AstraZeneca PLC

FIRST QUARTER RESULTS 2010

London, 29 April 2010

Revenue for the first quarter increased by 7 percent at constant exchange rates (CER) to $8,576 million.

-Emerging Markets revenue increased by 19 percent at CER; Company provides enhanced regional revenue reporting.

-*Crestor* sales increased by 27 percent at CER.

Core operating profit increased by 10 percent at CER to $3,857 million.

-Benefit from revenue growth and cost discipline, partially offset by lower gross margin.

Core EPS increased by 23 percent at CER to $2.03.

-Core EPS benefited by $0.13 from net adjustments to tax provisions as a consequence of the previously disclosed settlement with UK Tax Authorities and developments in other transfer pricing matters. The effective tax for the quarter was 21 percent. Company continues to anticipate the full year tax rate to be around 27 percent.

Reported EPS increased by 23 percent at CER to $1.91.

Net debt was $759 million at 31 March 2010.

-Strong cash generation from operations more than offset by the payment of the second interim dividend of $2,367 million, first instalment of the tax settlement, and investment in external pipeline opportunities during the quarter.

Core EPS target for the full year increased to the range of $6.05 to $6.35.

Financial Summary

Group	**1st Quarter 2010 $m**	**1st Quarter 2009 $m**	**Actual %**	**CER %**
Revenue	8,576	7,701	+11	+7
Reported				
Operating Profit	3,643	3,163	+15	+10
Profit before Tax	3,519	3,003	+17	+12
Earnings per Share	$1.91	$1.48	+29	+23
Core*				
Operating Profit	3,857	3,362	+15	+10
Profit before Tax	3,733	3,202	+17	+12
Earnings per Share	$2.03	$1.58	+28	+23

* *Core financial measures are supplemental non-GAAP measures which management believe enhance understanding of the Company's performance; it is upon these measures that financial guidance for 2010 is based. See page 9 for a definition of Core financial measures and a reconciliation of Core to Reported financial measures.*

David Brennan, Chief Executive Officer, said: "The first quarter results reflect continued strong market performance for key brands like *Crestor*, *Seroquel* and *Symbicort*. We saw revenue growth in all major regions, including another strong quarter in Emerging Markets. Looking forward, revenue comparisons will become more challenging in the second half of the year as a result of the uplift from *Toprol-XL* and H1N1 vaccine sales in 2009 and the expiration of the *Arimidex* patent later this year. Based on the first quarter performance and the outlook for the remainder of the year we have increased our Core EPS target. Our pipeline has been further strengthened during the quarter by the addition of a new late-stage development project in rheumatoid arthritis from Rigel Pharmaceuticals."

Business Highlights *All narrative in this section refers to growth rates at constant exchange rates (CER) unless otherwise indicated.*

Revenue in the first quarter increased by 7 percent at CER, but was up 11 percent on an actual basis as a result of the positive impact of exchange rate movements. Global revenue growth was 6 percent after adjusting for US sales of *Toprol-XL* and vaccine for Novel Influenza A (H1N1). US revenue was up 2 percent. Excluding *Toprol-XL* and H1N1 vaccine sales, US revenue was down 1 percent. Group revenue in the Rest of World was up 11 percent. Revenue in Western Europe was up 7 percent. Revenue in Established Rest of World (ROW) was up 12 percent, including a 14 percent increase in Japan. Revenue in Emerging Markets increased by 19 percent; this growth accounted for 42 percent of total Group revenue growth outside the US.

Core operating profit in the first quarter was up 10 percent to $3,857 million, as a result of sales growth and cost discipline, which was partially offset by a reduction in gross margin. Reported operating profit was $3,643 million; the 10 percent increase was the same as the growth in Core operating profit, as adjustments to Core operating profit were broadly similar in both this and the prior year quarter.

Core earnings per share in the first quarter were $2.03 compared with $1.58 in the first quarter 2009, a 23 percent increase at CER. Core earnings per share in the quarter benefited by $0.13 from net adjustments to tax provisions as a consequence of the previously disclosed settlement with the UK Tax Authorities and developments in other transfer pricing matters. As a result, the effective tax rate in the first quarter this year was 21 percent, compared with 28.6 percent in the first quarter last year. The Company continues to anticipate the full year tax rate for 2010 to be around 27 percent, in line with guidance provided in conjunction with the settlement announcement. Reported earnings per share in the first quarter were $1.91, up 23 percent compared with the first quarter of 2009, as adjustments to Core earnings were broadly comparable in both periods.

