

Chairman's report – Annual General Meeting 2009

As chairman of H. Lundbeck A/S, I am pleased to welcome you to the Annual General Meeting.

Before we begin this year's general meeting, I would like to present Lundbeck's management team: Peter Høngaard Andersen, Executive Vice President (EVP), Research, Anders Gersel Pedersen, EVP, Drug Development, Lars Bang, EVP, Supply Operations & Engineering, Anders Götzsche, EVP, Finance, IT & Communication/IR and Stig Løkke Pedersen, EVP, Commercial Operations. It is a pleasure for me also to present to you Lundbeck's new CEO, Ulf Wiinberg. 29 April 2008, we had the pleasure to announce that Ulf had accepted the offer to become Lundbeck's new CEO and as of 1 June he started the job full time.

As you know, Ulf is a Danish citizen, born and raised in Sweden, with a broad experience within the research based pharmaceutical industry - namely, at Wyeth in leading positions in the UK and the US. In Ulf, I believe that we have found a global leader for a global company based in Copenhagen, who definitely will be able to guide Lundbeck to where we all want the company to be.

Ulf, I would like to give a warm welcome to Lundbeck. In the view of the board and me, you are already well under way as the company's new leader. With this, I would like to thank the entire executive management for a great effort and good results in 2008.

I would also like to present Lundbeck's board members to the shareholders: Apart from myself, the following board members are elected by the shareholders at the general meeting: Thorleif Krarup, deputy chairman, Egil Bodd, Peter Kürstein, Mats Pettersson and Jes Østergaard. The members elected by the employees are: Kim Rosenville Christensen, Jørn Møller Mayntzhusen and Birgit Bundgaard Rosenmeier.

2008 was a very eventful year that required a lot of time from Lundbeck's board members. I would like to thank the remaining board members for their commitment and contribution to the company's progress and the major strategic decisions that we took in 2008.

For the second year in row, we are sitting in the new auditorium. We have got new fine facilities. We are becoming more advanced. This Annual General Meeting is transmitted via live webcast on our website. A simultaneous interpretation service is provided and the webcast will subsequently be available on our website, both in Danish and English.

Copies of the annual report for 2008 and the Lundbeck Magazine 2009 are available in the lobby, which are available to teach you more about Lundbeck.

Again this year, the Supervisory Board has resolved to appoint Jørgen Boe, attorney, as chairman of this general meeting.

Main events of the year

As chairman of the Supervisory Board of H. Lundbeck A/S, I am pleased to present the Supervisory Board's report for 2008 on behalf of the board.

2008 was, as I see it, a year with significant progress, not a least within research and development, which after all is what it is all about for a research based company like Lundbeck.

However, setbacks are also a natural part of our business model, and a consequence of being in the forefront of science. That said, it is of course disappointing when we have to announce that pipeline projects have to be

stopped or do not develop into healthy business opportunities – especially for projects in phase III. Flurizan was such an opportunity, which eventually turned out not to be a success. This is one of the risks, which we have to account for as a research based CNS company.

In 2008, we also stopped the development of two phase II compounds – one for the treatment of neurological diseases and one for the treatment of mood disorders. This is not unusual for a research based company.

2008 has also been negatively impacted by a reduction in escitalopram inventories, by our partner in the US, Forest Laboratories. This was a deliberate decision. What is important for us now is that with this reduction we are now less exposed to the patent expiry in 2012.

Revenue for 2008 was once again the highest in Lundbeck's history, and with the results for 2008 we fulfill the financial expectations, which we have promised the market. Revenue increased 13% in Europe, 10% in International Markets and 4% in the US (Forest's sales of Lexapro in the American market). Our CEO, Ulf Wiinberg, will report in more detail on our revenue and financial results in his presentation later today.

With the acquisition of Ovation Pharmaceuticals we have established ourselves in the US with a fully integrated company and a fully integrated sales force, with products already in the market and products that are to be launched in the coming years, as well as a platform for developing and launching products from Lundbeck's own pipeline in the US. In March 2009, Ovation Pharmaceuticals officially became a part of Lundbeck and is now called Lundbeck Inc.

On the Annual General Meeting in 2008 exactly a year ago I presented what Lundbeck has to focus on.

- 1) Remain focused on research and development.

We have started further studies, we have invested more than ever in R&D and we have never had a broad a development pipeline as we have today.

- 2) Increase revenue from already launched products.

We have achieved the highest revenue in the history of the company driven by high growth in our patented products.

- 3) Over time to acquire or in license new products.
- 4) Continuously to streamline and simplify our operations.
- 5) To become established in the US.

These five priorities are still in focus, but we are now closer to become established in the US.

Research and development

Let's take a look at where we stand today in terms of keeping focus on research and development.

- We have seen a significant progress in Lundbeck's pipeline.
- We now have one product under regulatory review.
- We have four active products in phase III.
- We have five active products in phase II.
- And in 2008, we took two new products into phase I.

Our pipeline in phase II and phase III, I would categorize as very progressive and encouraging. This is exceptional for a company of our size.

