Condensed Consolidated Statement of Comprehensive Income

For the **nine months** ended 30 September	2010 $m	2009 $m
Revenue	24,652	23,859
Cost of sales	(4,630)	(4,110)
Gross profit	20,022	19,749
Distribution costs	(248)	(207)
Research and development	(3,388)	(3,095)
Selling, general and administrative costs*	(7,923)	(7,867)
Other operating income and expense	620	638
Operating profit	9,083	9,218
Finance income	376	332
Finance expense	(765)	(907)
Profit before tax	8,694	8,643
Taxation	(2,245)	(2,661)
Profit for the period	6,449	5,982
Other comprehensive income:		
Foreign exchange arising on consolidation	13	430
Foreign exchange differences on borrowings forming net investment hedges	63	(95)
Gain on cash flow hedge in connection with debt issue	1	-
Net available for sale gains taken to equity	-	2
Actuarial loss for the period	(384)	(65)
Income tax relating to components of other comprehensive income	84	56
Other comprehensive income for the period, net of tax	(223)	328
Total comprehensive income for the period	6,226	6,310
Profit attributable to:		
Owners of the parent	6,432	5,968
Non-controlling interests	17	14
	6,449	5,982
Total comprehensive income attributable to:		
Owners of the parent	6,193	6,293
Non-controlling interests	33	17
	6,226	6,310
Basic earnings per $0.25 Ordinary Share	$4.45	$4.12
Diluted earnings per $0.25 Ordinary Share	$4.43	$4.12
Weighted average number of Ordinary Shares in issue (millions)	1,445	1,448
Diluted average number of Ordinary Shares in issue (millions)	1,452	1,449

* 2010 includes a provision of $473 million with respect to *Seroquel* product liability claims (see Note 5). 2009 includes provisions totalling $538 million with respect to various federal and state investigations and civil litigation matters relating to drug marketing and pricing practices (see Note 5).

Condensed Consolidated Statement of Comprehensive Income

For the **quarter** ended 30 September	2010 $m	2009 $m
Revenue	7,898	8,200
Cost of sales	(1,524)	(1,263)
Gross profit	6,374	6,937
Distribution costs	(82)	(73)
Research and development	(1,077)	(1,056)
Selling, general and administrative costs*	(3,011)	(2,663)
Other operating income and expense	202	59
Operating profit	2,406	3,204
Finance income	123	125
Finance expense	(271)	(297)
Profit before tax	2,258	3,032
Taxation	(704)	(911)
Profit for the period	1,554	2,121
Other comprehensive income:		
Foreign exchange arising on consolidation	391	200
Foreign exchange differences on borrowings forming net investment hedges	(133)	(20)
Gain on cash flow hedge in connection with debt issue	-	-
Net available for sale gains taken to equity	5	5
Actuarial (loss)/gain for the period	(56)	50
Income tax relating to components of other comprehensive income	67	4
Other comprehensive income for the period, net of tax	274	239
Total comprehensive income for the period	1,828	2,360
Profit attributable to:		
Owners of the parent	1,548	2,115
Non-controlling interests	6	6
	1,554	2,121
Total comprehensive income attributable to:		
Owners of the parent	1,812	2,345
Non-controlling interests	16	15
	1,828	2,360
Basic earnings per $0.25 Ordinary Share	$1.08	$1.46
Diluted earnings per $0.25 Ordinary Share	$1.07	$1.46
Weighted average number of Ordinary Shares in issue (millions)	1,437	1,449
Diluted average number of Ordinary Shares in issue (millions)	1,446	1,453

* 2010 includes a provision of $473 million with respect to *Seroquel* product liability claims (see Note 5). 2009 includes provisions totalling $108 million with respect to various federal and state investigations and civil litigation matters relating to drug marketing and pricing practices (see Note 5).

Condensed Consolidated Statement of Financial Position

	As at 30 Sep 2010 $m	As at 31 Dec 2009 $m	As at 30 Sep 2009 $m
ASSETS			
Non-current assets			
Property, plant and equipment	7,096	7,307	7,363
Goodwill	9,878	9,889	9,893
Intangible assets	12,945	12,226	12,230
Derivative financial instruments	420	262	351
Other investments	205	184	183
Deferred tax assets	1,277	1,292	1,339
	31,821	31,160	31,359
Current assets			
Inventories	1,810	1,750	1,898
Trade and other receivables	7,735	7,709	8,008
Derivative financial instruments	49	24	-
Other investments	1,517	1,484	40
Income tax receivable	3,448	2,875	2,800
Cash and cash equivalents	10,010	9,918	7,794
	24,569	23,760	20,540
Total assets	56,390	54,920	51,899
LIABILITIES			
Current liabilities			
Interest-bearing loans and borrowings	(1,376)	(1,926)	(980)
Trade and other payables	(7,796)	(8,687)	(7,385)
Derivative financial instruments	(82)	(90)	(108)
Provisions	(884)	(1,209)	(1,052)
Income tax payable	(6,714)	(5,728)	(5,591)
	(16,852)	(17,640)	(15,116)
Non-current liabilities			
Interest-bearing loans and borrowings	(9,231)	(9,137)	(10,290)
Deferred tax liabilities	(3,158)	(3,247)	(3,273)
Retirement benefit obligations	(3,739)	(3,354)	(2,880)
Provisions	(799)	(477)	(553)
Other payables	(299)	(244)	(234)
	(17,226)	(16,459)	(17,230)
Total liabilities	(34,078)	(34,099)	(32,346)
Net assets	22,312	20,821	19,553
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	356	363	363
Share premium account	2,623	2,180	2,130
Other reserves	1,913	1,919	1,913
Retained earnings	17,233	16,198	14,988
	22,125	20,660	19,394
Non-controlling interests	187	161	159
Total equity	22,312	20,821	19,553

Condensed Consolidated Statement of Cash Flows

For the **nine months** ended 30 September	2010 $m	2009 $m
Cash flows from operating activities		
Profit before taxation	8,694	8,643
Finance income and expense	389	575
Depreciation, amortisation and impairment	1,434	1,312
Increase in working capital and short-term provisions	(1,016)	(239)
Other non-cash movements	249	(109)
Cash generated from operations	9,750	10,182
Interest paid	(515)	(512)
Tax paid	(2,115)	(2,013)
Net cash inflow from operating activities	7,120	7,657
Cash flows from investing activities		
Movement in short term investments and fixed deposits	(194)	74
Purchase of property, plant and equipment	(473)	(638)
Disposal of property, plant and equipment	67	44
Purchase of intangible assets	(1,241)	(362)
Disposal of intangible assets	210	269
Purchase of non-current asset investments	(27)	(30)
Disposal of non-current asset investments	2	2
Acquisitions of business operations	(348)	-
Interest received	126	79
Payments made by subsidiaries to non-controlling interest	(10)	(10)
Net cash outflow from investing activities	(1,888)	(572)
Net cash inflow before financing activities	5,232	7,085
Cash flows from financing activities		
Proceeds from issue of share capital	445	85
Repurchase of shares for cancellation	(1,742)	-
Repayment of loans	(717)	(650)
Dividends paid	(3,361)	(2,977)
Movement in short term borrowings	(25)	(151)
Net cash outflow from financing activities	(5,400)	(3,693)
Net (decrease)/increase in cash and cash equivalents in the period	(168)	3,392
Cash and cash equivalents at the beginning of the period	9,828	4,123
Exchange rate effects	16	60
Cash and cash equivalents at the end of the period	9,676	7,575
Cash and cash equivalents consists of:		
Cash and cash equivalents	10,010	7,794
Overdrafts	(334)	(219)
	9,676	7,575

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 2009	362	2,046	1,932	11,572	15,912	148	16,060
Profit for the period	-	-	-	5,968	5,968	14	5,982
Other comprehensive income	-	-	-	325	325	3	328
Transfer to other reserve	-	-	(19)	19	-	-	-
Transactions with owners:							
Dividends	-	-	-	(3,026)	(3,026)	-	(3,026)
Issue of AstraZeneca PLC Ordinary shares	1	84	-	-	85	-	85
Share-based payments	-	-	-	130	130	-	130
Transfer from non-controlling interests to payables	-	-	-	-	-	(5)	(5)
Dividend paid to non-controlling interest	-	-	-	-	-	(1)	(1)
At 30 September 2009	363	2,130	1,913	14,988	19,394	159	19,553

