AstraZeneca PLC
FOURTH QUARTER AND FULL YEAR RESULTS 2011

London, 2 February 2012

Revenue for the full year was down 2 percent at constant exchange rates (CER) at $33,591 million.

-Strong double-digit sales growth at CER for *Crestor*, *Seroquel XR* and *Symbicort;* Emerging Markets revenue increased by 10 percent at CER in the fourth quarter and for the full year.

-Revenue performance reflects the loss of nearly $2 billion of revenue from generic competition, as well as a further $1 billion lost to the impact of government price interventions.

Core operating profit for the full year was down 4 percent at CER to $13,167 million.

-Core operating margin of 39.2 percent of revenue was down 1.2 percentage points at CER, as benefits arising from higher gross margin and lower SG&A spend at CER were more than offset by increased expenditures in R&D and lower Core other income.

Core EPS for the full year increased by 7 percent at CER to $7.28.

-Core EPS benefited from the lower number of shares outstanding resulting from net share repurchases and a lower tax rate compared with last year.

Reported EPS for the full year was up 29 percent at CER to $7.33.

-Gain on the sale of Astra Tech, which was excluded from Core EPS in the third quarter 2011, amounted to $1.08. The growth rate in Reported EPS also benefited from the fact that intangible impairments excluded from Core earnings were higher in 2010.

Revenue in the fourth quarter unchanged at CER; Core EPS was up 12 percent at CER.

Net cash distributions to shareholders increased by 71 percent to $9,370 million.

-Dividend increased by 10 percent to $2.80 for the full year. Net share repurchases total $5.6 billion in 2011.

-Board announces plans for $4.5 billion in net share repurchases for 2012.

Company reaffirms planning assumptions for total revenue, margins and cash deployment for the period 2010-14.

-Risk adjusted revenue from recently launched and pipeline products lowered to range of $2 to $4 billion.

Company announces new set of restructuring initiatives (see page 3).

Financial Summary

Group	4th Quarter 2011 $m	4th Quarter 2010 $m	Actual %	CER %		Full Year 2011 $m	Full Year 2010 $m	Actual %	CER %
Revenue	8,656	8,617	-	-		33,591	33,269	+1	-2
Reported									
Operating Profit	2,167	2,411	-10	-14		12,795	11,494	+11	+10
Profit before Tax	2,052	2,283	-10	-14		12,367	10,977	+13	+11
Earnings per Share	$1.16	$1.15	-	-5		$7.33	$5.60	+31	+29
Core*									
Operating Profit	2,990	2,865	+4	+1		13,167	13,603	-3	-4
Profit before Tax	2,875	2,737	+5	+1		12,739	13,086	-3	-4
Earnings per Share	$1.61	$1.39	+16	+12		$7.28	$6.71	+9	+7

* *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 2012 is based. See page 13 for a definition of Core financial measures and pages 13 and 14 for a reconciliation of Core to Reported financial measures.*

David Brennan, Chief Executive Officer, said: "Disciplined execution of our strategy has delivered a good performance in 2011 in the face of intensified pricing pressure and generic competition. Our strong cash flow supported a significant increase in cash distributions to shareholders and continued investment to drive future growth and value. While the further expected losses of market exclusivity make for a challenging 2012 outlook, we remain committed to a long-term, focused, R&D based strategy, and today we have announced further steps to drive productivity in all areas to improve returns on our investment in innovation."

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

Fourth Quarter

Revenue in the fourth quarter was unchanged at CER and on an actual basis as exchange rate movements were neutral to reported revenue. Adjusted for the disposal of Astra Tech, revenue growth was 2 percent. Revenue performance in the quarter was impacted by government price interventions and the loss of around $450 million in revenue to generic competition. US revenues were up 5 percent despite absorbing an estimated 3.2 percent negative impact from the implementation of US healthcare reform measures. In the US, much of the year-on-year impact from recent generic competition has unwound, allowing good growth for *Seroquel*, *Crestor*, *Symbicort* and ONGLYZA™ to show through. Revenue in the Rest of World was down 3 percent. Revenue in Western Europe was down 15 percent on a double digit volume decline combined with a mid-single digit decline in realised selling prices. Revenue in Established Rest of World was up 3 percent as good growth in Japan more than offset generic losses in Canada. As expected, revenue in Emerging Markets returned to double digit growth in the quarter.

Core operating profit in the fourth quarter was $2,990 million, up 1 percent. Core gross margin was higher than last year, largely on a positive variance from mix (including a mix uplift resulting from the disposal of Astra Tech). Expenditures in Core SG&A were down 12 percent compared with the fourth quarter 2010, reflecting a more evenly phased quarterly pattern of expenditures this year compared with last and the disposal of Astra Tech. Efficiency gains continue to provide the headroom to invest in support of new product launches and Emerging Markets growth whilst absorbing the excise fee imposed by the enactment of US healthcare reform measures, which amounted to 2 percent of Core SG&A expense in the quarter.

Core R&D expense was up 31 percent in the quarter. Significantly higher intangible impairment charges (including those related to the olaparib and TC-5214 projects) compared with last year accounted for the large majority of the increased spend. The balance of the increase relates to expenditures for late stage clinical trials, partially offset by efficiency gains.

Reported operating profit was $2,167 million in the quarter, down 14 percent compared with last year. The fourth quarter 2010 included a $791 million gain related to changes made to benefits under certain of the Group's post-retirement benefit plans, chiefly the Group's UK pension plan.

Core earnings per share in the fourth quarter were up 12 percent to $1.61. This was higher than the increase in Core operating profit, and reflects the benefit from the lower number of shares outstanding as a result of net share repurchases, a lower tax rate and lower net finance expense compared with last year. Reported earnings per share in the fourth quarter were $1.16, a 5 percent decline, reflecting the impact of the prior period gain that affected reported operating profit noted above.

Full Year

Revenue for the full year of $33,591 million was down 2 percent at CER but was up 1 percent on an actual basis as the result of the favourable impact of exchange rate movements. Revenue performance for the full year was impacted by government pricing interventions and generic competition, which combined to reduce revenue by some $3 billion. Revenue in the US was down 2 percent, as was revenue in markets outside the US. Revenue in Western Europe was down 11 percent, with mid-single digit declines in both volume and price. In Established Rest of World markets, revenue was up 4 percent. Revenue in Emerging Markets was up 10 percent for the full year.

Core operating profit was $13,167 million for the full year, down 4 percent, a decline larger than the decline in revenue, largely due to the higher intangible impairments charged to Core R&D expense in the fourth quarter this year. The increase in R&D expense, together with lower Core other income, combined to more than offset the benefits from lower Core SG&A expense and a higher gross margin. Reported operating profit was up 10 percent, including the Astra Tech gain in the third quarter 2011.

