

Chairman's remarks

Before proceeding to the formal part of today's meeting, I wanted to take this opportunity to say a few words about your Company.

2010

AstraZeneca maintained its strong financial performance in 2010. We did so by capitalising on the opportunities presented by a growing and globalised pharmaceutical market, as well as by the way in which we are responding to the challenges posed by the expiry of some of our patents and the pressure on product pricing. We also made good progress in implementing our strategy of being a focused, integrated, innovation-driven, global, prescription-based biopharmaceutical business.

Your Board continues to believe this strategy is the most value-creating path for AstraZeneca. It is based on a business model that uses the best science and technology to research, develop and commercialise innovative medicines that make a meaningful difference to patient health around the world. A fundamental safeguard in this model is a well-functioning patent system which is the basis on which we continue to invest in new medicines. We also work to protect and optimise our investments by vigorously defending our patent rights. We were therefore pleased with the US court decision in 2010 that upheld the validity and enforceability of the patent for *Crestor*, our statin for the treatment of cholesterol.

Overall in 2010, Group sales were \$33.3 billion, unchanged from 2009. Once again this total included 10 medicines with sales of more than \$1 billion each. There was strong sales growth for some of our products such as *Crestor*, as well as *Symbicort* and *Seroquel XR*, and revenue outside the US increased by 7 per cent. This included a 16 per cent increase in Emerging Markets. On the other hand, and as expected, revenue in the US was affected by generic competition and was down by 7 per cent.

Our Core earnings per share in 2010 rose by 5 per cent to \$6.71. We increased the full-year dividend by 11 per cent.

These good results are a tribute to the hard work of your CEO, David Brennan, his executive team and all the employees of AstraZeneca

worldwide whom I would like to thank, on behalf of the Board for a job well done.

Board membership

Before looking ahead and to the future of the Company, I wish to say a few words about your Board and its Directors.

It is one of our strengths that we regularly invigorate and refresh the Board with talented new people who can bring a breadth of experience and new perspectives to our deliberations. In the course of the last year, we welcomed two new Directors. Bruce Burlington joined the Board in August. Bruce brings to the company a wealth of pharmaceutical industry experience following a career at the FDA, the US Food and Drug Administration, and subsequently at Wyeth, which is now part of Pfizer. In January this year, Shriti Vadera joined us. She previously held a number of international advisory roles, and ministerial positions in the UK government after starting her career in investment banking. She contributes to the Board additional financial expertise, experience of emerging markets, and knowledge of global finance and public policy.

As we welcome Bruce and Shriti, we say goodbye to Jane Henney, who is standing down at the end of this meeting. Jane was first elected to the Board in 2001. Since then she has made a major contribution to the Board's work and your Company's success. She has served as a member of the Audit Committee, the Nomination and Governance Committee, and the Science Committee. I would like to pay personal tribute to Jane's dedication, judgement, insightful comments and strong support of the Company and its work, and her Board colleagues. They have been much appreciated by all those who have had the pleasure of working with her. On behalf of the whole Board, we thank Jane for her service to AstraZeneca and wish her well in her future endeavours.

Outlook

As we look ahead, AstraZeneca has a strong balance sheet and a sustainable, significant cash flow. Your Board has confidence in the strategic direction and long-term prospects for the business. We have therefore confirmed our commitment to a progressive dividend policy and intend to maintain or grow the dividend each year. After providing for business investment, funding the progressive dividend policy and meeting our debt service obligations, the Board will also

keep under review the opportunity to return cash in excess of these requirements to shareholders through periodic share repurchases.

The future presents significant opportunities as well as challenges for your business. I will now ask our CEO, David Brennan, to outline these and describe what we are doing to make the most of them.

Chief Executive's remarks

Louis, thank you. I would like to add my own welcome to you, our shareholders, who have joined us in person today.

As our Chairman has remarked, 2010 underlined the strength and resilience of the AstraZeneca business. The year also emphasised that it is the manner in which we do business, as much as what we do, that will determine our long-term success. 2010 taught us that if we are to deliver our strategy, and make a meaningful difference to the health of patients through great medicines, then we need to act with integrity and always do the right thing, not the easy thing. We need to behave as a single, integrated organisation and work in collaboration with patients, doctors, payers and our many other stakeholders.