	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 2010	363	2,180	1,919	16,198	20,660	161	20,821
Profit for the period	-	-	-	6,432	6,432	17	6,449
Other comprehensive income	-	-	-	(239)	(239)	16	(223)
Transfer to other reserve	-	-	(15)	15	-	-	-
Transactions with owners:							
Dividends	-	-	-	(3,494)	(3,494)	-	(3,494)
Issue of AstraZeneca PLC Ordinary shares	2	443	-	-	445	-	445
Repurchase of AstraZeneca PLC Ordinary shares	(9)	-	9	(1,742)	(1,742)	-	(1,742)
Share-based payments	-	-	-	63	63	-	63
Transfer from non-controlling interests to payables	-	-	-	-	-	(6)	(6)
Dividend paid to non-controlling interest	-	-	-	-	-	(1)	(1)
At 30 September 2010	356	2,623	1,913	17,233	22,125	187	22,312

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

1 BASIS OF PREPARATION AND ACCOUNTING POLICIES

These unaudited condensed consolidated interim financial statements ("interim financial statements") for the nine months ended 30 September 2010 have been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the European Union. The interim financial statements have been prepared applying the accounting policies and presentation that were applied in the preparation of the Company's published consolidated financial statements for the year ended 31 December 2009, except where new or revised accounting standards have been applied. There has been no significant impact on the Group profit or net assets on adoption of new or revised accounting standards in the period.

On 30 August 2010, the Group announced that it had received a second Complete Response Letter (CRL) from the US Food and Drug Administration (FDA) on motavizumab. The Group continues to believe in the clinical benefit of motavizumab and will conduct a complete review of the CRL, continue ongoing constructive dialogue with the FDA as well as make a decision regarding next steps in due course. The Group holds intangible assets of $445 million relating specifically to motavizumab, which may be subject to impairment following the Group's analysis of the CRL. This was one of the significant intangible assets recognised on our acquisition of MedImmune in 2007 and any impairment would be excluded from Core earnings.

The Group accounts for its defined benefit pension schemes in accordance with IAS 19 'Employee Benefits'. As previously disclosed, on 28 January 2010, the Group announced proposals regarding changes affecting its UK pension arrangements, including a freeze on pensionable pay for members of the defined benefit sections of the UK Fund. Following feedback obtained during the consultation period, members were notified of modified terms which apply from 1 July 2010. Under the modified terms members can make an election regarding the nature of their pension at the end of the year. This modification is expected to result in a significant curtailment gain being recognised in operating profit in the fourth quarter of 2010.

The information contained in Note 5 updates the disclosures concerning legal proceedings and contingent liabilities in the Group's Annual Report and Form 20-F Information 2009.

The comparative figures for the financial year ended 31 December 2009 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 498(2) or (3) of the Companies Act 2006.

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.

2 NET FUNDS

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

	At 1 Jan 2010 $m	Cash flow $m	Non-cash movements $m	Exchange movements $m	At 30 Sep 2010 $m
Loans due after one year	(9,137)	-	(156)	62	(9,231)
Current instalments of loans	(1,790)	717	(1)	52	(1,022)
Total loans	(10,927)	717	(157)	114	(10,253)
Other investments - current	1,484	27	8	(2)	1,517
Net derivative financial instruments	196	167	24	-	387
Cash and cash equivalents	9,918	76	-	16	10,010
Overdrafts	(90)	(244)	-	-	(334)
Short term borrowings	(46)	25	1	-	(20)
	11,462	51	33	14	11,560
Net funds	535	768	(124)	128	1,307

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

3 NOVEXEL ACQUISITION

On 3 March 2010, AstraZeneca completed the acquisition of Novexel SA. Novexel is a research company focussed on the infection therapy area and is based in France. AstraZeneca acquired 100 percent of Novexel's shares for an upfront consideration of $427 million. Additional consideration of up to $75 million will become payable to Novexel shareholders on the completion of certain development milestones. At both the date of acquisition and at 30 September 2010, the fair value of this contingent consideration was $50 million. For both the period since acquisition and the nine months, Novexel had no revenues and its loss was immaterial.

	Book value $m	Fair value adjustment $m	Fair value $m
Non-current assets	1	548	549
Current assets	89	-	89
Current liabilities	(18)	-	(18)
Non-current liabilities	(85)	(58)	(143)
Total assets acquired	**(13)**	**490**	**477**
Goodwill			-
Fair value of total consideration			**477**
Less: fair value of contingent consideration			(50)
Total upfront consideration			**427**

Subsequent to the completion of the acquisition of Novexel, AstraZeneca entered into a collaboration with Forest Laboratories on the future co-development and commercialisation of two late-stage antibiotic development programmes acquired with Novexel: ceftazidime/NXL-104 (CAZ104) and ceftaroline/NXL-104 (CEF104). These antibiotic combinations utilise Novexel's novel investigational beta-lactamase inhibitor NXL-104 to overcome antibiotic-resistance and treat the increasing number of infections resistant to existing therapies. In addition, Forest acquired rights to CAZ104 in North America and bought down payment obligations to Novexel in relation to CEF104 from previous existing license arrangements. In consideration for these rights, Forest paid Novexel, then an AstraZeneca group company, a sum of $210 million on 3 March 2010 and will also pay additional sums equivalent to half of any future specified development milestone payments that become payable by AstraZeneca. This consideration is equivalent to the fair value attributed on acquisition to those assets and hence there is no profit impact from this divestment.

Impact on Statement of Cash Flows

	$m
Total upfront consideration	427
Cash and cash equivalents included in Novexel	(79)
Net cash consideration	**348**

4 RESTRUCTURING AND SYNERGY COSTS

Profit before tax for the nine months ended 30 September 2010 is stated after charging restructuring and synergy costs of $777 million ($374 million in the first nine months of 2009). These have been charged to profit as follows:

	3rd Quarter 2010 $m	3rd Quarter 2009 $m	9 months 2010 $m	9 months 2009 $m
Cost of sales	19	24	110	139
Research and development	91	6	463	30
Selling, general and administrative costs	102	82	204	205
Total	**212**	**112**	**777**	**374**

5 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 2009 and Interim Management Statement 2010 as part of the Company's Half-Yearly Financial Report for the six-month period to 30 June 2010. Unless noted otherwise below or in the Annual Report and Form 20-F Information 2009 and Interim Management Statement 2010 as part of the Company's Half-Yearly Financial Report for the six-month period to 30 June 2010, no provisions have been established in respect of the claims discussed below.

As discussed in the Company's Annual Report and Form 20-F Information 2009, for the majority of claims in which AstraZeneca is involved it is not possible to make a reasonable estimate of the expected financial effect, if any, that will result from ultimate resolution of the proceedings. In these cases, AstraZeneca discloses information with respect only to the nature and facts of the cases but no provision is made.

In cases that have been settled or adjudicated, or where quantifiable fines and penalties have been assessed and which are not subject to appeal, or where a loss is probable and we are able to make a reasonable estimate of the loss, we record the loss absorbed or make a provision for our best estimate of the expected loss.

The position could change over time and the estimates that we have made and upon which we have relied in calculating these provisions are inherently imprecise. There can, therefore, be no assurance that any losses that result from the outcome of any legal proceedings will not exceed the amount of the provisions that have been booked in the accounts. The major factors causing this uncertainty are described more fully in the Annual Report and Form 20-F Information 2009 and herein.

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

Matters disclosed in respect of the third quarter of 2010

***Arimidex* (anastrozole)**
Patent litigation – Canada
As previously disclosed, AstraZeneca Canada received a Notice of Allegation from Mylan Pharmaceuticals ULC (Mylan) in respect of Canadian patent no. 1,337,420 listed on the Canadian Patent Register for *Arimidex*. On 14 October 2010, the hearing in this matter was scheduled for three days commencing on 31 May 2011.

***Atacand* (candesartan cilexetil)**
Patent litigation – Canada
On 5 August 2010, AstraZeneca Canada received a Notice of Allegation from Teva Canada Limited (Teva) in respect of Canadian patents nos. 2,040,955 (the '955 patent) and 2,083,305 (the '305 patent) listed on the Canadian Patent Register for *Atacand*. Teva has confirmed it will await the expiry of the '955 substance patent before it may receive its marketing authorization (April 2011). Teva alleged that the '305 patent is invalid. AstraZeneca did not commence a proceeding in response.

