, including, among others, covenants by Genzyme to conduct its business in the ordinary course during the interim period between the execution of the Merger Agreement and consummation of the Merger.

The Merger Agreement prohibits Genzyme from soliciting or knowingly encouraging competing acquisition proposals. However, Genzyme may, subject to the terms and conditions set forth in the Merger Agreement, provide information to a third party that makes an unsolicited acquisition proposal, and may engage in discussions and negotiations with a third party that makes an unsolicited acquisition proposal that the Genzyme board of directors determines constitutes or would reasonably be expected to lead to or result in a Superior Proposal (as defined in the Merger Agreement).

The Merger Agreement also provides for certain termination rights for both sanofi-aventis and Genzyme. Upon termination of the Merger Agreement under specified circumstances, Genzyme may be required to pay sanofi-aventis a termination fee of $575 million.

The Merger Agreement also provides that either party may specifically enforce the other party s obligations under the Merger Agreement.

The Contingent Value Rights Agreement.

At or prior to the expiration of the Amended Offer, sanofi-aventis and a mutually acceptable trustee will enter into a Contingent Value Rights agreement governed by the laws of the State of New York and subject to the jurisdiction of the courts of the State of New York (CVR Agreement) governing the terms of the CVRs. A holder of a CVR is entitled to cash payments upon the achievement of certain milestones, including based on production levels of Cerezyme® and Fabrazyme®, U.S. regulatory approval of alemtuzumab for treatment of multiple sclerosis (Lemtrada), and on achievement of certain aggregate Lemtrada sales thresholds, as follows:

Cerezyme®/Fabrazyme® Production Milestone Payment. $1 per CVR, if both Cerezyme® production meets or exceeds 734,600 400-unit vial equivalents and Fabrazyme® production meets or exceeds 79,000 35mg vial equivalents during calendar year 2011.

Approval Milestone Payment. $1 per CVR upon receipt by Genzyme or any of its affiliates, on or before March 31, 2014, of the approval by the U.S. Food and Drug Administration of Lemtrada for treatment of multiple sclerosis.

Product Sales Milestone #1 Payment. $2 per CVR if Lemtrada net sales post launch exceeds an aggregate of $400 million within specified periods and territory.

Product Sales Milestone #2 Payment. $3 per CVR upon the first instance in which global Lemtrada net sales for a four calendar quarter period are equal to or in excess of $1.8 billion. If Product Sales Milestone #2 is achieved but the Approval Milestone was not achieved prior to March 31, 2014, the milestone payment amount will be $4 per CVR (however, in such event the Approval Milestone shall not also be payable).

Product Sales Milestone #3 Payment. $4 per CVR upon the first instance in which global Lemtrada net sales for a four calendar quarter period are equal to or in excess of $2.3 billion (no quarter in which global Lemtrada net sales were used to determine the achievement of Product Sales Milestone #1 or #2 shall be included in the calculation of sales for determining whether Product Sales

Milestone #3 has been achieved).

Product Sales Milestone #4 Payment. $3 per CVR upon the first instance in which global Lemtrada net sales for a four calendar quarter period are equal to or in excess of $2.8 billion (no quarter in which global Lemtrada net sales were used to determine the achievement of Product Sales Milestone #1, #2 or #3 shall be included in the calculation of sales for determining whether Product Sales Milestone #4 has been achieved).

The CVRs will expire and no payments will be due under the CVR agreement on the earlier of (a) December 31, 2020 and (b) the date that Product Sales Milestone #4 is paid.

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Sanofi-aventis has agreed to use commercially reasonable efforts to achieve the Cerezyme®/Fabrazyme® Production Milestone, and diligent efforts (as defined in the CVR Agreement) to achieve each of the other milestones above. Sanofi-aventis has also agreed to use its commercially reasonable efforts to maintain a listing for trading of the CVRs on Nasdaq.

The CVR Agreement does not prohibit sanofi-aventis or any of its subsidiaries or affiliates from acquiring the CVRs, whether in open market transactions, private transactions or otherwise; sanofi-aventis has certain disclosure obligations in connection with such acquisitions under the CVR Agreement. On or after the third anniversary of the launch of Lemtrada, sanofi-aventis may also, subject to certain terms and conditions as set forth in the CVR Agreement, optionally purchase and cancel all (but not less than all) of the outstanding CVRs at the average trading price of the CVRs if the volume-weighted average CVR trading price is less than fifty cents over forty-five trading days and Lemtrada sales in the prior four quarter period were less than one billion dollars in the aggregate.

A copy of the Merger Agreement and the form of CVR Agreement are on file with the SEC as exhibit 4.3 and 4.4 hereto, respectively. Reference is made to such exhibits for a more complete description of the terms and conditions of the Merger Agreement and the CVR Agreement, and the foregoing summary of such terms and conditions is qualified in its entirety by such exhibits.

D. Exchange Controls

French exchange control regulations currently do not limit the amount of payments that we may remit to non-residents of France. Laws and regulations concerning foreign exchange controls do require, however, that all payments or transfers of funds made by a French resident to a non-resident be handled by an accredited intermediary. In France, all registered banks and most credit establishments are accredited intermediaries.

E. Taxation

General

The following generally summarizes the material French and U.S. federal income tax consequences to U.S. holders (as defined below) of owning and disposing of our ADSs, ordinary shares, PSSAs and PSSA-ADSs (collectively the Securities). This discussion is intended only as a descriptive summary and does not purport to be a complete analysis or listing of all potential tax effects of the purchase, ownership or disposition of our Securities.

This summary does not constitute a legal opinion or tax advice. Holders are urged to consult their own tax advisers regarding the tax consequences of the purchase, ownership and disposition of Securities in light of their particular circumstances, including the effect of any U.S. federal, state, local or other national tax laws.

The description of the French and U.S. federal income tax consequences set forth below is based on the laws (including, for U.S. federal income tax purposes, the Internal Revenue Code of 1986, as amended (the Code), final, temporary and proposed U.S. Treasury Regulations promulgated

thereunder and administrative and judicial interpretations thereof) in force as of the date of this annual report, the Convention Between the Government of the United States of America and the Government of the French Republic for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income and Capital of August 31, 1994 (the Treaty), which entered into force on December 30, 1995 (as amended by any subsequent protocols, including the protocol of January 13, 2009), and the tax regulations issued by the French tax authorities (the Regulations) in force as of the date of this report. All of the foregoing is subject to change. Such changes could apply retroactively and could affect the consequences described below.

In particular, the United States and France signed a protocol on January 13, 2009, that made several changes to the Treaty, including changes to the Limitation on Benefits provision. The protocol entered into force on December 23, 2009; its provisions became effective in respect of withholding taxes for amounts paid or credited on or after January 1, 2009 and in respect of other taxes for taxable years beginning on or after January 1, 2010. *U.S. holders are advised to consult their own tax advisers regarding the effect the protocol may have on their eligibility for Treaty benefits in light of their own particular circumstances.*

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For the purposes of this discussion, a U.S. holder is a beneficial owner of Securities that is (i) an individual who is a U.S. citizen or resident for U.S. federal income tax purposes, (ii) a U.S. domestic corporation or certain other entities created or organized in or under the laws of the United States or any state thereof, including the District of Colombia, or (iii) otherwise subject to U.S. federal income taxation on a net income basis in respect of Securities. A non-U.S. holder is a person other than a U.S. holder.

If a partnership holds Securities, the tax treatment of a partner generally will depend upon the status of the partner and the activities of the partnership. *If a U.S. holder is a partner in a partnership that holds Securities, the holder is urged to consult its own tax adviser regarding the specific tax consequences of acquiring, owning and disposing of Securities.*

This discussion is intended only as a general summary and does not purport to be a complete analysis or listing of all potential tax effects of the acquisition, ownership or disposition of the Securities to any particular investor, and does not discuss tax considerations that arise from rules of general application or that are generally assumed to be known by investors. The discussion applies only to investors that hold our Securities as capital assets, that have the U.S. dollar as their functional currency, that are entitled to Treaty benefits under the Limitation on Benefits provision contained in the Treaty, and whose ownership of the Securities is not effectively connected to a permanent establishment or a fixed base in France. Certain holders (including, but not limited to, U.S. expatriates, partnerships or other entities classified as partnerships for U.S. federal income tax purposes, banks, insurance companies, regulated investment companies, tax-exempt organizations, financial institutions, persons subject to the alternative minimum tax, persons who acquired the Securities pursuant to the exercise of employee stock options or otherwise as compensation, persons that own (directly, indirectly or by attribution) 5% or more of our voting stock or 5% or more of our outstanding share capital, dealers in securities or currencies, persons that elect to mark their securities to market for U.S. federal income tax purposes and persons holding Securities as a position in a synthetic security, straddle or conversion transaction) may be subject to special rules not discussed below. *Holders of Securities are advised to consult their own tax advisers with regard to the application of French tax law and U.S. federal income tax law to their particular situations, as well as any tax consequences arising under the laws of any state, local or other foreign jurisdiction.*

French Taxes

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 would otherwise be subject to French gift or inheritance tax, respectively, will not be subject to such French tax by reason of the Convention between the Government of the United States of America and the Government of the French Republic for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Estates, Inheritances and Gifts, dated November 24, 1978, unless the donor or the transferor is domiciled in France at the time of making the gift or at the time of his or her death, or the Securities were used in, or held for use in, the conduct of a business through a permanent establishment or a fixed base in France.

Generally, transfers of Securities (other than ordinary shares) are not subject to French registration or stamp duty. Generally, transfers of ordinary shares will not be subject to French registration or stamp duty if such transfers are not evidenced by a written agreement or if such an agreement is executed outside of France.

Wealth Tax

The French wealth tax *impôt de solidarité sur la fortune* does not generally apply to the Securities if the holder is a U.S. resident, as defined pursuant to the provisions of the Treaty.

U.S. Taxes

Ownership of the Securities

Deposits and withdrawals by a U.S. holder of ordinary shares in exchange for ADSs, or of PSSAs in exchange for PSSA-ADSs (including in connection with the intended termination of the deposit agreement with respect to the PSSA-ADSs), will not be taxable events for U.S. federal income tax purposes. For U.S. tax

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purposes, holders of ADSs will be treated as owners of the ordinary shares represented by such ADSs, and holders of PSSA-ADSs will be treated as owners of the PSSAs represented by such PSSA-ADSs. Accordingly, the discussion that follows regarding the U.S. federal income tax consequences of acquiring, owning and disposing of ordinary shares and PSSAs is equally applicable to ADSs and PSSA-ADSs, respectively.

Information Reporting and Backup Withholding Tax

Distributions made to holders and proceeds paid from the sale, exchange, redemption or disposal of Securities may be subject to information reporting to the Internal Revenue Service. Such payments may be subject to backup withholding taxes unless the holder (i) is a corporation or other exempt recipient or (ii) provides a taxpayer identification number and certifies that no loss of exemption from backup withholding has occurred. Holders that are not U.S. persons generally are not subject to information reporting or backup withholding. However, such a holder may be required to provide a certification of its non-U.S. status in connection with payments received within the United States or through a U.S.-related financial intermediary to establish that it is an exempt recipient. Backup withholding is not an additional tax. Amounts withheld as backup withholding may be credited against a holder s U.S. federal income tax liability. A holder may obtain a refund of any excess amounts withheld under the backup withholding rules by filing the appropriate claim for refund with the Internal Revenue Service and furnishing any required information.

State and Local Taxes

In addition to U.S. federal income tax, U.S. holders of Securities may be subject to U.S. state and local taxes with respect to such Securities. *Holders of Securities are advised to consult their own tax advisers with regard to the application of U.S. state and local income tax law to their particular situation.*

ADSs-Ordinary Shares

French Taxes

Taxation of Dividends

Under French law, dividends paid by a French corporation, such as sanofi-aventis, to non-residents of France are generally subject to French withholding tax at a rate of 25% (19% for distributions made to individuals that are resident in the European Economic Area, and 15% for distributions made to non-for-profit organizations with a head office in a Member State of the European Economic Area which would be subject to the tax regime set forth under article 206-5 of the French General Tax Code if its head office were located in France and which meet the criteria set forth in the administrative guidelines 4 H-2-10 of January 15, 2010). Dividends paid by a French corporation, such as sanofi-aventis, towards non-cooperative States or territories, as defined in Article 238-0 A of the French General Tax Code, will generally be subject to French withholding tax at a rate of 50%, irrespective of the tax residence of the beneficiary of the dividends if the dividends are received in such States or territories; however, eligible U.S. holders entitled to Treaty benefits under the Limitation on Benefits provision contained in the Treaty and receiving dividends in non-cooperative States or territories will not be subject to this 50% withholding tax.

Under the Treaty, the rate of French withholding tax on dividends paid to an eligible U.S. holder whose ownership of the ordinary shares or ADSs is not effectively connected with a permanent establishment or fixed base that such U.S. holder has in France is reduced to 15% and a U.S. holder may claim a refund from the French tax authorities of the amount withheld in excess of the Treaty rate of 15%, if any. For U.S. holders that are not individuals, the requirements for eligibility for Treaty benefits, including the reduced 15% withholding tax rate, contained in the Limitation on Benefits provision of the Treaty are complicated, and certain technical changes were made to these requirements by the protocol of January 13, 2009. U.S. holders are advised to consult their own tax advisers regarding their eligibility for Treaty benefits in light of their own particular circumstances.

Dividends paid to an eligible U.S. holder may immediately be subject to the reduced rate of 15%, provided that such holder establishes before the date of payment that it is a U.S. resident under the Treaty by completing and providing the depositary with a treaty form (Form 5000). Dividends paid to a U.S. holder that has not filed the Form 5000 before the dividend payment date will be subject to French withholding tax at the rate of 25% and

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then reduced at a later date to 15%, provided that such holder duly completes and provides the French tax authorities with the treaty forms Form 5000 and Form 5001 before December 31 of the second calendar year following the year during which the dividend is paid. Pension funds and certain other tax-exempt entities are subject to the same general filing requirements as other U.S. holders except that they may have to supply additional documentation evidencing their entitlement to these benefits.

Form 5000 and Form 5001, together with instructions, will be provided by the depositary to all U.S. holders registered with the depositary and is also available from the U.S. Internal Revenue Service. The depositary will arrange for the filing with the French Tax authorities of all such forms properly completed and executed by U.S. holders of ordinary shares or ADSs and returned to the depositary in sufficient time that they may be filed with the French tax authorities before the distribution so as to obtain immediately a reduced withholding tax rate.

The withholding tax refund, if any, ordinarily is paid within 12 months of filing the applicable French Treasury Form, but not before January 15 of the year following the calendar year in which the related dividend is paid.

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 Treaty will not be subject to French tax on any capital gain from the redemption, sale or exchange of ordinary shares or ADSs unless the ordinary shares or the ADSs form part of the business property of a permanent establishment or fixed base that the U.S. holder has in France. Special rules apply to holders who are residents of more than one country.

U.S. Taxes

Taxation of Dividends

For U.S. federal income tax purposes, the gross amount of any distribution paid to U.S. holders (that is, the net distribution received plus any tax withheld therefrom) will be treated as ordinary dividend income to the extent paid or deemed paid out of the current or accumulated earnings and profits of sanofi-aventis (as determined under U.S. federal income tax principles). Dividends paid by sanofi-aventis will not be eligible for the dividends-received deduction generally allowed to corporate U.S. holders.

Subject to certain exceptions for short-term and hedged positions, the U.S. dollar amount of dividends received by an individual U.S. holder with respect to taxable years beginning before January 1, 2013, with respect to the ADSs or our ordinary shares will be subject to taxation at a maximum rate of 15% if the dividends are qualified dividends. Dividends paid on the ordinary shares or ADSs will be treated as qualified dividends if (i) the issuer is eligible for the benefits of a comprehensive income tax treaty with the United States that the Internal Revenue Service has approved for the purposes of the qualified dividend rules and (ii) the issuer was not, in the year prior to the year in which the dividend was paid, and is not, in the year in which the dividend is paid, a passive foreign investment company (PFIC). The Treaty has been approved for the purposes of the qualified dividend rules. Based on our audited financial statements and relevant market and shareholder data, we believe sanofi-aventis was not a PFIC for U.S. federal income tax purposes with respect to its 2010 taxable year. In addition, based on its audited financial statements and current expectations regarding the value and nature of its assets, the sources and nature of its income, and relevant market and shareholder data, we do not anticipate that sanofi-aventis will become a PFIC for its 2011 taxable year. *Holders of ordinary shares and ADSs should consult their own tax advisers regarding the availability of the reduced dividend tax rate in light of their own particular*

circumstances.

If you are a U.S. holder, dividend income received by you with respect to ADSs or ordinary shares generally will be treated as foreign source income for foreign tax credit purposes. The limitation on foreign taxes eligible for credit is calculated separately with respect to specific classes of income. Distributions out of earnings and profits with respect to the ADSs or ordinary shares generally will be treated as passive category income (or, in the case of certain U.S. holders, general category income). Subject to certain limitations, French income tax withheld in connection with any distribution with respect to the ADSs or ordinary shares may be claimed as a credit against the U.S. federal income tax liability of a U.S. holder if such U.S. holder elects for that year to

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credit all foreign income taxes. Alternatively, such French withholding tax may be taken as a deduction against taxable income. Foreign tax credits will not be allowed for withholding taxes imposed in respect of certain short-term or hedged positions in Securities and may not be allowed in respect of certain arrangements in which a U.S. holder s expected economic profit is insubstantial. *The U.S. federal income tax rules governing the availability and computation of foreign tax credits are complex. U.S. holders should consult their own tax advisers concerning the implications of these rules in light of their particular circumstances.*

To the extent that an amount received by a U.S. holder exceeds the allocable share of our current and accumulated earnings and profits, such excess will be applied first to reduce such U.S. holder s tax basis in its ordinary shares or ADSs and then, to the extent it exceeds the U.S. holder s tax basis, it will constitute capital gain from a deemed sale or exchange of such ordinary shares or ADSs (see Tax on Sale or Other Disposition , below).

The amount of any distribution paid in euros will be equal to the U.S. dollar value of the euro amount distributed, calculated by reference to the exchange rate in effect on the date the dividend is received by a U.S. holder of ordinary shares (or by the depositary, in the case of ADSs) regardless of whether the payment is in fact converted into U.S. dollars on such date. *U.S. holders should consult their own tax advisers regarding the treatment of foreign currency gain or loss, if any, on any euros received by a U.S. holder or depositary that are converted into U.S. dollars on a date subsequent to receipt.*

Distributions to holders of additional ordinary shares (or ADSs) with respect to their ordinary shares (or ADSs) that are made as part of a pro rata distribution to all ordinary shareholders generally will not be subject to U.S. federal income tax. However, if a U.S. holder has the option to receive a distribution in shares (or ADSs) or to receive cash in lieu of such shares (or ADSs), the distribution of shares (or ADSs) will be taxable as if the holder had received an amount equal to the fair market value of the distributed shares (or ADSs), and such holder s tax basis in the distributed shares (or ADSs) will be equal to such amount.

Tax on Sale or Other Disposition

In general, for U.S. federal income tax purposes, a U.S. holder that sells, exchanges or otherwise disposes of its ordinary shares or ADSs will recognize capital gain or loss in an amount equal to the U.S. dollar value of the difference between the amount realized for the ordinary shares or ADSs and the U.S. holder s adjusted tax basis (determined in U.S. dollars and under U.S. federal income tax rules) in the ordinary shares or ADSs. Such gain or loss generally will be U.S. -source gain or loss, and will be treated as long-term capital gain or loss if the U.S. holder s holding period in the ordinary shares or ADSs exceeds one year at the time of disposition. If the U.S. holder is an individual, any capital gain generally will be subject to U.S. federal income tax at preferential rates (currently a maximum of 15%) if specified minimum holding periods are met. The deductibility of capital losses is subject to significant limitations.

Participating Shares Series A (PSSAs) and PSSA-ADSs

French Taxes

Taxation of Annual Payments and Any Reorganization Payment

Under French law, no French withholding tax is imposed on Annual Payments on the Participating Shares Series A (PSSAs) owned by U.S. holders. Pursuant to Article 131 quater of the French General Tax Code, the withholding tax exemption on Annual Payments is not subject to any filing requirement because the PSSAs have been offered exclusively outside France before March 1, 2010. In the event that French law should change and a French withholding tax becomes applicable to the Annual Payments, (i) sanofi-aventis or an affiliate shall be obligated, to the extent it may lawfully do so, to gross up such payments (with certain exceptions relating to the holder s connection with France, failure to claim an exemption or failure to present timely such shares for payment) so that, after the payment of such withholding tax, the holder will receive an amount equal to the amount which the holder would have received had there been no withholding or (ii) sanofi-aventis may redeem the PSSAs.

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Taxation of Redemption

In general, under the Treaty, a U.S. holder who is a U.S. resident for purposes of the Treaty will not be subject to French tax on any capital gain from the redemption, sale or exchange of PSSAs or PSSA-ADSs unless the PSSAs or PSSA-ADSs form part of the business property of a permanent establishment or fixed base that the U.S. holder has in France. Special rules apply to holders who are residents of more than one country.

U.S. Taxes

Taxation of Annual Payments

For U.S. federal income tax purposes, the gross amount of the annual payments paid to U.S. holders entitled thereto will be treated as ordinary dividend income (in an amount equal to the cash or fair market value of the property received) to the extent paid out of our current or accumulated earnings and profits (as determined under U.S. federal income tax principles). Such dividends generally will be foreign-source income and generally will be treated as passive category (or, in the case of certain U.S. holders, general category) income for foreign tax credit purposes. Dividends paid by sanofi-aventis will not be eligible for the dividends-received deduction generally allowed to corporate U.S. holders.

Subject to certain exceptions for short-term and hedged positions, the U.S. dollar amount of dividends received by a U.S. holder that is an individual with respect to taxable years beginning before January 1, 2011 with respect to the PSSAs or PSSA-ADSs will be subject to taxation at a maximum rate of 15% if the dividends are qualified dividends. Dividends paid on the PSSAs or PSSA-ADSs will be treated as qualified dividends if (i) the issuer is eligible for the benefits of a comprehensive income tax treaty with the United States that the Internal Revenue Service has approved for the purposes of the qualified dividend rules and (ii) the issuer was not, in the year prior to the year in which the dividend was paid, and is not, in the year in which the dividend is paid, a passive foreign investment company (PFIC). The Treaty has been approved for the purposes of the qualified dividend rules. Based on our audited financial statements and relevant market and shareholder data, we believe we were not a PFIC for U.S. federal income tax purposes with respect to our 2010 taxable year. In addition, based on our audited financial statements and current expectations regarding the value and nature of our assets, the sources and nature of our income, and relevant market and shareholder data, we do not anticipate that we will become a PFIC for our 2010 taxable year. *Holders of PSSAs and PSSA-ADSs should consult their own tax advisers regarding the availability of the reduced dividend tax rate in light of their own particular circumstances.*

To the extent that an amount received by a U.S. holder exceeds the allocable share of our current and accumulated earnings and profits, such excess will be applied first to reduce such U.S. holder s tax basis in its PSSAs or PSSA-ADSs and then, to the extent it exceeds the U.S. holder s tax basis, it will constitute gain from a deemed sale or exchange of such PSSAs or PSSA-ADSs (see Tax on Sale or Other Disposition (Including Redemption) , below).

The amount of any distribution paid in euros will be equal to the U.S. dollar value of the distributed euros, calculated by reference to the exchange rate in effect on the date the dividend is received by a U.S. holder of PSSAs (or by the depositary, in the case of PSSA-ADSs), regardless of whether the payment is in fact converted into U.S. dollars on such date. *U.S. holders should consult their own tax advisers regarding the treatment of foreign currency gain or loss, if any, on any euros received by a U.S. holder or depositary that are converted into U.S. dollars on a date subsequent to receipt.*

Tax on Sale or Other Disposition (Including Redemption)

In general, for U.S. federal income tax purposes, a U.S. holder that sells, exchanges or otherwise disposes of PSSAs or PSSA-ADSs will recognize capital gain or loss in an amount equal to the U.S. dollar value of the difference between the amount realized for the PSSAs or PSSA-ADSs and the holder s adjusted tax basis (determined in U.S. dollars) in the PSSAs or PSSA-ADSs. Such gain or loss generally will be U.S. -source gain or loss, and will be treated as long-term capital gain or loss if the U.S. holder s holding period in the PSSAs or PSSA-ADSs exceeds one year at the time of disposition. If the U.S. holder is an individual, any capital gain

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generally will be subject to U.S. federal income tax at preferential rates (currently a maximum of 15%) if specified minimum holding periods are met. The deductibility of capital losses is subject to significant limitations.

If, however, a U.S. holder s PSSAs or PSSA-ADSs are redeemed and it has a direct or indirect stock interest in sanofi-aventis after such redemption, then amounts received in a redemption could, under applicable U.S. tax rules, be treated as a distribution taxable as a dividend that is measured by the full amount of cash received by such U.S. holder (to the extent of the current and accumulated earnings and profits of sanofi-aventis, as described above in Taxation of Annual Payments). *U.S. holders should consult their own tax advisers as to the application of these rules to any such redemption.*

F. Dividends and Paying Agents

N/A

G. Statement by Experts

N/A

H. Documents on Display

We are subject to the information requirements of the U.S. Securities Exchange Act of 1934, as amended, and, in accordance therewith, we are required to file reports, including annual report on Form 20-F, and other information with the U.S. Securities and Exchange Commission by electronic means. Our public filings are available to the public over the Internet at the Commission s Website at http://www.sec.gov (these documents are not incorporated by reference in this annual report).

I. Subsidiary Information

N/A

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Item 11. Quantitative and Qualitative Disclosures about Market Risk(1)

General Policy

Liquidity risk, foreign exchange risk and interest rate risk, as well as related counterparty risk, are managed centrally by our dedicated treasury team within the Group Finance Department. Where it is not possible to manage these risks centrally, in particular due to regulatory restrictions (such as foreign exchange controls) or local tax restrictions, credit facilities and/or currency lines, guaranteed whenever necessary by the parent company, are contracted by our subsidiaries locally with banks, under the supervision of the central treasury team.

Our investment and financing strategies, as well as our interest rate and currency hedging strategies, are reviewed monthly by the Group Finance Department.

Our policy on derivatives prohibits speculative exposure.

Liquidity Risk

We operate a centralized treasury platform according to which all surplus cash and financing needs of our subsidiaries are invested with or funded by the parent company (where permitted by local legislation). The central treasury department manages the Group s current and projected financing (debt, net of cash and cash equivalents), and ensures that the Group is able to meet its financial commitments by maintaining sufficient cash and confirmed credit facilities for the size of our operations and the maturity of our debt.

The group tends to diversify its short term investments with leading banks, using money-market products, that are immediately accessible or have a maturity of less than three months. As of December 31, 2010, cash and cash equivalents amounted to 6,465 million and short term investments mainly comprised:

- Mutual fund investments classified as Euro Money-Market Funds by the *Autorité des Marchés Financiers*, within a limit of 10% of held assets.
- Bank term deposits with a maturity of less than three months.

As of December 31, 2010, the Group had 12.2 billion of undrawn general corporate purpose confirmed credit facilities, not allocated to outstanding commercial paper drawdowns of which 6.2 billion expire in 2015, 5.8 billion in 2012, and 0.2 billion in 2011. Our credit facilities are not subject to financial covenant ratios.

In connection with the launch of a public tender offer for Genzyme on October 4, 2010, sanofi-aventis contracted on October 2, 2010 two credit facilities totaling $15 billion. These facilities, amended on February 15, 2011, may be drawn down in US dollars until December 31, 2011:

Facility A is a $10 billion facility expiring April 2, 2012 with an optional six-month extension.

Facility B is $5 billion amortizable facility expiring April 2, 2014.

These acquisition facilities are not subject to any financial covenant. The margin of Facility B will depend on the long-term credit rating of sanofi-aventis subsequent to the acquisition.

Our policy is to diversify our sources of funding through public or private issuances of debt securities, in particular under our Euro Medium Term Note program, and by issuing commercial paper in France and the United States. On March 15, 2010, the Group filed a U.S shelf, not being used as of today. The average maturity of our total debt is 3.9 years as of December 31, 2010, compared to 4.1 years as of December 31, 2009. Short-term commercial paper programs (U.S. dollar-denominated commercial paper swapped into euros and euro-denominated commercial paper) are used to meet our short-term financing needs. Drawdowns under these

(1) Information in this section is complementary to Note B.8.8. to our consolidated financial statements included at Item 18 of this annual report, with regards to information required by IFRS 7, and is covered by our independent registered public accounting firms report on the consolidated financial statements.

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programs are generally renewed for periods of 2 months. The commercial paper programs are backed by confirmed credit facilities (see description above), to permit the Group to continue to access financing if raising funds via commercial paper is no longer possible (for more information, see Note D.17 to the consolidated financial statements). In 2010, the average drawdown under these programs was 0.9 billion (maximum 1.7 billion). As of December 31, 2010, the drawdown under these programs amounted to 0.7 billion.

In the context of a market-wide liquidity crisis and/or a downgrade of its rating, the Group could be exposed to a scarcity of its sources of funding including the above-mentioned programs, or to a deterioration of their conditions. This situation could damage the capacity of the Group to refinance its debt or to issue new debt on reasonable conditions.

Interest Rate Risk

Our cost of debt is sensitive to changes in interest rates as regards the floating-rate portion of the total debt (credit facilities, commercial paper, etc.), with reference to Eonia, US Libor and Euribor and in proportion to the amounts drawn under these programs. To optimize the cost of our debt or reduce its volatility, we use interest rate swaps, cross-currency swaps, and, in certain circumstances interest rate options to alter the fixed rate / floating rate mix of our debt.

As of December 31, 2010, 66% of our total debt (amounting to 8,056 million) was fixed-rate and 34% was floating-rate after taking account of interest rate derivatives. Our cash and cash equivalents (amounting to 6,465 million) are fully floating-rate.

As of December 31, 2010, the sensitivity of our total debt, net of cash and cash equivalents to interest rate fluctuations over a full year is as follows:

Change in 3-month Euribor	Impact on pre-tax net income (million)
+ 100 bp	41
+ 25 bp	10
- 25 bp	(10)
- 100 bp	(41)

Foreign Exchange Risk

a. Operational Foreign Exchange Risk

A substantial proportion of our net sales is generated in countries in which the euro, which is our reporting currency, is not the functional currency. In 2010, for example, 29.5% of our consolidated net sales were generated in the United States. Although we also incur expenses in those countries, the impact of those expenses is not enough wholly to offset the impact of exchange rates on net sales. Consequently, our operating income may be materially affected by fluctuations in the exchange rate between the euro and other currencies, primarily the U.S.

dollar.

We operate a foreign exchange risk hedging policy to reduce the exposure of our operating income to exchange rate movements. This policy involves regular assessments of our worldwide foreign currency exposure, based on budget estimates of foreign-currency transactions to be carried out by the parent company and its subsidiaries. These transactions mainly comprise sales, purchases, research costs, co-marketing and co-promotion expenses, and royalties. To reduce the exposure of these transactions to exchange rate movements, we may contract currency hedges using liquid financial instruments such as forward purchases and sales of currency as well as call and put options, and combinations of currency options (collars).

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The table below shows operational currency hedging derivatives in place as of December 31, 2010, with the notional amount translated into euros at the relevant closing exchange rate. See also Note D.20. to the consolidated financial statements for the accounting classification of these instruments as of December 31, 2010.

Operational foreign exchange derivatives as of December 31, 2010 [(1)]

(million)	**Notional amount**	**Fair value**
Forward currency sales	**2,444**	**(25)**
Of which U.S. dollar	1,380	(12)
Russian rouble	248	(7)
Japanese yen	202	(4)
Pound sterling	95	2
Australian dollar	60	(1)
Forward currency purchases	**257**	**(2)**
Of which Hungarian forint	84	(1)
U.S. dollar	51	(1)
Canadian dollar	31	
Russian rouble	30	
Japanese yen	18	
Total	**2,701**	**(27)**

(1) As of December 31, 2009, the notional amount of forward currency sales was 2,800 million with a fair value of - 51 million (including forward sales of U.S. dollars of a notional amount of 1,757 million with a fair value of - 41 million). As of December 31, 2009, the notional amount of forward currency purchases was 377 million with a fair value of 6 million (including forward sales of U.S. dollars of a notional amount of 69 million with an immaterial fair value). In addition, as of December 31, 2009, the Group portfolio included purchased put options of a notional amount of 448 million with a fair value of 14 million, written call options of a notional amount of 881 million with a fair value of - 17 million, written put options of a notional of 278 million with a fair value of - 8 million and purchased call options of a notional of 555 million with a fair value of 10 million.

As of December 31, 2010, none of these instruments had an expiry date after March 31, 2011.

These positions mainly hedge future foreign-currency cash flows arising after the balance sheet date in relation to transactions carried out during the year ended December 31, 2010 and recognized in the balance sheet at that date. Gains and losses on derivative instruments (forward contracts) have been and will continue to be calculated and recognized in parallel with the recognition of gains and losses on the hedged items. Due to this hedging relationship, the foreign exchange profit and loss on these items (derivative instruments and underlying assets as of December 31, 2010) will be close to zero in 2011.

b. Financial Foreign Exchange Risk

Some of our financing activities, such as the cash pooling arrangements for foreign subsidiaries outside the euro zone and our U.S. commercial paper issues, expose certain entities to financial foreign exchange risk (i.e., the risk of changes in the value of loans and borrowings denominated in a currency other than the functional currency of the lender or borrower). The net foreign exchange exposure mainly concerns the holding company and is hedged by firm financial instruments, usually forward contracts and currency swaps.

The table below shows financial currency hedging instruments in place as of December 31, 2010, calculated using exchange rates prevailing as of that date. See also Note D.20. to the consolidated financial statements for the accounting classification of these instruments as of December 31, 2010.

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Financial foreign exchange derivatives as of December 31, 2010 [(1)]

(million)		Notional amount	Fair value	Expiry
Forward currency purchases		**2,086**	**(13)**	
Of which	U.S. dollar	814	(8)	2011
	Pound sterling	565	(11)	2011
	Japanese yen	169		2011
Forward currency sales		**2,728**	**(64)**	
Of which	Japanese yen	904	(24)	2011
	U.S. dollar	862	(26)	2012
	Czech koruna	359	(7)	2011
Total		**4,814**	**(77)**	

(1) As of December 31, 2009, the notional amount of forward currency purchases was 6,760 million with a fair value of 185 million (including forward purchases of U.S. dollars of a notional amount of 5,634 million with a fair value of 180 million). As of December 31, 2009, the notional amount of forward currency sales was 3,169 million with a fair value of - 7 million (including forward sales of U.S. dollars of a notional amount of 1,634 million with a fair value of - 28 million).

These forward contracts generate a net financial foreign exchange gain or loss arising from the interest rate gap between the hedged currency and the euro, given that the foreign exchange gain or loss on the foreign-currency liabilities and receivables is offset by the change in the intrinsic value of the hedging instruments.

As of December 31, 2010, none of the instruments had an expiry date after September 30, 2012.

We may also hedge some future foreign-currency investment or divestment cash flows.

c. Other Foreign Exchange Risks

A significant portion of our consolidated assets is denominated in U.S. dollars. For a breakdown of our assets, see Note D.35.2 to our consolidated financial statements. As a result, any fluctuation in the exchange rate of the U.S. dollar against the euro affects our equity, which may lead us to contract hedges of our net investments in foreign operations. As of December 31, 2010, we had no derivative instruments in place to limit the effect of such fluctuations.

Counterparty Risk

Our financing and investing operations as well as our currency and interest rate hedges, are contracted with leading banks. We set limits for investment and derivatives transactions with individual banks, depending on the rating of each bank. Compliance with these limits, which are based on notional amounts weighted by the residual maturity of the commitment and on the nature of the commitment, is monitored on a daily basis.

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The table below shows our total exposure as of December 31, 2010 by rating and in terms of our percentage exposure to the dominant counterparty.

(million)	Cash and cash equivalents (excluding mutual funds) [1]	Notional amounts of currency hedges [2]	Notional amounts of interest hedges [2]	General corporate purpose credit facilities
AA	820	3,033	596	3,213
AA-	392	2,475	396	1,648
A+	345	2,426	92	6,363
A	21			1,421
A-	21			
BBB ratings and not rated	17			355
Unallocated	44			
Total	**1,660**	**7,934**	**1,084**	**13,000**
% / rating of the dominant counterparty	37% / AA	12% / AA	25% / AA-	9% /A+

[1] *Cash equivalents also include mutual fund investments of 4,805 million.*
[2] *The notional amounts are computed on the basis of the forward rates negotiated at the inception date of the derivative instrument.*

Mutual fund investments are mainly made by the sanofi-aventis parent company. These mutual fund investments, classified as Euro Money-Market Funds by the *Autorité des Marchés Financiers*, show low volatility, low sensitivity to interest rate risk and a very low probability of loss of principal. Both the depositary banks of the mutual funds and the depositaries of sanofi-aventis are at least A+ rated.

Realization of counterparty risk could impact our liquidity in certain circumstances.

Stock Market Risk

It is our policy not to trade on the stock market for speculative purposes.

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Item 12. Description of Securities other than Equity Securities

N/A

12.D American Depositary Shares

General

JPMorgan Chase Bank, N.A. (JPMorgan), as depositary, issues Sanofi-Aventis ADSs in certificated form (evidenced by an American depositary receipt, or ADR) or book-entry form. Each ADR is a certificate evidencing a specific number of Sanofi-Aventis ADSs. Each Sanofi-Aventis ADS represents one-half of one Sanofi-Aventis ordinary share (or the right to receive one-half of one Sanofi-Aventis ordinary share) deposited with the Paris, France office of BNP Paribas, as custodian.

Each Sanofi-Aventis ADS also represents an interest in any other securities, cash or other property that may be held by the depositary under the deposit agreement. The depositary s office is located at 4 New York Plaza, New York, New York 10004.

A holder may hold Sanofi-Aventis ADSs either directly or indirectly through his or broker or other financial institution. The following description assumes holders hold their Sanofi-Aventis ADSs directly, in certificated form evidenced by ADRs. Holders who hold the Sanofi-Aventis ADSs indirectly must rely on the procedures of their broker or other financial institution to assert the rights of ADR holders described in this section. Holders should consult with their broker or financial institution to find out what those procedures are.

We do not treat holders of Sanofi-Aventis ADSs as one of our shareholders, and such holders do not have shareholder rights. French law governs shareholder rights. The depositary is be the holder of the Sanofi-Aventis ordinary shares underlying holders Sanofi-Aventis ADSs. The rights of holders of Sanofi-Aventis ADSs are set forth in the deposit agreement between Sanofi-Aventis and JPMorgan and in the ADR. New York law governs the deposit agreement and the ADRs.

The following is a summary of the deposit agreement, a form of which has been filed as an as an exhibit to our Form F-6 filed on August 7, 2007 and which is incorporated by reference into this document. For more complete information, holders should read the entire deposit agreement and the ADR itself. Holders may also inspect a copy of the deposit agreement at the depositary s office.

Share Dividends and Other Distributions

Receipt of dividends and other distributions

The depositary has agreed to pay to holders of Sanofi-Aventis ADSs the cash dividends or other distributions that it or the custodian receives on the deposited Sanofi-Aventis ordinary shares and other deposited securities after deducting its fees and expenses. Holders of Sanofi-Aventis ADSs will receive these distributions in proportion to the number of Sanofi-Aventis ADSs that they hold.

Cash. The depositary will convert any cash dividend or other cash distribution paid on the shares into U.S. dollars if it can do so on a reasonable basis and can transfer the U.S. dollars to the United States. If that is not possible or if any approval from the French government is needed and cannot be obtained, the deposit agreement allows the depositary to distribute the dividends only to those ADR holders to whom it is possible to do so. It will hold the foreign currency it cannot convert into U.S. dollars for the account of the ADR holders who have not been paid. It will not invest the funds it holds and it will not be liable for any interest.

Before making a distribution, any withholding taxes that must be paid under French law will be deducted. The depositary will distribute only whole U.S. dollars and cents and will round fractional cents down to the nearest whole cent. ***If the exchange rates fluctuate during a time when the depositary cannot convert the euro, holders may lose some or all of the value of the distribution.***

Shares. The depositary may, and at our request will, distribute new ADRs representing any shares we distribute as a dividend or free distribution, if we furnish it promptly with satisfactory evidence that it is legal to

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do so. The depositary will only distribute whole Sanofi-Aventis ADSs. It will sell shares that would require it to deliver a fractional Sanofi-Aventis ADS and distribute the net proceeds in the same way as it distributes cash. If the depositary does not distribute additional Sanofi-Aventis ADSs, the outstanding ADRs will also represent the new shares.

Rights to Receive Additional Shares. If we offer holders of Sanofi-Aventis ordinary shares any rights to subscribe for additional shares or any other rights, the depositary after consultation with us may make these rights available to holders or dispose of such rights on behalf of any holders and make the net proceeds available. The depositary may make rights available to certain holders but not others if it determines it is lawful and feasible to do so. The depositary must first consult with us. If by the terms of the offering or for any other reason, the depositary may not make such rights available or dispose of such rights and make the net proceeds available, it will allow the rights to lapse. In that case, holders of Sanofi-Aventis ADSs will receive no value for them.

If the depositary makes rights available to holders of Sanofi-Aventis ADSs, upon instruction from such holders, it will exercise the rights and purchase the shares on such holder s behalf. The depositary will then deposit the shares and deliver ADRs to such holders. It will only exercise rights if holders of Sanofi-Aventis ADSs pay it the exercise price and any other charges the rights require such holders to pay.

U.S. securities laws may restrict the sale, deposit, cancellation and transfer of ADRs issued upon exercise of rights. For example, holders of Sanofi-Aventis ADSs may not be able to trade these Sanofi-Aventis ADSs freely in the United States. In this case, the depositary may deliver Sanofi-Aventis ADSs under a separate restricted deposit agreement that will contain the same provisions as the deposit agreement, except for changes needed to put the restrictions in place.

Other Distributions. The depositary will send to holders of Sanofi-Aventis ADSs anything else we distribute on deposited securities by any means it thinks is legal, fair and practical. If it cannot make the distribution in that way, the depositary has a choice. It may decide to sell what we distributed and distribute the net proceeds in the same way as it distributes cash, or it may choose any method to distribute the property it deems equitable and practicable.

The depositary is not responsible if it decides that it is unlawful or impractical to make a distribution available to any holders of Sanofi-Aventis ADSs. We have no obligation to register Sanofi-Aventis ADSs, shares, rights or other securities under the U.S. Securities Act of 1933, as amended. We also have no obligation to take any other action to permit the distribution of ADRs, shares, rights or anything else to holders of Sanofi-Aventis ADSs. This means that holders may not receive the distribution we make on our shares or any value for them if it is illegal or impractical for the depositary to make them available to such holders.

Deposit, Withdrawal and Cancellation

Delivery of ADRs

The depositary will deliver ADRs if the holder or his or her broker deposit shares or evidence of rights to receive shares with the custodian. Upon payment of its fees and expenses and any taxes or charges, such as stamp taxes or stock transfer taxes or fees, the depositary will register the appropriate number of Sanofi-Aventis ADSs in the names the holder requests and will deliver the ADRs to the persons the holder requests at its office.

Obtaining Sanofi-Aventis ordinary shares

A holder may turn in his or her ADRs at the depositary s office. Upon payment of its fees and expenses and any taxes or charges, such as stamp taxes or stock transfer taxes or fees, the depositary will deliver (1) the underlying shares to an account designated by the holder and (2) any other deposited securities underlying the ADR at the office of a custodian or, at the holder s request, risk and expense, the depositary will deliver the deposited securities at its office.

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Voting Rights

A holder may instruct the depositary to vote the Sanofi-Aventis ordinary shares underlying his or her Sanofi-Aventis ADSs, but only if we ask the depositary to ask for holder instructions. Otherwise, holders will not be able to exercise their right to vote unless they withdraw the shares from the ADR program and vote as an ordinary shareholder. However, holders may not know about the meeting sufficiently in advance to withdraw the shares.

If we ask for holder instructions, the depositary will notify holders of the upcoming vote and arrange to deliver our voting materials to holders. The materials will (1) describe the matters to be voted on and (2) explain how holders may instruct the depositary to vote the shares or other deposited securities underlying their ADRs as holders direct. For instructions to be valid, the depositary must receive them on or before the date specified. The depositary will try, as far as practical, subject to French law and the provisions of our *statuts,* to vote or to have its agents vote the shares or other deposited securities as holders instruct. The depositary will only vote or attempt to vote as holders instruct.

We cannot assure holders that they will receive the voting materials in time to ensure that holders can instruct the depositary to vote their shares. The depositary and its agents are not responsible for failing to carry out voting instructions or for the manner of carrying out voting instructions. ***This means that holders may not be able to exercise their right to vote and there may be nothing holders can do if their shares are not voted as they requested.***

Similar to our shares, Sanofi-Aventis ADSs evidenced by ADRs registered in the name of the same owner for at least two (2) years will be eligible for double voting rights if certain procedures are followed, as set out in the deposit agreement. For additional information regarding double voting rights, see Item 10. Additional Information B. Memorandum and Articles of Association Voting Rights .

The deposit agreement allows the depositary and Sanofi-Aventis to change the voting procedures or require additional voting procedures in addition to the ones described above if necessary or appropriate to comply with French or United States law or our *statuts*. ***For example, holders might be required to arrange to have their Sanofi-Aventis ADSs deposited in a blocked account for a specified period of time prior to a shareholders meeting in order to be allowed to give voting instructions.***

Notices and Reports; Rights of Holders to Inspect Books

Upon notice of any meeting of holders of shares or other deposited securities, if requested in writing by Sanofi-Aventis, the depositary will, as soon as practicable thereafter, mail to the holders a notice, the form of which is in the discretion of the depositary, containing (a) a summary in English of such information contained in the notice of meeting received by the depositary from the company, (b) a statement that the holders as of the close of business on a specified record date will be entitled, subject to any applicable provision of French law and of our *statuts*, to instruct the depositary as to the exercise of the voting rights, if any, pertaining to the amount of shares or other deposited securities represented by their respective ADSs and (c) a statement as to the manner in which such instructions may be given.

The depositary will make available for inspection by ADS holders at the depositary s office any reports and communications, including any proxy soliciting material, received from usthat are both (a) received by the depositary as the holder of the deposited securities and (b) made generally available to the holders of such deposited securities by us. The depositary will also, upon written request, send to ADS holders copies of such reports when furnished by us pursuant to the deposit agreement. Any such reports and communications, including any such proxy

soliciting material, furnished to the depositary by us will be furnished in English to the extent such materials are required to be translated into English pursuant to any regulations of the SEC.

The depositary will keep books for the registration of ADRs and transfers of ADRs that at all reasonable times will be open for inspection by the holders provided that such inspection shall not be for the purpose of communicating with holders in the interest of a business or object other than our business or a matter related to the deposit agreement or the ADRs.

