FINANCIAL HIGHLIGHTS

GROUP	2009 DKKm	2008 DKKm	2007 DKKm	2006 DKKm	2005 DKKm	2009 EURm[1]	2009 USDm[2]
Revenue	13,747	11,572	11,171	9,300	9,076	1,846	2,566
Research and development costs	3,196	2,990	2,193	1,956	1,782	429	596
Operating profit before depreciation and amortization (EBITDA)	3,728	3,418	3,611	2,310	2,699	501	696
Profit from operations (EBIT)	2,858	2,354	2,689	1,789	2,174	384	534
Net financials	(192)	(28)	65	(17)	17	(26)	(36)
Profit for the year	2,007	1,663	1,881	1,162	1,457	270	375
Total assets	17,127	12,526	12,230	11,539	11,560	2,302	3,300
Equity	8,803	7,511	7,089	6,684	7,437	1,183	1,696
Cash flows from operating and investing activities	(2,040)	2,193	1,610	1,633	1,587	(274)	(381)
Property, plant and equipment investments, gross	258	229	474	567	447	35	50
	%	%	%	%	%	%	%
EBIT margin	20.8	20.3	24.1	19.2	24.0	20.8	20.8
Return on capital employed	28.0	30.0	34.6	24.8	30.4	28.0	28.0
Return on equity	24.6	22.8	27.3	16.5	19.3	24.6	24.6
Research and development ratio	23.2	25.8	19.6	21.0	19.6	23.2	23.2
Solvency ratio	51.4	60.0	58.0	57.9	64.3	51.4	51.4
Capital turnover	80.3	92.4	91.3	80.6	78.5	80.3	80.3
Tax rate	24.7	27.1	29.6	31.0	32.4	24.7	24.7
	DKK	DKK	DKK	DKK	DKK	EUR[1]	USD[2]
Earnings per share (EPS)[3, 4]	10.24	8.45	9.18	5.50	6.52	1.38	1.91
Diluted earnings per share (DEPS)[3, 4]	10.24	8.45	9.17	5.49	6.50	1.38	1.91
Proposed dividend per share[3]	3.07	2.30	2.56	1.57	2.10	0.41	0.57
Cash flow per share[3]	15.47	14.12	13.18	6.59	9.20	2.08	2.89
Net asset value per share[3]	44.89	38.30	35.33	32.01	33.75	6.03	8.65
Market capitalisation (million)	18,582	21,657	28,605	33,060	29,630	2,497	3,580
Average number of employees	5,526	5,208	5,134	5,111	5,022		

1. Income statement items are translated using the average EUR exchange rate for the year (744.63). Balance sheet items are translated at the EUR exchange rate on 31 December 2009 (744.15).
2. Income statement items are translated using the average USD exchange rate for the year (535.77). Balance sheet items are translated at the USD exchange rate on 31 December 2009 (519.01).
3. The calculation is based on a share denomination of DKK 5.
4. Calculated according to IAS 33 *Earnings per Share*.

The comparative figures have been restated as a result of changes in accounting policies in respect of currency translation of foreign subsidiaries and presentation of revenue for Azilect®, see note 1 *Accounting Policies*, p. 60.

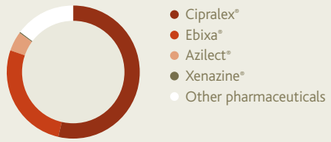
LUNDBECK AT A GLANCE

- Specialty pharmaceutical company engaged in the development of pharmaceuticals for the treatment of **disorders of the central nervous system (CNS)** on the basis of in-house research.
- **Founded in 1915** by Hans Lundbeck and listed on NASDAQ OMX Copenhagen in 1999.
- The largest shareholder is the Lundbeck Foundation, which holds 70% of the shares. In 2009, the Foundation donated **DKK 340** million for scientific research.
- **5,900** employees in 56 countries.*

* Including part time employees at the end of 2009

REVENUE/GROWTH PER MARKET

Europe DKK 7,216 million
+11%



USA DKK 3,632 million
+47%

Int. Markets DKK 2,621 million
+8%

REVENUE/GROWTH PER PRODUCT

Cipralex® escitalopram / Lexapro® escitalopram

Approved for: **Depression and anxiety**
Revenue in 2009: DKK 7,771 million (+7%)
Partner: Forest Laboratories, Inc. (Lexapro®)

Ebixa® memantine

Approved for: **Alzheimer's disease**
Revenue in 2009: DKK 2,162 million (+15%)
Partner: Merz Pharmaceuticals GmbH

Azilect® Once-Daily rasagiline

Approved for: **Parkinson's disease**
Revenue in 2009: DKK 769 million (+39%)
Partner: Teva Pharmaceutical Industries Ltd.

Sabril® vigabatrin

Approved for: **Epilepsy**
Revenue in 2009: Not disclosed, product launched in September 2009

Xenazine® (tetrabenazine)

Approved for: **Chorea associated with Huntington's disease**
Revenue in 2009: DKK 298 million

OTHER PHARMACEUTICALS

Products approved primarily for the treatment of CNS disorders

LUNDBECK WORLDWIDE

PARENT COMPANY
Denmark

PRODUCTION
Denmark
France
Italy
Mexico

RESEARCH
Denmark
United States

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 and Montenegro
Slovakia
Slovenia
Spain
Sweden
Switzerland
UK

Int. Markets
Argentina
Australia
Belarus
Brazil
Canada
Chile
China (incl. Hong Kong)
Colombia
Egypt
India
Indonesia
Israel
Japan
Malaysia
Mexico
Pakistan
Philippines
Russia
Saudi Arabia
Singapore
South Africa
South Korea
Turkey
Ukraine
United Arab Emirates
Venezuela

United States

INSTITUTES
Lundbeck Institute

MILESTONES 2009

- Lundbeck acquires US-based Ovation Pharmaceuticals, Inc., establishing its own commercial entity in the US
- Lu AA24530 shows positive results in major depressive disorder clinical Phase II trial
- In their Complete Response Letter, the US health authorities (FDA) request additional data for Serdolect®
- Data indicate that there is a need for further clinical studies on the depression project Lu AA21004
- Acquiring UK-based LifeHealth Limited, Lundbeck increases its share of Xenazine® and strengthens profitability in the US
- Lundbeck draws up a code of ethics and joins the UN Global Compact
- FDA grants marketing approval for Sabril®
- The New England Journal of Medicine presents the ADAGIO results, substantiating that early treatment with Azilect® delays progression of Parkinson's disease
- Lundbeck launches efficiency improvement measures as part of its Decisions Now strategy program, which includes the reduction of 210 jobs in Denmark
- Lundbeck consolidates its global production capacity through the acquisition of Elaiapharm in France
- Lundbeck initiates a clinical Phase II trial with Lu AA24493 for the treatment of Friedreich's ataxia

ANNUAL REPORT 2009

Kyle Butt

Colleen Henderson-Heywood

Matt Douglas

Wendy Veasey

Photos
In this annual report, we present photos of people suffering from disorders of the central nervous system. Read their stories in the Lundbeck Magazine 2010.
Front page: Wendy Veasey

Contents

CHALLENGES OF OUR TIME

2009 was an eventful year for Lundbeck. We had a number of successes but have also had setbacks. We have taken important steps to ensure a continued solid and healthy development of our business and have made significant investments that will have a major impact on our future.

Lundbeck is a company of healthy growth. We have sought to exploit this position at a time and in a way that will help us face the challenges we will meet in 2012-2014, when the exclusivity for some of our principal pharmaceuticals expires.

In-licensing and acquisitions are key components for us to secure long-term growth. Therefore, in 2009, we acquired Ovation Pharmaceuticals, Inc. We now have a commercial infrastructure in the United States, the world's largest market for pharmaceuticals, and in addition, the acquisition will provide a major contribution to Lundbeck's growth in 2012-2014.

In addition to in-licensing and acquisitions we are also focusing on optimizing the value of Lundbeck's business. As a result, we launched our Decisions Now strategy program at the beginning of 2009, the purpose of which is to identify measures that can help us to achieve the full value of our existing business, increase the value of our late-stage pipeline, add value to our partnerships, boost productivity and develop a high-performance culture in our business. All of these measures are aimed at securing Lundbeck's development and growth.

For a research-driven business like Lundbeck, the ability to develop new pharmaceuticals is pivotal to ensure long-term growth. The year 2009 brought many positive events for our development projects. For example, we got positive results on Lu AA24530 for the treatment of depression og we have initiated new clinical studies on Lu AA24493 for the treatment of Friedreich's ataxia. But not everything went according to plan. We had to acknowledge that it will take additional clinical trials to obtain approval for our depression project Lu AA21004 in the US. We also received a reserved response from the US Food and Drug Administration (FDA) with respect to approval of Serdolect® for the treatment of schizophrenia in the US. We know that there is a great deal of risk that projects may be delayed or have to be discontinued. This is the reality facing everyone who seeks to develop better treatment options and make a difference for people suffering from disorders of the central nervous system (CNS).

Research is the cornerstone

Research into the pharmaceuticals of tomorrow is the cornerstone of Lundbeck's business model. Research in CNS disorders is a highly complex area, and we know that it takes many years to turn a laboratory discovery into a treatment option.

Nevertheless, Lundbeck has come a long way:

- Over the past ten years, we have more than tripled our R&D investments, from DKK 824 million in 1999 to DKK 3,196 million in 2009, and as a result we have doubled the number of development projects.
- We have launched eight new pharmaceuticals within the past ten years based on our own research, partnerships and, most recently, the acquisition of Ovation.
- We have expanded Lundbeck's operations from 1999, when we were a European company with research activities in Denmark, to our organization today, a company with global operations and sales units in 56 countries, development activities in around 40 countries and research activities in Denmark and the US.
- We currently have one product under regulatory review and a total of 11 compounds in the pipeline.

Making global contributions

The prevalence of CNS disorders is growing. By 2030, depression, dementia and alcohol abuse are expected to be among the five diseases in high-income countries that have the highest disability-adjusted life years score.[1] CNS disorders lead to an impaired quality of life for the people affected and involve huge costs to society. In Europe alone, CNS disorders already account for 35% of total direct and indirect healthcare costs.[2]

One of the greatest global healthcare challenges in the coming decades will be to offer improved treatment for people suffering from CNS disorders. It is a big assignment and it requires a dedicated effort from all stakeholders. Lundbeck currently has the qualifications to help make a global difference for people suffering from CNS disorders, and we are prepared to contribute actively to this huge task for society.

In 2009, we made good progress in realizing our objectives and long-term goals. There are still many challenges to tackle in the years ahead. But based on our accomplishments in 2009, we have reason to believe the future for us is bright.

I would like to thank our customers, shareholders and collaborative partners for the confidence they have shown in Lundbeck during 2009. Also, I wish to thank our employees for their hard and dedicated work over the past year.

Ulf Wiinberg
President and CEO

1. Mathers & Loncar – Projections of Global Mortality and Burden of Disease from 2002 to 2030, 2006
2. European Brain Council – Cost of Disorders of the Brain in Europe, June 2005

MANAGEMENT'S REVIEW

Lundbeck reached an important strategic milestone in 2009, establishing operations in the United States. Revenue continued to rise, and we once more recorded all-time high revenue figures.

2009 was an eventful year for Lundbeck. We acquired and integrated US-based Ovation Pharmaceuticals, Inc. (now Lundbeck Inc.) and launched two new pharmaceuticals in the US as a result of this acquisition. We recorded progress in a number of our development projects, although we also had setbacks. We launched our new strategy program, Decisions Now. And once more our existing business provided solid results that allowed us to hit our financial forecast for 2009.

The Supervisory Board and Executive Management are pleased to present a full-year profit for 2009 in line with expectations. Our financial statements show the highest revenue in Lundbeck's history, even before the Ovation acquisition.

Financial performance

When we presented our annual report for 2008, our forecast for 2009 was for a revenue of DKK 12-12.5 billion, profit from operations (EBIT) in the amount of DKK 3-3.2 billion and research and development expenses in the amount of 23-24% of revenue. We adjusted these expectations in the course of 2009, primarily in connection with the acquisitions of Ovation and LifeHealth Limited (see table below).

Lundbeck has decided to write down rights to Circadin®, a product for the treatment of primary insomnia. Lundbeck in-licensed Circadin® from Neurim Pharmaceuticals Ltd. in 2007, and has since launched the product in a number of European countries. The write-down had a negative effect of DKK 157 million on distribution costs in the fourth quarter.

Lundbeck recorded a significant increase in revenue in 2009 to DKK 13,747 million. This improvement was primarily due to sales of Cipralex® and Ebixa® and the incremental revenue contributed by Lundbeck Inc.

Profit from operations before depreciation and amortization (EBITDA) was DKK 3,728 million, while EBIT amounted to DKK 2,858 million.

Research and development expenses amounted to DKK 3,196 million, or 23.2% of consolidated revenue, which was an increase of 6.9% relative to 2008.

The Group's effective tax rate fell from 27.1% in 2008 to 24.7% in 2009.

Profit for the year amounted to DKK 2,007 million in 2009 compared with DKK 1,663 million in 2008.

The Supervisory Board will propose to the Annual General Meeting that a dividend of 30% of net profit be paid for the year, corresponding to DKK 3.07 per share.

Cash outflows from operating and investment activities amounted to DKK -2,040 million due to the acquisition of Ovation, compared with an outflow of DKK 2,193 million in 2008.

The Group had negative net cash at the end of 2009 of DKK -1,456 million due to the acquisition of Ovation, compared with net cash of DKK 1,949 million in 2008.

For a detailed financial review 2009 please see p. 52.

FORECAST AND PROFIT 2009 (DKK)

	Announced 4 March 2009	Announced 13 May 2009	Announced 7 July 2009	Announced 13 August 2009	Profit 2009
Revenue	12-12.5 bn	13.1-13.6 bn	13.1-13.6 bn	13.1-13.6 bn	13,747 m
Profit from operations before depreciation and amortization (EBITDA)	-	3.5-3.7 bn	Upper end of 3.5-3.7 bn	Upper end of 3.5-3.7 bn	3,728 m
Profit from operations (EBIT)	3-3.2 bn	2.8-3.0 bn	2.8-3.0 bn	2.8-3.0 bn	2,858 m
Tax percentage	-	around 28%	around 28%	25-26%	24.7%
Research & development costs as a percentage of revenue	23-24%	23-24%	23-24%	23-24%	23.2%

Strategic milestones

The acquisition of Ovation in the US provided Lundbeck with a stronger foundation. The acquisition is the largest ever made by Lundbeck, and it means that for the first time we now have our own commercial presence in the world's largest pharmaceutical market.

Lundbeck Inc. has a number of marketed pharmaceuticals and is dedicated to disorders of the central nervous system (CNS), and this focus will intensify in the coming years in step with the marketing of the most recent products. These products include Xenazine® for the treatment of Huntington's disease and Sabril® for the treatment of two types of epilepsy. In 2009, we enhanced the profitability of Xenazine® by acquiring additional royalty rights to the product in the US through the acquisition of UK company LifeHealth. We expect significant growth opportunities for Lundbeck Inc. in the years to come.

To realize our ambition of becoming the company that makes the biggest difference for people suffering from CNS disorders, we initiated in 2009 the Decisions Now strategy program, which includes five priority areas:

- Products – achieving full potential of marketed pharmaceuticals
- Pipeline – maximizing the value of new and innovative pharmaceuticals
- Partners – intensifying growth through business development and partnerships
- Performance – increasing efficiency and reducing costs
- People – developing a high-performance culture and ensuring consistent targets

Decisions Now is anchored throughout the company, and we have achieved great progress in the various priority areas. The program will continue during 2010.

Overview of development projects

In 2009, we received a number of clinical data in respect to projects in Lundbeck's pipeline. We had to accept delays and negative results in some development projects but at the same time received good news from other programs.

In 2009, Lu 02-750 entered clinical Phase I studies as a potential treatment of Parkinson's disease. We initiated two projects in clinical Phase II; Lu AE58054 for the treatment of Alzheimer's disease (a compound already in clinical Phase II trials for the treatment of schizophrenia) and Lu AA24493 as a potential treatment of Friedreich's ataxia. Furthermore, we received positive results from two projects in clinical Phase II; zicronapine (Lu 31-130) for the treatment of schizophrenia and Lu AA24530 for the treatment of depression.

Our candidate in depression in clinical Phase III, Lu AA21004, was, however, delayed due to a need for further clinical trials before the submission of an anticipated NDA in the US. We received a reserved response from the US health authorities (FDA) in respect of our anti-schizophrenic agent Serdolect®. And unfortunately, we had to stop the development of bifeprunox for the treatment of schizophrenia.

REVENUE BY PRODUCTS AND REGIONS

	Total		Europe		USA		Int. Markets	
DKKm	2009	2008	2009	2008	2009	2008	2009	2008
Total revenue	13,747	11,572	7,216	6,480	3,632	2,464	2,621	2,433
Growth	19%		11%		47%		8%	
Cipralex®	5,320	4,829	3,720	3,355	-	-	1,600	1,474
Growth	10%		11%		-		9%	
Lexapro®	2,451	2,464	-	-	2,451	2,464	-	-
Growth	(1%)		-		(1%)		-	
Ebixa®	2,162	1,878	1,800	1,557	-	-	362	321
Growth	15%		16%		-		13%	
Azilect®	769	553	699	507	-	-	70	46
Growth	39%		38%		-		54%	
Xenazine®	298	-	6	-	292	-	-	-
Growth	-		-		-		-	
Other pharmaceuticals	2,469	1,653	991	1,061	889	-	589	592
Growth	49%		(7%)		-		(1%)	
Other revenue	278	195	-	-	-	-	-	-
Growth	42%		-		-		-	

Accordingly, the following changes were made to Lundbeck's development pipeline in 2009: One compound was moved into clinical Phase I trials, two compounds were advanced to clinical Phase II and two compounds completed clinical Phase II with positive results. In addition, one compound was delayed in clinical Phase III, one project in clinical Phase III was discontinued, and one product was delayed during the registration process.

After the end of the financial year, Lundbeck has decided to discontinue another two projects; Lu AA34893 in clinical Phase II in bipolar disorder and depression and Lu AA38466 in clinical Phase I.

Lundbeck's existing development pipeline thus comprises one compound in clinical Phase I, five compounds in clinical Phase II, five compounds in clinical Phase III and one compound under regulatory review. In other words, we have a broad late-stage pipeline that is progressing well.

Global responsibility[1]

In 2009, Lundbeck decided to intensify initiatives concerning our global responsibility. This is the natural next step in our aim to ensure openness and comply with applicable regulations. In the years ahead, our efforts will include a dedication to implement Lundbeck's code of ethics launched 1 January 2010.

In 2009, Lundbeck signed the UN Global Compact. By doing so, we undertake to work with and report on our initiatives to promote human rights, labor standards, the environment and anti-corruption.

Outlook for 2010

Lundbeck expects that revenue for 2009 will rise to DKK 14.3-14.8 billion, and that EBITDA will amount to DKK 3.9-4.3 billion. EBIT is expected to be DKK 3.0-3.4 billion.

The outlook for 2010 is based on the knowledge we have today. The size of the guidance range reflects the current uncertainty related to the global economic climate. As a consequence hereof, we predict the launch of healthcare reforms which may potentially have a financial impact on Lundbeck.

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 related interpretation thereof and unexpected growth in expenses.

Pursuant to section 107a of the Danish Financial Statements Act, listed companies are under an obligation to consider if they wish to disclose whether material agreements will be affected in the event of a change of control of the company. For reasons of competition, Lundbeck does not wish to disclose this.

FORECAST 2010 (DKK)

	2010	2009
Revenue	14.3-14.8 bn	13.7 bn
Profit from operations before depreciation and amortization (EBITDA)	3.9-4.3 bn	3.7 bn
Profit from operations (EBIT)	3.0-3.4 bn	2.9 bn
Tax percentage	24-25%	24.7%
Research & development costs as a percentage of revenue	around 21%	23.2%

1. See also p. 34-35 and lundbeck.com/corporate_responsibility.

KYLE BUTT

When Kyle was only six months old, he was diagnosed with infantile spasms, which is a special form of epilepsy in infants. He had to undergo brain surgery, and the doctors didn't know whether he would survive. Today, Kyle is four years old and is a happy and healthy boy. He has only had one epileptic seizure over the past two years.

A GLOBAL PHARMACEUTICAL COMPANY

Lundbeck is a 95-year-old company that in the past 10-15 years has grown from a primarily Scandinavian business to an international company with subsidiaries in 56 countries. By establishing operations in the US market in 2009, we took a huge step and became a truly global company.

Over the years, Lundbeck's direct commercial presence has been expanded primarily from Scandinavia to Europe and then to Asia, the Middle East and Latin America. The bulk of our revenue still derives from Europe, where we currently have a fully developed infrastructure and hold a market-leading position in our field in many of the countries. Europe accounted for 53% of Lundbeck's revenue in 2009.

In recent years, we have successfully expanded our operations in Asia, the Middle East and Latin America, and we now have a commercial presence in more or less every major market for disorders of the central nervous system (CNS).

In most countries in the Middle East, for example, Lundbeck is currently the market leader for pharmaceuticals to treat depression, even though we have only been present in these countries for relatively few years.

In Asia, we have a fully developed commercial infrastructure in countries such as the Philippines, Hong Kong, India, Pakistan, South Korea and Singapore. We have built up our own direct presence over the past few years in China, a country that has seen strong growth in recent years, also in the pharmaceutical field. Although it will most likely take quite a few years before the Chinese CNS market has grown to a significant size, it is still important to build a presence now so we can seize opportunities as they arise. We also continue our efforts to launch one of Lundbeck's new pharmaceuticals in Japan.

Lundbeck started to build a direct presence in Latin America in 2001; now, nine years later, we have a fully established business and have doubled our revenue in the region many times over since we changed from a license-based strategy to our own commercial infrastructure. Furthermore, in most of the countries, Lundbeck is a market leader in the treatment of depression and in some countries also in the treatment of Alzheimer's disease.

Lundbeck's International Markets segment comprises countries outside the United States and Europe. In 2009, International Markets revenue represented 19% of Lundbeck's total revenue.

Own organization in the US

Representing approximately 45% of the global pharmaceuticals market, the United States is the world's largest market for pharmaceuticals. The US is also the world's largest market with respect to CNS, accounting for 52% of the global CNS market. Although conditions are expected to change in the US market in the future, also due to healthcare reforms, it will continue to represent a large and important market to Lundbeck.

The acquisition of Ovation Pharmaceuticals, Inc. (now Lundbeck Inc.) in the spring of 2009 provided us with our own commercial presence in the US, which fulfilled our ambition to make Lundbeck a truly global player.

For many years, our approach to the US market has been based on a successful partnership with Forest Laboratories, Inc., our licensee, which has performed tremendously in terms of marketing two of Lundbeck's pharmaceuticals in the US (Celexa® and Lexapro®). In connection with the launch of our new pharmaceuticals, we will obtain a considerably larger share of the income by switching from a license-based model, under which we only receive part of the earnings from the sale of our products, to a model in which we are directly involved in marketing and sales.

Lundbeck holds US rights to all of the pharmaceutical candidates in our clinical pipeline. For example, this means that Lundbeck itself will be able to market the next generation of antidepressants – Lu AA21004 and Lu AA24530 – in the US. We will soon advance these candidates to pivotal clinical trials in collaboration with our partner Takeda Pharmaceutical Company Limited. If we obtain approval for these pharmaceuticals, Lundbeck Inc. will focus its sales efforts on US specialists, and Takeda will cover the broad primary care segment.

New competencies

In addition to obvious commercial competencies, Lundbeck Inc. also has unique competencies in regulatory affairs in the US.

A core competency in the development of new pharmaceuticals is familiarity with the authorization systems of the different countries and an understanding of the regulatory processes. The road from the discovery of a new compound to approval of a new pharmaceutical is long and there is a high risk of having to abandon the project. Competent regulatory work in which pharmaceutical candidates are developed in accordance with regulatory requirements significantly increases the likelihood that the compound will make it to the market.

For many years now, Lundbeck has possessed a great deal of insight into regulatory requirements in Europe and on many international markets. Following the Ovation acquisition, we now also have in-depth knowledge of the US regulatory system, and as a result of the integration process the global regulatory function at Lundbeck is now located in the US.

Business development

Part of Lundbeck's strategy is built on business development, i.e. forming partnerships, acquiring pharmaceuticals or pharmaceutical candidates, and possibly also acquiring other companies. We have always considered this an opportunity to advance our business, and most of the pharmaceuticals that we market today were acquired using this business development approach.

In 2009 alone, Lundbeck made two major acquisitions. In addition to Ovation, we acquired UK-based LifeHealth Limited and thereby acquired the rights to additional 25% of Xenazine® revenue in the US. Such acquisitions require meticulous and long-term planning, and far more opportunities are abandoned in the process than succeed. We review approximately 100 different acquisition targets before we find one worthy to move forward.

For many years, Lundbeck has especially focused on markets in Europe when searching for potential projects or pharmaceuticals that we could acquire. This was a natural choice, because our commercial presence centered on these markets and because companies wishing to sell a license for their pharmaceutical product prefer partners who already have a presence in the relevant markets. In this connection, we have always benefited from our reputation as experts in our therapeutic area.

We are now a truly global pharmaceutical company with a presence in more or less all parts of the world. Lundbeck's foundation is broader and stronger than ever before, but we have even greater ambitions and are prepared for further expansion.

We continue to search for in-licensing and acquisition targets in Europe and other regions. Owing to our commercial presence in the US, we can now also look into opportunities involving rights in the US. Specifically, we are interested in opportunities where we can use our US competencies and which are within our therapeutic area and specialist focus.

For example, Lundbeck Inc. focuses especially on rare diseases for which there are few or no treatment options: Diseases on which major pharmaceutical companies traditionally do not spend many resources. The company has successfully applied this business model, having built up solid market knowledge and possessing the skills required to market specialist pharmaceuticals.

Ready for growth

A larger geographical presence opens the door to greater revenue potential, as well as to a relatively more even distribution of revenue worldwide. Of course, the more countries Lundbeck has a commercial presence in, the better we can exploit growth opportunities arising in the various markets.

Revenue growth is driven largely by growing market shares, underlying market growth in terms of volume or new product launches. In many of our markets, our revenue improvement is attributable to growing market shares, e.g. in Europe and many of the countries in our International Markets.

There may be major geographical variations in the underlying growth, and also from one disease to another. Alzheimer's disease, for example, is a field which currently enjoys higher-than-average underlying growth. Furthermore, underlying growth will typically occur in countries increasing their investment in their healthcare systems, as is the case for example in Latin America and many of the markets in Asia.

Lundbeck is consciously working to secure growth in the years ahead, not least from Lundbeck Inc.: growth driven by new products in therapeutic areas in which no medical therapies have previously been available.

Adding strategic strength

Our ambition is to make the most difference for people suffering from CNS disorders. Having established a commercial organization with development competencies in the US, we have come a long way towards realizing this ambition. We are now a truly global pharmaceutical company with a presence in more or less all parts of the world. Lundbeck's foundation is broader and stronger than ever before, but we have even greater ambitions and are prepared for further expansion.

MARKETS AND PRODUCTS

Through organic growth and the acquisition of Ovation, in 2009 Lundbeck strengthened its position on the market for pharmaceuticals for the treatment of disorders of the central nervous system.

The market for pharmaceuticals to treat disorders of the central nervous system (CNS) is the world's largest pharmaceutical therapy area. According to the most recent IMS data, the market was valued at USD 121.2 billion in 2008, corresponding to about 17% of the total global pharmaceutical market[1]. The CNS market grew by 8% from 2007 to 2008, emulating the growth trend in the total pharmaceutical market.

CNS disorders cover a large number of serious, disabling diseases and according to the World Health Organization, they involve one of heaviest burdens on society worldwide. Nevertheless, treatment options are still characterized by extensive unmet needs. This is due primarily to the complexity of the brain, which makes it difficult to develop pharmaceuticals that have the right effect, but it is also due to the extent of adverse reactions associated with the medical treatment of brain disorders. Treatments also are hampered by the challenge of getting the pharmaceuticals from the bloodstream into the brain. Finally, the treatments are made more complex by the fact that it is relatively difficult to measure CNS disorders.

Because of the continued lack of optimum treatments for a large number of CNS disorders, there is still a huge growth potential both within neurology and psychiatry. As Lundbeck currently commands only a small share of the aggregate CNS market, the market represents a substantial growth potential for us.

Lundbeck generated revenue of DKK 13,747 million in 2009. In terms of geography, revenue was distributed on Europe (53%), the US (26%) and International Markets (19%), which cover all Lundbeck markets outside Europe and the US. In 2009, Lundbeck achieved a more even geographical distribution of its revenue as a result of the acquisition of Ovation Pharmaceuticals, Inc. (now Lundbeck Inc.).

1 IMS 2009

As in previous years, the bulk of our revenue derived from sales of Cipralex®/Lexapro® for the treatment of depression and anxiety. This product accounted for 57% of Lundbeck's total revenue. Pharmaceuticals for the treatment of Alzheimer's disease (Ebixa®), Parkinson's disease (Azilect®) and Huntington's disease (Xenazine®) accounted for 16%, 5% and 2%, respectively.

In connection with the acquisition of Ovation in 2009, we acquired the rights to a number of oncology and hematology products and a range of hospital products. Of these products, we launched ATryn® for the treatment of hereditary antithrombin deficiency in the US in May 2009.

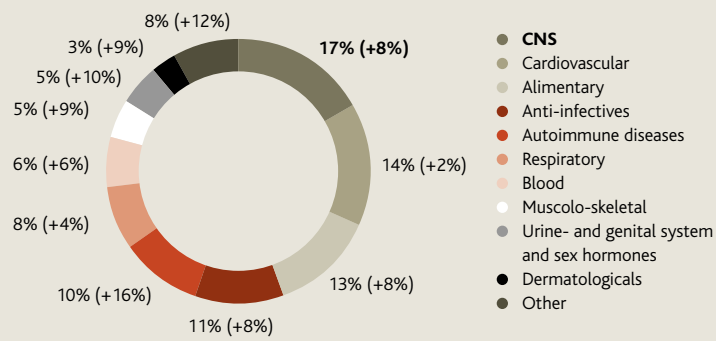
THE WORLD'S MOST BURDENSOME ILLNESSES

1. Cancer
2. **Depression and anxiety**
3. Ischaemic heart disease
4. **Cerebrovascular disease**
5. Chronic obstructive pulmonary disease
6. Refractive errors in the eye
7. Hearing loss
8. Congenital anomalies
9. **Alcohol abuse**
10. Diabetes mellitus
11. Cataracts
12. **Schizophrenia**
13. Asthma
14. Osteoarthritis
15. **Bipolar disorder**
16. Liver cirrhosis
17. **Dementia**
18. Endocrine disorders
19. Macular degeneration
20. Nephritis and nephrosis
21. Drug abuse
22. Hypertensive heart disease
23. **Epilepsy**
24. Migraine
25. Rheumatic heart disease

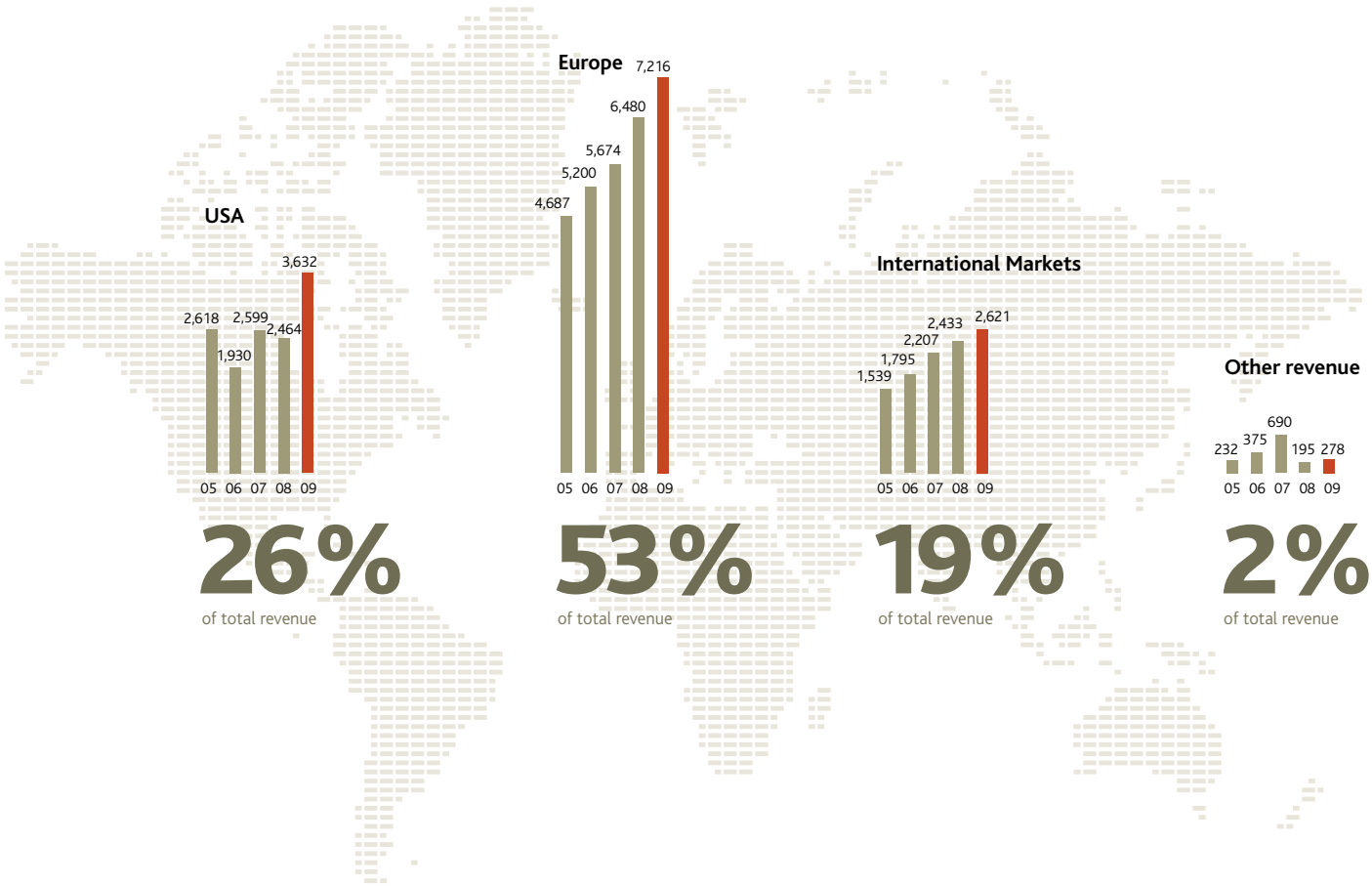
Note: DALY (disability adjusted life years), except infectious diseases. Source: Lundbeck and WHO World Health Report 2004.
Note: Areas in which Lundbeck is active are in bold.

GLOBAL MARKET FOR PHARMACEUTICALS IN 2008

USD 725.5 BILLION
(+8%)

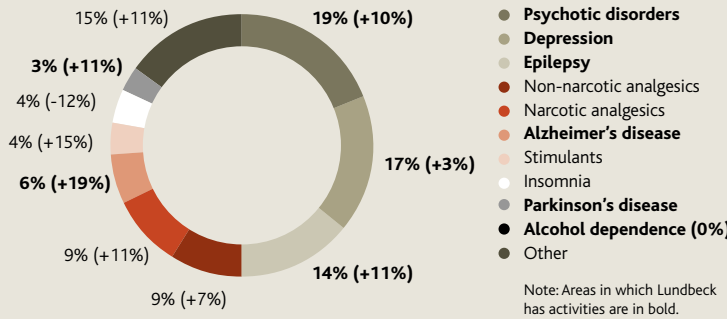


LUNDBECK REVENUE BY REGIONS 2005-2009



GLOBAL MARKET FOR CNS PHARMACEUTICALS IN 2008

USD 121.2 BILLION
(+8%)



Note: Areas in which Lundbeck has activities are in bold.

