

## H. Lundbeck A/S

On 25 March 2015 at 10 a.m., the Annual General Meeting of H. Lundbeck A/S, Central Business Register (CVR) no. 56759913 was held at the Company's address, Ottiliavej 9, DK-2500 Valby.

Håkan Björklund, Chairman of the Board of Directors, opened the General Meeting by introducing the Company's management, and then gave the General Meeting a status in relation to the recruitment of a new managing director. Håkan Björklund recalled that Ulf Wiinberg resigned as chief executive officer in November 2014, and that in this connection the Board of Directors had asked him to take on an extended managerial role until a new chief executive officer has been found and taken up office. He also stated that the recruitment process has been initiated, and it is expected to be finalised as soon as possible.

Lawyer Jørgen Kjergaard Madsen had been appointed Chairman of the Meeting by the Board of Directors. He announced that the General Meeting had been duly convened and formed a quorum for the transaction of business.

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

1. The report of the Board of Directors on the activities of the Company during the past year.
2. Presentation and adoption of the annual report.
3. Election of members to the Board of Directors.
4. Approval of remuneration.
  - 4.1. Approval of remuneration for the Board of Directors for the current financial year.
  - 4.2. Approval of fixed monthly remuneration for the Chairman of the Board of Directors owing to increased operational duties.
5. Resolution on the appropriation of profit or loss as recorded in the adopted Annual Report.
6. Election of one or two state-authorized public accountants.
7. Any proposals by shareholders or the Board of Directors.
  - 7.1. Proposal by the Board of Directors to extend and increase the Board of Directors' authorisation to increase the Company's share capital.
  - 7.2. 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.
  - 7.3. Proposal by the Board of Directors that the Board of Directors be authorised to purchase its own shares, until the next general meeting.
  - 7.4. The Board of Directors proposes that the Chairman of the General Meeting be authorised to register the resolutions passed by the General Meeting with the Danish Business Authority (*Erhvervsstyrelsen*).

8. Any other business.

**Re. Items 1 - 2: The report of the Board of Directors on the activities of the Company during the past year and presentation of the annual report for adoption**

Håkan Björklund, Chairman of the Board of Directors, reported on the Company's activities during the year elapsed and announced that 2014 had been a very busy year with much progress for Lundbeck. He stated that in 2014 the Company had 39 product launches globally, including Brintellix which was launched in the USA and in a number of European and international markets, Abilify Maintena which was launched in a number of European countries, Selincro which was launched in the most important European countries and Northera which was launched in the USA. Håkan Björklund further stated that the Board of Directors expects that 2015, with more than 50 product launches, will be even more busy than 2014.

Håkan Björklund then mentioned a number of important milestones achieved by Lundbeck in relation to research and development during 2014. He stated that in 2014 the Company submitted an application for registration of Brexipiprazol to the American authorities (for both schizophrenia and depression). Also, Lundbeck received the results from clinical studies which support the Company's strategically most important new products, including data showing that Brintellix improves the cognitive function and that Abilify Maintena reduces the degree of hospitalization in patients with schizophrenia. Håkan Björklund further stated that unfortunately Lundbeck had to stop developing Desmoteplase, as it was not possible to show adequate effect of the drug in phase III studies.

In 2014 the Company continued entering into new agreements to develop activities. One of the most important agreements in 2014 was the acquisition of Chelsea at USD 530 million, which meant that the Company could introduce Northera in the USA in the second half of 2014.

In 2014, Lundbeck achieved a financial result which was in accordance with the expectations of the Board of Directors. The Company had a revenue of approximately DKK 13.5 billion, which is a decline of 12% against 2013. The results of operating activities (EBIT) was approximately DKK 100 million, which is a reduction of 94% against 2013, whereas Core EBIT was at approximately DKK 1.2 billion, which corresponds to a decline of 46% against 2013. The declining revenue and EBIT against 2013 are owing to patent expiry in relation to some of Lundbeck's most important products, and to substantial investments in research and development and the introduction of new products.