Patent litigation – Brazil
On 19 October 2010, an infringement action with a request for an interlocutory injunction was filed against Sandoz do Brasil Industria Farmaceutica Ltda in the Central Court of Sao Paolo. The Court denied the request for an interlocutory injunction on 22 October 2010. An appeal is being considered.

Patent litigation – EU
In Portugal, in addition to what has been previously reported regarding cases in the administrative courts, other similar preliminary injunction requests were filed in October 2010, with respect to Laboratorios Azevedos – Industria Farmacêutica, S.A. Ceamed, Servico e Consultadoria Farmacêutica Lda and Teva Pharma – Produtos Farmacêuticos Lda, as interested parties regarding candesartan cilexetil and also in combination with hydrochlorothiazide. Corresponding main actions have been initiated regarding all the above mentioned matters.

***Atacand Plus* (candesartan cilexetil/hydrochlorothiazide)**
Patent litigation - Canada
On 28 September 2010, AstraZeneca Canada received a Notice of Allegation (NOA) from Teva Canada Limited (Teva) in respect of Canadian patent no. 2,083,305 (the '305 patent) listed on the Canadian Patent Register for *Atacand Plus*. Teva alleges that the '305 patent is invalid. AstraZeneca is evaluating the allegations.

***Crestor* (rosuvastatin)**
Patent litigation – US
As previously disclosed, on 29 June 2010, District Court Judge Joseph Farnan, US District Court, District of Delaware, issued his decision finding infringement and rejecting the defendants' arguments of invalidity and unenforceability with respect to US patent no. RE 37,314 (the '314 patent) covering *Crestor's* active ingredient. In August 2010, the *Crestor* defendants filed notices of appeal to the Federal Circuit Court of Appeals.

As previously reported, AstraZeneca received a Paragraph IV certification notice-letter from Glenmark, dated 17 May 2010, challenging the '314 substance patent. On 21 June 2010, AZPLP, IPR, AstraZeneca UK Limited, and Shionogi filed a patent infringement action against Glenmark in the US District Court, District of Delaware alleging infringement of the '314 patent. The case has been assigned to US District Court Judge Leonard Stark. On 18 October 2010, the Court agreed to extend Glenmark's date to respond to the complaint to 12 November 2010.

As previously reported, in April 2010, AstraZeneca and The Brighams & Women's Hospital, AstraZeneca's licensor of US patent no. 7,030,152 (the '152 patent), commenced nine new patent infringement actions involving *Crestor* in the US District Court, District of Delaware, based on the '152 patent and US Patent 6,858,618 (the '618 patent). As also previously reported, in May 2010, AstraZeneca received a Paragraph IV certification notice-letter from Torrent Pharmaceuticals Limited (Torrent). On 8 July 2010, AstraZeneca AB and The Brighams & Women's Hospital filed their tenth patent infringement action based on the '152 and '618 patents, here against Torrent, in the US District Court, District of Delaware. As previously reported, on 23 July 2010, eight of the defendants filed Motions to Dismiss for lack of subject matter jurisdiction and failure to state a claim. On 27 August 2010, Torrent filed a Motion to Dismiss for lack of subject matter jurisdiction and failure to state a claim. On 8 October 2010, AstraZeneca filed responses to the Torrent Motion and the other eight pending Motions to Dismiss in the '618 and '152 patent actions.

As previously disclosed, in 2008, Teva Pharmaceuticals Industries Ltd. (Teva Ltd.) filed a patent infringement lawsuit against AstraZeneca in the US District Court for the Eastern District of Pennsylvania, alleging that *Crestor* infringed one of its formulation patents. On 20 October 2010, the Court granted AstraZeneca's motion for summary judgment and invalidated Teva Ltd's patent for prior inventorship.

AstraZeneca received a Paragraph IV certification notice-letter from Watson Laboratories, Inc. (Watson) dated 28 September 2010, informing AstraZeneca of the filing of its 505(b)(2) 'paper' NDA for rosuvastatin zinc tablets, and challenging the '314 patent and the *Crestor* formulation patent (US patent no. 6,316,460). On 26 October 2010, AstraZeneca UK Ltd., IPR Pharmaceuticals, Inc., and Shionogi Seiyaku Kabushiki Kaisha commenced a patent infringement action in the US District Court, District of Delaware against Watson Pharmaceuticals, Inc., Watson Pharma, Inc., Watson Laboratories, Inc. (DE) and other related entities for infringement of the '314 patent.

Patent litigation – Canada
As previously disclosed, AstraZeneca received a Notice of Allegation from ratiopharm in August 2009 and commenced a proceeding in response in October 2009. On 16 August 2010, AstraZeneca discontinued the application as a result of Teva's acquisition of ratiopharm.

As previously disclosed on 14 July 2010, AstraZeneca Canada received a Notice of Allegation from Ranbaxy Pharmaceuticals Canada Inc. (Ranbaxy) regarding Canadian patents nos. 2,072,945 (the '945 patent), 2,313,783 (the '783 patent) and 2,315,141 (the '141 patent) listed on the Canadian Patent Register for *Crestor*. AstraZeneca commenced a proceeding in response on 26 August 2010.

On 13 August 2010, AstraZeneca Canada received a Notice of Allegation from Mylan Pharmaceuticals ULC (Mylan) regarding the Canadian '945, '783 and '141 patents listed on the Canadian Patent Register for *Crestor*. AstraZeneca commenced a proceeding in response on 24 September 2010.

Patent litigation – Brazil
Torrent do Brasil launched its generic versions of *Crestor* in early October 2010 and AstraZeneca filed a request for a preliminary injunction. On 13 October 2010, the court granted the requested injunction and ordered Torrent to discontinue the sale and marketing of these generic products in Brazil and recalling products already on the market. Torrent has appealed the decision.

***Nexium* (esomeprazole)**
Patent litigation – Canada
In September 2010, AstraZeneca received several Notices of Allegation (NOA) from Pharmascience Inc. (PMS) in respect of the patents listed on the Canadian Patent Register for 20 and 40mg *Nexium* tablets. AstraZeneca commenced proceedings in response on 14 October 2010.

As previously reported, in June 2010, Apotex Inc. obtained marketing approval for its generic esomeprazole tablets. On 15 October 2010, AstraZeneca commenced a patent infringement action against Apotex Inc. alleging infringement of five Canadian patents related to *Nexium*.

On 19 October 2010, AstraZeneca received a Notice of Allegation (NOA) from Ranbaxy Pharmaceuticals Canada Inc. (Ranbaxy) in respect of the patents listed on the Canadian Patent Register for 20 and 40mg *Nexium* tablets. AstraZeneca is evaluating the allegations.

Patent Litigation – EU
10-year countries: Regulatory data protection for *Nexium* in so-called 10-year European countries (France, Italy, the UK, the Netherlands, Sweden, Germany, Belgium and Luxembourg) expired on 10 March 2010.

On 12 July 2010, Consilient Health Limited was granted marketing approval in the UK for a generic esomeprazole product manufactured by Krka, d.d., Novo Mesto (Krka) in Slovenia. AstraZeneca initiated infringement proceedings against Consilient and Krka on 8 September 2010. Consilient and Krka agreed not to launch their generic esomeprazole product pending the outcome of the main infringement case. AstraZeneca has undertaken to be liable for losses to the defendants and third parties if the injunction is lifted at a later date.

On 1 October 2010, AstraZeneca was served an invalidity case in which Ranbaxy (UK) Ltd claimed that the *Nexium* esomeprazole magnesium patent (EP 1020461) and the esomeprazole magnesium trihydrate patent (EP 0984957) are invalid. Ranbaxy further requested the Court to confirm that their generic esomeprazole product does not infringe either patent if launched in the UK.

In Germany, Krka d.d. Novo Mesto, TAD Pharma GmbH, Abz-Pharma GmbH, CT Artzneimittel GmbH, ratiopharm GmbH and Teva GmbH launched generic esomeprazole magnesium products during September and October 2010. On 15 October 2010, AstraZeneca filed requests for preliminary injunctions to restrain said companies from marketing and selling these products in Germany.

In Sweden, AstraZeneca filed a request for an interlocutory injunction on 26 October 2010 against Krka Sverige AB to restrain this company from marketing and selling its generic esomeprazole magnesium product in Sweden.

