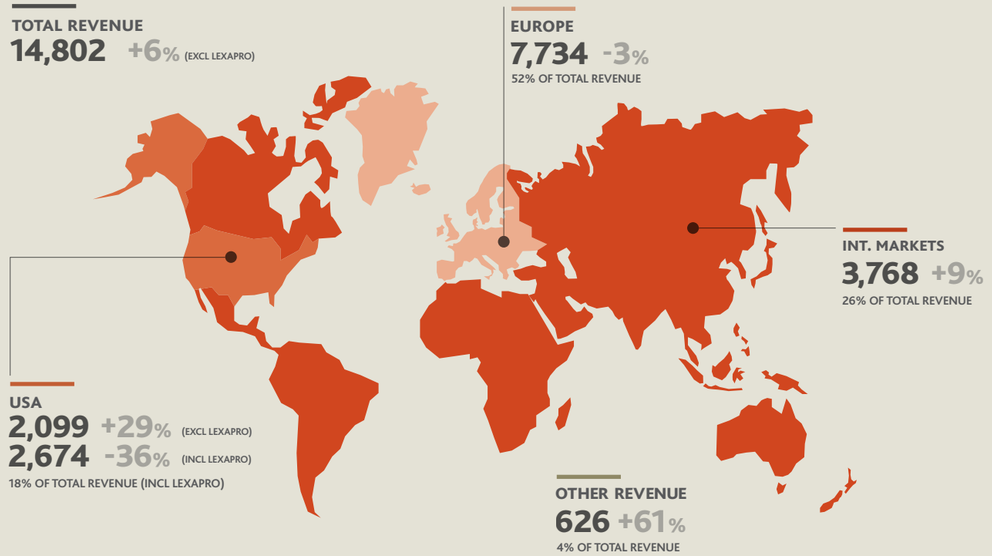
ANNUAL REPORT 2012

Treating brain disorders

Lundbeck

OUR 2012 PERFORMANCE

REVENUE AND GROWTH BY REGION (DKKm)

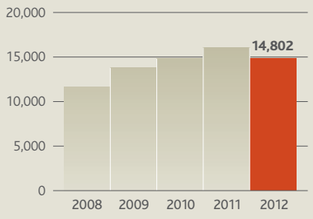


REVENUE AND GROWTH BY PRODUCT (DKKm)

6,402 -25% **CIPRALEX®/LEXAPRO®** (escitalopram) Depression/anxiety	**2,803** +2% **EBIXA®** (memantine) Alzheimer's disease	**1,224** +3% **AZILECT®** (rasagiline) Parkinson's disease	**1,197** +40% **XENAZINE®** (tetrabenazine) Huntington's disease
376 +22% **SABRIL®** (vigabatrin) Epilepsy	**255** N/A **ONFI™** (clobazam) Lennox-Gastaut syndrome	**109** N/A **SAPHRIS/SYCREST®** (asenapine) Bipolar disorders/schizophrenia	**1,810** -10% **OTHER PHARMACEUTICALS** Rest of Lundbeck's products

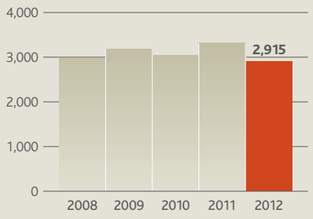
5 YEARS PERFORMANCE

REVENUE
(DKKm)



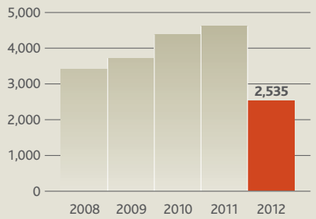
EURm 1,989
USDm 2,566

RESEARCH AND DEVELOPMENT COSTS
(DKKm)



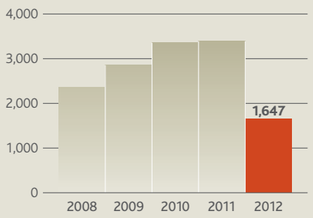
EURm 392
USDm 505

OPERATING PROFIT BEFORE DEPRECIATION AND AMORTISATION (EBITDA)
(DKKm)



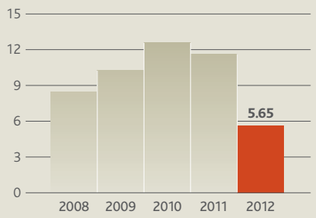
EURm 341
USDm 439

PROFIT FROM OPERATIONS (EBIT)
(DKKm)



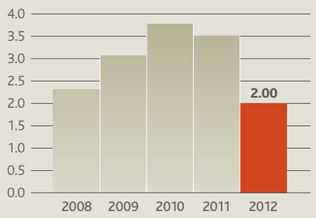
EURm 221
USDm 285

EARNINGS PER SHARE
(DKK)



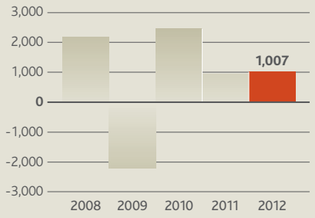
EUR 0.76
USD 0.98

PROPOSED DIVIDEND PER SHARE
(DKK)



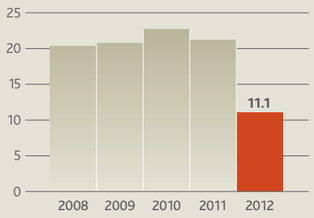
EUR 0.27
USD 0.35

CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES
(DKKm)



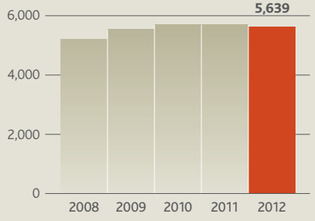
EURm 135
USDm 175

EBIT MARGIN
(%)



EUR 11.1
USD 11.1

AVERAGE NUMBER OF EMPLOYEES



OUR BUSINESS

We are a specialized pharmaceutical company engaged in developing new and innovative treatments for brain disorders on the basis of in-house research and external partnerships.

LUNDBECK HAS ACTIVITIES RELATING TO A NUMBER OF BRAIN DISORDERS:

ALZHEIMER'S DISEASE
BIPOLAR DISORDER
DEPRESSION/ANXIETY
EPILEPSY
HUNTINGTON'S DISEASE
PARKINSON'S DISEASE
SCHIZOPHRENIA

OUR VISION
is to become a world leader in psychiatry and neurology

OUR MISSION
is to improve the quality of life of people suffering from psychiatric and neurological disorders

OUR VALUES
Imaginative – Dare to be different
Passionate – Never give up
Responsible – Do the right thing

1915
HISTORY
Lundbeck was founded by Hans Lundbeck almost 100 years ago in 1915. The company was listed on NASDAQ OMX Copenhagen in 1999

5,800
EMPLOYEES
We are approximately 5,800 employees

57
GLOBAL PRESENCE
We are a global company with presence in 57 countries and with competencies and activities throughout the value chain: research, development, production, marketing and sales

70%
LUNDBECK FOUNDATION
The Lundbeck Foundation is the largest shareholder of Lundbeck, owning 70% of the company. In 2012, the Foundation made grants of DKK 482 million to support research within medical and natural sciences

20%
RESEARCH AND DEVELOPMENT
In 2012, 20% of our revenue was reinvested in research and development of new and innovative pharmaceuticals for the treatment of brain disorders

5
SUBMISSIONS OF REGISTRATION APPLICATIONS
Abilify once-monthly in Europe and the US (together with Otsuka Pharmaceutical Co., Ltd)

Brintellix in Canada, Europe and the US (in the US together with Takeda Pharmaceutical Company Limited)

2
PRODUCT APPROVALS/ RECOMMENDATIONS
Approval of Treanda in Canada

Positive recommendation for Selincro from the European Medicines Agency's (EMA) Committee for Medicinal Products for Human Use (CHMP)

2
NEW PRODUCT LAUNCHES
Onfi in the US

Treanda in Canada

NEW GROWTH ERA

2012 was an eventful year for Lundbeck with satisfactory financial, strategic and operational performance. We delivered on our financial guidance, oversaw a number of positive developments in our pipeline and celebrated the successful launches of two new products. A solid platform has been created for taking Lundbeck to a new growth era within the coming years.

For several years, Lundbeck has been building and shaping the business to the era after Lexapro in the US. We have obtained our own commercial platform in the US through the acquisition of Ovation Pharmaceutical Inc. in 2009; we have launched and grown several products, such as Onfi, Sabril and Xenazine in the US, Lexapro in Japan and Saphris/Sycrest in several markets; and we have expanded our business in Asia, Canada and Latin America. In the same period, Lundbeck has invested significantly in the development of new innovative pharmaceuticals and we now have a record high number of drugs in late-stage clinical development or going through regulatory approval to replace existing products facing patent expiry.

Lundbeck continuously adapts the business to fit our strategy and the business environment. In Europe, the environment for innovative pharmaceutical companies is challenging and characterized by uncertainty, as a consequence of the financial crisis. In 2012, we restructured our European commercial operations and implemented a more flexible operating model in order to adapt to the new business environment.

All in all, significant progress has been made in the efforts to build a more differentiated company with more products being promoted on a global basis, and today we are in a much stronger position than we could have expected five years ago.

Our aim for the years ahead is to take Lundbeck to the next level in the company's evolution, while retaining our position as global specialist in brain disorders with an even broader product portfolio. The expected launches in 2013 of another three new products; Abilify once-monthly, Brintellix and Selincro, will contribute significantly to Lundbeck's future growth. Further positive progress in our late-stage pipeline and continued geographical expansion will also result in a more balanced product and geographical split in 2015.

PUTTING PATIENTS FIRST

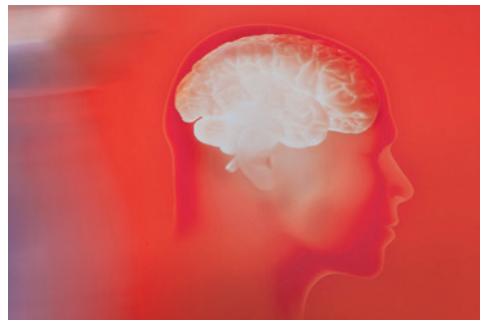
Ultimately, everyone at Lundbeck is driven by the desire to make a positive difference to patients affected by brain disorders. Brain disorders are among the most disabling of conditions and carry the highest societal costs. Patients will always be our most important stakeholders. Our knowledge of their unmet medical needs shapes our work and motivates us to develop new and better drugs. Our key areas of focus are alcohol dependence, Alzheimer's disease, depression/anxiety, epilepsy, Huntington's disease, Parkinson's disease, schizophrenia and stroke. We are proud to contribute towards promoting patients' access to improved treatment options worldwide within these disease areas.

On behalf of Lundbeck's Board of Directors, management and employees, we would like to thank all our shareholders, customers and business partners for the interest and trust they have shown in our company throughout 2012.

Ulf Wiinberg
President and CEO

Mats Pettersson
Chairman of the Board of Directors

CONTENTS



Photos
In this annual report, we include photos of people living with brain disorders. Read their stories at www.lundbeck.com or in the Lundbeck Magazine.

Front page photo: Melanie Baybut (South Africa) suffered from depression.

MANAGEMENT REVIEW

2012 was an eventful year for Lundbeck with positive pipeline progress, two new product launches and strong product performance despite difficult market conditions.

Lundbeck is in the process of renewing its product portfolio and expanding its geographic reach. Some of our products are maturing, and we are addressing this challenge by focusing on our pipeline, partnerships and new product launches in more countries.

Our strategic portfolio of new products launched in recent years includes Lexapro in Japan, Onfi, Sabril, Saphris/Sycrest, Treanda and Xenazine. In 2012, we launched two of these products, Onfi in the US and Treanda in Canada. Together, these six new products already generated revenue of over DKK 2 billion in 2012, and they are expected to continue to show high growth.

Our key pipeline products advanced according to plan in 2012. We received positive opinion for approval of Selincro (nalmefene) from the European Medicines Agency's (EMA) Committee for Medicinal Products for Human Use (CHMP). Abilify once-monthly (aripiprazole IM depot) was successfully filed in Europe and the US, and we have subsequently received acceptance from the EMA, as well as a complete response letter from the U.S. Food and Drug Administration (FDA). Registration applications for Brintellix (vortioxetine) were submitted to and accepted by the authorities in Canada, Europe and the US, and finally Lu AE58054 also made positive progress. We expect to launch up to three of these new products (Abilify once-monthly, Brintellix and Selincro) over the coming 12 months, and following the planned launches we expect the new products to provide a solid platform for Lundbeck's long-term growth.

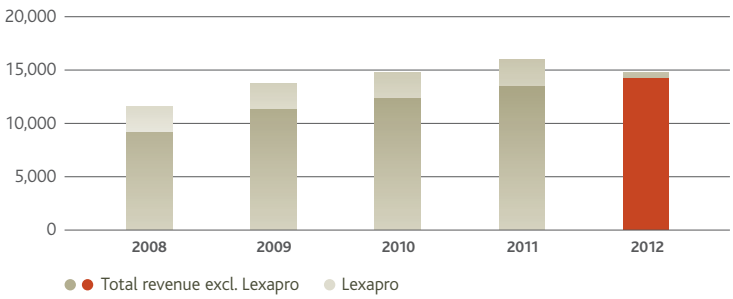
At the same time as focusing our efforts in product development and new product launches, we are also expanding our geographic reach by investing in regions of growth and launching products in new markets. In 2012, we launched Azilect in three new markets (Australia, Hong Kong and Thailand) and Treanda in Canada.

Lundbeck continues to reap the benefits of a well-established partner strategy. In 2012, we developed the collaborative work with Otsuka Pharmaceutical Co., Ltd. and Takeda Pharmaceutical Co., Ltd., and as a result, we are now closer to bringing Abilify once-monthly and Brintellix to market. Also the commercialization of Lexapro in Japan by Mochida Pharmaceutical Co., Ltd. and Mitsubishi Tanabe Pharma Corporation is progressing well.

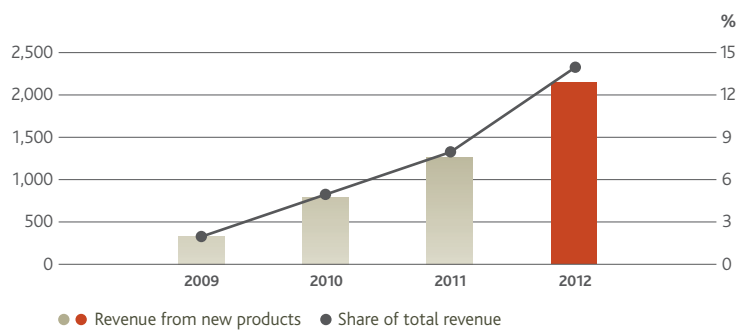
We continuously adapt the organization to fit our strategy and the business environment. In order to enable the successful transition of our European product portfolio and to mitigate increased pressure from healthcare reforms, generic competition and uncertainty surrounding pricing and reimbursement in Europe, in June 2012, we announced plans to restructure our European commercial operations. The aim was to establish a more flexible commercial infrastructure and at the same time to maintain cost control. The restructuring involved the reduction of around 600 positions in our European subsidiaries.

As illustrated in Events & milestones on pp. 6-7, 2012 was an eventful year for Lundbeck.

TOTAL REVENUE 2008-2012 (DKKm)



REVENUE FROM NEW PRODUCTS 2009-2012 (DKKm)•



• New products include Lexapro in Japan, Onfi, Sabril, Saphris/Sycrest, Treanda and Xenazine

FINANCIAL RESULTS

Our financial performance in 2012, excluding restructuring costs, was in line with our expectations for the year. The results were consistent with the guidance provided in the financial report for the first half of 2012. Lundbeck continues to deliver profitable results, despite having lost most of our revenue from Lexapro in the US following the patent expiration in 2012.

Our strategic initiatives around our product portfolio and geographic expansion continued to go according to plan. Our new products generated total revenue of DKK 2,141 million, which is more than we lost on the patent expiration of Lexapro in the US. In 2012, revenue from our new products increased 71% compared to 2011 and now represent 14% of Lundbeck's total revenue, compared to 8% last year.

As a result of our geographic expansion, Lundbeck showed continued strong growth in International Markets (9%) and in our new products in the US (Onfi, Sabril and Xenazine, 59%). The year was impacted by constant pressure from healthcare reforms, as well as generic competition in certain countries, but the underlying volume growth in Europe continued.

Revenue for the year, excluding Lexapro in the US, was DKK 14,227 million, which is an increase of 6% compared to 2011. **Total revenue** for the year was DKK 14,802 million, which is a decrease of 8% compared to 2011.

Total costs for the year were DKK 13,155 million due to the extensive investment in product launches, which is expected to continue into 2013, and the one-off costs of DKK 530 million for the restructuring of our European commercial operations. Research and development (R&D) costs continued to be high and were DKK 2,915 million, corresponding to 20% of revenue. This is a decrease in R&D costs of 12% compared to 2011, which is explained by restructuring costs of DKK 410 million in 2011.

Profit from operations before depreciation and amortisation (EBITDA) was DKK 2,535 million, or DKK 3,065 million excluding one-off restructuring costs. **Profit from operations (EBIT)** was DKK 1,647 million, or DKK 2,177 million excluding one-off restructuring costs, corresponding to an EBIT margin of 11.1% or 14.7% respectively.

Profit for 2012 was lifted by a milestone payment related to the filing of Brintellix in the US for around DKK 285 million from our partner Takeda, and by a gain of DKK 115 million relating to the divestiture of the investment in Proximagen Group plc. At the same time, profit was affected by the decrease in Lexapro revenue in the US and by the restructuring charge of DKK 530 million mentioned.

The effective tax rate in 2012 was 30.0%, corresponding to a tax of DKK 475 million, compared to 30.8% in 2011.

Profit for the year was DKK 1,107 million, which translates to earnings per share of DKK 5.65. The Board of Directors will propose to the Annual General Meeting a dividend payout ratio of 35% of the year's profit after tax, equating to DKK 2.00 per share.

Cash flows from operating activities were DKK 2,112 million. At 31 December 2012, Lundbeck had interest bearings, net cash and cash equivalents of DKK 1,893 million, compared to DKK 2,023 million at the end of 2011.

For details on financial statements, see p. 61.

FINANCIAL GUIDANCE

In order to maximize our long-term growth opportunities, Lundbeck has decided to increase the investments in late-stage pipeline and new product launches in the coming years. In December 2012, we therefore revised our financial plans for 2013-2014 (originally presented in November 2010).

For 2013, Lundbeck expects total revenue in the range of DKK 14.1-14.7 billion and EBIT in the range of DKK 1.6-2.1 billion. The expectations include the anticipated milestones on Brintellix, the income from the divestiture of non-core products in the US (announced in December 2012) as well as the absent revenue from these products. For 2014, Lundbeck expects revenue around DKK 14 billion and EBIT in the range of DKK 0.5-1.0 billion, both depending especially on the success of product launches.

FORECAST 2013-2014

	FORECAST* 2012 (DKKbn)	ACTUAL 2012 (DKKm)	FORECAST 2013 (DKKbn)	FORECAST 2014 (DKKbn)
Revenue	14.5-15.2	14,802	14.1-14.7	~14
Profit from operations (EBIT)	2.0-2.5	2,177**	1.6-2.1	0.5-1.0

* According to guidance provided in the financial report for the first half of 2012
** Excluding one-off restructuring costs

DISCLAIMER

Forward-looking statements are subject to risks, uncertainties and inaccurate assumptions. This may cause actual results to differ materially from expectations. Various factors may affect future results, including interest rates and exchange rate fluctuations, delay or failure of development projects, production problems, unexpected contract breaches or terminations, government-mandated or market-driven price decreases for products, introduction of competing products, Lundbeck's ability to successfully market both new and existing products, exposure to product liability and other lawsuits, changes in reimbursement rules and governmental laws and unexpected growth in expenses.

EVENTS & MILESTONES 2012

	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE
PIPELINE AND PRODUCTS	Onfi is launched in the US	Lundbeck acquires remaining rights to desmoteplase for the treatment of acute ischaemic stroke (blood clot in the brain) from Paion AG	Positive data on Selincro (nalmefene) on reduction of alcohol consumption is presented at the European Congress of Psychiatry (ECP) The patent on Lexapro in the US expires Azilect is launched in Hong Kong and Thailand and subsequently in Australia		Positive data on Abilify once-monthly (aripiprazole IM depot) for the maintenance treatment of schizophrenia is presented at the Annual Meeting of the American Psychiatric Association (APA) Positive data on Brintellix (vortioxetine) in Major Depressive Disorder (MDD) is presented at APA Positive headline data on Lu AE58054 in Alzheimer's disease	
OTHER	Lundbeck receives silver medallion in the prestigious Shingo competition for our world-class manufacturing principles		Melanie G. Lee, CEO of Syntaxin Ltd, is elected to the Board of Directors at the Annual General Meeting Lundbeck awarded for ethical leadership in the pharmaceutical industry by legal action charity, Reprieve		Lundbeck establishes sponsored Level I ADR programme in the US Lundbeck's Executive Management is reduced from four to three members Lundbeck's Executive Management invest own funds in the company's shares in exchange for additional warrants	Lundbeck initiates restructuring of European commercial operations in order to enable a smooth transition of our European portfolio

JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER
Lundbeck and Otsuka Pharmaceutical Co., Ltd. receives a complete response letter from the U.S. Food and Drug Administration (FDA) on Abilify once-monthly	Treanda (bendamustine HCl) is approved by Health Canada for the treatment of chronic lymphocytic leukemia (CLL) and indolent non-Hodgkin lymphoma (NHL)	A resubmitted New Drug Application (NDA) for Abilify once-monthly is accepted by the FDA Lundbeck receives acceptance from the European Medicines Agency (EMA) on the submission of a Marketing Authorisation Application (MAA) for Brintellix Treanda is launched in Canada The license agreement regarding Selincro outside of Europe and the US is amended and Lundbeck makes an equity investment in Biotie Therapies Corp.	Lundbeck and Takeda Pharmaceutical Co., Ltd. announce the submission to the FDA of an NDA for Brintellix in the US Brintellix is submitted to Health Canada		FDA accepts the submission of Brintellix in the US The EMA's Committee for Medicinal Products for Human Use (CHMP) gives their positive recommendations for Selincro in Europe An MAA for Abilify once-monthly is submitted and accepted by the EMA Lundbeck announces the intended divestiture of a non-core product portfolio in the US in order to focus on newer, strategic products. The divesture to Italian Recordati S.p.A. includes Chemet (succimer), Cosmegen (dactinomycin for injection), Desoxyn (methamphetamine hydrochloride), Elspar (asparaginase), Indocin (indomethacin), Mustargen (mechlorethamine HCL for injection), NeoProfen (ibuprofen lysine), Panhematin (hemin), Peganone (ethotoin) and Tranxene (clorazepate)
Lundbeck receives a Statement of Objections from the European Commission regarding citalopram agreements concluded in 2002-2003 with four generic competitors					Lundbeck announces its revised financial plans for 2013-2014 following significant investments in product development and new product launches in the coming years

STRATEGY REVIEW

IN TRANSITION TO A NEW GROWTH ERA

Lundbeck is a specialized pharmaceutical company engaged in developing and commercializing new and innovative treatments for brain disorders. It is our vision to become a world leader in our field and create better treatments for the millions of people living with psychiatric and neurological disorders.

Lundbeck is the second largest pharmaceutical company in Scandinavia and number 42 in the world. Our work is based on in-house research and external partnerships. Although we are small compared to our competitors, we have demonstrated our ability to bring novel treatments to market. Lundbeck has been at the frontier of pharmaceutical research within brain disorders since the 1950s, and through the years, prognosis and treatment opportunities have radically improved and helped millions of people around the world.

Although progress has been achieved during the last century, a huge unmet medical need still remains. Brain disorders are one of the biggest healthcare challenges facing society today. For a company like Lundbeck, this challenge is also a great opportunity. As a specialist in brain disorders, we are in a unique position to develop and ensure the dissemination of new and innovative treatments to patients.

Lundbeck's strategy is to deliver on our late-stage pipeline, renew our product portfolio and expand geographically in order to bring Lundbeck to a new growth era, which will reinforce Lundbeck's leading position as engaged in new and innovative treatments for brain disorders.

Towards 2015, we will 1) significantly invest in long-term growth opportunities, while remaining profitable; 2) continue high investments in research and development (R&D) and deliver on our late-stage pipeline; 3) launch and grow our new products in order to improve the diversification of our product portfolio; and 4) expand in new markets and strengthen our global position.

"MORE THAN 700 MILLION CASES OF BRAIN DISORDERS ARE REPORTED EACH YEAR."

THE WORLD HEALTH ORGANIZATION (WHO), 2004

OUR STRATEGIC AMBITIONS

Lundbeck's strategic ambitions are devised under the headline "In transition to a new growth era" and include four ambitions.

FINANCIAL AMBITION

LONG-TERM GROWTH FROM 2015

IMPROVING

- In 2012, Lundbeck achieved its financial guidance for the year, excluding restructuring costs, despite operating in a more hostile environment of healthcare reforms, generic competition and price cuts.
- At the end of 2012, we announced our decision to increase investments in our late-stage pipeline and new product launches in the coming years in order to maximize Lundbeck's long-term growth opportunities. As a consequence of these investments, the financial plans for 2013-2014 have been revised.
- For 2013, we expect total revenue in the range of DKK 14.1-14.7 billion and EBIT in the range of DKK 1.6-2.1 billion.
- For 2014, we expect revenue around DKK 14 billion and EBIT in the range of DKK 0.5-1.0 billion, depending especially on the success of product launches.

R&D AMBITION

FOCUS ON LATE-STAGE PIPELINE

DELIVERING

- In 2012, Lundbeck experienced significant progress in its late-stage pipeline and made high investments in R&D, despite the loss of revenue from Lexapro in the US.
- In 2013-2014, we will continue to develop our late-stage pipeline with potential approval of three new products; Abilify once-monthly, Brintellix and Selincro. In the same period we aim for submission of registration applications for brexpiprazole and desmoteplase, and for initiation of clinical phase III studies for Lu AE58054.
- We will focus our long-term R&D efforts on the development of new pharmaceuticals targeting the underlying mechanisms which causes brain disorders.

PRODUCT AMBITION

DIVERSIFIED PRODUCT PORTFOLIO

ON TRACK

- During 2012, Lundbeck improved the diversification of its product portfolio. New products increased to 14% of the total revenue. Growth in sales on Sabril and Xenazine in the US as well as Lexapro in Japan contributed to a more diversified product portfolio, as did the launches of Onfi in the US, Treanda in Canada and Saphris/Sycrest in several new markets.
- In 2013 and 2014, we will continue to focus on launching new products: Selincro in selected European markets (2013); Abilify once-monthly (together with Otsuka Pharmaceutical Co., Ltd.) in the US (2013) and in Europe (2014); and Brintellix in Canada and the US (in the US together with Takeda Pharmaceutical Co., Ltd.) (2013) and Europe (2014).
- We expect our new products to provide a solid platform for Lundbeck's long-term growth.

GEOGRAPHICAL AMBITION

BALANCED GEOGRAPHICAL DIVERSIFICATION IN 2015

ON TRACK

- In 2012, Lundbeck revenue from International Markets and the US amounted to DKK 6,442 million. We have strengthened our geographical position by expanding our own sales teams in growth markets such as Canada, China and the US.
- The expansion will continue in 2013 with a new psychiatry sales force in the US to support the launch of Abilify once-monthly and Brintellix from 2013.
- We aim for a more balanced geographical split in 2015 between Europe, International Markets and the US.

THE TRANSITION OF LUNDBECK

FROM

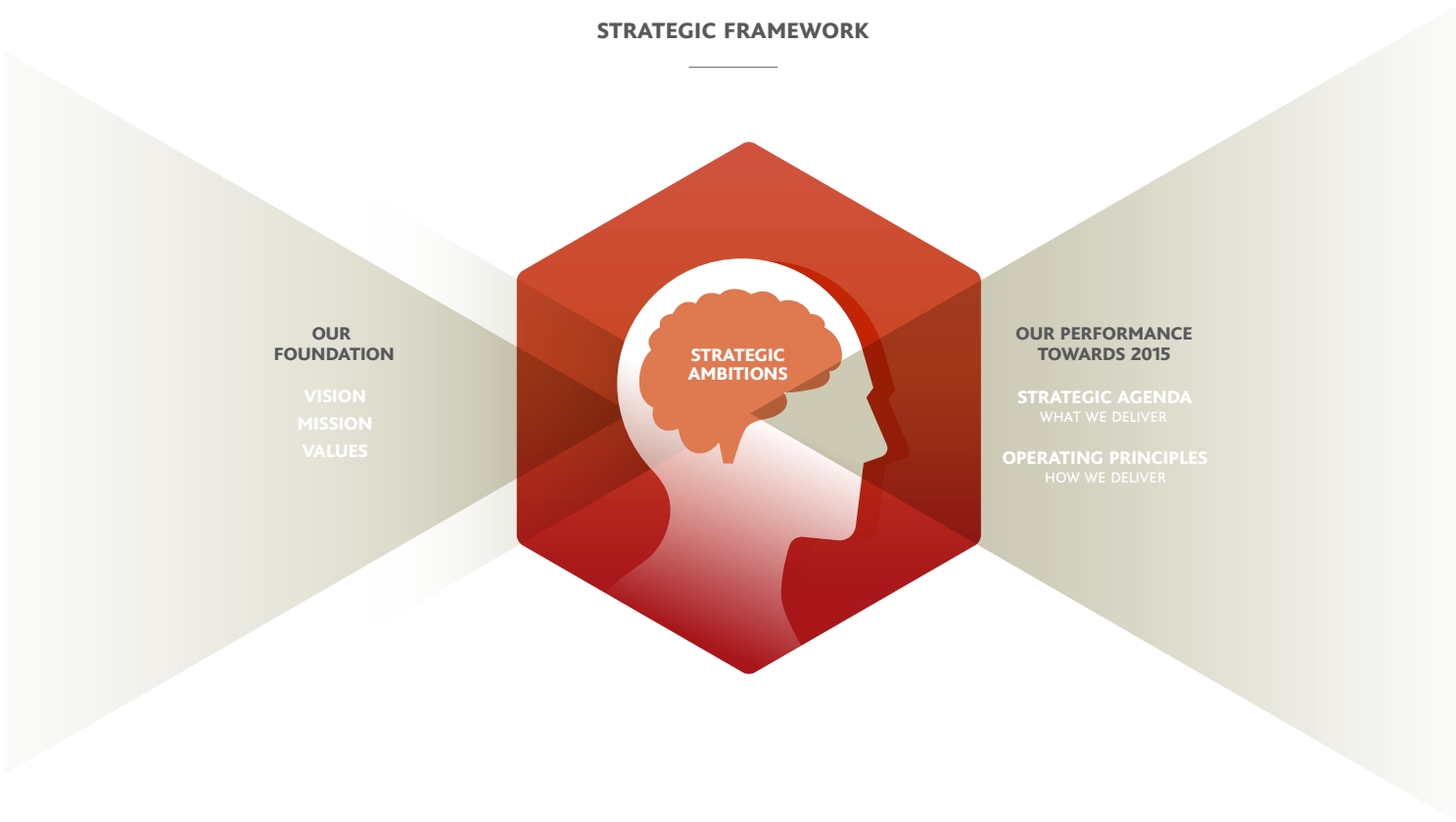
EUROPEAN "ONE PRODUCT" COMPANY

TO THE NEW LUNDBECK

GLOBAL GROWTH PLATFORM
- Expand in new geographic markets

A MULTIPLE PRODUCT COMPANY
- Deliver on late stage pipeline
- Execute new product launches
- Drive growth of diversified portfolio

STRATEGIC FRAMEWORK



OUR STRATEGIC AGENDA TOWARDS 2015

To help us achieve our strategic ambitions, we have set a strategic agenda for the transition period towards 2015. This is where we will focus our efforts in the coming years in order to return to sustainable profitable growth from 2015 onwards.

OUR STRATEGIC AGENDA TOWARDS 2015 CONSISTS OF SIX PILLARS

1. R&D STRATEGY
2. LATE-STAGE PIPELINE
3. PRODUCT DIVERSIFICATION
4. GEOGRAPHICAL EXPANSION
5. PARTNERSHIPS AND BUSINESS DEVELOPMENT
6. ORGANIZATIONAL EFFICIENCY AND HIGH-PERFORMANCE CULTURE

1. R&D STRATEGY

After many years of research, progress has been made in biological understanding of brain disorders. Causal factors for most of these illnesses still remains unknown and this is a major challenge for radical changes in therapy, but with time, knowledge will pave the way for new and improved treatments.

In 2010, Lundbeck launched its new R&D strategy to deliver breakthrough pharmaceuticals capable of improving the lives of patients with brain disorders. The aim of our R&D strategy is to enable the discovery and development of new pharmaceuticals to target the underlying mechanisms of brain disorders. The strategy requires comprehensive research into the brain and the biology and mechanisms of brain disorders, as well as improved understanding of research targets and clinical outcomes. It is essential for Lundbeck to maintain strong internal R&D capabilities in order to establish optimal networks and partnerships. We will continue to build external alliances to supplement our internal capabilities, taking advantage of the increased opportunities provided by innovative technologies.

2. LATE-STAGE PIPELINE

Lundbeck's late-stage pipeline consists of three products under regulatory review, four products in clinical phase III, and two products in clinical phase II. These projects aim at fulfilling unmet medical needs for patients and society. For a company of Lundbeck's size, this portfolio represents a solid platform for future growth and we will continue to invest significantly in this area.

Selincro is under regulatory review in Europe and is expected to offer a new treatment option for patients with alcohol dependence. Lundbeck aims to launch Selincro in the first European markets in 2013.

Abilify once-monthly is expected to be launched in the US in 2013 and in Europe in 2014. This project will increase our presence in the market for antipsychotics, which today is the largest area in the market for pharmaceuticals for the treatment of brain disorders.

Brintellix is a new antidepressant. With the expected approval of Brintellix in 2013 in Canada, Europe and the US, we will be able to maintain our leading position within the depression market. Brintellix is expected to be launched in Canada and the US in 2013 and in Europe in 2014.

In 2012, Lundbeck achieved positive clinical phase II results from Lu AE58054. As a consequence of the aging population, the prevalence of Alzheimer's disease will increase in the coming years and the treatment options are still limited. Lundbeck plans to initiate clinical phase III studies in 2013, and the project will ensure that we remain a leading player in the anti-Alzheimer's market.

In the coming years, we further aim for submission of registration applications for brexpiprazole for the treatment of schizophrenia and major depression, and desmoteplase for the treatment of acute ischaemic stroke.

3. PRODUCT DIVERSIFICATION

The market for pharmaceuticals for the treatment of brain disorders is the largest pharmaceutical category, growing to USD 134 billion in 2011. To Lundbeck, the size of this market provides plenty of room for growth. However, in order to exploit growth opportunities, we need to launch new and better treatments.

Lundbeck's established business consists of Azilect, Cipralex/Lexapro, Ebixa and a portfolio of mature products. In the period 2012-2014, the market exclusivity on Cipralex and Ebixa will expire, resulting in a decline in revenue from these products. Since 2008, Lundbeck has invested heavily in new product opportunities in order to diversify our product portfolio as a platform for long-term growth.

With the acquisition of US-based Ovation Pharmaceuticals, Inc. in 2009, we gained the rights to a promising neurology portfolio for the US market. This has resulted in the successful launches and growth of Onfi, Sabril and Xenazine.

In 2011, we launched Lexapro in Japan together with our partners Mochida Pharmaceutical Co., Ltd. and Mitsubishi Tanabe Pharma Corporation. We also acquired the rights to a portfolio of products from Cephalon, Inc. (a wholly owned subsidiary of Teva Pharmaceutical Industries Ltd.) for the Canadian and Latin American markets. One of these products, Treanda, was approved and launched in Canada in 2012.

Altogether our new products (including Lexapro in Japan, Onfi, Sabril, Saphris/Sycrest, Treanda and Xenazine) constituted 14% of Lundbeck's revenue in 2012. In the period 2013-2014, we will continue to diversify our product portfolio and plan to launch Abilify once-monthly, Brintellix and Selincro. We expect our new products to provide a solid platform for Lundbeck's long-term growth.

4. GEOGRAPHICAL EXPANSION

Lundbeck's ambition is to build a global growth platform which balances our solid presence in Europe with expansion in International Markets and the US.

In 2012, Europe constituted 27% of the global market for pharmaceuticals for the treatment of brain disorders. Europe is Lundbeck's home market and we have a strong presence in this region. In 2012, Lundbeck generated DKK 7,734 million, corresponding to 52% of the total revenue, from the European market, although the financial crisis has impacted this market heavily. Indeed, price cuts and healthcare reforms have weakened the pharmaceutical industry's ability to maintain profitable business in the region. As a consequence, in 2012, we restructured our European operations. However, with the launches of Abilify once-monthly, Brintellix and Selincro, we expect that Europe will remain an important region for Lundbeck going forward.

In 2012, revenue from International Markets amounted to DKK 3,768 million, corresponding to 26% of the total revenue, with the region experiencing significant growth. Combined with our ability to expand our presence and launch new products, these markets are expected to contribute significantly to our business in the coming years.

The US is by far the world's largest market for pharmaceuticals for the treatment of brain disorders and constitutes almost 50% of the global market. In 2012, revenue from the US amounted to DKK 2,674 million, corresponding to 18% of the total revenue, providing the company with a significant market potential. After a successful decade in the US based on sales of Lexapro, we are now establishing our own organization in the US. With the acquisition of Ovation in 2009, we have begun to build a platform in the US market. Over the next year, we will invest in our own psychiatry sales force in order to launch Abilify once-monthly in collaboration with Otsuka and Brintellix in collaboration with Takeda.

5. PARTNERSHIPS AND BUSINESS DEVELOPMENT

Development and commercialization of new drugs is both complex and costly. At the same time, the period during which investments can be recovered is continually becoming shorter. In order to maintain the strongest possible position despite these challenges, we will continue to develop and commercialize drugs in fruitful collaboration with other biotechnology and pharmaceutical companies.

Partnerships enable Lundbeck to exchange knowledge and develop new pharmaceuticals. Collaboration makes it possible to increase the number of research projects we undertake, and thus increase our chances of success. Thanks to many years of targeted efforts within the treatment of brain disorders, we can offer our partners highly specialized knowledge, and many consider Lundbeck to be an attractive partner.

6. ORGANIZATIONAL EFFICIENCY AND HIGH-PERFORMANCE CULTURE

We plan to maintain a high level of investment in the transition towards 2015. At the same time, it is necessary to increase our organizational efficiency in order to remain profitable. In 2012, we restructured our commercial operations in Europe in order to increase our efficiency and flexibility and maintain cost control. We will continue to devise projects that increase efficiency, and make our cost-base more flexible in order to invest in new growth opportunities.

Establishing a strong organization with a winning corporate culture is vital to realizing Lundbeck's full potential. To achieve success in an ever-changing and fiercely competitive market, it is important that we constantly have the optimum structure and possess the competencies we require.

Lundbeck aims to create a workplace, which attracts and retains the best employees. Consequently, since 2009, we have promoted a high-performance culture based on our corporate values; Imaginative, Passionate and Responsible – and on our operating principles; Own the future, Be ambitious and take action, Better for less and Create results together.

PEOPLE WITH BRAIN DISORDERS

In this annual report, we include photos of people living with brain disorders. Read their stories at www.lundbeck.com or in the Lundbeck Magazine.

