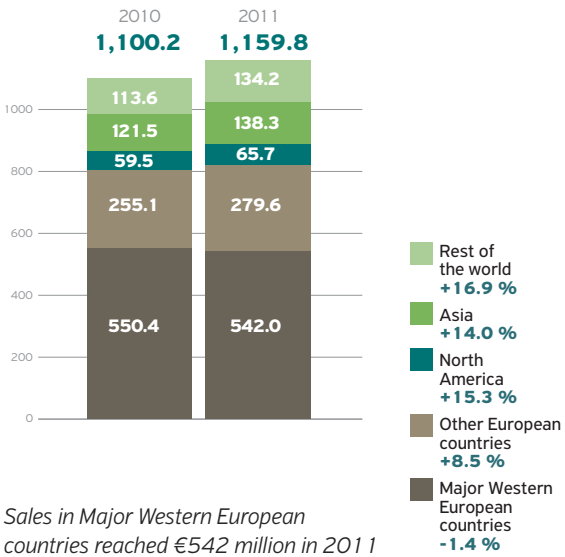
THE GROUP IN 2011

IPSEN
Innovation for patient care

Sales by geographical area

in € million – variation at constant currency (%)

+ 5.4%

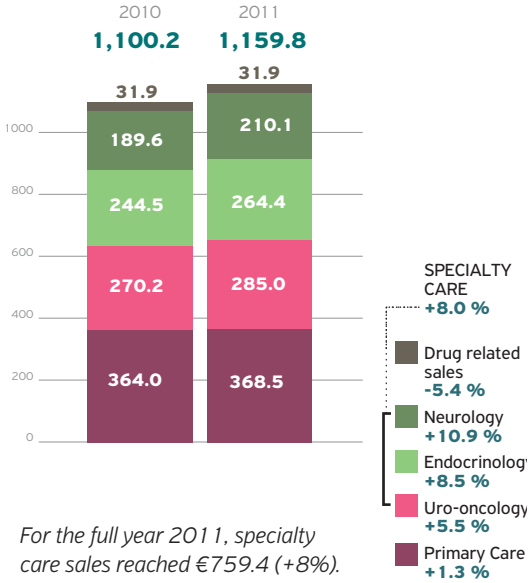


Sales in Major Western European countries reached €542 million in 2011 (-1.4%). Dynamic volume sales growth of specialty care products were more than offset by the consequences of a tougher competitive environment in the French primary care landscape and administrative measures that negatively impacted growth in Germany and Spain.
Sales in Other European countries amounted €279.6 million in 2011 (+8.5%) fuelled by volume growth, notably in Switzerland where the Group sells Azzalure® to its partner Galderma, and in Russia, Ukraine and Hungary.
Sales in North America reached €65.7 million in 2011 (+15.3%) driven by the continuous penetration of Somatuline® in acromegaly and Dysport® in cervical dystonia. Sales in the Rest of the world and Asia reached €272.5 million in 2011 (+15.4%) fuelled by strong volume growth in China, Brazil, Australia and Algeria.

Sales by therapeutic area

in € million – variation at constant currency (%)

+ 5.4%

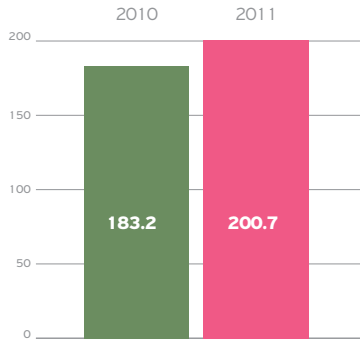


For the full year 2011, specialty care sales reached €759.4 (+8%). Sales in Neurology, Endocrinology and Uro-oncology grew 10.9%, 8.5% and 5.5% respectively. At the end of 2011, the relative weight of specialty care products continued to increase to 65.5% of total Group sales, against 64% in 2010. For the full year 2011, primary care sales reached €368.5 million (+1.3%). Solid sales growth outside of France was partly offset by the negative impacts of the French market situation. Primary care sales represented 31.8% of the Group's consolidated sales in 2011, down from 33.1% against the prior year.

Recurring adjusted [1] operating income

in € million

+ 9.6%

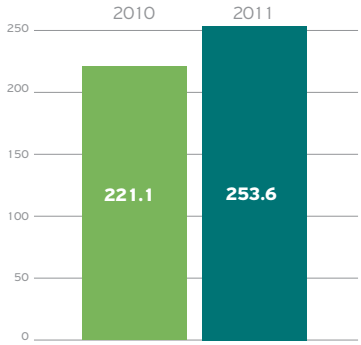


Recurring adjusted [1] operating income amounted to €200.7 million in 2011, representing 17.3% of consolidated sales (+9.6% year-on-year).

Research and Development expenditure

in € million

+ 14.7%

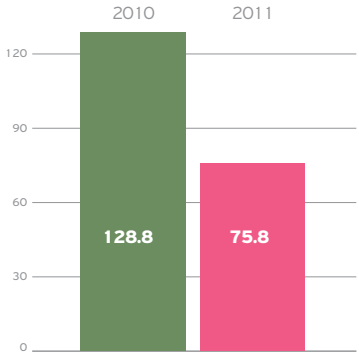


At December 31, 2011, research and development expenses increased by €32.5 million year-on-year to reach €253.6 million representing 21.9% of sales (20.1% in 2010).

Operating income

in € million

- 41.2%

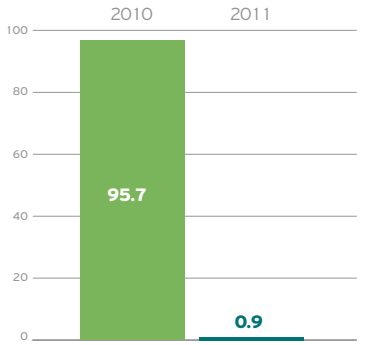


In 2011, reported operating income reached €75.8 million (€128.8 in 2010) notably affected by impairment losses and restructuring charges related to the implementation of the strategy.

Consolidated net profit

in € million

- 99.1%



At year-end 2011, consolidated net profit reached €0.9 million, against €95.7 million for 2010. The Group's consolidated net profit in 2011 was strongly impacted by the impairment losses recorded in the period and by restructuring resulting from the new strategy announced on June 9, 2011. The Group's fully diluted recurring adjusted [(1)] consolidated net profit per share amounted to €1.68 at December 31, 2011, up 2.44% against the prior year.

Dividend per share

in euros

€ 0.80

On February 28, 2012, Ipsen's Board of Directors decided to propose the payment of a dividend for fiscal year 2011 of €0.80 per share, stable year-on-year, at the shareholders' meeting on June 1, 2012, representing a pay-out ratio of approximately 47% of recurring adjusted [(1)] consolidated net profit (attributable to the Group's shareholders).

[(1)] Recurring adjusted: before allocation of goodwill, impairment losses and other non recurring items.


LOUVRE WITH VIEW

To our stakeholders

On taking over as Chairman and Chief Executive Officer of Ipsen in November 2010, I discovered a company that had undergone successful transformation over the past decade by developing strong positions in specialty care and significantly expanding its international footprint. I discovered a dynamic company with talented and committed employees. I also, however, discovered a company whose investments were widespread and which faced the challenge of reinventing itself in a complex and changing economic, technical and regulatory environment.

The strategic review, carried out shortly after my arrival, enabled us to identify Ipsen's strengths and weaknesses and define an ambitious and sustainable growth strategy. The company's strategy is based on three key priorities: focus resources in four disease areas with high therapeutic value (neurology, endocrinology, uro-oncology, and hemophilia), invest to grow and leverage our geographical footprint. By capitalizing on these priorities, Ipsen's objective is to double its sales and triple EBIT by 2020.

"Ipsen successfully achieved all of its 2011 operating targets and the company's transformation is progressing swiftly."

2011 marked a turning point in our Group's history. We implemented our new strategic guidelines, revisited our organization to increase fluidity between functions and divisions and optimized certain assets. As a result of the new strategy, a number of difficult decisions had to be made to ensure the future of some of the Group's historic activities as Ipsen does not have the resources required to develop these activities under optimum conditions. In France, in an increasingly competitive environment and in order to both sustain the business in the long term and gradually transform the commercial model towards a more robust presence in pharmacies, Ipsen is looking to enter into a partnership for its primary care activities. Ipsen is also seeking a purchaser with robust volumes and activity levels to maintain and develop its Dreux manufacturing site.

Despite financial and economic uncertainties which continue to impact the pharmaceutical industry, in particular in Europe, and in a context of major change for the company, Ipsen recorded strong operating results for 2011. While the global pharmaceutical market grew 4.5%, Ipsen's drug sales increased 5.7% (excluding foreign exchange impacts) to €1.1 billion.

2011 had a certain amount of challenges nonetheless and our financial results were impacted by significant non-recurring items. Ipsen posted substantial impairment losses, due to a number of factors: a decrease in Inspiration Biopharmaceuticals Inc.'s forecasted sales as a result of increased competition; supply uncertainties surrounding Lonza which manufactures the active ingredient for Increlex®; and the primary care situation in France. Restructuring costs arising from the implementation of the new strategy were also recorded.

Ipsen successfully achieved all of its 2011 operating targets and the company's transformation is progressing swiftly. We strengthened our uro-oncology portfolio with tasquinimod and Hexvix®, obtained authorization to proceed with clinical trials of Dysport® and Somatuline® in China, filed the marketing authorizations with our partner Inspiration Biopharmaceuticals Inc. for IB1001 both in Europe and the US, renewed the Executive Committee, and implemented a new organizational structure based on our specialty care franchises.

This robust operating performance demonstrates Ipsen's ability to achieve growth and adapt to a changing environment. It confirms the pertinence of our new strategic direction which focuses on the growth potential of our drugs, on our patient-centric approach, as well as on our scientific expertise and strong commitment to R&D, to which the Group devotes 20% of sales each year. And, it is also testimony to the commitment of our 4,500 employees across the globe.

"We have the assets and the skills to achieve our ambition and lead the way in the treatment of debilitating diseases."

2012 will be a pivotal year for Ipsen and the future of the Group. In a period of economic uncertainty, increased price pressure and unprecedented change in public health policies, we need to both anticipate and adapt to the transformation of our industrial landscape.

By staying focused on the execution of our strategy, we are building the future of our Group. We will continue to do our utmost to develop innovative healthcare solutions that meet patient needs.

I am confident in the Group's future. We have the assets and the skills to achieve our ambition and lead the way in the treatment of debilitating diseases.

Marc de Garidel
Chairman and Chief Executive Officer

IPSEN'S AMBITION IS TO BECOME A LEADER IN SPECIALTY HEALTHCARE SOLUTIONS FOR TARGETED DEBILITATING DISEASES:

- RAPIDLY TRANSLATE UNDERSTANDING OF DISEASE BIOLOGY INTO THERAPIES FOR UNMET PATIENT NEEDS
- CREATE DIFFERENTIATED SOLUTIONS CAPITALIZING ON OUR EXPERTISE IN PEPTIDES AND TOXINS
- SWIFTLY GROW AND EVOLVE IN OUR TARGETED AREAS (NEUROLOGY, ENDOCRINOLOGY, URO-ONCOLOGY, HEMOPHILIA) TO ALLOW GLOBAL ACCESS TO THERAPEUTIC SOLUTIONS
- DEVELOP A CULTURE OF ACCOUNTABILITY, TEAM SPIRIT, RESULT ORIENTATION AND AGILITY

HIGHLIGHTS

NOVEMBER 22, 2010
Marc de Garidel is appointed Chairman and Chief Executive Officer of Ipsen.

2 FEBRUARY 2, 2011
Roche informs the Group of its decision to return taspoglutide to Ipsen. Ipsen will thoroughly assess the available data to determine potential further partnership opportunities.

FEBRUARY 3, 2011
Ipsen's partner Inspiration Biopharmaceuticals Inc. announces non-inferiority of IB1001, its recombinant factor IX for hemophilia B, in achieving overall levels of replacement factor compared to BeneFIX®, the only approved recombinant factor IX product for the treatment of hemophilia B.

FEBRUARY 25, 2011
Ipsen and Biomérieux enter into a partnership to create a global collaboration in theranostics, with a focus on hormone-dependent cancers. The two companies sign a framework agreement to leverage their expertise and resources to develop a personalized approach to medicine based on Ipsen's broad portfolio of innovative compounds and Biomérieux's diagnostic tests.

MARCH 2, 2011
Ipsen and GTx announce that a decision has been taken 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.

MARCH 9, 2011
The Food and Drug Administration (FDA) approves Ipsen's prior approval supplement application for the extended dosing interval of Somatuline® Depot for patients suffering from acromegaly.

APRIL 18, 2011
Active Biotech and Ipsen enter into a broad partnership to co-develop and commercialize Active Biotech's investigational compound tasquinimod for the treatment of castrate-resistant prostate cancer.

JUNE 6, 2011
Ipsen announces its decision to stop the development of Irosustat (BN 83495) in monotherapy and to assess its alternative development in combination with other hormonal therapies.

JUNE 9, 2011
Ipsen announces its new strategy based on three key priorities: focus and invest in four targeted disease areas with high therapeutic value (neurology, endocrinology, uro-oncology, hemophilia), invest to grow by pursuing product life cycle management programs and developing new compounds and leverage the potential of the Group's geographical footprint.

JULY 12, 2011
Ipsen and the Salk Institute for Biological Studies renew the "Ipsen Life Sciences Program" at The Salk Institute. The mission of the partnership is to advance knowledge in the field of proliferative and degenerative diseases through fundamental and applied biology research.

JULY 12, 2011
Ipsen and the Institut de cancérologie Gustave Roussy enter into a partnership agreement in the area of medical oncology to leverage the combined expertise of their respective Research and Development teams.

AUGUST 30, 2011
Inspiration Biopharmaceuticals Inc. and Ipsen expand their partnership in preparation for the commercial launch of Inspiration Biopharmaceuticals Inc.'s hemophilia pipeline in Europe. The agreement establishes a European commercial partnership, leveraging Ipsen's pan-European presence and infrastructure.

SEPTEMBER 27, 2011
Ipsen in-licenses Hexvix® from Photocure. Hexvix® is the first approved and marketed drug for improved detection of bladder cancer. This agreement is an opportunity to optimize and reinforce Ipsen's uro-oncology Franchise. Ipsen will commercialize Hexvix® worldwide excluding the US and the Nordic region.

OCTOBER 3, 2011
Ipsen's partner, Inspiration Biopharmaceuticals Inc., announces acceptance of European marketing authorization application for IB1001 for the treatment of hemophilia B.

OCTOBER 20, 2011
Ipsen and Syntaxin, a biotechnology company specializing in innovative biopharmaceutical therapies targeting cell secretion pathways, announce a global strategic collaboration to explore the discovery and development of new compounds in the field of botulinum toxins.

NOVEMBER 2, 2011
Ipsen sells the North American development and marketing rights for Apokyn® (for the US, Canada, Puerto Rico, Brazil and Mexico) to Britannia Pharmaceuticals, achieving a key milestone in the execution of its new North American strategy.

JANUARY 5, 2012
Oncodesign and Ipsen enter into a research collaboration for the development of new therapeutic agents against the LRRK2 Parkinson's disease target. The partnership is based on Oncodesign's Nanocyclix® Technology for next generation kinase inhibitors and Ipsen's expertise in movement disorders.

JANUARY 24, 2012
Santhera Pharmaceuticals and Ipsen announce that they have renegotiated their fipamezole licensing agreement. Santhera regains the worldwide rights to the development and commercialization of fipamezole.

