



Building Bridges for PATIENT CARE

SHAREHOLDERS' MEETING NOTICE

Combined Shareholders' Meeting 2017

Wednesday 7 June 2017 at 3.00 p.m. (Paris time) at la Maison des Arts et Métiers
(Salon La Rochefoucauld), 9 bis, avenue d'Iéna, 75116 Paris



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HOW TO PARTICIPATE IN THE MEETING?

The Shareholders of Ipsen are convened in an Combined Shareholders' Meeting on Wednesday 7 June 2017 at

3 p.m. (Paris time) at la Maison des Arts et Métiers (Salon La Rochefoucauld), 9 bis, avenue d'Iéna, 75116 Paris – France.

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

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

Shareholders who wish to attend the Shareholders' Meeting, be represented or vote by post, should provide proof of registration of their shares no later than two business days before the date of Shareholders' Meeting at 0.00 a.m., Paris time (*i.e.* Monday 5 June 2017, at 0.00 a.m., Paris time):

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

This registration of shares held under the form of bearer shares is evidenced by means of a statement of participation delivered by the authorized intermediary, which then provides evidence of their shareholder status.

The statement of participation delivered by the authorized intermediary shall be attached to the voting form for postal vote or proxy vote, or at the request for the admission card, sent by the authorized intermediary to Société Générale, Service des Assemblées, CS 30812, 44308 Nantes cedex 3, France or presented on the day of the Meeting by shareholders who did not receive their admission card.

Only these shareholders having such a status on 5 June 2017 at 0.00 a.m., Paris time, pursuant to the terms and conditions of the aforementioned Article R.225-85 of the French Commercial Code, may participate in this Shareholders' Meeting.

If you wish to attend the Shareholders' Meeting and vote in person

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

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

→ **Please date and sign the form.**

For holders of registered shares, please return the form in the enclosed prepaid envelope, to Société Générale.

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

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

→ **Select one from the three available options by marking the corresponding box.**

- **Voting by post:** Mark the boxes corresponding to the resolutions on which you wish to vote no, if any.
- **Grant power to the Chairman of the Shareholders' Meeting:** The Chairman will cast a vote in favor of the adoption of the proposed resolutions presented or approved by the Board of Directors and a vote against the adoption of any other proposed resolutions.
- **To be represented by a person or legal entity of your choice:** Indicate the name and contact details of the person to whom you are granting the power to attend the Shareholders' Meeting and vote in your place.

To be taken into account, forms for postal vote must be effectively received by the Service des Assemblées of Société Générale, no later than, 3 June 2017 and for holders of bearer shares, together with the statement of participation.

In accordance with the provisions of Article R.225-79 of the French Commercial Code, the notification of the appointment and revocation of a proxy may also be made electronically, by returning the signed and scanned form at the following email address: assemblee.generale@ipsen.com. A copy of the identity document (on both sides) must be attached to the proxy form and for holders of bearer shares, a statement of participation. The holders of bearers shares must necessarily request from their financial intermediary managing their securities account, to send a written confirmation to Société Générale, Service des Assemblées (CS 30812, 44308 Nantes cedex 3, France).

The proxy granted may be revoked in the same forms. Only notifications of appointment or revocation of proxy duly signed and completed will be taken into account. Furthermore, only notifications of appointment or of revocation of proxy can be sent at the email address assemblee.generale@ipsen.com, any other application or notification on another object will not be taken into account and/or dealt with.

Regardless of how you choose to participate ⁽¹⁾

→ Please date and sign the form.

For holders of registered shares, please return the form in the enclosed prepaid envelope, to Société Générale.

For holders of bearer shares, you must in all cases attach the statement of participation delivered by your financial intermediary. Your custodian will then send the form together with the statement of participation to Société Générale.

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

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

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

However, if the disposal is carried out before Monday 5 June 2017, at 0.00 a.m., Paris time, the Company shall consequently invalid or amend, as appropriate, the postal vote, the proxy,

the admission card or the participation statement. To that end, the authorized intermediary, account holder, notifies the disposal to the Company or to its representative and provide the necessary information. No disposal or other transaction carried out after Monday 5 June 2017 at 0.00 a.m., Paris time, by whatever means, shall be notified by the authorized intermediary or taken into account by the Company, notwithstanding any other agreement to the contrary.

(1) Except in case of notification, at the abovementioned email address, of appointment or revocation of proxy.



HOW TO PARTICIPATE IN THE MEETING?

How to complete the form?

To attend the Shareholders' Meeting and vote in person:
check here.

You cannot or do not wish to attend the Shareholders' Meeting in person:
select one from the 3 available options.

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

IMPORTANT : Avant d'exercer votre choix, veuillez prendre connaissance des instructions situées au verso - Important : Before selecting please refer to instructions on reverse side
Quelle que soit l'option choisie, noircir comme ceci ☒ la ou les cases correspondantes, dater et signer au bas du formulaire - *Whichever option is used, shade box(es) like this ☒, date and sign at the bottom of the form.*

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

IPSEN
65 QUAI GEORGES GORSE
92100 BOULOGNE-BILLANCOURT

AU CAPITAL DE 83 580 794 EUR
419 838 529 RCS NANTERRE

ASSEMBLEE GENERALE MIXTE
07 Juin 2017 à 15h00
Maison des Arts et Métiers - Salon La Rochefoucauld
9 bis avenue d'Iéna - 75116 PARIS

COMBINED SHAREHOLDERS' MEETING
June 07th, 2017 at 3 p.m.
Maison des Arts et Métiers - Salon La Rochefoucauld
9 bis avenue d'Iéna - 75116 PARIS

CADRE RÉSERVÉ À LA SOCIÉTÉ - FOR COMPANY'S USE ONLY

Identifiant - Account	
Nombre d'actions / Number of shares	<input type="checkbox"/> Nominatif / Registered
	<input type="checkbox"/> Porteur / Bearer
Nombre de voix / Number of voting rights	<input type="checkbox"/> Vote simple / Single vote
	<input type="checkbox"/> Vote double / Double vote

JE VOTE PAR CORRESPONDANCE / I VOTE BY POST
Cf. au verso (2) - See reverse (2)

Je vote OUI à tous les projets de résolutions présentés ou agréés par le Conseil d'Administration ou le Directoire ou la Gérance, à l'EXCEPTION de ceux que je signale en noircissant comme ceci ☒ la case correspondante et pour lesquels je vote NON ou je m'abstiens.
I vote YES all the draft resolutions approved by the Board of Directors, EXCEPT those indicated by a shaded box - like this ☒, for which I vote NO or I abstain.

Sur les projets de résolutions non agréés par le Conseil d'Administration ou le Directoire ou la Gérance, Je vote en noircissant comme ceci ☒ la case correspondant à mon choix.
On the draft resolutions not approved by the Board of Directors, I vote by shading the box of my choice.

1	2	3	4	5	6	7	8	9	A	F
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10	11	12	13	14	15	16	17	18	B	G
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
19	20	21	22	23	24	25	26	27	C	H
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
28	29	30	31	32	33	34	35	36	D	J
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
37	38	39	40	41	42	43	44	45	E	K
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Oui / Yes
Non / No
Abst / Abs

JE DONNE POUVOIR AU PRÉSIDENT DE L'ASSEMBLÉE GÉNÉRALE
Cf. au verso (3)
I HEREBY GIVE MY PROXY TO THE CHAIRMAN OF THE GENERAL MEETING
Cf. au verso (3)

JE DONNE POUVOIR À : Cf. au verso (4)
I HEREBY APPOINT: See reverse (4)

M. Mme ou Mlle, Raison Sociale / Mr, Mrs or Miss, Corporate Name
Adresse / Address

ATTENTION : s'il s'agit de titres au porteur, les présentes instructions ne seront valides que si elles sont directement retournées à votre banque.
CAUTION : if it is about bearer securities, the present instructions will be valid only if they are directly returned to your bank.

Non, prénom, adresse de l'actionnaire (les modifications de ces informations doivent être adressées à l'établissement concerné et ne peuvent être effectuées à l'aide de ce formulaire). Cf. au verso (1)
Surname, first name, address of the shareholder (change regarding this information have to be notified to relevant institution, no change can be made using this proxy form). See reverse (1)

Si des amendements ou des résolutions nouvelles étaient présentés en assemblée / In case amendments or new resolutions are proposed during the meeting
- Je donne pouvoir au Président de l'assemblée générale de voter en mon nom. / I appoint the Chairman of the general meeting to vote on my behalf.
- Je m'abstiens (l'abstention équivaut à un vote contre). / I abstain from voting (is equivalent to vote NO).
- Je donne procuration [cf. au verso renvoi (4)] à M., Mme ou Mlle, Raison Sociale pour voter en mon nom.
/ I appoint [see reverse (4)] Mr, Mrs or Miss, Corporate Name to vote on my behalf

Pour être prise en considération, toute formule doit parvenir au plus tard :
In order to be considered, this completed form must be returned at the latest:

à la banque / to the bank 03/06/2017
à la société / to the company 03/06/2017

Date & Signature

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

You wish to give your proxy to the Chairman of the Meeting:
check here and follow the instructions.

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

BOARD OF DIRECTORS, COMMITTEES OF THE BOARD, EXECUTIVE LEADERSHIP TEAM

■ The Board of Directors

Mr. Marc de Garidel, Chairman of the Board of Directors
 Mr. Antoine Flochel⁽¹⁾, Vice- Chairman of the Board of Directors
 Ms. Anne Beaufour
 Mr. Henri Beaufour
 Mr. Hervé Couffin^(*)

Mayroy SA, represented by Mr Philippe Bonhomme
 Mr. Pierre Martinet^(*)
 Ms. Michèle Ollier^(*)
 Ms. Hélène Auriol-Potier^(*)
 Mr. Christophe Vérot
 Ms. Carol Xueref

(*) Independent Director.

(1) Term of office expires at the conclusion of the Combined Shareholders' Meeting to be held on 7 June 2017.

■ Committees of the Board of Directors

Audit Committee

Mr. Pierre Martinet (Chairman)
 Mr. Hervé Couffin
 Mr. Christophe Vérot

Strategic Committee

Mr. Marc de Garidel (Chairman)
 Ms. Anne Beaufour
 Mr. Henri Beaufour
 Mr. Antoine Flochel
 Ms. Michèle Ollier
 Ms. Carol Xueref

Compensation Committee

Mr. Antoine Flochel (Chairman)
 Ms. Hélène Auriol-Potier
 Mr. Pierre Martinet

Nomination and Governance Committee

Ms. Anne Beaufour (Chairperson)
 Mr. Henri Beaufour
 Mr. Marc de Garidel
 Mr. Hervé Couffin
 Ms. Michèle Ollier
 Mr. Christophe Vérot

Ethics Committee

Ms. Hélène Auriol-Potier (Chairperson)
 Ms. Carol Xueref
 Mayroy SA, represented by Mr Philippe Bonhomme

■ Executive Leadership Team

Mr. David Meek, Chief Executive Officer
 Mr. Jonathan Barnsley, Executive Vice-President, Technical Operations
 Mr. Stéphane Bessette, Executive Vice-President, Human Resources
 Mr. Aymeric Le Chatelier, Executive Vice-President, Finance
 Mr. François Garnier, Executive Vice-President, General Counsel
 Mr. Benoît Hennion, Executive Vice-President and President, Primary Care
 Mr. Christophe Jean, Executive Vice-President, Strategy and Business Development
 Mr. Alexandre Lebeaut, Executive Vice-President, Research and Development, and Chief Scientific Officer
 Ms. Cynthia Schwalm, Executive Vice-President and President, North American Commercial Operations
 Mr. Harout Semerjian, Executive Vice-President and President, Specialty Care International & Global Franchises

PROPOSED AGENDA

■ As an Ordinary Shareholders' Meeting

- Approval of the annual financial statements for the financial year ending 31 December 2016,
- Approval of the consolidated financial statements for the financial year ending 31 December 2016,
- Appropriation of results for the financial year 2016 and setting of the dividend at 0.85 euro per share,
- Special report of the Statutory Auditors on regulated-related agreements and commitments and approval of said agreements and commitments,
- Special report of the Statutory Auditors on regulated-related agreements and commitments and approval of commitments made in favor of Mr. Marc de GARIDEL,
- Special report of the Statutory Auditors on regulated-related agreements and commitments and approval of commitments made in favor of Mr. David MEEK,
- Renewal of the appointment of KPMG SA, as principal statutory auditors,
- Appointment of Ms. Margaret LIU, as a Director,
- Appointment of Ms. Carol STUCKLEY, as a Director,
- Appointment of Mr. David MEEK, Chief Executive Officer, as a Director,
- Renewal of the term of office of Mr. Antoine FLOCHEL, as a Director,
- Amount of the attendance fees allotted to the members of the Board of Directors,
- Opinion on compensation elements due or allocated for the financial year ended on 31 December 2016 to Ms. Christel BORIES, Deputy Chief Executive Officer through 31 March 2016,
- Opinion on compensation elements due or allocated for the financial year ended on 31 December 2016 to Mr. Marc de GARIDEL, Chairman and Chief Executive Officer through 18 July 2016, Chairman of the Board of Directors since 18 July 2016,
- Approval of the principles and criteria for the determination, breakdown and allocation of the fixed, variable and exceptional elements of the global compensation and benefits of any kind that could be granted to the Chairman of the Board of Directors,
- Opinion on compensation elements due or allocated for the financial year ended on 31 December 2016 to Mr. David MEEK, Chief Executive Officer since 18 July 2016,
- Approval of the principles and criteria for the determination, breakdown and allocation of the fixed, variable and exceptional elements of the global compensation and benefits of any kind that could be granted to the Chief Executive Officer,
- Authorization to be given to the Board of Directors to allow the company to repurchase its own shares pursuant to the provisions of Article L.225-209 of the French Commercial Code, duration of the authorization, purposes, terms and conditions, ceiling.

■ As an Extraordinary Shareholders' Meeting

- Authorization to be given to the Board of Directors to cancel the shares repurchased by the company pursuant to Article L.225-209 of the French Commercial Code, duration of the authorization, ceiling,
- Delegation of authority to be given to the Board of Directors to increase the capital by incorporating reserves, profits and/or premiums, duration of the delegation, maximum nominal amount of the share capital increase, treatment of fractional shares,
- Delegation of authority to be given to the Board of Directors to issue ordinary shares giving, if appropriate, right to ordinary shares or allocation of debt securities (of the Company or a group company), and/or securities giving right to ordinary shares to issue (by the Company or a group Company) with retention of preferential subscription rights, duration of the delegation, maximum nominal amount of the share capital increase, option to offer the unsubscribed securities to the public,
- Delegation of authority to be given to the Board of Directors to issue ordinary shares giving, if appropriate, right to ordinary shares or allocation of debt securities (of the Company or a group company), and/or securities giving right to ordinary shares to issue (by the Company or a group Company), without preferential subscription rights by means of a public offering and/or for the purpose of paying for securities transferred to the Company in the context of a public exchange offer, duration of the delegation, maximum nominal amount of the share capital increase, issue price, option to restrict the issue to the amount of subscriptions or to distribute the unsubscribed securities,
- Delegation of authority to be given to the Board of Directors to issue ordinary shares giving, if appropriate, right to ordinary shares or allocation of debt securities (of the Company or a group company), and/or securities giving right to ordinary shares to issue (by the Company or a group Company), without preferential subscription rights by an offering under the meaning of paragraph II of Article L.411-2 of the French Monetary and Financial Code, duration of the delegation, maximum nominal amount of the share capital increase, issue price, option to restrict the issue to the amount of subscriptions or to distribute unsubscribed securities,
- Authorization to increase the amount of issues in the event of excess demand,
- Delegation to be given to the Board of Directors to increase the share capital by issuance of ordinary shares and/or securities giving rights to the share capital, within the limit of 10%, in order to pay for capital contributions in kind consisting of equity securities or securities giving rights to the share capital, duration of the delegation,
- Delegation of authority to be given to the Board of Directors to increase the share capital by issuance of ordinary shares and/or securities giving right to the share capital without preferential subscription rights in favor of members of a company savings plan pursuant to Articles L.3332-18 *et seq.* of the French Labor Code, duration of the delegation, maximum nominal amount of the share capital

increase, issue price, possibility to allocate bonus shares in compliance with Article L.3332-21 of the French Labor Code,

- Authorization to be given to the Board of Directors to grant stock options to subscribe to and/or to purchase shares to waged staff members and/or certain company officers of the Company or of affiliated companies, waiver by shareholders of their preferential subscription rights, duration of the authorization, ceiling, exercise price, maximum duration of the option,
- Update of the Articles of Association,
- Delegation to be given to the Board of Directors to update the Articles of Association to bring them into compliance with legal and regulatory provisions,
- Powers to carry out any filings and formalities required by law.

REPORT OF THE BOARD OF DIRECTORS ON THE PROPOSED AGENDA AND RESOLUTIONS SUBMITTED TO THE COMBINED SHAREHOLDERS' MEETING OF 7 JUNE 2017

The Board of Directors convened the Shareholders of the Company to the Combined Shareholders' Meeting to be held on 7 June 2017, in order to report on the Company's operations during the financial year closed 31 December 2016 and submit the following proposed resolutions to their approval:

■ Approval of the 2016 annual financial statements and allocation of income (1st to 3rd ordinary resolutions)

The first items on the agenda relate to the approval of the parent company's annual financial statements (**first resolution**) and the consolidated financial statements (**second resolution**).

Ipsen SA's parent company financial statements for the year closed 31 December 2016 show a loss of €24,266,239.56.

The consolidated financial statements for the year closed 31 December 2016, show a profit (Group share) of €225,926 thousands of euros.

Detailed comments on the annual and consolidated financial statements are given in the 2016 Registration Document.

The **third resolution** aims at deciding the appropriation of the year's profit and the setting of the dividend for the 2016 financial year.

The Board of Directors proposes to the General Shareholders' Meeting to distribute a gross dividend of €0.85 for each share and subsequently to appropriate 2016 year's profit in the following manner:

Sources:

• Loss for the financial year	€24,266,239.56
• Carry-forward item from previous financial year	€253,380,124.58
• Distributable profit	€229,113,885.02

Appropriation:

• No funding to the statutory reserve (the amount being beyond 10% of the share capital)	–
• Dividends	71,043,419.90 euros
• Carry-forward item	158,070,465.12 euros

The ex-dividend date for the total gross dividend of €0.85 due for each share would be 9 June 2017 and its payment date 13 June 2017.

In the event of a change in the number of shares carrying a right to a dividend in comparison with the 83,580,494 shares comprising the share capital as of 22 February 2017, the total amount of dividends would be accordingly adjusted and the amount allocated to the carry-forward item would be determined on the basis of the dividends effectively paid. As a consequence, it is proposed to the Shareholders' Meeting to authorize the Chief Executive Officer, with the option to sub-delegate this authorization, to debit or credit the carry-forward account with the necessary amounts within the conditions mentioned below.

It is specified that the entire dividend will be eligible for the 40% allowance individuals who are tax residents in France benefit from, pursuant to Article 158-3 2° of the French General Tax Code.

For the record, pursuant to Article 243 bis of the French General Tax Code, the distribution of incomes and dividends in respect of the last three financial years were as follows:

For financial year	Incomes eligible for tax allowance		Incomes not eligible for tax allowance
	Dividends	Other incomes paid out	
2013	66,089,327.20 ^(*) i.e. €0.80 per share	–	–
2014	70,450,514.30 ^(*) i.e. €0.85 per share	–	–
2015	70,759,526.70 ^(*) i.e. €0.85 per share	–	–

(*) Including the amount of the unpaid dividend corresponding to treasury shares and allocated to the carry-forward item.

■ Approval of regulated-related agreements and commitments (4th to 6th ordinary resolutions)

It is proposed to the Shareholders' Meeting to approve the regulated agreements or commitments mentioned in the Statutory Auditors report (**fourth resolution**), it being

specified that the approval of certain commitments in favor of Mr. Marc de Garidel and Mr. David Meek are set out in the fifth and sixth resolutions.

These agreements and commitments are detailed in the Statutory Auditors's special report set out in the 2016

Registration Document and in the present convocation notice.

The purpose of **fifth and sixth resolutions** is to submit to the approval of the Shareholders' Meeting, pursuant to the provisions of Article L.225-42-1 of the French Commercial Code, the commitments taken in favor of:

- Mr. Marc de Garidel, Chairman of the Board of Directors since 18 July 2016, concerning payments or benefits due or to be due in connection with the termination of function within the Group as well as the defined benefit additional pension commitment;
- Mr. David Meek, Chief Executive Officer since 18 July 2016, concerning payments or benefits due or to be due in connection with the termination of function within the Group as well as the defined benefit additional pension commitment.

The Shareholders' Meeting is asked to approve these commitments described in the Statutory Auditors' special report set out in the 2016 Registration Document and in the present convocation notice.

■ **Renewal of the term of office of Statutory Auditor – Non renewal of the term of office of Alternate Statutory Auditor (7th ordinary resolution)**

The Board of Directors, upon proposal of the Audit Committee, proposes to the Shareholders' Meeting to renew the term of office of the Statutory Auditor KPMG SA, which term of office expires at the conclusion of the present Meeting, or a period of six financial years, *i.e.* until the conclusion of the Shareholders' Meeting to be held in 2023 and called to approve the financial statements for the financial year ending 31 December 2022 (**seventh resolution**). While establishing its recommendation, the Audit Committee declared that no third party influenced its works during the establishment of the recommendation, and that no contractual clause having the effect of narrowing its choice was imposed to it.

In addition, in accordance with article L.823-1 of the French Commercial Code, amended by the law Nr. 2016-1691 of 9 December 2016, it is not necessary anymore to appoint an alternate statutory auditor where the statutory auditor is neither a natural person nor a one-person company. The Board of Directors, upon proposal of the Audit Committee, proposes to the Shareholders' Meeting to acknowledge that the term of office of the alternate statutory auditor KPMG AUDIT IS expires at the conclusion of the present Meeting, to be held in 2017 and called to approve the financial statements for the financial year ending 31 December 2016, and that it shall neither be replaced nor its term renewed (**seventh resolution**).

■ **Renewal of the term of office of a Director, nomination of three Directors (8th to 11th ordinary resolutions)**

As the term of office of Mr. Antoine Flochel expires at the conclusion of the present Meeting, the Board of Directors, upon proposal of the Nomination and Governance Committee, proposes to the Shareholders' Meeting to renew the term of office of Mr. Antoine FLOCHEL, as a Director, for a duration of four years, expiring at the conclusion of the Meeting held

in 2021 called to approve the financial statements for the previous financial year (**eleventh resolution**).

Mr. Antoine Flochel, Director of Ipsen SA since 2005, is Vice-Chairman of the Board of Directors, Chairman of the Compensation Committee and member of the Strategic Committee.

The Board of Directors, upon proposal of the Nomination and Governance Committee, also proposes to the Shareholders' Meeting to nominate Dr. Margaret Liu (**eighth resolution**), Ms. Carol Stuckley (**ninth resolution**), as well as Mr. David Meek, Chief Executive Officer of the Company (**tenth resolution**), as Directors of the Company, for a four-year term that will expire at the conclusion of the Shareholders' Meeting to be held in 2021 and called to approve the financial statements for the past financial year.

Mr. David Meek is Chief Executive Officer of Ipsen SA since 18 July 2016, in the frame of the change of governance within the Company. He has over 25 years of experience in the pharmaceutical industry where he held various global executive positions in major pharmaceutical and biotechnology companies.

Dr. Margaret Liu is a world-renowned scientist who is teaching at University of California in San Francisco (UCSF) and at Karolinska Institute. She is renowned for her scientific contributions in the field of vaccines and cancer immunotherapy.

Ms. Carol Stuckley is a Senior Chief Financial Officer with entrepreneurial sensitivity and extensive experience in the pharmaceutical industry.

These nominations are proposed to the Shareholders' Meeting in addition with the current members. The number of members of Board of Directors would then change from eleven to fourteen.

The Board of Directors reckons, upon recommendation of the Nomination and Governance Committee:

- that Mr. Antoine Flochel and Mr. David Meek can't qualify as independent members in respect of the criteria set out by the Company in its Internal Rules;
- that Dr. Margaret Liu and Ms. Carol Stuckley can qualify as independent members in respect of the criteria set out by the Company in its Internal Rules. In this respect, it is specified that the latter do not have any business connections with the Group.

Should all of the above proposed renewal and nominations be approved by the Shareholders' Meeting:

- the independence rate of the Board, as defined in the Internal Rules of the Board of the Company, will change from 36.36% to 42.86%. The Company will therefore keep being compliant with the recommendations of the AFEP-MEDEF Code on the independence rate of the Board of Directors.
- the percentage of women within the Board will change from 36.36% to 42.86%, in compliance with the law.
- the Board will benefit from the various international experiences of its new members, particularly in the United States which have become the first market of the Group, and from their business and scientific knowledge.

Complementary information concerning directors whose renewal or nomination is proposed are set out in the present convocation brochure.

■ Directors' fees (12th ordinary resolution)

In consideration of the increase in the size of the Board and its internationalisation, Shareholders will be asked to raise the amount of fees allocated to directors from €990,000 euros to €1,200,000 in respect of the current financial year and until new decision (**twelfth resolution**).

■ Compensations (13th to 17th ordinary resolutions)

Opinion on compensation elements due or allocated to each company officer for the 2016 financial year

The Board of Directors proposes to the Shareholders' Meeting, in accordance with the recommendations of the AFEP-MEDEF corporate governance code of listed companies revised in November 2016, to which the Company refers, to deliver a favourable opinion on compensation elements due or allocated to Mr. Marc de Garidel, Chairman and Chief Executive Officer until 18 July 2016 and Chairman of the Board of Directors since 18 July 2016 (**fourteenth resolution**), to Mr. David Meek, Chief Executive Officer since 18 July 2016 (**sixteenth resolution**) and to Ms. Christel Bories, Deputy Chief Executive Officer until 31 March 2016 (**thirteenth resolution**) in respect of the financial year closed on 31 December 2016.

The individual compensation elements are detailed in tables attached to this report (Appendix 1).

Approval of the principles and criteria for determination, repartition and allocation of the compensation and benefits due or allocated to the Chairman of the Board of Directors and the Chief Executive Officer

The Board of Directors proposes to the Shareholders' Meeting to approve the compensation policy of the Company Officers, which specifies the principles and criteria of determination, repartition and allocation of the fixed, variable and exceptional elements comprised in the total compensation for benefits allocated to the Chairman of the Board (**fifteenth resolution**) and to the Chief Executive Officer in respect of their term of office (**seventeenth resolution**).

The report of the Board of Directors on these compensation elements is set out in the 2016 Registration Document on pages 193 to 195 and is attached to the present report (Appendix 2).

■ Authorizations to be given to the Board of Directors in view of purchases by the Company of its own shares in accordance with Article L.225-209 of the French Commercial Code and in view, if applicable, of their cancellation (18th ordinary resolution and 19th extraordinary resolution)

Pursuant to the terms and conditions of the **eighteenth resolution**, the Shareholders' Meeting is requested to authorise the Board of Directors, with the ability to sub-delegate, for a further period of eighteen months as of the present Meeting, to trade within the legal limit of 10% of

the share capital, on one or several occasions, in order to purchase Company shares by acquiring blocks of securities or by using optional processes or derivative instruments in order to:

- stimulate the secondary market or ensure the liquidity of the Ipsen shares through the activities of an investment service provider *via* a liquidity agreement compliant with the AMAFI Code of conduct admitted by the regulations, it being specified that in this framework, the number of shares used to calculate the above-mentioned limit corresponds to the number of shares purchased, decreased by the number of shares sold,
- retain the purchased shares and subsequently deliver them within the context of an exchange or a payment related to possible external growth transactions,
- ensure the hedging of stock option plans and/or performance bonus share plans (or similar plans) in favor of Group employees and/or company officers as well as all allocations of shares under a Company or Group savings plan (or a similar plan), as part of the sharing of the Company's profits and/or all other forms of allocation of shares to Group employees and/or company officers,
- ensure the coverage of negotiable securities giving rights to the allocation of Company shares in accordance with the regulations in force,
- possibly cancel acquired shares, subject to the authorization granted or to be granted by the Extraordinary Shareholders' Meeting.