01

02

03

01
MELANIE BAYBUT, SOUTH AFRICA
DEPRESSION

02
REBECCA DIFILIPPO, CANADA
DEPRESSION

03
JAKOB TRANBERG, DENMARK
BIPOLAR DISORDER

01

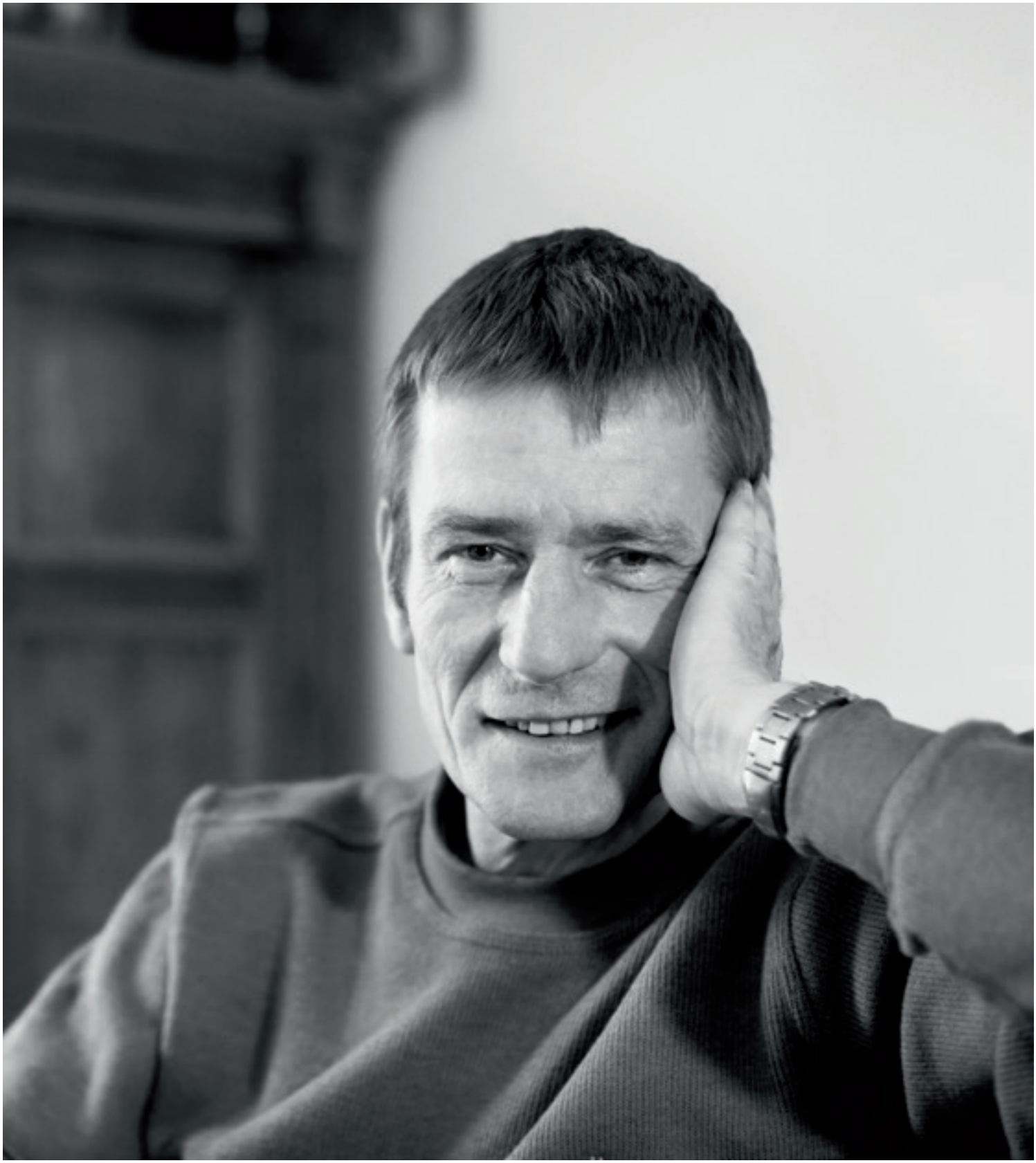
03

01
WENDY VEASEY, USA
EPILEPSY

02
KYLE BUTT, USA
INFANTILE SPASMS

03
RENÉ JENSEN, DENMARK
FORMER ALCOHOL DEPENDENT

03



01

02

03

01
MATT DOUGLAS, USA
HUNTINGTON'S DISEASE

02
COLLEEN HENDERSON-HEYWOOD, IRELAND
PARKINSON'S DISEASE

03
JEAN-CLAUDE PARENT, FRANCE
PARKINSON'S DISEASE

DISEASE REVIEW

RESEARCH AND DEVELOPMENT

Lundbeck has a broad development portfolio comprising a number of new and promising pharmaceutical candidates. In 2012, we made significant progress in our late-stage pipeline.

2

NEW PRODUCT LAUNCHES

ONFI IN THE US

TREANDA IN CANADA

2

PRODUCT APPROVALS/RECOMMENDATIONS

APPROVAL OF **TREANDA** IN CANADA

POSITIVE RECOMMENDATION FOR **SELINCRO** FROM THE EMA'S COMMITTEE FOR MEDICINAL PRODUCTS FOR HUMAN USE (CHMP) IN EUROPE

5

SUBMISSIONS OF REGISTRATION APPLICATIONS

ABILIFY ONCE-MONTHLY IN EUROPE AND THE US (TOGETHER WITH OTSUKA PHARMACEUTICAL CO., LTD.)

BRINTELLIX IN CANADA, EUROPE AND THE US (IN THE US TOGETHER WITH TAKEDA PHARMACEUTICAL COMPANY LIMITED)

"IT HAS TAKEN YEARS AND A HUGE COMMITMENT TO DEVELOP BRINTELLIX. WE ARE CONFIDENT THAT THIS NEW ANTIDEPRESSANT WILL OFFER BETTER TREATMENT AND MORE CHOICE TO PATIENTS WHO ARE CURRENTLY NOT RECEIVING OPTIMAL TREATMENT."

TINE BRYAN STENSBØL
DIVISIONAL DIRECTOR, SYNAPTIC TRANSMISSION

BENNY BANG-ANDERSEN
CHIEF SCIENTIST, DISCOVERY CHEMISTRY

POSITIVE DEVELOPMENT IN OUR PIPELINE

Lundbeck's research and development projects target areas where we already have a market presence, such as Alzheimer's disease, depression, epilepsy, Parkinson's disease and schizophrenia, as well as new areas in psychiatry and neurology, such as alcohol dependence and stroke.

Lundbeck conducts research and development (R&D) in order to create new and innovative pharmaceuticals for the treatment of brain disorders. Through investment and dedication, we strive to create the very best treatment solutions for patients around the world. In 2012, we oversaw a number of positive developments in our pipeline and at the end of the year our late-stage pipeline consisted of three compounds submitted for registration, five compounds in clinical phase III and two compounds in clinical phase II.

In support of our aim of bringing the best new treatments to market, in 2012 we invested DKK 2,915 million in R&D, equal to 20% of our revenue.

● Psychiatric disorders ● Neurological disorders ● Disorders where Lundbeck operates but does not currrently have pharmaceutical candidates in late-stage clinical development

PRODUCTS IN LATE-STAGE DEVELOPMENT

DISEASE	COMPOUND	PHASE II	PHASE III	REGISTRATION APPLICATION
Schizophrenia	**Abilify once-monthly (aripiprazole IM depot)**			●
Alcohol dependence	**Selincro (nalmefene)**			●
Depression / anxiety	**Brintellix (vortioxetine)**			●
Epilepsy	**IV carbamazepine**		●	
Psychiatric disorders	**Brexpiprazole**		●	
Stroke	**Desmoteplase**		●	
Psychosis	**Zicronapine**		●	
Depression	**Tedatioxetine**	●		
Alzheimer's disease (cognition)	**Lu AE58054**	●		

DEVELOPMENT OF A NEW PHARMACEUTICAL PRODUCT

NO. OF MOLECULES / NO. OF PATIENTS

Preclinical research
Identify and select active molecules. Evaluate safety profile and pharmacological effects in the laboratory.

New drugs undergo both in vitro (test tubes) and in vivo (animal) testing. Test of 10,000 molecules.

Phase I
Human pharmacology: evaluate safety and tolerability, as well as toxicity, absorption, distribution, metabolism and excretion.

Studies in a small group of healthy volunteers. Includes 30-150 people.

Phase II
Therapeutic exploratory: explore therapeutic efficacy and safety. Identify correct dosage, how to take the drug and the length of treatment.

Testing the drug at various dose levels in a larger group of patients. Includes 100-500 patients.

Phase III
Therapeutic confirmatory: confirm safety and efficacy in the relevant disease and patient population.

Studies in large groups of patients comparing the new drug with a commonly-used drug or placebo. Includes 500-5,000 patients.

Post-marketing
Further product development in the market.

ALCOHOL DEPENDENCE

Alcohol dependence is a brain disorder, characterized by a pattern of alcohol consumption potentially leading to physiological, psychological and social impairment. Excessive drinking increases a person's risk of developing more than 60 other diseases. Excessive alcohol consumption is also associated with a large cost to society due to accidents, violence, lost productivity, and healthcare costs.

Excessive alcohol consumption is common in many parts of the world, but especially in Europe, where approximately 14 million people are estimated to be alcohol-dependent.

Extensive research over the past 20 years has contributed to our understanding of the disease, moving the concept of alcohol dependence away from a moral character flaw to a medical condition that can – and indeed should – be treated.

CURRENT APPROACHES AND UNMET NEEDS IN THE TREATMENT OF ALCOHOL DEPENDENCE

Patients with alcohol dependence are currently under-diagnosed and under-treated. Today, the standard treatment consists of psychotherapy combined with a pharmacological intervention to achieve and maintain abstinence. Existing treatments are indicated for the maintenance of abstinence in alcohol-dependent patients, with complete abstinence from drinking as the treatment goal. However, for many patients this is not realistic or acceptable.

The relapse rate is high and the barriers to treatment through reluctance or inability to commit to abstinence have led to research into new treatment approaches. These are based on reducing harm through reducing alcohol intake.

SELINCRO (NALMEFENE) – MAA SUBMITTED IN EUROPE

Selincro is the first pharmacological treatment developed specifically for the reduction of alcohol consumption in alcohol-dependent patients. Selincro blocks the mechanism in the brain that produces the desire to drink alcohol. It can be used on an as-needed basis, thus empowering motivated patients to control their treatment by limiting the intake of alcohol.

Lundbeck has conducted the largest clinical phase III programme in this area to date. A total of approximately 2,000 patients were randomized in three studies, of which two thirds had not previously received any treatment for alcohol dependence.

The patients treated with Selincro showed more than 40% reduction in alcohol intake from the first month, and at study end 6 or 12 months later their alcohol intake was reduced by more than 60%. This reduction in patients with high risk drinking levels[1] was significantly better than placebo at study end in all three studies. In all studies, Selincro was shown to be well tolerated.

The rights to Selincro was licensed by Lundbeck from Biotie Therapies Corp. in 2006 and amended in 2012, where Lundbeck made an equity investment in Biotie. Lundbeck holds the global rights to the compound and will be responsible for manufacturing, registering and selling the product.

At the end of 2012, we received a positive recommendation for Selincro from the CHMP under EMA. Selincro is expected to be launched in selected European countries in 2013.

1) High risk drinking level is defined as five or more drinks per day for men and four or more drinks per day for women.

ESTIMATED NUMBER OF PATIENTS

14 million in Europe

 # RANK ACCORDING TO WHO'S DISEASE BURDEN

17 overall

CURRENT TREATMENT ALTERNATIVES

Antabuse, naltrexone, acamprosate calcium (US), self-help

MARKET SIZE

USD 100 million in Europe

ALZHEIMER'S DISEASE

Alzheimer's disease is a neurological disorder in which the brain slowly degenerates. It most frequently occurs in people aged over 65 years, and is the most common cause of dementia. People with Alzheimer's disease develop changes in memory, thought, function and behaviour, which worsen over time. These changes increasingly impact upon the person's daily life, reducing their independence until ultimately they are entirely dependent on others.

It is estimated that more than 7.5 million people in the Western world suffer from Alzheimer's disease. The number of people in the Western world being treated for Alzheimer's disease is expected to grow by around 3.3% per annum until 2021.

Alzheimer's disease and dementia also have an enormous impact on the patient's caregiver. Most caregivers are close relatives who provide care in the home – a demanding and exhausting role that represents a huge emotional and physical burden.

CURRENT APPROACHES AND UNMET NEEDS IN THE TREATMENT OF ALZHEIMER'S DISEASE

Treatment of Alzheimer's disease is at present dominated by symptomatic therapies (the acetylcholinesterase inhibitors and NMDA receptor antagonists), which treat only the cognitive symptoms of Alzheimer's disease.

The most pressing unmet need in Alzheimer's disease is for accurate and prompt diagnosis, particularly in the early stages. Early diagnosis will be particularly important when disease-modifying therapies become available, because these therapies are expected to be most effective early in the course of the disease. Meeting this need remains elusive, as evidenced by the late-stage discontinuation of many promising therapies in recent years.

LU AE58054 – CLINICAL PROOF OF CONCEPT ESTABLISHED

Lu AE58054 is a potent and selective 5-HT_6-receptor antagonist. This receptor is primarily found in areas of the brain involved in cognition. A number of early trials have demonstrated that a 5-HT_6-receptor antagonist could offer potential treatment benefits.

A clinical phase II study with Lu AE58054 as augmentation therapy for Alzheimer's disease (Lu AE58054 plus donepezil) demonstrated significant improvements in cognitive function compared to placebo plus donepezil. Lu AE58054 was considered overall to be well tolerated at the selected dose.

Lundbeck is now evaluating the future development strategy of Lu AE58054 with the intention of initiating a major pivotal clinical programme, potentially including development and commercial partnerships.

ESTIMATED NUMBER OF PATIENTS

7.5 million in the Western world

 # RANK ACCORDING TO WHO'S DISEASE BURDEN

4 in high-income countries

CURRENT TREATMENT ALTERNATIVES

Ebixa (memantine), donepezil, rivastigmine, galantamine

MARKET SIZE

USD 7.5 billion

DEPRESSION

Depression is a serious medical condition that is associated with a series of symptoms including melancholy, loss of energy, difficulty in concentrating and suicidal thoughts. These symptoms can have a great impact on daily life.

People suffering from depression may no longer have control over their moods or feelings, and they tend to feel low almost all of the time. Depression affects people in different ways, but is more than just 'feeling down' for a short while. Due to chemical changes in the brain, people with depression may experience long-lasting feelings of sadness and anxiety, have unexplained aches and pains, and suffer from poor quality of sleep and/or lack of interest and energy. These symptoms may persist for weeks, months or years. At its most serious, depression can lead to suicidal thoughts and self-harm.

Depression can strike anyone, but various social and biological factors can increase a person's risk of developing the disorder. In addition, stressful experiences such as illness, unemployment or bereavement may trigger the condition in some people. Depression is found worldwide in men and women of all age groups and from all social backgrounds.

Depression is the leading disease-burden in middle-and high-income countries. It is estimated that more than 40 million people in the Western world currently suffer from depression. Estimates are that only about half of the people suffering from depression are correctly diagnosed, while only about 80% of the diagnosed patients receive treatment.

One study found that up to 65% of individuals suffering from depression rated their condition as being severely disabling. Despite this, many people with depression remain untreated.

CURRENT APPROACHES AND UNMET NEEDS IN THE TREATMENT OF DEPRESSION

While several pharmacological treatments are available, around 50% of patients remain symptomatic following first-line treatment. One third fail to achieve full resolution of depressive symptoms after four established treatments.

Both in clinical practice and clinical research, the main focus in major depressive disorder has been on mood symptoms. Primary measures in clinical trials, for example the MADRS, reflect changes in a range of symptoms with an emphasis on mood symptoms. However, the range of symptoms patients experience includes cognitive symptoms, such as difficulty concentrating, forgetfulness and inability to make decisions.

The tolerability of antidepressants and patients' concerns about side-effects negatively affect treatment outcomes. Patients with major depression who experience at least one severe side-effect are twice as likely to discontinue treatment prematurely. Additional treatment strategies are therefore needed to prevent and treat the common and debilitating symptoms of depression.

BRINTELLIX (VORTIOXETINE) – SUBMITTED IN CANADA, EUROPE AND THE US

Brintellix is a new antidepressant with a mode of action that is different from other available widely used products. It is a multimodal antidepressant that combines two pharmacological mechanisms of action: re-uptake inhibition and receptor activity.

ESTIMATED NUMBER OF PATIENTS

40 million

 # RANK ACCORDING TO WHO'S DISEASE BURDEN

3; 1 in middle and high-income countries

CURRENT TREATMENT ALTERNATIVES

Cipralex (escitalopram), duloxetine, desvenlafaxine, vilazodone HCl, argomelatine and several others

MARKET SIZE

USD 20.4 billion

The clinical development programme for Brintellix is substantial. The studies were conducted in regions throughout the world and included more than 7,500 individuals. Clinical data supports statistically significant efficacy of Brintellix in a dose range of 5 to 20 mg per day. Brintellix is generally well-tolerated.

Subject to approval, Brintellix will help address the needs of patients suffering from major depressive disorder who are seeking additional therapeutic options.

In 2012, Brintellix was submitted for registration in Canada, Europe and the US (in the US in collaboration with Takeda).

TEDATIOXETINE (LU AA24530) – CLINICAL PHASE II IN MAJOR DEPRESSION COMPLETED

Like Brintellix, tedatioxetine belongs to a new class of antidepressants. In pre-clinical studies, tedatioxetine has demonstrated activities as a monoamine enhancer with re-uptake inhibition at monoamine transporters, and antagonist activity at 5-HT_3 and 5-HT_{2C} receptors. In vitro non-clinical studies have demonstrated that treatment with tedatioxetine leads to increases in acetylcholine, noradrenaline, dopamine and 5-HT levels in brain regions that play a key role in the regulation of mood.

The compound is developed in collaboration with Takeda.

LUNDBECK HAS SIGNIFICANT PRESENCE IN PSYCHIATRIC DISORDERS IN YEARS TO COME

COMPOUND	STATUS	MOOD DISORDERS	ANXIETY DISORDERS	DEVELOPMENTAL DISORDERS	PSYCHOTIC DISORDERS
Cipralex	**Launched**	●	●		
Brintellix	**Filed (Canada + EU + US)**	●	●		
Tedatioxetine	**Phase II**	●	●		
Brexpiprazole	**Phase III**	●	●	●	●
Saphris/Sycrest	**Launched**				●
Abilify once-monthly	**Filed (EU + US)**				●
Zicronapine	**Phase III**				●

PSYCHOSIS – SCHIZOPHRENIA

Psychoses are disorders of the mind, in which a person may lose touch with reality and experience symptoms such as hallucinations, delusions and mood disturbance. Schizophrenia is a psychotic disorder, often life-long, which may lead to marked changes in a person's perception of reality. It carries a notable 'stigma' and is often misunderstood. People with schizophrenia experience disturbed thoughts, emotions and behaviour. This can have a major impact on the life of the individual and his/her family.

Schizophrenia is caused by an imbalance in the chemicals that send signals to the brain, leading to the perception (seeing/hearing/thinking) of things that are not real. The factors that create this imbalance are not fully understood. Affecting people regardless of race, gender, culture or social class, schizophrenia typically starts in early adulthood (from age 20). It is estimated that schizophrenia affects 26 million people worldwide.

CURRENT APPROACHES AND UNMET NEEDS IN THE TREATMENT OF SCHIZOPHRENIA

The primary goals of medical treatment for schizophrenia are to reduce symptoms, maintain the reduction of these symptoms over the long term, and improve quality of life for patients and their caregivers. Several antipsychotics are available today, but individual patients have unpredictable responses and tolerability to current treatments. This means there are opportunities to develop therapies with new mechanisms that could be used in patients who are poorly controlled by their therapy, and therapies that are effective at treating the symptoms associated with schizophrenia.

Unfortunately, adherence to oral drug treatment regimens is difficult for some patients, even when administration is closely monitored. Depot formulations are frequently prescribed to patients with compliance issues, particularly in Europe.

ABILIFY ONCE-MONTHLY (ARIPIPRAZOLE IM DEPOT) – SUBMITTED IN EUROPE AND THE US

Abilify once-monthly has been developed for the maintenance treatment of schizophrenia. The product is an injectable, sustained-release product designed to provide once-monthly dosing.

In 2012, Abilify once-monthly was submitted for registration in Europe and the US. Lundbeck collaborates with Otsuka on development and commercialization.

BREXPIPRAZOLE (OPC-34712) – CLINICAL PHASE III IN SCHIZOPHRENIA AND MAJOR DEPRESSION

Brexpiprazole is an oral compound for the potential treatment of schizophrenia and an adjunctive therapy for major depression. It is a novel investigational psychotherapeutic compound developed to provide improved efficacy and tolerability. It has broad activity across multiple monoamine systems and exhibits reduced partial agonist activity at D_2 dopamine receptors, and enhanced affinity for specific serotonin receptors.

Lundbeck collaborates with Otsuka on development and commercialization.

ZICRONAPINE – CURRENTLY IN EARLY CLINICAL PHASE III IN PSYCHOTIC DISORDERS

Zicronapine is in clinical development for the potential oral treatment of psychotic disorders such as schizophrenia. It is a new type of compound with the potential to treat a number of neurological and psychiatric diseases. In a clinical phase II programme, zicronapine showed strong, positive antipsychotic effects, and results suggest that it is safe and well-tolerated.

ESTIMATED NUMBER OF PATIENTS

26 million

 # RANK ACCORDING TO WHO'S DISEASE BURDEN

12

CURRENT TREATMENT ALTERNATIVES

Atypicals: Saphris/Sycrest (asenapine), olanzapine, risperidone, quetiapine, lurasidone, aripiprazole, ziprazidone, clozapine, iloperidone and others
Depot: risperidone depot, olanzapine pamoate, paliperidone palmitate

MARKET SIZE

USD 28.4 billion

STROKE – ISCHAEMIC

Stroke is a serious acute (short-term) event, caused by a sudden impairment in the blood supply to the brain, which can damage the brain tissue. A stroke (also called 'brain attack') occurs when a blood vessel that brings oxygen and nutrients to the brain either bursts (haemorrhagic stroke) or is clogged by a blood clot or some other mass (approximately 85% of all strokes are acute ischaemic strokes). When a stroke occurs, it kills brain cells in the immediate area.

Stroke is a major health problem. It frequently causes long-term functional and mental disabilities, and more than half of all stroke survivors are left dependent on others for everyday activities. Each year approximately 15 million people worldwide suffer a stroke. Of these, five million die and another five million are permanently disabled, making stroke the second most common cause of death and a major cause of disability in high-income countries. Stroke can affect people of all ages and genders; however, the majority of strokes occur in those over 65 years of age, while high blood pressure, physical inactivity, diabetes, heart disease and smoking all increase the risk.

As the most important cause of morbidity and long-term disability, stroke imposes an enormous economic burden. In the US, the total annual cost of stroke was estimated at USD 65.5 billion in 2008. In the EU, the total annual cost of stroke is estimated at EUR 27 billion.

CURRENT APPROACHES AND UNMET NEEDS IN THE TREATMENT OF ISCHAEMIC STROKE

Treatment of stroke is characterized by significant high unmet medical needs. Efforts to enhance treatment remain focused on increasing the use and utility of thrombolysis, further incorporating endovascular interventions, improving stroke care services, and raising public awareness.

There are several areas in which improvements are needed in pharmacological thrombolysis, including reducing the risk of symptomatic intracerebral haemorrhage (sICH), reducing re-occlusure and expanding the therapeutic window.

DESMOTEPLASE – IN CLINICAL PHASE III

Desmoteplase is being developed for the treatment of acute ischaemic stroke. Desmoteplase, the most fibrin-specific plasminogen activator known today, is a genetically-engineered version of a clot-dissolving protein found in the saliva of the vampire bat. It has received fast-track designation from the U.S. Food and Drug Administration (FDA) for the indication of acute ischaemic stroke.

Two placebo-controlled clinical phase III studies are enrolling 400 and 480 patients respectively. In consultation with the EMA and FDA, we have designed the studies with the aim of measuring the efficacy of one dose of desmoteplase. One dose is administered in a time window between three and nine hours after the stroke occurs. We are recruiting patients for the two studies at international sites in Europe, the US, Canada, South America and Asia. The efficacy of desmoteplase will be assessed after 90 days.

Lundbeck has acquired the global rights to the compound from PAION AG in Germany.

ESTIMATED NUMBER OF PATIENTS

15 million

 # RANK ACCORDING TO WHO'S DISEASE BURDEN

4

CURRENT TREATMENT ALTERNATIVES

Alteplase

MARKET SIZE

USD 1.0 billion
(includes all fibrinolytics)

EPILEPSY

ESTIMATED NUMBER OF PATIENTS

3 million in the US

 # RANK ACCORDING TO WHO'S DISEASE BURDEN

23

CURRENT TREATMENT ALTERNATIVES

No competitive treatment to IV carbamazepine

MARKET SIZE

USD 6.2 billion in the US

Epilepsy, also known as 'seizure disorder', is a medical condition in which the brain experiences intense surges of electrical activity of definite types. This produces seizures which affect a variety of mental and physical functions, such as consciousness, body movements, and sensations.

People with epilepsy can generally live normal lives, however, they must take precautions to reduce the risk of injuring themselves during seizures.

Epilepsy can be caused by many medical conditions, from genetic mutations to traumatic brain injury. More often than not, no cause can be identified. Epilepsy can occur in people of all ages. Approximately 200,000 new cases of epilepsy are diagnosed each year, and diagnosis is most common in the age groups of under 2 years and over 65 years.

It is estimated that 1% of people aged 20 years have epilepsy, and 3% of people aged 75 years. 10% of people will have at least one seizure in their lifetime. According to the Epilepsy Foundation of America, almost three million Americans have experienced epilepsy and seizures. Worldwide, 40 million people have epilepsy.

CURRENT APPROACHES AND UNMET NEEDS IN THE TREATMENT OF EPILEPSY

There is no cure for epilepsy, but seizures can be prevented with regular use of appropriate medications. If drugs are unsuccessful, alternative options include surgery, a special diet, complementary therapy or stimulation of the nerves. Surgery can prevent seizures that are caused by an underlying correctable brain condition.

Lundbeck has IV carbamazepine in clinical phase III. It is a novel formulation of the oral anti-epileptic therapeutic carbamazepine and will offer a treatment alternative for epileptic patients.

PARKINSON'S DISEASE

ESTIMATED NUMBER OF PATIENTS

3.2 million people in the Western world

 # RANK ACCORDING TO WHO'S DISEASE BURDEN

40

CURRENT TREATMENT ALTERNATIVES

Azilect (rasagiline), pramipexole, ropinirole, rotigotine etc.

MARKET SIZE

USD 4.0 billion

Parkinson's disease is a neurological disease, that involves a gradual loss of nerve cells in a finite area of the brain, leading to problems with movement control and other non-movement-related symptoms.

Parkinson's disease is a long-term and progressive brain disorder that most commonly affects those over the age of 60. People with Parkinson's disease have difficulty controlling their body movements, and symptoms become worse as the condition progresses. Ultimately, Parkinson's disease impairs the patient's ability to function in daily life situations.

More than 3.2 million people in the Western world suffer from Parkinson's disease, of whom a little over 90% are believed to receive treatment. The number of people in the Western world being treated for Parkinson's disease is expected to grow by about 3% per annum until 2019.

CURRENT APPROACHES AND UNMET NEEDS IN THE TREATMENT OF PARKINSON'S DISEASE

At present, there is no cure for Parkinson's disease, but once a diagnosis has been made, symptoms can be treated effectively in most cases. The aim of treatment is to control and relieve symptoms, so that people can continue to function and enjoy a reasonable quality of life for as long as possible.

There are a number of pharmaceuticals on the market that only offer symptomatic treatment in the various stages of the disease. The most commonly-used compound for the treatment of Parkinson's disease is levodopa, which was developed more than 40 years ago. Since then, a number of pharmaceuticals have been launched.

HUNTINGTON'S DISEASE

ESTIMATED NUMBER OF PATIENTS

20,000 people in the US

 # RANK ACCORDING TO WHO'S DISEASE BURDEN

N/A

CURRENT TREATMENT ALTERNATIVES

Xenazine (tetrabenazine) for the treatment of chorea associated with Huntington's disease

MARKET SIZE

N/A

Huntington's disease is a rare, inherited genetic disorder, in which the brain slowly degenerates and people lose their ability to think and to control their movements.

Over a number of years, a person with Huntington's disease will experience uncontrolled movements, emotional disturbance and mental deterioration. Ultimately, people with Huntington's disease become completely dependent on a caregiver. This places a huge burden on the caregiver, who is usually a family member.

Huntington's disease is a genetic disorder. If one parent has the disease, their child has a 50% chance of inheriting the defective Huntington's disease gene. Everyone who has this defective gene will develop symptoms of the disease.

The signs and symptoms of Huntington's disease most often appear in middle age, though this varies from person to person. As the disease emerges, the patient will exhibit changes in behaviour and personality, including depression, irritability and anxiety. As the disease progresses, severe memory problems can occur.

'Chorea' is the most common symptom of Huntington's disease, and is often the initial concern that brings a patient to a doctor. Chorea consists of jerky, involuntary movements of the upper and lower extremities, face or body.

In the US alone, approximately 20,000 people suffer from Huntington's disease.

CURRENT APPROACHES AND UNMET NEEDS IN THE TREATMENT OF HUNTINGTON'S DISEASE

Huntington's disease is typically diagnosed after a thorough neurological examination, including brain imaging or genetic testing, and a review of family history. There is a genetic test for Huntington's disease, which can be used to confirm a diagnosis, and also identify future risk in people who have Huntington's disease in their family. It is recommended that the genetic test is accompanied by counselling, since a positive diagnosis can be emotionally devastating. Medication is available to treat the symptoms of Huntington's disease. However, there is currently no cure, and the average life expectancy following diagnosis is 15–20 years.

MARKET REVIEW

MARKETS AND PRODUCTS

Lundbeck operates globally, focusing on brain disorders such as depression and psychotic disorders, as well as Alzheimer's, Huntington's and Parkinson's diseases.

14,802

TOTAL REVENUE (DKKm)

+6%

GROWTH IN TOTAL REVENUE EXCL. LEXAPRO

+71%

GROWTH IN REVENUE FROM NEW PRODUCTS

"WE HAVE STRENGTHENED OUR GEOGRAPHICAL POSITION BY EXPANDING OUR OWN SALES TEAMS IN GROWTH MARKETS SUCH AS CANADA, CHINA AND THE US."

OLE CHRINTZ
SENIOR VICE PRESIDENT,
INTERNATIONAL MARKETS & EUROPE

STRONG GROWTH IN NEW PRODUCTS

In 2012 Lundbeck continued to make positive progress in International Markets and the US. Our new products[1] increased 71% and now constitute 14% of total revenue.

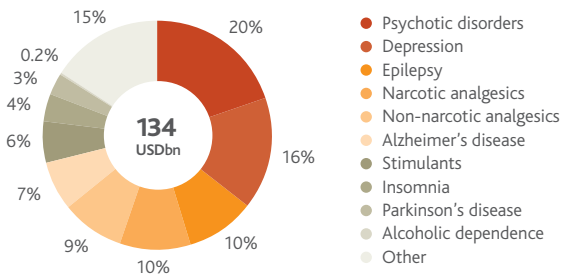
Brain disorders continue to represent the biggest share of the global pharmaceutical market, with a value of USD 134 billion, or 16% of the total market. The brain disorder market is constantly growing and the total spent within pharmaceuticals for the treatment of brain disorders increased 7% in 2011. This growth is driven by increased acknowledgement of brain disorders in many parts of the world, combined with an aging population.

Lundbeck is in a transition period, during which the composition of our product portfolio is expected to change dramatically. Revenue from our new products, including Lexapro in Japan, Onfi, Sabril, Saphris/Sycrest, Treanda and Xenazine, will replace revenue lost on mature products approaching the end of their life cycle. In 2012, revenue from our new products increased 71% to DKK 2,141 million. Looking forward, products like Abilify once-monthly, Brintellix and Selincro will have an important role in completing the transition of our product portfolio and expand the geographic diversification of our revenue streams.

Lundbeck's total revenue for 2012 was DKK 14,802 million, representing a 8% decrease from 2011. However, excluding Lexapro in the US, revenue increased 6% for the year. This growth was driven primarily by International Markets, which increased by 9%, and our US products (excluding Lexapro) which increased 29% compared to 2011. We saw underlying volume growth in most European markets, although due to healthcare reforms and generic competition revenue in Europe decreased 3% for the year. Our revenue for 2012 included a milestone payment related to the filing of Brintellix in the US for around DKK 285 million from our partner Takeda Pharmaceutical Co., Ltd., and by a gain of DKK 115 million relating to the divestiture of the investment in Proximagen Group plc.

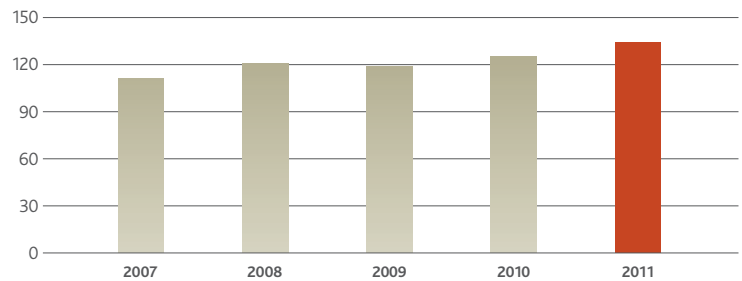
1) New products include Lexapro in Japan, Onfi, Sabril, Saphris/Sycrest, Treanda and Xenazine.

GLOBAL MARKET FOR CNS• PHARMACEUTICALS••



• Lundbeck uses brain disorders synonymously with the central nervous system (CNS)
•• IMS World Review 2012

CNS VALUE MARKET 2007-2011 (USDbn)



EUROPE

KEY FIGURES

7,734
REVENUE (DKKm)

52%
% OF TOTAL REVENUE

-3%
GROWTH

A CHALLENGING YEAR

Europe continues to be a market characterized by increased pressure from healthcare reforms, generic competition and uncertainty around pricing and reimbursement.

2012 was a challenging year for Lundbeck's operations in Europe, where we continued to face the consequences of extensive price and market regulations caused by the economic downturn. Several countries required either price decreases or rebate increases in response to the economic conditions. For example, mandatory discounts or price decreases were applied in Belgium, France and Germany.

Revenue in Europe for 2012 was DKK 7,734 million, which is a decrease of 3% compared to 2011.

In 2012, we restructured our European commercial operations. The aim was partly to establish a more flexible commercial infrastructure and partly to maintain cost control; the intention was also to enable a successful transition of our European product portfolio. The project involved the reduction of around 600 positions in our European subsidiaries.

CIPRALEX revenue was DKK 3,379 million in 2012, a 9% decrease compared to 2011. Cipralex continued to show growth in important markets. However, revenue was impacted by generic competition in Portugal and Spain; the temporary withdrawal of Cipralex from the German public market[2] in 2011; and by the regional price pressures.

EBIXA generated revenue of DKK 2,398 million for the year, a 3% increase compared to 2011. Ebixa is reaching maturity in Europe, and the first generic versions of memantine was launched in Germany in the last quarter of 2012. However, the underlying growth remained intact and Ebixa continued to take value market shares in important markets like Italy and the UK, now 42% and 24% respectively. In France, our most important Ebixa market, revenue was affected by the French Economic Committee's decision to impose an 18% price decrease on the drug.

AZILECT continues to take market shares in most European markets. However, 2012 revenue was affected by the fact that Teva Pharmaceutical Industries Inc. is taking over the promotion of Azilect in Germany. Revenue from Azilect for 2012 was DKK 1,122 million, an increase of 3% compared to 2011, and excluding Germany, Azilect revenue increased 22%.

SAPHRIS/SYCREST was launched in April 2011 and is now on the market in 15 countries in Europe. In 2012, Saphris/Sycrest generated revenue of DKK 70 million in Europe.

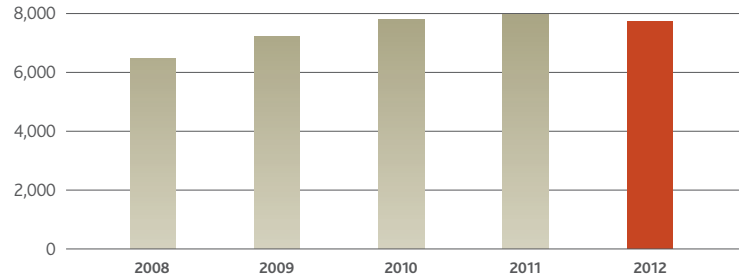
OTHER PHARMACEUTICALS in Europe, including Saphris/Sycrest, generated revenue of DKK 835 million in 2012, which is a decrease of 3% compared to 2011.

2) In Germany, treatment in the public market is covered via public funding/reimbursement, whilst the private market is funded privately or through insurance.

REVENUE PER PRODUCT IN EUROPE (DKKm)

	2012	2011	GROWTH	GROWTH IN LOCAL CURRENCY
Cipralex	3,379	3,717	(9%)	(9%)
Ebixa	2,398	2,323	3%	3%
Azilect	1,122	1,087	3%	3%
Other pharmaceuticals	835	861	(3%)	(4%)
Total revenue	**7,734**	**7,988**	**(3%)**	**(3%)**

TOTAL REVENUE IN EUROPE 2008-2012 (DKKm)



USA

KEY FIGURES

2,099
REVENUE EXCL. LEXAPRO (DKKm)

18% 14%
% OF TOTAL REVENUE INCL. LEXAPRO
(EXCL. LEXAPRO)

+29%
GROWTH EXCL. LEXAPRO

GOOD GROWTH OPPORTUNITIES

The US market constitutes almost 50% of the global market for pharmaceuticals for the treatment of brain disorders. Although it is a mature market and grew only 2% in 2011, its size and the fact that only 18% of our revenue is generated in the US makes it a huge growth opportunity for Lundbeck.

Lundbeck took its first commercial steps in the US market in 2009 with the establishment of Lundbeck US. Since then we have launched Sabril and Onfi,and Lundbeck US now generates annual revenue of more than DKK 2.0 billion excluding revenue from Lexapro.

In total, revenue in the US in 2012 excluding Lexapro was DKK 2,099 million, which is an increase of 29% compared to 2011. Growth was driven by Onfi, Sabril and Xenazine, which had a combined growth of 59% for the year.

With the expected launch of Abilify once-monthly and Brintellix in 2013, and with the establishment of our own psychiatry sales force, we will be able to capture an even larger share of the lucrative US brain disorders market.

ONFI was launched at the beginning of 2012, following the approval by the U.S. Food and Drug Administration (FDA) in October 2011. It has been very well received by physicians and generated revenue of DKK 255 million for the year.

SABRIL generated revenue of DKK 376 million in 2012, which was an increase of 22% compared to 2011. When it was launched in 2009, Sabril first experienced difficulties due to some associated side-effects; however, 2012 was a good year for this product, with a promising increase in treatment uptake. By the end of 2012, more than 1,700 patients were in treatment with Sabril.

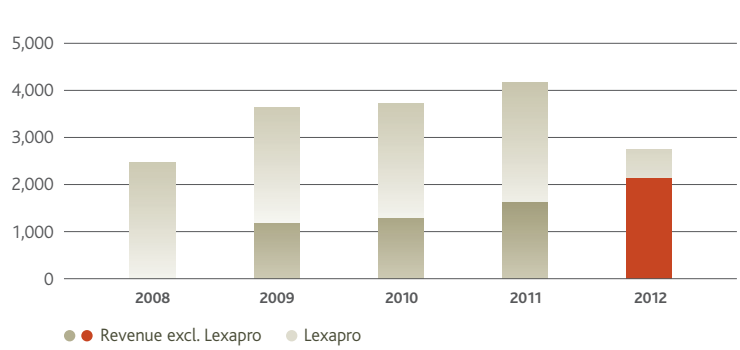
XENAZINE generated revenue of DKK 1,154 million in the US in 2012, growing 41% compared to 2011. Xenazine, which was launched in 2008, has already lived up to our expectations and has also become Lundbeck's third largest product. It is the only approved treatment for the approximately 20,000 patients suffering from chorea associated with Huntington's disease. And with almost 4,000 patients currently in treatment with Xenazine, demand for the product is as strong as ever.

OTHER PHARMACEUTICALS generated revenue of DKK 314 million in 2012, which is a decrease of 37% compared to 2011, due to the divestiture of a portfolio of products in the US (including Cogentin, Diuril and Nembutal) to Akorn Inc. in the fourth quarter of 2011. The transaction was part of Lundbeck's long-term strategy of focusing on newer, more strategic products within our portfolio.

REVENUE PER PRODUCT IN USA (DKKm)

	2012	2011	GROWTH	GROWTH IN LOCAL CURRENCY
Xenazine	1,154	817	41%	31%
Sabril	376	309	22%	12%
Other pharmaceuticals	569	501	14%	5%
Total revenue excl. Lexapro	**2,099**	**1,627**	**29%**	**20%**
Lexapro	575	2,535	(77%)	(74%)
Total revenue	**2,674**	**4,162**	**(36%)**	**(37%)**

TOTAL REVENUE IN USA 2008-2012 (DKKm)



INTERNATIONAL MARKETS

KEY FIGURES

3,768
REVENUE (DKKm)

26%
% OF TOTAL REVENUE

+9%
GROWTH

PROMISING MARKETS
Lundbeck's International Markets consist of all markets outside of Europe and the US, including Canada, Asia, Latin America and the Middle East. Compared to Europe and the US, most of these markets experience relatively high growth rates for pharmaceutical products for brain disorders. The total value of the region was DKK 34 billion in 2011, which represents 25% of the global brain disorder market.

PRODUCT PERFORMANCE
International Markets generated revenue of DKK 3,768 million in 2012, representing 26% of total revenue and an increase of 9% from 2011. Growth was primarily driven by an increase in revenue from Cipralex as well as other pharmaceuticals.

CIPRALEX generated revenue of DKK 2,448 million, an increase of 9% from 2011. The increase was fuelled by market share gains in Canada and Japan, while the price pressure in Turkey had an adverse effect on sales. In November 2012, Cipralex held a value market share of 13.0% of the total anti-depressant market in International Markets. This compares to a value market share of 12.2% in November 2011.

EBIXA generated revenue of DKK 405 million in 2012, which is a decrease of 5% compared to 2011.

AZILECT generated revenue of DKK 102 million in 2012, where it was also launched in three new markets Australia, Hong Kong and Thailand. This is an increase of 3% compared to 2011.

