FY 2010 ANALYST PRESENTATION
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[SLIDE 1: LOGO]

[SLIDE 2: DAVID BRENNAN]

GOOD AFTERNOON TO ALL OF YOU HERE IN LONDON, AND WELCOME TO THOSE OF YOU JOINING THE WEBCAST FOR OUR FULL YEAR RESULTS CONFERENCE.

I AM GOING TO START WITH A REVIEW OF THE KEY EVENTS OF THE PAST YEAR.
THEN I WILL LOOK AT THE HEADLINE RESULTS FOR THE FULL YEAR 2010,
INCLUDING A FOCUS ON THE REVENUE HIGHLIGHTS BY REGION AND BY BRAND.

MARTIN MACKAY WILL THEN FOLLOW WITH HIS REVIEW OF THE YEAR FROM AN R&D PERSPECTIVE, INCLUDING THE PIPELINE UPDATE.

FINALLY, SIMON LOWTH WILL DO A QUICK REVIEW OF THE FOURTH QUARTER RESULTS,
BUT FOCUS ON A REVIEW OF THE P&L FOR THE FULL YEAR.
HE WILL ALSO REVIEW THE MID-TERM PLANNING ASSUMPTIONS THAT WE PROVIDED AT THIS TIME LAST YEAR,
AND CONCLUDE WITH OUR 2011 FINANCIAL GUIDANCE,
AFTER WHICH WE WILL OPEN THE FLOOR FOR YOUR QUESTIONS.

[SLIDE 3: STRATEGIC PRIORITIES (1)]

AT LAST YEAR'S PRESENTATION WE AFFIRMED OUR COMMITMENT TO A BUSINESS MODEL THAT, AT ITS CORE,
IS DRIVEN BY INVESTMENT IN INNOVATIVE, PRESCRIPTION-BASED BIOPHARMACEUTICAL RESEARCH AND DEVELOPMENT,
COMBINED WITH A WORLD CLASS SUPPLY CAPABILITY AND COMMERCIAL EXCELLENCE ON A GLOBAL BASIS.

THERE ARE OTHER BUSINESS MODELS,
BUT OUR VIEW IS THAT IF SHAREHOLDERS WANT TO DIVERSIFY THEIR PORTFOLIO,
THEY DON'T NEED US TO DO THAT FOR THEM...
WE ARE GOING TO FOCUS ON WHAT WE DO BEST...
WHERE WE HAVE THE REQUISITE SKILLS TO SUCCEED,
AND WHERE WE BELIEVE WE CAN DELIVER VALUE FOR PATIENTS AND FOR SHAREHOLDERS.

[SLIDE 4: STRATEGIC PRIORITIES (2)]

IN THE END, IT COMES DOWN TO EXECUTION.
AND AGAINST THE FOUR MAJOR PILLARS OF OUR STRATEGY, WE CONTINUE TO MAKE GOOD PROGRESS.

ON GROWING THE BUSINESS,
DESPITE THE GENERIC COMPETITION,
WE HAVE GENERATED STRONG GROWTH IN KEY BRANDS SUCH AS CRESTOR, SEROQUEL XR AND SYMBICORT...
AND WE ARE DRIVING DOUBLE DIGIT GROWTH IN EMERGING MARKETS.

ON BUSINESS RESHAPING,
THE FIRST PHASE OF OUR RESTRUCTURING HAS DELIVERED $2.4 BILLION IN ANNUAL BENEFITS.
WE ARE NOW WELL INTO PHASE II, AND THERE IS ANOTHER $1.9 BILLION TO GO FOR.

AND ON THE PIPELINE,
ALTHOUGH THERE WERE SOME DISAPPOINTMENTS THIS YEAR,
WE ARE TACKLING THE ISSUE OF R&D PRODUCTIVITY HEAD-ON,
WITH ENERGY AND CONVICTION...

...AND DOING IT ALL WITHIN A CULTURE THAT STRESSES INNOVATION, ACCOUNTABILITY AND INTEGRITY.

SO, OVERALL, GOOD PROGRESS ON THOSE FRONTS.

[SLIDE 5A: KEY DEVELOPMENTS 2010]

IN MY VIEW, HERE ARE THE KEY DEVELOPMENTS LAST YEAR.

I BELIEVE THAT OUR COMPANY TURNED IN A RESILIENT PERFORMANCE GIVEN THE MARKET CHALLENGES WE FACED.