Research and Development Update

A comprehensive update of the AstraZeneca R&D pipeline was presented in conjunction with the Full Year 2009 results and the pipeline table remains available on the Company's website, www.astrazeneca.com, under information for investors.

Developments since the last update include:

Crestor

On 8 February 2010, AstraZeneca announced that the US Food and Drug Administration (FDA) has approved *Crestor* (rosuvastatin calcium) to reduce the risk of stroke, myocardial infarction (heart attack) and arterial revascularization procedures in individuals without clinically evident coronary heart disease but with an increased risk of cardiovascular disease (CVD) based on age (men ≥50 and women ≥60), high-sensitivity C-reactive protein (hsCRP) ≥ 2 mg/L, and the presence of at least one additional CVD risk factor, such as hypertension, low HDL-C, smoking, or a family history of premature coronary heart disease.

The FDA approval was based on data from the landmark JUPITER (Justification for the Use of statins in Primary prevention: an Intervention Trial Evaluating Rosuvastatin) study which evaluated the impact of *Crestor* 20mg on reducing major cardiovascular (CV) events in a previously unstudied population. In JUPITER, *Crestor* significantly reduced the relative risk of heart attack by 54% ($p<0.001$), stroke by 48% ($p=0.002$), and arterial revascularization by 46% ($p<0.001$) vs. placebo.

On 27 April 2010, the Company announced that *Crestor* has been approved in nineteen countries within the EU for the prevention of major cardiovascular events in patients who are at high risk of having a first cardiovascular event. This new indication is based on subgroup data from the landmark JUPITER study, which evaluated the impact of rosuvastatin 20mg on reducing major cardiovascular events in a previously unstudied population. A post-hoc analysis of this subgroup data showed a significant reduction in the combined endpoint of heart attacks, strokes and CV deaths amongst the high risk patients within JUPITER.

Brilinta

Brilinta (ticagrelor), an investigational oral antiplatelet treatment for the reduction of major adverse cardiac events in patients with acute coronary syndromes (ACS), is under regulatory review in North America and in Europe. Regulatory applications have also been submitted to other health authorities, including Brazil and Russia.

The Company has recently initiated a Phase II clinical development programme with *Brilinta* in Japan, as there were no Japanese centres included in the PLATO trial.

On 16 March 2010, AstraZeneca announced results of a new analysis of the PLATO (A Study of **PLAT**elet Inhibition and Patient **O**utcomes) study which showed there were fewer deaths in patients with ACS who took the investigational oral antiplatelet *Brilinta* (ticagrelor) within seven days prior to having heart bypass surgery (coronary artery bypass graft, CABG) compared to those who took clopidogrel. These data were presented at the American College of Cardiology (ACC) meeting in Atlanta, Georgia.

This analysis included 1,261 patients who were on study medication up to seven days prior to stopping study medication due to the need for urgent CABG surgery at any time after their ACS event. The patients randomised to ticagrelor had a significantly lower rate of total and CV death than those randomised to clopidogrel treatment:

- Total mortality was reduced by 51% (RRR; p<0.01) with ticagrelor (4.6% of 632) compared with clopidogrel (9.2% of 629)
- CV death was reduced by 48% (RRR; p<0.01) with ticagrelor (4.0% of 632) compared with clopidogrel (7.5% of 629)
- Rate of the primary endpoint (composite of CV death, myocardial infarction, or stroke) from time of CABG was 10.5% (66/632) with ticagrelor and 12.6% (79/629) with clopidogrel (HR 0.84; CI 0.60-1.16, p=0.29)

Additionally, there was no significant difference in CABG-related major bleeding for ticagrelor compared with clopidogrel, according to both the PLATO and TIMI bleeding criteria respectively (81% for ticagrelor vs. 80% for clopidogrel, and 59% for ticagrelor vs. 58% for clopidogrel for PLATO-defined and TIMI-defined, respectively).

These treatment comparisons were consistent with the effects seen in the overall PLATO trial.

Seroquel XR

On 23 April 2010, AstraZeneca announced that the Committee for Medicinal Products for Human Use (CHMP), of the European Medicines Agency (EMA) concluded that the benefit-risk profile of once-daily Seroquel XR (quetiapine fumarate) extended-release tablets was positive as an add-on medication for major depressive episodes in major depressive disorder patients who have had sub-optimal response to treatment with other antidepressants.