These share purchases, sales, transfers or exchanges might be carried out by all means, including on the market or off-market or by multilateral negotiations systems or through systematic internalisers, or over the counter, including through the acquisition or sale of blocks of securities, and at such times as the Board shall see fit.

The Board of Directors would not, without prior authorization by the Shareholders' Meeting, be able to make use of this authorization from the filing by a third party of a public offer for the company's shares and until the end of the offer period.

This authorization shall cancel and supersede the previous authorization given to the Board of Directors by the Shareholders' Meeting of 31 May 2016 in its twelfth ordinary resolution.

The proposal is put to the General Shareholders' Meeting to set the maximum purchase price at €200 per share and by consequence the maximum amount of this transaction at €1,671,609,800 on the basis of a number of 83,580,494 shares.

Under the terms of the **nineteenth resolution**, it is proposed to the Shareholders' Meeting to renew the authorization given to the Board of Directors, for a period of 24 months, to cancel, if need be, the shares the Company holds or could hold following repurchases made pursuant to Article L.225-209 of the French Commercial Code, by reducing the share capital within the legal limit of 10% as calculated on the day the decision to cancel shares is taken, less possible shares cancelled during the 24 previous months.

Detailed information on share purchase operations and shares cancellations carried out in 2016 is set out in the 2016 Registration Document.

■ Delegations and authorizations to the Board of Directors (20th to 27th extraordinary resolutions)

The Board of Directors would like to be granted the delegations of power required to issue, should it deem this useful, any amount of securities that might prove necessary with respect to developing the Company's operations. This is why shareholders are asked to accept to renew the delegations the Board had been granted and that will soon expire under the conditions set out hereafter. The table of delegations of authority and authorizations approved by the Combined Shareholders' Meetings held on 27 May 2015 and 31 May 2016 are presented in the 2016 Registration Document (pages 231 and 232).

The proposed delegations would be suspended in the event of a public offer for the shares of the Company initiated by a third party, apart from the delegation employee savings plan delegation (twenty-sixth resolution) and the authorization to award stock-options (twenty-seventh resolution).

Delegation of authority to increase the capital by incorporating reserves, profits and/or premiums (20th extraordinary resolution)

The Shareholders' Meeting held on 27 May 2015 approved a delegation that allowed the Board of Directors to increase the share capital by incorporation of profits, reserves and/or premiums. The Board of Directors has not used this delegation of power.

Nevertheless, as this delegation is about to expire, the Board of Directors proposes to the General Shareholders' Meeting, as set out in the **twentieth resolution**, to renew this delegation for a period of 26 months in order to give the Board of Directors the possibility to carry out such capital increases by incorporation of profits, reserves and/or premiums and by the issuance and the allocation of bonus shares and/or by increasing the par value of existing ordinary shares.

The Board of Directors proposes to the Shareholders' Meeting that the capital increases carried out pursuant to this authorization may reach a maximum ceiling of 20% of the share capital as of the day of the Meeting, without taking into account the amount required to safeguard, in accordance with the legislation, the rights of holders of negotiable securities carrying a right to shares. This ceiling counts towards the overall ceiling set out in the twenty-first resolution.

Delegation of power to issue ordinary shares giving, if appropriate, right to ordinary shares or allocation of debt securities and/or securities giving right to ordinary shares to issue with retention of shareholders preferential subscription rights (21st extraordinary resolution)

The Shareholders' Meeting held on 27 May 2015 approved a delegation allowing the Board of Directors to issue ordinary shares giving right to ordinary shares or allocation of debt securities and/or securities giving right to ordinary shares while maintaining shareholders' preferential subscription rights. The Board of Directors has not used this delegation of power.

Nevertheless, as this delegation is about to expire, the Board of Directors proposes to the General Shareholders' Meeting, pursuant to the **twenty-first resolution**, to renew it for a period of 26 months in order to give the possibility to the Board to issue ordinary shares giving right to ordinary shares or allocation of debt securities and/or securities giving right to ordinary shares while maintaining shareholders' preferential subscription rights.

In compliance with the legislation, the securities to be issued might give rights to ordinary shares of any company that owns directly or indirectly more than half of our Company's share capital or ordinary shares of any company in which our Company owns directly or indirectly more than half of the share capital.

The Board of Directors proposes to the Shareholders' Meeting that the securities issued pursuant to this delegation may reach 20% of the Company's share capital at the date of the Meeting (without taking into account the amount required to safeguard, in accordance with the legislation, the rights of holders of negotiable securities carrying a right to shares). The global nominal amount of the shares issued pursuant to the delegations of power to increase the share capital by incorporation of profits, reserves and/or premiums (twentieth resolution) and while cancelling preferential subscription rights by means of a public offering and/or for the purpose of paying for securities transferred to the Company in the context of a public exchange offer or by an offering under the meaning of paragraph II of Article L.411-2 of the French Monetary and Financial Code (twenty-second and twenty-third resolutions) would count towards this ceiling.

Delegation of power to issue ordinary shares, if appropriate, right to ordinary shares or allocation of debt securities and/or securities giving right to ordinary shares to issue, while cancelling shareholders' preferential subscription rights by means of a public offering and/or for the purpose of paying for securities transferred to the Company in the context of a public exchange offer (22nd extraordinary resolution)

The Shareholders' Meeting held on 27 May 2015 approved a delegation that allowed the Board of Directors to issue ordinary shares giving right to ordinary shares or allocation of debt securities and/or securities giving right to ordinary shares while cancelling shareholders' preferential subscription rights by means of a public offering. The Board of Directors has not used this delegation of power.

Nevertheless, as this delegation is about to expire, the Board of Directors proposes to the Shareholders' Meeting, pursuant to the **twenty-second resolution**, to renew it for a period of 26 months in order to give the possibility to the Board to issue ordinary shares giving, if applicable, right to ordinary shares or allocation of debt securities and/or securities giving right to ordinary shares while cancelling shareholders' preferential subscription rights by means of a public offering or in order to pay for securities that would be transferred to the Company in the context of a public exchange offer on securities meeting the conditions set by Article L.225-148 of the French Commercial Code.

In compliance with the legislation, the securities to be issued might give rights to ordinary shares of any company that owns directly or indirectly more than half of our Company's share capital or of any company in which our Company owns directly or indirectly more than half of the share capital.

The Board of Directors proposes to the Shareholders' Meeting that the securities issued pursuant to this delegation may reach 10% of the Company's share capital on the date of the Meeting. This ceiling would be to count towards the amount of the ceiling of the capital increase defined in the twenty-first and twenty-third resolutions of the present Meeting.

The Board could grant, in such a case, a priority delay for shareholders to subscribe to the shares issued.

The sum due or to become due to the Company for every one of the ordinary shares issued under this delegation of power, after taking into account, if equity warrants are issued, the subscription price of said warrants, would be at least equal to the minimum required by the legal and regulatory provisions applicable at the time when the Board of Directors implements the delegation.

Should securities be issued with the purpose of paying for securities that would be transferred to the Company in the context of a public exchange offer, the Board of Directors would hold, under the conditions set in Article L.225-148 of the French Commercial Code and in the limits set above, the powers required to draw up the list of securities tendered to the exchange, set issuance terms and conditions, the exchange parity as well as, should the need arise, the amount of the windfall cash payment to be disbursed, and determine issuance terms and conditions.

Delegation of power to issue ordinary shares giving, if appropriate, right to ordinary shares or allocation of debt securities and/or securities giving right to ordinary shares to issue while cancelling shareholders' preferential subscription rights by an offering under the meaning of paragraph II of Article L.411-2 of the French Monetary and Financial Code (23rd extraordinary resolution)

The Shareholders' Meeting held on 27 May 2015 delegated the authority allowing the Board of Directors to issue ordinary shares giving, if appropriate, right to ordinary shares or allocation of debt securities (of the Company or a group company), and/or securities giving right to ordinary shares to issue (by the Company or a group Company), while cancelling shareholders' preferential subscription rights by an offering under the meaning of paragraph II of Article L.411-2 of the French Monetary and Financial Code. The Board of Directors has not used this delegation of power. Nevertheless, as this delegation is about to expire, the Board of Directors proposes to the Shareholders' Meeting, pursuant to the **twenty-third resolution**, to renew it for a period of 26 months in order to enable the Board to issue ordinary shares giving, if appropriate, right to ordinary shares or allocation of debt securities (of the Company or a group company), and/or securities giving right to ordinary shares to issue (by the Company or a group Company), while cancelling shareholders' preferential subscription rights through a private placement.

In compliance with the law, the securities to be issued might give access to ordinary shares of any company that owns directly or indirectly more than half of our Company's share capital or of any company in which our Company owns directly or indirectly more than half of the share capital.

The Board of Directors proposes to the Shareholders' Meeting that the securities issued under this delegation

may reach 10% of the Company's share capital on the date of the Meeting, it being specified that it will furthermore be limited to 20% of the share capital per year. If applicable, the nominal value of ordinary shares to be issued in order to safeguard, in accordance with the legislation and, when relevant, to comply with contractual stipulations setting out other adjustment cases, the rights of holders of securities giving access to the Company's share capital, would be added to this upper limit.

This ceiling would be to count towards the ceiling of the capital increase defined in the twenty-first and twenty-second resolutions of the present Meeting. The sum due or to become due to the Company for every one of the ordinary shares issued, after taking into account, if equity warrants are issued, the subscription price of said warrants, would be at least equal to the minimum required by the legal and regulatory provisions applicable at the time when the Board of Directors implements the delegation.

Authorization to increase the amount of issues in the event of excess demand (24th extraordinary resolution)

For every issue of ordinary shares or securities decided in application of the twenty-first to twenty-third resolutions, the Board of Directors proposes to the Shareholders' Meeting, pursuant to the **twenty-fourth resolution**, that the number of shares to be issued may be increased under the conditions set out in Article L.225-135-1 and R.225-18 of the French Commercial Code and subject to the limits set by the Meeting.

Delegation of power to increase the share capital in order to pay for capital contributions in kind consisting of equity securities or securities giving rights to the Company's share capital (25th extraordinary resolution)

The Shareholders' Meeting on 27 May 2017 gave a delegation of power allowing the Board of Directors to issue ordinary shares or securities in order to pay for contributions in kind granted to the Company and made up of equity securities or negotiable securities giving rights to the share capital. The Board has not used this delegation of power.

Nevertheless, as this delegation is about to expire, the Board of Directors proposes to the Shareholders' Meeting, pursuant to the **twenty-fifth resolution**, to renew it for a period of 26 months in order to enable the Board to carry out such issues. The Board of Directors proposes to the Shareholders' Meeting that once completed the issues may reach 10% of the share capital on the date of the Meeting, taking into account that this ceiling would be independent from the other upper limits defined by this Meeting.

Delegation of power to increase the share capital through the issuance of ordinary shares and/or securities giving rights to the share capital while cancelling preferential subscription rights reserved for members of one or several company savings plans (26th extraordinary resolution)

The Shareholders' Meeting on 27 May 2015 gave a delegation allowing the Board of Directors to increase the share capital by issuing shares or negotiable securities giving rights to the Company's share capital reserved for members of one or several company savings plans. The Board has not used this delegation of power during the 2016 financial year. The

Board of Directors, at its meeting held on 30 March 2016, decided on the principle of a capital increase reserved for the employees, former employees and eligible Company officers, of the Company or of affiliated French or foreign companies that are affiliated with it, in the frame of the dispositions of articles L.3332-1 *et seq.* Of the French Labour Code, member of a company savings plan within Ipsen Group, within the limit of a number of shares representing a maximum of 1% of the Company's share capital. This operation was subscribed to the amount of 159,000 shares.

Nevertheless, as this delegation is about to expire and in order to ensure compliance with the provisions of Article L.225-129-6 of the French Commercial Code, the Board of Directors proposes to the Shareholders' Meeting, pursuant to the **twenty-sixth resolution**, to renew it for a period of 26 months in order to enable the Board to undertake such issues in favor of members of one or several company or group savings plan or plans set up by the Company and/or French or foreign companies that are affiliated with it as defined by Article L.225-180 of the French Commercial Code and Article L.3344-1 of the French Labour Code.

The Board of Directors proposes to the Shareholders' Meeting that the issues carried out under this delegation may reach 5% of the share capital on the date of the Meeting, taking into account that this ceiling would be independent from the other ceilings defined by this Meeting.

It is added that, in accordance with the provisions of Article L.3332-19 of the French Labour Code, the price of shares to be issued could not be either lower by more than 20% (or 30% when the vesting period set by the plan in compliance with Articles L.3332-25 and L.3332-26 of the French Labour Code is longer than or equal to ten years) of the average of the stock's opening prices during the 20 stock market trading days preceding the Board of Directors' decision relative to the capital increase and the corresponding issuance of shares, or higher than this average.

Authorization to grant options to subscribe to and/or to purchase shares to waged staff members and/or certain company officers of the Company or of affiliated companies (27th extraordinary resolution)

The Shareholders' Meeting on 27 May 2015 authorized the Board of Directors to grant options to subscribe to and/or purchase shares to staff members and/or certain company officers. Note that the Board of Directors did not grant any option to subscribe to or to purchase shares in 2016.

Nevertheless, as this authorization is about to expire, the Board proposes to the Shareholders' Meeting, pursuant to the **twenty-seventh resolution**, to renew it for a period of 26 months.

The options that might be granted under this authorization could not give rights to subscribe or to buy a number of shares exceeding 3% of the share capital as of the day of the initial allocation, with it being specified that the total number of bonus shares that may be allocated by the Board of Directors under the thirteenth extraordinary resolution of the Combined Shareholders' Meeting of 31 May 2016 counts towards this upper limit.

Furthermore, the total number of options that may be granted to the Company officers may not entitle to subscribe for or purchase more than 20% of this envelope (*i.e.* 0.6% du capital)

and the exercise of these options will be subject to performance conditions set by the Board of Directors.

The subscription and/or purchase prices shares for the beneficiaries would be set on the day when the options are granted by the Board of Directors according to the terms and conditions and subject to limits authorized by the legislation in force, without any discount. The duration of the options may not exceed 10 years.

This authorization would entail waiving your preferential subscription rights to new shares issued as the options are exercised.

■ Articles of Association (28th to 29th extraordinary resolution)

Pursuant to **twenty-eighth resolution**, it is proposed to the Shareholders' Meeting to harmonize the Articles of Association as follows:

1) Concerning the provisions pertaining to the transfer of the registered office:

- to harmonize the Articles of Association with the provisions of Article L.225-36 of the French Commercial Code as modified by French law number 2016-1691 of 9 December 2016,

- to modify accordingly and as follows the second paragraph of Article 4 of the Articles of Association, with the remainder of the Article remaining unchanged:

"It may be transferred to any other location on French territory by decision of the Board of Directors, pending ratification of this decision by the next ordinary shareholders' meeting."

2) Concerning the provisions pertaining to the compensation of company officers:

- to harmonize the Articles of Association with the provisions of Article L.225-37-2 and L.225-100 of the French Commercial Code as created or modified by French law number 2016-1691 of 9 December 2016,

- to modify accordingly and as follows the second paragraph of Article 19 of the Articles of Association, with the remainder of the Article remaining unchanged:

"The compensation of the Chairman of the Board of Directors, of the Chief Executive Officer and of the Deputy Executive Officer(s), are determined in accordance with the law."

3) Concerning the provisions pertaining to the statutory auditors:

- to harmonize the Articles of Association with the provisions of Articles L.823-1 and L.823-3-1 of the French Commercial Code as modified by French ordinance number 2016-315 of 17 March 2016 and French law number 2016-1691 of 9 December 2016,

- to modify accordingly and as follows the first paragraph of Article 20 of the Articles of Association:

"The ordinary shareholders' meeting of the Company designate, in accordance with the law, one or several statutory auditors."

- and to delete paragraph 3 of Article 20, with the remainder of the Article remaining unchanged.



REPORT OF THE BOARD OF DIRECTORS ON THE PROPOSED AGENDA AND RESOLUTIONS SUBMITTED TO THE COMBINED SHAREHOLDERS' MEETING OF 7 JUNE 2017

Pursuant to **twenty-ninth resolution**, it is proposed to the Shareholders' Meeting to delegate to the Board of Directors its authority to carry out the necessary modification to the Articles of Association to bring them into compliance with legal and regulatory provisions, pending ratification of these modifications by the next Extraordinary Shareholders' Meeting.

■ Powers to carry out formalities (30th resolution)

The Board of Directors proposes to the Shareholders' Meeting to grant, pursuant to the **thirtieth resolution**, powers necessary for the performance of legal formalities in connection with the present Meeting.

The Board of Directors

APPENDIX 1 TO THE REPORT OF THE BOARD OF DIRECTORS

Individual elements of the compensation of each company officer

■ Marc de Garidel

COMPENSATION ELEMENTS DUE OR ALLOCATED FOR THE 2016 FINANCIAL YEAR TO MR MARC DE GARIDEL, CHAIRMAN AND CHIEF EXECUTIVE OFFICER UNTIL 18 JULY 2016 AND CHAIRMAN OF THE BOARD SINCE THIS DATE		
	Amounts to be voted	Presentation
Fixed compensation	€772,817 (paid in 2016)	The Board of Directors has set an amount of €407,738 for the period between 1 January 2016 and 18 July 2016 for his duties as Chairman and Chief Executive officer (<i>prorata temporis</i> amount calculated on the basis of an annual gross fixed compensation of €750,000), and an amount of €365,079 for the period between 18 July 2016 and 31 December 2016 for his duties as Chairman of the Board of Directors (<i>prorata temporis</i> amount calculated on the basis of an annual gross fixed compensation of €800,000).
Variable annual compensation	€454,950 (paid in 2017)	<p>For 2016 financial year, the target variable compensation amounted to €750,000 gross (corresponding to 100% of the fixed compensation) within a range between 0 and €1,125,000 (from 0 to 150%), based on quantitative and qualitative criteria decided by the Board of Directors. The Board of Directors set the following performance criteria for the determination of the variable compensation: the two-thirds of this target bonus are based on the achievement of levels of consolidated revenues, current operating profits, diluted earnings per share and cash-flow from operations; the third is based on qualitative criteria concerning strategic orientations. The detail of qualitative criteria and the level of completion expected for quantitative criteria, have been precisely determined by the Board of Directors but are not disclosed for confidentiality reasons.</p> <p>The Board of Directors, at its meeting held on 22 February 2017, upon proposal of the Compensation Committee, decided to grant Mr Marc de Garidel an amount calculated on a <i>prorata temporis</i> basis in respect of his office as Chairman and Chief Executive Officer until 18 July 2016. After having set the achievement of the performance conditions, the Board of Directors set the variable annual compensation of the Chairman and Chief Executive Officer for the 2016 financial year at €454,950 (i.e. 842,950 on an annual basis). This amount has been paid in 2017.</p> <p>As part of the separation of the functions implemented since 18 July 2016, the non-executive Chairman of the Board does not receive any variable annual compensation.</p>

Multi-yearly variable compensation in cash (Mid Term Bonus – MTB)	€1,588,396 (paid in 2016)	<p>The MTB, that has been attributed in 2014 (gross target amount of €375,000, equivalent to 50% of the fixed compensation) and paid in 2016, was subject to the achievement of a presence condition between 27 March 2014 and 27 March 2016 and performance conditions, for the 2014 and 2015 financial years, which are based, for the half of the target amount, on the achievement of an internal criterion based on the recurring adjusted EBIT level of the Group and, for the other half of the target amount, on an external criterion based on the performance of the stock market price of the Ipsen share regarding the STOXX 600 TMI Health Care index.</p> <p>For confidentiality reasons, the intern and extern criteria details and the level of achievement (expected and realized) have been precisely determined by the Board of Directors but are not made public.</p> <p>The Board of Directors, at its meeting held on 30 March 2016, assessed the level of achievement of performance conditions. The total amount of €1,588,396 has been paid in 2016.</p>
Exceptional compensation	–	No exceptional compensation.
Stock options, performance shares or other grants of shares	Stock-options: NA	During the 2016 financial year, no options were granted to Mr Marc de Garidel.
	Performance shares: €241,997 (accounting valuation)	<p>The Board of Directors, at its meeting held on 31 May 2016, upon recommendation of the Compensation Committee, decided to implement a bonus share plan to the benefit of 192 beneficiaries a total of 245,738 shares and to grant 18,539 performance bonus shares to the Chairman and Chief Executive Officer (representing 0.02% of the share capital), subject to a presence condition and to performance conditions based for the half of the target amount, on an internal criterion based on the level reached by the current operating income of the Group and for the other half of the target amount, an external criterion based on the performance of the stock market price of the share of the Company regarding the STOXX 600 TMI Health Care index.</p> <p>For confidentiality reasons, the intern and extern criteria details and the level of achievement (expected and realized) are precisely determined by the Board but not made public. In case of over achievement of the expected performance (<i>i.e.</i> 100%), the number of bonus shares granted will be adjusted correlatively.</p> <p>In the frame of the separation of the functions, the Board of Directors, at its meeting held on 8 July 2016, decided that Mr. Marc de Garidel shall continue to benefit, in proportion to the time as Chief Executive Officer during the 2016 financial year, from the variable compensation which has been granted to him as part of the restricted shares plans by the Board of Directors on 31 May 2016 (for the 2016 and 2017 financial years). The number of performance bonus shares granted to him, adjusted <i>prorata temporis</i>, amounted to 5,070 shares (27.35%).</p> <p><i>General Meeting held on 31 May 2016 – 13th resolution</i></p>
	Other shares: NA	No other shares were allocated to Mr Marc de Garidel for the 2016 financial year.

Directors' fees	€43,656 (paid semi-annually in 2016)	<p>Marc de Garidel was eligible to receive in 2016 a director's fee of €40,000 for a full year service and an additional fee of €20,000 for a full year service as a member of the Strategic Committee. Marc de Garidel has been appointed Chairman of the Strategic Committee on 30 July 2015. He was therefore eligible to receive an additional director's fee of €20,000 as Chairman of the Strategic Committee.</p> <p>Directors' fees are paid on a half-year basis (within the month following each half-year closing), based <i>pro rata temporis</i> on the term of office along the semester, if applicable.</p> <p>In 2016, the amount <i>pro rata temporis</i> of the directors' fees attributed to Marc de Garidel as part of his duties exercised until 18 July 2016 is of €43,656 (based on €80,000 in full year), or €40,000 for the first-half and €3,656 on a <i>pro rata temporis</i> basis of the functions of Chairman and Chief Executive Officer until 18 July 2016.</p> <p>As part of the new governance structure, Marc de Garidel, Chairman of the Board of Directors, does not perceive directors' fees.</p>
Benefits of any kind valuation	€6,075 (paid in 2016)	<p>Benefits in kind consist of a company car.</p> <p>The valuation of benefit in kind as part of the duties as Chairman and Chief Executive Officer was of €3,303 and €2,772 as part of the duties as Chairman of the Board since 18 July 2016.</p>
Elements of remuneration due or allocated as Chairman and Chief Executive Officer until 18 July 2016 which had been submitted to the Shareholder's Meeting vote under the procedure applicable to regulated-related agreements and commitments		
	Amounts to be voted	Presentation
Severance payment	–	<p>The Board of Directors, at its meeting held on 30 March 2016, amended the commitment from which Mr. Marc de Garidel used to benefit in respect of his functions as Chairman and Chief Executive Officer in order to make the performance condition governing the granting of this payment more demanding.</p> <p>Terms and conditions of this commitment were as follows:</p> <ul style="list-style-type: none"> • a payment due only in the event of a forced departure associated with a change of control or strategy • in an amount equal to 24 month compensation in respect of his term of office • payment which is subject to a performance condition (maintenance of the Group's recurring operational profit margin over the three years preceding the departure, with a minimum threshold (15%), and • which includes the amount due in respect of any non-competition obligation, if applicable. <p>The Shareholders' Meeting held on 31 May 2016 approved in its 5th ordinary resolution the modification of the performance condition related to the maintenance of the Group's recurring operational profit margin at a minimum threshold of 15%, and not 12.5%.</p> <p>This commitment became void as a result of the separation of the functions of Chairman and Chief Executive Officer.</p>
Non-competition payment	–	<p>In case of departure from the Group (for a reason other than a change of control), Mr. Marc de Garidel undertook, for a 24 months duration after his effective departure, not to exercise or participate in the exercise, from an operational point of view (including as a consultant), in the territories of the European Economic Union and/or in Northern America, to an activity of development and/or commercialization of product of the same therapeutic class (source IMS-Health) than the three first products of the Group in terms of revenues. The compensation due by the Company in consideration of this commitment is comprised in the severance payment described above.</p> <p><i>Board of Directors held on 11 October 2010</i> <i>General Meeting held on 27 May 2015 – 5th resolution</i></p> <p>This commitment became void as a result of the separation of the functions of Chairman and Chief Executive Officer.</p>

Additional pension scheme	–	<p>The Chairman and Chief Executive Officer potentially benefited from the additional pension commitment existing within the Company which is a defined benefit plan and also benefits to all Group employees and involves the payment on retirement, subject to a minimum 5 year service, of a pension calculated by reference to the number of years of service within the Group, applied at a rate of 0.6% per year to the part of the total gross compensation (including bonuses) below 8 times the Annual Social Security Ceiling and at a rate of 1% to the part of compensation in excess of 8 times the Annual Social Security Ceiling, applied to the compensation for the last 36-months in office.</p> <p>The annual amount of pension expected by the Chairman and Chief Executive Officer could not exceed 45% of his fixed and variable compensation.</p> <p>The potential rights are financed by non-individualisable premiums paid to an insurance institution.</p> <p><i>Board of Directors held on 11 October 2010</i> <i>General Meeting held on 27 May 2011 – 7th resolution</i></p> <p>The Shareholders' Meeting held on 31 May 2016 approved the commitment taken in favor of Marc de Garidel regarding this additional pension scheme in which a performance condition had been added (fifth resolution): maintenance of the Group's recurring operational profit margin over the 3 years preceding the departure at a minimum threshold of 15%.</p> <p><i>Board of Directors held on 30 March 2016</i> <i>General Meeting held on 31 May 2016 – 5th resolution</i></p> <p>This commitment became void as a result of the separation of the functions of Chairman and Chief Executive Officer.</p>
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Elements of remuneration due or allocated as Chairman of the Board of Directors since 18 July 2016 which are submitted to the Shareholder's Meeting vote under the procedure applicable to regulated-related agreements and commitments

	Amounts to be voted	Presentation
Severance payment	–	<p>The Board of Directors has decided to grant Mr. Marc de Garidel a severance package as part of the duties as Chairman of the Board of Directors under the following conditions, in accordance with the recommendations of the AFEP-MEDEF Code, namely:</p> <ul style="list-style-type: none"> • an indemnity which will only be due in the event of a forced departure (<i>départ contraint</i>) within the meaning of the AFEP-MEDEF Code, • of an amount equal to the remuneration received from the Company over the last 24 rolling calendar months preceding the effective date of his departure, • the grant of which will be subject to the maintaining of the recurring operating margin of the Group during the three years preceding his departure at a minimum threshold of 15%, and • including, for a portion equal to 50% of the amount hereof, the amount payable in consideration for the non-compete undertaking of Mr. Marc de Garidel. <p><i>Board of Directors held on 8 July 2016</i> <i>General Meeting to be held on 7 June 2017 – 5th resolution</i></p>
Non-competition payment	–	<p>Mr. Marc de Garidel agreed, in the event of his departure from the Group, during a period of 24 months following the date of his effective departure, not to perform or participate from an operational standpoint (including as a consultant), within the territory of the European Economic Area (EEA) and/or North America, in any activity relating to the development and/or the marketing of products belonging to the same therapeutic category (source IMS-Health) as one of the top three products of the Group in terms of turnover on the date of Mr. Marc de Garidel's effective departure. The indemnity owed by the Company in consideration of this non-compete undertaking will be included in the severance package described above if it were also due.</p> <p><i>Board of Directors held on 8 July 2016</i> <i>General Meeting to be held on 7 June 2017 – 4th resolution</i></p>

