# Condensed Consolidated Statement of Comprehensive Income

| For the **quarter** ended 31 March | 2009 $m | 2008 $m |
|---|---|---|
| **Revenue** | 7,701 | 7,677 |
| Cost of sales | (1,383) | (1,502) |
| **Gross profit** | 6,318 | 6,175 |
| Distribution costs | (64) | (66) |
| Research and development | (980) | (1,236) |
| Selling, general and administrative costs | (2,376) | (2,737) |
| Other operating income and expense | 265 | 121 |
| **Operating profit** | 3,163 | 2,257 |
| Finance income | 113 | 258 |
| Finance expense | (273) | (372) |
| **Profit before tax** | 3,003 | 2,143 |
| Taxation | (859) | (638) |
| **Profit for the period** | 2,144 | 1,505 |
| **Other comprehensive income:** | | |
| Foreign exchange arising on consolidation | (231) | 287 |
| Foreign exchange differences on borrowings forming net investment hedges | 129 | (167) |
| Net available for sale losses taken to equity | (11) | (14) |
| Actuarial (loss)/gain for the period | (570) | 290 |
| Income tax relating to components of other comprehensive income | 125 | (26) |
| Other comprehensive income for the period, net of tax | (558) | 370 |
| **Total comprehensive income for the period** | 1,586 | 1,875 |
| | | |
| **Profit/(loss) attributable to:** | | |
| Owners of the parent | 2,146 | 1,503 |
| Non-controlling interests | (2) | 2 |
| | 2,144 | 1,505 |
| | | |
| **Total comprehensive income attributable to:** | | |
| Owners of the parent | 1,588 | 1,865 |
| Non-controlling interests | (2) | 10 |
| | 1,586 | 1,875 |
| | | |
| Basic earnings per $0.25 Ordinary Share | $1.48 | $1.03 |
| Diluted earnings per $0.25 Ordinary Share | $1.48 | $1.03 |
| Weighted average number of Ordinary Shares in issue (millions) | 1,447 | 1,457 |
| Diluted average number of Ordinary Shares in issue (millions) | 1,448 | 1,457 |

# Condensed Consolidated Statement of Financial Position

| | As at 31 Mar 2009 $m | As at 31 Dec 2008 $m | As at 31 Mar 2008 $m |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 6,820 | 7,043 | 8,486 |
| Goodwill | 9,855 | 9,874 | 9,906 |
| Intangible assets | 12,040 | 12,323 | 13,778 |
| Derivative financial instruments | 416 | 449 | 239 |
| Other investments | 149 | 156 | 197 |
| Deferred tax assets | 1,383 | 1,236 | 1,400 |
| | 30,663 | 31,081 | 34,006 |
| **Current assets** | | | |
| Inventories | 1,702 | 1,636 | 2,169 |
| Trade and other receivables | 7,126 | 7,261 | 7,054 |
| Derivative financial instruments | - | - | 36 |
| Other investments | 49 | 105 | 55 |
| Income tax receivable | 2,534 | 2,581 | 2,218 |
| Cash and cash equivalents | 4,441 | 4,286 | 2,920 |
| | 15,852 | 15,869 | 14,452 |
| **Total assets** | 46,515 | 46,950 | 48,458 |
| **LIABILITIES** | | | |
| **Current liabilities** | | | |
| Interest bearing loans and borrowings | (1,628) | (993) | (3,886) |
| Trade and other payables | (7,150) | (7,178) | (7,194) |
| Derivative financial instruments | (125) | (95) | - |
| Provisions | (479) | (600) | (531) |
| Income tax payable | (4,667) | (4,549) | (4,071) |
| | (14,049) | (13,415) | (15,682) |
| **Non-current liabilities** | | | |
| Interest bearing loans and borrowings | (10,006) | (10,855) | (11,116) |
| Derivative financial instruments | - | (71) | - |
| Deferred tax liabilities | (3,110) | (3,126) | (4,322) |
| Retirement benefit obligations | (3,174) | (2,732) | (1,755) |
| Provisions | (514) | (542) | (490) |
| Other payables | (133) | (149) | (226) |
| | (16,937) | (17,475) | (17,909) |
| **Total liabilities** | (30,986) | (30,890) | (33,591) |
| **Net assets** | 15,529 | 16,060 | 14,867 |
| **EQUITY** | | | |
| **Capital and reserves attributable to equity holders of the Company** | | | |
| Share capital | 362 | 362 | 364 |
| Share premium account | 2,052 | 2,046 | 1,889 |
| Other reserves | 1,947 | 1,932 | 1,882 |
| Retained earnings | 11,022 | 11,572 | 10,585 |
| | 15,383 | 15,912 | 14,720 |
| **Non-controlling interests** | 146 | 148 | 147 |
| **Total equity** | 15,529 | 16,060 | 14,867 |