Håkan Björklund explained that the Board of Directors is well under way with implementing its strategy to diversify Lundbeck's product portfolio. This can be seen in that the Company's top three products in 2011 accounted for 80% of the Company's revenue, whereas the company's top three products accounted for only 60% of the 2014 revenue. The Board of Directors will work to continue this development, as it is the

assessment of the Board of Directors that Lundbeck will benefit from a more balanced product portfolio. In addition, Håkan Björklund explained that Lundbeck has obtained more geographic diversification of its products, in that the Company has switched from primarily selling its products in Europe to now selling its products internationally, the USA being an important market.

Another positive development is the new products launched by Lundbeck in recent years. Håkan Björklund stated that these products continue the solid growth and are well under way to replace the sales from the Company's mature products. The revenue from new products was approximately DKK 4.5 billion in 2014, which is an increase of about DKK 1.4 billion against 2013. This corresponds to a 44% increase. The sales from the new products thus constituted 33% of the total revenue for 2014. Håkan Björklund then went through selected new products, including Brintellix, Abilify Maintena and Selincro.

Håkan Björklund stated, as previously announced to the market, that the Board of Directors expects revenue in 2015 to be at DKK 13.2-13.7 billion and Core EBIT at about 0. The expected revenue for 2015 is thus on a par with the 2014 result, which i.a. is owing to the Company's substantial investments in research and development and the introduction of new products.

Håkan Björklund then left the floor to Lundbeck's CFO, Anders Götzsche, who explained Lundbeck's financial result for 2014.

Anders Götzsche explained the income statement of the annual report and accounted for the year's net results of DKK -193 million. Then Anders Götzsche accounted for the balance sheet and noted that the purchase of Chelsea has materially impacted the balance sheet. The interest-bearing net cash and cash equivalents were DKK 3,651 billion as at 31 December 2014. Finally Anders Götzsche stated that cash flows from operations in 2014 have declined against 2013, which i.a. is owing to the decrease in operating profit and the purchase of Chelsea.

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 the Company's 2014 figures could have been better, but it is, however, a fact that the market still has confidence in Lundbeck. Michael Thøgersen wanted a comment from the management in relation to a potential foreign exchange gain as a result of an expected interest rate increase in the USA. Michael Thøgersen also wanted to know what the total costs of Desmoteplase have been and the success rate of the projects having entered phases II and III. Finally, Michael Thøgersen wanted to know if Lundbeck has products whose patent expires in the near future, and if Lundbeck is involved in patent litigation or restraining injunctions which may influence the 2015 results. Michael Thøgersen ended by wishing all employees and the management of Lundbeck a good and successful 2015.

Håkan Björklund thanked Michael Thøgersen for his questions, and in relation to the question of success rate stated that in recent years Lundbeck has had a success rate of about 75% for projects having entered phase III, which can be compared to the CNS industry's success rate of approximately 50-60%. However, he emphasised that the Board of Directors cannot guarantee that Lundbeck will continue to have a higher success rate than the industry in general. In relation to phase II projects, it has been decided to abandon a little over half of the projects, of which some have been stopped for strategical reasons, whereas others have been abandoned because the relevant substance did not have the expected effect or side effect profile. Håkan Björklund then explained that patent protection is paramount to Lundbeck being a research organisation. All new Lundbeck products are subject to process and substance protection until well after 2020. Finally, Håkan Björklund stated that Lundbeck is involved in a number of patent cases all over the world, but that the Board of Directors does not expect that these cases will substantially impact the 2015 results.

Anders Götzsche said that the fact that the US dollar has increased in value has no short-term effect on the Company's operating profit because the Company hedges the dollar and other main currencies 12 months ahead. In the long term, however, a continued high dollar exchange rate can have a positive effect on Lundbeck, as the Company's American business constitutes a substantial part of Lundbeck's total activities.

Shareholder Keld Beyer said that he would like shareholders to be provided with better accounting information, and that he thought that the financial statements ought to be prepared in Danish in addition to the English version. Against this background he stated that he would approve the Board of Directors' report, but not the Company's financial statements.