JANUARY 24, 2012
Ipsen acknowledges the French government's decision to no longer reimburse Tanakan®, Tramisal® and Ginkogink®, manufactured at its industrial site in Dreux (France). These products will be delisted from March 1, 2012 onwards and can continue to be prescribed and delivered by healthcare professionals to patients in France.

FEBRUARY 24, 2012
Active Biotech and Ipsen report tasquinimod phase II long term safety data at the 27th European Association of Urology (EAU) congress.

APRIL 17, 2012
Ipsen's partner, Inspiration Biopharmaceuticals Inc., announces US filing of biologics license application for IB1001, a recombinant factor IX for the treatment of hemophilia B.

MAIN SITES

The Ipsen group operates in 115 countries. The Group's largest R&D and manufacturing sites are located in China, France, Ireland, the United Kingdom and the United States.

CHINA

Tianjin
manufacturing

Ipsen opened its first offices in China in 1992 and created a local manufacturing facility in Tianjin in 2000 for Smecta® for the domestic market. Smecta® is manufactured with clay from L'Isle-sur-la-Sorgue. The site also packages Smecta® for the Chinese market.

UNITED STATES

Milford, MA
R&D and biological manufacturing

Created in 1976, the Milford center houses manufacturing, research and development. Along with Wrexham in the UK, it is one of Ipsen's two biological manufacturing facilities, and produces the active ingredient for OBI-1. The Massachusetts-based R&D center of excellence concentrates on the discovery of peptides and small proteins, experimental research and translational sciences in endocrinology and hemophilia.

FRANCE

Dreux
development and manufacturing

The Dreux development facility specializes in both pharmaceutical development and industrial development. Work at the facility is carried out on chemical and biological compounds including the nature and substance of drugs, manufacturing processes and manufacturing control methods.

The Dreux manufacturing facility specializes in the production of sachet and liquid oral formulations. Ipsen is seeking a purchaser to sustain and develop the site's activity.

L'Isle-sur-la-Sorgue
manufacturing

Clays have been processed by Ipsen at L'Isle-sur-la-Sorgue since 1963. The facility processes over 7,000 tons of raw materials each year and produces more than 3,000 tons of finished products. Approximately two-thirds of the production is directed to the European and Intercontinental markets (in particular China).

Les Ulis
R&D

The R&D center at Les Ulis was created in 1969 and is one of the Group's centers of excellence. One of the site's missions is to advance knowledge of the molecular, pharmacological, pharmacodynamic and pharmacokinetic properties of new chemical or biological entities as candidates for development in the fields of oncology and neurology. Les Ulis also houses a significant translational sciences center.

Signes
manufacturing

The Signes facility was opened in 1990 for the manufacturing of products intended for export. It specializes in the manufacturing of injectable formulations, particularly sustained-release formulations of peptides (Decapeptyl® and Somatuline®). Signes produces approximately 40% of the Group's drug sales (approximately 2.3 million boxes per year) and exports to 70 countries.

IRELAND

Dublin
active pharmaceutical ingredients

The Dublin site, which opened in 1989, is the Group's center for the production and development of peptides (lanreotide and triptorelin). In addition to the development of peptide active ingredients, Dublin also has responsibility for developing small molecule active ingredients in particular with regard to the development of manufacturing processes, large-scale manufacturing, quality control and analytic development.

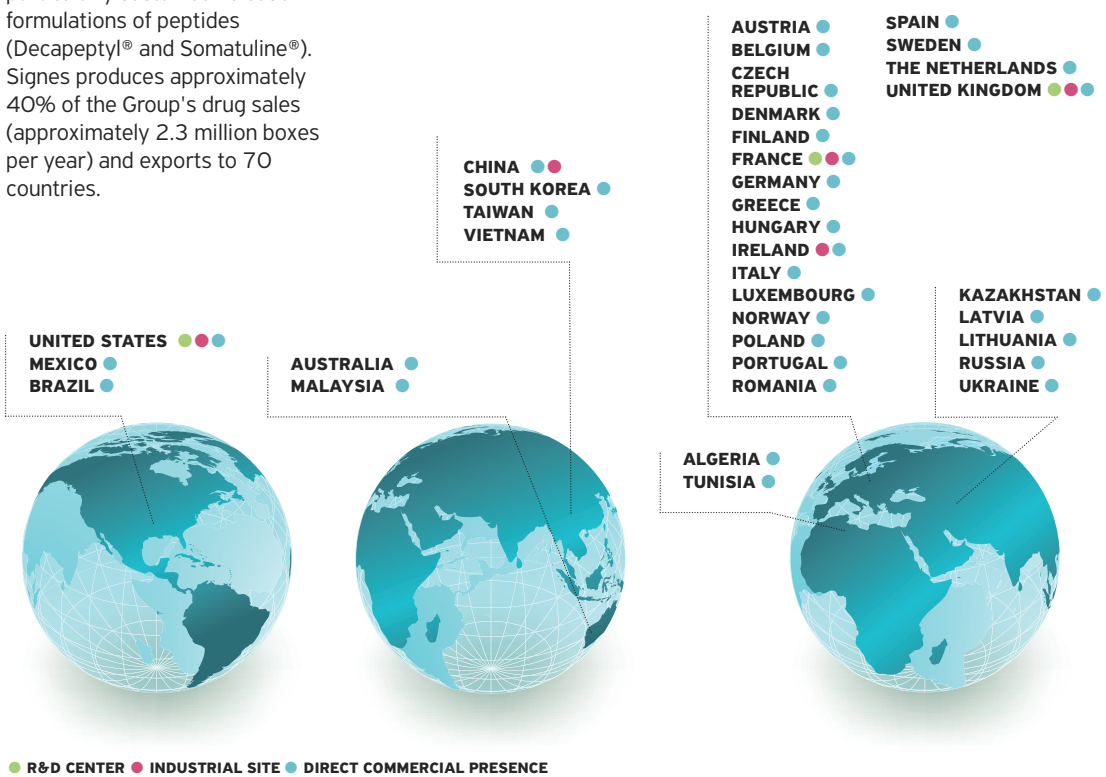
UNITED KINGDOM

Wrexham
biological manufacturing

Dating back to 1994, the Wrexham facility is one of the Group's two biological manufacturing facilities. Dysport® and OBI-1 are produced at Wrexham. In addition to the manufacturing of existing drugs and product development, Wrexham also serves as the logistics platform for the UK.

Slough
R&D

Ipsen's site in Slough houses a number of the Group's R&D activities (clinical development, regulatory affairs, pharmacovigilance, etc.). Slough is also the Group's commercial affiliate in the UK.



CORPORATE GOVERNANCE

BOARD OF DIRECTORS

The Board of Directors sets the strategic guidelines for Ipsen's activities and oversees implementation. Subject to the powers expressly attributed to shareholders' meetings, the Board considers all matters regarding the operation of the company and, through its deliberations, settles any issues arising.
The Board of Directors ensures that the company's shareholders and the general public are provided with accurate information.
It ensures that the company has reliable procedures for identifying, measuring and monitoring its commitments and risks, as well as adequate financial and operational internal controls.
The Board of Directors met 12 times in 2011.

Committees of the Board of Directors

The Board of Directors has set up four permanent committees and has defined both the composition and the powers of these committees. Each committee submits proposals and recommendations as appropriate regarding those areas for which it is responsible. The authorizations granted to the committees may not engender a delegation of the powers conferred by law or by the company's by-laws to the Board of Directors.

The appointment of two new Directors, Mayroy SA, in replacement of René Merkt, and Carol Xueref, in replacement of Yves Rambaud, will be submitted to the shareholders' meeting on June 1, 2012.

COMPOSITION

Chairman
Marc de Garidel

Directors
Anne Beaufour
Henri Beaufour
Hervé Couffin*
Antoine Flochel
(Vice Chairman)
Gérard Hauser*
Pierre Martinet*
René Merkt
Yves Rambaud*
Klaus-Peter Schwabe
Christophe Vérot

**Independent Directors*

STRATEGIC COMMITTEE

COMPOSITION

Chairman
Henri Beaufour

Members
Anne Beaufour
Hervé Couffin*
Antoine Flochel
Marc de Garidel

**independent member*

The role of the Strategic Committee is to:

- review all strategic issues and evaluate all significant proposed investments, divestments, restructurings, alliances and partnerships;
- submit reports, proposals and recommendations on all matters falling within its scope of responsibility.

The Strategic Committee comprises the Chairman of the Board of Directors, and no less than three and not more than six other Directors. The Strategic Committee meets at least four times a year. It met four times in 2011.

AUDIT COMMITTEE

COMPOSITION

Chairman
Yves Rambaud*

Members
Pierre Martinet*
Christophe Vérot

**independent member*

The role of the Audit Committee is to:

- evaluate the accounting policies used to prepare both the statutory and consolidated financial statements, review and assess the consolidation scope and the relevance of the accounting methods applied to the Group;
- examine the interim statutory and consolidated financial statements, together with budgets and forecasts;
- control the quality of and compliance with procedures, and evaluate the information received from management, internal committees and internal and external auditors;
- monitor the effectiveness of internal control and risk-management systems;
- supervise the selection and reappointment of the statutory auditors, and satisfy itself as to their independence.

The Audit Committee comprises three members, none of whom may be the Chairman of the Board of Directors, two of whom are independent. The Audit Committee meets at least four times a year. It met six times in 2011.

APPOINTMENTS AND GOVERNANCE COMMITTEE

The role of the Appointments and Governance Committee is to:

- make any proposals to the Board concerning the re-election, replacement or appointment of new Directors;
- provide an opinion on the appointment or replacement of the Chief Executive Officer and Deputy Chief Executive Officers if required;
- prepare the annual executive session of the Board of Directors regarding its method of operation;
- give an opinion on independent members of the Board of Directors.

The Appointments and Governance Committee comprises three members, none of whom may be the Chairman of the Board of Directors. It meets at least twice a year. The committee met twice in 2011.

COMPOSITION

Chairperson
Anne Beaufour

Members
Hervé Couffin*
Christophe Vérot

**independent member*

COMPENSATION COMMITTEE

The role of the Compensation Committee is to:

- make proposals to the Board of Directors on all components of the compensation paid to the Group's officers, members of executive management and senior executives;
- give an opinion on the amount and distribution of Directors' fees;
- make recommendations to the Board of Directors on Group compensation policies and employee savings plans, employee share ownership, stock options and bonus shares or any other similar compensation.

The Compensation Committee comprises three members, two of whom are independent. It meets at least twice a year. The committee met twice in 2011.

COMPOSITION

Chairman
Antoine Flochel

Members
Gérard Hauser*
Yves Rambaud*

**independent member*

EXECUTIVE COMMITTEE

The Executive Committee is responsible for managing the Group's operations and for coordinating the Group's various scientific, legal, financial, commercial and strategic actions. The Executive Committee is also responsible for assisting the Chairman and Chief Executive Officer in implementing the Board's decisions.

COMPOSITION

Marc de Garidel 1
Chairman and Chief Executive Officer

Claude Bertrand 2
Executive Vice President, Research & Development, Chief Scientific Officer

Etienne de Blois 3
Executive Vice President, Human Resources

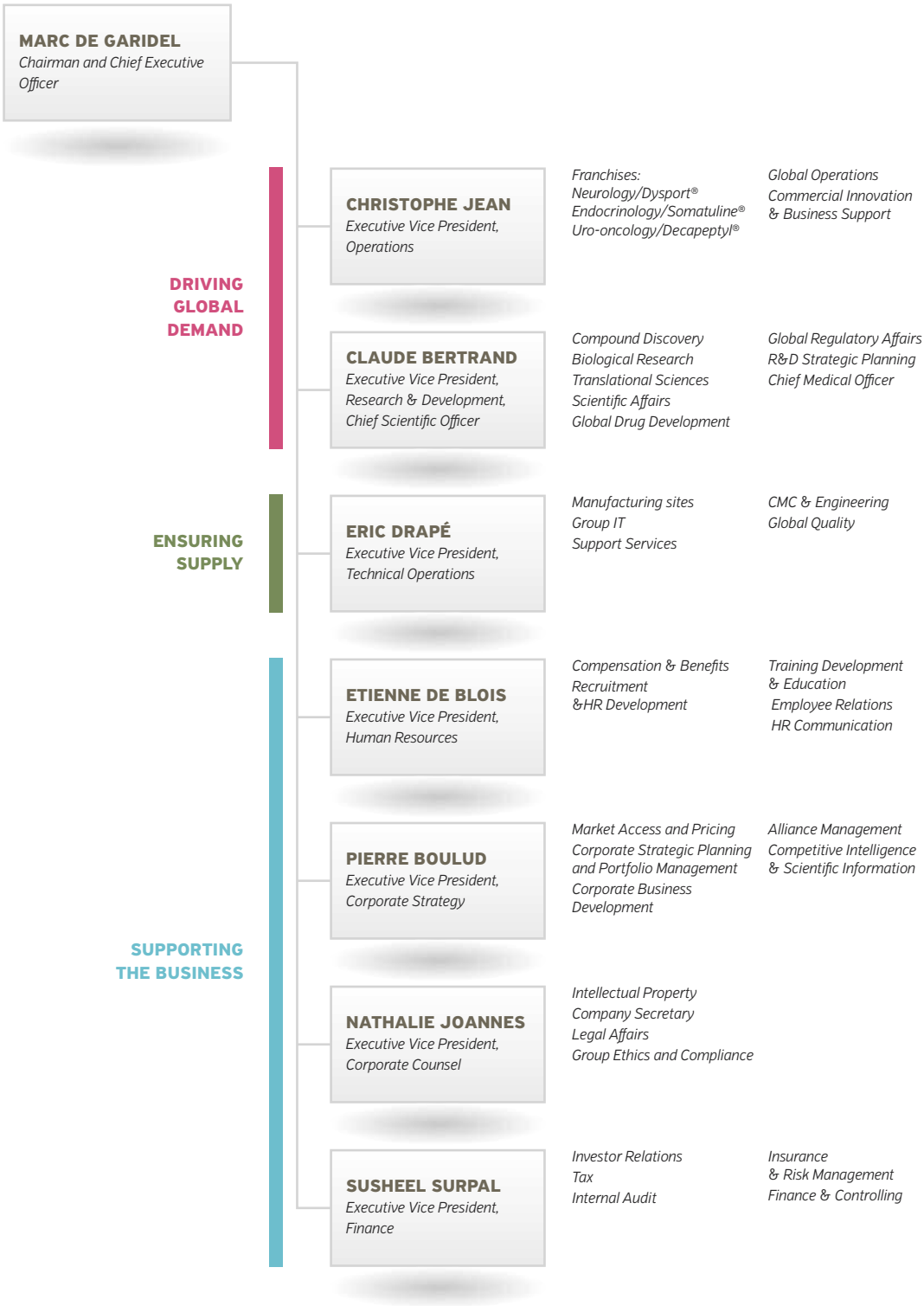
Pierre Boulud 4
Executive Vice President, Corporate Strategy

Eric Drapé 5
Executive Vice President, Technical Operations

Christophe Jean 6
Executive Vice President, Operations

Nathalie Joannes 7
Executive Vice President, Corporate Counsel

Susheel Surpal 8
Executive Vice President, Finance


MARC DE GARIDEL
Chairman and Chief Executive Officer
DRIVING GLOBAL DEMAND
ENSURING SUPPLY
SUPPORTING THE BUSINESS
CHRISTOPHE JEAN
Executive Vice President, Operations
Franchises:
Neurology/Dysport®
Endocrinology/Somatuline®
Uro-oncology/Decapeptyl®
Global Operations
Commercial Innovation & Business Support
CLAUDE BERTRAND
Executive Vice President, Research & Development, Chief Scientific Officer
Compound Discovery
Biological Research
Translational Sciences
Scientific Affairs
Global Drug Development
Global Regulatory Affairs
R&D Strategic Planning
Chief Medical Officer
ERIC DRAPÉ
Executive Vice President, Technical Operations
Manufacturing sites
Group IT
Support Services
CMC & Engineering
Global Quality
ETIENNE DE BLOIS
Executive Vice President, Human Resources
Compensation & Benefits
Recruitment
&HR Development
Training Development & Education
Employee Relations
HR Communication
PIERRE BOULUD
Executive Vice President, Corporate Strategy
Market Access and Pricing
Corporate Strategic Planning and Portfolio Management
Corporate Business Development
Alliance Management
Competitive Intelligence & Scientific Information
NATHALIE JOANNES
Executive Vice President, Corporate Counsel
Intellectual Property
Company Secretary
Legal Affairs
Group Ethics and Compliance
SUSHEEL SURPAL
Executive Vice President, Finance
Investor Relations
Tax
Internal Audit
Insurance
& Risk Management
Finance & Controlling

STRA-
TEGY

STRATEGY

THREE KEY PRIORITIES

IPSEN'S OBJECTIVE IS TO DOUBLE SALES AND TRIPLE EBIT BY 2020. TO REACH THESE AMBITIOUS GROWTH TARGETS, THE GROUP'S STRATEGY, WHICH IS BASED ON A PUSH & PULL MODEL, FOCUSES ON THREE KEY PRIORITIES:

- FOCUS RESOURCES AND INVESTMENTS
- INVEST TO GROW
- LEVERAGE THE FULL POTENTIAL OF THE GROUP'S GEOGRAPHICAL FOOTPRINT

An integrated push & pull model to better serve commercial and patient needs

In the last few years, pharmaceutical companies have encountered a number of failures in R&D. Product efficacy had either not been sufficiently tested in the early stages of development, or products were not aligned with market needs. To accompany the Group's new strategic direction, Ipsen has adopted a push & pull model.