Additional pension scheme	–	<p>The Board of Directors has also decided to allow Mr. Marc de Garidel to benefit from the existing additional pension scheme of the Company giving the right, at the time of retirement, to the payment of an annual pension calculated by reference to his seniority within the Group at a rate of 0.6% of the total gross remuneration ("TGR") per year of seniority for the portion of the TGR lower than 8 times the French annual social security ceiling and at a rate of 1% per year of seniority for the portion of the TGR exceeding 8 times the French annual social security ceiling (with the French annual social security ceiling amounting to €38,616 in 2016).</p> <p>In accordance with the recommendations of the AFEF-MEDEF Code and to Article L.225-42-1 of the French Commercial Code, the granting of this additional pension scheme will be subject to the following performance criteria: maintaining the recurring operating margin of the Group during the three years preceding his departure at a minimum threshold of 15%. Mr. Marc de Garidel shall also have a minimum seniority of 5 years within the Group, and be eligible to social security retirement at the full rate (i.e., a retirement at the age of sixty-two at the earliest under current French law).</p> <p>For Mr. Marc de Garidel, the amount of the annual pension, as of 31 December 2016, is estimated at €151,439. This amount was calculated according to the procedures under Decree Nr. 2016-182 of 23 February 2016, bearing in mind that this amount is based on a reference compensation calculated on the average gross full-time compensation (bonus included) received during the last 36 months. In view of the new frame of compensation of Mr. Marc de Garidel, who will only receive a fixed compensation in respect of his office during the following financial years, this pension should progressively amount to a level comparable to the one preceding his appointment as Chairman, should he leave on 31 December of the year of his 62nd birthday (see 2015 Registration Document).</p> <p>The Board of Directors has also decided that Mr. Marc de Garidel is to benefit from three additional years of seniority within the context of the Company's additional pension scheme in return for his undertaking to continue his involvement within the Group as Chairman of the Board, provided that his effective departure from the Company does not take place prior to the month of November of the year he reaches 62 years of age. The acquisition of these additional years of seniority would take place on a year-by-year basis from the 2017 financial year and subject to compliance with the performance criteria referred to above for the year in question.</p> <p><i>Board of Directors held on 8 July 2016</i> <i>General Meeting to be held on 7 June 2017 – 5th resolution</i></p>
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■ David Meek

COMPENSATION ELEMENTS DUE OR ALLOCATED FOR THE 2016 FINANCIAL YEAR TO MR DAVID MEEK CHIEF EXECUTIVE OFFICER SINCE 18 JULY 2016

	Amounts to be voted	Presentation
Fixed compensation	€410,714 (paid in 2016)	The Board of Directors, on the recommendation of the Compensation Committee, has set the fixed compensation of Mr David Meek at an annula gross amount of €900,000. For 2016, this compensation has been paid on a <i>pro rata temporis</i> basis, i.e. €410,714 for the period between 18 July 2016 and 31 December 2016 for his office as Chief Executive Officer.
Variable annual compensation	438 840 € (paid in 2017)	<p>For 2016 financial year, the Board of Directors at its meeting held on 8 July 2016 decided to grant Mr David Meek a target variable compensation amounting to €900,000 gross (corresponding to 100% of his fixed compensation) which may vary within a range between 0 and €1,800,000 (from 0 to 200%), based on quantitative and qualitative criteria decided by the Board of Directors. Two-thirds of this gross target bonus will depend on the achievement of consolidated revenues, current operating profit, cash flow from operations and diluted earnings per share. One-third will depend on qualitative criteria regarding strategic guidelines. For confidentiality reasons, the quality criteria details and level of achievement expected by the quantity criteria, are determined by the Board of Directors but are not made public. For 2016, the gross target bonus will be calculated and paid on a <i>pro rata temporis</i> basis.</p> <p>The Board of Directors, at its meeting held on 22 February 2017, upon proposal of the Compensation Committee, decided to grant Mr David Meek an amount calculated on a <i>pro rata temporis</i> basis in respect of his office as Chief Executive Officer since 18 July 2016. After having set the achievement of the performance conditions, the Board of Directors set the variable annual compensation of the Chief Executive Officer for the 2016 financial year at €438,840 (i.e. 842,950 on an annual basis). This amount has been paid in 2017.</p>
	€300,000 (paid in 2017)	<p>Furthermore, during its meeting held on 8 July 2017, the Board of Directors, at the recommendation of the Compensation Committee, has also decided to grant Mr. David Meek an exceptional bonus of a maximum gross amount of €300,000. During its meeting held on 22 February 2017, the definitive amount of this special bonus, which was subject to his successful integration within the Company, as been set by the Board of Directors to €300,000.</p> <p>This amount has paid in 2017.</p>

Multi-yearly variable compensation in cash (Mid Term Bonus – MTB)	NA	No multi-yearly variable compensation (Mid Term Bonus – MTB).
Exceptional compensation	€450,000 (paid in 2016)	The Board of Directors, at its meeting held on 8 July 2016 has decided to grant Mr. David Meek a special financial indemnity (<i>indemnité de compensation financière</i>) of an annual gross amount of €900,000, payable in two installments (50% on the date of his appointment as Chief Executive Officer and 50% one year later, provided that he has not resigned or left the Company by that time), to compensate for the loss of a portion of the elements of his variable remuneration at his previous employer.
Stock options, performance shares or other grants of shares	Stock-options: NA	During the 2016 financial year, no options were granted to the Chief Executive Officer.
	Performance shares: €478,311 (accounting valuation)	<p>The Board of Directors, at its meetings held on 8 and 29 July 2016, upon recommendation of the Compensation Committee, decided to grant an amount equal to 100% of his annual gross fixed remuneration, amounting to 10,021 performance bonus shares to the Chief Executive Officer (representing 0.01% of the share capital), subject to a presence condition and performance conditions.</p> <p>The definitive acquisition of the bonus shares is subject to a presence condition in the Group. The definitive number of bonus shares that will be vested will depend on the level of achievement of the performance conditions applicable, that will be assessed annually by comparing the target level of performance achieved by the Company during the first and the second financial years set by the plan. Each of the conditions may induce a payment varying from 0 to 250%.</p> <p>The performance conditions are based, for the half of the granted shares, on an internal criterion based on the Core Operating Income and, for the other half, on an external criterion based on the relative performance of IPSEN's stock price compared to that of the other companies which are part of the STOXX TMI 600 Health Care index.</p> <p>The details of these internal and external performance conditions as well as the degree of achievement (expected and achieved), that have been precisely determined, are not disclosed for confidentiality reasons. In case of over achievement of the expected performance (<i>i.e.</i> 100%), the number of bonus shares granted will be adjusted correlatively.</p> <p><i>General Meeting held on 31 May 2016 – 13th resolution</i></p>
	Other shares: NA	No other shares were allocated to Chief Executive Officer during for the 2016 financial year.
Directors' fees	NA	No directors' fees.
Benefits of any kind valuation	€0	No benefits in kind.
Elements of remuneration due or allocated as Chief Executive Officer from 18 July 2016 which are submitted to the Shareholder's Meeting vote under the procedure applicable to regulated-related agreements and commitments		
	Amounts to be voted	Presentation
Severance payment	–	<p>The Board of Directors has decided to grant Mr. David Meek a severance package under the following conditions, in accordance with the recommendations of the AFEP-MEDEF Code:</p> <ul style="list-style-type: none"> • an indemnity which will only be due in the event of a forced departure (<i>départ contraint</i>) within the meaning of the AFEP-MEDEF Code, • equal to 24 months of gross (fixed and variable) remuneration paid for his duties as Chief Executive Officer, • the grant of which will be subject to the maintaining of the recurring operating margin of the Group during the three years preceding his departure at a minimum threshold of 15%, and • including, for a portion equal to 50% of the amount hereof, the amount payable in consideration for the non-compete undertaking of Mr. David Meek referred to above. <p><i>Board of Directors held on 8 July 2016</i> <i>General Meeting held on 7 June 2017 – 6th resolution</i></p>

Non-competition payment	–	<p>Mr. David Meek agreed, in the event of his departure from the Group, during a period of 24 months following the date of his effective departure from the Company, not to perform or participate from an operational standpoint (including as a consultant), within the territory of the European Economic Area (EEA) and/or North America, in any activity relating to the development and/or the marketing of products belonging to the same therapeutic category (source IMS-Health) as (1) one of the top three products of the Group based on the turnover generated by such products or their importance from a strategic standpoint (as assessed by the Board) on the date of Mr. David Meek's effective departure, and (2) any product acquired by the Company between January 1, 2016 and the date of Mr. David Meek's effective departure for a total consideration exceeding €300 million.</p> <p>The indemnity owed by the Company in consideration of this non-compete undertaking will be deemed to be included in the severance package referred to above if it is also owed.</p> <p><i>Board of Directors held on 8 July 2016</i> <i>General Meeting to be held on 7 June 2017 – 4th resolution</i></p>
Additional pension scheme	–	<p>The Board of Directors has also decided to allow Mr. David Meek to benefit from the existing additional pension scheme of the Company giving the right, at the time of retirement, to the payment of an annual pension calculated by reference to his seniority within the Group at a rate of 0.6% of the total gross remuneration ("TGR") per year of seniority for the portion of the TGR lower than 8 times the French annual social security ceiling and at a rate of 1% per year of seniority for the portion of the TGR exceeding 8 times the French annual social security ceiling (with the French annual social security ceiling amounting to EUR 38,616 in 2016). In accordance with the recommendations of the AFEP-MEDEF Code and to Article L.225-42-1 of the French Commercial Code, the grant of this additional pension scheme will be subject to the following performance condition: the maintaining of the recurring operating margin of the Group during the three years preceding departure at a minimum threshold of 15%. Mr. David Meek shall also have a minimum seniority of 5 years within the Group, and be eligible to social security retirement at the full rate.</p> <p><i>Board of Directors held on 8 July 2016</i> <i>General Meeting to be held on 7 June 2017 – 6th resolution</i></p>

■ Christel Bories

COMPENSATION ELEMENTS DUE OR ALLOCATED FOR THE 2016 FINANCIAL YEAR TO MS. CHRISTEL BORIES, DEPUTY CHIEF EXECUTIVE OFFICER UNTIL 31 MARCH 2016		
	Amounts to be voted	Presentation
Fixed compensation	€150,000 (paid in 2016)	<p>The Board of Directors, at its meeting held on 2 March 2015, decided to bring the fixed annual compensation of Ms. Christel Bories, Deputy Chief Executive Officer, from €570,000 to €600,000.</p> <p>As its meeting held on 15 February 2016, the Board of Directors of the Company decided the departure of Ms. Christel Bories because of diverging strategic considerations. From 1 January 2016 to 31 March 2016, she continued to receive the gross monthly fixed remuneration that was paid to her in 2015, namely a sum of €150,000 from 1 January to 31 March 2016.</p>
Variable annual compensation	NA	No variable remuneration has been awarded to Ms. Christel Bories for the 2016 financial year as a result of her departure on 31 March 2016.

Multi-yearly variable compensation in cash (Mid Term Bonus – MTB)	€1,207,180 (paid in 2016)	<p>The MTB, that has been attributed in 2014 (gross target amount of €285,000, equivalent to 50% of the fixed compensation) and paid in 2016, was subject to the achievement of a presence condition between 27 March 2014 and 27 March 2016 and performance conditions, for the 2014 and 2015 financial years, which are based, for the half of the target amount, on the achievement of an internal criterion based on the recurring adjusted EBIT level of the Group and, for the other half of the target amount, on an external criterion based on the performance of the stock market price of the Ipsen share regarding the STOXX 600 TMI Health Care index.</p> <p>For confidentiality reasons, the internal and external criteria details and the level of achievement (expected and realized) have been determined by the Board of Directors but are not made public.</p> <p>The Board of Directors, at its meeting held on 15 February 2016, noted that Ms. Christel Bories would benefit from the multi-annual variable compensation of the Deputy Chief Executive Officer due to her for 2014 and 2015.</p> <p>The Board of Directors, at its meeting held on 30 March 2016, assessed the level of achievement of performance conditions. The total amount of €1,207,180 has been paid in 2016.</p>
	€448,260 (paid in 2016)	<p>The MTB, that has been attributed in 2015 (gross target amount of €300,000, equivalent to 50% of the fixed compensation), and that would have been paid in 2017, was paid in 2016 as part of the departure of Ms. Christel Bories, is subject to the achievement of presence and performance conditions, for the 2015 and 2016 financial years, which are based, for the half of the target amount, on internal criterion based on the level reached by the current operating income (excluding research tax credit) of the Group and, for the other half of the target amount, on an external criterion based on the performance of the stock market price of the share of the Company regarding the STOXX 600 TMI Health Care index.</p> <p>For confidentiality reasons, the internal and external criteria details and the level of achievement expected and realized are not made public.</p> <p>Within the framework of the departure of Ms. Christel Bories from the Group on 31 March 2016, the Board of Directors, at its meeting held on 15 February 2016, decided to lift the condition of presence relating to Ms. Christel Bories for the period running from 1 April 2016 to 1 April 2017. The Board of Directors also decided that Ms. Christel Bories' acquisition rights to the medium term bonus, within the plan of 1 April 2015, will therefore be calculated based on a target bonus of €150,000, <i>i.e.</i> 50% of the amount of the target bonus initially granted (€300,000), corresponding to the time spent by Ms. Christel Bories at the Company during the reference period set out in the plan, depending on the relevant performance criteria for 2015 only. The Board of Directors, fixed the level of achievement of the performance conditions and decided the payment of €448,260 to the Deputy Chief Executive Officer in this respect.</p>
Exceptional compensation	NA	No exceptional compensation.
Stock options, performance shares or other grants of shares	Stock-options: NA	During 2016 financial year, no options were granted to the Deputy Chief Executive Officer.
	Performance shares: €313,177 (accounting valuation)	<p>Within the framework of the departure of Ms. Christel Bories from the Group on 31 March 2016, the Board of Directors, at its meeting held on 15 February 2016, decided to lift the condition of presence relating to Ms. Christel Bories for the period running from 1 April 2016 to 1 April 2017. The Board of Directors also decided that Ms. Christel Bories' acquisition rights, within the plan of 1 April 2015, shall cover 50% of the number of bonus shares initially granted (50% of 10,070 bonus shares, <i>i.e.</i> 5,035 bonus shares), corresponding to the time spent by Ms. Christel Bories at the Company during the reference period set out in the plan, depending on the relevant performance criteria for 2015 only.</p> <p>The bonus shares acquired on 1 April 2017 by Ms. Christel Bories will remain unavailable until 1 April 2019.</p> <p>The valuation of the 10,070 free shares initially granted amounts to €313,177 (<i>i.e.</i> €156,589 in respect of the 5,070 granted shares in view of Ms. Christel Bories's departure).</p>
	Other shares: NA	No other shares were allocated to Deputy Chief Executive Officer for the 2016 financial year.

Directors' fees	NA	No directors' fees.
Benefits of any kind valuation	NA	No benefit in kind.
Elements of remuneration due or allocated for the 2016 financial year as Deputy Chief Executive Officer until 31 March 2016 which had been submitted to the Shareholder's General Meeting vote under the procedure applicable to regulated agreements and commitments		
	Amounts to be voted	Presentation
Severance payment	€2,920,000 (paid in 2016)	<ul style="list-style-type: none"> a payment due only in the event of a forced departure associated with a change of control or strategy decided by the Board of Directors, in an amount equal to 24 month compensation in respect of her term of office, payment which is subject to a performance condition (maintenance of the Group's recurring operational profit margin over the three years preceding the departure, with a minimum threshold (12.5% for 2013)), and which includes the amount due in respect of any non-competition obligation, if applicable. <p><i>Board of Directors held on 26 February 2013</i> <i>General Meeting held on 31 May 2013 – 6th resolution</i></p> <p>As its meeting held on 15 February 2016, the Board of Directors of the Company decided the departure of Ms. Christel Bories and, upon recommendation of the Compensation Committee, approved the payment of the severance pay to her profit for an amount of €2,920,000, corresponding to 24 months of fixed and variable remuneration, calculated on the basis of the fixed and variable remuneration of Ms. Christel Bories during the financial year 2015 and including the non-compete compensation which she benefits representing 50% of the granted amount. This amount was subject to the approval of the 2015 financial statements and the assessment of the achievement of the performance criteria by the Board of Directors held on 29 February 2016. The Board of Directors noticed that the maintenance of the Group's recurring operational profit margin over the three years preceding the departure with a minimum threshold of 12.5% was fulfilled. The compensation under Ms. Christel Bories's non-compete clause is included, representing 50% of the granted amount. The payment occurred on 1 April 2016.</p>
Non-competition payment	–	<p>In case of departure from the Group (for a reason other than a change of control), Ms. Christel Bories undertook, for a 24 months duration after her effective departure, not to exercise or participate in the exercise, from an operational point of view (including as a consultant), in the territories of the European Economic Union and/or in Northern America, to an activity of development and/or commercialization of product of the same therapeutic class (source IMS-Health) than the three first products of the Group in terms of revenues. The compensation due by the Company in consideration of this commitment is comprised in the severance payment described above for 50% of the granted amount.</p> <p><i>Board of Directors held on 26 February 2013</i> <i>General Meeting held on 31 May 2013 – 6th resolution</i></p>
Additional pension scheme	–	<p>The Deputy Chief Executive Officer benefits from the additional pension commitment existing within the Company which is a defined benefit plan and also benefits to all Group employees and involves the payment on retirement, subject to a minimum 5 year service, of a pension calculated by reference to the number of years of service within the Group, applied at a rate of 0.6% per year to the part of the total gross compensation (including bonuses) below 8 times the Annual Social Security Ceiling and at a rate of 1% to the part of compensation in excess of 8 times the annual Social Security Ceiling, applied to the compensation for the last 36-months in office.</p> <p><i>Board of Directors held on 26 February 2013</i> <i>General Meeting held on 31 May 2013 – 6th resolution</i></p> <p>Because of her departure on 31 March 2016, Ms. Christel Bories will does benefit of this commitment because, in particular, she doesn't have the seniority required to benefit from it (at least 5 years).</p>

Elements of remuneration due or allocated for the 2016 financial year as Deputy Chief Executive Officer until 31 March 2016 which are submitted to the Shareholder's General Meeting vote under the procedure applicable to regulated agreements and commitments

	Amounts to be voted	Presentation
Stock options, performance shares or other grants of shares	–	<p>The Board of Directors, at its meeting held on 15 February 2016, noted the departure of Ms. Christel Bories, Deputy Chief Executive Officer, due to diverging strategic considerations, with effect from 31 March 2016, and determined the elements of remuneration and compensation payable in connection with the termination of her duties. In this context, your Board of Directors authorized:</p> <ul style="list-style-type: none"> • The benefit of the performance bonus shares and the mid-term bonus granted to Ms. Christel Bories within the framework of plans decided by your Board of Directors held on 27 March 2014, <i>i.e.</i> 14,221 performance bonus shares ; • The benefit of 50% of the number of performance bonus shares initially granted to Ms. Christel Bories within the framework of plans decided by your Board of Directors held on 1 April 2015, <i>i.e. in fine</i> 5,035 performance bonus shares. <p>To this end, the Board of Directors lifted the condition of presence for the period running from 1 April 2016 to 1 April 2017 and authorized Ms. Christel Bories to keep the benefit of 50% of these elements of remuneration, corresponding to the time spent by Ms. Christel Bories at the Company during the reference period set out in the plan (from 1 April 2015 to 1 April 2017).</p> <p>These elements are mentioned above, see Stock options, performance shares and other grants of shares.</p>
Multi-yearly variable compensation in cash (Mid Term Bonus – MTB)	–	<p>In the same context, the Board of Directors authorized:</p> <ul style="list-style-type: none"> • The benefit of the mid-term bonus granted to Ms. Christel Bories within the framework of plans decided by your Board of Directors held on 27 March 2014, <i>i.e.</i> a target mid-term bonus amount of €285,000; • The benefit of 50% of the target mid-term bonus initially granted to Ms. Christel Bories within the framework of plans decided by your Board of Directors held on 1 April 2015, <i>i.e. in fine</i> a target mid-term bonus amount of €150,000. <p>To this end, the Board of Directors lifted the condition of presence for the period running from 1 April 2016 to 1 April 2017 and authorized Ms. Christel Bories to keep the benefit of 50% of these elements of remuneration, corresponding to the time spent by Ms. Christel Bories at the Company during the reference period set out in the plan (from 1 April 2015 to 1 April 2017).</p> <p>These elements are mentioned above, see Multi-yearly variable compensation in cash (Mid Term Bonus – MTB).</p>

APPENDIX 2 TO THE REPORT OF THE BOARD OF DIRECTORS

Report of the Board of Directors prepared in accordance with Article L.225-37-2 of French Commercial code (*Code de commerce*) on the compensation policy of the company officers of the Company

The compensation policy with regard to company officers and their individual compensation are decided by the Board of Directors upon proposal of the Compensation Committee, in the absence of the company officers concerned. The Board of Directors also refers to the AFEP-MEDEF recommendations on the compensation paid to executive officers of listed companies.

This policy covers all aspects of the fixed, variable and exceptional compensation, and of the benefits of any nature, paid by the Company.

It is decided not only on the basis of the work carried out, the results obtained and the responsibility assumed, but also on the basis of practices for comparable companies and the compensation of the Company's other senior executives.

The compensation paid to Company officers is structured as follows:

- fixed compensation;
- annual variable compensation (only for executive officers);
- if applicable, multi-annual variable compensation (only for executive officers);
- if applicable, benefits for taking up a position;
- if applicable, eligibility to directors' fees paid to Directors;
- allocation of stock options and performance bonus shares under plans approved by the Board of Directors (only for executive officers);
- if applicable, other benefits;

- if applicable, payments, benefits and compensation granted to Company officers upon termination of their functions.

The individual elements of the Company officers are described in section 4.1.3.2 of the Registration document.

In accordance with the AFEP-MEDEF Code (§24.3 in its version of November 2015 and §26 in its version of November 2016), the compensation elements due or allocated to Mr. Marc de Garidel, Chairman and Chief Executive Officer until 18 July 2016 and Chairman of the Board of Directors since this date, and Mr. David Meek, Chief Executive Officer since 18 July 2016, shall be submitted to the vote of the Shareholders at the Annual Combined General Meeting to be held in 2017 deciding on the accounts for the financial year closed on 31 December 2016, following a specific resolution for each of them.

The compensation elements due or allocated to Ms. Christel Bories, Deputy Chief Executive Officer until 31 March 2016, for the 2016 financial year, will be submitted to the Shareholders at the Annual Combined General Meeting to be held in 2017 deciding on the accounts for the financial year closed on 31 December 2016, following a specific resolution for each of them.

For the record, from the Annual General Meeting to be held in 2018, and according to article L.225-37-5, alinéa 2 of the French Commercial Code, the payment of the variable compensation elements of the company officer concerned will depend on their approval by an ordinary general meeting, under the conditions details at article L.225-100 of the French Commercial Code.

Fixed compensation

The fixed compensation is used as the basis for the calculation of the annual and multi-annual variable compensations. It is subject to re-evaluation by the Board of Directors, basically at relatively long intervals, according to the Company's market position and taking into account the extension of operational responsibilities. In the frame of the separation of the offices of Chairman of the Board and Chief Executive Officer, the Board of Directors has decided to pay only a fixed compensation to the non-executive Chairman of the Board.

Annual variable compensation

The annual variable compensation is linked to the Group's overall performance and to the achievement of Company officers' personal targets. Every year, the Board of Directors defines and precisely predetermines qualitative and quantitative criteria for determining the fixed compensation and the target objectives. Quantitative criteria are preponderant for the determination of the annual variable compensation. Furthermore, a limit is determined for the qualitative part.

The annual variable compensation is set on the basis of a target bonus equal to 100% of the fixed compensation, within a range between zero to a certain percentage, predetermined by the Board of Directors, in case of over or underperformance. The detail of qualitative criteria and the level of completion expected for quantitative criteria are not made public for confidentiality reasons.

In the frame of the separation of the offices of Chairman of the Board and Chief Executive Officer, the Board of Directors has decided that no annual variable compensation shall be paid to the non-executive Chairman of the Board.

Multi-annual variable compensation

Company officers as well as certain senior executive officers of the Group may benefit from Mid-Term Bonus plans approved by the Board of Directors upon proposal of the Compensation Committee, depending on opportunities and legislative changes on the free shares. The Mid-Term Bonus is determined as a percentage of the fixed compensation.

These plans are subject to an attendance and, if applicable, precisely predetermined performance conditions, which must be fulfilled during an acquisition period set by the Board of Directors. Nevertheless, in the event of death, disability, retirement or dispensation, decided by the Board of Directors before the end of the acquisition period, the beneficiary can keep his rights. The completion levels expected and realized of the external and internal criteria are not disclosed for confidentiality reasons.

In the frame of the separation of the offices of Chairman of the Board and Chief Executive Officer, the Board of Directors has decided that no multi-annual compensation shall be paid to the non-executive Chairman of the Board.

Exceptional compensation and/ or financial indemnity

The Board of Directors may decide, in case of specific circumstances, to grant exceptional compensations.

It can decide to grant an exceptional compensation and/or an exceptional financial indemnity to the Company officers while taking into account specific circumstances during the course of which they carry out their duties.

Special financial indemnity

The Board of Directors can decide to grant a special financial indemnity to a new executive Officer who has come from a company outside the group. The payment of this benefit is intended to compensate the director for the loss of the entitlements from which he or she previously benefited.

Directors' fees

The Company officers who are members of the Board of Directors may receive directors' fees due on the basis of their positions as Directors, and according to the rules applicable to all of the Company officers.

In the frame of the separation of the offices of Chairman of the Board and Chief Executive Officer, the Board of Directors has decided that no directors' fees shall be paid to the non-executive Chairman of the Board and, if applicable, to the Chief Executive Officer.

The specific details of gross directors' fees paid during the 2016 financial year are presented at section 4.1.3 of the registration document.

Stock options and performance bonus shares

Grant policy

Executive Company officers as well as certain senior executive officers of the Group may benefit from stock option and/or performance bonus shares under plans approved by the Board of Directors upon proposal of the Compensation Committee. Each year, during the second quarter, the Board of Directors approves the stock options and/or performance bonus shares plans. In accordance with the AFEP-MEDEF Code (§24.2 in its version of November 2016), the non-executive officers shall not benefit from stock option and/or performance bonus shares plans.

The definitive number of performance bonus shares that will be vested will depend upon the level of achievement of the performance conditions set by the Board of Directors, which are based on an internal criterion (quantifiable financial ratio) and on an external criterion (share price compared to a benchmark of comparable companies). Each of these conditions shall be assessed annually by comparing the target threshold and the actual performance of the Company over the first and second financial years used as reference periods for the applicable plan. Each of these conditions may generate a payout varying within a range between zero to a certain percentage predetermined by the Board of Directors at the implementation of the plan.

Retention and Vesting policy

The Board of Directors decided that the Company officers must retain, until the end of their term of office, a number of shares equivalent to 20% of the net capital gain that would be realized upon the sale of the shares resulting from the exercise of his stock options or from the bonus shares.