# Condensed Consolidated Statement of Cash Flows

| For the **quarter** ended 31 March | 2009 $m | 2008 $m |
|---|---|---|
| **Cash flows from operating activities** | | |
| Profit before taxation | 3,003 | 2,143 |
| Finance income and expense | 160 | 114 |
| Depreciation, amortisation and impairment | 385 | 702 |
| Increase in working capital | (63) | (59) |
| Other non-cash movements | (295) | 100 |
| Cash generated from operations | 3,190 | 3,000 |
| Interest paid | (287) | (258) |
| Tax paid | (676) | (351) |
| **Net cash inflow from operating activities** | 2,227 | 2,391 |
| **Cash flows from investing activities** | | |
| Movement in short term investments and fixed deposits | 68 | (31) |
| Purchase of property, plant and equipment | (190) | (249) |
| Disposal of property, plant and equipment | 15 | 14 |
| Purchase of intangible assets | (94) | (2,689) |
| Disposal of intangible assets | 269 | - |
| Purchase of non-current asset investments | (10) | (29) |
| Disposal of non-current asset investments | 1 | - |
| Interest received | 24 | 61 |
| Dividends paid by subsidiaries to minority interest | (9) | (14) |
| **Net cash inflow/(outflow) from investing activities** | 74 | (2,937) |
| **Net cash inflow/(outflow) before financing activities** | 2,301 | (546) |
| **Cash flows from financing activities** | | |
| Proceeds from issue of share capital | 6 | 1 |
| Dividends paid | (2,103) | (2,007) |
| Movement in short term borrowings | (157) | (375) |
| **Net cash outflow from financing activities** | (2,254) | (2,381) |
| **Net increase/(decrease) in cash and cash equivalents in the period** | 47 | (2,927) |
| Cash and cash equivalents at the beginning of the period | 4,123 | 5,727 |
| Exchange rate effects | (25) | 1 |
| **Cash and cash equivalents at the end of the period** | 4,145 | 2,801 |
| **Cash and cash equivalents consists of:** | | |
| Cash and cash equivalents | 4,441 | 2,920 |
| Overdrafts | (296) | (119) |
| | 4,145 | 2,801 |

# Condensed Consolidated Statement of Changes in Equity

| | Share capital $m | Share premium account $m | Other* reserves $m | Retained earnings $m | Total $m | Non-controlling interests $m | Total equity $m |
|---|---|---|---|---|---|---|---|
| **At 1 January 2008** | 364 | 1,888 | 1,902 | 10,624 | 14,778 | 137 | 14,915 |
| Profit for the period | - | - | - | 1,503 | 1,503 | 2 | 1,505 |
| Other comprehensive income | - | - | - | 362 | 362 | 8 | 370 |
| Transfer to other reserve | - | - | (20) | 20 | - | - | - |
| **Transactions with owners:** | | | | | | | |
| Dividends | - | - | - | (1,967) | (1,967) | - | (1,967) |
| Issue of AstraZeneca PLC Ordinary shares | - | 1 | - | - | 1 | - | 1 |
| Share-based payments | - | - | - | 43 | 43 | - | 43 |
| **At 31 March 2008** | 364 | 1,889 | 1,882 | 10,585 | 14,720 | 147 | 14,867 |

| | Share capital $m | Share premium account $m | Other* reserves $m | Retained earnings $m | Total $m | Non-controlling interests $m | Total equity $m |
|---|---|---|---|---|---|---|---|
| **At 1 January 2009** | 362 | 2,046 | 1,932 | 11,572 | 15,912 | 148 | 16,060 |
| Profit for the period | - | - | - | 2,146 | 2,146 | (2) | 2,144 |
| Other comprehensive income | - | - | - | (558) | (558) | - | (558) |
| Transfer to other reserve | - | - | 15 | (15) | - | - | - |
| **Transactions with owners:** | | | | | | | |
| Dividends | - | - | - | (2,171) | (2,171) | - | (2,171) |
| Issue of AstraZeneca PLC Ordinary shares | - | 6 | - | - | 6 | - | 6 |
| Share-based payments | - | - | - | 48 | 48 | - | 48 |
| **At 31 March 2009** | 362 | 2,052 | 1,947 | 11,022 | 15,383 | 146 | 15,529 |

* Other reserves includes the capital redemption reserve and the merger reserve.

# Notes to the Interim Financial Statements

## 1 BASIS OF PREPARATION AND ACCOUNTING POLICIES

These unaudited condensed consolidated interim financial statements ("interim financial statements") for the quarter ended 31 March 2009 have been prepared in accordance with IAS34 *Interim Financial Reporting* as adopted by the European Union. Details of the accounting policies applied are those set out in AstraZeneca PLC's Annual Report and Form 20-F Information 2008.