Core earnings per share were up 7 percent to $7.28, which reflects the net adjustments to tax provisions previously disclosed and the benefit from share repurchases. Reported earnings per share were up 29 percent to $7.33, which includes the $1.08 non-taxable gain on the sale of Astra Tech.

Enhancing Productivity

AstraZeneca is a focused, integrated, innovation-driven, global biopharmaceutical business. The Company believes that successful execution of this strategy will deliver innovative medicines that can earn attractive returns for shareholders, although pressures on industry returns continue to mount. The drivers for long term growth in demand are in place: significant unmet medical need, growing and ageing populations and the desire for better access to healthcare in Emerging Markets that is being enabled by the engine of continued economic growth. However, these same forces are straining governments and private sector payer's ability to cope with healthcare costs that continue to rise faster than GDP, a trend that is exacerbated by the ongoing global economic turmoil. The result is continued pressure to lower prices and control utilisation for pharmaceutical products. At the same time, the industry's costs of research and development are rising, whilst the probability of success for bringing a product from pre-clinical testing to regulatory approval and launch is declining.

AstraZeneca continues to respond to this strategic imperative to increase innovation and improve returns on investment in R&D. Improving returns on investment demands concerted, enterprise-wide action. Aside from lowering the costs, shortening cycle times and improving the rate of output from the investment in R&D, equal attention must be paid to increasing the cash flows from the returns period of the life cycle. These include driving peak revenue contribution through effective commercialisation on a global basis, innovating new and more cost effective ways to serve customers, reducing non-customer facing central support costs and driving efficiency in the supply chain.

Since 2007, AstraZeneca has undertaken significant efforts to restructure and reshape its business to improve long-term competitiveness.

The first phase is complete. It comprised a total of restructuring costs of $2.5 billion taken in the 2007-09 period, and delivered $2.4 billion in annual benefits by the end of 2010, with a gross headcount reduction of 12,600.

The second phase, which featured a significant change programme in the Research and Development function, commenced in 2010. The restructuring actions for this phase of the programme were completed in 2011. Of a total programme cost of $2.1 billion, restructuring charges of $1.2 billion were taken in 2010, with a further $0.9 billion charged in 2011. Total annual benefits of $1.9 billion will be delivered by the end of 2014, of which $1.0 billion have been achieved by the end of 2011. Gross headcount reductions associated with this second phase will be around 9,000.

Both restructuring programmes have delivered their targeted benefits. The Company has invested some of these savings to drive future growth and value, such as Emerging Markets commercial infrastructure and expansion of our research capabilities in Biologics, all whilst significantly improving Core Pre-R&D and operating margins over the period.

Today the Company announces the start of a new set of restructuring initiatives to further reduce costs and increase flexibility in all functional areas, whilst continuing to drive innovation and externalisation of the R&D portfolio to create future value. When completed, programmes in the supply chain, SG&A and R&D will deliver a further $1.6 billion in annual benefits by the end of 2014. Total programme costs are estimated to be $2.1 billion (approx $1.7 billion in cash costs) of which $261 million were charged in the fourth quarter 2011. The total number of positions expected to be impacted for this phase is estimated to be approximately 7,300.

Final estimates for programme costs, benefits and headcount impact in all functions are subject to completion of the requisite consultation processes in the various areas. Our priority in the coming weeks will be to work with our affected employees on the proposed changes, acting in accordance with relevant local consultation requirements and labour laws.

Outlook 2010-2014

It is recognised that the coming years will be challenging for the industry and for the Company, as its revenue base transitions through a period of exclusivity losses and new product launches. In the belief that it would be helpful for investors to understand the Company's high level planning assumptions for revenue evolution, margins, cash flow and business reinvestment that will guide its management of the business, in January 2010 the Company presented its planning outlook for the period 2010 to 2014. This outlook was reaffirmed in January 2011, and, most recently, in January 2012.

For this period, the Company has made certain assumptions for the industry environment. The Company continues to assume that the global biopharmaceutical industry can grow at least in line with real GDP over the planning horizon. Downward pressures on revenue from government interventions in the marketplace have intensified in 2011, but have not as yet constituted a sustained "step-change" in trend. The assumptions for revenue, margins and cash flow also assumed no material mergers, acquisitions or disposals for the Company. In fact, the Company divested its Astra Tech business in 2011, with a consequent reduction in its revenue base

of around $600 million (annualising the first half 2011 run rate). Plans assume no premature loss of exclusivity for key AstraZeneca products. It was also assumed that exchange rates for our principal currencies will not differ materially from the average rates that prevailed during January 2010. Since then, the euro has weakened significantly against the US dollar. Despite this drift from the base case assumptions, the Company reaffirms that it continues to plan on the basis that revenue will be in the range of $28 billion to $34 billion per annum over the 2010-14 period, although based on the evolution of these assumptions the centre of gravity for revenue for the remainder of the period is likely to be the lower half of the range. We continue to expect double-digit revenue growth in Emerging Markets.

Pipeline estimates are dynamic, as they fluctuate based on news flow from data generated during the development programme, regulatory actions and competitive developments in the market. Based on the latest assessment, including the recent disappointing news related to the Complete Response Letter for dapagliflozin in the US, we have lowered our risk adjusted view of the potential revenue contribution from the recently launched and pipeline products to between $2 billion and $4 billion.

Based on continued productivity improvements (including successful completion of restructuring initiatives), the planning assumption remains that Core operating margin, before investment in research and development (Core Pre-R&D operating margin) will be in the range of 48 to 54 percent of revenue. These levels of revenue and margins would generate the requisite operating cash flow over the planning period to support the reinvestment needs of the business, debt service obligations and shareholder distributions. Over the planning period, the Company expects that between 40 and 50 percent of its pre-R&D post tax cash flows will be reinvested in internal and external R&D and capital investments to drive future value and growth.

2012 Guidance

Revenue in 2012 will continue to be adversely affected by government interventions on pricing, and ongoing generic competition, including the anticipated loss of market exclusivity for *Seroquel IR* and *Atacand* in global markets, as well as for *Crestor* in Canada. The Company anticipates a constant currency revenue decline for 2012 in the low double-digit range. Core Pre-R&D operating margin is expected to be below 2011, but remain in the upper half of our planning range of 48 to 54 percent of revenue. Based on the January 2012 average exchange rates for our principal currencies, the target for Core earnings per share is in the range of $6.00 to $6.30.