The application was referred to the CHMP following a negative outcome for the application in 2009, during an assessment via the Mutual Recognition Procedure.

The EMA will now forward the opinion of the CHMP to the European Commission (EC) for their final decision, which will then be implemented in the individual Member States affected.

Fostamatinib disodium (R788)

On 16 February 2010, AstraZeneca and Rigel Pharmaceuticals announced an exclusive worldwide license agreement for the global development and commercialisation of fostamatinib disodium (R788), Rigel's late-stage investigational product for rheumatoid arthritis (RA) and additional indications. Fostamatinib disodium, which has completed a comprehensive Phase II programme, is the furthest developed oral Spleen Tyrosine Kinase (Syk) inhibitor being evaluated for RA. Inhibiting Syk is thought to block the intracellular signalling of various immune cells implicated in the destruction of bone and cartilage which is characteristic of RA.

AstraZeneca will design a global phase III programme, anticipated to begin in the second half of 2010, with the goal of filing new drug applications with the US FDA and the European Medicines Agency (EMA) in 2013. Fostamatinib disodium is being developed as a next generation oral RA therapy in adults who have failed to respond adequately to a traditional disease modifying anti-rheumatic drug (DMARD), such as methotrexate, where a TNF biologic add-on treatment would currently be considered.

Certriad

On 30 March 2010, AstraZeneca and Abbott announced that the US FDA issued a complete response letter (CRL) for the New Drug Application (NDA) for *Certriad* (rosuvastatin/fenofibric acid delayed release) Capsules. The companies are currently evaluating the CRL, will continue discussions with the FDA to determine next steps with respect to the *Certriad* NDA and will respond to the agency's request for additional information.

Nexium

On 26 February 2010, AstraZeneca submitted a regulatory file for *Nexium* for approval in Japan, the only major market yet to launch *Nexium*. The Japanese New Drug Application (JNDA) covers *Nexium* to treat gastric ulcer, duodenal ulcer, anastomotic ulcer, reflux oesophagitis, non-erosive reflux disease, Zollinger-Ellison Syndrome and prevention of gastric ulcer and duodenal ulcer in patients treated with NSAIDs. The indications related to *H. pylori* infection will be added as an amendment to the JNDA later in 2010.

Recentin

On 8 March 2010, AstraZeneca announced the top-line results of a Phase II/III study evaluating *Recentin* (cediranib) compared with bevacizumab in patients with first-line metastatic colorectal cancer (mCRC). This study, HORIZON III, assessed the efficacy of cediranib compared with bevacizumab, both in combination with chemotherapy. Clinical activity was observed in the cediranib arm of the study and there was no statistically significant difference between treatment arms on the efficacy endpoints examined. However, the efficacy did not meet the pre-specified criteria for the primary endpoint of non-inferiority in progression-free survival.

The spectrum of adverse events associated with cediranib was broadly consistent with previous studies. HORIZON III continues with ongoing collection of overall survival data.

This is the first of two pivotal studies of cediranib in first-line mCRC. The other study, HORIZON II, is assessing the efficacy of cediranib combined with chemotherapy vs. chemotherapy alone, and data are expected in the coming months. Results from both studies will determine the clinical utility, if any, for cediranib in colorectal cancer and decisions regarding regulatory filing. Data from both of these studies will be submitted to a forthcoming medical meeting in the second half of 2010.

Motavizumab

On 2 June 2010 the US FDA Antiviral Drugs Advisory Committee will meet to discuss the Biologics Licence Application (BLA) for motavizumab for the prevention of serious respiratory syncytial virus (RSV) disease in high risk infants.

Enhancing Productivity

In the first quarter, $95 million in restructuring and synergy costs were incurred in relation to previously announced business reshaping programmes.

All programmes remain on track for costs incurred and benefits achieved.

Future Prospects

Aside from the impact to Core earnings resulting from the lower effective tax rate in the quarter, the good revenue and Core earnings growth in the quarter was slightly ahead of the Company's expectations. Based on the first quarter results and the outlook for the remainder of the year, the Company has increased its guidance for Core earnings per share for the full year to a range of $6.05 to $6.35.