The Group's R&D teams are strengthening their efforts to increase accuracy during phases I and IIa. Translational medicine and new technologies will help understand why some patients respond to a particular treatment and why others don't ("push").

In line with this strategy, Ipsen has organized its businesses into Franchises. The Franchises operate on the principle of increased integration between R&D, medical and marketing, in order to ensure that R&D is both useful for patients and aligned with market needs ("pull").

This model will support the efforts of Ipsen's R&D and Franchises to bring drugs that better meet patient needs to market.

FOCUSING RESOURCES AND INVESTMENTS

Hemophilia

Ipsen's partnership with Inspiration Biopharmaceuticals Inc. will soon position the Group as a new player in the hemophilia market.

In January 2010, Ipsen entered into a partnership agreement with Inspiration Biopharmaceuticals Inc. to create a new hemophilia franchise. The portfolio targets hemophilia A and B and is based on two largely unmet medical needs: broader access to treatments and the treatment of complications associated with the development of inhibitors. This agreement was extended in 2011 with the creation of a dedicated European commercial structure. Phase III clinical testing of the two lead product candidates began in 2010: OBI-1, Ipsen's recombinant porcine factor VIII (for the treatment of acquired and congenital hemophilia A with inhibitors), and IB1001, Inspiration Biopharmaceuticals Inc.'s recombinant factor IX (for the acute and preventive treatment of bleeding in patients with hemophilia B). Marketing authorizations for IB1001 were filed in Europe in October 2011 and in the US in April 2012.

Four targeted disease areas

Ipsen focuses its resources and investments on four targeted specialty care areas. In three areas – Neurology (Dysport®), Endocrinology (Somatuline®), and Uro-oncology (Decapeptyl®, with the recent addition of tasquinimod and Hexvix®) – Ipsen operates throughout the entire value chain from research through to marketing. The fourth area, Hemophilia, is based on the Group's alliance with Inspiration Biopharmaceuticals Inc. and allows Ipsen to leverage its partner's expertise in this specialty area.

Ipsen is also present in the primary care market and intends to strengthen this business outside France. Primary care still enjoys substantial growth potential in emerging markets, where there are considerable opportunities to optimize life cycle management. By refocusing on emerging markets, Ipsen is in a position to implement local targeted actions that would not have been possible on a global scale.

As part of this focused effort, Ipsen has chosen to optimize the management of some of its non-core assets. As a result, drugs to treat short stature are managed in a commercial optimization perspective; Ipsen is examining all options for capturing maximum value, while fulfilling its obligations to patients and partners. In line with this strategy, at end-2011, Ipsen sold development and marketing rights for Apokyn® to Britannia Pharmaceuticals (a drug indicated in the US for the acute intermittent treatment of hypomobility phases in patients with advanced-stage Parkinson's disease).

Primary Care

In primary care, Ipsen offers treatments for age-related neurological disorders, as well as in the area of gastroenterology, cardiology and rheumatology. In recent years, the Group has significantly increased its presence outside France.

Ipsen markets Tanakan®, a standardized and patented ginkgo biloba extract used primarily for the treatment of age-related cognitive impairment in over 46 countries.

It focuses on three products in the field of gastroenterology: Smecta®, indicated in the treatment of acute and chronic diarrhea, Forlax®, to treat constipation, and Fortrans® for pre-colonoscopy flushing.

Primary Care France

In France, in a very competitive environment, the Group is looking to enter into a partnership to strengthen its primary care activities. The objective of the partnership is to sustain the business in the long term and shift the commercial model towards a more robust presence in pharmacies, while continuing to focus on general practitioners. Ipsen is interested in partnering with a company that has a complementary portfolio and expertise in promoting products to pharmacies.
Ipsen is also seeking a purchaser to maintain and develop activities at its Dreux manufacturing site in France, which specializes in the production of oral formulations in sachets and solutions.
The divestment project results both from the Group's strategy, which aims to focus on specialty care, and the projected decline in volumes manufactured and distributed by the Dreux industrial facility. The objective of the divestment project is to ensure long-term sustainability of the site while maintaining employment levels.

Two technological platforms

Ipsen's R&D focuses on two highly innovative and differentiating technological platforms: peptides and toxins.
Peptide engineering focuses on modifying naturally occurring hormones. Ipsen has solid and recognized expertise in peptides, with several products already on the market as well as candidate drugs licensed to partners (e.g. Rhythm Pharmaceuticals and Radius).
In-depth knowledge of botulinum toxin is another key R&D strength. This unique molecule has a very broad range of therapeutic applications in a number of areas: neurology, urology, oncology, endocrinology, and reparatory medicine. The Group is one of the very few companies to have mastered the manufacturing and control of this product, as well as the technologies required to explore new applications and develop new toxin-based products.

Peptide and toxin engineering, combined with pharmaceutical development, aims at designing and developing innovative formulations and administration methods for new chemical entities and marketed products. Ipsen's objective is to leverage these converging technologies to optimize the efficacy of active ingredients, while improving quality of life for patients and facilitating their use by healthcare personnel.

INVEST TO GROW

To support its growth, Ipsen has chosen to reallocate substantial resources to its franchises, technological platforms and its most promising geographical markets.
The company is committing targeted investments to Dysport®, Somatuline® and Decapeptyl® in terms of both indications and geographical expansion, to increase their market share. Ipsen has 10 phase III projects in progress which gives the Group a significative advantage compared to companies of equal size.
Ipsen aims to consolidate the leading R&D and manufacturing positions achieved by its technological platforms, specializing in peptides and toxins. Through the optimization of its research portfolio, Ipsen is in a position to better target resource allocation to areas in which the Group has extensive and recognized expertise and know-how.

Alliances and partnerships

As part of its strategy, Ipsen has developed an active partnership policy with other global pharmaceutical companies. These partnerships provide additional resources to drive innovation forward.
Partnerships in all targeted therapeutic areas (neurology, endocrinology, uro-oncology and hemophilia), allow the Group to:

- *access resources for its programs and expand its skills base by developing partnerships with companies with complementary skills or technologies;*
- *maximize its distribution network by obtaining marketing rights for third-party products in countries where the Group already has a presence;*
- *maximize commercial benefits by granting licenses for products originating from Ipsen's research but which do not fall within the Group's core business areas.*

LEVERAGE THE GROUP'S GEOGRAPHICAL FOOTPRINT

Considerable potential lies in Ipsen's extensive and diversified international reach. In addition to its historic presence in the five largest European markets (France, Germany, Italy, Spain and the United Kingdom), Ipsen is also present in high-growth territories such as China, Russia and Brazil. It also has a direct presence in the US market, which accounts for approximately 40%[1] of the global pharmaceutical market.

The Group's objective is to achieve growth through increased investment in some of the most promising markets worldwide, in particular the US and emerging markets, where Ipsen will continue life cycle management programs, develop therapeutic indications (e.g. Dysport® and Somatuline® in the US) and enhance its portfolio (e.g. project to register Dysport® and Somatuline® Autogel® in China).

A historic presence in emerging markets

Emerging markets play a key role in the Group's performance, partly as a result of the steady growth in China and Brazil. In 2011, sales generated outside Europe and North America represented almost one quarter of total Group sales.

Ipsen is concentrating resources in these markets to launch its portfolio of specialty and primary care products and increase their market share, in particular in China, Russia and Brazil. Growth potential in these countries is considerable, compared with other more mature pharmaceutical markets that are impacted by increased healthcare cost constraints.

China

Ipsen's presence in China dates back to 1992 and the subsidiary is now the second largest in terms of sales. Backed by this 20-year history, the Group enjoys a robust commercial presence and strong positions across all market segments. Ipsen's industrial facility in Tianjin, which opened in 2000, produces Smecta® for the domestic market. Decapeptyl®/Diphereline®, Etiasa®, Fortrans®, Forlax®, Meteospasmil®, Somatuline® and Tanakan® are also marketed in China.

With market growth of 22%[1] p.a. and increasing healthcare spending, China is set to become the third largest global pharmaceutical market by 2013, moving up to second place in 2015[1]; China is one of the key growth levers for the Group. Smecta® and Decapeptyl®/Diphereline® are market leaders, demonstrating Ipsen's strength in both the specialty and primary care sectors. Ipsen's growth strategy in China is based on three interdependent priorities: optimize assets, establish an R&D platform and develop strategic partnerships.

[1] *source : IMS Health Market Prognosis, March 2011*

Russia

Ipsen has been present in Russia since 1994 and continues to record dynamic sales growth, despite a difficult economic environment. The Group markets both specialty care products (Decapeptyl®/ Diphereline®, Somatuline®, Somatuline® Autogel®) and primary care products (Tanakan®, Smecta®, Ginkor Fort®, Fortrans®, Forlax®) in Russia.

In 2011, Russia was Ipsen's seventh largest market in terms of sales volume. Russia is a strong growth territory (14% [1] p.a.) with substantial potential for both specialty and primary care drugs. Ipsen intends to maintain and develop an extensive product portfolio in this market.

Brazil

The Brazilian pharmaceutical market is growing at a rapid pace of 10% to 13% [1] p.a. Throughout 2011, Ipsen's subsidiary saw strong growth driven by the momentum created by Dysport® in both therapeutic and aesthetic indications.

Ipsen Brazil, which opened in 2009, is the newest subsidiary in the Group. Dysport® was launched in 2002 with a local partner and has become the leading product for its therapeutic indications. Dysport® also enjoys strong positions in the aesthetic market. Ipsen launched Somatuline® Autogel® in Brazil in 2011.

[1] *source : IMS Health Market Prognosis, March 2011*

United States

In the US, Ipsen has a R&D center, a biological manufacturing facility and a direct commercial presence, with three products currently marketed.

The US market is key to Ipsen's growth strategy going forward and offers substantial opportunities for Dysport® and Somatuline®. The objective in the US market is comparable to the Group's ambitions in Europe: expand its drug portfolio (seven phase III projects are currently in progress) and access the specialty care growth reservoir. Ipsen's strategy focuses on leveraging the increased profitability resulting from the implementation of the new organization, reallocating resources and investments to grow sales of Dysport® and Somatuline® in current and future indications, and supporting the success of Inspiration Biopharmaceuticals Inc. (hemophilia).

RUSSIA
since 1994

Direct commercial presence

Decapeptyl® /Diphereline ®
Dysport®
Forlax®
Somatuline® Autogel®
Fortrans®
Ginkor Fort®
Smecta®
Tanakan®

CHINA
since 1992

Manufacturing facility
Direct commercial presence

Decapeptyl®/Diphereline®
Dysport®
Somatuline®
Etiasa®
Fortrans®
Forlax®
Meteospasmil®
Smecta®
Tanakan®

FOUR TARGETED DISEASE AREAS

FRANCHISES
A PATIENT-CENTRIC APPROACH

IPSEN'S NEUROLOGY, ENDOCRINOLOGY AND URO-ONCOLOGY ACTIVITIES ARE STRUCTURED IN THREE SEPARATE FRANCHISES. EACH FRANCHISE IS DEDICATED TO A SPECIFIC AREA WITH THE AIM OF MAXIMIZING PRODUCT POTENTIAL THROUGH AN INTEGRATED APPROACH TO R&D, MEDICAL AND MARKETING STRATEGIES.

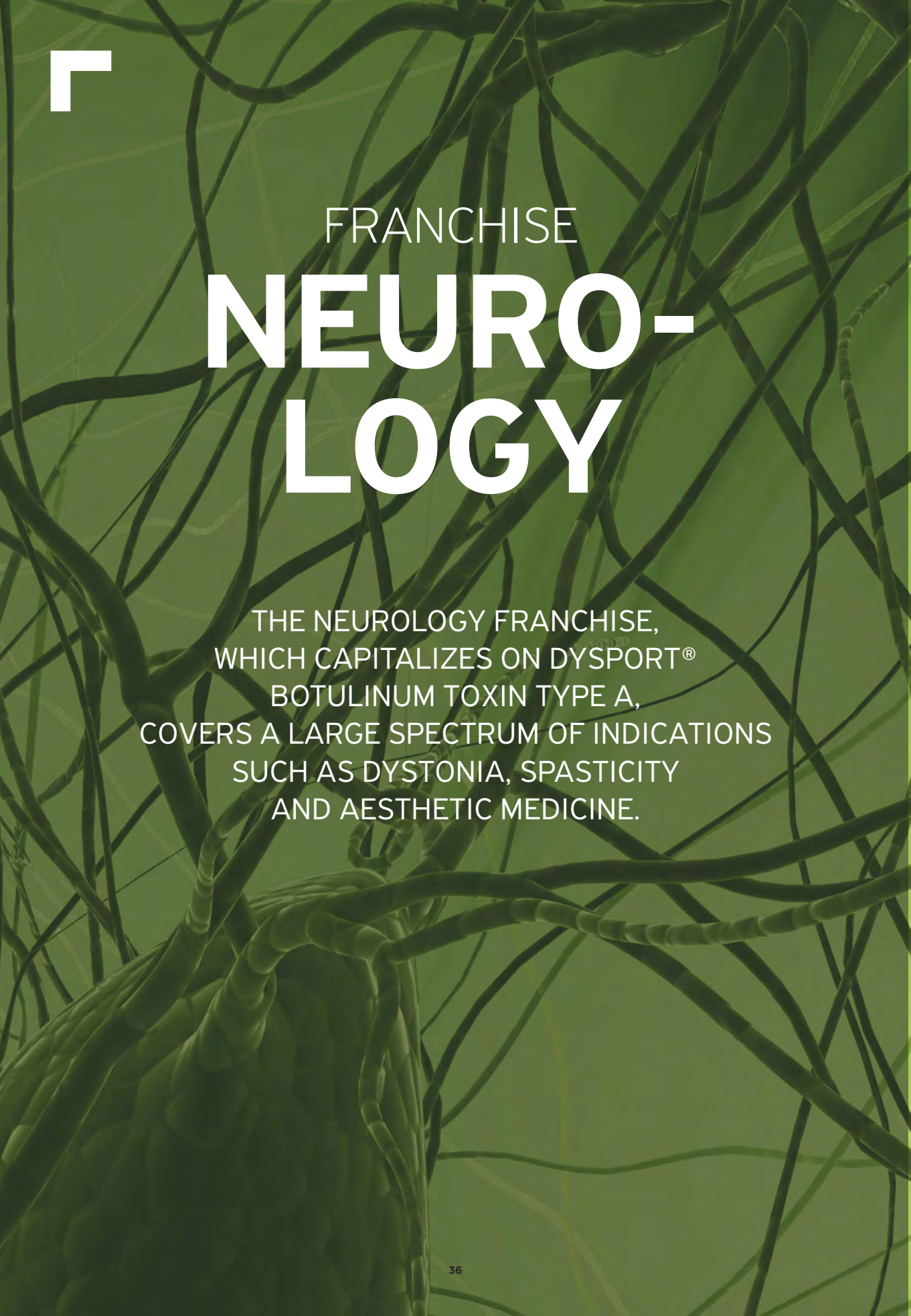
"The innovative nature of the franchises lies in the fact that the medical department is involved at a very early stage in both defining the characteristics of the molecule and in carrying out or assisting in phases IIb and III, or providing assistance in sales force training. This strategy ensures we leverage the full potential of our most promising projects."

