



Shareholders' Meeting Notice

Combined Shareholders' Meeting (Ordinary and Extraordinary) 2011

Friday 27 May 2011 at 9.30 a.m. at Palais Brongniart, Salon d'honneur,
Place de la Bourse, entrance opposite to 40 rue Notre Dame des Victoires, 75002 Paris - France

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HOW TO PARTICIPATE IN THE MEETING?

The Shareholders of Ipsen are convened in a Combined Shareholders' Meeting (Ordinary and Extraordinary) on Friday 27 May 2011 at 9.30 a.m. at Palais Brongniart, Salon

d'honneur, Place de la Bourse, entrance opposite to 40 rue Notre Dame des Victoires, 75002 Paris – France.

Preliminary formalities to be complied with for participating in the Shareholders' Meeting

All shareholders, regardless the number of shares held, are entitled to participate in or be represented at this Meeting in accordance with the terms and conditions set forth by legal and regulatory provisions.

Shareholders who wish to attend the Shareholders' Meeting, be represented or vote by post, should provide proof of their shares ownership no later than three business days before the date of Shareholders' Meeting at 0.00 a.m., Paris time (*i.e.* Tuesday, 24 May 2011, at 0.00 a.m., Paris time):

- for registered shareholders, by the registration of their shares in the books of registered shares held for the Company by its agent Société Générale Securities Services;
- for holders of bearer shares, by the account registration of their shares, in their names or in the name of the intermediary acting on their behalf in their securities accounts, managed by the authorised banking or financial intermediary.

This accounting registration of shares is evidenced by means of a statement of participation delivered by the authorised intermediary, which then provides evidence of their shareholder status.

The statement of participation delivered by the authorised intermediary shall be attached to the voting form for postal vote or proxy vote, or at the request for the admission card, sent by the authorised intermediary to Société Générale Securities Services, Service des Assemblées, 32 rue du Champ de Tir, BP 81236, 44312 Nantes cedex 03, France.

Only these shareholders having such a status on 24 May 2011 at 0.00 a.m., Paris time, pursuant to the terms and conditions of the aforementioned Article R.225-85 of the French Commercial Code, may participate in this Shareholders' Meeting.

If you wish to attend the Shareholders' Meeting in person

You must request an admission card, which document is required to attend the Meeting and to vote.

→ **Please tick box A on the voting form.**

→ **Please date and sign the form.**

For holders of registered shares, please return the form in the enclosed prepaid envelope or by post, to the centralising agent mandated by the Company:

Société Générale Securities Services
Service des Assemblées
32 rue du Champ de Tir
BP 81236
44312 Nantes Cedex 03 – France

For holders of bearer shares, please return the voting form to the custodian of your shares as soon as possible. Your custodian will send your voting form together with the certificate of attendance to the above address.

If you can not or do not wish to attend the Shareholders' Meeting in person

→ **Please tick box B on the voting form.**

→ **Then select from the three available options by marking the corresponding box.**

Voting by post: Mark the boxes corresponding to the resolutions on which you wish to vote no, if any.

Grant power to the Chairman of the Shareholders' Meeting: The Chairman will cast a vote in favour of the adoption of the proposed resolutions presented or approved by the Board of Directors and a vote against the adoption of any other proposed resolutions.

To be represented by a person or legal entity of your choice: Indicate the name and contact details of the person to whom you are granting the power to attend the Shareholders' Meeting and vote in your place.

To be taken into account, forms for postal vote must be effectively received by the Services des Assemblées of Société Générale Securities Services, no later than three days before the date of the Shareholders' Meeting, *i.e.* 24 May 2011.

In accordance with the provisions of Article R.225-79 of the French Commercial Code, the notification of the appointment and revocation of a proxy may also be made electronically, by returning the signed and scanned form at the following email address: AGIpsen2011.mandataires@sgss.socgen.com. A copy of their identity document must attach to the proxy form and for holders of bearer shares, a participation statement. The holders of bearer shares must necessarily request from their financial intermediary managing their securities account, to sent a written confirmation to Société Générale Securities Services, Service des Assemblées (BP 81236, 32 rue du Champ de Tir, 44312 Nantes cedex 03, France).

The proxy granted is revoked in the same forms. Only notifications of appointment or revocation of proxy duly signed, completed and received no later than 24 May 2011, will be taken into account. Furthermore, only notifications of appointment or revocation of proxy can be sent at the email address AGIpsen2011.mandataires@sgss.socgen.com, any other application or notification on another object will not be taken into account and/or dealt with. Appointments or revocations of proxy expressed in paper form should be received no later than three days before the date of the Meeting, *i.e.* 24 May 2011.

Regardless of how you choose to participate ⁽¹⁾

→ Please date and sign the form.

For holders of registered shares, please return the form in the enclosed prepaid envelope or by post, to the centralising agent mandated by the Company:

Société Générale Securities Services
Service des Assemblées
32 rue du Champ de Tir
BP 81236
44312 Nantes Cedex 03 – France

For holders of bearer shares, you must in all cases attach the statement of participation delivered by your financial intermediary.

Please note that requests for admission cards or relating to voting or proxy forms must not be sent directly to Ipsen.

It is specified that any shareholder who has already expressed his/her vote, sent a proxy, requested an admission card or a participation statement (Article R.225-85 of the French Commercial Code):

- may no longer opt for another means of participation;
- may dispose of all or part of his/her shares.

However, if the disposal is carried out before Tuesday, 24 May 2011 at 0.00 a.m., Paris time, the Company shall consequently

invalidate or amend, as appropriate, the postal vote, the proxy, the admission card or the participation statement. To that end, the authorised intermediary, account holder, notifies the disposal to the Company or to its representative and provide the necessary information. No disposal or other transaction carried out after Tuesday, 24 May 2011 at 0.00 a.m., Paris time, by whatever means, shall be notified by the authorised intermediary or taken into account by the Company, notwithstanding any other agreement to the contrary.

(1) Except in case of notification of appointment or revocation of proxy.

Voting form

To attend the Shareholders' Meeting: tick here.

You will not attend the Shareholders' Meeting: tick here and select one of the three options.

Your shares are bearer shares: You must return the voting form to your Custodian.

IMPORTANT : avant d'exercer votre choix, veuillez prendre connaissance des instructions situées au verso / Before selecting, please see instructions on reverse side.

QUELLE QUE SOIT L'OPTION CHOISIE, DATER ET SIGNER AU BAS DU FORMULAIRE / WHICHEVER OPTION IS USED, DATE AND SIGN AT THE BOTTOM OF THE FORM

A. Je désire assister à cette assemblée et demande une carte d'admission : dater et signer au bas du formulaire // I wish to attend this shareholders' meeting and request an admission card: date and sign at the bottom of the form.
B. J'utilise le formulaire de vote par correspondance ou par procuration ci-dessous, selon l'une des 3 possibilités offertes // I prefer to use the postal voting form or the proxy form as specified below.

IPSEN
 65 quai George Gorse
 92100 Boulogne-Billancourt FRANCE
 au capital de EUR 84 220 073
 419 838 529 RCS Nanterre

ASSEMBLEE GENERALE MIXTE
 27 mai 2011

CADRE RESERVE / For Company's use only
 Identifiant / Account
 Nominatif Registered VS / single vote
 Nombre d'actions Number of shares VD / double vote
 Nombre de voix / Number of rights

JE VOTE PAR CORRESPONDANCE // I VOTE BY POST
 Cf. au verso renvoi (3) - See reverse (3)

JE DONNE POUVOIR AU PRÉSIDENT DE L'ASSEMBLEE GENERALE
 dater et signer au bas du formulaire, sans rien remplir
HEREBY GIVE MY PROXY TO THE CHAIRMAN OF THE MEETING
 date and sign at the bottom of the form without filling it
 cf. au verso renvoi (2) - See reverse (2)

JE DONNE POUVOIR A : (cf. au verso renvoi (2)) pour me représenter à l'assemblée
HEREBY APPOINT (see reverse (2)) to represent me at the meeting
 M., Mme ou Mlle, Raison Sociale / Mr, Mrs or Miss, Corporate Name
 Adresse / Address

Je vote OUI / I vote FOR																		Je vote NON / I vote AGAINST									
Je vote OUI / I vote FOR all the draft resolutions approved by the Board of Directors EXCEPT those indicated by a shaded box - I vote FOR all the draft resolutions not approved by the Board of Directors EXCEPT those indicated by a shaded box - I vote AGAINST those indicated by a shaded box.																		Je vote NON / I vote AGAINST									
Sur les projets de résolutions non approuvés par le Conseil d'Administration, je vote en faveur de ceux qui sont indiqués par une case correspondante et pour lesquels je vote NON ou je m'abstiens.																		Sur les projets de résolutions non approuvés par le Conseil d'Administration, je vote en faveur de ceux qui sont indiqués par une case correspondante et pour lesquels je vote NON ou je m'abstiens.									
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	A	F	B	G	C	H	D	J	E	K
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Si des amendements ou des résolutions nouvelles étaient présentés en assemblée / In case amendments or new resolutions are proposed during the meeting:
 - Je donne pouvoir au Président de l'A.G. de voter en mon nom. / I appoint the Chairman of the meeting to vote on my behalf...
 - Je m'abstiens (l'abstention équivaut à un vote contre). / I abstain from voting (is equivalent to a vote against).....
 - Je donne procuration (cf. au verso renvoi 2) à M., Mme ou Mlle, Raison Sociale... pour voter en mon nom / I appoint (see reverse (2)) Mr, Mrs or Miss, Corporate Name to vote on my behalf

Pour être pris en considération, ce formulaire doit parvenir au plus tard :
 In order to be considered, this completed form must be received no later:
 sur 1^{er} convocation / on 1st notification sur 2^e convocation / on 2nd notification
 à la BANQUE / to the Bank 24/05/11 à la SOCIÉTÉ / to the Company 24/05/11

ATTENTION : S'il s'agit de titres au porteur, les présentes instructions ne seront valides que si elles sont directement enregistrées par votre teneur de compte.
CAUTION: In case of bearer shares, these instructions will be valid only if they are directly registered by your account-keeper.

Nom, Prénom, Adresse de l'actionnaire (si ces informations figurent déjà, les vérifier et les rectifier éventuellement)
 - Surname, first name, address of the shareholder (if this information is already supplied, please verify and correct if necessary)
 Cf. au verso renvoi (1) - See reverse (1)

What ever option you choose, date and sign here.

Insert your name and address here or check them if they already appear.

Date & Signature

To vote by post: tick here and follow the instructions.

You wish to give your proxy to the Chairman of the Meeting: date and sign the voting form.

You wish to give your proxy to a specific representative: tick here and write the name and address of this representative.

AGENDA AND RESOLUTIONS PROPOSED BY THE BOARD OF DIRECTORS

Agenda

As an Ordinary Shareholders' Meeting:

- Approval of the parent company financial statements for financial year 2010
- Approval of the consolidated financial statements for financial year 2010
- Appropriation of results and determination of the dividend
- Ratification of the co-optation of Mr. Marc de Garidel as a Director
- Approval of the regulated agreement relating to the signature of a rider to the liquidity agreement entered into with Mayroy SA
- Approval of regulated agreements and commitments concerning compensation components granted to Mr. Jean-Luc Bélingard
- Approval of regulated agreements and commitments concerning compensation components granted to Mr. Marc de Garidel
- Approval of a commitment taken in favour of Mr. Marc de Garidel, Chairman and Chief Executive Officer, corresponding to severance payment in connection with the termination of his term of office
- Renewal of the term of office of KPMG SA as Statutory Auditor
- Appointment of KPMG Audit IS as Alternate Statutory Auditor in replacement of Mr. Jean-Paul Vellutini
- Authorisation to the Board of Directors to allow the Company to repurchase its own shares

As an Extraordinary Shareholders' Meeting:

- Amendment of the 1st sub-paragraph of Article 15 of the Articles of Association relating to the length of Directors' terms of office

As an Ordinary Shareholders' Meeting:

- Appointment of Mr. Christophe Vérot as a Director for a period of four years
- Renewal of the term of office of Mr. Marc de Garidel as a Director for a period of four years
- Renewal of the term of office of Mr. Henri Beaufour as a Director for a period of four years
- Renewal of the term of office of Mrs. Anne Beaufour as a Director for a period of three years
- Renewal of the term of office of Mr. Hervé Couffin as a Director for a period of three years
- Renewal of the term of office of Mr. Pierre Martinet as a Director for a period of three years
- Renewal of the term of office of Mr. Antoine Flochel as a Director for a period of two years

- Renewal of the term of office of Mr. Gérard Hauser as a Director for a period of two years
- Renewal of the term of office of Mr. Klaus-Peter Schwabe as a Director for a period of two years
- Renewal of the term of office of Mr. René Merkt as a Director for a period of one year
- Renewal of the term of office of Mr. Yves Rambaud as a Director for a period of one year

As an Extraordinary Shareholders' Meeting:

- Delegation of authority to be given to the Board of Directors to increase the share capital by incorporating reserves, profits and/or premiums
- Delegation of authority to be given to the Board of Directors to issue ordinary shares and/or securities giving rights to the Company's capital and/or to the allocation of debt securities with retention of the preferential subscription rights for shareholders
- Delegation of authority to be given to the Board of Directors to issue shares and/or securities giving rights to the Company's capital and/or to the allocation of debt securities, without preferential subscription rights for shareholders through a public offer
- Delegation of authority to be given to the Board of Directors to issue shares and/or securities giving rights to the Company's capital and/or to the allocation of debt securities, without preferential subscription rights for shareholders through a private placement
- Authorisation to increase the amount of issues in the case of over-allotment
- Delegation of authority to be given to the Board of Directors to increase the capital, within the limit of 10% of the share capital, in consideration for contributions in kind made to the Company consisting of equity securities or securities giving rights to share capital
- Delegation of authority to be given to the Board of Directors to increase the share capital by share issues reserved for members of a company savings plan pursuant to the provisions of Articles L.3332-18 and following of the French Labour Code
- Authorisation to be given to the Board of Directors to grant stock subscription and/or purchase options to employees and/or certain company officers
- Authorisation to be given to the Board of Directors to grant bonus shares to employees and/or certain company officers
- Update of the Articles of Association
- Authority to perform legal formalities

Proposed Resolutions

■ As an Ordinary Shareholders' Meeting

First resolution: Approval of the parent company financial statements for financial year 2010

The Shareholders' Meeting, having met the quorum and majority requirements for Ordinary Shareholders' Meetings, having considered the reports of the Board of Directors, the Chairman of the Board and the Statutory Auditors, approves the parent company financial statements for the financial year ending 31 December 2010 with a profit of €82,014,924.50.

Second resolution: Approval of the consolidated financial statements for financial year 2010

The Shareholders' Meeting, having met the quorum and majority requirements for Ordinary Shareholders' Meetings, having considered the reports of the Board of Directors, the Chairman of the Board and the Statutory Auditors, approves the consolidated financial statements for the financial year ending 31 December 2010 with a profit of €95,270,990 (Group share).

Third resolution: Appropriation of results and determination of the dividend

The Shareholders' Meeting, having met the quorum and majority requirements for Ordinary Shareholders' Meetings, decides to appropriate the profit of the financial year ending 31 December 2010, of an amount of €82,014,924.50 as follows:

- distribution of a dividend of €67,375,258.40;

- the balance, *id est* €14,639,666.10 is allocated to the "Carry-forward" item which is thus increased from €63,558,618.82 to €78,198,284.92.

Consequently, a gross dividend of €0.80 will be allocated to each share entitling to a dividend, it being specified that in the event of a change in the number of shares entitling to a dividend from the 84,219,073 shares on 1 March 2011, the total amount of dividends would be accordingly adjusted and the amount allocated to the carry-forward account would be determined on the basis of the dividends actually to be paid.

The ex-dividend date is set on 1 June 2011.

This dividend will be paid on 6 June 2011.

When paid to individuals having their tax residence in France, the dividend is eligible for the 40% tax credit provided for in Article 158-3 2nd of the French General Tax Code. An option is possible for a 19% withholding tax in accordance with the provisions of Article 117 quarter of the French General Tax Code.

Pursuant to applicable legal provisions, the Shareholders' Meeting acknowledges that dividends distributed for the three previous financial years were as follows:

	2007	2008	2009
Number of shares	84,043,183	84,059,683	84,151,383
Dividend per share (in euros)	0.66 ^(*)	0.70 ^(*)	0.75 ^(*)
Overall distribution (in euros)	55,468,500.78 ^(*)	58,841,778.10 ^(*)	63,113,537.25 ^(*)

(*) Unless option for the withholding tax option, this dividend gives right to 40% tax relief for individuals having their tax residence in France as provided for in Article 158-3 2nd of the French General Tax Code.

(**) Not taking into account the sums corresponding to dividends that were not distributed because of treasury shares.

Fourth resolution: Ratification of the co-optation of Mr. Marc de Garidel as a Director

The Shareholders' Meeting, having met the quorum and majority requirements for Ordinary Shareholders' Meetings, ratifies the provisional cooptation decided by the Board of Directors at its meeting held on 11 October 2010, with effect as at 22 November 2010, of Mr. Marc de Garidel as a Director in replacement of Mr Jean-Luc Bélingard.

Consequently, Mr. Marc de Garidel will hold this position for the remainder of his predecessor's term of office, *i.e.*, until the conclusion of the Meeting called in 2011 to approve the financial statements for the previous financial year.

Fifth resolution: Approval of the regulated agreement relating to the signature of a rider to the liquidity agreement entered into with Mayroy SA

The Shareholders' Meeting, having met the quorum and majority requirements for Ordinary Shareholders' Meetings, having considered the Statutory Auditors' special report drawn up in accordance with the provisions of Articles L.225-38 and following of the French Commercial Code, approves the agreement relating to the signature of a rider to the

liquidity agreement entered into with Mayroy SA, falling within the scope of Articles L.225-38 and following of the French Commercial Code.

Sixth resolution: Approval of regulated agreements and commitments concerning compensation components granted to Mr. Jean-Luc Bélingard

The Shareholders' Meeting, having met the quorum and majority requirements for Ordinary Shareholders' Meetings, after having considered the Statutory Auditors' special report drawn up in accordance with the provisions of Articles L.225-38 and following of the French Commercial Code, approves the regulated agreements and commitments concerning compensation components granted to Mr. Jean-Luc Bélingard, covered by Articles L.225-38 and following of the French Commercial Code.

Seventh resolution: Approval of regulated agreements and commitments concerning compensation components granted to Mr. Marc de Garidel

The Shareholders' Meeting, having met the quorum and majority requirements for Ordinary Shareholders' Meetings, having considered the Statutory Auditors' special report

drawn up in accordance with the provisions of Articles L.225-38 and following of the French Commercial Code, approves the regulated agreements and commitments concerning compensation components granted to Mr. Marc de Garidel, covered by Articles L.225-38 and following of the French Commercial Code.

Eighth resolution: Approval of a commitment taken in favour of Mr. Marc de Garidel, Chairman and Chief Executive Officer, corresponding to severance payment in connection with the termination of his term of office

The Shareholders' Meeting, having met the quorum and majority requirements for Ordinary Shareholders' Meetings, having considered the Statutory Auditors' special report drawn up in connection with agreements and commitments referred to in Article L.225-42-1 of the French Commercial Code, approves the conditional commitment entered into by the Company in favour of Mr. Marc de Garidel, Chairman and Chief Executive Officer, covering severance payment he may receive should his term of office be terminated.

Ninth resolution: Renewal of the term of office of KPMG SA as Statutory Auditor

The Shareholders' Meeting, having met the quorum and majority requirements for Ordinary Shareholders' Meetings, renews the term of office of KPMG SA, Department KPMG Audit, as Statutory Auditor for a period of six financial years, *i.e.*, until the conclusion of the Shareholders' Meeting called to approve the financial statements for the financial year ending 31 December 2016.

Tenth resolution: Appointment of KPMG Audit IS as Alternate Statutory Auditor in replacement of Mr. Jean-Paul Vellutini

The Shareholders' Meeting, having met the quorum and majority requirements for Ordinary Shareholders' Meetings, appoints KPMG Audit IS as Alternate Statutory Auditor, in replacement of Mr. Jean-Paul Vellutini whose term of office expires at the conclusion of the present Meeting, for a period of six financial years, *i.e.*, until the conclusion of the Shareholders' Meeting called to approve the financial statements for the financial year ending 31 December 2016.