The Company's expectations for revenue remain unchanged at up to a mid-single digit decline for the full year. This reflects the strength of the performance of *Toprol-XL* and H1N1 vaccine sales in the US last year making growth in the comparative period this year more challenging, as well as the anticipated impact on 2010 sales from the patent expiry of *Arimidex* and the likely onset of generic competition.

Earnings guidance for 2010 already included reasonable assumptions as to the impact from US healthcare reform legislation; consequently no adjustments to 2010 guidance are needed following the recent enactment of this legislation.

This Core EPS guidance has been based on January 2010 average exchange rates for our principal currencies, and actual first quarter results were broadly in line with this currency assumption. The target takes no account of the likelihood that average exchange rates for the remainder of 2010 may differ materially from the rates upon which our earnings guidance is based. An estimate of the sales and earnings sensitivity to movements of our major currencies versus the US dollar was provided in conjunction with the Full Year 2009 results announcement, and can be found on the AstraZeneca website.

Revenue

All narrative in this section refers to growth rates at constant exchange rates (CER) unless otherwise indicated

Gastrointestinal

	First Quarter		CER %
	2010 $m	2009 $m	
Nexium	1,239	1,192	-
Losec/ Prilosec	249	211	+12
Total	1,520	1,427	+2

- In the US, *Nexium* sales in the first quarter were $653 million, down 7 percent compared with the first quarter last year. Dispensed retail tablet volume declined by 6 percent, although *Nexium* market share of dispensed units was up 20 basis points in March 2010 compared with December 2009. Average realised selling prices were around 6 percent lower than last year.

- *Nexium* sales in other markets were up 10 percent to $586 million. Sales in Emerging Markets increased by 21 percent, including good growth in China. Sales in Western Europe were up 8 percent.

- *Prilosec* sales in the US were down 6 percent to $18 million.

- *Losec* sales in other markets were up 14 percent to $231 million. Sales in Emerging Markets were up 33 percent, chiefly on a 45 percent increase in sales in China. Sales in Japan were up 15 percent.

Cardiovascular

	First Quarter		CER %
	2010 $m	2009 $m	
Crestor	1,300	969	+27
Seloken / Toprol-XL	367	288	+24
Atacand	373	323	+7
Plendil	66	61	+5
Zestril	42	47	-15
ONGLYZA™*	4	-	n/m
Total	2,287	1,810	+20

**ONGLYZA™ is recorded as "Alliance Revenue." This does not represent ex-factory sales, but rather AstraZeneca's share of the gross profit from its collaboration with Bristol-Myers Squibb on this product.*

- In the US, *Crestor* sales in the first quarter were $583 million, a 22 percent increase over last year. *Crestor* total prescriptions increased by 15 percent, nearly 5 times the 3.2 percent growth in the US statin market. *Crestor* share of total prescriptions in the US reached 11.5 percent in March 2010; *Crestor* dynamic share (new and switch patients) is now 15.7 percent.

- *Crestor* sales in the Rest of World were up 32 percent to $717 million. Sales in Western Europe were up 30 percent. Sales in Established ROW were up 37 percent on strong growth in Japan and Canada. Sales in Emerging Markets increased by 29 percent.

- US sales of the *Toprol-XL* product range, which includes sales of the authorised generic, increased by 34 percent to $236 million. Competition from the third entrant, Watson, has been limited to the 25mg and 50mg dosage strengths, although regulatory approval for the remaining strengths was recently announced.

- Sales of *Seloken* in other markets were up 9 percent on 18 percent growth in Emerging Markets.

- US sales for *Atacand* were down 8 percent in the quarter, to $56 million. Sales in other markets were up 10 percent to $317 million on good growth in Western Europe (up 10 percent) and in Emerging Markets (up 13 percent).

- Alliance revenue from the ONGLYZA™ collaboration with Bristol-Myers Squibb totalled $4 million in the first quarter. The launch rollout continues, with launches having now occurred in 12 markets.

Respiratory and Inflammation

	First Quarter		CER %
	2010 $m	2009 $m	
Symbicort	701	515	+29
Pulmicort	243	292	-20
Rhinocort	55	64	-19
Oxis	17	12	+25
Accolate	17	16	+6
Total	1,068	935	+8

- *Symbicort* sales in the US were $173 million, a 75 percent increase over the first quarter last year. *Symbicort* share of new prescriptions for fixed combination products reached 18.4 percent in March 2010, up 1 percentage point since December 2009. Market share of patients newly starting combination therapy is now over 26 percent.