During the year, the Group has applied IAS 1 *Presentation of Financial Statements (revised 2007)* which has introduced a number of terminology changes (including titles for the condensed primary statements) and has resulted in a number of changes in presentation and disclosure. The revised standard has had no impact on the reported results or financial position of the Group. In addition, the Group has adopted IFRS 2 *Amendment regarding Vesting Conditions and Cancellations*, IFRS 8 *Operating Segments*, IAS 23 *Borrowing Costs (revised 2007)* and Amendments to IAS 32 *Financial Instruments: Presentation* and IAS 1 *Presentation of Financial Statements*, none of which have had a significant effect on the reported results or financial position of the Group.

The Group has considerable financial resources available. The Group's revenues are largely derived from sales of products which are covered by patents and for which, historically at least, demand has been relatively unaffected by changes in the general economy. As a consequence, the Directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook and as such, the interim financial statements have been prepared on a Going Concern basis.

The information contained in Note 4 updates the disclosures concerning legal proceedings and contingent liabilities in the Group's Annual Report and Form 20-F Information 2008.

The comparative figures for the financial year ended 31 December 2008 are not the Company's statutory accounts for that financial year. Those accounts have been reported on by the Group's auditors and delivered to the registrar of companies. The report of the auditors was (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 237(2) or (3) of the Companies Act 1985.

## 2 NET DEBT

The table below provides an analysis of net debt and a reconciliation of net cash flow to the movement in net debt.

| | At 1 Jan 2009 $m | Cash flow $m | Non-cash movements $m | Exchange movements $m | At 31 Mar 2009 $m |
|---|---|---|---|---|---|
| Loans due after one year | (10,855) | - | 714 | 135 | (10,006) |
| Current instalments of loans | (650) | - | (703) | 44 | (1,309) |
| Total loans | (11,505) | - | 11 | 179 | (11,315) |
| Other investments - current | 105 | (68) | 13 | (1) | 49 |
| Net derivative financial instruments | 283 | - | 8 | - | 291 |
| Cash and cash equivalents | 4,286 | 180 | - | (25) | 4,441 |
| Overdrafts | (163) | (133) | - | - | (296) |
| Short term borrowings | (180) | 157 | - | - | (23) |
| | 4,331 | 136 | 21 | (26) | 4,462 |
| Net debt | (7,174) | 136 | 32 | 153 | (6,853) |

Non-cash movements in the period include fair value adjustments under IAS 39.

## 3 RESTRUCTURING AND SYNERGY COSTS

Profit before tax for the quarter ended 31 March 2009 is stated after charging restructuring and synergy costs of $72 million ($117 million in 2008). These have been charged to the income statement as follows:

| | 1st Quarter 2009 $m | 1st Quarter 2008 $m |
|---|---|---|
| Cost of sales | 31 | 32 |
| Research and development | - | 54 |
| Selling, general and administrative costs | 41 | 31 |
| Total | 72 | 117 |

## 4 LEGAL PROCEEDINGS AND CONTINGENT LIABILITIES

AstraZeneca is involved in various legal proceedings considered typical to its business, including litigation relating to product liability, commercial disputes, infringement of intellectual property rights, the validity of certain patents and anti-trust law. The matters discussed below constitute the more significant developments since publication of the disclosures concerning legal proceedings in the Company's Annual Report and Form 20-F Information 2008.

Unless noted otherwise below or in the Annual Report and Form 20-F Information 2008, no provisions have been established in respect of the claims discussed below.

***Crestor* (rosuvastatin)**

*Patent litigation – US*

As previously disclosed, in January 2008 abbreviated new drug application-filers sued by AstraZeneca in the District of Delaware for infringement of the Patent No. RE37,314 (the '314 patent), responded to AstraZeneca's pleadings, some submitting jurisdictional motions seeking dismissals of parties and claims. In November 2008, the Court issued a magistrate's Report and Recommendation Regarding Motions to Dismiss deciding the defendants' various jurisdictional motions. In January 2009, the Court adopted the magistrate's recommendations.

In March 2009, Magistrate Judge Leonard Stark heard argument and reserved judgment in the Court's *Markman* Hearing in respect of claim construction of the '314 patent claims. Discovery proceeds under an amended schedule.

As previously disclosed, in October 2008, Teva Pharmaceuticals Industries Ltd. (Teva), filed a patent infringement lawsuit against AstraZeneca Pharmaceuticals LP, AstraZeneca PLC, AstraZeneca UK Limited and IPR Pharmaceuticals, Inc. in the Eastern District of Pennsylvania. In January 2009, AstraZeneca PLC and AstraZeneca UK Limited moved for dismissal on jurisdictional grounds. The Court administratively dismissed the motions without prejudice to allow time for discovery. In April 2009, AstraZeneca PLC and AstraZeneca UK Limited renewed those motions, which will proceed. In March 2009, AstraZeneca moved to transfer the case to the US District Court, District of Delaware. On 8 April 2009, AstraZeneca also moved to strike Teva's jury demand. Discovery is continuing.