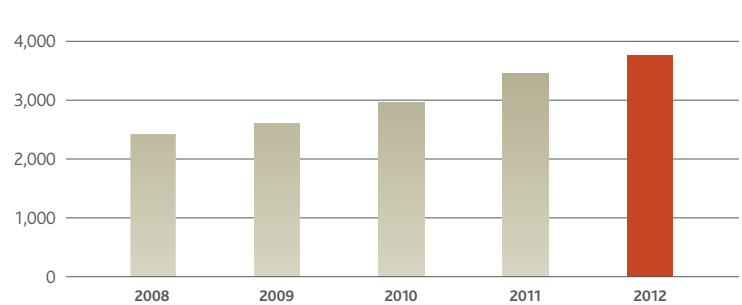
SAPHRIS/SYCREST is now available in seven countries in International Markets, including Canada, Australia and Brazil.

OTHER PHARMACEUTICALS in International Markets, including Saphris/Sycrest, generated revenue of DKK 813 million, which is an increase of 16% compared to 2011.

REVENUE PER PRODUCT IN INTERNATIONAL MARKETS (DKKm)

	2012	2011	GROWTH	GROWTH IN LOCAL CURRENCY
Cipralex	2,448	2,240	9%	8%
Ebixa	405	428	(5%)	(3%)
Azilect	102	100	3%	16%
Other pharmaceuticals	813	700	16%	12%
Total revenue	**3,768**	**3,468**	**9%**	**7%**

TOTAL REVENUE IN INTERNATIONAL MARKETS 2008-2012 (DKKm)



MARKET PERFORMANCE IN SELECTED INTERNATIONAL MARKETS

CANADA

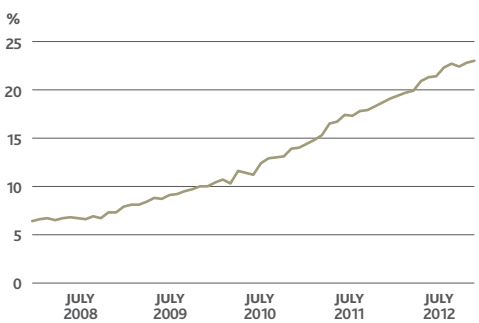
1,106
REVENUE (DKKm)

23%
MARKET SHARE (VALUE) CIPRALEX

Canada is becoming an increasingly important market for Lundbeck. At the end of 2012, it was our third-largest market after the US and France, generating revenue of more than DKK 1.0 billion. This success is based on a strong commercial infrastructure that has more than doubled Cipralex's share of the antidepressant market in the last three years. The total market share for Cipralex in Canada was 23% in November 2012, compared to 18.7% in November 2011.

Furthermore, Treanda was recently launched in Canada following the brand's success in Europe and the US. Lundbeck has the commercial rights to Treanda in Canada only.

CIPRALEX MARKET SHARE



CHINA

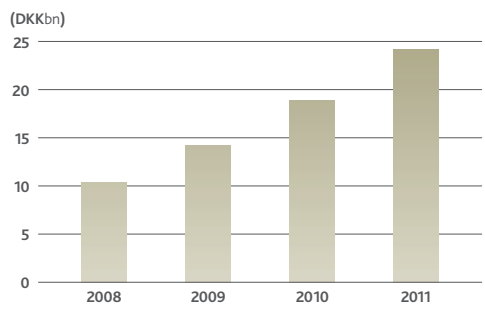
321
REVENUE (DKKm)

+43%
GROWTH

Lundbeck's presence in China is increasing. The Chinese market for pharmaceuticals for the treatment of brain disorders is still in its infancy. With a total value of around USD 2.0 billion, it represents only 2.5% of the global brain disorders market. However, the Chinese market is growing rapidly (up 35% in 2011) due to increased acknowledgement of brain disorders, as well as better access to treatment.

Lundbeck's revenue in China increased 43% in 2012, and now represents more than 2% of our total revenue. This growth was driven by strong Ebixa performance and accelerated sales of Lexapro following the improved collaboration agreement with our partner, Xian-Janssen Pharmaceutical Ltd. To support our ambitious growth strategy, since 2010 we have doubled the size of our operations in China and now have around 200 employees in the country. In addition, in 2012 we opened our first Chinese production facility, following the research centre we established in 2011.

CHINESE CNS MARKET



JAPAN

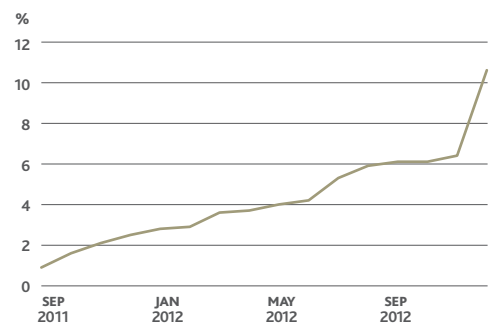
195
REVENUE (DKKm)

11%
MARKET SHARE (VALUE) LEXAPRO

Japan is the second largest pharmaceutical market in the world and represents an interesting opportunity for Lundbeck. The Japanese market for pharmaceuticals for the treatment of brain disorders, which increased 23% in 2011, now has a total value of USD 10 billion (2011), with the antidepressant market alone valued at USD 1.1 billion.

In August 2011, our partner Mochida Pharmaceutical Co., Ltd., in cooperation with Mitsubishi Tanabe Pharma Corporation, initiated the marketing of Lexapro in Japan. Supported by a large and very skilled sales force, the launch was a success and represented our first product launch in Japan. At the end of 2012, Lexapro reached a market share of the Japanese antidepressant market of 10.6%, and for the full year generated a royalty income of DKK 195 million.

LEXAPRO MARKET SHARE



MATURE PRODUCTS

CIPRALEX/LEXAPRO
TREATMENT OF DEPRESSION AND ANXIETY

6,402	43%	-25%
REVENUE (DKKm)	% TOTAL OF REVENUE	GROWTH

Cipralex/Lexapro (escitalopram) is indicated for the treatment of depression and anxiety. Lexapro is marketed by Forest Laboratories Inc. in the US and Mochida Pharmaceutical Co., Ltd. and Mitsubishi Tanabe Pharma Corporation in Japan. Lundbeck markets Cipralex in the rest of the world. In 2012, Cipralex/Lexapro generated revenue of DKK 6,402 million, corresponding to 43% of Lundbeck's total revenue.

EBIXA
TREATMENT OF ALZHEIMER'S DISEASE

2,803	19%	2%
REVENUE (DKKm)	% TOTAL OF REVENUE	GROWTH

Ebixa (memantine) is indicated for the treatment of Alzheimer's disease. Lundbeck markets Ebixa in most parts of the world with the exception of Japan and the US. In 2012, Ebixa generated revenue of DKK 2,803 million corresponding to an increase of 2% compared to 2011 and constituting 19% of Lundbeck's total revenue.

AZILECT
TREATMENT OF PARKINSON'S DISEASE

1,224	8%	3%
REVENUE (DKKm)	% TOTAL OF REVENUE	GROWTH

Azilect (rasagiline) is indicated for the treatment of Parkinson's disease. Lundbeck has the commercial rights to Azilect in Europe (we co-promote the product with Teva Pharmaceutical Industries Inc. in France and the UK) and in some markets outside Europe, including six Asian countries. In 2012, Azilect generated revenue of DKK 1,224 million, corresponding to an increase of 3% compared to 2011 and constituting 8% of Lundbeck's total revenue.

NEW PRODUCTS[3]

ONFI
TREATMENT OF LENNOX-GASTAUT SYNDROME

255	2%	N/A
REVENUE (DKKm)	% TOTAL OF REVENUE	GROWTH

Onfi (clobazam) is indicated as adjunctive treatment of Lennox-Gastaut syndrome for people 2 years or older. Onfi was launched in the US in 2012 and in its first year generated revenue of DKK 255 million, representing 2% of Lundbeck's total revenue.

SABRIL
TREATMENT OF EPILEPSY

376	3%	22%
REVENUE (DKKm)	% TOTAL OF REVENUE	GROWTH

Sabril (vigabatrin) is indicated for the treatment of refractory complex partial seizures for adults and infantile spasms (IS). Lundbeck markets Sabril in the US and in 2012, revenue from Sabril was DKK 376 million, an increase of 22% compared to 2011. Sabril revenue represents 3% of Lundbeck's total revenue.

SAPHRIS/SYCREST
TREATMENT OF BIPOLAR DISORDERS AND SCHIZOPHRENIA

109	1%	N/A
REVENUE (DKKm)	% TOTAL OF REVENUE	GROWTH

Saphris/Sycrest (asenapine) is indicated for the treatment of moderate-to-severe manic episodes associated with bipolar I disorder in Europe, and for the treatment of schizophrenia and/or moderate-to-severe manic episodes associated with bipolar I disorder outside Europe. Lundbeck retains commercial rights to Saphris/Sycrest in all markets outside China, Japan and the US. In 2012, revenue from Saphris/Sycrest was DKK 109 million and constituted 1% of total revenue.

TREANDA
TREATMENT OF INHL AND CLL

Treanda (bendamustine hydrochloride for injection) is indicated for the treatment of patients with relapsed indolent B-cell non-Hodgkin's lymphoma (iNHL) and chronic lymphocytic leukaemia (CLL). Lundbeck markets Treanda in Canada where it was launched in September 2012.

XENAZINE
TREATMENT OF CHOREA ASSOCIATED WITH HUNTINGTON'S DISEASE

1,197	8%	40%
REVENUE (DKKm)	% TOTAL OF REVENUE	GROWTH

Xenazine (tetrabenazine) is indicated for the treatment of chorea associated with Huntington's disease. Lundbeck markets Xenazine in the US, and in 2012 revenue from Xenazine increased 40% to DKK 1,197 million. This represents 8% of Lundbeck's revenue.

3) New products also comprises Lexapro in Japan.

ORGANIZATION REVIEW

RESPONSIBILITY AND MANAGEMENT

Lundbeck is a knowledge-intensive company with highly qualified and motivated employees with distinctive skills, experiences and perspectives. They are our most important resource, and we aim to create a workplace, which attracts and retains the best employees.

5,825

NUMBER OF EMPLOYEES WORLDWIDE

DENMARK 2,016
EUROPE (EXCL. DENMARK) 2,072
INTERNATIONAL MARKETS 1,259
USA 478

41

AVERAGE AGE (YEARS)

DISTRIBUTION OF EMPLOYEES BY BUSINESS UNIT

ADMINISTRATION 15%
RESEARCH & DEVELOPMENT 22%
SALES & MARKETING 45%
SUPPLY, OPERATIONS & ENGINEERING 18%

"ENGAGING IN DIALOGUE WITH INTERNAL AND EXTERNAL STAKEHOLDERS PLAY A PIVOTAL ROLE IN THE CONTINUOUS DEVELOPMENT OF OUR COMPLIANCE STRUCTURE AND CORPORATE SOCIAL RESPONSIBILITY STRATEGY. ACTIONS SPEAK LOADER THAN WORDS AND THAT IS WHY WE ARE WORKING TO FURTHER STRENGTHEN BUSINESS PROCESSES AS WELL AS PROMOTING TRANSPARENCY IN WHAT WE DO."

UFFE KÅRE RASMUSSEN
DIVISIONAL DIRECTOR,
CORPORATE COMPLIANCE & CSR

CORPORATE RESPONSIBILITY

Corporate responsibility goes to the heart of our business. Our public commitment to the UN Global Compact has changed the way we work, and we have come a long way in a short space of time. We are continuously improving transparency of our actions in order to fully reflect our commitments to society and the environment.

The UN Global Compact[1] forms the strategic framework for Lundbeck's corporate responsibility activities. There is strong alignment between our corporate strategy and our promotion of human and labour rights, environmental protection and anti-corruption, as well as our regular progress reporting[2]. This is articulated in our Code of Ethics which specifies our overall business responsibility, environmental impact and social influence. We have defined a corporate responsibility strategy with four focus areas to ensure we prioritize actions aimed at achieving our objectives.

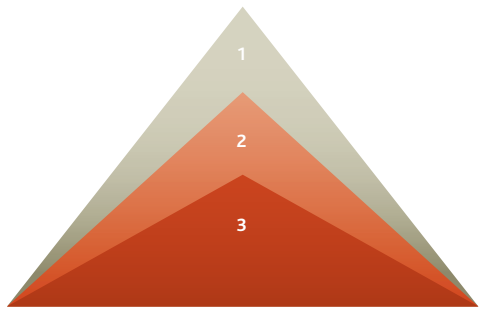
PRINCIPLES IN THE UN GLOBAL COMPACT

CORPORATE RESPONSIBILITY STRATEGY AND KEY RESULTS IN 2012	HUMAN RIGHTS	LABOUR RIGHTS	ENVIRONMENTAL PROTECTION	ANTI-CORRUPTION
Ethics and behaviour • Code of Conduct updated and specific guidance issued to reflect new requirements, business needs and gained experience • Risk Maps implemented to ensure focus and prioritize actions • Audits coordinated across all functional areas	●	●	●	●
Responsible sourcing • Contracts amended with clauses regarding human rights, labour rights, environmental protection and anti-corruption • Corporate Guideline updated to include a due diligence process • IT-system established for internal exchange of evaluation results	●	●	●	●
Access to health • Strategy defined with actions aimed at promoting access to health for people with brain disorders	●			
Health, safety & environment (HSE) • Employee health promotion included in Corporate HSE strategy • CO_2 target enhanced from 25% to 40% reduction in 2016		●	●	

1) The UN Global Compact is a United Nations initiative to encourage businesses worldwide to adopt sustainable and socially responsible policies, and to report on their implementation. The Global Compact is a principle-based framework for businesses, stating ten principles in the areas of human rights, labour, the environment and anti-corruption.
2) This constitutes the mandatory report on our Corporate Social Responsibility (CSR) under section 99a of the Danish Financial Statements Act. Our annual Communication on Progress to the UN Global Compact can be found on http://www.lundbeck.com/global/corporate-responsib/report

ETHICS AND BEHAVIOUR

Acting responsibly is one of Lundbeck's corporate values: it is and has always been our way of doing business. The Lundbeck Group compliance structure was introduced in 2009 as an effective measure to ensure compliance with international regulation from laws, pharmaceutical industry association standards and corporate requirements. The overall aim of the compliance structure is to strengthen processes, increase transparency and minimize ethical and compliance risks across the Lundbeck Group. The documents in the compliance structure are organized in three layers, as illustrated below:



1
CODE OF ETHICS AND CORPORATE POLICIES
describe Lundbeck's high-level ethical aspiration within the issues of special relevance to a global pharmaceutical company

2
CODE OF CONDUCT AND CORPORATE GUIDELINES
provide consistent guidance to ethics and compliance and constitute the common platform for global and local compliance for the companies in the Lundbeck Group

3
PROCEDURES AND INSTRUCTIONS
provide operational and detailed instruction to Lundbeck employees and managers on compliance issues

Since its introduction in 2010, our Code of Conduct has played a pivotal role in the compliance structure. The Code of Conduct consists of principles and guidelines for our employees. It covers aspects of our day-to-day work and relations with healthcare professionals, patients, patients' associations, public authorities, scientists and business partners, as well as other stakeholders in society. Its objective is to provide a clear framework for making the right choices. We continually educate our employees in handling dilemmas and doing so within the framework defined by the Code of Conduct.

During 2012, we conducted more than 140 audits within areas of the Code of Conduct. These audits were carried out individually by our auditors representing research and development, production, health, safety and environment (HSE), marketing, sales and finance. The audits are prioritized to ensure adequate identification and mitigation of risks relating to the Code of Conduct. The criteria for this prioritization cover business risks as well as geographical risks relating to fraud, corruption, human rights, labour rights and environmental risks. The audits are an important part of our learning culture and result in documented observations including recommendations and corrective and preventive actions. In some cases they also impact the way that Lundbeck interacts with external stakeholders.

A combination of new regulations, business needs, audit observations and collected best practice has influenced the 2012 revision of our Code of Conduct, which is available on www.lundbeck.com[3]. As a result of the revision, the corporate guidance on responsible business conduct is now more explicit and transparent than before. To make the operational translation of these requirements more precise, we are issuing one internal guidance document per Code of Conduct issue in 2013.

In general, our efforts in the years to come will promote greater transparency around our business processes. As one example we will be working with the European Federation of Pharmaceutical Industries and Associations (EFPIA) to improve transparency and understanding of our collaborations with healthcare professionals.

Another way we aim to promote transparency in the coming years is by establishing easier grievance access for stakeholders over Lundbeck's business practices, anonymously if desired. This furthers our compliance with the OECD Guidelines for Multinational Enterprises on responsible business conduct. These guidelines cover a broad range of issues, including:

- Due diligence
- Disclosure
- Human rights
- Employment and industrial relations
- Environment
- Combating bribery
- Consumer interests
- Science and technology
- Competition
- Taxation

RESPONSIBLE SOURCING

Every year, Lundbeck sources products and services for billions of Danish kroner from thousands of suppliers and business partners globally. We do this in accordance with the above-mentioned OECD Guidelines, the UN Global Compact and Lundbeck's Code of Conduct.

After an initial assessment of the desired product or service, the geographical location and the value of the purchase, a potential business partner is required to provide documentation covering:

- Transparent corporate governance
- Adequate control of quality and business ethics
- Employees' health and safety, as well as human and labour rights
- The prevention of pollution.

This process often entails additional dialogue and may include a visit to or an audit of the supplier before we initiate contract negotiations.

In 2012, we developed a due diligence procedure that is now being implemented in all sourcing processes across the Lundbeck Group. A mutual commitment to compliance with human rights, employee rights, environmental protection and anti-corruption is embedded in Lundbeck's contracts. As part of the implementation process we categorized and evaluated all suppliers and partners in our value chain. We are implementing an IT-system that enables the internal exchange of evaluation results and performance monitoring.

3) http://www.lundbeck.com/global/corporate-responsib/policies/code-of-conduct

We will always try to work with our partners and suppliers and build long-term relationships, rather than impose sanctions and terminate contracts. However, in rare cases contract termination may be necessary. In 2012, one contract was terminated due to poor performance. It is too early to measure the impact of the mentioned improvements, but actions to ensure effective implementation and follow-up will continue in the coming years. Part of this is to exchange best practice experiences with peers through networks including the UN Global Compact Nordic Network and the Danish Business Network for Human Rights.

ACCESS TO HEALTH

Business's obligations to respect human rights are becoming increasingly well-defined within the UN Human Rights Council's "Protect, Respect and Remedy" framework. Lundbeck supports and respects this framework and the universal declaration of human rights. In addition to our human rights responsibilities as an employer, we believe that our influence on society is significant in two specific areas: through our global procurement processes, and in our promotion of access to health.

Lundbeck is committed to improving the quality of life of people suffering from brain disorders, and we acknowledge this goes beyond our responsibilities as a developer of pharmaceuticals. We aim to take steps to continuously reach more people suffering from brain disorders in partnerships with other stakeholders and thereby promote better access to health for these people.

During 2012, we met with external experts to discuss and develop an access-to-health strategy with defined actions and timelines. The strategy defines Lundbeck's long-term approach and constitutes the framework for concrete action. To make a significant contribution to improved healthcare, the strategy responds to issues relating to availability, accessibility, acceptability and the quality of treatment, including how it affects patients' quality of life.

The strategy includes prioritized actions to raise awareness of brain disorders and identify the main barriers to improving quality of life. These barriers could be psychological, cultural, economic, structural or knowledge-based, while actions to overcome them could include public awareness-raising, education, anti-stigma initiatives, improving diagnosis and access to treatment.

Lundbeck is present in 57 countries worldwide and interacts with a variety of stakeholders in the local healthcare systems. Actions carried out in the coming years under the Access to Health strategy aim to demonstrate that we recognize our social responsibility and that we want to contribute to addressing the global health challenge of brain disorders. We respect the complexity and scale of the challenge at hand and will use our global presence and experience to promote access to health for people suffering from brain disorders.

GREEN AND SAFE

Our strategic HSE efforts have enabled us to manufacture pharmaceuticals in a safe manner while using less energy, generating less waste and emitting less CO_2 than ever before. Our HSE strategy is translated into action through our HSE system which enables our managers and employees to think and act 'green and safe'. The HSE system covering our Danish headquarters, research, development and production sites in Denmark, Italy and the US is ISO 14001 and OHSAS 18001 certified. We have also initiated certification of our site in France.

Since 2006, we have been optimizing our energy consumption and reducing CO_2 emissions through cross-organizational collaboration and the use of clean technologies. By challenging routines and conventional thinking, we achieved our original 25% CO_2 reduction target in 2011, five years ahead of plan. Raising the bar, we have now committed to reducing CO_2 emissions from our operations in 2016 by 40% compared to 2006. Without compromising product quality or employee safety, we will keep optimizing processes and utilities, primarily ventilation and cooling systems.

Minimizing the direct environmental impact of our products is another important objective. Lundbeck is a research-based company, and as such we invent new chemical compounds. Before we are allowed to market these compounds as new pharmaceuticals, we are obliged to test and assess their environmental impact. The gained knowledge is applied to the design and manufacturing process with the least possible environmental impacts. Besides meeting regulatory requirements, we also participate in European pharmaceutical industry networks to exchange experience and contribute to the development of environmentally-friendly processes and technologies.

Lundbeck aims to be a leader in health and safety, and here annual measurements are useful for identifying improvements. During 2012, our employees in Denmark, Italy and at our research facility in the US were asked to assess their work environment; 87% took part in this annual assessment. Overall, the results indicated a high degree of satisfaction, but there is still room for improvement, and we have therefore introduced several initiatives to promote wellbeing, including improved information addressing stress, conflict management etc.

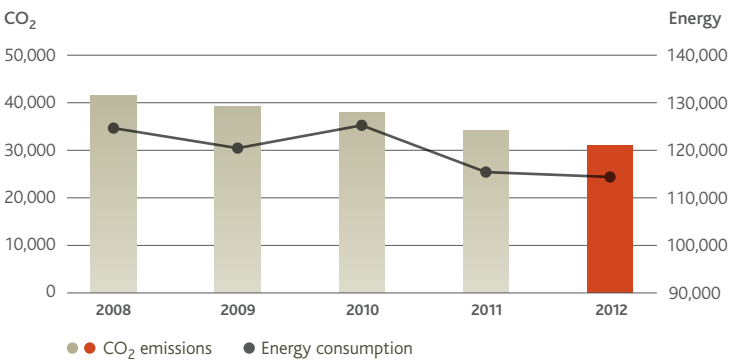
In 2012, we experienced an undesired yet minor increase in the number of accidents, while we were pleased to see the number of lost workdays per accident decrease. Every accident is systematically reviewed by a dedicated task force in order to ensure that preventive actions are initiated. These efforts will be intensified in 2013, where the learning from the review of accidents and near-misses will be used to strengthen our safety culture.

Training regarding risks is crucial in order to build and maintain a safety culture. In 2012, we have specifically addressed common job-related hazards and improved risk mitigation in our pharmaceutical production. We have also further developed our comprehensive industrial hygiene programme, which includes toxicological tests, dust measurements and calculation of exposure limits for active substances. Based on these measurements we evaluate and design workplaces and -procedures that will ensure safe workplaces.

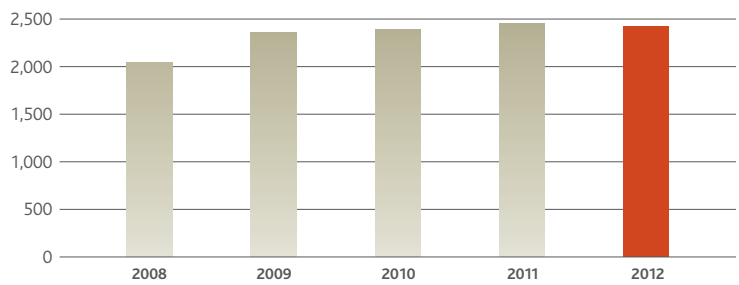
Smoking cessation courses, dietary counselling, exercise and other activities have been offered for several years to promote employees' health and wellbeing. In 2012, we made health promotion a priority in Lundbeck's HSE strategy in order to ensure a continued focus and monitoring of long-term health effects. An example is the successful results of a pilot project involving 50 service employees who received health checks and were offered counselling and physical exercise. This will be followed up by another health project in 2013.

HEALTH, SAFETY AND ENVIRONMENT FIGURES

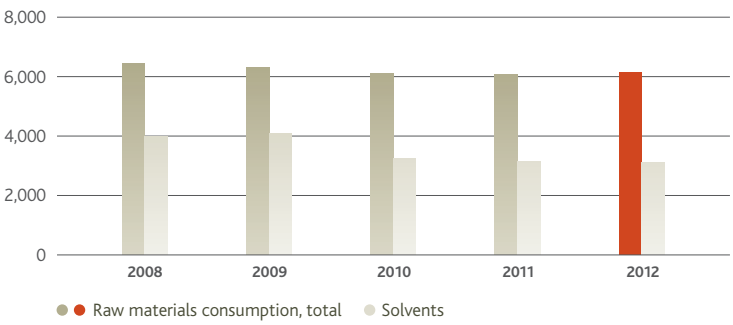
CO_2 AND ENERGY (tonnes and MWh)



PRODUCTION (million units)

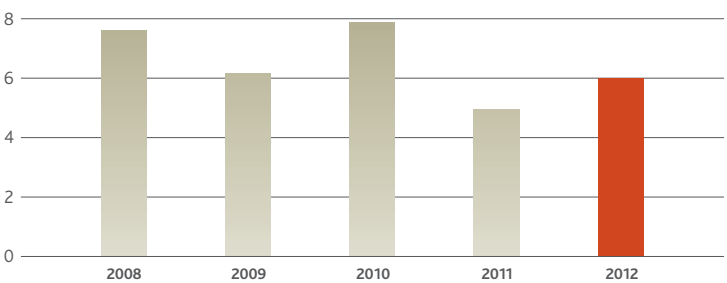


RAW MATERIALS (tonnes)



WASTE (tonnes)

LOST-TIME ACCIDENTS (frequency per one million work hours)



Our pharmaceutical production volume fell by 1.3% from 2011 to 2012. Consumption of energy and CO_2 emission declined by 0.9% and 9.1% respectively, whereas waste volumes declined by 3.8% during the same period. We observed a minor increase in the consumption of raw materials due to alternating production patterns.

Regarding health and safety, we experienced a minor increase of three recorded accidents with absence in 2012, but at the same time the number of workdays lost per accident decreased compared to 2011. This indicates that the severeness of the accidents has gone down in 2012.

RISK MANAGEMENT

Close monitoring and the ability to respond are prerequisites for good risk management. At Lundbeck, our risk register provides an overview of our risk exposure. At the same time, ongoing adjustment of our processes ensures an updated, aligned and continuous improvement approach to risk management.

A pivotal aim of Lundbeck's risk management is to strike a balance between risk exposure and value generation. We consistently update and adapt our risk management processes to match internal and external requirements. In this way our Corporate Management Group obtains an overview of available activities and resources, while also establishing a firm basis for decision-making on Lundbeck's overall risk exposure.

Lundbeck's risk management team reports to a central Risk Office. We operate on the principle that risks, in addition to central monitoring and coordination, are best managed by decentralized units. These units have extensive knowledge of the risks we face; they take a systematic approach to monitoring, identifying, quantifying and responding to risks, and are in the strongest position to mitigate our exposure. Furthermore, we have put in place clearly-defined reporting, decision-making and follow-up procedures.

We assess the probability of an event occurring and the potential impact for Lundbeck in terms of financial loss or reputational damage. As part of this process, the risk evaluation carried out by our decentralized units is regularly reviewed by the risk management team; our overall risk exposure is then evaluated by our central Risk Office.

RISK REPORTING AND ASSESSMENT

Risk reporting forms an integral part of Lundbeck's overall reporting process. We use a risk register for reporting and controlling our consolidated risk exposure. This register contains the following information about each individual risk:

- Description
- Current status
- Current response
- Assessment of probability and potential impact
- Person responsible for managing the risk

It also divides our identified risks into six categories:

- Research and development (R&D)
- Market conditions
- Infrastructure
- Reputation
- Legal rights
- Financial matters

Using this information, the Risk Office assesses our overall risk exposure and discusses it with the Corporate Management Group. Risks are assessed both as gross risks and net risks. The assessment of gross risk assumes that no mitigating actions have been implemented, whereas net risk assessment takes into account mitigating actions already in place and their anticipated effect. We strive to mitigate as many risks as possible. Subsequently, risks and risk exposure are presented to and discussed by the Audit Committee.

RESEARCH AND DEVELOPMENT

Lundbeck's R&D strategy is focused on developing innovative pharmaceuticals. However, there are risks involved in launching new pharmaceuticals and treatment options for known diseases. During the R&D process, there is a risk that new products will be delayed or have to be abandoned altogether. In each of our late-stage projects, we consider whether the initiation of new clinical trials or additional support in ongoing clinical trials could lead to more successful project outcomes.

MARKET CONDITIONS

The pharmaceutical market, especially in Europe, is characterized by attempts by authorities to cap or reduce increasing healthcare costs. These cost containment measures are structured in several ways, such as regulation of prices, reimbursement or increasing requirements to demonstrate added value in comparison to already existing products. Such healthcare reforms may have a considerable impact on the earnings potential of pharmaceuticals in the coming years.

Increasing debts have compelled governments to reduce public budgets, and in some cases savings have been made through comprehensive price reductions. Uncertainty surrounding public debts and further cost containment measures are likely to be ongoing risks in 2013.

To meet these challenges, we are working with healthcare authorities around the world to document the value of our pharmaceuticals – for example by preparing health-economic assessments. Furthermore, we are continually looking for ways to adapt our activities to the changing market conditions.

INFRASTRUCTURE

It is crucial for patients to always have access to the pharmaceuticals they require. As a pharmaceutical manufacturer, we therefore need to ensure reliability of supply. To this end, we carefully monitor supply and maintain an inventory that will help us overcome any breakdown in production. To mitigate production risks, we currently have production and packaging facilities at six independent sites: Lumsås and Valby (Denmark), Tainjin (China), Nice (France), Padova (Italy) and Mexico City (Mexico). In this way we have enhanced our production flexibility, while also reducing costs by relying less on external suppliers.

In rare cases, pharmaceutical companies are forced to recall a product from the market due to safety or quality issues. At Lundbeck, we have systems and procedures in place to ensure a swift and effective response should such a situation arise. Our business model also includes partnerships which offer a number of benefits. However, these partnerships mean we do not always retain full control of individual projects and products. Close and open dialogue with our partners is therefore critical; by sharing ideas and best practices in R&D, production, marketing and sales, we can ensure our targets are met.

Lundbeck is a knowledge-based business, which means that our success depends on having the right employees with the right competencies. As a result we take great strides to secure our human capital, investing heavily in developing our employees' know-how and skills. While this is essential for Lundbeck as an organization, it also means that our employees are attractive to other businesses. We therefore seek to engage and retain our employees through remuneration, employee benefits, recognition and development opportunities.

It is also crucial that we can protect the knowledge that underpins our success. We have increased our focus on information security with a view to protecting our intellectual property rights and, not least, avoiding the infringement of third party rights. However, while we need to keep our knowledge secure, we need to share it with employees around the world – and, with this in mind, we have developed systems and procedures to enable a smooth flow of information internally.

REPUTATION

As a leading pharmaceutical company, reputation is everything. We know that new clinical trials, publications and letters to editors can influence the perception of products and their manufacturers. In order to build confidence and trust in our capabilities, we invest substantial resources in providing factual and scientific information for the benefit of healthcare professionals and patients.

Corporate governance is also integral to reputation and is a core part of the way we run our business. We have the right systems in place to ensure preventive and forward-looking risk management, and we deliver fast and valid reports on the risk profile of marketed products, as well as operational, tactical and strategic financial planning.

Our Code of Conduct is pivotal to Lundbeck's compliance structure, which helps to ensure that we comply with international regulation from laws, pharmaceutical industry association standards and corporate requirements. We conduct regular audits of Lundbeck business against our Code of Conduct and also revise the Code of Conduct in accordance with changed regulation, audit observations and collected best practice.

LEGAL RIGHTS

Lundbeck relies on its ability to protect its intellectual rights for new pharmaceuticals. We must also operate our business without infringing the rights of others. For pharmaceutical companies, patenting and the patent application process are legally and scientifically complicated, and are therefore subject to uncertainty. We are taking major steps to develop and retain competencies in this area.

We believe that our intellectual property (IP) rights are valid and enforceable, and we defend these rights wherever they may be violated. Lundbeck is involved in pending trials concerning IP rights for escitalopram in Australia, Austria, Belgium, Brazil, Canada, Denmark, Greece, Hungary, the Netherlands, Portugal, Saudi Arabia, Spain and the UK.

RISK MANAGEMENT

FEBRUARY
The Board of Directors publishes the annual report, incl. a section on risk management

APRIL
Risk Office evaluates risk exposure

The Board of Directors publishes the first quarter report, incl. any changes to risk exposure

AUGUST
Risk Office evaluates risk exposure

The Board of Directors publishes the second quarter report, incl. any changes to risk exposure

SEPTEMBER
Risk Office initiates an update of risk exposure as an integral part of the budget process

OCTOBER
Corporate Management Group reviews the updated risk exposure

NOVEMBER
Presentation of risk exposure to Audit Committee and Board of Directors

The Board of Directors publishes the third quarter report, incl. any changes to risk exposure

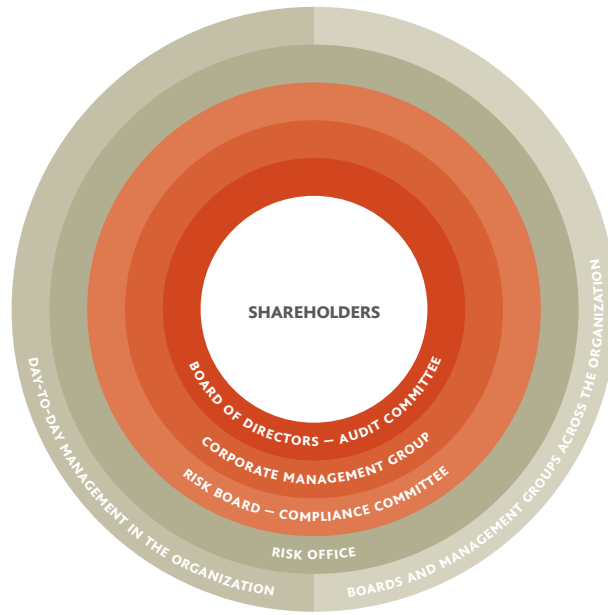
In 2012, Lundbeck received a Statement of Objections from the European Commission regarding citalopram agreements concluded in 2002-2003 with four generic competitors. We disagree with the Statement of Objections; our position is that Lundbeck's business practices are consistent with all relevant national and EU competition legislation. A Statement of Objections does not represent the European Commission's final decision. Any final decision is appealable to the European Courts (General Court and then the European Court of Justice), and the whole process could take several years to conclude. We are cooperating fully with the Commission's investigation and have submitted a response to the Statement of Objections to address the concerns that have been raised.

FINANCIAL MATTERS

Most of Lundbeck's commercial transactions are settled in foreign currencies. At the present time, the currency risk is primarily associated with the fluctuations of the US dollar (USD), but also other currencies such as the Canadian dollar (CAD) and British pound (GBP). Lundbeck's treasury policy allows the hedging of income in these currencies for up to 12 months. Accordingly, any change in exchange rates during 2013 will only have a small impact on our financial results for that year, although it may affect financial performance from 2014 onwards.

Interest rate risks arise in connection with our money market fund, debt portfolio and cash holding. We reduce these risks by seeking short duration on both assets and liabilities. Credit risks, meanwhile, arise in connection with the sale of goods, our money market fund and cash holdings; to reduce these risks we avoid credit risk concentration and diversify receivables on a large number of creditworthy trading partners. In addition, we exclusively deal with banks that have an 'investment grade' credit rating.

RISK MANAGEMENT ORGANIZATION



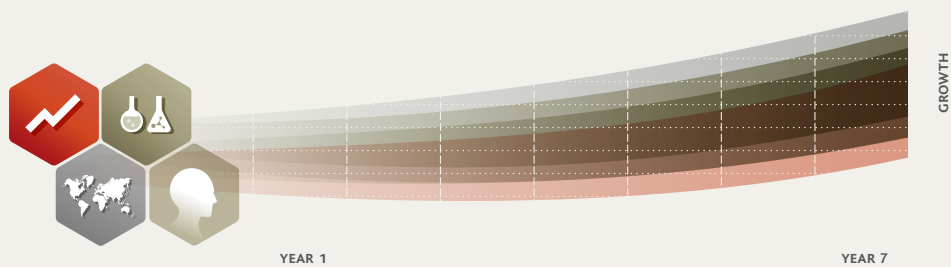
FINANCIAL LONG-TERM MODEL – A VITAL TOOL FOR RISK MANAGEMENT

Lundbeck uses a Financial Long-term Model (FLM) for long-term strategic and financial planning, covering the time period of the coming seven years.

The FLM provides insights into for example product launch strategies and operational plans, impact from loss of exclusivity and expected healthcare reforms, and pay-back from major investments, as well as expectations for the basic business.

The FLM is supported by in-depth descriptions and sensitivity analysis and is, as such, used as input for strategic decisions, such as the decision during 2012 to restructure our commercial operations in Europe.

Some of the scenarios presented to the Corporate Management Group spring from quantifying and consolidating several risks gathered from across the organization, thus making the FLM a valuable tool for decision making and corporate risk management.



FINANCIAL ELEMENTS
- PRICES
- REBATES
- QUANTITIES
- PATIENT POPULATION
- MARKET SHARES
- COMPETITION
- FILL RATES
- PRESCRIPTION RATES
- LUNDBECK COSTS

R&D ELEMENTS
- R&D SPEND
- COLLABORATIONS
- PIPELINE SUCCES RATE
- PRODUCT LABELLING
- LIASON WITH REGULATORY BODIES

MARKET ELEMENTS
- HEALTHCARE REFORMS
- PRICE REFORMS
- MARKET ACCESS
- PHARMA RESTRICTIONS IN SOME MARKETS
- LAUNCH SUCCESS
- PRODUCT POSITIONING
- COMPETING PHARMACEUTICALS
- GENERICS ON THE MARKET

OTHER
- SUPPLY CHAIN EFFECTIVENESS
- REPUTATION
- STRENGTH AND ABILITIES OF PARTNERS

CORPORATE GOVERNANCE

Lundbeck complies with a central corporate governance framework and recommendations. Our governance model is designed to create value for the company and our stakeholders.

Corporate governance at Lundbeck concerns the way in which the company is managed and controlled, while creating value for the company and stakeholders. Our corporate governance framework is designed to regulate the interaction between our shareholders, Board of Directors and Executive Management, taking into account internal and external controls. The Lundbeck governance model complies with relevant laws and guidelines.

In 2012, we retained our strong focus on the recommendations of the NASDAQ OMX Copenhagen stock exchange. The Board of Directors and Executive Management believe that Lundbeck meets all of these corporate governance recommendations, with the exception of three items:

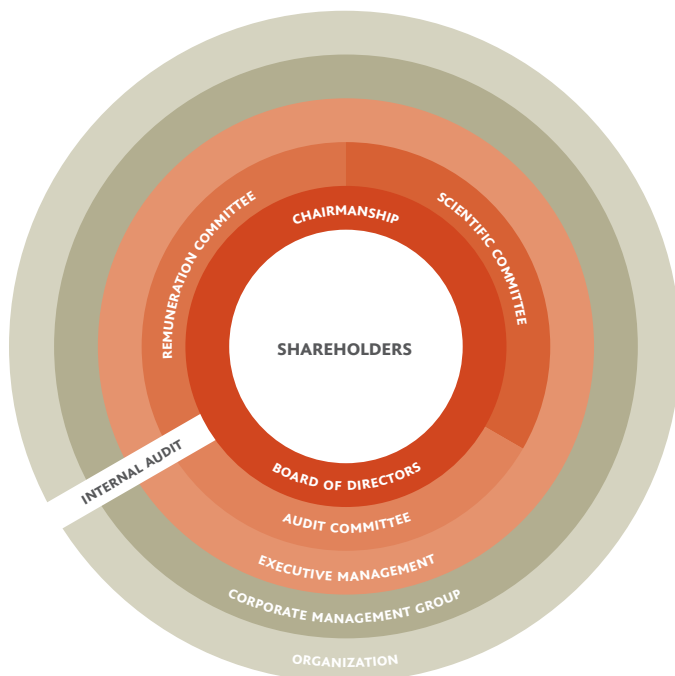
- Lundbeck does not comply with the recommendation to establish a nomination committee, which considers the qualifications and composition of the Board of Directors and Executive Management. Our Chairman and Deputy Chairman handle this task.

- Lundbeck also deviates from the recommendation regarding disclosure of remuneration paid to individual members of Executive Management. We do not believe this provides added value to our stakeholders. We only intend to disclose the total individual remuneration paid to our President and CEO, and the total remuneration paid to Executive Management.

- The third area concerns diversity of the Board of Directors and Executive Management. We fully subscribe to the principle that women and men should be given equal opportunities, but at the same time we wish to follow our policy on recruiting people based on qualifications.

In accordance with section 107b of the Danish Financial Statements Act, Lundbeck has disclosed the mandatory corporate governance report at www.lundbeck.com[1].