CHRISTOPHE JEAN
Executive Vice President, Operations

Ipsen's cross-functional Franchise organization places patients – and not only the disease – at the heart of all of the Group's projects. The Franchise determines medical needs and contributes to defining patient targets. This core focus forms the basis of the vision and the responsibilities of all stakeholders in a Franchise, starting with the push & pull model thanks to which commercial reality stimulates scientific research and brings science closer to actual patient needs.

- Push: Ipsen's R&D teams will increase accuracy during phases I and IIa, in particular by relying on translational sciences and new technologies that enhance understanding of why a patient responds to treatment or not.
- Pull: based on the integration of R&D, medical and marketing, Franchises ensure that R&D activities are useful for patients and correspond to market needs.

The efficiency of push & pull is striking the right balance between rigorously defined research, to ensure that the drugs live up to their promise during clinical phases, and marketing which is sufficiently integrated in the research phases to ensure that products meet patient needs.



FRANCHISE

NEURO-LOGY

THE NEUROLOGY FRANCHISE, WHICH CAPITALIZES ON DYSPORT® BOTULINUM TOXIN TYPE A, COVERS A LARGE SPECTRUM OF INDICATIONS SUCH AS DYSTONIA, SPASTICITY AND AESTHETIC MEDICINE.

Dysport®, which originated in the United Kingdom in 1991, is currently marketed in more than 75 countries. The Franchise's objective is to leverage the full potential of Dysport® and achieve ambitious growth targets for the product. Ipsen's aim is to triple Dysport® sales by 2020 in a market growing at approximately 7% p.a., but which is becoming increasingly competitive.

Ambitious targets

To foster Dysport®'s growth, additional resources have been allocated to several development levers: clinical studies for new indications, observational clinical studies, toxin injector training programs, and new resources allocated to developing medical training programs with key opinion leaders. Priority will also be given to geographical expansion projects and new formulations.

Dystonia and spasticity

Dysport® was initially developed to treat movement disorders and various forms of muscular spasticity, including cervical dystonia, spasticity of the lower limbs in children with cerebral palsy, blepharospasm and hemifacial spasm. Spasticity of the lower or upper limbs affects children following *in utero* episodes or at birth; it results in increased stretch reflexes.

ISABELLE BOCHER-PIANKA
Senior Vice President, Neurology Franchise

"Movement disorders cover a wide spectrum of conditions that are all extremely debilitating. Medical needs in this area are largely unmet and the key objective of the Neurology Franchise is to find innovative solutions to treat patients' symptoms and improve their quality of life."

Development programs

Various programs are already in progress to expand Ipsen's portfolio and develop innovative therapies based on botulinum toxin to help patients regain a certain autonomy of movement and transform their quality of life. In addition, the Neurology Franchise is also developing Dysport® for urological indications in patients with urinary incontinence as a result of spinal cord injury or multiple sclerosis.

2011 Key figures

- *Sales: €210.1 million (+ 10.9% excluding foreign exchange impacts)*
- *Dysport is marketed in more than 75 countries*

Dysport® in aesthetic indications

Dysport®'s success in aesthetic medicine is set to contribute to the growth of Ipsen's Neurology Franchise.
In April 2009, the US Food and Drug Administration (FDA) approved the market authorization for Ipsen's botulinum toxin type A for aesthetic indications, specifically for the correction of moderate to severe glabellar lines in adults aged under 65. Over the last three years, the product has gained a significant share of the US market.
Ipsen's botulinum toxin is marketed by Medicis in the US for aesthetic use under the Dysport® brand, and by Galderma in Europe under the Azzalure® brand. Through its partners, the Neurology Franchise also orchestrates the growth of Dysport® in emerging markets (Brazil, South Korea, etc.).

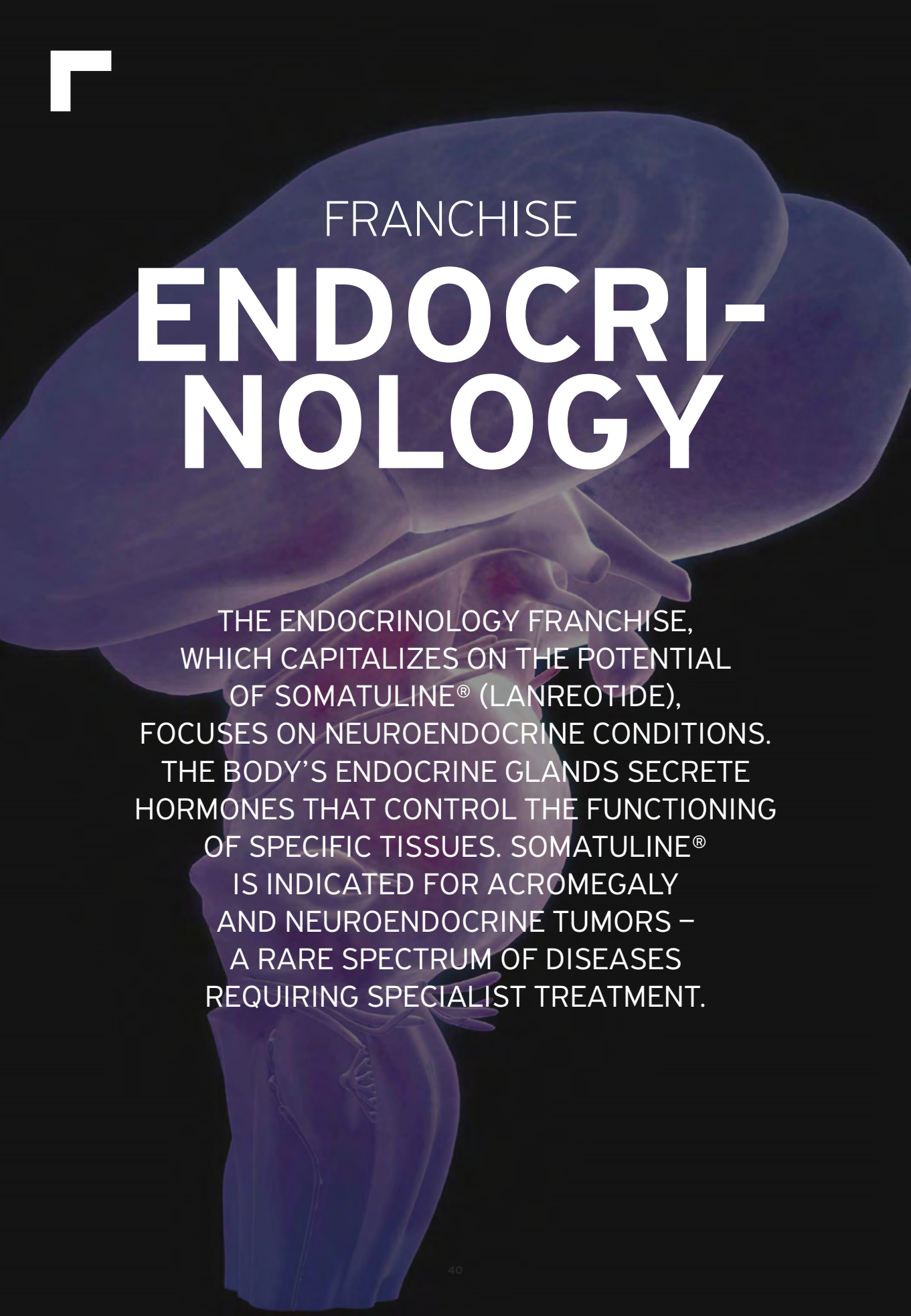
With the Franchise, Ipsen focuses on upstream development with its R&D teams to build a portfolio of neurotoxins that meets future market needs with new formulations and new generations of toxins. Acquisitions and partnerships regarding new technological platforms could also provide Ipsen with new toxins to serve its mission: to better meet the needs of patients with debilitating neuromuscular disorders.

Dysport® Next Generation

The Group is currently working on a new formulation, Dysport® Next Generation. Two clinical studies are in progress: one phase II study focusing on glabellar lines, and one phase III in the area of cervical dystonia.

"CDys touch" the first iPad application for Dysport®

The CDys touch application was developed to train neurologists on cervical dystonia. It is an interactive anatomical atlas of the head and neck muscles which new or expert neurologists can use for practice or during student lectures. It helps physicians target the right muscles for injecting Dysport® and therefore optimize the clinical results and patient benefits. This innovative application, which reflects Dysport's positioning, was presented at Ipsen's stand during the Movement Disorders Society annual meeting in Toronto in June 2011 and received very positive feedback.



FRANCHISE

ENDOCRI-NOLOGY

THE ENDOCRINOLOGY FRANCHISE, WHICH CAPITALIZES ON THE POTENTIAL OF SOMATULINE® (LANREOTIDE), FOCUSES ON NEUROENDOCRINE CONDITIONS. THE BODY'S ENDOCRINE GLANDS SECRETE HORMONES THAT CONTROL THE FUNCTIONING OF SPECIFIC TISSUES. SOMATULINE® IS INDICATED FOR ACROMEGALY AND NEUROENDOCRINE TUMORS – A RARE SPECTRUM OF DISEASES REQUIRING SPECIALIST TREATMENT.

JEAN-FRANÇOIS BREPSON
Senior Vice President, Endocrinology Franchise

"The Franchise breaks down barriers: it provides quicker routes between countries and global medical teams, and between R&D and clinicians. The Franchise is interested in the whole picture from the moment it affects the patient. The Franchise is involved throughout the value chain, from healthcare personnel, who administer the product, through to patient associations and hospital, regional or national payers."

Somatuline®, leader and challenger

The Endocrinology Franchise focuses on Somatuline®, which holds approximately 15% of a global market estimated at €1 billion and growing steadily. It is the market leader in France with an estimated 53% market share. Ipsen's objective is to triple Somatuline® sales by 2020.
The Endocrinology Franchise is responsible for implementing a balanced product portfolio development strategy aligned with both patient needs and the Group's peptide technological platform. Part of the Franchise's mission is to support and guide regions and countries to maximize the growth potential of Somatuline®. Its future growth will be driven by the development of new indications and geographical expansion in particular in emerging markets (Brazil, Japan, China, Russia, etc). The US market is key to Somatuline®'s growth strategy and the focus of strong attention, in particular for neuroendocrine tumor indications.
Therapeutic developments, notably the development of biotherapies, are closely monitored; Ipsen endeavors to initiate and publish new studies aimed at combining Somatuline® with other innovative molecules to produce targeted molecular therapies. Pre-clinical research initiatives are already in progress.

Neuroendocrine tumors

Neuroendocrine tumors (NET) are rare diseases (± 1% of digestive tumors). These tumors, most commonly found in the gastrointestinal tract, secrete abnormally high quantities of hormones. A doubling in the incidence of cases has been reported during each of the past three decades and, as knowledge and awareness regarding NETs progress, the disease will be even more frequently diagnosed.
As a result of the absence of specific symptoms, the disease is often diagnosed late and at an advanced stage. Neuroendocrine tumors are generally slow-growing, hence the persistence of the long-held idea that they are practically "benign". While knowledge of the disease is essential, awareness of available therapies and their adaptation to each particular tumor is just as important.

2011 Key Figures

- *Sales : €264.4 million (+8.5% excluding foreign exchange impacts)*
- *Somatuline® and Somatuline® Autogel® are marketed in over 54 countries*


Lanreotide 120
Deep S.C.
SINGLE USE ONLY
12 / 2013
E00206

For a long time, surgery was the only recourse, as chemotherapy is fairly ineffective except on specific tumors.
Due to the rarity of the tumors and the novelty of targeted therapeutic options, treatment is usually organized at expert care centers. In France, 20 centers make up the Renaten network which has been adopted as the working model for the majority of other countries. Patients – who are often geographically disseminated – have also organized networks.

Acromegaly

Acromegaly is a hormonal disorder causing, among others, exaggerated growth in the hands and feet and facial disfigurement over time, with all the potential attendant psychological consequences, as well as excessive fatigue. Acromegaly is a rare disease (60 cases per million) and is often diagnosed at a late stage. It is generally caused by a benign tumor of the pituitary gland which produces excess growth hormone. Non-surgical treatment consists of reducing the rate of GH hormone secretion using inhibitor drugs. In many countries, healthcare insurance systems do not cover acromegaly treatments.

Somatuline® Autogel®

Launched in 2001, Somatuline® Autogel® is a peptide used in the treatment of acromegaly and neuroendocrine tumors. In 2011, which marked the 10th anniversary of Somatuline® Autogel®, a new device with a retractable needle was launched to ensure safe administration of the full dose. To the Group's knowledge, it is the only quick-acting and ready-to-use somatostatin analog on the market, for a once a month injection from the start of treatment.

FRANCHISE

UROONCOLOGY

IN THE VAST DOMAIN OF ONCOLOGY, IPSEN HAS CHOSEN TO FOCUS ITS RESOURCES IN THE AREA OF UROLOGICAL TUMORS. THE GROUP HAS A ROBUST PORTFOLIO IN THIS THERAPEUTIC AREA, WITH PRODUCTS AT VERY DIFFERENT STAGES OF MATURITY IN THEIR DEVELOPMENT CYCLE. 2011 PROVED TO BE A PARTICULARLY PRODUCTIVE YEAR IN TERMS OF PROJECTS AND PROSPECTS, WITH AN AGREEMENT FOR THE JOINT DEVELOPMENT AND MARKETING OF TASQUINIMOD AND AN IN-LICENSING AGREEMENT FOR HEXVIX®.

Decapeptyl®, spearheading the Franchise

Decapeptyl® is an analog of GnRH, a hormone secreted by the hypothalamus, indicated for the hormonal treatment of advanced prostate cancer. It can be administered as a daily, one-month, three-month or six-month formulation. Decapeptyl® is Ipsen's leading product in terms of sales.
Decapeptyl® contains a formulation that was initially developed for the treatment of advanced prostate cancer. Additional indications have subsequently included the treatment of uterine fibroma, endometriosis, and the treatment of precocious puberty and female infertility (in vitro fertilization).
The key aspects of Ipsen's strategy for the growth of Decapeptyl® are based on leveraging substantial opportunities in a number of territories (China, Germany, the United Kingdom and other European countries), product life cycle management with the launch of three-month or six-month sustained-release formulations, and a personalized therapeutic approach for each stage of prostate cancer.