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Fees and Expenses

Fees Payable By ADS Holders

Pursuant to the deposit agreement, holders of our ADSs may have to pay to JPMorgan, either directly or indirectly, fees or charges up to the amounts set forth in the table below.

Associated Fee	Depositary Action
$5.00 or less per 100 ADSs (or portion thereof)	Execution and delivery of ADRs for distributions and dividends in shares and rights to subscribe for additional shares or rights of any other nature and surrender of ADRs for the purposes of withdrawal, including the termination of the deposit agreement
$0.02 or less per ADS (or portion thereof)	Any cash distribution made pursuant to the deposit agreement, including, among other things: cash distributions or dividends, distributions other than cash, shares or rights, distributions in shares, and rights of any other nature, including rights to subscribe for additional shares.
Taxes and other governmental charges	As applicable
Registration fees in effect for the registration of transfers of shares generally on the share register of the company or foreign registrar and applicable to transfers of shares to or from the name of JPMorgan or its nominee to the custodian or its nominee on the making of deposits and withdrawals	As applicable
A fee equal to the fee for the execution and delivery of ADSs which would have been charged as a result of the deposit of such securities	Distributions of securities other than cash, shares or rights
Any other charges payable by JPMorgan, its agents (and their agents), including BNP Paribas, as custodian (by deductions from cash dividends or other cash distributions or by directly billing investors or by charging the book-entry system accounts of participants acting for them)	Servicing of shares or other deposited securities
Expenses incurred by JPMorgan	Cable, telex and facsimile transmission (where expressly provided for in the deposit agreement)

Foreign currency conversion into U.S. dollars

Fees Paid to sanofi-aventis by the Depositary

JPMorgan, as depositary, has agreed to reimburse sanofi-aventis up to $4,000,000 per year for expenses sanofi-aventis incurs relating to legal fees, investor relations servicing, investor-related presentations, ADR-related advertising and public relations in those jurisdictions in which the ADRs may be listed or otherwise quoted, investor relations channel, perception studies, accountants fees in relation to our annual report on Form 20-F or any other expenses directly or indirectly relating to managing the program or servicing the shareholders. From January 1, 2010 to February 28, 2011, sanofi-aventis has obtained reimbursements corresponding to the ceiling of $4,000,000 for 2010. Furthermore, JPMorgan has agreed to waive up to $425,000 each year in servicing fees for routine corporate actions, such as annual general meetings and divided distributions, as well as for other assistance such as tax and regulatory compliance fees, investor relations advisory services, etc.

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Payment of Taxes

Each holder will be responsible for any taxes or other governmental charges payable on his or her Sanofi-Aventis ADSs or on the deposited securities underlying his or her Sanofi-Aventis ADSs. The depositary may refuse to transfer a holder s Sanofi-Aventis ADSs or allow a holder to withdraw the deposited securities underlying his or her Sanofi-Aventis ADSs until such taxes or other charges are paid. It may apply payments owed to a holder or sell deposited securities underlying a holder s Sanofi-Aventis ADSs to pay any taxes owed, and the holder will remain liable for any deficiency. If it sells deposited securities, it will, if appropriate, reduce the number of Sanofi-Aventis ADSs to reflect the sale and pay to the holder any proceeds, or send to the holder any property, remaining after it has paid the taxes.

Changes Affecting Deposited Securities

If we:

- change the nominal or par value of our Sanofi-Aventis ordinary shares;
- recapitalize, reorganize, merge, liquidate, sell assets, or take any similar action;
- reclassify, split up or consolidate any of the deposited securities; or
- distribute securities on the deposited securities that are not distributed to holders;

then either:

- the cash, shares or other securities received by the depositary will become deposited securities and each Sanofi-Aventis ADS will automatically represent its equal share of the new deposited securities; or
- the depositary may, and will if we ask it to, distribute some or all of the cash, shares or other securities it receives. It may also deliver new ADRs or ask holders to surrender their outstanding ADRs in exchange for new ADRs identifying the new deposited securities.

Disclosure of Interests

The obligation of a holder or other person with an interest in our shares to disclose information under French law and under our *statuts* also applies to holders and any other persons with an interest in the Sanofi-Aventis ADSs other than the depositary. The consequences for failure to comply with these provisions will be the same for holders and any other persons with an interest as a holder of our ordinary shares. For additional information regarding these obligations, see Item 10. Additional Information B. Memorandum and Articles of Association Requirements for Holdings Exceeding Certain Percentages .

Amendment and Termination

We may agree with the depositary to amend the deposit agreement and the ADRs without consent of the holders for any reason. If the amendment adds or increases fees or charges, except for taxes and other governmental charges or registration fees, cable, telex or facsimile transmission costs, delivery costs or other such expenses, or prejudices a substantial right of holders of Sanofi-Aventis ADSs, it will only become effective 30 days after the depositary notifies such holders of the amendment. ***At the time an amendment becomes effective, such holders will be considered, by continuing to hold their ADR, to have agreed to the amendment and to be bound by the ADR and the deposit agreement as amended.***

The depositary will terminate the agreement if we ask it to do so. The depositary may also terminate the agreement if the depositary has told us that it would like to resign and we have not appointed a new depositary bank within 90 days. In both cases, the depositary must notify holders at least 30 days before termination.

After termination, the depositary and its agents will be required to do only the following under the deposit agreement: (1) collect distributions on the deposited securities and (2) deliver shares and other deposited securities upon cancellation of ADRs. Six months or more after termination, the depositary may sell any remaining deposited securities by public or private sale. After that, the depositary will hold the money it received on the sale, as well as any other cash it is holding under the agreement for the pro rata benefit of the holders of

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Sanofi-Aventis ADSs that have not surrendered their Sanofi-Aventis ADSs. It will have no liability for interest. The depositary s only obligations will be to account for the proceeds of the sale and other cash and with respect to indemnification. After termination, our only obligation will be with respect to indemnification and to pay certain amounts to the depositary.

Limitations on Obligations and Liability to Holders of Sanofi-Aventis ADSs

The deposit agreement expressly limits our obligations and the obligations of the depositary, and it limits our liability and the liability of the depositary. We and the depositary:

- are obligated only to take the actions specifically set forth in the deposit agreement without gross negligence or bad faith;
- are not liable if either is prevented or delayed by law or circumstances beyond its control from performing its obligations under the deposit agreement;
- are not liable if either exercises discretion permitted under the deposit agreement;
- have no obligation to become involved in a lawsuit or other proceeding related to the Sanofi-Aventis ADSs or the deposit agreement on holders behalf or on behalf of any other party, unless indemnity satisfactory to it against all expense and liability is furnished as often as may be required; and
- may rely upon any documents it believes in good faith to be genuine and to have been signed or presented by the proper party.

In the deposit agreement, we and the depositary agree to indemnify each other under certain circumstances.

Requirements for Depositary Actions

Before the depositary will deliver or register the transfer of Sanofi-Aventis ADSs, make a distribution on Sanofi-Aventis ADSs or process a withdrawal of shares, the depositary may require:

- payment of stock transfer or other taxes or other governmental charges and transfer or registration fees charged by third parties for the transfer of any shares or other deposited securities;
- production of satisfactory proof of the identity and genuineness of any signature or other information it deems necessary; and
- compliance with regulations it may establish, from time to time, consistent with the deposit agreement, including presentation of transfer documents.

The depositary may refuse to deliver Sanofi-Aventis ADSs, register transfers of Sanofi-Aventis ADSs or permit withdrawals of shares when the transfer books of the depositary or our transfer books are closed, or at any time if the depositary or we think it advisable to do so.

Right to Receive the Shares Underlying the Sanofi-Aventis ADSs

Holders have the right to cancel their Sanofi-Aventis ADSs and withdraw the underlying Sanofi-Aventis ordinary shares at any time except:

- when temporary delays arise when we or the depositary have closed our transfer books or the deposit of shares in connection with voting at a shareholders meeting, or the payment of dividends;
- when the holder or other holders of Sanofi-Aventis ADSs seeking to withdraw shares owe money to pay fees, taxes and similar charges; or
- when it is necessary to prohibit withdrawals in order to comply with any laws or governmental regulations that apply to Sanofi-Aventis ADSs or to the withdrawal of shares or other deposited securities.

This right of withdrawal may not be limited by any other provision of the deposit agreement.

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Pre-Release of Sanofi-Aventis ADSs

Unless we tell the depositary not to, the deposit agreement permits the depositary to deliver Sanofi-Aventis ADSs before deposit of the underlying shares. This is called a pre-release of the Sanofi-Aventis ADSs. The depositary may also deliver shares upon cancellation of pre-released Sanofi-Aventis ADSs (even if the Sanofi-Aventis ADSs are cancelled before the pre-release transaction has been closed out). A pre-release is closed out as soon as the underlying shares are delivered to the depositary. The depositary may receive Sanofi-Aventis ADSs instead of shares to close out a pre-release. Unless otherwise agreed in writing, the depositary may pre-release Sanofi-Aventis ADSs only under the following conditions: (1) before or at the time of the pre-release, the person to whom the pre-release is being made must represent to the depositary in writing that it or its customer (i) owns the shares or Sanofi-Aventis ADSs to be deposited, (ii) assigns all beneficial rights, title and interest in such shares or ADRs to the depositary and (iii) will not take any action with respect to such shares or ADRs that is inconsistent with the transfer of beneficial ownership, other than in satisfaction of such pre-release; (2) the pre-release must be fully collateralized with cash, U.S. government securities or other collateral that the depositary considers appropriate; (3) the depositary must be able to close out the pre-release on not more than five business days notice; and (4) the depositary may require such further indemnities and credit regulations as it deems appropriate. In addition, the depositary will limit the number of Sanofi-Aventis ADSs that may be outstanding at any time as a result of pre-release, although the depositary may disregard the limit from time to time, if it thinks it is appropriate to do so. The depositary may retain for its own account any compensation received by it in connection with the foregoing.

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PART II

Item 13. Defaults, Dividend Arrearages and Delinquencies

N/A

Item 14. Material Modifications to the Rights of Security Holders

N/A

Item 15. Controls and Procedures

(a) Our Chief Executive Officer and principal financial officer, after evaluating the effectiveness of our disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e)) as of the end of the period covered by this Form 20-F, have concluded that, as of such date, our disclosure controls and procedures were effective to ensure that material information relating to sanofi-aventis was timely made known to them by others within the Group.

(b) Report of Management on Internal Control Over Financial Reporting

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a 15(f). Management assessed the effectiveness of internal control over financial reporting as of December 31, 2010 based on the framework in Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Based on that assessment, management has concluded that the Company s internal control over financial reporting was effective as of December 31, 2010 to provide reasonable assurance regarding the reliability of its financial reporting and the preparation of its financial statements for external purposes, in accordance with generally accepted accounting principles.

Due to its inherent limitations, internal control over financial reporting may not prevent or detect misstatements, and can only provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The effectiveness of the Company s internal control over financial reporting has been audited by PricewaterhouseCoopers Audit and Ernst & Young Audit, independent registered public accounting firms, as stated in their report on the Company s internal control over financial reporting as of December 31, 2010, which is included herein. See paragraph (c) of the present Item 15, below.

(c) See report of PricewaterhouseCoopers Audit and Ernst & Young Audit, independent registered public accounting firms, included under Item 18. Financial Statements on page F-3.

(d) There were no changes to our internal control over financial reporting that occurred during the period covered by this Form 20-F that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 16.

[Reserved]

Item 16A. Audit Committee Financial Expert

Our Board of Directors has determined that Klaus Pohle, Robert Castaigne and Gérard Van Kemmel, directors serving on the Audit Committee, are independent financial experts within the meaning of §407 of the Sarbanes-Oxley Act of 2002. The Board of Directors deemed Klaus Pohle to be a financial expert taking into account his education and professional experience in financial matters, accountancy and internal control. The Board of Directors determined that Robert Castaigne qualifies as a financial expert based on his education and

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his experience as Chief Financial Officer of a major corporation. The Board of Directors determined that Gérard Van Kemmel qualifies as a financial expert based on his experience as a partner at an international accounting firm. The Board of Directors has determined that all three directors meet the independence criteria of Rule 10A-3 under the U.S. Securities Exchange Act of 1934, as amended, although only Mr. Pohle and Mr. Van Kemmel meet the French AFEP-MEDEF criteria of independence applied by the Board of Directors for general corporate governance purposes. (See Item 16.G, below.)

Item 16B. Code of Ethics

We have adopted a financial code of ethics, as defined in Item 16.B. of Form 20-F under the Exchange Act. Our financial code of ethics applies to our Chief Executive Officer, Chief Financial Officer, Chief Accounting Officer and other officers performing similar functions, as may be designated from time to time. Our financial code of ethics is available on our Website at www.sanofi-aventis.com (information on our website is not incorporated by reference in this annual report). A copy of our financial code of ethics may also be obtained without charge by addressing a written request to the attention of Individual Shareholder Relations at our headquarters in Paris. We will disclose any amendment to a waiver of the provisions of such financial code of ethics on our website within 5 business days of such event.

Item 16C. Principal Accountants Fees and Services

See Note E. to our consolidated financial statements included at Item 18 of this annual report.

Item 16D. Exemptions from the Listing Standards for Audit Committees

N/A

Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers

In 2010, sanofi-aventis made the following purchases of its ordinary shares.

Period	(a) Total Number of Shares Purchased	(b) Average Price Paid per Share	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs [1]	(d) Approximate Value of Shares that May Yet Be Purchased Under the Plans or Programs
February 2010	3,900,000	53.85	3,900,000	10,314,188,680 [1]
March 2010	2,100,000	56.02	2,100,000	10,196,546,680 [1]
November 2010	213,811	48.02	213,811	10,537,565,195 [2]
December 2010	536,485	48.67	536,485	10,511,454,470 [2]

(1) *The Company was authorized to repurchase its shares under the 480 million share repurchase program established by the Chief Executive Officer of the Company on February 11, 2010 in implementation of the shareholders resolution adopted at the Annual Shareholders Meeting of April 17, 2009 for a period of eighteen months (i.e., through October 16, 2010) authorizing the repurchase of up to 10,524,203,680 of shares for a period of eighteen months (i.e., through October 16, 2010). This authorization was replaced by a resolution adopted by the Annual Shareholders Meeting held on May 17, 2010 authorizing the repurchase of up to 10,547,832,400 of shares for a period of eighteen months (i.e., through November 16, 2011).*

(2) *These repurchases of shares have been made in application of a liquidity contract entered into between the Company and Exane BNP Paribas for the period running from September 16, 2010 to December 31, 2010. This contract provides for an endowment of 40 million for market making activities, of which 20 million have been made available. The liquidity contract was entered into in implementation of the shareholders resolution adopted at the Annual Shareholders Meeting of May 17, 2010 authorizing the repurchase of up to 10,547,832,400 of shares for a period of eighteen months (i.e., through November 16, 2011).*

Item 16F. Change in Registrant s Certifying Accountant

N/A

Item 16G. Corporate Governance

Sanofi-aventis is incorporated under the laws of France, with securities listed on regulated public markets in the United States (New York Stock Exchange) and France (Euronext Paris). Consequently, as described further at Item 6. Directors, Senior Management and Employees C. Board practices hereof, our corporate governance framework reflects the mandatory provisions of French corporate law, the securities laws and regulations of

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France and the United States and the rules of the aforementioned public markets. In addition, we generally follow the so-called AFEP-MEDEF corporate governance recommendations for French listed issuers. As a result, our corporate governance framework is similar in many respects to, and provides investor protections that are comparable to or in some cases, more stringent than the corresponding rules of the New York Stock Exchange. Nevertheless, there are important differences to keep in mind.

In line with New York Stock Exchange rules applicable to domestic issuers, sanofi-aventis maintains a board of directors at least half of the members of which are independent. Sanofi-aventis evaluates the independence of members of our Board of Directors using the standards of the French AFEP-MEDEF corporate governance recommendations as the principal reference. We believe that AFEP-MEDEF s overarching criteria for independence no relationship of any kind whatsoever with the Company, its group or the management of either that is such as to color a Board member s judgment are on the whole consistent with the goals of the New York Stock Exchange s rules although the specific tests proposed under the two standards may vary on some points. We note that under AFEP-MEDEF rules, our non-executive Chairman of the Board has automatically been classified as non-independent although he has no relationship with Sanofi-Aventis that would cause him to be non-independent under the rules of the New York Stock Exchange. Additionally, we have complied with the audit committee independence and other requirements of the Rule 10A-3 under the U.S. Securities Exchange Act of 1934, as amended, adopted pursuant to the Sarbanes-Oxley Act of 2002. Our Compensation Committee includes non-independent members, which is permitted under the AFEP-MEDEF rules, but would not be compliant with the rules of the New York Stock Exchange for domestic issuers.

Under French law, the committees of our Board of Directors are advisory only, and where the New York Stock Exchange Listed Company Manual would vest certain decision-making powers with specific committees by delegation (*e.g.,* nominating or audit committees), our Board of Directors remains under French law the only competent body to take such decisions, albeit taking into account the recommendation of the relevant committees. Additionally, under French corporate law, it is the shareholder meeting of sanofi-aventis that is competent to appoint our auditors upon the proposal of our Board of Directors, although our internal rules provide that the Board of Directors will make its proposal on the basis of the recommendation of our Audit Committee. We believe that this requirement of French law, together with the additional legal requirement that two sets of statutory auditors be appointed, share the New York Stock Exchange s underlying goal of ensuring that the audit of our accounts be conducted by auditors independent from company management.

In addition to the oversight role of our Compensation Committee for questions of management compensation including by way of equity, under French law any option plans or other share capital increases, whether for the benefit of top management or employees, may only be adopted by the Board of Directors pursuant to and within the limits of a shareholder resolution approving the related capital increase and delegating to the Board the authority to implement such operations.

As described above, a number of issues, which could be resolved directly by a board or its committees in the United States, require the additional protection of direct shareholder consultation in France. On the other hand, there is not a tradition of non-executive Board of Director sessions. Our audit committee is entirely composed of independent directors as that term is defined in Rule 10A-3 under the U.S. Securities Exchange Act of 1934, as amended, adopted pursuant to the Sarbanes-Oxley Act of 2002. The composition of our Audit Committee, Compensation Committee, and Appointments and Governance Committee includes directors who are also officers or recently retired officers of our principal shareholders.

As a foreign private issuer under the U.S. securities laws, our Chief Executive Officer and our Chief Financial Officer issue the certifications required by §302 and §906 of the Sarbanes Oxley Act of 2002 on an annual basis (with the filing of our annual report on U.S. Form 20-F) rather than on a quarterly basis as would be the case of a U.S. corporation filing quarterly reports on U.S. Form 10-Q.

French corporate law provides that the Board of Directors must vote to approve a broadly defined range of transactions that could potentially create conflicts of interest between sanofi-aventis on the one hand and its directors and Chief Executive Officer on the other hand, with these

transactions then being presented to our shareholders at the following annual general meeting. This legal safeguard provides shareholders with an opportunity to approve significant aspects of the Chief Executive Officer s compensation package even in the absence of say on pay legislation in France, and it operates in place of certain provisions of the NYSE Listed Company Manual.

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PART III

Item 17. Financial Statements

See Item 18.

Item 18. Financial Statements

See pages F-1 through F-126 incorporated herein by reference.

Item 19. Exhibits

1.1	Articles of association (statuts) of sanofi-aventis (English translation)
1.2	Board Charter (Règlement Intérieur) of sanofi-aventis (English translation)
2.1	Form of Deposit Agreement between sanofi-aventis and JPMorgan Chase Bank, N.A., as depositary (*incorporated herein by reference to Exhibit A to the Registration Statement on Form F-6 dated August 7, 2007 relating to our American Depositary Shares, SEC File No. 333-145177*)
2.2	Instrument defining rights of holders of American Depositary Shares each representing one quarter of a Participating Share Series A (*incorporated by reference to Item. 3 Exhibit (a) of the Registration Statement on Form F-6 (Registration No. 33-31904) dated November 21, 1989*)
4.1	Facilities Agreement, dated October 2, 2010, by and among Sanofi-Aventis, BNP Paribas, J.P. Morgan plc and Société Générale Corporate & Investment Banking acting as Initial Mandated Lead Arrangers, Société Générale acting as Facilities Agent, the Companies listed as Additional Borrowers thereto and the Financial Institutions included as Lenders therein. (*incorporated by reference to Item. 12 Exhibit (b)(A) of the Tender Offer Statement on Schedule TO filed on October 4, 2010.)*
4.2	Amendment dated February 15, 2011 to the Facilities Agreement, dated October 2, 2010, by and among Sanofi-Aventis, BNP Paribas, J.P. Morgan plc and Société Générale Corporate & Investment Banking acting as Initial Mandated Lead Arrangers, Société Générale acting as Facilities Agent, the Companies listed as Additional Borrowers thereto and the Financial Institutions included as Lenders therein. (*incorporated by reference to Item. 12 Exhibit (b)(B) of Amendment No. 15 to the Tender Offer Statement on Schedule TO filed on February 16, 2011)*
4.3	Agreement and Plan of Merger, dated as of February 16, 2011, among Sanofi-Aventis, GC Merger Corp., and Genzyme Corporation (*incorporated by reference to Item. 12 Exhibit (d)(1) of Amendment No. 15 to the Tender Offer Statement on Schedule TO filed on February 16, 2011)*
4.4	Form of Contingent Value Rights Agreement by and among Sanofi and Trustee (*incorporated by reference to Item. 12 Exhibit (d)(2) of Amendment No. 15 to the Tender Offer Statement on Schedule TO filed on February 16, 2011)*
8.1	List of significant subsidiaries, see Item 4. Information on the Company C. Organizational Structure of this 20-F.
12.1	Certification by Christopher Viehbacher, Chief Executive Officer, required by Section 302 of the Sarbanes-Oxley Act of 2002
12.2	Certification by Jérôme Contamine, Principal Financial Officer, required by Section 302 of the Sarbanes-Oxley Act of 2002

13.1	Certification by Christopher Viehbacher, Chief Executive Officer, required by Section 906 of the Sarbanes-Oxley Act of 2002
13.2	Certification by Jérôme Contamine, Principal Financial Officer, required by Section 906 of the Sarbanes-Oxley Act of 2002
23.1	Consent of Ernst & Young Audit dated February 25, 2011
23.2	Consent of PricewaterhouseCoopers Audit dated February 28, 2011
99.1	Report of the Chairman of the Board of Directors for 2010 as required by Art. L. 225-37 paragraph 6 of the French Commercial Code

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Signatures

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

sanofi-aventis

by: /s/ CHRISTOPHER VIEHBACHER
Christopher Viehbacher

Chief Executive Officer

Date: February 28, 2011

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ANNUAL CONSOLIDATED FINANCIAL STATEMENTS

The financial statements are presented in accordance with

International Financial Reporting Standards (IFRS)

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REPORT OF INDEPENDENT REGISTERED

PUBLIC ACCOUNTING FIRMS

SANOFI-AVENTIS

To the Board of Directors and Shareholders of sanofi-aventis,

We have audited the accompanying consolidated balance sheets of sanofi-aventis and its subsidiaries (together the Group) as of December 31, 2010, 2009 and 2008, and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for each of the three years in the period ended December 31, 2010. These financial statements are the responsibility of the Group s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States), (the PCAOB). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2010, 2009 and 2008, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2010, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

We also have audited, in accordance with the standards of the PCAOB, the effectiveness of the Group s internal control over financial reporting as of December 31, 2010, based on criteria established in Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 25, 2011 expressed an unqualified opinion thereon.

Neuilly-sur-Seine and Paris-La Défense, February 25, 2011

PricewaterhouseCoopers Audit		Ernst & Young Audit	
Xavier Cauchois	Philippe Vogt	Christian Chiarasini	Jacques Pierres

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REPORT OF INDEPENDENT REGISTERED

PUBLIC ACCOUNTING FIRMS

SANOFI-AVENTIS

To the Board of Directors and Shareholders of sanofi-aventis,

We have audited internal control over financial reporting of sanofi-aventis and its subsidiaries (together the Group) as of December 31, 2010, based on criteria established in Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). The Group s management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Report of Management on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the company s internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States), (the PCAOB). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Group maintained, in all material respects, effective internal control over financial reporting as of December 31, 2010, based on the COSO criteria.

We also have audited, in accordance with the standards of the PCAOB, the consolidated balance sheets of the Group as of December 31, 2010, 2009 and 2008, and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for each of the three years in the period ended December 31, 2010 and our report dated February 25, 2011 expressed an unqualified opinion thereon.

Neuilly-sur-seine and Paris-La Défense, February 25, 2011

PricewaterhouseCoopers Audit		Ernst & Young Audit	
Xavier Cauchois	Philippe Vogt	Christian Chiarasini	Jacques Pierres

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CONSOLIDATED BALANCE SHEETS

(million)	Note	December 31, 2010	December 31, 2009 [1]	December 31, 2008
ASSETS				
Property, plant and equipment	**D.3.**	8,155	7,830	6,961
Goodwill	**D.4.**	31,932	29,733	28,163
Other intangible assets	**D.4.**	12,479	13,747	15,260
Investments in associates and joint ventures	**D.6.**	924	955	2,459
Non-current financial assets	**D.7.**	1,644	998	821
Deferred tax assets	**D.14.**	3,051	2,912	2,920
Non-current assets		**58,185**	**56,175**	**56,584**
Inventories	**D.9.**	5,020	4,444	3,590
Accounts receivable	**D.10.**	6,507	6,015	5,303
Other current assets	**D.11.**	2,000	2,104	1,881
Current financial assets	**D.12.**	51	277	403
Cash and cash equivalents	**D.13./D.17.**	6,465	4,692	4,226
Current assets		**20,043**	**17,532**	**15,403**
Assets held for sale or exchange	**D.8.**	7,036	6,544	
TOTAL ASSETS		**85,264**	**80,251**	**71,987**

[1] *In accordance with IFRS 3 (Business Combinations), sanofi-aventis adjusted the values of certain identifiable assets and liabilities of Merial during the purchase price allocation period (see Note D.1.).*

The accompanying notes on pages F-10 to F-126 are an integral part of the consolidated financial statements.

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CONSOLIDATED BALANCE SHEETS

(million)	Note	December 31, 2010	December 31, 2009 [1]	December 31, 2008
LIABILITIES & EQUITY				
Equity attributable to equity holders of sanofi-aventis	**D.15.**	53,097	48,322	44,866
Equity attributable to non-controlling interests	**D.16.**	191	258	205
Total equity		**53,288**	**48,580**	**45,071**
Long-term debt	**D.17.**	6,695	5,961	4,173
Non-current liabilities related to business combinations and to non-controlling interests	**D.18.**	388	75	
Provisions and other non-current liabilities	**D.19.**	9,326	8,236	7,730
Deferred tax liabilities	**D.14.**	3,808	4,933	5,668
Non-current liabilities		**20,217**	**19,205**	**17,571**
Accounts payable		2,800	2,654	2,791
Other current liabilities	**D.19.4.**	5,624	5,369	4,721
Current liabilities related to business combinations and to non-controlling interests	**D.18.**	98	76	
Short-term debt and current portion of long-term debt	**D.17.**	1,565	2,866	1,833
Current liabilities		**10,087**	**10,965**	**9,345**
Liabilities related to assets held for sale or exchange	**D.8.**	1,672	1,501	
TOTAL LIABILITIES & EQUITY		**85,264**	**80,251**	**71,987**

[1] *In accordance with IFRS 3 (Business Combinations), sanofi-aventis adjusted the values of certain identifiable assets and liabilities of Merial during the purchase price allocation period (see Note D.1.).*

The accompanying notes on pages F-10 to F-126 are an integral part of the consolidated financial statements.

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CONSOLIDATED INCOME STATEMENTS

(million)	Note	Year ended December 31, 2010	Year ended December 31, 2009	Year ended December 31, 2008
Net sales	**D.34./D.35.**	**30,384**	**29,306**	**27,568**
Other revenues		1,651	1,443	1,249
Cost of sales		(8,717)	(7,880)	(7,337)
Gross profit		**23,318**	**22,869**	**21,480**
Research and development expenses		(4,401)	(4,583)	(4,575)
Selling and general expenses		(7,567)	(7,325)	(7,168)
Other operating income	**D.25.**	359	866	556
Other operating expenses	**D.26.**	(276)	(481)	(353)
Amortization of intangible assets		(3,529)	(3,528)	(3,483)
Impairment of intangible assets	**D.5.**	(433)	(372)	(1,554)
Restructuring costs	**D.27.**	(1,372)	(1,080)	(585)
Gains and losses on disposals, and litigation	**D.28.**	(138)		76
Operating income		**5,961**	**6,366**	**4,394**
Financial expenses	**D.29.**	(467)	(324)	(335)
Financial income	**D.29.**	105	24	103
Income before tax and associates and joint ventures		**5,599**	**6,066**	**4,162**
Income tax expense	**D.30.**	(1,242)	(1,364)	(682)
Share of profit/loss of associates and joint ventures	**D.31.**	978	814	692
Net income excluding the held-for-exchange Merial business [(1)]		**5,335**	**5,516**	**4,172**
Net income from the held-for-exchange Merial business [(1)]	**D.8.**	386	175	120
Net income		**5,721**	**5,691**	**4,292**
Net income attributable to non-controlling interests	**D.32.**	254	426	441
Net income attributable to equity holders of sanofi-aventis		**5,467**	**5,265**	**3,851**
Average number of shares outstanding (million)	**D.15.9.**	1,305.3	1,305.9	1,309.3
Average number of shares outstanding after dilution (million)	**D.15.9.**	1,308.2	1,307.4	1,310.9
Basic earnings per share (in euros)		4.19	4.03	2.94
Diluted earnings per share (in euros)		4.18	4.03	2.94

[(1)] *Reported separately in accordance with IFRS 5 (Non-Current Assets Held for Sale and Discontinued Operations). For the other disclosures required under IFRS 5, refer to Note D.8. to our consolidated financial statements.*

The accompanying notes on pages F-10 to F-126 are an integral part of the consolidated financial statements.

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CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(million)	Year ended December 31, 2010	Year ended December 31, 2009 [1]	Year ended December 31, 2008
Net income	**5,721**	**5,691**	**4,292**
Attributable to equity holders of sanofi-aventis	*5,467*	*5,265*	*3,851*
Attributable to non-controlling interests	*254*	*426*	*441*
Income (expense) recognized directly in equity:			
Available-for-sale financial assets	141	110	(132)
Cash flow hedges	17	(175)	104
Remeasurement of previously-held equity interests:			
Merial (50%)[2]		1,379	
Zentiva (24.9%)		108	
Actuarial gains/(losses)	(311)	(169)	(829)
Change in cumulative translation difference	2,654	(298)	948
Tax effect of income and expenses recognized directly in equity[3]	152	(274)	132
Total income/(expense) recognized directly in equity	**2,653**	**681**	**223**
Total recognized income/(expense) for the period	**8,374**	**6,372**	**4,515**
Attributable to equity holders of sanofi-aventis	*8,109*	*5,945*	*4,090*
Attributable to non-controlling interests	*265*	*427*	*425*

[1] *In accordance with IFRS 3 (Business Combinations), sanofi-aventis adjusted the values of certain identifiable assets and liabilities of Merial during the purchase price allocation period (see Note D.1.).*

[2] *Representing $2,029 million (equivalent to $1,551 million net of taxes) at the end of the purchase price allocation period (see Note D.1.), including a retrospective adjustment of $242 million following valuation adjustments to certain identifiable assets and liabilities.*

[3] *See analysis in Note D.15.7.*

The accompanying notes on pages F-10 to F-126 are an integral part of the consolidated financial statements.

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CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(*million*)	Share capital	Additional paid-in capital and retained earnings	Treasury shares	Stock options and other share-based payment	Other items recognized directly in equity [1]	Attributable to equity holders of sanofi-aventis	Attributable to non-controlling interests	Total equity
Balance at January 1, 2008	**2,732**	**47,162**	**(2,275)**	**1,468**	**(4,545)**	**44,542**	**177**	**44,719**
Income/(expense) recognized directly in equity		(693)			932	239	(16)	223
Net income for the period		3,851				3,851	441	4,292
Total recognized income/(expense) for the period		**3,158**			**932**	**4,090**	**425**	**4,515**
Dividend paid out of 2007 earnings (2.07 per share)		(2,702)				(2,702)		(2,702)
Payment of dividends and equivalents to non-controlling interests							(397)	(397)
Share repurchase program			(1,227)			(1,227)		(1,227)
Reduction in share capital	(103)	(2,843)	2,946					
Share-based payment:								
Exercise of stock options	2	37				39		39
Proceeds from sale of treasury shares on exercise of stock options			4			4		4
Value of services obtained from employees				125		125		125
Tax effect of exercise of stock options				(12)		(12)		(12)
Other movements		7				7		7
Balance at December 31, 2008	**2,631**	**44,819**	**(552)**	**1,581**	**(3,613)**	**44,866**	**205**	**45,071**
Income/(expense) recognized directly in equity [3]		1,000			(320)	680	1	681
Net income for the period		5,265				5,265	426	5,691
Total recognized income/(expense) for the period [3]		**6,265**			**(320)**	**5,945**	**427**	**6,372**
Dividend paid out of 2008 earnings (2.20 per share)		(2,872)				(2,872)		(2,872)
Payment of dividends and equivalents to non-controlling interests							(418)	(418)
Share-based payment:								
Exercise of stock options	6	134				140		140
Proceeds from sale of treasury shares on exercise of stock options			26			26		26
Value of services obtained from employees				114		114		114
Tax effect of exercise of stock options				1		1		1
Non-controlling interests generated by acquisitions							49	49
Changes in non-controlling interests without loss of control							(5)	(5)
Step acquisitions [2]		102				102		102
Balance at December 31, 2009 [3]	**2,637**	**48,448**	**(526)**	**1,696**	**(3,933)**	**48,322**	**258**	**48,580**
Income/(expense) recognized directly in equity		(139)			2,781	2,642	11	2,653
Net income for the period		5,467				5,467	254	5,721
Total recognized income/(expense) for the period		**5,328**			**2,781**	**8,109**	**265**	**8,374**
Dividend paid out of 2009 earnings (2.40 per share)		(3,131)				(3,131)		(3,131)
Payment of dividends and equivalents to non-controlling interests							(307)	(307)
Share repurchase program [4]			(321)			(321)		(321)
Reduction in share capital [4]	(16)	(404)	420					
Share-based payment:								
Exercise of stock options	1	17				18		18
Proceeds from sale of treasury shares on exercise of stock options			56			56		56
Value of services obtained from employees				133		133		133
Non-controlling interests generated by acquisitions							1	1
Changes in non-controlling interests without loss of control [5]		(89)				(89)	(26)	(115)
Balance at December 31, 2010	**2,622**	**50,169**	**(371)**	**1,829**	**(1,152)**	**53,097**	**191**	**53,288**

(1) *See Note D.15.7.*
(2) *Adjustment to retained earnings prior to acquisition of control over Zentiva, in particular the impairment loss recognized against the carrying amount of the equity interest in 2007.*
(3) *In accordance with IFRS 3 (Business Combinations), sanofi-aventis adjusted the values of certain identifiable assets and liabilities of Merial during the purchase price allocation period (see Note D.1.).*
(4) *See Notes D.15.4. and D.15.5.*
(5) *Primarily buyouts of non-controlling interests in Aventis Pharma Limited (India) and in Zentiva.*

The accompanying notes on pages F-10 to F-126 are an integral part of the consolidated financial statements.

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CONSOLIDATED STATEMENTS OF CASH FLOWS

(*million*)	Note	Year ended December 31, 2010	Year ended December 31, 2009	Year ended December 31, 2008
Net income attributable to equity holders of sanofi-aventis		**5,467**	**5,265**	**3,851**
Net income from the held-for-exchange Merial business		(386)	(175)	(120)
Dividends received from Merial		497	179	116
Non-controlling interests, excluding BMS [1]		17	21	19
Share of undistributed earnings of associates and joint ventures		54	34	23
Depreciation, amortization and impairment of property, plant and equipment and intangible assets		5,129	5,011	5,985
Gains and losses on disposals of non-current assets, net of tax [2]		(111)	(25)	(45)
Net change in deferred taxes		(1,512)	(1,169)	(1,473)
Net change in provisions		473	161	56
Cost of employee benefits (stock options and other share-based payments)		131	114	125
Impact of the workdown of acquired inventories remeasured at fair value		30	27	
Unrealized (gains)/losses recognized in income		247[5]	(81)	(13)
Operating cash flow before changes in working capital		**10,036**	**9,362**	**8,524**
(Increase)/decrease in inventories		(378)	(489)	(84)
(Increase)/decrease in accounts receivable		(82)	(429)	(309)
Increase/(decrease) in accounts payable		28	(336)	(28)
Net change in other current assets, current financial assets and other current liabilities		155	407	420
Net cash provided by/(used in) operating activities [3]		**9,759**	**8,515**	**8,523**
Acquisitions of property, plant and equipment and intangible assets	**D.3./D.4.**	(1,573)	(1,785)	(1,606)
Acquisitions of investments in consolidated undertakings, net of cash acquired	**D.1.**	(1,659)	(5,563)	(661)
Acquisitions of available-for-sale financial assets	**D.1./D.7.**	(74)	(5)	(6)
Proceeds from disposals of property, plant and equipment, intangible assets and other non-current assets, net of tax [4]	**D.2.**	131	85	123
Net change in loans and other non-current financial assets		(208)	(19)	(4)
Net cash provided by/(used in) investing activities		**(3,383)**	**(7,287)**	**(2,154)**
Issuance of sanofi-aventis shares	**D.15.**	18	142	51
Dividends paid:				
to shareholders of sanofi-aventis		(3,131)	(2,872)	(2,702)
to non-controlling interests, excluding BMS[1]		(7)	(6)	(6)
Transactions with non-controlling interests, other than dividends		(97)		
Additional long-term debt contracted	**D.17.**	505	4,697	765
Repayments of long-term debt	**D.17.**	(1,981)	(1,989)	(1,253)
Net change in short-term debt	**D.17.**	310	(785)	557
Acquisition of treasury shares	**D.15.4.**	(321)		(1,227)
Disposals of treasury shares, net of tax	**D.15.**	57	26	6
Net cash provided by/(used in) financing activities		**(4,647)**	**(787)**	**(3,809)**
Impact of exchange rates on cash and cash equivalents		**44**	**25**	**(45)**
Net change in cash and cash equivalents		**1,773**	**466**	**2,515**
Cash and cash equivalents, beginning of period		**4,692**	**4,226**	**1,711**
Cash and cash equivalents, end of period	**D.13.**	**6,465**	**4,692**	**4,226**

[1] *See Note C.1.*

[2] *Including available-for-sale financial assets.*

[3] *Including:*

Income tax paid	*(3,272)*	*(2,981)*	*(2,317)*
Interest paid	*(474)*	*(269)*	*(317)*
Interest received	*61*	*88*	*132*
Dividends received from non-consolidated entities	3	5	5

[4] *Property, plant and equipment, intangible assets, investments in consolidated undertakings and other non-current financial assets.*

(5) *Arising primarily on the translation of U.S. dollar surplus cash from American subsidiaries transferred to the sanofi-aventis parent company.*

The accompanying notes on pages F-10 to F-126 are an integral part of the consolidated financial statements.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended December 31, 2010

INTRODUCTION

Sanofi-aventis and its subsidiaries (sanofi-aventis or the Group) is a global healthcare group engaged in the research, development, manufacture and marketing of healthcare products, drugs and vaccines. The sanofi-aventis pharmaceutical portfolio includes flagship products, together with a broad range of prescription drugs, generic drugs and consumer health products.

Sanofi-aventis, the parent company, is a *société anonyme* (a form of limited liability company) incorporated under the laws of France. The registered office is at 174, avenue de France, 75013 Paris, France.

Sanofi-aventis is listed in Paris (Euronext: SAN) and New York (NYSE: SNY).

The consolidated financial statements for the year ended December 31, 2010, and the notes thereto, were adopted by the sanofi-aventis Board of Directors on February 8, 2011.

A. BASIS OF PREPARATION

A.1. International Financial Reporting Standards (IFRS)

The consolidated financial statements cover the twelve-month periods ended December 31, 2010, 2009 and 2008.

In accordance with Regulation No. 1606/2002 of the European Parliament and Council of July 19, 2002 on the application of international accounting standards, sanofi-aventis has presented its consolidated financial statements in accordance with IFRS since January 1, 2005. The term IFRS refers collectively to international accounting and financial reporting standards (IASs and IFRSs) and to interpretations of the interpretations committees (SIC and IFRIC), mandatorily applicable as of December 31, 2010.

The consolidated financial statements of sanofi-aventis as of December 31, 2010 have been prepared in compliance with IFRS as issued by the International Accounting Standards Board (IASB) and with IFRS endorsed by the European Union as of December 31, 2010.

IFRS endorsed by the European Union as of December 31, 2010 are available under the heading IASs/IFRSs, Standards and Interpretations via the web link *http://ec.europa.eu/internal_market/accounting/ias/index_en.htm*.

The consolidated financial statements have been prepared in accordance with the IFRS general principles of fair presentation, going concern, accrual basis of accounting, consistency of presentation, materiality, and aggregation.

New standards, amendments and interpretations applicable in 2010 with an impact on the consolidated financial statements are described in Note A.2. For standards, amendments and interpretations issued by the IASB that are not mandatorily applicable in 2010, refer to Note B.28.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Year ended December 31, 2010

A.2. New standards, amendments and interpretations applicable in 2010

New standards, amendments and interpretations applicable in 2010 with an impact on the consolidated financial statements of sanofi-aventis for the year ended December 31, 2010 are as follows:

Revised IFRS 3:	In 2008, the IASB issued a revised version of IFRS 3 (Business Combinations), which has been endorsed by the European Union. The revised IFRS 3, applied by sanofi-aventis to business combinations completed from 2010 onwards, changes the way in which the purchase method (now known as the acquisition method in the revised IFRS 3) is applied. The accounting policies applicable to business combinations are described in Note B.3. Business combinations and transactions with non-controlling interests , and in Note B.22. Income tax expense , which deals with unrecognized deferred tax assets.
Amended IAS 27	In 2008, the IASB issued an amended version of IAS 27 (Consolidated and Separate Financial Statements), which has been endorsed by the European Union and is applicable simultaneously with the revised IFRS 3. The amendments to IAS 27 largely relate to transactions with non-controlling interests, and to partial disposals resulting in loss of control. The relevant accounting policies are described in Note B.3. Business combinations and transactions with non-controlling interests .
IFRS 5	The first Annual Improvements to IFRSs standard, issued in 2008, included an amendment to IFRS 5 (Non-Current Assets Held for Sale and Discontinued Operations), which is mandatorily applicable at the same time as the amended IAS 27. This amendment clarifies the treatment of disposals resulting in loss of control as regards IFRS 5: in such cases, all assets and liabilities of the entity involved must be classified as assets or liabilities held for sale . This standard has been endorsed by the European Union. The Group s accounting policy for such transactions already complied with this amendment (see Note B.7. Assets held for sale or exchange).

A.3. Use of estimates

The preparation of financial statements requires management to make reasonable estimates and assumptions, based on information available at the date of preparation of the financial statements, that may affect the reported amounts of assets, liabilities, revenues and expenses in the financial statements, and disclosures of contingent assets and contingent liabilities.

Examples include:

amounts deducted from sales for projected sales returns, chargeback incentives, rebates and price reductions (see Note B.14.);

provisions relating to product liability claims (see note D.22.);

impairment of property, plant and equipment, goodwill, intangible assets, and investments in associates and joint ventures (see Note B.6.);

the valuation of goodwill and the valuation and useful life of acquired intangible assets (see Notes B.3. and B.4.3.);

the amount of post-employment benefit obligations (see Note B.23.);

the amount of provisions for restructuring, litigation, tax risks and environmental risks (see Note B.12.);

the measurement of contingent payments (see Note D.18.).

Actual results could differ from these estimates.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Year ended December 31, 2010

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

B.1. Basis of consolidation

In accordance with IAS 27 (Consolidated and Separate Financial Statements), the consolidated financial statements include the accounts of the sanofi-aventis parent company and those of its subsidiaries, using the full consolidation method. Subsidiaries are entities which the Group controls (i.e. it has the power to govern their financial and operating activities). The existence of effectively exercisable or convertible potential voting rights is taken into account in determining whether control exists. Control is presumed to exist where the Group holds more than 50% of an entity s voting rights.

Equity interests in entities are consolidated from the date on which exclusive control of the entity is obtained; divested equity interests are deconsolidated on the date on which exclusive control ceases. The Group s share of post-acquisition profits or losses is taken to the income statement, while post-acquisition movements in the acquiree s reserves are taken to consolidated reserves.

Entities over which sanofi-aventis exercises joint control are known as joint ventures and are accounted for using the equity method in accordance with the option in IAS 31 (Interests in Joint Ventures).

Entities over which sanofi-aventis exercises significant influence are accounted for by the equity method in accordance with IAS 28 (Investments in Associates). Significant influence exists where sanofi-aventis has the power to participate in the financial and operating policy decisions of the investee, but without the power to exercise control or joint control over those policies. Significant influence is presumed to exist where the Group owns directly, or indirectly via its subsidiaries, between 20% and 50% of the voting rights of the investee.

Acquisition-related costs are included as a component of the cost of acquiring joint ventures and associates.

Material transactions between consolidated companies are eliminated, as are intragroup profits.

B.2. Foreign currency translation

B.2.1. Accounting for transactions in foreign currencies in individual company accounts

Non-current assets (other than receivables) and inventories acquired in foreign currencies are translated into the functional currency using the exchange rate prevailing at the acquisition date.

Monetary assets and liabilities denominated in foreign currencies are translated using the exchange rate prevailing at the balance sheet date. The resulting gains and losses are recorded in the income statement. However, foreign exchange gains and losses arising from the translation of advances between consolidated subsidiaries for which settlement is neither planned nor likely to occur in the foreseeable future are recognized directly in equity in ***Cumulative translation difference***.

B.2.2. Foreign currency translation of the financial statements of foreign subsidiaries

In accordance with IAS 21 (The Effects of Changes in Foreign Exchange Rates), each Group subsidiary translates foreign currency transactions into the currency that is most representative of its economic environment (the functional currency).

All assets and liabilities are translated into euros using the exchange rate of the subsidiary s functional currency prevailing at the balance sheet date. Income statements are translated using a weighted average exchange rate for the period. The resulting translation difference is recognized as a separate component of equity in the consolidated statement of comprehensive income, and is recognized in the income statement only when the subsidiary is sold or is wholly or partially liquidated.

Under the exemptions allowed by IFRS 1, sanofi-aventis elected to eliminate through equity all cumulative translation differences for foreign operations at the January 1, 2004 IFRS transition date.