- *Symbicort* sales in other markets in the first quarter were $528 million, 18 percent ahead of last year. Sales in Western Europe were up 11 percent. Sales in Established ROW increased by 59 percent as a result of first launch sales in Japan. Sales in Emerging Markets were up 27 percent.

- US sales of *Pulmicort* were down 47 percent in the first quarter to $92 million, a result of the re-launch of the Teva generic budesonide inhaled suspension (BIS) product in December 2009. *Pulmicort Respules* share of BIS prescriptions was 22.2 percent in the quarter.

- Sales of *Pulmicort* in the Rest of World were up 19 percent, driven by a 55 percent increase in Emerging Markets.

Oncology

	First Quarter		CER %
	2010 $m	2009 $m	
Arimidex	511	463	+7
Casodex	143	236	-42
Zoladex	265	232	+6
Iressa	83	68	+19
Faslodex	71	59	+15
Nolvadex	21	20	-
Total	1,097	1,083	-3

- In the US, sales of *Arimidex* were up 11 percent in the first quarter to $244 million. Total prescriptions for *Arimidex* were down 6 percent.

- *Arimidex* sales in other markets were up 3 percent to $267 million. Sales in Western Europe were up 4 percent. Sales in Established ROW were up 7 percent on a 15 percent increase in Japan.

- *Casodex* sales in the US were down 94 percent in the first quarter to $3 million, as a result of generic competition that began in the third quarter last year.

- *Casodex* sales in the Rest of World were down 26 percent to $140 million. Sales in Western Europe were down 47 percent. Sales in Japan were 19 percent below last year. Sales in Emerging Markets were down 11 percent.

- *Iressa* sales in the first quarter were up 19 percent to $83 million, including $6 million of sales in Western Europe. Sales in Japan were up 9 percent. Sales in China were unchanged.

- *Faslodex* sales were up 19 percent in the US and were up 12 percent in the Rest of World.

Neuroscience

	First Quarter		CER %
	2010 $m	2009 $m	
Seroquel	1,307	1,125	+13
Zomig	106	101	-
Total	1,647	1,432	+11

- In the US, *Seroquel* sales were up 14 percent to $913 million. Total prescriptions for the *Seroquel* franchise were up 1.4 percent, as the 210 percent increase in *Seroquel XR* more than offset declines in the immediate release formulation. *Seroquel XR* now accounts for 13 percent of total prescriptions for the franchise in the US.

- *Seroquel* sales in the Rest of World increased by 12 percent to $394 million in the quarter. *Seroquel XR* sales nearly doubled, and now account for 29 percent of franchise sales outside the US. Total *Seroquel* franchise sales in Western Europe were up 5 percent. Sales in Established ROW were up 31 percent on good growth in Japan and as sales in Canada have stabilised following the significant declines from generic competition experienced in 2009. Sales in Emerging Markets were up 18 percent.

- *Zomig* sales in the US were down 2 percent to $42 million. Sales in the Rest of World were up 2 percent to $64 million in the quarter.

Infection and Other

	First Quarter		CER %
	2010 $m	2009 $m	
Synagis	459	545	-16
Merrem	233	202	+8
FluMist	2	2	-
Non seasonal flu vaccine	39	-	n/m
Total	761	792	-6

- Sales of *Synagis* in the US were down 25 percent to $351 million, as new guidelines published by the COID have continued to negatively impact usage. Outside the US, *Synagis* sales were up 46 percent to $108 million, reflecting timing differences in shipments to Abbott, our international distributor, rather than underlying sales trends.

- Revenue of $39 million related to the 2009 US government order for Live Attenuated Influenza Vaccine (LAIV) against Novel Influenza A (H1N1) was recorded in the first quarter. Cumulative revenue of $428 million has now been recorded against the total contract value of $453 million.

  This project has been funded in whole or in part with Federal funds from HHS/ASPR/BARDA, under Contract No. HHS01002009000021.

Geographic Sales

	First Quarter		CER %
	2010 $m	2009 $m	
US	3,698	3,624	+2
Western Europe	2,465	2,176	+7
Established ROW*	1,156	925	+12
Emerging ROW	1,257	976	+19

**Established ROW comprises Canada, Japan, Australia and New Zealand.*

- In the US, revenue increased by 2 percent. Excluding *Toprol-XL* and H1N1 influenza vaccine sales, US revenue declined by around 1 percent. Strong growth from *Crestor*, *Seroquel* and *Symbicort* nearly offset the declines in *Synagis*, *Pulmicort Respules*, *Nexium* and *Casodex*.