This target takes no account of the likelihood that average exchange rates for the remainder of 2012 may differ materially from the January 2012 average 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 is provided in conjunction with this Full Year 2011 results announcement, and can be found on the AstraZeneca website, www.astrazeneca.com/investors and http://info.astrazenecaevents.com.

Dividends and Share Repurchases

The Board has recommended a 5 percent increase in the second interim dividend to $1.95 (123.6 pence, 13.21 SEK) to be paid on 19 March 2012. This brings the full year dividend to $2.80 (175.5 pence, 18.54 SEK), an increase of 10 percent.

This dividend increase is consistent with the progressive dividend policy the Board adopted and announced in conjunction with the Full Year 2009 results, by which the Board intends to maintain or grow the dividend each year. In adopting this policy, the Board recognised that some earnings fluctuations are to be expected as the Company's revenue base transitions through this period of exclusivity losses and new product launches. The Board's view is that the annual dividend will not just reflect the financial performance of a single year taken in isolation, but reflect its view of the earnings prospects for the Group over the entirety of the investment cycle. As a result, dividend cover may vary during the period, but with the target of an average dividend cover of 2 times (ie, a payout ratio of 50 percent), based on reported earnings (before restructuring costs).

In setting the distribution policy and the overall financial strategy, the Board's aim is to continue to strike a balance between the interests of the business, our financial creditors and our shareholders. After providing for business investment, funding the progressive dividend policy and meeting our debt service obligations, the Board will keep under review the opportunity to return cash in excess of these requirements to shareholders through periodic share repurchases.

The Company completed net share repurchases of $5,606 million in 2011, augmenting the share repurchase programme with proceeds from the sale of Astra Tech. The Group re-purchased 127.4 million shares for a total of $6,015 million, whilst 10.7 million shares were issued in consideration of share option exercises for a total of $409 million. The total number of shares in issue at 31 December 2011 was 1,292 million.

Subject to market conditions and business needs, the Board has announced that the Company intends to complete net share repurchases in the amount of $4.5 billion during 2012.

Research and Development Update

A comprehensive update of the AstraZeneca R&D pipeline is presented in conjunction with this Full Year 2011 results announcement, and is available on the Company's website.

The AstraZeneca pipeline now includes 86 projects, of which 79 projects are in the clinical phase of development and a further 7 are either approved or launched. There are 9 new molecular entity (NME) projects currently in late stage development, either in Phase III or under regulatory review. During 2011, across the clinical portfolio, 25 projects have successfully progressed to their next phase (including 5 projects entering first human testing); 21 projects have been withdrawn.

There were important regulatory approvals of NMEs in markets throughout the world in 2011. *Brilinta* is now approved in 64 countries including the US in July and Russia in December. KOMBOGLYZE™ was approved in the European Union in November 2011. US regulatory approval was received for *Caprelsa* in April 2011. *Axanum* received positive agreement for approval in 23 EU member states and Norway in August 2011.

Three important life-cycle management approvals were received in Japan: first regulatory approvals for *Nexium* and *Faslodex*, and a new first-line treatment indication for *Iressa*.

Pipeline developments since the third quarter update include:

Dapagliflozin

On 19 January 2012, AstraZeneca and Bristol-Myers Squibb announced that the US Food and Drug Administration (FDA) has issued a Complete Response Letter (CRL) regarding the New Drug Application (NDA) for investigational compound dapagliflozin for the treatment of type 2 diabetes in adults.

The CRL requests additional clinical data to allow a better assessment of the benefit-risk profile for dapagliflozin. This includes clinical trial data from ongoing studies and may require information from new clinical trials. AstraZeneca and Bristol-Myers Squibb will work closely with the FDA to determine the appropriate next steps for the dapagliflozin application and are in ongoing discussions with health authorities in Europe and other countries as part of the application procedures.

Brilinta/Brilique

Brilinta/Brilique (ticagrelor) has now been approved in 64 countries. Whilst launches have occurred in 37 markets, factoring in the time for securing reimbursement, formulary approval and protocol adoption, full patient access to *Brilinta* is limited to an estimated 12 percent of the incident Acute Coronary Syndrome (ACS) market at this juncture.

Recently published treatment guidelines in the US and in Europe recognise the value of *Brilinta*, as established in the PLATO study. Where reimbursement has been achieved, prices also reflect this strong value proposition.

On 15 December 2011, AstraZeneca announced that the German assessment body, the Federal Joint Committee (G-BA), issued its final decision regarding the medical benefit of *Brilique*. This positive decision is in line with the preliminary assessment published by the Institute for Quality and Efficiency in Healthcare (IQWiG) in October, with the addition of a new ST-Elevation Myocardial Infarction/Percutaneous Coronary Intervention (STEMI/PCI) sub-group for patients over 75 years or patients with prior stroke or transient ischemic attack (TIA).

The G-BA announced its final assessment of *Brilique* as follows:

- "Important additional benefit" (rating of 2) for Non ST-Elevation Myocardial Infarction/Unstable Angina (NSTEMI/UA); comparator: clopidogrel + aspirin
- "Additional benefit but not quantifiable" (rating of 4) for STEMI/PCI patients over 75 years or those patients with prior stroke or TIA; comparator: prasugrel + aspirin
- "No additional benefit proven" (rating of 5) for the three following STEMI patient sub-populations:
    - STEMI/PCI (separate from the above); comparator: prasugrel + aspirin
    - STEMI/CABG (ST-Elevation Myocardial Infarction Coronary Artery Bypass Graft); comparator: aspirin monotherapy
    - STEMI Medically Managed; comparator: clopidogrel + aspirin

In the PLATO study *Brilique* demonstrated superior efficacy versus clopidogrel across a broad spectrum of ACS patients, including both NSTEMI/UA and STEMI. The G-BA's final assessment acknowledges the additional benefit that *Brilique* provides approximately 80 percent of the ACS patient population in Germany.

This outcome represents the first decision by the G-BA under AMNOG (Arzneimittelmarkt-Neuordnungsgesetz), the new law that became effective on 1 January 2011 for the mandatory pricing assessment for newly introduced drugs in the German healthcare system. *Brilique* is the first product to be evaluated under this process.

While the G-BA decision informs pricing negotiations, it is important to note that *Brilique* will remain reimbursed in Germany for the full ACS patient population.

AstraZeneca began pricing discussions in January 2012 with the GKV-SV, the Federal Association of Statutory Health Insurance Funds.