LUNDBECK'S CORPORATE GOVERNANCE MODEL



1) http://www.lundbeck.com/upload/global/files/pdf/corporate_governance/2012/corporate_governance_report.pdf

SHAREHOLDERS

Shareholders have ultimate authority over the company and exercise their right to make decisions at general meetings. At our Annual General Meeting (AGM), shareholders approve the annual report, amendments to the company's Articles of Association, and elect board members and the independent auditors.

Lundbeck's Board of Directors and Executive Management constantly work to ensure active ownership by our shareholders, who are encouraged to contribute items to be considered at the AGM. We ensure an open dialogue and transparency in shareholder communications, and recognise Lundbeck's stakeholders and their importance to the company.

BOARD OF DIRECTORS

The Board of Directors is responsible for defining our general strategy, setting goals for Executive Management, and ensuring that members of Executive Management and other managers have the right qualifications. The Board of Directors also evaluates management performance and management remuneration. Furthermore, the Board of Directors has the overall responsibility for ensuring that adequate internal and external controls are in place, and for identifying and addressing any risks. This responsibility is defined in the Danish Companies Act and stipulated in the rules of procedures for the Board of Directors.

The Board of Directors regularly evaluates the business, our financial strategies and policies, and ensures that day-to-day management is carried out in accordance with such policies.

Executive Management reports to the Board of Directors on an ongoing basis regarding:

- Follow-up on approved strategic activities
- Key risks, including risks associated with patenting, research and development (R&D), regulatory, commercial and financial issues
- Recommendation for approval of large-scale investments and transactions which are of an unusual nature or size for Lundbeck
- Financial reporting, including follow-up on budgets, estimates, interim financial statements and annual reports
- Matters such as internal controls in the financial reporting procedures, special financial and accounting issues, evaluation of financial reporting and other financial information
- Processing of final audit book comments from the independent auditors
- Feedback from investor meetings to provide shareholders' view on Lundbeck.

BOARD INFORMATION

Board members elected at the Annual General Meeting	Special competencies	Independent member	Audit Committee	Remuneration Committee	Scientific Committee
Mats Pettersson (chairman)	• Management in international enterprises • Pharmaceutical research and development • Business development	●	●	Chairman	
Christian Dyvig (deputy chairman)	• Management in international enterprises • Global financial management and investment expertise • Business development	Related to the Lundbeck Foundation			●
Håkan Björklund	• Management in international enterprises • R&D and commercial experience from the pharmaceutical industry • Business development	●	●	●	●
Thorleif Krarup	• Management in international enterprises • The Lundbeck Group's business and practices • Global financial management	Related to the Lundbeck Foundation	Chairman		
Melanie G. Lee	• Management in international research enterprises • Development and implementation of strategies • R&D	●			
Jes Østergaard	• Management in international research enterprises • The Lundbeck Group's business and practices • Business development and HR	Related to the Lundbeck Foundation		●	Chairman

Board members elected by the employees
Kim Rosenville Christensen
Mona Elisabeth Elster
Jørn Mayntzhusen

In 2012, the Board of Directors assessed and approved strategies for late-stage development projects and new marketed products, in support of the overall product and geographical diversification strategy. Furthermore, the Board of Directors has concentrated its efforts on the challenging European market conditions following various healthcare reforms. There has also been significant focus on established partnerships.

The Board of Directors held nine ordinary meetings and one extraordinary meeting in 2012, plus a two-day strategy seminar together with Executive Management.

Composition
Lundbeck's Board of Directors consists of six external directors elected by the shareholders at the AGM, and three members elected by our Danish employees. Members elected at the AGM are up for re-election every year, while the members elected by our employees are up for re-election every four years. Board members may retain their seat on Lundbeck's Board of Directors until the AGM in the calendar year in which they reach the age of 70. For more information about rules and principles for election of board members, see www.lundbeck.com[2].
In 2012, Melanie G. Lee was elected to the Board of Directors.

Lundbeck promotes and encourages equal opportunities and diversity. In terms of the 2012 Board composition, one third of the members elected by Lundbeck employees are female, and 17% of Board members elected by shareholders are female.

Independence
Lundbeck has a two-tier board structure consisting of the Board of Directors and Executive Management. No board member is a member of Lundbeck's Executive Management. NASDAQ OMX Copenhagen recommends that at least half of a company's board members should be independent. The issue of board member independence is particularly relevant for Lundbeck, which has a single principal shareholder, the Lundbeck Foundation, holding 70% of the shares. Based on the guidance from NASDAQ OMX Copenhagen, three of the six board members elected at the AGM are independent, while three members, due to their close affiliation with the Foundation, are not. The Foundation does not nominate the chairman of Lundbeck's Board of Directors, but only recommends members for the position of deputy chairman and two ordinary board members.

Competencies
It is paramount that our Board of Directors possess the right competencies. Every year, Lundbeck's Board of Directors conducts a self-evaluation facilitated by an external party. This includes a review of the strengths and weaknesses of the work performed by the Board and the committees. The Board of Directors believes that the current Board members possess the financial, strategic and business skills required to serve on the board of a global pharmaceutical company. Further information regarding the Board of Directors (including competencies) is available at www.lundbeck.com[3].

CHAIRMANSHIP

The Chairman and Deputy Chairman ensure that the Board of Directors' tasks and responsibilities are handled in a balanced and satisfactory manner. In addition to activities related to strategic, financial and operational supervision of Executive Management, the Chairmanship carries out the role of a nomination committee.

In March 2012, the Board of Directors re-elected Mats Pettersson as Chairman and elected Christian Dyvig as Deputy Chairman. The Chairmanship held 10 meetings in 2012 together with members of Executive Management.

COMMITTEES

The Board of Directors has set up three committees: the Audit Committee, the Remuneration Committee and the Scientific Committee. The three committees advise the Board on financial information and reporting, remuneration of Executive Management and the company's compensation strategy, and R&D, respectively.

For more information about the three committees, see p. 53.

EXECUTIVE MANAGEMENT

Lundbeck's Executive Management is responsible for the company's day-to-day management. This responsibility comprises:
- The Lundbeck organization
- Allocation of resources
- Defining and implementing strategies and policies
- Achieving goals
- Reporting information to the Board of Directors.

The responsibilities of executive management include:
- Regularly reporting on status of targets and results against set objectives and budgets
- Arranging regular meetings at which the Corporate Management Group reviews and evaluates progress and risks
- Providing reports on cash and financial positions
- Issuing signed statements about whether company policies have been implemented and complied with
- Segregating functions and defining limits on powers to sign for the company, and approving authorisations to prevent fraud and financial losses
- Establishing policies in areas such as IT security, insurance, investment, procurement, cash management and financial reporting.

Lundbeck's Executive Management consists of three members appointed by the Board of Directors. The Corporate Management Group includes Executive Management and representatives from the various areas of the pharmaceutical value chain: business development, finance, human resources, legal, public affairs, R&D, sales & marketing and supply operations. The Corporate Management Group meets every two weeks. Further description of the Executive Management (including competencies) is available at www.lundbeck.com[4].

Lundbeck aims for equal opportunities for men and women across the organization as well as at the managerial level. In Denmark, 52% of all employees are female and 25% of senior management (Divisional Directors, Vice Presidents and Executive Management) are female. The distribution is similar when taking a global perspective.

INDEPENDENT AUDITORS AND INTERNAL AUDITS

Lundbeck's financial processes are audited by independent auditors elected by the AGM. The auditors act in the interest of the shareholders and report potential financial deficiencies to the Audit Committee – and ultimately to the Board of Directors.

2) http://www.lundbeck.com/upload/global/files/pdf/articles_en.pdf
3) http://www.lundbeck.com/global/about-us/corporate-governance/board-of-directors/board-members
4) http://www.lundbeck.com/global/about-us/corporate-governance/executive-management

We have also set up an Internal Audit function. This reports directly to the Audit Committee and is therefore independent of the Corporate Management Group. Based on the audit plan approved by the Audit Committee, Internal Audit performs audit assignments in all business entities. The auditors assist management by recommending ongoing improvements to existing internal controls. The Audit Committee also approves appointment, dismissal and remuneration of the head of the Internal Audit function.

In order to mitigate the risk of errors and omissions in financial reporting, we use an internal control and risk management system as part of the reporting process. The system consists of five areas:

Control environment
The Board of Directors and Executive Management are responsible for establishing and approving general policies, procedures and controls in relation to financial reporting. At the same time, they regularly assess the company's organizational structure and staffing in key areas.

Risk assessment
The Board of Directors and Executive Management regularly assess the company's risk exposure, including risks relating to financial reporting.

Control activities
Our control activities are based on risk assessment. The objective is to ensure compliance with policies, manuals and procedures laid down by management, and timely identification of errors and omissions.

Information and communication
We have established information and communication systems which set out the requirements for internal and external financial reporting in accordance with current legislation.

Monitoring
We monitor risk assessment and control activities as part of an ongoing process. The monitoring comprises formal and informal procedures, including a review of results, budgets and estimates. In addition, we assess key financial highlights and ratios. For more information, see www.lundbeck.com[5].

WHISTLEBLOWER SYSTEM

Lundbeck has established a whistleblower system. This enables all employees to contact Internal Audit anonymously if they experience any non-compliance with our company policies.

REMUNERATION

As a global pharmaceutical company, Lundbeck must be able to attract and retain competent expertise from the international business community. We aim to provide talented individuals and key employees with a competitive remuneration. This remuneration rewards the achievement of both short and long-term objectives in the interest of our shareholders. Remuneration to the Board of Directors and Executive Management is based on guidelines approved by the AGM. These guidelines are available at www.lundbeck.com[6].

Remuneration to Lundbeck's Board of Directors and Executive Management is benchmarked against a group of Scandinavian and European peer companies. This benchmarking is carried out annually by our Remuneration Committee. The Board of Directors approve remuneration to Executive Management, while remuneration to the Board of Directors is approved by the AGM.

Board of Directors
Members of Lundbeck's Board of Directors receive a fixed remuneration and are not included in the company's bonus and incentive programmes, or in the form of cash bonus, warrants or shares. In addition, the members of the Audit, Remuneration and Scientific Committees receive a separate fee.

We recommend, subject to shareholder approval, that the basic fees to the Board of Directors remain unchanged in 2013. An ordinary member of the Board receives DKK 300,000, while the Chairman and Deputy Chairman each receive triple and double the basic fee, respectively. We also recommend that the members of the Audit, Remuneration and Scientific Committees receive DKK 200,000 in 2013. The chairmen of the committees will receive 1.5 times this basic fee.

Executive Management
It is important to Lundbeck that the overall remuneration package for Executive Management is composed in such a way that it rewards the achievement of ambitious short-term goals and clearly provides an incentive to focus on long-term goals as well.

The overall remuneration package for the members of Executive Management consists of a base salary, short- and long-term incentive programmes and a pension. The base salary is aligned with the average salary of our peer companies. The short-term incentive programme for the members of Executive Management is an annual bonus, awarded for the achievement of pre-determined targets for the preceding financial year. The CEO may receive up to nine months' base salary as a bonus on condition of exceptional results. The other members of Executive Management may receive up to six months' base salary as a bonus, also on condition of exceptional results. The bonus scheme is based on group and individual targets.

In addition, members of Executive Management participate in long-term incentive programmes that include shares and share-based instruments, such as warrants and share options. The programmes are based on value generation to shareholders. Executive Management can access these shares and share-based instruments after three years, as long as pre-defined long-term strategic targets are achieved.

The pension scheme for Executive Management is a defined contribution scheme, which corresponds to the market level. The scheme includes both savings and insurance coverage, in line with general practice.

On termination of employment, members of Executive Management will receive no more than two years' salary.

5) http://www.lundbeck.com/global/about-us/corporate-governance/internal-control
6) http://www.lundbeck.com/global/about-us/corporate-governance/remuneration

COMMITTEES

AUDIT COMMITTEE — FINANCIAL ADVICE

The Audit Committee provides advice to the Board of Directors on internal and external controls in financial reporting procedures, special financial and accounting issues, evaluation of financial reporting and other financial information and risk management issues.

The audit committee provides advice on the basis of:

- Meetings with the Corporate Management Group and internal and independent auditors
- Management's recommendation concerning accounting policies, accounting estimates, new accounting standards and significant single transactions
- Critical guidelines and policies for internal controls and financial reporting procedures
- Annual strategy, audit plans and review of status on audit procedures performed by Internal Audit
- Communication from independent auditors to the Board of Directors, including monitoring and control of auditors' independence, review of audit planning and draft audit book comments
- Systematic review of the company's risk exposure
- Cases received through the whistleblower system.

In March 2012, the Board of Directors elected Thorleif Krarup as Chairman of the Audit Committee and Mats Pettersson and Håkan Björklund as members.

The Chairman of the Board does not act as Chairman of the Audit Committee, and more than half of the members are independent. The Audit Committee held three meetings in 2012.

The Audit Committee's focus in 2012 has also been on the implementation of Lundbeck's Code of Conduct, the whistleblower system and risk management.

REMUNERATION COMMITTEE — ADVICE ON REMUNERATION

The Remuneration Committee informs the Board of Directors of remuneration decisions regarding members of Executive Management. The Committee also advises on the company's overall remuneration policy. Additionally, the Committee handles assignments related to recruitment and appointments to Lundbeck's senior management.

In March 2012, the Board of Directors elected Mats Pettersson as Chairman of the Remuneration Committee and Jes Østergaard and Håkan Björklund as members. More than half of the members in the Remuneration Committee are independent. The Remuneration Committee held four meetings in 2012.

Throughout the year, the Remuneration Committee's focus was on following up on Executive Management's targets for 2012, as well as defining targets for 2013. The Remuneration Committee also reviewed and adjusted the remuneration programmes, ensuring that Lundbeck remains an attractive workplace for talented individuals and key employees.

SCIENTIFIC COMMITTEE — ADVICE ON R&D

Lundbeck's Board of Directors has a Scientific Committee, the purpose of which is to advise the Board of Directors on support for strategic R&D.

In March 2012, the Board of Directors elected Jes Østergaard as Chairman of the Scientific Committee and Christian Dyvig and Håkan Björklund as members. One of three members is independent. The Scientific Committee held three meetings in 2012 attended by members of the Board of Directors and the Corporate Management Group. Two of the meetings were also attended by external scientific experts.

Our Scientific Committee's focus in 2012 was on recommendations regarding our late-stage development pipeline, and business development and partnership opportunities. It also assessed opportunities and challenges of various pre-clinical research projects.

BOARD OF DIRECTORS	2013	2012
Member of the board	**DKK 300,000**	DKK 300,000
Chairman	**DKK 900,000**	DKK 900,000
Deputy chairman	**DKK 600,000**	DKK 600,000

COMMITTEES	2013	2012
Member of a committee	**DKK 200,000**	DKK 200,000
Chairman of a committee	**DKK 300,000**	DKK 300,000

THE LUNDBECK SHARE

In 2012, Lundbeck established a sponsored Level I American Depositary Receipt (ADR) programme in the US. It was a turbulent year for the Lundbeck share, which ended at DKK 82.90.

In 2012, the Lundbeck share peaked at DKK 128.00 on 20 July, and reached its lowest closing price of DKK 81.65 on 21 December. The share ended 2012 at DKK 82.90, representing a 23.2% decline for the year. In comparison, the Danish capped index, OMXC20 CAP, increased 22.3% in 2012, and the MSCI European Pharmaceutical Index increased by 12.1%.

TURNOVER

Total trading in Lundbeck shares amounted to DKK 7.1 billion in 2012, while the average daily turnover was DKK 28.4 million, which represents a 4% increase compared to 2011. This should be viewed in the context of an 18% decrease in total turnover of the Danish OMXC20 companies. A total of 65 million shares were traded in 2012, equivalent to 264,635 shares per day or an increase of 9% compared to 2011.

DIVIDEND

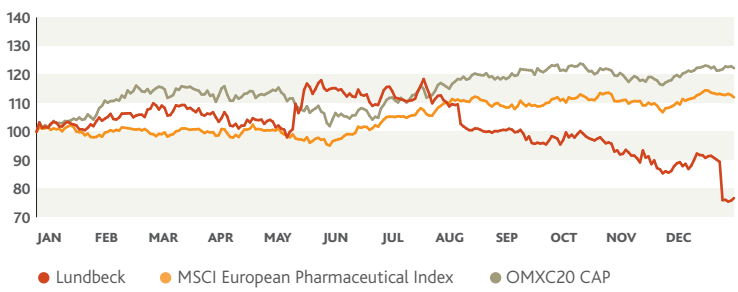
Lundbeck's dividend payout ratio takes consideration of our growth plans, possible business development activities and general liquidity requirements. For the financial year 2012, the Board of Directors proposes a dividend payout ratio of 35% of the year's profit after tax, corresponding to DKK 2.00 per share. In 2012, the dividend yield amounted to 2.4% based on closing price.

Lundbeck shares are traded ex-dividend the day after the Annual General Meeting, which in 2013 will be held on 21 March. The dividend will be paid automatically via VP Securities on 27 March 2013.

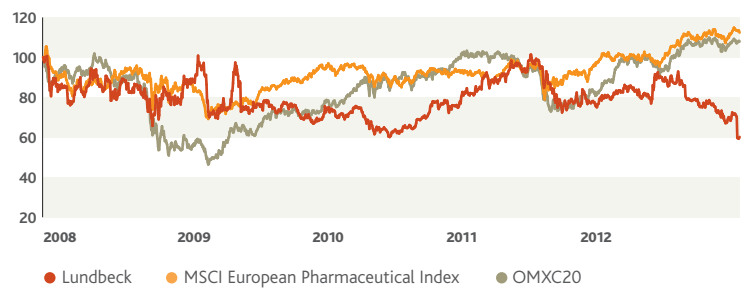
SHARE CAPITAL

The Lundbeck share is listed on the Copenhagen stock exchange, NASDAQ OMX Copenhagen. All shares belong to the same class and rank equally. The shares are negotiable and there are no restrictions on their transferability. Each share has a nominal value of DKK 5 and carries one vote.

STOCK PERFORMANCE 2012



STOCK PERFORMANCE 2008-2012



At the end of 2012, Lundbeck's total share capital amounted to DKK 980,682,555 which is the equivalent of 196,136,511 shares. On 21 May 2012 following the issue of warrants as part of Lundbeck's long-term incentive programme, the share capital was increased by DKK 2,965. This increase corresponded to 593 shares.

AMERICAN DEPOSITARY RECEIPT

On 24 May 2012, Lundbeck established a sponsored Level 1 American Depositary Receipt (ADR) programme with Deutsche Bank Trust Company Americas. An ADR is a receipt issued by a depositary bank representing ownership of a company's underlying shares. ADR programmes are created to enable US investors to hold shares in non-US companies and trade them in the same way as US securities.

Lundbeck ADRs are available for trading in the US over-the-counter (OTC) market, where one ADR represents one Lundbeck share. The ticker symbol for the Lundbeck ADR is HLUYY. At the end of 2012, 2.0 million ADRs were outstanding, representing 1.0% of the total shares or 3.3% of the free float.

For the Lundbeck ADR, the year ended at USD 14.55 per ADR. In 2012, the ADR volume was 919,060, representing 2.1% of the total volume of Lundbeck shares between 24 May and 31 December 2012.

COMPOSITION OF SHAREHOLDERS

Lundbeck's company's shares are registered by name and entered in the register of shareholders. At the end of 2012, 32,606 registered shareholders held 98% of the share capital.

The Lundbeck Foundation is the company's largest shareholder, holding 137,351,918 shares at the end of the year. This equates to 70% of the share capital and voting rights of Lundbeck. The Lundbeck Foundation is the only shareholder to report a holding in excess of 5% of the share capital.

At the end of 2012, institutional investors in North America held 24% of the free float, compared to 34% in 2011, European (excluding Danish) institutional investors' share was 28%, compared to 24% in 2011 and Danish institutional investors held 15% of the total share capital, against 14% the previous year. The share of the free float held by private Danish investors was 21%, compared to 15% in 2011.

Lundbeck held 434 treasury shares at the end of 2012. The shares were acquired in accordance with our in-house rules, and with the rules on trading in treasury shares issued by NASDAQ OMX Copenhagen.

By year-end, Lundbeck's Board of Directors and Executive Management held, directly and indirectly, a Lundbeck share total of 8,659 and 160,362 respectively, corresponding to 0.1% of the total shares outstanding.

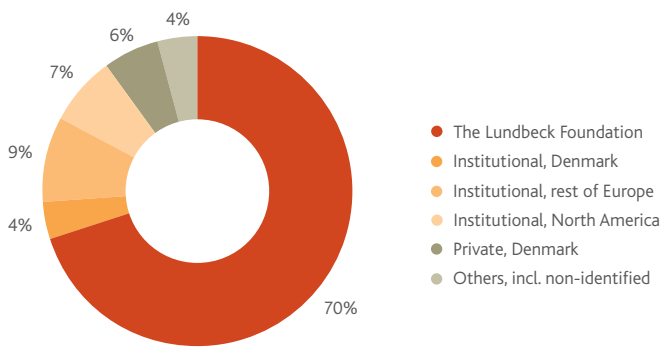
LUNDBECK AND THE EQUITY MARKET

Lundbeck gives a fair and accurate view of its activities by providing ongoing communications with prospective and existing shareholders and equity analysts. Through regular meetings and dialogue, we convey relevant information about our vision and goals, business areas and financial developments. In 2012, Lundbeck Investor Relations held about 250 meetings, primarily in Europe and the US but also in Tokyo, and participated in more than 10 investor conferences.

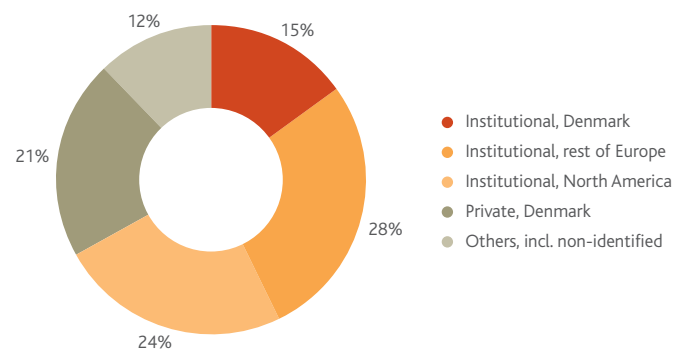
Each year, as Lundbeck's interim and full-year reports are announced, we conduct roadshows at which our Corporate Management Group and Investor Relations team inform investors and analysts about the company's latest developments. Our investor presentations are available to view on www.lundbeck.com[1].

1) http://investor.lundbeck.com/downloads.cfm

COMPOSITION OF OWNERSHIP, END 2012



COMPOSITION OF FREE FLOAT OWNERSHIP, END 2012



SHARE RATIOS

	2012	2011	2010
Earnings per share (EPS) (DKK)	5.65	11.63	12.57
Diluted earnings per share (DEPS) (DKK)	5.64	11.63	12.57
Cash flow per share (DKK)	10.77	18.48	16.65
Net asset value per share (DKK)	67.29	65.14	56.71
Dividend (DKK)	2.00	3.49	3.77
Dividend pay-out ratio (%)	35	30	30
Dividend yield (%)	2.4	3.2	3.6
Market price, end 2012	82.90	108.00	106.00
High market price	128.00	139.70	108.50
Low market price	81.65	99.75	82.80
Price/Earnings	14.69	9.28	8.43
Price/Cash flow	7.70	5.84	6.37
Price/Net asset value	1.23	1.66	1.87
Market capitalization, end 2012 (DKKbn)	16.26	21.18	20.79
Annual trading, million shares	65.9	62.1	122.4
Average trading per trading day, thousands of shares	264.6	243.4	487.8

SHARE FACTS

Number of shares, end 2012	196,136,511
Share capital, end 2012 (DKK)	980,682,555
Nominal value (DKK)	5
Holding of treasury shares (number)	434
Free float (%)	30
IPO	18 June 1999
Stock exchange	NASDAQ OMX Copenhagen
ISIN code	DK0010287234
Ticker	LUN.CO (Reuters)
	LUN DC (Bloomberg)
ADR programme	Sponsored level 1 programme
ADR trading code	HLUYY
CUSIP number	40422M107
Sector (ICB)	Pharmaceuticals & Biotechnology
SIC code	2833
SEDOL	7085259
Large indices	OMXC20
	Dow Jones STOXX 600
	FTSE4Good Europe

ANALYST COVERAGE

Company	Name	Website
ABG Sundal Collier	Peter Hugreffe Ankersen	www.abgsc.com
Alm. Brand Markets	Michael Friis Jørgensen	www.markets.almbrand.dk
Carnegie Bank	Carsten Lønborg Madsen	www.carnegie.dk
Credit Suisse	Jo Walton	www.credit-suisse.com
Danske Equities	Martin Parkhøi	www.danskeequities.com
Deutsche Bank	Tim Race Richard Parkes	www.gm.db.com
Exane BNP Paribas	Florent Cespedes	www.exane.com
Goldman Sachs	Eleanor Fung	www.gs.com
Handelsbanken	Peter Sehested	www.handelsbanken.com
Jeffries International Ltd.	Peter Welford	www.jeffries.com
Jyske Bank	Frank H. Andersen	www.jyskemarkets.com
Morningstar	David Krempa	www.morningstar.com
Nordea	Michael Novod	www.nordea.com
Nykredit	Kresten Johnsen	www.nykredit.dk
Redburn Partners	Paul Major	www.redburn.com
SEB Enskilda	Lars Hevreng	www.enskilda.com
Sydbank	Søren Løntoft Hansen	www.sydbank.dk
UBS	Amalan Selvarajah Gbola Amusa	www.ubs.com

FINANCIAL CALENDAR 2013

6 February 2013	Deadline for Lundbeck's receipt of shareholder proposals for the Annual General Meeting
21 March 2013	Annual General Meeting
27 March 2013	Distribution of annual dividends
1 May 2013	First quarter report 2013
7 August 2013	Second quarter report 2013
6 November 2013	Third quarter report 2013

CONTACT INVESTOR RELATIONS

Palle Holm Olesen
Chief Specialist, Investor Relations
Tlf. +45 36 43 24 26
palo@lundbeck.com

EXECUTIVE MANAGEMENT

01

02

03

01
ULF WIINBERG
PRESIDENT AND CEO

• Born on 29 November 1958

Directorships
• EFPIA (the European Federation of Pharmaceutical Industries and Associations)
• PhRMA (the Pharmaceutical Research and Manufacturers of America)
• Industrial Policy Committee, Confederation of Danish Industry

Holding of shares
• 87,739

02
ANDERS GÖTZSCHE
EXECUTIVE VICE PRESIDENT, CFO

• Born on 31 December 1967

Directorships
• Veloxis Pharmaceutical A/S

Holding of shares
• 35,472

03
ANDERS GERSEL PEDERSEN
EXECUTIVE VICE PRESIDENT, RESEARCH & DEVELOPMENT

• Born on 12 September 1951

Directorships
• ALK A/S
• Bavarian Nordic A/S
• Genmab A/S (chairman)

Holding of shares
• 37,151

BOARD OF DIRECTORS

01

02

03

04

01
MATS PETTERSSON
CHAIRMAN

- Chairman Remuneration Committee, member Audit Committee
- Elected at the 2003 Annual General Meeting
- Born on 7 November 1945

Directorships
- Ablynx NV
- Moberg Derma AB (chairman)
- Photocure AS
- to-BBB Holding B.V.

Holding of shares
- 2,000

02
CHRISTIAN DYVIG
DEPUTY CHAIRMAN

- Member Scientific Committee
- Elected at the 2011 Annual General Meeting
- CEO, Lundbeck Foundation
- Born on 11 October 1964

Directorships
- ALK A/S (deputy chairman)
- FIH Erhvervsbank A/S (chairman)

Holding of shares
- None

03
HÅKAN BJÖRKLUND

- Member Audit Committee, Remuneration Committee and Scientific Committee
- Elected at the 2011 Annual General Meeting
- Health Care Operating Executive, Avista Capital Partners
- Born on 14 April 1956

Directorships
- Atos Medical AB
- Coloplast A/S

Holding of shares
- 1,662

04
KIM ROSENVILLE CHRISTENSEN

- Elected by employees in 2006
- Synthesis Operator
- Born on 17 April 1959

Holding of shares
- 1,502

05

06

07

08

09

05
MONA ELISABETH ELSTER

- Elected by employees in 2010
- Senior Laboratory Technician
- Born on 28 June 1962

Holding of shares
- None

06
THORLEIF KRARUP

- Chairman Audit Committee
- Elected at the 2004 Annual General Meeting
- Born on 28 August 1952

Directorships
- ALK A/S
- Exiqon A/S (chairman)
- Falck A/S (deputy chairman)
- Lundbeck Foundation

Holding of shares
- 673

07
MELANIE G. LEE

- Elected at the 2012 Annual General Meeting
- CEO, Syntaxin Ltd.
- Born on 29 July 1958

Directorships
- BTG plc.

Holding of shares
- None

08
JØRN MAYNTZHUSEN

- Elected by employees in 2008
- Senior Manager Supply Optimisation and Launches
- Born on 4 April 1966

Holding of shares
- 822

09
JES ØSTERGAARD

- Chairman Scientific Committee, member Remuneration Committee
- Elected at the 2003 Annual General Meeting
- Born on 5 March 1948

Directorships
- ALK A/S
- Lundbeck Foundation
- Scion-DTU A/S
- HEED Diagnostics

Holding of shares
- 2,000

CONSOLIDATED FINANCIAL STATEMENTS

CONTENTS

SUMMARY FOR THE GROUP 2008 - 2012

	2012	2011	2010	2009	2008
Income statement (DKKm)					
Revenue	14,802	16,007	14,765	13,747	11,572
Research and development costs	2,915	3,320	3,045	3,196	2,990
Operating profit before depreciation and amortization (EBITDA)	2,535	4,628	4,393	3,728	3,418
Profit from operations (EBIT)	1,647	3,393	3,357	2,858	2,354
Net financials	(65)	(96)	(68)	(192)	(28)
Profit before tax	1,582	3,297	3,289	2,666	2,283
Profit for the year	1,107	2,282	2,466	2,007	1,663
Assets (DKKm)					
Non-current assets	12,382	11,731	11,249	10,972	5,386
Inventories	1,730	1,634	1,491	1,481	837
Receivables	3,649	3,226	2,917	2,655	2,222
Cash and securities	3,802	3,943	2,348	2,019	3,876
Assets held for sale	-	-	-	-	205
Total assets	**21,563**	**20,534**	**18,005**	**17,127**	**12,526**
Equity and liabilities (DKKm)					
Equity	13,198	12,776	11,122	8,803	7,511
Non-current liabilities	3,384	3,062	2,836	3,772	2,577
Current liabilities	4,981	4,696	4,047	4,552	2,438
Total equity and liabilities	**21,563**	**20,534**	**18,005**	**17,127**	**12,526**
Cash flow statement (DKKm)					
Cash flows from operating activities	2,112	3,624	3,265	3,034	2,780
Cash flows from investing activities	(1,105)	(2,695)	(803)	(5,074)	(587)
Cash flows from operating and investing activities	1,007	929	2,462	(2,040)	2,193
Cash flows from financing activities	(719)	(746)	(2,162)	1,065	(1,016)
Interest-bearing net cash at year-end	1,893	2,023	430	(1,456)	1,949
Key figures					
EBITDA margin (%)	17.1	28.9	29.8	27.1	29.5
EBIT margin (%)	11.1	21.2	22.7	20.8	20.3
Return on capital employed (%)	12.1	25.3	27.6	28.0	30.0
Return on equity (%)	8.5	19.1	24.8	24.6	22.8
Research and development ratio (%)	19.7	20.7	20.6	23.2	25.8
Solvency ratio (%)	61.2	62.2	61.8	51.4	60.0
Capital employed (DKKm)	15,107	14,696	13,040	12,278	9,438
Capital turnover (%)	68.6	78.0	82.0	80.3	92.4
Effective tax rate (%)	30.0	30.8	25.0	24.7	27.1
Investments in intangible assets, gross (DKKm)	1,349	1,193	444	980	817
Investments in property, plant and equipment, gross (DKKm)	301	419	383	258	229
Investments in financial assets, gross (DKKm)	68	2,400	8	11	1,033
Average number of employees	5,639	5,690	5,689	5,526	5,208

	2012	2011	2010	2009	2008
Share data					
Number of shares for the calculation of EPS (millions)[1]	196.1	196.1	196.1	196.1	196.8
Earnings per share (EPS) (DKK)[1]	5.65	11.63	12.57	10.24	8.45
Diluted earnings per share (DEPS) (DKK)[1]	5.64	11.63	12.57	10.24	8.45
Proposed dividend per share (DKK)[1]	2.00	3.49	3.77	3.07	2.30
Cash flow per share (DKK)[1]	10.77	18.48	16.65	15.47	14.12
Net asset value per share (DKK)[1]	67.29	65.14	56.71	44.89	38.30
Market capitalization (DKKm)	16,260	21,183	20,788	18,582	21,657
Price/Earnings (DKK)	14.69	9.28	8.43	9.26	13.02
Price/Cash flow (DKK)	7.70	5.84	6.37	6.12	7.79
Price/Net asset value (DKK)	1.23	1.66	1.87	2.11	2.87

Definitions

Interest-bearing net cash	Cash and securities less interest-bearing debt
EBITDA margin[2]	Profit before interest, tax, depreciation and amortization as a percentage of revenue
EBIT margin[2]	Profit from operations as a percentage of revenue
Return on capital employed	Profit from operations plus financial income as a percentage of average capital employed
Return on equity[2]	Profit attributable to shareholders in the parent company as a percentage of average equity, H. Lundbeck A/S' shareholders
Solvency ratio[2]	Equity, year-end, as a percentage of equity and liabilities, year-end
Capital employed	Total equity and liabilities less non-interest bearing liabilities
Capital turnover	Revenue as a percentage of total assets, year-end
Earnings per share (EPS)[2]	Profit attributable to shareholders in the parent company divided by average number of shares, excl. treasury shares
Diluted earnings per share (DEPS)[2]	Profit attributable to shareholders in the parent company divided by average number of shares, excl. treasury shares, incl. warrants, fully diluted
Cash flow per share[2]	Cash flow from operating activities divided by average number of shares, excl. treasury shares, incl. warrants, fully diluted
Net asset value per share[2]	Equity, H. Lundbeck A/S' shareholders, year-end, divided by number of shares, year-end, excl. treasury shares, incl. warrants, fully diluted
Market capitalization	Total number of shares, year-end, multiplied by the official price quoted on NASDAQ OMX Copenhagen, year-end
Price/Earnings[2]	The official price quoted on NASDAQ OMX Copenhagen, year-end, divided by diluted earnings per share
Price/Cash flow[2]	The official price quoted on NASDAQ OMX Copenhagen, year-end, divided by cash flow per share
Price/Net asset value[2]	The official price quoted on NASDAQ OMX Copenhagen, year-end, divided by equity per share

1) The calculation is based on a share denomination of DKK 5.
2) Definitions according to the Danish Society of Financial Analysts' *Recommendations & Financial Ratios 2010*.

QUARTERLY FINANCIAL HIGHLIGHTS AND KEY FIGURES 2011-2012

	2012 Q4	2012 Q3	2012 Q2	2012 Q1	2011 Q4	2011 Q3	2011 Q2	2011 Q1
Financial highlights (DKKm)								
Revenue	3,845	3,617	3,562	3,778	3,829	3,975	4,100	4,103
Operating profit before depreciation and amortization (EBITDA)	447	846	119	1,123	578	1,260	1,250	1,540
Profit from operations (EBIT)	222	661	(118)	882	326	660	1,102	1,305
Net financials	(13)	(32)	-	(20)	(42)	3	(19)	(38)
Profit before tax	209	629	(118)	862	284	663	1,083	1,267
Tax	63	203	(33)	242	81	311	286	337
Profit for the period	146	426	(85)	620	203	352	797	930
Equity	13,198	13,104	12,907	12,613	12,776	12,337	11,723	11,040
Assets	21,563	20,461	20,693	20,530	20,534	19,802	18,820	18,572
Cash flows from operating and investing activities	562	556	(178)	67	(755)	322	1.245	117
Investments in property, plant and equipment, gross	118	61	55	67	143	92	107	77
Key figures								
EBITDA margin (%)	11.6	23.4	3.4	29.7	15.1	31.7	30.5	37.5
EBIT margin (%)	5.8	18.2	(3.3)	23.3	8.5	16.6	26.9	31.8
Return on capital employed (%)	1.6	4.6	(0.3)	6.2	2.4	4.8	8.6	10.3
Research and development ratio (%)	22.6	18.9	19.2	18.0	23.3	27.7	16.9	15.4
Return on equity (%)	1.1	3.3	(0.7)	4.9	1.6	2.9	7.0	8.4
Solvency ratio (%)	61.2	64.0	62.4	61.4	62.2	62.3	62.3	59.4
Capital employed (DKKm)	15,107	15,013	14,815	14,520	14,696	14,256	13,641	12,957
Share data								
Number of shares for the calculation of EPS (millions)[1]	196.1	196.1	196.1	196.1	196.1	196.1	196.1	196.1
Earnings per share (EPS) (DKK)[1]	0.75	2.17	(0.43)	3.16	1.03	1.80	4.06	4.74
Cash flow per share (DKK)[1]	3.57	2.76	3.02	1.42	1.30	6.64	6.41	4.13

1) The calculation is based on a share denomination of DKK 5.

The above quarterly financial highlights and key figures have not been audited.

FINANCIAL REVIEW

INCOME STATEMENT

Excluding revenue concerning Lexapro and Forest Laboratories, Inc. (Forest) in the US, the Group generated revenue of DKK 14,227 million in 2012, an increase of 6% relative to 2011. Including income concerning Forest, total consolidated revenue for 2012 amounted to DKK 14,802 million, which is 8% lower than in 2011. Measured in local currency, revenue also declined by 8%.

Total revenue in the US market amounted to DKK 2,674 million in 2012, against DKK 4,162 million in 2011. Income concerning Forest amounted to DKK 575 million in 2012, which corresponds to a decrease of 77% relative to 2011, when income amounted to DKK 2,535 million.

Revenue in Europe fell DKK 254 million to DKK 7,734 million, 3% lower than in 2011. Measured in local currency, revenue also declined by 3%.

Revenue from International Markets rose to DKK 3,768 million from DKK 3,468 million in 2011. The increase in revenue was 9% in DKK and 7% in local currency. A substantial part of the increase was achieved in Canada, Japan and China.

Hedging had a negative DKK 122 million net impact on consolidated revenue.

Lundbeck's total costs, exclusive of net financials and tax, were DKK 13,155 million, an increase of DKK 541 million relative to 2011. A substantial part of the increase, DKK 530 million, is attributable to restructuring costs in the Group's commercial organization in Europe. The restructuring was completed ahead of multiple future product launches, partly to establish a more flexible commercial infrastructure, partly to maintain cost control.

Overall cost of sales increased by DKK 159 million to DKK 3,325 million. Cost of sales, including royalties, represented 22% of revenue, against 20% in 2011. A higher royalty share explained the increase in cost of sales, and the increase was anticipated due to changes in the sales composition of the Group's products.

Because of the Group's strategic investments in activities such as the preparation and launch of new products and the restructuring of the European sales organization, the Group's sales and distribution costs rose by DKK 748 million, corresponding to an increase of 17% relative to 2011.

Administrative expenses amounted to DKK 1,641 million, up DKK 39 million, or 2%, on the previous year. Total sales and distribution costs and administrative expenses amounted to 47% of revenue, against 38% in 2011.

Total research and development costs amounted to DKK 2,915 million. Compared with 2011, costs decreased by DKK 405 million, or 12%. The higher costs in 2011 were primarily due to restructuring costs and impairment in 2011 concerning research and development.

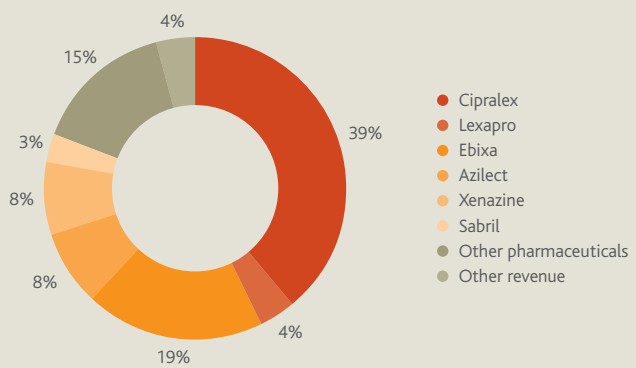
Profit from operations was DKK 1,647 million, corresponding to an EBIT margin of 11.1%, against 21.2% in 2011.

Net financials amounted to an expense of DKK 65 million, against DKK 96 million in 2011. Net interest expenses in respect of financial assets and financial liabilities amounted to DKK 65 million, against DKK 41 million in 2011. Net exchange gains amounted to DKK 10 million, against a net expense of DKK 54 million in 2011. Other financial items, consisting mainly of net income from the sale of financial assets and other financial expenses, represented a net expense of DKK 10 million in 2012, against a net expense of DKK 1 million in 2011.