These plans are subject to an attendance and, if applicable, performance conditions, which must be fulfilled during an acquisition period of two or four years depending on the beneficiaries' country of tax residence. The beneficiaries submit to an acquisition period of two years and then must also respect a two years-period of retention. Nevertheless, in the event of death, disability, retirement or dispensation, decided by the Board of Directors before the end of the acquisition period, the beneficiary can keep his rights.

The Company officers who are beneficiaries of these stock options and/or performance bonus shares plans undertook a formal commitment not to engage in hedging transactions either on their options or on shares issued following the exercise of options or on performance bonus shares granted until the end of the holding period that has been decided by the Board of Directors.

Particular terms governing the exercise of options

The Board of Directors has set the periods preceding the publication of interim and annual financial statements and sales figures during which it is not permitted to exercise options, and has established the following procedure:

- the dates of the closed periods for each financial year are communicated at the beginning of each year;
- outside closed periods, the Group appoints an officer who must be consulted to ensure that no insider information is held.

Other benefits

The Company officers may also be awarded benefits in respect of their duties carried out within the Ipsen Group, including : benefits in kind (company car and temporary accommodation), assistance for the preparation and filing of personal income tax returns, global healthcare policy (mutual and life-illness schemes) coverage under the Group's policy, reimbursement of travel expenses and expenses incurred with the exercise of their corporate duties, officers liability insurance.

Payments, benefits and compensation granted to Company officers upon termination of their functions

Severance payment

The Company officers may benefit from a severance payment clause, due in the event of the termination of their term of office which the terms have been decided by the Board of Directors and compliant with the recommendations of the AFEP-MEDEF Code:

- a payment due only in the event of a forced departure within the meaning of the AFEP-MEDEF Code,
- in an amount corresponding to 24 months' fixed and annual variable remuneration in respect of their term of office,
- which includes the amount due in respect of any non-compete obligation, if applicable,
- payment of which is subject to a predetermined performance condition, assessed at least on two financial years.

Non-competition payment

The Board of Directors may conclude a non-competition agreement with the Company officers in case of their departure from the Group for a reason other than a change of control. This agreement shall be valid for a certain period following the date of departure.

The non-competition payment may not exceed a ceiling of 24 months' fixed and annual variable remuneration in respect of their term of office. The compensation due by the Company in consideration of this commitment is comprised in the severance payment described above.

Pension commitment

The Company officers may benefit from a defined contribution pension plan or the defined benefit additional pension commitment existing within the Company (benefits, more generally, to the company's executives), compliant with the recommendations of the AFEP-MEDEF Code and Article L.225-42-1 of the French Commercial Code.

RESOLUTIONS PROPOSED BY THE BOARD OF DIRECTORS

As an Ordinary Shareholders' Meeting

First resolution – Approval of the annual financial statements for the financial year ending 31 December 2016

The Shareholders' Meeting, having considered the reports of the Board of Directors, of the Chairman of the Board and of the Statutory Auditors on the annual financial statements for the financial year ending 31 December 2016, approves, as they have been presented, the annual financial statements with a loss of 24,266,239.56 euros.

Second resolution – Approval of the consolidated financial statements for the financial year ending 31 December 2016

The Shareholders' Meeting, having considered the reports of the Board of Directors, of the Chairman of the Board and of the Statutory Auditors on the consolidated financial statements for the financial year ending 31 December 2016, approves, as they have been presented, said financial statements with a profit (Group share) of 225,926 thousands of euros.

Third resolution – Appropriation of the results for the financial year 2016 and setting of the dividend at 0.85 euro per share

The Shareholders' Meeting, upon proposal of the Board of Directors, and having noted that the loss for the financial year ending 31 December 2016 amounted to 24,266,239.56 euros:

- Notes that the previous beneficiary carry-forward of 253,380,124.58 euros decreased by the loss for the 2016 financial year brings the distributable profit to 229,113,885.02 euros;

- Decides to allocate the distributable income as follows:

- No allocation to the legal reserve, it already amounts to more than one-tenth of the share capital,
- To the dividend for an amount of 71,043,419.90 euros,
- To the carry-forward item for an amount of 158,070,465.12 euros.

The Shareholders' Meeting takes note that the gross total dividend allocated for each share is set at 0.85 euro, while the entire amount paid out is eligible for the 40% tax credit provided for in Article 158-3-2° of the French General Tax Code and applicable to natural persons with tax residence in France.

The ex-dividend date is set on 9 June 2017.

Payment of the dividend will take place 13 June 2017.

In the event of a change in the number of shares carrying a right to a dividend in comparison with the 83,580,494 shares comprising the share capital on 22 February 2017 the overall amount of dividends would be accordingly adjusted and the amount allocated to the carry-forward item would be determined on the basis of the dividends effectively paid.

The Shareholders' Meeting thus authorizes the Chief Executive Officer, with the option to delegate such powers, to withdraw from or credit to the carry-forward account the amounts necessary according to the above-mentioned conditions.

In accordance with the provisions of Article 243 bis of the French General Tax Code, the Shareholders' Meeting acknowledged that dividends distributed for the three previous financial years were as follows:

For financial year	Incomes eligible for tax allowance		Incomes not eligible for tax allowance
	Dividends	Other incomes paid out	
2013	66,089,327.20 ^(*) i.e. €0.80 per share	–	–
2014	70,450,514.30 ^(*) i.e. €0.85 per share	–	–
2015	70,759,526.70 ^(*) i.e. €0.85 per share	–	–

(*) Including the amount of the unpaid dividend corresponding to treasury shares and allocated to the carry-forward item.

Fourth resolution – Special report of the Statutory Auditors on regulated-related agreements and commitments and approval of said agreements and commitments

The Shareholders' Meeting, after having considered the Statutory Auditors' special report on regulated-related agreements and commitments, approves the agreements and commitments mentioned in said report, with it being specified that certain commitments made in favor of Mr. Marc de GARIDEL and Mr. David MEEK are covered by the following two resolutions.

Fifth resolution – Special report of the Statutory Auditors on regulated-related agreements and commitments and approval of commitments made in favor of Mr. Marc de GARIDEL

Acting pursuant to the Statutory Auditors' special report on regulated-related agreements and commitments presented to it, the Shareholders' Meeting approves the commitment made by the company in favor of Mr. Marc de GARIDEL, Chairman of the Board of Directors, corresponding to compensation that may be due related to the termination of this functions in addition to the defined benefit pension commitment.

Sixth resolution – Special report of the Statutory Auditors on regulated-related agreements and commitments and approval of commitments made in favor of Mr. David MEEK

Acting pursuant to the Statutory Auditors' special report on regulated-related agreements and commitments presented to it, the Shareholders' Meeting approves the commitment made by the company in favor of Mr. David MEEK, Chief Executive Officer, corresponding to compensation that may be due related to the termination of this functions in addition to the defined benefit pension commitment.

Seventh resolution – Renewal of the appointment of KPMG SA, as principal statutory auditors

Upon proposal of the Board of Directors, the Shareholders' Meeting renews the appointment of KPMG SA, the term of which is expiring at the conclusion of the present Meeting, as principal statutory auditors for a duration of six financial years, *i.e.* until the end of the annual ordinary shareholders' meeting to be held in 2023 and called to approve the financial statements for the financial year ending 31 December 2022.

The Shareholders' Meeting notes that the term of KPMG Audit IS as alternate statutory auditors is expiring at the end of the present Meeting of and that it shall neither be replaced nor its term renewed in compliance with the law.

Eight resolution – Appointment of Ms. Margaret LIU, as a Director

The Shareholders' Meeting decides to appoint Ms. Margaret LIU, in addition to the members currently in office, as a Director, for a duration of four years, expiring at the conclusion of the Meeting held in 2021 called to approve the financial statements for the previous financial year.

Ninth resolution – Appointment of Ms. Carol STUCKLEY, as a Director

The Shareholders' Meeting decides to appoint Ms. Carol STUCKLEY, in addition to the members currently in office, as a Director, for a duration of four years, expiring at the conclusion of the Meeting held in 2021 called to approve the financial statements for the previous financial year.

Tenth resolution – Appointment of Mr. David MEEK, Chief Executive Officer, as a Director

The Shareholders' Meeting decides to appoint Mr. David MEEK, Chief Executive Officer, in addition to the members currently in office, as a Director, for a duration of four years, expiring at the conclusion of the Meeting held in 2021 called to approve the financial statements for the previous financial year.

Eleventh resolution – Renewal of the term of office of Mr. Antoine FLOCHEL, as a Director

The Shareholders' Meeting decides to renew the term of office of Mr. Antoine FLOCHEL, as a Director, for a duration of four years, expiring at the conclusion of the Meeting held in 2021 called to approve the financial statements for the previous financial year.

Twelfth resolution – Amount of the attendance fees allotted to the members of the Board of Directors

The Shareholders' Meeting decides to increase the overall annual amount of the attendance fees to be allocated to the Board of Directors from 990,000 euros to 1,200,000 euros.

This decision, which is applicable to the current financial year, will be maintained until a new decision is made.

Thirteenth resolution – Opinion on compensation elements due or allocated for the financial year ended on 31 December 2016 to Ms. Christel BORIES, Deputy Chief Executive Officer through 31 March 2016

The Shareholders' Meeting, consulted in accordance with paragraph 26.2 of the Afep-Medef Code of corporate governance for listed companies of November 2016, to which the Company refers in accordance with Article L.225-37 of the French Commercial Code, delivers a favorable opinion on compensation elements due or allocated for the financial year ended on 31 December 2016 to Ms. Christel BORIES, Deputy Chief Executive Officer through 31 March 2016, as presented in the Board of Directors' report to the Shareholders' Meeting.

Fourteenth resolution – Opinion on compensation elements due or allocated for the financial year ended on 31 December 2016 to Mr. Marc de GARIDEL, Chairman and Chief Executive Officer through 18 July 2016, Chairman of the Board of Directors since 18 July 2016

The Shareholders' Meeting, consulted in accordance with paragraph 26.2 of the Afep-Medef Code of corporate governance for listed companies of November 2016, to which the Company refers in accordance with Article L.225-37 of the French Commercial Code, delivers a favorable opinion on compensation elements due or allocated for the financial year ended on 31 December 2016 to Mr. Marc de GARIDEL, Chairman and Chief Executive Officer through 18 July 2016 and Chairman of the Board of Directors since 18 July 2016, as presented in the Board of Directors' report to the Shareholders' Meeting.

Fifteenth resolution – Approval of the principles and criteria for the determination, breakdown and allocation of the fixed, variable and exceptional elements of the global compensation and benefits of any kind that could be granted to the Chairman of the Board of Directors

The Shareholders' Meeting, acting pursuant to Article L.225-37-2 of the French Commercial Code, approves the principles and the criteria for the determination, breakdown and allocation of the fixed, variables and exceptional elements comprising the overall compensation and the benefits of any kind that could be granted to the Chairman of the Board of Directors as presented in the report appended to the report mentioned in Articles L.225-100 and L.225-102 of the French Commercial Code, presented in the Board of Directors' report to the Shareholders' Meeting.

Sixteenth resolution – Opinion on compensation elements due or allocated for the financial year ended 31 December 2016 to Mr. David MEEK, Chief Executive Officer since 18 July 2016

The Shareholders' Meeting, consulted in accordance with the recommendation of paragraph 26.2 of the Afep-Medef Code of corporate governance for listed companies of November 2016, to which the Company refers in accordance with Article L.225-37 of the French Commercial Code, delivers a favorable opinion on compensation elements due or allocated for the financial year ended on 31 December 2016 to Mr. David MEEK, Chief Executive Officer since 18 July 2016, as presented in the Board of Directors' report to the Shareholders' Meeting.

Seventeenth resolution – Approval of the principles and criteria for the determination, breakdown and allocation of the fixed, variable and exceptional elements of the global compensation and benefits of any kind that could be granted to the Chief Executive Officer

The Shareholders' Meeting, acting pursuant to Article L.225-37-2 of the French Commercial Code, approves the principles and the criteria for the determination, breakdown and allocation of the fixed, variables and exceptional elements comprising the overall compensation and the benefits of any kind that could be granted to the Chief Executive Officer as presented in the report appended to the report mentioned in Articles L.225-100 and L.225-102 of the French Commercial Code, presented in the Board of Directors' report to the Shareholders' Meeting.

Eighteenth resolution – Authorization to be given to the Board of Directors to allow the Company to repurchase its own shares pursuant to the provisions of Article L.225-209 of the French Commercial Code,

The Shareholders' Meeting, having considered the Board of Directors' report, authorizes the Board, for a period of eighteen months, in accordance with Articles L.225-209 *et seq.* of the French Commercial Code, to purchase, on one or several occasions as it shall see fit, Company shares within the limit of 10% of the number of shares comprising the share capital, adjusted, if applicable, to take into account any share capital increases or reduction that may occur during the period covered by the program.

This authorization terminates the authorization given to the Board of Directors by the Shareholders' Meeting held on 31 May 2016 in its twelfth ordinary resolution.

Such acquisitions may be carried out in order to:

- Stimulate the secondary market or ensure the liquidity of the Ipsen shares through the activities of an investment service provider *via* a liquidity agreement compliant with the AMAFI Code of conduct admitted by the regulations, it being specified that in this framework, the number of shares used to calculate the above-mentioned limit corresponds to the number of shares purchased, decreased by the number of shares sold,
- Retain the purchased shares and subsequently deliver them within the context of an exchange or a payment related to possible external growth transactions,

- Ensure the hedging of stock option plans and/or bonus share plans (or similar plans) in favor of Group employees and/or company officers as well as all allocations of shares under a Company or Group savings plan (or a similar plan), as part of the sharing of the Company's profits and/or all other forms of allocation of shares to Group employees and/or company officers,
- Ensure the coverage of negotiable securities giving rights to the allocation of Company shares in accordance with the regulations in force,
- Possibly cancel acquired shares, subject to the authorization to be granted by Extraordinary Shareholders' Meeting.

These share purchases, sales, transfers or exchanges may be carried out by all means, including on the market or off-market or by multilateral negotiations systems or through systematic internalizers, or over the counter, including through the acquisition or sale of blocks of securities, and at such times as the Board shall see fit.

The company reserves the right to use options or derivative instruments in accordance with applicable regulations.

The Board of Directors may not, without prior authorization by the Shareholders' Meeting, make use of this authorization from the filing by a third party of a public offer for the company's shares and until the end of the offer period.

The maximum purchase price is set at €200 per share. In the event of an equity transaction, in particular a stock split or a reverse stock split or an allocation of bonus shares, the aforementioned amount will be adjusted in the same proportions (multiplier coefficient equal to the ratio between the number of shares comprising the share capital before the transaction and the number of shares after the transaction).

The maximum amount of the transaction is set at 1,671,609,800 euros on the basis of a number of 83,580,494 shares.

The Shareholders' Meeting grants all powers to the Board of Directors to carry out these transactions, determine their terms and conditions, sign all necessary agreements and carry out all formalities.

As an Extraordinary Shareholders' Meeting

Nineteenth resolution – Authorization to be given to the Board of Directors to cancel the shares repurchased by the Company pursuant to Article L.225-209 of the French Commercial Code

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

- 1) Authorizes the Board of Directors to cancel, as it shall see fit, on one or several occasions, subject to the limit of 10% of the share capital calculated on the day of the decision to cancel the shares, after deducting shares that may have been cancelled during the 24 previous months, the shares that the Company holds or may hold following the repurchases carried out under Article L.225-209 of the French Commercial Code as well as reduce the share capital proportionately in accordance with the legal and regulatory provisions in force,

- 2) Sets at twenty-four months from this Meeting the duration of the validity of this authorisation,
- 3) Delegates all necessary powers to the Board of Directors to undertake all the transactions required by such cancellations and the resulting reductions in the share capital, accordingly change the Company's Articles of Association and to carry out any filings and formalities required by law.

Twentieth resolution – Delegation of authority to be given to the Board of Directors to increase the capital by incorporating reserves, profits and/or premiums

The Shareholders' Meeting, having met the quorum and majority requirements for ordinary shareholders' meetings, having considered the Board of Directors' report, and in

accordance with the provisions of Articles L.225-129-2 and L.225-130 of the French Commercial Code:

- 1) Delegates to the Board of Directors its authority to decide share capital increases, on one or several occasions, at such times and according to the terms and conditions the Board shall see fit, by the incorporation of reserves, profits, premiums or other sums that may be capitalised, by issuing and allocating bonus shares or by increasing the par value of existing ordinary shares, or by combining these two options.
- 2) Decides that should the Board of Directors use this delegation, in accordance with the provisions of Article L.225-130 of the French Commercial Code, in the case of a capital increase under the form of an allocation of bonus shares, fractional shares will not be tradable or assignable, and the corresponding equity securities will be sold; the proceeds from the sale will be allocated to the holders of rights within the delay set by regulations.
- 3) Sets at twenty-six months the duration of the validity of this delegation, calculated from the day of the present Meeting.
- 4) Decides that the amount of the capital increase resulting from issues carried out pursuant to this resolution shall not exceed 20% of the share capital on the day of this Meeting, without taking into account the amount required to safeguard, in accordance with the legislation, the rights of holders of securities giving rights to shares.
This upper limit will count towards the overall ceiling defined in the twenty-first resolution
- 5) Decides that the Board of Directors may not, without prior authorization by the Shareholders' Meeting, make use of this authorization from the filing by a third party of a public offer for the company's shares and until the end of the offer period.
- 6) Grants to the Board of Directors all necessary powers to implement this resolution, and to take all the measures and carry out all the formalities required to ensure the success of each capital increase, record its completion and amend accordingly the Articles of Association.
- 7) Takes note that the present delegation of authority shall cancel and supersede, as of this day, any previous delegation with the same purpose up to, if applicable, the unused part.

Twenty-first resolution – Delegation of authority to be given to the Board of Directors to issue ordinary shares giving, if appropriate, right to ordinary shares or allocation of debt securities (of the Company or a group company), and/or securities giving right to ordinary shares to issue (by the Company or a group Company) with retention of preferential subscription rights

The Shareholders' Meeting, having considered the Board of Directors' report and the Statutory Auditors' special report and in accordance with the provisions of the French Commercial Code and, in particular, its Articles L.225-129-2, L.228-92 and L.225-132 *et seq.*:

- 1) Delegates to the Board of Directors its powers to issue, on one or several occasions, in such proportions and at such times as the Board shall see fit, either in euros, or in foreign currencies or in any other monetary unit established by reference to a basket of currencies,
 - ordinary shares,

- and/or ordinary shares giving rights to the allocation of ordinary shares or debt securities,
- and/or securities giving rights to ordinary shares to issue.

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

- 2) Sets at twenty-six months the duration of the validity of the present delegation, calculated from the day of the present Meeting.
- 3) Decides to set, as follows, the limits for the amounts of authorized issues should the Board of Directors use this delegation of power:

The overall nominal amount of shares that could be issued pursuant to this delegation shall not exceed 20% of the share capital on the day of the present Meeting.

If applicable, the nominal value of ordinary shares to be issued in order to safeguard, in accordance with the legislation and, when relevant, to comply with contractual stipulations setting out other adjustment cases, the rights of holders of securities giving access to the Company's share capital, will be added to this upper limit.

The overall nominal amount of shares issued, directly or not, pursuant to the twentieth, twenty-second and twenty-third resolutions of the present Meeting will count towards this upper limit.

- 4) Should the Board of Directors use this delegation of power with respect to the issues defined in 1) above:
 - a/ decides that the issue or issues of ordinary shares or of securities giving access to the share capital will be reserved by preference to shareholders who will be able to commit to an irrevocable subscription,
 - b/ decides that if the irrevocable subscriptions, and if applicable the revocable subscriptions, have not absorbed an entire issue as defined in 1/, the Board of Directors will be able to use the following options:
 - restrict the amount of securities or shares issued to the amount of the subscriptions, if applicable, within the limits set by the regulations,
 - distribute all or part of the securities that have not been subscribed to at its discretion,
 - offer to the public all or part of the securities that have not been subscribed to.
- 5) Decides that the Board of Directors will be entrusted with, in the limits set above, the powers required, in particular, to set the terms and conditions of the issue or issues, if applicable, record the completion of the capital increases resulting from said issues, amend accordingly the Articles of Association, charge the costs of the capital increases against the amount of the associated premiums, at its sole initiative, and deduct from the amount of the premiums relating to the capital increase the sums necessary to increase the statutory reserve to one-tenth of the new capital after each of these capital increases and, more generally speaking, do everything necessary in such a case.
- 6) Decides that the Board of Directors may not, without prior authorization by the Shareholders' Meeting, make

use of this authorization from the filing by a third party of a public offer for the company's shares and until the end of the offer period.

- 7) Takes note that the present delegation shall cancel and supersede any previous delegation with the same purpose.

Twenty-second resolution – Delegation of authority to be given to the Board of Directors to issue ordinary shares giving, if appropriate, right to ordinary shares or allocation of debt securities (of the Company or a group company), and/or securities giving right to ordinary shares to issue (by the Company or a group Company), without preferential subscription rights by means of a public offering and/or for the purpose of paying for securities transferred to the Company in the context of a public exchange offer

The Shareholders' Meeting, having considered the Board of Directors' report and the Statutory Auditors' special report and in accordance with the provisions of the French Commercial Code and, in particular, its Articles L.225-129-2, L.225-136, L.225-148 and L.228-92:

- 1) Delegates to the Board of Directors its authority to issue, on one or several occasions, in such proportions and at such times as the Board shall see fit, on the French and/or international market, by means of an offering to the public, either in euros, or in foreign currencies or in either in euros, or in foreign currencies or in any other monetary unit established by reference to a basket of currencies:
- ordinary shares,
 - and/or ordinary shares giving rights to the allocation of ordinary shares or debt securities,
 - and/or securities giving rights to ordinary shares to issue.

These securities may be issued for the purpose of paying for securities transferred to the Company in the context of a public exchange offer on securities meeting the conditions set by Article L.225-148 of the French Commercial Code.

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

- 2) Sets at twenty-six months the duration of the validity of the present delegation, calculated from the day of the present Meeting.
- 3) The overall nominal amount of ordinary shares that could be issued pursuant to this delegation shall not exceed 10% of the share capital on the day of the present Meeting.

If applicable, the nominal value of ordinary shares to be issued in order to safeguard, in accordance with the legislation and, when relevant, to comply with contractual stipulations setting out other adjustment cases, the rights of holders of securities giving access to the Company's share capital will be added to this upper limit.

This amount will count towards the amount of the upper limit of the share capital increase set out in the thirteenth resolution and the upper limit defined in the twenty-first and twenty-third resolutions of the present Meeting.

- 4) Decides to cancel shareholders' preferential subscription rights to ordinary shares and to securities giving rights to the capital and/or to debt securities covered by the present resolution, while leaving, however, the option for the Board of Directors to grant shareholders a priority right, in accordance with the legislation.
- 5) Decides that the sum due or to become due to the Company for every one of the ordinary shares issued under this delegation of power, after taking into account, in the case of an issue of equity warrants, the issue price of said warrants, will be at least equal to the minimum required by the legal and regulatory provisions applicable at the time when the Board of Directors implements the delegation.
- 6) Decides, should securities be issued for the purpose of paying for securities transferred to the Company in the context of a public exchange offer, that the Board of Directors will hold, under the conditions set out in Article L.225-148 of the French Commercial Code and in the limits set above, the powers required to draw up the list of securities tendered to the exchange, set issuance conditions, the exchange parity as well as, if applicable, the amount of the windfall cash payment to be disbursed, and determine issuance terms and conditions.
- 7) Decides that if the subscriptions have not absorbed an entire issue as defined in 1/, the Board of Directors will be able to use the following options:
- restrict the amount of securities or shares issued to the amount of the subscriptions, if applicable, within the limits set by the regulations,
 - distribute all or part of the securities that have not been subscribed to at its discretion.
- 8) Decides that the Board of Directors will be entrusted with, in the limits set above, the powers required, in particular, to set the terms and conditions of the issue or issues, if applicable, record the completion of the capital increases resulting from said issues, amend accordingly these Articles of Association, charge the costs of the capital increases against the amount of the associated premiums, at its sole initiative, and deduct from the amount of the premiums relating to the capital increase the sums necessary to increase the statutory reserve to one-tenth of the new capital after each of these capital increases and, more generally speaking, do everything necessary in such a case.
- 9) Decides that the Board of Directors may not, without prior authorization by the Shareholders' Meeting, make use of this authorization from the filing by a third party of a public offer for the company's shares and until the end of the offer period.
- 10) Takes note that the present delegation shall cancel and supersede any previous delegation with the same purpose.

Twenty-third resolution – Delegation of authority to be given to the Board of Directors to issue ordinary shares giving, if appropriate, right to ordinary shares or allocation of debt securities (of the Company or a group company), and/or securities giving right to ordinary shares to issue (by the Company or a group Company), without preferential subscription rights by an offering under the meaning of paragraph II of Article L.411-2 of the French Monetary and Financial Code

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

report and in accordance with the provisions of the French Commercial Code and in particular its Articles L.225-192-2, L.225-136 and L.228-92:

- 1) Delegates to the Board of Directors its authority to issue, on one or several occasions, in such proportions and at such times as the Board shall see fit, on the French and/or international market, by an offering under the meaning of paragraph II of Article L.411-2 of the French Monetary and Financial Code, either in euros, or in foreign currencies or in any other monetary unit established by reference to a basket of currencies:
 - ordinary shares,
 - and/or ordinary shares giving rights to the allocation of ordinary shares or debt securities,
 - and/or securities giving rights to ordinary shares to issue.

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

- 2) Sets at twenty-six months the duration of the validity of the present delegation, calculated from the day of the present Meeting.
- 3) The overall nominal amount of ordinary shares that may be issued pursuant to this delegation shall not exceed 10% of the share capital on the day of the present Meeting, and it will furthermore be limited to 20% of the share capital per year.

If applicable, the nominal value of ordinary shares to be issued in order to safeguard, in accordance with the legislation and, when relevant, to comply with contractual stipulations setting out other adjustment cases, the rights of holders of securities giving access to the Company's share capital, will be added to this upper limit.

This amount will be deducted from the amount of the upper limit of the capital increase defined in the twenty-first and twenty-second resolutions of this Meeting.

- 4) Decides to cancel shareholders' preferential subscription rights to ordinary shares and to securities giving rights to the share capital and/or to debt securities that are the subject of the present resolution.
- 5) Decides that the sum due or to become due to the Company for every one of the ordinary shares issued under this delegation of power, after taking into account, in the case of an issue of equity warrants, the issue price of said warrants, will be at least equal to the minimum required by the legal and regulatory provisions applicable at the time when the Board of Directors implements the delegation.
- 6) Decides that if the subscriptions have not absorbed an entire issue defined in 1/, the Board of Directors will be able to use the following options:
 - restrict the amount of securities or shares issued to the amount of the subscriptions, if applicable, within the limits set by the regulations,
 - distribute all or part of the securities that have not been subscribed to at its discretion.
- 7) Decides that the Board of Directors will be entrusted with, in the limits set above, the powers required, in particular, to set the terms and conditions of the issue or

issues, if applicable, record the completion of the capital increases resulting from said issues, amend accordingly the Articles of Association, charge the costs of the capital increases against the amount of the associated premiums, at its sole initiative, and deduct from the amount of the premiums relating to the capital increase the sums necessary to increase the statutory reserve to one-tenth of the new capital after each of these capital increases and, more generally speaking, do everything necessary in such a case.

- 8) Decides that the Board of Directors may not, without prior authorization by the Shareholders' Meeting, make use of this authorization from the filing by a third party of a public offer for the company's shares and until the end of the offer period.
- 9) Takes note that the present delegation shall cancel and supersede any previous delegation with the same purpose.

Twenty-fourth resolution – Authorization to increase the amount of issues in the event of excess demand

The Shareholders' Meeting, having considered the Board of Directors' report, decides for every issue of ordinary shares or negotiable securities decided pursuant to the twenty-first to the twenty-third resolutions, the number of securities to be issued may be increased under the conditions set out by Article L.225-135-1 and R.225-118 of the French Commercial Code and within the limit of the ceilings determined by the Meeting, whenever the Board of Directors notes excess demand.