Eleventh resolution: Authorisation to be given to the Board of Directors to allow the Company to purchase its own shares

The Shareholders' Meeting, having met the quorum and majority requirements for Ordinary Shareholders' Meetings, having considered the Board of Directors' report, in accordance with the provisions of Articles L.225-209 and following of the French Commercial Code, authorises the Board of Directors, with the authority to sub-delegate, for a period of 18 months starting from this Meeting, to purchase shares of the Company, on one or several occasions, subject to a maximum of 10% of the number of shares comprising the share capital, adjusted, if necessary, to take into account any capital increases or reductions which may take place during the period of the programme, by any means, including by the purchase of blocks of shares, or by using optional processes or derivatives covered by the applicable regulations.

Purchases would be made for the following purposes:

- to stimulate the secondary market or liquidity of the IPSEN shares under a liquidity contract compliant with the AMAFI Code of Conduct;

- to retain the shares purchased and to deliver them subsequently by way of exchange or payment of acquisition transactions, shares purchased in connection with this purpose could not exceed 5% of the Company's capital;
- to ensure the hedging of stock option plans and other forms of share allotments to Group employees and/or company officers under the terms and conditions set out by law and, in particular in respect of statutory profit-sharing schemes, company savings plans or allotment of bonus shares;
- to ensure the coverage of negotiable securities giving rights to Company shares in accordance with current regulations;
- with a view to the possible cancellation of the shares purchased in accordance with the authorisation given by the Combined Shareholders' Meeting of 28 May 2010 (eighth extraordinary resolution).

These share repurchases may be carried out by any means, including by the purchase of blocks of shares, and at such times as the Board of Directors sees fit. However, they may not be carried out during a takeover bid period.

The maximum price of purchase is set at €50 per share. In the event of a transaction on the share capital such as stock split or consolidation or allotment of bonus shares, the aforementioned amount will be adjusted in the same proportions (multiplying coefficient equal to the ratio between the number of shares comprising the share capital before the transaction and the number of shares after the transaction). The maximum amount of these share buybacks is thus set at €421,095,365 on the basis of a number of shares of 84,219,073.

The Shareholders' Meeting gives full powers to the Board of Directors, with the authority to sub-delegate, to carry out these share repurchases, determine their terms and conditions, and sign any relevant agreements and carry out any formalities.

This authorisation terminates the authorisation given to the Board of Directors by the Combined Shareholders' Meeting on 28 May 2010 (seventh ordinary resolution).

■ As an Extraordinary Shareholders' Meeting

Twelfth resolution: Amendment of the 1st sub-paragraph of Article 15 of the Articles of Association relating to the length of Directors' terms of office

The Shareholders' Meeting, having met the quorum and majority requirements for Extraordinary Shareholders' Meetings, having considered the Board of Directors' report, decides to:

- raise the maximum length of a Director's term of office from 3 years to 4 years and allow Directors' terms of office to be staggered,
- specify the effective date of the age limit for Directors,
- change by consequence the first sub-paragraph of Article 15 of the Articles of Association "Length of Directors' terms of office".

The first sub-paragraph is now replaced by the two following sub-paragraphs:

"The length of Directors' terms of office is four (4) years. Exceptionally, and exclusively in order to enable the staggered renewal of Directors' terms of office to be implemented and

maintained, the Ordinary Shareholders' Meeting will be able to elect one or several Directors for a period of one (1) year, two (2) years or three (3) years.

The number of Directors who have reached the age of 70 years old shall not be more than one-third of the number of Directors in office. When this age limit is exceeded, the oldest member of the Board of Directors shall be deemed to have resigned at the end of the first upcoming Ordinary Shareholders' Meeting."

The other provisions of Article 15 remain unchanged.

■ As an Ordinary Shareholders' Meeting

Thirteenth resolution: Appointment of Mr. Christophe Vérot as a Director for a period of four years

The Shareholders' Meeting, having met the quorum and majority requirements for Ordinary Shareholders' Meetings, having considered the Board of Directors' report, appoints Mr. Christophe Vérot as Director, to replace Alain Béguin whose term of office expires at the conclusion of the present Meeting for a four-year term, which shall expire at the conclusion of the Shareholders' Meeting to be held in 2015 called to approve the financial statements for the previous financial year, subject to the approval of the twelfth resolution concerning the amendment of Article 15 of the Articles of Association.

Fourteenth resolution: Renewal of the term of office of Mr. Marc de Garidel as a Director for a period of four years

The Shareholders' Meeting, having met the quorum and majority requirements for Ordinary Shareholders' Meetings, having considered the Board of Directors' report, renews the term of office of Mr. Marc de Garidel as a Director for a four-year term, which shall expire at the conclusion of the Shareholders' Meeting to be held in 2015 called to approve the financial statements for the previous financial year, subject to the approval of the twelfth resolution concerning the amendment of Article 15 of the Articles of Association.

Fifteenth resolution: Renewal of the term of office of Mr. Henri Beaufour as a Director for a period of four years

The Shareholders' Meeting, having met the quorum and majority requirements for Ordinary Shareholders' Meetings, having considered the Board of Directors' report, renews the term of office of Mr. Henri Beaufour as a Director for a four-year term, which shall expire at the conclusion of the Shareholders' Meeting to be held in 2015 called to approve the financial statements for the previous financial year, subject to the approval of the twelfth resolution concerning the amendment of Article 15 of the Articles of Association.

Sixteenth resolution: Renewal of the term of office of Mrs. Anne Beaufour as a Director for a period of three years

The Shareholders' Meeting, having met the quorum and majority requirements for Ordinary Shareholders' Meetings, having considered the Board of Directors' report, renews the term of office of Mrs. Anne Beaufour as a Director for a three-year term, which shall expire at the conclusion of the Shareholders' Meeting to be held in 2014 called to approve the financial statements for the previous financial year, subject to the approval of the twelfth resolution concerning the amendment of Article 15 of the Articles of Association.

Seventeenth resolution: Renewal of the term of office of Mr. Hervé Couffin as a Director for a period of three years

The Shareholders' Meeting, having met the quorum and majority requirements for Ordinary Shareholders' Meetings, having considered the Board of Directors' report, renews the term of office of Mr. Hervé Couffin as a Director, for a three-year term, which shall expire at the conclusion of the Shareholders' Meeting to be held in 2014 called to approve the financial statements for the previous financial year, subject to the approval of the twelfth resolution concerning the amendment of Article 15 of the Articles of Association.

Eighteenth resolution: Renewal of the term of office of Mr. Pierre Martinet as a Director for a period of three years

The Shareholders' Meeting, having met the quorum and majority requirements for Ordinary Shareholders' Meetings, having considered the Board of Directors' report, renews the term of office of Mr. Pierre Martinet as a Director for a three-year term, which shall expire at the conclusion of the Shareholders' Meeting to be held in 2014 called to approve the financial statements for the previous financial year, subject to the approval of the twelfth resolution concerning the amendment of Article 15 of the Articles of Association.

Nineteenth resolution: Renewal of the term of office of Mr. Antoine Flochel as a Director for a period of two years

The Shareholders' Meeting, having met the quorum and majority requirements for Ordinary Shareholders' Meetings, having considered the Board of Directors' report, renews the term of office of Mr. Antoine Flochel as a Director for a two-year term, which shall expire at the conclusion of the Shareholders' Meeting to be held in 2013 called to approve the financial statements for the previous financial year, subject to the approval of the twelfth resolution concerning the amendment of Article 15 of the Articles of Association.

Twentieth resolution: Renewal of the term of office of Mr. Gérard Hauser as a Director for a period of two years

The Shareholders' Meeting, having met the quorum and majority requirements for Ordinary Shareholders' Meetings, having considered the Board of Directors' report, renews the term of office of Mr. Gérard Hauser as a Director for a two-year term, which shall expire at the conclusion of the Shareholders' Meeting to be held in 2013 called to approve the financial statements for the previous financial year, subject to the approval of the twelfth resolution concerning the amendment of Article 15 of the Articles of Association.

Twenty-first resolution: Renewal of the term of office of Mr. Klaus-Peter Schwabe as a Director for a period of two years

The Shareholders' Meeting, having met the quorum and majority requirements for Ordinary Shareholders' Meetings, having considered the Board of Directors' report, renews the term of office of Mr. Klaus-Peter Schwabe as a Director for a two-year term, which shall expire at the conclusion of the Shareholders' Meeting to be held in 2013 called to approve the financial statements for the previous financial year, subject to the approval of the twelfth resolution concerning the amendment of Article 15 of the Articles of Association.

Twenty-second resolution: Renewal of the term of office of Mr. René Merkt as a Director for a period of one year

The Shareholders' Meeting, having met the quorum and majority requirements for Ordinary Shareholders' Meetings, having considered the Board of Directors' report, renews the term of office of Mr. René Merkt as a Director for a one-year term, which shall expire at the conclusion of the Shareholders' Meeting to be held in 2012 called to approve the financial statements for the previous financial year, subject to the approval of the twelfth resolution concerning the amendment of Article 15 of the Articles of Association.

Twenty-third resolution: Renewal of the term of office of Mr. Yves Rambaud as a Director for a period of one year

The Shareholders' Meeting, having met the quorum and majority requirements for Ordinary Shareholders' Meetings, having considered the Board of Directors' report, renews the term of office of Mr. Yves Rambaud as a Director for a one-year term, which shall expire at the conclusion of the Shareholders' Meeting to be held in 2012 called to approve the financial statements for the previous financial year, subject to the approval of the twelfth resolution concerning the amendment of Article 15 of the Articles of Association.

■ As an Extraordinary Shareholders' Meeting**Twenty-fourth resolution: Delegation of authority to be given to the Board of Directors to increase the share capital by incorporating reserves, profits and/or premiums**

The Shareholders' Meeting, having met the quorum and majority requirements for Ordinary Shareholders' Meetings, having considered the Board of Directors' report, and in accordance with the provisions of Articles L.225-129-2 and L.225-130 of the French Commercial Code:

- 1) Delegates to the Board of Directors its authority to increase the share capital, on one or several occasions, at such times and under the terms and conditions it will see fit, by incorporating reserves, profits, share premiums or other sums of which the capitalisation would be accepted, through the issue and grant of bonus shares or through the increase of the nominal value of existing ordinary shares, or a combination of these two approaches.
- 2) Resolves that should the Board of Directors use this delegation of authority, in accordance with provisions of Article L.225-130 of the French Commercial Code, in the event of a share capital increase under the form of an allotment of bonus shares, any rights to fractional shares shall be non-negotiable or tradable, and that the corresponding securities shall be sold; the sums resulting from such a sale shall be allocated to the holders of such rights within the time period as provided by current regulations.
- 3) Sets at 26 months the period of validity of the present delegation of authority, beginning on the day of the present Shareholders' Meeting.
- 4) Resolves that the amount of the share capital increase resulting from securities issued under the present resolution shall not exceed 20% of the share capital from the date of the present Meeting, not taking into account the amount required to safeguard, in accordance with legal provisions, the rights of holders of securities giving right to shares.

This maximum amount is deducted from the total ceiling defined in the twenty-fifth resolution.

- 5) Delegates full powers to the Board of Directors to implement this resolution, and, generally, take all the measures and carry out all the formalities required to undertake every capital increase, record its completion and amend the Articles of Association accordingly.
- 6) Takes note that the present delegation shall cancel and supersede any previous delegation of powers with the same purpose, as of this day, up to the unused amount.

Twenty-fifth resolution: Delegation of authority to be given to the Board of Directors to issue ordinary shares and/or securities giving rights to the Company's capital and/or to the allocation of debt securities with retention of the preferential subscription rights for shareholders

The Shareholders' Meeting, having considered the report of the Board of Directors and the Statutory Auditors' special report, and in accordance with the provisions of the French Commercial Code and in particular with its Article L.225-129-2:

- 1) Delegates to the Board of Directors its powers to issue, on one or several occasions, in the proportions and at the times it will see fit, either in euros, or in foreign currencies or in any other unit of account set in reference to several foreign currencies:
 - ordinary shares,
 - and/or securities giving rights immediately or eventually, at any time or at a fixed date, to ordinary shares of the Company, whether by subscription, conversion, exchange, redemption, presentation of a warrant or in any other manner authorised by law,
 - and/or securities giving rights to the allocation of debt securities.

In accordance with the provisions of Article L.228-93 of the French Commercial Code, securities to be issued may give rights to ordinary shares of any company that directly or indirectly owns more than half of the Company's capital or of any company of which the Company owns more than half the share capital directly or indirectly.

- 2) Sets the period of validity of the present delegation at 26 months from the date of the present Shareholders' Meeting.
- 3) Resolves to set, as follows, the maximum amount of issues that may be carried out by the Board of Directors under this delegation of powers:

The total nominal amount of shares that may be issued under this delegation shall not exceed 20% of the share capital on the date of the present Meeting. The total nominal amount of shares issued, directly or not, under the twenty-fourth, twenty-sixth and twenty-seventh resolutions will be deducted from this maximum amount.

This maximum amount does not include the total nominal value of additional shares that may have to be issued to safeguard, in accordance with legal provisions, the rights of holders of securities giving rights to the Company's capital.

4) Should the Board of Directors use this delegation of authority to issue securities as referred to in 1) above:

a/ decides that the issues of ordinary shares or of securities giving access to the Company's capital will be reserved in preference to shareholders who will be able to make an irrevocable subscription,

b/ decides that if the irrevocable, and revocable, subscriptions have not absorbed the entire issue referred to in a/, the Board of Directors may take the following measures:

- curtail the amount of the issue to the sum raised in subscriptions provided it amounts to $\frac{3}{4}$ of the issue that has been decided,
- distribute freely all or some of the unsubscribed securities,
- offer to the public freely all or some of the unsubscribed securities.

5) Resolves that the Board of Directors will hold, in compliance with the limits set above, the powers needed in particular to set the terms and conditions of the issue or issues, as the case may be, record the completion of issues that may result from the use of these powers and amend the Articles of Association accordingly, deduct, at its own initiative, the costs of share capital increases from the amount of related premiums and levy from this amount the sums required to raise the legal reserve to one-tenth of the new capital after each increase and, more generally, do everything necessary in this respect.

6) Takes note that this delegation cancels and replaces any previous delegation of powers with the same purpose.

Twenty-sixth resolution: Delegation of authority to be given to the Board of Directors to issue shares and/or securities giving rights to the Company's capital and/or to the allocation of debt securities, without preferential subscription rights for shareholders through a public offer

The Shareholders' Meeting, having considered the report of the Board of Directors and the Statutory Auditors' special report, and in accordance with the provisions of the French Commercial Code and in particular its Article L.225-136:

1) Delegates to the Board of Directors its powers to issue, on one or several occasions, in the proportions and at the times it will see fit, on the French and/or international market, through an offer to the public, either in euros, or in foreign currencies or in any other unit of account set in reference to several foreign currencies:

- ordinary shares,
- and/or securities giving rights immediately or eventually, at any time or at a fixed date, to ordinary shares of the Company, whether by subscription, conversion, exchange, redemption, presentation of a warrant or in any other manner authorised by law,
- and/or securities giving rights to the allocation of debt securities.

The Board may issue these securities in order to pay for securities that could be tendered to the Company in a public offering that would include an exchange under the conditions of Article L.225-148 of the French Commercial Code.

In accordance with Article L.228-93 of the French Commercial Code, the securities to be issued may give

rights to ordinary shares of any company that directly or indirectly owns more than half of the Company's capital or of any company of which the Company owns more than half the share capital directly or indirectly.

2) Sets the period of validity of the present delegation at 26 months from the date of the present Shareholders' Meeting.

3) The total nominal amount of ordinary shares that may be issued under the present delegation shall not exceed 10% of the share capital on the date of the present Meeting. This amount is deducted from the maximum amount set for share capital increase in the twenty-fifth resolution and on the maximum amount set forth in the twenty-seventh resolution.

4) Resolves to cancel the shareholders' preferential subscription right to ordinary shares and to securities giving access to the Company's capital and/or debt securities covered by this resolution, but grants the Board of Directors the power to grant shareholders a priority right, in accordance with the law.

5) Resolves that the sum due or to be due to the Company for each ordinary share issued under this delegation of powers, after taking into account, in the case of the issuance of independent share subscription warrants, of the issue price of aforesaid warrants, will be at least equal to the minimum required by the applicable legal and regulatory provisions from the time when the Board of Directors implements the delegation.

6) Resolves, in the event of the issuance of securities with the purpose of compensating securities tendered as part of a public exchange offer, that the Board of Directors will hold, under the conditions set in Article L.225-148 of the French Commercial Code and within the limits set above, the powers required to draw up the list of securities tendered to the exchange, determine issuance conditions, the exchange parity as well as, if need be, the amount of the cash balance to be paid and determine the issuance terms and conditions.

7) Resolves that if the subscriptions have not absorbed the entire amount issued of ordinary shares or securities giving access to the Company's capital, the Board of Directors will be able to take the following measures:

- curtail the amount of the issue to the amount raised in subscriptions provided that it reaches $\frac{3}{4}$ of the issue decided initially,
- dispose freely of all or part of the unsubscribed securities.

8) Resolves that the Board of Directors will hold, in compliance with the limits set above, the powers needed in particular to set the terms and conditions of the issue or issues, as the case may be, record the completion of issues that may result from the use of these powers and amend the Articles of Association accordingly, deduct, at its own initiative, the costs of capital increases from the amount of related premiums and levy from this amount the sums required to raise the legal reserve to one-tenth of the new capital after each increase and, more generally, do everything necessary in this respect.

9) Takes note that the present delegation cancels and replaces any previous delegation of powers with the same purpose.

Twenty-seventh resolution: Delegation of authority to be given to the Board of Directors to issue shares and/or securities giving rights to the Company's capital and/or to the allocation of debt securities, without preferential subscription rights for shareholders through a private placement

The Shareholders' Meeting, having considered the report of the Board of Directors and the Statutory Auditors' special report, and in accordance with the provisions of the French Commercial Code and in particular its Article L.225-136:

1) Delegates to the Board of Directors its powers to issue, on one or several occasions, at such times and under the terms and conditions it will see fit, on the French and/or international market, through an offer referred to in the second paragraph of Article L.411-2 of the French Monetary and Financial Code, either in euros, or in foreign currencies or in any other unit of account set in reference to several foreign currencies:

- ordinary shares,
- and/or securities giving rights immediately or eventually, at any time or at a pre-determined date, to ordinary shares of the Company, whether by subscription, conversion, exchange, redemption, presentation of a warrant or in any other manner authorised by law,
- and/or securities giving rights to the allocation of debt securities.

Pursuant to Article L.228-93 of the French Commercial Code, the securities issued may give rights to ordinary shares of any company that directly or indirectly owns more than half of the Company's capital or of any company of which the Company owns more than half the share capital directly or indirectly.

2) Sets the period of validity of this delegation at twenty-six months from the date of the present Shareholders' Meeting.

The total nominal amount of ordinary shares that may be issued under this delegation shall not exceed 10% of the share capital on the date of the present Meeting. The amount of the share capital increases that may be carried out under this resolution is deducted from the maximum amount set by the twenty-sixth resolution and from the maximum amount set by the twenty-fifth resolution.

- 3) Resolves to cancel the shareholders' preferential subscription right to ordinary shares and to securities giving access to the Company's capital and/or debt securities covered by this resolution.
- 4) Resolves that the sum due or to be due to the Company for each ordinary share issued in accordance with this delegation of powers, after taking into consideration, in the case of the issuance of independent share subscription warrants, of the issue price of aforesaid warrants, will be at least equal to the minimum required by the applicable legal and regulatory provisions from the time when the Board of Directors will make use of the delegation.
- 5) Resolves that the Board of Directors will hold, in compliance with the limits set above, the powers needed in particular to set the terms and conditions of the issue or issues, as the case may be, record the completion of issues that may

result from the use of these powers and amend the Articles of Association accordingly, deduct, at its own initiative, the costs of capital increases from the amount of related premiums and levy from this amount the sums required to raise the legal reserve to one-tenth of the new capital after each increase and, more generally, do everything necessary in this respect.

- 6) Takes note that the present delegation cancels and replaces any previous delegation of powers with the same purpose.

Twenty-eighth resolution: Authorisation to increase the amount of issues in the case of overallocation

For each of the issues of ordinary shares or of securities giving rights to the Company's share capital decided pursuant to the twenty-fifth to twenty-seventh resolutions, the number of securities to be issued may be increased in accordance with the terms and conditions set out by Article L.225-135-1 of the French Commercial Code and within the limit of the maximum amounts set by the Shareholders' Meeting, when the Board of Directors notes overallocation.