- Revenue in Western Europe was up 7 percent, on good growth for *Crestor*, *Symbicort*, *Nexium* and *Seroquel*.

- Revenue in Established ROW was up 12 percent, on good double-digit growth in Japan and Canada, with *Crestor* the key growth driver.

- Revenue in Emerging Markets was up 19 percent, with growth coming from key brands as well as the broader portfolio. Revenue in China was up 36 percent.

Operating and Financial Review

All narrative in this section refers to growth rates at constant exchange rates (CER) and on a Core basis unless otherwise indicated. These measures, which are presented in addition to our Reported financial information, are non-GAAP measures which management believe useful to enhance understanding of the Group's underlying financial performance of our ongoing businesses and the key business drivers thereto. Core financial measures are adjusted to exclude certain significant items, such as charges and provisions related to our global restructuring and synergy programmes, amortisation and impairment of the significant intangibles relating to our acquisition of MedImmune Inc. in 2007 and our current and future exit arrangements with Merck in the US, and other specified items. More detail on the nature of these measures is given on page 37 of our Annual Report and Form 20-F Information 2009.

First Quarter

All financial figures, except earnings per share, are in $ millions. Weighted average shares in millions.

	Reported 2010	Restructuring and synergy costs	Merck & MedImmune Amortisation	Intangible Impairments	Core 2010	Core 2009	Actual %	CER %
Revenue	**8,576**	**-**	**-**	**-**	**8,576**	**7,701**	**11**	**7**
Cost of Sales	(1,654)	28	-	-	(1,626)	(1,352)		
Gross Margin	**6,922**	**28**	**-**	**-**	**6,950**	**6,349**	**9**	**4**
% sales	*80.7%*				*81.0%*	*82.4%*	*-1.4*	*-1.8*
Distribution	(78)	-	-	-	(78)	(64)	21	11
% sales	*0.9%*				*0.9%*	*0.8%*	*-0.1*	-
R&D	(991)	18	-	-	(973)	(980)	(1)	(6)
% sales	*11.5%*				*11.3%*	*12.7%*	*+1.4*	*+1.5*
SG&A	(2,462)	49	101	-	(2,312)	(2,236)	3	(1)
% sales	*28.7%*				*27.0%*	*29.1%*	*+2.1*	*+2.1*
Other income	252	-	18	-	270	293	(8)	(10)
% sales	*2.9%*				*3.2%*	*3.8%*	*-0.6*	*-0.6*
Operating Profit	**3,643**	**95**	**119**	**-**	**3,857**	**3,362**	**15**	**10**
% sales	*42.5%*				*45.0%*	*43.6%*	*+1.4*	*+1.2*
Net finance expense	(124)	-	-	-	(124)	(160)		
Profit before Tax	**3,519**	**95**	**119**	**-**	**3,733**	**3,202**	**17**	**12**
Taxation	(740)	(20)	(20)	-	(780)	(910)		
Profit after Tax	**2,779**	**75**	**99**	**-**	**2,953**	**2,292**	**29**	**23**
Minority Interests	(2)	-	-	-	(2)	2		
Net Profit	**2,777**	**75**	**99**	**-**	**2,951**	**2,294**	**29**	**23**
Weighted Average Shares	1,452	1,452	1,452	1,452	1,452	1,447		
Earnings per Share	**1.91**	**0.05**	**0.07**	**-**	**2.03**	**1.58**	**28**	**23**

Revenue grew by 7 percent to $8,576 million.

Core gross margin of 81.0 percent was 1.8 percentage points lower than last year. Higher royalty payments (0.1 percentage points) combined with regional and product mix factors (2.1 percentage points) were only partially offset by lower payments to Merck (0.4 percentage points).

Core SG&A costs of $2,312 million were 1 percent lower than last year. Continued investment in Emerging Markets and recently launched brands was offset by operational efficiencies across the US and Western Europe.

Core other income of $270 million was $23 million lower than last year chiefly as a result of the 2009 Abraxane® disposal only being partially offset by royalties received from sales of Teva's generic version of *Pulmicort Respules.*

Core Pre-R&D Operating Margin was 56.3 percent, down 0.3 percentage points, with lower gross margin and disposals in other income offsetting the impact of sales growth and efficiencies within SG&A.

