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Lundbeck to acquire US-based Ovation Pharmaceuticals, Inc. – a specialty pharmaceutical company focusing on central nervous system disorders (CNS)

- *The acquisition of Ovation realises Lundbeck's strategic goal of building a US commercial platform and will contribute to Lundbeck's mid and long-term growth prospects*
- *Ovation has an attractive portfolio of marketed products and a promising late stage pipeline within CNS disorders addressing significant unmet medical needs*
- *Sabril® is in the final stage of FDA review and has been recommended for approval by an FDA Advisory Committee*
- *Significant EBIT contribution expected in the period 2012-15 from Ovation*
- *Transaction accretive to net profits already in 2010*

H. Lundbeck A/S (Lundbeck) and Ovation Pharmaceuticals, Inc. (Ovation) today announced that they have entered into a definitive transaction agreement under which Lundbeck, through the wholly owned subsidiary Lundbeck, Inc., will acquire Ovation in an all cash transaction valuing Ovation at up to USD 900 million or approximately DKK 5.2 billion. The Supervisory Board at Lundbeck and the Board of Directors of Ovation have unanimously approved the transaction.

"This transaction marks a very important milestone for Lundbeck. Ovation is an excellent match for Lundbeck and will help us realise our strategic goals. Ovation will provide a commercial platform in the US with a highly experienced management team and specialty sales force, a late-stage development pipeline and a proven scientific and regulatory expertise in areas of high unmet medical needs", says Ulf Wiinberg, President & Chief Executive Officer at Lundbeck. "We are very encouraged by what Ovation has achieved in the short time since the company was founded and we look forward to working together in the common interest of both companies."

Strategic rationale

The acquisition of Ovation delivers on Lundbeck's strategic goal to build a commercial infrastructure in the US. Ovation is a private, US-based, profitable and fast growing company, with a broad portfolio of marketed products and an attractive pipeline of new, innovative products primarily focused on CNS. The pipeline is expected to significantly drive growth in the coming years through multiple new product launches.

Following the transaction Lundbeck will have a diverse portfolio of marketed products and a broader pipeline primarily focused on CNS.

"This is an exciting milestone for our employees and our company," says Jeffrey S. Aronin, Ovation President and Chief Executive Officer. "We've succeeded in achieving our mission of



building a strong, fast growing business by developing important medications for unmet medical needs of severely ill patients – and Lundbeck shares that commitment. We are very impressed with the Lundbeck management team and joining forces with them will allow us to accelerate our efforts to address complex CNS disorders and expand the range of therapies we can bring to patients in need.”

Transaction timing

Pending final approvals and antitrust clearances, closing is expected to take place in March 2009, after which Ovation will become a fully-integrated subsidiary of Lundbeck.

For patients, relatives and caregivers

Today’s announcement will not affect or interfere with any product availability or support for any of the products that Ovation currently has on the market. Likewise, there will be no changes to the availability or support provided for Lundbeck’s currently marketed products.

Financial highlights

Under the terms of the transaction, Lundbeck will make an upfront payment of USD 600 million (or approximately DKK 3.5 billion) immediately upon closing of the transaction. Additional payments of up to USD 300 million (or approximately DKK 1.7 billion) within one year of closing are contingent upon the achievement of certain product regulatory milestones relating to the approvals of Sabril® by the FDA.

The transaction will be financed through a combination of existing cash resources and new DKK 2.5 billion acquisition debt underwritten by Nordea and Danske Bank. Lundbeck estimates that the new debt will be fully repaid in little more than one year of closing of the transaction through the expected operating cash flows.

The transaction is expected to be accretive to Lundbeck’s net profit post transaction costs and amortisation related to the acquisition in 2010.

Conditions

The proposed transaction is only subject to notification and clearance under certain antitrust statutes.

Advisors

Lundbeck has retained Deutsche Bank as its financial advisor and Morgan Lewis as its lead legal advisor in this transaction. Goldman Sachs is acting as financial advisor to Ovation, who retained Kirkland and Ellis LLP and Katten Muchin Rosenman LLP as its legal advisors.



Ovation background

Based in Deerfield, IL, Ovation was founded in 2000 with a focused strategy to acquire and develop specialty compounds for the US market and for niche indications with high unmet medical needs.

Today, the company has a broad portfolio of medicines - both approved and in development. Fueled by a promising CNS specialty pipeline, further product launches are expected in the future and these new medicines will treat a variety of serious neurological conditions.

Products on the market to address CNS disorders include Xenazine[®] for chorea associated with Huntington's disease, Tranxene[®] for anxiety disorders, Nembutal[®] for acute convulsive disorders, Cogentin[®] for Parkinson's disease and Desoxyn[®] for ADHD. Outside CNS disorders the products Ovation markets include ATryn[®], just approved by the U.S. Food and Drug Administration for the prevention of thromboembolic events in hereditary antithrombin deficient (HAD) patients in high-risk situations such as surgery or childbirth procedures, a portfolio of hospital-based products, and haematology/oncology therapies, including Panthematin[®] for recurrent attacks of acute intermittent porphyria temporally related to the menstrual cycle in susceptible women.

The product pipeline at Ovation is predominantly focused on CNS disorders and includes Sabril[®] for adults with refractory complex partial seizures and children with infantile spasms, two indications that have recently been unanimously recommended for approval by the Peripheral and Central Nervous System Drugs Advisory Committee appointed by the US FDA, clobazam in clinical phase III for Lennox-Gastaut Syndrome and an IV formulation of carbamazepine in clinical phase III for epilepsy.

Full prescribing information, including adverse events on all approved products, can be found at www.ovationpharma.com.

The company employs 283 employees, which includes a specialised and experienced sales force of 68 employees and a highly experienced and dedicated management team that will stay with the company following the transaction.

Financial expectations for 2008

Lundbeck is retaining its financial guidance for 2008, which is revenue to be between DKK 11-11.5 billion and EBIT to be between DKK 2.8-2.9 billion excluding one-off items.

Lundbeck will report full-year 2008 financial results 4 March 2009.

For 2008 Ovation estimates net revenues of approximately USD 204 million, an EBITDA of approximately USD 43 million and an EBIT of approximately USD 32 million.



Teleconference

Lundbeck will host a conference call today at 2:00 PM (CET, Copenhagen time). To participate in the conference call, please call one of the following call-in numbers:

UK: +44 (0) 20 7162 0025
US: +1 334 323 6201
Password: Lundbeck

A replay will be available one hour after the teleconference and will be accessible for seven days. Please call one of the following call-in numbers and quote the access code:

UK: +44 (0) 20 7031 4064
US: +1 954 334 0342
Access code: 815336

The live call and replay will also be available at:

<http://www.lundbeck.com/investor/presentations/teleconference/default.asp>

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About Lundbeck

H. Lundbeck A/S is an international pharmaceutical company engaged in the research and development, production, marketing and sale of pharmaceuticals for the treatment of psychiatric and neurological disorders. In 2007, the company's revenue was DKK 11 billion (approximately EUR 1.5 billion or USD 2.0 billion). The number of employees is approx. 5,300 globally. For more information, please visit www.lundbeck.com.