Twenty-ninth resolution: Delegation of authority to be given to the Board of Directors to increase the capital, within the limit of 10% of the share capital, in consideration for contributions in kind made to the Company consisting of equity securities or securities giving rights to share capital

The Shareholders' Meeting, having considered the report of the Board of Directors and the Statutory Auditors' special report, and in accordance with the provisions of Article L.225-147 of the French Commercial Code:

- 1) Authorises the Board of Directors to issue, after considering the expert appraiser's report, ordinary shares or securities giving rights to ordinary shares in consideration for contributions in kind made to the Company consisting of equity securities or securities giving rights to the Company's capital, in the event that the provisions of Article L.225-148 of the French Commercial Code do not apply.
- 2) Sets the period of validity of the present delegation at 26 months from the date of the present Shareholders' Meeting.
- 3) Resolves that the total nominal amount of ordinary shares that may be issued under this delegation may not exceed 10% of the share capital on the date of the present Meeting, it being specified that this amount is independent from any other maximum amount set with respect to delegations of power to carry out share capital increases.
- 4) Delegates full powers to the Board of Directors to approve the evaluation of contributions, decide the resulting share capital increase, record the completion of issues, deduct the costs of capital increases from the amount of related premiums, levy from the contribution premium the sums required to raise the legal reserve to one-tenth of the new capital after each increase and amend the Articles of Association accordingly, and do everything necessary in this respect.
- 5) Takes note that the present delegation cancels and replaces any previous delegation of powers with the same purpose.

Thirtieth resolution: Delegation of authority to be given to the Board of Directors to increase the share capital by share issues reserved for members of a company savings plan pursuant to the provisions of Articles L.3332-18 and following of the French Labour Code

The Shareholders' Meeting, having considered the report of the Board of Directors and the Statutory Auditors' special report, and in accordance with the provisions of Articles L.225-129-6 and L.225-138-1 of the French Commercial Code and Articles L.3332-18 and following of the French Labour Code:

- 1) Authorises the Board of Directors, if the Board should see fit to do so and takes this decision at its own initiative, to increase the share capital on one or several occasions by issuing ordinary shares and, as the case may be, by granting bonus ordinary shares or other securities giving rights to the share capital, reserved for Company employees (and executive officers), as well as companies related to it as defined in Article L. 225-180 of the French Commercial Code who are members of a company savings plan.
- 2) Cancels the preferential subscription rights for shareholders regarding shares to be issued in accordance with the present delegation.
- 3) Sets the period of validity of the present delegation at 26 months from the date of the present Shareholders' Meeting.
- 4) Sets the maximum total nominal account of the share capital increase(s) that can be carried out under this authorisation to 5% of the share capital at the date of this Meeting, it being specified that this amount is independent from any other maximum amount set with respect to delegations of powers to carry out share capital increases.
- 5) Resolves that the price of the shares thus issued, in application of 1/ of this delegation of powers, when the period of time during which the shares are vested set by the plan in application of Articles L.3332-25 and L.3332-26 of the French Labour Code is higher than or equal to ten years, shall not be more than 20%, or 30%, lower than the average of the opening prices quoted in the twenty stock market trading days preceding the day of the Board of Directors' decision to carry out this capital increase and carry out the corresponding share issuance, or higher than this average.
- 6) Takes note that the present delegation cancels and replaces any previous delegation of powers with the same purpose.

The Board of Directors is free to decide whether to implement this delegation or not and may take all required measures and carry out all necessary formalities.

Thirty-first resolution: Authorisation to be given to the Board of Directors to grant stock subscription and/or purchase options to employees and/or certain company officers

The Shareholders' Meeting, having considered the report of the Board of Directors and the Statutory Auditors' special report:

- Authorises the Board of Directors, pursuant to the provisions of Articles L.225-177 to L.225-185 of the French Commercial Code, to grant on one or several occasions, in favour of the beneficiaries indicated hereafter, options

giving rights to subscribe to new shares of the Company to be issued as part of a share capital increase or to purchase existing shares of the Company following share buybacks carried out under the conditions set by the legislation.

- Sets the period of validity of this authorisation at 26 months starting from the date of the present Shareholders' Meeting.
- Resolves that the beneficiaries of these options may only be:
 - on the one hand, all or certain employees, or certain categories of personnel, of Ipsen and, as the case may be, of companies or economic interest groupings which are related to the Company in the meaning of Article L.225-180 of the French Commercial Code;
 - on the other hand, company officers who meet the conditions set by Article L.225-185 of the French Commercial Code.
- The total number of options the Board of Directors can grant under this delegation may not give right to subscribe or buy a number of shares higher than 3% of the share capital as of the day of the first grant, it being specified that the total number of bonus shares the Board of Directors may grant under the authorisation below will be deducted from this number.
- Resolves that the stock subscription and/or purchase price to be paid by the beneficiaries will be set on the day when the options will be granted by the Board of Directors according to the terms and conditions as well as the limits authorised by the legislation in force, without any discount.
- Resolves that no option may be granted:
 - either during the ten stock market trading days preceding and following the date on which the consolidated financial statements are made public, or
 - in the period between the date on which the Company's governing bodies have knowledge of information which, if it were disclosed, could have a material impact on the Company's share price and the date that falls after ten stock market trading days after the one on which this information is made public,
 - fewer than twenty stock market trading days after the coupon giving right to a dividend or a share capital increase is stripped from shares.
- Takes note that this authorisation includes, in favour of beneficiaries of subscription options, an explicit waiving by shareholders of their preferential rights to subscribe to the shares that will be issued upon options exercises.
- Delegates full powers to the Board of Directors to set the other terms and conditions under which options will be granted and exercised and in particular to:
 - set the conditions under which the options will be granted and draw up the list or determine the categories of beneficiaries as described above; set, as the case may be, the seniority criteria these beneficiaries will have to meet; decide the conditions under which the price and the number of shares will have to be adjusted in particular with respect to cases set out in Articles R.225-137 to R.225-142 of the French Commercial Code;
 - determine the performance-based criteria the Company's executive officers will have to meet, as well as, if need be, any other officer and/or beneficiary, to exercise the options and take any decision falling within the application

scope of Article L.225-185 of the French Commercial Code;

- set the period(s) during which the options thus granted may be exercised, being specified that the options may not last more than ten years, beginning from the date of grant;
- foresee the possibility of temporarily suspending the period during which options may be exercised for a maximum of three months in the case that financial transactions are carried out that entail the exercising of a right attached to shares;
- carry out, directly or by an agent, all the formalities and sign all the documents required for the completion of the capital increase(s) that may be carried out, if need be, under the authorisation covered by this resolution; accordingly amend the Articles of Association and generally do everything that is necessary;
- at its own initiative if it sees fit to do so, deduct the costs of the increases in the share capital from the premiums related to these increases and levy from this amount the sums required to raise the legal reserve to one-tenth of the new capital after each increase.

- Takes note that the present authorisation cancels and replaces any previous delegation of powers with the same purpose.

Thirty-second resolution: Authorisation to be given to the Board of Directors to grant bonus shares to employees and/or certain company officers

The Shareholders' Meeting, having considered the report of the Board of Directors and the Statutory Auditors' special report, authorises the Board of Directors, to issue, on one or several occasions, in accordance with Articles L.225-197-1 and L.225-197-2 of the French Commercial Code, bonus shares of the Company, whether existing or to be issued, to the benefit of:

- employees of the Company or of companies that are directly or indirectly related to the Company within the meaning defined by Article L.225-197-2 of the French Commercial Code,
- and/or company officers who meet the conditions set by Article L.225-197-1 of the French Commercial Code.

The total number of bonus shares thus granted may not exceed 3% of the share capital on the date of grant decided by the Board of Directors, it being specified that the total number of shares to which the options that may be granted by the Board of Directors under the preceding authorisation will be deducted from this total number of bonus shares.

The allotment of shares to beneficiaries will be definitive after an acquisition period. Its length will be set by the Board of Directors, which shall run for at least two years, as the beneficiaries will have to keep these shares for a period set by the Board of Directors, it being specified that the vesting period may not be shorter than two years from the date on which aforesaid shares are definitely allotted.

However, the Shareholders' Meeting authorises the Board of Directors, insofar as the acquisition period set for all or part of one or several allotments is at least four years, not to impose any vesting period for the shares in question.

Exceptionally, the definitive allotment will occur before the end of the acquisition period if a beneficiary is affected by a disability under the second and third categories defined by Article L.341-4 of the French Social Security Code.

All powers are given to the Board of Directors to:

- Determine the conditions and, if need be, the criteria set for the allotment of bonus shares.
- Determine the performance-based criteria that Company's executive officers will have to meet, as well as, if need be, any other officer and/or beneficiary, to acquire shares and take any decision falling within the scope of Article L.225-197-1 of the French Commercial Code.
- Nominate beneficiaries as well as the number of bonus shares allotted to each of them.
- Determine the impact on the rights of beneficiaries of transactions modifying the share capital or likely to affect the value of shares allocated and acquired during the acquisition and vesting periods and, by consequence, change or adjust, if necessary, the number of shares allotted in order to safeguard the rights of beneficiaries.
- If need be:
 - ascertain that there are large enough reserves and transfer to the unavailable reserve account of the sums required to fund the new shares to be allotted every time an allotment is carried out,
 - decide, when appropriate, the share capital increase(s) by incorporating reserves, premiums or profits stemming from the issuance of new bonus shares,
 - carry out necessary acquisitions of shares as part of the share buyback programme and allocate them to the allotment plan,
 - take all measures useful to ensure compliance with the vesting obligation demanded from beneficiaries,
 - and, more generally, in accordance with the legislation in force, do everything that implementing this authorisation will make necessary.

This authorisation shall entail by operation of law the waiving by shareholders of their preferential right to subscribe to new shares issued by incorporating reserves, premiums or profits.

It is given for a twenty-six month period running from the date of the present Meeting.

It cancels and replaces any previous delegation of powers with the same purpose.

Thirty-third resolution: Update of the Articles of Association

The Shareholders' Meeting, having considered the report of the Board of Directors, decides to update the Articles of Association and in particular:

- to bring in line the second paragraph of Article 23 "AGENDA" with the provisions of Article L.225-105 of the French Commercial Code as modified by the Decree dated 9 December 2010 and accordingly amend it as follows, while the remainder of the Article remains unchanged:

"However, one or several shareholders have the possibility to require, under the terms and conditions set forth by legal and regulatory provisions in force, the inclusion of items

or draft resolutions in the agenda. The Works Council can also to require the inclusion of proposed resolutions in the agenda in accordance with the regulation in force”.

- harmonise the second paragraph of paragraph 24.2 of Article 24 “ACCESS TO GENERAL MEETINGS – POWERS” with the provisions of Article L.225-106 of the French Commercial Code as modified by the Decree dated 9 December 2010 and amend it as follows, while the remainder of the Article remains unchanged:

“• to be represented by the person or legal entity of their choice under the conditions set forth by regulations in force”.

Thirty-fourth resolution: Authority to perform legal formalities

The Shareholders’ Meeting grants full authority to the bearer of an excerpt or a copy of the minutes of this Meeting to perform any formalities required by law.

REPORT OF THE BOARD OF DIRECTORS ON THE AGENDA AND RESOLUTIONS PROPOSED TO THE COMBINED SHAREHOLDERS' MEETING OF 27 MAY 2011

The Board of Directors convened the Shareholders of the Company at the Combined Shareholders' Meeting to be held on 27 May 2011 in order to report on the activity of the Company during the financial year ending 31 December 2010 and to submit for their approval the following proposed resolutions:

■ Proposal to approve the annual financial statements (first ordinary resolution)

The Board of Directors reminds the shareholders that the parent company financial statements for the financial year ending 31 December 2010 present a profit of €82,014,924.50 and proposes to the Shareholders' Meeting to approve the parent company financial statements for financial year ending 31 December 2010.

■ Proposal to approve the consolidated financial statements (second ordinary resolution)

The Board of Directors reminds the shareholders that the consolidated financial statements for the financial year ending 31 December 2010 show a profit of €95,270,990 (Group share) and proposes to the Shareholders' Meeting to approve the consolidated financial statements for the financial year ending 31 December 2010.

■ Proposal to appropriate the profit and determine the dividend (third ordinary resolution)

The Board of Directors proposes to the Shareholders' Meeting to appropriate the profit of the financial year ending 31 December 2010, of an amount of €82,014,924.50 as follows:

- distribution of a dividend of €67,375,258.40;
- the balance of which, *i.e.*, €14,639,666.10 is allocated to the "Carry-forward" item which is thus increased from €63,558,618.82 to €78,198,284.92.

A gross dividend of €0.80 will be allocated to each share entitling to a dividend, it being specified that in the event of a change in the number of shares entitling to a dividend from the 84,219,073 shares comprising the share capital as at 1 March 2011, the total amount of dividends would be accordingly adjusted and the amount allocated to the carry-forward account would be determined on the basis of the dividends actually to be paid.

When paid to individuals having their tax residence in France, the dividend is eligible for the 40% tax relief provided for in Article 158-3 2nd of the French General Tax Code.

The dividend will be paid on 6 June 2011 with an ex-dividend date as at 1 June 2011.

■ Ratification of the co-optation of Mr. Marc de Garidel as a Director (fourth ordinary resolution)

The Board of Directors proposes to the Shareholders' Meeting to ratify the co-optation decided by the Board of Directors at its meeting held on 11 October 2010, with effect as at

22 November 2010, of Mr. Marc de Garidel, as a Director, in replacement of Mr. Jean-Luc Bélingard, for the duration of the latter's term of office, *i.e.*, until the conclusion of the Meeting held to approve the financial statements for the previous financial year.

■ Approval of the regulated agreements and commitments (fifth to eighth ordinary resolutions)

The Board of Directors has provided the Statutory Auditors with a summary statement of agreements in accordance with the provisions of Articles L.225-38 and following of the French Commercial Code entered into during the financial year 2010 or entered into previously and still in effect during said financial year. It is proposed to the Shareholders' Meeting to approve the new agreements entered into the 2010 financial year as follows:

- **The fifth resolution** has for purpose to submit to the approval of the Shareholders' Meeting the regulated agreement relating to the signature of a rider to the liquidity agreement entered into with Mayroy SA.
- **The sixth and seventh resolutions** have for purposes to submit to the approval of the Shareholders' Meeting the regulated agreements and commitments concerning compensation components granted to Messrs Jean-Luc Bélingard and Marc de Garidel.
- **The eighth resolution** has for purpose to submit to the approval of the Shareholders' Meeting, in accordance with the provisions of Article L.225-42-1 of the French Commercial Code the conditional commitment entered into by the Company in favour of Mr Marc de Garidel, Chairman and Chief Executive Officer, corresponding to severance payment he may be due should his term of office be terminated.

■ Renewal of the terms of office of Statutory Auditors (ninth and tenth ordinary resolutions)

The Board of Directors proposes to the Shareholders' Meeting to re-elect the term of office as Statutory Auditor of KPMG SA, department KPMG Audit for a six-year term, *i.e.*, until the conclusion of the Shareholders' Meeting to be held in 2017 called to approve the financial statements for the financial year ending 31 December 2016 (**ninth resolution**).

The Board of Directors proposes to the Shareholders' Meeting to appoint KPMG Audit IS as Alternate Statutory Auditor in replacement of Mr. Jean-Paul Vellutini, for a six-year term, *i.e.*, until the conclusion of the Shareholders' Meeting to be held in 2017 called to approve the financial statements for the financial year ending 31 December 2016 (**tenth resolution**).

■ Authorisation to allow the Company to purchase its own shares (eleventh ordinary resolution)

The authorisation granted to the Board of Directors by the Shareholders' Meeting held on 28 May 2010 for the implementation of the share repurchase program will expire on 27 November 2011.

Consequently, the Board of Directors proposes to the Shareholders' Meeting to grant to the Board, with the ability to sub-delegate, a new authorisation for a period of eighteen months to purchase, on one or more occasions, the Company's own shares within the limit of 10% of the share capital adjusted, if necessary, to take into account any capital increases or reductions which may take place during the period of the programme (**eleventh resolution**).

This authorisation would end the authorisation given to the Board of Directors by the Combined Shareholders' Meeting held on 28 May 2010 (seventh ordinary resolution).

Purchases would be made for the following purposes:

- To stimulate the secondary market or liquidity of Ipsen shares under a liquidity contract in accordance with the AMAFI Code of Conduct;
- To retain the shares purchased and to deliver them subsequently by way of exchange or payment of acquisition transactions, on the understanding that the shares purchased for this purpose could not exceed 5% of the Company's capital;
- To ensure the hedging of stock option plans and other forms of share allotments to Group employees and/or company officers under the terms and conditions set out by the legislation and, in particular in respect of statutory profit-sharing schemes, company savings plans or allotment of bonus shares;
- To ensure the coverage of negotiable securities granting allotment rights to Company shares in accordance with current regulations;
- With a view to the possible cancellation of the shares purchased in accordance with the authorisation given by the Combined General Meeting of 28 May 2010 (eighth extraordinary resolution).

The Board of Directors proposes to the Shareholders' Meeting to set the maximum purchase price at €50 per share and as a consequence the maximum amount of the share buybacks is set at €421,095,365 on the basis of a number of shares of 84,219,073.

These share buybacks may be carried out by any means, including by the purchase of blocks of shares, and at such times as the Board of Directors sees fit. However, they may not be carried out during a takeover bid period. The Company reserves the right to use derivative products in accordance with applicable regulations.

■ Amendment of the 1st sub-paragraph of Article 15 of the Articles of association relating to the length of Directors' terms of office (twelfth extraordinary resolution)

The Board of Directors proposes to take the opportunity of the renewal of the terms of office of all the directors to amend the length of Directors' terms of office to bring it from three to four years and to allow the staggering of Directors' terms of office in accordance with the recommendations of the AFEP-MEDEF Code of corporate governance. The proposed resolution is also aimed at specifying the effective date of the age limit for Directors.

Therefore, the terms of the **twelfth resolution** are aimed at replacing the provisions of the first sub-paragraph of Article 15

of the Articles of association concerning the length of Directors' terms of office by the two following sub-paragraphs:

"The length of Directors' terms of office is four (4) years. Exceptionally, and exclusively in order to enable the staggered renewal of Directors' terms of office to be implemented and maintained, the Ordinary Shareholders' Meeting will be able to elect one or several Directors for a period of one (1) year, two (2) years or three (3) years.

The number of Directors who have reached the age of 70 years old shall not be more than one-third of the number of Directors in office. When this age limit is exceeded, the oldest member of the Board of Directors shall be deemed to have resigned at the end of the first upcoming Ordinary Shareholders' Meeting."

The other provisions of Article 15 remain unchanged.

Therefore, the length of term of office of certain Directors would exceptionally be of a one-year, two-year and three-year duration so as to allow the overlapping of Directors' terms.

■ Appointment of a new Director and renewal of the terms of office of Directors (thirteenth to twenty-third ordinary resolutions)

All the terms of office of the Directors coming to an end at the conclusion of the present Meeting, the Board of Directors proposes to the Shareholders' Meeting to:

- Appoint Mr. Christophe Vérot as a Director, in replacement of Mr. Alain Béguin whose term of office expires and who does not want to be re-elected, for a four-year term, which shall expire at the conclusion of the Shareholders' Meeting to be held in 2015 called to approve the financial statements for the previous financial year, subject to the approval of the twelfth resolution (**thirteenth resolution**).
- Renew the terms of office of Messrs Marc de Garidel and Henri Beaufour as Directors for a four-year term of office, which shall expire at the conclusion of the Shareholders' Meeting to be held in 2015 called to approve the financial statements for the previous financial year, subject to the approval of the twelfth resolution (**fourteenth and fifteenth resolutions**).
- Renew the terms of office of Mrs. Anne Beaufour and Messrs Hervé Couffin and Pierre Martinet as Directors for a three-year term of office, which shall expire at the conclusion of the Shareholders' Meeting to be held in 2014 called to approve the financial statements for the previous financial year subject to the approval of the twelfth resolution (**sixteenth to eighteenth resolutions**).
- Renew the terms of office of Messrs Antoine Flochel, Gérard Hauser and Klaus-Peter Schwabe as Directors for a two-year term, which shall expire at the conclusion of the Shareholders' Meeting to be held in 2013 called to approve the financial statements for the previous financial year subject to the approval of the twelfth resolution (**nineteenth to twenty-first resolutions**).
- To re-elect Messrs René Merkt and Yves Rambaud as Directors for a one-year term of office, which shall expire at the conclusion of the Shareholders' Meeting to be held in 2012 called to approve the financial statements for the previous financial year subject to the approval of the twelfth resolution (**twenty-second to twenty-third resolutions**).

Information concerning the Directors whose terms of office are proposed for renewal or proposed for appointment are presented pages 22 and following of the present document.