*Patent litigation – Canada*

On 1 April 2009, AstraZeneca Canada Inc. received a Notice of Allegation from Cobalt Pharmaceuticals, Inc. (Cobalt) in respect of Canadian Patent Nos. 2,072,945 (the '945 patent) and 2,313,783 (the '783 patent) listed on the Patent Register in Canada for *Crestor*. Cobalt claims that the '945 patent is not infringed and invalid; and that the '783 patent is not infringed and invalid.

AstraZeneca has full confidence in, and will vigorously defend and enforce, its intellectual property protecting *Crestor*.

***Prilosec OTC* (omeprazole magnesium)**

*Patent litigation*

As previously disclosed, in June 2007 Dr. Reddy's Laboratories Inc. and Dr. Reddy's Laboratories Limited (together Dr. Reddy's) notified AstraZeneca that Dr. Reddy's had submitted an abbreviated new drug application (ANDA) seeking FDA approval to market a 20mg delayed release omeprazole magnesium product for the OTC market. In July 2007, AstraZeneca commenced patent infringement litigation against Dr. Reddy's in the Southern District of New York in response to Dr. Reddy's Paragraph IV certifications. In July 2008, Dr. Reddy's filed a motion for summary judgment of non-infringement of the patents-in-suit. In March 2009, the Court granted Dr. Reddy's motion for summary judgment of non-infringement of the patents-in-suit. AstraZeneca is considering options including appeal of the Court's summary judgment decision to the United States District Court for the Federal Circuit.

AstraZeneca has full confidence in, and will vigorously defend and enforce, its intellectual property protecting *Prilosec OTC*.

***Nexium* (esomeprazole magnesium)**

*Sales and marketing practices*

As previously disclosed, AstraZeneca entities have been sued in various state and federal courts in the US in purported representative class actions involving the marketing of *Nexium*. In June 2008, AstraZeneca filed oppositions to the class certification motions filed in the California and Massachusetts cases, and also filed motions for summary judgment in California and Massachusetts. In March 2009, the California Court granted AstraZeneca's motions for summary judgment, ending the claims of all named plaintiffs. The Court also denied plaintiffs' motion for class certification. Oral argument on the Massachusetts motions is scheduled for 6 and 7 May 2009.

As previously disclosed, the US Court of Appeals for the 3rd Circuit had affirmed the dismissal of a similar case filed in Delaware Federal Court, and the plaintiffs had filed a petition for certiorari in the US Supreme Court. In March 2009, the US Supreme Court granted certiorari, vacated the 3rd Circuit decision and remanded the case back to the 3rd Circuit for reconsideration in light of the Supreme Court's pre-emption decision in *Wyeth v. Levine*. AstraZeneca expects a briefing schedule to be established within the next few months.

*Patent litigation*

As previously disclosed in December 2008, AstraZeneca received a Paragraph IV Certification notice-letter from Sandoz, Inc. (Sandoz) that Sandoz had submitted an ANDA for 20mg and 40mg esomeprazole magnesium delayed-release capsules alleging invalidity and/or non-infringement in respect of certain AstraZeneca US patents. In January 2009, AstraZeneca commenced patent infringement litigation in the District of New Jersey in response. No trial date has been set.

As previously disclosed, in May and June 2008, AstraZeneca received a complaint from IVAX Pharmaceuticals Inc. and IVAX Corporation (together IVAX) and a complaint from Dr. Reddy's for declaratory judgments of non-infringement and/or invalidity for patents that were not previously at issue in the ongoing infringement litigations. In August 2008, the Court dismissed the IVAX and Dr. Reddy's declaratory judgment actions as to certain patents and stayed the declaratory judgment actions as to remaining patents at issue. In January 2009, the Court vacated the August 2008 Orders that had dismissed and stayed the declaratory judgment actions. As a result, the IVAX and Dr. Reddy's declaratory judgment actions are proceeding. No trial date has been set.

As previously disclosed, in January 2006 AstraZeneca received a Paragraph IV Certification notice-letter from IVAX that IVAX had submitted an ANDA to the FDA for 20mg and 40mg esomeprazole magnesium delayed-release capsules. The ANDA contained Paragraph IV certifications of invalidity and/or non-infringement in respect of certain AstraZeneca US patents listed in the FDA Orange Book with reference to *Nexium*. In March 2006, AstraZeneca commenced wilful patent infringement litigation in the US District Court for the District of New Jersey against IVAX, its parent Teva Pharmaceuticals, and their affiliates. In December 2008, the Court granted AstraZeneca's motion to add Cipla, Ltd. as a defendant in the IVAX/Teva litigation. In January 2008, AstraZeneca commenced patent infringement litigation in the US District Court for the District of New Jersey against Dr. Reddy's in response to Dr. Reddy's Paragraph IV certifications regarding *Nexium*. In March 2009, the Court consolidated the IVAX/Teva, Cipla and Dr. Reddy's patent infringement litigations. The Court has indicated trial in the consolidated patent infringement litigation as soon as January 2010.