In the Netherlands, Sandoz B.V./Hexal AG (both in the Sandoz group) and Stada Arzneimittel AG/Centrafarm Services B.V. (both in the Stada group) filed law suits in June 2010 in accelerated proceedings, claiming that the *Nexium* esomeprazole magnesium patent (EP 1020461) is invalid in the Netherlands. The trials are scheduled for 14 January 2011 (Sandoz/Hexal) and 4 March 2011 (Stada/Centrafarm).

In Italy, EG s.p.a. (a company in the Stada group) filed a law suit on 28 June 2010 claiming that the *Nexium* esomeprazole magnesium patent (EP 1020461) is invalid in Italy. The first hearing is scheduled for 23 November 2010.

In France, ratiopharm GmbH and Laboratoire ratiopharm filed a law suit against AstraZeneca on 18 August 2010 claiming that the *Nexium* esomeprazole magnesium patent (EP 1020461) is invalid. Ethypharm S.A. filed a law suit against AstraZeneca on 20 August 2010 claiming that the *Nexium* esomeprazole magnesium patent (EP 1020461) and the cloud point patent (EP 1124539) are invalid.

In Belgium, AstraZeneca was served in October 2010 with a revocation action by Teva Pharmaceutical Industries Ltd and NV Teva Pharma Belgium claiming that the *Nexium* esomeprazole magnesium patent (EP 1020461) is invalid.

6-year countries: A large number of generic companies have been granted marketing approvals in these countries, e.g. companies owned by Sandoz, Krka, Mepha, Teva, ratiopharm, and Ethypharm. Applications have also been filed by other generic companies, such as Ranbaxy, Stada and Mylan. Generic products from Sandoz companies are on the market in Spain, Hungary, Bulgaria and Romania, but have been withdrawn from the market in Denmark, Austria and Slovenia. Generic products manufactured by Krka are on the market in Denmark, Austria, Slovenia and Ireland.

In Denmark, Sandoz A/S launched its generic product in June 2009. AstraZeneca filed a request for a preliminary injunction in June 2009. In January 2010, the Court granted AstraZeneca a preliminary injunction preventing Sandoz A/S from continuing to sell the products based on infringement of a *Nexium* esomeprazole magnesium patent (EP 1020461). Sandoz appealed this decision and the appeal will be heard on 22-25 February 2011. In March 2010, the Court granted a preliminary injunction based on infringement of a *Nexium* process patent (EP 0773940). Sandoz has appealed these decisions and the appeal will be heard on 17-19, 21 and 24 January 2011. On 9 July 2010, AstraZeneca filed an application with the District Court of Copenhagen, seeking an interlocutory injunction to restrain Krka Sverige AB (Krka) from selling and marketing their generic esomeprazole magnesium products in Denmark. The hearing will take place on 1,2,4,5 and 8 November 2010.

In Austria, Hexal Pharma GmbH and 1A Pharma GmbH (both in the Sandoz group) launched generic products in October 2009. Request for preliminary injunctions were filed in December 2009. Preliminary injunctions have been granted by the Vienna Commercial Court against Hexal Pharma GmbH on 10 March 2010 and against 1A Pharma GmbH on 11 March 2010. The decisions have been appealed by the Sandoz companies. The Higher Regional Court of Vienna upheld the injunction against 1A Pharma GmbH in July 2010 and against Hexal Pharma GmbH in September 2010. On 30 July 2010, AstraZeneca filed an application for a preliminary injunction to be granted against Krka Pharma GmbH and Krka d.d. Novo Mesto.

With respect to previously reported declaratory actions in Finland, the hearing in the Sandoz case scheduled for September 2010 has been postponed to a date to be determined later.

In Norway, AstraZeneca filed on 7 September 2010 a request for an interlocutory injunction against Krka Sverige AB to restrain the company from marketing and selling its generic esomeprazole magnesium product in Norway.

During 2009, Lek Farmacevtska Druzba d.d. (a company within the Sandoz group) initiated an invalidity case regarding two esomeprazole related patents in Slovenia. AstraZeneca filed a request for an interlocutory injunction on 8 January 2010 against Lek Farmacevtska Druzba d.d. to restrain this company from commercialising, manufacturing and selling products containing esomeprazole magnesium in Slovenia. The interlocutory injunction was granted in June 2010. Lek appealed in July 2010 and on 16 September 2010 the Appeal Court upheld the injunction. On 16 July 2010, AstraZeneca filed an application with the District Court of Ljublijana in Slovenia seeking an interlocutory injunction to restrain Krka d.d. Novo Mesto from manufacturing and selling generic esomeprazole magnesium products. On 20 October 2010, the court rejected the request for an injunction. AstraZeneca will appeal this decision.

In Spain, AstraZeneca filed a request for a preliminary injunction in April 2010 against Sandoz Farmacéutica S.A., Bexal Farmacéutica S.A., and Acost Comercial Genericpharma, S.L. (all in the Sandoz group) to restrain the companies from selling their generic esomeprazole magnesium products in Spain. On 4 May 2010, the Court of Barcelona granted AstraZeneca a preliminary injunction against these Sandoz companies. A hearing in court took place on 22 July 2010. On 28 July 2010, the Court revoked the preliminary injunction. AstraZeneca has appealed.

In Poland, AstraZeneca filed in May 2010 a request for an interlocutory injunction against Lek Farmacevtska Druzba d.d. and Sandoz GmbH (both in the Sandoz group) to restrain them from manufacturing, using and selling their generic esomeprazole magnesium product in Poland. In June 2010, the application was granted regarding commercialising the product. AstraZeneca has appealed to have the injunction extended to manufacturing and Lek/Sandoz appealed in August 2010. The appeal will be heard on 29 October 2010.

In Ireland, on 9 August 2010, AstraZeneca initiated a main action against Krka d.d. Novo Mesto and Pinewood Laboratories Ltd claiming that the sale and marketing of their generic esomeprazole magnesium products infringes EP 1020461.

In Estonia, AstraZeneca filed a request for an interlocutory injunction on 29 June 2010 against Krka d.d., Novo Mesto to restrain this company from commercialising its magnesium esomeprazole product in Estonia. On 1 July 2010, the court granted the requested interlocutory injunction. Krka appealed. In September 2010, the Appeal Court rejected the appeal and upheld the injunction. On 13 July 2010, AstraZeneca filed a similar request for an interlocutory injunction against Krka in Lithuania. In July 2010, the injunction was granted. In September 2010, Krka appealed. Krka and Zentiva have challenged *Nexium* esomeprazole magnesium patents in courts in Estonia, Latvia and Lithuania.

Patent proceedings
As previously disclosed, in July 2009, the European Patent Office (EPO) published the grant of two patents that relate to *Nexium* (EP 1020461) and *Nexium IV* (EP 1020460).

The period for filing notices of opposition to the grant of these patents expired on 22 April 2010. Thirteen notices of opposition have been filed in relation to EP 1020461 and six notices of oppositions in relation to EP 1020460. No hearing date has been set, although AstraZeneca does not expect a hearing until 2011.

Sales and marketing practices
As previously reported, AstraZeneca has been sued in various state and federal courts in the US in purported representative class actions involving the marketing of *Nexium*. These actions generally allege that AstraZeneca's promotion and advertising of *Nexium* to physicians and consumers was unfair, unlawful and deceptive, particularly as the promotion related to comparisons of *Nexium* with *Prilosec*. They also allege that AstraZeneca's conduct relating to the pricing of *Nexium* was unfair, unlawful and deceptive.

On 30 August 2010, the California Court of Appeal affirmed the trial court's orders denying class certification and granting summary judgment in favour of AstraZeneca in an unpublished decision.

On 30 July 2010, the Massachusetts Supreme Court entered an order granting plaintiffs' motion for class certification, denying AstraZeneca's motion for summary judgment as to two plaintiffs, and granting AstraZeneca's motion for summary judgment as to one plaintiff. AstraZeneca filed a petition for discretionary interlocutory review on 30 August 2010, which was denied by a single justice of the Massachusetts Appeals Court on 28 September 2010.

The Delaware state case in Superior Court has been stayed since May 2005 and remains stayed. In August 2010, the plaintiffs filed a request to lift the stay based on the final resolution of the Delaware federal case, and to enter a scheduling order setting deadlines for plaintiffs to file an amended complaint and for the briefing of AstraZeneca's expected motion to dismiss. The Delaware Superior Court has not yet acted on the plaintiffs' request.