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Year ended December 31, 2010

B.3. Business combinations and transactions with non-controlling interests

B.3.1. Accounting for business combinations, transactions with non-controlling interests and loss of control

Business combinations are accounted for using the acquisition method. Under this method, the acquiree s identifiable assets and liabilities that satisfy the recognition criteria of IFRS 3 are measured initially at their fair values as at the date of acquisition, except for non-current assets classified as held for sale, which are measured at fair value less costs to sell. Restructuring liabilities are not recognized as a liability of the acquiree unless the acquiree has an obligation as at the acquisition date to carry out the restructuring.

Business combinations, completed on or after January 1, 2010, are accounted for in accordance with the revised IFRS 3 (Business Combinations) and the amended IAS 27 (Consolidated and Separate Financial Statements). These revised standards are applied prospectively.

The changes in these two standards have resulted in changes in the terminology used:

Revised IFRS 3 terminology	
Non-controlling interests	**Previous terminology:** Minority interests
Contingent consideration	**Alternative term:** Contingent payment
Consideration transferred	**Definition:** Initial payment + contingent consideration

The principal accounting rules applicable to business combinations and transactions with non-controlling interests include:

Acquisition-related costs are recognized as an expense on the acquisition date, as a component of ***Operating income***. In the case of business combinations completed before January 1, 2010, these costs were accounted for as a component of the cost of the acquisition.

Contingent consideration is recognized in equity if the contingent payment is settled by delivery of a fixed number of the acquirer s equity instruments; in all other cases, it is recognized in liabilities related to business combinations. Contingent consideration is recognized at fair value at the acquisition date irrespective of the probability of payment. Subsequent adjustments after the twelve-month purchase price allocation period are recognized in profit or loss if the contingent consideration was originally recognized as a liability. Subsequent contingent consideration adjustments in respect of business combinations completed before January 1, 2010 continue to be accounted for in accordance with the pre-revision IFRS 3, i.e. through goodwill.

In the case of business combinations completed before January 1, 2010, where the contractual arrangements for the combination included an adjustment to the cost of the combination contingent upon future events, this adjustment was included in the cost of the combination at the acquisition date, if the adjustment was probable and could be measured reliably. If the adjustment was not probable or could not be measured

reliably, it was not included in the cost of the combination on initial recognition of the combination. If the adjustment subsequently became probable and reliably measurable, the additional consideration was treated as an adjustment to the cost of the combination (i.e. as an adjustment to goodwill).

In the case of a step acquisition, the previously-held equity interest in the acquiree is remeasured at its acquisition-date fair value, with the difference between this fair value and the carrying amount taken to profit or loss, along with any gains or losses relating to the previously-held interest that were initially recognized directly in equity (other comprehensive income) and which are reclassifiable to profit or loss.

In the case of business combinations where control was acquired in stages before January 1, 2010, goodwill was determined at each stage as the excess of the cost of the transaction over the fair value of the share of assets acquired in each transaction. The remeasurement of the fair value of the previously-held equity interest was recognized in equity on the line ***Remeasurement of previously-held equity interests***.

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Goodwill may be calculated on the basis of either (i) the entire fair value of the acquiree, or (ii) a share of the fair value of the acquiree proportionate to the interest acquired. This option may be elected for each acquisition individually. For business combinations completed before January 1, 2010, goodwill was in all cases calculated on the basis of a share of the fair value of the acquiree proportionate to the interest acquired.

The effects of (i) a buyout of non-controlling interests in a subsidiary already controlled by the Group, and (ii) divestment of a percentage interest without loss of control, are recognized in equity.

In a partial disposal resulting in loss of control, the retained equity interest is remeasured at fair value at the date of loss of control; the gain or loss recognized on the disposal will include the effect of this remeasurement and the gain or loss on the sale of the equity interest, including items initially recognized in equity and reclassified to profit or loss.

Adjustments to the values of assets and liabilities initially determined provisionally (pending the results of independent valuations or further analysis) are recognized as a retrospective adjustment to goodwill if they are made within twelve months of the acquisition date. Once this twelve-month period has elapsed, the effects of any adjustments are recognized directly in the income statement, unless they qualify as an error correction.

Under the exemptions allowed by IFRS 1, sanofi-aventis elected not to restate in accordance with IFRS 3 any business combinations completed prior to the January 1, 2004 transition date. This includes the combination between Sanofi and Synthélabo that took place in 1999.

Purchase price allocations are performed under the responsibility of management, with assistance from an independent valuer in the case of major acquisitions.

B.3.2. Goodwill

The excess of the cost of an acquisition over the Group s interest in the fair value of the identifiable assets and liabilities of the acquiree is recognized as goodwill at the date of the business combination.

Goodwill arising on the acquisition of subsidiaries is shown as a separate line in the balance sheet in intangible assets under ***Goodwill***, whereas goodwill arising on the acquisition of associates and joint ventures is recorded in ***Investments in associates and joint ventures***.

Goodwill arising on the acquisition of foreign entities is measured in the functional currency of the acquired entity and translated using the exchange rate prevailing at the balance sheet date.

In accordance with IAS 36 (Impairment of Assets), goodwill is carried at cost less accumulated impairment (see Note B.6.).

Goodwill is tested for impairment annually and whenever events or circumstances indicate that impairment might exist. Such events or circumstances include significant changes liable to have an other-than-temporary impact on the substance of the original investment.

B.4. Other intangible assets

Intangible assets are initially measured at acquisition cost or production cost, including any directly attributable costs of preparing the asset for its intended use, or (in the case of assets acquired in a business combination) at fair value as at the date of the combination. They are amortized on a straight line basis over their useful lives.

The useful lives of intangible assets are reviewed at each reporting date. The effect of any adjustment to useful lives is recognized prospectively as a change of accounting estimate.

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Year ended December 31, 2010

Amortization of intangible assets is recognized in the income statement under ***Amortization of intangible assets*** with the exception of amortization of acquired or internally-developed software, which is recognized on the relevant line of the income statement according to the purpose for which the software is used.

Sanofi-aventis does not own any intangible assets with an indefinite useful life, other than goodwill.

Intangible assets are carried at cost less accumulated amortization and accumulated impairment, if any, in accordance with IAS 36 (see Note B.6.).

B.4.1. Research and development not acquired in a business combination

Internally generated research and development

In accordance with IAS 38 (Intangible Assets), internally generated research expenditure is expensed as incurred under ***Research and development expenses***.

Under IAS 38, internally generated development expenses are recognized as an intangible asset if, and only if, all the following six criteria can be demonstrated: (a) the technical feasibility of completing the development project; (b) the Group s intention to complete the project; (c) the Group s ability to use the project; (d) the probability that the project will generate future economic benefits; (e) the availability of adequate technical, financial and other resources to complete the project; and (f) the ability to measure the development expenditure reliably.

Due to the risks and uncertainties relating to regulatory approval and to the research and development process, the six criteria for capitalization are considered not to have been met until marketing approval has been obtained from the regulatory authorities. Consequently, internally generated development expenses arising before marketing approval has been obtained, mainly the cost of clinical trials, are expensed as incurred under ***Research and development expenses***.

Chemical industrial development expenses incurred to develop a second-generation process are incurred after initial regulatory approval has been obtained, in order to improve the industrial process for an active ingredient. To the extent that the six IAS 38 criteria are considered as being met, these expenses are capitalized under ***Other intangible assets*** as incurred.

Separately acquired research and development

Payments for separately acquired research and development are capitalized under ***Other intangible assets*** provided that they meet the definition of an intangible asset: a resource that is (i) controlled by the Group, (ii) expected to provide future economic benefits, and (iii) identifiable (i.e. is either separable or arises from contractual or legal rights). Under paragraph 25 of IAS 38, the first condition for capitalization (the probability that the expected future economic benefits will flow to the entity) is considered to be satisfied for separately acquired research and development. Because the amount of the payments is determinable, the second condition for capitalization (the cost can be measured reliably) is also met. Consequently, upfront and milestone payments to third parties related to pharmaceutical products for which regulatory marketing approval has not yet been obtained are recognized as intangible assets, and amortized on a straight line basis over their useful lives from the date on which regulatory approval is obtained.

Payments under research and development arrangements relating to access to technology or to databases and payments made to purchase generics files are also capitalized, and amortized over the useful life of the intangible asset.

Subcontracting arrangements, payments for research and development services and continuous payments under research and development collaborations, unrelated to the outcome of the research and development efforts, are expensed over the service term.

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B.4.2. Intangible assets not acquired in a business combination

Licenses other than those related to pharmaceutical products and research projects, in particular software licenses, are capitalized at acquisition cost, including any directly attributable cost of preparing the software for its intended use. Software licenses are amortized on a straight line basis over their useful lives for the Group (three to five years).

Internally generated costs incurred to develop or upgrade software are capitalized if the IAS 38 criteria for recognition as an intangible asset are satisfied, and amortized on a straight line basis over the useful life of the software from the date on which the software is ready for use.

B.4.3. Intangible assets acquired in a business combination

Intangible assets acquired in a business combination which relate to in-process research and development and are reliably measurable are separately identified from goodwill and capitalized in ***Other intangible assets*** in accordance with IFRS 3 (Business Combinations) and IAS 38 (Intangible Assets). The related deferred tax liability is also recognized.

In-process research and development acquired in a business combination is amortized on a straight line basis over its useful life from the date of receipt of regulatory approval.

Rights to products sold by the Group are amortized on a straight line basis over their useful lives, determined on the basis of cash flow forecasts that take account of (among other factors) the period of legal protection of the related patents.

B.5. Property, plant and equipment

Property, plant and equipment is initially measured and recognized at acquisition cost, including any directly attributable cost of preparing the asset for its intended use, or (in the case of assets acquired in a business combination) at fair value as at the date of the combination. The component-based approach to accounting for property, plant and equipment is applied. Under this approach, each component of an item of property, plant and equipment with a cost which is significant in relation to the total cost of the item and which has a different useful life from the other components must be depreciated separately.

After initial measurement, property, plant and equipment is carried at cost less accumulated depreciation and impairment, except for land which is carried at cost less impairment.

Subsequent costs are not recognized as assets, unless (i) it is probable that future economic benefits associated with these costs will flow to the Group, and (ii) the costs can be measured reliably.

Day-to-day maintenance costs of property, plant and equipment are expensed as incurred.

Borrowing costs attributable to the financing of items of property, plant and equipment, and incurred during the construction period of such items, are capitalized as part of the acquisition cost of the item.

Government grants relating to non-current assets are deducted from the acquisition cost of the asset to which they relate.

In accordance with IAS 17 (Leases), items of property, plant and equipment, leased by sanofi-aventis as lessee under finance leases, are recognized as an asset in the balance sheet, with the related lease obligation recognized as a liability. A lease qualifies as a finance lease if it transfers substantially all the risks and rewards of ownership of the asset to the Group. Assets held under finance leases are carried at the lower of the fair value of the leased asset or the present value of the minimum lease payments, and are depreciated over the shorter of the useful life of the asset or the term of the lease.

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The depreciable amount of items of property, plant and equipment, net of any residual value, is depreciated on a straight line basis over the useful life of the asset. The useful life of an asset is usually equivalent to its economic life.

The useful lives of property, plant and equipment are as follows:

Buildings	15 to 40 years
Fixtures	10 to 20 years
Plant and equipment	5 to 15 years
Other tangible assets	3 to 15 years

Useful lives and residual values of property, plant and equipment are reviewed annually. The effect of any adjustment to useful lives or residual values is recognized prospectively as a change of accounting estimate.

Depreciation of property, plant and equipment is recognized as an expense in the income statement, in the relevant classification of expense by function.

B.6. Impairment of property, plant and equipment, intangible assets, and investments in associates and joint ventures

B.6.1. Impairment of property, plant and equipment and intangible assets

Assets that generate separate cash flows and assets included in cash-generating units (CGUs) are assessed for impairment in accordance with IAS 36 (Impairment of Assets) when events or changes in circumstances indicate that the asset or CGU may be impaired.

A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Under IAS 36, each CGU to which goodwill is allocated must (i) represent the lowest level within the entity at which the goodwill is monitored for internal management purposes, and (ii) not be larger than an operating segment determined in accordance with IFRS 8 (Operating Segments), before application of the IFRS 8 aggregation criteria. Consequently, the CGUs used by sanofi-aventis to test goodwill for impairment correspond to the geographical sub-segments of each operating segment.

Quantitative and qualitative indications of impairment (primarily relating to pharmacovigilance, patent litigation and the launch of competing products) are reviewed at each reporting date. If there is any internal or external indication of impairment, the Group estimates the recoverable amount of the asset or CGU.

Intangible assets not yet available for use (such as capitalized in-process research and development), and CGUs that include goodwill, are tested for impairment annually whether or not there is any indication of impairment, and more frequently if any event or circumstance indicates that they might be impaired. These assets are not amortized.

When there is an internal or external indication of impairment, the Group estimates the recoverable amount of the asset and recognizes an impairment loss when the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of the asset is the higher of its fair value less costs to sell or its value in use. To determine the value in use, the Group uses estimates of future cash flows generated by the asset or CGU, prepared using the same methods as those used in the initial measurement of the asset or CGU on the basis of medium-term plans.

In the case of goodwill, estimates of future cash flows are based on a five-year strategic plan plus an extrapolation of the cash flows beyond the five-year plan, plus a terminal value. In the case of other intangible assets, the period used is based on the economic life of the asset.

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Estimated cash flows are discounted at long-term market interest rates that reflect the best estimate by sanofi-aventis of the time value of money, the risks specific to the asset or CGU, and economic conditions in the geographical regions in which the business activity associated with the asset or CGU is located.

Certain assets and liabilities that are not directly attributable to a specific CGU are allocated between CGUs on a basis that is reasonable, and consistent with the allocation of the corresponding goodwill.

Impairment losses on intangible assets are recognized under ***Impairment of intangible assets*** in the income statement.

B.6.2. Impairment of investments in associates and joint ventures

In accordance with IAS 28 (Investments in Associates), the Group applies the criteria specified in IAS 39 (Financial Instruments: Recognition and Measurement) to determine whether an investment in an associate or joint venture may be impaired (see Note B.8.2.). If an investment is impaired, the amount of the impairment loss is determined by applying IAS 36 (see Note B.6.1.) and recognized in ***Share of profit/loss of associates and joint ventures***.

B.6.3. Reversals of impairment losses charged against property, plant and equipment, intangible assets, and investments in associates and joint ventures

At each reporting date, the Group assesses if events or changes in circumstances indicate that an impairment loss recognized in a prior period in respect of an asset (other than goodwill) or an investment in an associate or joint venture can be reversed. If this is the case, and the recoverable amount as determined based on the new estimates exceeds the carrying amount of the asset, the Group reverses the impairment loss only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset.

Reversals of impairment losses in respect of intangible assets are recognized in the income statement under ***Impairment of intangible assets***, while reversals of impairment losses in respect of investments in associates and joint ventures are recognized in the income statement under ***Share of profit/loss of associates and joint ventures***. Impairment losses taken against goodwill are never reversed, unless the goodwill is part of the carrying amount of an investment in an associate or joint venture.

B.7. Assets held for sale or exchange

In accordance with IFRS 5 (Non-Current Assets Held for Sale and Discontinued Operations), non-current assets and groups of assets must be classified as held for sale in the balance sheet if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Within the meaning of IFRS 5, the term sale also includes exchanges for other assets.

Non-current assets or asset groups held for sale must be available for immediate sale in their present condition, subject only to terms that are usual and customary for sales of such assets, and a sale must be highly probable. Criteria used to determine whether a sale is highly probable include:

the appropriate level of management must be committed to a plan to sell;

an active program to locate a buyer and complete the plan must have been initiated;

the asset must be actively marketed for sale at a price that is reasonable in relation to its current fair value;

completion of the sale should be foreseeable within the twelve months following the date of classification as held for sale or exchange; and

actions required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

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Before the initial classification of the non-current asset (or asset group) as held for sale or exchange , the carrying amounts of the asset (or of all the assets and liabilities in the asset group) must be measured in accordance with the applicable standards.

Subsequent to classification as held for sale or exchange , the non-current asset (or asset group) is measured at the lower of carrying amount or fair value less costs to sell, with any write-down recognized by means of an impairment loss. Once a non-current asset has been classified as held for sale or exchange , it is no longer depreciated or amortized.

In a disposal of an equity interest leading to loss of control, all the assets and liabilities of the entity involved are classified as assets or liabilities held for sale in the balance sheet line items ***Assets held for sale or exchange*** or ***Liabilities related to assets held for sale or exchange***, provided that the disposal satisfies the IFRS 5 classification criteria.

The profit or loss generated by a held-for-sale asset group is reported on a separate line in the income statement for the current period and for the comparative periods presented, provided that the asset group:

represents a separate major line of business or geographical area of operations; or,

is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or,

is a subsidiary acquired exclusively with a view to resale.

Events or circumstances beyond the Group s control may extend the period to complete the sale or exchange beyond one year without precluding classification of the asset (or disposal group) in ***Assets held for sale or exchange*** provided that there is sufficient evidence that the Group remains committed to the planned sale or exchange.

B.8. Financial instruments

B.8.1. Non-derivative financial assets

Under IFRS, and in accordance with IAS 39 and IAS 32 (Financial Instruments: Presentation), sanofi-aventis has adopted the following classification for non-derivative financial assets, based on the type of asset and on management intent at the date of initial recognition (except for assets already held at the transition date and reclassified at that date in accordance with IFRS 1). The designation and classification of such financial assets are subsequently reassessed at each reporting date.

Non-derivative financial assets are recognized on the date when sanofi-aventis becomes party to the contractual terms of the asset. On initial recognition, financial assets are measured at fair value, plus direct transaction costs in the case of financial assets not designated as fair value through profit or loss.

Classification, presentation and subsequent measurement of non-derivative financial assets are as follows:

Financial assets at fair value through profit or loss

These assets are classified in the balance sheet in the line items ***Non-current financial assets, Current financial assets*** and ***Cash and cash equivalents.***

Financial assets at fair value through profit or loss comprise assets held for trading (financial assets acquired principally for the purpose of reselling them in the near term, usually within less than 12 months), and financial instruments designated as fair value through profit and loss on initial recognition in accordance with the conditions for application of the fair value option.

These financial assets are carried at fair value, without any deduction for transaction costs that may be incurred on sale. Realized and unrealized gains and losses resulting from changes in the fair value of these assets are recognized in the income statement, in ***Financial income*** or ***Financial expenses***.

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Realized and unrealized foreign exchange gains and losses on financial assets in currencies other than the euro are recognized in the income statement in ***Financial income*** or ***Financial expenses***.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are (i) designated by management as available-for-sale or (ii) not classified as financial assets at fair value through profit or loss , held-to-maturity investments or loans and receivables . This category includes participating interests in quoted or unquoted companies (other than investments in associates and joint ventures) that management intends to hold on a long-term basis. Available-for-sale financial assets are classified in ***Non-current financial assets.***

Available-for-sale financial assets are measured at fair value, without any deduction for transaction costs that may be incurred on sale. Gains and losses arising from changes in the fair value of these assets, including unrealized foreign exchange gains and losses, are recognized directly in equity in the consolidated statement of comprehensive income in the period in which they occur, except for impairment losses and foreign exchange gains and losses on debt instruments. On derecognition of an available-for-sale financial asset, or on recognition of an impairment loss on such an asset, the cumulative gains and losses previously recognized in equity are recognized in the income statement for the period under ***Financial income*** or ***Financial expenses.***

Interest income and dividends on equity instruments are recognized in the income statement under ***Financial income*** when the Group is entitled to receive payment.

Available-for-sale financial assets in the form of participating interests in companies not quoted in an active market are measured at cost if their fair value cannot be measured reliably; an impairment loss is recognized when there is objective evidence that such an asset is impaired.

Realized foreign exchange gains and losses are recognized in the income statement under ***Financial income*** or ***Financial expenses.***

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group has the positive intention and ability to hold to maturity.

These investments are measured at amortized cost using the effective interest method.

Sanofi-aventis did not hold any such investments during the years ended December 31, 2010, 2009 or 2008.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented in current assets, under ***Other current assets*** in the case of loans and under ***Accounts receivable*** in the case of receivables. Loans with a maturity of more than 12 months are presented in Long-term loans and advances under ***Non-current financial assets***. Loans and receivables are measured at amortized cost using the effective interest method.

Realized and unrealized foreign exchange gains and losses are recognized in the income statement under ***Financial income*** or ***Financial expenses.***

B.8.2. Impairment of non-derivative financial assets

Indicators of impairment are reviewed for all non-derivative financial assets at each reporting date. Such indicators include default in contractual payments, significant financial difficulties of the issuer or debtor, probability of bankruptcy, or prolonged or significant decline in quoted market price. An impairment loss is recognized in the income statement when there is objective evidence that an asset is impaired.

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The impairment loss on loans and receivables, which are measured at amortized cost, is the difference between the carrying amount of the asset and the present value of estimated future cash flows discounted at the financial asset s original effective interest rate.

When an impairment loss is identified on an available-for-sale financial asset, the cumulative losses previously recognized directly in equity are recorded in the income statement. The loss recognized in the income statement is the difference between the acquisition cost (net of principal repayment and amortization) and the fair value at the time of impairment, less any impairment loss previously recognized in the income statement.

The impairment loss on investments in companies, that are not quoted in an active market and are measured at cost, is the difference between the carrying amount of the investment and the present value of its estimated future cash flows, discounted at the current market interest rate for similar financial assets.

Impairment losses in respect of loans are recognized under ***Financial expenses*** in the income statement.

Impairment losses in respect of trade receivables are recognized under ***Selling and general expenses*** in the income statement.

Impairment losses on investments in companies that are not quoted in an active market and are measured at cost, and on equity instruments classified as available-for-sale financial assets, cannot be reversed through the income statement.

B.8.3. Derivative instruments

Derivative instruments that do not qualify for hedge accounting are initially and subsequently measured at fair value, with changes in fair value recognized in the income statement in ***Other operating income*** or in ***Financial income*** or ***Financial expenses*** depending on the nature of the economic underlying which they are intended to hedge.

Derivative instruments that qualify for hedge accounting are measured in accordance with the hedge accounting requirements of IAS 39 (see Note B.8.4.).

B.8.4. Hedging

Hedging involves the use of derivative financial instruments. Changes in the fair value of these instruments are intended to offset the exposure of the hedged items to changes in fair value.

As part of its overall interest rate risk and foreign exchange risk management policy, the Group enters into various transactions involving derivative instruments. Derivative instruments used in connection with the Group s hedging policy may include forward exchange contracts, currency options, interest rate swaps and interest rate options.

Derivative financial instruments qualify as hedging instruments for hedge accounting purposes when (a) at the inception of the hedge there is formal designation and documentation of the hedging relationship and of the risk management strategy and objective; (b) the hedge is expected by management to be highly effective in offsetting the risk; (c) the forecast transaction being hedged is highly probable and presents an exposure to variations in cash flows that could ultimately affect profit or loss; (d) the effectiveness of the hedge can be reliably measured; and (e) the hedge is assessed on an ongoing basis and determined actually to have been highly effective throughout the reporting periods for which the hedge was designated.

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Year ended December 31, 2010

These criteria are applied when the Group uses derivative instruments designated as a fair value hedge, a cash flow hedge or a hedge of a net investment in a foreign operation.

Fair value hedge

A fair value hedge is a hedge of the exposure to changes in fair value of a recognized asset or liability or unrecognized firm commitment that could affect profit or loss.

Changes in fair value of the hedging instrument and changes in fair value of the hedged item attributable to the hedged risk are recognized in the income statement, under ***Other operating income*** for hedges of operating activities and under ***Financial income*** or ***Financial expenses*** for hedges of investing or financing activities.

Cash flow hedge

A cash flow hedge is a hedge of the exposure to variability in cash flows attributable to a particular risk associated with a recognized asset or liability, or a highly probable forecast transaction, that could affect profit or loss.

Changes in fair value of the hedging instrument attributable to the effective portion of the hedge are recognized directly in equity in the consolidated statement of comprehensive income. Changes in fair value attributable to the ineffective portion of the hedge are recognized in the income statement under ***Other operating income*** for hedges of operating activities, and under ***Financial income*** or ***Financial expenses*** for hedges of investing or financing activities.

Cumulative changes in fair value of the hedging instrument previously recognized in equity are transferred to the income statement when the hedged transaction affects profit or loss. These transferred gains and losses are recorded under ***Other operating income*** for hedges of operating activities and ***Financial income*** or ***Financial expenses*** for hedges of investing or financing activities.

When a forecast transaction results in the recognition of a non-financial asset or liability, cumulative changes in the fair value of the hedging instrument previously recognized in equity are included in the initial measurement of the asset or liability.

When the hedging instrument expires or is sold, terminated or exercised, the cumulative gain or loss previously recognized in equity remains separately recognized in equity until the forecast transaction occurs. However, if the Group no longer expects the forecast transaction to occur, the cumulative gain or loss previously recognized in equity is recognized immediately in the income statement.

Hedge of a net investment in a foreign operation

In the case of a hedge of a net investment in a foreign operation, changes in the fair value of the hedging instrument attributable to the effective portion of the hedge are recognized directly in equity in the consolidated statement of comprehensive income. Changes in fair value attributable to the ineffective portion of the hedge are recognized in the income statement under ***Financial income*** or ***Financial expenses.*** When the investment in the foreign operation is sold, the changes in the fair value of the hedging instrument previously recognized in equity are transferred to the income statement under ***Financial income*** or ***Financial expenses.***

Hedge accounting is discontinued when (a) the hedging instrument expires or is sold, terminated or exercised, or (b) the hedge no longer meets the criteria for hedge accounting, or (c) the Group revokes the hedge designation, or (d) management no longer expects the forecast transaction to occur.

B.8.5. Non-derivative financial liabilities

Borrowings and debt

Bank borrowings and debt instruments are initially measured at fair value of the consideration received, net of directly attributable transaction costs.

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Subsequently, they are measured at amortized cost using the effective interest method. All costs related to the issuance of borrowings or debt instruments, and all differences between the issue proceeds net of transaction costs and the value on redemption, are recognized under ***Financial expenses*** in the income statement over the term of the debt using the effective interest method.

Liabilities related to business combinations and to non-controlling interests

Liabilities related to business combinations and to non-controlling interests are split into a current portion and a non-current portion. These line items are used to recognize contingent consideration payable in business combinations (see Note B.3.1. for a description of the relevant accounting policy), and the fair value of put options granted to non-controlling interests.

Other non-derivative financial liabilities

Other non-derivative financial liabilities include trade accounts payable, which are measured at fair value (which in most cases equates to face value) on initial recognition, and subsequently at amortized cost.

B.8.6. Fair value of financial instruments

Under IFRS 7 (Financial Instruments: Disclosures), fair value measurements must be classified using a fair value hierarchy with the following levels:

Level 1: quoted prices in active markets for identical assets or liabilities (without modification or repackaging);

Level 2: quoted prices in active markets for similar assets and liabilities, and valuation techniques in which all important inputs are derived from observable market data; and

Level 3: valuation techniques in which not all important inputs are derived from observable market data.

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The table below sets forth the principles used to measure the fair value of the principal financial assets and liabilities recognized by sanofi-aventis in its consolidated balance sheet:

Note	Type of financial instrument	Measurement principle applied in the consolidated balance sheet	Level in the IFRS 7 fair value hierarchy as disclosed in the notes to the consolidated financial statements	Method used to determine fair value as disclosed in the notes to the consolidated financial statements			
						Market data	
				Valuation model	Exchange rate	Interest rate	Volatility
D.7.	Available-for-sale financial assets (quoted securities)	Fair value	1	Quoted market price		N/A	
D.7.	Available-for-sale financial assets (unquoted securities)	Fair value	2	Present value of future cash flows	N/A	Mid swap + z-spread for bonds of comparable risk and maturity	N/A
D.7.	Long-term loans and advances	Amortized cost	N/A	The amortized cost of long-term loans and advances at the balance sheet date is not materially different from their fair value.			
D.7.	Assets recognized under the fair value option [1]	Fair value	1	Market value (net asset value)		N/A	
D.20.	Forward currency contracts	Fair value	2	Present value of future cash flows	ECB Fixing	< 1 year: Mid Money Market > 1 year: Mid Zero Coupon	N/A
D.20.	Currency options	Fair value	2	Options with no knock-out feature: Garman & Kohlhagen Knock-out options: Merton, Reiner & Rubinstein	ECB Fixing	< 1 year: Mid Money Market > 1 year: Mid Zero Coupon	Mid in-the-money
D.20.	Interest rate swaps	Fair value	2	Present value of future cash flows	N/A	< 1 year: Mid Money Market and LIFFE interest rate futures > 1 year: Mid Zero Coupon	N/A
D.20.	Cross-currency swaps	Fair value	2	Present value of future cash flows	ECB Fixing	< 1 year: Mid Money Market and LIFFE interest rate futures > 1 year: Mid Zero Coupon	N/A
D.13.	Investments in collective investment schemes	Fair value	1	Market value (net asset value)		N/A	
D.13.	Negotiable debt instruments, sight	Amortized cost	N/A	Because these instruments have a maturity of less than 3 months, amortized cost is regarded as an acceptable approximation of fair value as disclosed in			

	deposits and term deposits			the notes to the consolidated financial statements.
D.17.	Financial liabilities	Amortized cost [2]	N/A	For financial liabilities with a maturity of less than 3 months, amortized cost is regarded as an acceptable approximation of fair value as disclosed in the notes to the consolidated financial statements. For financial liabilities with a maturity of more than 3 months, fair value as disclosed in the notes to the consolidated financial statements is determined either by reference to quoted market prices at the balance sheet date (quoted instruments) or by discounting the future cash flows based on observable market data at the balance sheet date (unquoted instruments).
D.18.	Liabilities related to business combinations and to non-controlling interests	Fair value [3]	3	Contingent consideration payable in a business combination is a financial liability under IAS 32. The fair value of such liabilities is determined by adjusting the contingent consideration at the balance sheet date using the method described in Note D.18.

[1] These assets are held to fund a deferred compensation plan offered to certain employees, included in the obligations described in Note D.19.1.

[2] In the case of financial liabilities designated as hedged items in a fair value hedging relationship, the carrying amount in the consolidated balance sheet includes changes in fair value relating to the hedged risk(s).

[3] In the case of business combinations completed prior to the application of the revised IFRS 3, contingent consideration is recognized when payment becomes probable (see Note B.3.1.).

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The other financial assets and liabilities included in the Group balance sheet are the following:

Non-derivative current financial assets and liabilities: due to their short-term maturity, the fair value of these instruments approximates their carrying amount (i.e., historical cost less any credit risk allowance).

Investments in equity instruments not quoted in an active market: in accordance with IFRS 7, the fair value of these instruments is not disclosed because their fair value cannot be measured reliably.

B.8.7. Derecognition of financial instruments

Sanofi-aventis derecognizes financial assets when the contractual rights to cash flows from these assets have ended or have been transferred and when the Group has transferred substantially all risks and rewards of ownership of these assets. If the Group has neither transferred nor retained substantially all the risks and rewards of ownership of these assets, they are derecognized if the Group does not retain the control of these assets.

Financial liabilities are derecognized when the Group s contractual obligations in respect of such liabilities are discharged or cancelled or expired.

B.8.8. Risks relating to financial instruments

Market risks in respect of non-current financial assets, cash equivalents, derivative instruments and debt are described in the risk factors presented in Item 3.D. and Item 11.

Credit risk is the risk that customers may fail to pay their debts. This risk also arises as a result of the concentration of the Group s sales with its largest customers, in particular certain wholesalers in the United States. Customer credit risk is described in the risk factors presented in Item 3.D.

B.9. Inventories

Inventories are measured at the lower of cost or net realizable value. Cost is calculated using the weighted average cost method or the first-in, first-out method, depending on the nature of the inventory.

The cost of finished goods inventories includes costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

B.10. Cash and cash equivalents

Cash and cash equivalents as shown in the consolidated balance sheet and statement of cash flows comprise cash, plus liquid short-term investments that are (i) readily convertible into cash, and (ii) subject to an insignificant risk of changes in value in the event of movements in interest rates.

B.11. Treasury shares

In accordance with IAS 32, sanofi-aventis treasury shares are deducted from equity, irrespective of the purpose for which they are held. No gain or loss is recognized in the income statement on the purchase, sale, impairment or cancellation of treasury shares.

B.12. Provisions for risks

In accordance with IAS 37 (Provisions, Contingent Liabilities and Contingent Assets), sanofi-aventis records a provision where it has a present obligation, whether legal or constructive, as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the outflow of resources.

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If the obligation is expected to be settled more than twelve months after the balance sheet date, or has no definite settlement date, the provision is recorded under ***Provisions and other non-current liabilities***.

Provisions relating to the insurance programs, in which the Group s captive insurance company participates, are based on risk exposure estimates calculated by management, with assistance from independent actuaries, using IBNR (Incurred But Not Reported) techniques. These techniques use past claims experience, within the Group and in the market, to estimate future trends in the cost of claims.

Contingent liabilities are not recognized, but are disclosed in the notes to the financial statements unless the possibility of an outflow of economic resources is remote.

Provisions are estimated on the basis of events and circumstances related to present obligations at the balance sheet date, of past experience, and to the best of management s knowledge at the date of preparation of the financial statements.

Reimbursements offsetting the probable outflow of resources are recognized as assets only if it is virtually certain that they will be received. Contingent assets are not recognized.

Restructuring provisions are recognized if the Group has a detailed, formal restructuring plan at the balance sheet date and has announced its intention to implement this plan to those affected by it.

No provisions are recorded for future operating losses.

Sanofi-aventis records non-current provisions for certain obligations such as legal environmental obligations and litigation where an outflow of resources is probable and the amount of the outflow can be reliably estimated. Where the effect of the time value of money is material, these provisions are measured at the present value of the expenditures expected to be required to settle the obligation, calculated using a discount rate that reflects an estimate of the time value of money and the risks specific to the obligation.

Increases in provisions to reflect the effects of the passage of time are recognized in ***Financial expenses***.

B.13. Emission rights

Under international agreements, the European Union has committed to reducing greenhouse gas emissions and instituted an emissions allowance trading scheme. Approximately ten sanofi-aventis sites in Europe are covered by the scheme. Sanofi-aventis accounts for emission allowances as follows: the annual allowances allocated by government are recognized as intangible assets measured at fair value at the date of initial recognition, with a matching liability recognized to reflect the government grant effectively arising from the fact that allowances are issued free of charge. As and when allowances are consumed, they are transferred to Deliverable allowances in order to recognize the liability to government in respect of actual CO_2 emissions. If the allocated allowances are insufficient to cover actual emissions, an expense is recognized in order to reflect the additional allowances deliverable; this expense is measured at the market value of the allowances.

B.14. Revenue recognition

Revenue arising from the sale of goods is presented in the income statement under ***Net sales***. Net sales comprise revenue from sales of pharmaceutical products, vaccines, and active ingredients, net of sales returns, of customer incentives and discounts, and of certain sales-based payments paid or payable to the healthcare authorities.

Revenue is recognized when all of the following conditions have been met: the risks and rewards of ownership have been transferred to the customer; the Group no longer has effective control over the goods sold;

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the amount of revenue and costs associated with the transaction can be measured reliably; and it is probable that the economic benefits associated with the transaction will flow to the Group, in accordance with IAS 18 (Revenue). In particular, the contracts between sanofi pasteur and government agencies specify terms for the supply and acceptance of batches of vaccine; revenue is recognized when these conditions are met.

The Group offers various types of price reductions on its products. In particular, products sold in the United States are covered by various governmental programs (such as Medicare and Medicaid) under which products are sold at a discount. Rebates are granted to healthcare authorities, and under contractual arrangements with certain customers. Some wholesalers are entitled to chargeback incentives based on the selling price to the end customer, under specific contractual arrangements. Cash discounts may also be granted for prompt payment.

Returns, discounts, incentives and rebates, as described above, are recognized in the period in which the underlying sales are recognized as a reduction of sales revenue.

These amounts are calculated as follows:

Provisions for chargeback incentives are estimated on the basis of the relevant subsidiary s standard sales terms and conditions, and in certain cases on the basis of specific contractual arrangements with the customer. They represent management s best estimate of the ultimate amount of chargeback incentives that will eventually be claimed by the customer.

Provisions for rebates based on attainment of sales targets are estimated and accrued as each of the underlying sales transactions is recognized.

Provisions for price reductions under Government and State programs, largely in the United States, are estimated on the basis of the specific terms of the relevant regulations and/or agreements, and accrued as each of the underlying sales transactions is recognized.

Provisions for sales returns are calculated on the basis of management s best estimate of the amount of product that will ultimately be returned by customers. In countries where product returns are possible, sanofi-aventis has implemented a returns policy that allows the customer to return products within a certain period either side of the expiry date (usually 6 months before and 12 months after the expiry date). The provision is estimated on the basis of past experience of sales returns.

The Group also takes account of factors such as levels of inventory in its various distribution channels, product expiry dates, information about potential discontinuation of products, the entry of competing generics into the market, and the launch of over-the-counter medicines.

In each case, the provisions are subject to continuous review and adjustment as appropriate based on the most recent information available to management.

The Group believes that it has the ability to measure each of the above provisions reliably, using the following factors in developing its estimates:

- the nature and patient profile of the underlying product;
- the applicable regulations and/or the specific terms and conditions of contracts with governmental authorities, wholesalers and other customers;
- historical data relating to similar contracts, in the case of qualitative and quantitative rebates and chargeback incentives;
- past experience and sales growth trends for the same or similar products;
- actual inventory levels in distribution channels, monitored by the Group using internal sales data and externally provided data;
- the shelf life of the Group s products; and
- market trends including competition, pricing and demand.

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Non-product revenues, mainly comprising royalty income from license arrangements that constitute ongoing operations of the Group (see Note C.), are presented in ***Other revenues***.

B.15. Cost of sales

Cost of sales consists primarily of the industrial cost of goods sold, payments made under licensing agreements, and distribution costs. The industrial cost of goods sold includes the cost of materials, depreciation of property, plant and equipment and software, personnel costs, and other expenses attributable to production.

B.16. Research and development expenses

Internally generated research costs are expensed as incurred.

Internally generated pharmaceutical development costs are also expensed as incurred; they are not capitalized, because the criteria for capitalization are considered not to have been met until marketing approval for the related product has been obtained from the regulatory authorities. Recharges to or contributions from alliance partners are recorded as a reduction in ***Research and development expenses***.

Note B.4.1. Research and development not acquired in a business combination and Note B.4.3. Intangible assets acquired in a business combination describe the principles applied to the recognition of separately acquired research and development.

B.17. Other operating income

Other operating income includes the share of profits that sanofi-aventis is entitled to receive from alliance partners in respect of product marketing agreements. It also includes revenues generated under certain complex agreements, which may include partnership and co-promotion agreements.

Upfront payments received are deferred for as long as a service obligation remains. Milestone payments are assessed on a case by case basis, and recognized in the income statement on delivery of the products and/or provision of the services in question. Revenue generated in connection with these services is recognized on the basis of delivery of the goods or provision of the services to the other contracting party.

This line also includes realized and unrealized foreign exchange gains and losses on operating activities (see Note B.8.4.), and operating gains on disposals not regarded as major disposals (see Note B.20.).

B.18. Other operating expenses

Other operating expenses mainly comprise the share of profits that alliance partners are entitled to receive from sanofi-aventis under product marketing agreements.

B.19. Amortization and impairment of intangible assets

B.19.1. Amortization of intangible assets

The expenses recorded in this line item mainly comprise amortization of product rights (see Note D.4.), which are presented as a separate item because the benefit of these rights to the Group s commercial, industrial and development functions cannot be separately identified.

Amortization of software is recognized as an expense in the income statement, in the relevant line items of expense by function.

B.19.2. Impairment of intangible assets

This line item records impairment losses (other than those associated with restructuring) recognized against intangible assets (including goodwill), and any reversals of such impairment losses.

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B.20. Restructuring costs and Gains and losses on disposals, and litigation

B.20.1. Restructuring costs

Restructuring costs include early retirement benefits, compensation for early termination of contracts, and rationalization costs relating to restructured sites. Asset impairment losses directly attributable to restructuring are also recorded on this line. Restructuring costs included on this line relate only to unusual and major restructuring plans.

B.20.2. Gains and losses on disposals, and litigation

This line item comprises gains and losses on major disposals of property, plant and equipment and intangible assets, and costs and provisions related to major litigation.

B.21. Financial expenses/income

B.21.1. Financial expenses

Financial expenses mainly comprise interest charges on debt financing, negative changes in the fair value of financial instruments (where changes in fair value are taken to the income statement), realized and unrealized foreign exchange losses on financing and investing activities, and impairment losses on financial instruments. They also include any reversals of impairment losses on financial instruments.

Financial expenses also include the expenses arising from the unwinding of discount on non-current provisions, except provisions for retirement benefits and other long-term employee benefits. This line does not include cash discounts, which are deducted from net sales.

B.21.2. Financial income

Financial income includes interest and dividend income, positive changes in the fair value of financial instruments (where changes in fair value are taken to the income statement), realized and unrealized foreign exchange gains on financing and investing activities, and gains or losses on disposals of financial assets.

B.22. Income tax expense

Income tax expense includes all current and deferred taxes of consolidated companies.

Sanofi-aventis accounts for deferred taxes in accordance with IAS 12 (Income Taxes), using the methods described below.

Deferred tax assets and liabilities are recognized on taxable and deductible temporary differences, and tax loss carry-forwards. Temporary differences are differences between the carrying amount of an asset or liability in the balance sheet and its tax base.

Reforms to French business taxes were enacted on December 31, 2009 and apply as from January 1, 2010. The new tax, the CET (*Contribution Economique Territoriale*), has two components: the CFE (*Cotisation Fonciere des Entreprises*) and the CVAE (*Cotisation sur la Valeur Ajoutée des Entreprises*). The second component is determined by applying a rate to the amount of value added generated by the business during the year.

Given that part of the CVAE component is calculated as the amount by which certain revenues exceed certain expenses, and given that this tax will be borne primarily by companies that own intellectual property rights, on income derived from those rights (royalties, and margin on sales to third parties and to other Group companies), sanofi-aventis regards the CVAE component as meeting the definition of income taxes specified in IAS 12, paragraph 2 (taxes which are based on taxable profits).

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Deferred tax assets and liabilities are calculated using the tax rate expected to apply in the period when a temporary difference is expected to reverse, based on tax rates enacted or substantively enacted at the balance sheet date.

Unused tax losses and unused tax credits are recognized as deferred tax assets to the extent that it is probable that future taxable profits will be available against which they can be utilized.

Sanofi-aventis recognizes a deferred tax liability for temporary differences relating to interests in subsidiaries, associates and joint ventures except when the Group is able to control the timing of the reversal of the temporary differences. This applies in particular when the Group is able to control dividend policy and it is probable that the temporary differences will not reverse in the foreseeable future.

No deferred tax is recognized on eliminations of intragroup transfers of interests in subsidiaries, associates or joint ventures.

For consolidation purposes, each tax entity calculates its own net deferred tax position. All net deferred tax asset and liability positions are then aggregated and shown as separate line items on the assets and liabilities sides of the consolidated balance sheet respectively. Deferred tax assets and liabilities can be offset only if (i) the Group has a legally enforceable right to set off current tax assets and current tax liabilities, and (ii) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority.

Deferred taxes are not discounted, except implicitly in the case of deferred taxes on assets and liabilities which are themselves discounted.

Withholding taxes on intragroup royalties and dividends, and on royalties and dividends collected from third parties, are accounted for as current income taxes.

In accounting for business combinations, the Group complies with the revised IFRS 3 as regards the recognition of deferred tax assets after the initial accounting period. This means that the Group recognizes in profit or loss for the period any deferred tax assets recognized by the acquiree after the end of this period on temporary differences or tax loss carry-forwards existing at the acquisition date. Under the pre-revision IFRS 3, applicable prior to January 1, 2010, such items were recognized as a reduction in the amount of goodwill.

Income tax expense includes the effect of tax disputes, and any penalties and late payment interest arising from such disputes.

B.23. Employee benefit obligations

Sanofi-aventis offers retirement benefits to employees and retirees of the Group. These benefits are accounted for in accordance with IAS 19 (Employee Benefits).

These benefits are in the form of either defined-contribution plans or defined-benefit plans.

In the case of defined-contribution plans, the contributions paid by sanofi-aventis are expensed in the period in which they occur, and no actuarial estimate is performed.

In the case of defined-benefit plans, sanofi-aventis recognizes its obligations to employees as a liability, based on an actuarial estimate of the rights vested and/or currently vesting in employees and retirees using the projected unit credit method. The amount of the liability is recognized net of the fair value of plan assets.

These estimates are performed at least once a year, and rely on assumptions about life expectancy, employee turnover, and salary increases. The estimated obligation is discounted.

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In the case of multi-employer defined-benefit plans where plan assets cannot be allocated to each participating employer with sufficient reliability, the plan is accounted for as a defined-contribution plan, in accordance with paragraph 30 of IAS 19.

Obligations in respect of other post-employment benefits (healthcare, life insurance) offered by Group companies to employees are also recognized as a liability based on an actuarial estimate of the rights vested or currently vesting in employees and retirees at the balance sheet date.

Actuarial gains and losses relating to defined-benefit plans (pensions and other post-employment benefits), arising from the effects of changes in actuarial assumptions and experience adjustments, are recognized in equity net of deferred taxes via the consolidated statement of comprehensive income, under the option allowed by the amendment to IAS 19. All unrecognized actuarial gains and losses at the transition date (January 1, 2004) were recognized in ***Equity attributable to equity holders of sanofi-aventis*** at that date in accordance with the optional treatment allowed in IFRS 1.

Past service cost is recognized as an expense on a straight-line basis over the average period until the benefits become vested. If benefits are already vested on the introduction of, or changes to, a defined-benefit plan, past service cost is recognized immediately as an expense.

Actuarial gains and losses and past service cost relating to other long-term employee benefits are recognized immediately in the income statement.

B.24. Share-based payment

B.24.1. Stock option plans

Sanofi-aventis has granted a number of equity-settled, share-based payment plans (stock option plans) to some of its employees.

In accordance with IFRS 2 (Share-Based Payment), services received from employees as consideration for stock options are recognized as an expense in the income statement, with the matching entry recognized in equity. The expense corresponds to the fair value of the stock option plans, and is charged to income on a straight-line basis over the four-year vesting period of the plan.

The fair value of stock option plans is measured at the date of grant using the Black-Scholes valuation model, taking into account the expected life of the options. The expense recognized in this evaluation takes into account the expected cancellation rate of the options. The expense is

adjusted over the vesting period to reflect the actual cancellation rates resulting from the departure of the holders of the options.

B.24.2. Employee share ownership plans

The sanofi-aventis Group may offer its employees the opportunity to subscribe to reserved share issues at a discount to the reference market price. Shares allotted to employees under these plans fall within the scope of IFRS 2. The discount is measured at the subscription date and recognized as an expense, with no reduction for any lock-up period.