■ **Delegation of authority to increase the share capital by incorporating reserves, profits and/or premiums (twenty-fourth extraordinary resolutions)**

The Shareholders' Meeting held on 4 June 2009 authorised the Board of Directors to increase the share capital of the Company by incorporating reserves, profits and/or premiums. The Board of Directors has not made use of this authorisation.

Nevertheless, since the authorisation is about to expire, the Board of Directors proposes to the Shareholders' Meeting to renew it for a 26-month period in order to give the Board the opportunity to increase the share capital by incorporating reserves, profits and/or premiums or by the issuance or grant of bonus shares and/or through an increase in the nominal value of existing ordinary shares.

The Board of Directors proposes to the Shareholders' Meeting that the share capital increases to be made pursuant to the present authorisation should reach a maximum of 20% of the share capital as at the date of the Shareholders' Meeting, not taking into account the amount required to safeguard, in accordance with the legislation, the rights of holders of securities giving right to shares. This maximum amount is deducted from the total ceiling defined in the twenty-fifth resolution.

■ **Delegation of authority to issue ordinary shares and/or securities giving rights to the Company's capital and/or to the allocation of debt securities with retention of the preferential subscription rights for shareholders (twenty-fifth extraordinary resolution)**

The Shareholders' Meeting held on 4 June 2009 authorised the Board of Directors to issue ordinary shares and/or securities giving rights to the share capital with retention of the preferential subscription rights for shareholders. The Board of Directors has not made use of this authorisation.

Nevertheless, since the authorisation is about to expire, the Board of Directors proposes to the Shareholders' Meeting to renew it for a 26-month period in order to give the Board the opportunity to issue ordinary shares and/or securities giving rights to the Company's capital and/or to the allocation of debt securities with retention of the preferential subscription rights for shareholders. In accordance with the legal provisions, the securities thus issued may give rights to ordinary shares of any company that directly or indirectly owns more than half of the Company's share capital or of any company of which the Company owns, either directly or indirectly, more than half of the share capital.

The Board of Directors proposes to the Shareholders' Meeting that the share capital increases to be made pursuant to the present authorisation should reach a maximum of 20% of the share capital as at the date of the Shareholders' Meeting, not taking into account the amount required to safeguard, in accordance with the legislation, the rights of holders of securities giving right to shares. The total nominal amount of shares issued pursuant to the resolutions relating to incorporation of profits, reserves and premiums (twenty-

fourth resolution) and without preferential subscription rights for shareholders by offer to the public and private placement (twenty-sixth and twenty-seventh resolutions) will be deducted from this maximum amount.

In the event that the subscriptions have not absorbed the entire issue, the Board of Directors may take the following measures:

- curtail the amount of the issue to the sum raised in subscriptions provided it amounts to $\frac{3}{4}$ of the issue that has been decided,
- distribute freely all or some of the unsubscribed securities,
- offer to the public freely all or some of the unsubscribed securities.

■ **Delegation of authority to issue shares and/or securities giving rights to the Company's capital and/or to the allocation of debt securities, without preferential subscription rights for shareholders by an offer to the public (twenty-sixth extraordinary resolution)**

The Shareholders' Meeting held on 4 June 2009 authorised the Board of Directors to issue ordinary shares and/or securities giving rights to the share capital by offer to the public without preferential subscription rights for shareholders. The Board of Directors has not made use of this authorisation.

Nevertheless, since the authorisation is about to expire, the Board of Directors proposes to the Shareholders' Meeting to renew it for a 26-month period in order to give the Board the opportunity to issue ordinary shares and/or securities giving rights to the Company's capital and/or to the allocation of debt securities by offer to the public without preferential subscription rights for shareholders. In accordance with the legal provisions, the securities thus issued may give rights to ordinary shares of any company that directly or indirectly owns more than half of the Company's share capital or of any company of which the Company owns, either directly or indirectly, more than half of the share capital.

The Board of Directors proposes to the Shareholders' Meeting that the issues to be made pursuant to the present authorisation should reach a maximum of 10% of the share capital as at the date of the Shareholders' Meeting. This limit will be deducted from the global limit provided for in the twenty-fifth resolution and the limit provided for in the twenty-seventh resolution.

The Board of Directors could grant shareholders a priority right to subscribe the shares issued.

The sum due or to be due to the Company for each ordinary share issued under this delegation of powers, after taking into account, in the case of the issuance of independent share subscription warrants, of the issue price of aforesaid warrants, will be at least equal to the minimum required by the provisions of Article R.225-119 of the French Commercial Code from the time when the Board of Directors implements the delegation.

In the event of the issuance of securities with the purpose of compensating securities tendered as part of a public exchange offer, the Board of Directors would hold, under the limits set above, the powers required to draw up the list of securities tendered to the exchange, determine issuance

conditions, the exchange parity as well as, if need be, the amount of the cash balance to be paid and determine the issuance terms and conditions.

In the event that the subscriptions have not absorbed the entire issue, the Board of Directors may take the following measures:

- curtail the amount of the issue to the amount raised in subscriptions provided that it reaches three-quarters of the initially decided issue,
- dispose freely of all or part of the unsubscribed securities.

■ **Delegation of authority to issue shares and/or securities giving rights to the Company's capital and/or to the allocation of debt securities, without preferential subscription rights for shareholders, by a private placement (twenty-seventh extraordinary resolution)**

The Shareholders' Meeting held on 4 June 2009 authorised the Board of Directors to issue ordinary shares and/or securities giving rights to the share capital by private placement without preferential subscription rights for shareholders. The Board of Directors has not made use of this authorisation.

Nevertheless, since the authorisation is about to expire, the Board of Directors proposes to the Shareholders' Meeting to renew it for a 26-month period in order to give the Board the opportunity to issue ordinary shares and/or securities giving rights to the Company's capital and/or to the allocation of debt securities by private placement without preferential subscription rights for shareholders. In accordance with the legal provisions, the securities thus issued may give rights to ordinary shares of any company that directly or indirectly owns more than half of the Company's share capital or of any company of which the Company owns, either directly or indirectly, more than half of the share capital.

The Board of Directors proposes to the Shareholders' Meeting that the issues to be made pursuant to the present authorisation should reach a maximum of 10% of the share capital as at the date of the Shareholders' Meeting. This limit will be deducted from the limit provided for in the twenty-sixth resolution and the global limit set in the twenty-fifth resolution.

The sum due or to be due to the Company for each ordinary share issued under this delegation of powers, after taking into account, in the case of the issuance of independent share subscription warrants, of the issue price of aforesaid warrants, will be at least equal to the minimum required by the provisions of Article R.225-119 of the French Commercial Code from the time when the Board of Directors implements the delegation.

■ **Authorisation to increase the amount of issues in the case of over-allotment (twenty-eighth extraordinary resolution)**

For each of the issues of ordinary shares or of securities decided pursuant to the twenty-fifth to twenty-seventh resolutions, the Board of Directors proposes to the Shareholders' Meeting that the number of securities to be issued may be increased in accordance with the terms and conditions provided for by Article L.225-135-1 of the French Commercial Code and within the limit of the maximum amounts set by the Meeting.

■ **Delegation of authority to increase the capital in consideration for contributions in kind made to the Company consisting of equity securities or securities giving rights to share capital (twenty-ninth extraordinary resolution)**

The Shareholders' Meeting held on 4 June 2009 authorised the Board of Directors to issue ordinary shares and/or securities in consideration for contributions in kind made to the Company consisting of equity securities or securities giving rights to share capital. The Board of Directors has not made use of this authorisation.

Nevertheless, since the authorisation is about to expire, the Board of Directors proposes to the Shareholders' Meeting to renew it for a 26-month period in order to give the Board the opportunity to decide such issues.

The Board of Directors proposes to the Shareholders' Meeting that the issues to be made pursuant to the present authorisation should reach a maximum of 10% of the share capital as at the date of the Shareholders' Meeting, it being specified that this amount is independent from any other maximum amount set with respect to any other delegation.

■ **Delegation of authority to increase the share capital by share issues reserved for members of a company savings plan in application of the provisions of Articles L.3332-18 and following of the French Labour Code (thirtieth extraordinary resolution)**

The Shareholders' Meeting held on 4 June 2009 authorised the Board of Directors to increase the share capital by issues of shares reserved to members of a company savings plan. The Board of Directors has not made use of this authorisation.

Nevertheless, since the authorisation is about to expire and in order to be compliant with the provisions of Article L.225-129-6 of the French Commercial Code, the Board of Directors proposes to the Shareholders' Meeting to renew it for a 26-month period.

The Board of Directors proposes to the Shareholders' Meeting that the issues to be made pursuant to the present authorisation should reach a maximum of 5% of the share capital as at the date of the Shareholders' Meeting.

It is specified that, in accordance with the provisions of Article L.3332-19 of the French Labour Code, the price of the shares thus issued could not be more than 20% (or 30% where the unavailability period provided by the plan in accordance with Articles L.3332-25 and L.3332-26 of the French Labour Code is more or equal to ten years) lower than the average of the opening prices quoted in the twenty stock market trading days preceding the day of the Board of Directors' decision to carry out this capital increase and carry out the corresponding share issuance, or higher than this average.

■ **Authorisation to grant stock purchase and subscription options to employees and/or certain company officers (thirty-first extraordinary resolution)**

The Shareholders' Meeting held on 4 June 2009 authorised the Board of Directors to grant stock purchase and/or subscription options to employees and/or certain company

officers. This authorisation will expire on 3 August 2011. The Board of Directors proposes to the Shareholders' Meeting to renew it for a 26-month period.

The options granted pursuant to the present authorisation could not be higher than 3% of the share capital. This maximum limit would be common with the limit proposed for the grant of bonus shares proposed in the thirty-second resolution.

The stock subscription and/or purchase price to be paid by the beneficiaries will be set on the day when the options will be granted by the Board of Directors according to the terms and conditions and limits authorised by the legislation in force, without any discount. The duration of the options would not be more than 10 years.

■ **Authorisation to grant bonus shares to Company employees and/or certain company officers (thirty-second extraordinary resolution)**

The Shareholders' Meeting held on 4 June 2009 authorised the Board of Directors to grant, in connection with the provisions of Article L.225-197-1 of the French Commercial Code, bonus shares to employees and/or certain company officers. This authorisation will expire on 3 August 2011. The Board of Directors proposes to the Shareholders' Meeting to renew it for a 26-month period. The bonus shares to be granted pursuant to the present authorisation could not be higher than 3% of the share capital. This limit would be common to the limit set for the grant of options referred to in the thirty-first resolution.

The allotment of shares to beneficiaries will be definitive after an acquisition period. Its length will be set by the Board of Directors, which shall run for at least two years, as the beneficiaries will have to keep these shares for a period set by the Board of Directors, it being specified that the vesting period may not be shorter than two years from the date on which aforesaid shares are definitely allotted. However, the Board

of Directors would be authorised, insofar as the acquisition period set for all or part of one or several allotments is at least four years, not to impose any vesting period for the shares in question.

Exceptionally, the definitive allotment will occur before the end of the acquisition period if a beneficiary is affected by a disability that is classified under the second and third categories defined by Article L.341-4 of the French Social Security Code.

This authorisation shall entail by operation of law the waiving by shareholders of their preferential rights to subscribe to new shares issued by incorporating reserves, premiums or profits.

■ **Update of the Articles of Association (thirty-third extraordinary resolution)**

The Board of Directors proposes to the Shareholders' Meeting to:

- to bring in line the second paragraph of Article 23 "Agenda" with the provisions of Article L.225-105 of the French Commercial Code as changed by the Decree dated 9 December 2010 for the ability for shareholders to request items on the agenda of general meetings,
- harmonise the second paragraph of paragraph 24.2 of Article 24 "Access to General Meetings – Powers" with the provisions of Article L.225-106 of the French Commercial Code as amended by the Decree dated 9 December 2010 allowing shareholders to be represented by the person or the legal entity of his/her choice under the conditions set forth by regulations in force.

■ **Authority to perform legal formalities (thirty-fourth resolution)**

The Board of Directors proposes to the Shareholders' Meeting to grant full authority necessary to the performance of legal formalities in connection with the present Meeting.

REPORTS OF THE STATUTORY AUDITORS

The following reports are available in the *Document de référence* for 2010 filed with the AMF on 26 April 2011 and on the Ipsen website (www.ipсен.com).

- Report of the Statutory Auditors on annual financial statements
- Report of the Statutory Auditors on consolidated financial statements
- Special report of the Statutory Auditors on regulated agreements and commitments

- Statutory Auditors' report on the Report of the Chairman of the Board of Directors prepared in accordance with the provisions of Article L.225-37 of the French Commercial Code

You may obtain a copy by returning the request for materials and information presented page 47 of the present Notice.

Report of the Statutory Auditors on the resolutions presented to the Combined Shareholders' Meeting to be held on 27 May 2011

This is a free translation into English of a report issued in French language and it is provided for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Ipsen S.A.

Registered office: 65, quai George Gorse – 92650 Boulogne-Billancourt Cedex – France

Statutory Auditors' Report on the twenty-fifth to thirty-second resolutions of the ordinary and extraordinary Shareholder's meeting as at 27 May 2011.

To the Shareholders,

In our capacity as statutory auditors of your Company, and in compliance with French Commercial law (*Code de Commerce*), we hereby report on the proposed operations on share capital upon which you are called to vote.

1. Issuance of shares and/or other equity securities giving and/or cancelling right to company's shares with shareholders' preferential subscription right (twenty-fifth to twenty-ninth resolutions)

In compliance with French Commercial Law (*Code de Commerce*), and in particular Articles L.225-135, L.225-136 and L.228-92, we hereby report on the proposals to empower the Board of Directors to decide various issuances of ordinary shares and of equity securities giving right to company's shares, operations upon which you are called to vote.

Your Board of Directors proposes that, on the basis of its report:

- it be authorized for a period of 26 months to decide to carry out the following operations and to determine conditions thereof, and if appropriate to cancel your preferential subscription rights:
 - issuance of ordinary shares and/or equity securities giving right to company's ordinary shares immediately or at a future date (or in accordance with Article L.228-93 of the French Commercial Law (*Code de Commerce*), of any company that directly or indirectly owns more than half of the Company's capital or of which the Company directly or indirectly owns more than half of the capital), and/or to the allocation of debt securities, while maintaining preferential subscription rights (twenty-fifth resolution);
 - issuance immediately or at a future date, through an offer to the public (twenty-sixth resolution) or through an offer referred to in the second paragraph of Article L.411-2 of the French Monetary and Financial Code (*Code monétaire et financier*) (twenty-seventh resolution), of ordinary shares and/or equity securities giving right to company's ordinary shares (or in accordance with Article L.228-93 of the French Commercial Law (*Code de Commerce*), of any company that directly or indirectly owns more than half of the Company's capital or of which the Company directly or indirectly owns more than half of the capital) and/or to the allocation of debt securities, while cancelling preferential subscription rights, on the understanding that such securities may be issued for the purpose of paying for shares transferred to the Company in the context of a public exchange offer in respect of shares satisfying the conditions laid down by Article L.225-148 of the French Commercial Law (*Code de Commerce*) (twenty-sixth resolution);
- it be empowered for a period of 26 months to fix the terms and conditions of an issuance of ordinary shares and equity securities giving right to company's ordinary shares, in order to pay for contributions in kind made to the Company in the form of shares or equity securities giving right to capital (twenty-ninth resolution), subject to a maximum of 10% of the share capital on the date of this Shareholder's Meeting, it being specified that this amount is independent from any other maximum amount set with respect to any other delegation.

The total par-value of the share capital increases to be carried out, immediately or at a future date, may not exceed 20% of the share capital on the date of this Shareholder's Meeting in accordance with the twenty-fifth resolution and 10% of the share capital on the date of this Shareholder's Meeting in accordance with the twenty-sixth and twenty-seventh resolutions, on the understanding that the amount of the capital increases carried out pursuant to the twenty-sixth resolution will be charged to the global upper limit provided by the twenty-fifth resolution and to the upper limit provided by the twenty-seventh resolution and that the amount of the capital increases carried out pursuant to the twenty-seventh resolution will be charged to the upper limit provided by the twenty-sixth resolution and to the global upper limit provided by the twenty-fifth resolution.

These upper limits take account of the number of additional securities to be created in the context of the implementation of the authorizations according to the twenty-fifth, twenty-sixth and twenty-seventh resolutions, in accordance with the terms and conditions set out by the Article L.225-135-1 of the French Commercial Law (*Code de Commerce*), provided that the twenty-eighth resolution is adopted.

It is the responsibility of your Board of Directors to report in accordance with Articles R.225-113, R.225-114 and R.225-117 of the French Commercial Law (*Code de Commerce*). It is our responsibility to report to you our opinion on the fairness of numerical information extracted from the financial statements, on the proposal to cancel preferential subscription rights, and on other information regarding these operations, included in this report.

We performed the procedures we considered necessary in accordance with professional guidance issued by the national institute of auditors ("*Compagnie nationale des commissaires aux comptes*"), relating to this engagement. The guidance require that we perform the necessary procedures to verify the information related to these operations included in the report of the Board of Directors and the methods used for determining the price of the shares to issue.

Subject to subsequent examination of the conditions governing any issues decided upon, we do not have any comment to make on the manner of determining the issue price of the securities to be issued, as stated in the report of the Board of Directors pursuant to the twenty-sixth and twenty-seventh resolutions.

As your Board of Directors' report does not specify the methods used for determining the issue price of shares to be issued under the twenty-fifth and twenty-ninth resolutions, we do not express an opinion regarding the determination of the issue price.

As the issue price has not yet been determined, we do not express a conclusion on the final conditions under which the emissions will be carried out and, consequently, do not express an opinion on the proposal to cancel preferential subscription rights, which is made to you in the twenty-sixth and twenty-seventh resolutions.

In accordance with Article R.225-116 of the French Commercial law (*Code de Commerce*), we will issue a supplementary report when the issuances involve the cancellation of preferential subscription rights or other equity securities giving right to company's capital, is performed by your Board of Directors.

2. Issuance of shares reserved to the employees of the Company which adhere to the Company's savings plan in accordance with the French Commercial Law (*Code de Commerce*) and Articles L.3332-18 and subsequent Articles of French Labor Code (*Code du travail*) (thirtieth resolution)

In compliance with Articles L.225-135 and subsequent Articles of the French Commercial Law (*Code de Commerce*), we hereby report on the proposal to authorize the Board of Directors to increase the share capital, in one or more occasions, by granting bonus ordinary shares or other securities giving rights to the share capital, with cancellation of preferential subscription rights, reserved for Company employees and executive officers, as well as companies related to it as defined in Article L.225-180 of the French Commercial Code who are members of a company savings plan, for a total maximum amount of 5% of the share capital on the date of this Shareholder's Meeting, on the understanding that this amount is independent of any other upper limit provided for by the delegated powers and authorizations granted in the context of this Meeting, operation upon which you are called to vote.

These increases in capital are subject to your approval in compliance with Articles L.225-129-6 of the French Commercial Law (*Code de Commerce*) and L.3332-18 and subsequent Articles of the French Labor Code (*Code du travail*).

Your Board of Directors proposes, on the basis of its report, that you authorize it, for a period of 26 months, to increase the share capital on one or more occasions, and that you waive your preferential subscription rights in respect of the shares to be issued. Insofar as necessary, the Board will be authorized to decide the terms and conditions of such issues.

It is the responsibility of the Board of Directors to issue a report, in accordance with articles R.225-113 and R.225-114 of the French Commercial Law (*Code de Commerce*). It is our responsibility to report to you our opinion on some information contained in this report and on the proposal for a cancellation of preferential subscription rights.

We performed the procedures we considered necessary in accordance with professional guidance issued by the national institute of auditors ("*Compagnie nationale des commissaires aux comptes*"), relating to this engagement. The guidance require that we perform the necessary procedures to verify the information included in the report of the Board of Directors and the methods used to determine the amount of issue price.

Subject to a subsequent review of the conditions for the proposed increases in capital, we have nothing to report on the methods used to determine the amount of issue price provided in the Board of Directors' report.

As the issue price of the shares has not yet been determined, we do not express an opinion on the final conditions for the increases in capital and, consequently, on the proposed cancellation of preferential subscription rights.

In accordance with Article R.225-116 of the French Commercial Law (*Code de Commerce*), we will issue a supplementary report when the increase in capital is performed by your Board of Directors.

3. Allocation of subscription options and/or shares acquisitions to members of the salaried personnel and/or some company officers (thirty-first resolution)

In compliance with Article L.225-177 and Article R.225-144 of the French Commercial Law (*Code de Commerce*), we have prepared this report on the opening of allocation of subscription options and/or shares acquisitions to members of the salaried personnel and/or some company officers of the Company and of companies associated therewith within the meaning of Article L.225-180 of the French Commercial Law (*Code de Commerce*).