[SLIDE 5B: BUILD: RESILIENT REVENUE]

WE WERE ABLE TO HOLD REVENUE FLAT COMPARED WITH 2009 ON A CONSTANT CURRENCY BASIS,
DESPITE HAVING TO ABSORB A $1.6 BILLION REVENUE HIT IN THE US FROM GENERIC COMPETITION ON SEVERAL PRODUCTS,

COMBINED WITH THE ABSENCE OF THE H1N1 PANDEMIC FLU VACCINE REVENUES THAT WE HAD IN 2009.
LIKE THE REST OF THE INDUSTRY,
WE ALSO HAD TO NAVIGATE THROUGH US HEALTHCARE REFORM AND EUROPEAN GOVERNMENT PRICING INTERVENTIONS.

WE WERE ABLE TO ACCOMPLISH THIS RESULT BY DRIVING GOOD GROWTH IN OUR EX-US MARKETS,
WHICH WERE UP 7 PERCENT.
THIS INCLUDES STRONG 16 PERCENT GROWTH IN OUR EMERGING MARKETS BUSINESS,
WHICH GREW TO OVER $5 BILLION DOLLARS IN REVENUE,
AND WE ARE WELL ON TRACK TOWARDS OUR 2014 GOAL OF DOUBLING THIS BUSINESS.
AND CHINA BECAME A $1 BILLION DOLLAR REVENUE MARKET FOR US LAST YEAR.

TWO KEY BRANDS ALSO ACHIEVED $5 BILLION DOLLAR MILESTONES—
CRESTOR AND THE SEROQUEL FRANCHISE,
FUELLED BY A STRONG PERFORMANCE FOR SEROQUEL XR,
WHICH GREW TO OVER $1 BILLION.

[SLIDE 5C: BUILD: SHAREHOLDER RETURNS]

2010 WAS A YEAR WHERE OUR COMMITMENT TO DRIVING SHAREHOLDER RETURNS WAS VISIBLY EVIDENT.

WE INCREASED THE DIVIDEND BY 11 PERCENT,
TO $2.55 FOR THE FULL YEAR,
IN KEEPING WITH OUR PROGRESSIVE POLICY TO MAINTAIN OR GROW THE ANNUAL DIVIDEND EACH YEAR.

WE WERE ALSO SLIGHTLY AHEAD OF OUR NET SHARE REPURCHASE TARGET FOR THE YEAR,
EXECUTING A $2.1 BILLION NET BUYBACK IN 2010.
SIMON WILL HAVE MORE TO SAY ON THIS IN HIS FINANCIAL REVIEW.

[SLIDE 5D: BUILD: LEGAL DEVELOPMENTS]

THE YEAR WAS ALSO MARKED BY SOME SIGNIFICANT DEVELOPMENTS ON THE LEGAL FRONT.
WE WON AN IMPORTANT AFFIRMATION OF THE STRENGTH OF OUR INTELLECTUAL PROPERTY WITH THE US COURT DECISION UPHOLDING OUR PATENT FOR CRESTOR IN THE US.

SECONDLY, WE HAVE REACHED AGREEMENTS IN PRINCIPLE TO SETTLE WITH NEARLY 25,000 CLAIMANTS IN RESPECT TO PRODUCT LIABILITY LITIGATION FOR SEROQUEL.

[SLIDE 5E: BUILD: RESEARCH AND DEVELOPMENT]

ON THE RESEARCH AND DEVELOPMENT FRONT, SOME GOOD PROGRESS WAS MADE,
TEMPERED BY DISAPPOINTING NEWS ON SOME PIPELINE PROJECTS.

THE ENTIRE R&D ORGANISATION HAS EMBRACED THE COMPREHENSIVE CHANGE PROGRAMME WE SET IN MOTION LAST YEAR WITH ENERGY AND COMMITMENT...
LED BY A GROUP OF STRONG LEADERS...HEADED BY MARTIN MACKAY.

THE HIGHLIGHT OF THE YEAR WAS THE FIRST REGULATORY APPROVALS FOR BRILINTA, OR BRILIQUE AS IT IS KNOWN IN EUROPE,
WHERE WE RECEIVED APPROVAL IN DECEMBER.
IN DECEMBER WE ALSO RECEIVED A COMPLETE RESPONSE LETTER FROM THE US FDA...
AND I AM VERY PROUD OF THE WAY MARTIN'S ORGANISATION MARSHALLED ITS EFFORTS TO PROVIDE OUR RESPONSE TO THAT CRL JUST LAST WEEK, A REAL ACHIEVEMENT.