Depression and anxiety

It is estimated that more than 40 million people in the five largest countries in Europe plus the US and Japan currently suffer from depression. It is estimated that only about half of the people suffering from depression are correctly diagnosed, while about 80% of the diagnosed patients receive treatment. It is also estimated that the number of people receiving treatment for depression will grow by 2% each year until 2018, in the Western hemisphere[2].

The market for antidepressants was valued at approximately USD 20 billion in 2008, an increase of 3% on 2007. The increase was largely due to developments in International Markets, which recorded a 15% growth. This increase should be seen in the context of the rapid economic developments in these markets. Western countries are no longer witnessing growth in sales of branded antidepressants, primarily due to patent expiry of a number of pharmaceuticals and cheaper generic versions sold on the market.

The most frequently used pharmaceuticals for the treatment of depression are selective serotonin re-uptake inhibitors (SSRIs such as citalopram, fluoxetine, paroxetine, sertraline etc.), which were launched in the 1980s. This group of antidepressants is characterized by having fewer side effects than previous medicines. Another type of antidepressants is serotonin and noradrenaline re-uptake inhibitors (SNRIs) such as venlafaxine and duloxetine. Although current antidepressants are significantly more efficacious than the first generation launched in the 1960s, substantial unmet needs persist.

Lundbeck markets Cipralex® (escitalopram) for the treatment of depression and anxiety in Europe and International Markets. The product is marketed under the Lexapro® brand in the US, where it has been out-licensed and is sold by Forest Laboratories, Inc., with Lundbeck receiving royalties on sales.

Cipralex® differs from SSRI pharmaceuticals by binding two places on the serotonin transporter and has shown good efficacy and a favorable safety profile in numerous trials.

Cipralex® is the most frequently prescribed branded antidepressant in Europe, commanding at the end of December 2009 a market share in terms of value of 19.9% of the total market for antidepressants in Europe (16.8% in December 2008). The increase in market share was attributable to the fact that Cipralex® has achieved increased recognition as a leading antidepressant and that the patent for the agent venlafaxine has expired. In spite of growing pressure from generic versions of competing compounds, Lexapro® retained its market share in the US, holding at the end of December 2009 a share in terms of value of 23.3%, compared to 23.0% in December 2008. In International Markets, Cipralex® had a market share in terms of value of 11.1% in the third quarter of 2009 (10.9% in the third quarter of 2008).

Cipralex®/Lexapro® generated revenue of DKK 7,771 million in 2009, an increase of 7% from 2008. In Europe, Cipralex® generated revenue of DKK 3,720 million, up 11% relative to 2008 owing to the higher market share. In the US, Lexapro® revenue amounted to DKK 2,451 million, down 1% from the year before. International Markets revenue rose 9% to DKK 1,600 million, driven primarily by strong growth in the Canadian market, because Cipralex® became eligible for public reimbursement in the two large Canadian provinces of Ontario (2008) and British Columbia (2009).

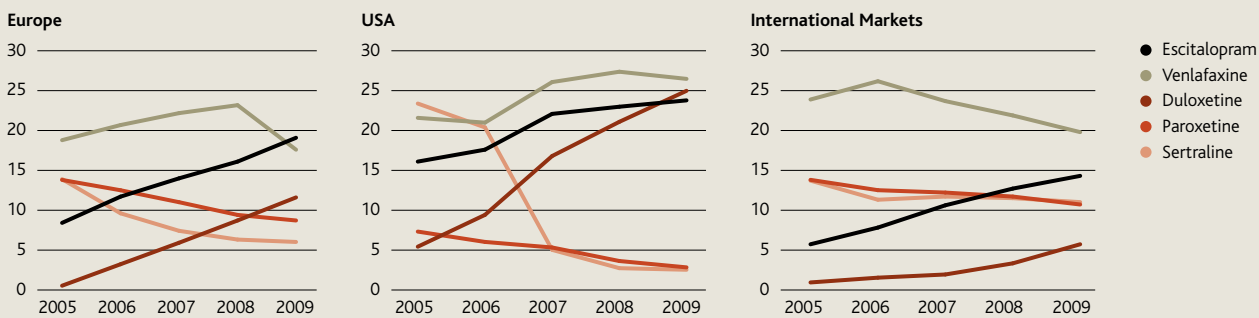
Over the past few years, the Cipralex® profile has gradually been strengthened as additional clinical data have been published. Most recently, Cipralex® has shown positive results in a meta-analysis published in the scientific journal The Lancet[3], where escitalopram, the active ingredient in the pharmaceutical, is highlighted as a highly efficacious and well-tolerated antidepressant (see figure p. 15). In the US, Forest was granted approval of Lexapro® for the treatment of adolescents in 2009.

Escitalopram is marketed in 93 countries, and to date, more than 200 million patients worldwide have been treated with the compound.

2 The paragraph is based on COGNOS Study – Major Depressive Disorder, August 2009

3 Cipriani A et al., The Lancet, February 2009

CIPRALEX®/LEXAPRO® MARKET VALUE (VALUE IN %)



CIPRALEX®/LEXAPRO®

DKKm	2009	2008	Growth	Growth in local currency
Europe	3,720	3,355	11%	12%
USA•	2,451	2,464	(1%)	9%
Int. Markets	1,600	1,474	9%	14%
Total	7,771	7,293	7%	11%

• Lundbeck's income from Forest

FACTS: Depression and anxiety

- Depression is a common and partly hereditary disease with symptoms such as melancholy, loss of energy, difficulty concentrating and suicidal thoughts. Patients have trouble holding onto their job, keeping up with their studies and/or maintaining their family life and social contacts.
- The neurotransmitter serotonin transmits nerve impulses from one nerve ending to another. Too little serotonin can trigger a depressive episode.
- The disorder is categorized as either mild, moderate or severe, which refers to the intensity of the symptoms. Depression can strike anyone, but certain social and biological factors make some people more predisposed to this disorder than others.
- There is a close correlation between depression and anxiety disorders such as generalized anxiety, panic disorder and social anxiety. Nearly all patients suffering from depression also suffer from anxiety, and more than half of those who suffer from anxiety also suffer from another psychiatric disorder, primarily depression.

Alzheimer's disease

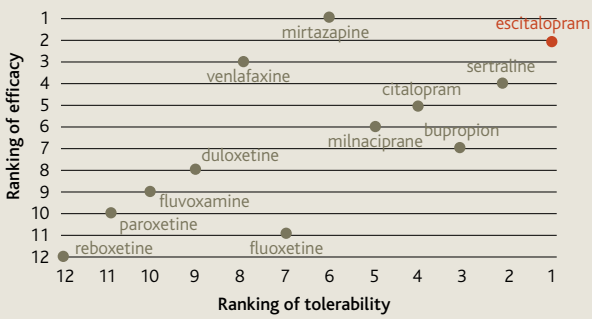
Alzheimer's disease affects approximately 5% of the population over the age of 65 years and more than 20% of those aged over 85 years. Today, about 60% of all Alzheimer's patients are correctly diagnosed, and of these about 80% are diagnosed with either moderate or severe Alzheimer's disease. It is estimated that more than 6 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 about 3% per annum until 2017[4].

The market for pharmaceuticals for the treatment of Alzheimer's disease increased by 19% in 2008 to approximately USD 7 billion. It is a market that continues to grow strongly. There is still no treatment available to cure the disease or slow its progression, so a huge unmet medical need persists. The most frequently used pharmaceuticals for the treatment of Alzheimer's disease are acetylcholinesterase inhibitors which can stabilize disease symptoms for a short period (donepezil, rivastigmine and galantamine). This type of treatment accounts for more than 80% of the value of the market in Europe and International Markets.

Lundbeck markets Ebixa® (memantine) for the treatment of Alzheimer's disease. Ebixa® is a so-called NMDA receptor antagonist, which has a unique mechanism of action compared to the other pharmaceuticals that treat Alzheimer's disease. In a number of clinical trials, Ebixa® has shown to be efficacious and demonstrated a strong safety profile in patients with moderate to severe Alzheimer's disease. Like the other products on the market, Ebixa® offers symptomatic relief and is furthermore the only pharmaceutical approved for the treatment of severe Alzheimer's disease in Europe. At the end of December 2009, Ebixa® commanded 17.8% of the European market (in value terms) for pharmaceuticals to treat Alzheimer's disease (16.1% in December 2008), while in International Markets it had a market share of 10.5% in the third quarter of 2009 (10.9% in the third quarter of 2008).

4 'The Western world' refers to the five largest countries in Europe plus the US and Japan. COGNOS study - Alzheimer's Disease, June 2008

ANTIDEPRESSANTS: OPTIMUM COMBINATION OF EFFICACY AND TOLERABILITY•



About the Cipriani study

- Meta-analysis based on 117 randomized studies that include approximately 26,000 patients.
- Conducted independently of the pharmaceutical industry, comparing 12 antidepressants across the studies.
- Substantiates that escitalopram and sertraline are the best treatments of moderate to severe depression, as they offer the best combination of efficacy and tolerability.

• Nutt, Journal of Psychopharmacology, 2009. From Cipriani et al., The Lancet, February 2009.

Ebixa® generated revenue of DKK 2,162 million in 2009, an increase of 15% on 2008. Ebixa® revenue in Europe rose 16% to DKK 1,800 million. Sales were driven primarily by underlying market growth and rising market shares in countries such as Italy, where Ebixa® was made eligible for reimbursement in April 2009. Launched in October 2008, the once-daily formulation of Ebixa® is now available in 12 countries in Europe and is expected to consolidate Ebixa®'s market position going forward. In International Markets, Ebixa® generated revenue of DKK 362 million, an increase of 13% on 2008. In spite of generic competition, Ebixa® has retained a high market share in many countries in International Markets, and sales are increasing in step with the growth in the aggregate market.

In July 2009, in collaboration with German-based Merz Pharmaceuticals GmbH, Lundbeck received approval of a pump for dosing liquid Ebixa®, which makes it easier for patients to dose their medication. The pump was launched in the first countries in November 2009.

In-licensed from Merz in 2002, Ebixa® is marketed by Lundbeck in 62 countries worldwide. Lundbeck has the rights to market Ebixa® in most parts of the world, excluding the US and Japan.

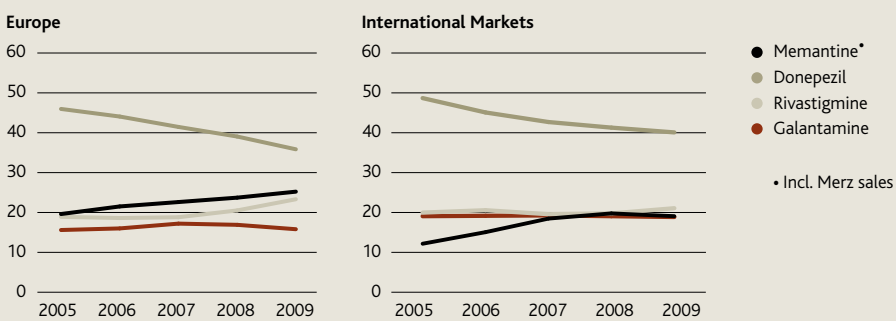
FACTS: Alzheimer's disease

- Alzheimer's disease is a neurological disorder and is the most common form of dementia. The disease is caused by the destruction of certain nerve cells, causing a gradual functional deterioration in the affected areas of the brain.
- The disease primarily affects those in middle and old age, starting with a mild stage of forgetfulness, changes in personality and confusion.
- At the moderate stage, patients lose the ability to perform everyday activities; they suffer disorientation, delusion and language problems and have difficulty recognizing even their loved ones.
- In the severe stage, patients gradually lose the ability to communicate, eat and drink.

EBIXA®

DKKm	2009	2008	Growth	Growth in local currency
Europe	1,800	1,557	16%	17%
Int. Markets	362	321	13%	18%
Total	2,162	1,878	15%	17%

MARKET SHARES FOR PHARMACEUTICALS FOR THE TREATMENT OF ALZHEIMER'S DISEASE (VALUE IN %)



Parkinson's disease

Parkinson's disease is one of the most common CNS disorders in elderly people. It is estimated that in 2008 more than 3.2 million people in the Western world suffered from Parkinson's disease, of whom an estimated 70% received 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 2018[5].

The global market for pharmaceuticals to treat patients with Parkinson's disease represents a value of approximately USD 4 billion, growing by 11% in 2008. There is a large number of pharmaceuticals on the market that offer symptomatic treatment in the various stages of the disease, either as monotherapy or as combination treatment. 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, aimed at optimizing the treatment at the various stages of the disease (some in combination with levodopa). In terms of value, dopamine agonists (pramipexole, ropinirole, rotigotine etc.) command the bulk of the market and have become very popular in recent years, especially for the treatment of early-stage disease.

Lundbeck markets Azilect® (rasagiline) for the treatment of Parkinson's disease. Azilect® is a MAO-B inhibitor which is used both as monotherapy and in combination treatment with other pharmaceuticals for the treatment of Parkinson's disease. Azilect® is easy to administer, and studies have shown that it is effective, well-tolerated and has few side effects.

In September 2009, the results of the ADAGIO study were presented in the peer-reviewed medical journal The New England Journal of Medicine[6]. The ADAGIO study substantiates that early treatment with Azilect® slows clinical progression of Parkinson's disease, which would indicate that early treatment with Azilect® may have a disease-modifying effect. Preventing disease progression is one of the most important unmet needs in the treatment of Parkinson's disease. The publication of the ADAGIO results ensures broad knowledge of the positive data, increasing the likelihood that Azilect® will henceforth be prescribed at an earlier stage of the disease.

At the end of December 2009, Azilect® held 8.2% of total European sales (in value terms) of pharmaceuticals to treat Parkinson's disease (6.5% in December 2008).

Azilect® generated revenue of DKK 769 million in 2009, an increase of 39% on 2008. Sales in Europe, which represents the vast majority of revenue, amounted to DKK 699 million, up 38% on 2008. So far, Azilect® has only been launched by Lundbeck in very few countries in Internatinal Markets, revenue in 2009 was DKK 70 million.

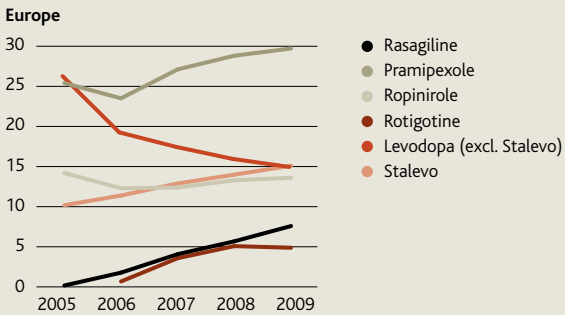
Launched in 2005, Azilect® is in-licensed from the Israeli pharmaceutical company Teva Pharmaceutical Industries Ltd. Lundbeck holds the rights to market Azilect® in Europe (in collaboration with Teva in France, the UK and Germany) and some markets outside Europe. At the beginning of 2010, Lundbeck and Teva expanded the existing agreement for Azilect® so that Lundbeck now also holds the rights to six Asian countries; China, South Korea, Hong Kong, Malaysia, Thailand and the Philippines. Lundbeck currently markets Azilect® in 32 countries.

AZILECT®

DKKm	2009	2008	Growth	Growth in local currency
Europe	699	507	38%	40%
Int. Markets	70	46	54%	73%
Total	769	553	39%	43%

5 'The Western world' refers to the five largest countries in Europe plus the US and Japan. COGNOS study - Parkinson's Disease, June 2009
6 New England Journal of Medicine, September 2009

MARKET SHARES FOR PHARMACEUTICALS FOR THE TREATMENT OF PARKINSON'S DISEASE (GROWTH IN %)



About the ADAGIO study

- One of the most comprehensive studies ever conducted in Parkinson's disease.
- Included 1,176 patients with early stage Parkinson's disease, conducted in 14 countries.
- Substantiates that early treatment with Azilect® slows the clinical progression of Parkinson's disease, which would indicate that early treatment with Azilect® may have a disease-modifying effect.

New England Journal of Medicine, September 2009

FACTS: Parkinson's disease

- Parkinson's disease is a chronic and progressive brain disorder that usually affects people over the age of 60 years.
- Parkinson's is caused by lack of dopamine, which is one of several chemical neurotransmitters responsible for transmitting signals within the brain. Loss of dopamine causes an imbalance in nerve cell activity, leaving patients unable to direct or control their movements in a normal manner.
- Typical symptoms are tremors, stiffness, slow movements and impaired balance. The precise cause of the disease is unknown, but genes, environmental factors and age are believed to be some of the factors involved.
- As the disease progresses, the symptoms grow worse, and the patient will most likely experience motor function problems. Ultimately, Parkinson's impairs the patient's ability to function in daily life situations.

FACTS: Epilepsy

- Epilepsy is a chronic neurological disorder that affects the nervous system and is characterized by recurrent seizures.
- An epileptic seizure can vary from the briefest lapses of attention or muscle jerks to severe and prolonged convulsions.
- Epilepsy increases a person's risk of premature death by two to three times compared to the general population. The most frequent seizure type is complex partial seizures (CPS), which can cause impaired consciousness.
- Infantile spasms is a difficult-to-treat form of epilepsy that usually strikes infants between 3-6 months of age.

Epilepsy

In 2009, Lundbeck launched a new pharmaceutical for the treatment of two types of epilepsy; refractory complex partial seizures (rCPS) and infantile spasms (IS).

Complex partial seizures (CPS) is the most common form of epilepsy. It is estimated that approximately 850,000 people in the US suffer from CPS, and an estimated 200-250,000 of these patients are refractory. Refractory CPS patients are patients who have received a number of different types of epilepsy treatment without achieving the intended effect and whose disease is therefore difficult to treat.

Infantile spasms affect an estimated 2,500 infants every year in the US. The disease usually strikes infants between three to six months of age.

In 2009, Lundbeck was granted approval of the compound Sabril® (vigabatrin) in the US. Sabril® is the first pharmaceutical approved by the US health authorities (FDA) for the treatment of infantile spasms, and it represents a new adjunctive treatment alternative for adults suffering from refractory CPS. Lundbeck received the rights to Sabril® in connection with the acquisition of Ovation in 2009.

Sabril® has a unique mechanism of action and has demonstrated in studies an ability to limit or eliminate the extent of epileptic seizures in a large number of patients. Although generally well-tolerated, the pharmaceutical has shown to involve a risk of vision impairment. Together with FDA Lundbeck has established a comprehensive Risk Evaluation and Mitigation Strategy (REMS) in order to manage the risk of vision loss associated with the product. The REMS program for Sabril® comprises components such as mandatory patient evaluations, limited product distribution and requirements of periodic vision testing.

Risk Evaluation and Mitigation Strategy (REMS)
In March 2009, the US health authorities, FDA, introduced REMS as a new regulatory system aimed at enhancing safety when using specific pharmaceuticals. REMS is the FDA's tool to ensure that a pharmaceutical company maintains a program to disclose and effectively tackle potential serious risks of a given medication.

Huntington's disease

In the US alone, approximately 20,000 people suffer from Huntington's disease, for which there is currently no cure, nor any treatment.

The most common symptom of Huntington's disease is chorea, which is characterized by involuntary, jerky movements. Chorea affects about 90% of patients suffering from Huntington's disease. In November 2008, Ovation launched Xenazine® (tetrabenazine) in the US for the treatment of chorea associated with Huntington's disease. Xenazine® is the first FDA-approved therapy for the treatment of one of the symptoms associated with Huntington's disease. Xenazine® is distributed under a REMS program to minimize the risk of depression and suicidality associated with the therapy, which is often a pre-existing condition in patients with Huntington's disease.

Xenazine® generated revenue of DKK 298 million in 2009, and in December 2009 more than 2,700 people had initiated or were awaiting treatment with the pharmaceutical.

The rights to Xenazine® were originally acquired from Cambridge Laboratories Ltd. in Ireland (which still owns the brand). Therefore, Lundbeck currently pays royalties to Biovail Corporation, which owns Cambridge Laboratories. In July 2009 Lundbeck acquired additional rights to Xenazine® by acquiring LifeHealth Limited in the UK, and thereby also acquired the rights to additional 25% of US revenue, and as a consequence reduced the royalty range paid to Biovail from 65-72% to 40-47%.

XENAZINE®

DKKm	2009	2008	Growth	Growth in local currency
Total	298	-	-	-

FACTS: Huntington's disease

- Huntington's disease is a neurodegenerative disease that results in uncontrolled movements, emotional disturbances, and mental deterioration.
- It is a genetic disorder with a 50/50 risk of a child inheriting the disease if one parent is a carrier of the defective gene. The average survival time after diagnosis of the illness is 15-20 years.
- The most common symptoms of Huntington's disease is chorea, which is characterized by involuntary, jerky movements.
- As the disease progresses, the symptoms worsen, making it difficult for individuals to speak, eat and get dressed. The patient eventually becomes completely dependent on others for daily functioning. The disease is ultimately fatal.

MATT DOUGLAS

Matt was diagnosed with Huntington's disease a few years after he and Karen got married. His disease changed many aspects of their lives and has had a major impact on the way they lead their lives. He has learned to cope with the disease and its symptoms.

RESEARCH AND DEVELOPMENT

Lundbeck's development portfolio was characterized by both progress and setbacks in 2009. In addition, we increased our research and development investments.

Innovation and improved medical treatment of diseases of the central nervous system (CNS) are the cornerstone of Lundbeck's strategy. We currently plow back more than 20% of our revenue into research and development, equal to just over DKK 3 billion. Our high level of investment will continue to strengthen and broaden our pipeline, and will be dedicated primarily to our late-stage projects in order to maximize their value.

We have a number of new and exciting pharmaceutical candidates under development in depression, anxiety and psychotic disorders, and in epilepsy, stroke and alcohol abuse.

The following changes were made to Lundbeck's development pipeline in 2009: One compound was moved into clinical Phase I trials, two compounds were advanced to clinical Phase II and two compounds completed clinical Phase II with positive results. In addition, one compound was delayed in clinical Phase III, one project in clinical Phase III was discontinued, and one product was delayed during the registration process.

After the end of the financial year Lundbeck has decided to stop two projects, Lu AA34893 in clinical Phase II in bipolar disorder and depression as well as Lu AA38466 in clinical Phase I.

At present, our development portfolio consists of:
- One project in clinical Phase I
- Five projects in clinical Phase II
- Five projects in clinical Phase III
- One product under regulatory review

Our development portfolio has the potential to bring 5-6 new products to market over the next five years, thereby adding considerable value to our business.

The key priorities for Lundbeck's research and development efforts in 2010 will be the following:
- Lu AA21004: Initiate new clinical Phase III trials
- Lu AA24530: Prepare and initiate new clinical trials
- Clobazam: Evaluate data and prepare a New Drug Application (NDA) filing in the US
- Desmoteplase and nalmefene: Ensure optimum execution of clinical trials and prepare for launch
- Schizophrenia projects: Ensure optimum start of clinical Phase III

Product under regulatory review

In June, we received a Complete Response Letter from the US Food and Drug Administration (FDA) for **Serdolect®** (sertindole) for the treatment of schizophrenia. The Agency's preliminary response included a request for data to better understand the appropriate patient population for which Serdolect® could be made available. Lundbeck is still in the process of addressing the FDA's request.

Clinical Phase III projects

Lu AA21004 belongs to a new class of pharmaceuticals for the treatment of depression and anxiety. Together with our partner Takeda Pharmaceutical Company Limited, we have received encouraging results from the clinical Phase III

LUNDBECK PIPELINE – PSYCHIATRY

Compound	Indication	Mechanism of action	Phase I	Phase II	Phase III	Registration application
Serdolect® USA	Schizophrenia	Dopamine/serotonin				
Nalmefene	Alcohol dependence	Specific opioid receptor antagonist				2011
Lu AA21004	Depression + GAD	$5HT_3$ antagonist, $5HT_{1a}$ agonist and 5HT enhancer				2012
Lu AA24530•	Depression	Multiple targets				2012 +
Zicronapine•	Psychosis	Monoaminergic				2012 +
Lu AE58054	Psychosis	Selective 5-HT_6 antagonist				2012 +
Lu AA39959••	Psychosis/ bipolar disorder	Ion channel modulator				2012 +

• Clinical Phase II trials with positive results
•• Clinical trials currently on hold

trials with Lu AA21004 but have also identified a need for additional studies before the submission of an anticipated NDA in the US. We will commence the new clinical trials in the first half of 2010.

In connection with the acquisition of Ovation Pharmaceuticals, Inc. in March 2009, we obtained access to the project **clobazam**, which is being developed in a clinical Phase III trial enrolling 240 patients with Lennox-Gastaut syndrome (LGS). We have now completed the recruitment of patients for this trial. The objective of the trial is to assess the efficacy and safety profile of clobazam in combination therapy of epileptic seizures in people with LGS. We expect to receive data in mid-2010 and to file an NDA in the US in the beginning of 2011.

Nalmefene builds on a novel principle of treating alcohol abuse. The treatment aims to block the mechanism in the brain that produces the desire to drink more. This gives people with alcohol abuse a better possibility of controlling and limiting their intake of alcohol. Nalmefene is available as a tablet formulation to be taken only according to need, whereas existing pharmaceuticals must be taken continuously over a longer period of time and require abstinence from alcohol consumption.

Previous studies have documented nalmefene's ability to significantly limit both the average alcohol intake and the number of days with an intake above five units of alcohol. This reduces the longer-term risk of developing diseases such as cardiovascular diseases, liver cirrhosis and a number of different types of cancer. Previous clinical trials also have proven nalmefene to be safe and well-tolerated.

The clinical Phase III program is progressing as planned, and two out of three studies now have completed the recruitment of patients ahead of plan. We expect the first data from the clinical program around year end 2010 and to file in Europe in the second half of 2011.

Nalmefene was originally developed by BioTie Therapies Corp. of Finland. Lundbeck holds the global rights to the compound, except South Korea.

Intravenous carbamazepine (I.V. carbamazepine) is a clinical Phase III project for the treatment of epilepsy. It is a new formulation of the oral anti-epileptic therapeutic carbamazepine, which is being investigated for possible administration as an injection.

Until now, an intravenous formulation of carbamazepine has not been available, but it may offer an important alternative to patients with epilepsy who are either hospitalized or temporarily incapable of taking carbamazepine orally.

Lundbeck took over the project in connection with the acquisition of Ovation. We expect to file an NDA for the project during 2012.

Lundbeck has initiated two new clinical Phase III programs with **desmoteplase** for the treatment of acute ischemic stroke, in which the blood supply to a part of the brain is interrupted.

Today, approved medical treatment must be applied within a maximum of three hours after the stroke occurs to have an effect. However, about 80% of the patients never make it to the hospital in time to be diagnosed within the treatment window. The clinical Phase III program consists of two placebo-controlled trials, each enrolling approximately 400 patients in Europe, the US, Canada, South America, South Africa and Asia. Following consultations with health authorities, the trials have been designed with the aim of measuring efficacy of one dosage of desmoteplase administered in a window of between three and nine hours after onset of stroke symptoms. The efficacy of the treatment is assessed after 90 days.

The clinical Phase III program has experienced a slow initial patient recruitment. Additional centres will be initiated over the next six months and other initiatives will be taken to speed up recruitment. Therefore, it is only expected to have limited impact on the previously communicated schedules. If the studies are positive, desmoteplase could be eligible for priority review by the FDA.

The global rights to desmoteplase are in-licensed from PAION AG, Germany.

LUNDBECK PIPELINE – NEUROLOGY

Compound	Indication	Mechanism of action	Phase I	Phase II	Phase III	Registration application
Clobazam	Lennox-Gastaut syndrome	GABA enhancer				2011
I.V. carbamazepine	Epilepsy	Sodium channel blocker				2012
Desmoteplase	Stroke	Plasminogen activator				2012
Lu AA24493	Stroke/neuronal damage	Tissue-protecting cytokine				2012 +
Lu 02-750	Parkinson's disease	Dopaminergic agent				2012 +

FACTS: Psychotic disorders

- Schizophrenia is the most common psychotic disorder. It is often chronic and may lead to pronounced changes in the patient's way of thinking and perception of the outside world. The disease often starts in late adolescence and is associated with substantial increased mortality rates.
- Patients with schizophrenia may suffer acute psychotic episodes of hallucinations and delusions. Many patients also have some cognitive dysfunction that makes it difficult to think straight and convert thoughts into action. Patients often also suffer from isolation and lack of initiative.
- Bipolar disorder (manic depression) is another form of psychotic disorder that is difficult to diagnose. The mood of the patients is affected in different ways and can cycle between depression and mania.
- People with uncontrolled bipolar disorder often experience an impaired level of functioning, ruined personal relationships and suicide attempts.

Clinical Phase II projects

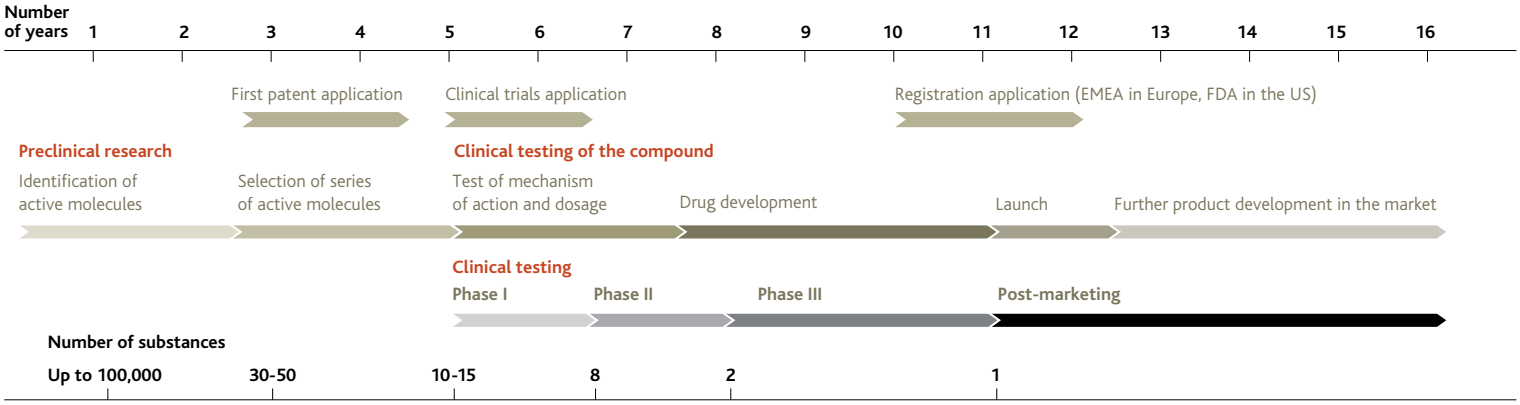
Like Lu AA21004, **Lu AA24530** belongs to a new class of antidepressants. We are conducting this project together with our partner Takeda. Development is proceeding as scheduled.

In July 2009, Lundbeck reported positive results from the clinical Phase II trial. Lu AA24530 consistently produced statistically significant improvements on the primary efficacy endpoint and on key secondary endpoints. This trial also demonstrated that Lu AA24530 was well-tolerated.

As with the other late-stage project in depression, Lu AA21004, discussions and the design of new clinical trials for Lu AA24530 are proceeding according to plan. Based on the solid clinical Phase II results, we will therefore initiate additional clinical activities at the end of 2010.

We have completed the clinical Phase II studies of **zicronapine** (Lu 31-130), a multi-receptor antipsychotic, with positive results. Zicronapine demonstrated efficacy in both positive and negative symptoms in schizophrenia combined with a low risk of extrapyramidal side effects (movement disturbances). Based on these data, we expect to initiate clinical Phase III trials at the end of 2010.

DEVELOPMENT OF A NEW PHARMACEUTICAL PRODUCT



Phase I
Human pharmacology
- First dose in man
- 30-150 people
- Evaluate safety and tolerability of the compound
- Evaluate toxicity, absorption, distribution, metabolism and excretion of the compound
- First indication of therapeutic value (often in healthy volunteers)

Phase II
Therapeutic exploratory
- 100-500 patients
- Explore therapeutic efficacy in patients
- Identify correct dosage, how to take the pharmaceutical and the length of the treatment

Phase III
Therapeutic confirmatory
- 500-5,000 patients
- Confirm that the pharmaceutical is safe and effective in the relevant disease and patient population
- On completion of Phase III, there should be sufficient documentation to obtain regulatory approval (registration) of the product

Post-marketing
Further product development in the market

Lu AE58054 has documented its ability to improve cognition in preclinical trials. The compound is currently in clinical Phase II in schizophrenia. The study consists of 120 patients, and headline results are expected in the first half of 2010.

We have also launched a clinical Phase II study of Lu AE58054 in Alzheimer's disease. The trial is focused on cognitive improvements of using Lu AE58054 in combination with the most frequently used anti-Alzheimer's agent, donepezil. We expect to have recruited approximately 270 patients with moderate Alzheimer's disease by the end of 2011.

Lu AA24493 has potential in the treatment of neurological disorders. The compound is currently in clinical Phase I for the treatment of ischemic stroke. Furthermore, we have initiated clinical Phase II trials with a view to evaluating safety, tolerability and efficacy parameters in humans suffering from Friedreich's ataxia. The primary objective is to evaluate the safety and tolerability of a two week treatment with a fixed dose Lu AA24493. However, this placebo-controlled program may potentially also provide efficacy signals. This project represents an innovative approach to obtaining proof of principle as we look for biological signals (biomarkers) as an early indicator of therapeutic efficacy.

We have initiated clinical Phase II trials with the compound **Lu AA39959**, which is the most advanced within a new class of compounds. Preclinical studies have shown anti-psychotic and anti-depressant effects. We expect that Lu AA39959 will show clear and convincing effects in people with bipolar disorder and is likely to have additional positive features such as a low switch-rate to mania. The clinical Phase II study is placebo-controlled and includes 180 patients with bipolar disorder.

In May 2009 we communicated that the clinical Phase II study with Lu AA39959 in bipolar disorder had been suspended. However, the project is still active, and we are presently evaluating the clinical possibilities. However, we do not expect to be able to re-launch the clinical trials until the end of 2010.

FACTS: Lennox-Gastaut syndrome (LGS)
- LGS is a difficult-to-treat and relatively rare form of epilepsy.
- LGS strikes children aged 1-8 years.
- Characteristics of the disease are atypical absence seizures during which the patient is mentally absent for long periods, and drop attacks in which the muscles suddenly lose their strength, and the patient falls over.
- A number of children afflicted by LGS develop autistic symptoms with repetitive movements, stereotyped behavior and contact disorders.

FACTS: Acute ischemic stroke
- Stroke is the primary reason for serious disability in the industrialized world and one of the leading causes of death.
- An ischemic stroke occurs when the blood supply to a part of the brain is suddenly interrupted (ischemic) by a blood clot in the brain.
- Some of the damaged brain cells can be saved if treatment is given within few hours after the stroke.
- Symptoms of a stroke include sudden numbness or weakness, especially on one side of the body, confusion, and loss of balance or coordination skills.

FACTS: Alcohol abuse
- Alcohol is toxic to most body organs, which can be harmed by the intake of alcohol.
- Excessive consumption of alcohol is a common problem in many parts of the world. It involves serious social consequences, while also increasing the risk of developing a number of diseases such as cardiovascular disease, cerebral atrophy, stomach ulcer, liver cirrhosis and certain types of cancer.
- The extent of injury depends on how much and for how long a time a person drinks alcohol.
- In the Western world, one in ten deaths is alcohol-related.

FACTS: Friedreich's ataxia
- Friedreich's ataxia is a hereditary disease that causes damage to the nervous system, resulting in gait disturbance, speech problems and heart diseases.
- The disease is characterized by the degeneration of nerve tissue in the spinal cord and of nerves that control muscle movement in the arms and legs.
- Friedreich's ataxia, although rare, is the most prevalent hereditary ataxia, affecting about one in every 50,000 people in the Caucasian population. Males and females are affected equally.
- There is currently no cure or effective treatment of the disease. However, many of the symptoms and accompanying complications can be alleviated.