***Pulmicort Respules* (budesonide inhalation suspension)**
In September 2010, AstraZeneca received a Paragraph IV Certification letter providing that Sandoz, Inc. was seeking approval to market a generic version of .25, .50 and 1mg. doses of *Pulmicort Respules* prior to expiration of the patents covering *Pulmicort Respules*. AstraZeneca is reviewing the letter.

***Seroquel* (quetiapine fumarate)**
Sales and marketing practices
It was previously reported that AstraZeneca reached a civil settlement with the US Attorney's Office and the state attorneys general National Medicaid Fraud Control Unit (NMFCU) to resolve an investigation relating to the marketing of *Seroquel*, pursuant to which the United States received $302 million plus accrued interest and participating states would receive a proportional share of up to $218 million plus accrued interest. In September 2010, AstraZeneca entered into individual settlement agreements with forty one states and Washington, DC for an aggregate amount of $210 million. The remaining states have declined to join in the settlement. AstraZeneca can reclaim the portion of the total settlement designated for the non-joining states.

Also as previously disclosed, the Commonwealth of Pennsylvania and the states of Arkansas, Montana, New Mexico, South Carolina, Mississippi and Utah have sued AstraZeneca under various state laws generally alleging that AstraZeneca made false and/or misleading statements in connection with the marketing and promotion of *Seroquel*. On 24 September 2010, the Commonwealth of Pennsylvania voluntarily dismissed its lawsuit.

It was previously reported that the *Seroquel* MDL Court dismissed a lawsuit brought by the Pennsylvania Employee Benefits Trust Fund (PEBTF) that alleged improper marketing practices relating to *Seroquel* and that PEBTF elected to forgo a federal appeal and instead filed an appeal with the Pennsylvania Superior Court relating to the dismissal of an earlier-filed state court action. On 25 August 2010, PEBTF voluntarily dismissed its appeal to the Pennsylvania Superior Court.

Product liability
As also 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 27 September 2010, AstraZeneca was defending 10,471 served or answered lawsuits in the US involving 22,404 plaintiff groups. To date, approximately 2,973 additional cases have been dismissed by order or agreement and approximately 1,902 of those cases have been dismissed with prejudice. AstraZeneca is also aware of approximately 162 additional cases (approximately 3,655 plaintiffs) that have been filed but not yet served and has not determined how many additional cases, if any, may have been filed.

On 20 September 2010, the court presiding over the Delaware *Seroquel* litigation issued an opinion dismissing three cases on the basis that the claims were time-barred under the statute of limitations. Plaintiffs have sought reconsideration of the decision.

At present, trial dates remain pending in multiple jurisdictions, including Delaware, New Jersey, New York and the Federal District Court for the Middle District of Florida, beginning mid 2011 and continuing through 2012.

Judge Anne Conway, who is presiding over the *Seroquel* federal Multi-District Litigation, ordered the parties to mediate their claims with a court-appointed mediator. On 30 August 2010, the MDL Court withdrew its suggestion of remand in order to facilitate mediation progress. On 31 August 2010, the JPML vacated the conditional remand order and removed discussion of remand from the calendar for its 30 September 2010 session. AstraZeneca remains committed to a strong defence effort, but will also continue to participate in good faith in the court-ordered mediation process.

As of 27 September 2010, the mediation process has resulted in agreements in principle on monetary terms, subject to various subsequent conditions, approvals and agreement on non-monetary terms, with the attorneys representing 18,268 claimants. The specific terms of those conditional agreements in principle are by agreement, and at the request of the mediator, confidential at this time. The parties are finalising written settlement agreements in respect of the claims that have been resolved in principle. The mediation process is ongoing with regard to other claims.

During the quarter, a provision amounting to $473 million has been established in respect of the *Seroquel* product liability claims.

With regard to settlement agreements in principle that have been reached to date with various plaintiffs' law firms, as of 30 September 2010, AstraZeneca has reserved $203 million to resolve 18,268 US claims. At present, we are unable to predict the precise timing of any actual payments to the settling claimants, as the agreements are likely to take several months to implement.

With regard to outstanding US claims that have not yet been resolved and are still subject to mediation, AstraZeneca has taken an additional reserve in the amount of $270 million, in the aggregate, in respect of both (a) settlement costs for those claims and (b) anticipated future defence costs (currently estimated to be over several years) associated with resolving all or substantially all of such remaining claims.

The amount of this provision is subject to a number of significant uncertainties and is based on AstraZeneca's best estimate of: (1) the number of claims that are outstanding and may be subject to mediation (2) the financial terms of any future agreements to settle claims not subject to settlement agreements in principle at the balance sheet date and (3) the likely cost of defending those claims and finalising settlement agreements through substantial completion. Each of these estimates is subject to future adjustment based on multiple variables, such as the number of asserted claims, the success of future mediations, and further developments in the litigation. It is therefore not possible at this time to provide any reasonable indication as to when remaining claims may be settled. Furthermore, it is possible that the actual cost of ultimately settling or adjudicating the *Seroquel* product liability claims may differ significantly from the total amount provided.

As of 30 September 2010, legal defence costs of approximately $732 million have been incurred in connection with *Seroquel*-related product liability claims.

AstraZeneca has product liability insurance dating from 2003 that is considered to respond to the vast majority of the *Seroquel*-related product liability claims. This insurance provides cover for legal defence costs and potential damages amounts. The insurers that issued the applicable policies for 2003 have disputed coverage for *Seroquel*-related product liability claims on various grounds. In April 2010, AstraZeneca settled its claims against several of its insurers for legal costs incurred defending the *Seroquel*-related product liability claims immediately in excess of AstraZeneca's self-insured retention of $39 million for an amount approximately equal to the receivable that had been recorded and as a result there will be no further impact on Group profit arising from this insurance settlement.

AstraZeneca currently believes that there are likely to be disputes with the remainder of its insurers about the availability of coverage under additional insurance policies. As of 30 September 2010, legal costs of approximately $117 million have been incurred in connection with *Seroquel*-related product liability claims which AstraZeneca believes to be covered by these additional insurance policies. However, the combined amount charged to the income statement to date in respect of legal costs and settlements which AstraZeneca believes to be covered by these additional policies, including the $473 million provision in the third quarter of 2010, now significantly exceeds the total stated upper limits of these insurance policies.

Whilst no insurance receivable can be recognised under applicable accounting standards at this time, AstraZeneca believes that it is more likely than not that further insurance recoveries will be secured under the additional policies, but there can be no assurance of this or the amount of any potential future recovery.

Patent litigation – Brazil
As previously reported, in January 2006, AstraZeneca filed a lawsuit before the Federal Courts of Rio de Janeiro seeking judicial declaration extending the term of one of its patents from 2006 to 2012 (SPC). A preliminary order was granted shortly thereafter. At the end of July 2010, Pró Genéricos and the Brazilian PTO appealed the preliminary order granted in favour of AstraZeneca. The judge found in favour of Pró Genéricos and the Brazilian PTO. AstraZeneca has appealed that decision. The main action has been suspended until the outcome of the appeal of the preliminary order.

Seroquel XR
Patent litigation – US
In July 2010, AstraZeneca received a Paragraph IV Certification notice-letter from Torrent Pharmaceuticals Ltd. (Torrent) indicating that it was seeking approval to market generic versions of 150, 200, 300 and 400mg *Seroquel XR* tablets before the expiration of the '437 patent. Torrent claims that certain of the claims of the '437 patent will not be infringed by its proposed ANDA products and that the '437 patent is invalid. In August 2010, AstraZeneca filed a lawsuit in the US District Court, District of New Jersey against Torrent alleging infringement of the '437 patent. In September 2010, AstraZeneca received another notice-letter similar to that described above from Torrent with respect

to the 50mg *Seroquel XR* tablets. In September 2010, AstraZeneca filed another lawsuit in the US District Court for New Jersey against Torrent for patent infringement alleging infringement of the '437 patent.

AstraZeneca received a Paragraph IV Certification notice-letter dated 30 July 2010 from Osmotica Pharmaceutical Corporation (Osmotica) indicating that it was seeking approval to market generic versions of 200, 300 and 400mg *Seroquel XR* tablets before the expiration of the '437 patent. In its certification notice-letter, Osmotica claims that certain of the claims of the '437 patent will not be infringed by its proposed ANDA products and that the '437 patent is invalid. In August 2010, AstraZeneca filed a lawsuit in the US District Court, District of New Jersey against Osmotica.

