

## **H. Lundbeck A/S**

On 26 March 2014 at 10 a.m., the Annual General Meeting of H. Lundbeck A/S, Central Business Register (CVR) no. 56 75 99 13, was held at the Company's address, Ottiliavej 9, DK-2500 Valby.

Håkan Björklund, Chairman of the Board of Directors, opened the General Meeting and introduced the Company's management, thanking both the Company's management and employees for their work in 2013.

Lawyer Jørgen Kjergaard Madsen had been appointed Chairman of the General Meeting by the Board of Directors. The Chairman announced that the General Meeting had been duly convened and formed a quorum for the transaction of business as set out in the agenda.

In accordance with Article 8.1 of the Articles of Association, the agenda was as follows:

1. Proposal that the Company's annual reports be prepared in English only
2. Report of the Board of Directors on the Company's activities during the past year
3. Presentation and adoption of the annual report
4. Approval of remuneration for the Board of Directors for the current financial year
5. Resolution on the appropriation of profit or loss as recorded in the adopted Annual Report
6. Election of members to the Board of Directors
7. Election of one or two state-authorized public accountants
8. Any proposal by shareholders or the Board of Directors
  - 8.1 Proposal by shareholder Kjeld Beyer to include additional financial information in the notice convening general meetings
  - 8.2 Proposal by shareholder Kjeld Beyer to simplify online access to the Company's annual reports and accounting figures
  - 8.3 Proposal by shareholder Kjeld Beyer for a repast at the Company's general meetings
  - 8.4 Proposal by the Board of Directors to adopt amended Remuneration Guidelines for the Board of Directors and the Executive Management of H. Lundbeck A/S
  - 8.5 Proposal by the Board of Directors to amend Article 4.1 of the Company's Articles of Association
  - 8.6 Proposal by the Board of Directors to authorise the Company to purchase its own shares
  - 8.7 Proposal by the Board of Directors to authorise the Chairman of the Board of Directors to register the resolutions passed by the General Meeting with the Danish Business Authority (*Erhvervsstyrelsen*)
9. Any other business

### **Re item 1: Proposal that the Company's annual reports be prepared in English only**

Chairman of the Board of Directors, Håkan Björklund, described and explained the Board of Directors' proposal that Lundbeck's annual reports be prepared in English only as from 2013.

Shareholder Kjeld Beyer expressed concern that a Danish version of the annual report would not be available to the Danish shareholders, pointing out that the Danish language version is not only a cost, but also a protection for shareholders, which should not be diluted. Kjeld Beyer also expressed concern that the change would give foreign shareholders an advantage over the Danish shareholders because, in his view, several Danish shareholders would not be familiar with a number of technical and other terms in English.

Håkan Björklund thanked Kjeld Beyer for his comments and pointed out that Danes are generally really good at English, and therefore he did not share the view that it would be a problem for Lundbeck's shareholders if the annual report was prepared in English only. Håkan Björklund emphasised the cost savings of preparing the annual report in English only.

Shareholder Kjeld Beyer responded to the Chairman's comment that there are other areas in which costs can be saved; the issue of warrants, options, etc. might, for example, be reduced.

Bernt Frydenberg, Atelier Alfa A/S, noted that the Board of Directors ought to attach importance to the use of the Danish language, and that it is important to retain decision-making power in Denmark.

The position of the shareholders present at the Meeting was indicated by a show of hands, but since no ballot was requested it was announced, based on the proxies given and the outcome of the vote, that the proposal was adopted by a majority of more than 98 %.

### **Re items 2 to 3: Report of the Board of Directors on the Company's activities during the past year and presentation and adoption of the Annual Report**

The Chairman of the Board of Directors, Håkan Björklund, reported on the Company's activities during the past year, including that 2013 had been a successful year in which Lundbeck had been highly prosperous both in terms of R&D and commercially. Håkan Björklund accounted for the financial expectations for 2014, underlining that 2014 will be a year of investment for Lundbeck. Håkan Björklund also informed the Meeting that the Board of Directors had examined and assessed the amended Recommendations of the Danish Committee on Corporate Governance, and explained Lundbeck's position on the Recommendations. He gave an account of the composition and remuneration of the Board of Directors in 2014 and informed the Meeting that Jes Østergaard did not stand for reelection, and that the Board of Directors recommended that Terrie Curran be elected by the General Meeting.

Chief Executive Officer and President Ulf Wiinberg began by thanking the shareholders for attending the General Meeting.