Tasquinimod, a major growth driver

In April 2011, Ipsen and Active Biotech entered into a partnership agreement for the joint development and marketing of tasquinimod. Currently in phase III, tasquinimod is particularly innovative since it is the first of a new therapeutic class of antiangiogenic immuno-modulators (targeting tumor vascularization, metastasis or inflammation).
The product targets a very specific segment: patients with metastatic prostate cancers, which are resistant to chemical castration.

HÉLÈNE ARDITTI,
Senior Vice President,
Uro-Oncology Franchise

"Biomarkers play a fundamental role in understanding which molecule targets which patient. This approach isn't specific to new molecules – it leads the way for the discovery of new patient segments for mature products and evidences signaling pathways for different types of cancers. This approach forms the basis of the work carried out with translational sciences and with our partners such as the Institut Gustave Roussy and Biomérieux in France, as well as with scientific centers in China."

2011 Key Figures

- *Sales: €285.0 million (+ 5.5% excluding foreign exchange impacts)*
- *Decapeptyl® is marketed in over 60 countries*

In patients for whom hormone therapies have failed to halt disease progression, tasquinimod could offer a targeted alternative, before recourse to chemotherapy.
Ipsen holds exclusive rights to the product for all countries where Decapeptyl® is available.
If the pivotal phase III yields positive results, this product will provide a true alternative for prostate cancer treatment, as it targets patients whose disease has progressed with analogs. Moreover, the relevance of the product's action mechanism in other cancers in which angiogenesis plays an important role in disease progression is also being investigated. With tasquinimod, Ipsen will increase its footprint in oncology, beyond urology indications.

Hexvix®, bladder cancer

In September 2011, Ipsen acquired the worldwide marketing rights to Hexvix®, excluding Nordic countries and the US.
Hexvix® is a bladder cancer detection drug. It produces specific fluorescence in the tumor cells in the bladder during a cystoscopic procedure (examination of the bladder via the urethra) and improves detection and resection of non-invasive bladder tumors. Recently, new clinical data demonstrated that this improved detection rate using Hexvix® increases the efficacy of local surgery and could reduce the recurrence rate for bladder cancer. Hexvix® has the potential to change how bladder cancer is detected and improve patient prognosis.

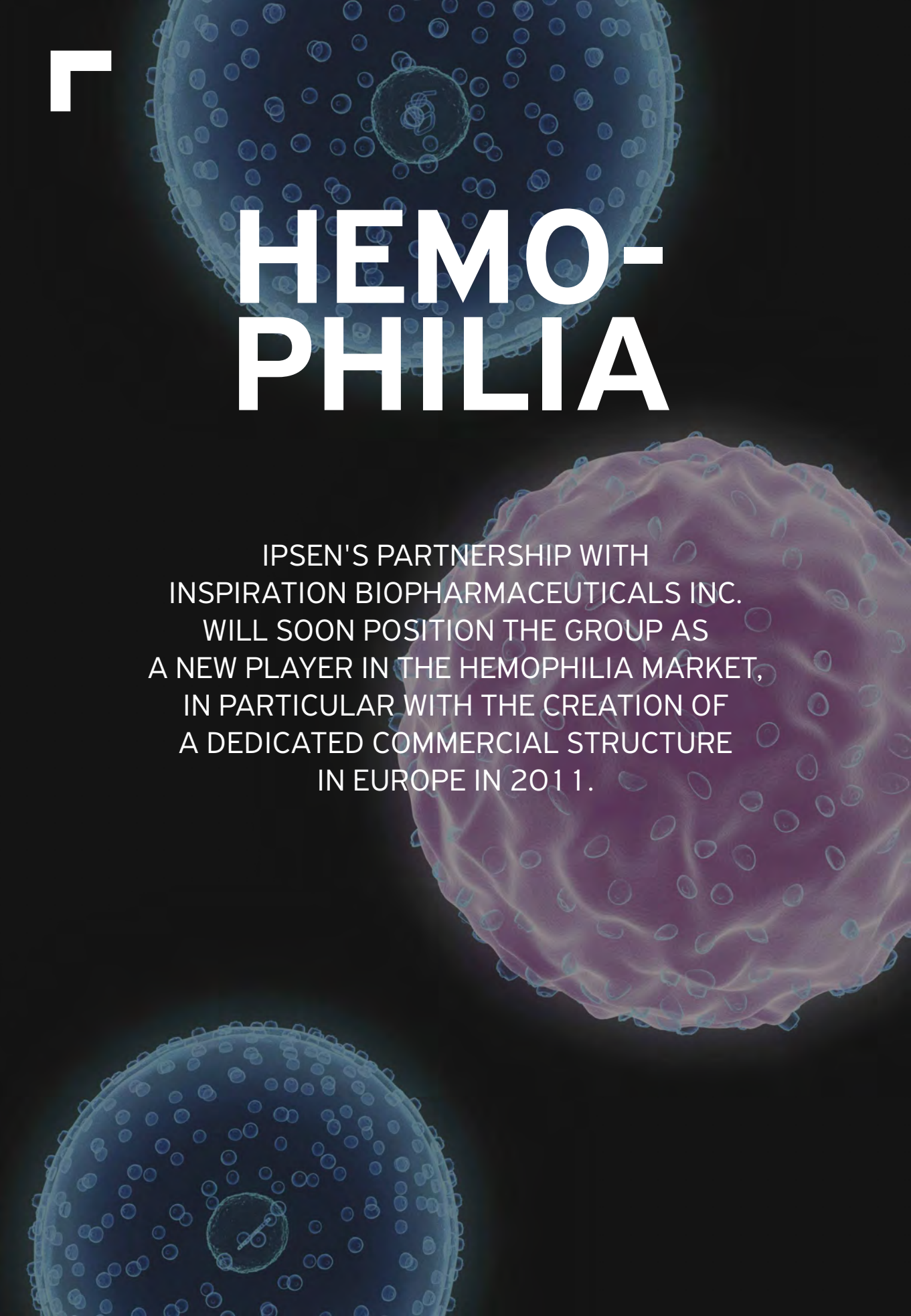
Tasquinimod in phase III

The tasquinimod phase III clinical trial is led by Active Biotech in over 45 countries, including the US, and is funded by both Ipsen and Active Biotech. The cooperation between Active Biotech and Ipsen has resulted in amending and improving the phase III protocol. The trial is conducted on 1,200 cancer patients treated using LhRh analogs (including Decapeptyl ®): 800 treated with tasquinimod, 400 by placebo. The primary evaluation criteria is radiological progression free survival, the secondary criteria overall survival.
The main investigation team is composed of Prof. Michael Carducci of Johns Hopkins University in Baltimore (Maryland, US), where John Isaacs discovered tasquinimod, and Prof. Cora Sternberg of San Camillo Fornalini in Rome (Italy).
Ipsen is also conducting an additional study on another segment of prostate cancer after chemotherapy.

HEMOPHILIA
BROADEN ACCESS TO CARE

In January 2010, Ipsen entered into a partnership agreement with Inspiration Biopharmaceuticals Inc. to create a new hemophilia franchise. The portfolio of recombinant coagulation factors targets hemophilia A and B and is based on two largely unmet medical needs: broader access to care and the treatment of complications associated with the development of inhibitors. This agreement was extended in 2011 with the creation of a dedicated European commercial structure.

Phase III clinical testing of the two lead product candidates began in 2010: OBI-1, Ipsen's recombinant porcine factor VIII (for the treatment of acquired hemophilia and congenital hemophilia with inhibitors), and IB1001, Inspiration Biopharmaceuticals Inc.'s recombinant factor IX (for the acute and preventive treatment of bleeding in patients with hemophilia B). Marketing authorizations for IB1001 were filed in Europe in October 2011 and in the US in April 2012.



HEMO-PHILIA

IPSEN'S PARTNERSHIP WITH INSPIRATION BIOPHARMACEUTICALS INC. WILL SOON POSITION THE GROUP AS A NEW PLAYER IN THE HEMOPHILIA MARKET, IN PARTICULAR WITH THE CREATION OF A DEDICATED COMMERCIAL STRUCTURE IN EUROPE IN 2011.

THOMAS-PAUL DESCAMPS,
Senior Vice President, Hemophilia

"Inspiration's products will provide patients with access to a differentiated treatment range, and payers with an additional supplier. There are few players in this market and it is our intention to change that."

Treating hemophilia A and B

Hemophilia is a hereditary genetic disease characterized by reduced blood clotting. Hemophilia A is caused by a deficiency of factor VIII, while hemophilia B is caused by a deficiency of factor IX. The condition affects one new born in 10,000; 85% of patients have hemophilia A and 15% have hemophilia B. Approximately 50% of hemophilia subjects suffer from severe illness entailing frequent spontaneous hemorrhaging episodes.
Depending on their location, hemorrhages may have serious consequences and can be fatal (such as intracerebral hemorrhage).
If not treated appropriately, hemorrhage into the joints (hemarthrosis) can cause breakdown and eventual loss of the articular cartilage entailing a chronic debilitating condition.
Treatments consist of administering factors VIII or IX to restore sufficient clotting ability to stop or prevent hemorrhage. However, such treatments do not cure this condition.
A small number of hemophilia subjects will go on to develop inhibitors rendering the basic replacement therapy ineffective.
Globally, the hemophilia market is valued at approximately $8 billion and is growing at a rate of 4 to 5% p.a. In the future, this therapeutic area could account for a significant share of Ipsen's sales.

OBI-1 and IB1001

The partnership with Inspiration Biopharmaceuticals Inc. has already developed two very promising products.
The most innovative is OBI-1, a porcine recombinant factor VIII for the treatment of bleeding in patients with acquired hemophilia A (antibodies against the patients' own factor VIII), and those with congenital hemophilia A with inhibitors (antibodies developed against injected factor VIII), for whom conventional treatments are no longer effective.
The second product, IB1001, is at a more advanced stage of development. IB1001 is a recombinant factor IX for the treatment and prevention of bleeding in individuals with hemophilia B.

Key figures

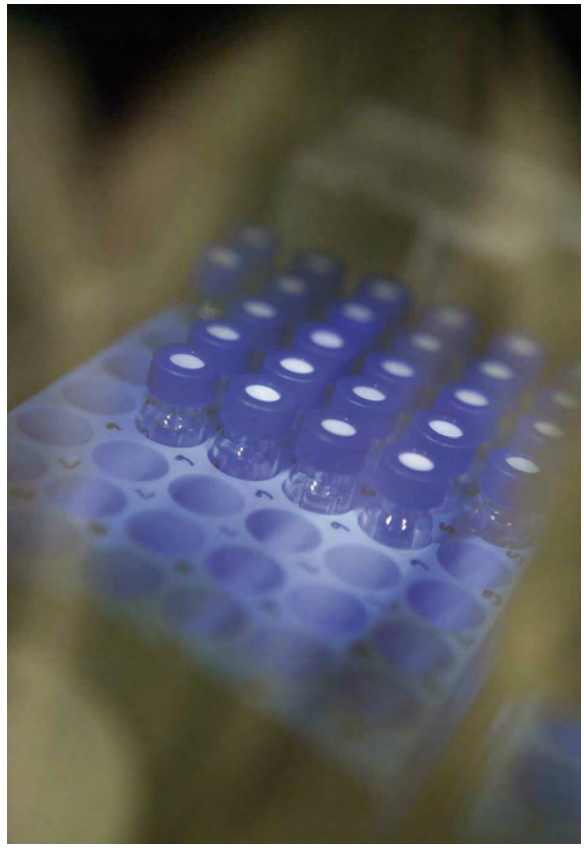
- *Hemophilia affects one newborn in 10,000*
- *A promising market valued at $8 billion and growing at a rate of 4% to 5% p.a.*


bollé
IPSEN

Marketing Authorization Applications (MAA) for IB1001 were recently filed with the European Medicines Agency (EMA) and the Food and Drug Administration (FDA). Depending on the results and administrative authorizations, IB1001 could have the potential to become the second product of this type and thus provide hemophilia patients with an alternative treatment. This alternative is fundamental, as coagulant factors are biological products which are complex and delicate to manufacture.

A dedicated commercial structure

In August 2011, Ipsen and Inspiration Biopharmaceuticals Inc. extended their partnership agreement to create a dedicated European sales structure to launch Inspiration Biopharmaceuticals Inc.'s hemophilia drugs. This partnership is designed to leverage Ipsen's European marketing infrastructure and medical networks, combining them with Inspiration Biopharmaceutical Inc.'s expertise in hemophilia. Both partners will join forces to create and train a highly specialized medical and sales team to become the exclusive network for the commercialization of Inspiration Biopharmaceutical Inc.'s products in Europe.



Inspiration

Inspiration Biopharmaceuticals Inc. was founded in 2004 by two investors, both parents of children with hemophilia, with an ambitious mission: to revolutionize hemophilia treatments. Inspiration Biopharmaceuticals Inc. is the only company exclusively dedicated to developing treatment options for hemophilia. One of its main goals is to broaden access to hemophilia care worldwide. In 2007, Inspiration Biopharmaceuticals Inc. obtained authorization from the US Food and Drug Administration (FDA) to conduct clinical tests of IB1001. A phase I clinical trial was initiated in early 2009, a major milestone in the company's history. Marketing authorizations were filed for IB1001, in Europe, in October 2011, and the US, in April 2012.

R&D

R&D

A STRONG COMMIT-MENT

IPSEN'S AMBITIONS IN RESEARCH AND DEVELOPMENT ARE SPEARHEADED BY TWO INNOVATIVE TECHNOLOGICAL PLATFORMS, A STRONG COMMITMENT TO TRANSLATIONAL SCIENCE, A ROBUST PARTNERSHIP POLICY AND A PROMISING PIPELINE.

"The decision to bring Research and Development together is based on a clear ambition: increase speed of execution to reach patients more quickly and test concepts on the disease as fast as possible. Together with the creation of the Franchise structure and the adoption of the push & pull model, our pooled R&D resources will create true business dynamics."

CLAUDE BERTRAND
Executive Vice President, R&D and Chief Scientific Officer

Ipsen's R&D is based on two innovative technological platforms (peptides and toxins). The division focuses on rapidly generating proofs of concept (PoC) in order to provide patients with innovative drugs aligned on market needs. Proof of concept is the stage that a drug goes through at the end of phase IIa to determine both its potential effectiveness and patient tolerance as early as possible.
In line with Ipsen's ambitious growth strategy, Ipsen's R&D aims to produce three PoCs, five new early development molecular entities and 10 projects in phase III by 2015.
The success of Ipsen's R&D is based on five key, closely interlinked objectives: focus and align priorities on the Franchise strategy; scientific and medical excellence; patient focus; speed of execution along the entire value chain and a collaborative innovation model.

Focus and align priorities on the Franchise strategy

The Franchises determine the medical need and contribute to specifying patient targets. From the patient to R&D, and from R&D to the patient, the Franchises steer the development of competitive molecules. This patient-centric continuum, which is aligned on market needs, provides an opportunity to increase R&D output. Efforts are more focused and resource allocation for each project is carefully planned in order to allow for timely project completion. Increased focus combined with a cross-disciplinary approach allows for a better refinenement of the strategic aspects of projects and enhances the detection of and responses to unmet medical needs.

Scientific and medical excellence

Focused on peptides and toxins, Ipsen's R&D is concentrating and developing its expertise in these two key areas with the objective of increasing its understanding of fundamental sciences as well as of medical and operational aspects. The Group is committed to maintaining its core R&D investment at approximately 20% of sales to meet these priorities. Ipsen has entered into agreements with highly specialized companies and is strengthening its partnership policy through agreements with major research institutes (Salk Institute, US) and centers of excellence (Institut Gustave Roussy, France; Massachusetts General Hospital, US). Collaboration with centers of excellence is key in testing the relevance of concepts with practitioners and patients at a very early stage and, ultimately, in guiding research and development decisions.