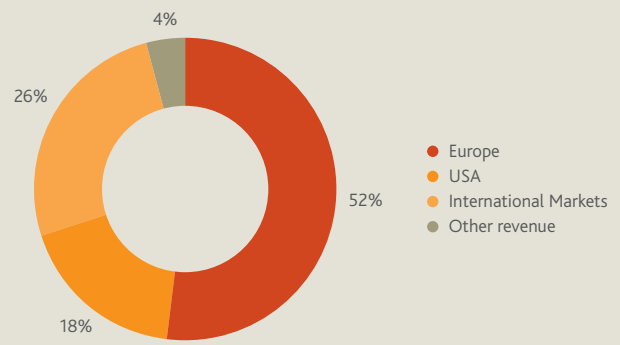
Tax on profit for the year amounted to DKK 475 million, corresponding to an effective tax rate of 30.0%, against 30.8% in 2011.

Profit for the year amounted to DKK 1,107 million, down 51% compared with 2011. Earnings per share amounted to DKK 5.65, against DKK 11.63 in 2011. Proposed dividends for 2012 amount to 35% of the profit for the year, and the total amount of the proposed dividends is thus DKK 392 million, or DKK 2.00 per share.

REVENUE PER PRODUCT 2012



REVENUE PER REGION 2012



INCENTIVE PROGRAMMES IN 2012

In 2012, the Group established incentive programmes for the Executive Management and key employees in Denmark and abroad. The programmes consist partly of warrants and shares, partly of share price-based schemes for persons employed with the Group's subsidiaries in the US. The vesting period for the warrants is three years for key employees and three to five years for the Executive Management. The vesting period for shares and share-price based schemes is three years. The total cost recognized in the consolidated income statement for 2012 amounted to DKK 62 million, against DKK 25 million in 2011. The amount for 2012 includes an expense of DKK 17 million because the 2010 and 2011 programmes granted to the Executive Management were cancelled.

CURRENCY HEDGING

Lundbeck hedges expected income from its products through currency hedging on a rolling basis, up to 12 months in advance. As a result of Lundbeck's currency hedging policy, foreign exchange gains and losses on hedging transactions are allocated directly to the hedged transaction.

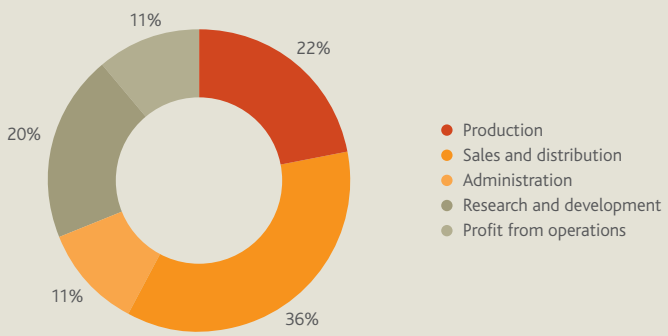
At 31 December 2012, exchange contracts had been entered into to hedge foreign currency cash flows equivalent to a value of approximately DKK 2.8 billion. All exchange contracts were classified as hedging contracts. Deferred recognition of foreign exchange gains and losses amounted to a net gain of DKK 3 million at 31 December 2012, against a net loss of DKK 36 million in 2011.

BALANCE SHEET

At 31 December 2012, the Group's total assets amounted to DKK 21,563 million, which was DKK 1,029 million higher than at the end of 2011.

Intangible assets, which primarily comprise goodwill and product rights, amounted to DKK 9,028 million, against DKK 8,445 million in 2011. The increase was attributable primarily to capitalization of acquired rights in connection with the collaboration with Otsuka Pharmaceutical Co., Ltd., which was partly offset by ordinary amortization of the Group's product rights.

COSTS AND PROFIT FROM OPERATIONS AS A PERCENTAGE OF REVENUE 2012



Property, plant and equipment amounted to DKK 2,793 million, against DKK 2,814 million in 2011. Depreciation on property, plant and equipment for the year amounted to DKK 304 million.

The Group's inventories amounted to DKK 1,730 million, up from DKK 1,634 million in 2011.

The Group's receivables were up 13% to DKK 3,649 million, against DKK 3,226 million in 2011 because of an increase in income tax receivable and other receivables.

Lundbeck's portfolio of securities and cash fell by DKK 141 million to DKK 3,802 million from DKK 3,943 million in 2011 and were affected by the sale of bonds, among other factors.

Equity amounted to DKK 13,198 million, against DKK 12,776 million in 2011, equalling an increase of 3%, or DKK 422 million. Equity thus amounted to 61% of total assets, against 62% in 2011. Dividends paid in respect of 2011 reduced equity by DKK 685 million in 2012.

Non-current liabilities amounted to DKK 3,384 million against DKK 3,062 million in 2011, and current liabilities at the end of the year were DKK 4,981 million, against DKK 4,696 million in 2011. The increase in total liabilities was due primarily to an increase in deferred tax and liabilities concerning Xenazine inventories.

CASH FLOW STATEMENT

The Group's total cash flows were an inflow of DKK 288 million, against DKK 183 million in 2011.

Operating activities generated a cash inflow of DKK 2,112 million, against DKK 3,624 million in 2011. The decline was primarily due to a lower profit from operations in 2012.

Investing activities generated a cash outflow of DKK 1,105 million in 2012, against an outflow of DKK 2,695 million in 2011. The decline was primarily due to the fact that bonds acquired in 2011 were drawn in 2012.

Cash flows from financing activities were an outflow of DKK 719 million, against an outflow of DKK 746 million in 2011.

INCOME STATEMENT

1 JANUARY – 31 DECEMBER 2012

	Notes	2012 DKKm	2011 DKKm
Revenue	2	14,802	16,007
Cost of sales	3, 4	3,325	3,166
Gross profit		**11,477**	**12,841**
Sales and distribution costs	3, 4	5,274	4,526
Administrative expenses	3-5	1,641	1,602
Research and development costs	3, 4	2,915	3,320
Profit from operations		**1,647**	**3,393**
Financial income	6	153	116
Financial expenses	6	218	212
Profit before tax		**1,582**	**3,297**
Tax on profit for the year	7	475	1,015
Profit for the year	8	**1,107**	**2,282**
Earnings per share (EPS) (DKK)	9	5.65	11.63
Diluted earnings per share (DEPS) (DKK)	9	5.64	11.63

STATEMENT OF COMPREHENSIVE INCOME

1 JANUARY – 31 DECEMBER 2012

	Notes	2012 DKKm	2011 DKKm
Profit for the year		**1,107**	**2,282**
Currency translation, foreign subsidiaries		(12)	31
Currency translation concerning additions to net investments in foreign subsidiaries		(27)	115
Realized exchange gains/losses concerning additions to net investments in foreign subsidiaries (transferred to the income statement)		(40)	20
Adjustments, deferred exchange gains/losses, hedging		(78)	84
Exchange gains/losses, hedging (transferred to the hedged items)		130	(127)
Exchange gains/losses, trading (transferred from hedging)		1	-
Fair value adjustment of available-for-sale financial assets	12	(12)	(6)
Tax on other comprehensive income	7	5	(23)
Other comprehensive income	10	**(33)**	**94**
Comprehensive income		**1,074**	**2,376**

BALANCE SHEET – ASSETS

AT 31 DECEMBER 2012

	Notes	2012 DKKm	2011 DKKm
Goodwill		3,818	3,865
Patent rights		49	70
Product rights		4,962	4,270
Other rights		151	176
Projects in progress		48	64
Intangible assets	11	**9,028**	**8,445**
Land and buildings		1,930	1,887
Plant and machinery		441	405
Other fixtures and fittings, tools and equipment		209	213
Prepayments and assets under construction		213	309
Property, plant and equipment	11	**2,793**	**2,814**
Available-for-sale financial assets	12	82	83
Other receivables	12	50	52
Deferred tax	13	429	337
Financial assets		**561**	**472**
Non-current assets		**12,382**	**11,731**
Inventories	14	**1,730**	**1,634**
Trade receivables	15	2,427	2,568
Income taxes	16	443	66
Other receivables	15	508	408
Prepayments		271	184
Receivables		**3,649**	**3,226**
Securities	17	**1,055**	**1,476**
Cash	17	**2,747**	**2,467**
Current assets		**9,181**	**8,803**
Assets		**21,563**	**20,534**

BALANCE SHEET – EQUITY AND LIABILITIES

AT 31 DECEMBER 2012

	Notes	2012 DKKm	2011 DKKm
Share capital	18	980	980
Share premium	18	226	226
Currency translation reserve		(211)	(149)
Currency hedging reserve	24	3	(36)
Retained earnings		12,200	11,755
Equity		**13,198**	**12,776**
Pension obligations and similar obligations	19	293	221
Deferred tax	13	1,143	896
Other provisions	3, 20	58	38
Mortgage debt	21	1,862	1,860
Employee bonds and other debt		28	47
Non-current liabilities		**3,384**	**3,062**
Pension obligations and similar obligations	19	7	17
Other provisions	3, 20	368	205
Employee bonds		19	13
Trade payables		1,599	1,526
Income taxes	16	50	136
Other payables		2,859	2,565
Prepayments from Forest	2, 26	79	234
Current liabilities		**4,981**	**4,696**
Liabilities		**8,365**	**7,758**
Equity and liabilities		**21,563**	**20,534**

STATEMENT OF CHANGES IN EQUITY

AT 31 DECEMBER 2012

	Notes	Share capital DKKm	Share premium DKKm	Currency translation reserve DKKm	Currency hedging reserve DKKm	Retained earnings DKKm	Equity DKKm
2012							
Equity at 01.01.2012		**980**	**226**	**(149)**	**(36)**	**11,755**	**12,776**
Profit for the year		-	-	-	-	1,107	1,107
Other comprehensive income	10, 24	-	-	(62)	39	(10)	(33)
Comprehensive income		**-**	**-**	**(62)**	**39**	**1,097**	**1,074**
Distributed dividends		-	-	-	-	(685)	(685)
Buyback of treasury shares		-	-	-	-	(21)	(21)
Incentive programmes		-	-	-	-	54	54
Other transactions		**-**	**-**	**-**	**-**	**(652)**	**(652)**
Equity at 31.12.2012		**980**	**226**	**(211)**	**3**	**12,200**	**13,198**
2011							
Equity at 01.01.2011		**980**	**224**	**(281)**	**(4)**	**10,203**	**11,122**
Profit for the year		-	-	-	-	2,282	2,282
Other comprehensive income	10, 24	-	-	132	(32)	(6)	94
Comprehensive income		**-**	**-**	**132**	**(32)**	**2,276**	**2,376**
Distributed dividends		-	-	-	-	(739)	(739)
Capital increase through the exercise of warrants		-	2	-	-	-	2
Buyback of treasury shares		-	-	-	-	(9)	(9)
Incentive programmes		-	-	-	-	24	24
Other transactions		**-**	**2**	**-**	**-**	**(724)**	**(722)**
Equity at 31.12.2011		**980**	**226**	**(149)**	**(36)**	**11,755**	**12,776**

CASH FLOW STATEMENT

1 JANUARY – 31 DECEMBER 2012

	Notes	2012 DKKm	2011 DKKm
Profit from operations		1,647	3,393
Adjustment for non-cash operating items etc.	22	1,118	1,192
Working capital changes	23	183	(182)
Cash flows from operations before financial receipts and payments		**2,948**	**4,403**
Financial receipts		34	54
Financial payments		(87)	(89)
Cash flows from ordinary activities		**2,895**	**4,368**
Income tax paid for the year	16	(637)	(824)
Income tax paid/received regarding previous years	16	(146)	80
Cash flows from operating activities		**2,112**	**3,624**
Investments in intangible assets		(1,349)	(1,193)
Sale of intangible assets		14	258
Investments in property, plant and equipment		(301)	(419)
Sale of property, plant and equipment		4	134
Investments in financial assets		(68)	(2,400)
Sale of financial assets		595	925
Cash flows from investing activities		**(1,105)**	**(2,695)**
Cash flows from operating and investing activities		**1,007**	**929**
Buyback of treasury shares		(21)	(9)
Employee bonds		(13)	-
Capital contributions		-	2
Dividends paid in the financial year		(685)	(739)
Cash flows from financing activities		**(719)**	**(746)**
Change in cash		**288**	**183**
Cash at 01.01.		2,467	2,294
Unrealized exchange adjustments for the year		(8)	(10)
Change for the year		288	183
Cash at 31.12.	17	**2,747**	**2,467**
Interest-bearing net cash and cash equivalents is composed as follows:			
Cash		2,747	2,467
Securities		1,055	1,476
Interest-bearing debt		(1,909)	(1,920)
Interest-bearing net cash and cash equivalents at 31.12.		**1,893**	**2,023**

NOTE 1

1. ACCOUNTING POLICIES

The consolidated financial statements are presented in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for annual reports of listed companies, including the Danish Statutory Order on Adoption of IFRS.

The consolidated financial statements are presented in Danish kroner (DKK), which also is the functional currency of the parent company.

The consolidated financial statements are presented in accordance with the new and revised standards (IFRS/IAS) and interpretations (IFRIC) which apply for the financial year. This has not resulted in any changes in accounting policies that have affected recognition and measurement in the current or previous years other than the change described below.

Change in accounting policies
In the preparation of the consolidated financial statements for 2012, a change was made to the accounting policies due to a revised management assessment of the classification of certain marketing costs. The classification was changed in order to align the company's policies with those applied by its peers.

As a result of the reclassification, marketing costs, which were previously recognized as administrative expenses, are now classified as sales and distribution costs. The effect on the profit for the year is DKK 0.

The change has been made with retrospective effect, and comparative figures have been restated. The effect of the change is shown in the table below.

Restatement of comparative figures as a result of change in accounting policies	**2011** DKKm
Sales and distribution costs	509
Administrative expenses	(509)

If the change in accounting policies had not been effected, sales and distribution costs for 2012 would have been DKK 644 million lower and administrative expenses correspondingly higher.

The change in accounting policies has no impact on the profit for the year, earnings per share, diluted earnings per share, the statement of comprehensive income, the balance sheet, the statement of changes in equity or the cash flow statement.

See note 29 *Impact of change in accounting policies* for a detailed overview of the consequence for each specific line item.

Future IFRS changes
At the date of the publication of these consolidated financial statements, a number of new and amended standards and interpretations have not yet entered into force or have not yet been adopted by the EU. Therefore, they are not incorporated in the consolidated financial statements.

Changes to IAS 19 *Employee benefits* effective from 1 January 2013 entail that actuarial gains and losses must be recognized in the statement of comprehensive income and that such gains and losses cannot subsequently be recycled through profit or loss. It also means that the corridor approach is no longer permitted. Lundbeck currently recognizes all costs associated with defined benefit pension plans under staff costs and does not apply the corridor approach. Actuarial gains and losses must henceforth be recognized in the statement of comprehensive income. The accounting impact for 2012 is expected to be approximately DKK 79 million before tax, which will be reclassified from the income statement to other comprehensive income. Other than this, the changes are not expected to have a material impact on recognition and measurement in future consolidated financial statements.

None of the other new standards or amendments of existing standards are expected to have any material impact on future consolidated financial statements.

ACCOUNTING POLICIES AND ESTIMATES CRITICAL TO FINANCIAL REPORTING

Management believes that the following accounting policies and accounting estimates are critical to the Group's financial reporting.

License income and income from research collaborations
License income and royalties from outlicensed products are recognized in the income statement under revenue when the following criteria have been met:
- The most significant risks and benefits associated with the asset sold are transferred to the buyer.
- Lundbeck surrenders management control of the asset sold.
- Revenue from the individual payments in an overall agreement can be clearly separated and calculated reliably at fair value.
- It is probable that Lundbeck will receive payment for the asset sold.
- There are no further delivery obligations for Lundbeck concerning the asset sold.

Non-refundable downpayments and milestone payments relating to research collaborations are recognized in the income statement under revenue when the following criteria have been met:
- The payment relates to research results already obtained.
- The buyer has gained access to and possession of the research results.
- Revenue from the individual payments in an overall agreement can be clearly separated and calculated reliably at fair value.
- It is probable that Lundbeck will receive payment.

NOTE 1

Development costs
Development costs are recognized in the income statement as they are incurred unless the criteria for capitalization are deemed to have been met and it is found to be probable that future earnings will cover the development costs. Due to a very long development period and significant uncertainty in relation to the development of new products, in the opinion of Lundbeck, development costs should not normally be capitalized until the development of the product has been completed and all the necessary public registration and marketing approvals have been obtained.

Intangible assets
Goodwill and product rights represent a significant part of the Group's total assets. The majority of the value of these items arose through the acquisition of companies or the acquisition of rights. In connection with acquisitions, the individual assets and liabilities are re-assessed to ensure that both recognized and unrecognized values are measured at fair value. Especially for intangible assets for which there is often no active market, the calculation of fair value may involve uncertainty. Intangible assets with indefinite lives and intangible assets in progress are tested for impairment at least once a year or if there is evidence of impairment. The value in use of the assets is calculated by discounting the estimate made by management over the expected cash flows during a budget period of at least five years with due consideration to patent expiry. For the calculation of the value in use of the assets, the Group uses its discount rate and management's expectations for growth and terminal value in the period over and above the five years. These factors are crucial for the assessment of any impairment and thus for the final calculation of the fair value of intangible assets.

It is a precondition for the retention of the value of the Group's rights that such rights are respected. It is Lundbeck's policy to defend these rights wherever they may be violated.

RECOGNITION AND MEASUREMENT

Assets are recognized in the balance sheet when it is probable that future economic benefits will flow to the Group and the value of the asset can be measured reliably. Liabilities are recognized in the balance sheet if they are probable and can be measured reliably.

On initial recognition, assets and liabilities are measured at cost or fair value. Subsequently, assets and liabilities are measured as described for each item below.

Certain financial assets and financial liabilities are measured at amortized cost, implying the recognition of a constant effective rate of interest to maturity. Amortized cost is stated as original cost less any principal payments and plus/less the accumulated amortization of any difference between cost and the nominal amount. Recognition and measurement take into consideration gains, losses and risks that arise before the time of presentation of the consolidated financial statements and that confirm or invalidate matters existing at the balance sheet date.

Income is recognized in the income statement as earned. Value adjustments of financial assets and financial liabilities measured at fair value or amortized cost are also recognized in the income statement. In addition, expenses incurred to generate the income for the year are recognized, including depreciation, amortization, impairment losses and provisions as well as reversals of amounts previously recognized in the income statement as a result of changed accounting estimates.

Consolidated financial statements
The consolidated financial statements comprise the parent company H. Lundbeck A/S and subsidiaries controlled by the parent company. Control is achieved where the parent company directly or indirectly holds more than 50% of the voting rights or is otherwise able to exercise or actually exercises control.

Companies in which the Group holds between 20% and 50% of the voting rights and exercises significant influence but not control are regarded as associates.

Basis of consolidation
The consolidated financial statements are prepared on the basis of the financial statements of the parent company and the subsidiaries, which are all prepared in accordance with the Group's accounting policies.

The consolidated financial statements are prepared by adding together uniform items and eliminating intra-group income and expenses, investments, balances and dividends as well as realized and unrealized gains and losses on transactions between the consolidated companies. Account is taken of the tax effect of these eliminations.

Business combinations
Newly acquired businesses are recognized in the consolidated financial statements from the date of acquisition. Businesses sold or discontinued are recognized in the consolidated income statement up to the time of sale or discontinuance. Expected costs related to divestment or discontinuance are included in the calculation of gains or losses.

Acquired businesses are accounted for using the purchase method of accounting, according to which the identifiable assets, liabilities and contingent liabilities of the acquired businesses are measured at fair value at the time of acquisition. Account is taken of the tax effect of the revaluations made. The cost of a business is generally the fair value of the consideration paid. If the final determination of the consideration is contingent on one or more future events, the value thereof will be recognized at fair value at the date of acquisition. Changes to contingent considerations are recognized in the income statement. Costs directly attributable to the business combination are recognized in the income statement as incurred.

Positive differences (goodwill) between the cost of the acquired business and the fair value of the acquired identifiable assets, liabilities and contingent liabilities are recognized under intangible assets. Negative differences (negative goodwill) between the cost of the acquired business and the fair value of the acquired identifiable assets, liabilities and contingent liabilities are recognized in the income statement at the time

NOTE 1

of acquisition. Goodwill arising from acquired businesses is adjusted within a maximum period of 12 months from the acquisition if additional information about the fair value at the time of acquisition of assets, liabilities and contingent liabilities acquired is obtained after the acquisition. However, goodwill will not be recognized by an amount exceeding the expectations of future income from the acquiree.

Goodwill and fair value adjustments in connection with the acquisition of independent foreign entities (subsidiaries) are accounted for as assets and liabilities in the acquiree and translated at the exchange rate at the balance sheet date.

Gains or losses on disposal or discontinuance of subsidiaries
Gains or losses on the disposal or discontinuance of subsidiaries are calculated as the difference between the selling price or the discontinuance amount and the carrying amount of net assets at the time of sale as well as anticipated costs relating to sale or discontinuance. The resulting gain or loss is recognized in the income statement together with accumulated currency translation adjustments previously recognized under other comprehensive income. A proportional capital reduction does not result in recycling of accumulated exchange adjustments through profit or loss.

Translation of foreign currency
On initial recognition, transactions denominated in foreign currencies are translated at standard rates which approximate the exchange rates at the transaction date. Exchange differences arising between the exchange rate at the transaction date and the exchange rate at the date of payment are recognized in the income statement under net financials except in case of hedge accounting. In case of hedge accounting, such differences are recognized in the same item as the hedged item.

Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the rates at the time the receivable or payable is created or recognized in the latest consolidated financial statements is recognized in the income statement under net financials in respect of unhedged items and under the same item for hedged items.

On recognition of foreign subsidiaries having a functional currency different from that used by the parent company, non-monetary as well as monetary items are translated at the exchange rates at the balance sheet date. Exchange differences arising from the translation of both the balance sheets and the income statements of the foreign subsidiaries are recognized under other comprehensive income.

Foreign exchange adjustments of receivables from or debt to subsidiaries that are considered part of the parent company's overall investment in the subsidiary in question are recognized under other comprehensive income.

Financial instruments
Forward exchange contracts and other derivatives are initially recognized in the balance sheet at fair value on the contract date and are subsequently remeasured at fair value at the balance sheet date. Positive and negative fair values are included in other receivables and other payables respectively.

Changes in the fair value of derivatives classified as hedging instruments and meeting the criteria for hedging future cash flows are recognized under other comprehensive income. Income and expenses related to such hedging transactions are transferred from other comprehensive income on invoicing of the hedged item and recognized in the same item as the hedged item.

Changes in the fair value of derivatives classified as hedging instruments and meeting the criteria for hedging the fair value of a recognized asset or liability are recognized in the income statement together with changes in the value of the hedged asset or liability.

For derivatives which do not qualify for hedge accounting, changes in fair value are recognized in the income statement under net financials as they arise.

Changes in the fair value of derivatives used to hedge net investments in independent foreign subsidiaries and which otherwise meet the relevant criteria are recognized under other comprehensive income.

Securities, available-for-sale financial assets and derivatives measured at fair value are classified according to the fair value hierarchy as belonging to levels 1-3 depending on the pricing method applied. Level 1 includes financial assets for which the fair value is measured on the basis of quoted prices (unadjusted) in active markets for identical assets. Level 2 includes financial assets and financial liabilities for which the fair value is measured on the basis of directly or indirectly observable inputs other than the quoted prices included in level 1. Level 3 includes financial assets for which the fair value is measured on the basis of valuation techniques which include inputs not based on observable market data.

INCOME STATEMENT

Revenue
Revenue comprises invoiced sales for the year less returned goods, discounts and revenue-based taxes consisting mainly of value added taxes and revenue-based drug taxes.

Sales subject to a price adjustment clause are recognized in revenue at the time of delivery at the minimum price. The balance of the invoiced price is recognized in the balance sheet as a prepayment and is subsequently recognized in revenue when the price has been finally determined. The price is finally determined as the product is resold by the customer.

Moreover, revenue includes license income and royalties from outlicensed products as well as non-refundable downpayments and milestone payments relating to research and development collaborations and collaboration on commercialization of products.

In addition, income from the reduction of investments in research enterprises considered to represent sale of research results is recognized as revenue.

NOTE 1

See *Accounting policies and estimates critical to financial reporting*, p. 72, for a description of the accounting treatment of license income and income from research collaborations.

Cost of sales
Cost of sales comprises the cost of goods sold. Cost includes the cost of raw materials, transport costs, consumables and goods for resale, direct labour and indirect costs of production, including operating costs, amortization/depreciation and impairment losses relating to manufacturing facilities. Cost of sales moreover includes royalty payments concerning inlicensed products. Also included are expenses in connection with quality assurance of products and any writedown to net realizable value of unsaleable and slow-moving items.

Sales and distribution costs
Sales and distribution costs comprise expenses incurred in connection with the sale and distribution of the Group's products sold during the year. This includes expenses incurred for sales campaigns launched, training and administration of the sales force and direct distribution and marketing costs. Also recognized are wages and other expenses for the sales, distribution and marketing functions, amortization/depreciation and impairment of product rights, for example, and other indirect costs.

Administrative expenses
Administrative expenses comprise expenses incurred for the management and administration of the Group. This includes wages and other costs relating to the company's management, HR, IT and finance functions. Also recognized are amortization/depreciation and impairment and other indirect costs.

Research and development costs
Research and development costs comprise expenses incurred in connection with the Group's research and development functions, including wages and salaries, amortization/depreciation and impairment and other indirect costs as well as costs relating to research and development collaborations on inlicensed products.

Research costs are always recognized in the income statement as they are incurred.

Development costs are recognized in the income statement as they are incurred. Development costs are capitalized only if a number of specific criteria are deemed to have been met.

See *Accounting policies and estimates critical to financial reporting*, p. 72, for a description of conditions for capitalizing development costs.

Net financials
Net financials comprise:
- Interest income and expenses for the year.
- Realized and unrealized market value adjustments of financial assets, including short-term securities that are included in the Group's documented investment strategy.
- Realized and unrealized gains and losses on unhedged items denominated in foreign currencies, forward exchange contracts and other derivatives not used for hedge accounting.
- Realized exchange gains and losses concerning additions to net investments in foreign subsidiaries that are recycled from other comprehensive income.
- Realized fair value adjustments and prolonged impairment losses on available-for-sale financial assets.
- Other financial expenses.

Tax
The Group's Danish subsidiaries are jointly taxed with the principal shareholder the Lundbeck Foundation and its Danish subsidiaries. The current Danish income tax liability is allocated among the companies of the tax pool in proportion to their taxable income (full allocation subject to reimbursement in respect of tax losses).

Tax for the year, which consists of the year's current tax and the change in deferred tax, is recognized in the income statement as regards the amount that can be attributed to the net profit or loss for the year and under other comprehensive income as regards the amount that can be attributed to items under other comprehensive income. Exchange adjustments of deferred tax are recognized as part of the movements in deferred tax in the balance sheet.

The current tax charge for the year is calculated based on the tax rates and rules applicable at the balance sheet date.

BALANCE SHEET

Intangible assets
Goodwill
On initial recognition, goodwill is measured and recognized as the excess of the cost or fair value of the acquired business over the fair value of the acquired assets, liabilities and contingent liabilities. On recognition, the goodwill amount is allocated to those of the Group's activities that generate separate cash flows (cash-generating units).

Goodwill is not amortized, but is tested for impairment at least once a year (impairment test), or if there is evidence of impairment.

Development projects
Development costs are recognized in the income statement as they are incurred unless the conditions for capitalization have been met. Development costs are capitalized only if the development projects are clearly defined and identifiable and where the technical rate of utilization of the project, the availability of adequate resources and a potential future market or development opportunity in the company can be demonstrated. Furthermore, such costs are only capitalized where the intention is to manufacture, market or use the project, where the cost can be measured reliably and it is probable that the future earnings can cover production, sales and distribution costs, administrative expenses as well as development costs.

NOTE 1

After completion of the development work, development costs are amortized over the expected useful life. For development projects protected by intellectual property rights, the maximum amortization period is the remaining term of the rights concerned. Ongoing development projects are tested for impairment at least once a year, or if there is evidence of impairment.

Other intangible assets
Acquired intellectual property rights in the form of product rights, patents, licenses, customer relationships and software are measured at cost less accumulated amortization and impairment. The cost of software comprises the cost of planning, including labour and costs directly attributable to the project.

Product rights are amortized over the economic lives of the underlying products. Patents are amortized, as a maximum, over the remaining patent period, and licenses are amortized over the period of agreement. Amortization commences when the asset is ready to be brought into use, which means at the time of commercialization.

Amortization is recognized in the income statement under cost of sales, sales and distribution costs, administrative expenses and research and development costs, respectively.

Borrowing costs to finance the manufacture of other intangible assets are recognized in the cost price if such borrowing costs relate to the production period. Other borrowing costs are expensed.

Gains and losses on the disposal of development projects, patents and licenses are measured as the difference between the selling price less cost to sell and the carrying amount at the time of sale.

See *Accounting policies and estimates critical to financial reporting*, p. 72, for a description of the calculation of the fair value of intangible assets.

Property, plant and equipment
Property, plant and equipment are measured at cost less accumulated depreciation and impairment. Land is not depreciated.

Cost includes the costs of purchase and expenses directly attributable to the purchase until the asset is ready for use. In the case of assets manufactured by the company, cost includes expenses directly attributable to the manufacture of the asset, including materials, components, subsupplies and labour.

Borrowing costs to finance the manufacture of property, plant and equipment are recognized in the cost price if such borrowing costs relate to the production period. Other borrowing costs are expensed.

Property, plant and equipment are depreciated on a straight-line basis over the expected useful lives of the assets, which are expected to be as follows:

Buildings	30 years
Installations	10 years
Plant and machinery	3-10 years
Other fixtures and fittings, tools and equipment	3-10 years
Leasehold improvements	max. 10 years

The depreciation base is cost less the estimated residual value at the end of the expected useful life. The cost of an asset is divided into smaller components that are depreciated separately if such components have different useful lives. Depreciation methods, useful lives and residual values are re-assessed annually.

Depreciation is recognized in the income statement under cost of sales, sales and distribution costs, administrative expenses and research and development costs, respectively.

The costs of maintaining property, plant and equipment are recognized in the income statement as they are incurred, either directly in the income statement or as part of indirect costs of production.

Costs incurred that increase the recoverable amount of the asset concerned are added to the asset's cost as an improvement and are depreciated over the expected useful life of the improvement.

Gains or losses on the sale or retirement of items of property, plant and equipment are calculated as the difference between the carrying amount and the selling price reduced by costs relating to divestment or discontinuance. Gains and losses are recognized in the income statement under the same items as the associated depreciation.

Impairment
Goodwill is written down through the income statement in those cases where the carrying amount exceeds the future net income expected from the cash-generating unit (CGU) to which the goodwill relates (recoverable amount). In the impairment test, the discounted expected future cash flows (value in use) for each CGU are compared to the carrying amounts of goodwill and other net assets.

The carrying amount of intangible assets and property, plant and equipment is analyzed in connection with the preparation of the consolidated financial statements or if there are indications that the carrying amount of an asset may exceed the expectations of future income from the asset (recoverable amount). If this analysis concludes that the future expected net income from the asset will be lower than the carrying amount, the carrying amount will be reduced to the higher of fair value less cost to sell and value in use. Impairment losses are recognized in the income statement under the same items as the associated depreciation or amortization.

Available-for-sale financial assets
Available-for-sale financial assets are financial assets that are not derivative financial instruments and that are either classified as available for sale or that cannot be classified as loans or receivables, financial assets measured at fair value through profit or loss, or held-to-maturity financial assets.

NOTE 1

On initial recognition, available-for-sale financial assets are measured at fair value with the addition of costs directly attributable to the acquisition. The assets are subsequently measured at fair value at the balance sheet date, and changes to the fair value are recognized in the statement of comprehensive income under other comprehensive income with the exception of dividends and prolonged impairment losses, which are taken to the income statement. When the assets are sold or settled, the accumulated fair value adjustments recognized under other comprehensive income are recycled to net financials or revenue if the fair value adjustment concerns investments in research enterprises.

Inventories
Raw materials, packaging and goods for resale are measured at the latest known cost at the balance sheet date, which equals cost computed according to the FIFO method. Work in progress and finished goods manufactured by the company are measured at cost, i.e. the cost of raw materials, consumables, direct labour and indirect costs of production. Indirect costs of production include materials and labour as well as maintenance of and depreciation on the machines, factory buildings and equipment used in the manufacturing process as well as the cost of factory administration and management. Indirect costs of production are allocated based on the normal capacity of the production plant.

Inventories are written down to net realizable value if it is lower than the cost price. The net realizable value of inventories is calculated as the selling price less costs of completion and costs incurred to execute the sale, and it is determined having regard to marketability, obsolescence and expected selling price developments.

Receivables
Current receivables comprise trade receivables and other receivables arising in the Group's normal course of business. Other receivables recognized under financial assets are financial assets with fixed or determinable payments that are not quoted in an active market and are not derivative financial instruments.

On initial recognition, receivables are measured at fair value and subsequently at amortized cost, which usually corresponds to the nominal value less writedowns to counter the risk of loss calculated on the basis of an individual assessment. A provision account is used for this purpose.

Prepayments
Prepayments consist of expenses relating to subsequent financial years. Prepayments are measured at cost.

Securities
On initial recognition, securities, including the bond portfolio, which are included in the Group's documented investment strategy for excess liquidity and are recognized under current assets, are measured at fair value at the value date. The securities are subsequently measured at fair value at the balance sheet date, corresponding to the market value at the balance sheet date. Both realized and unrealized gains and losses are recognized in the income statement under net financials.

Equity
Dividends
Proposed dividends are recognized as a liability at the time of adoption of the dividend resolution at the annual general meeting (the time of declaration). Dividends expected to be paid in respect of the year are included in the line item *Profit for the year* in the statement of changes in equity.

Treasury shares
Cost and selling prices of treasury shares as well as dividends are recognized directly in equity under retained earnings.

Share-based payments
Share-based incentive programmes in which employees may opt to buy shares in the parent company and in which shares are allocated to employees (equity schemes) are measured at the equity instruments' fair value at the date of grant and recognized under staff costs when or as the employee obtains the right to buy/receive the shares. The balancing item is recognized directly in equity under other transactions.

Share price-based incentive programmes in which employees have the difference between the agreed price and the actual share price settled in cash (debt schemes) are measured at fair value at the date of grant and recognized under staff costs when or as the employees obtain the right to such difference settlement. The incentive programmes are subsequently remeasured on each balance sheet date and upon final settlement, and any changes in the fair value of the programmes are recognized under staff costs. The balancing item is recognized under provisions until the time of the final settlement.

Pension obligations
Periodical payments to defined contribution plans are recognized in the income statement at the due date and any contributions payable are recognized in the balance sheet under current liabilities.

The present value of the Group's liabilities relating to future pension payments according to defined benefit plans is measured on an actuarial basis once a year on the basis of the pensionable period of employment up to the time of the actuarial valuation. The Projected Unit Credit Method is applied to determine the present value. The present value is calculated based on assumptions of the future developments of salary, interest, inflation, mortality and disability rates and other factors. Actuarial gains and losses are recognized in the income statement as they are calculated.

The present value of the liability according to defined benefit plans is measured less the fair value of the plan assets, and any net obligation is recognized in the balance sheet under non-current liabilities. Any net asset is recognized in the balance sheet as a financial asset.

The year's changes in the provisions relating to defined benefit plans are recognized in the income statement.

NOTE 1

Income tax and deferred tax
Current tax liabilities and receivables are recognized in the balance sheet, computed as tax calculated on the taxable income for the year, adjusted for provisional tax paid.

Deferred tax is recognized on all temporary differences between the carrying amounts of assets and liabilities and their tax base, except for temporary differences arising either on initial recognition of goodwill or a transaction that is not a business combination and with the temporary difference ascertained at the time of the initial recognition affecting neither the financial result nor the taxable income. The tax value of the assets is calculated based on the planned use of each asset.

Deferred tax is measured on the basis of the tax rates and tax rules in force in the respective countries on the balance sheet date. Changes in deferred tax as a result of changed tax rates or tax rules are recognized in the income statement.

Deferred tax assets, including the tax value of tax loss carry-forwards, are recognized in the balance sheet at the value at which the asset is expected to be realized, either through a set-off against deferred tax liabilities or as net tax assets to be offset against future positive taxable income.

Changes in deferred tax concerning the cost of share-based payments are generally recognized in the income statement.

Deferred tax in respect of recaptured losses previously deducted in foreign subsidiaries is recognized on the basis of a specific assessment of the intention with each individual subsidiary.

Balances calculated according to the rules on interest deductibility limitations in the Danish Corporate Income Tax Act are allocated between the jointly-taxed companies according to a joint taxation agreement and are allocated between the companies that are subjected to deductibility limitation in proportion to their share of the total limitation. Deferred tax liabilities in respect of these balances are recognized in the balance sheet, whereas deferred tax assets are recognized only if the criteria for recognition of deferred tax assets are met.

Other provisions
Other provisions consist of different types of provisions, including provisions for pending lawsuits. Management makes assessments of provisions and contingent items, including the probable outcome of pending and possible future lawsuits, which are inherently subject to uncertain future events. When management determines the probable outcome of lawsuits and similar factors, it relies on assessments made by external advisers who are familiar with the specific cases and the existing legal practice in the area.

In connection with a restructuring of the Group, provisions are only made for liabilities set out in a specific restructuring plan on the basis of which those affected can reasonably expect that the Group will carry out the restructuring, either by starting to implement the plan or announcing its main components.

Other provisions are recognized when the Group has a legal or constructive obligation that arises from past events and it is probable that an outflow of financial resources will be required to settle the obligation.

Other provisions are measured as the best estimate of the costs required to settle the liabilities at the balance sheet date.

Return obligations imposed on the industry are recognized in the balance sheet under other provisions.

Debt
Mortgage debt and debt to credit institutions are recognized at the time of the raising of the loan at proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortized cost, equivalent to the capitalized value when the effective rate of interest is used. The difference between the proceeds and the nominal value is recognized under net financials in the income statement over the loan period.

Debt included in the short-term financial liquidity is measured at amortized cost in subsequent periods.

Other payables, which include trade payables and debt to public authorities etc., are measured at amortized cost.

CASH FLOW STATEMENT

The consolidated cash flow statement is presented according to the indirect method and shows the composition of cash flows, divided into operating, investing and financing activities respectively, and cash and cash equivalents at the beginning and at the end of the year.

Cash flows from acquisitions and divestments of companies are shown separately under cash flows from investing activities. The cash flow statement includes cash flows from acquired companies from the date of acquisition and cash flows from divested companies until the time of divestment.

Cash flows from operating activities are calculated as the Group's profit from operations, adjusted for non-cash operating items, working capital changes, financial receipts and payments and income taxes paid.

Cash flows from investing activities include payments in connection with purchases and sales of intangible assets, property, plant and equipment and financial assets, including equity investments in companies. Also included are securities classified as current assets.

Cash flows from financing activities include payments to and from shareholders and related expenses as well as the raising of, instalments and repayments on loans, mortgage debt and other long-term debt.

NOTES 1-2

Cash comprises cash less any drawings on credit facilities that are an integral part of the cash management.

Cash flows denominated in foreign currencies, including cash flows in foreign subsidiaries, are translated at the average exchange rates during the year because they approximate the actual exchange rates at the date of payment. Cash at year-end is translated at the exchange rates at the balance sheet date, and the effect of exchange rate adjustments on cash is shown as a separate item in the cash flow statement.

SEGMENT INFORMATION

Lundbeck is engaged in research, development, production and sale of pharmaceuticals for the treatment of brain disorders.

Business segments are identified based on internal management reporting. In Lundbeck, the internal management reporting follows the Group's accounting policies. In accordance with the internal management reporting, on the basis of which management evaluates and allocates resources, the Group's activities are in the business segment of 'Pharmaceuticals for the treatment of brain disorders'.

The Group's senior operational management is the Corporate Management Group (CMG), which consists of the Group's Executive Management registered with the authorities and persons in charge of the functional areas: business development, finance, human resources, legal, public affairs, R&D, sales and marketing, and supply operations. CMG makes decisions in respect of the future strategy, draws up action plans and defines targets for the Group's future operations.

The geographic distribution is shown for revenue and is based on the external customers' geographical location.

KEY FIGURES

Key figures are calculated according to *Recommendations and Financial Ratios 2010* issued by the Danish Society of Financial Analysts.

For definitions of key figures see *Summary for the Group 2008-2012*, pp. 62-63.

2. SEGMENT INFORMATION

The Group is engaged in research, development, production and sale of pharmaceuticals for the treatment of brain disorders, which is the Group's reporting segment. The business segment reflects the internal management reporting.

In the table below, the Group's revenue is broken down by key products and regions.

2012	Europe DKKm	USA DKKm	Int. Markets DKKm	Group DKKm
Cipralex	3,379	-	2,448	5,827
Lexapro	-	575	-	575
Ebixa	2,398	-	405	2,803
Azilect	1,122	-	102	1,224
Xenazine	43	1,154	-	1,197
Sabril	-	376	-	376
Other pharmaceuticals	792	569	813	2,174
Other revenue				626
Total revenue	**7,734**	**2,674**	**3,768**	**14,802**
Of this amount:				
Downpayments and milestone payments				287
Royalty				346
Income from divestment of ownership interests in Proximagen Group plc.				115

Of total revenue, DKK 47 million derived from sales in Denmark.