ORGANIZATION

A strong organization with a winning corporate culture is key to exploiting our full potential and differentiating ourselves from the competition. In 2009, we focused on optimizing Lundbeck's existing organization and integrating Ovation.

Lundbeck is a global business with more than 5,900 employees. Headquartered in Denmark, Lundbeck has employees in 56 countries. 63% of our employees are located outside Denmark (61% in 2008).

We are a fully integrated pharmaceutical company possessing competencies across the value chain from research, development and production to marketing, sales and administration.

New HR initiatives

During 2009 we launched a new HR strategy and organization with the purpose of supporting the development of our business. Therefore HR now take active part in the management groups for all business areas in order to help ensure that our HR strategy initiatives, tools and processes are providing the business areas with the best possible foundation for effectively contributing to Lundbeck's continuing progress.

Integrating Lundbeck Inc.

One of our most important organizational tasks in 2009 was to integrate Ovation Pharmaceuticals, Inc. (now Lundbeck Inc.), a company we acquired in March. Key success criteria included a successful integration of organizational units, systems and processes, as well as employee retention. Cross-organizational integration teams were set up to ensure a swift and smooth integration process.

During the integration process, satisfaction surveys were conducted among the employees of Lundbeck Inc. and the parent company. These surveys allowed us to monitor employee satisfaction with the integration and to take action where necessary. We carried out a total of three employee surveys: Scores of 91-96% indicated a high level of satisfaction with the integration process. In addition, only 5% of Lundbeck Inc. employees have resigned since the acquisition, so Lundbeck's management believes that the integration of Lundbeck Inc. was also a success from an organizational point of view.

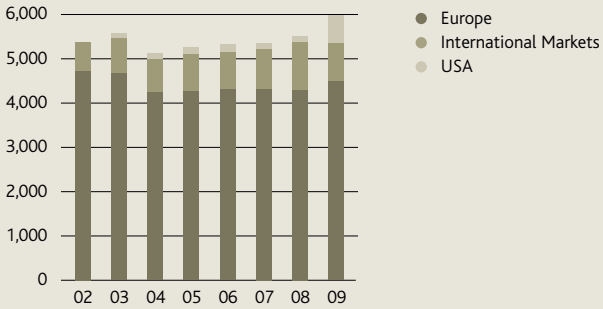
Organizational changes

To achieve success in an ever-changing pharmaceutical market characterized by much larger companies and fierce competition, it is important that Lundbeck constantly ensures its organization has the optimum structure and possesses the required competencies.

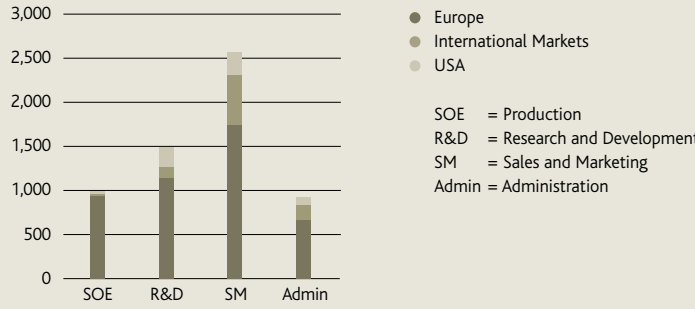
In 2009, we implemented a structured process for organizational change. The process aims to ensure that each business area and subsidiary identifies and launches the development initiatives in the organization that are necessary to accomplish the company's goals and to meet the strategic challenges it faces.

We adjusted our organization in 2009 by expanding efforts in fields and markets that are expected to add value to Lundbeck's development in the years ahead. In addition, we freed up resources for investment by improving productivity, and we shut down competency areas no longer considered instrumental to the future of our business.

NUMBER OF EMPLOYEES BY REGION



NUMBER OF EMPLOYEES BY FIELD



Against this background, we implemented a large-scale efficiency improvement program in Denmark and cut staff by 210 employees. It was important to us that the employees we had to lay off were given the best possible support to move on with their careers.

As a result of the reorganization and acquisitions made in 2009, we had approximately 5,900 employees (including part time employees) at the end of 2009, up from around 5,500 in 2008.

High-performance culture

Lundbeck aims to be an attractive workplace capable of attracting and retaining the best employees. Consequently, it is especially important to promote a high-performance culture in which cooperation, willingness and ability to change, innovative skills, and drive are key parameters.

As part of our Decisions Now program, we launched a number of initiatives in 2009 aimed at promoting a high-performance culture. We held focus group interviews with employees, conducted satisfaction surveys and offered a number of seminars with a view to establishing a shared perception of what a high-performance culture involves at Lundbeck.

Lundbeck aims to encourage dedicated employees capable of contributing new ideas, predicting hurdles and acting responsibly towards our stakeholders.

We are confident that the transition to a new corporate culture will be gradual and based on our current culture. Lundbeck has been a success, not least owing to our competent and dedicated employees and our understanding of the market in which we operate. However, as the pharmaceutical market is constantly changing, it is imperative that management and employees throughout the organization constantly challenge existing work processes, learn from their own and other people's experience and have the courage to set and pursue ambitious goals.

Attractive workplace

In 2009, Lundbeck participated in the Great Place to Work survey, which rates the best workplaces in Denmark. We were happy to see that Lundbeck ranked among the best workplaces in Denmark.

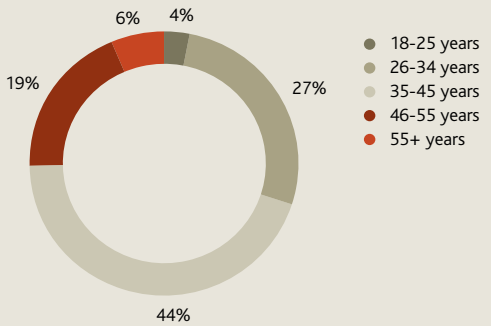
For companies with more than 500 employees, Lundbeck ranked eighth, an excellent placing that underlines the value of the great effort made to create an attractive workplace. In addition, the survey serves as concrete and valuable inspiration for Lundbeck's continuing focus on attracting and retaining the best employees.

Priority areas in 2010

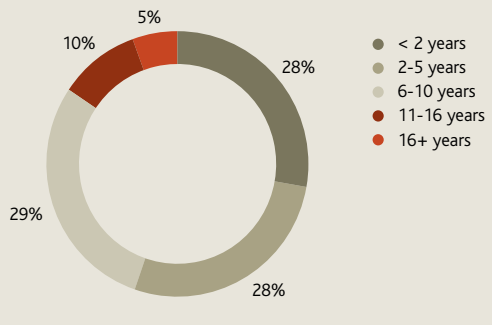
In 2010, Lundbeck aims to continue its structured efforts to ensure the successful development of its organization. We will focus especially on supporting the continuing development of a high-performance culture that can help us retain Lundbeck's position as a competitive and attractive workplace.

We want to involve the entire organization in building this high-performance culture, so we will upgrade our management development program to ensure that managers throughout the organization possess the required competencies. On the basis of the current talent development programs, we will also intensify efforts to retain and develop talent and key people at Lundbeck. We will implement performance management initiatives focused on a uniform evaluation of the goals defined for Lundbeck's managers and tied to the company's compensation policy.

AGE DISTRIBUTION 2009



SENIORITY DISTRIBUTION 2009



Average age: **40 years**
Average seniority: **5.5 years**

WENDY VEASEY

Wendy developed epilepsy after being in a traffic accident when she was very young. The following years were hard and she lost her boyfriend and friends and ended up being very lonely. However, after receiving the right treatment she now has better control over her symptoms and once again enjoys life.

RISK MANAGEMENT

Lundbeck has identified the risks which the company is exposed to and regularly aligns its systems to ensure optimum risk management.

Lundbeck attempts to secure a reasonable balance between risk exposure and value-generating activities. Our risk management systems are consistently updated and adapted to match intra-Group and external requirements and needs. We have a risk management organization with a centralized Risk Office, the purpose of which is to provide the Corporate Management Group with a solid basis for decisions regarding the company's overall risk exposure and give them a proper overview of the activities and resources available.

The fundamental principle is that risks, in addition to central surveillance and coordination, should be managed by a decentralized unit that has the most extensive knowledge of such risks and the best possibility of mitigating the exposure. Consequently, the individual business units take a systematic approach to monitoring, identifying, quantifying and responding to risks. Furthermore, we have defined reporting, decision-making and follow-up procedures and routines.

We assess the likelihood of an event occurring and the potential consequences for Lundbeck in the form of financial loss or damaged reputation. The decentralized risk evaluation in the business units is regularly reported and processed by the organization.

Risk reporting

Every six months, the Risk Office updates Lundbeck's overall risk exposure when the business units report on the principal risks in their area. The reports contain the following:

- Description of risk
- Who is responsible
- When is the event likely to happen
- What sort of risk-hedging and mitigating initiatives and possibilities do we have
- Potential consequences if the event occurs

The Risk Office assesses Lundbeck's overall risk exposure and discusses it with the Risk Management Board. Subsequently, risks and risk exposure are presented to the Audit Committee. Risk reporting forms an integral part of Lundbeck's overall reporting process.

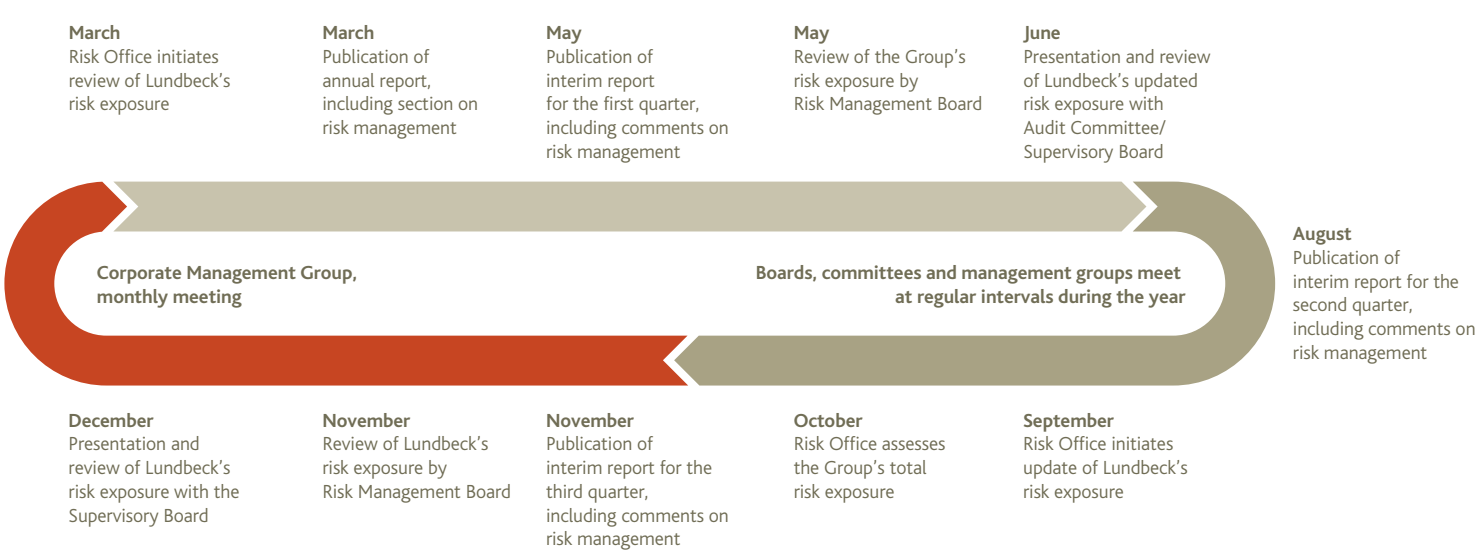
Risk exposure

The reporting and management of risk exposure follows the pharmaceutical value chain. The figure on p. 31 highlights the risks that we have defined as being particularly critical.

Research and development risks

Lundbeck relies on its ability to protect its intellectual rights in connection with new pharmaceuticals and to operate its business without infringing the rights of others. Patenting and the patent application process in pharmaceutical companies

RISK REPORTING



are legally and scientifically complicated processes and are thus subject to a certain degree of uncertainty. Lundbeck is taking major steps to develop and retain competencies in this area, and we consistently defend our intellectual property rights.

Throughout the research and development process, there is a risk that new pharmaceuticals may be delayed or have to be abandoned altogether. In 2009, Lundbeck experienced a number of significant events in late-stage projects in our pipeline.

- Results from the three clinical Phase III trials with Lu AA21004 caused a delay in submission of the NDA in the US by approximately 24 months.
- Lundbeck received a Complete Response Letter from the US Food and Drug Administration (FDA) for Serdolect® with a request for additional data.
- Lundbeck and Solvay Pharmaceuticals B.V. decided to discontinue the further development of bifeprunox.

In each of our late-stage projects, we thoroughly assess if factors such as the initiation of new clinical trials or support for patient recruitment in ongoing studies could increase the chances of a successful completion of the projects.

Production risks

Managing reliability of supply is crucial in ensuring that patients constantly have access to the pharmaceuticals they need. For this reason, we carefully monitor the supply situation and as a rule maintain an inventory level that will help us overcome a production breakdown.

To mitigate the company's production risks, in October 2009 we acquired the French company Elaiapharm, which has been a contract manufacturer for Lundbeck for a number of years. The acquisition provides us with production and packaging facilities to complement our facilities in Copenhagen and will enhance flexibility in our pharmaceutical production, while also reducing our costs.

In rare cases, pharmaceutical companies are forced to recall a product from the market due to a problem with the safety or quality of the pharmaceutical. Lundbeck has systems and procedures in place to ensure a swift and effective response if the need should arise.

Sales and marketing risks

The pharmaceutical market is characterized by the aim of the authorities to reduce prices and regulate access to the market in order to cap increases in healthcare costs.

Market changes such as price reductions may have a considerable impact on the earnings potential of pharmaceuticals. For example, Lundbeck experienced significant price cuts in Turkey in 2009 due to recent years' health reforms in that country. Following the acquisition of Ovation Pharmaceuticals, Inc., Lundbeck also has become more susceptible to potential future health reforms in the US. In addition,

RISKS IN THE PHARMACEUTICAL VALUE CHAIN*

Research and development risks	Production risks	Sales and marketing risks
• **Intellectual property rights**	• **Reliability of supply**	• **Price pressure and market access**
• **R&D portfolio**	• **Product recall**	• **Generic competition**
• Trials and product approvals	• Regulatory risk	• **Confidence in pharmaceuticals**
• In-licensing	• Suppliers	• Marketing
• Out-licensing	• Distribution	• Product liability
• Technology	• Intellectual property rights	

Risks across the value chain • **Partnerships, in-licensing and acquisitions** • **Human capital and knowledge** • **Corporate governance** • **Finance** • Reputation

* The highlighted risks are those defined by Lundbeck as particularly critical.

the involvement of the US authorities in matters such as patent and licensing procedures has become more important to us now.

We are working with the health authorities around the world to document the value of our pharmaceuticals, and we continuously seek to adjust our organization to accommodate changes in market conditions.

We carefully monitor and analyze the Group's intellectual property rights and the risk of generic competition. We believe that Lundbeck's intellectual property rights are valid and enforceable, and it is our policy to defend these rights energetically, wherever they may be violated.

Lundbeck is involved in pending trials concerning intellectual property rights for escitalopram in Austria, Belgium, Brazil, Canada, Denmark, Finland, France, Germany, Hungary, The Netherlands, Israel, Lithuania, Norway, Portugal, Romania, Spain, Turkey and the UK.

New clinical trials, publications and discussion papers may change the perception of the position of our pharmaceuticals relative to competing products. We invest considerable resources in establishing a factual and scientific foundation that allows doctors and patients to maintain confidence in our pharmaceuticals.

A growing problem on the pharmaceutical market in recent years has been the sale of counterfeit medicine, e.g. on the Internet. However, only a few cases of counterfeit Lundbeck medications have been registered, with four cases in 2009 versus 14 in 2008. Lundbeck pursues all cases through its Anti-Counterfeit Task Force and is a member of the World Health Organization's (WHO) anti-counterfeit organization IMPACT.

Risks across the value chain

Partnerships, in-licensing and acquisitions

Lundbeck's business model is based on partnerships, among other things. Partnerships offer a number of benefits, but also mean that we do not retain full control of the individual projects and products. However, through close and open dialogue with our partners we seek to ensure that our targets are met by sharing ideas and best practices in development, production, marketing and sales.

The in-licensing of pharmaceuticals is characterized by sharp competition. This involves the risk that prices of attractive projects are pushed up to a level that would render them unprofitable, considering the risk involved.

In March 2009, Lundbeck acquired Ovation at a price of approximately DKK 5.1 billion. Before we go through with a major deal, a comprehensive due diligence is performed, in which relevant in-house and external specialists are involved contributing analyses and assessments before the final recommendation is made and the transaction is finalized.

Human capital and know-how

Lundbeck is a knowledge business, and that means that our success depends on our having the right employees with the right competencies. Consequently, we are taking great strides to secure our human capital.

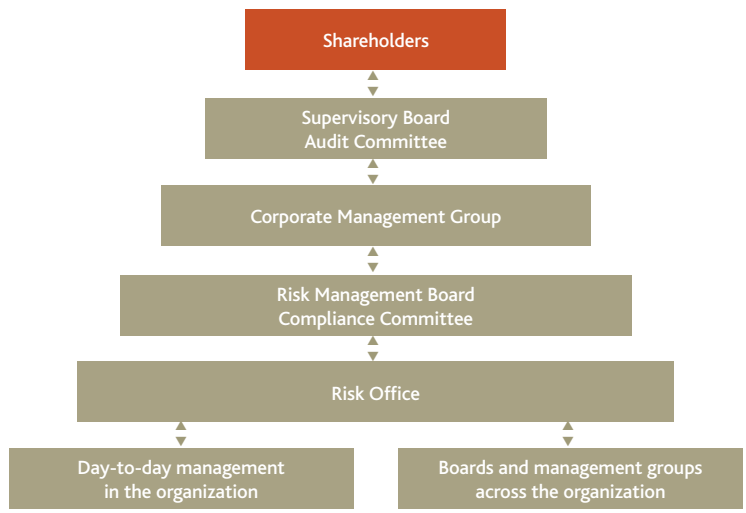
We spend substantial resources on developing employee know-how and competencies. This is the key to our success, but it also means that the employees are attractive to other businesses. Therefore, remuneration, employee benefits, recognition and development opportunities are key factors for us in retaining our employees.

To a company such as Lundbeck, it is crucial that we can protect the knowledge that is the basis of our success. We have sharpened our focus on information security with the aim of protecting own intellectual property rights and, not least, avoiding the infringement of third party rights. We need to keep our information secure but also need to share knowledge between employees around the world.

Corporate governance

Corporate governance, including risk management, is the cornerstone of Lundbeck's way of running its business. The preconditions for preventive and forward-looking risk management are in place. The organization delivers ongoing, value-creating,

RISK MANAGEMENT



valid and fast reports on issues such as Lundbeck's reputation, risk profile on marketed products and operational, tactical and strategic financial planning. In order to strengthen our activities in respect of corporate responsibility, we set up a global compliance program in 2009 and also established a compliance committee in charge of implementation of and compliance with our responsibility guidelines.

Financial risks
Most of Lundbeck's commercial transactions are settled in foreign currency. The foreign currency exposure is reduced by hedging positions in the most important foreign currencies through forward contracts and option contracts and, to a minor extent, by raising foreign currency loans.

At the present time, the currency risk is primarily associated with movements in the US dollar, but also a number of other currencies.

At the end of 2009, Lundbeck has hedged income in these currencies for most of 2010. Accordingly, if exchange rates change during 2010, this will only have a small impact on Lundbeck's financial results for 2010, but it may affect the financial performance from 2011 onwards.

Interest rate risks arise in connection with the company's bond portfolio, debt portfolio and cash holdings. Interest rate risks are reduced by seeking short duration on both the asset side and the liabilities side.

The credit risk that arises in connection with the sale of goods, the Group's bond portfolio and cash holdings is reduced by avoiding credit risk concentration and by diversifying receivables on a large number of creditworthy trading partners. In addition, the Group exclusively deals with banks that have a high credit rating.

In 2009, Lundbeck was only slightly affected by the turbulence in the financial market. For further clarification on financial risks see note 15, p. 83-84 and note 24, p. 90-93.

DECISIONS IN KEY PATENT CASES

Australia
The Full Court in Australia confirmed the product patent for escitalopram. The court also maintained the first instance decision to deny a five year extension of the patent on escitalopram. The rulings are final and conclusive.

Canada
At the beginning of 2009, Lundbeck won three cases in Canada. As a result of the decisions, generic escitalopram cannot be marketed in Canada before the patent for escitalopram expires. The decisions have been appealed by the other side. Lundbeck and Merz GmbH have lost a case in Canada in respect of two patents for the use of memantine. As a result of the decision, generic memantine has now been approved and launched on the market.

UK
In 2009, Lundbeck won an appeal case before the Supreme Court in England. Unanimously adopted by all the judges before the House of Lords, the ruling determines that the composition-of-matter patent behind escitalopram is valid and enforceable. The ruling is final and conclusive.

Germany
Bundesgerichtshof in Germany confirmed the patent for escitalopram. The judgment from the appeal instance ruled that the patent on escitalopram in Germany is to be upheld until June 2014. The ruling is final and conclusive.

United States
In July 2009, Lundbeck and Forest Laboratories, Inc. entered into a settlement agreement with Caraco Pharmaceuticals Laboratories, Ltd. and Sun Pharmaceuticals Industries, Ltd. in a pending patent infringement case regarding the patent on escitalopram in the US. Under the agreement Caraco will be able to enter the US market as of the date that any third party generic, other than the first filer or a generic authorised by Lundbeck or Forest, enters the market. As part of the agreement, Lundbeck will gain license to a family of patents and patent applications, owned by Sun, relating to a process for the production of citalopram and escitalopram.

GLOBAL RESPONSIBILITY

In 2009, we drafted a code of ethics, initiated a number of activities to promote responsibility, stepped up stakeholder relations and joined the UN Global Compact.

Lundbeck's corporate responsibility initiatives build on the company's values, ownership structure and many individual initiatives undertaken by our employees. With our recently established Corporate Responsibility Program, we aim to systematize these efforts, ensure business process transparency and strengthen our corporate culture for compliance with applicable regulations.

At the same time, one of our principal tasks has been to prepare for Lundbeck's participation in the UN Global Compact with the aim of actively complying with the principles for human rights, labor standards and the environment and anti-corruption, and to report openly on our initiatives and results. We have drafted a code of ethics, set up a global compliance structure and designed plans for the specific initiatives that we intend to pursue in the years ahead.

At Lundbeck, we believe that the best way of exercising corporate responsibility is to centrally define our strategic framework and guidelines and to support our business units in drawing up and implementing their action plans.

Code of ethics

We aim to maintain an open dialogue about Lundbeck's responsibility with its stakeholders, and we actively consider and respond to their expectations. As a result of this dialogue, we opted to formulate a code of ethics in 2009 consisting of 12 brief sections that describe Lundbeck's ambitions and positions on the company's principal ethical issues. Our code of ethics went into effect on 1 January 2010.

Our code of ethics has now been communicated to all employees. Lundbeck's managers have been asked to translate the code into specific action plans and incorporate it in the business procedures of their departments, with the support of the Corporate Responsibility Program. For each of the 12 sections of the code, we will develop a prioritized list of new employee guidelines that will describe in detail what is considered acceptable practice at Lundbeck.

Compliance culture

We consistently endeavor to optimize our in-house procedures to ensure that we comply with applicable regulations, be they based on legislation, industry standards or our own guidelines.

To further strengthen this process, we initiated a wide-reaching effort in 2009 aimed at building a compliance culture shared by the entire Group. The effort covers a number of topics and is a four-level structure based on an assessment of the importance of each topic for Lundbeck and our stakeholders (see chart on p. 35). The first two levels include a description of Lundbeck's attitudes, ambitions and action plans. The third level includes specific monitoring and follow-up. The top level also comprises mandatory training of employees in acceptable practice. The structure will be reviewed annually to ensure ongoing improvements.

Our strategic objective is to facilitate collaboration on complex regulatory matters across national boundaries. A firmly anchored compliance culture is already a key competitive parameter, and in the longer term it will become a prerequisite for running a global pharmaceutical company.

We have laid down four key priority areas for the period 2010-2012:

- We will draw up and implement binding guidelines with the aim of ensuring that all employees are familiar with and can perform their duties in accordance with Lundbeck's business ethics.
- We will revise the ethical standards that we require our suppliers to follow, and we will ensure that these standards are, at a minimum, in compliance with the UN Global Compact.

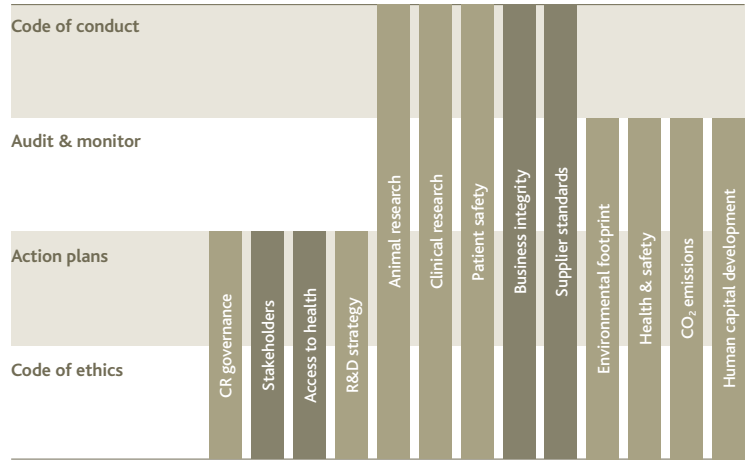
LUNDBECK'S CODE OF ETHICS

1. Our company shall evolve through stakeholder engagement
2. We will improve access to health for people living with CNS disorders
3. Our R&D strategy aims towards innovative CNS treatments
4. We will continuously reduce, refine and replace animal experiments
5. We will ensure high ethical standards and transparency in clinical trials
6. Our approach to patient safety shall be proactive and systematic
7. We are committed to working against corrupt practices
8. Our standards for suppliers shall be aligned with internal standards
9. We will investigate and report the environmental impact of products
10. We will minimize consumption of materials and the emission of CO_2
11. We will ensure a sound working environment for our employees
12. We will develop our human capital to ensure our long-term performance

- We will regularly evaluate our efforts in order to improve access for vulnerable groups to treatment of CNS disorders and define a vision for this area.
- We will work with our stakeholders to enhance transparency in Lundbeck by developing and reporting on selected indicators that measure compliance with our code of ethics.

Read more about Lundbeck's code of ethics at lundbeck.com/corporate_responsibility. On our website, we also publish Lundbeck's communication on progress to the UN Global Compact, detailed cases, targets for our global responsibility initiatives and quantitative data for Lundbeck's work in the field of health, safety and the environment.

LUNDBECK'S COMPLIANCE-STRUCTURE



Milestones in 2009

Compliance Committee

Chaired by the President/CEO, the Compliance Committee ensures the development of our comprehensive compliance program and ensures compliance with applicable regulations throughout the company. The Committee receives quarterly reports from the entire company and will initiate corrective and preventive measures.

New code of ethics implemented

Our code of ethics, which was implemented on 1 January 2010, describes the road to increasingly systematic and intensified work with Lundbeck's corporate responsibility in 12 key areas. Our code of ethics defines our ambition level, and in the years ahead, we intend to conduct a number of highly prioritized activities aimed at ensuring that we reach and remain at that level.

UN Global Compact

In 2009, we signed the UN Global Compact. In doing so, we undertook to promote compliance with the Global Compact's ten principles for human rights, labor standards, the environment and anti-corruption, and to continue ongoing communication on our progress. Our participation in the Global Compact is a natural next step in our efforts to increase transparency. We have published our first communication on progress to the UN Global Compact at lundbeck.com/corporate_responsibility and on the UN Global Compact website, and it constitutes our mandatory report on corporate responsibility under section 99a(7) of the Danish Financial Statements Act, as well.

Results and openness on CO_2 emissions

For many years, we have made a dedicated effort to optimize our energy consumption and reduce carbon dioxide emissions. As a result of Lundbeck's growth in recent years, we have increased our production of pharmaceuticals, but our total energy consumption and CO_2 emissions have been reduced each by 16%. Our target is for Lundbeck's CO_2 emissions in 2016 not to exceed the level recorded for 2006. In 2009, the Carbon Disclosure Project, an international reporting initiative for CO_2 emissions, highlighted Lundbeck as a leading company owing to our results and openness.

Health, safety and environment

In 2009, we optimized our health, safety and environment (HSE) initiatives by integrating the statutory HSE organization into our existing management groups. The new organization specifies responsibility, ensures effective decisions and local ownership, and thus adds value to all the hard work contributed by the employee representatives. Furthermore, the new organization can be realigned to meet local needs and will be implemented globally across the entire Lundbeck Group.

The Lundbeck Institute

The objective of the Lundbeck Institute is to improve, through education and information, the treatment of patients suffering from CNS disorders. A total of 82 international specialists collaborate with the Institute, which held 11 seminars in 2009 attended by a total of 220 doctors from 27 countries. The Institute is responsible for the DepNet website, where patients, relatives and healthcare professionals can share experiences about depression and receive product-independent advice from the doctors affiliated with the service. DepNet has been launched in 18 countries.

CORPORATE GOVERNANCE

Corporate governance at Lundbeck involves the way in which the company is managed and controlled, the codes that regulate the interaction between our management, Supervisory Board and stakeholders, and the internal controls in the accounting report process.

Lundbeck's Supervisory Board and Executive Management remain focused on corporate governance and have implemented the corporate governance recommendations set out by the NASDAQ OMX Copenhagen exchange. The Supervisory Board believes that the company meets all of these corporate governance recommendations, except for disclosure of the amount of the remuneration paid to individual members of Executive Management, as well as the number of shares held by each individual member of the Supervisory Board nor any changes to the number of shares held. Lundbeck does not believe that this would provide relevant information[1].

Supervisory Board

Lundbeck's Supervisory Board consists of six external directors elected by the shareholders at the Annual General Meeting and three members elected by Lundbeck's Danish employees. The current Board members are believed to possess the financial, strategic and business competencies required to serve on the board of an international pharmaceutical company.

The Supervisory Board is responsible for defining Lundbeck's general strategy, setting goals for Executive Management and ensuring that members of Executive Management and other managers consistently have the right qualifications. The Board also evaluates management and management remuneration.

1 A detailed description of the Supervisory Board's considerations in respect of the NASDAQ OMX Copenhagen recommendations is available on lundbeck.com/about us/.

Supervisory Board
- Per Wold-Olsen (chairman)
- Thorleif Krarup (Deputy chairman)
- Egil Bodd
- Kim Rosenville Christensen
- Peter Kürstein
- Jørn Mayntzhusen
- Mats Pettersson
- Birgit Bundgaard Rosenmeier
- Jes Østergaard

Audit Committee
- Peter Kürstein (chairman), Thorleif Krarup and Egil Bodd

Remuneration Committee
- Per Wold-Olsen (chairman), Mats Pettersson and Jes Østergaard

Scientific Committee
- Egil Bodd (chairman), Mats Petterson and Jes Østergaard

The Supervisory Board also has the overall responsibility for ensuring that adequate internal controls are in place and for identifying and addressing the Group's risks. This responsibility is defined in the Danish Public Companies Act and stipulated in the rules of procedures for the Supervisory Board.

The Supervisory Board regularly evaluates the Group's business and financial strategies and policies and ensures that the day-to-day management of the company is made in accordance with such policies. The Supervisory Board evaluated its work at the beginning of 2010.

The Supervisory Board receives periodic reports from Executive Management, including:
- Follow-up on strategic activities approved by the Supervisory Board
- Information about principal risks, including risks associated with patenting, the research and development portfolio, regulatory, commercial and financial issues
- Recommendation for approval of large-scale investments and transactions which, according to the company's circumstances, are of an unusual nature or size
- Financial reporting, including follow-up on budgets, estimates, interim financial statements and annual reports
- Reports from the Audit Committee on 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 long-form audit report from the external auditors

In 2009, the Supervisory Board undertook the important tasks of evaluating strategic initiatives associated with the pipeline and business development and of ensuring consistently strong financial results.

The Supervisory Board held 11 ordinary meetings and four extraordinary meetings in 2009, plus a strategy seminar together with Executive Management.

The Supervisory Board has set up three committees: the Audit Committee, the Remuneration Committee and, most recently, a Scientific Committee, in 2009. These committees advise the Supervisory Board in connection with financial information and reporting, remuneration of Executive Management and research and development, respectively. The Audit Committee held four meetings in 2009, the Remuneration Committee 10 meetings and the Scientific Committee one meeting.

Remuneration – Supervisory Board

Members of the Supervisory Board receive a fixed remuneration and are not included in the company's bonus and incentive programs. In addition, the members of the audit, remuneration and scientific committees receive a separate fee.

It is proposed that the basic fees to the Supervisory Board remain unchanged in 2010. An ordinary board member receives DKK 300,000, while the chairman and deputy chairman each receive three times and twice the basic fee, respectively. The members of the audit, remuneration and scientific committees will each receive DKK 200,000 in 2010. The chairmen of the committees will receive 1.5 times the basic amount.

Executive Management
Lundbeck's Executive Management consists of six members and represents all links in the pharmaceutical value chain; research, development, production, marketing, sales and administration. Corporate Management Group also includes the function areas Business Development, HR and Legal.

Executive Management is responsible for establishing the necessary procedures and internal controls based on the Supervisory Board's guidelines, and has implemented the following:

- Segregation of functions and limits on powers to sign for the company and approve authorizations to prevent fraud and financial losses
- Establishing policies in areas such as IT security, insurance, investment, procurement, cash management and financial reporting
- Regular follow-up on and reports on status for targets and results achieved relative to approved budgets
- Regular meetings at which the Corporate Management Group reviews and evaluates progress and risks in the research and development portfolio
- Weekly reporting to the Corporate Management Group on cash and financial positions
- A statement to the extent to which the company's policies have been implemented and complied with, signed by the management of the reporting entities in connection with financial reporting

Remuneration – Executive Management
Executive Management remuneration for 2010 is based on the guidelines approved at the Annual General Meeting in 2008. These guidelines, which specify the components of the remuneration package for Executive Management members, are available at lundbeck.com/aboutus.

The remuneration components reflect Lundbeck's ambition to be a high-growth research-based company dedicated to disorders of the central nervous system. Members of Executive Management are rewarded for achieving ambitious short-term and long-term targets that include outperforming peer companies.

Internal Audit
Internal Audit reports directly to the Audit Committee and is thus 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 after a plan of rotation to ensure compliance with the company's policies and procedures and to assist management by recommending ongoing improvements to existing internal controls.

Furthermore, we have established a whistleblower system that all employees can use anonymously to contact Internal Audit if they experience non-compliance with Lundbeck's business ethics policies.