Patient focus

The growth of targeted therapies is indicative of the changes taking place in medicine today which are geared towards providing patients with the precise treatment their condition requires. The confirmation of a proof of concept (PoC) on a patient using biomarkers is pivotal in this respect. It determines whether a project is continued or not and is an objective that must be achieved quickly.

Speed of execution across the whole value chain

Which clinical benefits or innovative properties of a molecule are worth investing in? It is to provide answers to this type of question, that Ipsen's R&D is accelerating PoCs to make quick, well-informed and strategic decisions. During pre-PoC phases, regulatory authorities have already proven receptive to this accelerated approach. In phases II and III, clinical trials and product dossiers have been shown to benefit from the early designation of therapeutic targets and markers, as well as from the potential value of the product.

R&D
PIPELINE

IPSEN'S R&D ACTIVITIES
ARE FOCUSED ON THE DISCOVERY
AND DEVELOPMENT OF NEW MOLECULES
AND ON PROGRAMS FOR THE LIFE CYCLE
MANAGEMENT OF PRODUCTS
ALREADY MARKETED BY THE GROUP
(NEW FORMULATIONS, EXTENSION
OF INDICATIONS AND REGISTRATION
OF PRODUCTS IN NEW GEOGRAPHICAL AREAS)
IN 2011, IPSEN'S R&D EXPENDITURE
TOTALED MORE THAN €250 MILLION,
REPRESENTING CLOSE TO 22% OF SALES.

R&D development programs*

10 phase III clinical studies in progress, three for new active principles and seven for life cycle management.

BN82451

Mitochondria protector in Huntington's disease
Pre-clinical

Dysport®

Overactive bladder
Phase II

Muscle spasticity of upper limbs in adults
Phase III

Muscle spasticity of lower limbs in adults
Phase III

Muscle spasticity of upper limbs in children
Phase III (subject to FDA approval)

Muscle spasticity of lower limbs in children
Phase III

Dysport® Next Generation

Temporary correction of moderate to severe glabellar lines in adults
Phase II

Cervical dystonia (Europe)
Phase III

Somatuline® Autogel®

Asymptomatic neuroendocrine tumors (Clarinet)
Phase III

Symptomatic neuroendocrine tumors (US)
Phase III

Acromegaly
Market authorization application filed in Japan

Tasquinimod

Castration-resistant prostate cancer
Phase III
(conducted by Active Biotech)

Decapeptyl®

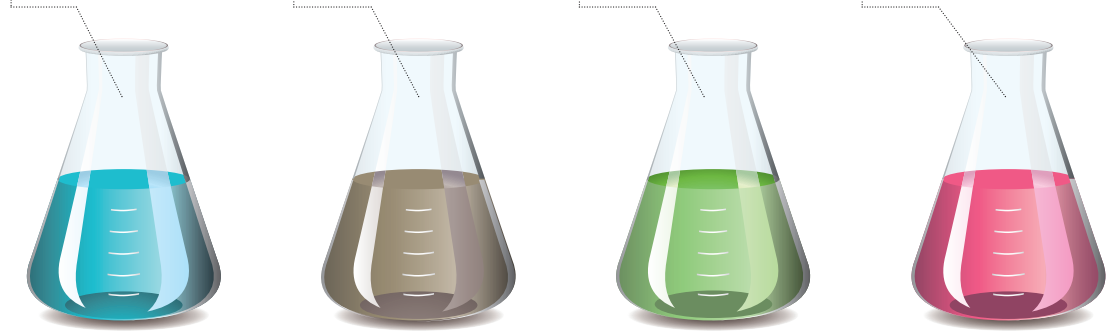
Combined hormonal therapy for premenopausal breast cancer
Phase III

OBI-1
(licensed to Inspiration Biopharmaceuticals Inc.)

Hemophilia A with inhibitors
- Phase III in acquired hemophilia (conducted by Inspiration Biopharmaceuticals Inc.)
- Phase III in congenital hemophilia (conducted by Inspiration Biopharmaceuticals Inc.)

IB1001

Hemophilia B
Market authorization application filed in Europe and the US



NEUROLOGY | ENDOCRINOLOGY | URO-ONCOLOGY | HEMOPHILIA

**at April 20, 2012*

Neurology development programs

Dysport® – Type A botulinum toxin

Medical indications

As part of the FDA application process for the approval for Dysport®, Ipsen launched three phase III studies in the US in 2011:

- muscle spasticity of upper limbs in adults,
- muscle spasticity of lower limbs in children,
- muscle spasticity of lower limbs in adults.

The Group intends to initiate a fourth phase III study: muscle spasticity of upper limbs in children suffering from cerebral palsy.

Dysport® Next Generation

Ipsen is working on a liquid, ready-to-use formulation of the toxin, Dysport® Next Generation. To its knowledge, the Group is the only company to have formulated a ready-to-use toxin. Two clinical studies are ongoing:

- a phase II study for glabellar lines,
- a phase III study for cervical dystonia.

The studies have started in Europe and the sites are ready in North America. The FDA has requested additional information on product stability before beginning clinical trials in the US.

Endocrinology development programs

Somatuline® Autogel®

Ipsen is pursuing the following life cycle management developments for Somatuline® Autogel®:

- a phase III clinical trial with Somatuline® Autogel® for the treatment of non functioning neuroendocrine tumors is in progress in Europe and the US;
- additional phase III clinical trials for the treatment of functioning neuroendocrine tumor symptoms in order to register Somatuline® Depot, which is the equivalent of Somatuline® Autogel® in the US, were launched in 2009;
- in March 2011, the FDA approved extending the dosage interval for six to eight weeks for acromegaly patients who are controlled by Somatuline®;
- in Japan, the Group's partner Teijin submitted a Marketing Authorization Application (MAA) for the treatment of acromegaly.

Uro-oncology development programs

Decapeptyl®

Ipsen is participating in three phase III studies conducted under the auspices of the International Breast Cancer Study Group for the treatment of premenopausal breast cancer. These studies compare conventional treatment methods with hormone therapy combining Decapeptyl® with estrogen suppressor agents. They are scheduled to continue through to 2015. Their findings could lead to a revision of treatment guidelines for breast cancer in pre-menopausal women expressing hormonal receptors.

Tasquinimod

Tasquinimod is being developed jointly with Active Biotech (Sweden). Tasquinimod is an oral compound quinoline-3-carboxamide derivative that binds to a molecule called S100A9. It has demonstrated antiangiogenic, anti-metastatic and immunomodulatory properties. The development of tasquinimod is currently focused on the treatment of advanced metastatic castration resistant prostate cancer.

Hemophilia development programs

OBI-1 and IB1001

Phase III clinical trials of the two lead product candidates was initiated in 2010, including Ipsen's recombinant porcine factor VIII, OBI-1, and Inspiration Biopharmaceuticals Inc.'s recombinant factor IX, IB1001 (for the treatment and prevention of bleeding in patients with hemophilia B).
In February 2011, Inspiration Biopharmaceuticals Inc. announced that IB1001 had demonstrated non-inferiority in achieving overall levels of replacement factor compared to BeneFIX®, the only approved recombinant factor IX product currently on the market.
In October 2011, Ipsen and Inspiration Biopharmaceuticals Inc. announced acceptance of European Marketing Application for IB1001 for the treatment of hemophilia B. The biologics license application was filed with the Food and Drug Administration in the US in April 2012.
A phase III clinical study of OBI-1 in acquired hemophilia was launched in 2010 and is in progress. In November 2011, Inspiration Biopharmaceuticals Inc. initiated a second pivotal study of patients with congenital hemophilia A who had developed human factor VIII antibodies.

R&D

INNOVATIVE TECHNOLOGICAL PLATFORMS

RESEARCH AT IPSEN IS FOCUSED ON TWO MAIN TECHNOLOGICAL PLATFORMS, PEPTIDE AND TOXIN ENGINEERING, AREAS IN WHICH THE GROUP HAS THE MOST EXPERTISE, RECOGNITION AND POTENTIAL FOR THE DEVELOPMENT OF HIGHLY DIFFERENTIATED PRODUCTS.

KAREN ZINKEWICH-PEOTTI
Senior Vice President, Biological Research

"The platforms combine in-depth expertise and a broad spectrum of potential therapeutic intervention in areas that are difficult to develop with other types of molecules. Implementing our new strategy and setting ambitious targets for proof of concept studies acted as a catalyst: everyone has a clear understanding of the challenges and planning at each stage, and, collectively, we contribute our expertise and creativity to ensure overall success."

Focus

Ipsen's research is focused on toxins and peptides, while maintaining the Group's expertise in discovering small molecules through partnerships.

Peptides: a long-standing expertise

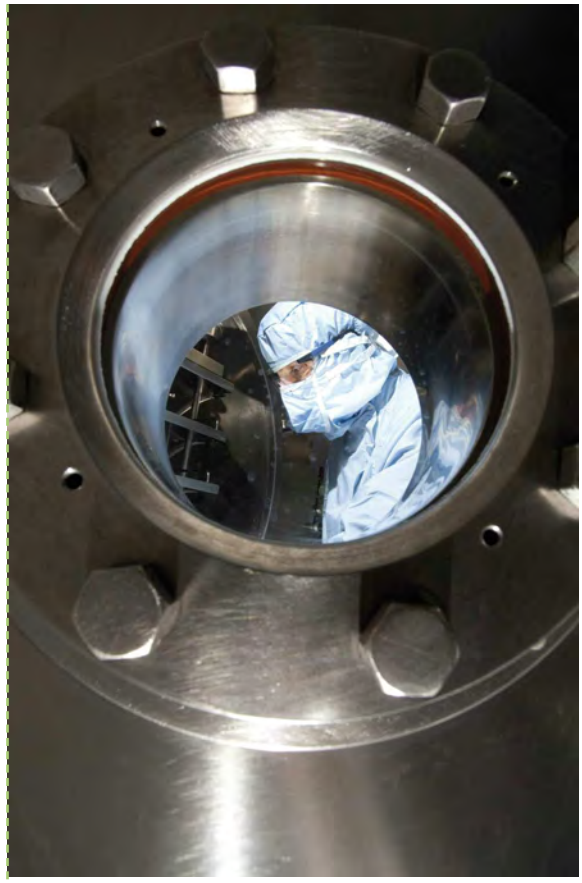
Ipsen has a strong history of peptide drug discovery and formulation. The Group continues to apply this expertise to projects based on analogs of natural peptides which are closely aligned with patient needs. Somatuline® Autogel® symbolizes this ability to combine advancements in research with formulation innovation.

The Group's peptide platform capitalizes on its knowledge in this area in an innovative manner in order to leverage the huge proportion of molecular targets yet to be developed as drugs, such as small molecules and antibodies. Peptide engineering is primarily conducted by Ipsen's R&D center in Milford (MA, US) in collaboration with academic research centers. A peptide platform also exists at Les Ulis (France), while pharmaceutical development is conducted in Dreux (France).

Toxins: about botulinum toxin

Botulinum toxins have the potential to meet a large number of unmet medical needs. Ipsen's toxin platform, which benefits from the technologies required for the early stages of exploration (new products) and development (new applications), aims to provide first-class support for Dysport® to meet the needs of both patients and practitioners.
Through its investment in toxin biology, both within the company and with partners (such as Syntaxin), the Group aims to identify the characteristics of new toxins delivering high therapeutic added value, with the potential to improve quality of life for patients.

Within each platform, the focus is on sharing projects and objectives. The proof of concept is the cornerstone of the process. As a result, all functions involved anticipate the life cycle of the molecule in R&D at an earlier stage. At each stage of the process, this participative model contributes to finding answers to key questions such as the singularity and differentiation of each molecule.



CMC & Engineering

The Chemistry, Manufacturing and Controls & Engineering department (CMC&E) includes pharmaceutical development and industrial development. CMC&E is involved in a significant part of the product life cycle – from early research through development to manufacturing. Its core mission is to support the delivery of the company's strategic goals through alignment with R&D, Technical Operations and Franchise objectives. Two main technical platforms have been formed: one dedicated to peptides and the other to toxins/biologics. Both platforms work closely together in order to leverage cross-functional expertise and know-how. Medical devices are another field in which CMC&E leverages Ipsen's technological excellence. CMC&E is also responsible for the supply of clinical batches.

R&D

TRANSLATIONAL SCIENCES

TRANSLATIONAL SCIENCES
FORM A DYNAMIC BRIDGE
BETWEEN SCIENCE AND MEDICINE.
THEY ARE ONE OF THE KEY COMPONENTS OF
IPSEN'S PUSH & PULL STRATEGY
DEDICATED TO TRANSLATING RESEARCH
INTO THERAPEUTIC CONCEPTS
AND TO SUPPORTING RESEARCH TEAMS
DURING PRODUCT DEVELOPMENT.

PATRICE DENÈFLE
Senior Vice President, Translational Sciences

"Our mission within R&D and the Group as a whole, is to bring a translational component which helps to continuously combine clinical and scientific approaches. At a very early stage in the value chain and throughout the research phase, we endeavor to understand the disease and formulate therapeutic concepts with patients and hospital practitioners (centers of excellence, university hospitals, etc.), to transform medical vision into therapeutic projects".

From ideas to patients, and vice versa

Movement and translation are two concepts which are inherent to translational sciences, the scope of which now extends to all indications covered by Ipsen's R&D teams. The translational sciences teams may collaborate to support a hospital practitioner's idea. Bioinformaticians and biostatisticians will objectively formulate the hypothesis and open the case to obtain as much information as possible on the context, targets and principles underlying the medical approach. Once a concept emerges, translational sciences support research teams during product design phases, work on pharmacological models and on confirming hypotheses. Biomarkers, which are used in diagnosis, targeting, monitoring and validating patient response, play a fundamental role in translational sciences, from modeling to clinical studies.

Translational plans are ready at the outset of the preclinical phase, providing seamless continuity throughout an R&D chain, with medical competencies involved from the inception of the process. Acting as a catalyst for access to information, translational sciences provide the bridge between two worlds, science and medicine, enabling them to work together in a project community.

As a result, from concept to bedside, decision-making is accelerated.

An exhaustive sphere of activity

Ipsen's decision to include translational sciences as an integral component of product design proceeds from 20 years' experience in the early development stages. Over the last two years, translational sciences moved from a concept to the creation of teams in Les Ulis (France) and in Milford (US). The translational sciences department provides support to tasquinimod clinical testing with Active Biotech, to endocrinology for new indications for lanreotide, and to neurosciences with emerging therapeutic concepts aimed at modifying the development of genetic diseases.

A number of contracts have been signed with major translational sciences centers in Europe and the US. Key partnerships have been entered into with centers of excellence (including the Institut Gustave Roussy in France and Massachusetts General Hospital in the US), while other initiatives are in progress as illustrated by the agreements with Biomérieux and university hospitals (for neurosciences). Ipsen is closely involved in the neuroendocrine tumor consortium initiated by the Group's biological research department. In addition, as part of its collaboration with academic centers, Ipsen launched a program to recruit postdoctoral students at the end of 2011.

Biomarkers

- *A biomarker is a measurable biological characteristic related to a normal or abnormal process. It is an indicator, a quantitative measure used to objectively evaluate a biological response. Research increasingly uses indicators to verify and correct a molecule's trajectory from the early stages of the process.*
- *A biomarker can be used for detection, diagnosis, to assess response to a treatment, relapse after treatment and toxicity of a molecule.*
- *A biomarker can be a blood test, a test on tumor tissue, or a test on non-tumorous tissue that reacts to an agent (e.g. hair in case of chemotherapy). It can also proceed from imaging or physical or optical examinations.*
- *Biomarker tests are conducted on patients in clinical phases. During preclinical phases, work on biomarkers is carried out on biobanks in centers of excellence.*

R&D

SCIENTIFIC AFFAIRS

OPPORTUNITIES STEMMING FROM
EXTERNAL RESEARCH COLLABORATIONS
ARE LED BY A SPECIFIC DEPARTMENT
WITHIN R&D.
THE SCIENTIFIC AFFAIRS DEPARTMENT
IS INVOLVED IN STRATEGICALLY CENTRALIZING,
ORGANIZING, PLANNING AND COORDINATING
PARTNERSHIPS.