2011	Europe DKKm	USA DKKm	Int. Markets DKKm	Group DKKm
Cipralex	3,717	-	2,240	5,957
Lexapro	-	2,535	-	2,535
Ebixa	2,323	-	428	2,751
Azilect	1,087	-	100	1,187
Xenazine	35	817	-	852
Sabril	-	309	-	309
Other pharmaceuticals	826	501	700	2,027
Other revenue				389
Total revenue	**7,988**	**4,162**	**3,468**	**16,007**
Of this amount:				
Downpayments and milestone payments				203
Royalty				640

Of total revenue, DKK 71 million derived from sales in Denmark.

Income concerning Forest in the US

Income from sales of citalopram and escitalopram concerning Forest amounted to DKK 575 million in 2012 (DKK 2,535 million in 2011) based on the minimum price for this year's shipments and adjustments of prepayments concerning prior-year shipments. Prepayments, which is the difference between the invoiced price and the minimum price, were DKK 79 million at 31 December 2012 (DKK 234 million in 2011).

The escitalopram patent protection in the US expired in March 2012, triggering a sharp fall in Forest's escitalopram sales. However, Forest retains a minor sale of escitalopram, which continuously reduces the inventories. Lundbeck believes that there is presently no material repayment risk concerning the prepayments.

NOTE 3

3. STAFF COSTS

Wages and salaries, etc.

	2012 DKKm	2011 DKKm
Short-term staff benefits	3,700	3,228
Pension benefits	285	200
Other social security costs	426	387
Share-based payments	62	25
Total	**4,473**	**3,840**

The year's staff costs break down as follows:		
Cost of sales	444	458
Sales and distribution costs	2,120	1,558
Administrative expenses	920	738
Research and development costs	989	1,086
Total	**4,473**	**3,840**

Executives[1]

	2012 DKKm	2011 DKKm
Short-term staff benefits	62	71
Pension benefits	10	12
Other social security costs	1	2
Share-based payments	21	11
Total	**94**	**96**

1) Executives are individuals who report directly to Executive Management.

Executive Management

	2012 DKKm	2011 DKKm
Short-term staff benefits	23	30
Severance package	6	8
Pension benefits	4	5
Share-based payments	14	3
Total	**47**	**46**

In 2012, the Executive Management was reduced from four to three members.

The total remuneration of the CEO amounted to DKK 18.4 million for 2012 (DKK 12.5 million in 2011). The remuneration includes a short-term incentive programme, which is a combination of company strategic and individual targets, and share-based payments. The remuneration for 2012 includes a one-off compensation because the incentive programmes granted in 2010 and 2011 were cancelled.

None of the warrants and share schemes for the Executive Management had vested at 31 December 2012. At 31 December 2011, the vested warrant schemes and share schemes for the Executive Management had a fair value calculated according to the Black-Scholes method of DKK 4.4 million.

The members of the Executive Management participate in a short-term incentive programme that provides an annual bonus for the achievement of pre-determined targets of the preceding financial year. The CEO may receive up to nine months' base salary as a bonus on condition of achievement of exceptional results. The other members of the Executive Management may receive up to six months' base salary as a bonus on condition of achievement of exceptional results.

A severance package of DKK 6.3 million was agreed for the Executive Vice President who resigned in 2012.

Board of Directors

The total remuneration of the Board of Directors for 2012 amounted to DKK 5.7 million (DKK 5.7 million in 2011). The amount includes remuneration for participation in the Audit Committee of DKK 0.7 million (DKK 0.7 million in 2011), for participation in the Remuneration Committee of DKK 0.7 million (DKK 0.7 million in 2011) and for participation in the Scientific Committee of DKK 0.7 million (DKK 0.7 million in 2011). The remuneration for 2012 is consistent with that presented at the Annual General Meeting held on 29 March 2012.

The members of the Board of Directors held a total of 8,659 Lundbeck shares at 31 December 2012 (9,734 shares in 2011).

The total remuneration of the chairman of the Board of Directors amounted to DKK 1.4 million (DKK 1.4 million in 2011) and the total remuneration of the deputy chairman of the Board of Directors amounted to DKK 0.8 million (DKK 0.8 million in 2011). The amounts include remuneration for participation in the board committees.

Number of employees

	2012	2011
Average number of full-time employees in the financial year	**5,639**	**5,690**
Number of full-time employees at 31.12.		
Denmark	1,931	1,929
Abroad	3,610	3,807
Total	**5,541**	**5,736**

Incentive programmes

In order to attract, retain and motivate key employees and align their interests with those of the shareholders, Lundbeck has established a number of incentive programmes. Lundbeck uses equity-based as well as debt-based schemes, and the tables below show all the incentive programmes in place in 2011 and 2012.

Equity-based schemes

In the 2012 financial year, equity-based incentive schemes consisted of warrants and shares granted in the years 2008-2012.

The performance of the Lundbeck share in 2012 is illustrated in the chart in the section *The Lundbeck Share*, p. 54.

NOTE 3

3. STAFF COSTS — CONTINUED

In April 2012, Lundbeck established a warrant scheme and a share scheme for the Executive Management and a number of key employees in Denmark and abroad. The Executive Management was granted 778,759 warrants and 101,107 shares, and 100 key employees were granted 609,415 warrants and 129,396 shares.

In November 2012, five key employees were granted 82,588 warrants and 15,178 shares on terms and conditions similar to those that apply for the warrant scheme and the share scheme granted to key employees in April 2012.

Under the warrant scheme for the Executive Management, the CEO is invited to invest up to DKK 10 million and is thereby given the opportunity to subscribe for a number of warrants corresponding to four warrants for each share held. The other members of the Executive Management are invited to invest up to DKK 4 million and are thereby given the opportunity to subscribe for a number of warrants corresponding to four warrants for each share held. The warrants will vest after a period of respectively 3 years (20%), 4 years (30%) and 5 years (50%) at an exercise price of DKK 113.00 plus a premium of 4.00% per year adjusted for the dividend payout ratio. Warrants not exercised at 31 December 2018 will be cancelled. The fair value per warrant at the time of grant is calculated using the Black-Scholes method and for respectively 20%, 30% and 50% of the programme is based on a volatility of 30.57%, 31.77% and 31.08%, a dividend payout ratio of 2.50%, a risk-free interest rate of 0.52%, an average maturity of approximately 59, 65 and 71 months and a share price of DKK 113.20. Vesting of the warrants is subject to continuing employment with Lundbeck. This translates into a fair value per warrant of DKK 21.05, DKK 22.40 and DKK 21.99, respectively. The volatility is calculated on the basis of the expected maturity of the warrants.

The shares granted to the Executive Management will vest on 31 March 2015 subject to continuing employment with Lundbeck and Lundbeck achieving its financial targets. The fair value at the time of grant was DKK 113.20 per share.

The warrants granted to key employees will vest on 31 March 2015 subject to continuing employment with Lundbeck and Lundbeck achieving its financial targets. The warrants are exercisable during the period 1 April 2015 to 31 March 2020 at an exercise price of DKK 113.00. The fair value per warrant at the time of grant is calculated using the Black-Scholes method and is based on a volatility of 29.94%, a dividend payout ratio of 2.50%, a risk-free interest rate of 0.93%, an average maturity of approximately 66 months and a share price of DKK 113.20. This translates into a fair value of DKK 24.11 per warrant. The volatility is calculated on the basis of the expected maturity of the warrants.

The shares granted to key employees will vest on 31 March 2015 subject to continuing employment with Lundbeck and Lundbeck achieving its financial targets. For shares granted in April, the fair value at the time of grant was DKK 113.20. For shares granted in November, the fair value at the time of grant was DKK 99.05.

At the company's Annual General Meeting in 2012, it was resolved to cancel warrants granted to the Executive Management in 2010 and 2011. The fair value per warrant for warrants granted in 2010 was at the time of grant calculated using the Black-Scholes method and was based on a volatility of 32.29%, a dividend payout ratio of 1.50%, a risk-free interest rate of 2.60%, an average maturity of approximately 66 months and a share price of DKK 99.55. This translates into a fair value of DKK 29.86 per warrant. The volatility was based on daily data during the period 18 January 2005 to 31 December 2009. The fair value per warrant for warrants granted in 2011 was at the time of grant calculated using the Black-Scholes method and was based on a volatility of 31.03%, a dividend payout ratio of 2.50%, a risk-free interest rate of 2.99%, an average maturity of approximately 66 months and a share price of DKK 121.20. This translates into a fair value of DKK 30.10 per warrant. The volatility was based on daily data during the period 1 April 2006 to 1 April 2011. Cash or shares corresponding to a value of 6 months' salary were transferred to each participant for each programme. As a result of the changes to the programmes, an expense of DKK 17 million has been recognized in the income statement.

Warrants granted to key employees in 2010 and 2011 have not been cancelled.

Warrants and shares allocated to key employees in 2009 vested in 2012. In 2012, 593 warrants were exercised from the 2009 grant. The weighted average share price of exercised warrants was DKK 122.18.

NOTE 3

3. STAFF COSTS – CONTINUED

Warrant schemes	2007	2008	2008	2009	2010	2010	2011	2012 20%[1]	2012 30%[1]	2012 50%[1]	2012
Number of persons covered by the scheme	80	87	1	98	101	16	112	4	4	4	102
Total number of warrants granted	844,500	405,234	134,310	534,058	765,979	24,971	849,085	155,750	233,629	389,380	692,003
Number of warrants granted to the Executive Management	173,000	219,618	134,310	333,811	507,885	-	381,224	155,750	233,629	389,380	-
Vested at	immediately	06.05.11	02.06.11	16.03.12	16.03.13	16.03.13	31.03.14	31.03.15	31.03.16	31.03.17	31.03.15
Exercise period begins	01.08.08	06.05.11	02.06.11	16.03.12	16.03.13	16.03.13	01.04.14	01.04.15	01.04.16	01.04.17	01.04.15
Exercise period ends	31.03.11	05.05.16	01.06.16	15.03.17	15.03.18	15.03.18	31.03.19	31.12.18	31.12.18	31.12.18	31.03.20
Exercise price, DKK	156.00	115.00	115.00	102.00	97.00	97.00	121.00	113.00	113.00	113.00	113.00

1) The exercise price of DKK 113.00 is revalued by 4.00% per year adjusted for the dividend payout ratio.

Share schemes	2008	2008	2009	2010	2010	2011	2011	2012	2012
Number of persons covered by the scheme	87	1	98	101	16	112	30	104	5
Total number of shares granted	71,870	2,739	92,627	96,355	6,334	156,360	383,602	230,503	15,178
Number of shares granted to the Executive Management	12,429	2,739	20,794	22,308	-	35,762	-	101,107	-
Vested at	06.05.11	02.06.11	16.03.12	16.03.13	16.03.13	31.03.14	30.06.14	31.03.15	31.03.15
Fair value at the date of grant, DKK	120.25	117.75	98.75	99.55	95.70	121.20	114.29	113.20	99.05

NOTE 3

3. STAFF COSTS – CONTINUED

2012

Year of grant	01.01. Number	Grant Number	Reclassification Number	Exercise/ settlement Number	Cancellation Number	31.12. Number
Executive Management						
2008, warrants	4,710	-	(4,710)	-	-	-
2009, warrants	210,243	-	(2,945)	-	(207,298)	-
2009, shares	17,438	-	-	-	(17,438)	-
2010, warrants	320,414	-	-	-	(320,414)	-
2010, shares	14,001	-	-	-	(14,001)	-
2011, warrants	254,548	-	-	-	(254,548)	-
2011, shares	23,700	-	-	-	(23,700)	-
2012, warrants	-	778,759	-	-	(141,592)	637,167
2012, shares	-	101,107	-	-	(23,008)	78,099
Total, Executive Management	**845,054**	**879,866**	**(7,655)**	**-**	**(1,001,999)**	**715,266**
Executives						
2008, warrants	55,326	-	(19,117)	-	-	36,209
2009, warrants	158,956	-	(30,142)	-	(79,772)	49,042
2009, shares	25,736	-	(11,360)	(14,376)	-	-
2010, warrants	203,502	-	(21,448)	-	(121,374)	60,680
2010, shares	27,488	-	(6,313)	-	(6,146)	15,029
2011, warrants	238,456	-	(56,762)	-	(88,591)	93,103
2011, shares	238,139	-	(41,533)	-	(9,852)	186,754
2012, warrants	-	223,048	-	-	-	223,048
2012, shares	-	46,104	-	-	-	46,104
Total, executives	**947,603**	**269,152**	**(186,675)**	**(14,376)**	**(305,735)**	**709,969**
Other						
2008, warrants	91,834	-	23,827	-	-	115,661
2008, shares	434	-	-	-	-	434
2009, warrants	108,720	-	33,087	(593)	-	141,214
2009, shares	42,275	-	11,360	(53,635)	-	-
2010, warrants	187,893	-	21,448	-	(5,646)	203,695
2010, shares	55,296	-	6,313	-	(1,620)	59,989
2011, warrants	293,099	-	56,762	-	(3,301)	346,560
2011, shares	249,445	-	41,533	-	(851)	290,127
2012, warrants	-	468,955	-	-	(9,858)	459,097
2012, shares	-	98,470	-	-	(2,093)	96,377
Total, other	**1,028,996**	**567,425**	**194,330**	**(54,228)**	**(23,369)**	**1,713,154**
Total	**2,821,653**	**1,716,443**	**-**	**(68,604)**	**(1,331,103)**	**3,138,389**
Average exercise price of warrants (DKK)	108.27	113.00	-	102.00	106.88	111.94

2011

Year of grant	01.01. Number	Grant Number	Reclassification Number	Exercise/ settlement Number	Cancellation Number	31.12. Number
Executive Management						
2007, warrants[1]	180,000	-	-	-	(180,000)	-
2008, warrants	353,928	-	4,710	-	(353,928)	4,710
2008, shares	15,168	-	-	(15,168)	-	-
2009, warrants	333,811	-	(76,827)	-	(46,741)	210,243
2009, shares	20,794	-	-	-	(3,356)	17,438
2010, warrants	507,885	-	(116,358)	-	(71,113)	320,414
2010, shares	22,308	-	(4,707)	-	(3,600)	14,001
2011, warrants	-	381,224	(74,778)	-	(51,898)	254,548
2011, shares	-	35,762	(6,291)	-	(5,771)	23,700
Total, Executive Management	**1,433,894**	**416,986**	**(274,251)**	**(15,168)**	**(716,407)**	**845,054**
Executives						
2007, warrants[1]	231,000	-	-	-	(231,000)	-
2008, warrants	58,352	-	406	(3,432)	-	55,326
2008, shares	18,818	-	-	(18,818)	-	-
2009, warrants	75,127	-	83,829	-	-	158,956
2009, shares	23,505	-	2,231	-	-	25,736
2010, warrants	79,406	-	124,096	-	-	203,502
2010, shares	22,781	-	4,707	-	-	27,488
2011, warrants	-	174,026	74,778	-	(10,348)	238,456
2011, shares	-	254,566	6,291	-	(22,718)	238,139
Total, executives	**508,989**	**428,592**	**296,338**	**(22,250)**	**(264,066)**	**947,603**
Other						
2007, warrants[1]	433,500	-	-	-	(433,500)	-
2008, warrants	116,837	-	(5,116)	(15,852)	(4,035)	91,834
2008, shares	37,256	-	-	(35,519)	(1,303)	434
2009, warrants	119,907	-	(7,002)	-	(4,185)	108,720
2009, shares	46,207	-	(2,231)	-	(1,701)	42,275
2010, warrants	203,659	-	(7,738)	-	(8,028)	187,893
2010, shares	57,600	-	-	-	(2,304)	55,296
2011, warrants	-	293,835	-	-	(736)	293,099
2011, shares	-	249,634	-	-	(189)	249,445
Total, other	**1,014,966**	**543,469**	**(22,087)**	**(51,371)**	**(455,981)**	**1,028,996**
Total	**2,957,849**	**1,389,047**	**-**	**(88,789)**	**(1,436,454)**	**2,821,653**
Average exercise price of warrants (DKK)	120.02	121.00	-	138.59	115.00	108.27

1) The warrant scheme established in 2007 expired on 31 March 2011.

NOTE 3

3. STAFF COSTS – CONTINUED

Preconditions for and fair value of warrant schemes at 31.12.2012	Employees 2008	Employees 2009	Employees 2010	Employees 2010	Employees 2011	Executive Management 2012 (20%)[1]	Executive Management 2012 (30%)[1]	Executive Management 2012 (50%)[1]	Employees 2012
Exercise price (DKK)	115.00	102.00	97.00	97.00	121.00	113.00	113.00	113.00	113.00
Share price (DKK)	82.90	82.90	82.90	82.90	82.90	82.90	82.90	82.90	82.90
Volatility (%)	28.30	28.44	25.77	25.77	26.82	31.64	32.91	33.01	32.84
Dividend payout ratio (%)	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Risk-free interest rate (%)	0.07	(0.09)	0.06	0.06	0.20	0.20	0.47	0.47	0.47
Fair value per warrant (DKK)	1.10	5.14	7.30	7.30	5.31	8.24	9.88	10.59	11.85

1) The exercise price of DKK 113.00 is revalued by 4.00% per year adjusted for the dividend payout ratio.

Preconditions for and fair value of warrant schemes at 31.12.2011	Executive Management 2008	Employees 2008	Executive Management 2009	Employees 2009	Executive Management 2010	Employees 2010	Employees 2010	Executive Management 2011	Employees 2011
Exercise price (DKK)	115.00	115.00	102.00	102.00	97.00	97.00	97.00	121.00	121.00
Share price (DKK)	108.00	108.00	108.00	108.00	108.00	108.00	108.00	108.00	108.00
Volatility (%)	32.00	32.00	32.00	32.00	32.00	32.00	32.00	32.00	32.00
Dividend payout ratio (%)	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Risk-free interest rate (%)	0.04	0.04	0.28	0.28	0.28	0.28	0.28	0.56	0.56
Fair value per warrant (DKK)	12.90	12.90	-	23.90	11.20	25.60	25.60	13.70	20.30

Debt-based schemes

The existing debt-based schemes consist of Stock Appreciation Rights and Restricted Cash Units awarded during the years 2008-2012.

In April 2012, a few employees of US subsidiaries were granted Stock Appreciation Rights (SARs), a share price-based scheme with conditions and award criteria similar to those of the warrant scheme granted in April 2012 to a number of key employees of the parent company and its non-US subsidiaries. The allocated SARs, a total of 38,520, will vest on 31 March 2015 subject to continuing employment with Lundbeck and Lundbeck achieving its financial targets. The allocated SARs are exercisable during the period 1 April 2015 to 31 March 2020. The size of the amount depends on how much the price of the Lundbeck share at the exercise date exceeds DKK 113.00 per share. The share price-based scheme for employees of the Group's US subsidiaries cannot be converted into shares because the value of the scheme is distributed as a cash amount. The fair value per SAR at the time of grant is calculated using the Black-Scholes method and is based on a volatility of 29.94%, a dividend payout ratio of 2.50%, a risk-free interest rate of 0.93%, an average maturity of approximately 66 months and a share price of DKK 113.20. This translates into a fair value of DKK 24.11 per SAR. The volatility is calculated on the basis of the expected maturity of the warrants.

In April 2012, a few employees of US subsidiaries were granted Restricted Cash Units (RCUs), a share price-based scheme with conditions and award criteria similar to those of the share scheme granted in April 2012 to a number of key employees of the parent company and its non-US subsidiaries. The allocated RCUs, a total of 8,180, will vest on 31 March 2015 subject to continuing employment with Lundbeck and Lundbeck achieving its financial targets, after which time they are settled. The size of the amount depends on the value of the Lundbeck share at the vesting date. The share price-based scheme for employees of the Group's US subsidiaries cannot be converted into shares because the value of the scheme is distributed as a cash amount. The fair value per RCU at the time of grant was calculated at DKK 113.20.

In November 2012, 25,933 SARs and 4,766 RCUs were granted on terms and conditions identical to those that apply for the SAR and RCU schemes granted in April 2012. The fair value per RCU at the time of grant was calculated at DKK 99.05.

The fair value calculations do not take any employee attrition into consideration.

SARs allocated in 2009 vested in 2012. RCUs allocated in 2009 vested in 2012, after which time the scheme was settled.

NOTE 3

3. STAFF COSTS — CONTINUED

2012

Year of grant	01.01. Number	Grant Number	Reclassification Number	Exercise/ settlement Number	Cancellation Number	31.12. Number
Executives						
2008, SARs	-	-	2,258	-	-	2,258
2009, SARs	-	-	2,352	-	-	2,352
2009, RCUs	-	-	845	(845)	-	-
2010, SARs	-	-	3,750	-	-	3,750
2010, RCUs	-	-	1,076	-	-	1,076
2011, SARs	14,719	-	11,779	-	-	26,498
2011, RCUs	27,346	-	3,036	-	-	30,382
2012, SARs	-	64,453	-	-	-	64,453
2012, RCUs	-	12,946	-	-	-	12,946
Total, executives	**42,065**	**77,399**	**25,096**	**(845)**	**-**	**143,715**
Other						
2008, SARs	2,258	-	(2,258)	-	-	-
2009, SARs	2,352	-	(2,352)	-	-	-
2009, RCUs	845	-	(845)	-	-	-
2010, SARs	4,639	-	(3,750)	-	-	889
2010, RCUs	1,331	-	(1,076)	-	-	255
2011, SARs	39,113	-	(11,779)	-	(4,205)	23,129
2011, RCUs	38,887	-	(3,036)	-	(1,084)	34,767
Total, other	**89,425**	**-**	**(25,096)**	**-**	**(5,289)**	**59,040**
Total	**131,490**	**77,399**	**-**	**(845)**	**(5,289)**	**202,755**

2011

Year of grant	01.01. Number	Grant Number	Reclassification Number	Exercise/ settlement Number	Cancellation[1] Number	31.12. Number
Executives						
2008, SARs	2,258	-	(2,258)	-	-	-
2008, RCUs	814	-	-	(814)	-	-
2009, SARs	53,003	-	(53,003)	-	-	-
2009, RCUs	21,656	-	(21,656)	-	-	-
2010, SARs	18,068	-	(3,750)	-	(14,318)	-
2010, RCUs	5,184	-	(1,076)	-	(4,108)	-
2011, SARs	-	18,087	(3,368)	-	-	14,719
2011, RCUs	-	28,214	(868)	-	-	27,346
Total, executives	**100,983**	**46,301**	**(85,979)**	**(814)**	**(18,426)**	**42,065**

1) SARs and RCUs were cancelled as the vesting conditions were not met in the US subsidiaries.

NOTE 3

3. STAFF COSTS – CONTINUED

2011

Year of grant	01.01. Number	Grant Number	Reclassification Number	Exercise/ settlement Number	Cancellation[1] Number	31.12. Number
Other						
2008, SARs	-	-	2,258	-	-	2,258
2009, SARs	57,888	-	53,003	-	(108,539)	2,352
2009, RCUs	224,008	-	21,656	-	(244,819)	845
2010, SARs	889	-	3,750	-	-	4,639
2010, RCUs	255	-	1,076	-	-	1,331
2011, SARs	-	35,745	3,368	-	-	39,113
2011, RCUs	-	38,019	868	-	-	38,887
Total, other	**283,040**	**73,764**	**85,979**	**-**	**(353,358)**	**89,425**
Total	**384,023**	**120,065**	**-**	**(814)**	**(371,784)**	**131,490**

1) SARs and RCUs were cancelled as the vesting conditions were not met in the US subsidiaries.

Preconditions for and fair value of debt-based schemes at 31.12.2012	SARs 2008	SARs 2009	SARs 2010	RCUs 2010	SARs 2011	RCUs 2011	RCUs 2011	SARs 2012	RCUs 2012
Exercise price (DKK)	119.76	102.00	97.00	-	121.00	-	-	113.00	-
Share price (DKK)	82.90	82.90	82.90	82.90	82.90	82.90	82.90	82.90	82.90
Volatility (%)	27.79	27.39	25.77	28.30	26.82	29.43	28.56	32.84	26.74
Dividend payout ratio (%)	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Risk-free interest rate (%)	0.07	(0.09)	0.06	0.07	0.20	0.07	(0.09)	0.47	(0.09)
Fair value per SAR/RCU (DKK)	1.23	5.44	7.30	82.56	5.31	80.85	80.46	11.85	79.25
Vested at	11.08.11	01.07.12	16.03.13	16.03.13	31.03.14	31.03.14	30.06.14	31.03.15	31.03.15
Exercise period begins	11.08.11	01.07.12	16.03.13	-	01.04.14	-	-	01.04.15	-
Exercise period ends	10.08.16	30.06.17	15.03.18	-	31.03.19	-	-	31.03.20	-

Preconditions for and fair value of debt-based schemes at 31.12.2011	SARs 2008	SARs 2009	RCUs 2009	SARs 2010	RCUs 2010	SARs 2011	RCUs 2011	RCUs 2011
Exercise price (DKK)	119.76	102.00	-	97.00	-	121.00	-	-
Share price (DKK)	108.00	108.00	108.00	108.00	108.00	108.00	108.00	108.00
Volatility (%)	32.00	32.00	32.00	32.00	32.00	32.00	32.00	32.00
Dividend payout ratio (%)	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Risk-free interest rate (%)	0.04	0.28	0.28	0.28	0.28	0.56	0.56	0.08
Fair value per SAR/RCU (DKK)	14.30	24.80	105.80	25.60	105.70	20.30	103.50	101.20
Vested at	11.08.11	01.07.12	01.07.12	16.03.13	16.03.13	31.03.14	31.03.14	30.06.14
Exercise period begins	11.08.11	01.07.12	-	16.03.13	-	01.04.14	-	-
Exercise period ends	10.08.16	30.06.17	-	15.03.18	-	31.03.19	-	-

NOTES 3-5

3. STAFF COSTS — CONTINUED

Fair value, liability and expense recognized in the income statement

The warrants and shares granted are recognized in the income statement for 2012 at an expense corresponding to the fair value at the time of grant calculated according to the Black-Scholes method for the part of the vesting period that concerns 2012. The total expense recognized in respect of equity-based schemes amounted to DKK 60 million. The amount includes an expense of DKK 17 million due to the cancellation of the 2010 and 2011 programmes granted to the Executive Management. In 2011, an expense of DKK 24 million was recognized. At 31 December 2012, the fair value of equity-based schemes amounted to DKK 82 million (DKK 112 million in 2011).

The SARs granted are recognized in the income statement at an expense corresponding to the value adjustment for the year based on the Black-Scholes method, and the RCUs granted are recognized in the income statement at an expense corresponding to the value adjustment for the year based on the performance of the Lundbeck share. The total expense recognized in respect of debt-based schemes amounted to DKK 2 million (DKK 1 million in 2011). The expense covers all debt-based schemes in force in 2012. At 31 December 2012, the total liability in respect of debt-based schemes amounted to DKK 3 million (DKK 1 million in 2011). The liability covers all debt-based schemes in force at 31 December 2012.

The total expense recognized in the income statement for all incentive programmes amounted to DKK 62 million for 2012 (DKK 25 million in 2011).

4. AMORTIZATION, DEPRECIATION AND IMPAIRMENT

2012	Intangible assets DKKm	Property, plant and equipment DKKm	Total DKKm
Amortization, depreciation and impairment are specified as follows:			
Cost of sales	52	134	186
Sales and distribution costs	405	15	420
Administrative expenses	13	57	70
Research and development costs	101	111	212
Total	**571**	**317**	**888**

An impairment loss on product rights totalling DKK 15 million is recognized in research and development costs.

An impairment loss on patent rights totalling DKK 8 million is recognized in research and development costs.

An impairment loss on property, plant and equipment totalling DKK 5 million is recognized in cost of sales in the amount of DKK 3 million, and in research and development costs in the amount of DKK 2 million.

Gains and losses on the sale of intangible assets and property, plant and equipment are recognized at a net gain of DKK 126 million.

2011	Intangible assets DKKm	Property, plant and equipment DKKm	Total DKKm
Amortization, depreciation and impairment are specified as follows:			
Cost of sales	99	57	156
Sales and distribution costs	392	12	404
Administrative expenses	21	52	73
Research and development costs	216	386	602
Total	**728**	**507**	**1,235**

An impairment loss on other rights totalling DKK 47 million is recognized in cost of sales in the amount of DKK 31 million, in administrative expenses in the amount of DKK 5 million and in research and development costs in the amount of DKK 11 million.

An impairment loss on patent rights totalling DKK 95 million is recognized in research and development costs.

An impairment loss on property, plant and equipment totalling DKK 283 million mainly consists of impairment of land and buildings in the US. The impairment loss is recognized in cost of sales in the amount of DKK 21 million, in administrative expenses in the amount of DKK 4 million and in research and development costs in the amount of DKK 258 million.

Gains and losses on the sale of intangible assets and property, plant and equipment are recognized at a net gain of DKK 92 million. Of this amount, the gain from the sale of production facilities in the UK amounts to DKK 95 million.

5. AUDIT FEES

Deloitte Statsautoriseret Revisionspartnerselskab	2012 DKKm	2011 DKKm
Statutory audit	7	7
Tax consulting	1	1
Other services	3	4
Total	**11**	**12**

A few minor foreign subsidiaries are not audited by the parent company's auditors, a foreign business partner of the auditors, or by a recognized, international auditing firm.

NOTES 6-7

6. NET FINANCIALS

	2012 DKKm	2011 DKKm
Financial income		
Interest on financial assets measured at amortized cost	13	29
Gains on financial assets measured at fair value through profit or loss	14	20
Gains on financial instruments included in the trading portfolio	4	3
Exchange gains	81	46
Realized exchange gains concerning additions to net investments in foreign subsidiaries (transferred from other comprehensive income)	40	4
Gains on available-for-sale financial assets, incl. dividends	-	14
Other financial income	1	-
Total financial income	**153**	**116**
Financial expenses		
Interest on financial liabilities measured at amortized cost	85	87
Losses on financial assets measured at fair value through profit or loss	7	3
Losses on financial instruments included in the trading portfolio	4	1
Exchange losses	111	82
Realized exchange losses concerning additions to net investments in foreign subsidiaries (transferred from other comprehensive income)	-	24
Losses on available-for-sale financial assets	-	3
Other financial expenses	11	12
Total financial expenses	**218**	**212**
Net financials	**(65)**	**(96)**

At 31 December 2012, the profit impact of interest on financial assets and liabilities measured at amortized cost amounted to a net expense of DKK 72 million (DKK 58 million in 2011). Financial assets measured at fair value through profit or loss represented a net gain of DKK 7 million at 31 December 2012 (DKK 17 million in 2011). The profit impact of financial instruments included in the trading portfolio was DKK 0 million (a net gain of DKK 2 million in 2011). The net exchange gain, including net realized exchange gains transferred from other comprehensive income, was DKK 10 million at 31 December 2012 (a net exchange loss of DKK 56 million in 2011). At 31 December 2012, available-for-sale financial assets had a profit impact of DKK 0 million (a net gain of DKK 11 million in 2011).

7. TAX ON PROFIT FOR THE YEAR

	2012 DKKm	2011 DKKm
Current tax	331	910
Prior-year adjustments, current tax	(2)	11
Prior-year adjustments, deferred tax	40	12
Change of deferred tax for the year	101	105
Total tax for the year	**470**	**1,038**
Tax for the year is composed of:		
Tax on profit for the year	475	1,015
Tax on other comprehensive income	(5)	23
Total tax for the year	**470**	**1,038**
Tax on other comprehensive income is specified as follows:		
Currency translation concerning additions to net investments in foreign subsidiaries	(7)	29
Realized exchange gains/losses concerning additions to net investments in foreign subsidiaries (transferred to the income statement)	(10)	5
Adjustment, deferred exchange gains/losses, hedging	(19)	21
Exchange gains/losses, hedging (transferred to the hedged items)	33	(32)
Fair value adjustment of available-for-sale financial assets	(2)	-
Tax on other comprehensive income	**(5)**	**23**

Explanation of the Group's effective tax rate relative to the Danish tax rate	DKKm	%
2012		
Profit before tax	**1,582**	
Calculated tax, 25%	395	25.0
Tax effect of:		
Differences in the tax rates of foreign subsidiaries from the Danish tax rate of 25%	(50)	(3.2)
Non-deductible expenses/non-taxable income and other permanent differences	122	7.7
Research and development incentives	(30)	(1.9)
Prior-year tax adjustments etc., total effect on operations	38	2.4
Effective tax for the year before market value adjustment of other investments	**475**	**30.0**
Non-deductible losses/non-taxable gains on shares and other equity investments	-	-
Effective tax for the year	**475**	**30.0**

NOTES 7-9

7. TAX ON PROFIT FOR THE YEAR – CONTINUED

Explanation of the Group's effective tax rate relative to the Danish tax rate	DKKm	%
2011		
Profit before tax	**3,297**	
Calculated tax, 25%	824	25.0
Tax effect of:		
Differences in the tax rates of foreign subsidiaries from the Danish tax rate of 25%	(84)	(2.5)
Non-deductible expenses/non-taxable income and other permanent differences	103	3.1
Research and development incentives	(77)	(2.3)
Change in valuation of net tax assets	228	6.9
Prior-year tax adjustments etc., total effect on operations	23	0.7
Effective tax for the year before market value adjustment of other investments	**1,017**	**30.9**
Non-deductible losses/non-taxable gains on shares and other equity investments	(2)	(0.1)
Effective tax for the year	**1,015**	**30.8**

8. DISTRIBUTION OF PROFIT

Proposed distribution of profit for the year	2012 DKKm	2011 DKKm
Proposed dividends for the year	392	685
Transferred to distributable reserves	715	1,597
Total profit for the year	**1,107**	**2,282**

The Board of Directors proposes distribution of dividends for 2012 of 35% (30% in 2011) of the net profit for the year allocated to the shareholders of the parent company, equivalent to DKK 392 million (DKK 685 million in 2011) inclusive of dividends on treasury shares, or DKK 2.00 per share (DKK 3.49 in 2011).

9. EARNINGS PER SHARE

	2012	2011
Profit for the year (DKKm)	**1,107**	**2,282**
Average number of shares ('000 shares)	196,136	196,127
Average number of treasury shares ('000 shares)	(7)	(15)
Average number of shares excl. treasury shares ('000 shares)	**196,129**	**196,112**
Average number of warrants, fully diluted, ('000 warrants)	14	6
Average number of shares, fully diluted ('000 shares)	**196,143**	**196,118**
Earnings per share (EPS) (DKK)	**5.65**	**11.63**
Diluted earnings per share (DEPS) (DKK)	**5.64**	**11.63**

At 31 December 2012, 151,870 warrants from the warrant scheme established in 2008 for Danish and foreign employees remained outstanding. These warrants vested at 6 May 2011. The warrants may be exercised within the given subscription period, but will presumably only be exercised if the price of the Lundbeck share exceeds the exercise price of DKK 115.00. The warrants have been in-the-money during 2012. No warrants from the 2008 scheme were exercised.

At 31 December 2012, 190,256 warrants from the warrant scheme established in 2009 for Danish and foreign employees remained outstanding. These warrants vested at 16 March 2012. The warrants may be exercised within the given subscription period, but will presumably only be exercised if the price of the Lundbeck share exceeds the exercise price of DKK 102.00. The warrants have been in-the-money during 2012, and a total of 593 warrants have been exercised.

NOTES 9-10

9. EARNINGS PER SHARE – CONTINUED

Warrants comprised by the warrant scheme established in 2010 for Danish and foreign key employees vest at 16 March 2013. At 31 December 2012, there were 264,375 warrants.

Warrants comprised by the warrant scheme established in 2011 for Danish and foreign key employees vest at 31 March 2014. At 31 December 2012, there were 439,663 warrants.

Warrants comprised by the warrant scheme established in 2012 for Danish and foreign key employees vest at 31 March 2015. At 31 December 2012, there were 682,145 warrants.

Of the warrants comprised by the warrant scheme established in 2012 for the Executive Management, 20% corresponding to 127,433 warrants vest at 31 March 2015, 30% corresponding to 191,150 warrants vest at 31 March 2016, and 50% corresponding to 318,584 warrants vest at 31 March 2017.

Warrants which are not in-the-money are not included in the calculation of earnings per share (EPS) and diluted earnings per share (DEPS). Longer term, the warrants may have a dilutive effect on earnings per share and diluted earnings per share.

See note 3 *Staff costs* for additional information on incentive programmes.

10. OTHER COMPREHENSIVE INCOME

	2012 DKKm	2011 DKKm
Other comprehensive income recognized under currency translation reserve in equity is specified as follows:		
Currency translation, foreign subsidiaries	(12)	31
Currency translation concerning additions to net investments in foreign subsidiaries	(27)	115
Realized exchange gains/losses concerning additions to net investments in foreign subsidiaries (transferred to the income statement)	(40)	20
Tax on amounts recognized under currency translation reserve in equity	17	(34)
Total	**(62)**	**132**
Other comprehensive income recognized under currency hedging reserve in equity is specified as follows:		
Adjustment, deferred exchange gains/losses, hedging	(78)	84
Exchange gains/losses, hedging (transferred to the hedged item)	130	(127)
Exchange gains/losses, trading (transferred from hedging)	1	-
Tax on amounts recognized under currency hedging reserve in equity	(14)	11
Total	**39**	**(32)**
Other comprehensive income recognized under retained earnings in equity is specified as follows:		
Fair value adjustment of available-for-sale financial assets	(12)	(6)
Tax on amounts recognized under retained earnings in equity	2	-
Total	**(10)**	**(6)**

Items recognized under other comprehensive income will be recycled through profit or loss if certain events occur.

NOTE 11

11. INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

Intangible assets	Goodwill DKKm	Patent rights DKKm	Product rights[1] DKKm	Other rights[2] DKKm	Projects in progress[2] DKKm	Intangible assets DKKm
2012						
Cost at 01.01.	3,865	525	5,582	1,140	64	11,176
Currency translation	(47)	-	(17)	1	-	(63)
Reclassification	-	-	-	(1)	-	(1)
Additions	-	-	1,295	70	39	1,404
Disposals	-	-	-	(18)	(55)	(73)
Cost at 31.12.	**3,818**	**525**	**6,860**	**1,192**	**48**	**12,443**
Amortization at 01.01.	-	455	1,312	964	-	2,731
Currency translation	-	-	(8)	-	-	(8)
Reclassification	-	-	-	(1)	-	(1)
Amortization	-	13	579	90	-	682
Impairment	-	8	15	-	-	23
Disposals	-	-	-	(12)	-	(12)
Amortization at 31.12.	**-**	**476**	**1,898**	**1,041**	**-**	**3,415**
Carrying amount at 31.12.	**3,818**	**49**	**4,962**	**151**	**48**	**9,028**
2011						
Cost at 01.01.	3,792	525	4,570	1,104	127	10,118
Currency translation	73	-	58	(1)	-	130
Reclassification	-	-	75	1	(75)	1
Additions	-	-	1,143	38	34	1,215
Disposals	-	-	(264)	(2)	(22)	(288)
Cost at 31.12.	**3,865**	**525**	**5,582**	**1,140**	**64**	**11,176**
Amortization at 01.01.	-	334	979	793	-	2,106
Currency translation	-	-	31	-	-	31
Reclassification	-	-	-	1	-	1
Amortization	-	26	435	125	-	586
Impairment	-	95	-	47	-	142
Disposals	-	-	(133)	(2)	-	(135)
Amortization at 31.12.	**-**	**455**	**1,312**	**964**	**-**	**2,731**
Carrying amount at 31.12.	**3,865**	**70**	**4,270**	**176**	**64**	**8,445**

1) Of product rights, DKK 2,539 million (DKK 2,179 million in 2011) relates to products not yet commercialized.
2) Other rights and projects in progress include items such as the IT system SAP. The amounts include directly attributable internal expenses.

NOTE 11

11. INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT – CONTINUED

Property, plant and equipment	Land and buildings[1] DKKm	Plant and machinery DKKm	Other fixtures and fittings, tools and equipment DKKm	Prepayments and assets under construction DKKm	Property, plant and equipment DKKm
2012					
Cost at 01.01.	3,677	1,376	1,019	309	6,381
Currency translation	(6)	-	-	-	(6)
Reclassification	-	-	1	-	1
Additions	188	135	74	155	552
Disposals	(15)	(43)	(43)	(251)	(352)
Cost at 31.12.	**3,844**	**1,468**	**1,051**	**213**	**6,576**
Depreciation at 01.01.	1,790	971	806	-	3,567
Currency translation	(5)	-	-	-	(5)
Reclassification	-	-	1	-	1
Depreciation	140	89	75	-	304
Impairment	4	1	-	-	5
Disposals	(15)	(34)	(40)	-	(89)
Depreciation at 31.12.	**1,914**	**1,027**	**842**	**-**	**3,783**
Carrying amount at 31.12.	**1,930**	**441**	**209**	**213**	**2,793**
2011					
Cost at 01.01.	3,670	1,689	985	255	6,599
Currency translation	10	13	(4)	1	20
Reclassification	3	(3)	(1)	-	(1)
Additions	158	133	75	282	648
Disposals	(164)	(456)	(36)	(229)	(885)
Cost at 31.12.	**3,677**	**1,376**	**1,019**	**309**	**6,381**
Depreciation at 01.01.	1,484	1,315	754	-	3,553
Currency translation	18	13	(1)	-	30
Reclassification	-	(1)	-	-	(1)
Depreciation	149	89	78	-	316
Impairment	271	5	7	-	283
Disposals	(132)	(450)	(32)	-	(614)
Depreciation at 31.12.	**1,790**	**971**	**806**	**-**	**3,567**
Carrying amount at 31.12.	**1,887**	**405**	**213**	**309**	**2,814**

1) The carrying amount of pledged land and buildings at 31 December 2012 was DKK 1,670 million (DKK 1,636 million in 2011).

