

Chairman's report – Annual General Meeting 2014

On behalf of the Board of Directors of H. Lundbeck A/S, I am pleased to welcome you to this year's Annual General Meeting.

As in the preceding years, the general meeting is webcast directly via our website in both Danish and English. A simultaneous interpretation service is provided into English here in the building, and the webcast will subsequently be available on our website, both in Danish and English.

Before we begin this year's general meeting, I would like to present Lundbeck's management team, and I would like to ask the members of the Executive Management to rise:

- Ulf Wiinberg, Chief Executive Officer
- Anders Götzsche, Executive Vice President and CFO
- Anders Gersel Pedersen, Executive Vice President, Research & Development

The Executive Management, together with Lundbeck's other employees achieved a great result in 2013.

I would also like to present Lundbeck's current Board of Directors and kindly ask the board members to rise. Apart from myself, the Board consists of the following shareholder-elected members:

- Christian Dyvig, Deputy Chairman
- Jes Østergaard
- Thorleif Krarup
- Melanie G. Lee
- Lars Rasmussen

The members elected by the employees are:

- Kim Rosenville Christensen
- Jørn Møller Mayntzhusen
- Mona Elizabeth Elster

I want to thank you for the great contribution during 2013.

We have as in the preceding years made both an annual report 2013 and the Lundbeck Magazine. In the event that you wish to assimilate information about Lundbeck, I recommend you to read these reports - The annual report is available on our website and you can find the Lundbeck Magazine in the foyer.

The Board has appointed attorney Jørgen Kjersgaard Madsen from Kromann Reumert as chairman of this meeting - also welcome to you.

Annual Report in English

The Board proposes that Lundbeck's annual report from 2013 only in English. Lundbeck is a global company with by far the largest part of our business outside Denmark. The proposal only to publish the annual report in English reflects this fact. We are convinced that an English annual

report will cover the needs of our stakeholders in both Denmark and the rest of the world. At the same time, the initiative will free up significant resources and internal time, which can be invested in activities that ensure Lundbeck's future growth. The Board therefore recommends that this proposal is approved. I will note that Lundbeck's quarterly announcements in the future also will only be published in English if the proposal is approved by the shareholders.

The year under review

As chairman of the Board of H. Lundbeck A/S, I am pleased to present the Board of Directors' report for 2013 on behalf of the Board.

2013 was a successful year for Lundbeck.

- Commercially, we had significant progress as:
 - o We launched two new products - Selincro in Europe and Abilify Maintena in the United States. In addition, Brintellix was available on the US market at the end of the year.
 - o Our strategic portfolio of new products now includes nine products. In addition to Selincro, Abilify Maintena and Brintellix, it is, Lexapro in Japan, Onfi, Sabril, Saphris / Sycrest, Treanda and Xenazine. Overall, sales from these new products grew by 45% in 2013 to approximately 3.1 billion Danish kroner, and thus accounted for approximately 20% of our overall revenue.
 - o As a result of our focus on geographic expansion, we recorded strong growth in the international markets of 8% as well as from the new products in the US with 43%. In Europe, we experienced an increased earning capacity as a result of implemented restructuring and efficiency programs.

- We continued to sign new license agreements and intensified cooperation with our key business partners in 2013 - collaboration with Otsuka was expanded our license agreements for Abilify tablets, Lu AE58054 Lu F20513.

Let's take a look at the financial figures for 2013 and 2014...

We achieved a highly satisfactory financial result in 2013; we have been able to deliver on the financial expectations despite, patent expiries for some of our products, high investment levels in research of development and launch of new products

- Revenue of approximately DKK 15.3 billion (~-3% growth)
- Profit from operations (EBIT) of approximately DKK 1.6 billion Danish (~-7% growth)

The table also includes the financial results if we adjust the recurring costs of 530 million Danish kroner in 2012 and 200 million Danish kroner in 2013 for restructuring of the European business as well as "one off" cost of 700 million Danish kroner in 2013 in connection with EU commission fine. Operating profit (EBIT) of approximately EUR 2.5 billion (~ + 11% growth) without these one-off costs shows that the underlying business generates solid growth.

Our financial forecasts for 2014 are as follows:

- Revenue: around DKK 13.5 billion
- Profit from operations (EBIT): DKK 0.5-1.0 billion

2014 will be an investment year for Lundbeck. Despite Cipralex patent expirations and significant costs for new product launches as well as continued high investment in research & development, Lundbeck will still have solid revenue and earnings.

Share price

2013 has also been a great year for Lundbeck share. The stock began the year at a rate of about 80 Danish kroner and has in recent months positive development reached a level of approximately 170 Danish kroner - about a doubling of the rate over the past 15 months. Comparable to the OMX C20 cap index, you also see the Lundbeck share has fared much better than average in this period.