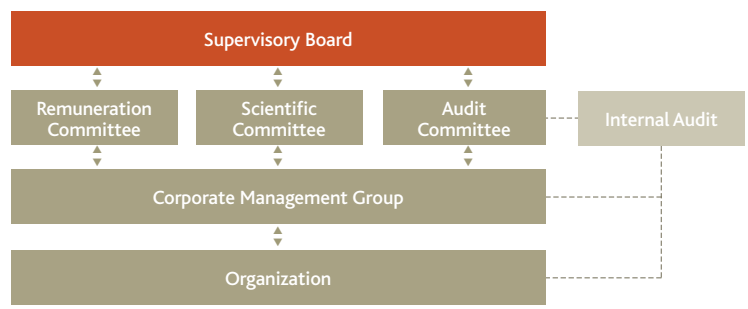
Audit Committee
The Audit Committee has an advisory role relative to the Supervisory Board, including matters such as internal controls in the financial reporting procedures, special financial and accounting issues, evaluation of financial reporting and other financial information and risk management. The Audit Committee fulfills its duties by way of the following activities:

- Three annual meetings attended by the Corporate Management Group and internal and external auditors
- Consideration of the management's recommendation concerning accounting policies and accounting estimates with significant impact on the financial reporting process and new accounting standards and significant single transactions
- Approval of new and revision of critical guidelines and policies for internal controls and financial reporting procedures
- Approval of Internal Audit's annual strategy and audit plans and review of status on audit procedures performed
- Review of communication from external auditors to the Supervisory Board, including monitoring and control of external auditors' independence, review of audit planning and drafting long-form audit reports
- Systematic review of the company's risk exposure
- Review of cases received through the whistleblower system

Remuneration Committee
The purpose of the Remuneration Committee is to provide the Supervisory Board with the best possible basis for making decisions on the remuneration provided to the members of Executive Management and on the company's overall remuneration policy. The Committee also handles assignments related to recruitment and appointments to Lundbeck's senior management.

Scientific Committee
Towards the end of 2009, the Supervisory Board decided to set up a scientific committee, the purpose of which is to provide the Supervisory Board with the best possible basis for supporting strategic R&D decisions.

LUNDBECK'S CORPORATE GOVERNANCE MODEL



THE LUNDBECK SHARE

Trading in Lundbeck shares was on a level with 2008. The Supervisory Board proposes that 30% of the profit for the year after tax be paid as dividend.

In 2009, Lundbeck was once again among the 20 most traded shares on the NASDAQ OMX Copenhagen exchange. The company is thus still a component of the leading Danish OMXC20 index.

During the first half of 2009, the price of Lundbeck's shares fluctuated heavily due to company-specific news, while the share price was more stable in the second half. Overall, the price of Lundbeck's shares fell by 13.9% in 2009. In comparison, the total OMXC20 index gained 35.9%, while the MSCI Europe Pharmaceutical Index rose by 11.4% in 2009.

The share price closed the year at DKK 94.75 and peaked at a year-high closing price of DKK 141.50 on 9 February 2009. The lowest closing price was DKK 90.75 on 3 December 2009.

Turnover

Total trading in Lundbeck shares amounted to approximately DKK 11 billion in 2009. The average daily turnover was 412,733 shares. Trading in Lundbeck shares was on level with 2008.

Dividend

It is our policy to pay a dividend of 25-35% of the profit for the year after tax, with due consideration to the company's growth plans, possible acquisitions and other liquidity requirements. For the financial year 2009, the Supervisory Board proposes a dividend of 30% of profit for the year after tax, corresponding to DKK 3.07 per share.

Lundbeck shares are traded ex-dividend the day after the Annual General Meeting, which will be held on 20 April 2010. The dividend will be paid automatically via the Danish Securities Center on 26 April 2010.

Shareholders

Through LFI a/s, the Lundbeck Foundation, which is the company's largest shareholder, held 137,351,918 shares at the end of 2009, corresponding to 70.04% of the shares and votes in H. Lundbeck A/S. LFI a/s is the only shareholder that has notified the company that it holds more than 5% of the share capital.

Institutional investors in North America represented a lower proportion of the shareholders at the end of 2009. At the end of 2009, they held 28% of the free float, against 32% at 31 December 2008. European institutional investors reduced their holdings from 18% at the end of 2008 to 17% at 31 December 2009. At the end of 2009, Danish institutional investors held 20% (22% at the end of 2008).

The share of the free float held by private, Danish investors rose to 17% at the end of 2009 from 14% at 31 December 2008.

At the end of 2009, H. Lundbeck A/S held no treasury shares, as the company, after the Annual General Meeting in 2009, cancelled the shares acquired under the share buyback program, which was completed in 2008.

At the end of 2009, members of Lundbeck's Supervisory Board and Executive Management had, directly and indirectly, a total holding of Lundbeck shares of 102,916.

The company's shares are registered by name and are entered in the register of shareholders. At the end of 2009, 31,152 registered shareholders held 95% of the share capital.

Investor Relations

Through ongoing communication with the company's potential and existing shareholders and equity analysts, Lundbeck aims to give a true and fair view of the company's activities. We seek to provide the optimum insight to the equity market by conveying relevant and consistent information about Lundbeck's visions and goals, business areas and financial developments.

This is done through ongoing dialogue with equity market stakeholders, including frequent meetings with investors and analysts. In 2009, we held about 250 investor meetings, primarily in Europe and the US.

At the presentation of Lundbeck's interim reports, we hold roadshows at which our Investor Relations department and senior management inform investors and analysts about the latest company developments.

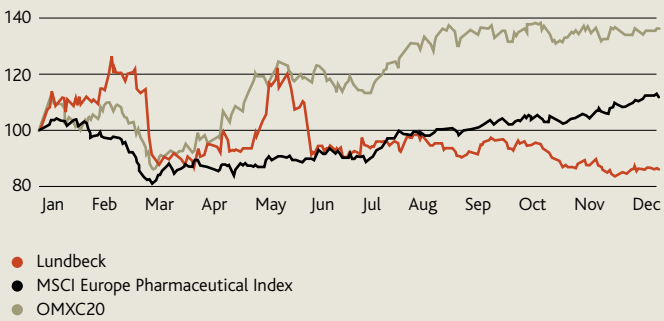
Contact Investor Relations

Jacob Tolstrup
Vice President, IR & Communication
Tel + 45 36 43 30 79
jtl@lundbeck.com

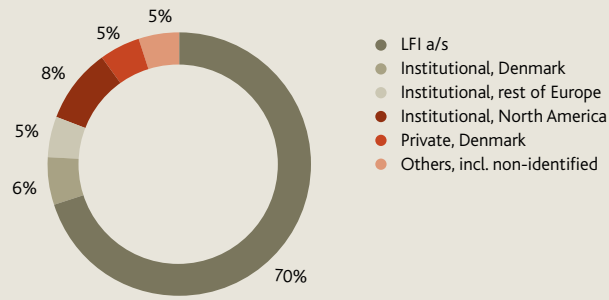
Palle Holm Olesen
Chief Specialist, Investor Relations
Tel +45 36 43 24 26
palo@lundbeck.com

Magnus Thorstholm Jensen
Investor Relations Officer
Tel +45 30 83 38 16
matj@lundbeck.com

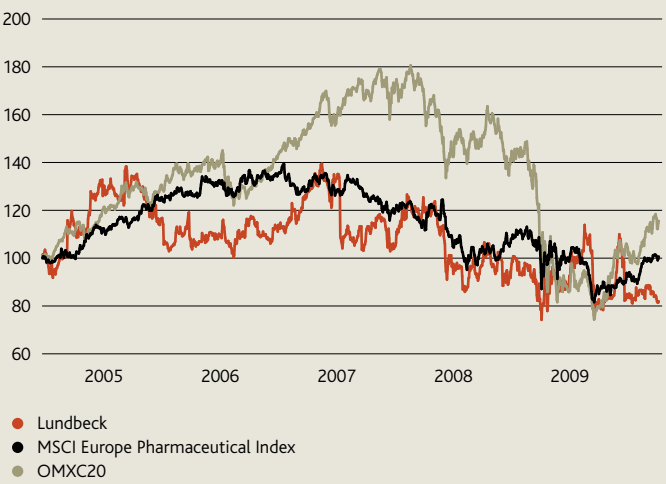
STOCK PERFORMANCE 2009



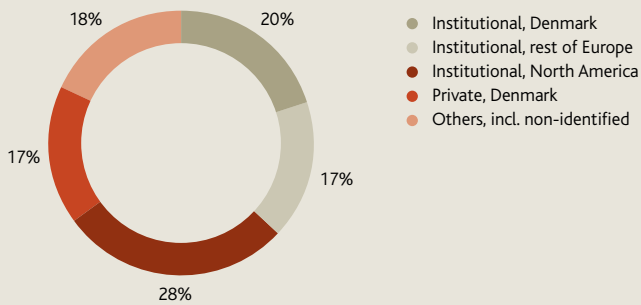
COMPOSITION OF SHARE CAPITAL, END 2009



STOCK PERFORMANCE 2005-2009 (Index 30 December 2003 = 100)



COMPOSITION OF FREE FLOAT OWNERSHIP, END 2009



HISTORICAL RETURN

	1 year	3 years	5 years
Lundbeck	(13.9%)	(39.2%)	(22.3%)
OMXC20	39.5%	(23.7%)	17.5%
MSCI Europe Pharmaceutical Index	11.4%	(12.5%)	12.2%

COMPOSITION OF FREE FLOAT OWNERSHIP, 2005-2009

	2009	2008	2007	2006	2005
Institutional, Denmark	20%	22%	24%	33%	43%
Institutional, rest of Europe	17%	18%	20%	24%	13%
Institutional, North America	28%	32%	28%	9%	15%
Private, Denmark	17%	14%	15%	21%	22%
Others, incl. non-identified	18%	14%	13%	13%	7%

SHARE RATIOS

	2009	2008	2007
Earnings per share (EPS) (DKK)	10.24	8.45	9.18
Diluted earnings per share (DEPS) (DKK)	10.24	8.45	9.17
Operating cash flow per share (DKK)	15.47	14.12	13.18
Net asset value per share (DKK)	44.89	38.30	35.33
Dividend (DKK)	3.07	2.30	2.56
Dividend pay-out ratio (%)	30	30	30
Dividend yield (%)	3.2	2.1	1.9
Market price, year-end	94.75	110.00	138.00
High market price	141.50	138.75	170.25
Low market price	90.75	90.50	125.50
Price/Earnings	9.26	13.02	15.05
Price/Cash flow	6.12	7.79	10.47
Price/Net asset value	2.11	2.87	3.91
Market capitalization, year-end (DKKbn)	18.6	21.7	28.6
Annual trading, million shares	102.8	86.1	164.3
Average trading per trading day, thousands of shares	412.7	344.3	665.1

SHARE FACTS

Number of shares, (end 2009)	196,116,634
Share capital (end 2009) (DKK)	980,583,170
Nominal value (DKK)	5
Holding of treasury shares (%)	0
Free float (%)	30
IPO	18/06/1999
Stock exchange	NASDAQ OMX Copenhagen
ISIN code	DK0010287234
Ticker	LUN.CO (Reuters)
	LUN DC (Bloomberg)
ADR program	Unsponsored
ADR trading code	HLUKY
CUSIP number	40422M107
Large indices	OMXC20
	MSCI World Index
	Dow Jones STOXX 600
	FTSE4Good Europe

ANALYST COVERAGE

Company	Name	Website
ABG Sundal Collier	Peter Hugreffe Ankersen	abgsc.com
Alm. Brand Markets	Michael Friis Jørgensen	markets.almbrand.dk
Carnegie Bank	Carsten Lønborg Madsen	carnegie.dk
Credit Suisse	Ravi Mehrotra	credit-suisse.com
	Yasir Al-Wakeel	
Danske Equities	Martin Parkhøi	danskeequities.com
Exane BNP Paribas	Sébastien Berthon	exane.com
Handelsbanken	Michael Novod	handelsbanken.com
Jyske Bank	Frank H. Hansen	jyskemarkets.com
Bank of America – Merrill Lynch	Brigitte de Lima	ml.com
Morgan Stanley	Andrew Baum	morganstanley.com
	Charles Chugbo	
Nordea	Lars Hatholt	nordea.com
Nykredit	Michael Drøscher Jørgensen	nykredit.dk
Oppenheim	Christian Peter	oppenheim.com
Redburn Partners	Paul Major	redburn.com
	Anita Vasu	
SEB Enskilda	Henrik D. Simonsen	enskilda.com
Standard & Poors	Jacob Thrane	standardandpoors.com
Sydbank	Rune Majlund Dahl	sydbank.dk
UBS	Andrew Whitney	ubs.com
	Gbola Amusa	

FINANCIAL CALENDAR

20 April 2010	Annual General Meeting
26 April 2010	Distribution of annual dividend
6 May 2010	Interim report for the first quarter of 2010
13 August 2010	Interim report for the second quarter of 2010
3 November 2010	Interim report for the third quarter of 2010

COLLEEN HENDERSON-HEYWOOD

Colleen developed Parkinson's disease when she was only 42 years old, although the disease usually affects older people. She responded to her diagnosis by finding a new job and relocating to a small village with her partner, and she met new friends. In spite of the disease, she feels that her life has changed for the better.

EXECUTIVE MANAGEMENT

Ulf Wiinberg
President and CEO

• Born 29 November 1958

Directorships
• EFPIA

Peter Høngaard Andersen
Executive Vice President, Research

• Born 3 October 1956

Directorships
• EpiTherapeutics ApS
• Serendex ApS

Lars Bang
Executive Vice President, Supply Operations & Engineering

• Born 31 July 1962

Directorships
• DentoFit A/S
• Fertin Pharma A/S

Anders Götzsche
Executive Vice President, CFO

• Born 31 December 1967

Directorships
• LifeCycle Pharma A/S

Anders Gersel Pedersen
Executive Vice President, Drug Development

• Born 12 September 1951

Directorships
• ALK-Abelló A/S
• Genmab A/S (deputy chairman)
• TopoTarget A/S

Stig Løkke Pedersen
Executive Vice President, Commercial Operations

• Born 17 July 1961

Directorships
• ChemoMetec A/S (chairman)
• Nuevolution A/S (chairman)

SUPERVISORY BOARD

Per Wold-Olsen
Chairman

- Chairman, Remuneration Committee
- Elected at the 2007 Annual General Meeting
- Born 6 November 1947

Directorships
- Exiqon A/S
- Gilead Science Inc.
- GN Store Nord (chairman)
- Medicines for Malaria Venture

Thorleif Krarup
Deputy chairman

- Member, Audit Committee
- Elected at the 2004 Annual General Meeting
- Born 28 August 1952

Directorships
- ALK-Abelló A/S (deputy chairman)
- Exiqon A/S (chairman)
- Group 4 Securicor plc
- LFI a/s (deputy chairman)
- Lundbeck Foundation
- Sport One Danmark A/S (chairman)

Egil Bodd
- Member, Audit Committee
- Chairman, Scientific Committee
- Elected at the 2008 Annual General Meeting
- Born 15 March 1955
- Managing partner, Lindsay Goldberg Nordic AS

Directorships
- Lindsay Goldberg Nordic AS (chairman)
- Mininaste AS (chairman)
- Scandza Holdings (chairman)
- Synnøve Finden AS
- Sørlandschips AS (chairman)

Kim Rosenville Christensen

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

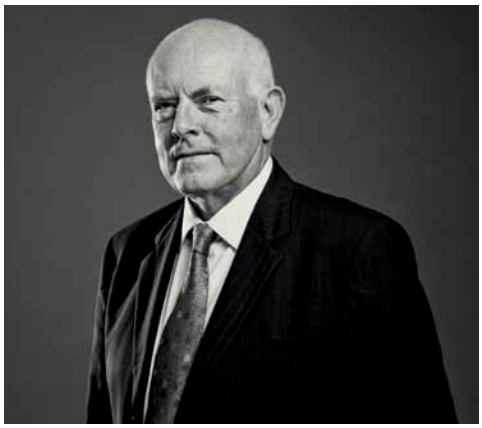
Peter Kürstein

- Chairman, Audit Committee
- Elected at the 2001 Annual General Meeting
- Born 28 January 1956
- President and CEO, Radiometer A/S

Directorships
- Foss A/S (chairman)
- Radiometer Medical ApS

Jørn Mayntzhusen

- Elected by the employees in 2008
- Born 4 April 1966
- Head of Department, Supply Chain Planning & Costing



Mats Pettersson

- Member, Remuneration Committee and Scientific Committee
- Elected at the 2003 Annual General Meeting
- Born 7 November 1945

Directorships
- Ablynx NV
- Independent Pharmaceutica AB (chairman)
- NsGene AS (chairman)
- Photocure AS
- SwedenBio AB
- to-BBB Holding B.V.

Birgit Bundgaard Rosenmeier

- Elected by the employees in 1993
- Born 12 August 1952
- Qualified Person 1st Deputy

Jes Østergaard

- Member, Remuneration Committee and Scientific Committee
- Elected at the 2003 Annual General Meeting
- Born 5 March 1948

Directorships
- aCROnordic A/S
- AquaLife A/S
- LFI a/s
- Lundbeck Foundation
- Scion-DTU a/s

CONSOLIDATED FINANCIAL STATEMENTS FOR 2009

CONTENTS

SUMMARY FOR THE GROUP 2005-2009

GROUP

	2009	2008	2007	2006	2005
Income statement (DKKm)					
Revenue	13,747	11,572	11,171	9,300	9,076
Profit before research and development costs	6,054	5,344	4,882	3,745	3,956
Research and development costs	3,196	2,990	2,193	1,956	1,782
Operating profit before depreciation and amortization (EBITDA)	3,728	3,418	3,611	2,310	2,699
Profit from operations (EBIT)	2,858	2,354	2,689	1,789	2,174
Net financials	(192)	(28)	65	(17)	17
Profit before tax	2,666	2,283	2,670	1,684	2,156
Net profit for the year	2,007	1,663	1,881	1,162	1,457
Net profit for the year, shareholders in the parent company	2,007	1,663	1,881	1,162	1,466
Assets (DKKm)					
Non-current assets	10,972	5,386	5,631	6,012	5,686
Inventories	1,481	837	924	1,155	1,267
Receivables	2,655	2,222	2,367	1,994	1,938
Cash and securities	2,019	3,876	3,308	2,378	2,669
Assets held for sale	-	205	-	-	-
Total assets	**17,127**	**12,526**	**12,230**	**11,539**	**11,560**
Equity and liabilities (DKKm)					
Equity	8,803	7,511	7,089	6,684	7,437
Non-current liabilities	3,787	2,594	2,502	2,160	887
Current liabilities	4,537	2,421	2,639	2,695	3,236
Total equity and liabilities	**17,127**	**12,526**	**12,230**	**11,539**	**11,560**
Cash flow statement (DKKm)					
Cash flows from operating activities	3,034	2,780	2,705	1,394	2,074
Cash flows from investing activities	(5,074)	(587)	(1,095)	239	(487)
Cash flows from operating and investing activities	(2,040)	2,193	1,610	1,633	1,587
Cash flows from financing activities	1,065	(1,016)	(1,013)	(901)	(1,682)
Interest-bearing net cash at year-end	(1,456)	1,949	1,405	876	2,240
Key figures					
EBIT margin (%)	20.8	20.3	24.1	19.2	24.0
Return on capital employed (%)	28.0	30.0	34.6	24.8	30.4
Return on equity (%)	24.6	22.8	27.3	16.5	19.3
Research and development ratio (%)	23.2	25.8	19.6	21.0	19.6
Solvency ratio (%)	51.4	60.0	58.0	57.9	64.3
Capital employed (DKKm)	12,278	9,438	8,992	8,185	7,866
Capital turnover (%)	80.3	92.4	91.3	80.6	78.5
Tax rate (%)	24.7	27.1	29.6	31.0	32.4
Intangible assets investments, gross (DKKm)	980	817	274	190	159
Property, plant and equipment investments, gross (DKKm)	258	229	474	567	447
Financial investments, gross (DKKm)	11	1,033	844	3,556	4,059
Average number of employees	5,526	5,208	5,134	5,111	5,022

GROUP

	2009	2008	2007	2006	2005
Share data					
Average number of shares, excl. treasury shares (millions)[1]	196.1	196.8	205.0	211.1	224.6
Earnings per share (EPS) (DKK)[1]	10.24	8.45	9.18	5.50	6.52
Diluted earnings per share (DEPS) (DKK)[1]	10.24	8.45	9.17	5.49	6.50
Proposed dividend per share (DKK)[1]	3.07	2.30	2.56	1.57	2.10
Cash flow per share (DKK)[1]	15.47	14.12	13.18	6.59	9.20
Net asset value per share (DKK)[1]	44.89	38.30	35.33	32.01	33.75
Market capitalization (DKKm)	18,582	21,657	28,605	33,060	29,630
Price/Earnings (DKK)	9.26	13.02	15.05	28.39	20.05
Price/Cash flow (DKK)	6.12	7.79	10.47	23.66	14.18
Price/Net asset value (DKK)	2.11	2.87	3.91	4.87	3.86

Definitions

Interest-bearing net cash	Cash and securities less interest-bearing debt
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, 4, 5]	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, 3, 5]	Profit attributable to shareholders in the parent company divided by average number of shares, excl. treasury shares
Diluted earnings per share (DEPS)[2, 3, 5]	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, 4]	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) Calculation is based on a share denomination of DKK 5.
2) Definitions according to the Danish Society of Financial Analysts' *Recommendations & Financial Ratios 2005*.
3) Calculated according to IAS 33 *Earnings per Share*.
4) Equity, H. Lundbeck A/S' shareholders equalled the Group's total equity in 2006-2009.
5) Profit attributable to shareholders in the parent company equalled the Group's total profit in 2006-2009.

The comparative figures have been restated as a result of changes in accounting policies in respect of currency translation of foreign subsidiaries and presentation of revenue for Azilect®, see note 1 *Accounting Policies*, page 60.

FINANCIAL REVIEW 2009

GROUP

Income Statement

The Group generated revenue of DKK 13,747 million in 2009, an increase of 19% relative to 2008. In 2009, revenue was positively affected by the acquisition of Ovation Pharmaceuticals Inc. (Ovation) – now Lundbeck Inc. Measured at constant exchange rates, revenue was up 22%, including income from Lundbeck Inc.

Sales of the Group's pharmaceuticals Cipralex®/Lexapro®, Ebixa® and Azilect® amounted to DKK 10,702 million, an increase of DKK 978 million, or 10%, compared with 2008.

Revenue in the US was adversely impacted by DKK 13 million relative to 2008 due to lower income from sales to Forest Laboratories, Inc. (Forest). The decline was due to lower volume sales of Lexapro® in the US and the impact of declining income from hedging. The Group's other revenue in the US market is attributable to revenue generated by Lundbeck Inc. Total revenue in the US market amounted to DKK 3,632 million.

Revenue in Europe was up by DKK 736 million to DKK 7,216 million, equal to an increase of 11% in DKK-terms, or 12% at constant exchange rates. The increase primarily reflects a revenue increase in the major markets, especially France and Spain.

Revenue from International Markets rose to DKK 2,621 million from DKK 2,433 million in 2008. The increase in revenue amounted to 8% in DKK-terms, or 13% at constant exchange rates. A substantial part of the increase was achieved in Brazil, Canada and China.

Other revenue increased by DKK 83 million relative to 2008, primarily due to Lundbeck's sale of its stake in LifeCycle Pharma A/S in January 2009.

Hedging had a negative DKK 63 million impact on consolidated revenue. Of this amount, DKK 67 million related to hedging losses concerning hedging of USD income from Lexapro®. This amount related to hedging of the inventories consumed by Forest in 2009, which Lundbeck hedged against exchange rate fluctuations and delivered in 2007-2009. Lundbeck's total costs, exclusive of net financials and tax, were DKK 10,889 million, an increase of DKK 1,671 million. The increase was primarily ascribable to Lundbeck Inc., which contributed DKK 1,274 million. In addition, total costs included DKK 157 million concerning the impairment loss on the rights to Circadin®.

Overall cost of sales increased by DKK 528 million to DKK 2,655 million. Adjusted for cost of sales in Lundbeck Inc., cost of sales was slightly higher in 2009 than in 2008, which was due to increased sales. Cost of sales represented 19% of revenue, against 18% in 2008.

The Group's distribution costs rose by DKK 715 million, which equals a 29% increase relative to the year before, primarily caused by costs incurred by Lundbeck Inc. and DKK 157 million relating to the impairment loss on the rights to Circadin®. Administrative expenses amounted to DKK 1,864 million, up DKK 222 million, or 13%, on the previous year. This increase was also driven primarily by costs incurred in Lundbeck Inc. Distribution costs and administrative expenses amounted to 37% of revenue in 2009, against 35% in 2008.

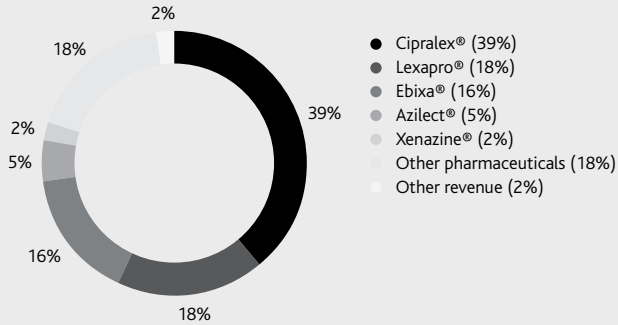
Total research and development costs were DKK 3,196 million. Compared with 2008, which was affected by a DKK 481 million impairment loss on the rights to Flurizan®, costs were up by DKK 687 million, or 27% (exclusive of the Flurizan® impairment loss). A substantial part of the increase was due to the advancement of Lundbeck's pipeline, primarily the late-stage projects Lu AA21004 and nalmefene. Research and development costs accounted for 23% of consolidated revenue for 2009, against 26% in 2008.

Profit from operations was DKK 2,858 million, corresponding to an EBIT margin of 20.8%, against 20.3% in 2008.

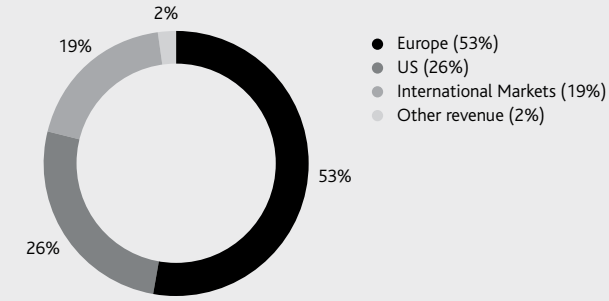
Net financials amounted to an expense of DKK 192 million, against DKK 28 million in 2008.

Net interest expenses including realized and unrealized capital gains on the bond portfolio were affected by a lower portfolio of cash and bonds in 2009 than in 2008 and

REVENUE PER PRODUCT 2009



REVENUE PER REGION 2009



higher mortgage and bank debt, primarily due to the acquisition of Ovation, and amounted to DKK 113 million against an income of DKK 45 million in 2008.

Net exchange losses amounted to DKK 50 million, against a gain of DKK 26 million in 2008. The item includes net exchange losses on contracts reclassified from hedging to trading in the amount of DKK 22 million, against a gain of DKK 16 million in 2008.

Tax on profit for the year amounted to DKK 659 million, corresponding to an effective tax rate of 24.7%, against 27.1% in 2008. The effective tax rate is affected primarily by tax credits awarded on research and development activities.

Profit for the year amounted to DKK 2,007 million, up 21% compared with 2008. Earnings per share amounted to DKK 10.24, against DKK 8.45 in 2008. Proposed dividend for 2009 amounts to 30% of the profit for the year, and the total amount of the proposed dividends is thus DKK 602 million, or DKK 3.07 per share.

Incentive Programs in 2009
In 2009, the Group established incentive programs for the Executive Management and key employees in Denmark and abroad. The programs consist of warrants and shares as well as share price-based schemes for persons employed with the Group's subsidiaries in the US. The vesting period is 3 years, and for the Executive Management vesting depends on Lundbeck's ranking in a peer group of companies. The total cost recognized in the consolidated income statement for 2009 amounted to DKK 15 million, against DKK 3 million in 2008.

Currency Hedging
Lundbeck hedges income from e.g. Lexapro® using currency hedging. As a result of Lundbeck's currency hedging policy, foreign exchange losses and gains on hedging transactions are allocated directly to the hedged transaction.

At 31 December 2009, forward exchange contracts had been entered into to hedge foreign currency cash flows, primarily in USD, equivalent to a value of approximately DKK 3.6 billion. All contracts are classified as hedging contracts. Deferred recognition of net currency losses and gains amounted to a gain of DKK 44 million at 31 December 2009 against DKK 16 million at 31 December 2008.

The average forward rate for USD at 31 December 2009 was approximately USD/DKK 541 for the hedging contracts concluded (USD/DKK 536 at 31 December 2008). The effect of the hedging of USD cash flows will be recognized in the income statement at the time in 2010-2011 when Forest uses the bulk deliveries to which the hedging relates. For 2010, this corresponds to an average exchange rate of approximately USD/DKK 562, against USD/DKK 513 in 2009.

Balance Sheet

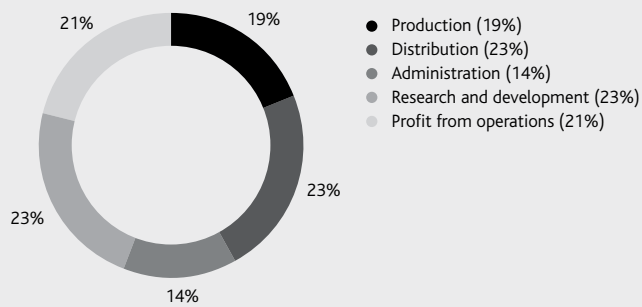
At 31 December 2009, the Group's total assets amounted to DKK 17,127 million, which was DKK 4,601 million higher than at the end of 2008. The increase was primarily due to the acquisition of Ovation.

Intangible assets increased by DKK 5,708 million to DKK 7,724 million. The increase was primarily due to the acquisition of Ovation in the first quarter of 2009 and LifeHealth Limited in the third quarter of 2009. Moreover, the increase is attributable to capitalized IT projects concerning the Group's ongoing information technology infrastructure expansion. In the fourth quarter of 2009, the rights to Circadin® were written down by DKK 157 million.

Property, plant and equipment amounted to DKK 3,049 million, against DKK 3,123 million in 2008. The investments primarily concerned the expansion of production facilities in Denmark. Depreciation for the year amounted to DKK 365 million, which was on the same level as in 2008.

The Group's combined inventories amounted to DKK 1,481 million, up from DKK 837 million in 2008. The increase was primarily attributable to inventories from Lundbeck Inc. and a small increase in the level of finished goods of in-licensed products.

COSTS AND PROFIT FROM OPERATIONS AS A PERCENTAGE OF REVENUE 2009



The Group's receivables were up 19% to DKK 2,655 million, against DKK 2,222 million in 2008. The increase was primarily due to receivables at Lundbeck Inc. and the fact that receivables in 2008 were affected by lower Lexapro® bulk deliveries in the fourth quarter of 2008.

Lundbeck's portfolio of securities and cash decreased by DKK 1,857 million to DKK 2,019 million, against DKK 3,876 million in 2008. The decrease was primarily due to cash spent on acquisitions during the year.

Equity amounted to DKK 8,803 million, against DKK 7,511 million in 2008, equaling an increase of 17%, or DKK 1,292 million. The solvency ratio was 51%. Dividends paid reduced equity by DKK 451 million in 2009.

Non-current liabilities amounted to DKK 3,787 million compared with DKK 2,594 million in 2008. The increase was due mainly to higher bank debt raised in connection with the acquisition of Ovation and an increase in deferred tax liabilities.

Current liabilities at the end of the year amounted to DKK 4,537 million, against DKK 2,421 million in 2008. The increase was due mainly to higher bank debt raised in connection with the acquisition of Ovation and an increase in other payables, which is attributable to Lundbeck Inc.

Cash Flow Statement

The Group's total cash flows were an outflow of DKK 975 million, against an inflow of DKK 1,177 million in 2008.

The Group generated a cash inflow from operating activities before net financials of DKK 3,869 million in 2009, against DKK 3,296 million in 2008. The increase was primarily caused by an increase in operating profit before depreciation and amortization in 2009 of DKK 310 million and a positive change in working capital of DKK 400 million. This increase was partly offset by higher tax payments, and cash flows from operating activities were thus DKK 3,034 million, up from DKK 2,780 million in 2008.

Investing activities generated a cash outflow of DKK 5,074 million in 2009, against an outflow of DKK 587 million in 2008. Of this amount, acquisitions amounted to DKK 5,110 million. Investments in intangible assets amounted to DKK 980 million, of which DKK 742 million related to the acquisition of LifeHealth Limited in the third quarter of 2009. Investments in property, plant and equipment in 2009 were DKK 258 million. Investments in and sale of financial assets primarily involved the buying and selling of listed Danish bonds.

Cash flows from financing activities were an inflow of DKK 1,065 million in 2009, against an outflow of DKK 1,016 million in 2008. Cash flows from financing activities were materially affected by capital procurement for the acquisition of Ovation and were thus impacted by DKK 2,507 million from proceeds on borrowings and a negative amount of DKK 999 million in installments on these loans. In 2009, cash flows from dividends were an outflow of DKK 451 million against an outflow of DKK 504 million in 2008. In 2008, there was an outflow of DKK 538 million concerning the share buyback program. Lundbeck's share buyback program was terminated in 2008.