AstraZeneca received a Paragraph IV Certification notice-letter dated 14 October 2010 from Mylan Pharmaceuticals Inc. (Mylan) indicating that it was seeking approval to market a generic version of 200mg *Seroquel XR* tablets before the expiration of the '437 patent. In its Certification notice-letter, Mylan claims that certain of the claims of the '437 patent will not be infringed by its proposed ANDA products and that the '437 patent is invalid. In October 2010, AstraZeneca filed a patent infringement action in the US District Court, District of New Jersey against Mylan Pharmaceuticals Inc. and Mylan Inc.

Average Wholesale Price Litigation
As previously disclosed, AstraZeneca is a defendant, along with many other pharmaceutical manufacturers, in several sets of cases involving allegations that, by causing the publication of allegedly inflated wholesale list prices, defendants caused entities to overpay for prescription drugs. On 16 September 2010, the Company was served with a new such case brought by the State of Oklahoma against over 30 defendants.

In September 2010, the Company executed settlement agreements with the State of Arizona and the three representative class plaintiffs in a putative class action lawsuit pending in New Jersey, pursuant to which these cases will be dismissed. The Company has also agreed in principle to settle the lawsuit brought by the State of Iowa and two separate lawsuits brought by various New York counties.

340B Class Action Litigation
As previously disclosed, in August 2005, AstraZeneca was named as a defendant, along with multiple other pharmaceutical manufacturers, in a class action suit filed by the County of Santa Clara on behalf of similarly situated California counties and cities that allegedly overpaid for drugs covered by the federal '340B' programme.

On 28 September 2010, the United States Supreme Court granted the defendants' petition for certiorari in the case of *County of Santa Clara v. Astra USA, et al*., in which the Company is one of nine defendant-petitioners. The issue in the case is whether covered entities under a federal statute (Section 340B drug pricing program, 42 U.S.C. 256b) have standing to sue as third party beneficiaries of the Pharmaceutical Pricing Agreement that implements the statute. As a result, the trial court has stayed all proceedings in the matter pending a decision by the US Supreme Court.

Verus Pharmaceuticals Litigation
As previously disclosed, in May 2009, Verus Pharmaceuticals Inc. filed a lawsuit in the New York state court against AstraZeneca AB and its subsidiary, Tika Läkemedel AB (Tika), alleging breaches of several related collaboration agreements to develop novel paediatric asthma treatments. The complaint purports to state claims for fraud, breach of contract, unjust enrichment and conversion. AstraZeneca AB and Tika removed the lawsuit to federal court and moved to dismiss the complaint.

On 16 August 2010, the federal district court granted AstraZeneca's Motion to Dismiss in its entirety. On 14 September 2010, Verus filed a Notice of Appeal from that decision with the United States Court of Appeals for the Second Circuit.

Medco *qui tam* litigation (United States *ex rel.* Karl L. Schumann vs. AstraZeneca Pharmaceuticals LP, AstraZeneca LP, *et al*.)
As previously reported, AstraZeneca was named in a lawsuit filed in federal court by a former Medco Health Systems employee, Karl Schumann, under the *qui tam* (whistleblower) provisions of the federal and certain state False Claims Acts. This action was initially filed in September 2003 but remained under seal until July 2009, at which time AstraZeneca was served with a copy of the amended complaint following the government's decision not to intervene in the case. The lawsuit seeks to recover, *inter alia,* alleged overpayments by federal and state governments for *Prilosec* and *Nexium* from 1996 to 2007. These overpayments are alleged to be the result of improper payments intended to influence the formulary status of *Prilosec* and *Nexium* at Medco and its customers. On 1 October 2010, the court denied AstraZeneca's motion to dismiss the amended complaint.

Other Actual and Potential Government Investigations
The United States Attorney's Office for the Districts of Delaware and Alabama are conducting investigations related to sales and marketing activities potentially involving more than one product and likely in response to the filing of *qui tam* (whistleblower) lawsuits. The precise parameters of these inquiries are unknown at this time, and we are not in a position at this time to assess whether these matters will result in any liability to the Company.

Anti-trust
US secondary wholesalers
As previously disclosed, in July 2006, AstraZeneca Pharmaceuticals LP was named as a defendant, along with a number of other pharmaceutical manufacturers and wholesalers, in an antitrust complaint filed by RxUSA Wholesale, Inc. in the US District Court for the Eastern District of New York. In September 2009, the Court granted the defendants' motion to dismiss. In August 2010, the Court of Appeal for the Second Circuit affirmed the dismissal.

Dr. George Pieczenik v. AstraZeneca Pharmaceuticals LP, AstraZeneca LP, et al
As previously reported, in May 2010, Dr. George Pieczenik (Plaintiff) filed a lawsuit against AstraZeneca Pharmaceuticals LP, AstraZeneca, LP (collectively, AstraZeneca) and numerous other companies in the US District Court, District of New Jersey alleging that defendants' 'research, commercial and licensing activities' infringe US Patent No. 5,866,363, purportedly owned by the Plaintiff. The Plaintiff also alleged violations of the Racketeering Institution and Corrupt Organization Act. On 25 June 2010, the Court, *sua sponte*, dismissed without prejudice the Plaintiff's suit, determining that the asserted claims failed to meet federal pleading requirements. In July 2010, the Plaintiff filed an amended complaint again claiming infringement of the '363 patent as well as other legal theories.

EU Omeprazole Appeal
As previously disclosed, on 1 July 2010 the General Court handed down its judgment in AstraZeneca's appeal against the European Commission's 2005 Decision fining AstraZeneca €60 million for abuse of a dominant position regarding omeprazole. The General Court upheld most of the Commission's arguments but reduced the fine to €52.5 million.

AstraZeneca has appealed the General Court's judgment in relation to market definition, whether (even if AstraZeneca were dominant at the time) AstraZeneca's behaviour was abusive and the level of fine.

6 ACCOUNTING IMPACT FROM MERCK ARRANGEMENTS

In 1982, Astra AB set up a joint venture with Merck & Co., Inc. (now Merck Sharp & Dohme Corp., a subsidiary of the new Merck & Co., Inc. that resulted from the merger with Schering-Plough) ("Merck") for the purposes of selling, marketing and distributing certain Astra products in the US. In 1998, this joint venture was restructured (the "Restructuring"). Under the agreements relating to the Restructuring (the "Agreements"), a US limited partnership was formed, in which Merck is the limited partner and AstraZeneca is the general partner, and AstraZeneca obtained control of the joint venture's business subject to certain limited partner and other rights held by Merck and its affiliates. These rights provide Merck with safeguards over the activities of the partnership and place limitations on AstraZeneca's commercial freedom to operate. The Agreements provide, in part, for:

- Annual contingent payments; and
- Termination arrangements which cause Merck to relinquish its interests in AstraZeneca's products and activities, some of which are mandatory and others optional.

Further details are set out in the Annual Report and Form 20-F Information 2009.

Partial Retirement
As previously disclosed, on 17 March 2008 AstraZeneca made a net cash payment to Merck of approximately $2.6 billion. This payment resulted in AstraZeneca acquiring Merck's interests in certain AstraZeneca products (including *Pulmicort*, *Rhinocort*, *Symbicort* and *Toprol-XL)*, AstraZeneca ceasing contingent payments on these products and AstraZeneca obtaining the ability to exploit these products and other opportunities in the Respiratory therapy area. Intangible assets of $994 million were recognised at the time with the balance of the net payment ($1,656 million) representing payments on account for product rights to be acquired in the event that the First Option and the Second Option (see below) are exercised by AstraZeneca. These 'non-refundable deposits' are classified as intangible assets on the statement of financial position. In the event that the First and Second Options are exercised, the rights acquired in respect of relief from contingent payments and therapy area freedoms will be valued at the time of exercise and transferred from non-refundable deposits at that time.