It is the responsibility of the Board of Directors to issue a report on the reasons for the opening of allocation of subscription options and/or shares acquisitions and the methods used to determine the amount of subscription and/or purchase price. It is our responsibility to report to you our opinion on the methods used to determine the amount of subscription and/or purchase price.

We performed the procedures we considered necessary in accordance with professional guidance issued by the national institute of auditors ("*Compagnie nationale des commissaires aux comptes*"), relating to this engagement. The guidance require that we perform the necessary procedures to verify that the proposed methods to determine the amount of subscription and/or purchase price are mentioned in the Board of Directors' report, and that they are in accordance with the applicable legal provisions, and they are such as to be clear to shareholders and they do not appear to be obviously inappropriate.

We have nothing to report regarding the proposed methods.

4. Allocation of bonus shares of the Company, whether in existence or to be issued, to members of the salaried personnel and/or company officers (thirty-second resolution)

In compliance with Article L.225-197-1 of the French Commercial Law (*Code de Commerce*), we have prepared this report on the proposed allocation of bonus shares, whether in existence or to be issued, to members of the salaried personnel and company officers of the Company and of companies associated therewith within the meaning of Article L.225-197-2 of the French Commercial Law (*Code de Commerce*).

Your Board of Directors proposes that you authorize it to allot bonus shares, whether in existence or to be issued. It is required to prepare a report on the operation it wishes to be able to carry out. It is our responsibility to report to you our comments on the information provided to you about the planned operation.

We performed the procedures we considered necessary in accordance with professional guidance issued by the national institute of auditors ("*Compagnie nationale des commissaires aux comptes*"), relating to this engagement. The guidance require that we perform the necessary procedures to verify that the proposed terms and conditions stated in the Board of Directors' report are in accordance with legal provisions.

We have nothing to report regarding the information given in the Board of Directors' report regarding the planned allocation of bonus shares.

Paris La Défense and Neuilly-sur-Seine, April 27, 2011

The Statutory Auditors

KPMG Audit
Department of KPMG S.A.

Catherine Porta
Partner

Deloitte & Associés

Christophe Perrau
Partner

INFORMATION CONCERNING DIRECTORS WHOSE TERM OF OFFICE IS PROPOSED FOR RENEWAL OR FOR APPOINTMENT

Information concerning Directors whose term of office is proposed for renewal

Anne Beaufour

Director

Chairperson of the Appointment and Governance Committee and Member of the Strategic Committee

Born on 8 August 1963, French nationality

Anne Beaufour holds a bachelor's degree in geology (University of Paris Orsay). As at 31 December 2010, Mrs. Anne Beaufour held directly 1 share and 2 voting rights of the Company. Mrs. Anne Beaufour is a shareholder of several companies, as described in section 3.2.3.1. of the Registration Document for 2010, which directly and indirectly hold shares of the Company.

Positions currently held:

- Mayroy (Luxembourg), Managing Director
- Beech Tree (Luxembourg), Chairperson of the Board of Directors
- Highrock SARL (Luxembourg), Legal Manager

Positions previously held that expired during the last five years:

- FinHestia (Luxembourg), Legal Manager

Henri Beaufour

Director

Chairman of the Strategic Committee

Born on 6 January 1965, French nationality

Henri Beaufour holds a bachelor of arts degree (Georgetown, University Washington DC, United States). As at 31 December 2010, Mr. Henri Beaufour held directly 1 share and 2 voting rights of the Company. Mr. Henri Beaufour is a shareholder of several companies, as described in section 3.2.3.1. of the Registration Document for 2010, which directly and indirectly hold shares of the Company.

Positions currently held:

- Mayroy SA (Luxembourg), Director
- Beech Tree (Luxembourg), Director

Positions previously held that expired during the last five years:

- Camilia Holding (Luxembourg), Legal Manager
- FinHestia (Luxembourg), Legal Manager

Hervé Couffin

Director

Member of the Appointment and Governance Committee and of the Strategic Committee

Born on 26 October 1951, French nationality

Hervé Couffin is Chairman of Callisto, a consultancy advising management teams on LBOs, and he is Chairman of the Supervisory Board of Mersen and sits on the board of directors of Antargaz. From 1998 to 2004, he was a member of the executive committee and senior partner at PAI Partners. Previously, he worked for Paribas for a period of 15 years. Hervé Couffin is a graduate of the École Polytechnique and a member of the prestigious Corps des Mines of elite French engineers. As at 31 December 2010, Mr. Hervé Couffin directly held 1,201 shares and 2,402 voting rights of the Company.

Positions currently held:

- Callisto SAS (France), Chairman
- HC Conseil SARL (France), Managing partner
- HC Conseil (on Antargaz Board of Directors), Permanent representative
- Compagnie Franco-Tunisienne des Pétroles (Tunisia), Director
- Mersen (ex-Carbone Lorraine) (France), Chairman of the Supervisory Board

Positions previously held that expired during the last five years:

- Carbone Lorraine (France), Director
- Bouygues Telecom (France), Advisor
- Mayroy (Luxembourg), Director
- Gerflor (France), Director
- PAI Partners (France), Member of the executive committee
- Neuf Cegetel (France), Director
- Neuf Cegetel (France), Advisor

Antoine Flochel

Director and Vice-Chairman of the Board of Directors

Chairman of the Compensation Committee and Member of the Strategic Committee

Born on 23 January 1965, French nationality

Antoine Flochel is currently legal manager of Financière CLED (Belgium) and Vice-Chairman of the Company's Board of Directors. He is a managing director and chairman of the board of Mayroy and director of Beech Tree. He worked for Coopers & Lybrand Corporate Finance (now PricewaterhouseCoopers Corporate Finance) from 1995 to 2005 and was a partner in 1998. Antoine Flochel is a graduate of the Paris Institut des Etudes Politiques (institute of political studies), holds a law degree and a postgraduate degree in economics of the Paris Dauphine University, as well as an MSc in finance from the London School of Economics. As at 31 December 2010, Mr. Antoine Flochel directly held 3,000 shares and 6,000 voting rights of the Company. Mr. Flochel is the legal manager of VicJen Finance SARL which held 2,000 shares and 4,000 voting rights of the Company as at the same date.

Positions currently held:

- Mayroy SA (Luxembourg), Director
- Mayroy SA (Luxembourg), Managing Director and Chairman of the Board
- Beech Tree SA (Luxembourg), Director
- Blue Hill Participations SARL (Luxembourg), Legal Manager
- Financière CLED SPRL (Belgium) (ex-VicJen Investissements), Legal Manager
- VicJen Finance SARL (France), Legal Manager
- Financière Althea IV SAS (France), Advisor
- SCI Financière CLED (France), Legal Manager
- New Challenger SAS (France), Member of the supervisory board
- Beavan Somua Fund (Guernsey), Director

Positions previously held that expired during the last five years:

- Baigo Capital GmbH (Germany), Member of the Advisory Board
- PwC Corporate Finance (France), Partner

Marc de Garidel

Director and Chairman and Chief Executive Officer

Member of the Strategic Committee

Born on 16 March 1958, French nationality

Marc de Garidel graduated from the Ecole Spéciale des Travaux Publics (France's leading Civil Engineering School) and obtained a business degree at Thunderbird School of Global Management (Arizona, USA).

Marc de Garidel started his career in 1983 with the Eli Lilly pharmaceutical Group. He held various roles, mainly Finance related, firstly in France, then in the United States and finally in Germany.

In 1995, he joined Amgen, the American biotech Group, as Vice President, Finance and Treasury for Europe. In 1998, he was appointed at Amgen's headquarters in California as Vice President, Corporate Controller and Chief Accounting Officer.

In 2000, Marc de Garidel was offered the role of Vice President, General Manager for France, in charge of general management of Amgen France. In 2006, he was appointed Vice President, South western Europe (France, Spain, Belgium, and Portugal). In 2007 and until recently, Marc de Garidel's responsibilities were expanded to the entire Southern region. This region includes Southern European markets as well as emerging markets such as MEA and Latin America. With this position, Marc de Garidel runs the largest region within Amgen International, with sales of more than \$1.5bn.

Marc de Garidel holds a teaching position at Ecole Centrale de Paris and ESSEC Business School since 2008 and is "Chevalier de la Légion d'Honneur". As at 31 December 2010, Mr. Marc de Garidel directly owned 100 shares and 100 voting rights of the Company.

Positions currently held:

Ipsen Group:

- Ipsen Pharma SAS, Chairman
- Suraypharm SAS, Chairman

Others:

- Promethera, Non-executive Chairman
- TcLand, Director
- Protein'Expert, Director

- European Biopharmaceutical Enterprises, Chairman

Positions previously held that expired during the last five years:

- Biotech Committee of the Leem (Les Entreprises de Médicament)
- European Biopharmaceutical Enterprises, Vice-Chairman

Gérard Hauser

Director

Member of the Compensation Committee

Born on 29 October 1941, French nationality

Gérard Hauser has been Chairman and CEO of Nexans from 2001 to 2009. Before becoming a member of the executive committee of Alcatel and taking up the responsibility for its Cables and Components sector in 1996, he held various offices in the Pechiney group. From 1975 to 1996 he was Director of primary metal sales, Chairman and CEO of Pechiney World Trade and then of Pechiney Rhénu and finally Senior Executive Vice-President of American National Can and member of the executive committee of the group.

Gérard Hauser is a graduate of the IEP (institute of political studies) in Paris and holds a law degree. He was lecturer at the IEP. Gérard Hauser is also director of Alstom and Technip. As at 31 December 2010, Mr. Gérard Hauser directly held 3,180 shares and 4,527 voting rights of the Company.

Positions currently held:

- Nexans (France), Director
- Alstom (France), Director
- Technip (France), Director
- Stromboli, Chairman of the Supervisory Board

Positions previously held that expired during the last five years:

- Nexans (France), Chairman and Chief Executive Officer
- Faurecia (France), Director
- Aplix (France), Director
- Electro Banque (France), Director

Pierre Martinet

Director

Member of the Audit Committee

Born on 2 December 1949, French nationality

Pierre Martinet joined the Group in September 2005 as a Director. He is Chairman of IFIL France, director of Sequana Capital (previously Worms & Cie) and managing Director of Old Town (previously Exor group). From 1990 to 1992, he was a member of Perrier's executive team. From 1986 to 1990, he participated in the management of investment funds at Paribas Technology, then at Pallas Venture, of which he was a co-founder. Previously, he worked at Cartier as general secretary from 1977 to 1985. Pierre Martinet is a graduate of the Paris ESC business school and of the Columbia Graduate School of Business. As at 31 December 2010, Mr. Pierre Martinet directly held 2,132 shares and 4,264 voting rights of the Company.

Positions currently held:

- Sequana (France), Director
- Old Town SA (Luxembourg), Director
- Banijay Entertainment (France), Member of the Supervisory Board

- Cushman & Wakefi eld (USA), Director
- Cartier SA (France), Member of the Supervisory Board
- Greysac SAS (France), Director
- Almacantar (Luxembourg), Director

Positions previously held that expired during the last five years:

- IFIL France SAS (France), Chairman
- Arjo Wiggins Appleton (Great Britain), Chairman and Director
- Arjo Wiggins (Great Britain), Member of the Supervisory Board
- Exor (United States of America), Director and Vice-Chairman
- Exor Finance Ltd, Director
- Antalis International, Member of the Supervisory Board
- Sequana Capital, Deputy Chief Executive Officer
- Financière de Construction de Logement SAS (France), Chairman
- Adriatique B.V. (Hollande), Director

René Merkt

Director

Born on 15 October 1933, Swiss nationality

René Merkt was called to the Bar of Geneva in 1955. He specialises in business law and financial issues. René Merkt is currently the director of several companies. René Merkt is a graduate of the University of Geneva and holds the Bellot medal for 50 years' professional service as a lawyer. As at 31 December 2010, Mr. René Merkt directly held 32,825 shares and 35,491 voting rights of the Company.

Positions currently held:

- A. Dewavrin Fils, Brig-Glls (Switzerland), Director
- Asunpar S.A., Geneva (Switzerland), Director
- Canon S.A., Geneva (Switzerland), Director
- COGES Corratierie Gestion SA, Geneva (Switzerland), Director
- De Wey & Cie S.A., Fribourg (Germany), Director
- Eden Holding S.A., Montreux (Switzerland), Director
- Exbasa S.A., Geneva (Switzerland), Director
- Fimaser Invest S.A., Geneva (Switzerland), Director
- Homic S.A., Geneva (Switzerland), Director
- Hôtels Intercontinental, Geneva (Switzerland), Director
- Inyourmind Music S.A., Fribourg (Switzerland), Director
- Matt Fashion S.A., Geneva (Switzerland), Director
- Mafsa S.A., Villars s/ Ollon (Switzerland), Director
- Park Plaza Hôtel A.G., Zurich (Switzerland), Director
- Participante S.A., Fribourg (Switzerland), Director
- Renalco S.A., Geneva (Switzerland), Director
- S.I. Grands Espaces, Crans (Switzerland), Director
- Sisley S.A., Bachenbülach (Switzerland), Director
- S.A. Hôtelière Montreux (Switzerland), Director
- Société de Gestion Fiduciaire S.A, Geneva (Switzerland), Director
- Villa Toscane Holding S.A., Montreux (Switzerland), Director

Positions previously held that expired during the last five years:

- Assor S.A., Geneva (Switzerland), Director
- Bruxinter S.A., Geneva (Switzerland), Director
- Cie Aramayo S.A., Geneva (Switzerland), Director
- Etrema S.A., Meyrin, Geneva (Switzerland), Director
- Fitral S.A., Geneva (Switzerland), Director
- Gerber & Goldschmidt A.G., Zoug (Switzerland), Director
- GLV Gesellschaft für Industrie, Geneva (Switzerland), Director

INFORMATION CONCERNING DIRECTORS WHOSE TERM OF OFFICE IS PROPOSED FOR RENEWAL OR FOR APPOINTMENT

- Galderma Pharma S.A., Lausanne (Switzerland), Director
- Holcos S.A., Geneva (Switzerland), Director
- Italfarmaco S.A., Fribourg (Switzerland), Director
- L'Oréal Suisse S.A., Geneva (Switzerland), Director
- L'Oréal Produits de luxe Suisse S.A., Renens (Switzerland), Director
- Laboratoires de spécialités scientifiques sérums et vaccins, S.A., Meyrin, Geneva (Switzerland), Director
- Mining & Chemical Products S.A., Geneva (Switzerland), Director
- Novagraaf Intern. S.A., Vernier, Geneva (Switzerland), Director
- OM Pharma, Meyrin, Genève (Switzerland), Director
- Welding Engineers Ltd, Genève (Switzerland), Director

Yves Rambaud

Director

Chairman of the Audit Committee and Member of the Compensation Committee

Born on 5 February 1935, French nationality

Yves Rambaud was Chairman and Chief Executive Officer of Eramet from 1991 to 2002. He also participated in the management of Le Nickel from 1971 to 1991. Yves Rambaud is a graduate of the École Polytechnique and the École des Mines de Paris. As at 31 December 2010, Mr. Yves Rambaud directly held 1,401 shares and 2,802 voting rights of the Company.

Positions currently held:

- Géodis (France), Director

Positions previously held that expired during the last five years:

- Société Métallurgique Le Nickel SLN (France), Director
- Mayroy (Luxembourg), Director

Klaus-Peter Schwabe

Director

Born on 30 July 1941, German nationality

Dr. Klaus Peter Schwabe is the Chairman of Dr. Willmar Schwabe Familienstiftung, the holding company for Dr. Willmar Schwabe GmbH & Co. KG since 1993. From 1976 to 1993, he was chief operating officer at Dr. Willmar Schwabe GmbH & Co. KG, where he began his career as research and development manager. Dr. Klaus Peter Schwabe studied pharmacy and biochemistry. He holds a PhD in biochemistry. He has also received management training. As at 31 December 2010, Mr. Klaus-Peter Schwabe directly held 1 share and 2 voting rights of the Company. Mr. Schwabe is the legal manager of Finvestan SARL which held, at the same date, 187,923 shares and 375,846 voting rights of the Company.

Positions currently held:

- Mayroy (Luxembourg), Director
- Extracta Beteiligungs GmbH (Germany), Legal manager
- Irexan Verwaltungs GmbH (Germany), Legal manager
- Dr W. Schwabe Familienstiftung (Germany), Chairman
- Dr Schwabe Pharma Verwaltungs GmbH (Germany), Legal manager
- A. Marggraf Arzneimittel GmbH (Germany), Legal manager
- FinHestia SARL (Luxembourg), Legal manager
- Finvestan SARL (Luxembourg), Legal manager
- Luisenhof GmbH (Germany), Legal manager
- Carolabad Immobiliengesellschaft (Germany), Legal manager

Positions previously held that expired during the last five years:

- Wallingstown Company Ltd (Ireland), Legal manager

Information concerning the Director whose appointment is proposed

Christophe Vérot

50 years old, French nationality

From 1985 to 1988, Mr. Christophe Vérot was an auditor at Price Waterhouse. From 1988 to 1991, he was a consultant at SIAR, a Scandinavian consultancy firm on strategy. Since 1991, Mr. Vérot has a consultancy activity in Corporate Finance then Valuation & Economics within PwC where he is a partner since 1995. Mr. Christophe Vérot is the author of several articles and publications on merger and acquisitions and valuation methods. Mr. Vérot is a graduate of the ESSEC.

Positions currently held:

- PwC Investissements SAS, Chairman
- PwC Corporate Finance SAS, Member of the Board of Directors

Positions previously held that expired during the last five years:

- PwC Actuariat Conseil, Chairman

EXECUTIVE SUMMARY: THE IPSEN GROUP IN 2010

Extract from audited consolidated results for 2009 and 2010 (in million euros)

	2010	2009	% Change
Drug sales	1,068.3	1,002.6	+6.5%
Sales	1,100.2	1,032.8	+6.5%
Total revenues	1,170.3	1,112.4	+5.2%
Operating profit	128.8	172.5	(25.3%)
Operating margin ⁽¹⁾	11.7%	16.7%	–
Recurring adjusted ⁽²⁾ operating profit	183.2	144.4	+26.8%
Recurring adjusted ⁽²⁾ operating margin ⁽¹⁾	16.6%	14.0%	–
Consolidated profit ⁽³⁾	95.3	156.6	(39.1%)
Earnings per share – fully diluted (€)	1.13	1.86	(39.2%)
Recurring adjusted ⁽²⁾ EPS – fully diluted (€)	1.64	1.60	+2.5%
Weighted average number of shares:			
<i>Outstanding</i>	84,379,443	84,303,607	+0.1%
<i>Fully diluted</i>	84,379,443	84,329,880	+0.1%

(1) In percentage of sales.

(2) "Recurring adjusted": Reconciliations between results and recurring adjusted results for 2010 and 2009 are detailed in appendix 4.

(3) Attributable to Ipsen SA shareholders.

Comparison between the Group's 2010 performance and its financial objectives

	Financial objectives	2010 actuals
Drug sales growth at constant currency ⁽¹⁾	3.0 to 5.0%	5.1%
Other revenues	Close to €50 million ⁽²⁾	€55.1 million ⁽²⁾
Recurring adjusted Operating Income	15.0% growth ⁽³⁾	+26.8%
Recurring adjusted Earnings per share	Stable ⁽⁴⁾ year-on-year	€1.64 up 2.5% year on year

(1) 2009 sales figures have been restated with 2010 average exchange rates.

(2) Excluding Group's rebilled expenses for the industrial development of OBI-1 as anticipated in the agreements signed with Inspiration Biopharmaceuticals Inc..

(3) Versus a recurring adjusted operating income of €144.4 million in 2009.

(4) Recurring adjusted earnings per share of €1.60 in 2009.

Review of full year 2010 results

In 2010, Group drug sales grew 5.1% year-on-year – at constant currency – exceeding the objective set a year ago of 3.0% to 5.0%, fuelled notably by the sales of Specialty Care products throughout all the geographical regions where the Group operates.

Consolidated Group sales reached €1,100.2 million for the full year 2010, up 5.0% year-on-year excluding foreign exchange impact.

Other revenues reached €70.1 million in 2010, down 11.9% year-on-year. In 2009, the Group recorded a non-recurring amount of €39.2 million relating to the favourable settlement of a dispute. In 2010, other revenues included industrial development expenses on OBI-1 of €15.0 million that the Group invoiced to Inspiration Biopharmaceuticals Inc.. Excluding these non-recurring items in both 2009 and 2010, other revenues increased by 36.3% year-on-year.