AstraZeneca has full confidence in, and will vigorously defend and enforce, its intellectual property protecting *Nexium*.

***Pulmicort Respules* (budesonide inhalation suspension)**

*Patent litigation*

In March 2009, AstraZeneca filed a lawsuit in the US District Court for the District of New Jersey against Apotex, Inc. and Apotex Corp. (together Apotex) seeking a declaration of patent infringement. The lawsuit follows the FDA approval of an ANDA filed by Apotex and concerns Apotex's intent to market a generic version of AstraZeneca's *Pulmicort Respules* in the US prior to the expiration of AstraZeneca's patents. On 16 April, the Court issued a Temporary Restraining Order barring Apotex from launching its generic version of *Pulmicort Respules* until further order of the Court. On 27 April, the Court commenced a hearing to determine whether to continue the injunction.

AstraZeneca has full confidence in, and will vigorously defend and enforce, its intellectual property protecting *Pulmicort Respules*.

***Seroquel* (quetiapine fumarate)**

*Sales and marketing practices*

In February 2009, the State of New Mexico filed a lawsuit against AstraZeneca, similar to the previously disclosed suits filed by Pennsylvania, Arkansas, Montana and South Carolina, which seek compensation for costs incurred by the state for the treatment of Medicaid and other public assistance beneficiaries who allegedly developed diabetes, hyperglycemia and other conditions as a result of using *Seroquel* without adequate warning. In addition, these lawsuits seek reimbursement of payments made by the state Medicaid programs for prescriptions that relate to so-called non-medically accepted indications of *Seroquel*.

*Product liability*

As previously disclosed, AstraZeneca Pharmaceuticals LP, either alone or in conjunction with one or more affiliates, has been sued in numerous individual personal injury actions involving *Seroquel*.

As of 13 April 2009, AstraZeneca was defending approximately 9,976 served or answered lawsuits involving approximately 16,198 plaintiff groups. To date, approximately 2,383 additional cases have been dismissed by order or agreement and approximately 1,500 of those cases have been dismissed with prejudice.

On 30 January 2009 and 6 February 2009, the federal judge presiding over the *Seroquel* Multi-District Litigation (MDL) in the District Court for the Middle District of Florida granted AstraZeneca's motions for summary judgment in the first two *Seroquel* product liability cases set for trial and dismissed those cases. The plaintiff in one of these cases filed a notice of appeal to the United States Court of Appeals for the Eleventh Circuit. The federal MDL court has stayed all remaining Florida cases pending a decision on that appeal and is currently evaluating the procedural posture of all non-Florida cases.

The first trial is scheduled to begin in Delaware state court on 29 June 2009. AstraZeneca expects that an additional two to four trials may be scheduled to commence in 2009. AstraZeneca is also aware of approximately 59 additional cases that have been filed but not yet served and has not determined how many additional cases, if any, may have been filed. Some of the cases also include claims against other pharmaceutical manufacturers such as Eli Lilly & Co., Janssen Pharmaceutica, Inc. and/or Bristol-Myers Squibb Company. AstraZeneca intends to litigate these cases on their individual merits and will defend against the cases vigorously.

*Patent litigation*

In December 2008, Teva announced that the US Food and Drug Administration (FDA) had tentatively approved its generic quetiapine tablets. In July 2008, the US District Court, District of New Jersey had granted AstraZeneca's motion for summary judgment of No Inequitable Conduct. Teva and Sandoz appealed to the Federal Circuit Court of Appeals. In December 2008, the parties completed briefing. A three-judge panel of the Federal Circuit Court of Appeals heard oral argument in March 2009. The Court reserved judgment. A decision is pending.

In February 2009, AstraZeneca received a second Paragraph IV Certification notice-letter from Sandoz advising that it had amended its ANDA seeking approval to market a generic version of 25mg *Seroquel* tablets before expiration of AstraZeneca's patents covering the product. The amended ANDA seeks approval to market 50mg, 100mg, 150mg, 200mg, 300mg and 400mg tablets. In March 2009, AstraZeneca filed a second lawsuit in US District Court, District of New Jersey against Sandoz alleging infringement of AstraZeneca's patent covering the active ingredient of *Seroquel* tablets. The filing of this additional lawsuit triggered a 30-month stay of FDA final approval for Sandoz's 50mg, 100mg, 150mg, 200mg, 300mg and 400mg ANDA products.

*Patent litigation - Seroquel XR*
AstraZeneca lists two patents in the FDA's Orange Book referencing *Seroquel XR*: US Patent No. 4,879,288 (the '288 patent) covering quetiapine fumarate, the active ingredient, and US Patent No. 5,948,437 (the '437 patent) covering extended-release formulations, processes and methods in respect of quetiapine fumarate.