CHRISTOPHE THURIEAU
Senior Vice President, Scientific Affairs

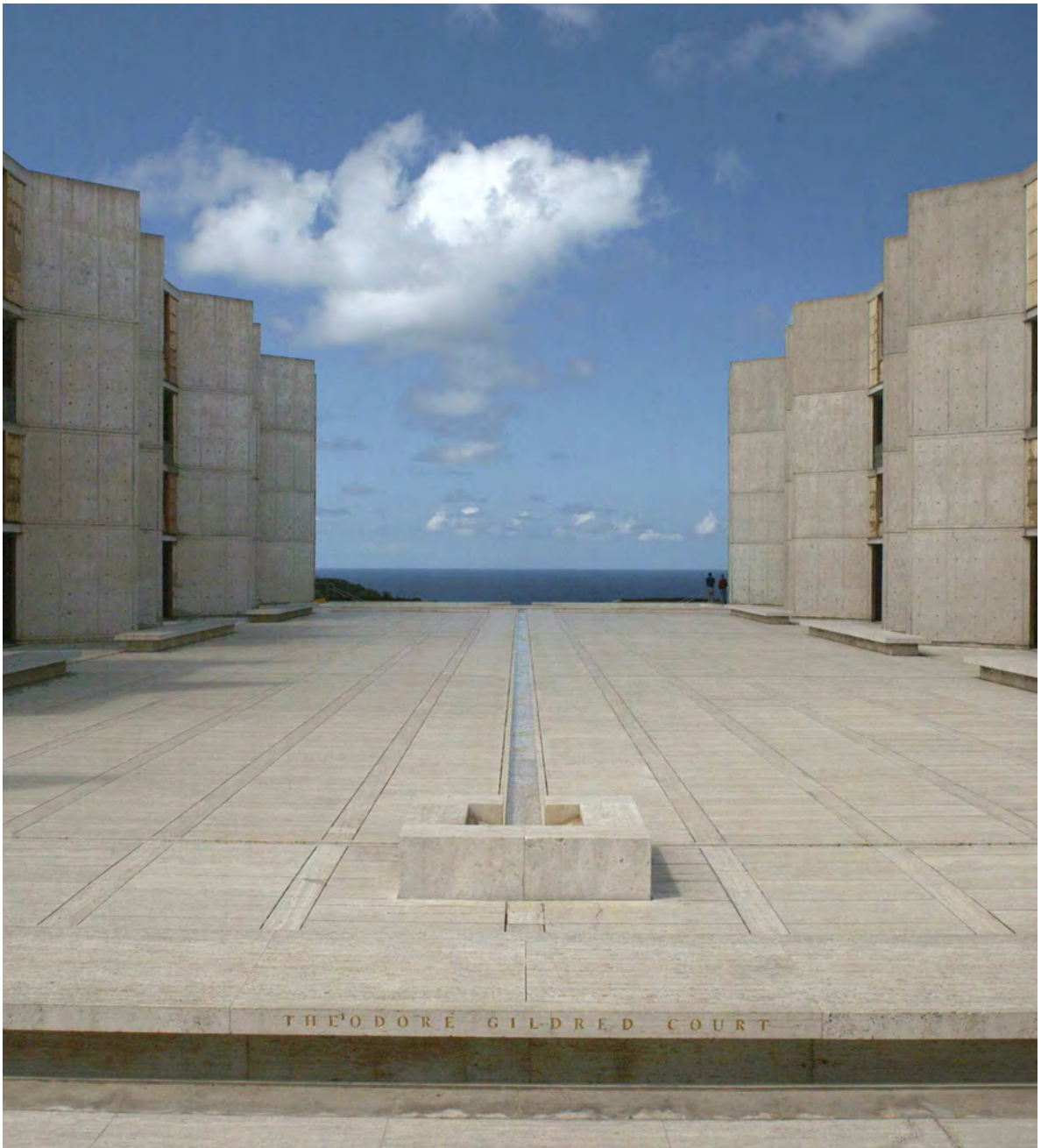
"We need a R&D structure which is more outward-looking than Ipsen-centric. In a context of growing complexity of basic, translational and clinical sciences, it is vital for us to focus on combined expertise with the scientific community, and to set up strategic collaborations with centers of excellence."

Ipsen's R&D effort is supported by an active partnership policy from the basic research stage through to clinical development. Promoting dialog in order to foster innovation by capturing synergies from skills and expertise: this is the logic underlying these collaborations that support Ipsen in transforming the scientific advances of its partners into therapeutic opportunities for patients. These partnerships also provide an opportunity for Ipsen to accelerate the testing of the feasibility and relevance of its research concepts.
At the research stage, Ipsen has established various collaborations with the academic world and has signed partnerships with innovative biotechnology companies. This strategy opens access to novel and promising technologies for the discovery of new candidate drugs.

Recent partnerships

Ipsen signed several major partnership agreements in 2011 and early 2012.
In February 2011, Ipsen and Biomérieux, a leader in the field of in vitro diagnostics, entered into an agreement to develop a personalized approach to medicine based on Ipsen's broad portfolio of innovative compounds and Biomérieux's diagnostic tests.

In April 2011, Ipsen and Active Biotech, a biotechnology company that focuses on autoimmune/inflammatory diseases and cancer, entered into a broad partnership for the



Salk Institute

Since 2008, Ipsen has been collaborating with the Salk Institute for Biological Studies, a non-profit research institution dedicated to fundamental research in life sciences and the training of the future generation of researchers. Ipsen was the first company to sign a research agreement with the Salk Institute.

In July 2011, Ipsen and the Salk Institute announced the renewal of the "Ipsen Life Sciences Program" for a further three years. The mission of the partnership is to advance knowledge in the field of proliferative and degenerative diseases through fundamental and applied biology research. Over the last three years, the partnership between the Salk Institute and Ipsen has delivered significant scientific advances.

co-development of tasquinimod for the treatment of castrate-resistant prostate cancer.

In July 2011, Ipsen and the Institut de Cancérologie Gustave Roussy (France) signed a partnership in the area of medical oncology to leverage the combined expertise of their respective R&D teams. The alliance focuses notably on identifying innovative therapeutic targets to accelerate the transition between preclinical development phases and the clinical proof of concept.

In October 2011, Ipsen entered into a strategic partnership agreement with Syntaxin, a bio-technology company specializing in innovative biopharmaceutical therapies targeting cell secretion pathways. Syntaxin and Ipsen have teamed up to develop innovative botulinum toxin therapies, leveraging their respective expertise in the field. Syntaxin will be responsible for the discovery of new therapeutic candidates and Ipsen will focus on pharmacological, preclinical and clinical assessments of the newly discovered compounds.

In November 2011, Ipsen and Massachusetts General Hospital (Boston, US) entered into a sponsored research agreement to conduct collaborative studies on the anti-tumor effects of Ipsen's compounds and also identify potential new targets associated with non-functioning tumors. The research team at Massachusetts General Hospital will carry out in vitro cell proliferation testing of Ipsen's compounds on pituitary-derived folliculostellate cell lines.

In January 2012, Ipsen and Oncodesign, a drug discovery company and oncology pharmacology service provider, entered into a research collaboration to discover and develop innovative LRRK2 kinase inhibitors as potential therapeutic agents against Parkinson's disease and for potential additional uses in other therapeutic areas. Oncodesign and Ipsen will leverage their respective expertise to bring innovative therapeutic solutions to Parkinson patients.

Non-functioning pituitary tumors

Clinically non-functioning tumors account for up to 40% of human pituitary tumors. Although patients with non-functioning tumors do not have clinical syndromes related to hormone excess, these tumors can cause considerable morbidity because of mass effect, resulting in cranial nerve compression syndromes, including visual loss, severe headaches, other neurologic deficits, and the development of hypopituitarism. These tumors have no approved effective medical therapy. This typically requires neurosurgical intervention, and adjunctive radiation therapy may be needed. There are no established medical therapies to control tumor growth, and recurrences often occur despite radiation therapy. An effective medical therapy for this type of pituitary tumor is critically needed.

CORPO-
RATE
RESPON-
SIBILITY

CORPORATE RESPONSIBILITY

HUMAN RESOURCES

AS A RESULT OF THE NEW STRATEGY, 2011 WAS A YEAR OF SIGNIFICANT CHANGE FOR IPSEN. A NEW ORGANIZATION WAS IMPLEMENTED TO SUPPORT THE COMPANY IN FULFILLING ITS MISSION. THE ORGANIZATION AIMS TO CREATE A MORE COLLABORATIVE ENVIRONMENT, LEVERAGE THE FULL POTENTIAL OF THE GROUP'S EXPERTISE AND INTEGRATE NEW KEY SKILLS.

In 2011, Human Resources focused on internal mobility and talent development to support the Group's strategy and development.

Foster and develop talents

Ipsen's Human Resources department ensures that the Group has the necessary skills and talents to achieve its objectives. A broad range of initiatives were introduced to promote career development, develop potential and leverage expertise within the Group.

Internal mobility: a new momentum and an opportunity for all

Ipsen is strongly committed to internal mobility. Mobility, whether functional or geographical, is essential for individual development and Group momentum. Ipsen's internal mobility policy allows the Group to offer new career opportunities to employees while contributing to the company's performance.

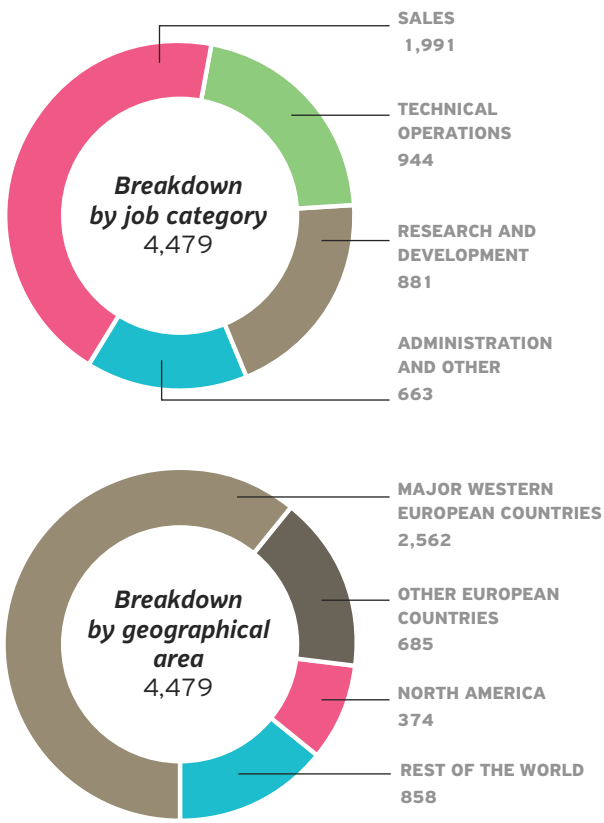
The organization implemented in 2011 resulted in the creation of new positions as well as the development of new competencies, primarily in the medical field. 70 new positions were opened for internal mobility. Coaching, mentoring or on-boarding programs were offered to employees taking up new positions. Close to 3% of Group employees benefited from internal mobility opportunities in 2011.

Training and development

The individual performance appraisal is a fundamental process in Human Resources management. Performance is monitored throughout the year, with two formal meetings between each employee and his or her

Workforce

at December 31, 2011



Employee profit-sharing

Dividend premium

At end-2011, Ipsen distributed a profit-sharing premium to all employees worldwide. The bonus totaled 1.6% of payroll and was evenly divided between all employees.

Employee share ownership: bonus shares for all employeess

In 2009, Ipsen allocated 30 bonus shares to each employee. The bonus share program included 4,000 employees in over 30 countries. In early 2011, more than 1,600 employees in France became Ipsen shareholders at the end of the vesting period. The vesting period for employees outside France will end in one year.

manager. This dialog provides the opportunity to translate the Group's objectives into individual goals that are both challenging and achievable.

It is also a forum during which individual short-term development priorities can be identified, such as specific skills, work experience and coaching in order to help meet these expectations.

An Individual Development Plan (IDP) to foster employee commitment and loyalty was developed in 2011. This initiative provides employees with a roadmap to reach their future goals. Their career, experience and opportunities for growth are analyzed before building a step-by-step action plan. IDPs are open to all and are initiated by the employee. 22% of Ipsen's workforce (43% of whom are managers) were trained in preparation for IDPs in 2011.

Ipsen, committed to diversity

Support for senior employees

The Group pays particular attention to employees in the later part of their career. In France in 2009, general management and employee representative bodies entered into an agreement to promote the employment of people in the later stages of their working life, focusing on the importance and advantages of dynamic career management. The agreement encompasses skills development, qualification, information and training to facilitate the transition to retirement, as well as a mentoring system for the transmission of expertise and skills to less experienced employees. 158 employees requested an Individual Retirement Assessment providing personalized information on their projected

situation at retirement. 60% of eligible staff were offered this training and 95% of managers received training in the management of senior employees.

Health and quality of life at work

In France, an agreement to prevent psychosocial risks was signed at the end of 2010 as part of a generalized approach to safeguarding health and quality of life in the workplace. It is the first step in the Group's corporate program. The agreement covers three main areas: identification of psychosocial risks, prevention of risk factors in the workplace and employee support.

The plan to promote opportunities for the disabled is outlined in the Corporate Citizenship section of this publication.

Employee survey

Ipsen conducted its first employee survey in early 2011 to measure employee satisfaction and commitment, understand their perception of Ipsen and of their future, and to gain better knowledge of their expectations with regard to management, information, communication, training and individual development. 82% of employees took part in the survey carried out by independent firm. The results, which revealed a strong level of commitment, will help Ipsen in creating a motivating environment, promoting commitment and enhancing performance.

CORPORATE RESPONSIBILITY

ENVIRONMENT, HEALTH AND SAFETY

IPSEN'S ACTIVITIES REQUIRE
OPTIMUM SECURITY LEVELS
AND A STRATEGY WHICH IS RESPECTFUL OF
THE ENVIRONMENT.
IPSEN'S COMMITMENT IS FORMALIZED
BY WAY OF A COMPREHENSIVE ENVIRONMENT,
HEALTH AND SAFETY (EHS) POLICY,
BASED ON THE ISO 14001 (ENVIRONMENT)
AND OHSAS 18001 (HEALTH AND SAFETY)
GUIDELINES.

Certificates

Two new sites, Dreux and Signes (France), obtained ISO 14001 certification in 2011, demonstrating their commitment to environmental issues. L'Isle-sur-la-Sorgue (France), Cork (Ireland) and Tianjin (China) sites obtained their certification in 2004, 2008 and 2010, respectively. Certification is renewed each year and is part of Ipsen's continuous improvement policy.
Dreux (France) also obtained OHSAS 18001 certification in 2012. This certificate was granted to Ipsen's Cork (Ireland) facility in 2010.
The Wrexham facility in the UK obtained BS 8555 certification and was also awarded the Corporate Health Standard in recognition of its efforts to promote health and safety in the workplace, and the RoSPa gold award (Royal Society for the Prevention of accidents) for safety.