B.24.3. Restricted share plans

Sanofi-aventis may award restricted share plans to certain of its employees. The terms of these plans may make the award contingent on performance criteria for some grantees.

In accordance with IFRS 2, an expense equivalent to the fair value of such plans is recognized on a straight line basis over the vesting period of the plan, with the matching entry credited to equity. Depending on the country, the vesting period of such plans is either two or four years. Plans with a two-year vesting period are subject to a two-year lock-up period.

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The fair value of stock option plans is based on the fair value of the equity instruments granted, representing the fair value of the services received during the vesting period. The fair value of an equity instrument granted under a plan is the market price of the share at the grant date, adjusted for expected dividends during the vesting period.

B.25. Earnings per share

Basic earnings per share is calculated using the weighted average number of shares outstanding during the reporting period, adjusted on a time-weighted basis from the acquisition date to reflect the number of sanofi-aventis shares held by the Group. Diluted earnings per share is calculated on the basis of the weighted average number of ordinary shares, computed using the treasury stock method.

This method assumes that (a) all outstanding dilutive options and warrants are exercised, and (b) the Group acquires its own shares at the quoted market price for an amount equivalent to the cash received as consideration for the exercise of the options or warrants, plus the expense arising on unamortized stock options.

In the event of a stock split or restricted share issue, earnings per share for prior periods is adjusted accordingly.

B.26. Segment information

In accordance with IFRS 8 (Operating Segments), the segment information reported by sanofi-aventis is prepared on the basis of internal management data provided to the Chief Executive Officer, who is the Group s chief operating decision maker. The performance of these segments is monitored individually using internal reports and common indicators.

Sanofi-aventis reports information for two operating segments: Pharmaceuticals and Human Vaccines (Vaccines). All other activities are combined in a separate segment, Other. These segments reflect the Group s internal organizational structure, and are used internally for performance measurement and resource allocation.

Information on operating segments is provided in Note D.34. Split of net sales and Note D.35. Segment information .

B.27. Management of capital

In order to maintain or adjust the capital structure, the Group can adjust the amount of dividends paid to shareholders, or repurchase its own shares, or issue new shares, or issue securities giving access to its capital.

The following objectives are defined under the terms of the Group s share repurchase programs:

- the implementation of any stock option plan giving entitlement to purchase shares in the sanofi-aventis parent company;
- the allotment or sale of shares to employees under statutory profit-sharing schemes and employee savings plans;
- the award of restricted shares;
- the cancellation of some or all of the repurchased shares;
- market-making in the secondary market in the shares by an investment services provider under a liquidity contract in compliance with the ethical code recognized by the *Autorité des marchés financiers*;
- the delivery of shares on the exercise of rights attached to securities giving access to the capital by redemption, conversion, exchange, presentation of a warrant or any other means;
- the delivery of shares (in exchange, as payment, or otherwise) in connection with mergers and acquisitions;

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the execution by an investment services provider of purchases, sales or transfers by any means, in particular via off-market trading;

or any other purpose that is or may in the future be authorized under the applicable laws and regulations.

The Group is not subject to any constraints on equity capital imposed by third parties.

The gearing ratio (the ratio of debt, net of cash and cash equivalents to total equity) is a non-GAAP financial indicator used by management to measure overall net indebtedness and to manage the Group s equity capital.

Total equity includes ***Equity attributable to equity holders of sanofi-aventis*** and ***Equity attributable to non-controlling interests***, as shown on the consolidated balance sheet. Debt, net of cash and cash equivalents is defined as short-term debt plus long-term debt, plus related interest rate and currency derivatives used to hedge debt, minus cash and cash equivalents.

For trends in this ratio, see Note D.17.

B.28. New IASB standards, amendments and interpretations applicable from 2011 onwards

New standards, amendments and interpretations applicable in 2010 with an impact on the consolidated financial statements are described in Note A.2. New standards, amendments and interpretations applicable in 2010 .

The note below describes standards, amendments and interpretations issued by the IASB that will be mandatorily applicable in 2011 or subsequent years, and the Group s position regarding future application. None of these standards, amendments or interpretations has been early adopted by sanofi-aventis.

B.28.1. Standards and amendments applicable to the sanofi-aventis consolidated financial statements

In October 2010, the IASB issued an amendment to IFRS 7 (Financial Instruments: Disclosures). This amendment is applicable to annual periods beginning on or after July 1, 2011, and has not yet been endorsed by the European Union. It is intended to improve disclosure about transfers of financial assets, in particular securitization transactions. It does not alter the way in which securitizations are currently accounted for, but specifies the disclosures that must be made.

In May 2010, the IASB issued the third Improvements to IFRSs , as part of its annual process of revising and improving standards. This document has not yet been endorsed by the European Union. The amendments contained in this document do not contradict existing standards, but merely provide clarification. Most of these amendments (applicable to annual periods beginning on or after July1, 2010) are intended to clarify how the revised IFRS 3 (Business Combinations) is to be applied, and to achieve consistency between the revised IFRS 3, the amended IAS 27 (Consolidated and Separate Financial Statements), and other IASB pronouncements affected by the application of these two standards. Sanofi-aventis does not expect any material impact from the application of the 2010 Improvements to IFRSs , which also contains an amendment to IAS 34 (Interim Financial Reporting), applicable to annual periods beginning on or after January 1, 2011. This amendment requires interim financial reports to include an explanation of events and transactions that are significant to an understanding of changes in the financial position and performance of the reporting entity.

In late 2009, the IASB issued the following standards and amendments, of which only IFRS 9 (Financial Instruments) has not yet been endorsed by the European Union:

Amendment to IAS 24 (Related Party Disclosures). This amendment, applicable to annual periods beginning on or after January 1, 2011, sets out the disclosure requirements in respect of future

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commitments related to a particular event involving related parties. Sanofi-aventis already discloses such information. The amendment also simplified the disclosure requirements for government-related entities; this part of the amendment does not apply to sanofi-aventis.

IFRS 9 (Financial Instruments). This standard is applicable to annual periods beginning on or after January 1, 2013, and completes the first of the three phases of the IASB financial instruments project. The next two phases will deal with Financial Instruments: Amortized Cost and Impairment and Hedge Accounting . Final completion of IFRS 9 is scheduled for the first half of 2011. The three phases of IFRS 9 are intended to replace IAS 39 (Financial Instruments: Recognition and Measurement). The Group will assess the overall impact of IFRS 9 once all the phases have been published.

Amendment to IAS 32 (Financial Instruments: Presentation), on the classification of rights issues. This amendment is applicable to annual periods beginning on or after February 1, 2010, and deals with issues of subscription rights in a currency other than the issuer s functional currency. To date, such issues have been accounted for as derivatives (i.e. as a liability). Under the amendment, subscription rights must be recognized as equity when certain conditions are met, irrespective of the currency in which the exercise price is expressed. Because sanofi-aventis has not issued any instruments of this type, this amendment does not apply to the consolidated financial statements.

In December 2010, the IASB issued the following amendments, which have not yet been endorsed by the European Union:

Amendment to IAS 12 (Income Taxes). This amendment, applicable to annual periods beginning on or after January 1, 2012, provides a practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model in IAS 40 (Investment Property). Because sanofi-aventis does not own any investment property measured in accordance with IAS 40, this amendment does not apply to the consolidated financial statements.

Amendments to IFRS 1 (First-Time Adoption of International Financial Reporting Standards). Two amendments to IFRS 1 have been issued. The first allows first-time adopters to derecognize their financial assets and financial liabilities prospectively at the date of transition to IFRS, rather than from the fixed date (January 1, 2004) initially stipulated in IFRS 1. Such derecognition must comply with IAS 39 (Financial Instruments: Recognition and Measurement). The second gives guidance on how an entity should present IFRS financial statements after a period during which it has been unable to do so because of severe hyperinflation. These amendments are applicable to annual periods beginning on or after July 1, 2011, but because they apply solely to first-time adopters of IFRS they have no impact on the sanofi-aventis consolidated financial statements.

B.28.2. New interpretations

The IASB has also issued the following interpretations, which are mandatorily applicable from 2011 onwards and had been endorsed by the European Union at the balance sheet date:

IFRIC 19 (Extinguishing Financial Liabilities with Equity Instruments). This interpretation, which applies to annual periods beginning on or after July 1, 2010, addresses the classification and measurement methods to be used by an entity when the terms

of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor to extinguish all or part of the financial liability. Given the absence of any transaction falling within the scope of this interpretation, IFRIC 19 does not apply to the sanofi-aventis consolidated financial statements.

Amendment to IFRIC 14 (IAS 19 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction). This amendment, applicable to annual periods beginning on or after January 1, 2011, clarifies the accounting treatment of voluntary prepayments intended to meet minimum funding requirements. It will be applicable from 2011 onwards, and has no impact on the sanofi-aventis consolidated financial statements.

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C. ALLIANCES

C.1. Alliance arrangements with Bristol-Myers Squibb (BMS)

Two of the Group s leading products were jointly developed with BMS: the anti-hypertensive agent irbesartan (Aprovel®/Avapro®/Karvea®) and the anti-atherothrombosis treatment clopidogrel bisulfate (Plavix®/Iscover®).

As inventor of the two molecules, sanofi-aventis is paid a royalty on all sales generated by these products. The portion of this royalty received by sanofi-aventis on sales generated by BMS in territories under the operational management of BMS (see below) is recorded in ***Other revenues***. As co-developers of the products, sanofi-aventis and BMS each receive equal development royalties from their two licensees, which have been responsible, since 1997, for marketing the products using their local distribution networks, composed of subsidiaries of both groups. These licensees operate in two separate territories: (i) Europe, Africa, Asia and the Middle East, under the operational management of sanofi-aventis; and (ii) other countries (excluding Japan), under the operational management of BMS. In Japan, Aprovel® has since June 2008 been marketed jointly by Shionogi Pharmaceuticals and Dainippon Sumitomo Pharma Co. Ltd. The alliance with BMS does not cover the rights to Plavix® in Japan, where the product is marketed by sanofi-aventis.

The products are marketed in different ways in different countries.

Co-promotion consists of a pooling of sales resources under a single brand name, and is preferably achieved through contracts or through appropriate tax-transparent legal entities. Each partner records directly its share of taxable income.

Co-marketing consists of separate marketing of the products by each local affiliate using its own name and resources under different brand names for the product.

In certain countries of Eastern Europe, Africa, Asia, Latin America and the Middle East, the products are marketed on an exclusive basis by sanofi-aventis.

In the territory managed by sanofi-aventis, operations are recognized by the Group as follows:

(i) In most countries of Western Europe and in some Asian countries (excluding Japan) for clopidogrel bisulfate (Plavix®/Iscover®) only, co-promotion is used for both products. The legal entities used are partnerships (*sociétés en participation*) or other

tax-transparent entities, which are majority-owned by and under the operational management of the Group. Sanofi-aventis recognizes all the revenue associated with the sale of the drugs, as well as the corresponding expenses. The share of profits reverting to BMS subsidiaries is shown in ***Net income attributable to non-controlling interests*** in the income statement, with no tax effect (because BMS receives a pre-tax share of profits).

The line item ***Non-controlling interests, excluding BMS*** in the consolidated statement of cash flows takes account of the specific terms of the alliance agreement.

(ii) In Germany, Spain and Greece, and in Italy for irbesartan (Aprovel®/Avapro®/ Karvea®) only, co-marketing is used for both products, and sanofi-aventis recognizes revenues and expenses generated by its own operations.

(iii) In those countries in Eastern Europe, Africa, the Middle East and Asia (excluding Japan) where the products are marketed exclusively by sanofi-aventis, the Group recognizes revenues and expenses generated by its own operations. Sanofi-aventis has had the exclusive right to market Aprovel® in Scandinavia and in Ireland since September 2006, and the exclusive right to market Plavix® in Malaysia since January 1, 2010.

In the territory managed by BMS, operations are recognized by the Group as follows:

(i) Co-promotion is used in the United States, Canada and Puerto Rico through entities that are majority-owned by and under the operational management of BMS. Sanofi-aventis does not recognize revenues;

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rather, it invoices the entity for its promotion expenses, records its royalty income in ***Other revenues***, and records its share of profits (net of tax) in ***Share of profit/loss of associates and joint ventures***.

(ii) In Brazil, Mexico, Argentina and Australia for clopidogrel bisulfate (Plavix®/Iscover®) and for irbesartan (Aprovel®/Avapro®/Karvea®) and in Colombia for clopidogrel bisulfate only, co-marketing is used, and sanofi-aventis recognizes revenues and expenses generated by its own operations.

(iii) In certain other Latin American countries, where the products are marketed exclusively by sanofi-aventis, the Group recognizes revenues and expenses generated by its own operations.

C.2. Alliance agreements with Warner Chilcott (previously with Procter & Gamble Pharmaceuticals, the Alliance Partner)

Actonel® (risedronate sodium) is a new-generation biphosphonate indicated for the treatment and prevention of osteoporosis. Historically, Actonel® was developed and marketed in collaboration with Procter & Gamble Pharmaceuticals. Procter & Gamble sold its pharmaceuticals interests to Warner Chilcott on October 30, 2009. Consequently, Actonel® has since that date been marketed in collaboration with Warner Chilcott.

This alliance agreement covers the worldwide development and marketing of the product, except for Japan for which sanofi-aventis holds no rights.

Local marketing arrangements may take various forms:

Co-promotion, whereby sales resources are pooled but only one of the two parties to the alliance agreement (sanofi-aventis or the Alliance Partner) invoices product sales. Co-promotion is carried out under contractual agreements and is not based on any specific legal entity. The Alliance Partner sells the product and incurs all the related costs in France and Canada. This co-promotion scheme also included Germany, Belgium and Luxembourg until December 31, 2007, the Netherlands until March 31, 2008, and the United States and Puerto Rico until March 31, 2010. Sanofi-aventis recognizes its share of revenues under the agreement as a component of operating income on the ***Other operating income*** line. Since April 1, 2010, sanofi-aventis has received royalties from the Alliance Partner on sales made by the Alliance Partner in the United States and Puerto Rico. In the secondary co-promotion territories (the United Kingdom until December 31, 2008, Ireland, Sweden, Finland, Greece, Switzerland, Austria, Portugal and Australia) sanofi-aventis sells the product, and recognizes all the revenues from sales of the product along with the corresponding expenses. The share due to the Alliance Partner is recognized in ***Cost of sales***.

Co-marketing, which applies in Italy, whereby each party to the alliance agreement sells the product in the country under its own name, and recognizes all revenue and expenses from its own operations in its income statement. Each company also markets the product independently under its own brand name in Spain, although Spain is not included in the co-marketing territory.

The product has been marketed by the Alliance Partner independently in Germany, Belgium and Luxembourg since January 1, 2008; in the Netherlands since April 1, 2008; and in the United Kingdom since January 1, 2009. Sanofi-aventis recognizes its share of revenues under the alliance agreement in ***Other operating income***.

In all other territories, sanofi-aventis has exclusive rights to sell the product and recognizes all revenue and expenses from its own operations in its income statement, but in return for these exclusive rights pays the Alliance Partner a royalty based on actual sales. This royalty is recognized in ***Cost of sales***.

Sanofi-aventis and Warner Chilcott have begun negotiations on the future of their alliance arrangements.

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D. DETAILED NOTES TO THE FINANCIAL STATEMENTS

D.1. Significant acquisitions

Business combinations, completed on or after January 1, 2010, are accounted for using the acquisition method in accordance with the revised IFRS 3. The accounting policies applicable to business combinations are described in Note B.3.1.

D.1.1. Principal acquisitions during 2010

- TargeGen, Inc. (TargeGen)

In July 2010, sanofi-aventis acquired 100% of the capital of TargeGen, Inc., a U.S. biopharmaceutical company developing small molecule kinase inhibitors for the treatment of certain forms of leukemia, lymphoma and other hematological malignancies and blood disorders. An upfront payment of $75 million was made on completion. Future milestone payments may be made at various stages in the development of TG 101348, TargeGen s principal product candidate. The total amount of payments (including the upfront payment) could reach $560 million.

The provisional purchase price allocation of TargeGen is shown below:

($ million)	**Historical cost**	**Fair value remeasurement**	**Fair value**
Intangible assets [1]		230	230
Deferred taxes	53	(83)	(30)
Other assets and liabilities	1		1
Net assets of TargeGen (July 2010)	**54**	**147**	**201**
Goodwill			
Purchase price [2]			**201**

[1] TG 101348, a product currently in the development phase.
[2] Includes the estimated contingent consideration relating to potential future milestone payments (see Note D.18.).

- Chattem, Inc. (Chattem)

On February 9, 2010, sanofi-aventis acquired Chattem, Inc. by successfully completing a cash tender offer. Headquartered in Chattanooga (United States), Chattem is a major consumer health player in the United States, producing and distributing 26 branded consumer health products, toiletries and dietary supplements across various market segments. Chattem will manage the Allegra® brand, and act as the platform for sanofi-aventis over-the-counter and consumer health products in the United States. As of December 31, 2010, sanofi-aventis held 100% of the outstanding shares of Chattem.

The provisional purchase price allocation of Chattem is shown below:

($ million)	**Historical cost**	**Fair value remeasurement**	**Fair value**
Intangible assets	576	967	1,543
Property, plant and equipment	38	3	41
Inventories	48	29	77
Deferred taxes	(2)	(376)	(378)
Long-term and short-term debt	(377)	(114)	(491)
Other assets and liabilities	(65)	(15)	(80)
Net assets of Chattem as of February 9, 2010	**218**	**494**	**712**
Goodwill			**1,064**
Purchase price			**1,776**[(1)(2)]

[(1)] *Acquisition-related costs recognized directly in profit or loss amounted to $16 million.*
[(2)] *Resulting in a net cash outflow of 1,277 million.*

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Since the acquisition date, Chattem has generated net sales of 328 million and business net income (see definition in Note D.35.) of 110 million, and has made a negative contribution of 5 million to net income (including expenses recognized during the period in connection with the fair value remeasurement of the company s assets at the acquisition date).

D.1.2. Other principal business combinations in the year ended December 31, 2010

The acquisition in April 2010 of a controlling interest in the capital of Bioton Vostok, a Russian insulin manufacturer. Under the terms of the agreement, put options were granted to non-controlling interests (see Note D.18. Liabilities related to business combinations and to non-controlling interests).

The formation in May 2010 of a joint venture with Nichi-Iko Pharmaceuticals Co. Ltd. (Nichi-Iko), a leading player in the Japanese generics market, to expand generics activities in the country. As well as forming this joint venture, sanofi-aventis also took a 4.66% equity interest in the capital of Nichi-Iko (see Note D.7.).

The acquisition in June 2010 of the cosmetics and skincare products distribution activities of the Canadian company Canderm Pharma, Inc. This business generated CAD 24 million of net sales in 2009.

The acquisition in August 2010 of a 100% equity interest in the Polish company Nepentes S.A. for a consideration of PLN 425 million (106 million), aimed at diversifying the sanofi-aventis consumer health portfolio in Poland, and in Central and Eastern Europe generally.

The acquisition in October 2010 of VaxDesign, a U.S. biotechnology company which has developed a technology for in vitro modeling of the human immune system that can be used to select the best candidate vaccines at the pre-clinical stage. Under the terms of the agreement, an upfront payment of $55 million was made upon closing of the transaction, and a further $5 million will be payable upon completion of a specified development milestone.

The acquisition in October 2010 of a 60% equity interest in the Chinese company Hangzhou Sanofi Minsheng Consumer Healthcare Co. Ltd, in partnership with Minsheng Pharmaceutical Co., Ltd., with sanofi-aventis also granting the alliance partner a put option over the remaining shares not held by sanofi-aventis (see Note D.18.).

D.1.3. Principal acquisitions during 2009

- Merial

The acquisition by sanofi-aventis of the equity interest held by Merck & Co., Inc. in Merial Limited (Merial) was completed on September 17, 2009. Consequently, the twelve-month purchase price allocation period ended in September 2010. Detailed information about the impact of

Merial on the sanofi-aventis consolidated financial statements for the year ended December 31, 2010 is provided in Note D.8. Assets held for sale or exchange .

The final purchase price allocation is set forth in the table below:

($ million)		**Historical cost**	**Fair value remeasurement**	**Fair value**
Intangible assets		147	5,153	5,300
Property, plant and equipment		740	130	870
Inventories		492	241	733
Deferred taxes		53	(1,440)	(1,387)
Other assets and liabilities		264	(46)	218
Net assets of Merial as of September 17, 2009	**a**	**1,696**	**4,038**	**5,734**
Share of net assets acquired as of September 17, 2009 (50%)	**b**			**2,867**
Goodwill (September 17, 2009 transaction)	c			1,169
Purchase price [(1)]	d=b+c			4,036

[(1)] *Includes acquisition-related costs of $36 million*

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The fair value of Merial as of September 17, 2009, as reported in the sanofi-aventis consolidated financial statements after adjustments to the purchase price allocation, breaks down as follows:

($ million)		**Fair value**
Purchase price	**d**	**4,036**
+ Carrying amount of the previously-held equity interest in Merial (equity method)		**1,765**
+ Remeasurement of the previously-held equity interest (50%), excluding goodwill[(1)]		**1,551**
Total value of Merial in the sanofi-aventis consolidated financial statements as of September 17, 2009, after adjustments to the purchase price allocation		**7,352**
Comprising:		
Net assets of Merial as of September 17, 2009	*a*	*5,734*
Goodwill (September 17, 2009)	*c*	*1,169*
Goodwill (August 20, 2004)		*449*

(1) Adjusted by $193 million during the purchase price allocation period.

- BiPar

On April 27, 2009, sanofi-aventis acquired 100% of BiPar Sciences (BiPar), an American biopharmaceutical company developing novel tumorselective approaches for the treatment of different types of cancers. BiPar is the leading company in the emerging field of DNA (DeoxyriboNucleic Acid) repair using Poly ADP-Ribose Polymerase (PARP) inhibitors. The purchase price is contingent on the achievement (regarded as probable) of milestones related to the development of BSI-201, and could reach $500 million. The amount of contingent consideration recognized in the balance sheet as at December 31, 2010 is disclosed in Note D.18. Liabilities related to business combinations and to non-controlling interests . The final purchase price allocation for this acquisition was not materially different from the provisional allocation.

- Medley

On April 27, 2009, sanofi-aventis acquired a 100% equity interest in Medley, the third largest pharmaceutical company in Brazil and a leading generics company in that country. The purchase price, based on an enterprise value of 500 million, was 348 million inclusive of acquisition-related costs. The final purchase price allocation for this acquisition was not materially different from the provisional allocation, and the final amount of goodwill recognized was 376 million.

- Zentiva

On March 11, 2009, sanofi-aventis successfully closed its offer for Zentiva N.V. (Zentiva). As of December 31, 2009, sanofi-aventis held about 99.1% of Zentiva s share capital. The purchase price was 1,200 million, including acquisition-related costs. The final purchase price allocation for this acquisition was not materially different from the provisional allocation, and the final amount of goodwill recognized was 886 million. Following the buyout of the remaining non-controlling interests, sanofi-aventis held a 100% equity interest in Zentiva as of December 31, 2010.

Previously, sanofi-aventis held a 24.9% interest in Zentiva, which was accounted for as an associate by the equity method (see Note D.6.).

- Shantha Biotechnics

In August 2009, sanofi-aventis took control of Shantha Biotechnics (Shantha), a vaccines company based in Hyderabad (India), by acquiring the shares of ShanH, the owner of Shantha. In the purchase price allocation, identifiable intangible assets other than goodwill were measured at a fair value of 374 million. This amount includes the acquisition-date value of the Shan5® pentavalent vaccine, which was partially written down in 2010 (see Note D.5.).

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D.1.4. Other principal business combinations in the year ended December 31, 2009

Fovea Pharmaceuticals SA (Fovea), a privately-held French biopharmaceutical research and development company specializing in ophthalmology, acquired October 30, 2009. The purchase consideration is contingent on milestone payments of up to 280 million linked to the development of three products. The amount of contingent consideration recognized in the balance sheet as at December 31, 2010 is disclosed in Note D.18. Liabilities related to business combinations and to non-controlling interests .

Oenobiol (November 2009), one of France s leading players in health and beauty dietary supplements.

Laboratorios Kendrick (March 2009), one of Mexico s leading manufacturers of generics.

Helvepharm (July 2009), a Swiss generics company.

D.1.5. Principal acquisitions during 2008

- Acambis

In September 2008, sanofi-aventis completed the acquisition of Acambis plc for £285 million. Acambis plc became Sanofi Pasteur Holding Ltd, a wholly-owned subsidiary of Sanofi Pasteur Holding S.A. This company develops novel vaccines that address unmet medical needs or substantially improve current standards of care. Sanofi Pasteur and Acambis plc had already been developing vaccines in a successful partnership of more than a decade: Acambis plc had been conducting major projects under exclusive collaboration agreements with sanofi pasteur, for vaccines against dengue fever and Japanese encephalitis (see Note D.4.).

- Symbion Consumer

In September 2008, sanofi-aventis completed the acquisition of the Australian company Symbion CP Holdings Pty Ltd (Symbion Consumer) for AUD 560 million. Symbion Consumer manufactures, markets and distributes nutraceuticals (vitamins and mineral supplements) and over the counter brands throughout Australia and New Zealand. Symbion Consumer has a portfolio of brands including Natures Own, Cenovis, Bio-organics, Golden Glow and Microgenics (see Note D.4.).

In accordance with the pre-revision IFRS 3 (see Note B.3.1.), adjustments to the acquisition cost of business combinations completed prior to January 1, 2010 (Fovea, Shantha, Medley) in particular those contingent upon future events have been recognized as adjustments to goodwill.

D.2. Divestments

No material divestments occurred during 2010, 2009 or 2008.

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D.3. Property, plant and equipment

Property, plant and equipment (including assets held under finance leases) comprise:

(million)	**Land**	**Buildings**	**Plant & equipment**	**Fixtures, fittings & other**	**Property, plant and equipment in process**	**Total**
Gross value at January 1, 2008	213	2,994	4,498	1,382	1,291	10,378
Changes in scope of consolidation	5	13	9		12	39
Acquisitions and other increases		30	55	67	1,207	1,359
Disposals and other decreases	(4)	(6)	(4)	(58)	(1)	(73)
Translation differences	(7)	(46)	(80)	(22)	13	(142)
Transfers	8	315	501	176	(1,010)	(10)
Gross value at December 31, 2008	215	3,300	4,979	1,545	1,512	11,551
Changes in scope of consolidation	61	245	199	26	13	544
Acquisitions and other increases	1	32	87	63	1,170	1,353
Disposals and other decreases	(3)	(22)	(23)	(157)	(17)	(222)
Translation differences	6	26	24	5	4	65
Transfers	(5)	463	581	122	(1,348)	(187)
Gross value at December 31, 2009	275	4,044	5,847	1,604	1,334	13,104
Changes in scope of consolidation	1	29	15	5	7	57
Acquisitions and other increases	1	12	57	71	1,058	1,199
Disposals and other decreases	(3)	(14)	(12)	(124)		(153)
Translation differences	11	172	134	38	31	386
Transfers	(11)	312	482	76	(1,076)	(217)
Gross value at December 31, 2010	**274**	**4,555**	**6,523**	**1,670**	**1,354**	**14,376**
Accumulated depreciation & impairment at January 1, 2008	(3)	(888)	(1,976)	(940)	(33)	(3,840)
Depreciation expense		(205)	(476)	(161)		(842)
Impairment losses	(1)	(17)	(14)	(5)	(4)	(41)
Disposals				50		50
Translation differences		11	46	13		70
Transfers		6	20	(13)		13
Accumulated depreciation & impairment at December 31, 2008	(4)	(1,093)	(2,400)	(1,056)	(37)	(4,590)
Depreciation expense		(238)	(530)	(161)		(929)
Impairment losses	(4)	(73)	(22)	(4)	(5)	(108)
Disposals	2	12	24	148	2	188
Translation differences		(4)	(16)	(3)		(23)
Transfers	3	87	103	(5)		188
Accumulated depreciation & impairment at December 31, 2009	(3)	(1,309)	(2,841)	(1,081)	(40)	(5,274)
Depreciation expense		(298)	(623)	(167)		(1,088)
Impairment losses	(4)	(29)	12	(2)	(6)	(29)
Disposals		10	1	114		125
Translation differences		(66)	(67)	(24)		(157)
Transfers	5	140	42	11	4	202
Accumulated depreciation & impairment at December 31, 2010	**(2)**	**(1,552)**	**(3,476)**	**(1,149)**	**(42)**	**(6,221)**
Carrying amount: January 1, 2008	210	2,106	2,522	442	1,258	6,538
Carrying amount: December 31, 2008	211	2,207	2,579	489	1,475	6,961
Carrying amount: December 31, 2009	272	2,735	3,006	523	1,294	7,830
Carrying amount: December 31, 2010	**272**	**3,003**	**3,047**	**521**	**1,312**	**8,155**

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The Transfers line for the years ended December 31, 2010 and 2009 mainly comprises reclassifications of assets to ***Assets held for sale or exchange.***

Property, plant and equipment pledged as security for liabilities amounted to 26 million as of December 31, 2010 (15 million as of December 31, 2009 and 10 million as of December 31, 2008).

Following impairment tests conducted on property, plant and equipment using the method described in Note B.6., an impairment loss of 53 million was recognized in the year ended December 31, 2010 (mainly in respect of a site designated as held for sale), along with an impairment loss reversal of 24 million. In the year ended December 31, 2009, an impairment loss of 107 million was recognized on sites designated as held for sale (principally, Alnwick in the United Kingdom and Porcheville in France); see Note D.8.2. In the year ended December 31, 2008, an impairment loss of 41 million was recognized, primarily on industrial sites in France and the United States.

Acquisitions made in the Pharmaceuticals segment related primarily to investments in industrial facilities (471 million in 2010, versus 496 million in 2009 and 501 million in 2008) and in facilities and equipment at research sites (159 million in 2010, versus 325 million in 2009 and 376 million in 2008). Acquisitions in the Vaccines segment totaled 423 million in 2010 (compared with 446 million in 2009 and 382 million in 2008). Capitalized borrowing costs amounting to 27 million were included in acquisitions of property, plant and equipment in 2010, versus 30 million in 2009 and 24 million in 2008. Firm orders for property, plant and equipment amounted to 321 million at December 31, 2010, versus 351 million at December 31, 2009 and 450 million at December 31, 2008.

The table below shows amounts for items of property, plant and equipment held under finance leases:

(million)	**December 31, 2010**	**December 31, 2009**	**December 31, 2008**
Land	7	7	7
Buildings	84	99	99
Other property, plant and equipment	15	6	7
Total gross value	**106**	**112**	**113**
Accumulated depreciation and impairment	(78)	(81)	(83)
Carrying amount	**28**	**31**	**30**

Future minimum lease payments due under finance leases at December 31, 2010 were 28 million (versus 27 million at December 31, 2009 and 31 million at December 31, 2008), including interest of 3 million (versus 3 million at December 31, 2009 and 5 million at December 31, 2008).

The payment schedule is as follows:

December 31, 2010	Payments due by period				
(million)	**Total**	**Under 1 year**	**From 1 to 3 years**	**From 3 to 5 years**	**Over 5 years**
Finance lease obligations:					
principal	25	6	11	6	2
interest	3	1	2		
Total	**28**	**7**	**13**	**6**	**2**

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D.4. Goodwill and other intangible assets

Other intangible assets break down as follows:

(million)	Acquired Aventis R&D	Other Acquired R&D	Rights to marketed Aventis products	Products, trademarks and other rights	Software	Total other intangible assets
Gross value at January 1, 2008	2,644	336	29,011	1,554	587	34,132
Changes in scope of consolidation		198		139	2	339
Acquisitions and other increases		85		18	47	150
Disposals and other decreases		(74)		(2)	(53)	(129)
Translation differences	109	15	1,008	66	1	1,199
Transfers	(300)	(2)	300	(15)	1	(16)
Gross value at December 31, 2008	2,453	558	30,319	1,760	585	35,675
Changes in scope of consolidation		789		1,405	12	2,206
Acquisitions and other increases		275		62	56	393
Disposals and other decreases		(70)		(1)	(2)	(73)
Translation differences	(45)	(51)	(451)	47	2	(498)
Transfers	(87)	(9)	87	11	2	4
Gross value at December 31, 2009	2,321	1,492	29,955	3,284	655	37,707
Changes in scope of consolidation		192		1,365		1,557
Acquisitions and other increases		167		154	67	388
Disposals and other decreases		(7)		(3)	(9)	(19)
Translation differences	121	61	1,669	304	28	2,183
Transfers	(173)	(341)	173	389	(1)	47
Gross value at December 31, 2010	**2,269**	**1,564**	**31,797**	**5,493**	**740**	**41,863**
Accumulated amortization & impairment at January 1, 2008	(267)	(19)	(13,365)	(811)	(488)	(14,950)
Amortization expense		(29)	(3,277)	(176)	(52)	(3,534)
Impairment losses, net of reversals	(1,233)	(69)	(253)	1		(1,554)
Disposals		71		2	53	126
Translation differences	(2)	(1)	(486)	(37)	1	(525)
Transfers	18		(18)	24	(2)	22
Accumulated amortization & impairment at Dec. 31, 2008	(1,484)	(47)	(17,399)	(997)	(488)	(20,415)
Amortization expense		(70)	(3,155)	(303)	(50)	(3,578)
Impairment losses, net of reversals		(28)	(344)			(372)
Disposals		69		2		71
Translation differences	28	2	288	19	(1)	336
Transfers		2		(4)		(2)
Accumulated amortization & impairment at Dec. 31, 2009	(1,456)	(72)	(20,610)	(1,283)	(539)	(23,960)
Amortization expense			(3,050)	(479)	(49)	(3,578)
Impairment losses, net of reversals	(10)	(132)	(117)	(174)		(433)
Disposals		5		3	9	17
Translation differences	(75)	(3)	(1,178)	(106)	(24)	(1,386)
Transfers	1	62		(108)	1	(44)
Accumulated amortization & impairment at Dec. 31, 2010	**(1,540)**	**(140)**	**(24,955)**	**(2,147)**	**(602)**	**(29,384)**
Carrying amount: January 1, 2008	2,377	317	15,646	743	99	19,182
Carrying amount: December 31, 2008	969	511	12,920	763	97	15,260
Carrying amount: December 31, 2009	865	1,420	9,345	2,001	116	13,747
Carrying amount: December 31, 2010	**729**	**1,424**	**6,842**	**3,346**	**138**	**12,479**

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Year ended December 31, 2010

Movements in goodwill for the last three financial periods are shown below:

(million)	**Gross value**	**Impairment**	**Carrying amount**
Balance at January 1, 2008	**27,226**	**(27)**	**27,199**
Movements for the period [(1)]	397		397
Translation differences	565	2	567
Balance at December 31, 2008	**28,188**	**(25)**	**28,163**
Movements for the period [(1)]	1,798		1,798
Translation differences	(228)		(228)
Balance at December 31, 2009	**29,758**	**(25)**	**29,733**
Movements for the period [(1)]	1,017		1,017
Translation differences	1,183	(1)	1,182
Balance at December 31, 2010	**31,958**	**(26)**	**31,932**

[(1)] *Mainly relating to changes in the scope of consolidation.*

Aventis Acquisition

On August 20, 2004, sanofi-aventis acquired Aventis, a global pharmaceutical group created in 1999 by the merger between Rhône-Poulenc and Hoechst.

As part of the process of creating the new Group, the two former parent companies Sanofi-Synthélabo (renamed sanofi-aventis) and Aventis were merged on December 31, 2004.

The total purchase price as measured under IFRS 3 (Business Combinations) was 52,908 million, of which 15,894 million was settled in cash.

Goodwill arising from the acquisition of Aventis amounted to 28,228 million at December 31, 2010, compared with 27,221 million at December 31, 2009 and 27,632 million at December 31, 2008.

Rights to marketed products and goodwill arising on the Aventis acquisition were allocated on the basis of the split of the Group s operations into business and geographical segments, and valued in the currency of the relevant geographical segment (mainly euros and U.S. dollars) with assistance from an independent valuer. The average period of amortization for marketed products was initially set at 8 years, based on cash flow forecasts which, among other factors, take account of the period of legal protection offered by the related patents.

Rights to marketed Aventis products represent a diversified portfolio of rights relating to many different products. As of December 31, 2010, 80.6% of the carrying amount of these rights related to the Pharmaceuticals segment, and 19.4% to the Vaccines segment. The five principal pharmaceutical products in this portfolio by carrying amount (Lantus®/Apidra®: 1,859 million; Lovenox®: 541 million; Allegra®: 350 million; Actonel®: 323 million; Arava®: 316 million) accounted for approximately 61.5% of the total carrying amount of product rights for the Pharmaceuticals business as of December 31, 2010.

During 2008, some of the acquired Aventis research and development (300 million) came into commercial use; it is being amortized from the date of marketing approval. The main products involved are Pentacel® vaccine in the United States and the once-a-month dose of Actonel® in the United States.

During 2009, some of the acquired Aventis research and development (87 million) came into commercial use; it is being amortized from the date of marketing approval. The main product involved is Sculptra® in the United States.

During 2010, some of the acquired Aventis research and development (173 million) came into commercial use; it is being amortized from the date of marketing approval. The main product involved is the oncology drug Jevtana® (cabazitaxel) in the United States.

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Other acquisitions

Increases in intangible assets and goodwill during the year ended December 31, 2010 were mainly due to business combinations completed during the year. Details of the purchase price allocations for the principal acquisitions made during 2010 are provided in Note D.1. Significant acquisitions .

Acquisitions of intangible assets during 2010 (other than software and assets recognized in business combinations) totaled 321 million, most of which related to license agreements (see Note D.21. for a description of the principal agreements).

The effects of the final purchase price allocations of the principal acquisitions of 2009 (see Note D.1.) were as follows:

Medley: recognition of intangible assets of 181 million, and goodwill of 376 million.

Zentiva: recognition of intangible assets of 976 million (mainly comprising the value of marketed products and of the Zentiva trademark), and of goodwill of 886 million (including the effect of buyouts of non-controlling interests during the period).

BiPar: valuation of the principal product under development, BSI-201, at 539 million as of the acquisition date.

Shantha: recognition of intangible assets of 374 million.

The effects of the final purchase price allocations of the principal acquisitions of 2008 (see Note D.1.) were as follows:

Symbion Consumer: recognition of intangible assets of 116 million, and goodwill of 206 million.

Acambis: recognition of intangible assets of 223 million (including 198 million for research projects), and goodwill of 197 million.

During the year ended December 31, 2010, acquired non-Aventis research brought into commercial use mainly comprised Zentiva generics in Eastern Europe, the Japanese encephalitis vaccine, and the Libertas® formulation of Actonel® in the United States.

Acquisitions of intangible assets during 2009 (other than software and assets recognized in business combinations) totaled 337 million and related mainly to license agreements, including the collaboration agreements with Exelixis and Merrimack.

Acquisitions of intangible assets during 2008 (other than software and assets recognized in business combinations) totaled 103 million and related mainly to license agreements, including the collaboration agreements with Novozymes and Dyax Corp.

Amortization of intangible assets is recognized in the income statement under ***Amortization of intangible assets*** except for amortization of software, which is recognized on the relevant line of the income statement according to the purpose for which the software is used:

(million)	**Year ended December 31, 2010**	**Year ended December 31, 2009**	**Year ended December 31, 2008**
Cost of sales	11	11	10
Research and development expenses	11	14	14
Selling and general expenses	26	24	28
Other operating expenses	1	1	
Total	**49**	**50**	**52**

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Year ended December 31, 2010

D.5. Impairment of intangible assets and property, plant and equipment

Goodwill

The recoverable amount of cash generating units (CGUs) is determined by reference to the value in use of each CGU, based on discounted estimates of the future cash flows from the CGU in accordance with the policies described in Note B.6.1.

The allocation of goodwill to CGUs is shown below:

(million)	December 31, 2010					
	Pharmaceuticals: Europe	Pharmaceuticals: North America	Pharmaceuticals: Other Countries	Vaccines: USA	Vaccines: Other Countries	Group Total
Goodwill	13,718	12,525	4,612	739	338	31,932

Value in use is determined by applying a post-tax discount rate of 9% to estimated future post-tax cash flows for all CGUs. The pre-tax discount rate (calculated by iteration from the previously-determined value in use) applied to estimated future pre-tax cash flows is approximately 13% for the entire Group.

The assumptions used in testing goodwill for impairment are reviewed annually. Apart from the discount rate, the principal assumptions used in 2010 were as follows:

The perpetual growth rates applied to future cash flows were in a range from 0% (in particular, for Europe and North America) to 2% for Pharmaceuticals CGUs, and from 1% to 3% for Vaccines CGUs.

Sanofi-aventis also applies assumptions on the probability of success of its current research and development projects, and more generally on its ability to renew its product portfolio in the longer term.

Value in use (determined as described above) is compared with carrying amount, and this comparison is then subject to sensitivity analysis with reference to the two principal parameters (discount rate and perpetual growth rate).

No impairment would need to be recognized unless the discount rate used to calculate value in use was to exceed the 9% rate actually used by more than 2.5 percentage points. Similarly, a zero perpetual growth rate would not result in any impairment of the goodwill of these CGUs.

No impairment losses were recognized against goodwill in the years ended December 31, 2010, 2009 or 2008.

Other intangible assets

When there is evidence that an asset may have become impaired, its value in use is calculated by applying a post-tax discount rate to the estimated future post-tax cash flows from that asset. For the purposes of impairment testing, the tax cash flows relating to the asset are determined using a notional tax rate incorporating the notional tax benefit that would result from amortizing the asset if its value in use were regarded as its depreciable amount for tax purposes. Applying post-tax discount rates to post-tax cash flows gives the same values in use as would be obtained by applying pre-tax discount rates to pre-tax cash flows.

The post-tax discount rates used during 2010 for impairment testing of other intangible assets in the Pharmaceuticals and Vaccines segments were obtained by adjusting the Group s Weighted Average Cost of Capital of 8% to reflect specific country and business risks, giving post-tax rates in a range from 9% to 13%.

In most cases, there are no market data that would enable fair value less costs to sell to be determined other than by means of a similar estimate based on future cash flows. Consequently, the recoverable amount is in substance equal to the value in use.

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Year ended December 31, 2010

In 2010, impairment losses of 433 million were recognized based on the results of impairment testing of other intangible assets. These losses arose mainly on marketed products (291 million), including Actonel® (due to proposed amendments to the terms of the collaboration agreement with Warner Chilcott, see Note C.2.) and Shan5® (due to revised sales projections following requalification of the vaccine by the World Health Organization). Impairment losses recognized in respect of research projects totaled 142 million, and arose mainly from revisions to the development plan for BSI-201 following announcement of the initial results from the Phase III trial in triple-negative metastatic breast cancer and from decisions to halt development on some other projects.

In 2009, impairment losses of 372 million were recognized based on the results of impairment tests. These losses related mainly to the marketed products Actonel®, Benzaclin® and Nasacort®, and took account of changes in the competitive environment and the approval dates of generics.

In 2008, impairment losses were recognized to take account of:

- the discontinuation of research projects, principally larotaxel and cabazitaxel (new taxane derivatives intended as treatments for breast cancer, 1,175 million) and the antihypertensive ilepatril, both of which were recognized as assets on the acquisition of Aventis, plus the oral anti-cancer agent S-1 following the termination of the agreement with Taiho Pharmaceutical on development and marketing of this product;

- settlements reached with Barr in the United States relating to the marketed product Nasacort®, and the impact of generics on certain products.

Property, plant and equipment

Impairment losses taken against property, plant and equipment are disclosed in Note D.3.

D.6. Investments in associates and joint ventures

For definitions of the terms associate and joint venture , refer to Note B.1.

Investments in associates and joint ventures break down as follows:

(million)	**% interest**	**Dec. 31, 2010**	**Dec. 31, 2009**	**Dec. 31, 2008**

Sanofi Pasteur MSD	50.0	343	407	427
Merial (*until September 17, 2009*)	50.0		[2]	1,203
InfraServ Höchst	31.2	92	95	96
Entities and companies managed by Bristol-Myers Squibb [1]	49.9	265	234	196
Zentiva (*until March 30, 2009*)	24.9		[3]	332
Financière des Laboratoires de Cosmétologie Yves Rocher	39.1	128	123	119
Other investments		96	96	86
Total		**924**	**955**	**2,459**

[1] *Under the terms of the agreements with BMS (see Note C.1.), the Group s share of the net assets of entities majority-owned by BMS is recorded in* ***Investments in associates and joint ventures.***

[2] *Merial has been accounted for by the full consolidation method since September 18, 2009; see Note D.8.*

[3] *Zentiva has been accounted for by the full consolidation method since March 31, 2009; see Note D.1.*

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Year ended December 31, 2010

The financial statements include commercial transactions between the Group and certain of its associates and joint ventures. The principal transactions of this nature are summarized below:

(million)	**2010**	**2009**	**2008**
Sales	541	517	432
Royalties [1]	1,324	1,179	1,014
Accounts receivable [1]	441	419	370
Purchases	227	247	254
Accounts payable	22	32	30
Other liabilities [1]	350	297	242

[1] *These items mainly relate to entities and companies managed by BMS.*

Key financial indicators for associates and joint ventures, excluding the effects of purchase price allocations, are as follows:

	Principal associates [1] 100% impact			**Principal joint ventures [2] Share held by sanofi-aventis**		
(million)	**2010**	**2009**	**2008**	**2010**	**2009**	**2008**
Non-current assets	512	526	1,919	25	27	354
Current assets	1,336	1,278	2,717	231	224	688
Non-current liabilities	468	336	913	100	32	99
Current liabilities	690	792	1,798	142	178	404
Equity attributable to equity holders of sanofi-aventis	387	391	1,622	14	41	536
Non-controlling interests	303	285	303			2
Net sales	8,114	9,325	9,770	459	1,203	1,537
Cost of sales	2,130	2,397	2,555	179	359	433
Operating income	3,163	3,144	2,838	49	312	372
Net income	3,035	2,880	2,384	8	222	225

[1] *The figures reported above are full-year figures, before allocation of partnership profits. The following associates are included in this table for 2008: BMS/Sanofi Pharmaceuticals Holding Partnership, BMS/Sanofi Pharmaceuticals Partnership, BMS/Sanofi-Synthelabo Partnership, Yves Rocher, Merial, Sanofi Pasteur MSD, and Zentiva. Figures for Merial are not included in this table with effect from September 18, 2009 (the date since when Merial has been accounted for by the full consolidation method), and figures for Zentiva are not included in this table with effect from March 31, 2009 (the date since when Zentiva has been accounted for by the full consolidation method).*

[2] *The principal joint ventures are:*

	Partner	**Business**
Merial (*until September 17, 2009)*	Merck & Co., Inc.	Animal Health
Sanofi Pasteur MSD	Merck & Co., Inc.	Vaccines

D.7. Non-current financial assets

The main items included in ***Non-current financial assets*** are:

(million)	**December 31, 2010**	**December 31, 2009**	**December 31, 2008**
Available-for-sale financial assets	816	588	491
Pre-funded pension obligations (see Note D.19.1.)	4	3	1
Long-term loans and advances	483	256	186
Assets recognized under the fair value option	121	100	72
Derivative financial instruments (see Note D.20.)	220	51	71
Total	**1,644**	**998**	**821**

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Year ended December 31, 2010

Equity investments classified as available-for-sale financial assets include:

A total of 1.5 million shares representing a 4.66% equity interest in Nichi-Iko, acquired in June 2010 and valued on the basis of the quoted market price as of December 31, 2010 at 40 million.