INCOME STATEMENT

1 JANUARY - 31 DECEMBER 2009 **GROUP**

	Notes	2009 DKKm	2008 DKKm	2007 DKKm
Revenue	2	13,747	11,572	11,171
Cost of sales	3, 4	2,655	2,127	2,384
Gross profit		**11,092**	**9,445**	**8,787**
Distribution costs	3, 4	3,174	2,459	2,409
Administrative expenses	3-5	1,864	1,642	1,496
Profit before research and development costs		**6,054**	**5,344**	**4,882**
Research and development costs	3, 4	3,196	2,990	2,193
Profit from operations		**2,858**	**2,354**	**2,689**
Income from investments in associates	6	-	(43)	(84)
Financial income	7	178	407	285
Financial expenses	7	370	435	220
Profit before tax		**2,666**	**2,283**	**2,670**
Tax on profit for the year	8	659	620	789
Profit for the year	9	**2,007**	**1,663**	**1,881**
Earnings per share (EPS) (DKK)	10	10.24	8.45	9.18
Diluted earnings per share (DEPS) (DKK)	10	10.24	8.45	9.17

STATEMENT OF COMPREHENSIVE INCOME

1 JANUARY - 31 DECEMBER 2009

	Notes	2009 DKKm	2008 DKKm	2007 DKKm
Profit for the year		**2,007**	**1,663**	**1,881**
Currency translation, foreign subsidiaries		(25)	(138)	(126)
Currency translation concerning additions to net investments in foreign subsidiaries		(396)	-	-
Adjustment, deferred gains/losses, hedging		7	43	158
Realized gains/losses, hedging		(1)	(104)	(122)
Realized gains/losses, trading (transferred from hedging)		22	(16)	-
Other equity entries concerning associates	6	-	1	-
Fair value adjustment of available-for-sale financial assets	11	27	(7)	13
Tax on other comprehensive income	8	93	19	(9)
Other comprehensive income		**(273)**	**(202)**	**(86)**
Comprehensive income		**1,734**	**1,461**	**1,795**

BALANCE SHEET ASSETS

AT 31 DECEMBER 2009 **GROUP**

	Notes	2009 DKKm	2008 DKKm	2007 DKKm
Goodwill		3,520	819	812
Patent rights		221	232	312
Product rights		3,552	606	468
Other rights		350	231	137
Projects in progress		81	128	95
Intangible assets	12	**7,724**	**2,016**	**1,824**
Land and buildings		2,153	2,178	2,019
Plant and machinery		460	422	384
Other fixtures and fittings, tools and equipment		289	319	331
Prepayments and plant and equipment in progress		147	204	597
Property, plant and equipment	12	**3,049**	**3,123**	**3,331**
Investments in associates	6	-	-	83
Available-for-sale financial assets	11	26	31	151
Other receivables	11	45	56	61
Value of deferred tax assets	13	128	160	181
Financial assets		**199**	**247**	**476**
Non-current assets		**10,972**	**5,386**	**5,631**
Inventories	14	**1,481**	**837**	**924**
Trade receivables	15	1,962	1,527	1,560
Income taxes receivable		139	57	37
Other receivables	15	348	406	582
Prepayments		206	232	188
Receivables		**2,655**	**2,222**	**2,367**
Securities	16	**59**	**955**	**1,536**
Cash	16	**1,960**	**2,921**	**1,772**
Assets held for sale	6, 11	**-**	**205**	**-**
Current assets		**6,155**	**7,140**	**6,599**
Assets		**17,127**	**12,526**	**12,230**

BALANCE SHEET
EQUITY AND LIABILITIES

AT 31 DECEMBER 2009 **GROUP**

	Notes	2009 DKKm	2008 DKKm	2007 DKKm
Share capital	17	980	984	1,036
Share premium	17	224	224	224
Currency translation reserve		(857)	(436)	(298)
Retained earnings		8,456	6,739	6,127
Equity		**8,803**	**7,511**	**7,089**
Pension obligations and similar obligations	18	203	180	189
Deferred tax liabilities	13	784	426	327
Other provisions	19	129	84	92
Bank debt	20	750	-	-
Mortgage debt	20	1,856	1,853	1,859
Employee bonds and other debt		65	51	35
Non-current liabilities		**3,787**	**2,594**	**2,502**
Other provisions	3, 19	186	18	15
Bank debt	20	804	23	4
Mortgage debt	20	-	-	5
Trade payables		997	867	774
Income taxes		121	31	72
VAT, taxes and holiday pay commitments		384	311	268
Other payables		1,352	574	661
Prepayments from Forest		693	597	840
Current liabilities		**4,537**	**2,421**	**2,639**
Liabilities		**8,324**	**5,015**	**5,141**
Equity and liabilities		**17,127**	**12,526**	**12,230**

STATEMENT OF CHANGES IN EQUITY

AT 31 DECEMBER 2009 **GROUP**

	Share capital DKKm	Share premium DKKm	Currency translation reserve DKKm	Retained earnings DKKm	Equity[1] DKKm
2009					
Equity at 31.12.2008	984	224	-	6,384	7,592
Change in accounting policies: Currency translation, foreign subsidiaries	-	-	(436)	355	(81)
Equity at 01.01.2009	**984**	**224**	**(436)**	**6,739**	**7,511**
Comprehensive income	**-**	**-**	**(421)**	**2,155**	**1,734**
Distribution of dividends, gross	-	-	-	(453)	(453)
Distribution of dividends, treasury shares	-	-	-	2	2
Capital reduction and cancellation of treasury shares	(4)	-	-	4	-
Incentive programs	-	-	-	9	9
Other transactions	**(4)**	**-**	**-**	**(438)**	**(442)**
Equity at 31.12.2009	**980**	**224**	**(857)**	**8,456**	**8,803**
2008					
Equity at 31.12.2007	1,036	224	-	5,925	7,185
Change in accounting policies: Currency translation, foreign subsidiaries	-	-	(298)	202	(96)
Equity at 01.01.2008	**1,036**	**224**	**(298)**	**6,127**	**7,089**
Comprehensive income	**-**	**-**	**(138)**	**1,599**	**1,461**
Distribution of dividends, gross	-	-	-	(531)	(531)
Distribution of dividends, treasury shares	-	-	-	27	27
Capital reduction and cancellation of treasury shares	(52)	-	-	52	-
Buyback of treasury shares	-	-	-	(538)	(538)
Incentive programs	-	-	-	3	3
Other transactions	**(52)**	**-**	**-**	**(987)**	**(1,039)**
Equity at 31.12.2008	**984**	**224**	**(436)**	**6,739**	**7,511**
2007					
Equity at 31.12.2006	1,061	122	-	5,582	6,765
Change in accounting policies: Currency translation, foreign subsidiaries	-	-	(172)	91	(81)
Equity at 01.01.2007	**1,061**	**122**	**(172)**	**5,673**	**6,684**
Comprehensive income	**-**	**-**	**(126)**	**1,921**	**1,795**
Distribution of dividends, gross	-	-	-	(334)	(334)
Distribution of dividends, treasury shares	-	-	-	9	9
Capital increase through exercise of warrants	5	102	-	-	107
Capital reduction and cancellation of treasury shares	(30)	-	-	30	-
Buyback of treasury shares	-	-	-	(1,191)	(1,191)
Incentive programs	-	-	-	16	16
Tax on other equity transactions	-	-	-	3	3
Other transactions	**(25)**	**102**	**-**	**(1,467)**	**(1,390)**
Equity at 31.12.2007	**1,036**	**224**	**(298)**	**6,127**	**7,089**

1) Equity equals equity, H. Lundbeck A/S' shareholders.

CASH FLOW STATEMENT

1 JANUARY - 31 DECEMBER 2009 **GROUP**

	Notes	2009 DKKm	2008 DKKm	2007 DKKm
Profit from operations		2,858	2,354	2,689
Adjustments	21	699	1,030	939
Working capital changes	22	312	(88)	(104)
Cash flows from operations before financial receipts and payments		**3,869**	**3,296**	**3,524**
Financial receipts		129	209	165
Financial payments		(239)	(198)	(150)
Cash flows from ordinary activities		**3,759**	**3,307**	**3,539**
Income tax paid for the year		(749)	(502)	(784)
Income tax paid for previous years		24	(25)	(50)
Cash flows from operating activities		**3,034**	**2,780**	**2,705**
Company acquisitions	23	(5,110)	-	-
Change in payables to/receivables from associates	11	-	(8)	(12)
Investments in intangible assets		(980)	(817)	(274)
Sale of intangible assets		-	-	1
Investments in property, plant and equipment		(258)	(229)	(474)
Sale of property, plant and equipment		4	3	9
Investments in financial assets		(11)	(1,033)	(844)
Sale of financial assets		1,281	1,497	499
Cash flows from investing activities		**(5,074)**	**(587)**	**(1,095)**
Cash flows from operating and investing activities		**(2,040)**	**2,193**	**1,610**
Loan proceeds		2,507	20	431
Repayments of loans		(999)	(12)	(54)
Buyback of treasury shares		-	(538)	(1,191)
Employee bonds		8	18	19
Capital contributions		-	-	107
Dividends paid in the financial year		(451)	(504)	(325)
Cash flows from financing activities		**1,065**	**(1,016)**	**(1,013)**
Change in cash		**(975)**	**1,177**	**597**
Cash at 01.01.		2,921	1,772	1,177
Unrealized exchange differences for the year		14	(28)	(2)
Change for the year		(975)	1,177	597
Cash at 31.12.	16	**1,960**	**2,921**	**1,772**
Interest-bearing net cash and cash equivalents is composed as follows				
Cash		1,960	2,921	1,772
Securities		59	955	1,536
Interest-bearing debt		(3,475)	(1,927)	(1,903)
Interest-bearing net cash and cash equivalents at 31.12.		**(1,456)**	**1,949**	**1,405**

NOTE 1

GROUP

1. ACCOUNTING POLICIES

The consolidated financial statements of H. Lundbeck A/S are presented in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies, including the disclosure requirements imposed by NASDAQ OMX Copenhagen on annual reports of listed companies and 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 for 2009 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 other than the changes described below.

Changes in Accounting Policies

In the preparation of the consolidated financial statements for 2009, two changes were made to accounting policies due to a revised management assessment of the methods used for:

- Presentation of revenue pursuant to existing Azilect® agreement.
- Currency translation of foreign subsidiaries.

The changes have been made with retrospective effect, and comparative figures have been restated.

Presentation of Revenue Pursuant to Existing Azilect® Agreement
In connection with the conclusion of the new agreement concerning Azilect® sales in Asia and as a result of the clarification made in 2009 to IAS 18 *Revenue* in respect of the agent and principal method, Lundbeck has changed its accounting policy with respect to presentation of the existing agreement concerning Azilect®.

As a result of the above, management assesses that the Group is acting as principal with respect to the total Azilect® sales, and the presentation of revenue and cost of sales of the existing agreement has been changed accordingly, cf. the table below. The effect on the gross profit is DKK 0.

Currency Translation of Foreign Subsidiaries
The consolidated financial statements for 2009 include a voluntary change in accounting policies in respect of the method used for currency translation of foreign subsidiaries. Previously, management assessed that foreign subsidiaries were an integral part of the parent company's activities. The reason was dependence on the parent company's cost of sales and financing, both of which are principally calculated on the basis of DKK. As a result, non-monetary assets acquired in foreign currency and income statements were translated using the exchange rate at the transaction date, and exchange adjustments of monetary items at the exchange rates at the balance sheet date were recognized in the income statement under net financials.

Income and expenses in foreign subsidiaries are primarily calculated in local currency, and management now attaches less importance to dependence on the parent company's cost of sales and financing. Consequently, management has re-assessed the criteria for determining the functional currency for foreign subsidiaries and has reached the conclusion that the functional currency of the subsidiaries is identical to their local currency. This means that both non-monetary items and monetary items in foreign subsidiaries are translated at the exchange rate at the balance sheet date and that exchange differences on translation of the balance sheet and the income statement of foreign subsidiaries are recognized in the Group's statement of comprehensive income under other comprehensive income. The effect of the change is shown in the table below.

Restatement of comparative figures due to changes in accounting policies	2008 DKKm	2007 DKKm
Impact on profit for the year		
Revenue[1]	290	186
Cost of sales[1]	290	186
Profit for the year under previous accounting policies	1,510	1,770
Research and development costs[2]	2	(5)
Net financials[2]	157	114
Tax effect[2]	(6)	2
Profit for the year under new accounting policies[2]	1,663	1,881
Earnings per share (EPS) under previous accounting policies	7.67	8.63
Earnings per share (EPS) under new accounting policies	8.45	9.18
Diluted earnings per share (DEPS) under previous accounting policies	7.67	8.63
Diluted earnings per share (DEPS) under new accounting policies	8.45	9.17
Impact on equity		
Equity under previous accounting policies	7,592	7,185
Adjustment of equity, beginning of year[2]	(96)	(81)
Impact on profit for the year[2]	153	111
Impact on other comprehensive income[2]	(138)	(126)
Equity under new accounting policies[2]	7,511	7,089
Impact on assets	(81)	(96)

1. The impact on revenue and cost of sales concerns only the change of presentation of the Azilect® agreement to the principal method.
2. The impact concerns only the change of currency translation of foreign subsidiaries.

If the change in accounting policies concerning the presentation of the Azilect® agreement had not been made, revenue and cost of sales for 2009 would both have been reduced by DKK 404 million. The change has not affected the profit for the year, equity or total assets.

If the change in accounting policies concerning currency translation of foreign subsidiaries had not been made, profit from operations for 2009 would have been DKK 14 million lower, the profit for the year DKK 301 million higher, equity would have been

NOTE 1

GROUP

DKK 326 million higher, and total assets would have been DKK 446 million higher. Earnings per share and diluted earnings per share would have been DKK 11.78, which would have been DKK 1.54 higher than under the new policies.

See note 29 *Impact of Changes in Accounting Policies* for a detailed overview of the consequence for each specific line item.

Implementation of New and Revised Standards and Interpretations
Changes to IFRS 7, *Financial Instruments: Disclosures* include more detailed disclosure requirements in respect of fair value and liquidity risk. For financial assets measured at fair value, the company must disclose how the fair value has been measured. As there are no requirements on comparative figures, such figures are not included.

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 included in the consolidated financial statements.

Some of these future IFRS changes, for example the revised IFRS 3 *Business Combinations*, may affect future consolidated financial statements with respect to recognition and measurement.

Accounting Policies Critical to Financial Reporting

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

Income from Forest
The invoiced price is agreed between Forest and Lundbeck at the beginning of each calendar year. The price is calculated on the basis of expectations for the coming year's development in the elements included in the royalty calculation. These elements are: Forest's net selling prices, quantities used in sold products, quantities used in samples, quantities wasted during processing, and the various dosage levels of the finished goods. Income from sales of citalopram and escitalopram to Forest is recognized as follows:

- Sales of both citalopram and escitalopram are invoiced at the agreed price, but only a proportion (the minimum price) of the invoiced price is recognized as income at the time of delivery.
- The difference between the invoiced price and the minimum price of Forest's inventories is recorded in the balance sheet as prepayments.
- After the end of each quarter, the final settlement price is calculated. The difference between the final calculated settlement price and the invoiced price is recognized as income and settled with Forest, and the difference between the invoiced price and the minimum price recorded in the balance sheet as prepayments at the time of delivery is recognized as income.

In connection with a potential launch of generic escitalopram, the agreement allows Forest to convert escitalopram inventories into generic escitalopram. In connection with a conversion of escitalopram inventories, the minimum price will be adjusted by any repayment to Forest of part of the recognized minimum payment. This adjustment will be expensed in the financial statements.

License Income and Income from Research Collaborations
Revenue includes license income and royalties from outlicensed products as well as non-refundable downpayments and milestone payments relating to research collaborations, which are recognized as income in the income statement when the rights are obtained, subject to the following criteria being met:

- The payment relates to research results already obtained.
- The most significant risks and benefits associated with the asset sold are transferred to the buyer.
- Lundbeck does not retain 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.

Development Costs
Development costs are capitalized if the criteria for such 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 the Group, development costs should not normally be capitalized in the balance sheet until the development of the product has been completed and all the necessary public registration and marketing approvals have been obtained. Otherwise, development costs will be recognized in the income statement as they are incurred.

Intangible Assets
Goodwill and product rights represent a significant part of the Group's total assets. The bulk of the value of these items arose through the acquisition of companies in 2009. In connection with acquisitions, the individual assets and liabilities are re-assessed to ensure that both recognized and unrecognized values are measured at market 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 at least once a year for impairment of the recoverable amount of each cash-generating unit and on an ongoing basis if there is evidence of impairment. The value in use of the assets is calculated by discounting the estimate made by management over expected cash flows during a budget period of five years. For the calculation of the value in use of the assets, the Group uses its internal rate of return 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 the Group's policy to defend these rights, wherever they may be violated.

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Recognition and Measurement

Assets are recognized in the balance sheet if 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 liabilities are measured at amortized cost, implying the recognition of a constant effective rate of interest to maturity. Amortized cost is calculated as original cost less any repayments and plus/less the cumulative amortization of the 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 and includes value adjustments of financial assets and liabilities measured at fair value or amortized cost. 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 or newly formed companies are recognized in the consolidated financial statements from the date of acquisition. Companies sold or discontinued are recognized in the consolidated income statement up to the time of sale or discontinuance. Expected divestment costs 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 companies 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 company is the fair value of the consideration paid plus costs directly attributable to the business combination.

Positive differences (goodwill) between the cost of the acquisition 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 acquisition and the fair value of the acquired identifiable assets, liabilities and contingent liabilities are recognized in the income statement at the time of acquisition. Goodwill arising from acquired companies is adjusted until the end of the year following acquisition if additional information about the fair value at the time of acquisition of assets, liabilities and contingent liabilities acquired is obtained after acquisition. However, goodwill will not be recognized by an amount exceeding the expectations of future income from the acquiree.

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

Gains or Losses on Disposal or Discontinuance of Subsidiaries and Associates
Gains or losses on the disposal or discontinuance of subsidiaries and associates 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 expenses relating to sale or discontinuance.

Translation of Foreign Currency
On initial recognition, transactions denominated in foreign currencies are translated at standard rates which approximate the actual exchange rates at the transaction date. Exchange differences arising between the rate at the transaction date and the rate at the date of payment are recognized in the income statement as net financials.

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.

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 in the Group's statement of comprehensive income under other comprehensive income.

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

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When recognizing foreign associates having a functional currency different from that used by the parent company, assets and liabilities are translated at the exchange rates at the balance sheet date, while the income statement is translated at average exchange rates for the year.

Exchange differences arising from the translation of foreign associates are recognized in the Group's statement of comprehensive income under other comprehensive income.

Financial Instruments
Forward exchange contracts and other derivatives are initially recognized in the balance sheet at fair value on the value 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 in the Group's statement of comprehensive income under other comprehensive income. Income and expenses related to such hedging transactions are transferred from other comprehensive income on realization of the hedged item and included in the same item as the hedged item.

Changes in the fair value of financial instruments 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 or associates and which otherwise meet the relevant criteria are recognized in the Group's statement of comprehensive income under other comprehensive income.

Assets Held for Sale
Non-current assets and groups of assets held for sale are presented as a separate item in the balance sheet as current assets. Non-current assets are not depreciated or amortized, but are written down to fair value less expected costs to sell where this is lower than the carrying amount.

Income Statement

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

Sales subject to a price adjustment clause are included 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 included 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 collaborations.

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

See *Accounting Policies Critical to Financial Reporting* on p. 61 for a description of the accounting treatment of income from Forest and 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 labor and indirect costs of production, including operating costs, amortization/depreciation and impairment losses relating to manufacturing facilities. Cost of sales moreover includes expenses in connection with quality assurance of products and any writedown to net realizable value of unsaleable and slow moving items.

Distribution Costs
Distribution costs comprise expenses incurred in connection with the distribution of the Group's products sold during the year and in connection with sales campaigns, etc. launched during the year under review, including direct distribution and marketing costs, salaries etc. for the sales and marketing functions, as well as amortization/depreciation and other indirect costs.

Administrative Expenses
Administrative expenses comprise expenses incurred during the year for the management and administration of the Group, including expenses in connection with the administrative functions, management, office premises and office expenses, as well as amortization/depreciation and other indirect costs.

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

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

Development costs are capitalized if a number of specific criteria for capitalizing these costs are deemed to have been met. Otherwise, development costs will be recognized in the income statement as they are incurred.

See *Accounting Policies Critical to Financial Reporting* on p. 61 for a description of conditions for capitalizing development costs.

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Results of Investments in Associates
The proportionate share of the results of associates is recognized in the consolidated income statement after tax and elimination of the proportionate share of any intra-group gains and losses and after deduction of any writedowns of the equity investments.

Net Financials
Net financials include interest income and expenses which are recognized in the income statement at the amounts relating to the financial year. Value adjustments of financial assets and realized and unrealized gains and losses on investments, items denominated in foreign currencies as well as forward contracts and other derivatives not used for hedge accounting are also included in net financials.

Tax
The Group's Danish subsidiaries are jointly taxed with the principal shareholder LFI a/s 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 directly in the statement of comprehensive income under other comprehensive income as regards the amount that can be attributed to items under other comprehensive income. Exchange rate adjustments of deferred tax are recognized as part of the movements in deferred tax.

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 of the acquired enterprise over the fair value of the acquired assets, liabilities and contingent liabilities. On recognition of goodwill, 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.

Development Projects
Clearly defined and identifiable development projects are recognized as intangible assets 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 and where the intention is to manufacture, market or use the project if the cost can be measured reliably and it is probable that the future earnings can cover production and selling expenses, administrative expenses as well as the development costs. Other development costs are recognized in the income statement as the costs are incurred.

After completion of the development work, development costs are amortized on a straight-line basis 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.

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 direct labor and costs directly attributable to the project. Product rights are amortized on a straight-line basis 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 time of commercialization.

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

Interest expenses on loans to finance the manufacture of other intangible assets are recognized in cost if such expenses relate to the production period. Other borrowing costs are taken to the income statement.

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 Critical to Financial Reporting* on p. 61 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 accumulated impairment losses. 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, third-party suppliers and labor.

Interest expenses on loans to finance the manufacture of property, plant and equipment are recognized in cost if such expenses relate to the production period. Other borrowing costs are taken to the income statement.

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

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The depreciation base is cost less the estimated residual value at the end of the expected useful life. The cost of a total 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, 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 disposal or retirement of items of property, plant and equipment are calculated as the difference between the carrying amount and the selling price reduced by dismantling expenses and cost to sell. Gains and losses are recognized in the income statement under the same items as the associated depreciation.

Impairment Losses
The carrying amount of intangible assets and property, plant and equipment is analyzed in connection with the preparation of the consolidated financial statements if there is an indication 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.

If the asset does not generate any cash flows independently of other assets, the recoverable amount is calculated for the smallest cash-generating unit that includes the asset.

Goodwill is amortized through the income statement in those cases where the carrying amount exceeds the future net income expected from the cash-generating unit to which the goodwill relates (recoverable amount).

Investments in Associates
Investments in associates are recognized and measured in the consolidated financial statements according to the equity method, which entails that the investments are measured in the balance sheet at the proportionate share of the associate's net asset value calculated in accordance with the Group's accounting policies less or plus unrealized intra-group gains and losses and plus the carrying amount of goodwill.

The proportionate share of the results of the associate is recognized in the income statement after tax and elimination of the proportionate share of any intra-group gains and losses and after deduction of any writedowns of the investments. Other comprehensive income in the Group's statement of comprehensive income includes the proportionate share of all transactions and events recognized directly in the other comprehensive income of the associate.

Investments in associates with a negative carrying amount are recognized at DKK 0. Receivables and other long-term financial assets considered to form part of the overall investment in the associate are written down by any remaining negative net asset value. Trade receivables and other receivables are written down to the extent they are deemed to be irrecoverable. A provision to cover the remaining negative net asset value will only be made if the Group has a legal or constructive obligation to cover the liabilities of the relevant associate.

Other Financial Assets
Other equity investments that are included in the Group's documented investment strategy in accordance with the fair value option of IAS 39 *Financial Instruments: Recognition and Measurement* are recognized on the basis of the value date and are measured at market price or estimated fair value at the balance sheet date. Both realized and unrealized gains and losses are recognized in the income statement under net financials.

Other investments outside the scope of the documented investment strategy are available for sale, and on initial recognition these investments are measured at fair value with the addition of directly attributable costs. Other investments 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 impairment losses and dividends, which are taken to the income statement. When securities are sold or settled, the accumulated fair value adjustments are recognized in the income statement.

Financial assets measured at fair value are classified as belonging to levels 1-3 depending on the pricing method applied. The value of financial assets belonging to level 1 is determined on the basis of quoted prices in an active market. For level 2, the value is determined on the basis of other observable inputs from the market, and for level 3 on the basis of an assessment of the asset value less a liquidity premium.

Other receivables with a fixed maturity are measured at amortized cost less impairment losses as a result of diminution in value. Other receivables without a fixed maturity are recognized at cost.

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 labor and indirect costs of production. Indirect costs of production include materials and labor 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 management and administration. Indirect production overheads are allocated based on the normal capacity of the production plant.

Writedown to net realizable value is made if it is lower than cost. The net realizable value of inventories is calculated as the selling price less costs of conversion and costs

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incurred to execute the sale and it is determined having regard to marketability, obsolescence and expected selling price movements.

Receivables
Short-duration receivables arising in the Group's normal course of business are measured at nominal value less impairment losses to counter the risk of loss calculated on the basis of an individual evaluation.

Other Securities
Other securities, including the bond portfolio, that are included in the Group's documented investment strategy and recognized under current assets are recognized on the basis of the value date and are measured at the market price at the balance sheet date. Both realized and unrealized gains and losses are recognized in the income statement under net financials.

On initial recognition, other securities outside the scope of the documented investment strategy are measured at fair value with the addition of directly attributable costs. They 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 impairment losses and dividends, which are taken to the income statement. When securities are sold or settled, the accumulated fair value adjustments are recognized in the income statement.

Other securities measured at fair value are classified as belonging to levels 1-3 depending on the pricing method applied. The value of financial assets belonging to level 1 is determined on the basis of quoted prices in an active market. For level 2, the value is determined on the basis of other observable inputs from the market, and for level 3 on the basis of an assessment of the asset value less a liquidity premium.

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 recognized in the line item *Comprehensive income* under equity.

Treasury Shares
Cost and selling prices of treasury shares as well as dividends are recognized directly in retained earnings under equity. Gains and losses on sales are therefore not recognized in the income statement.

Other Equity Instruments
Cost and selling prices of other equity instruments, including option premiums in connection with option contracts for the purchase of treasury shares, are recognized directly in retained earnings under equity.

Share-Based Payment
Share-based incentive programs in which employees may opt only to buy shares in the parent company and shares granted to employees (equity schemes) are measured at the equity instruments' fair value at the date of grant and recognized in the income statement under staff costs when or as the employee obtains the right to buy the shares. The balancing item is recognized directly in equity under other transactions. Share-based incentive programs in which employees have the difference between the agreed price and the actual share price settled in cash (debt plans) are measured at fair value at the date of grant and recognized in the income statement under staff costs when or as the employee obtains the right to such difference settlement. The incentive programs are subsequently remeasured on each balance sheet date and upon final settlement, and any changes in the fair value of the programs are recognized in the income statement under staff costs. The balancing item is recognized under liabilities.

Pension Obligations
The Group has entered into pension agreements and similar agreements with most of the Group's employees.

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 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 at intervals of not more than three years 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 rates, disability 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.

Income Tax and Deferred Tax
Current tax liabilities and current tax 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 from 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 results nor the taxable income. The tax value of the assets is calculated based on the planned use of each asset.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, unless the parent company has a possibility of controlling

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when the deferred tax is to be realized and it is likely that the deferred tax will not crystallize as current tax.

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.

Tax on items in other comprehensive income relating to deferred income and expenses in connection with financial instruments, treasury shares and options to purchase treasury shares as well as payments concerning share option plans and other share price based plans is recognized in the statement of comprehensive income under other comprehensive income. However, 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.

Provisions
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.

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, so that the difference between the proceeds and the nominal value is recognized in the income statement over the loan period.

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

Other payables, which include trade payables, payables to associates and other debt, 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 the cash and cash equivalents at the beginning and 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, financials paid and received 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 loans and repayments of mortgage debt and other non-current liabilities.

Cash comprises cash less short-term bank debt falling due on demand.

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 rates at the date of payment. Cash at year-end is translated at the rates at the balance sheet date, and the effect of exchange rate changes on cash is shown as a separate item in the cash flow statement.

Segment Information

The Group is engaged in research, development, production and marketing of pharmaceuticals for the treatment of illnesses in the field of CNS.

In accordance with IFRS 8 *Operating Segments*, segments must be 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 illnesses in the field of CNS'.

The Group's senior operational management is the Corporate Management Group (CMG), which consists of the Group's Executive Management registered with the

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authorities and persons in charge of the following areas: Legal, Human Resource and Business Development. 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 non-current assets excluding deferred tax assets. The revenue distribution is based on the external customers' geographical location.

Key Figures

Financial key figures are calculated according to *Recommendations and Financial Ratios 2005* issued by the Danish Society of Financial Analysts.

For definitions of key figures see *Summary for the Group 2005-2009*, p. 50-51.

2. Segment Information

The Group is engaged in research, development, production and marketing of pharmaceuticals for the treatment of illnesses in the field of CNS. The business segment reflects the internal management reporting.

2009	Europe DKKm	US DKKm	Int. Markets DKKm	Group DKKm
Cipralex®	3,720	-	1,600	5,320
Lexapro®	-	2,451	-	2,451
Ebixa®	1,800	-	362	2,162
Azilect®	699	-	70	769
Xenazine®	6	292	-	298
Other pharmaceuticals	991	889	589	2,469
Other revenue				278
Total revenue	**7,216**	**3,632**	**2,621**	**13,747**
Of this amount				
Downpayments and milestone payments				28
Royalty				620
Income from reduction of ownership interest in LifeCycle Pharma A/S				124

Of total revenue, DKK 221 million derived from sales in Denmark.

2009	Europe DKKm	US DKKm	Int. Markets DKKm	Group DKKm
Total non-current assets[1]	**5,199**	**5,590**	**55**	**10,844**
Denmark	3,594			

1) Excl. deferred tax assets.

2008	Europe DKKm	US DKKm	Int. Markets DKKm	Group DKKm
Cipralex®	3,355	-	1,474	4,829
Lexapro®	-	2,464	-	2,464
Ebixa®	1,557	-	321	1,878
Azilect®	507	-	46	553
Other pharmaceuticals	1,061	-	592	1,653
Other revenue				195
Total revenue	**6,480**	**2,464**	**2,433**	**11,572**
Of this amount				
Downpayments and milestone payments				1
Royalty				624

Of total revenue, DKK 90 million derived from sales in Denmark.

2008	Europe DKKm	US DKKm	Int. Markets DKKm	Group DKKm
Total non-current assets[1]	**4,706**	**475**	**45**	**5,226**
Denmark	3,875			

1) Excl. deferred tax assets.

Income from Forest in the US

Income from sales of citalopram and escitalopram to Forest amounted to DKK 2,451 million in 2009 (DKK 2,464 million in 2008) 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 693 million at 31 December 2009 (DKK 597 million in 2008). See Note 1 *Accounting Policies* for a more elaborate description hereof.

The invoiced price is agreed between Forest and Lundbeck at the beginning of each calendar year. The price is calculated on the basis of expectations for the coming year's development in the elements included in the royalty calculation. These elements are: Forest's net selling prices, quantities used in sold products, quantities used in samples, quantities wasted during processing, and the various dosage levels of the finished goods.

The agreement with Forest takes into consideration the expiry of the escitalopram patent protection in the US in 2012. Prior to a potential launch of generic escitalopram, Forest is expected to reduce its escitalopram inventories to a low level.

Lundbeck monitors the development in Forest's inventories and net selling price thoroughly, and regularly assesses the risk of the price adjustment clause and repayment of the advance payment being applied. Inventories at 31 December 2009 corresponded to about 6 months of commercial supply, and Lundbeck therefore believes that there is no repayment risk.

NOTE 3

GROUP

3. Staff Costs

Wages and salaries, etc.

	2009 DKKm	2008 DKKm
Short-term staff benefits	2,724	2,345
Pension benefits	205	153
Other social security costs	329	293
Total	**3,258**	**2,791**
The year's staff costs are analyzed as follows		
Cost of sales	422	403
Distribution costs	969	856
Administrative expenses	936	773
Research and development costs	931	759
Total	**3,258**	**2,791**
Executives		
Short-term staff benefits	62	53
Pension benefits	9	8
Share-based payment	5	1
Total	**76**	**62**
Executive Management		
Short-term staff benefits	30	36
Severance payment	-	7
Pension benefits	5	5
Share-based payments	1	-
Total	**36**	**48**

The total remuneration of the CEO, including bonus, which is a combination of company strategic and individual targets as well as share-based payment, amounted to DKK 10.0 million for the 2009 financial year (DKK 13.9 million in 2008, of which DKK 6.5 million was a one-off fee on appointment).

The value of the warrant and share schemes for the Executive Management, vested and calculated according to the Black-Scholes formula, was DKK 0.5 million at 31 December 2009 (DKK 2.4 million in 2008).

The members of the Executive Management participate in a short-term incentive program 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.

The Executive Management was increased from four to six members in 2008.

The total remuneration including severance pay for the CEO who retired in 2008 was DKK 9.1 million in 2008.

Supervisory Board

Remuneration of members of the Supervisory Board for 2009 amounted to DKK 5.2 million (DKK 5.1 million in 2008). This includes remuneration for participation in the Audit Committee of DKK 0.7 million (DKK 0.4 million in 2008), for participation in the Remuneration Committee of DKK 0.7 million (DKK 0.2 million in 2008) and for participation in the Scientific Committee of DKK 0.2 million (DKK 0 in 2008). The remuneration for 2009 is consistent with that presented at the Annual General Meeting held on 21 April 2009.

The members of the Supervisory Board held a total of 49,334 Lundbeck shares at 31 December 2009 (39,212 shares in 2008).

The total remuneration for 2009 of the chairman of the Supervisory Board amounted to DKK 1.2 million (DKK 2.0 million in 2008), including remuneration for participation in the Remuneration Committee. The amount for 2008 included remuneration for extraordinary duties during the period March to June 2008 until the new CEO was appointed. The total remuneration for 2009 of the deputy chairman of the Supervisory Board amounted to DKK 0.8 million (DKK 0.7 million in 2008), including remuneration for participation in the Audit Committee.

Employees

	2009	2008
Average number of full-time employees in the financial year	**5,526**	**5,208**
Number of full-time employees at 31.12.		
In Denmark	1,974	2,114
Abroad	3,759	3,204
Total	**5,733**	**5,318**

NOTE 3

GROUP

3. Staff Costs – continued

Incentive programs
In order to attract, retain and motivate key employees of Lundbeck and align their interests with those of the shareholders, the company has established a number of incentive programs. The company uses equity-based as well as debt-based schemes, and the tables below show all the incentive programs in place in 2008 and 2009.

Equity-based schemes
In the 2009 financial year, the company's equity-based schemes consisted of warrant schemes and share schemes granted in the period 2005-2009.

No warrants were exercised in 2009 as the scheme was either out-of-the-money or had not vested. At 31 December 2009, the total number of warrants which are exercisable and in-the-money was 0 (0 in 2008).

The performance of the Lundbeck share in 2009 is illustrated in the chart on p. 39 in the section *The Lundbeck Share*.

In March 2009, the company established a warrant and a share scheme for the Executive Management and a number of key employees in Denmark and abroad. 98 employees were granted a total of 534,058 warrants and 92,627 shares, of which the Executive Management was allocated 333,811 warrants and 20,794 shares. The warrants and shares will vest at 16 March 2012 subject to the employee still being employed with Lundbeck. For members of the Executive Management, the number of warrants and shares awarded is subject to H. Lundbeck A/S' ranking in a peer group of companies. The ranking in the peer group of companies is based on the Total Shareholder Return over a three-year period. The warrants are exercisable during the period 16 March 2012 to 15 March 2017 at an exercise price of DKK 102.00.

The market value per warrant at the time of grant is calculated using the Black-Scholes formula and is based on a volatility of 44.05%, a dividend payout ratio of 1.50%, a risk-free interest rate of 3.20%, an average maturity of approximately 79 months and a share price of DKK 98.75. This translates into a market value of DKK 40.37 per warrant. The volatility is based on daily data during the period 5 February 2008 to 11 March 2009.

The market value at the time of grant was DKK 98.75 per share.

Warrant schemes	2005	2007	2008	2008	2009
Number of employees covered by the scheme	76	80	87	1	98
Total number of warrants granted	647,000	844,500	405,234	134,310	534,058
Total number of warrants granted to the Executive Management	160,000	173,000	219,618	134,310	333,811
Vested as at	immediately	immediately	06.05.11	02.06.11	16.03.12
Exercise period begins	02.10.06	01.08.08	06.05.11	02.06.11	16.03.12
Exercise period ends	31.03.09	31.03.11	05.05.16	01.06.16	15.03.17
Exercise price, DKK	179.00	156.00	115.00	115.00	102.00

Share schemes	2008	2008	2009
Number of employees covered by the scheme	87	1	98
Total number of shares granted	71,870	2,739	92,627
Total number of shares granted to the Executive Management	12,429	2,739	20,794
Vested as at	06.05.11	02.06.11	16.03.12
Market value at date of grant, DKK	120.25	117.75	98.75

2009

Year of grant	01.01. Number	Grant Number	Reclassification Number	Cancellation Number	31.12. Number
Executive Management					
2005, warrants[1]	105,000	-	-	(105,000)	-
2007, warrants	180,000	-	-	-	180,000
2008, warrants	353,928	-	-	-	353,928
2008, shares	15,168	-	-	-	15,168
2009, warrants	-	333,811	-	-	333,811
2009, shares	-	20,794	-	-	20,794
Total, Executive Management	**654,096**	**354,605**	**-**	**(105,000)**	**903,701**
Executives					
2005, warrants[1]	177,000	-	-	(177,000)	-
2007, warrants	303,100	-	-	-	303,100
2008, warrants	76,731	-	(10,948)	-	65,783
2008, shares	24,689	-	(3,379)	-	21,310
2009, warrants	-	76,269	751	-	77,020
2009, shares	-	24,032	306	-	24,338
Total, Executives	**581,520**	**100,301**	**(13,270)**	**(177,000)**	**491,551**
Other					
2005, warrants[1]	365,000	-	-	(365,000)	-
2007, warrants	361,400	-	-	-	361,400
2008, warrants[2]	105,858	-	10,948	(7,400)	109,406
2008, shares[2]	33,774	-	3,379	(2,389)	34,764
2009, warrants[2]	-	123,978	(751)	(5,213)	118,014
2009, shares[2]	-	47,801	(306)	(2,121)	45,374
Total, other	**866,032**	**171,779**	**13,270**	**(382,123)**	**668,958**
Total	**2,101,648**	**626,685**	**-**	**(664,123)**	**2,064,210**

1) The warrant scheme established in 2005 expired at 31 March 2009.
2) Warrants and shares have been cancelled because the vesting conditions were not met due to termination of service.