Total revenues amounted to €1,170.3 million, up 5.2% compared with 2009.

Cost of goods sold amounted to €236.2 million, or 21.5% of sales, compared to 23.0% a year ago. The strong improvement of the COGS to sale ratio reflected both the Group's productivity efforts and the favourable mix associated with the growth in specialist care products.

Research and Development expenses reached €221.1 million in 2010, or 20.1% of sales, compared to 19.1% the previous year. Excluding the OBI-1 industrial development expenses which were entirely billed to Inspiration Biopharmaceuticals Inc., R&D expenses represented 18.8% of sales, up 1.8% year-on-year excluding foreign exchange impacts. In 2010, the main R&D projects included the clinical development of Somatuline® in neuroendocrine tumours (NET), the Post Marketing Approval studies requested

by the FDA on Dysport®, the phase II clinical study for the sulfatase inhibitor, Irosustat® (BN-83495), and the analysis of the GuidAge® clinical trial results for Tanakan®. Furthermore, during this period, the Group recorded costs relating to the discontinuation of the BIM23A760 phase II clinical trial program in acromegaly.

Selling, general and administrative expenses represented €521.1 million in 2010, or 47.4% of sales, up 7.5% year-on-year. The Group rigorously implemented its marketing strategy, with the launches of its botulinum toxin type A in therapeutic use in the United States and aesthetic use both in the United States and in Europe, as well as the launch of the Decapeptyl® 6-month formulation in Europe and Adenuric® in France. The selling expenses increased by 4.5% year on year excluding foreign exchange impacts, reflecting the Group's selective allocation policy to growth geographies such as China and Russia, in the context of declining French Primary care sales. Moreover, the Group wrote-down some receivables, mainly from public hospitals, particularly in Southern Europe (Greece, Spain, Portugal and Italy).

Reported operating income in 2010 amounted to €128.8 million, or 11.7% of sales, compared to €172.5 million, or 16.7% of sales, for the same period in 2009.

The 2010 reported operating income was notably affected by:

- A non-recurring profit of €48.7 million relating to the accelerated recognition of the deferred revenues following the return of the rights for taspoglutide announced by Roche on 2 February 2011.
- A set of impairment charges, partially offset by a provision write-back, for a non-recurring net amount of €88.8 million. These impairments stemmed from: reduced forecast assumptions on the development and commercial prospects of IGF-1, depreciation of milestones relating to the agreement between the Group and GTx in oncology and to recent uncertainties in some neurology partnership development timelines.

Excluding purchase price allocation impacts and non-recurring elements relating to the return of taspoglutide's rights and to the impairment charges, the Group's **recurring adjusted operating income**⁽¹⁾ amounted to €183.2 million in 2010, or 16.6% of sales, up 26.8% year on year, above the 15% growth target set a year ago.

The **effective tax** rate amounted to 13.5% of result of continued activities before tax excluding the share of loss from associates, compared to an effective tax rate of 6.3% in 2009 when the Group had benefited from a tax relief relating to the favourable settlement of a previous tax dispute.

Excluding non-recurring operational, financial and fiscal items, the Group's effective tax rate amounted to 17.2% in 2010, compared to 11.1% in 2009.

In 2010, the Group recorded a **share of loss from associated companies** of €(12.8) million representing its share in Inspiration Biopharmaceuticals Inc.'s net loss consolidated since January 2010, and a non-recurring net loss of €5.9 million further to the depreciation of an underlying asset, resulting from an increase in the discount rate of its future cash flows. In 2009, the Group did not record any share of loss from associated companies.

Consolidated net profit amounted to €95.7 million in 2010 (attributable to the shareholders of Ipsen S.A.: €95.3 million), down 39.1% compared to €157.2 million (attributable to the shareholders of Ipsen S.A.: €156.6 million) in 2009. The fully diluted earnings per share amounted to €1.13, down 39.2% from €1.86 in 2009.

The 2010 consolidated net income was strongly and notably impacted by:

- the net impacts of the non-recurring items that affected the Group's operating income, as described above;
- the non-recurring depreciation of €15.2 million related mainly to the reduction of the book value of some deferred tax assets considering their local statute of limitations and further to new development and commercialisation sales prospects of IGF-1;
- a €5.9 million non recurring net loss from associates related to an increase in the discount rate of Inspiration Biopharmaceuticals Inc. future cash flows.

Excluding the impacts of the purchase price allocation on the Group's acquisitions and the non-recurring elements mentioned above, **the recurring adjusted**⁽¹⁾ **fully diluted EPS** amounted to €1.64 as of 31 December 2010, up 2.5% compared to €1.60 a year ago.

Net cash generated by operating activities amounted to €253.9 million in 2010, nearly stable year-on-year. At 31 December 2010, the **net cash position**⁽²⁾ stood at €156.0 million after its subscription of newly issued shares and bonds of Inspiration Biopharmaceuticals Inc. during the year, compared to €185.6 million a year ago.

Total milestones received in cash by the Group but not yet recognised as revenues in its consolidated income statement amounted to €215.9 million at 31 December 2010, compared to €230.3 million a year earlier.

(1) "Recurring adjusted": Reconciliations between operating results and recurring adjusted operating results as of 31 December 2010 and 2009 are detailed in appendix 4.

(2) Net cash and cash equivalents: Cash and cash equivalents and securities held for sale after deduction of bank overdrafts, short-term bank borrowings, other financial liabilities plus or minus derivative financial instruments.

Dividend for the 2010 financial year proposed for the approval of Ipsen's shareholders assembly

Ipsen's Board of Directors, which gathered on 1 March 2011, has decided to propose at Ipsen's annual shareholders' meeting to be held on 27 May 2011, the payment of a dividend of €0.80 per share, up 6.7% year-on-year and representing

a pay-out ratio of around 71% (attributable to the Group's shareholders) of consolidated net profit and of around 49% (attributable to the Group's shareholders) of recurring adjusted consolidated net profit.

Financial objectives for 2011

Ipsen confirms its global biopharmaceutical profile, driven by dynamic Specialty care sales.

As a result and on the basis of currently available information, the Group has set for itself the following objectives for 2011:

- **Specialty Care** drug sales growth close to 8.0% year-on-year.

- **Primary Care** drug sales decrease of 8.0% to 10.0% year-on-year, notably pending the evolution in France.

The above objectives are set excluding any foreign exchange impacts.

Major developments

During the fourth quarter of 2010, major developments included:

- On 11 October 2010 – Ipsen announced that it had sold its shares in PregLem Holding SA to Gedeon Richter Plc, as had all PregLem's other shareholders. In June 2007, the Group spun off to PregLem, then a newly-formed, privately held Swiss biopharmaceutical company, a sulfatase inhibitor and a somatostatin analogue (PGL1001 and PGL2001, respectively), patents and know-how for use in the field of human reproductive medicine. In parallel, Ipsen subscribed to newly issued shares of PregLem, representing a c.15% minority interest in its share capital. PregLem's lead product, PGL4001 (Esmya™), successfully completed Phase III clinical trials in June 2010 for the treatment of uterine myoma. Ipsen received initial proceeds of CHF 11.5 million (€8.8 million) from the sale of its PregLem shares. Ipsen may also receive progressive additional payments of up to CHF 19.5 million, contingent upon the achievement of certain business development and regulatory milestones for Esmya™. Additionally, subject to PGL1001 and PGL2001 being granted marketing approvals, Ipsen will notably receive around 5% royalties on PregLem's future net sales of these products. The disposal value for the initial payment of CHF 11.5 million (€8.8 million) has been recorded as "Financial income" at 31 December 2010.
- On 11 October 2010 – Ipsen's board of directors announced the departure of Jean-Luc Bélingard and the appointment of Marc de Garidel as Chairman and Chief Executive Officer. Marc de Garidel took over from Jean-Luc Bélingard on 22 November 2010.
- On 19 October 2010 – Ipsen announced that the European Commission had granted orphan drug status for OBI-1 for the treatment of hemophilia. OBI-1 is designed to

treat individuals with hemophilia who have developed inhibitory antibodies (inhibitors) against human Factor VIII (hFVIII). The orphan drug status would trigger a 10-year market exclusivity for OBI-1 in the European Union after its marketing approval. The U.S. Food & Drug Administration (FDA) issued an Orphan Drug Designation for OBI-1 in March 2004.

- On 19 November 2010 – Ipsen announced that its partner Inspiration Biopharmaceuticals, Inc. (Inspiration) had initiated treatment of patients in the first of two phase III pivotal clinical studies of OBI-1, an intravenous recombinant porcine factor VIII (FVIII) product, for the treatment of acquired hemophilia A, a rare, though potentially life-threatening bleeding disorder. Under the terms of their partnership agreement signed in January 2010, Inspiration in-licensed OBI-1 from Ipsen, and is responsible for the clinical development, regulatory process and commercialisation of the product. In the context of this first phase III clinical study initiation, Ipsen has subscribed to a US\$50 million (€36.7 million) newly issued convertible note by Inspiration, bringing its fully diluted share ownership position in Inspiration to about 34.0%.
- On 15 December 2010 – Ipsen announced that the preliminary data from the ongoing phase IIb study in patients with acromegaly for its chimeric compound BIM 23A760 did not meet the expected inhibition of growth hormone (GH) and IGF-1 levels after repeat dosing. Preliminary phase IIb data showed a strong dopaminergic activity but only weak evidence of somatostatinergic activity. No safety concerns have been observed throughout the trial. Consequently, Ipsen decided to discontinue the development of BIM 23A760.

After the close of the period under review, major developments included:

- On 2 February 2011 – Ipsen announced that Roche informed it on its decision to return taspoglutide to Ipsen. Roche's decision is based on the analysed data stemming from the root cause analysis carried-out on both nausea and hypersensitivity. According to the agreements signed with Roche in 2003 and 2006, Ipsen is entitled to the full body of data generated by Roche. Ipsen will thoroughly assess the available data to determine potential further partnership opportunities. Given the level of required investment, Ipsen does not intend to clinically develop taspoglutide on its own.
- On 3 February 2011 – Ipsen announced that its partner Inspiration Biopharmaceuticals Inc. (Inspiration) presented pharmacokinetic (PK) data on its lead product, IB1001, a recombinant factor IX (FIX) for the treatment and the prevention of bleeding in individuals with hemophilia B. According to Inspiration, results of the Phase I portion of an ongoing IB1001 clinical study demonstrated non-inferiority of IB1001 in achieving overall levels of replacement factor compared to BeneFIX®, the only approved recombinant FIX product for the treatment of hemophilia B. Currently, IB1001 is in Phase III and safety and efficacy results are expected later this year.
- On 25 February 2011 – Ipsen and bioMérieux announced that they have entered into a partnership to create a global collaboration in theranostics, with a focus on hormone-

dependent cancers. The two companies have signed a framework agreement to leverage their expertise and resources to develop a personalised approach to medicine based on Ipsen's broad portfolio of innovative compounds and bioMérieux's diagnostic tests. Both companies will jointly identify programs that would benefit from the co-development of a therapeutic and a companion diagnostic test, notably in the prevention and treatment of prostate and breast cancers, neuro-endocrine tumors (NETs) and pituitary tumors.

- On 2 March 2011 – GTx announced that a decision has been taken with its European partner Ipsen to terminate their agreement on the development of toremifene citrate for the reduction of fractures in men with advanced prostate cancer on androgen deprivation therapy.
- On 9 March 2011 – Ipsen announced that the Food and Drug Administration (FDA) has approved Ipsen's Prior Approval Supplement application for the Extended Dosing Interval of Somatuline® Depot for patients suffering from acromegaly.
- On 18 April 2011 – Active Biotech AB and Ipsen announced that they have entered into a broad partnership to co-develop and commercialize Active Biotech's investigational compound Tasquinimod "TASQ". A global Phase III trial of TASQ in men with metastatic castrate – resistant prostate cancer (CRPC) was recently initiated by Active Biotech and patient recruitment is ongoing.

Administrative measures

European governments continued introducing various measures targeting the reduction of public health expenses.

In a context of financial and economic crisis 2010 has seen an acceleration in new, and proactive measures, affecting the Group sales and profitability in 2010 and the 6 year-long impact of this will be felt in 2011.

The countries most affected by the crisis such as Romania, the Czech Republic and Greece announced price reductions on the basis of international price references by harmonising with the lowest European prices.

At the same time, Romania introduced an 8% tax on drug sales. This measure has been enforced since the fourth quarter of 2009. The Czech Republic announced its intention to limit the reimbursement level of various therapeutic classes to the lowest levels of the same therapeutic classes in Europe, which could lead to price reductions in the order of 20% (voted measure, implementation pending).

In Greece, a price reduction by 27% was implemented from May to September and a new (incomplete) price list was published at the beginning of September (with a return to initial prices except for NutropinAq® whose price lowered by 5%). The other prices are still to be published (Decapeptyl® et Dysport® are concerned).

Other Western European countries, although less affected by the crisis, also announced a series of restrictive measures:

- The Netherlands reviewed their reference prices, leading to declines of 20% to 45% on certain products (October 2009).

- Ireland introduced a 4% tax on drug sales (February 2010), and has just announced a belt-tightening measure aiming to save €140 million.

- In addition to the 7.5% tax on drug sales since June 2010, Spain introduced a price reduction by 30% for products which have a generic or a biosimilar product marketed in at least one of the European countries.

- As of 1 August 2010, Germany increased its tax on sales of drugs reimbursed by social security from 6% to 16% (August 2010).

- Italy announced a series of measures aiming to save €600 million (mainly via price reductions on products with generics (the impact on Ipsen is minor).

- Belgium has increased the price reduction percentage applied to old commercialised products from 12 to 15% for products on the market for more than 12 years, and from 15% to 19% for products on the market for more than 15 years.

- On 16 April 2010 in France certain drugs, whose Medical Benefit (SMR) has been evaluated as "weak" or "insufficient to justify reimbursement" by the French National Authority for Health (HAS) (including in particular Tanakan®) have had their reimbursement rates reduced from 35% to 15%.

Price reductions have also been implemented in particular on Adavance® whose price was reduced by 25% in May 2010, and on the Sartans therapeutic class to which Nisis® and Nisisco® belong with a price reduction of 11% from 1 September 2010.

Comparison of consolidated income statement for 2010 and 2009

(in million euros)	31 December 2010		31 December 2009		% change
		(% of sales)		(% of sales)	
Sales	1,100.2	100.0%	1,032.8	100.0%	6.5%
Other revenues	70.1	6.4%	79.6	7.7%	(11.9%)
Revenues	1,170.3	106.4%	1,112.4	107.7%	5.2%
Cost of goods sold	(236.2)	(21.5%)	(237.8)	(23.0%)	(0.7%)
Research and development expenses	(221.1)	(20.1%)	(197.3)	(19.1%)	12.1%
Selling expenses	(422.8)	(38.4%)	(396.1)	(38.4%)	6.7%
General and administrative expenses	(98.3)	(8.9%)	(88.5)	(8.6%)	11.1%
Other operating income and expenses	48.2	4.4%	(9.7)	(0.9%)	–
Amortisation of intangible assets	(11.1)	(1.0%)	(10.5)	(1.0%)	5.7%
Restructuring costs	0.0%	–	–	–	–
Impairment losses	(100.2)	(9.1%)	–	–	–
Operating income	128.8	11.7%	172.5	16.7%	(25.3%)
Restated adjusted operating income ⁽¹⁾	183.2	16.6%	144.4	14.0%	26.8%
– Investment income	2.2	0.2%	2.7	0.3%	(17.1%)
– Costs of financing	(1.6)	(0.1%)	(4.4)	(0.4%)	(64.0%)
Net financing Cost	0.7	0.1%	(1.7)	(0.2%)	–
Other financial income and expense	(4.1)	(0.4%)	(3.5)	(0.3%)	17.0%
Income taxes	(17.0)	(1.5%)	(10.6)	(1.0%)	(60.1%)
Share of profit / loss from associated companies	(12.8)	(1.2%)	–	–	–
Net profit / loss from continuing operations	95.7	8.7%	156.7	15.2%	(38.9%)
Net profit / loss from discontinued operations	–	–	0.5	–	–
Consolidated net profit	95.7	8.7%	157.2	15.2%	(39.1%)
– Attributable to shareholders of Ipsen	95.3	–	156.6	–	–
– Minority interests	0.4	–	0.6	–	–

(1) The reconciliations between results and recurring adjusted results as of 31 December 2010 and 2009 are detailed in appendix 4.

■ Sales

Consolidated Group sales reached €1,100.2 million in 2010, up 6.5% year-on-year or up 5.0% excluding foreign exchange impact.

■ Other revenues

Other revenues amounted to €70.1 million in 2010, down 11.9% compared with €79.6 million in 2009.

Other revenues breakdown is as follows:

(in million euros)	31 December 2010	31 December 2009	Change	
			in value	in %
Breakdown by type of revenue				
– Royalties received	6.2	41.2	(35.0)	(85.0%)
– Milestone payments – licensing agreements	33.6	27.9	5.7	20.4%
– Other (co-promotion revenues, re-billings)	30.3	10.5	19.8	190.3%
Total	70.1	79.6	(9.5)	(11.9%)

- **Royalties received** amounted to €6.2 million in 2010, a decrease of €35.0 million over the previous year. The 2009 accounts included a non recurring amount of €39.2 million, following the resolution of a dispute. Adjusting for this non-recurring item in 2009, royalties have increased by €4.1 million year-on-year.
- **Milestone payments relating to licensing agreements** amounted at 31 December 2010 to €33.6 million, an increase of €5.7 million, primarily composed of income from the agreements with Medicis, Galderma and Recordati. In addition, the Group recognised milestones from Menarini on Adenuric® and from Inspiration Biopharmaceuticals Inc. on OBI-1.
- **Other revenues** amounted to €30.3 million in 2010 compared with €10.5 million a year earlier, mainly impacted by OBI-1 industrial development expenses of €15 million, that the Group invoiced to Inspiration Biopharmaceuticals Inc.. Moreover, the Group, as it did last year, still recorded revenues from its French co-promotion contracts.

■ Cost of goods sold

In 2010, cost of goods sold amounted to €236.2 million, representing 21.5% of sales compared to 23.0% the previous year.

The marked improvement in the COGS to sales ratio both reflected an enhanced productivity and a favourable mix associated with the growth in specialty care products sales.

■ Research and development expenses

At 31 December 2010, research and development expenses increased by €23.8 million year-on-year, reaching €221.1 million, *i.e.* 20.1% of sales, as compared to 19.1% for the same period in 2009. Excluding the OBI-1 industrial development expenses which were entirely billed to Inspiration Biopharmaceuticals Inc., research and development expenses represented 18.8% of sales, up 1.8% year-on-year at constant exchange rate.

The table below provides a comparison of research and development expenses booked during 2010 and 2009.

(in millions euros)	31 December 2010	31 December 2009	Change	
			in value	in %
Breakdown by expense type				
– Drug-related research and development ⁽¹⁾	(192.1)	(166.8)	(25.2)	15.1%
– Industrial development ⁽²⁾	(23.7)	(25.9)	2.2	(8.6%)
– Strategic development ⁽³⁾	(5.4)	(4.5)	(0.8)	18.0%
Total	(221.1)	(197.3)	(23.8)	12.1%

(1) Drug-related research & development is aimed at identifying new agents, determining their biological characteristics and developing small-scale manufacturing processes. Pharmaceutical development is the process through which active agents become drugs approved by regulatory authorities and is also used to improve existing drugs and to search new therapeutic indications for them. The expenses relating to patents are also included in this type of expense.

(2) Industrial development includes chemical, biotechnical and development-process research costs to industrialise small-scale production of agents developed by the research laboratories.

(3) Strategic development includes costs incurred for research into new product licences and establishing partnership agreements.

- **Drug-related research and development expenses** increased by 15.1% year on year. The major research and development projects conducted during the period are the clinical development of Somatuline® in neuroendocrine tumours (NET), the *Post Marketing Approval* studies requested by the FDA on Dysport®, the phase II clinical study for the sulfatase inhibitor Irosustat (BN-83495), and the analysis of the clinical trials results for Tanakan®. Furthermore, during this period, the Group recorded costs relating to the discontinuation of the BIM23A760 research program in acromegaly and those relating to the end of a collaboration agreement with a university.
- **Industrial development expenses** decreased by 8.6% year-on-year, mainly due to the progressive transfer of

some costs related to the botulinum toxin production site into the cost of goods sold. A large amount of the expenses recorded in 2010 were related to the preparation and the production of OBI-1 clinical batches, that was billed to Inspiration Biopharmaceuticals Inc. and recognised in “Other revenues”.