Challenges and opportunities

The world pharmaceutical market continues to grow. This growth is being driven by increasing and ageing populations, as well as expanding numbers of patients in emerging markets who can benefit from our medicines. The increasing prevalence of chronic diseases and advances in science and technology are also having an impact. On the other hand, the pharmaceutical sector, including AstraZeneca, faces a number of challenges. These include competition, particularly from generic versions of our medicines, as well as declining R&D productivity. For example, over the last 30 years, investment in R&D in the US alone has increased from \$2 billion to \$45 billion a year, whereas drug approvals by the FDA have generally remained at 25-30 a year. In addition, most of our sales take place in highly regulated markets where cost containment by governments and other payers for healthcare is a priority, especially in the wake of the economic downturn. We fully expect this trend to continue, most notably in the US and European markets. The Board will keep its plans under continuous review to ensure we are able to respond to changes.

More generally, oversight of the pharmaceutical sector by regulators and competition authorities has intensified in recent years. At AstraZeneca we are mindful of this and the importance of a good reputation. We are committed to doing business in an ethical and proper manner and take compliance with all laws seriously. The Board, assisted in particular by the Audit Committee, plays an active role in setting, maintaining and reviewing high standards of behaviour.

Responding to the challenge

Our response to the challenges and opportunities we face takes a number of forms. To be successful AstraZeneca needs to ensure we have in place:

- A sales and marketing activity undertaken in the right way and focused on our customers and their patients' needs
- An R&D function with world-class productivity that delivers innovative and commercially attractive medicines
- A reliable supply and manufacturing operation that ensures our customers and patients receive high quality medicines when they want and need them
- A diverse and talented workforce with the right skills, in the right place at the right time

We also need

- A commitment to responsible development of our business which delivers value not only for our shareholders but also for our other stakeholders.

Commercial capabilities

Underpinning the performance of our existing medicines is a global commercial organisation with world class capabilities. Our challenge is to ensure we maintain those skills in the face of changing market conditions. We are therefore focusing our efforts on ensuring that we have the right capabilities to successfully launch and commercialise the next wave of medicines from our pipeline, as well as deliver our expansion plans in Emerging Markets.

In 2010 we progressed our plans for Emerging Markets through a portfolio of more than 100 branded generic products which we are currently licensing across 30 markets.

We are also creating a much stronger focus on those who pay for our products. This will help ensure that our medicines get to the right patients, at the right time, and at a price they can afford, while still reflecting our investment. As part of this effort, we have signed a collaboration agreement with HealthCore, which maintains the largest commercially insured population data environment in the US. The agreement will assist us in conducting real-world studies designed to determine how to treat disease most effectively and economically, which is what payers around the world demand.

Unlike controlled clinical trials, real-world evidence studies use observational data such as electronic medical records, claims information and patient surveys. By examining data associated with individual patient care, real-world analyses can assess the impact of treatment on hospital length of stay, readmissions, cost of care and other key health outcomes. Randomised clinical trials remain the scientific 'gold standard' for determining the clinical effectiveness and safety of medicines. The real-world studies we are now progressing will improve our understanding of the relative value and safety of drugs in different patient populations. They will help answer the fundamental challenge of how to improve overall patient health while, at the same time, lowering the total cost of care.

R&D transformation

Our world class commercial operation is dependent on a successful R&D organisation to provide a continuous supply of innovative new medicines. In 2010 we made significant steps in delivering on our ambition in this regard. We did so with the creation of a single R&D organisation and a leadership team comprising the best internal and external leaders. This included the appointment of Martin Mackay as President, Global R&D. We have also put in place a new global organisation structure and governance framework. We are reducing the number of R&D sites we occupy and have refocused our resources on a smaller number of high-potential activities.