NOTE 3

GROUP

3. Staff Costs – continued

2008

Year of grant	01.01. Number	Grant Number	Reclassification Number	Cancellation Number	31.12. Number
Executive Management					
2005, warrants	100,000	-	5,000	-	105,000
2007, warrants	173,000	-	7,000	-	180,000
2008, warrants	-	353,928	-	-	353,928
2008, shares	-	15,168	-	-	15,168
Total, Executive Management	**273,000**	**369,096**	**12,000**	**-**	**654,096**
Executives					
2005, warrants	238,000	-	(61,000)	-	177,000
2007, warrants	366,800	-	(63,700)	-	303,100
2008, warrants	-	59,605	17,126	-	76,731
2008, shares	-	19,391	5,298	-	24,689
Total, Executives	**604,800**	**78,996**	**(102,276)**	**-**	**581,520**
Other					
2005, warrants	309,000	-	56,000	-	365,000
2007, warrants	304,700	-	56,700	-	361,400
2008, warrants	-	126,011	(17,126)	(3,027)	105,858
2008, shares	-	40,050	(5,298)	(978)	33,774
Total, other	**613,700**	**166,061**	**90,276**	**(4,005)**	**866,032**
Total	**1,491,500**	**614,153**	**-**	**(4,005)**	**2,101,648**

Preconditions at 31.12.2009 for the warrant schemes	2007	Executive Management 2008	CEO 2008	Employees 2008	Executive Management 2009	Employees 2009
Exercise price, DKK	156.00	115.00	115.00	115.00	102.00	102.00
Market price, DKK	94.75	94.75	94.75	94.75	94.75	94.75
Volatility, %	38.40	32.30	32.30	32.30	32.30	32.30
Dividend payout ratio, %	1.50	1.50	1.50	1.50	1.50	1.50
Risk-free interest rate, %	1.15	2.80	2.80	2.52	3.07	2.80
Market value per warrant at 31.12.2009, DKK	3.01	4.00	4.10	17.80	12.00	24.00

Preconditions at 31.12.2008 for warrant schemes	2005	2007	Executive Management 2008	CEO 2008	Employees 2008
Exercise price, DKK	179.00	156.00	115.00	115.00	115.00
Market price, DKK	110.00	110.00	110.00	110.00	110.00
Volatility, %	62.37	41.29	33.50	33.50	33.50
Dividend payout ratio, %	1.50	1.50	1.50	1.50	1.50
Risk-free interest rate, %	4.91	2.59	3.09	3.09	3.09
Market value per warrant at 31.12.2008, DKK	0.55	10.76	18.80	18.90	33.90

NOTE 3

GROUP

3. Staff Costs – continued

Debt-based schemes
The company's existing debt-based schemes consist of Stock Appreciation Rights and Restricted Cash Units awarded during the period 2008-2009.

In 2009, 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 2009 to a number of key employees of the company and its non-US subsidiaries. The SARs granted will vest at 1 July 2012 subject to the employee still being employed with Lundbeck and the subsidiary achieving the financial performance targets defined under the scheme, after which time they are settled. The SARs granted are exercisable during the period 1 July 2012 to 30 June 2017. The size of the amount depends on how much the price of the Lundbeck share at the exercise date exceeds DKK 102.00 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 market value per SAR at the time of grant is calculated using the Black-Scholes formula and is based on a volatility of 36.34%, a dividend payout ratio of 1.50%, a risk-free interest rate of 3.38%, an average maturity of approximately 79 months and a share price of DKK 101.25. This translates into a market value of DKK 36.42 per SAR. The volatility is based on weekly data during the period 30 January 2003 to 22 June 2009, which corresponds to the expected outstanding duration of the scheme.

Moreover, in 2009, 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 2009 to a number of key employees of the company and its non-US subsidiaries. The RCUs granted will vest at 30 June 2012 subject to the employee still being employed with Lundbeck and the subsidiary achieving the financial performance targets defined under the scheme, 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 market value per RCU at the time of grant was calculated at DKK 96.79.

The market value calculations are made on the assumption that the subsidiary achieves the financial performance targets defined under the schemes, whilst any employee attrition is not taken into consideration.

2009

Year of grant	01.01. Number	Grant Number	Reclassification Number	Cancellation Number	Distribution Number	31.12. Number
Executives						
2008, SARs	2,258	-	-	-	-	2,258
2008, RCUs	814	-	-	-	-	814
2009, SARs	-	118,126	43,415	(72,359)	-	89,182
2009, RCUs	-	21,656	5,203	(7,804)	-	19,055
Total, Executives	**3,072**	**139,782**	**48,618**	**(80,163)**	**-**	**111,309**
Other						
2009, SARs	-	123,011	(43,415)	-	-	79,596
2009, RCUs	-	317,319	(5,203)	(34,433)	-	277,683
Total, other	**-**	**440,330**	**(48,618)**	**(34,433)**	**-**	**357,279**
Total	**3,072**	**580,112**	**-**	**(114,596)**	**-**	**468,588**

2008

Year of grant	01.01. Number	Grant Number	Reclassification Number	Cancellation Number	Distribution Number	31.12. Number
Executives						
2002, share price-based scheme	2,090	-	-	-	(2,090)	-
2008, SARs	-	2,258	-	-	-	2,258
2008, RCUs	-	814	-	-	-	814
Total, Executives	**2,090**	**3,072**	**-**	**-**	**(2,090)**	**3,072**
Other						
2002, share price-based scheme	110,290	-	-	-	(110,290)	-
Total, other	**110,290**	**-**	**-**	**-**	**(110,290)**	**-**
Total	**112,380**	**3,072**	**-**	**-**	**(112,380)**	**3,072**

Preconditions at 31.12.2009 for debt-based schemes	SARs 2008	RCUs 2008	SARs 2009	RCUs 2009
Exercise price, DKK	119.76	-	102.00	-
Market price, DKK	94.75	94.75	94.75	94.75
Volatility, %	32.30	32.30	32.30	32.30
Dividend payout ratio, %	1.50	1.50	1.50	1.50
Risk-free interest rate, %	2.52	2.52	3.07	3.07
Market value per SAR/RCU, DKK	17.50	91.90	27.50	90.60
Vested at	11.08.11	11.08.11	01.07.12	01.07.12
Exercise period begins	11.08.11	-	01.07.12	-
Exercise period ends	10.08.16	-	30.06.17	-

NOTE 3

GROUP

3. Staff Costs – continued

Preconditions at 31.12.2008 for debt-based schemes	SARs 2008	RCUs 2008
Exercise price, DKK	119.76	-
Market price, DKK	110.00	110.00
Volatility, %	33.50	33.50
Dividend payout ratio, %	1.50	1.50
Risk-free interest rate, %	3.00	3.00
Market value per SAR/RCU, DKK	30.46	105.10
Vested at	11.08.11	11.08.11
Exercise period begins	11.08.11	-
Exercise period ends	10.08.16	-

Market value, liability and expense recognized in the income statement
The warrants and shares granted are recognized in the income statement for 2009 at an expense corresponding to the market value at the time of grant calculated according to the Black-Scholes formula for the vesting period to date. No expense has been recognized for the warrants and shares under the 2008 program that depend on the Lundbeck share's ranking in a peer group of companies, as the vesting conditions were not met at 31 December 2009.

The SARs granted are recognized in the income statement for 2009 at an expense corresponding to the value adjustment for the year based on the Black-Scholes formula, and the RCUs granted are recognized in the income statement for 2009 at an expense corresponding to the value adjustment for the year based on the performance of the Lundbeck share.

2009	Market value 31.12. DKKm	Expense recognized in income statement DKKm
Equity-based schemes		
2007, warrants	3	-
2008, warrants	5	2
2008, shares	6	2
2009, warrants	8	2
2009, shares	8	3
Total	**30**	**9**

	Liability 31.12. DKKm	Expense recognized in income statement DKKm
Debt-based schemes		
2009, SARs	1	1
2009, RCUs	5	5
Total	**6**	**6**

The total expense recognized in the income statement for all incentive programs amounted to DKK 15 million for 2009.

2008	Market value 31.12. DKKm	Expense recognized in income statement DKKm
Equity-based schemes		
2007, warrants	9	-
2008, warrants	13	1
2008, shares	8	2
Total	**30**	**3**

The total expense recognized in the income statement for all incentive programs amounted to DKK 3 million for 2008.

NOTES 4-6

GROUP

4. Amortization and Depreciation

2009	Intangible assets DKKm	Property, plant and equipment DKKm	Total DKKm
Amortization, depreciation and impairment for the year are analyzed as follows			
Cost of sales	65	145	210
Distribution costs	332	10	342
Administrative expenses	16	54	70
Research and development costs	92	156	248
Total	505	365	870

Impairment losses on intangible assets are recognized under distribution costs.

Distribution costs includes a DKK 157 million impairment loss concerning the rights to Circadin®.

Losses and gains on the sale of intangible assets and property, plant and equipment are recognized at a net loss of DKK 14 million.

2008	Intangible assets DKKm	Property, plant and equipment DKKm	Total DKKm
Amortization, depreciation and impairment for the year are analyzed as follows			
Cost of sales	54	155	209
Distribution costs	13	15	28
Administrative expenses	16	55	71
Research and development costs	610	146	756
Total	**693**	**371**	**1,064**

Impairment losses on intangible assets are recognized under research and development costs.

Research and development costs include a DKK 481 million impairment loss concerning the commercial product rights to Flurizan®. Because the clinical Phase III data did not correspond to the indications observed in Phase II, it was decided to discontinue the development of the compound and write down the product rights.

Losses and gains on the sale of intangible assets and property, plant and equipment are recognized at a net loss of DKK 13 million.

5. Audit Fees

	2009 DKKm	2008 DKKm
Deloitte		
Statutory audit	7	6
Other assurance engagements	1	-
Tax consulting	1	1
Other services	4	3
Total	**13**	**10**

A few small foreign subsidiaries are not audited by the parent company's auditors, a foreign business partner of the auditors, or by an internationally recognized accountancy firm.

6. Investments in Associates

2009	Cost DKKm	Accumulated revaluation/ impairment losses DKKm	Total DKKm
Carrying amount at 01.01.2009	84	(84)	-
Carrying amount at 31.12.2009	**84**	**(84)**	**-**

Based on an impairment test performed in 2007, the value of the investment in CF Pharma Gyógyszergyártó Kft. was written down to DKK 0. A reassessment of the company's expected future development did not give rise to any change in the valuation, and the impairment loss has therefore been retained.

2009	Share of voting rights and ownership
CF Pharma Gyógyszergyártó Kft., Hungary	47.1%

2008	Cost DKKm	Accumulated revaluation/ impairment losses DKKm	Total DKKm
Carrying amount at 01.01.2008	181	(98)	83
Additions	112	-	112
Losses in associates	-	(43)	(43)
Equity entries in associates	-	1	1
Reclassified as assets held for sale	(209)	56	(153)
Carrying amount at 31.12.2008	**84**	**(84)**	**-**

In 2008, it was resolved to divest the non-strategic investment in LifeCycle Pharma A/S. As a result, the investment, which had a carrying amount at 31 December 2008 of DKK 153 million, was reclassified as assets held for sale. The shares were sold on 27 January 2009 at DKK 18.00 per share, corresponding to a total selling price of DKK 276 million. The profit from the divestment totalled DKK 124 million, which was recognized as revenue in the first quarter of 2009. There was no evidence of impairment at 31 December 2008. The fair value of the investment in LifeCycle Pharma A/S at 31 December 2008 amounted to DKK 170 million.

Based on an impairment test performed in 2007, the value of the investment in CF Pharma Gyógyszergyártó Kft. was written down to DKK 0. A reassessment of the company's expected future development did not give rise to any change in the valuation, and the impairment loss was therefore retained.

2008	Share of voting rights and ownership
CF Pharma Gyógyszergyártó Kft., Hungary	47.1%
LifeCycle Pharma A/S, Denmark	27.2%

NOTES 6-8

GROUP

6. Investments in Associates – continued

Financial highlights of associates	2009 DKKm	2008 DKKm
Assets	212	866
Liabilities	136	231
Net assets	**76**	**635**
Share of net assets	**36**	**188**
Revenue	**56**	**254**
Profit/(loss) for the year	**2**	**(178)**
Group's share of profit/(loss) for the year	**1**	**(52)**

7. Net Financials

	2009 DKKm	2008 DKKm
Interest, cash and securities, etc.	65	151
Exchange gains	93	198
Dividends received	1	5
Realized and unrealized gains:		
- Bonds	8	36
- Equity investments	4	-
- Derivatives, trading	7	17
Total financial income	**178**	**407**
Interest, bank and mortgage debt, etc.	137	115
Other financial expenses	49	3
Writedown of receivables from associates	-	8
Exchange losses	122	141
Realized and unrealized losses:		
- Bonds	-	24
- Equity investments	34	96
- Derivatives, trading	28	48
Total financial expenses	**370**	**435**
Net financials	**(192)**	**(28)**

8. Tax on Profit for the Year

	2009 DKKm	2008 DKKm
Current tax	725	481
Prior year adjustments, current tax	4	(7)
Prior year adjustments, deferred tax	1	(6)
Change in accounting policies: Currency translation, foreign subsidiaries	-	6
Change of deferred tax for the year	(164)	127
Total tax for the year	**566**	**601**
Tax for the year is composed of		
Tax on profit for the year	659	620
Tax on other comprehensive income	(93)	(19)
Total tax for the year	**566**	**601**
Tax on other comprehensive income is specified as follows		
Currency translation concerning additions to net investments in foreign subsidiaries	(100)	-
Adjustment, deferred gains/losses, hedging	1	11
Realized gains/losses, hedging	-	(26)
Realized gains/losses, trading (transferred from hedging)	6	(4)
Tax on other comprehensive income	**(93)**	**(19)**

Explanation of the Group's effective tax rate relative to the Danish tax rate	DKKm	%
2009		
Profit before tax	**2,666**	
Calculated tax, 25%	667	25.0
Tax effect of		
Differences in the tax rates of foreign subsidiaries from the Danish rate of 25%	3	0.1
Non-deductible expenses/non-taxable income and other permanent differences	92	3.4
Research and development activities (tax credits)	(78)	(2.9)
Prior year tax adjustments, etc., total effect on operations	5	0.2
Effective tax for the year before market value adjustment of other investments	**689**	**25.8**
Non-deductible losses/non-taxable gains on shares and other equity investments	(30)	(1.1)
Effective tax for the year	**659**	**24.7**

NOTES 8-10

GROUP

8. Tax on Profit for the Year – continued

Explanation of the Group's effective tax rate relative to the Danish tax rate	DKKm	%
2008		
Profit before tax	**2,283**	
Calculated tax, 25%	571	25.0
Tax effect of		
Differences in the tax rates of foreign subsidiaries from the Danish rate of 25%	28	1.2
Research and development activities (tax credits)	(7)	(0.3)
Change in accounting policies: Currency translation, foreign subsidiaries	6	0.3
Prior year tax adjustments, etc., total effect on operations	(13)	(0.6)
Effective tax for the year before market value adjustment of other investments	**585**	**25.6**
Non-deductible losses/non-taxable gains on shares and other equity investments	24	1.0
Tax effect of result in associates	11	0.5
Effective tax for the year	**620**	**27.1**

9. Distribution of Profit

	2009 DKKm	2008 DKKm
Proposed distribution of profit for the year		
Proposed dividends for the year	602	453
Transferred to distributable reserves	1,405	1,210
Total profit for the year	**2,007**	**1,663**

For 2009, the Supervisory Board proposes a dividend of 30% (30% in 2008) of the profit for the year to shareholders of the parent company, corresponding to DKK 602 million (DKK 453 million in 2008) including dividends on treasury shares, or DKK 3.07 (DKK 2.30 in 2008) per share.

10. Earnings per Share

	2009	2008
Profit for the year (DKKm)	**2,007**	**1,663**
Average number of outstanding shares ('000 shares)	196,574	203,702
Average number of treasury shares ('000 shares)	(457)	(6,858)
Average number of shares, excl. treasury shares ('000 shares)	**196,117**	**196,844**
Average number of warrants, fully diluted ('000 warrants)	-	-
Average number of shares, fully diluted ('000 shares)	**196,117**	**196,844**
Earnings per share (EPS) (DKK)	**10.24**	**8.45**
Diluted earnings per share (DEPS) (DKK)	**10.24**	**8.45**

The profit for the year equals the profit allocated to shareholders of the parent company.

Warrants comprised by the warrant scheme established in 2007 for the Executive Management and Danish and foreign executives, a total of 844,500 warrants, were not in-the-money in 2009 and were therefore not exercised.

Warrants covered by the warrant scheme established in 2008 for the Executive Management and Danish and foreign key employees, a total of 529,117 warrants, vest at 6 May 2011 for the Executive Management (excl. the CEO) and key employees, and at 2 June 2011 for the CEO. Warrants covered by the warrant scheme established in 2009 for the Executive Management and Danish and foreign key employees, a total of 528,845 warrants, vest at 16 March 2012.

The warrants are not included in the calculation of earnings per share (EPS) and diluted earnings per share (DEPS). The warrants may have a longer term dilutive effect on earnings per share and diluted earnings per share.

Warrants comprised by the warrant schemes established in 2007 may be exercised within the given subscription periods if the price of the Lundbeck share exceeds the fixed exercise price of DKK 156.00. At 31 December 2009, 844,500 warrants from the 2007 scheme remained outstanding. The warrant scheme established in 2005 expired in March 2009, and all outstanding warrants were cancelled.

See note 3 *Staff Costs* for additional information on incentive programs.

NOTE 11

GROUP

11. Other Investments and Other Receivables

	Receivables from associates DKKm	Available-for-sale financial assets DKKm	Other receivables[1] DKKm
2009			
Carrying amount at 01.01.2009	-	31	56
Additions	-	1	4
Disposals	-	-	(16)
Value adjustment	-	(6)	1
Carrying amount at 31.12.2009	**-**	**26**	**45**
2008			
Carrying amount at 01.01.2008	-	151	61
Additions	8	36	13
Disposals	-	-	(18)
Value adjustment	-	(103)	-
Writedown of receivables	(8)	-	-
Exchange differences	-	(1)	-
Reclassified as assets held for sale	-	(52)	-
Carrying amount at 31.12.2008	**-**	**31**	**56**

1) At 31 December 2009, other receivables are not believed to involve any material credit risk.

In 2008, it was resolved to divest the non-strategic investments in four small private equity funds recognized under available-for-sale financial assets. As a result, the investments were reclassified as assets held for sale. As the decision about the divestment had been made at 31 December 2008, the investments were written down to the expected selling price of DKK 52 million. The expected loss on the sale of the investments, which had previously been measured at fair value under other comprehensive income, amounted to DKK 96 million. The loss was recognized under net financials in the income statement.

Fair value adjustment of available-for-sale financial assets	2009 DKKm	2008 DKKm
Fair value adjustment at 01.01.	(21)	(168)
Adjustment due to prolonged impairment losses before 01.01.2005	-	154
Value adjustment	(6)	(103)
Prolonged impairment losses recognized in the income statement	33	-
Fair value adjustment of assets held for sale	-	96
Fair value adjustment at 31.12.	**6**	**(21)**

Fair value hierarchy for financial assets measured at fair value

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 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.

Financial assets measured at fair value	Level 1 DKKm	Level 2 DKKm	Level 3 DKKm
2009			
Securities	24	35	-
Available-for-sale financial assets	3	-	23
Derivatives	-	44	-
Financial assets measured at fair value	**27**	**79**	**23**

Financial assets measured at fair value according to level 3	2009 DKKm
Carrying amount at 01.01.	26
Additions	1
Value adjustment	(4)
Carrying amount at 31.12.	**23**

Financial assets measured at fair value according to level 3 comprise shares in Privathospitalet Hamlet A/S, Warren Pharmaceuticals Inc. and Cross Atlantic Partners K/S IV.

NOTE 12

GROUP

12. Intangible Assets and Property, Plant and Equipment

	2009 DKKm	2008 DKKm	2007 DKKm
Cost	9,210	3,200	2,693
Amortization	1,486	1,184	869
Carrying amount	**7,724**	**2,016**	**1,824**
Goodwill	3,520	819	812
Patent rights	221	232	312
Product rights	3,552	606	468
Other rights	350	231	137
Projects in progress	81	128	95
Intangible assets	**7,724**	**2,016**	**1,824**

2009	Goodwill DKKm	Patent rights DKKm	Product rights DKKm	Other rights[1] DKKm	Projects in progress[1] DKKm	Intangible assets DKKm
Cost at 31.12.2008	882	506	917	830	128	3,263
Change in accounting policies: Currency translation, foreign subsidiaries	(63)	-	-	-	-	(63)
Cost at 01.01.2009	819	506	917	830	128	3,200
Exchange differences	(135)	-	(316)	(1)	-	(452)
Additions through acquisitions	2,836	-	2,810	35	-	5,681
Additions	-	21	822	184	75	1,102
Disposals	-	(2)	(174)	(23)	(122)	(321)
Cost at 31.12.2009	**3,520**	**525**	**4,059**	**1,025**	**81**	**9,210**
Amortization at 31.12.2008	-	274	311	599	-	1,184
Change in accounting policies: Currency translation, foreign subsidiaries	-	-	-	-	-	-
Amortization at 01.01.2009	-	274	311	599	-	1,184
Exchange differences	-	-	(4)	-	-	(4)
Amortization during the year	-	30	217	98	-	345
Impairment during the year	-	-	157	-	-	157
Disposals	-	-	(174)	(22)	-	(196)
Amortization at 31.12.2009	**-**	**304**	**507**	**675**	**-**	**1,486**
Carrying amount at 31.12.2009	**3,520**	**221**	**3,552**	**350**	**81**	**7,724**

1) Other rights and projects in progress include items such as SAP. The amounts include capitalized internal expenses.

NOTE 12

GROUP

12. Intangible Assets and Property, Plant and Equipment – continued

2008	Goodwill DKKm	Patent rights DKKm	Product rights DKKm	Other rights[1] DKKm	Projects in progress[1] DKKm	Intangible assets DKKm
Cost at 31.12.2007	882	506	727	554	95	2,764
Change in accounting policies: Currency translation, foreign subsidiaries	(70)	-	-	(1)	-	(71)
Cost at 01.01.2008	812	506	727	553	95	2,693
Exchange differences	7	-	(1)	-	(1)	5
Reclassification	-	-	-	154	32	186
Additions	-	-	672	143	86	901
Disposals	-	-	(481)	(20)	(84)	(585)
Cost at 31.12.2008	**819**	**506**	**917**	**830**	**128**	**3,200**
Amortization at 31.12.2007	-	194	259	416	-	869
Change in accounting policies: Currency translation, foreign subsidiaries	-	-	-	-	-	-
Amortization at 01.01.2008	-	194	259	416	-	869
Exchange differences	-	-	(1)	(1)	-	(2)
Reclassification	-	-	-	125	-	125
Amortization during the year	-	45	53	78	-	176
Impairment during the year	-	35	481	-	-	516
Disposals	-	-	(481)	(19)	-	(500)
Amortization at 31.12.2008	**-**	**274**	**311**	**599**	**-**	**1,184**
Carrying amount at 31.12.2008	**819**	**232**	**606**	**231**	**128**	**2,016**

1) Other rights and projects in progress include items such as SAP. The amounts include capitalized internal expenses.

Goodwill impairment test

The carrying amount of goodwill of DKK 3,520 million (DKK 819 million in 2008) relates to the acquisition of Lundbeck Research USA, Inc., US (DKK 192 million), Lundbeck Pharmaceuticals Italy S.p.A., Italy (DKK 163 million), 50% of Lundbeck GmbH, Germany (DKK 461 million), Laboratoire Elaiapharm SA, France (DKK 19 million) and Lundbeck Inc., US (DKK 2,685 million). The annual impairment tests are submitted to the Audit Committee for subsequent approval by the Supervisory Board. Based on the impairment tests performed in 2009, it was concluded that there is no evidence of goodwill impairment. Lundbeck Pharmaceuticals Italy S.p.A. and Lundbeck GmbH are defined as independent cash-generating units (CGU). In the impairment test, the discounted expected future cash flows (value in use) for each CGU are compared to the carrying amounts. The future cash flows are based on the subsidiaries' business plans for 2010-2014. The key parameters in the calculation of the value in use are sales, EBITDA, working capital and capital investments. The business plans are based on management's specific assessment of the business units' expected development during the period 2010-2014. For Lundbeck GmbH, the terminal value for the period after 2014 has been fixed with due consideration to the patent expiry for Cipralex®. For Lundbeck Pharmaceuticals Italy S.p.A., the terminal value for the period after 2014 has been fixed on the assumption of future growth of 2% p.a. The calculation of the value in use is based on a discount rate of 7% (9% in 2008). The discount rate is determined on the basis of Lundbeck's WACC. The WACC has been calculated on the basis of an analysis performed by Lundbeck in-house and compared with external assessments. Lundbeck Research USA, Inc. is not defined as an independent CGU due to its capacity as a research unit. Goodwill related to the acquisition of Lundbeck Research USA, Inc. has therefore been allocated to the uppermost Group level along with the other research and development units. The impairment test of goodwill allocated to the uppermost Group level is not carried out as a calculation of the value in use but as an assessment of the ratio between the carrying amount of goodwill and the Group's current market value. No impairment test has been performed of the companies acquired in 2009 as the preconditions for valuation of goodwill and product rights and other preconditions in relation to the acquisitions have not changed to any material extent.

NOTE 12

GROUP

12. Intangible Assets and Property, Plant and Equipment – continued

Impairment of product rights
Lundbeck has resolved to write down the rights to Circadin®. The DKK 157 million impairment loss is recognized under distribution costs in the income statement. The recoverable amount is calculated on the basis of management's re-assessed estimate of the value in use of the asset.

Impairment of patents
No impairment losses were recognized on patents in 2009 (DKK 35 million in 2008). The impairment loss in 2008 was recognized in the income statement under research and development costs.

	2009 DKKm	2008 DKKm	2007 DKKm
Cost	6,331	6,115	6,441
Depreciation	3,282	2,992	3,110
Carrying amount	**3,049**	**3,123**	**3,331**
Land and buildings	2,153	2,178	2,019
Plant and machinery	460	422	384
Other fixtures and fittings, tools and equipment	289	319	331
Prepayments and plant and equipment in progress	147	204	597
Property, plant and equipment	**3,049**	**3,123**	**3,331**

2009	Land and buildings DKKm	Plant and machinery DKKm	Other fixtures and fittings, tools and equipment DKKm	Prepayments and plant and equipment in progress DKKm	Property, plant and equipment DKKm
Cost at 31.12.2008	3,375	1,518	1,052	205	6,150
Change in accounting policies: Currency translation, foreign subsidiaries	(25)	(7)	(2)	(1)	(35)
Cost at 01.01.2009	3,350	1,511	1,050	204	6,115
Exchange differences	6	23	8	-	37
Additions through acquisitions	-	31	8	-	39
Reclassification	29	-	(29)	-	-
Additions	103	119	93	133	448
Disposals	(2)	(30)	(86)	(190)	(308)
Cost at 31.12.2009	**3,486**	**1,654**	**1,044**	**147**	**6,331**
Depreciation at 31.12.2008	1,173	1,090	732	1	2,996
Change in accounting policies: Currency translation, foreign subsidiaries	(1)	(1)	(1)	(1)	(4)
Depreciation at 01.01.2009	1,172	1,089	731	-	2,992
Exchange differences	8	26	5	-	39
Reclassification	1	-	(1)	-	-
Depreciation during the year	153	104	97	-	354
Disposals	(1)	(25)	(77)	-	(103)
Depreciation at 31.12.2009	**1,333**	**1,194**	**755**	**-**	**3,282**
Carrying amount at 31.12.2009	**2,153**	**460**	**289**	**147**	**3,049**

NOTES 12-13

GROUP

12. Intangible Assets and Property, Plant and Equipment – continued

2008	Land and buildings DKKm	Plant and machinery DKKm	Other fixtures and fittings, tools and equipment DKKm	Prepayments and plant and equipment in progress DKKm	Property, plant and equipment DKKm
Cost at 31.12.2007	3,164	1,597	1,125	601	6,487
Change in accounting policies:					
Currency translation, foreign subsidiaries	(30)	(9)	(4)	(3)	(46)
Cost at 01.01.2008	3,134	1,588	1,121	598	6,441
Exchange differences	(71)	(200)	(14)	1	(284)
Reclassification	(27)	-	(127)	(32)	(186)
Additions	331	141	120	169	761
Disposals	(17)	(18)	(50)	(532)	(617)
Cost at 31.12.2008	**3,350**	**1,511**	**1,050**	**204**	**6,115**
Depreciation at 31.12.2007	1,116	1,204	791	1	3,112
Change in accounting policies:					
Currency translation, foreign subsidiaries	(1)	-	(1)	-	(2)
Depreciation at 01.01.2008	1,115	1,204	790	1	3,110
Exchange differences	(69)	(200)	(12)	(1)	(282)
Reclassification	(9)	-	(116)	-	(125)
Depreciation during the year	145	100	114	-	359
Disposals	(10)	(15)	(45)	-	(70)
Depreciation at 31.12.2008	**1,172**	**1,089**	**731**	**-**	**2,992**
Carrying amount at 31.12.2008	**2,178**	**422**	**319**	**204**	**3,123**

13. Deferred Tax Liabilities

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

2009	Balance at 31.12.08 DKKm	Change in accounting policies DKKm	Balance at 01.01.09 DKKm	Adjustment of deferred tax at beginning of year DKKm	Additions through acquisitions DKKm	Exchange differences DKKm	Movement during the year DKKm	Balance at 31.12.09 DKKm
Intangible assets	1,050	(1)	1,049	5	2,045	(227)	(94)	2,778
Property, plant and equipment	928	(30)	898	(10)	1	(3)	62	948
Inventories	(38)	-	(38)	2	32	(16)	(58)	(78)
Prepayments from Forest	(597)	-	(597)	-	-	-	(96)	(693)
Other items	105	-	105	7	(241)	33	(103)	(199)
Tax reserves in subsidiaries	(12)	-	(12)	-	(5)	2	(16)	(31)
Tax loss carry-forwards	(149)	-	(149)	(17)	(34)	2	21	(177)
Total temporary differences	**1,287**	**(31)**	**1,256**	**(13)**	**1,798**	**(209)**	**(284)**	**2,548**
Deferred (tax assets)/ tax liabilities	279	(13)	266	1	671	(74)	(100)	764
Research and development activities (tax credits)	-	-	-	-	(52)	8	(64)	(108)
Deferred (tax assets)/tax liabilities	**279**	**(13)**	**266**	**1**	**619**	**(66)**	**(164)**	**656**

NOTE 13

GROUP

13. Deferred Tax Liabilities – continued

2008	Balance at 31.12.07 DKKm	Change in accounting policies DKKm	Balance at 01.01.08 DKKm	Adjustment of deferred tax at beginning of year DKKm	Exchange differences DKKm	Movement during the year DKKm	Balance at 31.12.08 DKKm
Intangible assets	835	(1)	834	-	-	215	1,049
Property, plant and equipment	1,078	(44)	1,034	(7)	(29)	(100)	898
Inventories	(138)	-	(138)	(2)	15	87	(38)
Prepayments from Forest	(840)	-	(840)	-	-	243	(597)
Other items	(78)	-	(78)	(12)	2	193	105
Tax reserves in subsidiaries	4	-	4	-	(3)	(13)	(12)
Tax loss carry-forwards	(146)	-	(146)	-	(5)	2	(149)
Total temporary differences	**715**	**(45)**	**670**	**(21)**	**(20)**	**627**	**1,256**
Deferred (tax assets)/tax liabilities	**165**	**(19)**	**146**	**(6)**	**(7)**	**133**	**266**

Deferred (tax assets)/tax liabilities	2009 Deferred tax assets DKKm	2009 Deferred tax liabilities DKKm	2009 Net DKKm	2008 Deferred tax assets DKKm	2008 Deferred tax liabilities DKKm	2008 Net DKKm
Intangible assets	(13)	903	890	(5)	243	238
Property, plant and equipment	(8)	246	238	(7)	233	226
Inventories	(109)	81	(28)	(87)	70	(17)
Prepayments from Forest	(173)	-	(173)	(149)	-	(149)
Other items	(207)	121	(86)	(127)	155	28
Tax reserves in subsidiaries	(16)	7	(9)	(10)	8	(2)
Tax loss carry-forwards	(68)	-	(68)	(58)	-	(58)
Research and development activities (tax credits)	(108)	-	(108)	-	-	-
Deferred (tax assets)/tax liabilities	**(702)**	**1,358**	**656**	**(443)**	**709**	**266**
Set-off within legal tax entities and jurisdictions	574	(574)	-	283	(283)	-
Total net deferred (tax assets)/tax liabilities	**(128)**	**784**	**656**	**(160)**	**426**	**266**

At 31 December 2009, the tax value of non-capitalized tax losses carried forward and tax credits in the Group which are not expected to be utilized within five years amounted to DKK 50 million (DKK 49 million in 2008).

NOTES 14-15

GROUP

14. Inventories

	2009 DKKm	2008 DKKm
Inventories		
Raw materials and consumables	133	74
Work in progress	508	531
Finished goods and goods for resale	840	232
Total	**1,481**	**837**
Indirect cost of production	**383**	**352**
Impairment loss for the year	**67**	**23**
Inventories calculated at net realizable value	**3**	**5**

The total cost of goods sold included in cost of sales for 2009 amounted to DKK 1,888 million (DKK 1,257 million in 2008).

15. Trade Receivables and Other Receivables

	2009 DKKm	2008 DKKm
Trade receivables		
Receivables	1,975	1,531
Impairment of trade receivables	(13)	(4)
Total	**1,962**	**1,527**
Specification of trade receivables by due date		
Receivables not due	1,696	1,194
Receivables falling due within 3 months	193	270
Receivables falling due after more than 3 months and up to 6 months	25	29
Receivables falling due after more than 6 months and up to 12 months	24	8
Receivables falling due after more than 12 months	37	30
Total	**1,975**	**1,531**
Development in impairment of trade receivables		
Impairment of trade receivables at 01.01.	4	8
Additions through acquisitions	2	-
Impairment of receivables during the year	(3)	(4)
Reversed, unrealized impairment of receivables	-	(1)
Change in impairment of receivables	10	1
Impairment of trade receivables at 31.12.	**13**	**4**
Specification of other receivables by due date		
Receivables not due	331	403
Receivables falling due within 3 months	1	2
Receivables falling due after more than 3 months and up to 6 months	16	1
Receivables falling due after more than 6 months and up to 12 months	-	-
Receivables falling due after more than 12 months	-	-
Total	**348**	**406**

As no losses are expected to be incurred on other receivables, no impairment write-downs have been made.

Credit risks

Lundbeck's products are sold mainly to distributors of pharmaceuticals and hospitals. Historically, the losses sustained have been insignificant. This was also the case in 2009.

The specific payment conditions for each individual customer, including credit periods and any payment of interest in case of non-payment, vary from one subsidiary to the next but are always based on industry practice in the relevant market. As a result of special trading conditions in specific markets, the credit period for public hospitals may be up to approximately 200 days.

In connection with company acquisitions, the Group's customer portfolio was expanded. Changes to the Group's other customer portfolio are limited. When collaboration is established with new customers, a credit assessment is performed, when deemed necessary. This credit assessment is made either by Lundbeck or through an external credit rating agency.

Undue and due receivables are analyzed in an ongoing process. Based on such analyses, historical experience and industry experience, it is estimated whether the receivables are recoverable. A large part of the due trade receivables relates to public hospitals, for which the risk of losses is considered minimal.

In 2009, receivables from Forest Laboratories, Inc. accounted for more than 5% of total trade receivables. In 2008, no receivable from one single debtor accounted for more than 5% of total trade receivables.