In January 2012, the French Transparency Commission (FTC) provided its final assessment regarding the medical benefit for *Brilique*. The assessment included a Service Medical Rendu (SMR) level of "important", a designation that *Brilique* will be reimbursed, and an Amelioration du Service Medical Rendu (ASMR) rating of 4, a designation of "minor improvement in efficacy and/or reduction in side effects" (and was granted a recommendation to be listed).

AstraZeneca has begun pricing discussions with the Comité Economique des Produits de Santé (CEPS) and hopes to reach an agreement that ensures ACS patients in France have access to this innovative medicine, at a price that the Company believes should reflect the cardiovascular mortality benefit compared with clopidogrel as demonstrated in the PLATO study.

KOMBOGLYZE™

On 29 November 2011, AstraZeneca and Bristol-Myers Squibb Company announced that the European Commission has granted marketing authorisation for KOMBOGLYZE™ (saxagliptin and metformin HCl immediate-release fixed dose combination) that will cover the 27 Member States of the European Union.

The indication for KOMBOGLYZE™ is as an adjunct to diet and exercise to improve glycaemic control in adult patients aged 18 years and older with Type 2 diabetes mellitus inadequately controlled on their maximally tolerated dose of metformin alone or those already being treated with the combination of saxagliptin and metformin as separate tablets.

KOMBOGLYZE™ combines saxagliptin (ONGLYZA™), a DPP-4 inhibitor, and metformin immediate-release (metformin IR), a biguanide, in one convenient tablet for the treatment of Type 2 diabetes. The approval of KOMBOGLYZE™ is based on a saxagliptin development programme that involved 4,326 patients, including 2,158 individuals receiving saxagliptin plus metformin. In the development programme, saxagliptin and metformin were administered as separate components. The bioequivalence of KOMBOGLYZE™ to co-administered saxagliptin and metformin was demonstrated in additional studies.

Caprelsa

On 18 November 2011, the Company announced that the Marketing Authorisation Application for *Caprelsa* (vandetanib) received a positive opinion from the Committee for Medicinal Products for Human Use (CHMP) for the treatment of aggressive and symptomatic medullary thyroid cancer (MTC) in patients with unresectable locally advanced or metastatic disease. The proposed indication also states that for patients in whom Rearranged during Transfection (RET) mutation is not known or is negative, a possible lower benefit should be taken into account before individual treatment decisions.

Clinical data show that patients benefit from treatment with *Caprelsa* regardless of their RET status. In line with the CHMP's requirement, AstraZeneca will conduct a further study to generate additional data to confirm the benefits in patients who are RET negative.

The opinion was reached after the CHMP reviewed data from the Phase III *Caprelsa* clinical trial programme, including the ZETA study. This study, a double-blind trial of 331 patients with advanced MTC that has progressed and spread to other parts of the body, showed a 54 per cent reduction in risk for disease progression compared to placebo.

The CHMP positive opinion for *Caprelsa* will now be reviewed by the European Commission, which has the authority to approve medicines for use in the European Union. *Caprelsa* was approved by the US Food and Drug Administration in April 2011 and is also under review in Canada and Switzerland.

TC-5214

On 20 December 2011, the Company announced that the second of four Phase III efficacy and tolerability studies of TC-5214 as an adjunct therapy to an antidepressant in patients with major depressive disorder who do not respond adequately to initial antidepressant treatment, did not meet its primary end point. The target measure was change in the Montgomery-Asberg Depression Rating Scale total score after eight weeks of treatment with TC-5214 as compared to placebo. TC-5214 was overall well tolerated in RENAISSANCE 2 and showed an adverse event profile generally consistent with prior clinical trials of TC-5214. Analyses of the full data set from the RENAISSANCE 2 are ongoing.

These results followed the recent announcement of top-line results of the RENAISSANCE flexible dose trial study 3, which also did not meet its primary endpoint.

AstraZeneca will continue with the development of the two remaining fixed dose Phase III RENAISSANCE efficacy and tolerability studies and one long-term safety study. Based on a re-assessment of the probability of success for the remaining studies, an intangible asset impairment charge of $150 million was taken in the fourth quarter 2011, which is a further refinement to the initial estimate in December. The value of the remaining intangible asset held in relation to TC-5214 amounts to $50 million.

Regulatory filing targets for TC-5214 will be reviewed following full results of the remaining studies which are expected in the first half of 2012. A potential NDA filing in the US is planned for the second half of 2012, with an EU Marketing Authorisation Application targeted for 2015.

Olaparib

On 20 December 2011, AstraZeneca announced that its investigational compound olaparib will not progress into Phase III development for the maintenance treatment of serous ovarian cancer.

The decision to discontinue olaparib's development in serous ovarian cancer was made following a review of an interim analysis of a Phase II study (study 19) which indicated that the previously reported progression free survival benefit is unlikely to translate into an overall survival benefit, the definitive measure of patient benefit in ovarian cancer. In addition, attempts to identify a suitable tablet dose for use in Phase III studies have not been successful. No new safety concerns were identified for patients.

As a result of the termination of further development of olaparib in serous ovarian cancer, the Company took a pre-tax impairment charge of $285 million in the fourth quarter 2011.

Crestor

On 15 November 2011, AstraZeneca announced full results from the SATURN (**S**tudy of Coronary **A**theroma by In**T**ravascular **U**ltrasound: Effect of **R**osuvastatin Versus Atorvastati**N**) study, which demonstrated that aggressive treatment with a statin can lower LDL-C ("bad" cholesterol) to an average of 70 mg/dL or less, increase HDL-C ("good" cholesterol) to an average of approximately 50 mg/dL, and reduce plaque in the arteries of the heart. These data were presented at the American Heart Association Annual Scientific Sessions in Orlando, Florida, and simultaneously published in the New England Journal of Medicine.

Treatment with *Crestor* (rosuvastatin) or atorvastatin for two years resulted in statistically significant regression in the primary efficacy measure, change from baseline in percent atheroma volume (PAV) in a ≥40 mm segment of the targeted coronary artery as assessed by intravascular ultrasound (IVUS). *Crestor* 40mg demonstrated a numerically greater reduction versus atorvastatin 80mg, but the difference between the two did not reach statistical significance (-1.22% vs. -0.99%; p=0.17).

For the secondary efficacy measure of normalised total atheroma volume (TAV), *Crestor* demonstrated a statistically significant reduction compared with atorvastatin (-6.39 mm^3 vs. -4.42 mm^3; p=0.01).

SATURN also demonstrated statistically significant differences between *Crestor* and atorvastatin in a pre-specified analysis of lipid parameters.