In October and November 2008, AstraZeneca received a third and fourth Paragraph IV Certification notice-letter from Handa Pharmaceuticals (Handa) advising that it had submitted an ANDA seeking approval to market generic versions of 50mg and 150mg *Seroquel XR* tablets before expiration of AstraZeneca's patents covering the product. In October 2008, AstraZeneca filed a second lawsuit in District of New Jersey against Handa alleging infringement of AstraZeneca's patents covering the active ingredient and formulation of *Seroquel XR* 50mg tablets. In December 2008, AstraZeneca filed a third lawsuit against Handa alleging infringement of AstraZeneca's patents covering the active ingredient and formulation of *Seroquel XR* 150mg tablets. The filing of these additional lawsuits triggered 30-month stays of FDA final approval for Handa's 50mg and 150mg ANDA products.

For purposes of discovery, the three Handa actions and the previously disclosed Accord action have been consolidated under a common scheduling order. The consolidated matter proceeds.

In December 2008, AstraZeneca received a Paragraph IV Certification notice-letter from Biovail Laboratories International SRL (Biovail) stating that it had submitted an ANDA seeking approval to market generic versions of 200mg, 300mg and 400mg *Seroquel XR* tablets before the expiration of AstraZeneca's two listed patents covering *Seroquel XR* alleging non-infringement and invalidity in respect of AstraZeneca's patents. In January 2009, AstraZeneca filed a lawsuit in the District of New Jersey against Biovail alleging infringement of AstraZeneca's '288 and '437 patents covering *Seroquel XR* 200mg, 300mg and 400mg tablets. The filing of this lawsuit triggered a 30-month stay of FDA final approval for Biovail's ANDA products.

In January 2009, AstraZeneca received a second Paragraph IV Certification notice-letter from Accord advising that it had submitted an ANDA seeking approval to market a generic version of 150mg *Seroquel XR* tablets before expiration of AstraZeneca's '437 patent covering the product. In February 2009, AstraZeneca filed a second lawsuit in the District of New Jersey against Accord alleging infringement of AstraZeneca's patent covering the formulation of *Seroquel XR* 150mg tablets. The filing of this additional lawsuit triggered a 30-month stay of FDA final approval for Accord's 150mg ANDA product.

The three matters proceed in co-ordinated discovery. In April 2009, AstraZeneca moved to stay discovery respecting the '288 patent covering the active ingredient in *Seroquel XR*, pending the decision of the Federal Circuit Court of Appeals in the above described related case of *AstraZeneca v. Teva and Sandoz*, which pertains to ANDAs for *Seroquel*.

AstraZeneca has full confidence in, and will vigorously defend and enforce, its intellectual property protecting *Seroquel* and *Seroquel XR*.

***Atacand* (candesartan cilexetil)**
*Patent litigation – Canada*
On 3 April 2009, AstraZeneca Canada Inc. received a Notice of Allegation from Sandoz Canada Inc. (Sandoz) in respect of Canadian Patent Nos. 2,040,955 (the '955 patent) and 2,083,305 (the '305 patent) listed on the Patent Register in Canada for *Atacand*. Sandoz has confirmed that it will await the expiry of the '955 patent, but alleges that the '305 patent is not infringed and is not properly listed on the Patent Register.

AstraZeneca has full confidence in, and will vigorously defend and enforce, its intellectual property protecting *Atacand*.

**Pain pump litigation**
As previously disclosed, starting in February 2008, AstraZeneca LP, AstraZeneca Pharmaceuticals LP, Zeneca Holdings Inc., and/or AstraZeneca PLC have been named as defendants and served in approximately 51 lawsuits, involving approximately 58 plaintiffs, filed in various US jurisdictions, alleging injuries caused by third-party pain pumps. The complaints in these cases generally allege that the use of *Marcaine*, *Sensorcaine*, *Xylocaine* and/or *Naropin*, with or without epinephrine, in pain pumps that were implanted into patients in connection with arthroscopic surgery, caused chrondrolysis. Other named defendants in these cases are other manufacturers and distributors of *bupivacaine* and *lidocaine* and other pain medications, pain pump manufacturers, and in some cases the surgeons. To date, 38 plaintiffs have dismissed their cases against the AstraZeneca defendants while the case was in preliminary stages, and a 39th plaintiff's case was involuntarily terminated when the court granted AstraZeneca's motion to dismiss. The AstraZeneca defendants have filed a motion to dismiss in one additional case. In addition, two active plaintiffs have voluntarily dismissed AstraZeneca PLC but have maintained their suits against other AstraZeneca defendants.