Trained and accountable

Ipsen renewed and extended its environment, health and safety awareness and training program in 2011. Each site rolled out its program according to its specific risks and impacts. All employees received training in the risks inherent to their roles and the environmental impacts associated with their activities. This preventive approach helps employees adopt a responsible attitude in their day-to-day work.

Climate change and carbon footprint

The Group is voluntarily pursuing a policy to assess and reduce greenhouse gas emissions in order to counteract the effects of global warming.

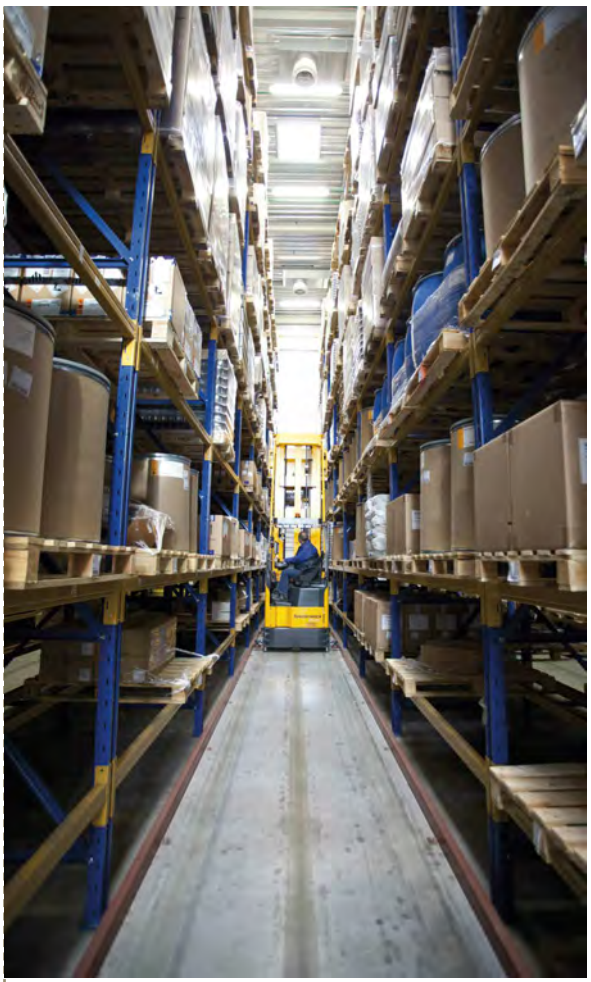
2008-2012 Strategic Plan

A five-year EHS plan was rolled out in 2008 to control risks to employee health and safety in the workplace and to reduce the Group's environmental footprint. All production sites at which the EHS management system is deployed have reached a satisfactory level of compliance with internal requirements. Since 2010, internal audits are conducted at all Ipsen sites to assess compliance with applicable requirements and the Group's standards. The EHS department plans to extend this program to sub-contracting sites in the near future.

In France, in 2009, the Group teamed up with the French association of pharmaceutical companies (Leem) to initiate a process to quantify the sector's greenhouse gas emissions using a common and consistent methodology. The Signes and Dreux (France) facilities have since begun a pilot process to assess their CO_2 emissions.

At end 2011, the research center at Les Ulis (France) and the sites at L'Isle-sur-la-Sorgue (France), Cork (Ireland), Signes (France) and Wrexham (UK) produced detailed reports on their greenhouse gas emissions.

The carbon reporting system will be strengthened in 2012, together with a plan to reduce the Group's carbon footprint and place its "Energy Plan" at the heart of Ipsen's initiatives.



Green design in Dreux

As part of Ipsen's continued efforts to protect the environment, personnel at the Dreux (France) site received training in green packaging design in 2010. Dreux was also chosen as the pilot site for an audit of Ipsen's packaging practices.
The training and audit report were leveraged to foster awareness throughout the company. The resulting action plan was launched in 2011 with the implementation of software to perform packaging modeling, optimize the basis weight of boxes and conduct studies to produce recycled packaging.

CORPORATE RESPONSIBILITY

ETHICS AND CORPORATE CITIZENSHIP

ETHICS AND COMPLIANCE AND CORPORATE CITIZENSHIP FORM PART OF THE GROUP'S CORPORATE RESPONSIBILITY POLICY. IPSEN'S VARIOUS INITIATIVES ENCOURAGE ALL EMPLOYEES TO PLAY AN ACTIVE ROLE IN THE GROUP'S CORPORATE RESPONSIBILITY EFFORTS.

Ethics and Compliance

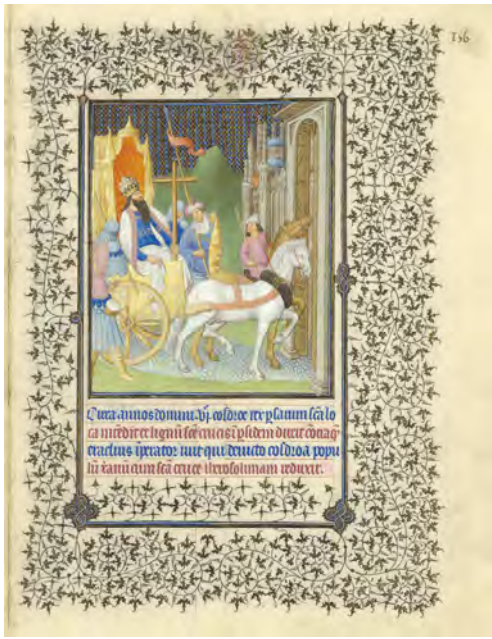
Ipsen endeavors to enforce the highest ethical standards. To this end, the Group implemented an Ethics and Compliance program to ensure that Ipsen's practices comply with applicable laws and regulations as well as with its own code of ethics. The program also sets out to promote a culture of integrity and transparency across the organization. The Ethics and Compliance program is based on four fundamental principles: patient care, protecting innovation, fair competition in the market place and integrity.

Patient care: Ipsen's primary objective is to meet unmet medical needs and to use its knowledge, expertise and technology to provide effective therapeutic solutions that cater to patient needs.

Protecting innovation: innovation is at the heart of Ipsen's business. Intellectual property rights are a major issue for the Group, which seeks to protect its innovations, brands and copyrights. In addition, in order to protect its innovations, Ipsen has developed an information security policy that applies to all Group entities and staff.

Fair competition: through its medical excellence, the quality of its products, and the quality of the associated information, Ipsen seeks to outperform its competitors through honest, legal means. The Group is careful to ensure that it competes fairly on the market and complies with applicable legal requirements wherever it operates.

Integrity: Ipsen acts with integrity and honor in its dealings with all stakeholders: patients, healthcare professionals, public authorities, public officials, shareholders and staff.



Ipsen and the Louvre Museum in Paris

Ipsen, which has long been committed to cultural sponsorship, has been a member of the Louvre museum's corporate program since 2008 and contributes to the world-famous museum's funding. In 2007, Ipsen participated in the acquisition of an Egyptian medical papyrus from the New Empire (1550-1050 BC) which was declared "national treasure" and sponsored the exhibition "Meroe, Empire on the Nile" in 2010. In 2012, Ipsen is sponsoring the exhibition "Belles Heures of Jean de France, Duc de Berry", which features 47 individual leaves, considered as masterpieces of book illumination. The book of hours (Belles heures) for private devotional prayer was the most popular devotional book in the late Middle Ages.

A responsible Group

Promoting employment of the disabled

Ipsen launched a program to promote employment of the disabled in France in 2008. The project aims at maintaining employees with disabilities in the workplace, at recruiting employees with disabilities or at outsourcing services to companies employing disabled workers or to sheltered employment centers which have entered into agreements with the Group.

The PHARE plan (to promote the recruitment and employment of disabled workers) is organized around a network of PHARE representatives at each site. In addition, Ipsen has created partnerships with two specialist associations to facilitate work-study opportunities for disabled students. Initiatives to increase awareness across the Group are organized on a regular basis and specific training for the Human Resources and Purchasing teams has been implemented.

Ipsen is also a founding member of the first French Clubhouse, working with Cap Cités, an association dedicated to supporting people with psychological difficulties. The Clubhouse, which opened in October 2011, offers vital support services and promotes innovative and suitable employment opportunities. It is managed jointly by patients and employees. Ipsen is also partner of the "Handivalides" days in France, organized to increase awareness of disabilities in French higher education colleges and universities.

Running in solidarity

Ipsen's teams worldwide have participated in various sporting events demonstrating the Group's commitment to patient care. The "Making strides against breast cancer" walk on October 2, 2011 in Boston (US) brought together many Ipsen employees to move the fight against breast cancer forward. On October 10, 2011, the Fundación Ipsen Pharma sponsored its first walk in the fight against cerebral palsy in Barcelona (Spain), organized by the FEPCCAT (the Catalan Federation of cerebral palsy and diseases of similar origin). The walk aimed to increase awareness of the federation and raise funds for the associations that support it.

Corporate citizenship

Ipsen has a long history of involvement in community efforts, particularly with associations and charitable work.

Tulipe

In France, the Ipsen group is a member of the Tulipe association, which pools medicines donated by pharmaceutical companies to meet urgent needs among populations affected by crises, natural disasters, and conflicts.

Candy Foundation

In Mexico, Ipsen created the Candy Foundation with the aim of helping low-income families with children suffering from cerebral palsy. The foundation's primary objective is to offer medical treatment consisting of botulinum toxin injections. The foundation also offers personalized medical follow-up for families encompassing a range of specialist services such as rehabilitation, physiotherapy or neuro-pediatrics. The first center opened in 2008, followed by four others in Mexico City and Puebla. 50 children were treated by the Candy Foundation in 2011.

A variety of partnerships

The Group is involved in a range of awareness and information campaigns aimed at patient associations, in particular in Europe and the US. In the United Kingdom, the Ipsen Fund works to promote assistance for sick children. The Group is also keen to collaborate with academic associations and healthcare institutions to support research and training programs for healthcare personnel. Ipsen is involved in many initiatives across the world with university or academic groups, medical centers and associations. Furthermore, as part of a partnership with the Center for Health Research of Sciences Po (school of political sciences in Paris), Ipsen is closely involved in diversifying educational programs, developing continuing education and encouraging research in life sciences.

Europe-China exchange program

Ipsen organized the exchange program kick-off meeting at the 2011 European Association of Urology (EAU) Congress between the Chinese and the European urology associations. Ipsen has committed to this project over the next few years as the sole sponsor. Thanks to the exchange program, young urologists from China and Europe will have the opportunity to visit four different academic centers: an excellent way to share and learn. Four Chinese urologists visited centers in Europe in April 2011; this will be followed by the visit of four European urologists in China in 2012.

CORPORATE RESPONSIBILITY

THE “FONDATION IPSEN”

IMPROVING UNDERSTANDING
FORMS THE BASIS FOR TACKLING
CHALLENGES IN BIOMEDICINE.
THE MISSION OF THE “FONDATION IPSEN”
IS TO IDENTIFY EMERGING THEMES
AND ACT AS CATALYST
TO PUSH THE FRONTIERS
OF KNOWLEDGE FORWARD.

Created in 1983 under the aegis of the "Fondation de France", the "Fondation Ipsen" contributes to the development and dissemination of scientific knowledge.

In 2011, the "Fondation Ipsen" remained faithful to its traditions, focusing on emerging research themes such as epigenetics, protein conformation and the effect of hormones on the brain. Research findings into these areas and other subjects were rewarded by some highly prestigious prizes in 2011. Ulrich Hartl, who pioneered research into chaperone proteins and was a speaker at the foundation's "Medicine and Research" seminar in 2011, won the Lasker Award; Jules Hoffmann and Bruce Bleuler, also speakers at the foundation's seminar, were awarded the Nobel Prize for medicine. In addition, the "Fondation Ipsen" initiated a prestigious partnership to organize a new series of conferences entitled "Days of Molecular Medicine".

Medicine and Research

The "Fondation Ipsen" continues to host its series of scientific meetings, known as "Colloques Médecine et Recherche" (CMR):

7th CMR in the cancer series held in Swakopmund (Namibia) on March 19-23, 2011, on the theme "Epigenetics and Cancer." Co-organized with Inder Verma (Salk Institute, La Jolla, US), this meeting was attended by two Nobel Prize winners: Michael Bishop and David Baltimore.

18th CMR in the neurosciences series held in Paris (France) on April 18, 2011, on the importance of epigenetic mechanisms in brain development and behaviour. This meeting was co-organized with Paolo Sassone-Corsi (University of California, Irvine, US).


Ingram Pinn

25th CMR in the Alzheimer's disease series held in Paris (France) on May 29, 2011, on protein quality control. This meeting was co-organized with Richard Morimoto (Northwestern University, Chicago, US).

11th CMR in the endocrinology series held in Paris (France) on November 28, 2011, on gender differences in the brain, their hormonal origins and their consequences on pathology. This meeting was co-organized by Donald Pfaff (Rockefeller University, New York, US).

Further to its core activities, the "Fondation Ipsen" pursues prestigious partnerships. In addition to "Days of Molecular Medicine", the "Fondation Ipsen" joined up with Cell Press, the Days of Molecular Medicine Global Foundation and the Riken Center for Developmental Biology in Kobe (Japan) to organize the fifth meeting in the Exciting Biologies series. This meeting was held in Kobe from September 29 to October 1, 2011, on the theme "Cellular development: biology at the interface".

Finally, the "Fondation Ipsen" awards prizes for outstanding research, at international conferences. The 22nd Neuronal Plasticity Prize was awarded to three pioneers of research on the effects of music on the brain: Isabelle Peretz (University of Montreal, Canada), Robert Zatorre (McGill University, Montreal, Canada) and Helen Neuville (University of Oregon, Eugene, US). The 16th Longevity Prize was awarded to Thomas Kirkwood (University of Newcastle, UK) for his work on the biology of ageing, in light of modern evolutionary theories. The 19th Jean-Louis Signoret Neuropsychology Prize was awarded to Patricia Kuhl (Washington University, Seattle, US) for her pioneering work on child psychology and the 10th Endocrine Regulation Prize went to Paolo Sassone-Corsi (University of California, Irvine, US) for his research into biological rhythms and their relationship to the endocrine system.

Days of Molecular Medicine

The 2011 annual Translational Medicine conference was jointly organized by the "Fondation Ipsen" with the prestigious American journal Science (that recently published Science Translational Medicine), the Karolinska Institutet of Stockholm (awarder of the Nobel Prize), and the Days of Molecular Medicine Foundation headed by Harvard Professor Ken Chien. It was held in Hong Kong, from November 10-12, 2011. The Croucher Foundation and the University of Hong Kong took part in the event which focused on "Re-engineering Regenerative Medicine". Some of the world's leading specialists in regeneration and biomaterials presented their most recent work.

Thank you to all Ipsen members of staff who appear in this publication.

CONCEPTION AND EDITORIAL .tof, Ipsen-Public Affairs and Corporate Communications

CREATED AND PRODUCED BY .tof/Jeanyvesverdu sprl

PHOTO CREDITS © Gérard Uféras (cover and pages : 2, 18, 24 to 28, 38, 42, 46, 47, 53, 65 to 67, 69, 71, 73, 80, 81, 83 to 85) / © Jean Mottern/AFP (page 52) / © Jean Chiscano (page 70) / The Metropolitan Museum of Art (page 87) / © Ingram Pinn (page 91) / All rights reserved (pages 36, 39, 40, 44, 45, 50, 74, 87, 93)

Completed on April, 20, 2012

Printed in Brussels on May 15, 2012, by Elite Services

Printed on paper Munken Lynx by Arctic Paper (company certification ISO 14001, EMAS, OHSAS 18001, ISO 9001; paper certification FSCTM & PEFC)

Company registration No RCS Nanterre 419 838 529

65, quai Georges Gorse - 92100 Boulogne-Billancourt - France
www.ipsen.com