WHILE BRILIQUE WAS THE HIGHLIGHT,
IT WASN'T THE **ONLY** REGULATORY APPROVAL LAST YEAR...
WE ALSO RECEIVED APPROVALS FOR VIMOVO IN THE US AND EUROPE...
KOMBIGLYZE XR IN THE US,
AND IMPORTANT LIFECYCLE MANAGEMENT INDICATIONS FOR CRESTOR AND SEROQUEL XR.

TOGETHER WITH BRISTOL-MYERS SQUIBB, WE SUBMITTED REGULATORY FILES IN THE US AND EUROPE FOR DAPAGLIFLOZIN,
A POTENTIALLY "FIRST IN CLASS" NEW MEDICINE FOR THE TREATMENT OF TYPE 2 DIABETES.
AS FOR THE DISAPPOINTMENTS...
WE STOPPED FURTHER DEVELOPMENT OF MOTAVIZUMAB FOR RSV PROPHYLAXIS –
AND FOR CERTRIAD FOR MIXED DYSLIPIDAEMIA.
WE HAD DISAPPOINTING TRIAL RESULTS FOR RECENTIN IN COLORECTAL CANCER AND GLIOBLASTOMA.
THE FIRST OF THE PHASE III TRIAL RESULTS FOR ZIBOTENTAN ALSO MISSED THEIR PRIMARY ENDPOINT,
ALTHOUGH WORK CONTINUES IN OTHER AREAS OF THE PROSTATE CANCER SPECTRUM.

SO, WITH THAT AS A BACKDROP, LET ME NOW TURN TO THE HEADLINE RESULTS FOR THE FULL YEAR.
AND WHEN I REFER TO GROWTH RATES THEY WILL BE ON A CONSTANT CURRENCY BASIS.

[SLIDE 6: HEADLINE RESULTS FY 2010]

REVENUE FOR THE YEAR WAS UNCHANGED COMPARED WITH 2009, AT $33.3 BILLION DOLLARS.
AS I MENTIONED AT THE OPENING, WE OVERCAME THE REVENUE HEADWINDS IN THE US WITH A GOOD PERFORMANCE IN THE REST OF WORLD MARKETS.

CORE OPERATING PROFIT WAS $13.6 BILLION, ALSO UNCHANGED.

CORE EARNINGS PER SHARE WERE $6.71,
THAT WAS SLIGHTLY AHEAD OF OUR LATEST GUIDANCE,
AND UP 5 PERCENT FOR THE FULL YEAR...
ON A LOWER TAX RATE AND LOWER NET FINANCE EXPENSE,
COMBINED WITH THE IMPACT OF FEWER SHARES OUTSTANDING AS A RESULT OF THE BUYBACKS.

IN BRIDGING FROM CORE TO REPORTED EPS,
ADJUSTING ITEMS IN AGGREGATE WERE BROADLY SIMILAR YEAR ON YEAR,
BUT WITH LARGE SWINGS ON SOME OF THE INDIVIDUAL ITEMS.
RESTRUCTURING COSTS AND INTANGIBLE IMPAIRMENTS, FOR EXAMPLE,
WERE NEARLY 2 TIMES THE 2009 LEVEL...
BUT THESE WERE LARGELY OFFSET BY THE 40 CENT GAIN THIS YEAR ARISING FROM CHANGES MADE TO BENEFITS UNDER CERTAIN OF THE GROUP'S POST-RETIREMENT BENEFIT PLANS,
CHIEFLY THE GROUP'S UK PENSION PLAN.

THE NET EFFECT IS THAT REPORTED EPS WAS $5.60, UP 7 PERCENT,
WHICH WAS BROADLY IN LINE WITH THE GROWTH IN CORE EPS.

THE DIVIDEND WAS INCREASED BY 11 PERCENT TO $2.55,
AND CASH RETURNS TO SHAREHOLDERS WERE FURTHER ENHANCED BY THE $2.1 BILLION IN NET SHARE REPURCHASES.

[SLIDE 7: REGIONAL REVENUE PERFORMANCE]

LOOKING AT REGIONAL REVENUE PERFORMANCE,
I WOULD POINT TO THE 16 PERCENT GROWTH IN EMERGING MARKETS AS A KEY HIGHLIGHT.
WE ALSO MANAGED TO GROW REVENUE IN WESTERN EUROPE...
AS VOLUME GROWTH WAS ABLE TO MORE THAN OFFSET THE GOVERNMENT INTERVENTIONS ON PRICING.
IN THE ESTABLISHED REST OF WORLD MARKETS,
OUR CANADIAN BUSINESS HAD MID-TEENS GROWTH,

AND WE ALSO GREW REVENUE IN JAPAN, DESPITE THE BIENNIAL PRICE REDUCTION.