An 18.32% equity interest in the biopharmaceuticals company Regeneron, with which sanofi-aventis has research and development collaboration agreements (see Note D.21.). This investment had a carrying amount of 389 million at December 31, 2010 (248 million at December 31, 2009, and 195 million at December 31, 2008).

Equity interests in research and development companies such as Proteome Science (2 million at December 31, 2010, 2 million at December 31, 2009, and 3 million at December 31, 2008) and Genfit (3 million at December 31, 2010, 5 million at December 31, 2009, 4 million at December 31, 2008).

Financial assets held to match commitments (288 million at December 31, 2010, 269 million at December 31, 2009, and 223 million at December 31, 2008).

During 2010, the Group divested its 13% equity interest in ProStrakan for 28 million; this investment had a carrying amount of 25 million as of December 31, 2009.

During 2008, the Group divested its equity interest in Millennium (carrying amount 46 million), generating a pre-tax gain of 38 million (see Note D.29.).

The cumulative unrealized net after-tax gain recognized directly in equity on available-for-sale financial assets at December 31, 2010 was 164 million, relating mainly to the investment in Regeneron (111 million). This compares with a cumulative unrealized net after-tax gain of 38 million at December 31, 2009, and a cumulative unrealized net after-tax loss of 49 million at December 31, 2008, mainly on the investment in Regeneron.

The impact of a 10% fall in stock prices on quoted shares included in available-for-sale assets at December 31, 2010 would have been as follows:

(million)	**Sensitivity**
Income/(expense) recognized directly in equity, before tax	(58)
Income before tax	
Total	**(58)**

A 10% fall in stock prices of other available-for-sale financial assets combined with a simultaneous 0.5% rise in the yield curve would have had the following impact at December 31, 2010:

(million)	**Sensitivity**
Income/(expense) recognized directly in equity, before tax	(17)
Income before tax	
Total [(1)]	**(17)**

[(1)] *This impact would represent approximately 6% of the value of the underlying assets.*

Available-for-sale financial assets also include equity investments not quoted in an active market. These investments had a carrying amount of 47 million at December 31, 2010, compared with 31 million at December 31, 2009 and 34 million at December 31, 2008.

Long-term loans and advances are measured at amortized cost, which at the balance sheet date was not materially different from their fair value. The increase in long-term loans and advances between December 31, 2009 and December 31, 2010 was mainly due to surety paid in connection with ongoing litigation.

Assets recognized under the fair value option represent a portfolio of financial investments held to fund a deferred compensation plan offered to certain employees.

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D.8. Assets held for sale or exchange

A breakdown as of December 31, 2010 of assets held for sale or exchange, and of liabilities related to assets held for sale or exchange, is shown below:

(million)		December 31, 2010	December 31, 2009[1]
Merial	D.8.1.	7,019	6,540
Other	D.8.2.	17	4
Total assets held for sale or exchange		**7,036**	**6,544**
Merial	D.8.1.	1,672	1,501
Total liabilities related to assets held for sale or exchange		**1,672**	**1,501**

[1] *In accordance with IFRS 3 (Business Combinations), sanofi-aventis adjusted the values of certain identifiable assets and liabilities of Merial during the purchase price allocation period.*

D.8.1. Merial

In March 2010, sanofi-aventis exercised its contractual right to combine Merial with the Intervet/Schering-Plough business to form a new joint venture equally owned by Merck and sanofi-aventis. Formation of the new joint venture is subject to signature of final agreements, antitrust review in the United States, Europe and other countries, and other customary closing conditions. Closing of the transaction is expected in 2011.

In accordance with the accounting policy described in Note B.7., with effect from December 31, 2009 the entire assets of Merial have been reported on the line ***Assets held for sale or exchange***, and the entire liabilities of Merial have been reported on the line ***Liabilities related to assets held for sale or exchange***. The net income of Merial is reported on the line ***Net income from the held-for-exchange Merial business***.

The table below shows the assets and liabilities of Merial classified in ***Assets held for sale or exchange*** and ***Liabilities related to assets held for sale or exchange*** at December 31, 2010 and December 31, 2009, after elimination of intercompany balances between Merial and other Group companies.

(million)	December 31, 2010	December 31, 2009[1]
Assets		
Property, plant and equipment and financial assets	811	684

Goodwill	1,209	1,124
Intangible assets	3,961	3,683
Deferred tax assets	92	60
Inventories	344	425
Accounts receivable	405	373
Other current assets	50	64
Cash and cash equivalents	147	127
Total assets held for sale or exchange	**7,019**	**6,540**
Liabilities		
Long-term debt	4	6
Non-current provisions	70	85
Deferred tax liabilities	1,132	1,034
Short-term debt	24	22
Accounts payable	161	124
Other current liabilities	281	230
Total liabilities related to assets held for sale or exchange	**1,672**	**1,501**

(1) *In accordance with IFRS 3 (Business Combinations), sanofi-aventis adjusted the values of certain identifiable assets and liabilities of Merial during the purchase price allocation period.*

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Changes in the balances relating to Merial between December 31, 2009 and December 31, 2010 are mainly due to translation effects arising from movements in the U.S. dollar exchange rate between those dates, and to adjustments to the purchase price allocation.

The components of ***Net income from the held-for-exchange Merial business*** are shown below:

(million)	Year ended December 31, 2010	Year ended December 31, 2009	Year ended December 31, 2008
Net sales	**1,983**	**479** [2]	
Operating income	575	69 [2]	
Net financial income/(expense)		2 [2]	
Income tax expense	(189)	(35) [2]	
Share of profit/(loss) of associates and joint ventures		139 [1]	120
Net income from the held-for-exchange Merial business	**386**	**175**	**120**

[1] *Until September 17, 2009.*
[2] *From September 18, 2009.*

The table below sets forth, as required by IFRS 5, disclosures of how net income attributable to equity holders of sanofi-aventis, net income attributable to non-controlling interests, basic earnings per share and diluted earnings per share are split between activities other than Merial and the held-for-exchange Merial business:

(million)	Year ended December 31, 2010	Year ended December 31, 2009	Year ended December 31, 2008
Net income excluding the held-for-exchange Merial business	5,335	5,516	4,172
Net income from the held-for-exchange Merial business	386	175	120
Net income	**5,721**	**5,691**	**4,292**
Net income attributable to non-controlling interests:			
Net income excluding the held-for-exchange Merial business	254	426	441
Net income from the held-for-exchange Merial business			
Net income attributable to non-controlling interests	**254**	**426**	**441**
Net income attributable to equity holders of sanofi-aventis:			
Net income excluding the held-for-exchange Merial business	5,081	5,090	3,731
Net income from the held-for-exchange Merial business	386	175	120
Net income attributable to equity holders of sanofi-aventis	**5,467**	**5,265**	**3,851**
Basic earnings per share:			
Excluding the held-for-exchange Merial business (in euros)	3.89	3.90	2.85
Held-for-exchange Merial business (in euros)	0.30	0.13	0.09
Basic earnings per share (in euros)	**4.19**	**4.03**	**2.94**
Diluted earnings per share:			
Excluding the held-for-exchange Merial business (in euros)	3.88	3.90	2.85
Held-for-exchange Merial business (in euros)	0.30	0.13	0.09

Diluted earnings per share (in euros)	**4.18**	**4.03**	**2.94**

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Year ended December 31, 2010

The table below sets forth the net sales of Merial s principal products, expressed in millions of U.S. dollars:

($ million)	Year ended December 31, 2010	Year ended December 31, 2009	Year ended December 31, 2008
Frontline ® and other fipronil-based products	1,027	996	1,053
Vaccines	837	794	790
Avermectin	473	475	512
Other	298	289	288
Total	**2,635**	**2,554**	**2,643**

The contractual obligations and other commitments of Merial as of December 31, 2010 are as follows:

		Payments due by period			
(million)	**Total**	**Under 1 year**	**From 1 to 3 years**	**From 3 to 5 years**	**Over 5 years**
Obligations and other contractual commitments:					
outflows	129	104	9	12	4
inflows	(34)	(30)		(3)	(1)
Total obligations and other contractual commitments	**95**	**74**	**9**	**9**	**3**

D.8.2. Other assets held for sale

As of December 31, 2010, other assets held for sale relate to R&D facilities in France.

As of December 31, 2009, other assets held for sale related to the ongoing divestment of the R&D facilities at Alnwick and Porcheville and of an industrial site. An impairment loss of 107 million was charged against these assets (and recognized under ***Restructuring costs*** in the income statement) prior to their reclassification as held for sale.

As of December 31, 2008, sanofi-aventis had assets held for sale relating to the ongoing divestment of a plant at Colomiers in the Haute-Garonne region of France. These assets were fully written down as of that date.

D.9. Inventories

Inventories break down as follows:

	December 31, 2010			December 31, 2009			December 31, 2008		
(million)	**Gross**	**Impairment**	**Net**	**Gross**	**Impairment**	**Net**	**Gross**	**Impairment**	**Net**
Raw materials	838	(88)	**750**	752	(96)	**656**	615	(91)	**524**
Work in process	2,940	(255)	**2,685**	2,456	(241)	**2,215**	2,028	(226)	**1,802**
Finished goods	1,714	(129)	**1,585**	1,709	(136)	**1,573**	1,449	(185)	**1,264**
Total	**5,492**	**(472)**	**5,020**	**4,917**	**(473)**	**4,444**	**4,092**	**(502)**	**3,590**

The impact of changes in provisions for impairment of inventories in 2010 is a net expense of 22 million, compared with 26 million in 2009 and 30 million in 2008. Impairment losses against inventories as of December 31, 2010 relate primarily to the product Ketek®. Inventories pledged as security for liabilities amount to 11 million at December 31, 2010.

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D.10. Accounts receivable

Accounts receivable break down as follows:

(million)	December 31, 2010	December 31, 2009	December 31, 2008
Gross value	6,633	6,111	5,391
Impairment	(126)	(96)	(88)
Net value	**6,507**	**6,015**	**5,303**

The impact of changes in provisions for impairment of accounts receivable in 2010 is a net expense of 32 million, compared with a net expense of 5 million in 2009 and a net expense of 7 million in 2008.

The gross value of overdue receivables at December 31, 2010 is 887 million (versus 884 million at December 31, 2009 and 794 million at December 31, 2008).

(million)	Overdue accounts Gross value	Overdue < 1 month	Overdue from 1 to 3 months	Overdue from 3 to 6 months	Overdue from 6 to 12 months	Overdue > 12 months
December 31, 2010	**887**	255	207	127	97	201
December 31, 2009	**884**	288	172	132	110	182
December 31, 2008	**794**	267	146	121	95	165

Amounts overdue by more than one month relate mainly to public-sector customers.

D.11. Other current assets

Other current assets break down as follows:

(million)	December 31, 2010	December 31, 2009	December 31, 2008
Taxes recoverable	1,188	1,019	927
Other receivables [(1)]	626	914	781

Prepaid expenses	186	171	173
Total	**2,000**	**2,104**	**1,881**

(1) *This line mainly comprises amounts due from alliance partners, advance payments to suppliers, sales commission receivable, and amounts due from employees.*

D.12. Current financial assets

Current financial assets break down as follows:

(million)	**December 31, 2010**	**December 31, 2009**	**December 31, 2008**
Interest rate derivatives measured at fair value (see Note D.20.)	1	18	33
Currency derivatives measured at fair value (see Note D.20.)	27	251	348
Other current financial assets	23	8	22
Total	**51**	**277**	**403**

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D.13. Cash and cash equivalents

(million)	December 31, 2010	December 31, 2009	December 31, 2008
Cash	696	689	502
Cash equivalents [1]	5,769	4,003	3,724
Cash and cash equivalents [2][3]	**6,465**	**4,692**	**4,226**

[1] Cash equivalents at December 31, 2010 mainly comprised 4,805 million invested in collective investment schemes classified as Euro Money-Market Funds by the Autorité des Marchés Financiers and 786 million of term deposits.

[2] Includes cash held by captive insurance and reinsurance companies in accordance with insurance regulations: 436 million at December 31, 2010, 430 million at December 31, 2009, and 429 million at December 31, 2008.

[3] Includes 31 million held by the Venezuelan subsidiary, which is subject to foreign exchange controls.

D.14. Net deferred tax position

The net deferred tax position breaks down as follows:

(million)	December 31, 2010	December 31, 2009	December 31, 2008
Deferred tax on:			
Consolidation adjustments (intragroup margin in inventory)	875	858	845
Provision for pensions and other employee benefits	1,157	1,097	1,070
Remeasurement of acquired intangible assets[1]	(3,706)	(4,144)	(4,805)
Recognition of acquired property, plant and equipment at fair value	(76)	(99)	(65)
Tax cost of distributions made from reserves[2]	(399)	(643)	(769)
Tax losses available for carry-forward	152	70	171
Stock options	12	21	6
Other non-deductible provisions and other items	1,228	819	799
Net deferred tax liability	**(757)**	**(2,021)**	**(2,748)**

[1] Includes a deferred tax liability of 2,559 million as of December 31, 2010 relating to the remeasurement of Aventis intangible assets.

[2] In some countries, the Group is liable to withholding taxes and other tax charges when dividends are distributed. Consequently, the Group recognizes a deferred tax liability on those reserves (approximately 16 billion) which the Group regards as likely to be distributed in the foreseeable future (see Note D.30.).

The table below shows when the tax losses available for carry-forward are due to expire:

(million)

2011	21
2012	19
2013	15
2014	8
2015	17
2016 and later	948
Total tax losses available for carry-forward at December 31, 2010 [(1)]	**1,028**
Total tax losses available for carry-forward at December 31, 2009	**642**
Total tax losses available for carry-forward at December 31, 2008	**845**

[(1)] Excluding tax loss carry-forwards on asset disposals. Tax loss carry-forwards on asset disposals amounted to 101 million at December 31, 2010, 597 million at December 31, 2009, and 776 million at December 31, 2008.

Use of these tax loss carry-forwards is limited to the entity in which they arose. In jurisdictions where tax consolidations are in place, tax losses can be netted against taxable income generated by the entities in the consolidated tax group.

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Deferred tax assets not recognized because their future recovery was not regarded as probable given the expected results of the entities in question amounted to 451 million at December 31, 2010 (including 35 million on asset disposals), compared with 486 million at December 31, 2009 (including 99 million on asset disposals) and 374 million at December 31, 2008 (including 162 million on asset disposals).

The effect of recognizing previously unrecognized deferred tax assets in accounting for business combinations (requiring a corresponding adjustment to goodwill) amounted to 88 million at December 31, 2009 and 6 million at December 31, 2008.

D.15. Consolidated shareholders equity

D.15.1. Share capital

The share capital of 2,621,995,570 consists of 1,310,997,785 shares with a par value of 2.

The number of own shares held by the Group as treasury shares is as follows:

	Number of shares	%
December 31, 2010	6,070,712	0.46%
December 31, 2009	9,422,716	0.71%
December 31, 2008	10,014,971	0.76%
January 1, 2008	37,725,706	2.76%

Treasury shares are deducted from shareholders equity. Gains and losses on disposals of treasury shares are taken directly to equity and not recognized in net income for the period.

Movements in the share capital of the sanofi-aventis parent company over the last three years are presented below:

			(million)	
Date	Transaction	Number of shares	Share capital	Additional paid-in capital
January 1, 2008		**1,365,916,644**	**2,732**	**9,410**
During 2008		1,046,238	2	37

	Capital increase by exercise of stock subscription options			
Board meeting of April 29, 2008	Capital reduction by cancellation of treasury shares	(51,437,419)	(103)	(2,843)
December 31, 2008		**1,315,525,463**	**2,631**	**6,604**
During 2009	Capital increase by exercise of stock subscription options	2,953,589	6	134
December 31, 2009		**1,318,479,052**	**2,637**	**6,738**
During 2010	Capital increase by exercise of stock subscription options	430,033	1	17
Board meeting of April 28, 2010	Capital reduction by cancellation of treasury shares	(7,911,300)	(16)	(404)
December 31, 2010		**1,310,997,785**	**2,622**	**6,351**

For disclosures about the management of capital as required under IFRS 7, refer to Note B.27.

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Year ended December 31, 2010

D.15.2. Restricted share plans

Restricted share plans are accounted for in accordance with the policies described in Note B.24.3.

The meeting of the sanofi-aventis Board of Directors held on October 27, 2010 decided to award a worldwide restricted share plan, under which 20 shares were granted to each employee of the Group. The fair value per share granted is the market price of the share as of the date of grant (49.53), adjusted for expected dividends during the vesting period. A total of 2,101,340 shares were granted under this plan.

The fair value of this restricted share plan is 67 million.

The meeting of the sanofi-aventis Board of Directors held on March 1, 2010 decided to award a discretionary restricted share plan. A total of 1,231,249 shares were granted, 699,524 of which will vest after a four-year service period and 531,725 of which will vest after a two-year service period but will be subject to a further two-year lock-up period. The fair value per share granted is the market price of the share as of the date of grant (54.82), adjusted for expected dividends during the vesting period.

The fair value of this restricted share plan is 50 million.

The total expense recognized for restricted share plans in the year ended December 31, 2010 was 36 million, compared with 11 million in the year ended December 31, 2009.

As of December 31, 2010, there were 4,467,968 restricted shares outstanding: 2,101,340 under the October 2010 plan, 1,208,261 under the March 2010 plan, and 1,158,367 under the 2009 plan. As of December 31, 2009, there were 1,181,049 restricted shares outstanding.

The meeting of the sanofi-aventis Board of Directors held on March 2, 2009 decided to award a restricted share plan. A total of 1,194,064 shares were granted, 604,004 of which will vest after a four-year service period and 590,060 of which will vest after a two-year service period but will be subject to a further two-year lock-up period (including 65,000 shares which are also contingent upon performance conditions). The fair value per share granted is the market price per share as of the date of grant (41.10), adjusted for expected dividends during the vesting period.

The fair value of this restricted share plan is 37 million.

D.15.3. Capital increase reserved for employee share ownership plans

There were no share issues reserved for employee share ownership plans in 2010, 2009 or 2008.

D.15.4. Repurchase of sanofi-aventis shares

The sanofi-aventis Shareholders Annual General Meeting of May 17, 2010 authorized a share repurchase program for a period of 18 months. Sanofi-aventis has not repurchased any of its own shares under this program since that date.

Under the share repurchase program authorized by the Shareholders Annual General Meeting of April 17, 2009, sanofi-aventis repurchased 5,871,026 of its own shares during 2010 for a total of 321 million.

Sanofi-aventis did not repurchase any of its own shares during 2009.

The Shareholders Annual General Meeting of May 14, 2008 authorized a share repurchase program, under which sanofi-aventis purchased 810,000 of its own shares during the period from June 6, 2008 through August 21, 2008 for a total of 36 million (including transaction costs).

D.15.5. Reduction in share capital

The meeting of the sanofi-aventis Board of Directors held on April 28, 2010 decided to cancel 7,911,300 treasury shares (420 million), representing 0.60% of the share capital as of that date.

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The meeting of the sanofi-aventis Board of Directors held on April 29, 2008 decided to cancel 51,437,419 treasury shares (2,946 million), of which 51,407,169 had been repurchased through April 14, 2008 under the share repurchase program, representing 3.77% of the share capital as of that date (see Note D.15.4.).

These cancellations had no effect on consolidated shareholders equity.

D.15.6. Cumulative translation differences

Cumulative translation differences break down as follows:

(million)	**December 31, 2010**	**December 31, 2009 (1)**	**December 31, 2008**
Attributable to equity holders of sanofi-aventis	(1,318)	(3,962)	(3,669)
Attributable to non-controlling interests	(4)	(15)	(16)
Total	**(1,322)**	**(3,977)**	**(3,685)**

(1) In accordance with IFRS 3 (Business Combinations), sanofi-aventis adjusted the values of certain identifiable assets and liabilities of Merial during the purchase price allocation period (see Note D.1.); the impact on cumulative translation differences was 3 million.

The movement in cumulative translation differences during the period was mainly due to the effect of changes in the U.S. dollar exchange rate, primarily on goodwill, intangible assets and inventories.

In accordance with the accounting policy described in Note B.8.4., cumulative translation differences attributable to **equity holders of sanofi-aventis** include the post-tax effect of currency hedges of net investments in foreign operations, which amounted to 85 million at December 31, 2010 compared with 86 million at December 31, 2009 and 98 million at December 31, 2008.

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D.15.7. Income and expenses recognized directly in equity

Movements in income and expenses recognized directly in equity break down as follows:

(million)	Year ended December 31, 2010	Year ended December 31, 2009 [1]	Year ended December 31, 2008
Balance, beginning of period	**(3,755)**	**(4,436)**	**(4,659)**
Available-for-sale financial assets:			
Change in fair value[2]	141	110	(132)
Tax effects	(15)	(23)	33
Cash flow hedges:			
Change in fair value[3]	17	(175)	104
Tax effects	(6)	61	(37)
Zentiva fair value remeasurement:			
Change in fair value[4]		108	
Tax effects		(28)	
Merial fair value remeasurement:			
Change in fair value[4]		1,379	
Tax effects		(326)	
Actuarial gains and losses			
Impact of asset ceiling	1	2	2
Actuarial gains/(losses) excluding associates, joint ventures and Merial	(316)	(169)	(824)
Actuarial gains/(losses) on associates and joint ventures	(1)	(2)	(7)
Actuarial gains/(losses) on Merial	5		
Tax effects	172	36	136
Change in cumulative translation differences			
Translation differences on foreign subsidiaries[5][6]	2,656	(280)	948
Hedges of net investments in foreign operations	(2)	(18)	
Tax effects	1	6	
Balance, end of period	**(1,102)**	**(3,755)**	**(4,436)**
Attributable to equity holders of sanofi-aventis	*(1,097)*	*(3,739)*	*(4,419)*
Attributable to non-controlling interests	*(5)*	*(16)*	*(17)*

[1] In accordance with IFRS 3 (Business Combinations), sanofi-aventis adjusted the values of certain identifiable assets and liabilities of Merial during the purchase price allocation period (see Note D.1.); the impact on the fair value remeasurement was 164 million before tax effects, and a tax effect of (33) million.

[2] Includes reclassifications to profit or loss: (0.4) million in 2010, (1) million in 2009, and (11) million in 2008.

[3] Includes reclassifications to profit or loss: 7 million in 2010, (123) million in 2009 and (9) million in 2008 in operating income; 5 million in 2010, (35) million in 2009 and (17) million in 2008 in net financial expense.

[4] Fair value remeasurement of the previously-held equity interest (Zentiva 24.9%, Merial 50%) as of the date when control was acquired.

[5] Includes 155 million for Merial in 2010, and 10 million for Merial from the acquisition date through December 31, 2009.

[6] Includes a reclassification of 3 million to profit or loss in 2010.

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Year ended December 31, 2010

D.15.8. Share-based payment

Stock option plans

a) Assumption by sanofi-aventis of the obligations of Aventis

Stock subscription option plans

With effect from December 31, 2004, sanofi-aventis substituted for Aventis in all the rights and obligations of the issuer in respect of stock subscription options granted to employees and former corporate officers of Aventis and of related companies (as defined in article L.225-180 of the Commercial Code) and not exercised as of that date.

With effect from December 31, 2004, stock subscription options granted by Aventis and not yet exercised may be exercised in sanofi-aventis shares on the same terms, subject to the adjustments described below. The number and subscription price of the optioned shares have been adjusted to reflect the share exchange ratio applicable to Aventis shareholders, subject to possible further adjustment in the event of future capital transactions. The new terms for the exercise of options, subject to future financial adjustments, are as follows:

The number of sanofi-aventis shares for which each grantee may subscribe under a given stock option plan equals the number of Aventis shares to which the grantee may subscribe under that plan multiplied by the exchange ratio applicable to the shareholders (i.e. 27/23), rounded down to the nearest whole number.

The subscription price per sanofi-aventis share equals the subscription price per Aventis share divided by the exchange ratio applicable to the shareholders (i.e. 27/23), rounded down to the nearest euro cent.

b) Description of stock option plans

2010 stock subscription option plan awarded by sanofi-aventis

On March 1, 2010, the sanofi-aventis Board of Directors granted 8,121,355 stock subscription options at an exercise price of 54.12 per share.

The vesting period is four years, and the plan expires on February 28, 2020.

2009 stock subscription option plan awarded by sanofi-aventis

On March 2, 2009, the Board of Directors granted 7,736,480 stock subscription options at an exercise price of 45.09 per share.

The vesting period is four years, and the plan expires on March 2, 2019.

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Stock purchase option plans

The table shows all sanofi-aventis stock purchase option plans still outstanding or under which options were exercised in the year ended December 31, 2010.

Origin	Date of grant	Options granted	Start date of exercise period	Expiration date	Exercise price ( )	Options outstanding at December 31, 2010
Synthélabo	12/15/1993	364,000	12/15/1998	12/15/2013	6.36	6,200
Synthélabo	10/18/1994	330,200	10/18/1999	10/18/2014	6.01	10,900
Synthélabo	01/12/1996	208,000	01/12/2001	01/12/2016	8.56	19,270
Synthélabo	04/05/1996	228,800	04/05/2001	04/05/2016	10.85	34,670
Synthélabo	10/14/1997	262,080	10/14/2002	10/14/2017	19.73	29,242
Synthélabo	06/25/1998	296,400	06/26/2003	06/25/2018	28.38	10,520
Synthélabo	03/30/1999	716,040	03/31/2004	03/30/2019	38.08	320,185
Sanofi-Synthélabo	05/24/2000	4,292,000	05/25/2004	05/24/2010	43.25	
Sanofi-Synthélabo	05/10/2001	2,936,500	05/11/2005	05/10/2011	64.50	2,535,539
Sanofi-Synthélabo	05/22/2002	3,111,850	05/23/2006	05/22/2012	69.94	2,880,750
Total						**5,847,276**

Sanofi-aventis shares acquired to cover stock purchase options are deducted from shareholders equity. The exercise of all outstanding stock purchase options would increase shareholders equity by 375 million.

Stock subscription option plans

Details of the terms of exercise of stock subscription options granted under the various plans are presented below in sanofi-aventis share equivalents. These options have been granted to certain corporate officers and employees of Group companies.

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The table shows all sanofi-aventis stock subscription option plans still outstanding or under which options were exercised in the year ended December 31, 2010.

Origin	Date of grant	Options granted	Start date of exercise period	Expiration date	Exercise price ( )	Options outstanding at December 31, 2010
Aventis	05/11/2000	877,766	05/11/2003	05/11/2010	49.65	
Aventis	11/14/2000	13,966,871	11/15/2003	11/14/2010	67.93	
Aventis	03/29/2001	612,196	03/30/2004	03/29/2011	68.94	546,756
Aventis	11/07/2001	13,374,051	11/08/2004	11/07/2011	71.39	9,516,335
Aventis	03/06/2002	1,173,913	03/07/2005	03/06/2012	69.82	1,173,906
Aventis	11/12/2002	11,775,414	11/13/2005	11/12/2012	51.34	5,250,212
Aventis	12/02/2003	12,012,414	12/03/2006	12/02/2013	40.48	5,274,033
Sanofi-Synthélabo	12/10/2003	4,217,700	12/11/2007	12/10/2013	55.74	3,816,770
Sanofi-aventis	05/31/2005	15,228,505	06/01/2009	05/31/2015	70.38	13,362,425
Sanofi-aventis	12/14/2006	11,772,050	12/15/2010	12/14/2016	66.91	10,875,740
Sanofi-aventis	12/13/2007	11,988,975	12/14/2011	12/13/2017	62.33	11,239,195
Sanofi-aventis	03/02/2009	7,736,480	03/04/2013	03/01/2019	45.09	7,421,945
Sanofi-aventis	03/01/2010	8,121,355	03/03/2014	02/28/2020	54.12	7,946,335
Total						**76,423,652**

The exercise of all outstanding stock subscription options would increase shareholders equity by approximately 4,628 million. The exercise of each option results in the issuance of one share.

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Year ended December 31, 2010

Summary of stock option plans

A summary of stock options outstanding at each balance sheet date, and of changes during the relevant periods, is presented below:

		Exercise price	
	Number of options	Weighted average per share ( )	Total (million)
Options outstanding at January 1, 2008	88,275,695	62.34	5,503
Of which exercisable	*50,643,150*	*59.05*	*2,991*
Options exercised	(1,141,554)	36.82	(42)
Options cancelled [1]	(1,682,800)	65.51	(110)
Options forfeited	(146,391)	34.14	(5)
Options outstanding at December 31, 2008	85,304,950	62.66	5,345
Of which exercisable	*48,713,680*	*59.59*	*2,903*
Options granted	7,736,480	45.09	349
Options exercised	(3,545,344)	46.69	(165)
Options cancelled [1]	(1,000,535)	61.72	(62)
Options forfeited	(625,210)	48.89	(31)
Options outstanding at December 31, 2009	87,870,341	61.87	5,436
Of which exercisable	*57,717,316*	*63.04*	*3,638*
Options granted	8,121,355	54.12	440
Options exercised	(1,756,763)	42.50	(75)
Options cancelled [1]	(11,609,223)	67.01	(778)
Options forfeited	(354,782)	46.24	(16)
Options outstanding at December 31, 2010	82,270,928	60.86	5,007
Of which exercisable	*55,663,453*	*63.63*	*3,542*

[1] *Cancellations mainly due to the departure of the grantees.*

The table below provides summary information about options outstanding and exercisable as of December 31, 2010:

	Outstanding			Exercisable	
Range of exercise prices per share	Number of options	Average residual life (in years)	Weighted average exercise price per share ( )	Number of options	Weighted average exercise price per share ( )
From 1.00 to 10.00 per share	36,370	4.31	7.42	36,370	7.42
From 10.00 to 20.00 per share	63,912	5.96	14.91	63,912	14.91
From 20.00 to 30.00 per share	10,520	7.49	28.38	10,520	28.38
From 30.00 to 40.00 per share	320,185	8.25	38.08	320,185	38.08
From 40.00 to 50.00 per share	12,695,978	5.99	43.17	5,274,033	40.48
From 50.00 to 60.00 per share	17,013,317	5.52	53.63	9,066,982	53.19

From 60.00 to 70.00 per share	29,251,886	5.11	65.39	18,012,691	67.31
From 70.00 to 80.00 per share	22,878,760	2.93	70.80	22,878,760	70.80
Total	**82,270,928**			**55,663,453**	
of which stock purchase options	**5,847,276**			**5,847,276**	
of which stock subscription options	**76,423,652**			**49,816,177**	

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Measurement of stock option plans

The fair value of the plan awarded in 2010 is 66 million. This amount is recognized as an expense over the vesting period, with the matching entry to shareholder s equity. On this basis, an expense of 14 million was recognized in the year ended December 31, 2010.

The fair value of the plan awarded in 2009 is 34 million.

The following assumptions were used in determining the fair value of these plans:

Dividend yield: 4.66% (2010 plan), 5.72% (2009 plan).

Volatility of sanofi-aventis shares, computed on a historical basis: 27.08% (2010 plan), 27.06% (2009 plan).

Risk-free interest rate: 2.56% (2010 plan), 2.84% (2009 plan).

Plan maturity: 6 years (2010 and 2009 plans). The plan maturity is the average expected remaining life of the options, based on observations of past employee behavior.

The fair value of the options granted in 2010 and 2009 is 9.09 and 4.95 per option, respectively.

The expense recognized for stock option plans, and the matching entry taken to shareholders equity, was 97 million in the year ended December 31, 2010 (including 10 million for the Vaccines segment), 102 million in the year ended December 31, 2009 (including 12 million for the Vaccines segment), and 125 million in the year ended December 31, 2008 (including 13 million for the Vaccines segment).

As of December 31, 2010, the total cost related to non-vested stock option plans was 103 million, to be recognized over a weighted average period of 2.31 years. The current tax benefit related to the exercise of stock options in 2010 was 1 million in 2010, 2 million in 2009, and 2 million in 2008.

D.15.9. Number of shares used to compute diluted earnings per share

Diluted earnings per share is computed using the number of shares outstanding plus stock options with a potentially dilutive effect.

(in millions)	**December 31, 2010**	**December 31, 2009**	**December 31, 2008**
Average number of shares outstanding	1,305.3	1,305.9	1,309.3
Adjustment for options with potentially dilutive effect	1.7	1.1	1.6
Adjustment for restricted shares with potentially dilutive effect	1.2	0.4	
Average number of shares used to compute diluted earnings per share	**1,308.2**	**1,307.4**	**1,310.9**

In 2010, a total of 69.1 million stock options were not taken into account in the calculation because they did not have a potentially dilutive effect, compared with 80.3 million in 2009 and 76.2 million in 2008.

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Year ended December 31, 2010

D.16. Non-controlling interests

Non-controlling interests in consolidated companies break down as follows:

(million)	December 31, 2010	December 31, 2009	December 31, 2008
Non-controlling interests of ordinary shareholders:			
BMS[1]	41	104	111
Zentiva	28	32	
Aventis Pharma Ltd India	75	73	60
Maphar	7	7	6
Sanofi-aventis Korea	7	5	4
Shantha Biotechnics	9	12	
Other	24	25	24
Total	**191**	**258**	**205**

*(1) Under the terms of the agreements with BMS (see Note C.1.), the BMS share of the net assets of entities majority-owned by sanofi-aventis is recognized in **Non-controlling interests** (refer to the statement of changes in equity).*

D.17. Debt, cash and cash equivalents

The table below shows changes in the Group s financial position over the last three years:

(million)	December 31, 2010	December 31, 2009	December 31, 2008
Long-term debt	6,695	5,961	4,173
Short-term debt and current portion of long-term debt	1,565	2,866	1,833
Interest rate and currency derivatives used to hedge debt	(218)	(7)	22
Total debt	**8,042**	**8,820**	**6,028**
Cash and cash equivalents	(6,465)	(4,692)	(4,226)
Debt, net of cash and cash equivalents	**1,577**	**4,128**	**1,802**

Debt, net of cash and cash equivalents is a non-GAAP financial indicator used by management and investors to measure the company s overall net indebtedness.

Trends in the gearing ratio are shown below:

(million)	**December 31, 2010**	**December 31, 2009**	**December 31, 2008**
Debt, net of cash and cash equivalents	1,577	4,128	1,802
Total equity	53,288	48,580	45,071
Gearing ratio	**3.0%**	**8.5%**	**4.0%**

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A reconciliation of carrying amount to value on redemption is shown below:

				Value on redemption		
(million)	**Carrying amount: Dec. 31, 2010**	**Amortized cost**	**Adjustment to debt measured at fair value**	**Dec. 31, 2010**	**Dec. 31, 2009**	**Dec. 31, 2008**
Long-term debt	6,695	27	(39)	6,683	5,943	4,123
Short-term debt and current portion of long-term debt	1,565			1,565	2,853	1,815
Interest rate and currency derivatives used to hedge debt	(218)		26	(192)	8	22
Total debt	**8,042**	**27**	**(13)**	**8,056**	**8,804**	**5,960**
Cash and cash equivalents	(6,465)			(6,465)	(4,692)	(4,226)
Debt, net of cash and cash equivalents	**1,577**	**27**	**(13)**	**1,591**	**4,112**	**1,734**

a) Principal financing transactions during the year

The following financing transaction took place during 2010:

Issuance in April 2010 of a supplementary tranche of 500 million to the existing fixed-rate bond issue (annual rate of 3.125%) maturing October 10, 2014.

Three bond issues were repaid on maturity:

January 2007 bond issue with a nominal value of £200 million (227 million), which matured January 18, 2010;

December 2007 bond issue with a nominal value of CHF 200 million (136 million), which matured January 21, 2010;

September 2003 bond issue with a nominal value of 1.5 billion, which matured September 15, 2010.

On July 6, 2010, sanofi-aventis contracted a new 7 billion general-purpose syndicated credit facility with a pool of sixteen banks. This facility may be drawn down in either euros or U.S. dollars, and expires on July 6, 2015.

On the same day, sanofi-aventis terminated ahead of the contractual expiry date (i) a 4 billion syndicated credit facility due to expire January 12, 2011 and (ii) two bilateral credit facilities totaling $850 million, and also reduced an existing 8 billion credit facility to 6 billion.

In connection with the launch of the public tender offer for Genzyme on October 4, 2010, sanofi-aventis contracted two acquisition facilities on October 2, 2010. These facilities total $15 billion and may be drawn down in U.S. dollars up to and including July 2, 2011. Details about these facilities are provided below.

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b) Debt, net of cash and cash equivalents by type, at value on redemption

(million)	**December 31, 2010**			**December 31, 2009**			**December 31, 2008**		
	Non-current	**Current**	**Total**	**Non-current**	**Current**	**Total**	**Non-current**	**Current**	**Total**
Bond issues	5,879	92	**5,971**	5,236	1,982	**7,218**	2,418	488	**2,906**
Other bank borrowings	771	402	**1,173**	678	529	**1,207**	670	262	**932**
Commercial paper		735	**735**					717	**717**
Finance lease obligations	19	6	**25**	15	9	**24**	21	4	**25**
Other borrowings	14	57	**71**	14	16	**30**	14	11	**25**
Bank credit balances		273	**273**		317	**317**		299	**299**
Interest rate and currency derivatives used to hedge debt	(194)	2	**(192)**	(53)	61	**8**	19	3	**22**
Credit facility drawdowns							1,000	34	**1,034**
Total debt	**6,489**	**1,567**	**8,056**	**5,890**	**2,914**	**8,804**	**4,142**	**1,818**	**5,960**
Cash and cash equivalents		(6,465)	**(6,465)**		(4,692)	**(4,692)**		(4,226)	**(4 226)**
Debt, net of cash and cash equivalents	**6,489**	**(4,898)**	**1,591**	**5,890**	**(1,778)**	**4,112**	**4,142**	**(2,408)**	**1,734**

Bond issues made under the EMTN (Euro Medium Term Notes) program comprise:

June 2008 issue of ¥15 billion (138 million), maturing June 2013, bearing interest at a floating rate indexed to 3-month JPY Libor, and swapped into euros at a floating rate indexed to 3-month Euribor;

May 2009 issue [ISIN: XS0428037666] of 1.5 billion, maturing May 2013, bearing annual interest at 3.5%;

May 2009 issue [ISIN: XS0428037740] of 1.5 billion, maturing May 2016, bearing annual interest at 4.5%;

October 2009 issue [ISIN: XS0456451938] of 1.2 billion (including supplementary tranche issued in April 2010), maturing October 2014, bearing annual interest at 3.125%;

October 2009 issue [ISIN: XS0456451771] of 800 million, maturing October 2019, bearing annual interest at 4.125%.

Bond issues made outside the EMTN (Euro Medium Term Notes) program comprise:

December 2007 and February 2008 issues [ISIN: CH0035703070] of CHF400 million (320 million), maturing December 2015, bearing annual interest at 3.375%, and swapped into euros at a fixed rate of 4.867%;

December 2008 and January 2009 issues [ISIN: CH0048787532] amounting to CHF525 million (420 million), maturing December 2012, bearing annual interest at 3.26%, and swapped into euros as follows: CHF275 million at a fixed rate of 4.894%, and CHF250 million at a floating rate indexed to 3-month Euribor.

The line Other borrowings mainly includes:

Participating shares issued between 1983 and 1987, of which 96,983 remain outstanding, valued at 14.8 million. These 96,983 participating shares include 3,080 1983 participating shares repurchased by sanofi-aventis in 2010, which will be cancelled in 2011.

Series A participating shares issued in 1989, of which 3,271 remain outstanding, valued at 0.2 million.

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Sanofi-aventis has put in place the following arrangements to manage its liquidity needs:

A syndicated credit facility of 6 billion, of which 0.2 billion expires on March 31, 2011 and 5.8 billion expires on March 31, 2012, and which may be drawn down in euros or U.S. dollars.

A syndicated credit facility of 7 billion expiring on July 6, 2015, which may also be drawn down in euros or U.S. dollars.

These confirmed facilities are used in particular to back two commercial paper programs, of 6 billion in France and $6 billion in the United States. In 2010, the average drawdown under these programs was 0.9 billion (maximum 1.7 billion). A total of 0.7 billion was drawn down under these facilities as of December 31, 2010.

Apart from the Genzyme acquisition financing (see below), the financing in place at December 31, 2010 at the level of the sanofi-aventis parent company (which manages the bulk of the Group s financing needs centrally) is not subject to covenants regarding financial ratios, and contains no clauses linking credit spreads or fees to the credit rating of sanofi-aventis.

In connection with the launch of a public tender offer for Genzyme, sanofi-aventis contracted on October 2, 2010 two credit facilities totaling $15 billion, which may be drawn down in U.S. dollars up to and including July 2, 2011:

Facility A is a $10 billion facility expiring April 2, 2012, with an optional six-month extension.

Facility B is a $5 billion amortizable facility expiring April 2, 2014.

These acquisition facilities are not subject to any financial covenants. The margin of Facility B will depend on the long-term credit rating of sanofi-aventis, subsequent to the acquisition.

c) Debt by maturity, at value on redemption

		Current		Non-current			
December 31, 2010							**2016**
(million)	**Total**	**2011**	**2012**	**2013**	**2014**	**2015**	**and later**
Bond issues	**5,971**	92	420	1,638	1,200	321	2,300
Other bank borrowings	**1,173**	402	203	555	6	7	

Commercial paper [1]	**735**	735					
Finance lease obligations	**25**	6	6	5	3	3	2
Other borrowings	**71**	57					14
Bank credit balances	**273**	273					
Interest rate and currency derivatives used to hedge debt	**(192)**	2	(73)	(46)		(75)	
Total debt	**8,056**	**1,567**	**556**	**2,152**	**1,209**	**256**	**2,316**
Cash and cash equivalents	**(6,465)**	(6,465)					
Debt, net of cash and cash equivalents	**1,591**	**(4,898)**	**556**	**2,152**	**1,209**	**256**	**2,316**

[1] *Commercial paper had a maturity of no more than six months as of December 31, 2010.*

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December 31, 2009		Current			Non-current		
(million)	**Total**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015 and later**
Bond issues	**7,218**	1,982		354	1,613	700	2,569
Other bank borrowings	**1,207**	529	11	225	433	7	2
Commercial paper							
Finance lease obligations	**24**	9	3	3	3	3	3
Other borrowings	**30**	16					14
Bank credit balances	**317**	317					
Interest rate and currency derivatives used to hedge debt	**8**	61		(7)	(20)		(26)
Total debt	**8,804**	**2,914**	**14**	**575**	**2,029**	**710**	**2,562**
Cash and cash equivalents	**(4,692)**	(4,692)					
Debt, net of cash and cash equivalents	**4,112**	**(1,778)**	**14**	**575**	**2,029**	**710**	**2,562**

December 31, 2008		Current			Non-current		2014
(million)	**Total**	**2009**	**2010**	**2011**	**2012**	**2013**	**and later**
Bond issues	**2,906**	488	1,845		185	119	269
Credit facility drawdowns [(1)]	**1,034**	34			1,000		
Other bank borrowings	**932**	262	13	7	208	439	3
Commercial paper [(2)]	**717**	717					
Finance lease obligations	**25**	4	3	6	2	3	7
Other borrowings	**25**	11					14
Bank credit balances	**299**	299					
Interest rate and currency derivatives used to hedge debt	**22**	3	76		(5)	(27)	(25)
Total debt	**5,960**	**1,818**	**1,937**	**13**	**1,390**	**534**	**268**
Cash and cash equivalents	**(4,226)**	(4,226)					
Debt, net of cash and cash equivalents	**1,734**	**(2,408)**	**1,937**	**13**	**1,390**	**534**	**268**

[(1)] *Maturities used for credit facility drawdowns are those of the facility, not the drawdown.*
[(2)] *Commercial paper had a maturity of no more than three months as of December 31, 2008.*

The main undrawn confirmed general-purpose credit facilities (excluding the Genzyme acquisition facilities) not allocated to outstanding commercial paper drawdowns at December 31, 2010 break down as follows:

Year of expiry	Undrawn confirmed credit facilities available (million)
2011	245
2012	5,755
2015	6,238
Total	**12,238**

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These confirmed credit facilities comprise:

- a syndicated credit facility of 6 billion expiring in 2011 (0.2 billion) and in 2012 (5.8 billion);
- a syndicated credit facility of 7 billion expiring in 2015.

As of December 31, 2010, no single counterparty represented more than 10% of undrawn confirmed credit facilities.

d) Debt by interest rate type, at value on redemption

The tables below split debt, net of cash and cash equivalents between fixed and floating rate, and by maturity or contractual repricing date, at December 31, 2010. The figures shown are the value on redemption, before the effects of derivative instruments:

	December 31, 2010						
(million)	**Total**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016 and later**
Fixed-rate debt	6,050		547	1,758	1,200	245	2,300
% fixed-rate	***75%***						
Floating-rate debt (maturity based on contractual repricing date)	2,006	2,006					
% floating-rate	***25%***						
Total debt	**8,056**	**2,006**	**547**	**1,758**	**1,200**	**245**	**2,300**
Cash and cash equivalents	(6 465)	(6,465)					
% floating-rate	***100%***						
Debt, net of cash and cash equivalents	**1,591**	**(4,459)**	**547**	**1,758**	**1,200**	**245**	**2,300**

Floating-rate interest on debt is usually indexed to the euro zone interbank offered rate (Euribor). Floating-rate interest on cash and cash equivalents is usually indexed to the Eonia rate.

In order to reduce the amount and/or volatility of the cost of debt, sanofi-aventis has contracted derivative instruments (swaps, and in some cases caps or combinations of purchases of caps and sales of floors). This has the effect of altering the fixed/floating split and the maturity based on contractual repricing dates:

	December 31, 2010					
(million)	**Total**	**2011**	**2012**	**2013**	**2014**	**2015**

							2016 and later
Fixed-rate debt	5,350		347	1,758	1,200	245	1,800
% fixed-rate	***66%***						
Floating-rate debt	2,706	2,706					
% floating-rate	***34%***						
Total debt	**8,056**	**2,706**	**347**	**1,758**	**1,200**	**245**	**1,800**
Cash and cash equivalents	(6,465)	(6,465)					
% floating-rate	***100%***						
Debt, net of cash and cash equivalents	**1,591**	**(3,759)**	**347**	**1,758**	**1,200**	**245**	**1,800**

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The table below shows the fixed/floating rate split at redemption value after taking account of derivative instruments as of December 31, 2009 and 2008:

(million)	**2009**	**%**	**2008**	**%**
Fixed-rate debt	5,940	67%	3,421	57%
Floating-rate debt	2,864	33%	2,539	43%
Total debt	**8,804**	**100%**	**5,960**	**100%**
Cash and cash equivalents	(4,692)		(4,226)	
Debt, net of cash and cash equivalents	**4,112**		**1,734**	

The weighted average interest rate on debt at December 31, 2010 was 3.6% both before and after derivative instruments. All cash and cash equivalents were invested at an average rate of 1.1% at December 31, 2010.