- *Crestor* resulted in significantly lower LDL-C levels compared to atorvastatin (62.6 vs. 70.2 mg/dL; p<0.001)
- Significantly more patients taking *Crestor* achieved an LDL-C <70 mg/dL than those taking atorvastatin (72.1% vs. 56.1%; p<0.001)
- *Crestor* resulted in significantly higher HDL-C levels compared to atorvastatin (50.4 vs. 48.6 mg/dL; p=0.01)
- *Crestor* resulted in significantly lower total cholesterol levels compared to atorvastatin (139.4 vs. 144.1 mg/dL; p<0.006)

The safety and tolerability of both statins used in SATURN were in line with previous studies.

Ceftazidime/avibactam (CAZ-AVI)

AstraZeneca and Forest Laboratories, Inc. have now initiated a Phase III programme for ceftazidime/avibactam (CAZ-AVI) to investigate efficacy in treating hospitalised patients with serious Gram-negative bacterial infections including Complicated Intra-Abdominal Infections (cIAI) and Complicated Urinary Tract Infections (cUTI). CAZ-AVI combines a broad-spectrum cephalosporin (ceftazidime) and a novel beta-lactamase inhibitor (avibactam, formerly NXL104) to overcome antibiotic-resistance and treat the increasing number of infections resistant to existing therapies.

This study programme is designed to support global regulatory filings planned for 2014, and will include five Phase III trials designed to demonstrate that CAZ-AVI is an effective and well tolerated treatment for patients with cIAI and cUTI including those patients with infections that may be resistant to currently available antibiotics.

As part of the collaboration, development costs of the treatment will be shared between AstraZeneca and Forest. Forest will have the rights to commercialise CAZ-AVI in North America while AstraZeneca will have rights to commercialise CAZ-AVI in the rest of the world.

Revenue

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

Gastrointestinal

	Fourth Quarter		CER %	Full Year		CER %
	2011 $m	2010 $m		2011 $m	2010 $m	
Nexium	1,067	1,231	-13	4,429	4,969	-12
Losec/Prilosec	248	243	-2	946	986	-11
Total	1,364	1,500	-9	5,536	6,088	-11

- In the US, *Nexium* sales in the fourth quarter were $614 million, down 8 percent compared with the fourth quarter last year. Dispensed retail tablet volume decreased by around 8.5 percent. A low single digit decline in average selling prices was largely due to the impact of US healthcare reform measures.
- *Nexium* sales in the US for the full year were down 11 percent to $2,397 million.
- *Nexium* sales in other markets in the fourth quarter were down 18 percent to $453 million. Sales in Western Europe were down 50 percent, largely the result of generic competition, with France accounting for more than half of the decline. Sales in Established Rest of World were up 5 percent, as the launch in Japan more than offset the impact of generic competition in Canada. Sales in Emerging Markets increased by 24 percent.
- *Nexium* sales in other markets were down 13 percent for the full year to $2,032 million.
- *Prilosec* sales in the US were down 21 percent for the full year to $38 million.
- Sales of *Losec* in the Rest of World were down 2 percent in the fourth quarter. *Losec* sales in the Rest of World were down 10 percent for the full year to $908 million.

Cardiovascular

	Fourth Quarter		CER %	Full Year		CER %
	2011 $m	2010 $m		2011 $m	2010 $m	
Crestor	1,771	1,587	+11	6,622	5,691	+13
Atacand	346	375	-6	1,450	1,483	-6
Seloken /Toprol-XL	236	253	-5	986	1,210	-20
Plendil	60	63	-8	256	255	-4
Zestril	35	40	-13	144	157	-11
ONGLYZA™	71	32	+122	211	69	+206
Brilinta/Brilique	5	-	n/m	21	-	n/m
Total	2,654	2,487	+7	10,212	9,403	+5

- In the US, *Crestor* sales in the fourth quarter were up 12 percent to $843 million. *Crestor* total prescriptions increased by 4 percent whilst the overall statin market was flat. Generic atorvastatin became available in the US market at the end of November 2011. Based on the limited data available so far, average total prescriptions volumes for *Crestor* in the weeks following the generic availability of atorvastatin are broadly in line with volumes before the launch.
- US sales for *Crestor* for the full year increased by 16 percent to $3,074 million.
- *Crestor* sales in the Rest of World were up 10 percent to $928 million in the fourth quarter. Volume growth for *Crestor* in these markets continues to significantly exceed the growth in the overall statin market. Sales in Western Europe were up 5 percent, largely on double-digit growth in France and Spain. Sales in Established Rest of World were up 15 percent, with Japan accounting for half of the increase. Sales in Emerging Markets were up 8 percent, where good growth in China was partially offset by generic erosion in Brazil.
- *Crestor* sales in the Rest of World were up 10 percent to $3,548 million for the full year.
- US sales of the *Toprol-XL* product range, which includes sales of the authorised generic, decreased by 25 percent in the fourth quarter to $89 million on declining prescription volume and lower prices. An additional generic product received regulatory approval in December 2011.
- *Toprol-XL* franchise sales in the US for the full year were down 41 percent to $404 million.

- Sales of *Seloken* in other markets were up 12 percent in the fourth quarter to $147 million. Sales were up 8 percent for the full year to $582 million, on a 15 percent increase in Emerging Markets.

- US sales of *Atacand* were down 14 percent in the fourth quarter and were down 16 percent for the full year. *Atacand* sales in Rest of World were down 5 percent in the fourth quarter and 4 percent for the full year.

- Alliance revenue from the ONGLYZA™ collaboration with Bristol-Myers Squibb totalled $71 million in the fourth quarter and $211 million for the full year. Alliance revenue in the US was $53 million in the fourth quarter and $156 million for the full year. Prescriptions for DPP4 products increased by more than 25 percent in the US in 2011. Over the course of the year, ONGLYZA™ share of DPP4 prescriptions increased by 1.8 percentage points, whilst KOMBIGLYZE XR™ added a further 4.7 percentage points to franchise share during its first year on the market. Combined franchise share reached 16.5 percent in December 2011.

- *Brilinta/Brilique* sales for the full year were $21 million, which reflects the fact that, based on the attainment of reimbursement, formulary acceptance and protocol adoption achieved so far, the Company estimates the product is available to only around 12 percent of incident ACS patients. Where formulary and protocol adoption has been achieved, the early results are encouraging. For example, the Company's latest market research in Germany indicates that, in target hospitals where *Brilique* is on protocol, treatment with *Brilique* is being initiated in 31 percent of new ACS patients, second only to clopidogrel.