First Option
On 26 February 2010, AstraZeneca gave Merck an irrevocable notice of its intention to exercise the First Option. Payment of $647 million to Merck was made on 30 April 2010. This payment results in AstraZeneca acquiring Merck's interests in other AstraZeneca products including *Entocort*, *Atacand, Plendil* and the authorised generic version of felodipine, and certain products still in development (principally *Brilinta* and AZD3355). On 30 April 2010, contingent payments on these products ceased with respect to periods after closing of the First Option (except for contingent payments on the authorised generic version of felodipine, which will continue until June 2011) and AstraZeneca obtained the ability to exploit these products and other opportunities in the Cardiovascular and Neuroscience therapy areas. These rights are valued at $1,829 million and have been recognised as intangible assets from 26 February 2010 ($1,182 million having been transferred from non-refundable deposits to supplement the payment of $647 million to Merck). The remaining non-refundable deposits of $474 million relate to benefits that would be secured upon AstraZeneca exercising the Second Option, effectively ending AstraZeneca's arrangements with Merck (see below). The intangible assets recognised on exercise of the First Option give rise to an additional amortisation expense in the range of $10 to $45 million per annum charged to cost of sales in respect of contingent payment relief, the precise amount dependent upon the launch status of the covered pipeline compounds, and an additional charge to SG&A of around $60 million per annum. Amortisation on these intangible assets began when the payment was made on 30 April 2010. The Company only excludes the amortisation expense charged to SG&A from the Core financial measures calculation.

Second Option
AstraZeneca may exercise the Second Option in 2012 or in 2017 or if combined annual sales of *Nexium* and *Prilosec* fall below a minimum amount, which will end the contingent payments in respect of those two products and effectively end AstraZeneca's relationship with and obligations to Merck (other than some residual manufacturing arrangements). In September 2010, AstraZeneca and Merck reached an agreement with respect to the treatment of *Vimovo* under the Agreements, pursuant to which AstraZeneca will pay Merck certain amounts with respect to *Vimovo* only if it exercises the Second Option and as part of the exercise price for the Second Option.

The exercise price for the Second Option is the net present value of the future annual contingent payments on *Nexium* and *Prilosec* as determined at the time of exercise and the net present value of up to 5 percent of future US sales of *Vimovo*, with the precise amount dependant on the level of annual sales and the timing of the option exercise. If the Second Option is exercised then amortisation related to the ability to exploit opportunities in the Gastrointestinal therapy area will commence, in the amount of around $25 million per annum (charged to SG&A), as well as an as yet indeterminable amount of amortisation related to relief from contingent payments.

The intangible assets relating to purchased product rights and the intangible assets relating to non-refundable deposits are subject to impairment testing and would be partially or wholly impaired if a product is withdrawn or if activity in any of the affected therapy areas is significantly curtailed. If it becomes probable that the Second Option will not be exercised, the non-refundable deposits for the product rights to be acquired under the Second Option will be expensed immediately.

7 NINE MONTHS TERRITORIAL REVENUE ANALYSIS

	9 months 2010 $m	9 months 2009 $m	% Growth Actual	% Growth Constant Currency
US	10,273	10,831	(5)	(5)
Western Europe[1]	6,821	6,696	2	4
Canada	1,102	862	28	13
Japan	1,854	1,694	9	4
Other Established ROW	745	590	26	5
Established ROW[2]	3,701	3,146	18	7
Emerging Europe	859	783	10	7
China	780	599	30	30
Emerging Asia Pacific	651	577	13	5
Other Emerging ROW	1,567	1,227	28	21
Emerging ROW[3]	3,857	3,186	21	16
Total Revenue	24,652	23,859	3	2

[1] Western Europe comprises France, Germany, Italy, Sweden, UK and others.
[2] Established ROW comprises Australia, Canada, Japan and New Zealand.
[3] Emerging ROW comprises Brazil, China, India, Mexico, Russia, Turkey and all other ROW countries.

8 THIRD QUARTER TERRITORIAL REVENUE ANALYSIS

	3rd Quarter 2010 $m	3rd Quarter 2009 $m	% Growth Actual	% Growth Constant Currency
US	3,179	3,659	(13)	(13)
Western Europe[1]	2,150	2,286	(6)	3
Canada	379	300	26	19
Japan	632	575	10	1
Other Established ROW	251	234	7	(1)
Established ROW[2]	1,262	1,109	14	5
Emerging Europe	263	260	1	7
China	269	211	27	27
Emerging Asia Pacific	222	201	10	5
Other Emerging ROW	553	474	17	17
Emerging ROW[3]	1,307	1,146	14	14
Total Revenue	7,898	8,200	(4)	(2)

[1] Western Europe comprises France, Germany, Italy, Sweden, UK and others.
[2] Established ROW comprises Australia, Canada, Japan and New Zealand.
[3] Emerging ROW comprises Brazil, China, India, Mexico, Russia, Turkey and all other ROW countries.

9 NINE MONTHS PRODUCT REVENUE ANALYSIS

	World			US		Western Europe			Established ROW			Emerging ROW		
	9 months 2010 $m	Actual Growth %	Constant Currency Growth %	9 months 2010 $m	Actual Growth %	9 months 2010 $m	Actual Growth %	Constant Currency Growth %	9 months 2010 $m	Actual Growth %	Constant Currency Growth %	9 months 2010 $m	Actual Growth %	Constant Currency Growth %
Gastrointestinal:														
Nexium	3,738	2	-	2,030	(4)	912	1	3	330	20	4	466	22	18
Losec/Prilosec	743	7	3	38	(24)	198	2	2	312	6	(1)	195	23	21
Other	107	32	32	65	55	33	3	6	5	25	25	4	33	-
Total Gastrointestinal	**4,588**	**3**	**1**	**2,133**	**(3)**	**1,143**	**1**	**3**	**647**	**13**	**2**	**665**	**22**	**19**
Cardiovascular:														
Crestor	4,104	26	23	1,888	22	822	19	22	941	42	27	453	33	26
Seloken/Toprol-XL	957	(14)	(16)	571	(26)	67	(13)	(12)	29	(6)	(16)	290	19	14
Atacand	1,108	6	4	166	(16)	546	2	4	164	22	6	232	26	21
Zestril	117	(17)	(17)	8	(38)	61	(25)	(22)	13	(7)	(14)	35	6	3
Plendil	192	6	4	12	20	21	(32)	(32)	10	25	13	149	13	11
Onglyza™	37	n/m	n/m	30	n/m	5	-	-	1	-	-	1	-	-
Others	401	(1)	(3)	25	14	132	(10)	(8)	110	(5)	(10)	134	11	7
Total Cardiovascular	**6,916**	**12**	**10**	**2,700**	**5**	**1,654**	**6**	**8**	**1,268**	**31**	**17**	**1,294**	**23**	**18**
Respiratory:														
Symbicort	2,005	23	22	529	58	1,013	5	6	192	68	51	271	28	24
Pulmicort	639	(31)	(32)	237	(59)	158	(2)	(1)	78	11	3	166	41	36
Rhinocort	175	(12)	(14)	74	(27)	30	(12)	(12)	11	10	-	60	11	6
Others	194	2	(1)	37	3	88	(2)	(2)	18	-	(6)	51	9	2
Total Respiratory	**3,013**	**2**	**1**	**877**	**(16)**	**1,289**	**3**	**4**	**299**	**41**	**28**	**548**	**27**	**23**
Oncology:														
Arimidex	1,234	(13)	(14)	472	(28)	440	(5)	(3)	207	10	2	115	2	(1)
Casodex	431	(34)	(36)	14	(89)	87	(40)	(39)	252	(15)	(19)	78	(5)	(9)
Zoladex	813	3	(1)	34	(8)	209	(16)	(16)	324	8	-	246	24	19
Iressa	278	28	24	3	(25)	29	n/m	n/m	128	12	7	118	23	19
Others	307	15	14	103	11	96	14	18	42	2	(2)	66	32	26
Total Oncology	**3,063**	**(9)**	**(10)**	**626**	**(32)**	**861**	**(9)**	**(7)**	**953**	**1**	**(5)**	**623**	**15**	**11**
Neuroscience:														
Seroquel IR	3,124	-	(1)	2,337	1	420	(14)	(13)	175	16	5	192	6	(2)
Seroquel XR	838	76	76	477	101	252	33	37	42	100	76	67	139	132
Local Anaesthetics	443	2	(1)	24	(20)	194	(4)	(2)	132	11	1	93	13	7
Zomig	318	-	(1)	130	(4)	129	(1)	1	50	16	7	9	(10)	(20)
Diprivan	241	14	10	38	12	39	(17)	(15)	53	23	16	111	28	21
Vimovo	5	n/m	n/m	5	n/m	-	-	-	-	-	-	-	-	-
Others	29	(12)	(15)	1	(80)	20	(5)	(5)	2	-	-	6	20	-
Total Neuroscience	**4,998**	**9**	**8**	**3,012**	**10**	**1,054**	**(2)**	**(1)**	**454**	**20**	**9**	**478**	**22**	**14**
Infection & Other:														
Synagis	641	(6)	(6)	370	(29)	271	67	67	-	-	-	-	-	-
Non Seasonal Flu	39	(74)	(74)	39	(74)	-	-	-	-	-	-	-	-	-
Merrem	634	-	(3)	107	(17)	261	-	2	41	14	(3)	225	7	1
FluMist	123	31	31	123	31	-	-	-	-	-	-	-	-	-
Others	83	(27)	(30)	46	(27)	4	(85)	(85)	10	-	(70)	23	77	100
Total Infection & Other	**1,520**	**(9)**	**(10)**	**685**	**(28)**	**536**	**19**	**20**	**51**	**11**	**(17)**	**248**	**11**	**7**
Aptium Oncology	165	(49)	(49)	165	(49)	-	-	-	-	-	-	-	-	-
Astra Tech	389	7	7	75	23	284	3	4	29	7	(4)	1	-	-
Total	**24,652**	**3**	**2**	**10,273**	**(5)**	**6,821**	**2**	**4**	**3,701**	**18**	**7**	**3,857**	**21**	**16**