Based on the Group s level of debt, and taking account of derivative instruments in place at December 31, 2010, sensitivity to movements in market interest rates over a full year would be as follows in the year ending December 31, 2011:

Change in 3-month Euribor interest rate assumptions	**Impact on pre-tax net income (million)**	**Impact on income/(expense) recognized directly in equity, before tax (million)**
+ 100 bp	41	13
+ 25 bp	10	1
- 25 bp	(10)	(6)
- 100 bp	(41)	(18)

e) Debt, net of cash and cash equivalents by currency, at value on redemption

The table below shows debt, net of cash and cash equivalents by currency at December 31, 2010, before and after taking account of derivative instruments contracted to convert third-party debt into the functional currency of the borrower entity:

	December 31, 2010	
(million)	**Before derivative instruments**	**After derivative instruments**
EUR	703	1,581
USD	37	37
JPY	141	3
CHF	738	(2)
GBP	(65)	(65)

Other currencies	37	37
Debt, net of cash and cash equivalents	**1,591**	**1,591**

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The table below shows debt, net of cash and cash equivalents by currency at December 31, 2009 and 2008, after taking account of derivative instruments contracted to convert third-party debt into the functional currency of the borrower entity:

(million)	**2009**	**2008**
EUR	4,312	1,625
USD	(22)	(19)
GBP	(58)	(64)
Other currencies	(120)	192
Debt, net of cash and cash equivalents	**4,112**	**1,734**

f) Market value of debt, net of cash and cash equivalents

The market value of debt, net of cash and cash equivalents at December 31, 2010 was 1,887 million (December 31, 2009: 4,349 million; December 31, 2008: 1,801 million), versus a value on redemption of 1,591 million (December 31, 2009: 4,112 million; December 31, 2008: 1,734 million).

g) Future contractual cash flows relating to debt and debt hedging instruments

The table below shows the amount of future contractual undiscounted cash flows (principal and interest) relating to debt and to derivative instruments designated as hedges of debt as at December 31, 2010:

	December 31, 2010						
	Contractual cash flows by maturity						
(million)	**Total**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016 and later**
Debt	**9,354**	**1,699**	**875**	**2,418**	**1,360**	**462**	**2,540**
principal	8,150	1,447	632	2,200	1,208	347	2,316
interest[1]	1,204	252	243	218	152	115	224
Net cash flows related to derivative instruments	**(229)**	**(5)**	**(83)**	**(49)**	**3**	**(89)**	**(6)**
Total	**9,125**	**1,694**	**792**	**2,369**	**1,363**	**373**	**2,534**

[1] *Interest cash flows are estimated on the basis of forward interest rates applicable as of December 31, 2010.*

Future contractual cash flows are shown on the basis of the carrying amount in the balance sheet at the reporting date, without reference to any subsequent management decision that might materially alter the structure of the Group s debt or its hedging policy.

Maturities used for credit facility drawdowns are those of the facility, not the drawdown.

The table below shows the amount of future contractual undiscounted cash flows (principal and interest) relating to debt and to derivative instruments designated as hedges of debt as at December 31, 2009 and 2008:

	December 31, 2009						
	Contractual cash flows by maturity						
							2015
(million)	**Total**	**2010**	**2011**	**2012**	**2013**	**2014**	**and later**
Debt	**10,118**	**3,049**	**231**	**797**	**2,254**	**844**	**2,943**
principal	8,681	2,737	6	570	2,052	709	2,607
interest[1]	1,437	312	225	227	202	135	336
Net cash flows related to derivative instruments	**(14)**	**51**	**8**	**(9)**	**(24)**	**2**	**(42)**
Total	**10,104**	**3,100**	**239**	**788**	**2,230**	**846**	**2,901**

[1] *Interest cash flows are estimated on the basis of forward interest rates applicable as of December 31, 2009.*

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	December 31, 2008						
	Contractual cash flows by maturity						
(million)	**Total**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014 and later**
Debt	**6,468**	**1,957**	**2,004**	**88**	**1,470**	**591**	**358**
principal	5,921	1,784	1,851	6	1,407	562	311
interest[1]	547	173	153	82	63	29	47
Net cash flows related to derivative instruments	**16**	**17**	**77**	**7**	**(9)**	**(35)**	**(41)**
Total	**6,484**	**1,974**	**2,081**	**95**	**1,461**	**556**	**317**

(1) *Interest cash flows are estimated on the basis of forward interest rates applicable as of December 31, 2008.*

D.18. Liabilities related to business combinations and non-controlling interests

For a description of the liabilities reported in the line item ***Liabilities related to business combinations and to non-controlling interests***, refer to Note B.8.5. The principal acquisitions are described in Note D.1.

Obligations relating to business combinations mainly comprise contingent consideration in the form of milestone payments payable to the vendor and linked to development on projects conducted by the acquiree. The accounting treatment of contingent consideration is described in Note B.3.1. With effect from January 1, 2010, the fair value of contingent consideration in respect of products under development factors in (i) the probability that the project will succeed and (ii) the time value of money.

Movements in liabilities related to business combinations and to non-controlling interests were as follows:

(million)	**Year ended December 31, 2010**	**Year ended December 31, 2009**
Balance, beginning of period	**151**	
split as follows:		
non-current	75	
current	76	
New business combinations	219	153
Payments made	(52)	
Fair value remeasurement (including unwinding of discount)	5	2
Other movements [1]	155	
Translation differences	8	(4)
Balance, end of period	**486**	**151**
split as follows:		
non-current	388	75

current	98	76

(1) *Contingent consideration on the acquisition of Fovea, payment of which was regarded as probable in 2010.*

The balance of these liabilities at the end of each period breaks down as follows:

(million)	**December 31, 2010**	**December 31, 2009**
Put options granted to non-controlling interests	134	
Liabilities related to business combinations	352	151
Balance, end of period	**486**	**151**

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The put options reported above were granted to non-controlling interests in connection with acquisitions completed during 2010, and relate to sanofi-aventis Vostok and Hangzhou Sanofi Minsheng Consumer Healthcare Co. Ltd (see Note D.1.).

Liabilities related to business combinations as of December 31, 2010 mainly comprise contingent consideration related to the acquisitions of TargeGen (94 million), Fovea (155 million), and BiPar (70 million).

The table below sets forth the maximum amount of contingent consideration payable:

		December 31, 2010 Payments due by period			
(million)	**Total**	**Less than 1 year**	**From 1 to 3 years**	**From 3 to 5 years**	**More than 5 years**
Obligations related to business combinations	739	87	79	438	135

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D.19. Provisions and other liabilities

Provisions and other non-current liabilities break down as follows:

(million)	**Provisions for pensions and other long-term benefits (D.19.1.)**	**Restructuring provisions (D.19.2.)**	**Other provisions (D.19.3.)**	**Other non-current liabilities**	**Total**
January 1, 2008	**3,398**	**188**	**3,126**	**145**	**6,857**
Changes in scope of consolidation			33		33
Increases in provisions and other liabilities	334	290	828 [2]		1,452
Provisions utilized	(365)	(33)	(223)	(3)	(624)
Reversals of unutilized provisions	(65)		(531) [3]		(596)
Transfers [1]	1	(84)	(176)	51	(208)
Unwinding of discount		5	31	1	37
Unrealized gains and losses				14	14
Translation differences	(59)		(4)	4	(59)
Actuarial gains/losses on defined-benefit plans [4]	824				824
December 31, 2008	**4,068**	**366**	**3,084**	**212**	**7,730**
Changes in scope of consolidation	13		228	9	250
Increases in provisions and other liabilities	683	183	1,256 [2]		2,122
Provisions utilized	(603)	(61)	(251)	(10)	(925)
Reversals of unutilized provisions	(130)	(1)	(753) [3]	(24)	(908)
Transfers [1]	133	(232)	(104)	(70)	(273)
Unwinding of discount		3	36	1	40
Unrealized gains and losses				(12)	(12)
Translation differences	9	(1)	37	(2)	43
Actuarial gains/losses on defined-benefit plans [4]	169				169
December 31, 2009	**4,342**	**257**	**3,533**	**104**	**8,236**
Changes in scope of consolidation	21		27		48
Increases in provisions and other liabilities	442	731	857 [2]	11	2,041
Provisions utilized	(587)	(65)	(386)	(41)	(1,079)
Reversals of unutilized provisions	(82)	(56)	(259) [3]		(397)
Transfers [1]	(305)	119	81	(7)	(112)
Unwinding of discount		27	34	1	62
Unrealized gains and losses			(35)	33	(2)
Translation differences	96	4	108	5	213
Actuarial gains/losses on defined-benefit plans [4]	316				316
December 31, 2010	**4,243**	**1,017**	**3,960**	**106**	**9,326**

[1] This line includes transfers between current and non-current provisions, and in 2010 the reclassification of social security charges and Fillon levies on early retirement plans in France (see Note D.19.1.).

(2) *Amounts charged during the period mainly comprise provisions to cover tax exposures in various countries and changes to estimate of future expenditure on environmental risks.*

(3) *Reversals relate mainly to provisions for tax exposures, reversed either because (i) the risk exposure became time-barred during the reporting period or (ii) the tax dispute was settled during the period and the outcome proved more favorable than expected for sanofi-aventis.*

(4) *Amounts recognized directly in equity (see Note D.15.7.).*

Other current liabilities are described in Note D.19.4.

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D.19.1. Provisions for pensions and other benefits

The Group and its subsidiaries have a significant number of pension plans covering the majority of their employees. The specific features (benefit formulas, funding policies and types of assets held) of the plans vary depending on laws and regulations in the particular country in which the employees work. Several of these plans are defined-benefit plans and cover some members of the Board of Directors as well as employees.

Actuarial valuations of the Group s benefit obligations were computed by management with assistance from external actuaries as of December 31, 2010, 2009 and 2008. These calculations incorporate the following elements:

Assumptions on staff turnover and life expectancy, specific to each country.

A retirement age of 60 to 67 for a total working life allowing for full-rate retirement rights for employees of French companies, and retirement assumptions reflecting local economic and demographic factors specific to employees of foreign companies.

A salary inflation rate for the principal countries ranging from 3% to 5% at December 31, 2010, 2009, and 2008.

An annuity inflation rate for the principal countries ranging from 2% to 5% at December 31, 2010 and 2009, and from 2% to 3% at December 31, 2008.

A weighted average long-term healthcare cost inflation rate of 4.51% at December 31, 2010, 4.34% at December 31, 2009, and 4.53% at December 31, 2008, applied to post-employment benefits.

Inflation rate assumptions, as shown in the table below:

Inflation rate	2010	2009	2008
Euro zone	2%	2%	2%
United States	2.75%	3%	3%
United Kingdom	3.25%	3.1%	3.1%

Discount rates used to determine the present value of defined benefit obligations at the balance sheet date, as shown in the table below:

	Pensions and other long-term benefits	Other post-employment benefits
	Year ended December 31	Year ended December 31

Discount rate	2010	2009	2008	2010	2009	2008
Weighted average for all regions:	4.97%	5.34%	5.98%	5.45%	5.76%	6.01%
Euro zone	4.25% or 4.75% [1]	4.5% or 5.25%	5.75% or 6%	4.75%	5.25%	6%
United States	5.5%	5.75%	6%	5.5%	5.75%	6%
United Kingdom	5.5%	5.75%	6.5%	5.5%	5.75%	6.5%

[1] *Depends on the term of the plan: 4.25% medium-term, 4.75% long-term.*

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The discount rates used are based on market rates for high quality corporate bonds (AA) the term of which approximates that of the expected benefit payments of the plans. The principal benchmark indices used are the Iboxx Corporate index for the euro zone, the Iboxx Corporate £ index for the United Kingdom, and the Citigroup Pension Liability Index for the United States.

Sensitivity analysis of pension plans and other post-employment benefits in the principal countries shows that a 0.5% reduction in discount rates would increase the Group s obligation by approximately 560 million, of which approximately 160 million would relate to the United Kingdom, 160 million to Germany, 120 million to France and 120 million to the United States.

Assumptions about the expected long-term rates of return for plan assets. The majority of fund assets are invested in Germany, the United States and the United Kingdom. The expected long-term rates of return used are as follows:

	Pensions and other long-term benefits			Other post-employment benefits		
	Year ended December 31			Year ended December 31		
Expected long-term rate of return on plan assets	**2010**	**2009**	**2008**	**2010**	**2009**	**2008**
Range of rates of return:	1.7% 14%	2% 13.5%	2.5% 13.5%	7.5%	8%	8%
Weighted average for all regions:	6.48%	6.86%	6.97%	7.5%	8%	8%
Germany	6.25%	6.75%	6.75%			
United States	7.5%	8%	8%	7.5%	8%	8%
United Kingdom	6.25%	6.5%	7%			

The average long-term rates of return on plan assets were determined on the basis of actual long-term rates of return in the financial markets. These returns vary according to the asset category (equities, bonds, real estate, other). As a general rule, sanofi-aventis applies the risk premium concept in assessing the return on equities relative to bond yields.

An analysis of the sensitivity of the benefit cost to changes in the expected long-term rate of return on plan assets shows that a 0.5% reduction in the rate of return would increase the benefit cost by approximately 30 million.

The weighted average allocation of funds invested in Group pension plans is shown below:

	Funds invested		
Asset category (percentage)	**2010**	**2009**	**2008**
Equities	50%	51%	46%
Bonds	47%	46%	49%
Real estate	2%	1%	2%
Cash	1%	2%	3%
Total	**100%**	**100%**	**100%**

The target allocation of funds invested as of December 31, 2010 is not materially different from the actual allocation as of December 31, 2009 and December 31, 2008.

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The table below reconciles the net obligation in respect of the Group s pension plans and other employee benefits with the amounts recognized in the consolidated financial statements:

	Pensions and other long-term benefits			Other post-employment benefits (healthcare cover)		
(million)	**2010**	**2009**	**2008**	**2010**	**2009**	**2008**
Valuation of obligation:						
Beginning of period	8,924	7,742	8,481	376	368	339
Service cost	240	218	228	14	16	12
Contributions from plan members	5	4	4			
Interest cost	454	446	435	22	21	19
Actuarial (gain)/loss	593	759	(579)	22	1	5
Plan amendments	15	219	71			
Translation differences	259	64	(336)	27	(6)	8
Plan curtailments/settlements	(69)	(131)	(68)	(13)	(4)	
Changes in scope of consolidation, transfers	(283) [1]	145	34	1		2
Benefits paid	(579)	(542)	(528)	(20)	(20)	(17)
Obligation at end of period	**9,559**	**8,924**	**7,742**	**429**	**376**	**368**
Fair value of plan assets:						
Beginning of period	4,876	3,957	5,362	44	41	51
Expected return on plan assets	347	278	362	4	3	4
Difference between actual and expected return on plan assets	252	547	(1,348)	3	6	(12)
Translation differences	185	49	(270)	4	(2)	2
Contributions from plan members	5	4	4			
Employer s contributions	400	405	175	1	1	
Plan settlements	(1)	(5)	(2)			
Changes in scope of consolidation, transfers	5		25			
Benefits paid	(408)	(359)	(351)	(5)	(5)	(4)
Fair value of plan assets at end of period	**5,661**	**4,876**	**3,957**	**51**	**44**	**41**
Net amount shown in the balance sheet:						
Net obligation	3,898	4,048	3,785	378	332	327
Unrecognized past service cost	(45)	(49)	(55)	7	6	6
Effect of asset ceiling	1	2	4			
Net amount shown in the balance sheet	**3,854**	**4,001**	**3,734**	**385**	**338**	**333**
Amounts recognized in the balance sheet:						
Pre-funded obligations (see Note D.7.)	(4)	(3)	(1)			
Obligations provided for [2]	3,858	4,004	3,735	385	338	333
Net amount recognized	**3,854**	**4,001**	**3,734**	**385**	**338**	**333**
Benefit cost for the period:						
Service cost	240	218	228	14	16	12
Interest cost	454	446	435	22	21	19
Expected return on plan assets	(347)	(278)	(362)	(4)	(3)	(4)
Amortization of past service cost	20	224	42			
Recognition of actuarial (gains)/losses	44	38	(38)			
Effect of plan curtailments	(69)	(122)	(38)	(13)	(4)	
Effect of plan settlements		(3)	(27)			
Benefit cost for the period	**342**	**523**	**240**	**19**	**30**	**27**

[1] *Includes a reduction of 322 million in respect of social security charges and Fillon levies due on early retirement plans in France, which were provided for as part of the pension obligation at December 31, 2009 but were reclassified as restructuring provisions at December 31, 2010; these provisions also include the portion relating to annuities (see Note D.19.2.).*

[2] *Long-term benefits awarded to employees prior to retirement (mainly discretionary bonuses, long service awards and deferred compensation plans) accounted for 445 million of these obligations at December 31, 2010, 371 million at December 31, 2009, and 346 million at December 31, 2008. The expense associated with these obligations totaled 106 million in 2010, 84 million in 2009, and 31 million in 2008.*

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Actuarial gains and losses on pensions and other post-employment benefits break down as follows:

(million)	**2010**	**2009**	**2008**	**2007**	**2006**
Actuarial gain/(loss) arising during the period [1]	(360)	(207)	(786)	289	359
Comprising:					
gain/(loss) on experience adjustments	169	531	(1,326)	(135)	126
gain/(loss) on changes in assumptions[2]	(529)	(738)	540	424	233
Breakdown of experience adjustments:					
gain/(loss) on plan assets[3]	255	553	(1,360)	(160)	191
gain/(loss) on obligations	(86)	(22)	34	25	(65)
Amount of obligations at the balance sheet date	9,988	9,300	8,110	8,820	9,508
Fair value of plan assets at the balance sheet date	5,712	4,920	3,998	5,413	5,631

[1] For 2010, comprises a loss of 316 million recognized in equity (see Note D.15.7.) and a loss of 44 million taken directly to the income statement; for 2009, comprises a loss of 169 million recognized in equity (see Note D.15.7.) and a loss of 38 million taken directly to the income statement.

[2] Changes in assumptions relate mainly to changes in discount rates.

[3] Experience adjustments are due to trends in the financial markets.

The net pre-tax actuarial loss recognized directly in equity (excluding associates, joint ventures and Merial) was 1,459 million at December 31, 2010, versus 1,143 million at December 31, 2009 and 974 million at December 31, 2008.

As of December 31, 2010, the present value of obligations in respect of pensions and similar benefits under wholly or partially funded plans was 7,589 million, and the present value of unfunded obligations was 1,969 million (versus respectively, 6,897 million and 2,027 million at December 31, 2009, and 5,924 million and 1,817 million at December 31, 2008).

In Germany, sanofi-aventis is a member of a *Pensionskasse* multi-employer plan. This is a defined-benefit plan accounted for as a defined-contribution plan in accordance with the accounting policy described in Note B.23. Plan contributions cover the current level of annuities. However, the obligation arising from future increases in annuity rates is recognized as part of the overall pension obligation; it amounted to 487 million at December 31, 2010, 449 million at December 31, 2009, and 393 million at December 31, 2008.

The table below shows the sensitivity of (i) the benefit cost recognized in the consolidated income statement, and (ii) the obligation in the consolidated balance sheet, to changes in healthcare costs associated with other post-employment benefits.

(million)	**Sensitivity of assumptions 2010**
1% increase in healthcare costs	
Impact on benefit cost for the period	3

Impact on obligation in the balance sheet	37
1% reduction in healthcare costs	
Impact on benefit cost for the period	(3)
Impact on obligation in the balance sheet	(29)

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Year ended December 31, 2010

The total cost of pensions and other benefits, which amounted to 361 million in 2010, is split as follows:

(million)	Year ended December 31, 2010	Year ended December 31, 2009
Cost of sales	121	111
Research and development expenses	98	98
Selling and general expenses	155	195
Other operating expenses	51	59
Financial expenses[1]	9	13
Restructuring costs	(73)[2]	77
Total	**361**	**553**

[1] *This line comprises actuarial gains and losses on deferred compensation plans funded by assets recognized under the fair value option (see Note D.7.). These actuarial gains and losses are offset by changes in the fair value of those assets.*
[2] *Impact of plan curtailments following the redundancy programs announced in 2010 (see Note D.19.2.).*

The total cost of pensions and other benefits (excluding the effect of plan curtailments and settlements) for 2008 was 332 million, split as follows:

Cost of sales: 91 million

Research and development expenses: 61 million

Selling and general expenses: 180 million

The table below shows the expected cash outflows on pensions and other post-employment benefits over the next ten years:

(million)	Pensions and other benefits
Estimated employer s contribution in 2011	**281**
Estimated benefit payments:	
2011	575
2012	572
2013	607
2014	610
2015	646
2016 through 2020	3,449

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D.19.2. Restructuring provisions

The table below shows movements in restructuring provisions classified in non-current liabilities and current liabilities:

(million)	December 31, 2010	December 31, 2009	December 31, 2008
Balance, beginning of period	**1,018**	**678**	**395**
of which:			
Classified in non-current liabilities	257	366	188
Classified in current liabilities	761	312	207
Change in provisions recognized in profit or loss for the period	1,073	837	510
Provisions utilized	(839)	(388)	(228)
Transfers	322 [1]	(110)	(3)
Unwinding of discount	27	3	5
Translation differences	10	(2)	(1)
Balance, end of period	**1,611**	**1,018**	**678**
of which:			
Classified in non-current liabilities	1,017	257	366
Classified in current liabilities	594	761	312

[1] *Reclassification of social security charges and Fillon levies relating to early retirement plans in France (see Note D.19.1.).*

Provision for employee termination benefits at December 31, 2010 amounted to 1,265 million, mainly covering the redundancy programs announced as part of the adaptation of sales forces, R&D and industrial operations in France, the United States, and some other European countries. The provision relating to France (889 million at December 31, 2010) mainly comprises the present value of gross annuities under early retirement plans not outsourced as of that date, plus social security charges and Fillon levies on those annuities and on outsourced annuities. The average residual period of carry under these plans as of December 31, 2010 was 3.6 years. The amount of premium paid in connection with the outsourcing of annuities during 2010 was 241 million.

The timing of future termination benefit payments is as follows:

		Year ended December 31, 2010 Benefit payments by period			
(million)	Total	Less than 1 year	From 1 to 3 years	From 3 to 5 years	More than 5 years
Employee termination benefits					
France	889	233	263	217	176
Other countries	376	226	127	13	10
Total	**1,265**	**459**	**390**	**230**	**186**

Movements during 2010 recognized in profit or loss for the period mainly comprise expenses relating to measures taken to adapt chemical industrial activities in France, and sales and R&D functions in Western Europe and North America. This item also includes a remeasurement of previously-recognized obligations under early retirement plans following the pension reforms in France. Movements in restructuring provisions during 2010 also include the job protection guarantee made to Covance in connection with the divestment of the Alnwick and Porcheville sites (see Note D.27).

An analysis of restructuring costs by type is provided in Note D.27.

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D.19.3. Other provisions

Other provisions include provisions for environmental, tax, commercial and product liability risks, and for litigation.

(million)	**December 31, 2010**	**December 31, 2009**	**December 31, 2008**
Tax exposures	2,228	2,009	1,770
Environmental risks and remediation	781	695	589
Product liability risks, litigation and other	951	829	725
Total	**3,960**	**3,533**	**3,084**

Provisions for tax exposures are recorded if the Group is exposed to a probable risk resulting from a tax position adopted by the Group or a subsidiary, and the risk has been quantified at the balance sheet date.

Provisions for Environmental risks and remediation mainly relate to contingencies arising from business divestments. The movement during 2010 includes 105 million charged to restructuring costs in connection with the adaptation of chemical industrial facilities in France (see Note D.27.).

Identified environmental risks are covered by provisions estimated on the basis of the costs sanofi-aventis believes it will be obliged to meet over a period not exceeding (other than in exceptional cases) 30 years. Sanofi-aventis expects that 119 million of these provisions will be utilized in 2011 and 386 million over the period from 2012 through 2015.

Product liability risks, litigation and other mainly comprises provisions for risks relating to product liability (including IBNR provisions as described in Note B.12.), government investigations, regulatory or competition law claims or contingencies arising from business divestments (other than environmental risks).

The main pending legal and arbitral proceedings and government investigations are described in Note D.22.

A full risk and litigation assessment is performed with the assistance of the Group s legal advisers, and provisions are recorded as required by circumstances in accordance with the principles described in Note B.12.

D.19.4. Other current liabilities

Other current liabilities break down as follows:

(million)	**December 31, 2010**	**December 31, 2009**	**December 31, 2008**
Taxes payable	785	631	664
Employee-related liabilities	1,411	1,458	1,366
Restructuring provisions (see Note D.19.2.)	594	761	312
Interest rate derivatives (see Note D.20.)	3	62	
Currency derivatives (see Note D.20.)	104	119	249
Amounts payable for acquisitions of non-current assets	267	251	292
Other liabilities	2,460	2,087	1,838
Total	**5,624**	**5,369**	**4,721**

This item includes the current portion of provisions for litigation, sales returns and other risks; amounts due to associates and joint ventures (see Note D.6.) and amounts due to governmental agencies and the healthcare authorities (see Note D.23.).

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D.20. Derivative financial instruments and market risks

The table below shows the fair value of derivative instruments as of December 31, 2010:

(million)	Non-current assets	Current assets	Total assets	Non-current liabilities	Current liabilities	Total liabilities	Fair value at Dec. 31, 2010 (net)	Fair value at Dec. 31, 2009 (net)	Fair value at Dec. 31, 2008 (net)
Currency derivatives		**27**	**27**	**(27)**	**(104)**	**(131)**	**(104)**	**132**	**139**
operational		*14*	*14*		*(41)*	*(41)*	*(27)*	*(46)*	*201*
financial		*13*	*13*	*(27)*	*(63)*	*(90)*	*(77)*	*178*	*(62)*
Interest rate derivatives	**220**	**1**	**221**		**(3)**	**(3)**	**218**	**7**	**(22)**
Total	**220**	**28**	**248**	**(27)**	**(107)**	**(134)**	**114**	**139**	**117**

Objectives of the use of derivative financial instruments

Sanofi-aventis uses derivative instruments primarily to manage operational exposure to movements in exchange rates, and financial exposure to movements in interest rates and exchange rates (where the debt is not contracted in the functional currency of the borrower or lender entity). Less frequently, sanofi-aventis uses equity derivatives in connection with the management of its portfolio of equity investments.

Sanofi-aventis performs periodic reviews of its transactions and contractual agreements in order to identify any embedded derivatives, which are accounted for separately from the host contract in accordance with IAS 39. As of December 31, 2010, sanofi-aventis had no material embedded derivatives.

Counterparty risk

As of December 31, 2010, all currency and interest rate hedges were contracted with leading banks, and no single counterparty accounted for more than 12% of the notional amount of the Group s overall currency and interest rate positions.

D.20.1. Currency and interest rate derivatives

a) Currency derivatives used to manage operational risk exposures

Sanofi-aventis operates a foreign exchange risk hedging policy to reduce the exposure of operating income to fluctuations in foreign currencies, in particular the U.S. dollar. This policy involves regular assessments of the Group s worldwide foreign currency exposure, based on budget estimates of foreign-currency transactions to be carried out by the parent company and its subsidiaries. These transactions mainly comprise sales, purchases, research costs, co-marketing and co-promotion expenses, and royalties. To reduce the exposure of these transactions to exchange rate movements, sanofi-aventis contracts economic hedges using liquid financial instruments such as forward purchases and sales of currency, call and put options, and combinations of currency options (collars).

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The table below shows operational currency hedging instruments in place as of December 31, 2010, with the notional amount translated into euros at the relevant closing exchange rate.

December 31, 2010			Of which derivatives designated as cash flow hedges			Of which derivatives not eligible for hedge accounting	
(million)	Notional amount	Fair value	Notional amount	Fair value	Of which recognized in equity	Notional amount	Fair value
Forward currency sales	**2,444**	**(25)**				**2,444**	**(25)**
of which U.S. dollar	*1,380*	*(12)*				*1,380*	*(12)*
of which Russian rouble	*248*	*(7)*				*248*	*(7)*
of which Japanese yen	*202*	*(4)*				*202*	*(4)*
of which Pound sterling	*95*	*2*				*95*	*2*
of which Australian dollar	*60*	*(1)*				*60*	*(1)*
Forward currency purchases	**257**	**(2)**				**257**	**(2)**
of which Hungarian forint	*84*	*(1)*				*84*	*(1)*
of which U.S. dollar	*51*	*(1)*				*51*	*(1)*
of which Canadian dollar	*31*					*31*	
of which Russian rouble	*30*					*30*	
of which Japanese yen	*18*					*18*	
Total	**2,701**	**(27)**				**2,701**	**(27)**

As of December 31, 2010, none of these instruments had an expiry date after March 31, 2011.

These positions mainly hedge material future foreign-currency cash flows arising after the balance sheet date in relation to transactions carried out during the year ended December 31, 2010 and recognized in the balance sheet at that date. Gains and losses on hedging instruments (forward contracts) are calculated and recognized in parallel with the recognition of gains and losses on the hedged items. Consequently, the commercial foreign exchange gain or loss to be recognized on these items (hedges and hedged instruments) in 2011 is not expected to be material.

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The table below shows operational currency hedging instruments in place as of December 31, 2009, with the notional amount translated into euros at the relevant closing exchange rate.

December 31, 2009			Of which derivatives designated as cash flow hedges			Of which derivatives not eligible for hedge accounting	
(million)	Notional amount	Fair value	Notional amount	Fair value	Of which recognized in equity	Notional amount	Fair value
Forward currency sales	**2,800**	**(51)**	**583**	**(7)**	**(7)**	**2,217**	**(44)**
of which U.S. dollar	*1,757*	*(41)*	*367*	*(5)*	*(5)*	*1,390*	*(36)*
of which Japanese yen	*269*	*1*	*150*	*(1)*	*(1)*	*119*	*2*
of which Russian rouble	*132*	*(4)*				*132*	*(4)*
of which Pound sterling	*111*					*111*	
of which Hungarian forint	*104*	*(1)*				*104*	*(1)*
Forward currency purchases	**377**	**6**				**377**	**6**
of which Hungarian forint	*114*	*3*				*114*	*3*
of which U.S. dollar	*69*					*69*	
of which Pound sterling	*68*	*1*				*68*	*1*
of which Canadian dollar	*42*	*1*				*42*	*1*
of which Swiss franc	*20*					*20*	
Put options purchased	**448**	**14**	**20**	**1**		**428**	**13**
of which U.S. dollar	*278*	*8*				*278*	*8*
Call options written	**881**	**(17)**	**20**	**(1)**		**861**	**(16)**
of which U.S. dollar	*555*	*(10)*				*555*	*(10)*
Put options written	**278**	**(8)**				**278**	**(8)**
of which U.S. dollar	*278*	*(8)*				*278*	*(8)*
Call options purchased	**555**	**10**				**555**	**10**
of which U.S. dollar	*555*	*10*				*555*	*10*
Total	**5,339**	**(46)**	**623**	**(7)**	**(7)**	**4,716**	**(39)**

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The table below shows operational currency hedging instruments in place as of December 31, 2008, with the notional amount translated into euros at the relevant closing exchange rate.

December 31, 2008			Of which derivatives designated as cash flow hedges			Of which derivatives not eligible for hedge accounting	
(million)	Notional amount	Fair value	Notional amount	Fair value	Of which recognized in equity	Notional amount	Fair value
Forward currency sales	**3,305**	**219**	**1,562**	**121**	**123**	**1,743**	**98**
of which U.S. dollar	*2,461*	*182*	*1,358*	*108*	*111*	*1,103*	*74*
of which Japanese yen	*191*	*(5)*	*95*	*3*	*2*	*96*	*(8)*
of which Russian rouble	*134*	*15*				*134*	*15*
of which Pound sterling	*104*	*6*				*104*	*6*
of which Saudi Arabian riyal	*58*	*5*	*4*			*54*	*5*
of which Polish zloty	*53*	*6*	*33*	*5*	*6*	*20*	*1*
Forward currency purchases	**601**	**(11)**				**601**	**(11)**
of which Hungarian forint	*175*	*(1)*				*175*	*(1)*
of which U.S. dollar	*140*	*3*				*140*	*3*
of which Pound sterling	*75*	*(6)*				*75*	*(6)*
of which Russian rouble	*72*	*(6)*				*72*	*(6)*
of which Canadian dollar	*51*	*(1)*				*51*	*(1)*
Put options purchased	**24**		**2**			**22**	
Call options written	**48**	**(7)**	**2**			**46**	**(7)**
Total	**3,978**	**201**	**1,566**	**121**	**123**	**2,412**	**80**

b) Currency and interest rate derivatives used to manage financial risk exposures

Cash pooling arrangements for foreign subsidiaries outside the euro zone, and some of the Group s financing activities, expose certain entities to financial foreign exchange risk. This is the risk of changes in the value of borrowings and loans denominated in a currency other than the functional currency of the borrower or lender. This risk is hedged by currency swaps or forward contracts, and mainly affects the sanofi-aventis parent company.

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The table below shows instruments used to manage financial risk exposures as of December 31, 2010, with the notional amount translated into euros at the relevant closing exchange rate.

	2010			2009			2008		
(million)	**Notional amount**	**Fair value**	**Expiry**	**Notional amount**	**Fair value**	**Expiry**	**Notional amount**	**Fair value**	**Expiry**
Forward currency purchases	**2,086**	**(13)**		**6,760**	**185**		**8,492**	**(40)**	
of which U.S. dollar	*814*	*(8)*	*2011*	*5,634*	*180*	*2010*	*7,538*	*(26)*	*2009*
of which Pound sterling	*565*	*(11)*	*2011*	*433*	*2*	*2010*	*235*	*(4)*	*2009*
of which Japanese yen	*169*		*2011*	*121*	*(2)*	*2010*	*105*		*2009*
Forward currency sales	**2,728**	**(64)**		**3,169**	**(7)**		**1,954**	**(22)**	
of which Japanese yen	*904*	*(24)*	*2011*	*837*	*18*	*2010*	*665*	*(7)*	*2009*
of which U.S. dollar	*862*	*(26)*	*2012*	*1,634*	*(28)*	*2010*	*1,043*	*(23)*	*2009*
of which Czech koruna	*359*	*(7)*	*2011*	*394*	*7*	*2010*	*22*	*1*	*2009*
Total	**4,814**	**(77)**		**9,929**	**178**		**10,446**	**(62)**	

These forward contracts generate a net financial foreign exchange gain or loss arising from the interest rate gap between the hedged currency and the euro, given that the foreign exchange gain or loss on the foreign-currency liabilities and receivables is offset by the change in the intrinsic value of the hedging instruments. In addition, the Group may hedge some future foreign-currency cash flows relating to investment or divestment transactions.

The Group s interest rate exposure arises from (i) fixed-rate debt (primarily bond issues), the fair value of which moves in line with fluctuations in market interest rates; and (ii) floating-rate or adjustable-rate debt and cash investments (credit facilities, commercial paper, floating rate notes, funds placed in collective investment schemes), on which interest outflows and inflows are exposed to fluctuations in benchmark rates (principally Eonia, U.S. Libor and Euribor). To reduce the cost and/or volatility of its short-term and medium-term debt, we use interest rate swaps, cross-currency swaps, and in certain circumstances interest rate options (purchases of caps, or combined purchases of caps and sales of floors) that alter the fixed/floating structure of our debt.

During 2010, sanofi-aventis contracted hedges of net investments in foreign operations relating to financial assets in U.S. dollars ($3,672 million) and in Canadian dollars (CAD 405 million). These hedges had expired as of December 31, 2010.

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The table below shows instruments of this type in place at December 31, 2010:

	Notional amounts by expiry date as of December 31, 2010						Of which derivatives designated as fair value hedges			Of which derivatives designated as cash flow hedges		
(million)	**2011**	**2012**	**2013**	**2015**	**2016**	**Total**	**Fair value**	**Notional amount**	**Fair value**	**Notional amount**	**Fair value**	**Of which recognized in equity**
Interest rate swaps												
pay floating [1] / receive 2.73%					500	500	12	500	12			
Cross currency Swaps												
pay floating [2] / receive JPY floating [3]			92			92	47					
pay 4.89% / receive CHF 3.26%		180				180	41			180	41	1
pay 4.87% / receive CHF 3.38%				244		244	82			244	82	6
pay floating [2] / receive CHF 3.26%		167				167	38	167	38			
Currency swaps												
pay / receive USD [4]	489					489	(2)					
Total	**489**	**347**	**92**	**244**	**500**	**1,672**	**218**	**667**	**50**	**424**	**123**	**7**

[1] Floating: benchmark rate 1-month Euribor
[2] Floating: benchmark rate 3-month Euribor
[3] Floating: benchmark rate 3-month Libor JPY
[4] Swaps on U.S. commercial paper

The table below shows instruments of this type in place at December 31, 2009:

	Notional amounts by expiry date as of December 31, 2009					Of which derivatives designated as fair value hedges			Of which derivatives designated as cash flow hedges		
(million)	**2010**	**2012**	**2013**	**2015**	**Total**	**Fair value**	**Notional amount**	**Fair value**	**Notional amount**	**Fair value**	**Of which recognized in equity**
Interest rate swaps											
Pay floating [1] / receive 1.27%	1,000				1,000	2	1,000	2			
Cross currency swaps											
pay floating [2] / receive £ 5.50%	299				299	(62)	299	(62)			
pay floating [2] / receive JPY floating [3]			92		92	21					
pay floating [4] / receive CHF 2.75%	122				122	16	122	16			
pay 4.89% / receive CHF 3.26%		180			180	3			180	3	(2)
pay 4.87% / receive CHF 3.38%				244	244	23			244	23	(2)
pay floating [2] / receive CHF 3.26%		167			167	4	167	4			

Total	**1,421**	**347**	**92**	**244**	**2,104**	**7**	**1,588**	**(40)**	**424**	**26**	**(4)**

(1) Floating: benchmark rate 1-month Euribor
(2) Floating: benchmark rate 3-month Euribor
(3) Floating: benchmark rate 3-month Libor JPY
(4) Floating: benchmark rate 6-month Euribor

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The table below shows instruments of this type in place at December 31, 2008:

	Notional amounts by expiry date as of December 31, 2008						Of which derivatives designated as fair value hedges		Of which derivatives designated as cash flow hedges		
(million)	**2009**	**2010**	**2012**	**2013**	**2015**	**Total**	**Fair value**	**Notional amount**	**Fair value**	**Notional amount**	**Fair value**	**Of which recognized in equity**
Interest rate swaps												
Pay 3.69% / receive floating [1]		1,000				1,000	(12)			1,000	(12)	(14)
Cross currency swaps												
pay floating [1] /receive £ 5.50%		299				299	(74)	299	(74)			
pay floating [1] /receive JPY 0.22%	116					116	33	116	33			
pay floating [1] / receive JPY floating [2]				92		92	27					
pay floating [3] / receive CHF 2.75%		122				122	16	122	16			
pay 4.89% / receive CHF 3.26%			180			180	5			180	5	
pay 4.87% / receive CHF 3.38%					244	244	23			244	23	(1)
Currency swaps												
pay / receive USD [4]	718					718	(40)					
Total	**834**	**1,421**	**180**	**92**	**244**	**2,771**	**(22)**	**537**	**(25)**	**1,424**	**16**	**(15)**

[1] Floating: benchmark rate 3-month Euribor
[2] Floating: benchmark rate 3-month Libor JPY
[3] Floating: benchmark rate 6-month Euribor
[4] Swaps on U.S. commercial paper

The change in the structure of the Group s debt arising from these financial instruments is described in Note D.17., which also includes an analysis of the Group s sensitivity to interest rates.

D.20.2. Equity derivatives

The Group did not hold any equity derivatives as of December 31, 2010, December 31, 2009 or December 31, 2008.

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D.21. Off balance sheet commitments

D.21.1. Off balance sheet commitments relating to operating activities

The Group s off balance sheet commitments (excluding Merial, see Note D.8.1.) comprise:

December 31, 2010		**Payments due by period**			
(million)	**Total**	**Under 1 year**	**From 1 to 3 years**	**From 3 to 5 years**	**Over 5 years**
Operating lease obligations	1,291	260	337	217	477
Irrevocable purchase commitments[1]					
given	2,658	1,566	498	207	387
received	(176)	(74)	(35)	(16)	(51)
Research and development license agreements					
future service commitments[2]	1,073	199	312	252	310
potential milestone payments[3]	2,015	101	378	238	1,298
Total	**6,861**	**2,052**	**1,490**	**898**	**2,421**

(1) These comprise irrevocable commitments to suppliers of (i) property, plant and equipment, net of down payments (see Note D.3.) and (ii) goods and services.
(2) Future service commitments relating to research and development license agreements mainly comprise research financing commitments, but also include consideration for access to technologies.
(3) This line includes all potential milestone payments on projects regarded as reasonably possible, i.e. on projects in the development phase. Payments contingent upon the attainment of sales targets once a product is on the market are excluded.

Operating leases

Sanofi-aventis leases certain of its properties and equipment used in the ordinary course of business under operating leases. Future minimum lease payments due under non-cancelable operating leases at December 31, 2010 amounted to 1,291 million (1,197 million at December 31, 2009; 1,192 million at December 31, 2008).

Total rental expense recognized in the year ended December 31, 2010 was 264 million (273 million in the year ended December 31, 2009; 282 million in the year ended December 31, 2008).

Research and development license agreements

In pursuance of its strategy, sanofi-aventis may acquire technologies and rights to products. Such acquisitions may be made in various contractual forms: acquisitions of shares, loans, license agreements, joint development, and co-marketing. These contracts usually involve upfront payments on signature of the agreement, development milestone payments, and royalties. Some of these complex agreements include undertakings to finance research programs in future years and payments contingent upon specified development milestones, the granting of approvals or licenses, or the attainment of sales targets once a product is on the market.

The item Research and development license agreements comprises future service commitments to finance research and development or technology, and potential milestone payments regarded as reasonably possible (i.e. all potential milestone payments relating to projects in the development phase). This item excludes projects in the research phase (4.1 billion in 2010) and payments contingent upon the attainment of sales targets once a product is on the market (3.3 billion in 2010).

The main collaboration agreements relating to development projects in the Pharmaceuticals segment are described below. Potential milestone payments relating to development projects under these agreements amounted to 1.4 billion in 2010.

In June 2010, sanofi-aventis and Metabolex signed a global license agreement for MBX-2982, an oral agent for the treatment of type 2 diabetes.

In May 2010, sanofi-aventis signed a license agreement with Glenmark Pharmaceuticals S.A. (GPSA), a wholly-owned subsidiary of Glenmark Pharmaceuticals Limited India (GLP).

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In April 2010, sanofi-aventis signed a global license agreement with CureDM Group Holdings, LLC (CureDM) for Pancreate™, a novel human peptide which could restore a patient s ability to produce insulin and other pancreatic hormones in both type 1 and type 2 diabetes.

In December 2009, sanofi-aventis and the U.S. biotechnology company Alopexx Pharmaceuticals (LLC) simultaneously signed (i) a collaboration agreement, and (ii) an option for a license on an antibody for the prevention and treatment of infections originating in the bacterium that causes plague and other serious infections.

End September 2009, sanofi-aventis and Merrimack Pharmaceuticals Inc. signed an exclusive global licensing and collaboration agreement covering the MM-121 molecule for the management of solid malignancies.

In May 2009, sanofi-aventis signed a global license agreement with Exelixis, Inc. for XL147 and XL765, and simultaneously signed an exclusive research collaboration agreement for the discovery of inhibitors of Phosphoinositide-3-Kinase (PI3K) for the management of malignant tumors.

In September 2003, sanofi-aventis signed a collaboration agreement in oncology with Regeneron Pharmaceuticals, Inc. (Regeneron) to develop the Vascular Endothelial Growth Factor (VEGF) Trap program. Sanofi-aventis will pay 100% of the development costs of the VEGF Trap. Once a VEGF Trap product starts to be marketed, Regeneron will repay 50% of the development costs (originally paid by sanofi-aventis) in accordance with a formula based on Regeneron s share of the profits.

In November 2007, sanofi-aventis signed a collaboration agreement with Regeneron to discover, develop and commercialize fully-human therapeutic antibodies. This agreement was broadened, and its term extended, on November 10, 2009. Under the terms of the development agreement, sanofi-aventis committed to fund 100% of the development costs of Regeneron s antibody research program until 2017. Once a product begins to be marketed, Regeneron will repay out of its profits (provided they are sufficient) half of the development costs borne by sanofi-aventis.

Sanofi-aventis has also entered into the following major agreements, which are currently in a less advanced research phase:

December 2010: a global licensing and patent transfer agreement with Ascendis Pharma (Ascendis) on the proprietary Transcon Linker and Hydrogel Carrier technology developed by Ascendis for precise, time-controlled release of therapeutic active ingredients into the body. The agreement will enable sanofi-aventis to develop, manufacture and commercialize products combining this technology with active molecules for the treatment of diabetes and related disorders.

December 2010: alliance with Avila Therapeutics™ Inc. (Avila) to discover target covalent drugs for the treatment of cancers, directed towards six signaling proteins that are critical in tumor cells. Under the terms of the agreement, sanofi-aventis will have access to Avila s proprietary Avilomics™ platform offering protein silencing for these pathogenic proteins.

December 2010: an exclusive global licensing option with Oxford BioTherapeutics for three existing antibodies, plus a research and collaboration agreement to discover and validate new targets in oncology.

September 2010: alliance with the Belfer Institute of Applied Cancer Science at the Dana-Farber Cancer Institute (DFCI) to identify novel targets in oncology for the development of new therapeutic agents directed towards these targets and their associated biomarkers. Under the terms of the agreement, sanofi-aventis will have access to the Belfer Institute s anticancer target identification and validation platform and to its translational medicine resources. Sanofi-aventis also has an option over an exclusive license to develop, manufacture and commercialize novel molecules directed towards the targets identified and validated under this research collaboration.

June 2010: alliance with Regulus Therapeutics Inc. to discover, develop and commercialize novel micro-RNA therapeutics, initially in fibrosis. Sanofi-aventis also received an option, which if exercised, would provide access to the technology to develop and commercialize other micro-RNA based therapeutics, beyond the first four targets.

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June 2010: exclusive global collaboration and license agreement with Ascenta Therapeutics, a U.S. biopharmaceutical company, on a number of molecules that could restore apoptosis (cell death) in tumor cells.