Respiratory and Inflammation

	Fourth Quarter		CER %	Full Year		CER %
	2011 $m	2010 $m		2011 $m	2010 $m	
Symbicort	839	741	+13	3,148	2,746	+11
Pulmicort	223	233	-4	892	872	-
Rhinocort	50	52	-2	212	227	-9
Oxis	14	15	-7	56	63	-16
Accolate	5	7	-29	22	57	-63
Total	1,166	1,086	+7	4,468	4,099	+6

- *Symbicort* sales in the US were $242 million in the fourth quarter, a 26 percent increase over last year. Total prescriptions for *Symbicort* were up 9 percent over the fourth quarter last year, compared with a 2 percent decline for the fixed combination product class. As a result, market share for *Symbicort* increased by 2.2 percentage points during the year, despite the launch of a new entrant, with share of total prescriptions reaching 20.3 percent in December 2011. Market share for patients newly starting combination therapy is 26 percent.

- US sales of *Symbicort* for the full year were $846 million, an increase of 17 percent.

- *Symbicort* sales in other markets in the fourth quarter were $597 million, 9 percent ahead of the fourth quarter last year, fuelled by strong growth in Japan (up 56 percent) and in Emerging Markets (up 19 percent).

- *Symbicort* sales in the Rest of World for the full year were up 9 percent to $2,302 million.

- US sales of *Pulmicort* in the fourth quarter were down 10 percent to $61 million, where the brand share for budesonide inhaled suspension (BIS) has fallen to 11.5 percent.

- US sales of *Pulmicort* for the full year were down 9 percent to $279 million.

- Sales of *Pulmicort* in the Rest of World for the full year were up 4 percent to $613 million.

Oncology

	Fourth Quarter		CER %	Full Year		CER %
	2011 $m	2010 $m		2011 $m	2010 $m	
Arimidex	166	278	-42	756	1,512	-53
Zoladex	298	302	-1	1,179	1,115	+3
Casodex	142	148	-9	550	579	-12
Iressa	149	115	+25	554	393	+32
Faslodex	149	111	+35	546	345	+55
Nolvadex	27	25	-	99	89	+3
Caprelsa	4	-	n/m	8	-	n/m
Total	939	982	-6	3,705	4,045	-12

- In the US, sales of *Arimidex* were down 77 percent in the fourth quarter to $5 million. Sales for the full year were down 91 percent to $42 million. Generics now account for 97 percent of anastrozole prescriptions in the US.

- *Arimidex* sales in other markets were down 39 percent in the fourth quarter to $161 million. Market exclusivity in many of these markets expired in February 2011. For the full year, sales were down 34 percent to $714 million.

- *Casodex* sales in the fourth quarter were down 9 percent to $142 million, reflecting revenue in the Rest of World offset by $5 million in product returns in the US, where the market is now virtually all generic. Sales in Japan, which accounted for more than 70 percent of product sales worldwide, were up 1 percent.

- For the full year, *Casodex* sales in the Rest of World were down 8 percent to $556 million.

- *Iressa* sales increased by 25 percent to $149 million in the fourth quarter, with strong growth in Western Europe and Emerging Markets each accounting for about half of the sales increase. *Iressa* sales increased by 32 percent to $554 million for the full year.

- *Faslodex* sales for the full year in the US were up 71 percent to $264 million. Sales in the Rest of World reached $282 million, an increase of 42 percent. Adoption of the new 500mg dosage regime is fuelling this growth.

Neuroscience

	Fourth Quarter		CER %	Full Year		CER %
	2011 $m	2010 $m		2011 $m	2010 $m	
Seroquel	1,546	1,340	+15	5,828	5,302	+8
Seroquel IR	1,148	1,024	+12	4,338	4,148	+3
Seroquel XR	398	316	+27	1,490	1,154	+27
Zomig	101	110	-9	413	428	-7
Vimovo	14	-	n/m	34	5	n/m
Total	1,883	1,706	+10	7,204	6,704	+5

- In the US, *Seroquel* franchise sales were up 20 percent to $1,124 million in the fourth quarter. Sales of *Seroquel IR* were $910 million, up 18 percent with the positive impact from pricing and some inventory movement more than offsetting lower prescription demand. Sales of *Seroquel XR* were up 31 percent to $214 million. *Seroquel XR* accounted for 17.6 percent of total prescriptions and 19 percent of revenue for the franchise in the fourth quarter in the US. Total prescriptions for the US antipsychotic market were flat in the fourth quarter. Total prescriptions for *Seroquel XR* were up 8 percent, whilst prescriptions for *Seroquel IR* were down 6 percent compared with the fourth quarter last year.

- US sales of *Seroquel* for the full year were $4,123 million, 10 percent ahead of last year. US sales for *Seroquel XR* were up 22 percent to $779 million.

- *Seroquel* franchise sales in the Rest of World were $422 million in the fourth quarter, a 3 percent increase. Sales of *Seroquel XR* increased by 22 percent, and now account for 43.6 percent of franchise sales outside the US. *Seroquel* franchise sales were up 3 percent in Western Europe on a 19 percent increase for *Seroquel XR*. Franchise sales in Established Rest of World were up 19 percent, but this is largely the result of the phasing of shipments in Japan. *Seroquel* franchise sales in Emerging Markets were down 6 percent, where a 37 percent increase for *Seroquel XR* was more than offset by declines for *Seroquel IR* in Brazil following loss of exclusivity.

- For the full year, *Seroquel* sales in the Rest of World increased by 4 percent to $1,705 million. Sales of *Seroquel XR* were up 32 percent to $711 million.

- For the full year, US sales of *Vimovo* were $21 million; sales in the Rest of World were $13 million.

Infection and Other

	Fourth Quarter		CER %	Full Year		CER %
	2011 $m	2010 $m		2011 $m	2010 $m	
Synagis	411	397	+4	975	1,038	-6
Merrem	114	183	-35	583	817	-30
FluMist	34	51	-33	161	174	-7
Non seasonal flu vaccine	-	-	-	7	39	-82
Total	595	656	-9	1,856	2,176	-15

- In the US, sales of *Synagis* in the fourth quarter were down 5 percent to $261 million. US sales for the full year were down 12 percent to $570 million. Outside the US, *Synagis* sales in the fourth quarter were up 24 percent to $150 million, reflecting the quarterly phasing of shipments to Abbott, our international distributor. For the full year, sales in Rest of World were up 3 percent to $405 million.

- *FluMist* sales for the full year were $161 million, a 7 percent decline versus last year.

- Sales of *Merrem* were down 35 percent in the fourth quarter as a result of generic competition in the US and Western Europe. Sales for the full year were down 30 percent.