Core R&D expenditure was $973 million, 6 percent lower than last year, as increased investment in biologics was more than offset by productivity initiatives and lower project costs resulting from several late stage development projects completing their Phase III programmes.

Core operating profit was $3,857 million, an increase of 10 percent at CER or 15 percent on an actual basis. In comparison with last year against the dollar, the euro was 6 percent stronger (increasing sales and costs), the Swedish krona was 17 percent stronger (increasing costs) and sterling was 9 percent stronger (increasing costs). Core operating margin increased by 1.2 percentage points to 45.0 percent of revenue as result of leveraging sales growth and lower R&D expenditure.

Core earnings per share in the first quarter were $2.03, up 23 percent, as a result of the increase in Core operating profit, lower net finance expense and a lower effective tax rate due to net adjustments to tax provisions.

Reported operating profit was up 10 percent to $3,643 million. Reported earnings per share were $1.91 up 23 percent.

Finance Income and Expense

Net finance expense was $124 million for the quarter, versus $160 million for the first quarter of 2009. Fair value gains of $5 million were recorded on the long-term bonds in the quarter, versus fair value losses of $21 million in the first quarter of 2009. In addition to this, there is reduced interest payable on lower debt balances partially offset by higher net interest expense on pension obligations.

Taxation

The effective tax rate for the quarter was 21.0 percent compared with 28.6 percent for the same period last year. The effective tax rate for the quarter includes an adjustment in respect of prior periods following the announcement in February that AstraZeneca had settled a long-running transfer pricing issue and certain other outstanding UK tax matters with the UK Tax Authorities. As previously disclosed, AstraZeneca has provided in its accounts for the outcome of this complex transfer pricing issue which has taken many years to resolve. The effect of this settlement and developments in other transfer pricing matters resulted in a net benefit to earnings during the first quarter of $194 million. The Company continues to anticipate the full year tax rate for 2010 to be around 27 percent, in line with guidance provided in conjunction with the settlement announcement.

Cash Flow

Cash generated from operating activities was $1,739 million for the quarter, compared with $2,227 million for the first quarter of 2009. The drop of $488 million is primarily driven by strong underlying performance being offset by the first instalment payment of $562 million (£350 million) in respect of the UK tax settlement (for which the second final instalment of £155 million is due in March 2011) and outflows due to working capital movements reflecting increased receivables, largely due to higher sales, and lower payables.

Net cash outflows from investing activities were $1,263 million in the quarter compared with an inflow of $74 million for the first quarter of 2009. The increase of $1,337 million is due primarily to the movement in short-term investments and fixed deposits of $772 million, and increased externalisation activity with the acquisition of Novexel and the upfront payment related to Targacept's late-stage investigational product for major depressive disorder (MDD). In the first quarter of 2009 the proceeds from the disposal of the Abraxane® co-promotion rights of $269 million were received.

Net cash distributions to shareholders were $2,457 million through payment of the second interim dividend for 2009 of $2,367 million and the net share repurchase of $90 million.

Debt and Capital Structure

As at 31 March 2010, outstanding gross debt (including loans, short-term borrowings and overdrafts) was $10,332 million (31 December 2009: $11,063 million). The reduction in gross debt of $731 million during the quarter was principally due to the repayment on maturity of the Euro 500 million 18-month bond issued in July 2008. Of the gross debt outstanding at 31 March 2010, $1,277 million is due within one year (31 December 2009: $1,926 million). Outstanding net debt of $759 million has increased by $1,294 million since 31 December 2009 as a result of net cash outflows during the quarter as described above.

Share Repurchases

In the first quarter of 2010 the Group re-purchased 4.8 million shares for a total of $214 million. In the quarter, 3.1 million shares were issued in consideration of share option exercises for a total of $124 million.

In conjunction with the Full Year 2009 financial results, the Board announced that the Company will undertake net repurchases of up to $1 billion in shares during 2010.

The total number of shares in issue at 31 March 2010 was 1,449 million.

Calendar

29 April 2010	Annual General Meeting
29 July 2010	Announcement of second quarter and half year 2010 results
28 October 2010	Announcement of third quarter and nine months 2010 results

David Brennan
Chief Executive Officer

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