October 2009: agreement with Micromet, Inc. to develop a BiTE® antibody against a tumor antigen present at the surface of carcinoma cells.

May 2009: collaboration and licensing agreement with Kyowa Hakko Kirin Co., Ltd., under which sanofi-aventis obtained the worldwide rights to the anti-LIGHT fully human monoclonal antibody. This anti-LIGHT antibody is presently at preclinical development stage, and is expected to be first-in-class in the treatment of ulcerative colitis and Crohn s disease.

Sanofi Pasteur has entered into a number of collaboration agreements. Milestone payments relating to development projects under those agreements amounted to 0.3 billion in 2010.

In December 2009, sanofi pasteur signed a donation letter to the World Health Organization (WHO). The terms of the agreement committed sanofi pasteur to donate 10% of its future output of vaccines against A(H1N1), A(H5N1) or any other influenza strain with pandemic potential, up to a maximum of 100 million doses. Since this agreement was put in place, sanofi pasteur has already donated to the WHO some of the doses covered by the commitment.

D.21.2. Off balance sheet commitments related to the financing of the Group

Credit facilities

The table below shows undrawn credit facilities by maturity:

December 31, 2010		**Undrawn amounts by expiry date**			
(million)	**Total**	**Under 1 year**	**From 1 to 3 years**	**From 3 to 5 years**	**Over 5 years**
General-purpose facilities	12,238	245	5,755	6,238	
Acquisition facilities available in connection with the Genzyme acquisition [(1)]	11,226	11,226			
Total	**23,464**	**11,471**	**5,755**	**6,238**	

[(1)] *The maturities shown reflect the latest possible drawdown date of each facility (see Note D.17.).*

Guarantees

Guarantees given and received (mainly surety bonds) are as follows:

(million)	**2010**	**2009**	**2008**
Guarantees given	2,558	2,358	1,524
Guarantees received	(185)	(171)	(218)

D.21.3. Off balance sheet commitments relating to the scope of consolidation

Merial

On March 8, 2010, sanofi-aventis exercised its contractual right to combine Merial with Intervet/Schering-Plough, Merck s animal health business, to form a new joint venture equally owned by Merck and sanofi-aventis. Formation of the new joint venture is subject to signature of final agreements, antitrust review in the United States, Europe and other countries, and other customary closing conditions. Merial and Intervet/Schering-Plough will continue to operate independently until closing of the transaction, which is expected to take place during 2011. Sanofi-aventis will be required to make a true-up payment of $250 million to Merck to establish parity in the joint venture, in addition to the $750 million payment stipulated in the agreement signed on July 29, 2009.

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For a description of the treatment of Merial in the consolidated financial statements of sanofi-aventis for the year ended December 31, 2010, refer to Note D.8.1.

Genzyme

On January 24, 2011, sanofi-aventis extended to February 15, 2011 its tender offer for all outstanding shares of common stock of Genzyme Corporation at $69.00 per share, net to the seller in cash, without interest and less any required withholding taxes. The offer amounts to approximately $18.5 billion. The tender offer was originally made on October 4, 2010, and was initially due to expire on December 10, 2010.

BMP Sunstone

On October 28, 2010, sanofi-aventis and BMP Sunstone Corporation signed an agreement under which sanofi-aventis was to acquire BMP Sunstone for $10.00 per share in cash, equivalent to a total consideration of $520.6 million on a fully-diluted basis. Under the terms of the agreement, BMP Sunstone would be merged into a wholly-owned subsidiary of sanofi-aventis. This acquisition would enable sanofi-aventis to reinforce its consumer health operations in China, building on BMP Sunstone s substantial positions in coughs, colds, and women s health.

Closing of this transaction is expected in February 2011.

For disclosures about the maximum amount of contingent consideration payable in connection with completed business combinations, refer to Note D.18.

D.22. Legal and Arbitral Proceedings

Sanofi-aventis and its affiliates are involved in litigation, arbitration and other legal proceedings. These proceedings typically are related to product liability claims, intellectual property rights (particularly claims against generic companies seeking to limit the patent protection of sanofi-aventis products), competition law and trade practices, commercial claims, employment and wrongful discharge claims, tax assessment claims, waste disposal and pollution claims, and claims under warranties or indemnification arrangements relating to business divestitures. Provisions related to legal and arbitral proceedings are recorded in accordance with the principles described in Note B.12.

Most of the issues raised by these claims are highly complex and subject to substantial uncertainties; therefore, the probability of loss and an estimation of damages are difficult to ascertain. Consequently, for a majority of these claims, we are unable to make a reasonable estimate of the

expected financial effect that will result from ultimate resolution of the proceeding. In those cases, we have not accrued a reserve for the potential outcome, but disclose information with respect to the nature of the contingency.

In the cases that have been settled or adjudicated, or where quantifiable fines and penalties have been assessed, we have indicated our losses or the amount of provision accrued that is the estimate of the probable loss.

In a limited number of ongoing cases, while we are able to make a reasonable estimate of the expected loss or range of the possible loss and have accrued a provision for such loss, we believe that publication of this information on a case-by-case basis or by class would seriously prejudice the Company s position in the ongoing legal proceedings or in any related settlement discussions. Accordingly, in those cases, we have disclosed information with respect to the nature of the contingency but have not disclosed our estimate of the range of potential loss, in accordance with paragraph 92 of IAS 37.

These assessments can involve a series of complex judgments about future events and can rely heavily on estimates and assumptions. Our assessments are based on estimates and assumptions that have been deemed reasonable by management. We believe that the aggregate provisions recorded for the above matters are adequate

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based upon currently available information. However, given the inherent uncertainties related to these cases and involved in estimating contingent liabilities, we could in the future incur judgments that could have a material adverse effect on our net income in any particular period.

Long term provisions other than provisions for pensions and other long-term benefits and restructuring provisions are disclosed in Note D.19.3.

Provisions for product liability risks, litigation and other amount to 951 million in 2010. These provisions are mainly related to product liabilities, government investigations, competition law, regulatory claims, warranties in connection with certain contingent liabilities arising from business divestitures other than environmental matters and other claims.

Provisions for environmental risks and remediation amount to 781 million in 2010, the majority of which are related to contingencies that have arisen from business divestitures.

When a legal claim involves a challenge to the patent protection of a pharmaceutical product, the principal risk to sanofi-aventis is that the sales of the product might decline following the introduction of a competing generic product in the relevant market. In cases where the product rights have been capitalized as an asset on the balance sheet (*i.e.*, assets acquired through a separate acquisition or through a business combination see Note B.4.), such a decline in sales could negatively affect the value of the intangible asset. In those cases, the Company performs impairment tests in accordance with the principles disclosed in Note B.6.1., based upon the best available information and, where appropriate, records an impairment loss to reduce the carrying amount of the related intangible asset to its estimated fair value. The amounts of such impairments are disclosed in Note D.5.

The principal ongoing legal and arbitral proceedings are described below:

a) Products

Sanofi Pasteur Hepatitis B Vaccine Product Litigation

Since 1996, more than 180 lawsuits have been filed in various French civil courts against Sanofi Pasteur SA and/or Sanofi Pasteur MSD S.N.C., the former French subsidiary of sanofi-aventis, and the latter a joint-venture company with Merck & Co., Inc. In such lawsuits, the plaintiffs allege that they suffer from a variety of neurological disorders and autoimmune diseases, including multiple sclerosis and Guillain-Barré syndrome as a result of receiving the hepatitis B vaccine. The French Supreme Court (*Cour de Cassation*), in July 2009, upheld a decision of the Court of Appeal of Lyon ordering Sanofi Pasteur MSD S.N.C. to pay damages of 120,000 to a claimant whose multiple sclerosis appeared shortly after her vaccination against the hepatitis B virus; however, in September 2009 and in November 2010, the Cour de Cassation upheld decisions of the Court of Appeal of Metz and Paris respectively, rejecting claims alleging such causal link. Nevertheless, it is difficult to provide an opinion on the evolution and final outcome of these cases. A number of claims remain to be adjudicated and there can be no assurance that cases decided to date will be representative of future decisions and that additional claims will not be filed in France or other countries.

In January 2008, both the legal entity Sanofi Pasteur MSD S.N.C., and a corporate officer of this company, as well as a former corporate officer of Sanofi Pasteur S.A., were placed under investigation in an ongoing criminal inquiry in France relating to alleged side effects caused by the hepatitis B vaccine.

Sanofi Pasteur Inc. Thimerosal Product Litigation

Since early 2001, Sanofi Pasteur Inc., a U.S. subsidiary of sanofi-aventis, has been a defendant in lawsuits filed in several federal and state courts in the United States alleging that serious personal injuries resulted from the presence of mercury in the preservative thimerosal, trace amounts of which are contained in vaccines manufactured by Sanofi Pasteur Inc.

Currently, there are 172 such cases pending. Several of the cases seek certification to proceed as class actions.

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Sanofi Pasteur Inc. believes that under U.S. law, all of these claims must first be filed in the U.S. Court of Federal Claims to determine whether the claim qualifies for compensation by the National Vaccine Injury Compensation Program (VICP) before the claimants may bring direct actions against the company. The U.S. Court of Federal Claims (Claims Court) has established a process designed to facilitate the handling of the almost 5,000 thimerosal claims within the VICP. The process involves a committee of petitioners representatives and representatives of the U.S. Department of Justice, who represent the government in the VICP. As originally planned, the process called for petitioners representatives to designate three test cases in each of the three different theories of general causation advanced by the petitioners. Hearings on two of the theories were completed in 2007 and 2008 and the petitioners decided that there was no need to proceed with the last theory.

In 2010, the U.S. Court of Appeals for the Federal Circuit affirmed the 2009 decisions of the U.S. Court of Federal Claims, in the test cases under the first of the two causation theories, which held that the petitioners failed to establish that their claimed injuries were caused by thimerosal-containing vaccines and the MMR vaccine, and no compensation was awarded to any of them under the VICP. The petitioners may choose to file civil actions against the manufacturers.

In March 2010, in the test cases under the second of the two causation theories, concerning vaccines containing only thimerosal, the U.S. Court of Federal Claims held that the petitioners failed to establish that their claimed injuries were caused by thimerosal-containing vaccines, and no compensation was awarded to any of the petitioners under the VICP. The petitioners chose not to seek re-hearings on these cases, but instead have filed elections to file civil actions against the manufacturers.

The remainder of the 172 cases are either in the preliminary response stage, in the discovery process, have been stayed pending adjudication by the Claims Court, or have pending plaintiffs requests for reconsideration of preliminary determinations to stay proceedings pending such adjudication by the Claims Court.

Agreal® Product Litigation

The Group faces administrative, criminal, and civil claims involving several hundred claimants, primarily in Spain, from women alleging that the menopause treatment Agreal® (veralipride) has caused a range of neurological and psychological harm. In the majority of the civil cases to date, the decisions have been favorable to sanofi-aventis, generally on the basis of a finding that causation was not proven by the claimants and/or that the leaflet gave adequate notice of potential side effects. A small number of the civil cases have been decided adversely to sanofi-aventis and sanofi-aventis has appealed each of these. The Administrative Court decisions (approximately 60 resolutions), issued in 2009 and 2010, have dismissed all these administrative claims. All the criminal actions submitted have been dismissed to date. Any amounts awarded to date have not been material to the Group on a consolidated basis. A number of claims remain to be adjudicated and there can be no assurance that cases decided to date will be representative of future decisions and that additional claims will not be filed in Spain or other countries.

In France approximately 85 claimants have filed a motion (*référé*) in order to appoint one or more expert(s) to conduct certain studies, in particular, concerning the alleged injury and causal link with the ingestion of the medication concerned. A hearing before the First Instance Court (*Tribunal de Grande Instance*) is scheduled to be held in February 2011.

Plavix® Product Litigation

Affiliates of the Group and Bristol-Myers Squibb are named in a number of individual actions seeking recovery under state law for personal injuries allegedly sustained in connection with the use of Plavix®. The actions are primarily venued in the U.S. District Court for the District of New Jersey, which had administratively stayed the proceedings pending a U.S. Supreme Court decision in the Levine case (which presented issues of federal preemption relevant to state law claims). Following the March 2009 decision rendered by the U.S. Supreme Court in this case, 23 of these cases were reactivated, while a tolling agreement (agreement which tolls

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or suspends the running of the statute of limitations) remains in effect for additional potential plaintiffs. On October 15, 2010, an action involving multiple plaintiffs was filed in Saint Clair County, Illinois State Court, and was subsequently removed to the U.S. District Court of Illinois. This action is not subject to the above-referenced tolling agreement.

b) Patents

Plavix® Patent Litigation

United States. On March 21, 2002, sanofi-aventis, Sanofi-Synthélabo Inc. and Bristol-Myers Squibb Sanofi Pharmaceuticals Holding Partnership (or BMS Sanofi Holding , our partnership with Bristol-Myers Squibb) filed suit in the U.S. District Court for the Southern District of New York against Apotex Inc. and Apotex Corp. (hereinafter Apotex) for the infringement of U.S. patent rights relating to Plavix® as a result of an ANDA filed by Apotex including a Paragraph IV challenge to U.S. Patent No. 4,847,265 (the 265 Patent), expiring in 2011, which discloses and claims *inter alia* the clopidogrel bisulfate compound, the active ingredient in Plavix®. Apotex asserted antitrust counterclaims.

On January 24, 2006, sanofi-aventis learned that the FDA had granted final approval to the Apotex ANDA.

Following unsuccessful efforts by sanofi-aventis, Bristol-Myers Squibb and Apotex to settle the patent infringement lawsuit, on August 8, 2006, Apotex announced the launch at risk of its generic product in the United States. Apotex was enjoined from further marketing and sale of its generic product on August 31, 2006. After extensive litigation, the Federal Circuit Court of Appeals decision to uphold the lower U.S. District Court ruling upholding the validity and enforceability of the principal Plavix® patent was confirmed in November 2009, when the U.S. Supreme Court declined to hear the petition by Apotex in the Plavix® patent litigation.

Pursuant to Apotex s request for a reexamination of the 265 Patent, in March 2010, the USPTO concluded that all of the original claims were patentable. In October 2010, the USPTO denied Apotex s request for a second reexamination.

In parallel, sanofi-aventis and Bristol-Myers Squibb are seeking damages from Apotex, in reparation of harm caused by that company s at risk marketing and sale of an infringing generic version of Plavix® in 2006. In October 2010, the U.S. District Court awarded sanofi-aventis and Bristol-Myers Squibb damages in the amount of $442,209,362, plus $107,930,857 in pre-judgment interest, as well as costs and post-judgment interest as set by statute. Apotex has secured the amount of the award by cash deposit and has filed a notice of appeal. The appeal will likely be decided in 2011.

Australia. On August 17, 2007, GenRX, a subsidiary of Apotex obtained registration of a generic clopidogrel bisulfate product on the Australian Register of Therapeutic Goods and sent notice to sanofi-aventis that it had in parallel applied to the Federal Court of Australia for an order

revoking the Australian enantiomer patent claiming clopidogrel salts. On September 21, 2007, sanofi-aventis obtained a preliminary injunction from the Federal Court preventing commercial launch of this generic clopidogrel bisulfate product until judgment on the substantive issues of patent validity and infringement. In February 2008, Spirit Pharmaceuticals Pty. Ltd. also introduced a nullity action against the Australian enantiomer patent. The Spirit proceeding was consolidated with the Apotex proceeding.

On August 12, 2008, the Australian Federal Court confirmed that the claim directed to clopidogrel bisulfate was valid and infringed. Claims covering the hydrochloride, hydrobromide and taurocholate salts also were found valid. However claim 1 of the patent directed to clopidogrel and its pharmaceutical salts was found to be invalid. All parties appealed. In September 2009, the Full Federal Court of Australia held the Australian patent covering clopidogrel to be invalid. Sanofi-aventis filed an appeal with the Supreme Court in November 2009. In March 2010, the Supreme Court refused special leave to appeal. Apotex is now seeking damages for having been subject to an injunction. The case is in the early stages.

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Allegra® Patent Litigation

United States. Sanofi-aventis has been engaged in patent infringement actions concerning Allegra® since the first ANDA referring to this product was submitted to the FDA in 2001.

Patent infringement suits against Ranbaxy and Sandoz were dismissed in February 2007 and January 2010 respectively when each independently withdrew their respective Paragraph IV certifications and converted their respective ANDA applications for fexofenadine products to Paragraph III certifications.

Sanofi-aventis U.S. continues to be involved in ongoing U.S. patent litigation against other parties in relation to the Allegra® single entity formulation (Mylan, Dr. Reddy s, Sun, Wockhardt and Aurolife/Aurobindo), Allegra-D® 12 Hour (Impax, Mylan, Dr. Reddy s, Sun, and Wockhardt), Allegra® oral suspension (Actavis), as well as Allegra-D® 24 Hour (Dr. Reddy s).

In June 2010, the United States District Court for the District of New Jersey granted a motion for a preliminary injunction brought by sanofi-aventis US and its licensor, Albany Molecular Research, Inc. (Albany), against Dr. Reddy s Laboratories to enjoin the marketing of unlicensed generic versions of Allegra-D® 24 Hour tablets. On January 13, 2011, the District Court ruled that the claims of Albany s U.S. Patent No. 7,390,906 are limited to the use of 98% pure para-cyclopropyl ketone compounds in the manufacture of fexofenadine. On January 28, 2011, sanofi-aventis and Albany filed a stipulation stating their objection to the District Court ruling which limited the claims of Albany s patent as described above and stating that sanofi-aventis could not meet its burden of proving at trial infringement of the Albany patent by Dr. Reddy s generic version of Allegra-D® 24 Hour under the District Court s claim construction ruling. The filing of the stipulation preserves all objections of sanofi-aventis and Albany to the District Court ruling and provides for an immediate appeal to the United States Court for the Federal Circuit. On January 28, 2011, the District Court lifted the preliminary injunction prohibiting Dr. Reddy s from commercializing its generic version of Allegra-D® 24 Hour. However, the Court also ordered that there shall be no application for a decision on the $40 million security, posted by sanofi-aventis in connection with the June 2010 preliminary injunction, without prior approval of the District Court, until after resolution by the Federal Circuit of sanofi-aventis appeal of the District Court s claim construction ruling.

Actonel® Patent Litigation

Actonel® was originally marketed by the Alliance for Better Bone Health, an alliance between Procter & Gamble Company and P&G Pharmaceuticals (together P&G) and Aventis Pharmaceuticals Inc. (API). On October 30, 2009, P&G sold its pharmaceutical business to Warner Chilcott, succeeding to P&G s rights and obligations in the alliance. P&G had filed a patent infringement suit in 2004 against Teva Pharmaceuticals USA in the U.S. District Court for the District of Delaware in response to Teva s application to market a generic version of Actonel® (risedronate sodium) tablets in the United States. Sanofi-aventis is not a party to this action. On February 28, 2008, the U.S. District Court for the District of Delaware held P&G s U.S. Patent No. 5,538,122 (the 122 Patent) claiming the active ingredient of Actonel® to be valid and enforceable.

P&G filed additional patent infringement actions against Teva in 2008 in response to Teva s applications to market a generic version of Actonel® 75mg tablets and Actonel® plus Calcium. In May 2008, the District Court judge entered an order of final judgment in favor of P&G, in both cases, and Teva appealed all three final judgments. The three appeals were consolidated by the Federal Circuit and a hearing was held December 2, 2008. In May 2009, the U.S. Court of Appeals ruled in favor of P&G and confirmed the validity of the 122 Patent.

In September 2008, January and March 2009, and April 2010, P&G (Warner Chilcott) and Roche brought suit in the U.S. District Court of Delaware in response to respectively Teva s, Sun Pharma Global s, Apotex s and Mylan s applications to market a generic version of the 150mg Actonel® tablets.

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Ramipril Canada Patent Litigation

Sanofi-aventis is involved in a number of legal proceedings involving companies which market generic Altace® (ramipril) in Canada. Notwithstanding proceedings initiated by sanofi-aventis, the following eight manufacturers: Apotex (in 2006), Teva (formerly Novopharm), Sandoz and Cobalt (in 2007), and Riva, Genpharm, Ranbaxy and Pro Doc (in 2008), obtained marketing authorizations from the Canadian Minister of Health for generic versions of ramipril in Canada. Following the marketing of these products, sanofi-aventis filed patent infringement actions against all eight companies. In the patent infringement actions against Apotex and Teva, the Federal Court of Canada ruled on June 29, 2009 that the asserted patent was invalid. Each of Teva, Apotex and Riva have initiated Section 8 damages claims against sanofi-aventis, seeking compensation for their alleged inability to market a generic ramipril during the time taken to resolve the proceedings against the Canadian Ministry of Health. The Apotex and Teva trials have been scheduled for the first quarter of 2012 while the Riva trial has not yet been scheduled. Sanofi-aventis has filed appeals of the Federal Court of Canada decisions on the patent invalidity before the Federal Court of Appeal. Neither appeal suspends the advancement of the existing damages claims.

Taxotere® Patent Litigation

United States. Sanofi-aventis received notifications from Hospira, Apotex and Sun in 2007 and 2008 who have filed 505 (b) (2) applications, and from Sandoz in 2009 and Accord Pharmaceuticals in 2010 who each filed an ANDA with the U.S. Food and Drug Administration (FDA) seeking to market generic versions of Taxotere®. In response to these notifications, sanofi-aventis has filed patent infringement lawsuits against Hospira and Apotex (2007), Sun (2008), Sandoz (2009), and Accord (January 2011). The lawsuits are pending in the U.S. District Court for the District of Delaware. None of the applications contested U.S. Patent No. 4,814,470 claiming the active ingredient, which expired in May 2010. The cases against Hospira and Apotex were consolidated for trial held between October 26, 2009 and November 2, 2009. In September 2010, the U.S. District Court for the District of Delaware ruled against sanofi-aventis in the consolidated Hospira/Apotex trial, finding the disputed patents both invalid and unenforceable. Subsequently, in October 2010, sanofi-aventis appealed to the United States Court of Appeals for the Federal Circuit. Based on the District Court s judgment in the consolidated Hospira/Apotex action, judgments were entered against sanofi-aventis in the Sun and Sandoz actions. Sanofi-aventis has appealed the Sun and Sandoz judgments to the United States Court of Appeals for the Federal Circuit. All three appeals are pending. The proceedings against Accord are in the early stages.

Canada. In October 2007, sanofi-aventis learned that Hospira Healthcare Corporation had filed an application with Canadian authorities for a marketing authorization for a proposed docetaxel product which is the active ingredient of Taxotere®, alleging that Aventis Pharma SA s Canadian Patent Nos. 2,102,777 and 2,102,778 (the 778 Patent) for docetaxel were invalid and not infringed. On November 29, 2007, sanofi-aventis Canadian subsidiary and Aventis Pharma SA commenced an application for judicial review in the Federal Court of Canada. On October 22, 2009, the Federal Court of Canada dismissed the lawsuit after finding the 778 Patent invalid. Sanofi-aventis decided not to appeal the decision. In Canada, the compound patent relating to this product has expired.

Europe. In several European countries, in particular Germany and France, the generic manufacturers have requested the revocation of some formulation and combination patents regarding Taxotere® either before the patent office or courts. Certain proceedings are ongoing.

Eloxatin® (oxaliplatin) Patent Litigation

United States. Starting in February 2007, over a dozen ANDA certifications relating to Eloxatin® (oxaliplatin) solution and/or lyophilized products were filed contesting part or all of the Orange Book patents under Paragraph IV. Each of the generic manufacturers was sued for infringement of one or more of the Orange-Book listed patents before the U.S. District Court for the District of New Jersey. U.S. regulatory data exclusivity expired in February 2008.

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In June 2009, the U.S. District Court for the District of New Jersey granted a summary judgment motion in favor of certain generic manufacturers. The District Court held that the generic oxaliplatin products that would be introduced by these generic challengers would not infringe the U.S. Patent No. 5,338,874 (the 874 Patent). While sanofi-aventis obtained appellate reversal of the District Court s judgment, a number of generic oxaliplatin products were launched at risk in the United States over the second half of 2009. Sanofi-aventis had been unsuccessful in obtaining injunctive relief. On December 2, 2009, the court asked all the parties to consider settlement.

In April 2010, sanofi-aventis and Debiopharm, licensor of the patents rights concerned, signed settlement agreements with all but one of the generic manufacturers, Sun Pharmaceuticals, thus resolving the litigation over certain formulations of Eloxatin® (oxaliplatin) in the U.S. District Court for the District of New Jersey and the U.S. District Court for the District of Columbia.

Under the terms of the settlement agreements, the generic manufacturers would cease selling their unauthorized generic oxaliplatin products in the U.S. starting from June 30, 2010, to August 9, 2012, at which time the generic manufacturers would be authorized to sell generic oxaliplatin products under a license, before expiry of the patents at issue. The settlement provisions, including the market exit and re-entry dates noted above, are subject to contingencies. The settlement agreements are subject to review by the Federal Trade Commission, the U.S. Department of Justice and the Attorney General for the State of Michigan.

In addition, the court decided that the above-described obligation to cease selling unauthorized generic oxaliplatin in the U.S. market also applied to Sun Pharmaceuticals and issued an injunction against Sun Pharmaceuticals. Sun Pharmaceuticals appealed that decision. On December 22, 2010, the Court of Appeals for the Federal Circuit ruled in favor of Sun Pharmaceuticals, vacating the U.S. District Court of New Jersey decision and injunction requiring Sun Pharmaceuticals to cease selling its at risk generic product on June 30, 2010. On January 21, 2011, sanofi-aventis filed a request for reconsideration of the Federal Circuit Court s December 2010 decision. On February 7, 2011, the U.S. Court of Appeals for the Federal Circuit denied sanofi-aventis petition for an en banc hearing to reconsider the U.S. District Court s December 2010 decision. Sanofi-aventis is pursuing its legal options.

Ambien® CR Patent Litigation

Starting in 2007, sanofi-aventis filed suits for infringement of U.S. Patent No. 6,514,531 (the 531 Patent) in the U.S. District Court for the District of New Jersey based on ANDAs for a generic version of Ambien® CR filed by Watson, Barr, Mutual and Sandoz. Watson subsequently converted to a Paragraph III certification, and Barr and Mutual have withdrawn their ANDAs, leaving suit in New Jersey ongoing only against Sandoz.

In 2007, sanofi-aventis also filed suit for infringement of the 531 Patent in the U.S. District Court for the Middle District of North Carolina based on an ANDA for a generic version of Ambien® CR filed by Synthon. That case was transferred to the Eastern District of North Carolina, and subsequently was stayed pending a USPTO reexamination of the 531 Patent. On December 22, 2009, Synthon provided sanofi-aventis with 120 days notice of its intention to launch its generic version of Ambien® CR. In August 2010, the USPTO issued a final rejection of the 531 Patent, which sanofi-aventis appealed to the Patent Office Board of Appeals in November 2010. The proceedings against Synthon remain stayed pending the decision of the Patent Office Board of Appeals.

Sanofi-aventis did not bring suit against Anchen, which was the first to notify sanofi-aventis of its Paragraph IV ANDA on the 12.5mg strength, or against Abrika (now Actavis), which was the first to notify sanofi-aventis on its Paragraph IV ANDA on the 6.25mg strength. Sanofi-aventis also did not bring suit against four other subsequent Paragraph IV filers: Lupin, Andrx, PTS Consulting and Apotex. Marketing exclusivities in the United States for Ambien® CR expired in March 2009.

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Xatral® Patent Litigation

Starting in August 2007, sanofi-aventis has received several ANDA certifications relating to Xatral® in the United States under Paragraph IV. Each of the generic manufacturers has been sued for infringement of one or both of the Orange Book listed patents before the U.S. District Court for the District of Delaware. Trial against Mylan (who was the only remaining defendant) took place in May 2010. The U.S. District Court ruled in favour of sanofi-aventis, finding infringement on the part of Mylan and later finding that the invention of U.S. Patent No. 4,661,491 (the 491 Patent) is not obvious. Mylan s period to appeal has expired. Sanofi-aventis was granted pediatric exclusivity on August 9, 2010 and the patent will now expire on July 18, 2011. Generic versions of Xatral® cannot launch until the patent expires.

Glossary of Patent Terminology

A number of technical terms used above in Note D.22.b), are defined below for the convenience of the reader.

ANDA or Abbreviated New Drug Application (United States): An application by a drug manufacturer to receive authority from the U.S. FDA to market a generic version of another company s approved product, by demonstrating that the purportedly generic version has the same properties (bioequivalence) as the original approved product. As a result of data exclusivity, the ANDA may be filed only several years after the initial market authorization of the original product.

Paragraph III and Paragraph IV Certifications: ANDAs relating to approved products for which a patent has been listed in the FDA s list of Approved Drug Products with Therapeutic Equivalence Evaluations, also known as the Orange Book , must specify whether final FDA approval of the ANDA is sought only *after* expiration of the listed patent(s) (this is known as a Paragraph III certification under the Hatch-Waxman Act) or whether final FDA approval is sought *prior* to expiration of one or more listed patents (a Paragraph IV certification). ANDAs including a Paragraph IV certification may be subject to the 30-Month Stay defined below.

Section 505(b)(2) application: A section 505(b)(2) application may be used to seek FDA approval for, among other things, combination products, different salts of listed drugs, products that do not demonstrate bioequivalence to a listed drug and over-the-counter versions of prescription drugs.

Summary judgment: A judgment granted on a claim or defense about which there is no genuine issue of material fact and upon which the movant is entitled to prevail as a matter of law. This procedural device allows the speedy disposition of a controversy without the need for trial.

30-Month Stay (United States): If patent claims cover a product listed in the FDA s list of Approved Drug Products with Therapeutic Equivalence Evaluations, also known as the Orange Book , and are owned by or licensed to the manufacturer of the original version, the FDA is barred from

granting a final approval to an ANDA during the 30 months following the patent challenge, unless, before the end of the 30 months, a court decision or settlement has determined either that the ANDA does not infringe the listed patent or that the listed patent is invalid and/or unenforceable. FDA approval of an ANDA after this 30-month period does not resolve outstanding patent disputes, which may continue to be litigated in the courts.

c) Government Investigations, Competition Law and Regulatory Claims

Government Investigations Pricing and Marketing Practices

Lovenox® Marketing. The U.S. Attorney s Office in Chicago, Illinois conducted a civil and criminal investigation with regard to Lovenox® sales and marketing practices for a period starting January 1, 1999. Without prejudice to its right to pursue any further investigation in the future, the U.S. government has declined to intervene in a Federal False Claims Act case related to the facts under investigation brought by two

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former employees, and the matter proceeded against sanofi-aventis as civil litigation in Illinois Federal Court. In June 2010, the parties in the civil action reached a settlement, and the case was subsequently dismissed.

Ambien® and Ambien® CR Marketing. On August 11, 2008, sanofi-aventis U.S. received a subpoena issued by the U.S. Department of Health & Human Services Office of Inspector General and the U.S. Attorney s Office in San Francisco, California. The subpoena requested information regarding Ambien® and Ambien® CR sales and marketing practices in connection with an investigation of possible false or otherwise improper claims for payment under Medicare and Medicaid. Sanofi-aventis U.S. provided documents in response to this subpoena. In November 2010, the US District Court for the Northern District of California entered an order dismissing without prejudice a Federal False Claims Act case related to the facts under investigation.

Civil Suits Pricing and Marketing Practices

Average Wholesale Prices (AWP) Class Actions. Aventis Pharmaceuticals Inc. (API) is a defendant in several U.S. lawsuits seeking damages on behalf of multiple putative classes of individuals and entities that allegedly overpaid for certain pharmaceuticals as a result of the AWP pricing which were used to set Medicare and Medicaid reimbursement levels. Aventis Behring and Sanofi-Synthelabo Inc. were also defendants in some of these cases. These suits allege violations of various statutes, including state unfair trade, unfair competition, consumer protection and false claim statutes.

A group of eleven defendants, including sanofi-aventis defendants, reached a tentative global settlement of the claims of the insurers and consumers, for a total of $125 million. This settlement was granted preliminary approval by the U.S. District Court in Boston in early July 2008. Subject to the final approval hearing which is expected in 2011, all the class action suits against API before the U.S District Court in Boston will be resolved consistent with the settlement. Sanofi-aventis share of the global settlement is fully covered by existing reserves. One additional purported class action remains in New Jersey and is in the discovery phase.

AWP Public Entity Suits. U.S. subsidiaries of the Group, together with several dozen other pharmaceutical companies, are defendants in lawsuits brought starting in 2002 by certain states for AWP pricing issues described above. Sanofi-aventis U.S. has resolved many such suits, but continues to defend claims brought by the states of Alaska, Florida, Idaho, Illinois, Kentucky, Louisiana, Oklahoma and Wisconsin.

§ 340B Suit. On August 18, 2005, the County of Santa Clara, California filed a suit against Aventis Pharmaceuticals Inc. and fourteen other pharmaceutical companies originally in the Superior Court of the State of California, County of Alameda, alleging that the defendants had overcharged Public Health Service entities for their pharmaceutical products in breach of pharmaceutical pricing agreements between the defendants and the Secretary of Health and Human Services. Subsequently, the case was removed to the United States District for the Northern District of California. In May 2009, the Court denied the plaintiffs motion for class certification without prejudice. All proceedings in the District Court are stayed pending a decision of the Supreme Court concerning whether plaintiffs have a private right of action. A hearing before the Supreme Court on this issue is scheduled in the first quarter of 2011.

Pharmaceutical Industry Antitrust Litigation

Approximately 135 cases remain pending of the numerous complaints that were filed in the mid-1990 s by retail pharmacies in both federal and state court. These complaints shared the same basic allegations: that the defendant pharmaceutical manufacturers and wholesalers, including sanofi-aventis predecessor companies, violated the Sherman Act, the Robinson Patman Act, and various state antitrust and unfair competition laws by conspiring to deny all pharmacies, including chains and buying groups, discounts off the list prices of brand-name drugs. Shortly before a November 2004 trial in the U.S. District Court for the Eastern District of New York, sanofi-aventis and the remaining manufacturer defendants settled the Sherman Act claims of the majority of the remaining plaintiffs. These settlements did not dispose of the remaining plaintiffs Robinson Patman Act claims.

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European Commission Sector Inquiry

In January 2008, the European Commission s Directorate General for Competition opened a sector inquiry into the functioning of the market to investigate what it considered to be a low level of competition in the pharmaceuticals industry in the European Union. The inquiry commenced with unannounced information-gathering inspections at a number of companies including sanofi-aventis. According to the Commission, the sector inquiry ultimately involved information gathering from 43 originator companies and 27 generic companies. The final report was released on July 8, 2009. The Commission announced that the pharmaceutical industry remains under scrutiny. In January 2010, the European Commission initiated a monitoring exercise on patent settlements between originator companies and generic companies for the periods 2008 and 2009. The European Commission announced that it will repeat the monitoring exercise in 2011.

European Commission generics investigation

On October 6, 2009, the European Commission conducted surprise inspections in the offices of several pharmaceutical companies, including sanofi-aventis, under suspicion of infringing antitrust rules of the European Union with respect to their activities concerning so-called generic products . Sanofi-aventis continues to cooperate with the European Commission in this matter.

Cipro® Antitrust Litigation

Since August 2000, Aventis Pharmaceuticals Inc. (API) has been a defendant in several related cases in U.S. state and federal courts alleging that API and certain other pharmaceutical manufacturers violated U.S. antitrust laws and various state laws by settling a patent dispute regarding the brand-name prescription drug Cipro® in a manner which allegedly delayed the arrival of generic competition. In March 2005, the U.S. District Court for the Eastern District of New York granted sanofi-aventis summary judgment motions, and issued a judgment in favor of API and the other defendants in this litigation. By order entered October 15, 2008, the U.S. Court of Appeals for the Federal Circuit affirmed the District Court s ruling in the appeal by indirect purchaser plaintiffs; the direct purchaser plaintiffs appeal was heard by the U.S. Court of Appeals for the Second Circuit in April 2009. In April 29, 2010, the Federal Circuit affirmed the District Court s ruling dismissing the direct purchasers case on summary judgment. The direct purchaser plaintiffs requested a rehearing en banc, which was denied by the Federal Circuit in September 2010. The direct purchaser plaintiffs have appealed to the U.S. Supreme Court.

DDAVP® Antitrust Litigation

Subsequent to the decision of the U.S. District Court for the Southern District of New York in February 2005 holding the patent rights at issue in the DDAVP® tablet litigation to be unenforceable as a result of inequitable conduct, eight putative class actions have been filed claiming injury as a result of Ferring B.V. and Aventis Pharmaceuticals Inc. s alleged scheme to monopolize the market for DDAVP® tablets in violation of the Sherman Act and the antitrust and deceptive trade practices statutes of several states. On November 6, 2006, the District Court dismissed these claims. Oral argument on plaintiffs appeal of the decision to dismiss was heard by the U.S. Court of Appeals for the Second Circuit in 2008. By order dated October 16, 2009, the appellate court reversed and remanded the case back to the District Court. Petitions for rehearing and

rehearing en banc were denied.

Plavix® Antitrust Claim

On March 23, 2006, the U.S. retailer The Kroger Co. filed an antitrust complaint in the District Court for the Southern District of Ohio against sanofi-aventis, Bristol-Myers Squibb Co. and Apotex Corp. alleging antitrust violations by the defendants in relation to their tentative agreement to settle the U.S. Plavix® patent litigation (see *Plavix® Patent Litigation United States*, above, for a description of the transaction). Seventeen other complaints have since been filed by direct and indirect purchasers of Plavix® on the same or similar grounds. Plaintiffs seek relief including injunctive relief and monetary damages. Defendants have moved to dismiss the

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consolidated direct and indirect purchasers complaints. By orders entered in October 2009, and in January 2011, the Court dismissed the claims of the direct purchasers and indirect purchasers respectively. Appeals are expected.

Lovenox® Antitrust Litigation

In August 2008, Eisai Inc. (Eisai) brought suit against sanofi-aventis U.S. LLC and sanofi-aventis U.S. Inc. in the U.S. District Court for the District of New Jersey alleging that certain contracting practices for Lovenox® violate federal and state antitrust laws. The proceedings are ongoing.

Lovenox® Regulatory Litigation

In July 2010, sanofi-aventis learned that the Food and Drug Administration (FDA) had approved a generic enoxaparin ANDA filed by Sandoz. Sanofi-aventis subsequently filed suit against the FDA in the U.S. District Court for the District of Columbia and requested preliminary injunctive relief against the FDA. In August 2010, the U.S. District Court denied this request. As a result of this ruling, the generic version of enoxaparin can continue to be marketed in the United States. The Court has not yet ruled on the merits of sanofi-aventis suit against the FDA regarding the approval of the Sandoz enoxaparin ANDA.

d) Other litigation and arbitration

Hoechst Shareholder Litigation

On December 21, 2004, the extraordinary general meeting of sanofi-aventis German subsidiary Hoechst AG (now Hoechst GmbH) approved a resolution transferring the shares held by minority shareholders to sanofi-aventis for compensation of 56.50 per share. Certain minority shareholders filed claims contesting the validity of the resolution, preventing its registration with the commercial register of Frankfurt and its entry into effect.

On July 12, 2005, this litigation was settled. As a consequence, the squeeze out has been registered in the commercial register making sanofi-aventis the sole shareholder of Hoechst AG.

According to the settlement agreement, the cash compensation has been increased to 63.80 per share. The cash compensation was further increased by another 1.20 per share for those outstanding shareholders who *inter alia* waived in advance any increase of the cash compensation

obtained through a judicial appraisal proceeding *(Spruchverfahren)* brought by former minority shareholders. Subsequently, a number of former minority shareholders of Hoechst initiated a judicial appraisal proceeding with the local Frankfurt court, *Landgericht Frankfurt am Main*, contesting the amount of the cash compensation paid in the squeeze out. The amount sought has not been specified. The proceedings are ongoing.

Apotex Settlement Claim

On November 13, 2008, Apotex filed a complaint before a state court in New Jersey against sanofi-aventis and Bristol-Myers Squibb claiming the payment of a $60 million break-up fee, pursuant to the terms of the initial settlement agreement of March 2006 relating to the U.S. Plavix® patent litigation (see Patents Plavix® Patent Litigation United States). The proceedings are ongoing.

Zimulti®/Acomplia® (rimonabant) Class Action

In November 2007, a purported class action was filed in the U.S. District Court for the Southern District of New York on behalf of purchasers of sanofi-aventis shares. The complaint charged sanofi-aventis and certain of its current and former officers and directors with violations of the Securities Exchange Act of 1934. The complaint alleged that defendants statements regarding rimonabant were materially false and misleading when made because defendants allegedly concealed data concerning rimonabant s propensity to cause depression. In September 2009, the motion was dismissed with prejudice. The plaintiffs filed a motion for reconsideration. On

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July 27, 2010, the U.S. District Court for the Southern District of New York granted plaintiff s motion to reconsider and authorized plaintiffs to submit an amended complaint. In November 2010, the District Court heard arguments on sanofi-aventis motion to dismiss plaintiffs amended complaint. The District Court s decision on the motion to dismiss is pending.

Merial Heartgard Advertisement Claim

On August 31, 2009, a purported class action lawsuit was filed against Merial, alleging that Merial engaged in false and misleading advertising of Heartgard® and Heartgard® Plus by claiming 100% efficacy in the prevention of heartworm disease, as well as the prevention of zoonotic diseases. Plaintiffs also request punitive damages and a permanent injunction with respect to the alleged advertising. The proceedings are ongoing and the class has not been certified yet.

e) Contingencies arising from certain Business Divestitures

Sanofi-aventis and its subsidiaries, Hoechst and Aventis Agriculture, divested a variety of mostly chemical, including agro-chemical, businesses as well as certain health product businesses in previous years. As a result of these divestitures, the Group is subject to a number of ongoing contractual and legal obligations regarding the state of the sold businesses, their assets, and their liabilities.

Aventis Behring

The divestment of Aventis Behring and related protein therapies assets became effective on March 31, 2004. The purchase agreement contained customary representations and warranties running from sanofi-aventis as seller to CSL Limited as purchaser. Sanofi-aventis has indemnification obligations that generally expired on March 31, 2006 (the second anniversary of the closing date). However, some indemnification obligations, having a longer duration, remain in effect, for example, indemnification obligations relating to the due organization, capital stock and ownership of Aventis Behring Companies runs through March 31, 2014, and product liability indemnification through March 31, 2019, subject to an extension for claims related to types of product liability notified before such date. Furthermore, for tax-related issues, the indemnification obligation of sanofi-aventis covers all taxable periods that end on or before the closing date and expires thirty days after the expiration of the applicable statute of limitations. In addition, the indemnification obligations relating to certain specified liabilities, including HIV liability, survive indefinitely.

Under the indemnification agreement, sanofi-aventis is generally obligated to indemnify, only to the extent indemnifiable, losses exceeding $10 million and up to a maximum aggregate amount of $300 million. For environmental claims, the indemnification due by sanofi-aventis equals 90% of the indemnifiable losses. Product liability claims are generally treated separately, and the aggregate indemnification is capped at $500 million. Certain indemnification obligations, including those related to HIV liability, as well as tax claims, are not capped in amount.

Aventis CropScience

The sale by Aventis Agriculture S.A. and Hoechst GmbH (both predecessor companies of sanofi-aventis) of their aggregate 76% participation in Aventis CropScience Holding (ACS) to Bayer and Bayer CropScience AG (BCS), the wholly owned subsidiary of Bayer which holds the ACS shares, was effective on June 3, 2002. The stock purchase agreement dated October 2, 2001, contained customary representations and warranties with respect to the sold business, as well as a number of indemnifications, in particular with respect to: environmental liabilities (the representations and warranties and the environmental indemnification are subject to a cap of 836 million, except for certain legal representations and warranties and specific environmental liabilities, notably third-party site claims such as (i) the natural resources damages (NRD) claim filed by the state of New Jersey against BCS in 2007 in relation to the Factory Lane site, and (ii) a remediation and NRD project underway in Portland, Oregon); taxes; certain legal proceedings; claims related to StarLink®corn; and certain pre-closing

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liabilities, in particular, product liability cases (which are subject to a cap of 418 million). There are various periods of limitation depending upon the nature or subject of the indemnification claim. Further, Bayer and BCS are subject to a number of obligations regarding mitigation and cooperation.

Starting with a first settlement agreement signed in December 2005, Aventis Agriculture and Hoechst have resolved a substantial number of disputes with Bayer and BCS AG, including the termination of arbitration proceedings initiated in August 2003 for an alleged breach of a financial statement-related representation contained in the stock purchase agreement, and numerous other warranty and indemnification claims asserted under the stock purchase agreement, including claims relating to certain environmental and product liabilities. A number of other outstanding claims remain unresolved.

LLRICE601 and LLRICE604 U.S. Litigation: BCS has sent sanofi-aventis notice of potential claims for indemnification under various provisions of the stock purchase agreement. These potential claims relate to several hundred individual complaints that have been filed since August 2006 by rice growers, millers, and distributors in U.S. state and federal courts against a number of current and former subsidiaries (collectively the CropScience Companies) which were part of the ACS group prior to Bayer s acquisition of the ACS shares. Plaintiffs in these cases seek to recover damages in connection with the detection of trace amounts of the genetically modified rice called Liberty Link® Rice 601 (also known as LLRICE601) or Liberty Link® Rice 604 (also known as LLRICE604) in samples of commercial long-grain rice. LLRICE601 and LLRICE604, each a variety of long grain rice genetically altered to resist Liberty® Herbicide, were grown in field tests in the United States from the years 1998 to 2001. Plaintiffs assert a number of causes of action, alleging that the CropScience Companies failed to take adequate measures to prevent cross-pollination or commingling of LLRICE601 and/or LLRICE604 with conventional rice. In six cases that have been tried to verdict in federal or state court, compensatory damages of approximately $11.5 million, in the aggregate, have been awarded. Two state court juries have also awarded punitive damages in the amount of $500,000 in one case and $42 million in another. The CropScience Companies have appealed or intend to appeal the judgments in these cases. Other cases have been settled by Bayer, including three cases that were settled shortly before or after trial began. Federal and state court proceedings are scheduled through 2011.

Sanofi-aventis denies direct or indirect liability for these cases, and has so notified BCS.

In a related development, the FDA has concluded that the presence of LLRICE601 in the food and feed supply poses no safety concerns and, on November 24, 2006, the United States Department of Agriculture (USDA) announced it would deregulate LLRICE601. With respect to LLRICE 604, the USDA announced, in March 2007, that the PAT protein contained in LLRICE604 has a long history of safe use and is present in many deregulated products. Further to an investigation regarding the causation chain that led to contamination, in October 2007, the USDA declined to pursue enforcement against BCS.