Geographic Sales

	Fourth Quarter		CER %	Full Year		CER %
	2011 $m	2010 $m		2011 $m	2010 $m	
US	3,643	3,454	+5	13,426	13,727	-2
Western Europe	2,005	2,347	-15	8,501	9,168	-11
Established ROW*	1,600	1,475	+3	5,901	5,176	+4
Emerging ROW	1,408	1,341	+10	5,763	5,198	+10

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

- In the US, revenue was down 2 percent for the full year. The pricing impact from US healthcare reform measures lowered revenue by around 3.3 percent. Good growth for *Crestor*, the *Seroquel* franchise, *Symbicort* and ONGLYZA™ broadly offset the impact of generic competition for *Arimidex*, *Toprol-XL* and *Merrem*, and declines in *Nexium*.

- Revenue in Western Europe was down 11 percent for the full year on mid-single digit declines in both volume and price. Revenue of nearly $1 billion was lost to generic competition, chiefly *Nexium*, *Arimidex* and *Merrem*. Revenue growth was provided by *Seroquel XR*, *Iressa*, *Faslodex*, *Crestor* and ONGLYZA™.

- Revenue in the Established Rest of World segment was up 4 percent for the full year. In Japan, the launch of *Nexium* and continued growth for *Symbicort* and *Crestor* led to a 6 percent increase in revenue. Revenue in Canada was up 1 percent, as growth for *Crestor* was able to more than offset the impact of generic competition for *Nexium* and *Atacand*. Revenue in Other Established ROW was up 4 percent, largely on growth for *Crestor*.

- Revenue in Emerging Markets was up 10 percent in the fourth quarter and the full year. Full year revenue grew in the mid to high teens in China, Russia, and the Middle East/North Africa region. Revenue in Brazil was down as a result of generic competition for *Crestor* and *Seroquel IR*.

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 items, such as charges and provisions related to our global restructuring 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 each of these measures is given on page 80 of our Annual Report and Form 20-F Information 2010.

Fourth Quarter

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

	Reported 2011	Restructuring	Merck & MedImmune Amortisation	Intangible Impairments	Legal Provisions/ Other	Core 2011	Core 2010	Actual %	CER %
Revenue	**8,656**	**-**	**-**	**-**	**-**	**8,656**	**8,617**	**-**	**-**
Cost of Sales	(1,612)	36	-	-	-	(1,576)	(1,725)		
Gross Profit	**7,044**	**36**	**-**	**-**	**-**	**7,080**	**6,892**	**3**	**1**
% sales	*81.4%*					*81.8%*	*80.0%*	*+1.8*	*+0.9*
Distribution	(85)	-	-	-	-	(85)	(87)	(2)	(1)
% sales	*1.0%*					*1.0%*	*1.0%*	-	-
R&D	(1,867)	175	-	-	-	(1,692)	(1,294)	31	31
% sales	*21.6%*					*19.5%*	*15.0%*	*-4.5*	*-4.6*
SG&A	(3,141)	448	117	-	30	(2,546)	(2,878)	(12)	(12)
% sales	*36.3%*					*29.5%*	*33.5%*	*+4.0*	*+3.9*
Other Income	216	-	17	-	-	233	232	-	-
% sales	*2.5%*					*2.7%*	*2.7%*	-	-
Operating Profit	**2,167**	**659**	**134***	**-**	**30**	**2,990**	**2,865**	**4**	**1**
% sales	*25.0%*					*34.5%*	*33.2%*	*+1.3*	*+0.2*
Net Finance Expense	(115)	-	-	-	-	(115)	(128)		
Profit before Tax	**2,052**	**659**	**134**	**-**	**30**	**2,875**	**2,737**	**5**	**1**
Taxation	(559)	(174)	(25)	-	(8)	(766)	(769)		
Profit after Tax	**1,493**	**485**	**109**	**-**	**22**	**2,109**	**1,968**	**7**	**3**
Non-controlling Interests	(7)	-	-	-	-	(7)	(11)		
Net Profit	**1,486**	**485**	**109**	**-**	**22**	**2,102**	**1,957**	**7**	**4**
Weighted Average Shares	1,312	1,312	1,312	1,312	1,312	1,312	1,418		
Earnings per Share	**1.16**	**0.36**	**0.08**	**-**	**0.01**	**1.61**	**1.39**	**16**	**12**

* *Of the $134 million amortisation adjustment, $93 million is related to MedImmune, with a corresponding tax adjustment of $25 million; Merck related amortisation was $41 million, which carries no tax adjustment.*

Revenue was flat in the fourth quarter at $8,656 million.

Core gross margin of 81.8 percent was 0.9 percentage points higher than last year, largely the result of favourable revenue mix and the impact of the disposal of Astra Tech.

Core SG&A costs of $2,546 million were 12 percent lower than last year. Lower DTC and other advertising costs, as well as the divestment of Astra Tech, more than offset the continued investment in Emerging Markets.

Core Pre-R&D operating margin was 54.0 percent, 3.5 percentage points higher than last year as a result of the higher gross margin and lower SG&A costs.

Core R&D costs of $1,692 million were 31 percent higher than last year due to intangible impairments for olaparib and TC-5214, combined with higher project costs for products such as TC-5214 and NKTR-118.

Core other income of $233 million was flat in the fourth quarter with the reduction in *Entocort* income offset by higher royalties on sales of Teva's generic version of *Pulmicort Respules.*

Core operating profit was $2,990 million, up 1 percent at CER or up 4 percent on an actual basis. Core operating margin increased by 0.2 percentage points compared with last year, with the increase in R&D costs more than offset by the higher gross margin and lower SG&A costs.

Core earnings per share in the fourth quarter were up 12 percent to $1.61 with the increase in operating profit enhanced by lower net interest, a lower tax rate and the benefit of a lower average number of shares outstanding.

Reported operating profit was down 14 percent to $2,167 million as a result of the positive impact in the previous year arising from changes made to benefits under certain of the Group's post-retirement benefit plans, chiefly the Group's UK pension plan. Reported earnings per share were down 5 percent in CER terms as the operating profit impact was partially offset by lower tax and a lower average number of shares outstanding.