Ulf Wiinberg announced that 2013 had been a successful year for Lundbeck with good progress within both research and development, including many new product approvals. Ulf Wiinberg then spoke of the transformation period Lundbeck is currently going through, including as a result of the expiry of the Lexapro patent in 2012, Ebixa in 2013, and Cipralext in 2014. Ulf Wiinberg mentioned that Lundbeck's ambition to achieve long-term growth is being realised as planned, but that there continue to be tasks to be solved before Lundbeck is completely through the transformation period. Ulf Wiinberg accounted for Lundbeck's financial results for 2013; revenue growth was 3%, which must be considered satisfactory considering the patents that expire in 2012 and 2013, among other things. Ulf Wiinberg then explained that there had been two extraordinary administrative expenses in 2013; a restructuring expense of DKK 200 million and a DKK 700 million fine imposed by the European Commission. Ulf Wiinberg pointed out that the Company's Board of Directors disagrees with the fine that the European Commission has imposed on Lundbeck, and that it had been appealed against. Disregarding the extraordinary expenses, 2013 saw a positive 11% development in EBIT.

Ulf Wiinberg then spoke of the development in sales in Europe and the USA, and on the international markets. Lundbeck's US sales had increased 22% against 2012, but because of the expiry of the Lexapro patent there was an overall sales decline of 1%. The 9% decline in the EU had been caused primarily by the expiry of the Ebixa patent. Ulf Wiinberg informed the Meeting that Lundbeck had seen a very positive sales increase on the international markets with 8% growth in 2013, which is very satisfactory considering that these markets were generally challenged in 2013. Ulf Wiinberg also mentioned that Lundbeck's Selincro, Abilify Maintena and Brintellix had been approved in Europe in 2013, and that Abilify Maintena and Brintellix had both been approved in the USA. Ulf Wiinberg then presented the product portfolio, including the expected sales potential of the products.

The Annual Report showed a profit of DKK 855 million for the year before tax. Ulf Wiinberg informed the Meeting that Lundbeck's cash flow remains positive and its liquidity position is good. Net cash and cash equivalents were approximately DKK 3.7 billion at 31 December 2013 against approximately DKK 1.9 billion in 2012. Against this background, the Board of Directors proposed a dividend of DKK 2.77 per share, corresponding to 64% of profit for the year. Ulf Wiinberg noted that the dividend percentage may seem high on the face of it, but that the Board of Directors has decided to adjust the dividend percentage upwards to arrive at the same level of dividend as in previous years if the fine imposed on Lundbeck by the European Commission is disregarded.

The Chairman of the Meeting opened discussions about agenda items 1 and 2.

Michael Thøgersen of the Danish Shareholders Association thanked the management for a good and informative annual review. He noted that a high dividend percentage is positive, but that the proposed dividend percentage

of 64% seems very high considering the investments that Lundbeck intends to make over the next year. He also mentioned that he had been informed during his visit at Lundbeck last year that the rate of success, meaning the number of projects that eventually become products, is generally low within Lundbeck's area of research. Michael Thøgersen asked the management to comment on whether Lundbeck's six projects are the result of many scrapped projects. Michael Thøgersen also asked for the management's comments on the projects that Lundbeck itself develops and those that are purchased from third parties. Finally, Michael Thøgersen asked the management to comment on why some of the members of the Board of Directors are not shareholders of Lundbeck. Michael Thøgersen ended by wishing both Lundbeck's management and employees a very successful 2014.

Håkan Björklund thanked Michael Thøgersen for his comments and said that it was always gratifying to see dedicated shareholders. Håkan Björklund referred to the reason given by Ulf Wiinberg for deciding to distribute a relatively high dividend. He also emphasised that the Board of Directors would not have proposed a dividend percentage of 64% had it not assessed that the resources required to make the desired investments remained available. Ulf Wiinberg confirmed that the six remaining projects are the result of fairly many scrapped projects, but that this is entirely usual in the industry. In relation to Lundbeck's own projects as compared to projects purchased from third parties, Håkan Björklund said that it was crucial for the Board of Directors that investments are made in the projects that prove most successful, regardless of whether they are the result of Lundbeck's own research or bought from external sources.

Håkan Björklund explained that only Lars Rasmussen and Christian Dyvig hold no shares in Lundbeck, adding that Lars Rasmussen was elected to the Board of Directors last year and intends to buy shares in Lundbeck, while Christian Dyvig, being an officer of the Lundbeck Foundation, is not entitled to hold shares in a company controlled by the Lundbeck Foundation.