Aventis Animal Nutrition

Aventis Animal Nutrition S.A. and Aventis (both predecessor companies of sanofi-aventis) signed an agreement for the sale to Drakkar Holdings S.A. of the Aventis Animal Nutrition business effective in April 2002. The sale agreement contained customary representations and warranties. Sanofi-aventis indemnification obligations ran through April 2004, except for environmental indemnification obligations (which run through April 2012), tax indemnification obligations (which run through the expiration of the applicable statutory limitation period), and

antitrust indemnification obligations (which extend indefinitely). The indemnification undertakings are subject to an overall cap of 223 million, with a lower cap for certain environmental claims. Indemnification obligations for antitrust and tax claims are not capped.

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Celanese AG

The demerger of the specialty chemicals business to Celanese AG became effective on October 22, 1999. Under the demerger agreement between Hoechst and Celanese, Hoechst expressly excluded any representations and warranties regarding the shares and assets demerged to Celanese. However, the following obligations of Hoechst are ongoing:

While all obligations of Hoechst (i) resulting from public law or (ii) pursuant to current or future environmental laws or (iii) vis-à-vis third parties pursuant to private or public law related to contamination (as defined) have been transferred to Celanese in full, Hoechst splits with Celanese any such cost incurred under these obligations applying a 2:1 ratio.

To the extent Hoechst is liable to purchasers of certain of its divested businesses (as listed in the demerger agreement), Celanese must indemnify Hoechst, as far as environmental damages are concerned, for aggregate liabilities up to 250 million, liabilities exceeding such amount will be borne by Hoechst alone up to 750 million, and amounts exceeding 750 million will be borne 2/3 by Hoechst and 1/3 by Celanese without any further caps.

Compensation paid to third parties by Celanese under the aforementioned clause, through December 31, 2010, was significantly below the first threshold of 250 million.

Rhodia

In connection with the initial public offering of Rhodia in 1998, Rhône-Poulenc (later named Aventis, to which sanofi-aventis is the legal successor in interest) entered into an environmental indemnification agreement with Rhodia on May 26, 1998 under which, subject to certain conditions, Rhodia was entitled to claim indemnification from Aventis with respect to direct losses resulting from third-party claims or public authority injunctions for environmental damages. Aventis and Rhodia entered into a settlement agreement on March 27, 2003 under the terms of which the parties settled all environmental claims in connection with the environmental indemnification agreement. Notwithstanding this settlement agreement, Rhodia and certain of its subsidiaries have unsuccessfully sought indemnification for environmental costs in the United States and Brazil. In both instances, the suits were decided in favor of sanofi-aventis, with the court holding that the settlement precluded the indemnification claims. The decision in Brazil is currently under appeal by Rhodia.

On April 13, 2005, Rhodia initiated an *ad hoc* arbitration procedure seeking indemnification from sanofi-aventis for the financial consequences of the environmental liabilities and pension obligations that were allocated to Rhodia through the various operations leading to the formation of Rhodia in 1997, amounting respectively to 125 million and 531 million. Rhodia additionally sought indemnification for future costs related to transferred environmental liabilities and coverage of all costs necessary to fully fund the transfer of pension liabilities out of Rhodia s accounts. The arbitral tribunal determined that it has no jurisdiction to rule on pension claims and that Rhodia s environmental claims are without merit. In May 2008, the Paris Court of Appeals rejected the action initiated by Rhodia to nullify the 2006 arbitral award in favor of sanofi-aventis.

On July 10, 2007, sanofi-aventis was served with a civil suit brought by Rhodia before the Commercial Court of Paris (*Tribunal de Commerce de Paris*) seeking indemnification on the same grounds as described above. The allegations before the Commercial Court of Paris are comparable to those asserted in Rhodia s arbitration demand. On February 10, 2010, Rhodia submitted its pleadings brief (*conclusions récapitulatives*) in which it has asked the Court to hold that sanofi-aventis was at fault in failing to provide Rhodia with sufficient capital to meet its pension obligations and environmental liabilities, and has claimed indemnification in the amount of 1.3 billion for retirement commitments and approximately 311 million for environmental liabilities. The procedure is still pending.

Rhodia Shareholder Litigation

In January 2004, two minority shareholders of Rhodia and their respective investment vehicles filed two claims before the Commercial Court of Paris (*Tribunal de Commerce de Paris*) against Aventis, to which sanofi-

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aventis is successor in interest, together with other defendants including former directors and statutory auditors of Rhodia from the time of the alleged events. The claimants seek a judgment holding the defendants collectively liable for alleged management errors and for alleged publication of misstatements between 1999 and 2002, and *inter alia* regarding Rhodia s acquisition of the companies Albright & Wilson and ChiRex. These shareholders seek a finding of joint and several liability for damages to be awarded to Rhodia in an amount of 925 million for alleged harm to the Company (a derivative action), as well as personal claims of 4.3 million and 125.4 million for their own alleged individual losses. Sanofi-aventis contests both the substance and the admissibility of these claims.

Sanofi-aventis is also aware of three criminal complaints filed in France by the same plaintiffs and of a criminal investigation order issued by the Paris public prosecutor following the submission of the report issued by the *Autorité des Marchés Financiers* regarding Rhodia s financial communications. In 2006, the Commercial Court of Paris accepted sanofi-aventis and the other defendants motion to stay the civil litigation pending the conclusion of the criminal proceedings. The plaintiffs appeals against this decision, first before the Court of Appeals, and then before the French Supreme Court (*Cour de Cassation*), were both rejected.

Clariant Specialty Chemicals Business

Hoechst conveyed its specialty chemicals business to Clariant AG (Clariant) pursuant to a 1997 agreement. While Clariant has undertaken to indemnify Hoechst for all costs incurred for environmental matters relating to purchased sites, certain ongoing indemnification obligations of Hoechst for environmental matters in favor of Clariant can be summarized as follows:

Costs for environmental matters at the sites taken over, directly or indirectly, by Clariant and not attributable to a specific activity of Hoechst or of a third party not related to the business transferred to Clariant are to be borne by Clariant to the extent the accumulated costs since the closing in any year do not exceed a threshold amount for the then-current year. The threshold increases annually from approximately 102 million in 1997/98 to approximately 816 million in the fifteenth year after the closing. Only the amount by which Clariant s accumulated costs exceed the then-current year s threshold must be compensated by Hoechst. No payments have yet become due under this rule.

Hoechst must indemnify Clariant indefinitely (i) with respect to sites taken over by Clariant, for costs which relate to environmental pollutions attributable to certain activities of Hoechst or of third parties, (ii) for costs attributable to four defined waste deposit sites in Germany which are located outside the sites taken over by Clariant (to the extent exceeding an indexed amount of approximately 20.5 million), (iii) for costs from certain locally concentrated pollutions in the sites taken over by Clariant but not caused by specialty chemicals activities in the past, and (iv) for 75% of the costs relating to a specific waste deposit site in Frankfurt, Germany.

InfraServ Höchst

By the Asset Contribution Agreement dated December 19/20, 1996, as amended in 1997, Hoechst contributed all lands, buildings, and related assets of the Hoechst site at Frankfurt-Höchst to InfraServ Höchst GmbH & Co. KG. InfraServ Höchst undertook to indemnify Hoechst against environmental liabilities at the Höchst site and with respect to certain landfills. As consideration for the indemnification undertaking, Hoechst transferred to InfraServ approximately 57 million to fund reserves. In 1997, Hoechst also agreed it would reimburse current and future InfraServ

Höchst environmental expenses up to 143 million. As a former owner of the land and as a former user of the landfills, Hoechst may ultimately be liable for costs of remedial action in excess of this amount.

D.23. Provisions for discounts, rebates and sales returns

Adjustments between gross sales and net sales, as described in Note B.14., are recognized either as provisions or as reductions in accounts receivable, depending on their nature.

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The table below shows movements in these items:

(million)	Government and State programs [1]	Managed Care and GPO programs [2]	Charge-back incentives	Rebates and discounts	Sales returns	Other deductions	Total
January 1, 2008	**242**	**136**	**60**	**437**	**196**	**69**	**1,140**
Current provision related to current period sales	466	366	751	1,516	173	135	3,407
Net change in provision related to prior period sales	10	(3)	(8)	5	4	(3)	5
Payments made	(442)	(324)	(725)	(1,678)	(193)	(146)	(3,508)
Translation differences	10	10	4	(19)	3	(3)	5
December 31, 2008	**286**	**185**	**82**	**261**	**183**	**52**	**1,049**
Current provision related to current period sales	566	433	904	2,036	204	128	4,271
Net change in provision related to prior period sales	19	7		12	(7)		31
Payments made	(477)	(431)	(903)	(1,893)	(175)	(136)	(4,015)
Translation differences	(8)	(7)	(3)	9	(3)	2	(10)
December 31, 2009	**386**	**187**	**80**	**425**	**202**	**46**	**1,326**
Current provision related to current period sales	937[3]	410	1,246	3,058	357	127	6,135
Net change in provision related to prior period sales	(4)	(11)	8	14	12	(4)	15
Payments made	(663)	(400)	(1,225)	(2,719)	(255)	(126)	(5,388)
Translation differences	16	15	6	35	17	5	94
December 31, 2010	**672**	**201**	**115**	**813**	**333**	**48**	**2,182**

[1] *Primarily the U.S. government s Medicare and Medicaid programs.*
[2] *Rebates and other price reductions, primarily granted to healthcare authorities in the United States.*
[3] *The movement during 2010 is mainly due to the impact of U.S. healthcare reforms.*

D.24. Personnel costs

Total personnel costs break down as follows:

(million)	Year ended December 31, 2010	Year ended December 31, 2009	Year ended December 31, 2008
Salaries	5,121	5,019	4,774
Social security charges (including defined-contribution pension plans)	1,555	1,510	1,451
Stock options and other share-based payment expense	133	114	125
Defined-benefit pension plans	340	404	305

Other employee benefits	238	233	259
Total	**7,387**	**7,280**	**6,914**

The total number of employees at December 31, 2010 was 101,575, compared with 104,867 at December 31, 2009 and 98,213 at December 31, 2008 (these employee numbers are unaudited).

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Employee numbers by function (excluding Merial) as of December 31 are shown below (unaudited):

	December 31, 2010	December 31, 2009	December 31, 2008
Production	37,504	36,849	31,903
Research and development	16,983	19,132	18,976
Sales force	32,686	34,292	33,507
Marketing and support functions	14,402	14,594	13,827
Total	**101,575**	**104,867**	**98,213**

Merial had a total of 5,581 employees as of December 31, 2010 (unaudited).

D.25. Other operating income

Other operating income amounted to 359 million in 2010, compared with 866 million in 2009 and 556 million in 2008.

This line includes income arising under alliance agreements in the Pharmaceuticals segment (315 million in 2010, versus 646 million in 2009 and 472 million in 2008), in particular the agreement on the worldwide development and marketing of Actonel® (see Note C.2.) and the Group s share of profits on Copaxone®. The 331 million fall in 2010 relative to 2009 was mainly due to the discontinuation in the second quarter of royalty payments from Teva on North American sales of Copaxone®.

It also includes operating foreign exchange gains and losses, representing a net loss of 141 million in 2010, compared with a net gain of 40 million in 2009 and a net loss of 94 million in 2008; and proceeds from disposals related to ongoing operations, which amounted to 54 million in 2010, 56 million in 2009, and 24 million in 2008.

D.26. Other operating expenses

Other operating expenses amounted to 276 million in 2010, versus 481 million in 2009 and 353 million in 2008. This item includes shares of profits due to alliance partners (other than BMS and the Alliance Partner under the Actonel® agreement) under product marketing agreements, primarily in Europe, Japan, the United States and Canada (169 million in 2010, versus 186 million in 2009 and 178 million in 2008).

In 2009, this item included an expense of 69 million arising from changes to estimates of future expenditure on environmental risks at sites formerly operated by sanofi-aventis or sold to third parties (see note D.22. (e) Contingencies arising from certain Business Divestitures). Reversals of these provisions are classified in ***Other operating income*** (see Note D.25.).

This item also includes, for 2010, an expense of 51 million (2009: 59 million) relating to pensions and other benefits for retirees.

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D.27. Restructuring costs

Restructuring costs recognized in 2010 amounted to 1,372 million (1,080 million in 2009; 585 million in 2008), and break down as follows:

(million)	Year ended December 31, 2010	Year ended December 31, 2009	Year ended December 31, 2008
Employee-related expenses	817	869	498
Expenses related to property, plant and equipment	184	146	
Compensation for early termination of contracts (other than contracts of employment)	35	19	
Decontamination costs	105	30	50
Other restructuring costs	231	16	37
Total	**1,372**	**1,080**	**585**

The restructuring costs recognized in 2010 mainly related to:

- the transformation of Research & Development operations, in particular the financial impact of the agreement with Covance which, in addition to the divestment of the Alnwick and Porcheville sites, also committed sanofi-aventis to partially funding the operation of these sites for a limited period in return for a job protection guarantee;
- measures announced by sanofi-aventis in 2010 intended to migrate the Group s chemical industrial facilities in France towards biotechnologies and vaccine production, and to anticipate the fall in production volumes following the expiry of patent protection for major pharmaceutical products;
- ongoing measures to adjust the Group s sales forces in France, other European countries, and the United States;
- the impact of pension reforms on existing early retirement plans in France.

In 2009, restructuring costs related primarily to measures announced by sanofi-aventis in June 2009 aimed at transforming Research and Development operations to encourage innovation, and adapting central support functions so as to streamline the organizational structure. These costs mainly comprised employee-related expenses, in the form of early retirement benefits and of termination benefits under voluntary redundancy plans. In France, these plans affected approximately 1,000 jobs in Research and Development and 450 jobs in central support functions.

Restructuring costs for 2009 also included amounts relating to transformation plans announced in other countries. The Research and Development transformation plan is a global project, which also affects the United States, the United Kingdom and Japan.

To a lesser extent, restructuring costs for 2009 reflected ongoing measures taken by sanofi-aventis to adapt its industrial facilities in Europe and adjust its sales forces.

In 2008, restructuring costs related primarily to adaptation of industrial facilities in France and to measures taken by sanofi-aventis to adjust its sales force to reflect changing pharmaceutical market conditions in various European countries mainly France, Italy, Spain and Portugal and in the United States.

D.28. Gains and losses on disposals, and litigation

In 2010, this line item reported an expense of 138 million, relating to an adjustment to vendor s guarantee provisions in connection with past divestments.

Sanofi-aventis made no major divestments during 2010, 2009 or 2008.

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In 2008, this item included 76 million of reversals of provisions in respect of litigation in the United States on pricing and market practices (see Note D.22.c) Government Investigations, Competition Law and Regulatory Claims).

D.29. Financial income and expenses

Financial income and expenses break down as follows:

(million)	**Year ended December 31, 2010**	**Year ended December 31, 2009**	**Year ended December 31, 2008**
Cost of debt [1]	(385)	(310)	(315)
Interest income	61	88	132
Cost of debt, net of cash and cash equivalents	**(324)**	**(222)**	**(183)**
Non-operating foreign exchange gains/(losses)	(20)	(67)	(74)
Unwinding of discount on provisions [2]	(68)	(42)	(37)
Gains/(losses) on disposals of financial assets	61	1	41[3]
Impairment losses on financial assets, net of reversals [4]	(6)	(2)	(8)
Other items	(5)	32	29
Net financial income/(expenses)	**(362)**	**(300)**	**(232)**
comprising: Financial expenses	*(467)*	*(324)*	*(335)*
Financial income	*105*	*24*	*103*

[1] Includes gains/losses on interest rate derivatives used to hedge debt: 7 million gain in 2010, 25 million gain in 2009, 2 million loss in 2008.
[2] Primarily provisions for environmental risks.
[3] Includes 38 million from the sale of the investment in Millennium in 2008 (see Note D.7.).
[4] Primarily available-for-sale financial assets.

The impact of the ineffective portion of hedging relationships was not material in 2010, 2009 or 2008.

D.30. Income tax expense

The Group has opted for tax consolidations in a number of countries, principally France, Germany, the United Kingdom and the United States.

The table below shows the split of income tax expense between current and deferred taxes:

(million)	**Year ended December 31, 2010**	**Year ended December 31, 2009**	**Year ended December 31, 2008**
Current taxes	(2,758)	(2,531)	(2,140)
Deferred taxes	1,516	1,167	1,458
Total	**(1,242)**	**(1,364)**	**(682)**

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The difference between the effective tax rate and the standard corporate income tax rate applicable in France is explained as follows:

(as a percentage)	Year ended December 31, 2010	Year ended December 31, 2009	Year ended December 31, 2008
Standard tax rate applicable in France	34	34	34
Impact of reduced-rate income tax on royalties in France	(11)	(9)	(12)
Impact of change in net deferred tax liabilities as a result of changes in tax rates [(1)]		1	
Impact of the ratification of the Franco-American treaty on deferred tax liabilities relating to tax cost of distributions made from reserves		(2)	
Impact of tax borne by BMS for the territory managed by sanofi-aventis (see Note D.32.)	(2)	(3)	(4)
Other items	1	1	(2)
Effective tax rate	**22**	**22**	**16**

[(1)] *In 2009, mainly the reform of local business taxes in France.*

Changes in the line Impact of reduced-rate income tax on royalties in France are mainly due to significant year-on-year fluctuations in pre-tax profits in 2010, 2009 and 2008. The year-on-year change in 2010 also reflects the impact of the strong performance of Plavix® in the United States, and the resulting increase in royalty income.

The Other items line includes (i) the effect of differences between tax rates applicable in France and those applicable in other jurisdictions; (ii) the impact of the new CVAE valued added business tax in France from January 1, 2010; (iii) the impact of reassessing certain of the Group s tax exposures; and (iv) the impact on the effective tax rate of amortization and impairment charged against intangible assets.

D.31. Share of profit/loss of associates and joint ventures

This item mainly comprises the share of co-promotion profits attributable to sanofi-aventis for territories covered by entities majority-owned by BMS (see Note C.1.). The impact of the BMS alliance in 2010 was 1,551 million, before deducting the tax effect of 571 million (2009: 1,229 million, tax effect 444 million; 2008: 984 million, tax effect 361 million).

It also includes the share of profits or losses from other associates and joint ventures (2 million loss in 2010, 29 million profit in 2009, 69 million profit in 2008). These figures include the effects of the Aventis acquisition (amortization and impairment of intangible assets).

In accordance with IFRS 5, the share of profits from Merial for 2008 has been retrospectively reclassified to the line ***Net income from the held-for-exchange Merial business*** (see Note D.8. Assets held for sale or exchange).

D.32. Net income attributable to non-controlling interests

This line includes the share of co-promotion profits attributable to BMS for territories covered by entities majority-owned by sanofi-aventis (see Note C.1.). The amount involved was 237 million in 2010, 405 million in 2009, and 422 million in 2008. There is no tax effect, because BMS receives its share before tax.

It also includes the share of net income attributable to other non-controlling interests (17 million in 2010, 21 million in 2009, and 19 million in 2008).

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D.33. Related party transactions

The principal related parties of sanofi-aventis are companies over which the Group has significant influence, joint ventures, key management personnel, and principal shareholders.

The Group has not entered into any transactions with any key management personnel. Financial relations with the Group s principal shareholders, in particular the Total group, fall within the ordinary course of business and were immaterial in the years ended December 31, 2010, December 31, 2009 and December 31, 2008.

Details of transactions with related companies are disclosed in Note D.6.

Key management personnel include corporate officers (including three directors during 2010 and 2009, and four directors during 2008, covered by supplementary pension plans: see Item 6.B.) and the members of the Executive Committee (9 members during 2010 and 2009, and 7 during 2008.)

The table below shows, by type, the compensation paid to key management personnel:

(million)	**Year ended December 31, 2010**	**Year ended December 31, 2009**	**Year ended December 31, 2008**
Short-term benefits [1]	23	22	18
Post-employment benefits [2]	12	11	12
Share-based payment [3]	6	5	7
Total recognized in the income statement	**41**	**38**	**37**

[1] Compensation, employer s social security contributions, directors attendance fees, and any termination benefits.
[2] Estimated pension cost, calculated in accordance with IAS 19.
[3] Stock option expense computed using the Black-Scholes model.

The aggregate amount of supplementary pension obligations to corporate officers and key management personnel was 130 million at December 31, 2010, versus 149 million at December 31, 2009 and 157 million at December 31, 2008. The aggregate amount of lump-sum retirement benefits payable to corporate officers and key management personnel at December 31, 2010 was 5 million, versus 10 million at

December 31, 2009 and 8 million at December 31, 2008.

D.34. Split of net sales

Credit risk is the risk that customers (wholesalers, distributors, pharmacies, hospitals, clinics or government agencies) may fail to pay their debts. The Group manages credit risk by pre-vetting customers in order to set credit limits and risk levels and asking for guarantees or insurance where necessary, performing controls, and monitoring qualitative and quantitative indicators of accounts receivable balances such as the period of credit taken and overdue payments.

Customer credit risk also arises as a result of the concentration of the Group s sales with its largest customers, in particular certain wholesalers in the United States. The Group s three largest customers respectively accounted for approximately 7.6%, 7.0% and 6.0% of gross sales in 2010.

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Net sales

Net sales of sanofi-aventis comprise net sales generated by the Pharmaceuticals segment and net sales generated by the Vaccines segment. The table below shows net sales of flagship products and other major pharmaceutical products:

	Year ended December 31		
(million)	**2010**	**2009**	**2008**
Lantus®	3,510	3,080	2,450
Apidra®	177	137	98
Amaryl®	478	416	379
Insuman®	133	131	143
Sub-total: Diabetes	**4,298**	**3,764**	**3,070**
Lovenox®	2,806	3,043	2,738
Taxotere®	2,122	2,177	2,033
Plavix®	2,083	2,623	2,609
Aprovel®	1,327	1,236	1,202
Eloxatine®	427	957	1,345
Multaq®	172	25	
Jevtana®	82		
Stilnox®/ Ambien®/ Ambien® CR/ Myslee®	819	873	822
Allegra®	607	731	666
Copaxone®	513	467	622
Tritace®	410	429	491
Depakine®	372	329	322
Xatral®	296	296	319
Actonel®	238	264	330
Nasacort®	189	220	240
Other Products	**6,064**	**5,947**	**6,341**
Consumer Health Care	**2,217**	**1,430**	**1,203**
Generics	**1,534**	**1,012**	**354**
Total Pharmaceuticals	**26,576**	**25,823**	**24,707**

Net sales of the principal product ranges of the Vaccines segment are shown below:

	Year ended December 31		
(million)	**2010**	**2009**	**2008**
Influenza Vaccines	1,297	1,062	736
of which seasonal vaccines	*845*	*597*	*610*
of which pandemic vaccines	*452*	*465*	*126*
Pediatric Combination and Poliomyelitis Vaccines	984	968	768
Meningitis/Pneumonia Vaccines	527	538	472
Adult Booster Vaccines	449	406	399
Travel and Endemics Vaccines	382	313	309

Other Vaccines	169	196	177
Total Vaccines	**3,808**	**3,483**	**2,861**

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D.35. Segment information

As indicated in Note B.26., sanofi-aventis has two operating segments: the Pharmaceuticals segment and the Human Vaccines (Vaccines) segment. All other activities are combined in a separate segment, Other.

The Pharmaceuticals segment covers research, development, production and marketing of medicines. The sanofi-aventis pharmaceuticals portfolio consists of flagship products, plus a broad range of prescription medicines, generic medicines, and consumer health products. This segment also includes all associates whose activities are related to pharmaceuticals, in particular the entities majority owned by BMS.

The Human Vaccines segment is wholly dedicated to vaccines, including research, development, production and marketing. This segment includes the Sanofi Pasteur MSD joint venture.

The Other segment includes all segments that are not reportable segments within the meaning of IFRS 8. This segment includes the Group s interest in the Yves Rocher group, the Animal Health business (Merial), and the impact of retained commitments in respect of divested activities.

Inter-segment transactions are not material.

D.35.1. Segment results

Sanofi-aventis reports segment results on the basis of Business operating income . This indicator, adopted in order to comply with IFRS 8, is used internally to measure operational performance and allocate resources.

Business operating income is derived from operating income, adjusted as follows:

- amortization charged against intangible assets is eliminated;
- impairment losses charged against intangible assets are eliminated;

restructuring costs are eliminated;

gains and losses on disposals, and litigation, are eliminated;

the share of profits/losses of associates and joint ventures is added, and net income attributable to non-controlling interests is deducted;

other acquisition-related effects (primarily the workdown of acquired inventories remeasured at fair value at the acquisition date, and the impact of acquisitions on investments in associates and joint ventures) are eliminated;

restructuring costs relating to associates and joint ventures are eliminated.

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Segment results are shown in the tables below:

	2010			
(million)	**Pharmaceuticals**	**Vaccines**	**Other**	**Total**
Net sales	**26,576**	**3,808**		**30,384**
Other revenues	1,623	28		1,651
Cost of sales	(7,316)	(1,371)		(8,687)
Research and development expenses	(3,884)	(517)		(4,401)
Selling and general expenses	(6,962)	(603)	(2)	(7,567)
Other operating income and expenses	177	14	(108)	83
Share of profit/loss of associates and joint ventures [1]	1,009	19	8	1,036
Net income from the held-for-exchange Merial business			418	418
Net income attributable to non-controlling interests	(258)	1		(257)
Business operating income	**10,965**	**1,379**	**316**	**12,660**
Financial income and expenses				(362)
Income tax expense				(3,083)
Business net income				**9,215**

[1] Net of taxes

	2009			
(million)	**Pharmaceuticals**	**Vaccines**	**Other**	**Total**
Net sales	**25,823**	**3,483**		**29,306**
Other revenues	1,412	31		1,443
Cost of sales	(6,527)	(1,326)		(7,853)
Research and development expenses	(4,091)	(491)	(1)	(4,583)
Selling and general expenses	(6,762)	(561)	(2)	(7,325)
Other operating income and expenses	387	(3)	1	385
Share of profit/loss of associates and joint ventures [1]	792	41	8	841
Net income from the held-for-exchange Merial business			241	241
Net income attributable to non-controlling interests	(426)	(1)		(427)
Business operating income	**10,608**	**1,173**	**247**	**12,028**
Financial income and expenses				(300)
Income tax expense				(3,099)
Business net income				**8,629**

[1] Net of taxes

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	2008			
(million)	**Pharmaceuticals**	**Vaccines**	**Other**	**Total**
Net sales	**24,707**	**2,861**		**27,568**
Other revenues	1,208	41		1,249
Cost of sales	(6,231)	(1,104)		(7,335)
Research and development expenses	(4,150)	(425)		(4,575)
Selling and general expenses	(6,662)	(520)	14	(7,168)
Other operating income and expenses	297	1	(95)	203
Share of profit/loss of associates and joint ventures [1]	671	28	21	720
Net income from the held-for-exchange Merial business			170	170
Net income attributable to non-controlling interests	(441)			(441)
Business operating income	**9,399**	**882**	**110**	**10,391**
Financial income and expenses				(270)
Income tax expense				(2,807)
Business net income				**7,314**

[1] *Net of taxes*

Business net income is determined by taking Business operating income and adding financial income and deducting financial expenses, including the related income tax effects.

Business net income is defined as ***Net income attributable to equity holders of sanofi-aventis*** excluding (i) amortization of intangible assets; (ii) impairment of intangible assets; (iii) other impacts associated with acquisitions (including impacts of acquisitions on associates and joint ventures); (iv) restructuring costs (including restructuring costs relating to associates and joint ventures), gains and losses on disposals of non-current assets, and costs or provisions associated with litigation; (v) the tax effect related to the items listed in (i) through (iv), as well as (vi) effects of major tax disputes and (vii) the share of non-controlling interests in items (i) through (vi). The items listed in (iv) except for restructuring costs related to associates and joint ventures correspond to those reported in the line items ***Restructuring costs*** and ***Gains and losses on disposals, and litigation***, as defined in Note B.20. to the consolidated financial statements.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Year ended December 31, 2010

A reconciliation of Business net income to ***Net income attributable to equity holders of sanofi-aventis*** is set forth below:

(million)		Year ended December 31, 2010	Year ended December 31, 2009	Year ended December 31, 2008
Business net income		**9,215**	**8,629**	**7,314**
(i)	Amortization of intangible assets	(3,529)	(3,528)	(3,483)
(ii)	Impairment of intangible assets	(433)	(372)	(1,554)
(iii)	Expenses arising from the impact of acquisitions on inventories [1]	(30)	(27)	(2)
(iv)	Restructuring costs	(1,372)	(1,080)	(585)
(iii)/(iv)	Other items [2]	(138)		114
(v)	Tax effects of:	1,841	1,629	1,904
	amortization of intangible assets	*1,181*	*1,126*	*1,189*
	impairment of intangible assets	*143*	*136*	*537*
	expenses arising on the workdown of acquired inventories	*9*	*7*	*1*
	restructuring costs	*462*	*360*	*196*
	other items	*46*		*(19)*
(iii)/(vi)	Other tax items [3]		106	221
(vii)	Share of items listed above attributable to non-controlling interests	3	1	
(iii)	Expenses arising from the impact of the Merial acquisition [4]	(32)	(66)	(50)
(iii)/(iv)	Restructuring costs of associates and joint ventures, and expenses arising from the impact of acquisitions on associates and joint ventures [5]	(58)	(27)	(28)
Net income attributable to equity holders of sanofi-aventis		**5,467**	**5,265**	**3,851**

[1] Workdown of inventories remeasured at fair value at the acquisition date.

[2] Other items comprise:

Gain on sale of investment in Millennium		*38*
Reversals of/(charges to) provisions for risks	*(138)*	*76*

[3] Other tax items comprise:

Provisions for/settlements of tax disputes		*221*
Reversal of deferred taxes following ratification of the Franco-American Treaty (see Note D.30.)	*106*	

[4] This line comprises: until September 17, 2009, amortization and impairment charged against the intangible assets of Merial; and from September 18, 2009, (i) the impact of the discontinuation of depreciation of the property, plant and equipment of Merial in accordance with IFRS 5 (see Note B.7.) and (ii) the expense arising from the workdown of inventories remeasured at fair value at the acquisition date.

[5] This line shows the portion of major restructuring costs incurred by associates and joint ventures, and expenses arising from the impact of acquisitions on associates and joint ventures (workdown of acquired inventories, amortization and impairment of intangible assets, and impairment of goodwill).

D.35.2. Other segment information

The tables below show the split by operating segment of (i) the carrying amount of investments in associates and joint ventures, (ii) acquisitions of property, plant and equipment, and (iii) acquisitions of intangible assets.

The principal associates and joint ventures are: for the Pharmaceuticals segment, the entities majority owned by BMS (see Note C.1.), Handok, InfraServ, and (in 2008) Zentiva; for the Vaccines segment, Sanofi Pasteur MSD; and for the Other segment, Merial and Yves Rocher in 2008, and Yves Rocher in 2009 and 2010.

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Year ended December 31, 2010

Acquisitions of intangible assets and property, plant and equipment correspond to acquisitions made during the period.

			2010	
(million)	**Pharmaceuticals**	**Vaccines**	**Other**	**Total**
Investments in associates and joint ventures	446	350	128	924
Acquisitions of property, plant and equipment	779	416		1,195
Acquisitions of intangible assets	335	43		378

			2009	
(million)	**Pharmaceuticals**	**Vaccines**	**Other**	**Total**
Investments in associates and joint ventures	420	412	123	955
Acquisitions of property, plant and equipment	940	465		1,405
Acquisitions of intangible assets	364	16		380

			2008	
(million)	**Pharmaceuticals**	**Vaccines**	**Other**	**Total**
Investments in associates and joint ventures	706	431	1,322	2,459
Acquisitions of property, plant and equipment	967	375		1,342
Acquisitions of intangible assets	225	39		264

D.35.3. Information by geographical region

The geographical information on net sales provided below is based on the geographical location of the customer.

In accordance with IFRS 8, the non-current assets reported below exclude financial instruments, deferred tax assets, and pre-funded pension obligations.

				2010		
(million)	**Total**	**Europe**	***Of which France***	**North America**	***Of which United States***	**Other countries**
Net sales	**30,384**	11,609	*2,922*	9,484	*8,968*	9,291
Non-current assets:						
property, plant and equipment	**8,155**	5,764	*3,603*	1,510	*1,091*	881
intangible assets	**12,479**	3,773		5,835		2,871
goodwill	**31,932**	13,718		13,264		4,950

2009

(million)	**Total**	**Europe**	***Of which France***	**North America**	***Of which United States***	**Other countries**
Net sales	**29,306**	12,059	*3,206*	9,870	*9,426*	7,377
Non-current assets:						
property, plant and equipment	**7,830**	5,734	*3,436*	1,375	*1,018*	721
intangible assets	**13,747**	4,636		5,930		3,181
goodwill	**29,733**	13,528		11,419		4,786

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Year ended December 31, 2010

(million)	**Total**	**Europe**	***Of which France***	**2008 North America**	***Of which United States***	**Other countries**
Net sales	**27,568**	12,096	*3,447*	9,042	*8,609*	6,430
Non-current assets:						
property, plant and equipment	**6,961**	5,174	*3,181*	1,320	*1,042*	467
intangible assets	**15,260**	4,573		7,429		3,258
goodwill	**28,163**	12,414		11,750		3,999

As described in Note D.5. to the consolidated financial statements, France is not a cash-generating unit. Consequently, information about goodwill is provided for Europe.

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E. PRINCIPAL ACCOUNTANTS FEES AND SERVICES

PricewaterhouseCoopers Audit and Ernst & Young Audit served as independent auditors of sanofi-aventis for the year ended December 31, 2010 and for all other reporting periods covered by this annual report on Form 20-F. The table below shows fees charged by these firms and member firms of their networks to sanofi-aventis and other consolidated companies in the years ended December 31, 2010 and 2009.

	Ernst & Young				PricewaterhouseCoopers			
(million)	**2010 Amount**	**%**	**2009 Amount**	**%**	**2010 Amount**	**%**	**2009 Amount**	**%**
Audit								
Audit opinion, review of statutory and consolidated financial statements [1]	**12.8**	**92%**	**13.1**	**93%**	**13.5**	**93%**	**14.1**	**95%**
- of which sanofi-aventis S.A.	*3.7*		*4.1*		*3.7*		*4.0*	
- of which consolidated subsidiaries	*9.1*		*9.0*		*9.8*[3]		*10.1*[3]	
Other audit-related services [2]	**1.0**	**7%**	**1.0**	**7%**	**0.7**	**5%**	**0.8**	**5%**
- of which sanofi-aventis S.A.			*0.1*				*0.1*	
- of which consolidated subsidiaries	*1.0*		*0.9*		*0.7*		*0.7*	
Sub-total	**13.8**	**99%**	**14.1**	**100%**	**14.2**	**98%**	**14.9**	**100%**
Non-audit services								
Tax	0.1				0.3			
Other								
Sub-total	**0.1**	**1%**			**0.3**	**2%**		
TOTAL	**13.9**	**100%**	**14.1**	**100%**	**14.5**	**100%**	**14.9**	**100%**

[1] *Professional services rendered for the audit and review of the consolidated financial statements of sanofi-aventis, statutory audits of the financial statements of sanofi-aventis and its subsidiaries, compliance with local regulations, and review of documents filed with the AMF and the SEC (including services normally provided by independent experts of the audit firms in connection with the audit).*

[2] *Services that are normally performed by the independent accountants, ancillary to audit services.*

[3] *Includes audit fees of 1.8 million relating to Merial for 2010, and 1.7 million for 2009.*

Audit Committee Pre-approval and Procedures

The Group Audit Committee has adopted a policy and established certain procedures for the pre-approval of audit and other permitted audit-related services, and for the pre-approval of permitted non-audit services to be provided by the independent auditors. In 2010, the Audit Committee established a budget breaking down permitted audit-related services and non-audit services, and the related fees to be paid.

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F. LIST OF PRINCIPAL COMPANIES INCLUDED IN THE CONSOLIDATION FOR THE YEAR ENDED DECEMBER 31, 2010

F.1. Principal fully-consolidated companies

The principal companies in the Group s areas of operations and business segments are:

		Financial interest
Europe		%
Sanofi-Aventis Deutschland GmbH	Germany	100
Hoechst GmbH	Germany	100
Winthrop Arzneimittel GmbH	Germany	100
Zentiva Inhalationsprodukte GmbH	Germany	100
Sanofi-Aventis Gmbh / Bristol-Myers Squibb GesmbH OHG [(1)]	Austria	50.1
Sanofi-Aventis GmbH	Austria	100
Sanofi-Aventis Belgium	Belgium	100
Sanofi-Aventis Denmark A/S	Denmark	100
Sanofi Winthrop BMS partnership (JV DK) [(1)]	Denmark	50.1
Sanofi-Aventis SA (Spain)	Spain	100
Sanofi Winthrop BMS OY [(1)]	Finland	50.1
Sanofi-Aventis OY	Finland	100
Sanofi-Aventis Europe S.A.S.	France	100
Sanofi-Aventis Participations S.A.S.	France	100
Sanofi Pasteur Participations S.A.	France	100
Sanofi-Aventis Amérique du Nord S.A.S.	France	100
Sanofi Pasteur Holding S.A.	France	100
Aventis Pharma S.A.	France	100
Sanofi Pasteur S.A.	France	100
Aventis Agriculture S.A.	France	100
Fovea Pharmaceuticals S.A.	France	100
Francopia S.A.R.L.	France	100
Winthrop Médicaments S.A.	France	100
Sanofi Chimie S.A.	France	100
Sanofi Participations S.A.S.	France	100
Sanofi Pharma Bristol-Myers Squibb S.N.C. [(1)]	France	50.1
Sanofi-Aventis S.A.	France	100
Sanofi-Aventis France S.A.	France	100
Sanofi-Aventis Groupe S.A.	France	100
Sanofi-Aventis Recherche et Développement S.A.	France	100
Sanofi Winthrop Industrie S.A.	France	100
Laboratoire Oenobiol S.A.S.	France	100
Chattem Greece S.A.	Greece	100
Sanofi-Aventis A.E.B.E.	Greece	100
Chinoin Private Co. Ltd	Hungary	99.6
Sanofi-Aventis Private Co. Ltd	Hungary	99.6

Chattem Global Consumer Products Limited	Ireland	100
Carraig Insurance Ltd	Ireland	100
Sanofi-Aventis Ireland Ltd	Ireland	100
Sanofi-Aventis SpA	Italy	100
Sanofi-Aventis Norge AS	Norway	100
Sanofi Winthrop BMS partnership ANS [1]	Norway	50.1
Sanofi-Aventis Netherlands B.V.	Netherlands	100
Sanofi Winthrop BMS VOF [1]	Netherlands	50.1
Sanofi-Aventis Sp z.o.o.	Poland	100

[1] *Partnership with Bristol-Myers Squibb (see Note C.1.).*

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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		Financial interest
Europe		%
Nepentes S.A.	Poland	100
Winthrop Farmaceutica Portugal LDA	Portugal	100
Sanofi-Aventis Produtos Farmaceuticos LDA	Portugal	100
Sanofi Winthrop BMS AEIE[(1)]	Portugal	50.1
Sanofi-Aventis s.r.o.	Czech Republic	100
Zentiva Group a.s.	Czech Republic	100
Sanofi-Aventis Romania SRL	Romania	100
Aventis Pharma Ltd	United Kingdom	100
Chattem (U.K.) Limited	United Kingdom	100
Sanofi Pasteur Holding Ltd	United Kingdom	100
Sanofi-Synthélabo Ltd	United Kingdom	100
Sanofi-Synthélabo UK Ltd	United Kingdom	100
Winthrop Pharmaceuticals UK Ltd	United Kingdom	100
Fisons Limited	United Kingdom	100
May and Baker Limited	United Kingdom	100
Aventis Pharma ZAO	Russia	100
Sanofi-Aventis Vostok	Russia	51
Sanofi-Aventis Pharma Slovakia s.r.o.	Slovakia	100
Sanofi-Aventis AB	Sweden	100
Sanofi SA-AG	Switzerland	100
Sanofi-Aventis (Suisse) SA	Switzerland	100
Sanofi-Aventis Ilaclari Limited Sirketi	Turkey	100
Winthrop Ilac Anonim Sirketi	Turkey	100
Sanofi-Synthélabo Ilac AS	Turkey	100
Sanofi-Synthélabo BMS ADI Ortakligi partnership[(1)]	Turkey	50.1
Sanofi-Aventis Ukraine LLC	Ukraine	100

(1) Partnership with Bristol-Myers Squibb (see Note C.1.).

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		Financial interest
United States		%
Armour Pharmaceutical Co.	United States	100
Aventis Inc.	United States	100
Aventisub Inc.	United States	100
Aventis Holdings Inc.	United States	100
Aventis Pharmaceuticals Inc.	United States	100
BiPar Sciences Inc	United States	100
Carderm Capital L.P.	United States	100
Chattem, Inc.	United States	100
Chattem (Canada) Holdings, Inc.	United States	100
HBA Indemnity Insurance, Ltd	United States	100
Sanofi-Aventis US Inc.	United States	100
Sanofi-Aventis US LLC.	United States	100
Sanofi Pasteur Biologics Co.	United States	100
Sanofi Pasteur Inc.	United States	100
Sanofi-Synthélabo Inc.	United States	100
Signal Investment & Management Co.	United States	100
SunDex, LLC	United States	100
TargeGen, Inc.	United States	100
Sanofi Pasteur VaxDesign Corporation	United States	100
Vaxserve Inc.	United States	100

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		Financial interest
Other countries		%
Sanofi-Aventis South Africa (Pty) Ltd	South Africa	100
Winthrop Pharmaceuticals (Pty) Ltd	South Africa	100
Winthrop Pharma Saïdal S.P.A.	Algeria	70
Sanofi-Aventis Algérie	Algeria	100
Sanofi-Aventis Argentina S.A.	Argentina	100
Quimica Medical S.A.	Argentina	100
Sanofi-Aventis Australia Pty Limited	Australia	100
Sanofi-Aventis Healthcare Holdings Pty Ltd	Australia	100
Sanofi-Aventis Healthcare Pty Ltd	Australia	100
Bullivant s Natural Health Products (International) Pty Ltd	Australia	100
Bullivant s Natural Health Products Pty Ltd	Australia	100
Cenovis Pty Ltd	Australia	100
MCP Direct Pty Ltd	Australia	100
Carlson Health Pty Ltd	Australia	100
Sanofi-Aventis Comercial e Logistica Ltda	Brazil	100
Sanofi-Aventis Farmaceutica Ltda	Brazil	100
Medley Comercial e Logistica Ltda	Brazil	100
Medley S.A. Industria Farmaceutica	Brazil	100
Sanofi Pasteur Limited	Canada	100
Sanofi Pharma General Partnership	Canada	100
Sanofi-Aventis Canada Inc.	Canada	100
Chattem (Canada) Corp.	Canada	100
Chattem Canada ULC	Canada	100
Chattem Canada	Canada	100
Sanofi-Aventis de Chile SA	Chile	100
Sanofi-Aventis Pharma Beijing Co. Ltd	China	100
Sanofi-Aventis (Hangzhou) Pharmaceuticals Co. Ltd	China	100
Shenzhen Sanofi Pasteur Biological Products Co. Ltd	China	100
Hangzhou Sanofi Minsheng Consumer Healthcare Co. Ltd	China	60
Winthrop Pharmaceuticals de Colombia SA	Colombia	100
Sanofi-Aventis de Colombia SA	Colombia	100
Sanofi-Aventis Korea Co. Ltd	Korea	91
Sanofi-Aventis Gulf F.Z.E.	United Arab Emirates	100
Sanofi-Aventis Egypt SAE	Egypt	100
Sanofi-Aventis del Ecuador S.A.	Ecuador	100
Sanofi-Aventis de Guatemala S.A.	Guatemala	100
Sanofi-Aventis Hong Kong Limited	Hong Kong	100
Sanofi-Synthélabo (India) Ltd	India	100
Aventis Pharma Ltd	India	60.4
Shantha Biotechnics Ltd	India	96.4
PT Sanofi-Aventis Indonesia	Indonesia	100

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Year ended December 31, 2010

Other countries		Financial interest %
PT Aventis Pharma	Indonesia	75
Sanofi-Aventis K.K.	Japan	100
Sanofi-Aventis Meiji Pharmaceuticals Co Ltd	Japan	51
Winthrop Pharmaceutical Japan Co Ltd	Japan	100
Sanofi-Aventis Yamanouchi Pharmaceutical Inc.	Japan	51
Sanofi Pasteur K.K.	Japan	100
Winthrop Pharmaceuticals (Malaysia) SDN.BHD	Malaysia	100
Sanofi-Aventis (Malaysia) SDN.BHD	Malaysia	100
Maphar	Morocco	80.6
Sanofi-Aventis (Maroc)	Morocco	100
Sanofi-Aventis de Mexico SA de CV	Mexico	100
Sanofi-Aventis Winthrop SA de CV	Mexico	100
Winthrop Pharmaceuticals de Mexico SA de CV	Mexico	100
Laboratorios Kendrick S.A.	Mexico	100
Sanofi-Aventis Pakistan Ltd	Pakistan	53
Sanofi-Aventis de Panama S.A.	Panama	100
Sanofi-Aventis Latin America SA	Panama	100
Sanofi-Aventis del Peru S.A.	Peru	100
Chattem Peru S.R.L.	Peru	100
Sanofi-Aventis Philippines Inc.	Philippines	100
Sanofi-Aventis de la Rep. Dominicana S.A.	Dominican Rep.	100
Aventis Pharma (Manufacturing) Pte. Ltd	Singapore	100
Sanofi-Aventis Singapore Pte. Ltd	Singapore	100
Sanofi-Aventis Taiwan Co. Ltd	Taiwan	100
Sanofi-Synthélabo (Thailand) Ltd	Thailand	100
Sanofi-Aventis (Thailand) Ltd	Thailand	100
Sanofi-Aventis Pharma Tunisie	Tunisia	100
Winthrop Pharma Tunisie	Tunisia	100
Sanofi-Aventis de Venezuela SA	Venezuela	100
Sanofi-Synthélabo Vietnam Pharmaceutical Shareholding Co	Vietnam	70
Sanofi-Aventis Vietnam Co. Ltd	Vietnam	100

The Group has also consolidated Merial and its subsidiaries since September 18, 2009, the date on which control was acquired (see Note D.8.1.).

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F.2. Principal associates and joint ventures

		Financial interest %
InfraServ GmbH & Co Höchst KG	Germany	31.2
Bristol-Myers Squibb / Sanofi Canada Partnership	Canada	49.9
Bristol-Myers Squibb / Sanofi Pharmaceuticals Holding Partnership	United States	49.9
Bristol-Myers Squibb / Sanofi Pharmaceuticals Partnership	United States	49.9
Bristol-Myers Squibb / Sanofi Pharmaceuticals Partnership Puerto Rico	United States	49.9
Bristol-Myers Squibb / Sanofi-Synthélabo Partnership	United States	49.9
Bristol-Myers Squibb / Sanofi-Synthélabo Puerto Rico Partnership	United States	49.9
Sanofi Pasteur MSD S.N.C.	France	50
Société Financière des Laboratoires de Cosmétologie Yves Rocher	France	39.1