In 2009, receivables from Takeda Pharmaceutical Company Limited and Teva Pharmaceutical Industries Ltd. accounted for more than 5% of total other receivables. In 2008, receivables from Takeda Pharmaceutical Company Limited, Forest Laboratories, Inc., Teva Pharmaceutical Industries Ltd. and Solvay S.A. accounted for more than 5% of total other receivables.

A few of the Group's receivables are secured through bank guarantees or similar arrangements, but as most of the Group's customers are distributors of pharmaceuticals and hospitals, the risk is considered minimal.

The primary financial instruments shown in the balance sheet are trade receivables, securities and cash. The amounts of these balance sheet items are identical to the maximum credit risk. The Group has no major concentration of credit risk, as the risk is spread over a large number of creditworthy trading partners. When deemed necessary, the Group hedges credit risk on receivables.

The securities portfolio consists primarily of Danish government and mortgage bonds with a limited credit risk. In connection with the acquisition of Ovation Pharmaceuticals, Inc. in the US (now Lundbeck Inc.) in 2009, a portfolio of Auction Rate Securities was acquired. The credit risk on these securities is also considered minimal, as the underlying loans on these securities are guaranteed by the US government.

NOTES 15-17

GROUP

15. Trade Receivables and Other Receivables – continued

The credit risk of cash and derivatives (forward exchange contracts and options) is limited because the Group deals only with banks with a high credit rating. Due to the problems in the global banking sector, the Group seeks to the greatest extent possible to place cash and money market deposits in banks covered by a state guarantee. To further limit the risk of losses, Lundbeck has defined internal limits for the credit exposure accepted towards the banks with which Lundbeck collaborates. The credit lines are monitored and reported to the Executive Management and the Supervisory Board pursuant to the company's treasury policy.

16. Cash Resources

	2009 DKKm	2008 DKKm
Fixed-term deposits	1,137	2,454
Other cash resources	823	467
Cash at 31.12.	**1,960**	**2,921**
Securities with a maturity of less than 3 months[1]	3	3
Securities with a maturity of more than 3 months[1]	56	952
Cash and securities at 31.12.	**2,019**	**3,876**
Unused guaranteed credit facilities at 31.12.[2]	992	2,200
Unused credit facilities at 31.12.	107	315
Cash resources at 31.12.	**3,118**	**6,391**

Pursuant to Lundbeck's internal cash management guidelines, Lundbeck must always be capable of raising a minimum of DKK 1 billion. If this amount is not available in cash, term deposits or bonds, Lundbeck will enter into guaranteed credit facilities with banks.

1) The securities portfolio consists primarily of Danish government and mortgage bonds and a portfolio of Auction Rate Securities acquired in connection with the acquisition of Ovation Pharmaceuticals, Inc. in the US (now Lundbeck Inc.) in 2009. The securities portfolio is classified as financial assets measured at fair value with value adjustments through the income statement.

2) Unutilized guaranteed credit facilities consist of a 364-day credit facility totaling DKK 1.0 billion adjusted for any guarantee obligations. The credit facility is guaranteed by a Danish bank.

17. Share Capital

The share capital of DKK 980 million at 31 December 2009 is divided into 196,116,634 shares of a nominal value of DKK 5 each.

	2009 DKKm	2008 DKKm	2007 DKKm	2006 DKKm	2005 DKKm
Share capital at 01.01.	984	1,036	1,061	1,136	1,169
Exercise of warrants	-	-	5	3	3
Cancellation of treasury shares	(4)	(52)	(30)	(78)	(36)
Share capital at 31.12.	**980**	**984**	**1,036**	**1,061**	**1,136**

	01.01.	Share buyback	Cancellation of treasury shares	31.12.
Shares 2009				
Issued shares	196,886,282	-	(769,648)	196,116,634
Portfolio of treasury shares	769,648	-	(769,648)	-
Proportion of share capital	0.39%			0.00%
Shares 2008				
Issued shares	207,279,631	-	(10,393,349)	196,886,282
Portfolio of treasury shares	6,652,913	4,510,084	(10,393,349)	769,648
Proportion of share capital	3.21%			0.39%

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

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

The total share premium of DKK 224 million, which relates to the exercise of warrants in 2007 and earlier (see note 3 *Staff Costs*), is unchanged compared with 31 December 2008.

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

At the annual general meeting held on 21 April 2009, it was resolved to lower the company's share capital by DKK 3,848,240 nominal value of the company's portfolio of treasury shares, corresponding to 769,648 shares. The company subsequently does not have any treasury shares.

NOTE 18

GROUP

18. 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 types of plan vary 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, Denmark, Finland, Ireland, Sweden, the UK and the US. The cost of defined contribution plans, representing contributions to the plans, totalled DKK 170 million in 2009 (DKK 151 million in 2008).

	2009 DKKm	2008 DKKm
Expenses for the financial year	**170**	**151**

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 and disability. 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.

Pension obligations and similar obligations	2009 DKKm	2008 DKKm	2007 DKKm	2006 DKKm
Present value of funded pension obligations	212	165	191	217
Fair value of plan assets	(171)	(135)	(156)	(161)
Funded pension obligations, net	**41**	**30**	**35**	**56**
Present value of unfunded pension obligations	101	83	96	95
Pension obligations at 31.12.	**142**	**113**	**131**	**151**
Other pension-like obligations	61	67	58	54
Pension obligations and similar obligations at 31.12.	**203**	**180**	**189**	**205**
Experience adjustments to pension obligations	(27)	44	33	7
Experience adjustments to plan assets	10	(27)	(13)	2

NOTE 18

GROUP

18. Pension Obligations and Similar Obligations – continued

Defined benefit plans	UK	Germany	Norway	France	US[1]	Switzerland	Pakistan	Total
2009								
Present value of funded pension obligations (DKKm)	147	-	22	-	4	39	-	212
Fair value of plan assets (DKKm)	(119)	-	(15)	-	-	(37)	-	(171)
Funded pension obligations, net (DKKm)	**28**	**-**	**7**	**-**	**4**	**2**	**-**	**41**
Present value of unfunded pension obligations (DKKm)	-	81	-	19	-	-	1	101
Pension obligations at 31.12. (DKKm)	**28**	**81**	**7**	**19**	**4**	**2**	**1**	**142**
Net expense recognized in the income statement (DKKm)	**20**	**17**	**(2)**	**(1)**	**2**	**(1)**	**-**	**35**
Discount rate	5.65%	5.50%	4.40%	4.50%	-	3.25%	-	
Pay rate increase	4.75%	2.75%	4.25%	3.00%	-	2.00%	-	
Pension increase	3.30%	2.00%	1.30%	-	-	-	-	
Age-weighted staff resignation rate	-	0% - 10%	-	-	-	-	-	
2008								
Present value of funded pension obligations (DKKm)	108	-	19	-	3	35	-	165
Fair value of plan assets (DKKm)	(96)	-	(10)	-	-	(29)	-	(135)
Funded pension obligations, net (DKKm)	**12**	**-**	**9**	**-**	**3**	**6**	**-**	**30**
Present value of unfunded pension obligations (DKKm)	-	66	-	15	-	-	2	83
Pension obligations at 31.12. (DKKm)	**12**	**66**	**9**	**15**	**3**	**6**	**2**	**113**
Net expense recognized in the income statement (DKKm)	**3**	**(6)**	**3**	**(4)**	**-**	**6**	**-**	**2**
Discount rate	6.70%	6.60%	4.50%	5.35%	-	3.25%	-	
Pay rate increase	4.20%	2.75%	4.50%	-	-	2.25%	-	
Pension increase	2.36%	2.00%	2.75%	-	-	-	-	
Age-weighted staff resignation rate	-	0% - 10%	-	-	-	-	-	

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 12 million in 2009 (DKK 12 million in 2008).

NOTES 18-19

GROUP

18. Pension Obligations and Similar Obligations – continued

	2009 % distribution	2008 % distribution
The fair value of the plan assets breaks down as follows		
Shares	21%	45%
Bonds	28%	33%
Property	5%	15%
Pension asset in insurance company	39%	0%
Other assets	7%	7%
Total	**100%**	**100%**

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

	2009 DKKm	2008 DKKm
Change in present value of funded pension obligations		
Present value of funded pension obligations at 01.01.	165	191
Exchange differences	11	(42)
Pension expenses	7	4
Interest expenses relating to the obligations	11	9
Actuarial (gains)/losses	20	(25)
Disbursements	(4)	(8)
Employee contributions	2	1
New plan	-	35
Present value of funded pension obligations at 31.12.	**212**	**165**
Change in fair value of plan assets		
Fair value of plan assets at 01.01.	135	156
Exchange differences	9	(35)
Expected return on plan assets	9	9
Actuarial gains/(losses)	10	(27)
Contributions	10	10
Disbursements	(3)	(7)
Employee contributions	1	-
New plan	-	29
Fair value of plan assets at 31.12.	**171**	**135**
Change in present value of unfunded pension obligations		
Present value of unfunded pension obligations at 01.01.	83	96
Additions through acquisitions	5	-
Pension expenses	4	4
Interest expenses relating to the obligations	5	5
Actuarial (gains)/losses	7	(19)
Disbursements	(3)	(3)
Present value of unfunded pension obligations at 31.12.	**101**	**83**

	2009 DKKm	2008 DKKm
Change in obligations for defined benefit plans		
Pension obligations at 01.01.	113	131
Exchange differences	2	(7)
Additions through acquisitions	5	-
Recognized as expense (change recognized in income statement)	35	2
Contributions	(10)	(10)
Disbursements	(4)	(4)
Employee contributions	1	1
Pension obligations at 31.12.	**142**	**113**
Specification of change recognized in the income statement		
Pension expenses	11	8
Interest expenses relating to the obligations	16	14
Expected return on plan assets	(9)	(9)
Actuarial (gains)/losses	17	(17)
New plan	-	6
Total expenses recognized	**35**	**2**
Realized return on plan assets	**16**	**(14)**

The expected contribution for 2010 for the defined benefit plans is DKK 16 million (DKK 14 million for 2009).

Other pension-like obligations

An obligation of DKK 61 million (DKK 67 million in 2008) 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 the obligation declined by DKK 6 million in 2009 (increased by DKK 9 million in 2008).

19. Other Provisions

	2009 DKKm	2008 DKKm
Provisions at 01.01.	102	108
Exchange differences	(19)	(1)
Additions through acquisitions	177	-
Provisions charged during the year	122	17
Provisions used during the year	(66)	(17)
Unused provisions reversed during the year	(1)	(5)
Provisions at 31.12.	**315**	**102**
Specification of provisions		
Long-term provisions	129	84
Short-term provisions	186	18
Provisions at 31.12.	**315**	**102**

NOTES 19-20

GROUP

19. Other Provisions – continued

The provisions primarily cover expenses for disputes, the defence of the company's intellectual property rights and returns.

Of the total provisions at 31 December 2009, DKK 6 million (DKK 0 million in 2008) relates to incentive programs. Further details about the incentive programs are provided in note 3 *Staff Costs*.

20. Mortgage and Bank Debt

Mortgage debt

	2009 DKKm	2008 DKKm
Mortgage debt by maturity		
After more than 5 years from the balance sheet date	1,856	1,853
Mortgage debt at 31.12.	**1,856**	**1,853**
Specification of mortgage debt		
Long-term liabilities	1,856	1,853
Short-term liabilities	-	-
Mortgage debt at 31.12.	**1,856**	**1,853**

	Currency	Expiry	Fixed/floating	Weighted average effective interest rate	Amortized cost DKKm	Nominal value DKKm	Fair value DKKm
2009							
Mortgage debt, bond loan	DKK	2035	Floating	4.15%	1,408	1,595	1,485
Mortgage debt, bond loan	DKK	2037	Floating	4.22%	436	440	419
Mortgage debt, bond loan	DKK	2034	Floating	3.85%	10	10	10
Mortgage debt, bond loan	DKK	2034	Floating	3.85%	2	2	2
Total					**1,856**	**2,047**	**1,916**
2008							
Mortgage debt, bond loan	DKK	2035	Floating	4.23%	1,406	1,621	1,472
Mortgage debt, bond loan	DKK	2037	Floating	5.74%	435	440	419
Mortgage debt, bond loan	DKK	2034	Floating	5.35%	10	10	10
Mortgage debt, bond loan	DKK	2034	Floating	5.35%	2	2	2
Total					**1,853**	**2,073**	**1,903**

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

NOTES 20-23

GROUP

20. Mortgage and Bank Debt – continued

Bank debt

	2009 DKKm	2008 DKKm
Bank debt by maturity		
Within 1 year from the balance sheet date	804	23
Between 1 and 2 years from the balance sheet date	750	-
Bank debt at 31.12.	**1,554**	**23**
Specification of bank debt		
Long-term liabilities	750	-
Short-term liabilities	804	23
Bank debt at 31.12.	**1,554**	**23**

	Currency	Expiry	Fixed/floating	Weighted average effective interest rate	Nominal value DKKm
2009					
Loan	DKK	2010	Floating	3.80%	705
Loan	DKK	2011	Floating	3.82%	705
Loan	EUR	2010	Floating	2.97%	45
Loan	EUR	2011	Floating	2.97%	45
Loan	EUR	2010	Floating	4.17%	5
Loan	TRY	2010	Floating	10.24%	49
Total					**1,554**
2008					
Loan	TRY	2009	Fixed	26.78%	23
Total					**23**

21. Adjustments

	2009 DKKm	2008 DKKm
Amortization and depreciation	870	1,064
Income from reduction of ownership interest	(124)	-
Incentive programs	9	3
Change in pension obligations	18	(9)
Change in provisions	57	(5)
Other adjustments	(131)	(23)
Adjustments	**699**	**1,030**

22. Working Capital Changes

	2009 DKKm	2008 DKKm
Change in inventories	(167)	59
Change in receivables	(137)	87
Change in short-term debt	616	(234)
Change in working capital	**312**	**(88)**

23. Company Acquisitions

In March 2009, Lundbeck acquired US-based Ovation Pharmaceuticals, Inc. (Ovation), which has subsequently been renamed Lundbeck Inc. In October 2009, Lundbeck also acquired the French company Laboratoire Elaiapharm SA (Elaiapharm).

Name	Primary activity	Acquisition date	Ownership interest acquired	Voting share capital acquired
Ovation Pharmaceuticals, Inc.	Development and sale of pharmaceuticals	19.03.09	100%	100%
Laboratoire Elaiapharm SA	Production and packaging	05.10.09	100%	100%

	Carrying amount DKKm	Fair value adjustment DKKm	Fair value DKKm
Assets			
Product rights	571	2,239	2,810
Other rights	1	34	35
Property, plant and equipment	39	-	39
Value of deferred tax assets	205	(204)	1
Other financial assets	44	-	44
Non-current assets	860	2,069	2,929
Inventories	342	183	525
Receivables	179	-	179
Cash and securities	137	-	137
Current assets	658	183	841
Total assets	**1,518**	**2,252**	**3,770**
Deferred tax liabilities	-	620	620
Provisions, etc.	60	122	182
Other debt obligations	21	-	21
Non-current liabilities	81	742	823
Other debt obligations	520	16	536
Current liabilities	520	16	536
Total liabilities	**601**	**758**	**1,359**
Net assets	**917**	**1,494**	**2,411**
Goodwill on acquisitions			2,836
Adjustment of cash resources			(137)
Cash consideration			**5,110**

The cash consideration is specified as follows	
Acquisition price	5,073
Transaction costs	40
Adjustment of intra-group balances	(3)
Cash consideration	**5,110**

NOTES 23-24

23. Company Acquisitions – continued

The cost price paid in connection with the company acquisitions exceeds the fair value of acquired identifiable assets, liabilities and contingent liabilities. According to a preliminary calculation, the positive difference amounts to DKK 2,836 million. With respect to the acquisition of Ovation, the positive difference is explained primarily by the realization of the strategic objective of establishing a commercial platform in the US. At the same time, Lundbeck took over a highly experienced management team and sales force as well as great scientific and regulatory expertise. In terms of Elaiapharm, the positive difference is explained primarily by the achievement of increased production and packaging capacity and more flexible and cheaper production. A specification of the development in goodwill from 1 January to 31 December 2009 is provided in note 12 *Intangible Assets and Property, Plant and Equipment*. After recognition of goodwill on the Ovation and Elaiapharm acquisitions, total consolidated goodwill amounts to DKK 3,520 million.

In 2008, the United States Federal Trade Commission (FTC) filed an antitrust claim against Ovation (now Lundbeck Inc.) in respect of the pricing of NeoProfen®, which is marketed by Lundbeck Inc. in the US. Management is confident that Lundbeck will win the case. However, IFRS 3 *Business Combinations* stipulates that contingent liabilities must be recognized in the acquisition balance sheet at fair value, and Lundbeck has therefore recognized an amount. With reference to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, no information is provided in respect of the size of the recognized amount, as such disclosure is expected to cause material harm to Lundbeck.

Lundbeck Inc. and Elaiapharm are recognized in the consolidated income statement for 2009 at a profit of DKK 101 million.

If the companies had been acquired as of 1 January 2009, consolidated revenue for 2009 would have been DKK 14,130 million and profit for the year DKK 1,960 million. The amount stated is exclusive of the effect of the purchase price allocation, which is incorporated in the acquisition balance sheet.

24. Financial Instruments

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

Despite a strong cash flow from ordinary activities, the company intends to maintain financial resources in the form of cash and binding loan commitments to allow for flexible operations in case of a rapid shift in the market situation. At 31 December 2009, the company had binding loan commitments for DKK 1.0 billion from a Danish financial institution. In addition, the company has a large number of non-binding credit facilities for use in its day-to-day operations. At 31 December 2009, these amounted to DKK 0.2 billion.

Furthermore, Lundbeck manages its capital structure based on a wish to carry an investment-grade rating. The company does not presently hold an actual rating from a recognized rating agency, but several financial institutions believe that Lundbeck's calculated implied rating would be of an investment grade nature.

The company's treasury policy, which deals with financial resources, foreign currency exposure, securities portfolio and loan portfolio, is presented once every year to the Audit Committee for subsequent approval by the Supervisory Board. In addition, rules are defined concerning selecting financial collaboration partners, commitment lines and types of business.

Liquidity exceeding the requirement for business development and general business purposes is primarily distributed as dividends or, before 2009, was used for share buyback purposes. The company pursues a policy of distributing between 25% and 35% of the profit for the year as dividends.

Other than small operational changes, no changes were made to the company's treasury policy compared with 2008.

Foreign currency risks
Foreign currency management is handled centrally by the parent company. The company hedges a significant part of the Group's anticipated cash flows for a period of approximately 12 months, depending on the currency in question.

Currency management focuses on risk minimization and is carried out in conformity with the foreign currency policy approved by the Supervisory Board. The hedging consists partly of a fixed minimum hedge and partly of a variable part. The fixed part is hedged by forward contracts 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 realization of the hedged cash flow – transferred from other comprehensive income for inclusion 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. Trading contracts arise only when an underlying cash flow no longer exists.

Due to the company's continuous hedging of currency flows, a falling exchange rate will not affect the company in the short term. Conversely, the company will not benefit fully from a rising exchange rate in the short term, either.

NOTE 24

GROUP

24. Financial Instruments – continued

Net forward exchange contracts outstanding

Hedging part

	Hedge value according to the hedge principle 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
2009					
AUD	43	(5)	(4)	411.21	May 2010
CAD	239	(9)	3	478.54	Oct. 2010
CHF	102	(1)	(1)	495.97	Nov. 2010
CZK	9	-	1	27.55	Mar. 2010
EUR	1,196	4	3	747.55	Dec. 2010
ILS	14	-	1	134.55	Aug. 2010
JPY	33	-	3	5.57	Oct. 2010
MXN	-	-	3	-	-
NOK	22	(1)	(1)	85.81	Oct. 2010
PLN	19	(1)	1	168.02	Oct. 2010
SEK	8	1	-	67.57	Apr. 2010
SGD	41	-	(1)	368.05	Nov. 2010
TRY	186	(4)	(1)	326.79	Nov. 2010
USD	1,637	62	(2)	540.59	Dec. 2010
ZAR	27	(2)	(4)	62.99	Nov. 2010
Forward contracts	**3,576**	**44**	**1**		
2008					
AUD	70	4	6	390.56	Sep. 2009
CAD	194	16	9	474.17	Oct. 2009
CHF	60	(3)	(1)	476.29	Aug. 2009
CZK	30	2	(2)	29.52	Sep. 2009
EUR	524	-	-	747.77	Dec. 2009
GBP	15	-	(15)	794.10	Oct. 2009
ILS	25	-	(2)	143.07	Sep. 2009
JPY	35	5	(1)	4.90	Jul. 2009
MXN	19	4	-	47.88	Apr. 2009
NOK	18	1	1	77.92	Oct. 2009
PLN	22	-	-	181.24	Oct. 2009
SEK	17	-	-	68.33	Oct. 2009
SGD	33	-	1	371.07	Nov. 2009
SKK	-	-	(2)	-	-
TRY	84	3	(8)	350.58	May 2009
USD	1,996	(16)	114	532.42	Nov. 2009
ZAR	19	-	4	55.07	May 2009
Forward contracts	**3,161**	**16**	**104**		

NOTE 24

GROUP

24. Financial Instruments – continued

The exchange difference between the contract value and the market value of the concluded forward exchange contracts at 31 December 2009 represented a gain of DKK 44 million (DKK 16 million in 2008). There were no currency options or FX swaps under the hedging part at 31 December 2009 and 31 December 2008.

The company's inefficiency on hedging, cf. IAS 39 *Financial Instruments: Recognition and Measurement*, relates to few contracts reclassified to trading contracts. The profit impact at the date of reclassification was a loss of DKK 22 million (a gain of DKK 16 million in 2008).

Trading part

	Exchange gain/loss recognized in the income statement DKKm	Average hedge prices of existing forward exchange contracts DKK	Maturity period
2009			
AUD	(3)	-	-
USD	(18)	-	-
Forward contracts	**(21)**		
2008			
CAD	1	-	-
USD	(32)	-	-
Forward contracts	**(31)**		

At 31 December 2009 and 31 December 2008, there were no forward contracts, currency options or FX swaps under the trading part.

Deferred recognition of currency gains/losses recognized under other comprehensive income	2009 DKKm	2008 DKKm
Deferred exchange gains/losses at 01.01.	16	93
Exchange adjustments for the year, hedging, recognized under other comprehensive income	7	43
Realized exchange gains/losses, hedging, transferred to revenue	(3)	10
Realized exchange gains/losses, hedging, transferred to prepayments from Forest (balance sheet)	2	(114)
Realized exchange gains/losses, trading, transferred to net financials (transferred from hedging)	22	(16)
Deferred exchange gains/losses at 31.12.	**44**	**16**

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

	2009 DKKm	2008 DKKm
Monetary assets		
AUD	26	28
CAD	121	88
CHF	47	68
GBP	214	183
TRY	88	72
USD	392	552
Monetary liabilities		
AUD	12	12
CAD	49	30
CHF	14	8
GBP	69	58
TRY	67	36
USD	701	58

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 list above.

At the end of 2009, 100% of the company's anticipated cash flows for 2010 in USD were hedged.

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

	AUD DKKm	CAD DKKm	CHF DKKm	GBP DKKm	TRY DKKm	USD DKKm
2009						
Profit	3	3	1	18	(2)	35
Equity	-	(9)	(4)	7	(9)	124
2008						
Profit	1	1	2	9	-	27
Equity	(1)	(7)	13	27	(4)	(65)

The profit impact is included in the impact on equity.

NOTE 24

GROUP

24. Financial Instruments – continued

The company's USD income derives primarily from sales to Forest. According to the Group's accounting policies, the minimum price is recognized as income at the time of invoicing, and the excess amount is recognized in the balance sheet as a prepayment. Prepayments and any remaining settlement will be recognized as Forest subsequently resells the products. Income and expenses relating to hedging contracts covering this part of the hedged cash flows are recognized in the balance sheet together with the prepayments and subsequently recognized in the income statement as Forest resells the products. At 31 December 2009, a gain of DKK 123 million (DKK 40 million in 2008) had been recognized in the balance sheet together with the prepayment.

Currency translation of associates according to the equity method	2009 DKKm	2008 DKKm
Currency translation at 01.01.	(2)	(2)
Currency translation at 31.12.	**(2)**	**(2)**

Interest rate risks

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

Bond investments may only be made in Danish government and mortgage bonds. For managing the interest rate risk on the securities portfolio (the securities portfolio includes bonds and money market deposits), the company applies a duration target capped at five years for the entire portfolio. The return on the securities portfolio in 2009 was DKK 44 million (DKK 143 million in 2008), corresponding to a return of 3.95% p.a. (5.50% p.a. in 2008). Lundbeck's benchmark at the end of 2009 was a bond portfolio with a duration of six months. The return on the benchmark portfolio was 1.85% p.a. in 2009 (5.11% p.a. in 2008). At 31 December 2009, the securities portfolio had a duration of 0.02 years, which translates into a gain/loss that is significantly lower than DKK 1 million if interest rates should fall/rise by 1 percentage point.

Maturity dates for assets and liabilities of the Group

	Less than 1 year DKKm	Between 1 and 5 years DKKm	More than 5 years DKKm	Total DKKm	Effective interest rates
2009					
Assets					
Receivables[1]	2,655	45	-	2,700	0%
Deferred tax assets	128	-	-	128	0%
Securities[2]	40	19	-	59	0-4%
Available-for-sale financial assets	-	26	-	26	0%
Fixed-term deposits	1,137	-	-	1,137	0-2%
Other cash resources	823	-	-	823	0-7%
Total financial assets	**4,783**	**90**	**-**	**4,873**	
Liabilities					
Mortgage debt	-	-	1,856	1,856	3-5%
Employee bonds	-	50	8	58	3-6%
Other payables	3,547	7	-	3,554	0%
Bank debt	804	750	-	1,554	4%
Total financial liabilities	**4,351**	**807**	**1,864**	**7,022**	
2008					
Assets					
Receivables[1]	2,222	56	-	2,278	0%
Deferred tax assets	160	-	-	160	0%
Securities[2]	654	108	193	955	2-6%
Available-for-sale financial assets	-	31	-	31	0%
Fixed-term deposits	2,454	-	-	2,454	0-15%
Other cash resources	467	-	-	467	0-14%
Assets held for sale[3]	205	-	-	205	0%
Total financial assets	**6,162**	**195**	**193**	**6,550**	
Liabilities					
Mortgage debt	-	-	1,853	1,853	4-6%
Employee bonds	-	32	18	50	4-6%
Other payables	2,380	1	-	2,381	0%
Bank debt	23	-	-	23	27%
Total financial liabilities	**2,403**	**33**	**1,871**	**4,307**	

1) Including other receivables.
2) The securities are classified as financial assets measured at fair value with value adjustment through the income statement.
3) Assets held for sale consist of the investments in Burrill Biotechnology Capital Fund, L.P., Nordic Biotech K/S, Nordich II and Nordic Biotech Opportunity Fund, which have been reclassified from available-for-sale financial assets, and the investment in the associate LifeCycle Pharma A/S.

NOTES 25-26

GROUP

25. Contractual Obligations

Rental and lease obligations
The Group has obligations amounting to DKK 454 million (DKK 426 million in 2008) in the form of rentals and leasing of operating equipment.

The future rental and lease payments can be analyzed as follows:

	Land and buildings DKKm	Operating equipment DKKm	Total DKKm
2009			
Less than 1 year	90	54	144
Between 1 and 5 years	241	63	304
More than 5 years	6	-	6
Total	**337**	**117**	**454**
2008			
Less than 1 year	87	56	143
Between 1 and 5 years	193	73	266
More than 5 years	17	-	17
Total	**297**	**129**	**426**

Rental and lease payments recognized in the income statement amounted to DKK 162 million (DKK 151 million in 2008).

Other purchase obligations
The Group has undertaken purchase obligations in the amount of DKK 199 million (DKK 184 million in 2008).

Research collaborations
The Group is part of multi-year research collaboration projects comprising minimum research and contractual obligations in the order of DKK 17 million (DKK 19 million in 2008). The total amount of the obligations may increase substantially in line with the favorable development of the research projects.

Other contractual obligations
At 31 December 2009, the Group had capital contribution obligations amounting to DKK 0 (DKK 41 million in 2008).

The Group has entered into various service agreements amounting to DKK 43 million (DKK 31 million in 2008).

26. Contingent Liabilities

Forest
See note 2 *Segment Information* in respect of the consequences of a potential launch of generic escitalopram in the USA.

The prepayment from Forest has 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 693 million (DKK 597 million in 2008). If the translation had been made at the exchange rate at the balance sheet date, the prepayment would have amounted to DKK 698 million (DKK 653 million in 2008).

Letters of intent and bank guarantees
The Group's bankers have issued bank guarantees to third parties in the amount of DKK 73 million (DKK 41 million in 2008). In addition, the Group has issued a guarantee to third parties in the amount of DKK 9 million (DKK 20 million in 2008). The Group has evaluated that the fair value of guarantees is DKK 0 (DKK 0 in 2008).

Pending legal proceedings
The Group is involved in patent cases. In the opinion of management, these proceedings will not have a material impact on the Group's financial position beyond the amount provided for in the financial statements. Due to uncertainty about the outcome of the legal proceedings, the final amount of the provision is still unknown.

The Group is involved in a case filed by the United States Federal Trade Commission (FTC) in respect of the pricing of NeoProfen®, which is marketed by Lundbeck Inc. in the US. Management is confident that Lundbeck will win the case. See note 23 *Company Acquisitions*.

Moreover, as described in *Risk Management* on p. 30, the Group is party to legal proceedings in a number of countries against a number of businesses. This is not expected to materially affect the Group's financial position, results of operations or cash flows.

Industry obligations
The Group has return obligations normal for the industry. Management expects no major loss on these obligations.

NOTE 27

GROUP

27. Related Parties

Lundbeck's related parties are
- The company's principal shareholder, LFI a/s, Vestagervej 17, DK-2900 Hellerup, which is wholly owned by the Lundbeck Foundation, and the Lundbeck Foundation.
- Companies in which the principal shareholder exercises controlling influence, i.e. ALK-Abelló A/S.
- The company's associates.
- Members of the company's Executive Management and Supervisory Board as well as close relatives of these persons.
- Companies in which members of the company's Executive Management and Supervisory Board as well as close relatives of these persons exercise significant influence.

Transactions and balances with the company's principal shareholder
Through its wholly owned subsidiary LFI a/s, the Lundbeck Foundation, which is the parent company's largest shareholder, held 137,351,918 shares at 31 December 2009, corresponding to approximately 70% of the shares and votes in H. Lundbeck A/S. LFI a/s is the only shareholder who has notified the company that it holds more than 5% of the share capital.

There have been the following transactions and balances with the company's principal shareholder:
- Dividends
- Payment of provisional tax and residual tax of DKK 520 million in 2009 (DKK 344 million in 2008) concerning the parent company and Danish subsidiaries.
- Sale of investments in the associate LifeCycle Pharma A/S and sale of investments in four small private equity funds, cf. note 6 *Investments in Associates* and note 11 *Other Investments and Other Receivables*.

LFI a/s / the Lundbeck Foundation has controlling influence in H. Lundbeck A/S.

Transactions and balances with ALK-Abelló A/S
There have been no transactions or balances with ALK-Abelló A/S.

Transactions and balances with associates

	2009 DKKm	2008 DKKm
Sale of administrative services	-	1

At 31 December 2009, CF Pharma Gyógyszergyártó Kft., Hungary, was the only associate, whilst associates in 2008 comprised CF Pharma Gyógyszergyártó Kft., Hungary and LifeCycle Pharma A/S, Denmark.

Transactions and balances with the company's Executive Management and Supervisory Board
In addition to the transactions with members of the company's Executive Management and Supervisory Board outlined in note 3 *Staff Costs*, the company has paid dividend on shares held by members of the Executive Management and Supervisory Board in H. Lundbeck A/S. At 31 December 2009, there were no balances with the company's Executive Management and Supervisory Board.

Transactions and balances with other related parties
Lundbeck has granted contributions of DKK 4 million (DKK 4 million in 2008) to Lundbeck International Neuroscience Foundation. Other than this, there have been no material transactions and balances with related parties.

NOTE 28

GROUP

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 S.A., Belgium	100%
Lundbeck Brasil Ltda., Brazil	100%
Lundbeck Canada Inc., Canada	100%
Lundbeck Chile Farmaceútica Ltda., Chile	100%
Lundbeck Colombia S.A.S, Colombia	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 Group Limited, UK, including	100%
- Lundbeck Limited, UK	100%
- Lundbeck Pharmaceuticals Ltd., UK	100%
- Lifehealth Limited, UK	100%
- Lundbeck UK LLP, UK	100%
Lundbeck Eesti A/S, Estonia	100%
OY H. Lundbeck AB, Finland	100%
Lundbeck SA, France	100%
Sofipharm SA, France, including	100%
- Laboratoire Elaiapharm SA, France	100%
Lundbeck Hellas S.A., Greece	100%
Lundbeck B.V., The Netherlands	100%
Lundbeck (Hong Kong) Limited, Hong Kong	100%
Lundbeck India Private Limited, India	100%
Lundbeck (Ireland) Limited, 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 Kabushiki Kaisha, Japan	100%
Lundbeck (Beijing) Pharmaceuticals Consulting Co., Ltd., China	100%
Lundbeck Korea Co., Ltd., Korea	100%
Lundbeck Croatia d.o.o., Croatia	100%
SIA Lundbeck Latvia, Latvia	100%
UAB Lundbeck Lietuva, Lithuania	100%
Lundbeck México, SA de CV, Mexico	100%
Lundbeck New Zealand Limited, New Zealand	100%
H. Lundbeck AS, Norway, including	100%
- CNS Pharma AS, Norway	100%
Lundbeck Pakistan (Private) Limited, Pakistan	100%
Lundbeck Poland Sp.z.o.o., Poland	100%
Lundbeck Portugal - Produtos Farmacêuticos Lda, Portugal	100%
Lundbeck RUS OOO, Russia	100%
Lundbeck (Schweiz) AG, Switzerland	100%
Lundbeck Pharmaceutical GmbH, Switzerland	100%
Lundbeck Slovensko s.r.o., Slovakia	100%
Lundbeck Pharma d.o.o., Slovenia	100%
Axofarma Lab, S.A., Spain	100%
Farmaglia S.A., Spain	100%
Lundbeck España S.A., Spain	100%
H. Lundbeck AB, Sweden, including	100%
- CNS Pharma AB, Sweden	100%
Lundbeck South Africa (Pty) Limited, South Africa	100%
Lundbeck CZ s.r.o., Czech Republic	100%
Lundbeck Ìlac Ticaret Limited Sirketi, Turkey	100%
Lundbeck GmbH, Germany	100%
Lundbeck Hungária KFT, Hungary	100%
Lundbeck USA Holding, Inc., US, including	100%
- Lundbeck Inc., US, including	100%
- Lundbeck Pharmaceutical Ireland Limited, Ireland	100%
- Lundbeck Pharmaceuticals Services, LLC, US	100%
- Winstrol, LLC, US	100%
Lundbeck Research USA, Inc., US	100%
Lundbeck de Venezuela, C.A., Venezuela	100%
Lundbeck Austria GmbH, Austria	100%

NOTE 29

GROUP

29. Impact of Changes in Accounting Policies

Income Statement	2009 New policy DKKm	Adjustment DKKm	2009 Previous policy DKKm	2008 New policy DKKm	Adjustment DKKm	2008 Previous policy DKKm	2007 New policy DKKm	Adjustment DKKm	2007 Previous policy DKKm
Revenue	13,747	(404)	13,343	11,572	(290)	11,282	11,171	(186)	10,985
Cost of sales	2,655	(404)	2,251	2,127	(290)	1,837	2,384	(186)	2,198
Gross profit	**11,092**	**-**	**11,092**	**9,445**	**-**	**9,445**	**8,787**	**-**	**8,787**
Distribution costs	3,174	11	3,185	2,459	-	2,459	2,409	-	2,409
Administrative expenses	1,864	-	1,864	1,642	-	1,642	1,496	-	1,496
Profit before research and development costs	**6,054**	**(11)**	**6,043**	**5,344**	**-**	**5,344**	**4,882**	**-**	**4,882**
Research and development costs	3,196	3	3,199	2,990	2	2,992	2,193	(5)	2,188
Profit from operations	**2,858**	**(14)**	**2,844**	**2,354**	**(2)**	**2,352**	**2,689**	**5**	**2,694**
Income from investments in associates	-	-	-	(43)	-	(43)	(84)	-	(84)
Financial income	178	527	705	407	12	419	285	52	337
Financial expenses	370	92	462	435	169	604	220	166	386
Profit before tax	**2,666**	**421**	**3,087**	**2,283**	**(159)**	**2,124**	**2,670**	**(109)**	**2,561**
Tax on profit for the year	659	120	779	620	(6)	614	789	2	791
Profit for the year	**2,007**	**301**	**2,308**	**1,663**	**(153)**	**1,510**	**1,881**	**(111)**	**1,770**
Earnings per share (EPS) (DKK)	10.24	1.54	11.78	8.45	(0.78)	7.67	9.18	(0.55)	8.63
Diluted earnings per share (DEPS) (DKK)	10.24	1.54	11.78	8.45	(0.78)	7.67	9.17	(0.54)	8.63

Statement of Comprehensive Income	2009 New policy DKKm	Adjustment DKKm	2009 Previous policy DKKm	2008 New policy DKKm	Adjustment DKKm	2008 Previous policy DKKm	2007 New policy DKKm	Adjustment DKKm	2007 Previous policy DKKm
Profit for the year	**2,007**	**301**	**2,308**	**1,663**	**(153)**	**1,510**	**1,881**	**(111)**	**1,770**
Currency translation, foreign subsidiaries	(25)	25	-	(138)	138	-	(126)	126	-
Other items under other comprehensive income	(248)	-	(248)	(64)	-	(64)	40	-	40
Other comprehensive income	**(273)**	**25**	**(248)**	**(202)**	**138**	**(64)**	**(86)**	**126**	**40**
Comprehensive income	**1,734**	**326**	**2,060**	**1,461**	**(15)**	**1,446**	**1,795**	**15**	**1,810**

The adjustment of revenue and cost of sales relates exclusively to the change of the presentation of the Azilect® agreement. Other adjustments relate to the change in currency translation of foreign subsidiaries.