Corporate Governance

The Board of Directors believes that the Group generally meets the latest recommendations made by the Committee on Corporate Governance. However, there are two recommendations that we do not or only partly comply with:

- We do not comply with the recommendation to disclose remuneration paid to individual members of the Executive Management. 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 the Group's Executive Management. The individual members of Executive Management basically receive the same remuneration, and the Board of Directors believes that awareness of individual remuneration would not provide additional value.
- We do not comply with the recommendation on a nomination committee. The Board of Directors has not found it necessary to establish a nomination committee because the relating tasks are handled by our chairman/deputy chairman.

We have continued the process of annual board evaluations. The main conclusion from the evaluation was that the Board performs its duties well.

As I said earlier, the Board consists of nine members, six of whom are elected each year at the Annual General Meeting, while three members are elected every four years by the Group's Danish employees.

The Board held nine ordinary meetings and two extraordinary meeting in 2013, In addition, the Board held a two-day strategy seminar.

The Remuneration Committee held five meetings; the Audit Committee held three meetings and the Scientific Committee held three meetings attended by external experts and one meeting without such experts.

I will now like to explain the proposed changes to the composition of the Board.

Jes Østergaard want as you know not to run for re-election, and the Board therefore recommends Terrie Curran for election at the Annual General Meeting.

I will like to thank Jes Østergaard's dedication in Lundbeck's Supervisory Board. He has made

great efforts and contributed significantly to Lundbeck's positive development over the last 11 years - thank you!

Next, I would like to introduce Terrie Curran

Terrie Curran has extensive experience in the pharmaceutical industry from her leadership roles in among other, Merck and Celgene, where she was responsible for sales, marketing and market access and licensing, alliance management, pipeline and portfolio management. She has held global commercial management roles and has since 2013 been Corporate Vice President at Celgene Pharmaceuticals.

Terrie Curran's special qualification for board work in Lundbeck is her global experience and commercial knowledge from the US market. Her knowledge makes her an appropriate facilitator in discussions with the Board of Directors and about the commercialization and market access.

Provided that the recently introduced changes in the Board approved by the General Assembly sees the composition as shown on this slide. The Board expects to select the undersigned as Chairman and re-elect Christian Dyvig as Vice Chairman. The formal approval of the new board is in connection with agenda item 6. I also notice that Mona Elisabeth Elster, Jørn Møller Mayntzhusen and Henrik Sindal Jensen have just been elected as employee representative's for the next 4 years - congratulations. I would in this context like to thank Kim Rosenville Christensen for his efforts in the board during the past 8 years.

Are those of the board proposed candidates selected will 4 of the 6 general meeting selected members be independent. Christian Dyvig and Thorleif Krarup considered as dependent board members because of their current engagement with the Lundbeck Foundation. The rest of the proposed candidates are considered independent.

The board believes that the proposed candidates together possess the professional and international experience, which ensures the company's position as a leading global pharmaceutical company focusing on research and development in brain disorders. The Board also considers that the size of the Board is appropriate in relation to the company's needs and the aim of ensuring constructive discussions and effective decision making. There are explained individual competencies of the proposed board in the notice convening this meeting.

Under the Companies Act § 139a paragraph 1 pt. 1, Lundbeck's Supervisory Board set a target for the share of the underrepresented sex equivalent to 1-2 people out of the 6 general meeting selected boardmembers. In view of the continuity of the Board the target will be pursued achieved within a period of 4 years. The target is considered as realistic and ambitious.

If the general meeting approves the newly proposed composition of the new Board will 2 of the 6 appointed board members be women. This means that the board currently has fulfilled the ambition in terms of the proportion of the underrepresented sex. Ulf Wiinberg will go into the details of targets and achievement level for employees with management responsibilities in his presentation.

The Board proposes no change to the basic remuneration for board members related to their board and committee work in 2014 compared to 2013 - the formal approval of the remuneration

is in connection with Agenda point 4.

Our vision and mission

We want to be the world leader in psychiatry and neurology at the same time that we improve the quality of life for people suffering from psychiatric and neurological disorders. This ambition is described in our vision and mission.

Directors' and Management's overall goal in recent years has been to transform Lundbeck from a European company with 'a product' to a global company with many products. With recent product approvals and launches, we are well on the way to bring Lundbeck through this transition, period.

Focus the coming years will continue to be on expanding the business geographically and introduce new products to the benefit of patients, society and Lundbeck, including Lundbeck's shareholders.

I will now pass the floor to Ulf Wiinberg, who will provide more details about our results for 2013 and our financial forecasts.