Twenty-fifth resolution – Delegation to be given to the Board of Directors to increase the share capital by issuance of ordinary shares and/or securities giving rights to the share capital, within the limit of 10%, in order to pay for capital contributions in kind consisting of equity securities or securities giving rights to the share capital

The Shareholders' Meeting, having considered the Board of Directors' and the Statutory Auditors' report and in accordance with Article L.225-147 and L.228-92 of the French Commercial Code:

- 1) Authorizes the Board of Directors to issue, acting on a report of a certified public accountant appointed to assess the value of contributions to capital, ordinary shares or securities giving access to ordinary shares in order to pay for contributions in kind granted to the company and consisting of equity securities or securities giving rights to the share capital in the event the provisions of Article L.225-148 of the French Commercial Code are not applicable.
 - 2) Sets at twenty-six months the duration of the validity of the present delegation, calculated from the day of the present Meeting.
 - 3) Decides that the overall nominal amount of ordinary shares that may be issued pursuant to the present delegation shall not exceed 10% of the share capital on the day of the present Meeting, without taking into account the nominal value of ordinary shares to be issued to safeguard, in accordance with the legislation and, if applicable, to comply with contractual stipulations setting out other adjustment cases, the rights of holders of securities giving rights to the Company's share capital.
- This ceiling is independent from all the upper limits defined by the other resolutions submitted to the present Meeting.

- 4) Delegates all powers to the Board of Directors to approve the assessment of contributions, decide the capital increase resulting from said assessment, record the completion of the capital increases resulting from said issues, charge the all costs of the capital increase against the amount of the associated premiums, if applicable, and deduct from the amount of the premiums relating to the capital increase the sums necessary to increase the statutory reserve to one-tenth of the new capital after each of these capital increases, amend accordingly the Articles of Association and, more generally speaking, do everything necessary in such a case.
- 5) Decides that the Board of Directors may not, without prior authorization by the Shareholders' Meeting, make use of this authorization from the filing by a third party of a public offer for the company's shares and until the end of the offer period.
- 6) Takes note that the present delegation shall cancel and supersede any previous delegation with the same purpose

Twenty-sixth resolution – Delegation of authority to be given to the Board of Directors to increase the share capital by issuance of ordinary shares and/or securities giving right to the share capital without preferential subscription rights in favor of members of a company savings plan pursuant to Articles L.3332-18 *et seq.* of the French Labor Code

The Shareholders' Meeting, having considered the Board of Directors' report and the Statutory Auditors' special report, acting pursuant to Articles L.225-129-6, L.225-138-1 and L.228-92 of the French Commercial Code and L.3332-18 *et seq.* of the French Labor Code:

- 1) Authorizes the Board of Directors, if it so sees fit, on its own initiative, to increase the share capital on one or several occasions by issuing ordinary shares or securities giving rights to the Company's share capital in favor of members of one or several group savings plans set up by the Company and/or French or foreign companies that are affiliated with it as defined by Article L.225-180 of the French Commercial Code and Article L.3344-1 of the French Labor Code.
- 2) Cancels in favor of these persons preferential subscription rights of shareholders to the shares that might be issued pursuant to the present delegation.
- 3) Sets at twenty-six months from the present Meeting the duration of the validity of this delegation.
- 4) Restricts the maximum nominal amount of the increase or increases that could be carried out by using this authorisation at 5% of the amount of the share capital at the date of the present Meeting, and this amount is independent from any other ceiling defined with respect to the delegation of the power to carry out share capital increases. To this amount is added, if applicable, the additional amount of ordinary shares to be issued, in accordance with the law and any applicable contractual provisions providing for other adjustment cases, to preserve the rights of holders of securities entitling to the Company's equity securities.
- 5) Decides that the price of the shares to be issued, pursuant to 1) of this delegation, shall not be more than 20% lower, or 30% lower when the vesting period defined by the plan pursuant to Articles L.3332-25 and L.3332-26 of the French

Labor Code is longer than or equal to ten years, than the average opening price of the stock during the 20 stock market trading days preceding the Board of Directors' decision to carry out the capital increase and issue the corresponding shares, or higher than this average.

- 6) Decides, in application of the provisions of Article L.3332-21 of the French Labor Code, that the Board of Directors will be enabled to plan the free allocation to the beneficiaries defined in the first paragraph above, of shares to be issued or already issued or of other securities giving access to the Company's share capital to be issued or already issued, to cover (i) the employer's contribution that may be paid pursuant to the regulations of Company or Group savings plans, and/or (ii), if applicable, the discount.
- 7) Takes note that the present delegation shall cancel and supersede any previous delegation with the same purpose.

The Board of Directors may implement or not this delegation, take all measures and carry out all necessary formalities.

Twenty-seventh resolution – Authorization to be given to the Board of Directors to grant stock options to subscribe and/or to purchase shares to waged staff members and/or certain company officers of the Company or of affiliated companies

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

- 1) Authorizes the Board of Directors, pursuant to the provisions of Articles L.225-177 to L. 225-185 of the French Commercial Code, to grant on one or several occasions, in favor of beneficiaries specified hereafter, options giving a right to subscribe to new shares of the Company to be issued as a part of a share capital increase or purchase existing shares of the Company resulting from repurchases carried out under the conditions set out by law.
- 2) Sets at twenty-six months as of the day of the present Meeting the duration of the validity of the present authorization.
- 3) Decides that the beneficiaries of these options may only be:
 - on the one hand, employees or some of them, or certain categories of the personnel, of the Ipsen company and, if applicable, companies or economic interest groupings that are affiliated to IPSEN as defined by Article L.225-180 of the French Commercial Code;
 - on the other hand, the company officers who meet the conditions set by Article L.225-185 of the French Commercial Code.
- 4) The total number of options that may be granted by the Board of Directors pursuant to this delegation shall not carry the right to subscribe to or buy a number of shares higher than 3% of the share capital as of the day of the initial allocation, with it being specified that the total number of bonus shares that may be allocated by the Board of Directors under the thirteenth extraordinary resolution of the Combined Shareholders' Meeting of 31 May 2016 counts towards this upper limit. The total number of options that may be granted to the Company officers may not entitle to subscribe for or purchase more than 20% of the share capital in this envelope (*i.e.* 0.6% of the share capital) and the exercise of this options will be subject to performance conditions set by the Board of Directors.

- 5) Decides that no option shall be granted:
 - either in the period of ten stock market trading days preceding and following the date on which the consolidated financial statements are published,
 - or in the period between the date on which the Company's governing bodies have knowledge about information that, if disclosed, could have a material impact on the Company's share price, and the date that falls after ten stock market trading days after the one on which this information is made public,
 - less than twenty stock market trading days after the ex-dividend date of shares carrying a right to a dividend or a capital increase.
- 6) Takes note that this authorization includes, in favor of beneficiaries of options to subscribe to shares, an explicit waiver by shareholders of their preferential subscription rights to the shares that will be issued as options are gradually exercised.
- 7) Delegates all powers to the Board of Directors to set the other terms and conditions of the allocation of options and how they are to be exercised and notably to:
 - determine the conditions under which options will be granted and draw up the list, or define the categories, of beneficiaries as defined above; set, if applicable, the seniority conditions these beneficiaries will have to meet; decide under which conditions the price and the number of shares will have to be adjusted, in particular, under the assumptions set out in Articles R.225-137 to R.225-142 of the French Commercial Code;
 - determine the exercise period or periods of the options granted, taking into account the fact that the duration of options shall not exceed a period of 10 years, as of their allocation date;
 - include the option to suspend temporarily the exercising of options during a maximum period of three months should financial transactions that involve exercising a right relating to shares occur;
 - carry out any and all operations and formalities directly or through an agent, aimed at completing the capital increase or increases which may be carried out, if applicable, pursuant to the authorization that proposed by this resolution; accordingly amend the Articles of Association and generally speaking do everything that will be necessary;
 - at its initiative if it so deems fit, deduct from the amount of the premiums relating to the capital increase the sums necessary to increase the statutory reserve to one-tenth of the new capital after each of these capital increases.
- 8) Takes note that the present authorization shall cancel and supersede any previous authorization with the same purpose.

Twenty-eighth resolution – Update of the Articles of Association

The Shareholders' Meeting, having met the quorum and majority requirements for ordinary shareholders' meetings, having considered the Board of Directors' report, decides to update the Articles of Association as follows:

- 1) Concerning the provisions pertaining to the transfer of the registered office:
 - To harmonize the Articles of Association with the provisions of Article L.225-36 of the French Commercial

Code as modified by French law number 2016-1691 of 9 December 2016,

- To modify accordingly and as follows the second paragraph of Article 4 of the Articles of Association, with the remainder of the Article remaining unchanged: *"It may be transferred to any other location on French territory by decision of the Board of Directors, pending ratification of this decision by the next ordinary shareholders' meeting."*
- 2) Concerning the provisions pertaining to the compensation of company officers:
 - To harmonize the Articles of Association with the provisions of Article L.225-37-2 and L.225-100 of the French Commercial Code as created or modified by French law number 2016-1691 of 9 December 2016,
 - To modify accordingly and as follows the second paragraph of Article 19 of the Articles of Association, with the remainder of the Article remaining unchanged: *"The compensation of the Chairman of the Board of Directors, of the Chief Executive Officer and of the Deputy Executive Officer(s), are determined in accordance with the law."*
 - 3) Concerning the provisions pertaining to the statutory auditors:
 - To harmonize the Articles of Association with the provisions of Articles L.823-1 and L.823-3-1 of the French Commercial Code as modified by French ordinance number 2016-315 of 17 March 2016 and French law number 2016-1691 of 9 December 2016,
 - To modify accordingly and as follows the first paragraph of Article 20 of the Articles of Association *"The ordinary shareholders' meeting of the Company designate, in accordance with the law, one or several statutory auditors."*
 - And to delete paragraph 3 of Article 20, with the remainder of the Article remaining unchanged.

Twenty-ninth resolution – Delegation to be given to the Board of Directors to update the Articles of Association to bring them into compliance with legal and regulatory provisions

The Shareholders' Meeting, acting pursuant to the provisions of Article L. 225-36 of the French Commercial Code, having considered the Board of Directors' report, delegates to the Board of Directors its authority to carry out the necessary modification to the Articles of Association to bring them into compliance with legal and regulatory provisions, pending ratification of these modifications by the next Extraordinary Shareholders' Meeting.

Thirtieth resolution – Powers to carry out formalities

The Shareholders' Meeting grants full authority to the holder of an original, copy or extract of the minutes of this Meeting to carry out any filings and formalities required by law.

INFORMATION CONCERNING DIRECTORS WHOSE NOMINATION OR RENEWAL IS PROPOSED

Information concerning directors whose nomination is proposed

■ Margaret Liu

Margaret Liu Independent director		Citizenship : USA
Birth date: 11 June 1956	Biography and experience	
	<p>Margaret Liu is currently a Global Health, Vaccines and Immunotherapy Consultant for pharma/ biotech and investment companies, universities, and governmental scientific research councils. She also serves as a Professor at the Karolinska Institute in Stockholm, Sweden since 2003, first as Visiting Professor and then as Foreign Adjunct Professor. She is also Adjunct Full Professor at the University of California in San Francisco, CA since 2013 and President of the International Society for Vaccines since 2016.</p> <p>Before that, she occupied various functions in the private and public sector parallel to her academic career. From 1984 to 1988 she was Visiting Scientist at the Massachusetts Institute of Technology. From 1987 to 1989 she was Instructor of Medicine at Harvard University. From 1989 to 1995, she was Adjunct Assistant Professor of Medicine at the University of Pennsylvania in Philadelphia, PA. From 1990 to 1997, she served as Director, then Senior Director for Virus and Cell Biology at Merck Research Laboratories. From 1997 to 2000, she served as a Vice President of Vaccines Research and then Vice President of Vaccines and Gene Therapy at Chiron Corporation in Emeryville, CA. From 2000 to 2002 she was Senior Advisor in Vaccinology for the Bill & Melinda Gates Foundation. From 2000 to 2006, she was Vice-Chairman of Transgène in Strasbourg, France. From 2005 to 2009, she served as a Director of Sangamo Biosciences Inc.</p> <p>She is an accomplished leader in the research and development of vaccine and immunization programs for infectious diseases, particularly HIV and in the field of gene-based therapies.</p> <p>She earned her B.A. in Chemistry, <i>summa cum laude</i>, from Colorado College and an M.D. from Harvard Medical School. She was awarded an honorary Doctorate of Science (D.Sc.) from Colorado College and will soon receive the Karolinska Institute's highest distinction, Medicine Doctor honoris causa-MDhc.</p>	
	Positions and functions currently held	
	Main position: <ul style="list-style-type: none"> • ProTherImmune, Global Health, Vaccines and Immunotherapy Consultant 	Other positions and functions: <ul style="list-style-type: none"> • International Society for Vaccines, President • Jenner Institute, University of Oxford (UK), Scientific Advisory Board
	Positions and functions previously held that expired during the last five years	
	<ul style="list-style-type: none"> • International Vaccine Institute (KRI), Vice-Chair • Keystone Symposia (US), Director 	

Carol Stuckley

Carol Stuckley Independent director	Citizenship : USA		
Birth date: 20 September 1955	Biography and experience <p>Carol Stuckley is the Chief Financial Officer and Senior Vice President of Healthcare Payment Specialists, LLC in Fort Worth, TX since 2015. Healthcare Payment Specialists provides technology enabled solutions for health care eligibility, government reimbursement and compliance to hospitals and healthcare systems across the US.</p> <p>From 2010 to 2013, she was Vice President, Finance (Chief Financial Officer), North America at Galderma Laboratories, L.P., in Fort Worth, TX. Prior to Galderma, Carol had a 23 year career at Pfizer, Inc., New York, NY, where she held several multinational and global, senior financial leadership roles including Assistant Treasurer, Corporate Officer and Vice President of Finance.</p> <p>She holds an MBA in International Business & Finance and an MA in Economics from Temple University (Fox Business School) in Philadelphia, PA as well as a BA in Economics and French from the University of Delaware in Newark, DE.</p>		
	Positions and functions currently held <table> <tr> <td> Main position: <ul style="list-style-type: none"> Healthcare Payment Specialists, LLC (US), Chief Financial Officer and Senior Vice President </td><td> Other positions and functions: <ul style="list-style-type: none"> Financial Executives International, Board member and President-Elect </td></tr> </table>	Main position: <ul style="list-style-type: none"> Healthcare Payment Specialists, LLC (US), Chief Financial Officer and Senior Vice President 	Other positions and functions: <ul style="list-style-type: none"> Financial Executives International, Board member and President-Elect
Main position: <ul style="list-style-type: none"> Healthcare Payment Specialists, LLC (US), Chief Financial Officer and Senior Vice President 	Other positions and functions: <ul style="list-style-type: none"> Financial Executives International, Board member and President-Elect 		
	Positions and functions previously held that expired during the last five years <ul style="list-style-type: none"> Harris & Dickey, LLC (US) and Carol Stuckley, LLC, Consultant Galderma Laboratories, L.P. (US), Vice President Finance (Chief Financial Officer), North America 		

David Meek

David Meek Chief Executive Officer	Citizenship : USA		
Birth date: 12 September 1963	Biography and experience <p>In the frame of the change of governance, Mr. David Meek is Chief Executive Officer of Ipsen SA since 18 July 2016.</p> <p>David Meek has over 25 years of experience in the pharmaceutical industry where he held various global executive positions in major pharmaceutical and biotechnology companies. Most recently, he was Executive Vice-President and President of the oncology division of Baxalta Inc., which was recently acquired by Shire. David led the formation of the oncology division and rapidly created an innovative oncology portfolio through strategic acquisitions and partnering deals.</p> <p>He holds a BA in Management from the University of Cincinnati and started his career at Johnson & Johnson and Janssen Pharmaceutica (1989-2004) where he held a variety of U.S. senior sales and marketing positions across multiple therapeutic areas in primary care (gastroenterology, pain management, dermatology) and specialty care (oncology, neuroscience).</p> <p>He then joined Novartis (2005-2012), where he successively served as the global business franchise head for the company's respiratory and dermatology franchise in Basel, Switzerland; President and Chief Executive Officer of the pharmaceutical division in Canada; and the head of oncology for Northern, Central and Eastern Europe, based in Milan, Italy. From 2012 to 2014, he served as Chief Commercial Officer of Endocyte, an American biotechnology company.</p>		
	Positions and functions currently held <table> <tr> <td> Main position: <ul style="list-style-type: none"> Ipsen SA, Chief Executive Officer </td><td> Other positions and functions: <ul style="list-style-type: none"> Ipsen Pharma SAS, Chairman </td></tr> </table>	Main position: <ul style="list-style-type: none"> Ipsen SA, Chief Executive Officer 	Other positions and functions: <ul style="list-style-type: none"> Ipsen Pharma SAS, Chairman
Main position: <ul style="list-style-type: none"> Ipsen SA, Chief Executive Officer 	Other positions and functions: <ul style="list-style-type: none"> Ipsen Pharma SAS, Chairman 		
	Positions and functions previously held that expired during the last five years <p>None</p>		

Information concerning directors whose renewal is proposed

■ Antoine Flochel

Antoine Flochel Vice-Chairman of the Board of Directors		Nationality: French	Shares owned: 5,000 ^(*) Voting rights: 7,000
Committees: Chairman of the Compensation Committee and member of the Strategic Committee Date of birth: 23 January 1965 Date of 1st appointment: 30 August 2005 Last renewal date: 31 May 2013 Term of office: 2017 Shareholders' Meeting	Biography and experience		
	Antoine Flochel is currently the legal manager of Financière de Catalogne (Luxembourg) and Vice-Chairman of Ipsen SA's Board of Directors. He is a Managing Director and Chairman of the board of Mayroy SA and Director of Beech Tree.		
	Antoine Flochel worked for Coopers & Lybrand Corporate Finance (now PricewaterhouseCoopers Corporate Finance) from 1995 to 2005 and was a partner in 1998.		
	Antoine Flochel is a graduate of the Paris Institut des Études Politiques (institute of political studies), holds a law degree and a postgraduate degree in economics of the Paris Dauphine University, as well as an MSc in finance from the London School of Economics.		
	Positions and functions currently held		
	Main function: <ul style="list-style-type: none">• Financière de Catalogne SPRL (Luxembourg), Legal Manager	Other position: <ul style="list-style-type: none">• Mayroy SA (Luxembourg), Managing Director and Chairman of the Board• Beech Tree SA (Luxembourg), Director• Alma Capital Europe SA (Luxembourg), Director• Alma Capital Investment Funds SICAV (Luxembourg), Director• Alma Capital Investment Managers (Luxembourg), Director• Blue Hill Participations SARL (Luxembourg), Legal Manager• KF Finanz AG (Switzerland), Director• Financière CLED SPRL (Belgium), Legal Manager• VicJen Finance SA (France), Chairman	
Positions and functions previously held that expired during the last five years			
<ul style="list-style-type: none">• Baigo Capital GmbH (Germany), Member of the Advisory Board• Financière Althea IV SAS (France), Advisor• Beavan Somua Fund (Guernsey), Director• SCI Financière CLED (France), Legal Manager• New Challenger SAS (France), Member of the Supervisory Board• ADH (France), Director			

(*) Antoine Flochel is Chairman of Vicjen Finance SA which held 2,000 shares of the Company and 4,000 voting rights as of 31 December 2016. He is also Legal Manager of Financière de Catalogne, which held 3,000 shares of the Company and 3,000 voting rights at the same date.

REPORTS OF THE STATUTORY AUDITORS

Report of the Statutory Auditors on the annual financial statements

This is a free translation into English of the statutory auditors' report on the financial statements issued in French and it is provided solely for the convenience of English-speaking users.

The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions, or disclosures.

This report also includes information relating to the specific verification of information given in the management report and in the documents addressed to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Ipsen S.A.

Registered office: 65, Quai Georges Gorse 92650 Boulogne-Billancourt Cedex

Statutory auditors' report on the annual financial statements

Year ended 31 December 2016

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Meeting, we hereby report to you, for the year ended 31 December 2016, on:

- the audit of the accompanying financial statements of Ipsen S.A.;
- the justification of our assessments;
- the specific verification and information required by law.

These financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

1. Opinion on the annual financial statements

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at 31 December 2016 and of the results of its operations for the year then ended in accordance with French accounting principles.

2. Justification of our assessments

In accordance with the requirements of article L.823-9 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we bring to your attention the following matter:

Note 2.1.2.2 to the financial statements describes the method used by the Company to measure the carrying value of its financial assets and investments in subsidiaries and affiliates. Our procedures consisted in assessing the data and assumptions on which these estimates are based, in particular the cash flow forecasts set out by the Company's operational management, reviewing calculations made by the Company, understanding the approval procedures by the management of these estimates. We verified that the disclosure provided in notes 2.1.2.2, 3.1 and 6 to the financial statements is appropriate. We assessed that the estimates made by the Company were reasonable. These assessments were made as part of our audit of the financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

3. Specific verification

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law. We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors, and in the documents addressed to the shareholders with respect to the financial position and the financial statements.

Concerning the information given in accordance with the requirements of article L.225-102-1 of the French Commercial Code (*Code de commerce*) relating to remuneration and benefits received by the Directors and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your company from companies controlling your company or controlled by it. Based on this work, we attest to the accuracy and fair presentation of this information.

In accordance with French law, we have verified that the required information concerning the identity of the shareholders or holders of the voting rights has been properly disclosed in the management report.

Paris La Défense and Neuilly-sur-Seine, on the 22 February 2017

The Statutory Auditors
French original signed by

KPMG Audit
Département de KPMG S.A.
Philippe Grandclerc
Partner

Deloitte & Associés
Jean-Marie Le Guiner
Partner



Statutory Auditors' report on the consolidated financial statements

This is a free translation into English of the statutory auditors' report on the financial statements issued in French and it is provided solely for the convenience of English-speaking users.

The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions, or disclosures.

This report also includes information relating to the specific verification of information given in the management report and in the documents addressed to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Ipsen S.A.

Registered office: 65, Quai Georges Gorse – 92650 Boulogne-Billancourt Cedex

Statutory Auditors' report on the consolidated financial statements

Year ended 31 December 2016

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Meeting, we hereby report to you, for the year ended 31 December 2016, on:

- the audit of the accompanying consolidated financial statements of Ipsen S.A.;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these consolidated financial statements based on our audit.

1. Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 31 December 2016 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Without qualifying the opinion expressed above, we draw your attention to notes 3.9 and 30 to the consolidated financial statements which describe the impact from a change in the presentation of certain income statement items and operating segments on the consolidated financial statements as well as on the comparative financial information.

2. Justification of our assessments

In accordance with the requirements of article L.823-9 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we bring to your attention the following matters:

Asset impairment

Goodwill and assets with indefinite useful life are tested for impairment on each reporting date and non-current assets are also tested for impairment when there is an indication that the asset may be impaired, using the methods described in note 3.17 to the consolidated financial statements. We reviewed the method of testing for impairment, together with the cash flow forecasts and assumptions used and verified that the disclosure provided in notes 6.2, 12.2, 13.2, 13.3 and 14.1 to the consolidated financial statements is appropriate.

Provisions

Notes 3.26 and 21 to the consolidated financial statements describe the provisions recorded by your Company. Our procedures consisted in assessing the data and assumptions on which these estimates are based, reviewing by sampling techniques calculations made by the Company, understanding the approval procedures by the Management Board of these estimates. In the context of our assessments, we obtained sufficient audit evidences to conclude that these estimates are reasonable.

Retirement benefit obligation

The methods of measuring post-employment advantages and other long term benefits are set out in note 3.25 to the consolidated financial statements. These liabilities have been measured by independent actuaries. We reviewed the data used, assessed the assumptions made and verified that the information disclosed in note 5.3 to the consolidated financial statements is appropriate.

Deferred tax

Note 3.34 to the consolidated financial statements describes the method of measuring and accounting deferred tax assets. We reviewed the data used, assessed the assumptions made and verified that the information disclosed in note 10.2 to the consolidated financial statements is appropriate.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

3. Specific verification

As required by law we have also verified, in accordance with professional standards applicable in France, the information relative to the group in the parent company's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Paris La Défense and Neuilly-sur-Seine, on the 22 February 2017

The Statutory Auditors
French original signed by

KPMG Audit
Département de KPMG S.A.

Philippe Grandclerc
Partner

Deloitte & Associés

Jean-Marie Le Guiner
Partner

Statutory Auditors' special report on regulated agreements and commitments

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

Ipsen S.A.

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

Statutory Auditors' special report on regulated agreements and commitments

Year ended 31 December 2016

To the shareholders,

In our capacity as Statutory Auditors of your Company, we hereby present to you our report on the regulated agreements and commitments.

We are required to inform you, on the basis of the information provided to us, the terms and conditions, and the reasons for the interest of the company, of the agreements and commitments of which we were notified or we could find relating to this engagement. It is not our role to determine whether they are beneficial or appropriate or ascertain whether any other agreements or commitments exist. It is your responsibility, under the terms of article R.225-31 of the French Commercial Code, to evaluate the benefits arising from these agreements and commitments prior to their approval.

We are also required, where appropriate, to inform you about the terms of article R.225-31 of the French Commercial Code (*Code de commerce*) relating to the applicable agreements and commitments in 2011, which were already approved by the General Meeting of Shareholders.

We performed the procedures we considered necessary in accordance with professional guidance issued by the national institute of auditors ("*Compagnie nationale des commissaires aux comptes*"), relating to this engagement. Our work consisted in verifying that the information provided to us is in agreement with the underlying documentation from which it was extracted.

AGREEMENTS AND COMMITMENTS TO BE APPROVED BY THE GENERAL MEETING OF SHAREHOLDERS

Agreements and commitments entered into during the past financial year

We inform you that we have been advised of the following agreements and commitments that have been pre-authorized by your Board of Directors pursuant to Article L.225-40 of the French Commercial code.

Benefit from performance bonus shares and mid-term bonus granted to Ms. Christel Bories, Deputy Chief Executive Officer until 31 March 2016, in connection with her departure

Your Board of Directors, at its meeting held on 15 February 2016, noted the departure of Ms. Christel Bories, Deputy Chief Executive Officer, due to diverging strategic considerations, with effect from 31 March 2016, and determined the elements of remuneration and compensation payable in connection with the termination of her duties. The details regarding elements of compensation are presented below in second part of this report.

In this context, your Board of Directors authorized:

- The benefit of the performance bonus shares and the mid-term bonus granted to Ms. Christel Bories within the framework of plans decided by your Board of Directors held on 27 March 2014, *i.e.* 14,221 performance bonus shares and a target mid-term bonus amount of 285,000 euros;
- The benefit of 50% of the number of performance bonus shares and of the target mid-term bonus initially granted to Ms. Christel Bories within the framework of plans decided by your Board of Directors held on 1 April 2015, *i.e. in fine* 5,035 performance bonus shares and a target mid-term bonus amount of 150,000 euros.

To this end, the Board of Directors lifted the condition of presence for the period running from 1 April 2016 to 1 April 2017 and authorized Ms. Christel Bories to keep the benefit of 50% of these elements of remuneration, corresponding to the time spent by Ms. Christel Bories at the Company during the reference period set out in the plan (from 1 April 2015 to 1 April 2017).

Your Board of Directors considered that this decision retaining the benefits of the performance bonus shares and the mid-term bonus, granted to Ms. Christel Bories at the time of her departure, was motivated by her contribution to the transformation and improvement of the Ipsen's results as well as by the circumstances of her departure.

Commitments made in the case of the termination of her functions in favor of Mr. Marc de Garidel, Chairman of the Board of Directors since 18 July 2016

Your Board of Directors, at its meeting of 8 July 2016, approved the compensation elements of Mr. Marc de Garidel, Chairman of the Board of Directors from 18 July 2016 and previously Chairman of the Board and Chief Executive Officer from 22 November 2010.