NOTE 29

GROUP

29. Impact of Changes in Accounting Policies – continued

Balance Sheet – Assets	2009 New policy DKKm	Adjustment DKKm	2009 Previous policy DKKm	2008 New policy DKKm	Adjustment DKKm	2008 Previous policy DKKm	2007 New policy DKKm	Adjustment DKKm	2007 Previous policy DKKm
Goodwill	3,520	138	3,658	819	63	882	812	70	882
Patent rights	221	-	221	232	-	232	312	-	312
Product rights	3,552	322	3,874	606	-	606	468	-	468
Other rights	350	1	351	231	-	231	137	1	138
Projects in progress	81	-	81	128	-	128	95	-	95
Intangible assets	**7,724**	**461**	**8,185**	**2,016**	**63**	**2,079**	**1,824**	**71**	**1,895**
Land and buildings	2,153	(43)	2,110	2,178	24	2,202	2,019	29	2,048
Plant and machinery	460	(6)	454	422	6	428	384	9	393
Other fixtures and fittings, tools and equipment	289	(5)	284	319	1	320	331	3	334
Prepayments and plant and equipment in progress	147	39	186	204	-	204	597	3	600
Property, plant and equipment	**3,049**	**(15)**	**3,034**	**3,123**	**31**	**3,154**	**3,331**	**44**	**3,375**
Value of deferred tax assets	128	-	128	160	(13)	147	181	(19)	162
Other financial assets	71	-	71	87	-	87	295	-	295
Financial assets	**199**	**-**	**199**	**247**	**(13)**	**234**	**476**	**(19)**	**457**
Non-current assets	**10,972**	**446**	**11,418**	**5,386**	**81**	**5,467**	**5,631**	**96**	**5,727**
Current assets	**6,155**	**-**	**6,155**	**7,140**	**-**	**7,140**	**6,599**	**-**	**6,599**
Assets	**17,127**	**446**	**17,573**	**12,526**	**81**	**12,607**	**12,230**	**96**	**12,326**

Balance Sheet – Equity and Liabilities	2009 New policy DKKm	Adjustment DKKm	2009 Previous policy DKKm	2008 New policy DKKm	Adjustment DKKm	2008 Previous policy DKKm	2007 New policy DKKm	Adjustment DKKm	2007 Previous policy DKKm
Share capital	980	-	980	984	-	984	1,036	-	1,036
Share premium	224	-	224	224	-	224	224	-	224
Currency translation reserve	(857)	25	(832)	(436)	436	-	(298)	298	-
Retained earnings	8,456	301	8,757	6,739	(355)	6,384	6,127	(202)	5,925
Equity	**8,803**	**326**	**9,129**	**7,511**	**81**	**7,592**	**7,089**	**96**	**7,185**
Deferred tax liabilities	784	120	904	426	-	426	327	-	327
Other non-current liabilities	3,003	-	3,003	2,168	-	2,168	2,175	-	2,175
Non-current liabilities	**3,787**	**120**	**3,907**	**2,594**	**-**	**2,594**	**2,502**	**-**	**2,502**
Current liabilities	**4,537**	**-**	**4,537**	**2,421**	**-**	**2,421**	**2,639**	**-**	**2,639**
Liabilities	**8,324**	**120**	**8,444**	**5,015**	**-**	**5,015**	**5,141**	**-**	**5,141**
Equity and liabilities	**17,127**	**446**	**17,573**	**12,526**	**81**	**12,607**	**12,230**	**96**	**12,326**

Cash Flow Statement

In the cash flow statement, *Profit from operations* is impacted by the amount disclosed in the income statement. Depreciation and amortization included in the line item *Adjustments* will be impacted by the same amount. The changes in accounting policies thus have no impact on *Cash flows from operations before financial receipts and payments*.

NOTES 30-31

GROUP

30. Releases from H. Lundbeck A/S in 2009

No.	Date	Subject
392	18.12.2009	Zicronapine shows significant positive data in clinical phase II in the treatment of patients with schizophrenia - planning for continued clinical work
391	11.12.2009	Financial calendar 2010
390	27.11.2009	Lundbeck initiates clinical phase II trials with Lu AE58054 as augmentation treatment in Alzheimer's disease
389	10.11.2009	Announcement of transactions with shares and linked securities in H. Lundbeck A/S made by executives and their closely associated persons and legal entities
388	04.11.2009	Announcement of transactions with shares and linked securities in H. Lundbeck A/S made by executives and their closely associated persons and legal entities
387	03.11.2009	Third quarter 2009 report - Lundbeck records 20% growth, driven by Lundbeck Inc. and key products
386	02.11.2009	Lundbeck starts clinical phase IIa with Lu AA24493 (cEPO) in Friedreich's ataxia in a study also assessing efficacy via biomarkers
385	30.10.2009	Novel agent for treatment of Parkinson's disease - Lu 02-750 - enters Lundbeck's development pipeline
384	23.09.2009	Results of ADAGIO study with Azilect® in Parkinson's disease published in The New England Journal of Medicine
383	21.08.2009	FDA grants marketing approval for Lundbeck's Sabril® (vigabatrin)
382	13.08.2009	Second quarter 2009 report - Lundbeck records 18% revenue growth. Double digit growth in all regions
381	31.07.2009	Total number of voting rights and size of share capital as of 31 July 2009 after reduction of the share capital of H. Lundbeck A/S
380	30.07.2009	Pipeline update - following an interim analysis the studies with bifeprunox for the treatment of schizophrenia are discontinued
379	07.07.2009	Lundbeck increases its share of Xenazine® and strengthens the U.S. profitability - transaction immediately accretive
378	02.07.2009	Lu AA24530 shows positive results in major depressive disorder phase II study
377	25.06.2009	Lundbeck receives FDA Complete Response Letter on Serdolect® for the treatment of schizophrenia
376	11.06.2009	Update on Lundbeck Inc. (USA)
375	08.06.2009	Update on Lu AA21004 clinical development program in major depressive disorder (MDD)
374	18.05.2009	Lundbeck provides update on NDA for Serdolect® for the treatment of schizophrenia
373	13.05.2009	First quarter 2009 report. Double digit revenue growth. Strong performance by key products
372	21.04.2009	H. Lundbeck A/S held its Annual General Meeting on 21 April 2009 at the company's registered office
371	08.04.2009	FDA Advisory Committee provides opinion on Serdolect® for the treatment of schizophrenia
370	02.04.2009	Notice of the annual general meeting
369	19.03.2009	Lundbeck's acquisition of Ovation Pharmaceuticals cleared by US Federal Trade Commission
368	12.03.2009	Announcement of transactions with shares and linked securities in H. Lundbeck A/S made by executives and their closely associated persons and legal entities
367	09.03.2009	Announcement of transactions with shares and linked securities in H. Lundbeck A/S made by executives and their closely associated persons and legal entities
366	04.03.2009	Annual report 2008 - Lundbeck meets all of its financial forecasts for 2008 and expects continuing growth in 2009
365	09.02.2009	Lundbeck to acquire US-based Ovation Pharmaceuticals, Inc. - a specialty pharmaceutical company focusing on central nervous system disorders (CNS)
364	27.01.2009	Lundbeck to divest non-strategic investments to the Lundbeck Foundation

31. Events after the Balance Sheet Date

Expansion of Azilect® agreement

On 24 February 2010, Lundbeck announced that it has expanded the agreement with Teva Pharmaceutical Industries Ltd. for Azilect® to cover six markets in Asia: China, South Korea, Hong Kong, Malaysia, Thailand and the Philippines. The agreement provides Lundbeck with access to six interesting markets, all of which are expected to show strong growth in the treatment of Parkinson's disease.

FINANCIAL STATEMENTS FOR 2009

CONTENTS

PARENT COMPANY

INCOME STATEMENT

1 JANUARY - 31 DECEMBER 2009

PARENT COMPANY

	Notes	2009 DKKm	2008 DKKm
Revenue		8,790	8,122
Cost of sales	2	2,038	2,065
Gross profit		**6,752**	**6,057**
Distribution costs	2	436	266
Administrative expenses	2, 3	845	833
Profit before research and development costs		**5,471**	**4,958**
Research and development costs	2	2,949	3,054
Profit from operations		**2,522**	**1,904**
Income from investments in subsidiaries	4	189	589
Financial income		439	419
Financial expenses		302	511
Profit before tax		**2,848**	**2,401**
Tax on profit for the year	6	656	483
Profit for the year	7	**2,192**	**1,918**

STATEMENT OF COMPREHENSIVE INCOME

1 JANUARY - 31 DECEMBER 2009

	Notes	2009 DKKm	2008 DKKm
Profit for the year		**2,192**	**1,918**
Currency translation concerning additions to net investments in foreign subsidiaries		(371)	-
Adjustment, deferred gains/losses, hedging		7	43
Realized gains/losses, hedging		(1)	(104)
Realized gains/losses, trading (transferred from hedging)		22	(16)
Tax on other comprehensive income	6	86	19
Other comprehensive income		**(257)**	**(58)**
Comprehensive income		**1,935**	**1,860**

BALANCE SHEET ASSETS

AT 31 DECEMBER 2009

PARENT COMPANY

	Notes	2009 DKKm	2008 DKKm
Patent rights		229	242
Product rights		375	519
Other rights		294	215
Projects in progress		78	113
Intangible assets	8	**976**	**1,089**
Land and buildings		1,907	1,926
Plant and machinery		339	313
Other fixtures and fittings, tools and equipment		181	238
Prepayments and plant and equipment in progress		89	185
Property, plant and equipment	8	**2,516**	**2,662**
Investments in subsidiaries	4	4,936	2,736
Investments in associates	5	-	209
Receivables from subsidiaries		4,443	685
Other investments		25	83
Other receivables		5	16
Financial assets		**9,409**	**3,729**
Non-current assets		**12,901**	**7,480**
Inventories	9	**746**	**760**
Trade receivables		239	131
Receivables from subsidiaries		949	558
Other receivables		192	275
Prepayments	10	98	189
Receivables		**1,478**	**1,153**
Securities		**10**	**938**
Cash		**1,336**	**2,551**
Current assets		**3,570**	**5,402**
Assets		**16,471**	**12,882**

BALANCE SHEET
EQUITY AND LIABILITIES

AT 31 DECEMBER 2009

PARENT COMPANY

	Notes	2009 DKKm	2008 DKKm
Share capital		980	984
Share premium		224	224
Currency translation reserve		(371)	-
Retained earnings		8,486	6,622
Equity		**9,319**	**7,830**
Deferred tax liabilities	11	258	280
Other provisions	12	304	291
Provisions		**562**	**571**
Bank debt		750	-
Mortgage debt	13	1,856	1,853
Employee bonds and other debt	13	58	51
Payables to subsidiaries		1,123	827
Non-current liabilities		**3,787**	**2,731**
Bank debt		750	-
Trade payables		791	683
Payables to subsidiaries		140	265
Income taxes		67	2
VAT, taxes and holiday pay commitments		250	163
Other payables		112	40
Prepayments from Forest		693	597
Current liabilities		**2,803**	**1,750**
Liabilities		**6,590**	**4,481**
Equity and liabilities		**16,471**	**12,882**

STATEMENT OF CHANGES IN EQUITY

AT 31 DECEMBER 2009

PARENT COMPANY

2009	Share capital DKKm	Share premium DKKm	Currency translation reserve DKKm	Retained earnings DKKm	Equity DKKm
Equity at 01.01.2009	**984**	**224**	**-**	**6,622**	**7,830**
Comprehensive income[1]	**-**	**-**	**(371)**	**2,306**	**1,935**
Distribution of dividends, gross	-	-	-	(453)	(453)
Distribution of dividends, treasury shares	-	-	-	2	2
Capital reduction and cancellation of treasury shares	(4)	-	-	4	-
Incentive programs	-	-	-	5	5
Other transactions	**(4)**	**-**	**-**	**(442)**	**(446)**
Equity at 31.12.2009	**980**	**224**	**(371)**	**8,486**	**9,319**

1) Additions and disposals are specified in the Statement of Comprehensive Income on p. 99.

For further details, see note 17 *Share Capital* in the consolidated financial statements.

NOTES 1-2

PARENT COMPANY

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 large reporting class D enterprises. The annual report is presented in Danish kroner (DKK), which also is the functional currency of the company.

The accounting policies are unchanged from the previous year.

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 set out below.

Income Statement
Results of Investments in Subsidiaries and Associates
Dividends from subsidiaries and associates are recognized in the parent company's income statement when the shareholders' rights to receive dividends have been approved, less any writedowns of the equity investments.

Balance Sheet
Non-Current Assets
Assets reclassified as assets held for sale in the consolidated financial statements are not reclassified in the financial statements of the parent company.

Investments in Subsidiaries and Associates
Investments in subsidiaries and associates 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.

Cash Flow Statement
As allowed under section 86 (4) of the Danish Financial Statements Act, no cash flow statement has been prepared, as this is included in the consolidated cash flow statement.

2. Staff Costs

Wages and salaries, etc.

	2009 DKKm	2008 DKKm
Short-term staff benefits	1,173	1,064
Pension benefits	114	102
Other social security costs	24	22
Total	**1,311**	**1,188**
The year's staff costs are analyzed as follows		
Cost of sales	328	323
Distribution costs	11	9
Administrative expenses	374	321
Research and development costs	598	535
Total	**1,311**	**1,188**
Executives		
Short-term staff benefits	45	40
Pension benefits	9	7
Share-based payment	3	1
Total	**57**	**48**

Executive Management
See note 3 *Staff Costs* in the consolidated financial statements.

Supervisory Board
See note 3 *Staff Costs* in the consolidated financial statements.

Employees

	2009	2008
Average number of full-time employees in the financial year	**2,032**	**2,027**
Number of full-time employees at 31.12.	**1,974**	**2,090**

Incentive programs
See note 3 *Staff Costs* in the consolidated financial statements.

NOTES 3-6

3. Audit Fees

	2009 DKKm	2008 DKKm
Deloitte		
Statutory audit	2	2
Other services	2	2
Total	**4**	**4**

A few small foreign subsidiaries are not audited by the parent company's auditors, a foreign business partner of the auditors, or by an internationally recognized accountancy firm.

4. Investments in Subsidiaries

	2009 DKKm
Cost at 01.01.	2,736
Capital contribution to subsidiaries	2,215
Capital reduction in subsidiaries	(15)
Cost at 31.12.	**4,936**

Income from investments in subsidiaries is dividends, which amounted to DKK 189 million (DKK 589 million in 2008).

See note 28 *Subsidiaries* in the consolidated financial statements for an overview of all subsidiaries.

5. Investments in Associates

	Cost DKKm	Accumulated revaluation/ impairment losses DKKm	Total DKKm
Carrying amount at 01.01.2009	293	(84)	209
Disposals	(209)	-	(209)
Carrying amount at 31.12.2009	**84**	**(84)**	**-**

In 2008, it was resolved to divest the non-strategic investment in LifeCycle Pharma A/S. The sale was completed on 27 January 2009, and the total profit from the divestment of DKK 67 million was recognized as revenue in the first quarter of 2009.

Based on an impairment test performed in 2007, the value of the investment in CF Pharma Gyógyszergyártó Kft. has been written down to DKK 0.

	Share of voting rights and ownership
CF Pharma Gyógyszergyártó Kft., Hungary	47.1%

6. Tax on Profit for the Year

	2009 DKKm	2008 DKKm
Current tax	590	363
Prior year adjustments, current tax	2	(3)
Prior year adjustments, deferred tax	(1)	(1)
Change of deferred tax for the year	(21)	105
Total tax for the year	**570**	**464**
Tax for the year is composed of		
Tax on profit for the year	656	483
Tax on other comprehensive income	(86)	(19)
Total tax for the year	**570**	**464**

NOTES 7-10

PARENT COMPANY

7. Distribution of Profit

	2009 DKKm	2008 DKKm
Proposed distribution of profit for the year		
Proposed dividends for the year	602	453
Transferred to distributable reserves	1,590	1,465
Total profit for the year	**2,192**	**1,918**
Proposed dividend per share (DKK)	**3.07**	**2.30**

8. Intangible Assets and Property, Plant and Equipment

Intangible assets

	Patent rights DKKm	Product rights DKKm	Other rights[1] DKKm	Projects in progress[1] DKKm	Intangible assets DKKm
Cost at 01.01.2009	645	760	650	113	2,168
Additions	20	62	167	71	320
Disposals	(2)	(174)	(16)	(106)	(298)
Cost at 31.12.2009	**663**	**648**	**801**	**78**	**2,190**
Amortization at 01.01.2009	403	241	435	-	1,079
Amortization for the year	31	49	88	-	168
Impairment during the year	-	157	-	-	157
Disposals	-	(174)	(16)	-	(190)
Amortization at 31.12.2009	**434**	**273**	**507**	**-**	**1,214**
Carrying amount at 31.12.2009	**229**	**375**	**294**	**78**	**976**

Property, plant and equipment

	Land and buildings DKKm	Plant and machinery DKKm	Other fixtures and fittings, tools and equipment[2] DKKm	Pre-payments and plant and equipment in progress DKKm	Property, plant and equipment DKKm
Cost at 01.01.2009	2,943	808	801	185	4,737
Reclassification	27	-	(27)	-	-
Additions	98	98	34	73	303
Disposals	(2)	(26)	(29)	(169)	(226)
Cost at 31.12.2009	**3,066**	**880**	**779**	**89**	**4,814**
Depreciation at 01.01.2009	1,017	495	563	-	2,075
Depreciation for the year	143	68	63	-	274
Disposals	(1)	(22)	(28)	-	(51)
Depreciation at 31.12.2009	**1,159**	**541**	**598**	**-**	**2,298**
Carrying amount at 31.12.2009	**1,907**	**339**	**181**	**89**	**2,516**

1) Other rights and projects in progress include items such as SAP. The amounts include capitalized internal expenses.
2) Including leasehold improvements.

Impairment of patents

No impairment losses were recognized on patents in 2009 (DKK 82 million in 2008). The impairment loss in 2008 was recognized in the income statement under research and development costs. The impairment loss is higher in the parent company than in the Group as the patents acquired in connection with the acquisition of Lundbeck Research USA, Inc. in 2003 were subsequently transferred to the parent company at a value higher than the cost.

Impairment of product rights

Lundbeck has resolved to write down the rights to Circadin®. The DKK 157 million impairment loss is recognized under distribution costs in the income statement.

Pledged assets

The carrying amount of pledged land and buildings at 31 December 2009 was DKK 1,920 million (DKK 1,898 million in 2008). No other assets have been pledged.

9. Inventories

	2009 DKKm	2008 DKKm
Raw materials and consumables	133	161
Work in progress	364	424
Finished goods and goods for resale	249	175
Total	**746**	**760**
Indirect cost of production	**309**	**281**
Impairment loss for the year	**47**	**16**

10. Prepayments

	2009 DKKm	2008 DKKm
Prepaid cost of goods sold	12	95
Prepaid IT expenses	25	28
Prepaid insurance	28	24
Prepaid marketing activities	10	16
Other	23	26
Total	**98**	**189**

NOTE 11

PARENT COMPANY

11. Deferred Tax Liabilities

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

2009	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	589	(3)	(33)	553
Property, plant and equipment	887	-	58	945
Inventories	281	-	28	309
Prepayments from Forest	(597)	-	(96)	(693)
Other items	(39)	-	(41)	(80)
Total temporary differences	**1,121**	**(3)**	**(84)**	**1,034**
Deferred (tax assets)/tax liabilities	**280**	**(1)**	**(21)**	**258**

Deferred (tax assets)/tax liabilities	2009 Deferred tax assets DKKm	2009 Deferred tax liabilities DKKm	2009 Net DKKm	2008 Deferred tax assets DKKm	2008 Deferred tax liabilities DKKm	2008 Net DKKm
Intangible assets	-	138	138	-	147	147
Property, plant and equipment	-	236	236	-	222	222
Inventories	-	77	77	-	70	70
Prepayments from Forest	(173)	-	(173)	(149)	-	(149)
Other items	(20)	-	(20)	(10)	-	(10)
Deferred (tax assets)/tax liabilities	**(193)**	**451**	**258**	**(159)**	**439**	**280**
Set-off	193	(193)	-	159	(159)	-
Total net deferred (tax assets)/tax liabilities	**-**	**258**	**258**	**-**	**280**	**280**

The amounts stated above show gross deferred tax assets and deferred tax liabilities, respectively, at an income tax rate of 25% (25% in 2008).

NOTES 12-15

12. Other Provisions

	2009 DKKm	2008 DKKm
Provisions at 01.01.	291	392
Exchange differences	16	(72)
Provisions used during the year	(3)	(29)
Provisions at 31.12.	**304**	**291**
Specification of provisions		
Long-term provisions	304	291
Short-term provisions	-	-
Provisions at 31.12.	**304**	**291**

The provisions cover the defence of the company's intellectual property rights and expected losses and obligations as a result of the impairment loss in 2007 on production assets in the manufacturing unit Lundbeck Pharmaceuticals Ltd., Seal Sands, UK, pursuant to a manufacturing agreement.

13. Mortgage Debt, Bank Debt and Other Long-Term Debt

	2009 DKKm	2008 DKKm
Mortgage debt	1,856	1,853
Employee bonds	8	18
Total debt falling due after more than 5 years	**1,864**	**1,871**

14. Financial Instruments

See note 24 *Financial Instruments* in the consolidated financial statements.

15. Contractual Obligations

Rental and lease obligations
The parent company has obligations amounting to DKK 50 million (DKK 52 million in 2008) in the form of rentals and leasing of operating equipment.

The future rental and lease payments can be analyzed as follows:

	Land and buildings DKKm	Operating equipment DKKm	Total DKKm
2009			
Less than 1 year	13	9	22
Between 1 and 5 years	19	9	28
Total	**32**	**18**	**50**
2008			
Less than 1 year	13	9	22
Between 1 and 5 years	19	11	30
Total	**32**	**20**	**52**

Rental and lease payments recognized in the income statement amounted to DKK 31 million (DKK 29 million in 2008).

Other purchase obligations
The parent company has undertaken purchase obligations in the amount of DKK 183 million (DKK 167 million in 2008).

Research collaborations
The parent company is part of multi-year research collaboration projects comprising minimum research and contractual obligations in the order of DKK 17 million (DKK 19 million in 2008). The total amount of the obligations may increase substantially in line with the favorable development of the research projects.

Other contractual obligations
At 31 December 2009, the parent company had capital contribution obligations amounting to DKK 0 (DKK 41 million in 2008).

The parent company has entered into various service agreements amounting to DKK 43 million (DKK 31 million in 2008).

NOTES 16-19

16. Contingent Liabilities

Letters of intent and bank guarantees
The parent company has entered into agreements to hedge operating losses in certain subsidiaries and has issued a guarantee of DKK 9 million (DKK 20 million in 2008). The parent company's bankers have issued bank guarantees to third parties in the amount of DKK 32 million (DKK 5 million in 2008). As collateral for some of these bank guarantees, the parent company has issued letters of intent to the banks in the amount of DKK 9 million (DKK 5 million in 2008) on behalf of the subsidiaries.

Joint taxation
The parent company is liable jointly and severally with the other jointly taxed companies for the total income taxes under the joint taxation for the income year 2004 and earlier. As from 2005, H. Lundbeck A/S and Danish subsidiaries are subject to national joint taxation with LFI a/s and other Danish affiliated companies. The companies under this joint taxation scheme are separately liable for the payment of own taxes until these have been settled with the administration company (LFI a/s). After such time, LFI a/s is liable for the combined taxes under the joint taxation scheme.

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.

17. Related Parties

See note 27 *Related Parties* in the Consolidated Financial Statements.

18. Treasury Shares

2009	Shares of DKK 5 nom. Number	Nominal value DKKm	Share of share capital %	Cost DKKm
Holding at 01.01.2009	769,648	4	0.39	94
Shares cancelled	(769,648)	(4)	(0.39)	(94)
Holding at 31.12.2009	-	-	-	-

There was no inflow of treasury shares in 2009.

At the annual general meeting held on 21 April 2009, it was resolved to lower the company's share capital by DKK 3,848,240 nominal value, corresponding to the company's portfolio of treasury shares, which amounted to 769,648 shares.

The market value of the holding of treasury shares at 31 December 2009 was DKK 0 (DKK 85 million in 2008). Deferred tax on shares held for less than three years was DKK 0 (DKK 3 million in 2008).

19. Events after the Balance Sheet Date

No significant events have occurred after the balance sheet date.

MANAGEMENT STATEMENT

Today, we considered and approved the annual report of H. Lundbeck A/S for the financial year 1 January to 31 December 2009.

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 additional Danish disclosure requirements for annual reports of listed companies.

We consider the accounting policies used to be appropriate. Accordingly, the annual report gives a true and fair view of the Group's and the parent company's assets, liabilities and financial position at 31 December 2009, and of the Group's and the parent company's financial performance and the Group's cash flows for the financial year 1 January to 31 December 2009.

We believe that the management 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, 4 March 2010

Executive Management

Ulf Wiinberg
President and CEO

Peter Høngaard Andersen
Executive Vice President

Lars Bang
Executive Vice President

Anders Götzsche
Executive Vice President, CFO

Anders Gersel Pedersen
Executive Vice President

Stig Løkke Pedersen
Executive Vice President

Supervisory Board

Per Wold-Olsen
Chairman

Thorleif Krarup
Deputy Chairman

Egil Bodd

Kim Rosenville Christensen

Peter Kürstein

Jørn Mayntzhusen

Mats Pettersson

Birgit Bundgaard Rosenmeier

Jes Østergaard

INDEPENDENT AUDITOR'S REPORT

To the shareholders of H. Lundbeck A/S

We have audited the consolidated financial statements and financial statements for the financial year 1 January - 31 December 2009, which comprise the income statement, statement of comprehensive income, balance sheet, statement of changes in equity and notes, including the accounting policies and the management review, for the Group as well as the parent company and the consolidated cash flow statement. 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. Further, the consolidated financial statements and financial statements have been prepared in accordance with additional Danish disclosure requirements for listed companies. The management review has been prepared in accordance with the Danish Financial Statements Act.

Management's responsibility for the consolidated financial statements, financial statements and management review
Management is responsible for the preparation and fair presentation of consolidated financial statements and financial statements in accordance with International Financial Reporting Standards as adopted by the EU in respect of the consolidated financial statements, and in accordance with the Danish Financial Statements Act in respect of the financial statements of the parent company, and additional Danish disclosure requirements for listed companies, and for the preparation of a management review that contains a fair review in accordance with the Danish Financial Statements Act. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements, financial statements and a management review that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility and basis of opinion
Our responsibility is to express an opinion on these consolidated financial statements and financial statements and this management review based on our audit. We conducted our audit in accordance with Danish and International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements, financial statements and management review are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements, financial statements and management review. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, financial statements and management review, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of consolidated financial statements and financial statements and to the fair review of a management review 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 evaluating the overall presentation of the consolidated financial statements, financial statements and management review.

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 2009, and of its financial performance and its cash flows for the financial year 1 January - 31 December 2009 in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for listed companies.

Further, in our opinion, the financial statements give a true and fair view of the parent company's financial position at 31 December 2009, and of its financial performance for the financial year 1 January - 31 December 2009 in accordance with the Danish Financial Statements Act, Danish Accounting Standards and additional Danish disclosure requirements for listed companies.

Also, in our opinion, the management review contains a fair review in accordance with the Danish Financial Statements Act.

Copenhagen, 4 March 2010

Deloitte
Statsautoriseret Revisionsaktieselskab

Anders Dons
State Authorised
Public Accountant

Martin Faarborg
State Authorised
Public Accountant

PHARMACEUTICALS LAUNCHED BY LUNDBECK

Compound	Mechanism of action	Indication	Trademark	First registration	Approved, no. of countries[1]
Antithrombine III (recombinant)	Thrombin inhibitor	Prevention of peri-operative venous thromboembolic events in hereditary antithrombin deficient patients	**ATryn®**	2009	1
Rasagiline	MAO-B inhibitor	Parkinson's disease	**Azilect®**	2005	33
Melperone	Atypical antipsychotic	Schizophrenia	**Buronil®, Bunil®**	1968	12
Succimer	Lead chelator	Lead poisoning in children	**Chemet®**	1991	1
Escitalopram	ASRI	Depression, generalized anxiety disorder, panic disorder, social anxiety disorder, OCD	**Cipralex®, Lexapro®, Sipralexa®, Sipralex®**	2001	101
Citalopram	SSRI	Depression, panic disorder, OCD	**Cipramil®, Seropram®, Cipram®, Celexa®**	1989	74
Zuclopenthixol	Typical antipsychotic	Schizophrenia and other psychotic disorders, anxiety, restlessness, insomnia	**Cisordinol®, Clopixol®**	1982	69
Zuclopenthixol-decanoate	Depot antipsychotic	Maintenance treatment of chronic psychotic disorders	**Cisordinol Depot®, Clopixol Depot®, Ciatyl-Z Depot®**	1976	71
Zuclopenthixol-acetate	Typical antipsychotic	Acute psychotic episodes, exacerbation of psychotic disorders	**Cisordinol-Acutard®, Clopixol-Acutard®, Clopixol-Acuphase®, Ciatyl-Z-Acuphase®**	1986	67
Benztropine mesylate	Anticholinergic	Adjunct in the treatment of Parkinson's disease	**Cogentin®**	1960	7
Dactinomycine	Actinomycine	Oncology indications	**Cosmegen®**	1966	29
Flupentixol +melitracene	Typical antipsychotic + TCA	Mild depression	**Deanxit®**	1971	23
Methamphetamine hydrochloride	CNS stimulatory effect	ADHD	**Desoxyn®**	1943	1
Memantine	NMDA-antagonist	Moderate to severe Alzheimer's disease	**Ebixa®, Ebix®**	2002	66
Asparaginase	Antineoplastic	Acute lymphocytic leukemia	**Elspar®**	1978	6
Flupentixol	Typical antipsychotic	Schizophrenia, other psychotic disorders	**Fluanxol®, Fluanxol Mite®, Depixol®**	1965	60
Cis(Z)-flupentixoldecanoate	Depot antipsychotic	Maintenance treatment of chronic psychotic disorders	**Fluanxol Depot®, Depixol®**	1970	67
Clobazam	Benzodiazepine	Adjunctive epilepsy therapy	**Frisium®**	1975	2
Indomethacin	Non-steroidal anti-inflammatory	Patent Ductus Arteriosus (PDA) in premature infants	**Indocin®; Indocid®; Inacid®**	1985	15
Mephobarbital	Barbiturate	Anxiety and grand mal and petit mal epileptic seizures	**Mebaral®**	N/A	1
Mechlorethamine hydrochloride	Antineoplastic	Oncology indications	**Mustargen®**	1949	4
Pentobarbital sodium	Barbiturate	Pre-anesthetic and anticonvulsant	**Nembutal®**	1973	1
Ibuprofen lysine	Non-steroidal anti-inflammatory	Patent Ductus Arteriosus (PDA) in premature infants	**NeoProfen®**	2006	1
Nortriptyline	TCA	Depression	**Noritren®, Nortrilen®, Sensaval®**	1963	19
Hemin	Enzyme inhibitor	Acute intermittent porphyria	**Panhematin®**	1983	1
Ethotoin	Antiepileptic	Grand mal and complex partial seizures	**Peganone®**	1957	1
Vigabatrin	Antiepileptic	Infantile spasms (infants) and refractory complex partial seizures (adults)	**Sabril®**	1993	3
Amitriptyline	TCA	Depression	**Saroten®, Sarotex®, Redomex®**	1961	23
Sertindole	Atypical antipsychotic	Schizophrenia	**Serdolect®, Serlect®**	1996	47
Chlorothiazide sodium	Diuretic, antihypertensive	Edema associated with heart failure, hepatic cirrhosis, kidney disease, corticosteroid and estrogen therapy	**Sodium Diuril®**	1957	1
Clorazepate dipotassium	Antiepileptic	Short-term treatment of anxiety and alcohol withdrawal and combination treatment in partial epileptic seizures	**Tranxene T-TAB®**	1972	1
Chlorprothixene	Typical antipsychotic	Schizophrenia and other psychotic disorders, anxiety, restlessness, withdrawal symptoms in drug addicts	**Truxal®, Truxaletten®**	1959	22
Tetrabenazine	Monoamine depletor	Chorea associated with Huntington's disease	**Xenazine®**	2008	1

1. Number of countries where Lundbeck has launched the pharmaceutical

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LUNDBECK'S VALUES

"Imaginative" underlines a need for daring to be different. Lundbeck believes in the necessity of being open to new knowledge and alternative solutions. This assumption is the cornerstone of Lundbeck's value chain, from research and development to production, marketing and sales.

"Passionate" refers to a long-standing tradition of never giving up. Lundbeck has met with setbacks – and will meet them again – in the effort to find new treatments of CNS disorders.

"Responsible" means that Lundbeck employees are expected to do the right thing and act responsibly towards colleagues, the environment and the external community.

Visit the Lundbeck website at lundbeck.com

Photos: Mikkel Bache

All patients have had their photos taken after preceding agreement.
The patients have not received any remuneration from Lundbeck.

H. Lundbeck A/S
Ottiliavej 9
DK-2500 Copenhagen – Valby
Denmark

Corporate Reporting
Tel +45 36 30 13 11
Fax +45 36 30 19 40
information@lundbeck.com
www.lundbeck.com
CVR no. 56759913