Full Year

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

	Reported 2011	Restructuring	Merck & MedImmune Amortisation	Intangible Impairments	Legal Provisions / Other	Core 2011	Core 2010	Actual %	CER %
Revenue	**33,591**	**-**	**-**	**-**	**-**	**33,591**	**33,269**	**1**	**(2)**
Cost of Sales	(6,026)	54	-	-	-	(5,972)	(6,245)		
Gross Profit	**27,565**	**54**	**-**	**-**	**-**	**27,619**	**27,024**	**2**	**-**
% sales	*82.1%*					*82.2%*	*81.2%*	*+1.0*	*+1.3*
Distribution	(346)	-	-	-	-	(346)	(335)	3	(1)
% sales	*1.0%*					*1.0%*	*1.0%*	*-*	*-*
R&D	(5,523)	468	-	22	-	(5,033)	(4,219)	19	15
% sales	*16.5%*					*15.0%*	*12.7%*	*-2.3*	*-2.2*
SG&A	(11,161)	639	469	-	135	(9,918)	(9,777)	1	(2)
% sales	*33.2%*					*29.5%*	*29.4%*	*-0.1*	*-0.1*
Other Income	2,260	-	68	-	(1,483)**	845	910	(7)	(8)
% sales	*6.7%*					*2.5%*	*2.7%*	*-0.2*	*-0.2*
Operating Profit	**12,795**	**1,161**	**537***	**22**	**(1,348)**	**13,167**	**13,603**	**(3)**	**(4)**
% sales	*38.1%*					*39.2%*	*40.8%*	*-1.6*	*-1.2*
Net Finance Expense	(428)	-	-	-	-	(428)	(517)		
Profit before Tax	**12,367**	**1,161**	**537**	**22**	**(1,348)**	**12,739**	**13,086**	**(3)**	**(4)**
Taxation	(2,351)	(306)	(98)	(6)	(36)	(2,797)	(3,416)		
Profit after Tax	**10,016**	**855**	**439**	**16**	**(1,384)**	**9,942**	**9,670**	**3**	**2**
Non-controlling Interests	(33)	-	-	-	-	(33)	(28)		
Net Profit	**9,983**	**855**	**439**	**16**	**(1,384)**	**9,909**	**9,642**	**3**	**2**
Weighted Average Shares	1,361	1,361	1,361	1,361	1,361	1,361	1,438		
Earnings per Share	**7.33**	**0.63**	**0.32**	**0.01**	**(1.01)**	**7.28**	**6.71**	**9**	**7**

* *Of the $537 million amortisation adjustment, $373 million is related to MedImmune, with a corresponding tax adjustment of $98 million; Merck related amortisation was $164 million, which carries no tax adjustment.*

** *Gain on the sale of Astra Tech was $1,483 million, and carries no tax adjustment.*

Revenue in 2011 was $33,591 million, down 2 percent.

Core gross margin of 82.2 percent increased 1.3 percentage points. The year on year improvement in the margin was largely due to the impact of the intangible impairment related to lesogaberan in 2010 and the benefit from the settlement with PDL Biopharma Inc., in the first quarter 2011.

Core SG&A costs of $9,918 million were 2 percent lower compared with the previous year. Investment in Emerging Markets and recently launched brands as well as the impact of the US healthcare reform excise tax were more than offset by operational efficiencies across Established Markets.

Core other income of $845 million was 8 percent lower than last year principally as a result of a higher level of disposal gains in the third and fourth quarters last year.

Core Pre-R&D operating margin was 54.2 percent, up 1.0 percentage points, primarily due to the higher gross margin.

Core R&D expense was $5,033 million, 15 percent higher than last year, driven by higher intangible impairments in the fourth quarter and late stage project spend.

Core operating profit was $13,167 million, a decrease of 4 percent. Core operating margin declined by 1.2 percentage points to 39.2 percent as a result of the higher R&D spend and lower other operating income.

Core earnings per share were $7.28, up 7 percent, with the lower operating profit offset by a lower effective tax rate, lower net interest as well as the benefit of a lower average number of shares outstanding.

Reported operating profit was up 10 percent at $12,795 million largely as a result of the impact of the profit on disposal of Astra Tech. Reported earnings per share were up 29 percent with the reported operating profit being enhanced by the lower tax rate and the benefit of a lower average number of shares outstanding.

Finance Income and Expense

Net finance expense was $428 million, against $517 million in 2010. The lower expense is largely due to reduced interest payable on lower debt balances ($46 million) and a lower net pension interest expense ($55 million) principally due to increased pension assets held by our defined benefit schemes.

Taxation

The effective tax rate for the fourth quarter is 27.2 percent (2010 28.5 percent) and 19.0 percent for the year (2010 26.4 percent).

As previously disclosed, the effective tax rate has benefited from the non-taxable gain on the disposal of Astra Tech and an adjustment in respect of prior periods following the announcement in March that HM Revenue & Customs in the UK and the US Internal Revenue Service agreed the terms of an Advance Pricing Agreement regarding transfer pricing arrangements for AstraZeneca's US business for the period from 2002 to the end of 2014 and a related valuation matter. Excluding these benefits, the effective tax rate for the year was 26.4 percent on a reported basis. This 26.4 percent tax rate is applied to the taxable Core adjustments to operating profit, resulting in a Core effective tax rate for the year of 22.0 percent including the benefit of the APA and related valuation matter settlement.

The full year effective tax rate for 2012 is currently anticipated to be around 24 percent.

Cash Flow

Cash generated from operating activities was $7,821 million in the year to 31 December 2011, compared with $10,680 million in 2010. The decrease of $2,859 million is primarily driven by higher tax payments made this year, including a net amount of $1.1 billion in relation to the Advance Pricing Agreement between the UK and US governments' tax authorities and the settlement of a related valuation matter, and an increase in working capital.

Net cash outflows from investing activities were $2,022 million in the year compared with an outflow of $2,226 million in 2010. The difference of $204 million is due primarily to the net cash received on the sale of Astra Tech of $1,772 million and $1,070 million lower net externalisation payments, offset by the movement of cash into short-term investments and fixed deposits of $2,618 million, largely in treasury bills.

Cash distributions to shareholders were $9,370 million through net share repurchases of $5,606 million and $3,764 million through the payment of the second interim dividend from 2010, and the first interim dividend from 2011.

Debt and Capital Structure

At 31 December 2011, outstanding gross debt (interest-bearing loans and borrowings) was $9,328 million (2010: $9,222 million). Of the gross debt outstanding at 31 December 2011, $1,990 million is due within one year (2010: $125 million).

Net funds of $2,849 million have decreased by $804 million during the year as a result of the net cash outflow as described above.

Calendar

26 April 2012	Announcement of first quarter 2012 results
26 April 2012	Annual General Meeting
26 July 2012	Announcement of second quarter and half year 2012 results
25 October 2012	Announcement of third quarter and nine months 2012 results

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Chief Executive Officer

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Interviews with management will be available on www.astrazeneca.com and http://info.astrazenecaevents.com