Rights to market *Sensorcaine*, *Xylocaine* and *Naropin* in the US were sold to Abraxis Bioscience Inc. (Abraxis) in June 2006 but many of these lawsuits may be a retained liability under the terms of the Asset Purchase Agreement with Abraxis. To date, AstraZeneca has tendered approximately fifteen of the claims to Abraxis, twelve of which have been dismissed as described outlined above.

It was previously reported that plaintiffs moved to consolidate the federal pain pump cases under the Multi-District Litigation (MDL) process. The Judicial Panel on MDL denied that motion in August 2008. Accordingly, the cases will continue as individual lawsuits.

AstraZeneca intends to vigorously defend these cases.

**Tax**

As previously disclosed, AstraZeneca and Her Majesty's Revenue & Customs (HMRC) have made a joint referral to the UK Court in respect of transfer pricing between our UK and one of our overseas operations for the years 1996 to date as there continues to be a material difference between the Group's and HMRC's positions. An additional referral in respect of controlled foreign company aspects of the same case was made during 2008. Absent a negotiated settlement, litigation is set to commence in 2010. Management continues to believe that AstraZeneca's positions on all its transfer pricing audits and disputes are robust and that AstraZeneca is adequately provided.

## 5 FIRST QUARTER TERRITORIAL SALES ANALYSIS

| | 1st Quarter 2009 $m | 1st Quarter 2008 $m | % Growth | |
|---|---|---|---|---|
| | | | Actual | Constant Currency |
| US | 3,624 | 3,401 | 7 | 7 |
| Canada | 267 | 322 | (17) | 2 |
| North America | 3,891 | 3,723 | 5 | 6 |
| Western Europe** | 2,176 | 2,405 | (10) | 2 |
| Japan | 497 | 378 | 31 | 10 |
| Other Established ROW | 161 | 190 | (15) | 14 |
| Established ROW* | 2,834 | 2,973 | (5) | 4 |
| Emerging Europe | 264 | 287 | (8) | 16 |
| China | 190 | 133 | 43 | 35 |
| Emerging Asia Pacific | 184 | 204 | (10) | 7 |
| Other Emerging ROW | 338 | 357 | (5) | 12 |
| Emerging ROW | 976 | 981 | (1) | 15 |
| Total Sales | 7,701 | 7,677 | - | 7 |

* *Established ROW comprises Western Europe (including France, UK, Germany, Italy, Sweden and others), Japan, Australia and New Zealand.*

** *For the first quarter 2009, Western Europe sales growth excluding Synagis would be -10 percent on an actual basis and 2 percent on a constant currency basis.*

## 6 FIRST QUARTER PRODUCT SALES ANALYSIS

| | World | | | | US | |
|---|---|---|---|---|---|---|
| | 1st Quarter 2009 $m | 1st Quarter 2008 $m | Actual Growth % | Constant Currency Growth % | 1st Quarter 2009 $m | Actual Growth % |
| Gastrointestinal: | | | | | | |
| *Nexium* | 1,192 | 1,238 | (4) | 2 | 705 | (4) |
| *Losec/Prilosec* | 211 | 252 | (16) | (15) | 18 | (62) |
| Others | 24 | 20 | 20 | 30 | 12 | 100 |
| Total Gastrointestinal | 1,427 | 1,510 | (5) | - | 735 | (7) |
| Cardiovascular: | | | | | | |
| *Crestor* | 969 | 772 | 26 | 35 | 478 | 35 |
| *Seloken/Toprol-XL* | 288 | 190 | 52 | 59 | 176 | 175 |
| *Atacand* | 323 | 346 | (7) | 6 | 61 | (2) |
| *Tenormin* | 66 | 70 | (6) | (6) | 4 | (20) |
| *Zestril* | 47 | 59 | (20) | (14) | 4 | - |
| *Plendil* | 61 | 66 | (8) | (5) | 3 | (50) |
| Others | 56 | 68 | (18) | (7) | - | (100) |
| Total Cardiovascular | 1,810 | 1,571 | 15 | 24 | 726 | 47 |
| Respiratory: | | | | | | |
| *Symbicort* | 515 | 471 | 9 | 24 | 99 | 125 |
| *Pulmicort* | 292 | 411 | (29) | (26) | 173 | (37) |
| *Rhinocort* | 64 | 80 | (20) | (15) | 37 | (24) |
| *Oxis* | 12 | 17 | (29) | (12) | - | - |
| *Accolate* | 16 | 18 | (11) | (6) | 12 | - |
| Others | 36 | 43 | (16) | (2) | - | - |
| Total Respiratory | 935 | 1,040 | (10) | (1) | 321 | (16) |
| Oncology: | | | | | | |
| *Arimidex* | 463 | 430 | 8 | 14 | 219 | 20 |
| *Casodex* | 236 | 316 | (25) | (27) | 54 | (18) |
| *Zoladex* | 232 | 255 | (9) | - | 11 | (31) |
| *Iressa* | 68 | 58 | 17 | 10 | 1 | (50) |
| *Ethyol* | 4 | 14 | (71) | (71) | 4 | (71) |
| Others | 80 | 92 | (13) | (9) | 26 | (35) |
| Total Oncology | 1,083 | 1,165 | (7) | (3) | 315 | (2) |
| Neuroscience: | | | | | | |
| *Seroquel* | 1,125 | 1,050 | 7 | 11 | 800 | 14 |
| Local anaesthetics | 132 | 138 | (4) | 7 | 8 | - |
| *Zomig* | 101 | 107 | (6) | 1 | 43 | (2) |
| *Diprivan* | 64 | 68 | (6) | (1) | 10 | (9) |
| Others | 10 | 15 | (33) | (20) | 1 | (67) |
| Total Neuroscience | 1,432 | 1,378 | 4 | 9 | 862 | 12 |
| Infection and Other: | | | | | | |
| *Synagis* | 545 | 519 | 5 | 5 | 471 | 3 |
| *Merrem* | 202 | 213 | (5) | 8 | 46 | - |
| *FluMist* | 2 | - | n/a | n/a | 2 | n/a |
| Other Products | 43 | 55 | (22) | (15) | 21 | (28) |
| Total Infection and Other | 792 | 787 | 1 | 5 | 540 | 2 |
| Aptium Oncology | 105 | 98 | 7 | 7 | 105 | 7 |
| Astra Tech | 117 | 128 | (9) | 3 | 20 | 5 |
| Total | 7,701 | 7,677 | - | 7 | 3,624 | 7 |