[SLIDE 8: KEY BRAND REVENUE PERFORMANCE]

AN OVERVIEW OF THE KEY BRANDS SHOWS 2 FIVE BILLION DOLLAR FRANCHISES,
CRESTOR AND SEROQUEL, GROWING STRONGLY...
A NEXIUM FRANCHISE JUST UNDER $5 BILLION THAT IS HOLDING UP VERY WELL IN ITS MATURITY.
SYMBICORT WAS ANOTHER STRONG PERFORMER, UP 20 PERCENT.
THE ARIMIDEX PERFORMANCE REFLECTS THE ONSET OF GENERIC COMPETITION IN THE US FROM MID-2010...
WITH GENERICS IN EUROPE EXPECTED FROM FEBRUARY 2011 ONWARDS.

LET'S LOOK AT THE BRANDS IN DETAIL. ONCE AGAIN, GROWTH RATES ARE QUOTED ON IN CONSTANT CURRENCY TERMS.

[SLIDE 9: CRESTOR]

CRESTOR SALES WERE UP 24 PERCENT FOR THE YEAR, TO NEARLY $5.7 BILLION.

CRESTOR IS GROWING WELL AHEAD OF THE STATIN MARKET IN ALL MAJOR REGIONS...
IN THE US, FOR EXAMPLE,
TOTAL PRESCRIPTIONS WERE UP 12 PERCENT AGAINST A MARKET GROWTH OF JUST 3 PERCENT.

NEW INDICATIONS BASED ON THE JUPITER STUDY ARE SUPPORTING THIS GROWTH.
OUR STRONG BRAND POSITION FOR PATIENTS AT ELEVATED CARDIOVASCULAR RISK IS THE KEY TO SUPPORTING THE BRAND ONCE LIPITOR'S PATENT EXPIRES.
YOU CAN SEE THAT WE ALSO ACHIEVED AT LEAST 20 PERCENT GROWTH IN ALL THREE OF THE REST OF WORLD REGIONS.

[SLIDE 10: SEROQUEL]

SEROQUEL FRANCHISE SALES REACHED $5.3 BILLION, A 9 PERCENT INCREASE.
THIS PERFORMANCE WAS DRIVEN BY THE 67 PERCENT INCREASE FOR SEROQUEL XR,
WHICH IS NOW A BILLION DOLLAR PRODUCT IN ITS OWN RIGHT.

BY YEAR'S END SEROQUEL XR ACCOUNTED FOR 24 PERCENT OF GLOBAL FRANCHISE REVENUE—
17 PERCENT OF FRANCHISE REVENUE IN THE US,
38 PERCENT IN THE REST OF WORLD.

FOR 2011, WE LOOK FOR CONTINUED GROWTH FOR XR, INCLUDING FURTHER ROLLOUTS OF THE MDD INDICATION IN EUROPE,
AS WELL AS LAUNCHES FOR BOTH BIPOLAR DISORDER AND MDD IN THE EMERGING MARKETS.

[SLIDE 11: NEXIUM]

NEXIUM SALES WERE UNCHANGED, AT JUST UNDER $5 BILLION.

SALES IN THE US WERE DOWN 5 PERCENT,
BUT THE WHOLE PPI MARKET WAS DOWN ONE HALF PERCENT IN DISPENSED VOLUME,
SO OUR MARKET SHARE HELD UP PRETTY WELL;
AND WE DID THIS WITHOUT DIRECT SALES FORCE SUPPORT—
JUST THE NEW CHANNELS, SUCH AS DIGITAL, CUSTOMER SERVICE REPRESENTATIVES AND TELEMARKETING IN THE US.

YOU CAN SEE THAT WE GREW NEXIUM ACROSS THE REST OF WORLD MARKETS.
SALES IN EUROPE WERE UP 2 PERCENT,
DESPITE THE ONSET OF GENERIC COMPETITION IN SOME MARKETS THAT LOST EXCLUSIVITY IN MARCH OF 2010...
BUT ON BALANCE THE GENERIC APPROVALS HAVE COME THROUGH SLOWER THAN OUR PLANNING ASSUMPTION.

WE HAD 18 PERCENT GROWTH IN EMERGING MARKETS, LED BY A 36 PERCENT INCREASE IN CHINA.