■ Selling, general and administrative expenses

Selling, general and administrative expenses amounted to €521.1 million in 2010, representing 47.4% of sales, an increase of 7.5% year-on-year.

The table below provides a comparison of selling, general and administrative expenses during 2010 and 2009:

(in million euros)	31 December 2010	31 December 2009	Change	
			in value	in %
Breakdown by expense type				
Royalties paid	(43.7)	(41.7)	(2.0)	4.7%
Other sales and marketing expenses	(379.1)	(354.4)	(24.7)	7.0%
Selling expenses	(422.8)	(396.1)	(26.7)	6.7%
General and administrative expenses	(98.3)	(88.5)	(9.8)	11.1%
Total	(521.1)	(484.6)	(36.5)	7.5%

- **Selling expenses** amounted to €422.8 million in 2010 or 38.4% of sales, up 6.7% year-on-year, compared with €396.1 million, or 38.4% of sales in 2009.

- Royalties paid to third parties on sales of products marketed by the Group during 2010 amounted to €43.7 million or 4.0% of sales, up 4.7% year-on-year.

- Other selling expenses in 2010 increased by 7.0% year-on-year, amounting to €379.1 million or 34.5% of sales, as compared with €354.4 million, or 34.3% of sales for the same period in 2009. This increase is mainly the result of the sales efforts to support the growth of Somatuline® and Dysport® in North America and the launches of Decapeptyl® 6 month and Adenuric® in France. Furthermore, this increase reflects the Group's selective allocation policy to growth geographies such as China and Russia, in the context of declining French Primary care sales. Other selling expenses also included some set-up costs related to the establishment of direct commercial platforms in Brazil and Tunisia. Moreover, the Group wrote-down some receivables, mainly from public hospitals, particularly in Southern Europe (Greece, Spain, Portugal and Italy).

- **General and administrative expenses** in 2010 amounted to €98.3 million or 8.9% of sales, up €9.8 million compared with €88.5 million or 8.6% of sales in 2009. This increase is mainly due to costs relating to the reorganisation of some Group support services that occurred at year-end.

■ Other operating income and expenses

Other operating income and expenses recorded by the Group in 2010 represented a net income of €48.2 million. Total other operating income amounted to €61.6 million consisting on the one hand of €48.7 million for the accelerated recognition of the deferred revenues following Roche's decision – announced on 2 February 2011 – to return taspoglutide's development rights to the Group, and on the other hand of the write-back of a €11.3 million potential liability in connection with Tercica Inc.' buyout because the Group judged the event unlikely to arise.

Other operating expenses amounted to €13.5 million, mainly including expenses relating to the Group's headquarters, change of Chairman and CEO and some non-recurring fees.

In 2009, the other operating income and expenses amounted to €(9.7) million, comprising some expenses relating to the integration of the Group's North American subsidiaries.

■ Amortisation of intangible assets

In 2010, *the amortisation of intangible assets* amounted to €11.1 million, a slight increase compared with the €10.5 million recorded in the previous year. This item consists mainly of the amortisation of the IGF-I licence recognised within the framework of the purchase price allocation related to the Group's transaction in North America in 2008 and of the beginning of the amortisation of Decapeptyl® 6 month licence marketed since February 2010.

■ Restructuring costs

The Group recorded no restructuring costs in 2010 nor in 2009.

■ Impairment losses

As at 31 December 2010, the Group recorded non-recurrent impairment losses of €100.2 million.

In October 2006, the Group had acquired from Tercica Inc. the development and commercialisation rights for Increlex® worldwide, except the United States, Japan, Canada, the Middle East and Taiwan. Consequently to the acquisition of Tercica in October 2008, the Group gained full access to this molecule (IGF-I). In the last 12 months, major changes have affected the pharmaceutical environment, in particular in the United States. These changes accelerated during the last few months of 2010, with the occurrence of difficulties, for some patients, to obtain reimbursement by payers of some of the drugs they had been prescribed. In the view of an increasing rate of reimbursement denials and increasing difficulties in supporting patients securing reimbursement, the Group decided to reduce the development and commercial

prospects of IGF-I. The Group thus recorded in its 2010 accounts a non-recurring impairment loss of €71.7 million relating to IGF-I.

Moreover, the Group recorded impairment losses of €28.4 million in connection with its agreement in oncology with GTX Inc., and to recent uncertainties that arose in development timelines in neurology.

The Group did not report any impairment loss in 2009.

■ Operating income

Based on above items, the operating profit reported for the 2010 period amounted to €128.8 million or 11.0% of total revenues and 11.7% of sales, down 25.3% compared with 2009, when it represented 15.5% of total revenues and 16.7% of sales.

Excluding non recurring items and impairment losses, **the Group's recurring adjusted operating income** ⁽¹⁾ as at 31 December 2010 amounted to €183.2 million, or 16.6% of sales, up 26.8% year-on-year, compared to €144.4 million in 2009 or 14.0% of consolidated sales.

Segment reporting: Operating profit by geographical region

Management information reviewed by the Executive Committee is generated based upon the management organisation of the regions in which the Group operates. Because of that, operating segments as defined by IFRS 8 correspond to the grouping of related countries.

The operating segments existing as of 31 December 2010 are as follows:

- “Main Western European countries”, which combines France, Italy, Spain, United Kingdom and Germany;
- “Other European countries”, which combines all of the other countries in Western Europe and those of Eastern Europe;
- “North America”, which includes essentially the United States and Canada;
- “Rest of the world”, which includes the other countries not included in the three preceding segments.

(1) “Recurring adjusted”: The reconciliations between results and recurring adjusted results as of 31 December 2010 and 2009 are detailed in appendix 4.

The table below provides an analysis of sales, revenues and operating profit by operating segment for the 2010 and 2009 periods:

(in million euros)	31 December 2010		31 December 2009		Change	
		(% of sales)		(% of sales)		%
Major Western European countries						
Sales	550.4	100.0%	554.7	100.0%	(4.2)	(0.8%)
Revenues	571.7	103.9%	573.3	103.4%	(1.6)	(0.3%)
Operating profit	208.4	37.9%	221.7	40.0%	(13.3)	(6.0%)
Other European countries						
Sales	255.1	100.0%	234.3	100.0%	20.8	8.9%
Revenues	259.6	101.8%	236.3	100.8%	23.3	9.9%
Operating profit	110.7	43.4%	92.4	39.4%	18.3	19.8
North America						
Sales	59.5	100.0%	45.7	100.0%	13.8	30.2%
Revenues	75.7	127.4%	57.0	124.7%	18.8	32.9%
Operating profit	(59.5)	(100.1%)	(19.0)	(41.5%)	(40.6)	214.2%
Rest of the world						
Sales	235.2	100.0%	198.2	100.0%	37.0	18.7%
Revenues	236.6	100.6%	198.7	100.3%	37.8	19.0%
Operating profit	96.7	41.1%	72.6	36.6%	24.0	33.1%
Total allocated						
Sales	1,100.2	100.0%	1,032.8	100.0%	67.4	6.5%
Revenues	1,143.5	103.9%	1,065.2	103.1%	78.3	7.4%
Operating profit	356.3	32.4%	367.8	35.6%	(11.5)	(3.1%)
Total unallocated						
Revenues	26.8	–	47.2	–	(20.4)	(43.3%)
Operating profit	(227.5)	–	(195.4)	–	(32.1)	16.4%
Total Ipsen						
Sales	1,100.2	100.0%	1,032.8	100.0%	67.4	6.5%
Revenues	1,170.3	106.4%	1,112.4	107.7%	57.9	5.2%
Operating profit	128.8	11.7%	172.5	16.7%	(43.7)	(25.3%)

- **In the major Western European countries**, sales in 2010 amounted to €550.4 million, a slight decrease of 0.8% year-on-year. The significant sales growth of specialist care products in Italy, Germany, the United Kingdom and, to a lesser extent, in Spain, was off-set by the reduction in sales of Dysport® following the launch in certain countries of Azzalure® by the Group's partner, Galderma. Furthermore, performance in major western European countries was offset by slower sales in France, where the competitive environment toughened, particularly for primary care products. Revenues only decreased by 0.3% versus 2009, mainly resulting from a €1.8 million increase in co-promotion revenues. Operating profit in 2010 reached €208.4 million, down 6.0% year-on-year, representing 37.9% of sales compared with 40.0% a year earlier. Excluding non-recurring impairment losses,

operating profit in 2010 reached €220.9 million, a slight 0.4% decrease year on year.

- **In the other European countries** (other countries within Western Europe as well as Eastern Europe), sales reached €255.1 million, up 8.9%, or 7.5% excluding foreign exchange impact. Sales were driven by sustained growth in Turkey, Scandinavia and Switzerland. Eastern Europe and Russia experienced a clear recovery in 2010 after having been penalised by a significant economic crisis in 2009. Operating profit in the region amounted to €110.7 million in 2010, compared with €92.4 million a year earlier, representing 43.4% and 39.4% of sales, respectively, reflecting significant efforts to improve productivity in this region.

- In North America**, sales for 2010 reached 59.5 million, up 30.2% year-on-year, or 24.2% at constant exchange rate, reflecting a positive growth trend supported by significant marketing efforts in the region. Sales of Somatuline® Depot increased by 45.7% excluding foreign exchange impact throughout the period, showing the tendency of the medical community to prescribe the product to naive patients and to patients treated with a competing product. In addition, the Group achieved the first sales of the therapeutic indication of Dysport® thanks to a successful sampling campaign. In parallel, royalties received from Medicis on the sales of the aesthetic indication of Dysport® continued to grow. Nonetheless, in the last 12 months, major changes have affected the pharmaceutical environment, in particular in the United States. These changes accelerated during the last few months of 2010, with the occurrence of difficulties, for some patients, to obtain reimbursement by payers of some of the drugs they had been prescribed. In the view of an increasing rate of reimbursement denials in the growth hormone indication and increasing difficulties in supporting patients securing reimbursement, the Group decided to significantly reduce the development and commercial prospects of IGF-I. The Group thus recorded in its 2010 accounts a non-recurring impairment loss of €54.7 million in North America, partially offset by the write-back of a €11.3 million potential liability in connection with Tercica Inc.'s buyout, because the Group judged the event unlikely to arise. The operating profit for 2010 stood at (€59.5) million. Excluding the non-recurring impairments described above, the operating profit in 2010 amounted to (€16.2) million compared to (€19.0) million for the same period in 2009.
- In the rest of the world**, where the Group markets most of its products through agents and distributors, with the exception of a few countries where it has a direct presence, sales in 2010 reached €235.2 million, up 18.7% year-on-year, or an increase of 13.8% at constant exchange rate. Sales in the rest of the world represented 21.4% of the Group's total consolidated sales, compared with 19.2% a year earlier. This performance was mainly driven by strong growth in volumes in China, with significant sales of Decapeptyl®. The progressive establishment of an Essential Drug List in China has locally affected the volume and the seasonality of the sales of Smecta®. Sales in Australia and in Latin America have remained high. Operating profit in 2010 increased at a faster pace, up 33.1% year-on-year, reaching €96.7 million, representing 41.1% of sales in 2010 and 36.6% of sales in 2009, and reflecting efforts to improve productivity.
- Non-allocated operating loss** amounted to (€227.5) million in 2010, compared to (€195.4) million in 2009. This loss comprised, for €195.7 million in 2010 and €183.7 million in 2009, the Group's central research and development expenses as well as, to a lesser extent, the unallocated general and administrative expenses. Other revenues from non-allocated activities amounted to €26.8 million in 2010 versus €47.2 million in 2009, which included the favourable settlement of a dispute. The 2010 non-allocated operating result comprised €48.7 million for the accelerated recognition of the deferred revenues following Roche's decision to return taspoglutide's development rights to the Group, as well as non-recurring €28.4 million impairment

losses following uncertainties that recently appeared in the future development timelines of some of its partnerships and some non-recurring fees relating to the change of Chairman and CEO.

■ Costs of net financial debt and other financial income and expenses

In 2010, the Group's financial result amounted to (€3.4) million compared with (€5.2) million the prior year.

- The cost of net financial debt** amounted to €0.7 million in 2010 versus (€1.7) million in 2009, resulting from the interest paid on the syndicated credit lines the Group put in place in June 2008 and reimbursed in April 2009.
- The other financial income and expenses** amounted to (€4.1) million in 2010 versus (€3.5) million in 2009. In 2010, the financial income mainly included a non-recurrent income which the Group recorded on the divestment of its shares in PregLem Holding S.A..

Moreover, as of 31 December 2010, the Group recognised fair value adjustments on some of its financial assets available for sale as well as a loss registered on the liquidation of one of its subsidiaries.

■ Income taxes

At 31 December 2010, the effective tax rate amounted to 13.5% of profit from continuing activities before tax excluding the share of loss from associates compared to an effective tax rate of 6.3% at 31 December 2009.

In 2009, the effective tax rate benefited from a tax relief relating to the favourable settlement of a previous tax dispute and from the favourable outcome of discussions with the tax authorities in France following a tax audit ended in 2009 that permitted the reversal of provisions recorded in 2008. As of 2010, the Group did elect for the option left to French companies to recognise as income tax the business tax (*Cotisation sur la Valeur Ajoutée des entreprises* or CVAE) that was previously recorded as a tax deductible from the operating profit. This presentation change triggered an increase of the Group's effective tax rate by 3 points in 2010 without affecting the consolidated net profit. Moreover, the recognition of a non-recurring amount of impairment loss at 31 December 2010, relating mainly to the reduction in development and commercialisation sales prospects for IGF-I, led to the reduction of the book value of some deferred tax assets considering their local statute of limitations. These detrimental effects on the effective tax rate were however offset by the taxation at a reduced rate of the income recorded further to Roche decision to return the Taspoglutide development rights to Ipsen and by a greater relative impact of the Group's R&D tax credits due to the decrease of the taxable income of the Group. Excluding these operational, financial and fiscal non-recurring items, the Group's effective tax rate amounted to 17.2% in 2010, compared to 11.1% in 2009.

■ Share of profit/loss from associated companies

In 2010, the Group recorded an expense of €12.8 million representing its 22.1% stake of Inspiration Biopharmaceuticals Inc.'s net loss or €8.3 million equity accounted into the

Group's accounts since January 2010, a non-recurring net loss of €5.9 million further to the depreciation of an underlying asset, resulting from an increase in discount rate of its future cash flows, as well as a €1.4 million income consequent to the purchase price allocation.

In 2009, the Group did not record any share of profit from associated companies.

■ Profit / Loss from continuing operations

Due to the above items, net profit from continuing operations for 2010 amounted to €95.7 million, down by 38.9% from €156.7 million in 2009. This profit represented 8.5% of revenues in 2010 period versus 14.1% the previous year.

Recurring adjusted ⁽¹⁾ profit from continuing operations amounted to €138.6 million at 31 December 2010, up 2.8% year-on-year.

■ Profit / Loss from discontinued operations

The Group did not record any profit from discontinued operations in 2010 whereas it had recorded a €0.5 million profit in 2009.

■ Consolidated net profit

Due to the above items, the consolidated net profit reached €95.7 million (or 8.2% of revenues) as of 31 December 2010, down by 39.1% compared with the prior year where it stood at €157.2 million (or 14.1% of revenues). The Group's consolidated net profit in 2010 was strongly impacted by the impairment losses recorded in the period, which have only been partially offset by the income recorded following

Roche's decision to return taspoglutide's development rights to the Group .

The Group's fully diluted consolidated net profit per share ⁽²⁾ amounted to €1.64 at 31 December 2010, up by 2.5% compared with €1.60 in the previous year, illustrating the good performance of the Group's recurring activities in 2010.

■ Milestones received in cash but not yet recognised as revenues

At 31 December 2010, the total of milestones received in cash by the Group and not yet recognised as revenues in its consolidated income statement amounted to €215.9 million, down 6.2% compared with €230.3 million recorded the previous year.

In 2010, the Group recognised the totality of the remaining deferred income relating to its partnership with Roche, *i.e.* €48.7 million, following the announcement by the latter to stop the development of the product for which it was granted a licence. In 2010, the Group also recorded €59.6 million of deferred income associated with its partnerships with Menarini (€24.1 million) and Inspiration Biopharmaceuticals Inc. (US\$50.0 million), corresponding to the initial payment for the OBI-1 licence and offset by the Group's subscription to a convertible note issued by Inspiration Biopharmaceuticals Inc.. During the same period in 2009, the Group had received €95.4 million of deferred revenues mainly associated with its partnerships with Medicis, Galderma and Menarini.

Those revenues will be recognised in the Group's future income statements as follows:

(in million euros)	31 December 2010 ^(*)	31 December 2009 ^(*)
Total	215.9	230.3
These will be recognised as revenues over time as follows:		
In the year N+1	25.3	26.4
In the years N+2 and beyond	190.6	203.9

(*) Amounts converted at average annual exchange rates as of 31 December 2010 and 2009 respectively.

(1) "Recurring adjusted": The reconciliations between results and recurring adjusted results as of 31 December 2010 and 2009 are detailed in appendix 4.

(2) "Restated and diluted per share": The restated income at 31 December 2010 and 2009 net of tax are attached in appendix 4.

Cash flow and capital

The consolidated cash flow statement shows that the Group's operating activities generated a net cash flow of €253.9 million, compared to €257.6 million generated over the same period in 2009.

■ Analysis of the cash flow statement

(in million euros)	31 December 2010	31 December 2009
– Cash generated from operating activities before changes in working capital requirements	248.5	192.7
– (Increase) / Decrease in working capital requirements for operations	5.4	64.9
• Net cash flow from operating activities	253.9	257.6
– Net investments in tangible and intangible assets	(86.6)	(63.3)
– Impact of changes in consolidation scope	(130.9)	–
– Other cash flow from investments	(7.8)	(8.0)
• Net cash flow from investing activities	(225.3)	(71.3)
• Net cash flow from financing activities	(61.6)	(214.8)
• Net cash flow from discontinued operations	(1.5)	(1.0)
Changes in cash and cash equivalents	(34.5)	(29.5)
Opening cash and cash equivalents	205.4	237.3
Impact of foreign exchange variations	7.0	(2.4)
Closing cash and cash equivalents	177.9	205.4

Net cash flow from operating activities

During 2010, net cash flow from operating activities before changes in working capital requirements amounted to €248.5 million, compared to €192.7 million for the prior period, an increase which mainly reflected the recognition of the totality of the remaining deferred income relating to the partnership with Roche on Taspoglutide.

Working capital requirements for operating activities decreased by €5.4 million in 2010 after having decreased by €64.9 million over the same period in 2009. That trend is associated with the following:

- Inventories increased during 2010 by €4.7 million, compared to a €12.2 million decrease over 2009, reflecting the reduction of some consignment stocks put in place in 2008.
- Accounts receivable increased by €14.8 million in 2010 due to business expansion and to an increase in payment delays by public hospitals particularly in Southern Europe. This is to be compared with an increase of €3.5 million at year end 2009.
- Accounts payable increased by €16.8 million in 2010 due to business expansion versus a €18.4 million increase in 2009.
- The balance of other assets and liabilities resulted in a net use of €6.1 million in 2010, compared to a debt increase of €76.3 million in the previous year. In 2010, the Group notably:
 - recognised the totality of the remaining deferred income relating to its partnership with Roche, *i.e.* €48.7 million,

following the announcement by the latter to stop the development of the product;

- recorded €59.6 million of deferred income notably within the framework of its partnerships with Menarini and Inspiration Biopharmaceuticals Inc., to be compared with €95.4 million recorded in 2009 in association with partners such as Medicis, Galderma and Menarini;
- recognised €30.9 million of deferred income in the income statement in connection with its partnerships, compared with €21.4 million the previous year;
- recorded in France complementary social liabilities due notably to some reorganisation costs and to the set up of profit sharing agreements for a total amount of €5.2 million.
- The increase of the net tax liability in 2010 represented a resource of €14.2 million corresponding, on the one hand, to the reimbursement by the tax authorities of an excess amount of tax that had been paid in France during a tax audit in 2009, and, on the other hand, to the change in tax owed over the period net of advance payments.

Net cash flow from investing activities

During 2010, the net cash flow from investing activities represented a net use of €225.3 million compared to a net use of €71.3 million in 2009. It included:

- Investments in tangible and intangible assets net of disposals amounted to €86.6 million in 2010, compared with €63.3 million in 2009, which consisted mainly in:
 - Investments in tangible assets for €53.7 million, mainly consisting of investments necessary for the maintenance of the Group's production equipment and investments in

capacity especially for the new secondary production unit of Dysport® at the Wrexham site as well as investments in equipment for the Group's research and development sites.