We continue to have a focus on finding new product candidates for the early pipeline – phase I. This is an obvious target for 2009. But please remember, I am now talking about product candidates that could be launched in 2015-2020 or later.

Let me comment on some of the projects.

Recruitment of patients in the clinical studies for Lu AA21004 for the treatment of mood disorders is progressing according to plan and we expect to be able to present the first phase III data in the middle of 2009.

In December 2008, we restarted the clinical phase III studies with desmoteplase in ischemic stroke. As you know, there is a huge need for new treatment alternatives for stroke patients. The project is high risk but also very interesting.

Also in 2008, we started phase III studies with nalmefene (December) for the treatment of alcohol dependence and with bifeprunox (March) in schizophrenia.

With the acquisition of Ovation, we are now in the final negotiations with the FDA in terms of an approval for Sabril in the US.

We have two additional compounds in phase III for specially targeted indications.

Revenue

In 2008, we continued the impressive double digit growth rates for Cipralext (18%), Ebixa (14%) and Azilect (57%) and kept the momentum in our commercial operations.

Today, all research based pharmaceutical companies are challenged on their patents. It is our responsibility to defend our IP-rights with all means. This is done in a very professional way.

Just to mention one of our victories in our efforts to defend our IP rights, I would like to highlight the unanimous decision by the English Supreme Court, House of Lords, to confirm the validity of the Cipralext patent.

Furthermore, with the acquisition of Ovation we have got additional new products.

Improvement of our operations

Continuous improvement of our business is necessary.

Ulf, who is our new CEO, has started an extensive and structured process to streamline and simplify our business and to make it more efficient. Our management team has identified five areas to focus on. We now work with optimizing the commercial operations, our pipeline, the cost base, our partnership model and our organization and culture. All this, in order to utilize the potential growth opportunities in the existing portfolio of marketed products, the promising pipeline and the acquisition of Ovation.

The US

There is way too many European acquisitions in the difficult American market, which is unsuccessful. Our management intends to succeed.

In Lundbeck, we have worked very dedicated from day one (all literature suggests that the first 90 days are the most important) and we believe that the integration is progressing according to plan. We continuously follow the integration process with employee surveys in Lundbeck Inc. in order to do our utmost to succeed with the integration.

The economic crisis

As Chairman, I cannot speak about our business at the AGM without mentioning the widespread financial and economic crisis, in which the world is at present. It is a tough market and it is a very challenging environment to run a business, but the good news for us and you as shareholders is that compared to stock indices for other industries, the pharmaceutical industry has been less impacted by the crisis. So far, Lundbeck has to a large extent not been impacted by the crisis.

Based on what we know we have chosen to announce financial expectations for 2009.

Financial expectations

The financial expectations for 2009 do not include the financial impact from Lundbeck Inc. in the US. We will provide financial guidance including Lundbeck Inc. in connection with the interim report for the second quarter 2009 at the latest. In connection with the acquisitions we communicated that we expected our net result to be positively impacted by the acquisition already in 2010, and this is still our expectation.

As communicated in connection with the announcement of our Annual Report on 4 March 2009, we expect Lundbeck (excl. Ovation) revenue in 2009 to be DKK 12.0-12.5 billion, which is an increase of 6-11% compared to 2008. Furthermore, we expect an increase in profit from operations to DKK 3.0-3.2 billion, corresponding to an increase of 7-14%.

This imply higher growth on the bottom line compared to the top line, despite an expected increase in investments in research and development in 2009, which is expected to increase to 23-24% of revenue.

The Lundbeck share

Since the start of the financial crisis in 2008, Lundbeck shareholders should be relatively happy about our share development, compared to the C20 index.

As you know, we stopped the share-buy-back programme on 22 March 2008. This was done to strengthen us financially and make room for a deal like the Ovation acquisition.

Corporate governance

The Supervisory Board believes that the Group meets the NASDAQ OMX corporate governance recommendations, except the one dealing with remuneration information for the Executive Management on an individual level.

We have opted not to disclose the remuneration paid to each individual member of Executive Management but only the remuneration paid to the President & CEO and the combined remuneration paid to Group's Executive Management.

The individual members of Executive Management basically receive the same remuneration, and the Supervisory Board believes that disclosing individual remuneration would not provide additional value.

We have continued the process of making an annual board evaluation, and our two most recent board evaluations were made with the assistance of an external consultant. It is evident to us, what we do well as a board and what we need to prioritise in order to contribute further to Lundbeck's success.

Like I said earlier today, the Supervisory Board consists of nine members, of whom six members are elected each year at the Annual General Meeting and three members elected by the Group's Danish employees. Four of the six members elected by the shareholders are independent. Thorleif Krarup and Jes Østergaard are not considered independent due to their affiliation with the Lundbeck Foundation. The board members' competencies are described in the notice convening this general meeting.

The Supervisory Board held 12 ordinary meetings in 2008, The Remuneration Committee held seven meetings, and the Audit Committee held three meetings.

Closing remarks

It is a pleasure for me to part of the Lundbeck journey.

Thank you for your attention and your confidence so far.

I will now give the floor to Ulf Wiinberg, who will present the financial results for 2008.