10 THIRD QUARTER PRODUCT REVENUE ANALYSIS

	World			US		Western Europe			Established ROW			Emerging ROW		
	3rd Quarter 2010 $m	Actual Growth %	Constant Currency Growth %	3rd Quarter 2010 $m	Actual Growth %	3rd Quarter 2010 $m	Actual Growth %	Constant Currency Growth %	3rd Quarter 2010 $m	Actual Growth %	Constant Currency Growth %	3rd Quarter 2010 $m	Actual Growth %	Constant Currency Growth %
Gastrointestinal:														
Nexium	1,242	-	2	682	(1)	282	(9)	1	111	12	5	167	16	16
Losec/Prilosec	233	(3)	(4)	8	(56)	60	(3)	5	102	-	(8)	63	9	9
Other	37	9	12	23	21	11	(8)	8	2	-	-	1	-	(100)
Total Gastrointestinal	**1,512**	**-**	**1**	**713**	**(2)**	**353**	**(8)**	**2**	**215**	**6**	**(1)**	**231**	**14**	**13**
Cardiovascular:														
Crestor	1,374	20	20	626	20	265	4	16	330	35	25	153	23	23
Seloken/Toprol-XL	273	(34)	(34)	149	(49)	21	(16)	(8)	10	-	(10)	93	8	8
Atacand	359	(3)	1	52	(26)	170	(9)	1	56	12	6	81	27	28
Zestril	35	(26)	(21)	2	(60)	19	(21)	(13)	4	(20)	(40)	10	(23)	(15)
Plendil	63	5	5	4	-	6	(33)	(33)	4	33	33	49	11	11
Onglyza™	19	111	111	16	78	2	-	-	1	-	-	-	-	-
Others	126	(13)	(11)	3	(80)	40	(15)	(6)	36	(3)	(11)	47	4	7
Total Cardiovascular	**2,249**	**3**	**4**	**852**	**(7)**	**523**	**(4)**	**6**	**441**	**26**	**17**	**433**	**15**	**16**
Respiratory:														
Symbicort	640	14	19	175	40	303	(5)	4	70	63	56	92	24	26
Pulmicort	180	(44)	(43)	61	(71)	43	(12)	(4)	26	8	-	50	25	25
Rhinocort	55	(13)	(13)	21	(25)	8	(11)	-	5	25	25	21	(5)	(9)
Others	61	(5)	(2)	13	8	27	(13)	(6)	6	-	(17)	15	-	7
Total Respiratory	**936**	**(7)**	**(4)**	**270**	**(27)**	**381**	**(7)**	**2**	**107**	**39**	**31**	**178**	**18**	**19**
Oncology:														
Arimidex	284	(40)	(38)	43	(80)	133	(17)	(8)	70	8	(2)	38	6	8
Casodex	137	(21)	(23)	3	(79)	26	(37)	(29)	84	(9)	(15)	24	(11)	(11)
Zoladex	268	(5)	(5)	13	(7)	64	(27)	(20)	108	5	(4)	83	8	10
Iressa	102	36	33	1	(50)	14	n/m	n/m	44	10	3	43	43	40
Others	108	17	21	35	17	34	17	31	15	7	1	24	26	26
Total Oncology	**899**	**(18)**	**(18)**	**95**	**(65)**	**271**	**(16)**	**(7)**	**321**	**2**	**(6)**	**212**	**12**	**13**
Neuroscience:														
Seroquel IR	1,024	(1)	(1)	780	3	130	(20)	(12)	54	(8)	(17)	60	-	(2)
Seroquel XR	279	45	50	156	66	87	13	25	15	88	88	21	62	62
Local Anaesthetics	139	(6)	(5)	6	(45)	57	(12)	(3)	44	5	(2)	32	7	3
Zomig	103	(7)	(5)	42	(11)	41	(9)	-	18	20	7	2	(50)	(25)
Diprivan	85	10	8	13	18	11	(21)	(14)	21	40	33	40	8	3
Vimovo	5	n/m	n/m	5	n/m	-	-	-	-	-	-	-	-	-
Others	9	(18)	(18)	-	(100)	6	(14)	-	-	(100)	(100)	3	200	100
Total Neuroscience	**1,644**	**4**	**5**	**1,002**	**9**	**332**	**(10)**	**(1)**	**152**	**9**	**1**	**158**	**9**	**6**
Infection & Other:														
Synagis	139	70	70	11	(35)	128	94	94	-	-	-	-	-	-
Non Seasonal Flu	-	(100)	(100)	-	(100)	-	-	-	-	-	-	-	-	-
Merrem	204	(8)	(5)	35	(13)	78	(14)	(5)	12	(14)	(21)	79	4	4
FluMist	120	30	30	120	30	-	-	-	-	-	-	-	-	-
Others	30	(14)	(20)	14	(26)	(3)	n/m	n/m	4	100	(50)	15	114	129
Total Infection & Other	**493**	**(15)**	**(14)**	**180**	**(44)**	**203**	**24**	**29**	**16**	**-**	**(25)**	**94**	**15**	**16**
Aptium Oncology	42	(60)	(60)	42	(60)	-	-	-	-	-	-	-	-	-
Astra Tech	123	3	9	25	19	87	(4)	4	10	11	-	1	n/m	n/m
Total	**7,898**	**(4)**	**(2)**	**3,179**	**(13)**	**2,150**	**(6)**	**3**	**1,262**	**14**	**5**	**1,307**	**14**	**14**

Shareholder Information

ANNOUNCEMENTS AND MEETINGS

Announcement of fourth quarter and full year results 2010	27 January 2011
Announcement of first quarter 2011 results	28 April 2011
Annual General Meeting	28 April 2011
Announcement of second quarter and half year 2011 results	28 July 2011
Announcement of third quarter and nine months 2011 results	27 October 2011

DIVIDENDS

The record date for the first interim dividend payable on 13 September 2010 (in the UK, Sweden and the US) was 6 August 2010. Ordinary shares traded ex-dividend on the London and Stockholm Stock Exchanges from 4 August 2010. ADRs traded ex-dividend on the New York Stock Exchange from the same date.

The record date for the second interim dividend for 2010 payable on 14 March 2011 (in the UK, Sweden and the US) will be 4 February 2011. Ordinary shares will trade ex-dividend on the London and Stockholm Stock Exchanges from 2 February 2011. ADRs will trade ex-dividend on the New York Stock Exchange from the same date.

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

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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 available at the date of preparation of this presentation 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. 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 loss or expiration of patents, marketing exclusivity or trade marks; the risk of substantial adverse litigation/government investigation claims and insufficient insurance coverage; exchange rate fluctuations; the risk that R&D will not yield new products that achieve commercial success; the risk that strategic alliances will be unsuccessful; the impact of competition, price controls and price reductions; taxation risks; the risk of substantial product liability claims; the impact of any failure by third parties to supply materials or services; the risk of failure to manage a crisis; the risk of delay to new product launches; the difficulties of obtaining and maintaining regulatory approvals for products; the risk of failure to observe ongoing regulatory oversight; the risk that new products do not perform as we expect; the risk of environmental liabilities; the risks associated with conducting business in emerging markets; the risk of reputational damage; and the risk of product counterfeiting.