The need for change is undiminished. Our R&D record over the past few years is disappointing and our results in 2010 were mixed. On the positive side, *Brilique*, our treatment for acute coronary syndromes, has been approved in some 30 countries, including the EU. Kombiglyze XR, a fixed dose combination of Onglyza and metformin, a further product in our BMS diabetes collaboration, has been approved in the US and is doing well in its initial launch phase.

Vimovo, our medicine for arthritic pain, was also approved and launched.

As you can see from the slide, we also made a number of major regulatory submissions.

On the other hand, the FDA asked us to provide more information about our submission for *Brilinta*, the US name for *Brilique*. We responded to this request in January and remain confident in our submission. Requests were also received for motavizumab, for treating serious respiratory syncytial virus disease, and *Certriad*, for the treatment of lipid abnormalities. As a result, we withdrew the submission relating to motavizumab and recorded an impairment charge of \$445 million. We also ended our licence agreement with Abbott for the development of *Certriad*.

A lean and agile organisation

To be successful we also need to be an efficient organisation. We continue our work to simplify and streamline our infrastructure and reduce our costs. Making changes to reshape the business and make it fit for purpose affects a large number of people. In many parts of AstraZeneca that has resulted in further reductions in our workforce. The executive team and I remain committed to ensuring that we manage these changes in the right way. This means dealing responsibly and sympathetically with affected individuals and the communities in which they live.

People acting with integrity

We recognise that talented, motivated and capable people are critical to the successful achievement of our strategy. We are therefore focusing on activities that improve our leadership and management capability, and help us to acquire and retain talented people, for example in support of our growth plans in Emerging Markets. Additionally, we need to increase the diversity of our workforce so that it better reflects our future business shape.

A good reputation is also critical to our business success. To earn this everyone in AstraZeneca needs to maintain and build the trust of our customers, collaborators and everyone with whom we do business. That trust is renewed on daily basis by every interaction every one of us has. However, trust built up over decades can be destroyed overnight. It is why each of us needs to act with integrity and in accordance with a clear set of shared ethical values. It

explains why we set such great store by compliance with our Code of Conduct. During 2010, we reviewed our existing sales and marketing policies and standards, and created a single new Global Policy on External Interactions which we launched at the start of this month.

A good reputation requires a commitment to acting responsibly and to the sustainable development of our business. To that end, we reviewed our responsible business objectives in 2010 to ensure they remained closely aligned to our business strategy.

Q1

Earlier today we announced our financial results for the first quarter of 2011. Revenue was \$8,292 million, down 4 per cent at constant exchange rates. This includes the loss of more than \$550 million of revenue from generic competition, as well as the impact from government price interventions.

First quarter revenue in the US fell by 11 per cent and by 7 per cent in Western Europe. This fall was only partially mitigated by our 13 per cent revenue growth in Emerging Markets. Revenue in other established markets – Canada, Japan, Australia and New Zealand – grew by 4 per cent.

Turning now to some of our leading brands, worldwide sales of Crestor increased by 12 per cent to \$1.5 billion. Across the world Crestor is growing well ahead of the statin market growth rate. In the US alone, sales were up 17 per cent. Global Seroquel franchise sales were up 3 per cent to \$1.35 billion, fuelled by Seroquel XR, where sales were up 33 per cent. Symbicort sales were up 8 per cent in the quarter.

On the other hand, Arimidex sales were down 55 per cent. The US market is now largely generic and sales were just \$19 million. Exclusivity expired in Western Europe in February, and we are already seeing the impact, with sales down 33 per cent in the quarter. Finally, Nexium sales were also down, by 6 per cent. Sales in both the US and Europe were down but sales in Emerging Markets increased by 20 per cent.

Core earnings per share in the quarter benefitted from agreements with the UK and US governments over certain tax matters and were \$2.23, compared with \$2.03 last year. That is a 10 per cent increase

at constant currency. Reported earnings per share also grew at 10 per cent.

Conclusion

Today's results clearly demonstrate the challenges we face and further emphasise the need for us to change in response to them. We will therefore continue our relentless focus on driving operating discipline in order to invest in the development of innovative new products while providing attractive cash returns to shareholders.

I am confident that at AstraZeneca we have the people who can turn those ambitions into reality.