These compensation elements include:

- The benefit of membership from the existing additional pension scheme in force within the Company, giving right to, on retirement and subject to (i) a minimum seniority of 5 years within the Group, already acquired, (ii) an eligibility to social security retirement at the full rate (*i.e.* a retirement age of 62 at the earliest in accordance with the current French law), and (iii) the respect of a performance condition mentioned below, the payment of an annual pension calculated by reference to seniority within the Group, (x) at a rate of 0.6% of the total gross remuneration ("TGR") per year of seniority for the portion of the TGR lower than 8 times the French annual social security ceiling and (y) at a rate of 1% per year of seniority for the portion of the TGR exceeding 8 times the French annual social security ceiling (with the French annual social security ceiling amounting to €38,616 in 2016). The grant of this additional pension scheme will be subject to the same performance condition as the one applicable to the severance payment (the maintaining of the recurring operating margin of the Group during the three years preceding departure at a minimum threshold of 15%).

Your Board of Directors also decided that Mr. Marc de Garidel is to benefit from three additional years of seniority within the context of the Company's additional pension scheme in return for his undertaking to continue his involvement within the Group as Chairman of the Board, provided that his effective departure from the Company does not take place prior to the month of November of the year he reaches 62 years of age. These additional years of seniority will allow Mr Marc de Garidel to benefit from an annuity equal at least to €80,000, *i.e.* an annuity comparable to the one that would result from the pension entitlements at the end of the 2015 financial year (about €88,000 euros), should he leave on the year of his 62nd birthday. The accrual of these additional years of seniority would take place on a year-by-year basis starting with fiscal year 2017 and subject to compliance with the performance conditions described above for the year in question. This benefit would not result in Mr. Marc de Garidel accruing conditional rights at a pace exceeding the maximum accrual allowed by law (*i.e.*, currently, 3% of the annual benchmark remuneration for the calculation of the annuity paid within the Company's supplementary pension plan).

- A severance payment which terms and conditions in accordance with the recommendations are set out in the AFEP-MEDEF Code, in other words:
 - an indemnity which will only be due in the event of a forced departure (*départ contraint*) within the meaning of the AFEP-MEDEF Code,
 - of an amount equal to the remuneration received from the Company over the last 24 rolling calendar months preceding the effective date of his departure,
 - the grant of which will be subject to the same performance condition as the one applicable to the severance payment due to the Chief Executive Officer (the maintaining of the recurring operating margin of the Group during the three years preceding his departure at a minimum threshold of 15%), and
 - including, for a portion equal to 50% of the amount hereof, the amount payable in consideration for the non-compete undertaking mentioned below.

Your Board of Directors considered that the decision to grant the benefit of the supplementary defined benefit pension plan in force within the Company and a severance payment to Mr. Marc de Garidel, as Chairman of the Board of Directors, is motivated by the fact that the latter has been entrusted with a long-term assignment within the Group and that the Group and the Company benefit from his experience in the pharmaceutical sector.

These commitments supersede those made in favor of Mr. Marc de Garidel, in the case of the termination of his duties as Chief Executive Officer between 22 November 2010 and 18 July 2016; the latter commitment had been originally authorized by your Board of Directors at its meeting held on 11 October 2010 and modified by your Board of Directors at its meeting held on 30 March 2016, it being specified that these modifications had been approved by your General Meeting held on 31 May 2016, upon special report of the Statutory Auditors of 3 May 2016.

Non-compete undertakings taken by Mr Marc de Garidel, Chairman of the Board since 18 July 2016

Your Board of Directors approved at its meeting of 11 October 2010 the commitment taken by Mr. Marc de Garidel, if he were to leave the Group for any other reason than a change in control, not to carry out or participate in any activity related to the development and/or marketing of products belonging to the same therapeutic category (source: IMS-Health) as the two best selling products of the Ipsen Group, during the twenty-four months after his effective departure, in an operational capacity (including as a consultant), within the territory of the European Economic Area (EEA) and/or Northern America.

During the meeting of the Board of Directors held on 8 July 2016, Mr. Marc de Garidel accepted to maintain this undertaking in the frame of his sole functions as Chairman of the Board, it being specified that the non-compete obligation will now focus on the three products of the Group in terms of turnover on the date of Mr. Marc de Garidel's effective departure. It is stated that the compensation due by your Company in consideration of these non-compete commitments would be included in the severance payment described above if it also were to be due.

Your Board of Directors considered that the undertaking of Mr. Marc de Garidel takes place within the frame of the separation of functions of Chairman of the Board and Chief Executive Officer, and of the respect of governance principles implemented within the Company.

Commitments granted to Mr. David Meek, Chief Executive Officer from 18 July 2016, in the case of termination of employment

Your Board of Directors, in its meeting held on 8 July 2016, approved the compensation elements of Mr. David Meek, Chief Executive Officer from 18 July 2016.

These compensation elements include:

- The benefit of membership from the existing additional pension scheme in force within the Company, giving right to, on retirement and subject to (i) a minimum seniority of 5 years within the Group, already acquired, (ii) an eligibility to social security retirement at the full rate (*i.e.* a retirement age of 62 at the earliest in accordance with the current French law), and (iii) the respect of a performance condition mentioned below, the payment of an annual pension calculated by reference to seniority within the Group, (x) at a rate of 0.6% of the total gross remuneration ("TGR") per year of seniority for the portion of the TGR lower than 8 times the French annual social security ceiling and (y) at a rate of 1% per year of seniority for the portion of the TGR exceeding 8 times the French annual social security ceiling (with the French annual social security ceiling amounting to €38,616 in 2016). The grant of this additional pension scheme will be subject to the same performance condition as the one applicable to the severance payment (the maintaining of the recurring operating margin of the Group during the three years preceding departure at a minimum threshold of 15%).
- A severance payment which terms and conditions in accordance with the recommendations set out in the AFEP-MEDEF Code, in other words:
 - an indemnity which will only be due in the event of a forced departure (*départ contraint*) within the meaning of the AFEP-MEDEF Code,
 - equal to 24 months of gross (fixed and variable) remuneration paid for his duties as Chief Executive Officer,
 - the grant of which will be subject to the maintaining of the recurring operating margin of the Group during the three years preceding his departure at a minimum threshold of 15%, and
 - including, for a portion equal to 50% of the amount hereof, the amount payable in consideration for the non-compete undertaking of Mr. David Meek referred to below.

Your Board of Directors considered that the decision to grant the benefit of the supplementary defined benefit pension plan in force within the Company and a severance payment to Mr. David Meek is motivated by the fact that the latter has been entrusted with a long-term assignment within the Group and that the Group and the Company benefit from his experience in the pharmaceutical sector, notably in the American market, which is a strategic area of development for the Company.

Non-compete undertakings taken by Mr. David Meek, Chief Executive Officer since 18 July 2016

During the meeting of the Board of Directors held on 8 July 2016, Mr. David Meek agreed, in the event of his departure from the Group, during a period of 24 months following the date of his effective departure from the Company, not to perform or participate from an operational standpoint (including as a consultant), within the territory of the European Economic Area (EEA) and/or North America, in any activity relating to the development and/or the marketing of products belonging to the same therapeutic category (source IMS-Health) as:

- (1) one of the top three products of the Group based on the turnover generated by such products or their importance from a strategic standpoint (as assessed by the Board) on the date of Mr. David Meek's effective departure, and
- (2) any product acquired by the Company between January 1, 2016 and the date of Mr. David Meek's effective departure for a total consideration exceeding EUR 300 million (such consideration being the aggregate of any upfront payment and any subsequent commercial or regulatory milestone payment or, in the case of a corporate acquisition, the portion of the acquisition price thereof (being the sum of the initial price and any earn-out or other additional price) allocable to the relevant product).

It is stated that the indemnity owed by the Company in consideration of this non-compete undertaking will be deemed to be included in the severance package referred to above if it is also owed.

Your Board of Directors considered that the undertaking of Mr. David Meek takes place within the frame of the separation of functions of Chairman of the Board and Chief Executive Officer, of the respect of governance principles implemented within the Company, and the negotiations allowing the arrival of Mr. David Meek within the Company as Chief Executive Officer.

**AGREEMENTS AND COMMITMENTS ALREADY APPROVED BY THE GENERAL MEETING*****Agreements and commitments approved in prior years that were implemented during the past financial year***

Pursuant to article R.225-30 of the French Commercial Code, we have been informed of the continuation of the following agreements and commitments, already approved by the General Meeting in prior years, which lasted or were implemented during the past financial year.

As indicated in the first part of the present report, your Board of Directors, at its meeting held on 15 February 2016, noted the departure of Ms. Christel Bories due to diverging strategic considerations, and, on the recommendation of the Compensation Committee, it determined the following remuneration and compensation payable in connection with the termination of her duties:

Commitments granted to Ms. Christel Bories, Deputy Chief Executive Officer until 31 March 2016, in the case of termination of employment

Your Board of Directors authorized at its 26 February 2013 meeting granting to Ms. Christel Bories:

- the benefit of membership of the supplementary pension plan in force at Ipsen S.A., giving right to, on retirement and subject to seniority of at least 5 years, the payment of an annuity calculated by reference to seniority within the Group, at a rate of 0.60% per year of seniority on the part of total gross compensation (bonus included) that is lower than eight times the annual social security ceiling and at a rate of 1% per year on total gross compensation (bonus included) for the part of said total gross compensation higher than eight times the annual social security ceiling. Total gross compensation corresponds to the average compensation of the last 36 months of office;
- a severance payment due under her position as Deputy CEO of the Company, the terms and conditions of which are in accordance with the recommendations set out in the AFEF-MEDEF Corporate Governance Code, in other words:
 - a payment due only in the event of a forced departure related to a change in control or in strategy decided by the Board of Directors,
 - a sum amounting to 24 months' (fixed and variable) compensation due under her position as Deputy CEO of the Company,
 - payment of which is subject to a performance-related condition: the Group's recurring operating margin needs to remain above a minimum threshold (12.5% for 2013) during the three years preceding her departure,
 - including the amount due, if applicable, in respect of any non-compete commitment described below.

In the framework of Ms. Christel Bories' departure, your Board of Directors, at its meeting held on 15 February 2016, noticed the achievement of the performance condition and approved the payment of the severance payment due in case of the termination of her duties, of a gross amount of 2,920,000 euros, corresponding to 24 months of fixed and variable remuneration for the 2015 financial year.

As Ms. Christel Bories does not fulfill the seniority required (at least 5 years) by the Company's additional pension scheme she will not benefit from said pension scheme.

Non-compete undertakings taken by Ms. Christel Bories

Your Board of Directors approved at its 26 February 2013 meeting the commitments taken by Ms. Christel Bories, in the event she should leave the Group for any other reason than a change in control, not to carry out or participate in any activity related to the development and/or marketing of products belonging to the same therapeutic class (source: IMS-Health) as the two best selling products in terms of revenue of the Ipsen Group, during the twenty-four months after her effective departure, in an operational capacity (including as a consultant), in the European Economic Area (EEA) and/or in Northern America.

The compensation due by your Company to Ms. Christel Bories in consideration of these non-compete commitments is included in the severance payment due in the case of termination of employment, described above.

In the framework of Ms. Christel Bories' departure, your Board of Director, at its meeting held on 15 February 2016, noticed that the amount payable for Ms. Christel Bories' non-compete compensation is included for 50% of this severance payment.

Paris La Défense and Neuilly-sur-Seine, 22 February 2017

The Statutory Auditors

KPMG Audit
Département de KPMG S.A.
Philippe Grandclerc

Deloitte & Associés
Jean-Marie Le Guiner

Statutory Auditors' report, prepared in accordance with Article L.225-235 of French commercial code (*Code de Commerce*) on the report prepared by the Chairman of the Board of Directors of the Company

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

Ipsen S.A.

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

Statutory Auditors' report, prepared in accordance with Article L.225-235 of French commercial code (*Code de Commerce*) on the report prepared by the Chairman of the Board of Directors of the Company

Year ended 31 December 2016

To the Shareholders,

In our capacity as statutory auditors of Ipsen S.A. and in accordance with Article L.225-235 of French Commercial Code (*Code de commerce*), we hereby report to you on the report prepared by the Chairman of your Company in accordance with Article L.225-37 of French Commercial Code (*Code de commerce*) for the year ended 31 December 2016.

It is the Chairman's responsibility to prepare, and submit to the Board of Directors for approval, a report on the internal control and risk management procedures implemented by the Company and containing the other disclosures required by Article L.225-37 of French Commercial Code (*Code de commerce*), particularly in terms of corporate governance.

It is our responsibility:

- to report to you on the information contained in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of accounting and financial information, and
- to attest that this report contains the other disclosures required by Article L.225-37 of French Commercial Code (*Code de commerce*), it being specified that we are not responsible for verifying the fairness of these disclosures.

We conducted our work in accordance with professional standards applicable in France.

Information on the internal control and risk management procedures relating to the preparation and processing of accounting and financial information

The professional standards require that we perform the necessary procedures to assess the fairness of the information provided in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information. These procedures consisted mainly in:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information on which the information presented in the Chairman's report is based and the existing documentation;
- obtaining an understanding of the work involved in the preparation of this information and the existing documentation;
- determining if any significant weaknesses in the internal control procedures relating to the preparation and processing of the accounting and financial information that we would have noted in the course of our engagement are properly disclosed in the Chairman's report.

On the basis of our work, we have nothing to report on the information in respect of the Company's internal control and risk management procedures relating to the preparation and processing of the accounting and financial information contained in the report prepared by the Chairman of the Board of Directors in accordance with Article L.225-37 of French Commercial Code (*Code de commerce*).

Other disclosures

We hereby attest that the Chairman's report includes the other disclosures required by Article L.225-37 of French Commercial Code (*Code de commerce*).

Paris la Défense and Neuilly-sur-Seine, 22 February 2017

The Statutory Auditors

KPMG Audit
Département de KPMG S.A.
Philippe Grandclerc
Partner

Deloitte & Associés
Jean-Marie Le Guiner
Partner

EXECUTIVE SUMMARY: IPSEN GROUP IN 2016

■ Extract of audited consolidated results for the full year 2016 and 2015

(in millions of euros)	FY 2016	FY 2015	% change
Group sales	1,584.6	1,443.9	+11.8%⁽¹⁾
Specialty Care sales	1,273.0	1,114.2	+16.1% ⁽¹⁾
Primary Care sales	311.6	329.7	-2.7% ⁽¹⁾
Core Operating Income⁽¹⁾⁽²⁾	363.9	327.7	+11.1%
Core operating margin (as a % net sales)	23.0%	22.7%	+0.3 pts
Core consolidated net profit⁽²⁾⁽³⁾	263.6	233.8	+12.8%
Core EPS – fully diluted (€)⁽²⁾⁽⁴⁾	3.18	2.82	+13.0%
IFRS operating income	304.7	244.0	+24.8%
Operating margin (as a % net sales)	19.2%	16.9%	+2.3 pts
IFRS consolidated net profit	226.6	190.7	+18.8%
IFRS EPS – fully diluted (€)	2.73	2.30	+18.7%
Free cash flow	228.8	176.3	+29.8%
Closing net cash ⁽⁴⁾	68.6	186.9	-63.3%

(1) Excludes amortization of intangible assets (excluding software), gain or loss on disposal of fixed assets, restructuring costs, impairment losses and other non-core items.

(2) Reconciliation between this new definition of Core Operating Income and the previous definition is presented on page 3.

(3) Bridges from IFRS consolidated net profit to Core consolidated net profit are presented in appendix 4.

(4) Cash and cash equivalents, less bank overdrafts, bank loans and other financial liabilities and excluding financial derivative instruments.

Commenting on the 2016 full year performance, **David Meek, Chief Executive Officer of Ipsen**, said: “The strong operating performance in 2016 serves as a solid foundation for the company in this new era of accelerated momentum and transformation. Sales grew by nearly 12% year-on-year, a record high for Ipsen, and core operating margin improved despite additional investments for the Cabometyx® launch in Europe.”

David Meek added: “2016 was a very productive year for Ipsen with the Cabometyx® approval and launch for second line renal cell carcinoma in Europe, the launch of new indications for Dysport® in the U.S., a new corporate governance structure implemented, and most recently, the acquisition of Onivyde®, which reinforces our specialty oncology strategy. The focus for 2017 will be on building upon the strong momentum of the current business and the successful launch of Cabometyx®, which combined with the expected addition of Onivyde® and the new Primary Care products, will significantly contribute to the growth and profitability of the company in the coming years.”

New definition of Core Financial Measures

Ipsen has updated its definition of Core financial measures (Core Operating income, Core consolidated net profit, Core EPS) to exclude the amortization of intangible assets (excluding software) and the gain or loss on disposal of fixed assets.

Core financial measures are the key performance indicators for understanding and measuring the performance of the Group. Ipsen believes that the updated financial indicators reflect with better clarity the Group's underlying business trends and enable more meaningful comparisons year on year, as they exclude non-core items which may vary significantly.

These performance indicators do not replace IFRS indicators, and should not be relied upon as such.

Reconciliations between IFRS 2015/2016 results and the newly defined Core financial measures are presented in Appendix 4 and in the “Reconciliation from Core consolidated net profit to IFRS consolidated net profit” table.

Review of the full year 2016 results

Note: Unless stated otherwise, all variations in sales are stated excluding foreign exchange impacts.

In 2016, **Group sales** reached €1,584.6 million, up 11.8% year-on-year.

Specialty Care sales reached €1,273.0 million, up 16.1%, driven by the strong growth of Somatuline® in North America, as well as a solid performance throughout Europe.

Dysport® good sales performance in aesthetics in the U.S. through Galderma, and in Russia and the Middle East was

offset by importation issues in Brazil that occurred in the second half of the year due to a temporary cancellation of the certificate of Good Manufacturing Practices (cGMP). Decapeptyl® sales reflect good volume growth in Europe and China offset by price pressure in the region. The Group booked during the fourth quarter the first sales of Cabometyx® in Europe, mainly in Germany, Austria and France following the product approval by EMA in September.

Primary Care sales reached €311.6 million, down 2.7%, impacted by lower sales in Russia for Tanakan® and other Primary Care products, while Smecta® sales were slightly up driven by the implementation of the new OTx⁽¹⁾ commercial model.

Core Operating Income totaled €363.9 million, up 11.1%. Core operating margin reached 23.0%, up 0.3 points compared to 2015, mainly driven by strong business performance, partially offset by investments for the Cabometyx® launch and the adverse impact of foreign currencies.

Core consolidated net profit was €263.6 million, up 12.8% over the period, compared to €233.8 million in 2015.

Core earnings per share – fully diluted (see Appendix 4) grew by 13.0% year-on-year to reach €3.18 for 2016, compared to €2.82 in 2015.

Free cash flow generated in 2016 reached €228.8 million, up by €52.5 million, driven by the strong operating performance

and a good management of working capital and capital expenditures.

Closing net cash reached €68.6 million at the end of the period, compared to €186.9 million in 2015, notably after payments to Exelixis for the original cabozantinib license and subsequent extension to Canada, as well as regulatory and commercial milestones, for a total of €257.3 million in 2016.

IFRS Operating Income totaled €304.7 million, up 24.8% from €244.0 million in 2015, impacted by lower impairment charge, with an **Operating margin** at 19.2%, up 2.3 points compared to 2015.

IFRS Consolidated net profit was €226.6 million, up 18.8% over the period, compared to €190.7 million in 2015 and **fully diluted EPS** at €2.73 in 2016, was up 18.7% from €2.30 in 2015.

Comparison of 2016 performance with financial objectives

The Group exceeded the raised guidance provided on 26 October 2016 for Specialty Care sales and Core operating margin and came in at the favorable end of revised guidance for Primary Care sales.

The table below shows the comparison between the financial objectives provided on 26 October 2016 and 2016 actuals, both including the amortization of intangible assets.

	Financial objectives ⁽¹⁾	Actuals 2016
Specialty Care sales	≥ +15% ⁽²⁾	+14.4% ⁽²⁾
Primary Care sales	[-5%; -3%] ⁽²⁾	-2.7% ⁽²⁾
Core operating margin (including amortization of intangible assets)	Around 22.0%	22.5%

(1) 2016 revised financial objectives communicated on 26 October 2016.

(2) Year-on-year growth excluding foreign exchange impacts.

Below is a reconciliation of the Core Operating Income from the previous definition to the new reported definition:

(in millions of euros)	FY 2016	FY 2015	% change
Core operating income (including amortization of intangible assets)	355.9	322.5	+10.3%
<i>Margin (as a % net sales)</i>	<i>22.5%</i>	<i>22.3%</i>	<i>+0.2 pt</i>
Amortization of intangible assets (excluding software)	7.7	4.7	+63.8%
Gain or loss on disposal of fixed assets	0.3	0.5	-33.6%
Core operating income	363.9	327.7	+11.1%
<i>Core operating margin (as a % net sales)</i>	<i>23.0%</i>	<i>22.7%</i>	<i>+0.3 pt</i>

(1) OTx: Combination of prescription and over-the-counter.

Dividend for the 2016 financial year proposed for the approval of Ipsen's shareholders

The Ipsen S.A. Board of Directors, which met on 22 February 2017, has decided to propose at the annual shareholders'

meeting on 7 June 2017 the payment of a dividend of €0.85 per share, stable year-on-year.

2017 Financial objectives

The Group has set the following financial targets for 2017 assuming a successful closing of the Onivyde® transaction with Merrimack by the end of the first quarter 2017, and of the Consumer Healthcare transaction with Sanofi in the second quarter of 2017:

- Specialty Care sales growth year-on-year greater than +18.0%;
- Primary Care sales growth year-on-year greater than +4.0%;
- Core operating margin (excluding amortization of intangible assets) greater than 24% of net sales.

Sales objectives are set at constant currency.

■ Comparison of Consolidated Sales for the Fourth Quarter and Full Year 2016 and 2015

Sales by therapeutic area and by product⁽¹⁾

Note: Unless stated otherwise, all variations in sales are stated excluding foreign exchange impacts.

The following table shows sales by therapeutic area and by product for the fourth quarter and full year 2016 and 2015:

(in millions of euros)	4 th Quarter				12 months			
	2016	2015	% variation	% variation at constant currency	2016	2015	% variation	% variation at constant currency
Oncology	247.3	197.4	25.3%	27.0%	904.8	752.8	20.2%	22.1%
Somatuline®	146.5	110.0	33.1%	34.1%	538.3	401.6	34.0%	35.5%
Décapeptyl®	88.0	83.2	5.8%	8.5%	339.8	334.0	1.7%	4.2%
Cabometyx®	7.2	0.0	N/A	N/A	7.2	0.0	N/A	N/A
Other Oncology	5.7	4.3	33.8%	34.6%	19.5	17.2	13.6%	14.0%
Neurosciences	71.9	71.2	1.1%	- 1.2%	286.7	280.7	2.1%	4.3%
Dysport®	71.2	70.7	0.7%	- 1.6%	284.7	279.5	1.9%	4.0%
Endocrinology	20.5	21.1	- 2.9%	- 2.2%	81.5	80.7	1.0%	1.7%
NutropinAq®	14.0	14.7	- 4.8%	- 3.8%	57.7	60.3	- 4.2%	- 3.5%
Increlex®	6.5	6.4	1.6%	1.5%	23.7	20.4	16.4%	16.9%
Specialty Care	339.8	289.7	17.3%	17.8%	1,273.0	1,114.2	14.2%	16.1%
Gastroenterology	63.7	59.8	6.6%	9.6%	219.1	227.2	- 3.6%	0.0%
Smecta®	31.6	25.7	22.9%	25.5%	111.0	114.8	- 3.3%	0.6%
Forlax®	10.2	10.9	- 5.9%	- 4.9%	39.3	39.7	- 0.8%	0.5%
Etiasa®	11.5	8.9	29.3%	38.6%	29.3	26.0	12.7%	19.5%
Fortrans®	7.3	7.5	- 2.1%	- 0.4%	23.2	23.9	- 2.7%	2.7%
Cognitive disorders	15.8	15.1	5.1%	7.1%	43.6	52.0	- 16.3%	- 14.3%
Tanakan®	15.8	15.1	5.1%	7.1%	43.6	52.0	- 16.3%	- 14.3%
Other Primary Care	5.4	5.0	8.3%	8.3%	23.5	26.2	- 10.1%	- 10.0%
Drug-related sales	5.4	6.0	- 9.4%	- 11.6%	25.5	24.3	4.9%	4.9%
Primary Care	90.4	85.8	5.3%	7.6%	311.6	329.7	- 5.5%	- 2.7%
Group Sales	430.2	375.5	14.6%	15.5%	1,584.6	1,443.9	9.7%	11.8%

(1) New sales reporting according to main therapeutic indication of each product.

In the fourth quarter of 2016, sales reached €430.2 million, up 15.5%, led by the 17.8% growth of Specialty Care sales, while Primary Care sales grew by 7.6%. In 2016, sales amounted to €1,584.6 million, up 11.8%, driven by the 16.1% growth of Specialty Care sales, while Primary Care sales declined by 2.7%.

In the fourth quarter of 2016, sales of **Specialty Care** products of €339.8 million, were up 17.8% year-on-year driven by Oncology sales growth of 27.0%. In 2016, sales of Specialty Care products of €1,273.0 million, were up 16.1% fueled by Oncology sales growth of 22.1%, Neurosciences sales growth of 4.3%, and Endocrinology sales growth of 1.7%. Over the period, the relative weight of Specialty Care continued to increase to reach 80.3% of Group sales, compared to 77.2% in 2015.

In **Oncology**, sales reached €247.3 million in the fourth quarter of 2016, up 27.0% year-on-year, driven by the continued growth of Somatuline® in the United States and in Europe. In 2016, Oncology sales amounted to €904.8 million, up 22.1% and represented 57.0% of total Group sales, compared to 52.1% in 2015.

Somatuline® – In the fourth quarter of 2016, sales reached €146.5 million, up 34.1%. In 2016, sales amounted to €538.3 million, up 35.5%. Somatuline®'s improved performance was driven by strong volume and market share growth in North America and by a strong performance in most European countries, notably in the United Kingdom, France and Germany.

Decapeptyl® – In the fourth quarter of 2016, sales totaled €88.0 million, up 8.5% year-on-year. In 2016, sales amounted to €339.8 million, up 4.2%. Decapeptyl®'s good performance across Europe, notably in France, Spain and UK was negatively impacted by price pressure in China which offset local volume growth.

Cabometyx® – In the fourth quarter of 2016, sales reached €7.2 million, including sales recognized in France under the Cabometyx® Managed Access Program (ATU or Temporary Use Authorization).

Other Oncology – In the fourth quarter of 2016, **Hexvix®** sales amounted to €4.5 million, up 6.6% year-on-year. In 2016, sales of Hexvix® reached €18.3 million, up 7.1%, mainly driven by the good performance in Germany, which accounts for the majority of product sales. The Group also registered first sales of **Cometriq®** of €1.2 million in the fourth quarter 2016.

In **Neurosciences**, sales of **Dysport®** reached €71.2 million in the fourth quarter of 2016, down 1.6% year-on-year. Despite strong volume growth in the aesthetics business in North America with Galderma, and in Russia and the Middle East, sales were negatively impacted by importation issues in Brazil due to a temporary cancellation of the certificate of Good Manufacturing Practices (cGMP). An exceptional import license has been secured for the public market. For the private market, Ipsen is working closely with regulatory authorities on obtaining an exceptional import license. The company expects a new GMP certificate to be issued in the coming months. In 2016, sales amounted to €284.7 million, up 4.0%, driven by the good performance in Russia, the Middle

East and in Germany as well as by the strong aesthetics business in North America and in Europe with Ipsen's partner Galderma and despite the negative impact of importation issues in Brazil that arose in the second half of 2016. Over the period, Neurosciences sales represented 18.1% of total Group sales, compared to 19.4% in 2015.