- Investments in intangible assets amounted to €33.3 million, mainly related to the Group's partnership policy as well as investments in the renewal of some Information Technology systems.
- A net cash flow relating to the changes in consolidation scope for €130.9 million, including €57.7 million for the acquisition of shares newly issued by Inspiration Biopharmaceuticals Inc. and €73.2 million related to the subscriptions by the Group of two convertible bonds issued by Inspiration Biopharmaceuticals Inc. in compensation of progress payments due by Inspiration Biopharmaceuticals Inc. under the terms of the OBI-1 license and the start of OBI-1's phase III clinical trial.
- A net inflow of €3.1 million related to the Group's sale of the PregLem Holding SA shares partially off-set by the subscription to a share capital increase in Syntaxin Ltd.

- An increase in working capital requirements relating to investment transactions representing €10.4 million compared with a reduction of €4.4 million at the end of December 2009. In 2010, the general level of the investment liabilities was lower than that in the prior year, during which the Group had recorded a net receivable related to an asset divestment.

Net cash flow from financing activities

As of 31 December 2010, the net cash flow from financing activities represented an outflow of €61.6 million versus an outflow of €214.8 million as of December 2009. In 2010, the Group paid €62.3 million in dividends to its shareholders compared to €58.0 million in the previous year, which represented a 7.4% increase year-on-year. The Group also spent €0.8 million for the repurchase of its own shares in 2010, compared with €5.1 million in the previous year. Finally, in 2009, the Group had repaid €150.0 million drawn on its syndicated loan.

■ Analysis of the Group's net cash

(in million euros)	31 December 2010	31 December 2009
Cash in hand	50.4	40.3
Short-term investments	127.3	177.7
Interest-bearing deposits	0.4	0.6
Cash and cash equivalents	178.1	218.6
Bank overdrafts liabilities	(0.2)	(13.2)
Closing net cash and cash equivalents	177.9	205.4
Long term debt	0	–
Other financial liabilities	15.3	12.2
Non-current liabilities		
Short term debt	4.0	4.0
Financial liabilities	3.5	4.2
Current liabilities		
Debt	22.8	20.4
Derivative instruments	(0.9)	(0.6)
Net cash ⁽¹⁾	156.0	185.6

(1) Net cash and cash equivalents: Cash and cash equivalents and securities held for sale after deduction of bank overdrafts, short-term bank borrowings, other financial liabilities plus or minus derivative financial instruments.

As of 31 December 2010, the Group's net cash ⁽¹⁾ amounted to €156.0 million, compared to net cash of €185.6 million as of 31 December 2009.

In June 2008, Ipsen S.A. signed for a 5-year credit facility totaling €300.0 million with a banking syndicate. This multicurrency, multilender facility requires Ipsen S.A.'s guarantee for use by some of its subsidiaries. It was used to fund acquisitions in the United States and the business's general financial needs. At the borrower's initiative, this credit line is available for withdrawal on a short-term basis for periods of 1 to 12 months so it can be best adapted to cash flow needs.

The total withdrawal must, at any given time, be less than the credit facility maximum, which diminishes over time as follows:

- 04/06/2010 €225.0 million
- 04/06/2011 €187.5 million
- 04/06/2012 €150.0 million
- 04/06/2013 –

In addition to the customary contractual clauses, the loan agreement requires the Group to comply with various financial covenants on a consolidated basis on each reporting date.

The covenants include a maximum ratio of net debt to equity and a maximum ratio of net debt to EBITDA. The maximum ratios are as follows:

- Net debt to equity: 1
- Net debt to EBITDA: 3

If the Group defaults, the banking syndicate may demand early repayment of the loan agreement.

As of 31 December 2010, the Group had a positive net cash position; the net debt to equity and net debt to EBITDA ratios were not relevant. At 31 December 2010 the syndicated loan had not been utilised.

(1) Net cash and cash equivalents: Cash and cash equivalents and securities held for sale after deduction of bank overdrafts, short-term bank borrowings, other financial liabilities plus or minus derivative financial instruments.

Appendix 1

Consolidated income statement

(in million euros)	31 December 2010	31 December 2009	31 December 2008
Sales of goods	1,100.2	1,032.8	971.0
Other revenues	70.1	79.6	67.1
Revenue	1,170.3	1,112.4	1,038.1
Cost of goods sold	(236.2)	(237.8)	(220.1)
Research and development expenses	(221.1)	(197.3)	(182.8)
Selling expenses	(422.8)	(396.1)	(355.0)
General and administrative expenses	(98.3)	(88.5)	(85.8)
Other operating income and expenses	48.2	(9.7)	(8.3)
Amortisation of intangible assets	(11.1)	(10.5)	(4.3)
Restructuring costs	0.0	–	(2.6)
Impairment losses	(100.2)	–	–
Operating income	128.8	172.5	179.2
Investment income	2.2	2.7	21.4
Financing costs	(1.6)	(4.4)	(4.3)
Net financing costs	0.7	(1.7)	17,077
Other financial income and expense	(4.1)	(3.5)	(5.3)
Income taxes	(17.0)	(10.6)	(32.8)
Share of profit/loss from associated companies	(12.8)	–	(10.8)
Net profit from continuing operations	95.7	156.7	147.2
Net profit from discontinued operations	–	0.5	(0.2)
Consolidated net profit	95.7	157.2	147.1
– Attributable to shareholders of Ipsen	95.3	156.6	146.6
– Minority interests	0.4	0.6	0.5
Basic earnings per share, continuing operations (in € per share)	1.13	1.85	1.75
Diluted earnings per share, continuing operations (in € per share)	1.13	1.85	1.75
Basic earnings per share, discontinued operations (in € per share)	0.00	0.01	0.00
Diluted earnings per share, discontinued operations (in € per share)	0.00	0.01	0.00
Basic earnings per share (in € per share)	1.13	1.86	1.75
Diluted earnings per share (in € per share)	1.13	1.86	1.74

Appendix 2

Consolidated balance sheets – Before allocation of net profit

(in million euros)	31 December 2010	31 December 2009	31 December 2008
ASSETS			
Goodwill	299.1	290.2	290.8
Other intangible assets	166.5	237.0	232.9
Property, plant & equipment	282.3	251.8	237.9
Equity investments	7.2	3.4	2.7
Investments in associated companies	57.9	0.0	0.0
Non-current financial assets	2.2	3.4	3.8
Other non-current assets	81.6	17.8	8.0
Deferred tax assets	141.6	121.0	98.3
Total non-current assets	1,038.4	924.5	874.5
Inventories	112.1	103.0	115.8
Trade receivables	241.9	223.1	217.8
Current tax assets	44.7	56.0	49.5
Other current assets	62.9	50.6	63.4
Current financial assets	0.0	1.2	2.5
Cash and cash equivalents	178.1	218.6	239.6
Total current assets	639.8	652.4	688.6
Assets of discontinued operations	–	–	1.3
TOTAL ASSETS	1,678.2	1,576.9	1,564.4
EQUITY & LIABILITIES			
Share capital	84.2	84.1	84.1
Additional paid-in capital and consolidated reserves	894.4	784.4	699.0
Net profit for the period	95.3	156.6	146.6
Foreign exchange differences	3.3	(42.5)	(44.6)
Equity – attributable to shareholders of Ipsen	1,077.2	982.6	885.0
Attributable to minority interests	2.0	1.7	1.6
Total shareholders' equity	1,079.2	984.3	886.6
Retirement benefit obligation	16.1	14.0	11.5
Long-term provisions	23.5	37.4	34.7
Bank loans	–	–	148.9
Other financial liabilities	15.3	12.2	13.8
Deferred tax liabilities	12.0	7.1	5.3
Other non-current liabilities	199.0	211.8	142.6
Total non-current liabilities	265.9	282.5	356.9
Short-term provisions	3.7	2.6	9.0
Bank loans	4.0	4.0	4.0
Financial liabilities	3.5	4.2	4.3
Trade payables	140.7	122.6	103.8
Current tax liabilities	6.6	4.0	36.3
Other current liabilities	173.8	157.3	156.3
Bank overdrafts	0.2	13.2	2.3
Total current liabilities	332.4	308.0	316.1
Liabilities of discontinued operations	0.7	2.0	4.9
TOTAL EQUITY & LIABILITIES	1,678.2	1,576.9	1,564.4

Appendix 3

Consolidated statement of cash flows

(in million euros)	31 December 2010	31 December 2009	31 December 2008
Consolidated net profit	95.7	157.2	147.1
Net profit from discontinued operations	0.0	(0.5)	0.2
Share of profit/loss from associated companies	12.8	0.0	10.8
Net profit from continuing operations before share from associated companies	108.4	156.7	158.1
Non-cash and non-operating items			
– Depreciation, amortisation, provisions	39.4	44.9	51.5
– Impairment losses	100.2	–	–
– Change in fair value of financial derivatives	1.4	(1.4)	5.8
– Net gains or losses on disposals of non-current assets	(8.7)	3.7	(24.7)
– Share of government grants released to profit and loss	(0.1)	(0.1)	(0.1)
– Foreign exchange differences	1.1	0.4	(0.0)
– Change in deferred taxes	(8.8)	(20.7)	0.5
– Share-based payment expense	10.1	8.0	6.6
– Gain or loss on sales of treasury shares	(0.5)	0.5	(0.7)
– Other non-cash items	6.0	0.7	(0.6)
Cash flow from operating activities before changes in working capital	248.5	192.7	196.3
– (Increase)/decrease in inventories	(4.7)	12.2	(12.4)
– (Increase)/decrease in trade receivables	(14.8)	(3.5)	(4.3)
– Increase/(decrease) in trade payables	16.8	18.4	1.2
– Net change in income tax liability	14.2	(38.5)	(1.3)
– Net change in other operating assets and liabilities	(6.1)	76.3	24.1
Change in working capital related to operating activities	5.4	64.9	7.4
NET CASH PROVIDED BY OPERATING ACTIVITIES	253.9	257.6	203.7
Acquisition of property, plant & equipment	(53.7)	(40.3)	(61.4)
Acquisition of intangible assets	(33.3)	(24.7)	(33.8)
Proceeds from disposal of intangible assets and property, plant & equipment	0.5	1.7	27.3
Acquisition of shares in non-consolidated companies	(5.7)	(0.4)	(3.2)
Acquisitions of shares in associated companies	(57.7)	0.0	–
Convertible note subscriptions	(73.2)	(2.0)	–
Proceeds from sales of investment securities	8.8	0.0	1.4
Payments to post-employment benefit plans	(2.3)	(2.2)	(1.9)
Impact of changes in the consolidation scope	0.0	0.0	(214.9)
Change in cash securities held for sale	0.0	0.0	6.0
Advances on other investment securities	0.0	(6.8)	–
Other cash flow related to investment activities	1.7	(2.5)	1.3
Deposits paid	0.1	1.5	(1.0)
Change in working capital related to investing activities	(10.4)	4.4	(5.1)
NET CASH USED BY INVESTMENT ACTIVITIES	(225.3)	(71.3)	(285.5)

(in million euros)	31 December 2010	31 December 2009	31 December 2008
Additional long-term borrowings	0.0	0.0	148.9
Repayment of long-term borrowings	(0.3)	(151.3)	(6.5)
Net change in short-term borrowings	0.0	0.0	(1.4)
Capital increase by Ipsen	1.1	1.1	–
Treasury shares	(0.8)	(5.1)	(9.3)
Dividends paid by Ipsen	(62.3)	(58.0)	(55.0)
Dividends paid by subsidiaries to minority interests	(0.2)	(0.4)	(0.2)
Deposits received	0.4	0.0	0.2
Change in working capital related to financing activities	0.5	(0.9)	2.3
NET CASH PROVIDED/(USED) BY FINANCING ACTIVITIES	(61.6)	(214.8)	79.0
Impact of businesses to be sold or discontinued	(1.5)	(1.0)	0.7
CHANGE IN CASH AND CASH EQUIVALENTS	(34.4)	(29.5)	(2.1)
Opening cash and cash equivalents	205.4	237.3	240.9
Impact of exchange rate fluctuations	7.0	(2.4)	(1.5)
Closing cash and cash equivalents	177.9	205.4	237.3

Appendix 4

Reconciliation between the income statement at 31 December 2010 and 2009 and the restated income statement at 31 December 2010 and 2009

(in million euros)	31 December 2010 restated		Accelerated recognition of revenue ⁽¹⁾	Impairment losses ⁽²⁾	Other non-recurrent items ⁽³⁾	31 December 2010	
		(as a % of sales)					(as a % of sales)
Revenues	1,170.3	106.4%	–	–	–	1,170.3	106.4%
Cost of goods sold	(238.9)	– 21.7%	–	–	2.7	(236.2)	– 21.5%
Research and development expenses	(221.1)	– 20.1%	–	–	–	(221.1)	– 20.1%
Selling expenses	(422.8)	– 38.4%	–	–	–	(422.8)	– 38.4%
General and administrative expenses	(98.3)	– 8.9%	–	–	–	(98.3)	– 8.9%
Other operating income and expenses	(2.9)	– 0.3%	48.7	11.3	(9.0)	48.2	4.4%
Amortisation of intangible assets	(3.1)	– 0.3%	–	–	(8.0)	(11.1)	– 1.0%
Restructuring costs	–	–	–	–	–	–	–
Impairment losses	–	–	–	(100.2)	–	(100.2)	– 9.1%
Operating profit	183.2	16.6%	48.7	(88.8)	(14.3)	128.8	11.7%
Financial income/(expense)	(6.1)	– 0.6%	–	(1.6)	4.3	(3.4)	– 0.3%
Income taxes	(30.2)	– 2.7%	(7.6)	16.0	4.8	(17.0)	– 1.5%
Share of profit/loss from associated companies	(8.3)	– 0.8%	–	(5.9)	1.4	(12.8)	– 1.2%
Net profit from continuing operations	138.6	12.6%	41.2	(80.3)	(3.8)	95.7	8.7%
Profit/loss from discontinued operations	–	–	–	–	–	–	–
Consolidated net profit	138.6	12.6%	41.2	(80.3)	(3.8)	95.7	8.7%
– Attributable to shareholders of Ipsen S.A.	138.2					95.3	
– Minority interests	0.4					0.4	
EPS – fully diluted (in euro)	1.64					1.13	

(1) Accelerated recognition of deferred income corresponding to milestone payments relating to the development of taspoglutide whose licence had been granted to Roche, which announced on 2 February 2011 that it would discontinue development.

(2) Impairment losses recognised over the period, the detail of which is to be found in the paragraph "Impairment losses" and the write-back of a potential liability in connection with Tercica Inc.'s buyout, because the Group judged the event unlikely to arise.

(3) The other non-recurrent items include:

- the effects of the purchase price allocation related to the Group's transactions in North America (€-1.8 million after tax),
- some non-recurrent fees and expenses such as the impact of the change of Chairman and CEO,
- the income from the divestment of PregLem shares and the effect of the liquidation of a Group's subsidiary.

Reconciliation between the income statement at 31 December 2009 and the restated income statement at 31 December 2009

(in million euros)	31 December 2009 restated		Settlement of the Bayer dispute ⁽¹⁾	Effects of acquisitions in North America ⁽²⁾	31 December 2009	
		(as a % of sales)				(as a % of sales)
Sales	1,032.8	100.0%	–	–	1,032.8	100.0%
Other operating income	40.4	3.9%	39.2	–	79.6	7.7%
Revenues	1,073.2	103.9%	39.2	–	1,112.4	107.7%
Cost of goods sold	(235.5)	– 22.8%	–	(2.3)	(237.8)	– 23.0%
Research and development expenses	(197.3)	– 19.1%	–	–	(197.3)	– 19.1%
Selling expenses	(396.1)	– 38.4%	–	–	(396.1)	– 38.4%
General and administrative expenses	(88.5)	– 8.6%	–	–	(88.5)	– 8.6%
Other operating income and expenses	(9.7)	– 0.9%	–	–	(9.7)	– 0.9%
Amortisation of intangible assets	(1.8)	– 0.2%	–	(8.8)	(10.5)	– 1.0%
Restructuring costs	–	–	–	–	–	–
Impairment losses	–	–	–	–	–	–
Operating profit	144.4	14.0%	39.2	(11.1)	172.5	16.7%
Financial income/(expense)	(5.2)	– 0.5%	–	–	(5.2)	– 0.5%
Income taxes	(4.5)	– 0.4%	(10.6)	4.4	(10.6)	– 1.0%
Share of profit/loss from associated companies	–	–	–	–	–	–
Net profit from continuing operations	134.8	13.1%	28.6	(6.7)	156.7	15.2%
Profit/loss from discontinued operations	0.5	0.0%	–	–	0.5	0.0%
Consolidated net profit	135.2	13.1%	28.6	(6.7)	157.2	15.2%
– Attributable to shareholders of Ipsen S.A.	134.8				156.6	
– Minority interests	0.4				0.6	
EPS – fully diluted (in euro)	1.60				1.86	

(1) Impact of the recording of €39.2 million of Kogenate® royalties at the successful settlement of the dispute against Bayer for the period of 26 May 2008 to 30 June 2009.

(2) Effects of the purchase price allocation related to the Group's transactions in North America.

FINANCIAL RESULTS FOR THE LAST FIVE YEARS

NATURE OF INFORMATION (in thousands of euros)	2006	2007	2008	2009	2010
Share capital at the year-end					
– Share capital	84,025	84,044	84,060	84,128	84,196
– Number of shares	84,024,683	84,043,183	84,059,683	84,127,760	84,196,213
– Number of existing preference shares (without voting rights)	–	–	–	–	–
– Maximum number of shares to be created	–	–	–	–	–
Operations and results of the year					
– Net revenues	9,093	11,267	12,544	14,073	16,970
– Earnings before tax, employees profit sharing, depreciation, amortisation and provisions	(2,864)	(4,870)	(9,125)	121,048	163,556
– Income tax expenses – Profit (credit)	24,290	33,644	4,523	4,045	5,893
– Employees profit sharing due for the year	(303)	(379)	(336)	(366)	(178)
– Earnings after tax, employees profit sharing and depreciation, amortisation and provisions	20,447	26,359	(3,774)	124,611	82,015
– Earnings distributed ^(*)	50,407	50,389	55,027	58,033	62,273
Earnings per share					
– Earnings after tax and employees profit sharing but before depreciation, amortisation and provisions	–	–	–	1	2
– Earnings after tax, employees profit sharing, depreciation, amortisation and provisions	–	–	–	1	1
– Dividend per share	0.60	0.60	0.66	0.70	0.75
Personnel					
– Average number of staff employed during the year ^(*)	18	22	22	22	21
– Payroll	6,840	8,251	8,876	10,355	13,141
– Amounts paid in connection with employees benefits (social security contributions, social works, etc.)	2,682	3,789	4,125	3,770	4,612

* Including members of the Executive Committee.

** Dividends on treasury shares are allocated to the carry-forward account.

REQUEST FOR MATERIALS AND INFORMATION

Pursuant to Articles R.225-81 and R.225-83 of the French Commercial Code

Ipsen encourages its Shareholders to opt in favour of the sending of documents by email in order to reduce the quantity of printed materials.

Combined Shareholders' Meeting of 27 May 2011

I, the undersigned,

Mrs. Ms. Mr.

Last Name (or company name): _____

First Name: _____

Address: _____

Zip Code: City: _____

E-mail: _____ @ _____

Owner of: _____ registered shares

And/or _____ bearer shares⁽¹⁾ held by _____

Hereby request to receive the materials and information set forth by Articles R.225-81 and R.225-83 of the French Commercial Code relating to the Combined Shareholders' Meeting of 27 May 2011.

Hereby request to receive the materials and information set forth by Article R.225-83 of the French Commercial Code relating to the Combined Shareholders' Meeting of 27 May 2011, having already received those provided for by Article R.225-81 of the French Commercial Code together with my notice.

These documents and information are available on the Ipsen website (www.ipсен.com), in particular under the heading "General Meetings".

By post

By e-mail

Made out in: _____ Date: _____ 2011

Signature

This request is to be sent to Société Générale Securities Services or to the custodian of your shares.

Information: In accordance with the provisions of Article R.225-88 of the French Commercial Code, registered shareholders may, if such request has not already been made, through a single request, that the documents and information set forth in Articles R.225-81 and R.225-83 of the French Commercial Code, be sent to them for any subsequent shareholders' meetings.

(1) Please attach a copy of the certificate of registration of the shares in the securities accounts of your custodian).



This Notice in English is a translation of the French "*Avis de convocation*" and is provided for information purposes.

This translation is qualified in its entirety by reference to the "*Avis de convocation*".

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* Innover pour mieux soigner.



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