NOTES 11-12

11. INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT — CONTINUED

Goodwill impairment test

The carrying amount of goodwill amounted to DKK 3,818 million (DKK 3,865 million in 2011). Goodwill related to Lundbeck LLC, USA, amounted to DKK 2,965 million (DKK 3,010 million in 2011). The annual impairment tests are submitted to the Audit Committee for subsequent approval by the Board of Directors. Based on the impairment tests performed in 2012, it was concluded that there is no need for writing down the goodwill.

CGU definition

As a result of Lundbeck's CGU definition, goodwill is tested at an aggregated group level, with the exception of Lundbeck LLC, USA, which in respect of some of the parameters used in the group CGU definition is not yet fully integrated and therefore was considered an independent CGU in 2012. During 2013, Lundbeck LLC is expected to be fully integrated from a CGU viewpoint.

Methodology

In the impairment test, the discounted expected future cash flows (value in use) for each CGU are compared to the carrying amounts of goodwill and other net assets. The future cash flows are based on Lundbeck's specific business plans for the next 6-8 years with due consideration to patent expiry. The key parameters in the calculation of the value in use are revenue, earnings, working capital, discount rate and the preconditions for the terminal period. Negative growth is projected in the terminal period due to patent expiry. The calculation of the value in use for the Group, excluding Lundbeck LLC, is based on a discount rate of 11.6% (9.7% in 2011). For Lundbeck LLC a discount rate of 13.6% (11.8% in 2011) was used. The discount rate is before tax, and the result of [WACC/(1 – tax rate)] and the applied cash flows are also pre-tax figures. Due to the extremely low risk-free interest rates in 2012, the calculation of the discount rate includes a market adjustment premium.

Impairment of other intangible assets

In 2012, Lundbeck wrote down patent rights and product rights by a total amount of DKK 23 million (DKK 142 million in 2011). The recoverable amount was calculated on the basis of management's re-assessed estimate of the value in use of the assets.

Impairment of property, plant and equipment

In 2012, Lundbeck wrote down property, plant and equipment by a total amount of DKK 5 million (DKK 283 million in 2011). The impairment loss in 2011 related primarily to land and buildings in the US. The recoverable amount was calculated on the basis of management's re-assessed estimate of the value in use of the assets.

12. AVAILABLE-FOR-SALE FINANCIAL ASSETS AND OTHER RECEIVABLES

	Available-for-sale financial assets DKKm	Other receivables[1] DKKm
2012		
Carrying amount at 01.01.	83	52
Additions	68	16
Disposals	(172)	(17)
Value adjustment	103	(1)
Carrying amount at 31.12.	**82**	**50**
2011		
Carrying amount at 01.01.	21	57
Additions	75	7
Disposals	(11)	(13)
Value adjustment	(2)	1
Carrying amount at 31.12.	**83**	**52**

1) At 31 December 2012, other receivables are not believed to involve material credit risk.

Reserve for fair value adjustment of available-for-sale financial assets recognized under other comprehensive income	2012 DKKm	2011 DKKm
Fair value adjustment at 01.01.	(4)	2
Fair value adjustment	103	(2)
Realized fair value adjustment on disposal	(115)	(7)
Prolonged impairment recognized in the income statement	-	3
Fair value adjustment at 31.12.	**(16)**	**(4)**

NOTE 13

13. DEFERRED TAX

Temporary differences between assets and liabilities as stated in the financial statements and as stated in the tax base

	Balance at 01.01. DKKm	Currency translation DKKm	Adjustment of deferred tax at beginning of year DKKm	Movement during the year DKKm	Balance at 31.12. DKKm
2012					
Intangible assets	3,228	(26)	2	1,016	4,220
Property, plant and equipment	404	3	6	23	436
Inventories	(217)	8	18	(13)	(204)
Prepayments from Forest	(234)	-	-	155	(79)
Other items	(27)	18	(43)	(406)	(458)
Provisions in subsidiaries	(16)	-	-	316	300
Tax loss carry-forwards etc.	(414)	1	30	(375)	(758)
Total temporary differences	**2,724**	**4**	**13**	**716**	**3,457**
Deferred (tax assets)/tax liabilities	750	11	23	107	891
Research and development incentives	(191)	3	17	(6)	(177)
Deferred (tax assets)/tax liabilities	**559**	**14**	**40**	**101**	**714**
2011					
Intangible assets	2,849	35	89	255	3,228
Property, plant and equipment	827	-	-	(423)	404
Inventories	(120)	13	31	(141)	(217)
Prepayments from Forest	(517)	-	-	283	(234)
Other items	104	(10)	(119)	(2)	(27)
Provisions in subsidiaries	(52)	2	(1)	35	(16)
Tax loss carry-forwards etc.	(693)	(8)	76	211	(414)
Total temporary differences	**2,398**	**32**	**76**	**218**	**2,724**
Deferred (tax assets)/tax liabilities	649	(17)	12	106	750
Research and development incentives	(186)	(4)	-	(1)	(191)
Deferred (tax assets)/tax liabilities	**463**	**(21)**	**12**	**105**	**559**

NOTE 13

13. DEFERRED TAX – CONTINUED

Deferred (tax assets)/tax liabilities	2012 Deferred tax assets DKKm	2012 Deferred tax liabilities DKKm	2012 Net DKKm	2011 Deferred tax assets DKKm	2011 Deferred tax liabilities DKKm	2011 Net DKKm
Intangible assets	(76)	1,321	1,245	(75)	1,082	1,007
Property, plant and equipment	(87)	171	84	(97)	168	71
Inventories	(134)	55	(79)	(135)	54	(81)
Prepayments from Forest	(20)	-	(20)	(59)	-	(59)
Other items	(21)	201	180	(195)	170	(25)
Provisions in subsidiaries	(222)	-	(222)	(15)	13	(2)
Tax loss carry-forwards etc.	(297)	-	(297)	(161)	-	(161)
Research and development incentives	(177)	-	(177)	(191)	-	(191)
Deferred (tax assets)/tax liabilities	**(1,034)**	**1,748**	**714**	**(928)**	**1,487**	**559**
Set off within legal tax entities and jurisdictions	605	(605)	-	591	(591)	-
Total net deferred (tax assets)/tax liabilities	**(429)**	**1,143**	**714**	**(337)**	**896**	**559**

Of the recognized deferred tax assets, DKK 474 million (DKK 352 million in 2011) related to tax losses etc. and research and development incentives to be carried forward. Utilization of these is based on a future positive income that exceeds realization of the deferred tax liabilities. The recognition of tax losses is based on estimates of the expected earnings and taxable income in the loss-making entities, supported by reports by external analysts, when available.

Unrecognized deferred tax assets	2012 DKKm	2011 DKKm
Unrecognized deferred tax assets at 01.01.	290	94
Currency translation	(1)	1
Prior-year adjustments	-	1
Additions	11	228
Utilized	(19)	(34)
Unrecognized deferred tax assets at 31.12.	**281**	**290**

Unrecognized deferred tax assets primarily related to interest and research and development incentives.

NOTES 14-15

14. INVENTORIES

	2012 DKKm	2011 DKKm
Raw materials and consumables	151	138
Work in progress	408	395
Finished goods and goods for resale	1,171	1,101
Total	**1,730**	**1,634**
Indirect costs of production	**296**	**299**
Impairment loss for the year	**28**	**12**
Inventories calculated at net realizable value	**4**	**2**

The total cost of goods sold included in cost of sales for 2012 amounted to DKK 2,113 million (DKK 2,028 million in 2011).

15. TRADE RECEIVABLES AND OTHER RECEIVABLES

	2012 DKKm	2011 DKKm
Trade receivables		
Receivables	2,482	2,628
Writedowns	(55)	(60)
Total	**2,427**	**2,568**
Due dates of trade receivables not written down		
Not due	2,033	2,124
Overdue by up to 3 months	251	344
Overdue by more than 3 months and up to 6 months	47	46
Overdue by more than 6 months and up to 12 months	62	52
Overdue by more than 12 months	34	2
Total	**2,427**	**2,568**
Development in writedowns of trade receivables		
Writedowns at 01.01.	60	18
Actual writedowns	(2)	(6)
Reversed, unrealized writedowns	(8)	(1)
Change in writedowns	5	49
Writedowns at 31.12.	**55**	**60**

	2012 DKKm	2011 DKKm
Specification of other receivables by due date		
Not due	496	389
Overdue by up to 3 months	8	6
Overdue by more than 3 months and up to 6 months	-	4
Overdue by more than 6 months and up to 12 months	-	8
Overdue by more than 12 months	4	1
Total	**508**	**408**

No writedowns have been made as no losses are expected on other receivables.

Credit risks

Lundbeck's products are sold primarily to distributors of pharmaceuticals and to hospitals. Historically, losses sustained on debtors have been insignificant. This was also the case in 2012. Writedowns in 2012 were on a level with those in 2011.

The Group has no particular customer concentration and no significant reliance on specific customers. Lundbeck has defined internal procedures to be followed in connection with the establishment of new customer relationships and changes to existing relationships. The purpose of these procedures is to ensure that the risk of losses is reduced to the extent possible.

Market risks

The pharmaceutical market is characterized by the aim of the authorities to reduce or cap healthcare costs. Market changes such as price reductions and ever-earlier launch of generics may have a considerable impact on the earnings potential of pharmaceuticals.

In recent years, Lundbeck experienced significant price reductions in several countries in Europe, where higher debts and rising unemployment have compelled the governments to identify savings in the public budgets. Furthermore, the earlier market access for generic pharmaceuticals has eroded earnings from Lundbeck's products in certain markets, where Lundbeck had expected exclusivity to protect the value of the large investments it had been making some years back. Lundbeck expects that these uncertainties will continue in 2013 and 2014.

Lundbeck is monitoring developments in the European economies and also developments in trade receivables in order to reduce the risk of losses to the best possible extent.

NOTES 16-17

16. INCOME TAX

	2012 DKKm	2011 DKKm
Income tax payable/(income tax receivable) at 01.01.	70	(115)
Currency translation	(9)	8
Prior-year adjustments	(2)	11
Tax payable on profit for the year	336	887
Tax on other comprehensive income	(5)	23
Tax paid for the year	(637)	(824)
Tax paid/received in respect of prior years	(146)	80
Income tax payable/(income tax receivable) at 31.12.	**(393)**	**70**
Income tax is specified as follows:		
Income tax receivable	(443)	(66)
Income tax payable	50	136
Income tax payable/(income tax receivable)	**(393)**	**70**

17. CASH RESOURCES

	2012 DKKm	2011 DKKm
Fixed-term deposits	1,708	1,615
Other cash resources	1,039	852
Cash at 31.12.	**2,747**	**2,467**
Securities with a maturity of more than 3 months[1]	1,055	1,476
Cash and securities at 31.12.	**3,802**	**3,943**
Unutilized committed credit facilities at 31.12.	-	1,000
Unutilized uncommitted credit facilities at 31.12.	320	283
Cash resources at 31.12.	**4,122**	**5,226**

1) The securities portfolio is classified as financial assets measured at fair value through profit or loss.

Liquidity risks and capital structure

The credit risk of cash and derivatives (forward exchange contracts and currency options) is limited because Lundbeck deals only with banks with a high credit rating. To further limit the risk of losses, internal limits have been defined for the credit exposure accepted towards the banks with which Lundbeck collaborates. The credit lines are presented to the Board of Directors for approval pursuant to the Group's treasury policy.

The treasury policy deals with financial resources, foreign currency exposure, securities portfolio and loan portfolio and is presented once every year to the Audit Committee for subsequent approval by the Board of Directors. In addition, the Board of Directors approves the framework for selecting financial collaboration partners, commitment lines and types of business.

Pursuant to Lundbeck's treasury policy, Lundbeck must always be capable of raising a minimum of DKK 1 billion at two weeks' notice. If this amount is not available in cash, fixed-term deposits or bonds, Lundbeck will enter into committed credit facilities with banks.

The securities portfolio consists primarily of Danish government and mortgage bonds with a limited credit risk and of a money market fund consisting of Danish government and mortgage bonds. In addition, via Lundbeck LLC in the US, Lundbeck has a small portfolio of Auction Rate Securities, for which the credit risk is also considered minimal, as the underlying loans on these securities are guaranteed by the US government.

Lundbeck operates in an industry characterized by frequent shifts in the market situation that may involve a need for inlicensing and acquisition activities.

At 31 December 2011, Lundbeck had committed syndicated credit facilities for DKK 1.0 billion with a term to maturity of three years from 4 March 2010. As a result of a strong cash flow and a large portfolio of cash and securities, Lundbeck resolved to terminate this committed syndicated credit facility in 2012.

At 31 December 2012, Lundbeck had a number of uncommitted credit facilities for use in its day-to-day operations. At 31 December 2012, these amounted to DKK 0.4 billion, of which DKK 0.3 billion was unutilized. At 31 December 2011, these amounted to DKK 0.4 billion, of which DKK 0.3 billion was unutilized.

Furthermore, Lundbeck manages its capital structure based on a wish to carry an investment grade rating. A number of financial institutions indicate that Lundbeck's calculated implied rating would be of an investment grade nature.

Liquidity exceeding the requirement for business development and general business purposes is primarily distributed as dividends. Lundbeck pursues a policy of distributing between 25% and 35% of the profit for the year as dividends.

Other than minor operational changes, no changes were made to Lundbeck's treasury policy compared with 2011.

NOTES 18-19

18. SHARE CAPITAL

The share capital of DKK 980 million at 31 December 2012 is divided into 196,136,511 shares of a nominal value of DKK 5 each.

	2012 DKKm	2011 DKKm	2010 DKKm	2009 DKKm	2008 DKKm
Share capital at 01.01.	980	980	980	984	1,036
Cancellation of treasury shares	-	-	-	(4)	(52)
Share capital at 31.12.	**980**	**980**	**980**	**980**	**984**

Shares	Issued shares Number	Portfolio of treasury shares Number	Proportion of issued shares %
2012			
At 01.01.	196,135,918	1,520	0.00
Share buyback	-	186,495	
Shares used for financing of incentive programmes	-	(187,581)	
Increase of share capital	593	-	
At 31.12.	**196,136,511**	**434**	**0.00**
2011			
At 01.01.	196,116,634	-	0.00
Share buyback	-	71,025	
Shares used for financing of incentive programmes	-	(69,505)	
Increase of share capital	19,284	-	
At 31.12.	**196,135,918**	**1,520**	**0.00**

The parent company has only one class of shares, and all shares rank equally. The shares are negotiable instruments with no restrictions on their transferability.

The Board of Directors is authorized to issue new shares and raise the share capital of the parent company, as set out in article 4 of the parent company's Articles of Association.

The share capital is in compliance with the capital requirements of the Danish Companies Act and the rules of NASDAQ OMX Copenhagen.

In 2012, the parent company acquired treasury shares at a value of DKK 21 million, corresponding to 186,495 shares. The shares were acquired to finance Lundbeck's long-term incentive programmes, including as compensation for cancelled programmes. A total of 187,581 shares were used for this purpose. At 31 December 2012, the portfolio of treasury shares counted 434 shares, which are expected to be used for partial financing of the incentive programme established in 2010. In 2011, the parent company acquired treasury shares at a value of DKK 9 million, corresponding to 71,025 shares. The shares were acquired to finance Lundbeck's long-term incentive programmes, and 69,505 shares were used to finance incentive programmes established in 2008. At 31 December 2011, the portfolio of treasury shares counted 1,520 shares.

In 2012, employees exercised warrants totalling DKK 60,486, corresponding to 593 shares at an exercise price of DKK 102.00. The share premium in this connection was DKK 57,521. The share premium totalling DKK 226 million (DKK 226 million in 2011) relates to the exercise of warrants in 2012 and earlier. In 2011, employees exercised warrants totalling DKK 2 million, corresponding to 19,284 shares at an exercise price of DKK 115.00.

19. PENSION OBLIGATIONS AND SIMILAR OBLIGATIONS

The majority of the employees of the Group are covered by pension plans paid for by the companies of the Group. The nature of the plans varies according to regulatory requirements, tax rules and economic conditions in the countries in which the employees are employed. A summary of the most important plans is given below.

Defined contribution plans
For defined contribution plans, the employer undertakes to pay a defined contribution (e.g. a fixed amount or a fixed percentage of the pay). Under a defined contribution plan, the employees will usually bear the risk related to future developments in interest and inflation rates etc.

The major defined contribution plans cover employees in Australia, Belgium, Canada, Denmark, Finland, Germany, Ireland, Sweden, the UK and the US. The cost of defined contribution plans, representing contributions to the plans, totalled DKK 184 million in 2012 (DKK 181 million in 2011).

Defined benefit plans
For defined benefit plans, the employer undertakes to pay a defined benefit (e.g. a retirement pension at a fixed amount or a fixed percentage of the employee's final salary). Under a defined benefit plan, the company usually bears the risk relating to future developments in interest and inflation rates etc.

For defined benefit plans, the present value of future benefits, which the company is liable to pay under the plan, is computed using actuarial principles. The computation of present value is based on assumptions about discount rates, changes in pay rates and pensions, investment yield, staff resignation rates, mortality, disability and other factors. Present value is computed exclusively for the benefits to which the employees have earned entitlement through their employment with the company. Actuarial gains and losses are recognized in the income statement as they are calculated.

NOTE 19

19. PENSION OBLIGATIONS AND SIMILAR OBLIGATIONS – CONTINUED

Pension obligations and similar obligations	2012 DKKm	2011 DKKm	2010 DKKm	2009 DKKm	2008 DKKm
Present value of funded pension obligations	350	284	257	212	165
Fair value of plan assets	(243)	(224)	(207)	(171)	(135)
Funded pension obligations, net	**107**	**60**	**50**	**41**	**30**
Present value of unfunded pension obligations	144	114	119	101	83
Pension obligations at 31.12.	**251**	**174**	**169**	**142**	**113**
Other pension-like obligations	49	64	55	61	67
Pension obligations and similar obligations at 31.12.	**300**	**238**	**224**	**203**	**180**
Pension obligations and similar obligations break down as follows:					
Non-current obligations	293	221			
Current obligations	7	17			
Pension obligations and similar obligations at 31.12.	**300**	**238**			
Experience adjustments to pension obligations	3	-	-	(27)	44
Experience adjustments to plan assets	(6)	(5)	1	10	(27)

Defined benefit plans	UK	Germany	Norway	France	USA[1]	Switzerland	Mexico	Total
2012								
Present value of funded pension obligations (DKKm)	218	-	32	-	10	81	9	350
Fair value of plan assets (DKKm)	(153)	-	(20)	-	-	(63)	(7)	(243)
Funded pension obligations, net (DKKm)	**65**	**-**	**12**	**-**	**10**	**18**	**2**	**107**
Present value of unfunded pension obligations (DKKm)	-	120	-	24	-	-	-	144
Pension obligations at 31.12. (DKKm)	**65**	**120**	**12**	**24**	**10**	**18**	**2**	**251**
Net expense recognized in the income statement (DKKm)	**39**	**33**	**2**	**8**	**1**	**16**	**2**	**101**
Discount rate (%)	4.30	3.30	2.30	3.30	-	1.80	7.00	
Pay rate increase (%)	3.70	2.40	3.25	2.00	-	2.00	5.50	
Pension increase (%)	2.70	2.20	-	-	-	-	-	
Age-weighted staff resignation rate (%)	-	0-8	-	-	-	-	-	
Expected return on plan assets (%)	4.30	-	3.50	-	-	1.80	7.00	

1) The pension plan in the US is funded through an insurance/investment asset, which is recognized in the consolidated balance sheet. The asset represented a value of DKK 13 million in 2012.

NOTE 19

19. PENSION OBLIGATIONS AND SIMILAR OBLIGATIONS – CONTINUED

Defined benefit plans	UK	Germany	Norway	France	USA[1]	Switzerland	Mexico	Total
2011								
Present value of funded pension obligations (DKKm)	177	-	29	-	9	63	6	284
Fair value of plan assets (DKKm)	(146)	-	(16)	-	-	(57)	(5)	(224)
Funded pension obligations, net (DKKm)	**31**	**-**	**13**	**-**	**9**	**6**	**1**	**60**
Present value of unfunded pension obligations (DKKm)	-	91	-	23	-	-	-	114
Pension obligations at 31.12. (DKKm)	**31**	**91**	**13**	**23**	**9**	**6**	**1**	**174**
Net expense recognized in the income statement (DKKm)	**14**	**(2)**	**(1)**	**-**	**2**	**5**	**1**	**19**
Discount rate (%)	5.20	5.10	3.50	4.20	-	2.70	8.00	
Pay rate increase (%)	4.00	2.40	4.50	2.00	-	2.00	5.50	
Pension increase (%)	2.90	2.20	1.30	-	-	-	-	
Age-weighted staff resignation rate (%)	-	0-8	-	-	-	-	-	
Expected return on plan assets (%)	5.30	-	5.70	-	-	2.50	8.00	

1) The pension plan in the US is funded through an insurance/investment asset, which is recognized in the consolidated balance sheet. The asset represented a value of DKK 13 million in 2011.

	2012 % distribution	2011 % distribution
The fair value of the plan assets breaks down as follows:		
Shares	8	10
Bonds	13	32
Property	3	3
Insurance contracts	74	53
Other assets	2	2
Total	**100**	**100**

The expected return is calculated on the basis of investment reports prepared by an international, recognized pension and insurance company.

	2012 DKKm	2011 DKKm
Change in present value of funded pension obligations		
Present value of funded pension obligations at 01.01.	284	257
Currency translation	7	6
Pension expenses	8	9
Interest expenses relating to the obligations	14	12
Actuarial (gains)/losses	42	6
Disbursements	(7)	(5)
Employee contributions	2	2
Settlement	-	(3)
Present value of funded pension obligations at 31.12.	**350**	**284**

NOTES 19-20

19. PENSION OBLIGATIONS AND SIMILAR OBLIGATIONS — CONTINUED

	2012 DKKm	2011 DKKm
Change in fair value of plan assets		
Fair value of plan assets at 01.01.	224	207
Currency translation	6	5
Expected return on plan assets	10	10
Actuarial gains/(losses)	(6)	(4)
Contributions	14	12
Disbursements	(7)	(5)
Employee contributions	2	2
Settlement	-	(3)
Fair value of plan assets at 31.12.	**243**	**224**
Change in present value of unfunded pension obligations		
Present value of unfunded pension obligations at 01.01.	114	119
Currency translation	1	-
Pension expenses	4	5
Interest expenses relating to the obligations	6	5
Actuarial (gains)/losses	31	(12)
Disbursements	(3)	(3)
Curtailment	(9)	-
Present value of unfunded pension obligations at 31.12.	**144**	**114**
Change in obligations for defined benefit plans		
Pension obligations at 01.01.	174	169
Currency translation	2	1
Recognized as expense (change recognized in the income statement)	101	19
Contributions	(14)	(12)
Disbursements	(3)	(3)
Curtailment	(9)	-
Pension obligations at 31.12.	**251**	**174**
Specification of expenses recognized in the income statement		
Pension expenses	12	14
Interest expenses relating to the obligations	20	17
Expected return on plan assets	(10)	(10)
Actuarial (gains)/losses	79	(2)
Total expenses recognized	**101**	**19**
Realized return on plan assets	**4**	**7**

The expected contribution for 2013 for the defined benefit plans is DKK 14 million (DKK 16 million for 2012).

Other pension-like obligations

An obligation of DKK 49 million (DKK 64 million in 2011) is recognized in the Group to cover other pension-like obligations, including primarily termination benefits in a number of subsidiaries. The benefit payments are conditional upon specified requirements being met. The amount of other pension-like obligations decreased by DKK 15 million in 2012 (an increase of DKK 9 million in 2011).

20. OTHER PROVISIONS

	Returns DKKm	Other provisions DKKm	Total DKKm
2012			
Provisions at 01.01.	77	166	243
Provisions charged	1	568	569
Provisions used	(9)	(213)	(222)
Unused provisions reversed	(13)	(151)	(164)
Provisions at 31.12.	**56**	**370**	**426**
Provisions break down as follows:			
Non-current provisions	15	43	58
Current provisions	41	327	368
Provisions at 31.12.	**56**	**370**	**426**
2011			
Provisions at 01.01.	100	246	346
Currency translation	2	2	4
Provisions charged	31	20	51
Provisions used	(35)	(99)	(134)
Unused provisions reversed	(21)	(3)	(24)
Provisions at 31.12.	**77**	**166**	**243**
Provisions break down as follows:			
Non-current provisions	19	19	38
Current provisions	58	147	205
Provisions at 31.12.	**77**	**166**	**243**

The provisions cover expenses for disputes, defence of the Group's intellectual property rights, returns and the restructuring of the commercial organization in Europe.

Of the total provision at 31 December 2012, DKK 3 million (DKK 1 million in 2011) related to share price-based incentive programmes (debt schemes). Further details about the incentive programmes are provided in note 3 *Staff costs*.

NOTES 21-24

21. MORTGAGE DEBT

Mortgage debt

	2012 DKKm	2011 DKKm
Mortgage debt by maturity		
Between 1 and 2 years from the balance sheet date	1	-
Between 2 and 3 years from the balance sheet date	1	1
Between 3 and 4 years from the balance sheet date	58	1
Between 4 and 5 years from the balance sheet date	64	58
More than 5 years from the balance sheet date	1,738	1,800
Mortgage debt at 31.12.	**1,862**	**1,860**
Mortgage debt breaks down as follows:		
Non-current liabilities	1,862	1,860
Current liabilities	-	-
Mortgage debt at 31.12.	**1,862**	**1,860**

	Currency	Expiry	Fixed/ floating	Weighted average effective interest rate %	Amortized cost DKKm	Nominal value DKKm	Fair value DKKm
2012							
Mortgage debt, bond loan	DKK	2035	Floating	2.08	1,413	1,511	1,571
Mortgage debt, bond loan	DKK	2037	Floating	1.20	437	440	423
Mortgage debt, bond loan	DKK	2034	Floating	0.88	10	10	10
Mortgage debt, bond loan	DKK	2034	Floating	0.88	2	2	2
Total					**1,862**	**1,963**	**2,006**
2011							
Mortgage debt, bond loan	DKK	2035	Floating	2.39	1,411	1,540	1,581
Mortgage debt, bond loan	DKK	2037	Floating	1.93	437	440	420
Mortgage debt, bond loan	DKK	2034	Floating	1.49	10	10	10
Mortgage debt, bond loan	DKK	2034	Floating	1.49	2	2	2
Total					**1,860**	**1,992**	**2,013**

Amortized cost is calculated as the proceeds received less instalments paid plus or minus amortization of capital losses or gains. Fair value is calculated as the market value as at 31 December of the underlying bonds.

22. ADJUSTMENT FOR NON-CASH OPERATING ITEMS ETC.

	2012 DKKm	2011 DKKm
Amortization, depreciation and impairment	888	1,235
Income from sale of ownership interest	(115)	-
Incentive programmes	54	24
Change in pension obligations	62	14
Change in other provisions	183	(103)
Other adjustments	46	22
Adjustments	**1,118**	**1,192**

23. WORKING CAPITAL CHANGES

	2012 DKKm	2011 DKKm
Change in inventories	(108)	(133)
Change in receivables	(32)	(453)
Change in short-term debt	323	404
Working capital changes	**183**	**(182)**

24. FINANCIAL INSTRUMENTS

Foreign currency risks

Foreign currency management is handled centrally by the parent company. Currency management focuses on risk minimization and is carried out in conformity with the treasury policy approved by the Board of Directors.

The parent company hedges a significant part of the Group's anticipated cash flows for a period of up to 12 months.

The hedging consists partly of a fixed minimum hedge and partly of a variable part. The fixed part is hedged by forward exchange contracts and in some cases currency options classified as hedging instruments and meeting the accounting criteria for hedging future cash flows. Changes in the fair value of these contracts are recognized in the statement of comprehensive income under other comprehensive income as they arise and – on invoicing of the hedged cash flow – transferred from other comprehensive income for recognition in the same item as the hedged cash flow.

Hedging contracts that do not meet the hedge criteria are classified as trading contracts, and changes in the fair value are recognized as financial items as they arise.

NOTE 24

24. FINANCIAL INSTRUMENTS — CONTINUED

Net forward exchange contracts and currency options outstanding

Hedging part

Forward exchange contracts	Contract value[1] according to hedge accounting DKKm	Exchange gain/loss recognized under other comprehensive income DKKm	Exchange gain/loss recognized in the income statement/ balance sheet DKKm	Average hedge prices of existing forward exchange contracts DKK	Maturity period
2012					
CAD	775	(2)	(42)	561.84	Dec. 2013
GBP	442	-	(29)	901.78	Nov. 2013
USD	(547)	(6)	(20)	569.85	Dec. 2013
Other currencies	1,036	13	(39)	-	Dec. 2013
Total		**5**	**(130)**		
2011					
CAD	552	(19)	5	536.25	Dec. 2012
GBP	416	(10)	(1)	857.69	Dec. 2012
USD	457	(15)	113	550.15	Dec. 2012
Other currencies	789	(4)	(9)	-	Dec. 2012
Total		**(48)**	**108**		

1) Negative contract values are net currency purchases, and positive contract values are net currency sales.

There were no currency options under the hedging part at 31 December 2012 and 2011.

Currency options (zero-cost options)	Contract value according to hedge accounting DKKm	Exchange gain/loss recognized under other comprehensive income DKKm	Exchange gain/loss recognized in the income statement DKKm	Average exercise prices DKK	Maturity period
2011					
JPY/DKK (JPY put bought)	-	-	19	-	-
JPY/DKK (JPY call sold)	-	-	-	-	-
Total		**-**	**19**		

At 31 December 2012, the exchange difference between the contract value and the market value of the concluded forward exchange contracts represented a net gain of DKK 3 million (a net loss of DKK 59 million in 2011), of which a loss of DKK 2 million (DKK 11 million in 2011) was recognized in the income statement.

The company's ineffectiveness on hedging cf. IAS 39 *Financial Instruments: Recognition and Measurement*, relates to a few contracts reclassified to trading contracts. The profit impact at the date of reclassification was a loss of DKK 1 million. Lundbeck did not experience any ineffectiveness of its hedging instruments in 2011.

Trading part

There were no forward exchange contracts under the trading part at 31 December 2012 and 2011.

Forward exchange contracts	Contract value DKKm	Exchange gain/loss recognized in the income statement DKKm	Average hedge prices of existing forward exchange contracts DKK	Maturity period
2012				
SEK	-	(1)	-	-
Total	**-**	**(1)**		

There were no currency options under the trading part at 31 December 2012.

Currency options (zero-cost options)	Contract value DKKm	Exchange gain/loss recognized in the income statement DKKm	Average exercise prices DKK	Maturity period
2012				
EUR/DKK (EUR put bought)	-	(1)	-	-
EUR/DKK (EUR call sold)	-	2	-	-
Total		**1**		
2011				
EUR/DKK (EUR put bought)	597	3	746.17	Aug. 2012
EUR/DKK (EUR call sold)	1,194	(1)	746.17	Aug. 2012
Total		**2**		

At 31 December 2011, a number of currency options had been concluded under the trading part to hedge commercial cash flows in EUR, as this provided an opportunity for a better settlement price than an alternative forward sale.

Currency hedging reserve	2012 DKKm	2011 DKKm
Deferred exchange gains/losses at 01.01.	(36)	(4)
Adjustments, deferred exchange gains/losses, hedging, recognized under other comprehensive income	(59)	63
Exchange gains/losses, hedging, transferred to revenue	97	(81)
Exchange gains/losses, hedging, transferred to prepayments from Forest (balance sheet)	-	(14)
Exchange gains/losses, trading, transferred to net financials (transferred from hedging)	1	-
Deferred exchange gains/losses at 31.12.	**3**	**(36)**

NOTE 24

24. FINANCIAL INSTRUMENTS — CONTINUED

Monetary assets and monetary liabilities for the most important currencies at 31 December

	2012 DKKm	2011 DKKm
Monetary assets		
CAD	213	171
GBP	247	200
USD	626	617
Monetary liabilities		
CAD	227	182
GBP	105	100
USD	1,286	1,384

Monetary assets and monetary liabilities include trade receivables, other receivables, securities, cash, mortgage debt, trade payables and other payables.

Due to the long-standing fixed exchange rate policy in Denmark, the foreign currency risk for EUR is considered immaterial, and EUR is therefore not included in the table above.

Estimated impact on profit for the year and equity from a 5% increase in year-end exchange rates of the most important currencies

	CAD DKKm	GBP DKKm	USD DKKm
2012			
Profit for the year	(2)	(24)	(7)
Equity	(38)	(15)	302
2011			
Profit for the year	(2)	(32)	(30)
Equity	(28)	(33)	250

The profit impact includes exchange adjustments which concern intra-group balances, and which are not eliminated in the consolidated financial statements.

The equity impact primarily includes exchange adjustments of balance sheet items in foreign subsidiaries, exchange adjustments of additions to net investments in foreign subsidiaries, exchange adjustments concerning outstanding hedging contracts and the total profit impact.

Interest rate risks

Interest rate risk management is handled centrally by the parent company. Through the Group's treasury policy, the Board of Directors has approved the limits for borrowing and investment. Loans secured by real property must be approved by the Board of Directors. To hedge the interest rate risk on loans, the Board of Directors has approved the use of interest rate swaps, Caps, Floors and Forward Rate Agreements (FRAs).

In the bond market, investments may only be made in Danish government and mortgage bonds, money market funds consisting of Danish government and mortgage bonds and in bonds issued by Danish banks guaranteed by the Danish state. For managing the interest rate risk on the securities portfolio (the securities portfolio consists of bonds and money market deposits), Lundbeck applies a duration target capped at five years for the entire portfolio. At 31 December 2012, the securities portfolio had a duration of 0.3 years, which translates into a gain/loss of DKK 3 million if interest rates should fall/rise by 1 percentage point.

There were no derivatives at 31 December 2012 and 2011 to manage interest rate risks because the distribution of debt carrying floating and fixed interest at the given times was deemed to be satisfactory.

NOTE 24

24. FINANCIAL INSTRUMENTS – CONTINUED

Classification of and maturity dates for financial assets and financial liabilities

	Within 1 year DKKm	Between 1 and 5 years DKKm	After 5 years DKKm	Total DKKm	Effective interest rates %
2012					
Financial assets					
Derivatives included in the trading portfolio	1	-	-	1	0
Securities[1]	1,041	14	-	1,055	0-1
Financial assets measured at fair value through profit or loss	**1,042**	**14**	**-**	**1,056**	
Derivatives to hedge future cash flows	35	-	-	35	0
Financial assets used as hedging instruments	**35**	**-**	**-**	**35**	
Receivables[2]	2,899	50	-	2,949	0
Fixed-term deposits	1,708	-	-	1,708	0-4
Other cash resources	1,039	-	-	1,039	0-5
Loans and receivables	**5,646**	**50**	**-**	**5,696**	
Available-for-sale financial assets	**-**	**82**	**-**	**82**	0
Total financial assets	**6,723**	**146**	**-**	**6,869**	
Financial liabilities					
Derivatives to hedge future cash flows	33	-	-	33	0
Financial liabilities used as hedging instruments	**33**	**-**	**-**	**33**	
Mortgage debt[3]	-	124	1,738	1,862	0-3
Employee bonds	19	26	-	45	3-6
Other payables	4,425	2	-	4,427	0
Financial liabilities measured at amortized cost	**4,444**	**152**	**1,738**	**6,334**	
Total financial liabilities	**4,477**	**152**	**1,738**	**6,367**	

The amounts in the table above are exclusive of interest.

1) The securities are classified as financial assets measured at fair value through profit or loss.
2) Including other receivables recognized in non-current assets.
3) Nominal value of mortgage debt totalled DKK 1,963 million in 2012.

NOTE 24

24. FINANCIAL INSTRUMENTS – CONTINUED

Classification of and maturity dates for financial assets and financial liabilities

	Within 1 year DKKm	Between 1 and 5 years DKKm	After 5 years DKKm	Total DKKm	Effective interest rates %
2011					
Financial assets					
Derivatives included in the trading portfolio	4	-	-	4	0
Securities[1]	1,458	18	-	1,476	0-5
Financial assets measured at fair value through profit or loss	**1,462**	**18**	**-**	**1,480**	
Derivatives to hedge future cash flows	12	-	-	12	0
Financial assets used as hedging instruments	**12**	**-**	**-**	**12**	
Receivables[2]	2,960	52	-	3,012	0
Fixed-term deposits	1,615	-	-	1,615	0-8
Other cash resources	852	-	-	852	0-8
Loans and receivables	**5,427**	**52**	**-**	**5,479**	
Available-for-sale financial assets	**-**	**83**	**-**	**83**	0
Total financial assets	**6,901**	**153**	**-**	**7,054**	
Financial liabilities					
Derivatives included in the trading portfolio	3	-	-	3	0
Financial liabilities measured at fair value through profit or loss	**3**	**-**	**-**	**3**	
Derivatives to hedge future cash flows	71	-	-	71	0
Financial liabilities used as hedging instruments	**71**	**-**	**-**	**71**	
Mortgage debt[3]	-	60	1,800	1,860	1-3
Employee bonds	13	45	-	58	3-6
Other payables	4,017	2	-	4,019	0
Financial liabilities measured at amortized cost	**4,030**	**107**	**1,800**	**5,937**	
Total financial liabilities	**4,104**	**107**	**1,800**	**6,011**	

The amounts in the table above are exclusive of interest.

1) The securities are classified as financial assets measured at fair value through profit or loss.
2) Including other receivables recognized in non-current assets.
3) Nominal value of mortgage debt totalled DKK 1,992 million in 2011.

NOTES 24-25

24. FINANCIAL INSTRUMENTS – CONTINUED

Financial assets and financial liabilities measured at fair value	Level 1 DKKm	Level 2 DKKm	Level 3 DKKm
2012			
Financial assets			
Securities	1,041	14	-
Available-for-sale financial assets	58	-	24
Derivatives	-	36	-
Total	**1,099**	**50**	**24**
Financial liabilities			
Derivatives	-	33	-
Total	**-**	**33**	**-**
2011			
Financial assets			
Securities	1,438	38	-
Available-for-sale financial assets	65	-	18
Derivatives	-	16	-
Total	**1,503**	**54**	**18**
Financial liabilities			
Derivatives	-	74	-
Total	**-**	**74**	**-**

In 2012 and 2011, financial assets measured at fair value according to level 3 comprised primarily investments in Ossianix Inc., Naurex Inc., Warren Pharmaceuticals Inc. and Cross Atlantic Partners K/S IV.

Financial assets measured at fair value according to level 3	2012 DKKm	2011 DKKm
Carrying amount at 01.01.	18	19
Additions	9	17
Disposals	-	(11)
Fair value adjustment	(3)	(7)
Carrying amount at 31.12.	**24**	**18**

25. CONTRACTUAL OBLIGATIONS

Rental and lease obligations

The Group has obligations amounting to DKK 569 million (DKK 549 million in 2011) in the form of rentals and leasing of operating equipment.

Future rental and lease payments	Land and buildings DKKm	Operating equipment DKKm	Total DKKm
2012			
Within 1 year	111	53	164
Between 1 and 5 years	265	81	346
After 5 years	59	-	59
Total	**435**	**134**	**569**
2011			
Within 1 year	92	56	148
Between 1 and 5 years	243	86	329
After 5 years	72	-	72
Total	**407**	**142**	**549**

Rental and lease payments recognized in the income statement amounted to DKK 188 million (DKK 174 million in 2011).

Other purchase obligations

The Group has undertaken purchase obligations in the amount of DKK 305 million (DKK 318 million in 2011).

Research and development collaborations

The Group is part of multi-year research and development collaboration projects comprising minimum research and development obligations in the order of DKK 141 million (DKK 126 million in 2011). The total amount of the obligations may increase substantially in line with the favourable development of the research and development projects.

Other contractual obligations

The Group has entered into various service agreements amounting to DKK 102 million (DKK 80 million in 2011).

At 31 December 2012, the Group had capital contribution obligations amounting to DKK 3 million (DKK 2 million in 2011).

NOTES 26-27

26. CONTINGENT LIABILITIES

Forest
Prepayments from Forest have been translated at the exchange rate at the transaction date or at the forward rate and recognized in the balance sheet in the amount of DKK 79 million (DKK 234 million in 2011). If the translation had been made at the exchange rate at the balance sheet date, the prepayments would have amounted to DKK 81 million (DKK 286 million in 2011).