In **Endocrinology**, sales of **NutropinAq®** reached €14.0 million in the fourth quarter of 2016, down 3.8% year-on-year. In 2016, sales amounted to €57.7 million, down 3.5%, impacted by lower volumes, especially in Germany, Italy and the UK, and partly offset by a good performance in France. In the fourth quarter of 2016, sales of **Increlex®** reached €6.5 million, up 1.5% year-on-year, mostly driven by the United States. In 2016, sales amounted to €23.7 million, up 16.9%. Over the period, Endocrinology sales represented 5.1% of total Group sales, compared to 5.6% in 2015.

In the fourth quarter of 2016, **Primary Care** sales reached €90.4 million, up 7.6% year-on-year, driven by the good performance of **Smecta®** and **Etiasa®**. In 2016, sales amounted to €311.6 million, down 2.7%, impacted by lower **Tanakan®** sales in Russia. Over the period, Primary Care sales represented 19.6% of total Group sales, compared to 22.8% in 2015.

In the fourth quarter of 2016, **Gastroenterology** sales reached €63.7 million, up 9.6% year-on-year led by **Smecta®**. In 2016, sales amounted to €219.1 million, in line with 2015, driven by higher Smecta® sales in Russia and France but offset by negative inventory trends in Asia and the delisting of **Bedelix®** in Algeria.

Smecta® – In the fourth quarter of 2016, sales reached €31.6 million, up 25.5% year-on-year, driven by a favorable basis of comparison in China. In 2016, sales amounted to €111.0 million, up 0.6% with a good performance in Russia and France, driven by the implementation of the OTC commercial model, and slightly offset by the negative stocking impact in China.

Etiasa® – In the fourth quarter of 2016, sales reached €11.5 million up 38.6% year-on-year. In 2016, sales amounted to €29.3 million, up 19.5%.

Forlax® – In the fourth quarter of 2016, sales reached €10.2 million, down 4.9% year-on-year. In 2016, sales amounted to €39.3 million, up 0.5%, supported by a good performance in France, Russia and China, as well as by Ipsen's partners who distribute Macrogol®, the generic version of Forlax®, and offset by the sales decline in Algeria and in Italy.

Fortrans® – In the fourth quarter of 2016, sales reached €7.3 million, down 0.4% year-on-year. In 2016, sales amounted to €23.2 million, up 2.7% due to the good performance in China.

In the **Cognitive Disorders** area, sales of **Tanakan®** reached €15.8 million in the fourth quarter of 2016, up 7.1% year-on-year, driven by a rebound in Russia. Sales in 2016 amounted to €43.6 million, down 14.3%, impacted by continued market challenges in Russia and the market decrease in France.

Sales of **Other Primary Care** products reached €5.4 million in the fourth quarter of 2016, up 8.3% year-on-year. In 2016, sales amounted to €23.5 million, down 10.0%, mainly affected by the underperformance of **Adrovanse®**, which was down 15.5% over the period.

In the fourth quarter of 2016, **Drug-related Sales (active ingredients and raw materials)** reached €5.4 million, down 11.6% year-on-year, mostly affected by import difficulties in Algeria. In 2016, sales amounted to €25.5 million, up 4.9% driven by solid sales to the Group partner Schwabe.

Sales by geographical area

Group sales by geographical area in the fourth quarter and full year 2016 and 2015:

(in millions of euros)	4 th quarter				12 months			
	2016	2015	% variation	% Variation at constant currency	2016	2015	% variation	% Variation at constant currency
France	61.5	53.9	14.1%	14.1%	225.5	212.4	6.2%	6.2%
Germany	31.6	29.8	5.8%	5.4%	123.2	110.3	11.7%	11.7%
Italy	18.8	19.5	- 3.4%	- 3.4%	81.2	79.4	2.2%	2.2%
United Kingdom	18.2	19.5	- 6.6%	12.6%	72.8	76.0	- 4.2%	8.2%
Spain	18.5	17.5	6.0%	6.0%	69.2	65.6	5.5%	5.5%
Major Western European countries	148.6	140.2	6.0%	8.6%	571.9	543.8	5.2%	6.9%
Eastern Europe	50.6	42.8	18.3%	18.6%	176.2	167.2	5.4%	10.7%
Others Europe	47.1	38.0	24.0%	23.7%	173.0	154.2	12.2%	12.4%
Other European countries	97.7	80.8	21.0%	21.0%	349.2	321.4	8.7%	11.5%
North America	83.3	48.7	71.0%	69.4%	273.0	157.9	72.9%	72.5%
Asia	62.8	56.9	10.4%	15.5%	218.8	228.4	- 4.2%	- 0.4%
Other countries in the Rest of the world	37.7	49.0	- 22.9%	- 25.6%	171.7	192.4	- 10.8%	- 9.1%
Rest of the World	100.5	105.8	- 5.0%	- 3.9%	390.5	420.8	- 7.2%	- 4.4%
Group Sales	430.2	375.5	14.6%	15.5%	1,584.6	1,443.9	9.7%	11.8%

In the fourth quarter of 2016, sales in the **Major Western European countries** reached €148.6 million, up 8.6% year-on-year. In 2016, sales in the Major Western European countries amounted to €571.9 million, up 6.9%. Over the period, sales in the Major Western European countries represented 36.1% of total Group sales, compared to 37.7% in the previous year.

France – In the fourth quarter of 2016, sales reached €61.5 million, up 14.1% year-on-year, driven by the first sales of Cabometyx®. In 2016, sales amounted to €225.5 million, up 6.2%, driven by the sustained growth of Somatuline® and Decapeptyl®, as well as the first sales of Cabometyx® in the fourth quarter. Primary Care sales were stable over the year with a good performance of Smecta®, offset by the decrease of Tanakan®, Adrovanse®, and Nisis®/Nisisco®. The relative weight of France in the Group's consolidated sales has continued to decrease to represent 14.2% of total Group sales, compared to 14.7% in the previous year.

Germany – In the fourth quarter of 2016, sales reached €31.6 million, up 5.4% year-on-year. In 2016, sales amounted to €123.2 million, up 11.7%, driven by strong growth of Somatuline® and Dysport® as well as the commercial launch of Cabometyx® and Cometriq® in November. Over the period, sales in Germany represented 7.8% of total Group sales, compared to 7.6% in the previous year.

Italy – In the fourth quarter of 2016, sales reached €18.8 million, down 3.4% year-on-year. In 2016, sales amounted to €81.2 million, up 2.2%. The solid growth of Somatuline® was partly offset by the sales decline of Dysport® and NutropinAq®. Over the period, sales in Italy represented 5.1% of total Group sales, compared to 5.5% in the previous year.

United Kingdom – In the fourth quarter of 2016, sales reached €18.2 million, up 12.6% year-on-year. In 2016, sales amounted to €72.8 million, up 8.2%, driven by Somatuline® and Decapeptyl®. Over the period, the United Kingdom

represented 4.6% of total Group sales, compared to 5.3% in the previous year.

Spain – In the fourth quarter of 2016, sales reached €18.5 million, up 6.0% year-on-year. In 2016, sales amounted to €69.2 million, up 5.5%, driven by strong volume growth of Decapeptyl® and Somatuline®. Over the period, sales in Spain represented 4.4% of total Group sales, compared to 4.5% in the previous year.

In the fourth quarter of 2016, sales in **Other European countries** reached €97.7 million, up 21.0% year-on-year, driven by the launch of Cabometyx® in Austria and the good performance of Dysport® in Russia. In 2016, sales amounted to €349.2 million, up 11.5%, supported by the strong performance of Somatuline® across the region as well as Dysport® and Decapeptyl®, notably in Russia and Ukraine, partly offset by the Tanakan® slowdown in Russia. Over the period, sales in the region represented 22.0% of total Group sales compared to 22.3% in the previous year.

In the fourth quarter of 2016, sales generated in **North America** reached €83.3 million, up 69.4% year-on-year. In

2016, sales amounted to €273.0 million, up 72.5%, supported by the growth of Somatuline® and the growth of Dysport® mainly driven by the strong growth in aesthetics through the Galderma partnership. Over the period, sales in North America represented 17.2% of total Group sales, compared to 10.9% in the previous year.

In the fourth quarter of 2016, sales in the **Rest of the World** reached €100.5 million, down 3.9% year-on-year mainly impacted by Dysport® in Brazil. In 2016, sales amounted to €390.5 million, down 4.4%. Sales were impacted by importation issues in Brazil which negatively impacted Dysport®, as well as the delisting of Bedelix® in Algeria. Over the period, sales in the Rest of the World represented 24.6% of total Group sales, compared to 29.1% in the previous year.

■ Comparison of Core consolidated income statement for 2016 and 2015

Core financial measures are performance indicators. Reconciliation between these indicators and IFRS headings is presented in Appendix 4 “Bridges from IFRS consolidated net profit to Core consolidated net profit”.

	31 December 2016		31 December 2015		Change
	(in millions of euros)	% of sales	(in millions of euros)	% of sales	
Sales	1,584.6	100.0%	1,443.9	100.0%	9.7%
Other revenues	86.5	5.5%	76.3	5.3%	13.4%
Revenue	1,671.1	105.5%	1,520.2	105.3%	9.9%
Cost of goods sold	(353.3)	– 22.3%	(336.8)	– 23.3%	4.9%
Selling expenses	(608.4)	– 38.4%	(541.4)	– 37.5%	12.4%
Research and development expenses	(208.9)	– 13.2%	(192.1)	– 13.3%	8.7%
General and administrative expenses	(129.4)	– 8.2%	(122.9)	– 8.5%	5.3%
Other core operating income	0.9	0.1%	4.8	0.3%	– 81.9%
Other core operating expenses	(8.0)	– 0.5%	(4.1)	– 0.3%	92.7%
Core Operating Income	363.9	23.0%	327.7	22.7%	11.1%
Investment income	0.9	0.1%	0.7	0.1%	16.7%
Financing costs	(5.8)	– 0.4%	(3.6)	– 0.3%	61.3%
Net financing costs	(5.0)	– 0.3%	(2.9)	– 0.2%	72.6%
Other financial income and expense	(9.3)	– 0.6%	(8.4)	– 0.6%	10.2%
Core income taxes	(88.0)	– 5.6%	(85.1)	– 5.9%	3.4%
Share of net profit (loss) from entities accounted for using the equity method	1.9	0.1%	2.5	0.2%	– 22.2%
Core consolidated net profit	263.6	16.6%	233.8	16.2%	12.8%
– Attributable to shareholders of Ipsen S.A.	262.9	16.6%	232.9	16.1%	12.9%
– Attributable to non-controlling interests	0.6	0.0%	0.9	0.1%	– 27.4%
<i>Core EPS fully diluted – attributable to Ipsen S.A. shareholders (in € per share)</i>	<i>3.18</i>		<i>2.82</i>		<i>13.0%</i>

Reconciliation from Core consolidated net profit to IFRS consolidated net profit

(in millions of euros)	31 December 2016	31 December 2015
Core consolidated net profit	263.6	233.8
Amortization of intangible assets (excl. software)	(5.1)	(2.9)
Other operating income or expenses	(4.4)	(5.5)
Restructuring	(1.1)	(4.5)
Impairment losses	(32.1)	(41.4)
Other	5.7	11.3
IFRS consolidated net profit	226.6	190.7
<i>IFRS EPS fully diluted – attributable to Ipsen S.A. shareholders (in € per share)</i>	<i>2.73</i>	<i>2.30</i>

■ Sales

In 2016, the Group's consolidated sales came to €1,584.6 million, up 9.7% year-on-year, and up 11.8% excluding the impact of foreign exchange.

■ Other revenues

Other revenues for the financial year 2016 totaled €86.5 million, up 13.4% versus €76.3 million generated in 2015.

This change was attributable to higher royalties received from Group partners (mainly Galderma for Dysport® and Menarini for Adenuric®), the new distribution model for Etiasa® in China, partially offset by the recognition in 2015 of an upfront payment of €3.4 million received from the sale of Ginkor Fort® licensing rights to Tonipharm.

■ Cost of goods sold

In 2016, cost of goods sold amounted to €353.3 million, representing 22.3% of sales compared to €336.8 million, or 23.3% of sales in 2015.

The improvement in cost of goods sold as a percentage of sales was primarily due to a favorable product mix arising from the growth of the Specialty Care business associated with productivity efforts deployed at manufacturing sites.

■ Selling expenses

In 2016, selling expenses came to €608.4 million, representing 38.4% of sales, up 12.4% versus 2015. The increase reflected the investments to support Cabometyx®'s launch in Europe as well as commercial efforts deployed to support Somatuline®'s growth and to launch Dysport® in spasticity indications in the United States.

■ Research and development expenses

For the financial year 2016, research and development expenses totaled €208.9 million, compared with €192.1 million in the same period in 2015.

Main expenditures were committed to continue managing the lifecycle of Dysport® and Somatuline® as well as developing new oncology programs based on peptide receptor radionuclide therapy.

In 2016, the research tax credit amounted to €29.6 million, up €1.5 million versus 2015.

■ General and administrative expenses

In 2016, general and administrative expenses came to €129.4 million, compared to €122.9 million in 2015. This increase resulted primarily from some limited additional support functions costs in accordance with sales growth priorities and the impact of the Group's outperformance on bonus pay.

■ Other core operating income and expenses

In 2016, other core operating expenses totaled €7.1 million, compared with other core operating income of €0.7 million in 2015. This evolution is mainly due to the impact of the currency hedging policy.

■ Core Operating Income

Core Operating Income in 2016 came to €363.9 million, representing 23.0% of sales, compared with €327.7 million in Core Operating Income in 2015, representing 22.7% of sales. The continued good performance of Somatuline® in the United States and Europe, along with the strengthening partnership with Galderma, enabled the Group to intensify its commercial investments, notably to support the launch of Cabometyx® in Europe, while maintaining its profitability. The growth of the Core Operating Income between December 2015 and December 2016 reached 11.1%.

■ Net financing costs and other financial income and expense

In 2016, the Group had net financial expense of €14.3 million, versus net financial expense of €11.3 million in 2015.

- **Net financing costs** amounted to €5.0 million, versus €2.9 million in 2015, impacted by the interest on the €300 million bond issued by the Group in June 2016.
- In 2016, **other financial expense** amounted to €9.3 million, compared to an expense of €8.4 million in 2015 and mainly consisted of the impact of exchange rates differences.

■ Core income taxes

In 2016, core income tax expense of €88.0 million resulted from a core effective tax rate of 25.2% on pre-tax profit. That compares with a core effective rate of 26.9% in 2015.

■ Core consolidated net profit

For the year ended 31 December 2016, Core consolidated net profit increased by 12.8% to €263.6 million, with

€262.9 million attributable to Ipsen S.A. shareholders. This compares to consolidated net profit of €233.8 million, with €232.9 million attributable to Ipsen S.A. shareholders in 2015.

■ Core Earning per share

In 2016, Core EPS fully diluted (see Appendix 4) came to €3.18, up 13.0% versus €2.82 per share in 2015.

From Core financial measures to IFRS reported figures

Reconciliations between IFRS 2015/2016 results and the newly defined Core financial measures are presented in Appendix 4.

In 2016, the main reconciling items between Core consolidated net income and IFRS consolidated net income were:

■ Amortization of intangible assets (excluding software)

Amortization of intangible assets (excluding software) for 2016 amounted to €7.7 million before tax, compared with €4.7 million before tax in 2015. This variance consisted mainly of the amortization of the cabozantinib intangible assets starting with the first sales of the product.

■ Other operating income and expenses

Other operating expenses for 2016 amounted to €6.8 million before tax and consisted mainly of the costs from the change in the Group's corporate governance and the costs from the move to the new UK research and development site in Oxford.

In 2015, those expenses totaled €7.2 million before tax. They corresponded mainly to the amount booked following the discontinuation of the tasquinimod studies for prostate cancer.

■ Restructuring costs

In 2016, restructuring costs came to €1.9 million before tax, compared with €6.7 million before tax in 2015.

■ Impairment losses

In 2016, Ipsen recorded a €42.9 million impairment charge (before tax) on intangible assets related to OctreoPharm for €28.9 million (delayed development), to MCNA for

€8.0 million (after the termination of the Telesta Therapeutics partnership), and to Canbex Therapeutics for €5.4 million (purchase option).

In 2015, the Group recorded a €57.0 million loss before tax to impair all intangible assets related to the tasquinimod program, and a €7.6 million impairment loss before tax, resulting from the full write-down of an Ipsen BioInnovation Ltd. intangible asset.

■ Other

In 2016, Ipsen received €5.3 million of dividends from Rhythm Holding and €2.4 million of dividends from InnoBio fund as well as Spirogen earn-out payment, while in 2015 the Group received a €4.9 million final earn-out from the sale of PregLem shares.

As a consequence, IFRS reported indicators are:

■ Operating income

In 2016, Operating Income totaled €304.7 million, up 24.8% from €244.0 million in 2015, impacted by a lower impairment charge, with an Operating margin at 19.2%, up 2.3 points compared to 2015.

■ Consolidated net profit

Consolidated net profit was €226.6 million, up 18.8% over the period, compared to €190.7 million in 2015.

■ Earning per share

Fully diluted EPS was €2.73 in 2016, up 18.7% from €2.30 in 2015.

Operating segments: Core Operating Income by therapeutic area

Segment information is presented according to the Group's two operating segments: Specialty Care and Primary Care.

All costs allocated to these two segments are presented in the key performance indicators. Only corporate overhead costs and the impact of the currency hedging policy are

not allocated to the two operating segments. Research and development costs are allocated to operating segments, while formerly included in Unallocated.

The Group uses Core Operating Income to measure its segment performance and to allocate resources.

Sales, revenue and Core Operating Income are presented by therapeutic area for the 2016 and 2015 financial years in the following table.

(in millions of euros)	31 December 2016	31 December 2015	Variation	
			Change	%
Specialty Care				
Sales	1,273.0	1,114.2	158.8	14.2%
Revenue	1,308.0	1,146.1	161.9	14.1%
Core Operating Income	415.0	328.9	86.1	26.2%
% of sales	32.6%	29.5%		
Primary Care				
Sales	311.6	329.7	(18.1)	– 5.5%
Revenue	363.1	374.1	(11.0)	– 2.9%
Core Operating Income	99.6	126.7	(27.1)	– 21.4%
% of sales	32.0%	38.4%		
Total unallocated				
Core Operating Income	(150.7)	(127.9)	(22.8)	17.8%
Group total				
Sales	1,584.6	1,443.9	140.7	9.7%
Revenue	1,671.1	1,520.2	150.9	9.9%
Core Operating Income	363.9	327.7	36.2	11.1%
% of sales	23.0%	22.7%		

In 2016, **Specialty Care** sales grew to €1,273.0 million, up 14.2% over 2015, driven by oncology sales that advanced 20.2% at current rates. The relative weight of Specialty Care products continued to increase, reaching 80.3% of total consolidated sales at 31 December 2016, versus 77.2% a year earlier. In 2016, **Core Operating Income** for Specialty Care amounted to €415.0 million, including research and development costs, representing 32.6% of sales. That result compared to €328.9 million in 2015, representing 29.5% of sales. The improvement reflected Somatuline®'s continued sales growth in the United States and Europe, along with increased commercial investments, notably in the United States for Somatuline® and in Europe to support the Cabometyx® launch.

In 2016, sales of **Primary Care** products came to €311.6 million, down 5.5% year on year, mainly related to continued market challenges in Russia for Tanakan® and lower other Primary Care sales. In 2016, **Core Operating Income** for Primary Care amounted to €99.6 million, representing 32.0% of sales.

In 2016, **unallocated Core Operating Income** came to a negative €150.7 million, compared with a negative €127.9 million in 2015. These expenses consisted mainly of unallocated corporate expenses and of the impact from the currency hedging policy.

Net cash flow and financing

In 2016, the Group had a decrease in net cash of €118.4 million, bringing closing net cash to €68.6 million.

■ Analysis of the consolidated net cash flow statement

(in millions of euros)	31 December 2016	31 December 2015
Opening net cash / (debt)	186.9	160.8
Core Operating Income	363.9	327.7
Non-cash items	15.6	31.1
Change in operating working capital requirement	(2.8)	(53.2)
(Increases) decreases in other working capital requirement	12.1	(7.4)
Net capex (excluding milestones paid)	(84.0)	(56.7)
Dividends received from companies accounted for using the equity method	2.3	1.6
Operating Cash Flow	307.1	243.1
Other operating income and expenses and restructuring costs (cash)	(20.8)	(28.9)
Financial income (cash)	(3.1)	(4.7)
Current income tax (P&L, excluding provisions for tax contingencies)	(65.5)	(51.4)
Other operating cash flow	11.1	18.3
Free Cash Flow	228.8	176.3
Dividends paid (including to non-controlling interests)	(70.3)	(70.5)
Net investments (business development and milestones)	(252.9)	(52.0)
Share buyback	(24.0)	(28.5)
Other (discontinued operations)	0.1	0.7
Shareholders return and external growth operations	(347.2)	(150.2)
CHANGE IN NET CASH / (DEBT)	(118.4)	26.1
Closing net cash / (debt)	68.6	186.9

■ Operating Cash Flow

In 2016, Operating Cash Flow totaled €307.1 million, up €64.0 million versus 31 December 2015. The increase was driven by higher Core Operating Income and by the improvement in working capital requirement partially offset by higher net capital expenditures (excluding milestones paid).

The working capital requirement for operating activities increased by €2.8 million at 31 December 2016, compared with an increase of €53.2 million at 31 December 2015. The change at 31 December 2016 stemmed mainly from the following:

- A €7.7 million rise in inventories during the year, in line with business growth and the need to build inventories for Cabometyx® launch;
- A €42.7 million increase in trade receivables in line with sales growth, to compare with a €63.8 million increase in trade receivables in 2015;
- A €47.6 million increase in trade payables at 31 December 2016 in correlation with phasing of operating expenses mainly to support the growing business over the last quarter and the Cabometyx® launch. At 31 December 2015, trade payables increased by €10.8 million.

In 2016, other working capital requirement decreased by €12.1 million, compared with a €7.4 million increase in 2015,

mainly due to the reimbursement in 2016 of French R&D tax credit amounts.

Net capital expenditure grew by €27.4 million year-on-year to €84.0 million at 31 December 2016. In 2016, these investments included projects in the Group's manufacturing sites in Ireland and in France to increase production capacity, as well as in the new R&D toxin center in the UK.

■ Free Cash Flow

In 2016, Free Cash Flow came to €228.8 million, up €52.5 million versus 31 December 2015. This evolution was mainly driven by the Operating Cash Flow improvement.

Other operating income and expenses and restructuring costs amounted to €20.8 million including the impact of the change in the Group's corporate governance, as well as payments for earlier restructuring plans. At the end of December 2015, €28.9 million of such payments were primarily comprised of restructuring costs and expenses arising from discontinuing clinical trials of tasquinimod.

The €3.1 million in financial income paid at the end of December 2016 resulted mainly from hedging costs and realized exchange losses, partially offset by the collection of dividends on Rhythm Holding participation, as well as by an earnout payment related to the sale of Spirogen shares

and dividends from Innobio Fund. In comparison, the €4.7 million in financial expense, at the end of December 2015, were derived from a €4.9 million earnout payment from the PregLem shares that was partially offset by an unfavorable foreign exchange effect.

The change in current income tax stemmed from the change in the effective tax rate.

■ Shareholders return and external growth operations

At 31 December 2016, the dividend payout to Ipsen S.A. shareholders amounted to €70.0 million.

Net investments at 31 December 2016 mainly encompassed a €257 million upfront and milestones payment to Exelixis,

following the signature of an exclusive licensing agreement to commercialize and develop cabozantinib, a €5 million upfront payment to 3B Pharmaceuticals GmbH, following the signature of an exclusive licensing agreement for new radiopharmaceutical products in oncology and a €5 million milestone paid in relation with the Lexicon license agreement.

These amounts are partially offset by regulatory milestone payments received from Acadia (€7 million) and Radius (€3 million) and by scheduled payments related to the agreement signed with Galderma in December 2015 for Asia-Pacific markets (collection of a net €6 million).

At 31 December 2015, net investments primarily included the €31.4 million acquisition of OctreoPharm Sciences GmbH and the purchase of a €6.0 million call option to acquire Canbex Therapeutics.

Reconciliation of cash and cash equivalents and net cash

(in millions of euros)	31 December 2016	31 December 2015
Closing cash and cash equivalents	422.5	214.0
Bonds	(297.1)	–
Other financial liabilities	(17.8)	(20.6)
Non-current financial liabilities	(314.8)	(20.6)
Credit lines and bank loans	(4.0)	(4.0)
Financial liabilities (excluding derivative instruments) ^(*)	(35.1)	(2.5)
Current financial liabilities	(39.1)	(6.5)
Debt	(353.9)	(27.1)
Net cash / (debt)^(*)	68.6	186.9

(*) Net cash / (debt): cash and cash equivalents, less bank overdrafts, bank loans and other financial liabilities and excluding financial derivative instruments.

(**) Financial liabilities mainly exclude €18.2 million in derivative instruments in 2016, compared with €4.5 million in derivative instruments in 2015.

■ Analysis of Group cash

On 16 June 2016, Ipsen S.A. issued a €300 million unsecured seven-year public bond loan with an annual interest rate of 1.875%.

In addition, €300 million of bilateral long term bank loans were contracted with a maximum maturity of 6.5 years from June 2016. At 31 December 2016, none of these bank loans had been tapped.

On 24 June 2016, Ipsen S.A. amended its multiple-currency Revolving Credit Facility to reduce it to €300 million and to remove its financial covenants. This credit line remained undrawn at 31 December 2016.

Ipsen S.A. has also a €300 million short term commercial paper program of which €30 million were issued at 31 December 2016.