Anders Götzsche regretted that there are shareholders who are not satisfied the the accounting information provided by Lundbeck. He explained that the Company adheres to all legal requirements in relation to the preparation of financial statements, and that the Company prepares a Danish summary of the financial statements and Danish quarterly overviews.

No one else wanted to speak, and the Chairman of the Meeting accounted that the Board of Directors' report had been adopted and that the 2014 annual report had been approved.

### **Re. Item 3: Election of members to the Board of Directors**

Under Article 5.1 of the Articles of Association, members of the Board of Directors elected at general meetings are elected for one-year terms. The Board of Directors proposed that Håkan Björklund, Lars Rasmussen and Terrie Curran be reelected. In addition, the Board of Directors nominated Lene Skole, Jesper Ovesen and Lars Holmqvist to sit as new directors. Christian Dyvig, Thorleif Krarup and Melanie G. Lee did not stand for reelection.

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

Håkan Björklund, Lars Rasmussen and Terrie Curran were reelected, and Lene Skole, Jesper Ovesen and Lars Holmqvist were elected as new directors.

The Board of Directors thus consists of:

- Håkan Björklund
- Lene Skole
- Lars Rasmussen
- Terrie Curran
- Jesper Ovesen
- Lars Holmqvist
- Jørn Møller Mayntzhusen (employee-elected)
- Henrik Sindal Jensen (employee-elected)
- Mona Elisabeth Elster (employee-elected)

**Re. Item 4.1: Approval of remuneration for the Board of Directors for the current financial year**

The Chairman of the Meeting presented the Board of Directors' proposal that the remuneration for the Board of Directors for the current financial year should be the same as for 2014.

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 else wanted to speak.

The Chairman of the Meeting announced that the Board of Directors' proposal for remuneration in 2015 was adopted.

**Re. Item 4.2: Approval of fixed monthly remuneration for the Chairman of the Board of Directors owing to increased operational duties.**

The Chairman of the Meeting presented the Board of Directors' proposal that the Chairman of the Board of Directors, because of increased managerial and operational duties, should receive fixed monthly remuneration

of DKK 589,075 (corresponding to 60% of the total monthly remuneration received by the former CEO) from and including 24 November 2014 and until a new CEO has been appointed and taken up office.

No one else wanted to speak.

The Chairman of the Meeting announced that the Board of Directors' proposal for fixed monthly remuneration for the Chairman of the Board of Directors 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 no dividend be paid for the 2014 financial year, and that the net profit or loss for the year be transferred to the next financial year.

No one else wanted to speak.

The Chairman of the Meeting announced that the Board of Directors' proposal not to pay dividend was adopted.

**Re. Item 6: Election of one or two state-authorized public accountants**

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

The proposal was adopted.

**Re. Item 7: Any proposals by shareholders or the Board of Directors**

**Re. Item 7.1:**

The Chairman of the Meeting presented and explained the Board of Directors' proposal to extend and increase the Board of Directors' authorisation to increase the Company's share capital by a total of DKK 100 million until 25 March 2020.

The proposal was adopted.

**Re. Item 7.2:**

The Chairman of the Meeting explained the Board of Directors' proposal to amend the remuneration guidelines for the Board of Directors and Executive Management of H. Lundbeck A/S. The proposed remuneration guidelines reflect the resignation of the former CEO.

The proposal was adopted.

**Re. Item 7.3:**

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

Shareholder Keld Beyer commented that he would like the purpose for which the Company's own shares are used to be stated in the Company's annual report.

Anders Götzsche confirmed that if the Company chooses to purchase its own shares, then the purpose of these shares will be stated in the annual report, and that this is a legal requirement.

The proposal was adopted.

**Re. Item 7.4:**

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 General Meeting and to report changes to the Danish Business Authority.

The proposal was adopted.

**Re. Item 8: Any other business**

No one else wanted to speak.

The Chairman of the Meeting then announced that the agenda had been exhausted and gave the floor to the Chairman of the Board of Directors, who thanked those attending the Annual General Meeting.

The General Meeting was closed at 10.57 a.m.

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As keeper of the minutes

Jørgen Kjergaard Madsen  
Chairman of the meeting