Shareholder Kjeld Beyer congratulated the Board of Directors and the Executive Management on the very positive results for 2013 and said that he was satisfied that some members of Lundbeck's Board of Directors do not hold shares in the Company.

No one else wanted to speak. The Chairman of the Meeting announced that the Board of Directors' report had been adopted, and that the 2013 Annual Report had been approved.

#### **Re item 4: Approval of remuneration for the Board of Directors for the current financial year**

The Chairman of the Meeting proposed that the remuneration for the Board of Directors for the current financial year should be the same as for 2013.

Ordinary members of the Board of Directors will therefore receive a base fee of DKK 300,000; the Chairman will receive three times the base fee, and the Deputy Chairman will receive twice the base fee. Ordinary members

of the Audit Committee, the Remuneration Committee and the Scientific Committee will receive an additional DKK 200,000, while the chairmen of these committees will receive an additional DKK 300,000.

No one wanted to speak.

The Chairman of the Meeting announced that the Board of Directors' proposal for remuneration in 2014 was adopted.

**Re item 5: Resolution on the appropriation of profit or loss as recorded in the adopted Annual Report**

The Board of Directors proposed that a dividend of 64% of the net profit for the year, corresponding to DKK 2.77 per share, should be distributed for the financial year 2013.

No one wanted to speak.

The Chairman of the Meeting announced that the Board of Directors' proposal for the appropriation of profit as recorded in the approved 2013 Annual Report was adopted.

**Re item 6: Election of members to the Board of Directors**

Under Article 5.1 of the Articles of Association, members of the Board of Directors elected by the Company in general meeting are elected for one-year terms. The Board of Directors proposed that Håkan Björklund, Christian Dyvig, Thorleif Krarup, Melanie G. Lee and Lars Rasmussen be reelected. In addition, the Board of Directors nominated Terrie Curran to serve as a new director. Jes Østergaard did not stand for reelection.

The requirements of section 120 of the Danish Companies Act (*selskabsloven*) had been met.

Håkan Björklund, Christian Dyvig, Thorleif Krarup, Melanie G. Lee and Lars Rasmussen were reelected, and Terrie Curran was elected as a new director.

The Board of Directors thus consists of:

- Håkan Björklund
- Christian Dyvig
- Thorleif Krarup
- Melanie G. Lee
- Lars Rasmussen

- Terrie Curran
- Jørn Møller Mayntzhusen (employee-elected)
- Henrik Sindal Jensen (employee-elected)
- Mona Elisabeth Elster (employee-elected)

#### **Re item 7: Election of one or two state-authorized public accountants**

The Board of Directors proposed that Deloitte Statsautoriseret Revisionspartnerselskab should be reelected.

The proposal was adopted.

#### **Re item 8: Any proposal by shareholders or the Board of Directors**

##### **Re items 8.1, 8.2 and 8.3**

Having accounted for his proposals, shareholder Kjeld Beyer withdrew the proposals as formal proposals and took the opportunity to give advice and make suggestions to the Board of Directors.

##### **Re item 8.4**

The Chairman of the Meeting explained the Board of Directors' proposal to change the Remuneration Guidelines for the Board of Directors and the Executive Management of H. Lundbeck A/S.

The proposal was adopted.

##### **Re item 8.5**

The Chairman of the Meeting described the Board of Directors' proposal to amend Article 4.1 of the Company's Articles of Association on the Board's authority to increase the Company's share capital so as to correspond with the practice of the Danish Business Authority. The Chairman of the Board of Directors explained that it is a general authority enabling the Board of Directors to issue new shares, but that the Board of Directors currently has no intention to exercise the authority.

The proposal was adopted.

##### **Re item 8.6**

The Chairman of the Meeting explained the Board of Directors' proposal to authorize the Board of Directors to allow the Company to purchase its own shares.

The proposal was adopted.

**Re item 8.7**

The Chairman of the Meeting explained the Board of Directors' proposal to authorise the Chairman of the Meeting to make amendments and additions to the resolutions passed by the Meeting and to report changes to the Danish Business Authority.

The proposal was adopted.

**Re item 9: Any other business**

No one wanted to speak.

The Chairman of the Meeting then gave the floor to the Chairman of the Board of Directors, who thanked those attending and informed the Meeting that the next Annual General Meeting would be held on 25 March 2015.

The General Meeting was closed at 11.31 a.m.

--o0o--

For the minutes:

Jørgen Kjergaard Madsen  
Chairman of the Meeting