Appendices

■ Appendix 1 – Consolidated income statement

(in millions of euros)	31 December 2016	31 December 2015 restated
Sales	1,584.6	1,443.9
Other revenues	86.5	76.3
Revenue	1,671.1	1,520.2
Cost of goods sold	(353.3)	(336.8)
Selling expenses	(608.4)	(541.4)
Research and development expenses	(208.9)	(192.6)
General and administrative expenses	(129.4)	(122.9)
Other operating income	6.9	7.3
Other operating expenses	(28.6)	(18.6)
Restructuring costs	(1.9)	(6.7)
Impairment losses	(42.9)	(64.6)
Operating Income	304.7	244.0
Investment income	0.9	0.7
Financing costs	(5.8)	(3.6)
Net financing costs	(5.0)	(2.9)
Other financial income and expense	(1.6)	(3.6)
Income taxes	(73.5)	(49.8)
Share of net profit (loss) from companies accounted for using the equity method	1.9	2.5
Net profit (loss) from continuing operations	226.5	190.2
Net profit (loss) from discontinued operations	0.1	0.5
Consolidated net profit (loss)	226.6	190.7
– Attributable to shareholders of Ipsen S.A.	225.9	189.9
– Attributable to non-controlling interests	0.6	0.9
<i>Basic earnings per share, continuing operations (in euros)</i>	<i>2.74</i>	<i>2.30</i>
<i>Diluted earnings per share, continuing operations (in euros)</i>	<i>2.73</i>	<i>2.29</i>
<i>Basic earnings per share, discontinued operations (in euros)</i>	<i>0.00</i>	<i>0.01</i>
<i>Diluted earnings per share, discontinued operations (in euros)</i>	<i>0.00</i>	<i>0.01</i>
<i>Basic earnings per share (in euros)</i>	<i>2.74</i>	<i>2.31</i>
<i>Diluted earnings per share (in euros)</i>	<i>2.73</i>	<i>2.30</i>

■ Appendix 2 – Consolidated balance sheet before allocation of net profit

(in millions of euros)	31 December 2016	31 December 2015
ASSETS		
Goodwill	357.2	353.3
Other intangible assets	380.1	151.5
Property, plant & equipment	379.0	348.7
Equity investments	21.2	25.6
Investments in companies accounted for using the equity method	15.6	15.9
Non-current financial assets	0.2	–
Deferred tax assets	213.2	217.7
Other non-current assets	6.7	15.5
Total non-current assets	1,373.1	1,128.1
Inventories	113.3	107.4
Trade receivables	363.5	311.0
Current tax assets	66.3	82.9
Current financial assets	6.6	6.8
Other current assets	75.2	75.6
Cash and cash equivalents	425.5	226.1
Assets of disposal group classified as held for sale	–	–
Total current assets	1,050.4	809.9
TOTAL ASSETS	2,423.5	1,938.0
EQUITY AND LIABILITIES		
Share capital	83.6	83.2
Additional paid-in capital and consolidated reserves	998.5	892.3
Net profit (loss) for the period	225.9	189.9
Foreign exchange differences	50.9	57.0
Equity attributable to Ipsen S.A. shareholders	1,358.9	1,222.5
Equity attributable to non-controlling interests	3.3	3.1
Total shareholders' equity	1,362.2	1,225.6
Retirement benefit obligation	58.4	51.2
Non-current provisions	21.6	31.4
Other non-current financial liabilities	314.8	20.6
Deferred tax liabilities	14.6	23.1
Other non-current liabilities	90.6	124.5
Total non-current liabilities	500.0	250.8
Current provisions	27.8	29.9
Current financial liabilities	58.6	11.0
Trade payables	241.5	195.1
Current tax liabilities	4.1	12.0
Other current liabilities	226.4	201.5
Bank overdrafts	3.0	12.1
Total current liabilities	561.3	461.5
TOTAL EQUITY & LIABILITIES	2,423.5	1,938.0

■ Appendix 3 – Cash flow statements

Appendix 3.1 – Consolidated statement of cash flow

(in millions of euros)	31 December 2016	31 December 2015
Consolidated net profit (loss)	226.6	190.7
Share of profit (loss) from companies accounted for using the equity method before impairment losses	0.4	(0.8)
Net profit (loss) before share from companies accounted for using the equity method	227.0	189.9
Non-cash and non-operating items		
– Depreciation, amortization, provisions	39.1	43.7
– Impairment losses included in Operating Income and net financial income	42.9	64.6
– Change in fair value of financial derivatives	9.7	1.9
– Net gains or losses on disposals of non-current assets	(2.3)	0.5
– Share of government grants released to profit and loss	(0.4)	(0.0)
– Foreign exchange differences	(13.7)	(1.3)
– Change in deferred taxes	8.1	1.4
– Share-based payment expense	5.6	4.0
– Gain or (loss) on sales of treasury shares	(0.0)	0.3
– Other non-cash items	2.7	(0.1)
Cash flow from operating activities before changes in working capital requirement	318.7	304.8
– (Increase) / decrease in inventories	(7.7)	(0.2)
– (Increase) / decrease in trade receivables	(42.7)	(63.8)
– Increase / (decrease) in trade payables	47.6	10.8
– Net change in income tax liability	10.5	(9.0)
– Net change in other operating assets and liabilities	(8.6)	(18.9)
Change in working capital requirement related to operating activities	(0.9)	(81.2)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	317.8	223.6
Acquisition of property, plant & equipment	(81.2)	(50.0)
Acquisition of intangible assets	(291.1)	(25.2)
Proceeds from disposal of intangible assets and property, plant & equipment	3.6	0.2
Acquisition of shares in non-consolidated companies	(1.0)	(0.0)
Payments to post-employment benefit plans	(1.3)	(1.5)
Impact of changes in the consolidation scope	(0.0)	(31.4)
Deposits paid	1.8	0.2
Change in working capital related to investment activities	12.2	7.8
Other cash flow related to investment activities	(0.1)	(6.3)
NET CASH PROVIDED (USED) BY INVESTMENT ACTIVITIES	(357.1)	(106.2)
Additional long-term borrowings	327.9	1.1
Repayment of long-term borrowings	(3.9)	(5.6)
Capital increase	12.7	5.4
Treasury shares	(17.7)	(22.4)
Dividends paid by Ipsen S.A.	(70.0)	(70.0)
Dividends paid by subsidiaries to non-controlling interests	(0.4)	(0.5)
Change in working capital related to financing activities	3.4	0.8
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	252.0	(91.2)
CHANGE IN CASH AND CASH EQUIVALENTS	212.7	26.3
Opening cash and cash equivalents	214.0	180.1
Impact of exchange rate fluctuations	(4.2)	7.6
Closing cash and cash equivalents	422.5	214.0

Appendix 3.2 – Consolidated net cash flow statement

(in millions of euros)	31 December 2016	31 December 2015
Opening cash and cash equivalents	214.0	180.1
Opening current and non-current financial liabilities	(27.1)	(19.3)
Opening net cash / (debt)	186.9	160.8
CORE OPERATING INCOME	363.9	327.7
Non-cash items	15.6	31.1
(Increase) /decrease in inventories	(7.7)	(0.2)
(Increase) / decrease in trade receivables	(42.7)	(63.8)
Increase / (decrease) in trade payables	47.6	10.8
Change in operating working capital requirement	(2.8)	(53.2)
Change in income tax liability	10.5	(9.0)
Change in other operating assets and liabilities (excluding milestones received)	1.6	1.6
Other changes in working capital requirement	12.1	(7.4)
Acquisition of property, plant & equipment	(81.2)	(50.0)
Acquisition of intangible assets (excluding milestones paid)	(13.3)	(10.2)
Disposal of fixed assets	3.6	0.2
Change in working capital related to investment activities	6.9	3.2
Net capex (excluding milestones paid)	(84.0)	(56.7)
Dividends received from companies accounted for using the equity method	2.3	1.6
Operating Cash Flow	307.1	243.1
Other operating income and expenses and restructuring costs (cash)	(20.8)	(28.9)
Financial income (cash)	(3.1)	(4.7)
Current income tax (P&L, excluding provisions for tax contingencies)	(65.5)	(51.4)
Other operating cash flow	11.1	18.3
Free Cash Flow	228.8	176.3
Dividends paid (including payout to non-controlling interests)	(70.3)	(70.5)
Acquisition of shares in non-consolidated companies	(1.0)	(0.0)
Acquisition of other financial assets	–	(6.1)
Milestones paid ^(a)	(272.5)	(10.4)
Milestones received ^(b)	20.7	7.9
Net investments (business development and milestones)	(252.9)	(52.0)
Share buybacks	(24.0)	(28.5)
Other (discontinued operations)	0.1	0.7
Shareholders return and external growth operations	(347.2)	(150.2)
CHANGE IN NET CASH / (DEBT)	(118.4)	26.1
Closing cash and cash equivalents	422.5	214.0
Closing current and non-current financial liabilities	(353.9)	(27.1)
Closing net cash / (debt)	68.6	186.9

(a) Milestones paid correspond to payments subject to the terms and conditions set out in the Group's partnership agreements. The €257.3 million in upfront and milestones paid to Exelixis accounted for the majority of the milestones paid at 31 December 2016. The amounts paid were recorded as an increase in intangible assets on the consolidated balance sheet. The transactions were included in the "Acquisition of intangible assets" line item in the consolidated statement of cash flow (see Appendix 3.1).

(b) Milestones received are amounts collected by Ipsen from its partners. Of the €20.7 million in milestones received at 31 December 2016, €10.5 million were paid by Galderma in accordance with the partnership agreement signed in December 2015 for the Asia Pacific region. The amounts were recorded as deferred income in the consolidated balance sheet and then recognized in the income statement as "Other revenues". Milestones received were included in the "Net change in other operating assets and liabilities" line item in the consolidated statement of cash flow (see Appendix 3.1).

■ Appendix 4 – Bridges from IFRS consolidated net profit to Core consolidated net profit

(in millions of euros)	IFRS	Amortization of intangible assets (excl. software)	Other operating income or expenses	Restructuring	Impairment losses	Other	CORE
	31 December 2016						31 December 2016
Sales	1,584.6						1,584.6
Other revenues	86.5						86.5
Revenue	1,671.1	-	-	-	-	-	1,671.1
Cost of goods sold	(353.3)						(353.3)
Selling expenses	(608.4)						(608.4)
Research and development expenses	(208.9)						(208.9)
General and administrative expenses	(129.4)						(129.4)
Other operating income	6.9		(6.1)				0.9
Other operating expenses	(28.6)	7.7	12.9				(8.0)
Restructuring costs	(1.9)			1.9			-
Impairment losses	(42.9)				42.9		-
Operating Income	304.7	7.7	6.8	1.9	42.9	-	363.9
Investment income	0.9						0.9
Financing costs	(5.8)						(5.8)
Net financing costs	(5.0)	-	-	-	-	-	(5.0)
Other financial income and expense	(1.6)					(7.7)	(9.3)
Income taxes	(73.5)	(2.6)	(2.5)	(0.8)	(10.7)	2.1	(88.0)
Share of net profit (loss) from companies accounted for using the equity method	1.9						1.9
Net profit (loss) from continuing operations	226.5	5.1	4.4	1.1	32.1	(5.6)	263.6
Net profit (loss) from discontinued operations	0.1					(0.1)	-
Consolidated net profit	226.6	5.1	4.4	1.1	32.1	(5.7)	263.6
- Attributable to shareholders of Ipsen S.A.	225.9	5.1	4.4	1.1	32.1	(5.7)	262.9
- Attributable to non-controlling interests	0.6						0.6
<i>Earnings per share fully diluted – attributable to Ipsen S.A. shareholders (in € per share)</i>	<i>2.73</i>	<i>0.06</i>	<i>0.05</i>	<i>0.01</i>	<i>0.39</i>	<i>(0.07)</i>	<i>3.18</i>

The reconciliation items between Core consolidated net profit and IFRS consolidated net profit are described in the paragraph "From Core financial measures to IFRS reported figures".

(in millions of euros)	IFRS	Amortization of intangible assets (excl. software)	Other operating income or expenses	Restructuring	Impairment losses	Other	CORE
	31 December 2015						31 December 2015
Sales	1,443.9						1,443.9
Other revenues	76.3						76.3
Revenue	1,520.2	-	-	-	-	-	1,520.2
Cost of goods sold	(336.8)						(336.8)
Selling expenses	(541.4)						(541.4)
Research and development expenses	(192.6)					0.5	(192.1)
General and administrative expenses	(122.9)						(122.9)
Other operating income	7.3		(2.0)			(0.5)	4.8
Other operating expenses	(18.6)	4.7	9.7				(4.1)
Restructuring costs	(6.7)			6.7			-
Impairment losses	(64.6)				64.6		-
Operating Income	244.0	4.7	7.7	6.7	64.6	-	327.7
Investment income	0.7						0.7
Financing costs	(3.6)						(3.6)
Net financing costs	(2.9)	-	-	-	-	-	(2.9)
Other financial income and expense	(3.6)					(4.9)	(8.4)
Income taxes	(49.8)	(1.8)	(2.2)	(2.2)	(23.2)	(5.9)	(85.1)
Share of net profit (loss) from companies accounted for using the equity method	2.5						2.5
Net profit (loss) from continuing operations	190.2	2.9	5.5	4.5	41.4	(10.8)	233.8
Net profit (loss) from discontinued operations	0.5					(0.5)	-
Consolidated net profit	190.7	2.9	5.5	4.5	41.4	(11.3)	233.8
- Attributable to shareholders of Ipsen S.A.	189.9	2.9	5.5	4.5	41.4	(11.3)	232.9
- Attributable to non-controlling interests	0.9						0.9
<i>Earnings per share fully diluted – attributable to Ipsen S.A. shareholders (in € per share)</i>	<i>2.30</i>	<i>0.04</i>	<i>0.07</i>	<i>0.05</i>	<i>0.50</i>	<i>(0.14)</i>	<i>2.82</i>

Major developments

During the year 2016, major developments included:

- **6 January 2016** – Ipsen and Galderma announced that they have expanded the geographical scope of their neurotoxin partnership, whereby Galderma has acquired the exclusive rights to develop, promote and distribute Dysport® in the aesthetic indications in the APAC Territory (China, India, South Korea and Indonesia under certain conditions).
- **26 January 2016** – Ipsen announced that the scientific journal Pediatrics published the detailed results of the Phase 3 randomized study (NCT01249417) showing both the efficacy and the safety of Dysport® in the treatment of dynamic equinus foot deformity (also known as pediatric lower limb spasticity), a condition associated with cerebral palsy in children.
- **16 February 2016** – Ipsen announced that at its meeting on 15 February 2016, the Board of Directors decided to change the Company's form of governance by separating the duties of Chairman of the Board of Directors and Chief Executive

Officer. The Board of Directors confirmed that Mr. Marc de Garidel shall fulfill the duties of Chairman of the Board of Directors within the framework of the new governance structure and recorded the departure of Ms. Christel Bories as Deputy Chief Executive Officer.

- **1 March 2016** – Exelixis, Inc. and Ipsen jointly announced an exclusive licensing agreement for the commercialization and further development of cabozantinib, Exelixis' lead oncology drug. Under the agreement, Ipsen will have exclusive commercialization rights for current and potential future cabozantinib indications outside the United States, Canada and Japan, including COMETRIQ®, which is currently approved in the European Union (EU) for the treatment of adult patients with progressive, unresectable, locally advanced or metastatic medullary thyroid cancer (MTC).
- **25 April 2016** – Ipsen announced that its partner Exelixis, Inc. received approval from the U.S. Food and Drug Administration (FDA) for CABOMETYX™ (cabozantinib)

tablets for the treatment of patients with advanced renal cell carcinoma (RCC) who have received prior anti-angiogenic therapy.

- **26 April 2016** – Ipsen and Probi jointly announced the signature of a license and supply agreement for the commercialization of Probi's probiotic strain *Lactobacillus plantarum* 299v (LP299V®). The agreement covers 18 countries, primarily within EU and emerging markets.
- **23 May 2016** – Ipsen announced that its partner Exelixis, Inc. reported positive top-line results from the CABOSUN randomized Phase 2 trial of cabozantinib in patients with previously untreated advanced renal cell carcinoma (RCC). The trial met its primary endpoint, demonstrating a statistically significant and clinically meaningful improvement in progression-free survival (PFS) for cabozantinib compared with sunitinib in patients with advanced intermediate- or poor-risk RCC.
- **31 May 2016** – Ipsen's partner, Lexicon, announced FDA Priority Review of new drug application for telotristat etiprate for the treatment of carcinoid syndrome.
- **5 June 2016** – Exelixis, Inc. and Ipsen announced overall survival (OS) results from the Phase 3 METEOR trial of CABOMETYX™ (cabozantinib) tablets in patients with advanced renal cell carcinoma (RCC) who have received prior anti-angiogenic therapy. The OS results demonstrate that CABOMETYX™ reduces the risk of death by one third versus everolimus.
- **6 June 2016** – Exelixis, Inc. and Ipsen announced the presentation of positive data from subgroup analyses of the pivotal METEOR trial comparing CABOMETYX™ (cabozantinib) tablets with everolimus in 658 patients with advanced renal cell carcinoma (RCC) who have received prior anti-angiogenic therapy. The findings demonstrate that benefits of CABOMETYX™ in progression-free survival (PFS) and overall survival (OS) were independent of the presence of bone metastases, prior anti-PD-1/PD-L1 therapy, and the type of prior vascular endothelial growth factor receptor (VEGFR) tyrosine kinase inhibitor (TKI) therapy.
- **6 June 2016** – Ipsen announced the launch of an employee shareholding plan. This plan aims to align employees with the Group's development and performance. The main terms and conditions of this plan are described hereafter.
- **9 June 2016** – Ipsen announced the successful issue of its inaugural unsecured 7-year Notes for a total of €300 million. These Notes mature on 16 June 2023 and pay interest at an annual rate of 1.875%. Application has been made for the Notes to be admitted to trading on the regulated market of Euronext Paris.
- **11 July 2016** – The Board of Directors of Ipsen met on 8 July 2016, and has appointed David Meek as Chief Executive Officer, effective 18 July 2016. On this date, Marc de Garidel assumes the role of non-executive chairman and continues to serve the Board of Directors through his deep industry expertise.
- **18 July 2016** – Ipsen announced the acceptance by the European Medicines Agency of the marketing authorization application for telotristat etiprate to treat carcinoid syndrome caused by neuroendocrine tumors, in combination with somatostatin analogues.
- **22 July 2016** – Exelixis, Inc. and Ipsen announced that the Committee for Medicinal Products for Human Use (CHMP), the scientific committee of the European Medicines Agency (EMA) provided a positive opinion for Cabometyx™

(cabozantinib) 20, 40, 60 mg for the treatment of advanced renal cell carcinoma (RCC) in adults following prior vascular endothelial growth factor (VEGF)-targeted therapy and recommended it for marketing authorization.

- **1 August 2016** – Ipsen reported that the U.S. Food and Drug Administration (FDA) approved Dysport® (abobotulinumtoxinA) for injection for the treatment of pediatric lower limb (PLL) spasticity in children two years of age and older.
- **14 September 2016** – Ipsen disclosed that the European Commission approved Cabometyx™ (cabozantinib) 20, 40, 60 mg tablets for the treatment of advanced renal cell carcinoma (RCC) in adults following prior vascular endothelial growth factor (VEGF)-targeted therapy.
- **7 October 2016** – Ipsen announced that its partner Exelixis released Phase 1 trial results for cabozantinib in combination with nivolumab in advanced genitourinary tumors.
- **10 October 2016** – Ipsen and its partner Exelixis announced detailed results from the CABOSUN randomized phase 2 trial comparing cabozantinib versus sunitinib in patients with previously untreated advanced renal cell carcinoma (RCC) with intermediate- or poor-risk disease per the International Metastatic Renal Cell Carcinoma Database Consortium (IMDC).
- **12 December 2016** – Ipsen announced that Claude Bertrand, Executive Vice President, R&D, Chief Scientific Officer would depart Ipsen on 2 January 2017, to join another company.
- **21 December 2016** – Exelixis, Inc. and Ipsen announced an amendment to the exclusive collaboration and licensing agreement for the commercialization and continued development of cabozantinib, to include commercialization rights in Canada for Ipsen.

Year-to-date 2017, major developments included:

- **9 January 2017** – Ipsen announced that it has entered into a definitive agreement to acquire global oncology assets from Merrimack Pharmaceuticals, including its key marketed product ONIVYDE® (irinotecan liposome injection) for the treatment of patients with metastatic adenocarcinoma of the pancreas after disease progression following gemcitabine-based therapy, in combination with fluorouracil and leucovorin. The transaction also includes Merrimack's commercial and manufacturing infrastructure, and generic doxorubicin HCl liposome injection.
- **20 January 2017** – Ipsen announced the appointment of Harout Semerjian as President, Head of Specialty Care International Region & Global Franchises¹, effective February 2, 2017. He will report to David Meek, CEO of Ipsen, and will be a member of the Executive Leadership Team.
- **31 January 2017** – Ipsen announced that it has signed an agreement to take an equity stake in Akkadeas Pharma with an option to take control of the company in the future. Akkadeas Pharma is a privately-held consumer health care company in Italy with a diversified gastrointestinal-focused portfolio including probiotics, medical devices and food supplements.
- **13 February 2017** – Ipsen announced that it has entered into a definitive agreement to acquire from Sanofi five consumer healthcare products in certain European territories. The most significant product is Prontalgine®, an analgesic for the treatment of moderate to severe pain, which has grown at double digit rates over the last four years and is available only in France. Manufacturing will be provided by third parties.

Appendix

■ Risk factors

The Group operates in an environment which is undergoing rapid change and exposes its operations to a number of risks, some of which are outside its control. The risks and uncertainties set out below are not exhaustive and the reader is advised to refer to the Group's 2016 Registration Document available on its website (www.ipsen.com).

- The Group is faced with uncertainty in relation to the prices set for all its products, in so far as medication prices have come under severe pressure over the last few years as a result of various factors, including the tendency for governments and payers to reduce prices or reimbursement rates for certain drugs marketed by the Group in the countries in which it operates, or even to remove those drugs from lists of reimbursable drugs.
- The Group depends on third parties to develop and market some of its products, which generates or may generate substantial royalties for the Group, but these third parties could behave in ways that cause damage to the Group's business. The Group cannot be certain that its partners will fulfill their obligations. It might be unable to obtain any benefit from those agreements. A default by any of the Group's partners could generate lower revenues than expected. Such situations could have a negative impact on the Group's business, financial position or performance.
- Actual results may depart significantly from the objectives given that a new product can appear to be promising at a development stage, or after clinical trials, but never be launched on the market, or be launched on the market but fail to sell, notably for regulatory or competitive reasons.
- The Research and Development process typically lasts between eight and twelve years from the date of discovery to a product being brought to market. This process involves several stages; at each stage, there is a substantial risk that the Group could fail to achieve its objectives and be forced to abandon its efforts in respect of products in which it has invested significant amounts. Thus, in order to develop viable products from a commercial point of view, the Group must demonstrate, by means of pre-clinical and clinical trials, that the molecules in question are effective and are not harmful to humans. The Group cannot be certain that favorable results obtained during pre-clinical trials will subsequently be confirmed during clinical trials, or that the results of clinical trials will be sufficient to demonstrate the safety and efficacy of the product in question such that the required marketing approvals can be obtained.
- The Group must deal with or may have to deal with competition (i) from generic products, particularly in relation to Group products which are not protected by patents (ii), products which, although they are not strictly identical to the Group's products or which have not demonstrated their bioequivalence, may obtain a marketing authorization for indications similar to those of the Group's products pursuant to the bibliographic reference regulatory procedure (well established medicinal use) before the patents protecting its products expire. Such a situation could result in the Group losing market share which could affect its current level of growth in sales or profitability.
- Third parties might claim the benefit of intellectual property rights with respect to the Group's inventions. The Group provides the third parties with which it collaborates (including universities and other public or private entities) with information and data in various forms relating to the research, development, manufacturing and marketing of its products. Despite the precautions taken by the Group with regard to these entities, in particular of a contractual nature, they (or certain of their members or affiliates) could claim ownership of intellectual property rights arising from the trials carried out by their employees or any other intellectual property right relating to the Group's products or molecules in development.
- The Group's strategy includes acquiring companies or assets which may enable or facilitate access to new markets, research projects or geographical regions or enable the Group to realize synergies with its existing businesses. Should the growth prospects or earnings potential of such assets as well as valuation assumptions change materially from initial assumptions, the Group might be under the obligation to adjust the values of these assets in its balance sheet, thereby negatively impacting its results and financial situation.
- The marketing of certain products by the Group has been and could be affected by supply shortages and other disruptions. Such difficulties may be of both a regulatory nature (the need to correct certain technical problems in order to bring production sites into compliance with applicable regulations) and a technical nature (difficulties in obtaining supplies of satisfactory quality or difficulties in manufacturing active ingredients or drugs complying with their technical specifications on a sufficiently reliable and uniform basis). This situation may result in inventory shortages and/or in a significant reduction in the sales of one or more products.
- In certain countries exposed to significant public deficits, and where the Group sells its drugs directly to public hospitals, the Group could face discount or lengthened payment terms or difficulties in recovering its receivables in full. The Group closely monitors the evolution of the situation in Southern Europe where hospital payment terms are especially long. More generally, the Group may also be unable to purchase sufficient credit insurance to protect itself adequately against the risk of payment default from certain customers worldwide. Such situations could negatively impact the Group's activities, financial situation and results.
- In the normal course of business, the Group is or may be involved in legal or administrative proceedings. Financial claims are or may be brought against the Group in connection with some of these proceedings.
- The cash pooling arrangements for foreign subsidiaries outside the euro zone expose the Group to financial foreign exchange risk. The variation of these exchange rates may impact significantly the Group's results.

FINANCIAL RESULTS FOR THE LAST FIVE YEARS

	2012	2013	2014	2015	2016
Share capital at year-end					
– Share capital (in millions of euros)	84.3	84.2	82.9	83.2	83.6
– Number of shares	84,255.4	84,242.7	82,869.1	83,245.6	83,557.9
– Number of outstanding preferred shares without voting rights	–	–	–	–	–
– Maximum number of shares to be created	–	–	–	–	–
Transactions and results for the year (in millions of euros)					
– Net sales	19.7	10.2	16.1	21.1	18.2
– Earnings before income tax, employee profit-sharing, amortization, depreciation and provisions	70.9	57.1	113.3	164.0	(76.5)
– Income tax income (expense)	22.5	5.0	8.6	5.5	1.0
– Employee profit-sharing for the year	(0.1)	(0.0)	(0.0)	0.0	0.0
– Earnings after income tax, employee profit-sharing, amortization, depreciation and provisions	91.7	62.1	114.2	191.4	(24.3)
– Dividends paid out ^(*)	66.5	66.6	65.5	70.0	70.0
Earnings per share (in euros)					
– Earnings after income tax and employee profit-sharing, but before amortization, depreciation and provisions	1.0	1.0	1.0	2.0	(1.0)
– Earnings after income tax, employee profit-sharing, amortization, depreciation and provisions	1.0	1.0	1.0	2.0	0.0
– Dividend per share	0.80	0.80	0.80	0.85	0.85
Personnel (in millions of euros)					
– Average number of employees during the year ^(*)	18	17	16	17	15
– Total payroll for the year	10.1	10.1	16.6	25.1	22.9
– Total payroll on-costs for the year (social security, welfare, etc.)	5.6	4.2	6.2	8.2	8.4

(*) Including Management bodies.

(**) Dividends on treasury shares are posted to retained earnings.



* Innover pour mieux soigner.

REQUEST FOR MATERIALS AND INFORMATION

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

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

COMBINED SHAREHOLDERS' MEETING OF 7 JUNE 2017

I, the undersigned,

Ms. ☐ Mr. ☐

Last Name (or company name): _____

First Name: _____

Address: _____

Zip Code: _____ City: _____ Country: _____

Email address: _____ @ _____

Owner of: _____ registered shares

And/or _____ bearer shares held by _____

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

☐ Hereby request to receive the materials and information set forth by Articles R.225-81 and R.225-83 of the French Commercial Code relating to the Combined Shareholders' Meeting of 7 June 2017.

☐ Hereby request to receive the materials and information set forth by Article R.225-83 of the French Commercial Code relating to the Combined Shareholders' Meeting of 7 June 2017, having already received those provided for by Article R.225-81 of the French Commercial Code together with my notice.

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

☐ By post

☐ By email (subject to your acceptance of the use of electronic means under the terms set out by law)

In: _____ Date: _____ 2017

Signature

This request is to be sent to Société Générale, Service des Assemblées, CS 30812, 44308 Nantes cedex 3, France or to the custodian of your shares.

Information: In accordance with the provisions of Article R.225-88 of the French Commercial Code, registered shareholders may request through a single demand, that the documents and information set forth in Articles R.225-81 and R.225-83 of the French Commercial Code, be sent to them for any subsequent shareholders' meetings. In case the shareholder would benefit of this possibility, mention must be made in this present request indicating specifications for sending documents (post or email) and, if necessary, the email address. In this regard, it is indicated that the sending by email could be used for all formalities provided for in Articles R.225-68 (meeting notice), R.225-72, R.225-74, R.225-88 and R.236-3 of the French Commercial Code. Shareholders whose have agreed to the use of the email could request the return to the sending by post at least thirty five days before the date of the publication of the meeting notice referred to in Article R.225-67 of the French Commercial Code, either by post or by electronic means.



IPSEN

Société anonyme with a share capital of 83,580,494 euros

Registered office: 65 quai Georges Gorse – 92100 Boulogne-Billancourt – France

419 838 529 R.C.S. Nanterre

Ipsen brochure GB 07/06/2017



* Innover pour mieux soigner.

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