# Shareholder Information

## ANNOUNCEMENTS AND MEETINGS

| | |
|---|---|
| Annual General Meeting | 30 April 2009 |
| Announcement of second quarter and half year 2009 results | 30 July 2009 |
| Announcement of third quarter and nine months 2009 results | 29 October 2009 |

## DIVIDENDS

Future dividends will normally be paid as follows:

| | |
|---|---|
| First interim | Announced in July and paid in September |
| Second interim | Announced in January and paid in March |

## TRADEMARKS

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## ADDRESSES FOR CORRESPONDENCE

**Registrar and Transfer Office**
The AstraZeneca Registrar
Equiniti Limited
Aspect House
Spencer Road
Lancing
West Sussex
BN99 6DA
UK
Tel (freephone in UK):
0800 389 1580
Tel (outside UK):
+44 (0)121 415 7033

**US Depositary**
JP Morgan Chase & Co
PO Box 64504
St Paul
MN 55164-0504
US
Tel (toll free in US):
800 990 1135
Tel (outside US):
+1 (651) 453 2128

**Registered Office**
15 Stanhope Gate
London
W1K 1LN
UK
Tel: +44 (0)20 7304 5000

**Swedish Central Securities Depository**
Euroclear Sweden AB
PO Box 7822
SE-103 97 Stockholm
Sweden
Tel: +46 (0)8 402 9000

### CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

In order, among other things, to utilise the 'safe harbour' provisions of the US Private Securities Litigation Reform Act 1995, we are providing the following cautionary statement: These interim financial statements contain certain forward-looking statements with respect to the operations, performance and financial condition of the Group. Although we believe our expectations are based on reasonable assumptions, any forward-looking statements, by their very nature, involve risks and uncertainties and may be influenced by factors that could cause actual outcomes and results to be materially different from those predicted. The forward-looking statements reflect knowledge and information at the date of preparation of these interim financial statements and AstraZeneca undertakes no obligation to update these forward-looking statements. We identify the forward-looking statements by using the words 'anticipates', 'believes', 'expects', 'intends' and similar expressions in such statements. These forward-looking statements are subject to numerous risks and uncertainties. Important factors that could cause actual results to differ materially from those contained in forward-looking statements, certain of which are beyond our control, include, among other things: the risk of expiration or early loss of patents (including patents covering competing products), marketing exclusivity or trademarks; the risk of patent litigation; failure to obtain patent protection; the impact of fluctuations in exchange rates; our debt-funding arrangements; bad debts; the adverse impact of a sustained economic downturn; risks relating to owning and operating a biologics and vaccines business; competition; price controls and price reductions; taxation; the risk of substantial product liability claims; the performance of new products; environmental/occupational health and safety liabilities; the development of our business in emerging markets; product counterfeiting; the risk of adverse outcome of litigation and/or government investigations and risk of insufficient insurance coverage; the difficulties of obtaining and maintaining regulatory approvals for new products; the risk of failure to observe continuing regulatory oversight; the risk that R&D will not yield new products that achieve commercial success; the risk that acquisitions and strategic alliances formed as part of our externalisation strategy may be unsuccessful; the risk of reliance on third parties for supplies of materials and services; the risk of failure to manage a crisis; the risk of delay to new product launches; information technology and outsourcing; risks relating to productivity initiatives and reputation.