Lundbeck believes that there is presently no material repayment risk concerning the prepayments from Forest.

Bank guarantees and letters of intent
The Group's bankers have issued bank guarantees to third parties in the amount of DKK 105 million (DKK 136 million in 2011). The Group has assessed that the fair value of the guarantees is DKK 0 million (DKK 0 million in 2011).

Joint taxation
H. Lundbeck A/S is part of a Danish joint taxation scheme with the Lundbeck Foundation. As from 1 July 2012, the company has partly a joint and several liability and partly a secondary liability with respect to any obligations to withhold tax on interest, royalties and dividends for the jointly-taxed companies. However, the secondary liability is capped at an amount equal to the share of the capital of the company directly or indirectly owned by the ultimate parent company.

Pending legal proceedings
The Group is involved in legal proceedings in a number of countries against a number of businesses, including patent disputes. In the opinion of management, the outcome of these proceedings will not have a material impact on the Group's financial position, results of operations or cash flows beyond the amount already provided for in the financial statements. Due to uncertainty about the outcome of the legal proceedings, the amount of the provision is uncertain. See *Risk Management*, p. 46, for more details.

In 2010, the European Commission opened a formal investigation to examine whether Lundbeck by way of unilateral behaviour and/or agreements has violated EU competition law and thereby hindered a lawful entry of generic citalopram into markets in the European Economic Area (EEA). Also in 2012, Lundbeck complied with a number of 'Requests for Information' from the Commission, and Lundbeck also submitted a reply to the Commission's 'Statement of Objections'. There is no formal deadline for the European Commission to complete the ongoing investigation.

In December 2011, the Brazilian antitrust authorities (Secretariat of Economic Law – SDE) initiated administrative proceedings to investigate whether Lundbeck's enforcement of data protection rights could be viewed as anticompetitive conduct. In January 2012, Lundbeck submitted a response to the authorities. The case remains pending.

Industry obligations
The Group has return obligations normal for the industry. Management expects no major loss on these obligations.

27. RELATED PARTIES

Lundbeck's related parties:
- The parent company's principal shareholder, Lundbeck Foundation, Vestagervej 17, 2900 Hellerup, Denmark.
- Companies in which the principal shareholder exercises controlling influence, i.e. ALK A/S and Falck A/S.
- Members of the parent company's Executive Management and Board of Directors as well as close relatives of these persons.
- Companies in which members of the parent company's Executive Management and Board of Directors as well as close relatives of these persons exercise controlling influence.

Transactions and balances with the parent company's principal shareholder
The Lundbeck Foundation, which is the parent company's largest shareholder, held 137,351,918 shares at 31 December 2012 (137,351,918 shares at 31 December 2011), corresponding to approximately 70% of the share capital and votes in H. Lundbeck A/S (approximately 70% in 2011). The Lundbeck Foundation is the only shareholder who has reported a shareholding exceeding 5% of the share capital. This was also the case at 31 December 2011.

There have been the following transactions and balances with the parent company's principal shareholder:
- Dividends.
- Payment of provisional tax and residual tax of DKK 442 million in 2012 (DKK 462 million in 2011) concerning the parent company and Danish subsidiaries.
- Interest expense of DKK 7 million in 2012 (interest income of DKK 2 million in 2011).

The Lundbeck Foundation exercises controlling influence on H. Lundbeck A/S.

Transactions and balances with the ALK group
There have been no transactions or balances with the ALK group.

Transactions and balances with the Falck group
There have been no material transactions or balances with the Falck group.

Transactions and balances with the Executive Management and Board of Directors
In addition to the transactions with members of the Executive Management and Board of Directors outlined in note 3 *Staff costs*, the parent company has paid dividends on shares held by members of the Executive Management and Board of Directors in H. Lundbeck A/S. At 31 December 2012 and 2011, there were no balances with the Executive Management and Board of Directors.

Transactions and balances with other related parties
In 2012, Lundbeck paid a consultancy fee of DKK 4 million (DKK 4 million in 2011) to Lundbeck International Neuroscience Foundation, an independent commercial foundation established by H. Lundbeck A/S in 1997. Other than this, there have been no material transactions or balances with other related parties.

NOTE 28

28. SUBSIDIARIES

	Share of voting rights and ownership %
Lundbeck Argentina S.A., Argentina	100
Lundbeck Australia Pty Ltd, Australia, including	100
- CNS Pharma Pty Ltd, Australia	100
Lundbeck Austria GmbH, Austria, including	100
- Innenwelt Gemeinnützige GmbH, Austria	100
Lundbeck S.A., Belgium	100
Lundbeck Brasil Ltda., Brazil	100
Lundbeck Canada Inc., Canada	100
Lundbeck Chile Farmacéutica Ltda., Chile	100
Lundbeck (Beijing) Pharmaceuticals Consulting Co., Ltd., China	100
Lundbeck Colombia S.A.S., Colombia	100
Lundbeck Croatia d.o.o., Croatia	100
Lundbeck Czech Republic s.r.o., Czech Republic	100
Lundbeck China Holding A/S[1], Denmark, including	67
- Lundbeck Pharmaceuticals (Tianjin) Co., Ltd., China	100
- Lundbeck Pharmaceuticals Consulting (Shanghai) Co., Ltd., China	100
Lundbeck Cognitive Therapeutics A/S, Denmark	100
Lundbeck Export A/S, Denmark	100
Lundbeck Insurance A/S, Denmark	100
Lundbeck Pharma A/S, Denmark	100
Lundbeck Eesti A/S, Estonia	100
OY H. Lundbeck AB, Finland	100
Lundbeck SAS, France	100
Sofipharm SA, France, including	100
- Laboratoire Elaiapharm SA, France	100
Lundbeck GmbH, Germany	100
Lundbeck Hellas S.A., Greece	100
Lundbeck Hungária KFT, Hungary	100
Lundbeck India Private Limited, India	100
Lundbeck (Ireland) Ltd., Ireland	100
Lundbeck Israel Ltd., Israel	100
Lundbeck Italia S.p.A., Italy	100
Lundbeck Pharmaceuticals, Italy S.p.A., Italy, including	100
- Archid S.a., Luxembourg	100
Lundbeck Japan K. K., Japan	100
Lundbeck Korea Co., Ltd., Republic of Korea	100
SIA Lundbeck Latvia, Latvia	100
UAB Lundbeck Lietuva, Lithuania	100
Lundbeck Malaysia SDN. BHD., Malaysia	100
Lundbeck México, SA de CV, Mexico	100
Lundbeck B.V., The Netherlands	100
Lundbeck New Zealand Limited, New Zealand	100
H. Lundbeck AS, Norway	100
Lundbeck Pakistan (Private) Limited, Pakistan	100
Lundbeck America Central S.A., Panama	100
Lundbeck Peru S.A.C., Peru	100
Lundbeck Poland Sp.z.o.o., Poland	100
Lundbeck Portugal - Produtos Farmacêuticos Unipessoal Lda, Portugal	100
Lundbeck RUS OOO, Russia	100
Lundbeck Singapore PTE. LTD., Singapore	100
Lundbeck Slovensko s.r.o., Slovakia	100
Lundbeck Pharma d.o.o., Slovenia	100
Lundbeck South Africa (Pty) Limited, South Africa	100
Axofarma Lab, S.A., Spain	100
Lundbeck España S.A., Spain	100
H. Lundbeck AB, Sweden, including	100
- CNS Pharma AB, Sweden	100
Lundbeck (Schweiz) AG, Switzerland	100
Lundbeck Pharmaceutical GmbH, Switzerland	100
Lundbeck İlaç Ticaret Limited Şirketi, Turkey	100
Lundbeck Group Ltd. (Holding), UK, including	100
- Lundbeck Limited, UK	100
- Lundbeck Pharmaceuticals Ltd., UK	100
- Lifehealth Limited, UK	100
- Lundbeck UK LLP, UK	100
Lundbeck USA LLC[2], USA, including	100
- Lundbeck LLC[3], USA, including	100
- Lundbeck Pharmaceuticals Ireland Limited, Ireland	100
- Lundbeck Pharmaceuticals Services, LLC, USA	100
- Lundbeck Research USA, Inc., USA	100
Lundbeck de Venezuela, C.A., Venezuela	100

1) In subsidiaries in which Lundbeck does not hold 100% of the share capital but has a put option to buy the remaining capital at a fixed price after a pre-arranged number of years, a debt obligation will be recognized instead of recognition of minority interests.
2) At 1 January 2012, the subsidiary was renamed from Lundbeck USA Holding, Inc.
3) At 1 January 2012, the subsidiary was renamed from Lundbeck Inc.

NOTE 29

29. IMPACT OF CHANGE IN ACCOUNTING POLICIES

In the preparation of the consolidated financial statements for 2012, a change was made to the accounting policies due to a revised management assessment of the classification of certain marketing costs. As a result of the change, marketing costs, which were previously recognized as administrative expenses, have now been classified as sales and distribution costs. The change in accounting policies has no impact on the profit for the year, earnings per share, diluted earnings per share, the statement of comprehensive income, the balance sheet, the statement of changes in equity or the cash flow statement.

Income statement	**2012 New policies** DKKm	**Change** DKKm	**2012 Previous policies** DKKm	**2011 New policies** DKKm	**Change** DKKm	**2011 Previous policies** DKKm
Revenue	14,802	-	14,802	16,007	-	16,007
Cost of sales	3,325	-	3,325	3,166	-	3,166
Gross profit	**11,477**	**-**	**11,477**	**12,841**	**-**	**12,841**
Sales and distribution costs	5,274	(644)	4,630	4,526	(509)	4,017
Administrative expenses	1,641	644	2,285	1,602	509	2,111
Research and development costs	2,915	-	2,915	3,320	-	3,320
Profit from operations	**1,647**	**-**	**1,647**	**3,393**	**-**	**3,393**
Financial income	153	-	153	116	-	116
Financial expenses	218	-	218	212	-	212
Profit before tax	**1,582**	**-**	**1,582**	**3,297**	**-**	**3,297**
Tax on profit for the year	475	-	475	1,015	-	1,015
Profit for the year	**1,107**	**-**	**1,107**	**2,282**	**-**	**2,282**

NOTES 30-31

30. RELEASES FROM H. LUNDBECK A/S

No.	Date	Subject
489	21.12.2012	Otsuka and Lundbeck initiate the regulatory process for aripiprazole (once-monthly) depot formulation in Europe
488	19.12.2012	Lundbeck invests significantly in product development and product launches and has consequently revised its financial plans
487	14.12.2012	Lundbeck to divest a portfolio of non-core products as part of its strategy to focus on newer, strategic CNS-products
486	14.12.2012	Lundbeck receives positive opinion for approval of Selincro (nalmefene) in the European Union
485	12.12.2012	FDA accepts Takeda and Lundbeck's filing for review of Brintellix (vortioxetine) for the treatment of major depression
484	07.11.2012	Third quarter report 2012: Vortioxetine filed in the US and EU – Revenue from New Products doubled
483	01.10.2012	Takeda and Lundbeck announce the submission of a New Drug Application for vortioxetine, an investigational drug for the treatment of major depression, in the US
482	20.09.2012	Lundbeck files for regulatory approval of the novel multimodal antidepressant, vortioxetine, in Europe
481	12.09.2012	US Food and Drug Administration accepts the resubmission of New Drug Application for aripiprazole depot formulation
480	07.09.2012	Lundbeck amends the Selincro licensing agreement ex Europe and the US and makes EUR 10 million equity investment in Biotie
479	29.08.2012	Announcement of transactions with shares and linked securities in H. Lundbeck A/S made by executives and their closely associated persons and legal entities
478	28.08.2012	Lundbeck receives approval from Health Canada for Treanda (bendamustine hydrochloride for injection) to treat patients with relapsed indolent B-cell non-Hodgkin's lymphoma and chronic lymphocytic leukemia
477	10.08.2012	Announcement of transactions with shares and linked securities in H. Lundbeck A/S made by executives and their closely associated persons and legal entities
476	08.08.2012	Lundbeck on track to meet financial expectations and renew its product portfolio to secure long-term growth
475	27.07.2012	Otsuka receives complete response letter for extended-release injectable suspension of aripiprazole
474	25.07.2012	Lundbeck disagrees with the Statement of Objections issued by the European Commission
473	14.06.2012	Lundbeck plans to establish a more flexible commercial organization in Europe
472	29.05.2012	Lundbeck's Lu AE58054 meets primary endpoint in large placebo-controlled clinical proof of concept study in people with Alzheimer's disease
471	24.05.2012	Announcement of transactions with shares and linked securities in H. Lundbeck A/S made by executives and their closely associated persons and legal entities
470	24.05.2012	Announcement of transactions with shares and linked securities in H. Lundbeck A/S made by executives and their closely associated persons and legal entities
469	24.05.2012	Lundbeck establishes a sponsored Level I ADR programme in the US
468	21.05.2012	Capital increase in Lundbeck as a result of employee warrant programme and buy-back of shares to fund Long-Term Incentive scheme
467	14.05.2012	Statistically significant clinical phase III results of Lu AA21004 provide basis for submission of an NDA and MAA for major depression (MDD)
466	09.05.2012	Lundbeck announces the resignation of Marie-Laure Pochon, Executive Vice President, Commercial Operations
465	08.05.2012	New data presented at the 2012 Annual Meeting of the American Psychiatric Association (APA) suggest that Lu AA21004 may have positive effect on cognitive dysfunction in patients with major depressive disorders
464	07.05.2012	Results from a clinical phase III study of once-monthly aripiprazole IM depot formulation for the maintenance treatment of schizophrenia presented at APA
463	02.05.2012	New product launches on track and revenue continues to show growth, excluding Lexapro (US)
462	29.03.2012	New incentive plans in the Lundbeck Group
461	29.03.2012	H. Lundbeck A/S held its Annual General Meeting on 29 March 2012 at the company's registered office
460	05.03.2012	Data presented at the 2012 European Congress of Psychiatry on Selincro demonstrate that alcohol dependent patients were able to reduce their total alcohol consumption by 2/3 on average after six months of treatment
459	01.03.2012	Notice of Annual General Meeting
458	01.03.2012	Announcement of transactions with shares and linked securities in H. Lundbeck A/S made by executives and their closely associated persons and legal entities
457	28.02.2012	Lundbeck strengthens ownership of desmoteplase by acquiring Paion's remaining rights
456	08.02.2012	Annual Report 2011 for H. Lundbeck A/S
455	08.02.2012	Full year report 2011 – Lundbeck meets expectations and improves long term growth prospects
454	03.01.2012	Onfi (clobazam) tablets now available in the US at retail pharmacies

31. EVENTS AFTER THE BALANCE SHEET DATE

No events have occurred in the period from the balance sheet date until the presentation of the financial statements which may change the evaluation of the annual report.

FINANCIAL STATEMENTS OF THE PARENT COMPANY

CONTENTS

INCOME STATEMENT

1 JANUARY – 31 DECEMBER 2012

	Notes	2012 DKKm	2011 DKKm
Revenue		8,400	10,071
Cost of sales	2	2,386	2,364
Gross profit		**6,014**	**7,707**
Sales and distribution costs	2	1,211	518
Administrative expenses	2, 3	865	767
Research and development costs	2	2,792	3,148
Profit from operations		**1,146**	**3,274**
Income from investments in subsidiaries	4	193	228
Financial income		672	548
Financial expenses		208	453
Profit before tax		**1,803**	**3,597**
Tax on profit for the year	5	412	924
Profit for the year	6	**1,391**	**2,673**

BALANCE SHEET – ASSETS

AT 31 DECEMBER 2012

	Notes	2012 DKKm	2011 DKKm
Patent rights		47	67
Product rights		2,958	1,748
Other rights		115	139
Projects in progress		38	52
Intangible assets	7	**3,158**	**2,006**
Land and buildings		1,674	1,641
Plant and machinery		282	244
Other fixtures and fittings, tools and equipment		93	96
Prepayments and assets under construction		174	301
Property, plant and equipment	7	**2,223**	**2,282**
Investments in subsidiaries	4	4,881	4,786
Receivables from subsidiaries		5,356	5,103
Other investments		80	81
Other receivables		5	5
Financial assets		**10,322**	**9,975**
Non-current assets		**15,703**	**14,263**
Inventories	8	**806**	**718**
Trade receivables		99	308
Receivables from subsidiaries		1,053	1,076
Income taxes		329	1
Other receivables		267	184
Prepayments	9	205	116
Receivables		**1,953**	**1,685**
Securities		**1,023**	**1,420**
Cash		**2,018**	**1,897**
Current assets		**5,800**	**5,720**
Assets		**21,503**	**19,983**

BALANCE SHEET – EQUITY AND LIABILITIES

AT 31 DECEMBER 2012

	Notes	2012 DKKm	2011 DKKm
Share capital		980	980
Share premium		226	226
Retained earnings		13,291	12,602
Equity		**14,497**	**13,808**
Deferred tax	10	894	652
Other provisions	11	278	-
Provisions		**1,172**	**652**
Mortgage debt	12	1,862	1,860
Employee bonds and other debt		27	46
Payables to subsidiaries		1,820	1,583
Non-current liabilities		**3,709**	**3,489**
Employee bonds		19	13
Trade payables		1,346	1,220
Payables to subsidiaries		311	217
Other payables		370	350
Prepayments from Forest		79	234
Current liabilities		**2,125**	**2,034**
Liabilities		**5,834**	**5,523**
Equity and liabilities		**21,503**	**19,983**

STATEMENT OF CHANGES IN EQUITY

AT 31 DECEMBER 2012

	Notes	Share capital DKKm	Share premium DKKm	Retained earnings DKKm	Equity DKKm
Equity at 01.01.2012		**980**	**226**	**12,602**	**13,808**
Profit for the year		-	-	1,391	1,391
Currency translation concerning additions to net investments in foreign subsidiaries		-	-	(44)	(44)
Realized exchange gains/losses concerning additions to net investments in foreign subsidiaries (transferred to the income statement)		-	-	(60)	(60)
Adjustment, deferred exchange gains/losses, hedging		-	-	(78)	(78)
Exchange gains/losses, hedging (transferred to the hedged items)		-	-	130	130
Exchange gains/losses, trading (transferred from hedging)		-	-	1	1
Tax on equity entries	5	-	-	13	13
Comprehensive income		**-**	**-**	**1,353**	**1,353**
Distributed dividends		-	-	(685)	(685)
Buyback of treasury shares	17	-	-	(21)	(21)
Incentive programmes		-	-	42	42
Other transactions		**-**	**-**	**(664)**	**(664)**
Equity at 31.12.2012		**980**	**226**	**13,291**	**14,497**

For further details, see note 18 *Share capital* in the consolidated financial statements.

NOTES 1-2

1. ACCOUNTING POLICIES

The annual report of the parent company H. Lundbeck A/S has been prepared in accordance with the provisions of the Danish Financial Statements Act for class D enterprises. The annual report is presented in Danish kroner (DKK). Other than the change described below, there have been no changes in accounting policies.

CHANGE IN ACCOUNTING POLICIES

In the preparation of the annual report for 2012 of the parent company, a change was made to the accounting policies due to a revised management assessment of the classification of certain marketing costs. The classification was changed in order to align the company's policies with those applied by its peers.

As a result of the reclassification, marketing costs previously recognized in administrative expenses have now been reclassified as sales and distribution costs. The effect on the profit for the year is DKK 0.

The change has been made with retrospective effect, and comparative figures have been restated. For 2011, DKK 100 million has been reclassified from administrative expenses to sales and distribution costs.

If the change in accounting policies had not been effected, sales and distribution costs for 2012 would have been DKK 112 million lower and administrative expenses correspondingly higher.

DIFFERENCES RELATIVE TO THE GROUP'S ACCOUNTING POLICIES

The parent company's accounting policies for recognition and measurement are in accordance with the Group's policies with the exceptions stated below.

Income statement

Income from investments in subsidiaries

Dividends from subsidiaries are recognized in the parent company's income statement when the parent company's right to receive such dividends has been approved, less any writedowns of the equity investments.

Balance sheet

Investments in subsidiaries

Investments in subsidiaries are measured at cost in the parent company's financial statements. Where the recoverable amount of the investments is lower than cost, the investments are written down to this lower value. In addition, cost is written down to the extent that dividends distributed exceed the accumulated earnings in the company since the acquisition date.

Other financial assets

On initial recognition, securities and investments are measured at cost, corresponding to fair value plus directly attributable costs. They are subsequently measured at fair value at the balance sheet date, and changes to the fair value are recognized under net financials in the income statement.

Statement of changes in equity

Pursuant to the schedule requirements of the Danish Financial Statements Act, entries recognized in the statement of comprehensive income in the consolidated financial statements are recognized directly in the statement of changes in equity in the parent company's financial statements except for entries concerning other financial assets.

Cash flow statement

As allowed under section 86 (4) of the Danish Financial Statements Act, no cash flow statement is presented, as this is included in the consolidated cash flow statement.

2. STAFF COSTS

Wages and salaries, etc.

	2012 DKKm	2011 DKKm
Short-term staff benefits	1,224	1,240
Pension benefits	117	114
Other social security costs	27	24
Share-based payments	44	15
Total	**1,412**	**1,393**
The year's staff costs are specified as follows:		
Cost of sales	287	298
Sales and distribution costs	83	71
Administrative expenses	404	324
Research and development costs	638	700
Total	**1,412**	**1,393**

Executives[1]

	2012 DKKm	2011 DKKm
Short-term staff benefits	43	48
Pension benefits	8	10
Share-based payments	19	9
Total	**70**	**67**

1) Executives are individuals who report directly to the Executive Management.

NOTES 2-6

2. STAFF COSTS – CONTINUED

Executive Management
See note 3 *Staff costs* in the consolidated financial statements.

Board of Directors
See note 3 *Staff costs* in the consolidated financial statements.

Number of employees

	2012	2011
Average number of full-time employees in the financial year	**1,915**	**1,944**
Number of full-time employees at 31.12.	**1,912**	**1,918**

Incentive programmes
See note 3 *Staff costs* in the consolidated financial statements.

3. AUDIT FEES

Deloitte Statsautoriseret Revisionspartnerselskab	2012 DKKm	2011 DKKm
Statutory audit	2	2
Other services	1	2
Total	**3**	**4**

A few minor foreign subsidiaries are not audited by the parent company's auditors, a foreign business partner of the auditors, or by a recognized, international auditing firm.

4. INVESTMENTS IN SUBSIDIARIES

	2012 DKKm
Cost at 01.01.	4,786
Capital contributions to subsidiaries	95
Cost at 31.12.	**4,881**

Income from investments in subsidiaries is dividends, which amounted to DKK 193 million at 31 December 2012 (DKK 228 million in 2011).

See note 28 *Subsidiaries* in the consolidated financial statements for an overview of all subsidiaries.

5. TAX ON PROFIT FOR THE YEAR

	2012 DKKm	2011 DKKm
Current tax	167	579
Prior-year adjustments, current tax	(10)	9
Prior-year adjustments, deferred tax	(15)	24
Change of deferred tax for the year	257	331
Total tax for the year	**399**	**943**
Tax for the year is composed of:		
Tax on profit for the year	412	924
Tax on equity entries	(13)	19
Total tax for the year	**399**	**943**

6. DISTRIBUTION OF PROFIT

Proposed distribution of profit for the year	2012 DKKm	2011 DKKm
Proposed dividends for the year	392	685
Transferred to distributable reserves	999	1,988
Total profit for the year	**1,391**	**2,673**
Proposed dividend per share (DKK)	**2.00**	**3.49**

NOTES 7-9

7. INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

Intangible assets	Patent rights DKKm	Product rights[1] DKKm	Other rights[2] DKKm	Projects in progress[2] DKKm	Intangible assets DKKm
Cost at 01.01.2012	663	2,163	920	52	3,798
Reclassification	-	-	-	(1)	(1)
Additions	-	1,295	52	33	1,380
Disposals	-	-	(4)	(46)	(50)
Cost at 31.12.2012	**663**	**3,458**	**968**	**38**	**5,127**
Amortization at 01.01.2012	596	415	781	-	1,792
Amortization	12	70	76	-	158
Impairment	8	15	-	-	23
Disposals	-	-	(4)	-	(4)
Amortization at 31.12.2012	**616**	**500**	**853**	**-**	**1,969**
Carrying amount at 31.12.2012	**47**	**2,958**	**115**	**38**	**3,158**

1) Of product rights, DKK 2,512 million relates to products not yet commercialized.
2) Other rights and projects in progress primarily include items such as the IT system SAP. The amounts include directly attributable internal expenses.

Property, plant and equipment	Land and buildings DKKm	Plant and machinery DKKm	Other fixtures and fittings, tools and equipment[1] DKKm	Prepayments and assets under construction DKKm	Property, plant and equipment DKKm
Cost at 01.01.2012	3,098	898	724	301	5,021
Reclassification	-	-	1	-	1
Additions	166	96	34	116	412
Disposals	(15)	(25)	(4)	(243)	(287)
Cost at 31.12.2012	**3,249**	**969**	**755**	**174**	**5,147**
Depreciation at 01.01.2012	1,457	654	628	-	2,739
Depreciation	129	57	38	-	224
Impairment	4	1	-	-	5
Disposals	(15)	(25)	(4)	-	(44)
Depreciation at 31.12.2012	**1,575**	**687**	**662**	**-**	**2,924**
Carrying amount at 31.12.2012	**1,674**	**282**	**93**	**174**	**2,223**

1) Including leasehold improvements.

Impairment of intangible assets
In 2012, the parent company wrote down patent rights and product rights by a total amount of DKK 23 million. The impairment loss is recognized in research and development costs. The recoverable amount was calculated on the basis of management's re-assessed estimate of the value in use of the assets.

Impairment of property, plant and equipment
In 2012, the parent company wrote down property, plant and equipment by a total amount of DKK 5 million. The impairment loss is recognized in cost of sales in the amount of DKK 3 million, and in research and development costs in the amount of DKK 2 million. The recoverable amount was calculated on the basis of management's re-assessed estimate of the value in use of the assets.

Pledged assets
The carrying amount of pledged land and buildings at 31 December 2012 was DKK 1,670 million. No other assets have been pledged.

8. INVENTORIES

	2012 DKKm	2011 DKKm
Raw materials and consumables	115	115
Work in progress	338	313
Finished goods and goods for resale	353	290
Total	**806**	**718**
Indirect costs of production	**218**	**214**
Impairment loss for the year	**19**	**3**

9. PREPAYMENTS

	2012 DKKm	2011 DKKm
Prepaid cost of goods sold	49	25
Prepaid IT expenses	19	18
Prepaid insurance	25	22
Prepaid marketing activities	10	14
Prepaid inventories	87	24
Other	15	13
Total	**205**	**116**

NOTE 10

10. DEFERRED TAX

Temporary differences between assets and liabilities as stated in the financial statements and as stated in the tax base

2012	Balance at 01.01. DKKm	Adjustment of deferred tax at beginning of year DKKm	Movement during the year DKKm	Balance at 31.12. DKKm
Intangible assets	1,824	-	1,172	2,996
Property, plant and equipment	603	-	9	612
Inventories	215	-	4	219
Prepayments from Forest	(234)	-	155	(79)
Other items	200	(59)	(313)	(172)
Total temporary differences	**2,608**	**(59)**	**1,027**	**3,576**
Deferred (tax assets)/tax liabilities	**652**	**(15)**	**257**	**894**

Deferred (tax assets)/tax liabilities	2012 Deferred tax assets DKKm	2012 Deferred tax liabilities DKKm	2012 Net DKKm	2011 Deferred tax assets DKKm	2011 Deferred tax liabilities DKKm	2011 Net DKKm
Intangible assets	-	749	749	-	456	456
Property, plant and equipment	-	153	153	-	151	151
Inventories	-	54	54	-	53	53
Prepayments from Forest	(19)	-	(19)	(58)	-	(58)
Other items	(43)	-	(43)	-	50	50
Deferred (tax assets)/tax liabilities	**(62)**	**956**	**894**	**(58)**	**710**	**652**
Set off	62	(62)	-	58	(58)	-
Total net deferred (tax assets)/tax liabilities	**-**	**894**	**894**	**-**	**652**	**652**

NOTES 11-14

11. OTHER PROVISIONS

	2012 DKKm
Provisions at 01.01.	-
Provisions charged	278
Provisions at 31.12.	**278**
Provisions break down as follows:	
Non-current provisions	-
Current provisions	278
Provisions at 31.12.	**278**

The parent company has entered into an agreement with individual subsidiaries, under which the parent company will cover expected losses and obligations concerning the restructuring of the commercial organization in Europe. The parent company has therefore made provisions to cover such losses and obligations.

12. MORTGAGE DEBT

	2012 DKKm	2011 DKKm
Mortgage debt	1,738	1,800
Total debt falling due after more than 5 years	**1,738**	**1,800**

13. FINANCIAL INSTRUMENTS

See note 24 *Financial instruments* in the consolidated financial statements.

14. CONTRACTUAL OBLIGATIONS

Rental and lease obligations

The parent company has obligations amounting to DKK 52 million (DKK 55 million in 2011) in the form of rentals and leasing of operating equipment.

Future rental and lease obligations	Land and buildings DKKm	Operating equipment DKKm	Total DKKm
2012			
Within 1 year	14	10	24
Between 1 and 5 years	20	8	28
Total	**34**	**18**	**52**
2011			
Within 1 year	14	5	19
Between 1 and 5 years	20	16	36
Total	**34**	**21**	**55**

Rental and lease payments recognized in the income statement amounted to DKK 33 million (DKK 31 million in 2011).

Other purchase obligations

The parent company has undertaken purchase obligations in the amount of DKK 216 million (DKK 280 million in 2011).

Research and development collaborations

The parent company is part of multi-year research and development collaboration projects comprising minimum research and development obligations in the order of DKK 141 million (DKK 126 million in 2011). The total amount of the obligations may increase substantially in line with the favourable development of the research and development projects.

Other contractual obligations

The parent company has entered into various service agreements amounting to DKK 100 million (DKK 77 million in 2011).

At 31 December 2012, the parent company had capital contribution obligations amounting to DKK 3 million (DKK 2 million in 2011).

NOTES 15-18

15. CONTINGENT LIABILITIES

Bank guarantees and letters of intent

The parent company has entered into agreements to cover operating losses in certain subsidiaries. The parent company's bankers have issued bank guarantees to third parties in the amount of DKK 59 million (DKK 103 million in 2011). As collateral for other bank guarantees, the parent company has issued letters of intent to the banks in the amount of DKK 4 million (DKK 4 million in 2011) on behalf of subsidiaries.

Except for the above, the Group's and the parent company's contingent liabilities are identical, and reference is therefore made to note 26 *Contingent liabilities* in the consolidated financial statements.

16. RELATED PARTIES

For information on related parties exercising controlling influence on H. Lundbeck A/S, see note 27 *Related parties* in the consolidated financial statements.

H. Lundbeck A/S has not entered into any transactions with related parties that were not on an arm's length basis.

17. TREASURY SHARES

	Shares of DKK 5 nom. Number	Nominal value DKKm	Proportion of share capital %	Cost DKKm
Shareholding at 01.01.2012	1,520	-	-	-
Additions	186,495	1	0.10	21
Disposals	(187,581)	(1)	(0.10)	(21)
Shareholding at 31.12.2012	**434**	**-**	**-**	**-**

The additions consist of shares acquired to finance Lundbeck's long-term incentive programmes, including as compensation for cancelled programmes. Disposals for the year thus concern settlement of Lundbeck's obligations concerning these incentive programmes. The remaining 434 shares are expected to be used for partial financing of the incentive programme established in 2010. The market value of the holding of treasury shares at 31 December 2012 was DKK 0 million.

18. EVENTS AFTER THE BALANCE SHEET DATE

See note 31 *Events after the balance sheet date* in the consolidated financial statements.

MANAGEMENT STATEMENT

Today, we considered and approved the annual report of H. Lundbeck A/S for the period 1 January – 31 December 2012.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU, and the financial statements of the parent company have been prepared in accordance with the Danish Financial Statements Act. In addition, the annual report has been prepared in accordance with Danish disclosure requirements for annual reports of listed companies.

We consider the accounting policies used to be appropriate. Accordingly, the consolidated financial statements and the financial statements of the parent company give a true and fair view of the Group's and the parent company's assets, liabilities and financial position at 31 December 2012, and of the Group's and the parent company's activities and the Group's cash flows for the financial year 1 January – 31 December 2012.

We believe that the management's review includes a fair review of developments in the Group's and the parent company's activities and finances, results for the year and the Group's and the parent company's financial position in general as well as a fair description of the principal risks and uncertainties to which the Group and the parent company are exposed.

We recommend that the annual report be approved at the Annual General Meeting.

Copenhagen, 6 February 2013

EXECUTIVE MANAGEMENT

ULF WIINBERG
President and CEO

ANDERS GÖTZSCHE
Executive Vice President, CFO

ANDERS GERSEL PEDERSEN
Executive Vice President, Research & Development

BOARD OF DIRECTORS

MATS PETTERSSON
Chairman

CHRISTIAN DYVIG
Deputy Chairman

HÅKAN BJÖRKLUND

KIM ROSENVILLE CHRISTENSEN

MONA ELISABETH ELSTER

THORLEIF KRARUP

MELANIE G. LEE

JØRN MAYNTZHUSEN

JES ØSTERGAARD

INDEPENDENT AUDITOR'S REPORTS

TO THE SHAREHOLDERS OF H. LUNDBECK A/S

Report on the consolidated financial statements and parent financial statements
We have audited the consolidated financial statements and parent financial statements of H. Lundbeck A/S for the financial year 1 January – 31 December 2012, which comprise the income statement, balance sheet, statement of changes in equity and notes, including the accounting policies, for the Group as well as the Parent, and the statement of comprehensive income and the cash flow statement of the Group. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies, and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

Management's responsibility for the consolidated financial statements and parent financial statements
Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies as well as the preparation of parent financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on the consolidated financial statements and parent financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements and parent financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements and parent financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements of the consolidated financial statements and parent financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements and parent financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as the overall presentation of the consolidated financial statements and parent financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit has not resulted in any qualification.

Opinion
In our opinion, the consolidated financial statements give a true and fair view of the Group's financial position at 31 December 2012, and of the results of its operations and cash flows for the financial year 1 January – 31 December 2012 in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

Further, in our opinion, the parent financial statements give a true and fair view of the Parent's financial position at 31 December 2012, and of the results of its operations for the financial year 1 January – 31 December 2012 in accordance with the Danish Financial Statements Act.

Statement on the management review
Pursuant to the Danish Financial Statements Act, we have read the management review. We have not performed any further procedures in addition to the audit of the consolidated financial statements and parent financial statements.

On this basis, it is our opinion that the information provided in the management review is consistent with the consolidated financial statements and parent financial statements.

Copenhagen, 6 February 2013

Deloitte
Statsautoriseret Revisionspartnerselskab

ANDERS DONS
State Authorized Public Accountant

MARTIN FAARBORG
State Authorized Public Accountant

PHARMACEUTICALS REGISTERED BY LUNDBECK

31 DECEMBER 2012

Disorder	Trademark	Compound	Indication	First registration	Registered, no. of countries[1]
DEPRESSION /ANXIETY					
	Cipralex®, Lexapro®, Sipralexa®, Sipralex®	Escitalopram	Depression, generalised anxiety disorder, panic disorder, social anxiety disorder, OCD, premenstrual dysphoric disorder	2001	98
	Cipramil®, Seropram®, Cipram®, Celexa®	Citalopram	Depression, panic disorder, OCD	1989	70
	Deanxit®	Flupentixol +melitracene	Mild depression	1971	20
	Noritren®, Nortrilen®, Sensaval®	Nortriptyline	Depression	1963	18
	Saroten®, Sarotex®, Redomex®	Amitriptyline	Depression	1961	19
ALZHEIMER'S DISEASE					
	Ebixa®, Ebix®	Memantine	Moderate to severe Alzheimer's disease	2002	70
EPILEPSY					
	Frisium®	Clobazam	Adjunctive epilepsy treatment	1975	3
	Peganone®	Ethotoin	Grand mal and complex partial seizures	1957	3
	Sabril®	Vigabatrin	Infantile spasms and refractory complex partial seizures (adults)	1993	1
HUNTINGTON'S DISEASE					
	Xenazine®	Tetrabenazine	Chorea associated with Huntington's disease	2008	3
PARKINSON'S DISEASE					
	Azilect®	Rasagiline	Parkinson's disease	2005	38
PSYCHOTIC DISORDERS					
	Buronil®, Bunil®	Melperone	Schizophrenia	1968	1
	Cisordinol®, Clopixol®	Zuclopenthixol	Schizophrenia and other psychotic disorders, anxiety, restlessness, insomnia	1982	70
	Cisordinol Depot®, Clopixol Depot®, Ciatyl-Z Depot®	Zuclopenthixoldecanoate	Maintenance treatment of chronic psychotic disorders	1976	74
	Cisordinol-Acutard®, Clopixol-Acutard®, Clopixol-Acuphase®, Ciatyl-Z-Acuphase®	Zuclopenthixolacetate	Acute psychotic episodes, exacerbation of psychotic disorders	1986	72
	Fluanxol®, Fluanxol Mite®, Depixol®	Flupentixol	Schizophrenia, other psychotic disorders	1965	55
	Fluanxol Depot®, Depixol®	Cis(Z)-Flupentixoldecanoate	Maintenance treatment of chronic psychotic disorders	1970	65
	Serdolect®, Serlect®	Sertindole	Schizophrenia	1996	54
	Saphris®/Sycrest®	Asenapine	Bipolar disorder, schizophrenia	2010	40
	Truxal®, Truxaletten®	Chlorprothixene	Schizophrenia and other psychotic disorders, anxiety, restlessness, withdrawal symptoms in drug addicts	1959	20

Disorder	Trademark	Compound	Indication	First registration	Registered, no. of countries[1]
OTHER					
	Chemet®	Succimer	Lead poisoning in children	1991	1
	Cosmegen®	Dactinomycine	Oncology indications	1966	16
	Desoxyn®	Methamfetamine hydrochloride	ADHD	1943	1
	Elspar®	Asparaginase	Acute lymphocytic leukaemia	1978	4
	Indocin®, Indocid®, Inacid®	Indomethacin	Patent Ductus Arteriosus (PDA) in premature infants	1985	1
	Modiodal®	Modafinil	Narcolepsy	1994	6
	Mustargen®	Mechloretamine hydrochloride	Oncology indications	1949	2
	NeoProfen®	Ibuprofen lysine	Patent Ductus Arteriosus (PDA) in premature infants	2006	1
	Neostigmine Bromide®	Neostigmine bromide	Myasthenia Gravis Paralytic Ileus Post operative urinary retention	1932	1
	Panhematin®	Hemin	Acute intermittent porphyria	1983	1
	Tranxene T-TAB®	Chlorazepate dipotassium	Short-term treatment of anxiety and alcohol withdrawal and combination treatment in partial epileptic seizures	1972	1

1) Number of countries where Lundbeck has registrered the pharmaceutical

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THE LUNDBECK FOUNDATION

The Lundbeck Foundation is the largest shareholder of Lundbeck, owning 70% of the company. It is an active industrial foundation established in 1954 by Grete Lundbeck, widow of the founder of Lundbeck.

The main objective of the Foundation is to maintain and expand the activities of the Lundbeck group as well as of the Foundation's other subsidiaries and portfolio companies through active value-adding ownership. The Foundation furthermore provides grants for scientific research of the highest international quality with ties to Denmark in order to make a significant difference to human health and life. Grants are given based on external peer review and independently of Lundbeck.

In 2012, the Foundation granted DKK 482 million to support research within medical and natural sciences, which is approximately the same amount as in 2011. The Lundbeck Foundation has stepped up its efforts towards young research talents by increasing the number of Lundbeckfond Fellowships.

In addition to its interest in Lundbeck, the Foundation also has controlling shareholdings in ALK A/S and Falck A/S and manages a substantial portfolio of financial investments through Lundbeckfond Invest as well as Lundbeckfond Ventures, which has been established to invest in early stage life science companies.

For further information on the Foundation, please visit www.lundbeckfonden.com.

LUNDBECK WORLDWIDE

PARENT COMPANY
Denmark

PRODUCTION
China
Denmark
France
Italy
Mexico

RESEARCH
China
Denmark
USA

SALES
Europe
Austria
Belgium
Bulgaria
Croatia
Czech Republic
Denmark
Estonia
Finland
France
Germany
Greece
Hungary
Iceland
Ireland
Italy
Latvia
Lithuania
Netherlands
Norway
Poland
Portugal
Romania
Serbia
Slovakia
Slovenia
Spain
Sweden
Switzerland
UK

Int. markets
Argentina
Australia
Brazil
Canada
Chile
China
Colombia
Egypt
Hong Kong
India
Indonesia
Israel
Japan
Korea
Malaysia
Mexico
Pakistan
Panama
Philippines
Russia
Saudi Arabia
Singapore
South Africa
Turkey
Ukraine
United Arab Emirates
Venezuela

USA

INSTITUTES
The Lundbeck Institute

Visit the Lundbeck website at www.lundbeck.com

All patients have had their photos taken after preceding agreement. The patients have not received any remuneration from Lundbeck.

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