AS WE CONTINUE TO DEFEND OUR INTELLECTUAL PROPERTY, THE PACE OF GENERIC APPROVALS AND LAUNCHES WILL DETERMINE HOW NEXIUM SALES EVOLVE IN 2011.

[SLIDE 12: SYMBICORT]

SYMBICORT SALES WERE UP 20 PERCENT FOR THE YEAR, TO $2.7 BILLION.

SALES IN THE US WERE UP 48 PERCENT...
TOTAL PRESCRIPTIONS WERE UP 44 PERCENT COMPARED TO A 4 PERCENT INCREASE FOR THE OVERALL FIXED COMBINATION CLASS.
SYMBICORT'S SHARE OF NEW PRESCRIPTIONS FOR STEROID/LABA COMBINATION PRODUCTS INCREASED TO 19.5 PERCENT IN DECEMBER...
THAT WAS UP ANOTHER 2 PERCENTAGE POINTS IN THE YEAR.

THE 59 PERCENT INCREASE IN ESTABLISHED REST OF WORLD IS DRIVEN BY THE STRONG LAUNCH UPTAKE IN JAPAN,

WHERE ARE VOLUME SHARE GREW TO OVER 23 PERCENT IN NOVEMBER.

WESTERN EUROPE WAS UP 5 PERCENT.
AS YET, WE HAVEN'T SEEN ANY GENERIC APPROVALS SINCE DATA EXCLUSIVITY IN THE 10-YR MARKETS EXPIRED LAST AUGUST;
AND WE ALL KNOW THAT THE REGULATORY PATH TO APPROVAL IN THIS PRODUCT CATEGORY IS CHALLENGING.

SALES IN EMERGING MARKETS ALSO SHOWED STRONG GROWTH, UP 23 PERCENT.

[SLIDE 13: ARIMIDEX]

THERE IS NOT REALLY MUCH NEW TO SAY ON ARIMIDEX.
THE 22 PERCENT DECLINE IN SALES WAS DRIVEN BY THE LAUNCH OF GENERICS IN THE US AT MID-YEAR, SO US SALES WERE DOWN 44 PERCENT IN 2010.
EXCLUSIVITY EXPIRES IN THE MAJOR EUROPEAN MARKETS IN FEBRUARY 2011.
THAT IS A QUICK REVIEW OF SOME OF THE KEY BRAND PERFORMANCES IN 2010,
THE PRESS RELEASE PROVIDES MORE DETAIL ON THE KEY BRANDS AND THE PRODUCTS I HAVEN'T COVERED.

NEXT YEAR BRILINTA WILL BE INCLUDED IN THE KEY BRAND COMMENTARY,
SO LET ME FINISH MY PORTION OF THE PRESENTATION WITH A FEW WORDS ABOUT HOW WE ARE APPROACHING THE LAUNCH OF THIS IMPORTANT NEW MEDICINE.

[SLIDE 14: BRILINTA/BRILIQUE]

BRILINTA HAS NOW BEEN APPROVED IN 30 COUNTRIES, INCLUDING THOSE IN THE EUROPEAN UNION, ICELAND, NORWAY UNDER THE TRADENAME BRILIQUE...AND,
MOST RECENTLY, IN BRAZIL, WHERE IT WILL BE CALLED BRILINTA.

IT IS UNDER REGULATORY REVIEW IN A FURTHER 21 COUNTRIES,
INCLUDING THE US...
WHERE WE HAVE MADE A RAPID RESPONSE TO THE CRL,
AND I'M SURE MARTIN WILL TOUCH ON THIS IN HIS REMARKS.

THIS IS A GREAT OPPORTUNITY TO LAUNCH AN IMPORTANT NEW MEDICINE,
BRINGING TO THE MARKET A MORE EFFECTIVE ANTI-PLATELET TREATMENT TO REDUCE THE RISK OF HEART ATTACK AND CARDIOVASCULAR DEATH IN PATIENTS WITH ACUTE CORONARY SYNDROME, OR ACS.

AS YOU MAY HAVE SEEN FROM THE PUBLISHED PRICES IN THE EARLY LAUNCH MARKETS,
OUR PRICING APPROACH REFLECTS A STRONG VALUE PROPOSITION BASED ON THE PLATO DATA.

[SLIDE 15: THE ACS OPPORTUNITY]

THE BURDEN THAT ACS PLACES ON PATIENTS AND THE HEALTHCARE SYSTEM IS HIGH.
MORE THAN 3 MILLION NEW CASES OF ACS PRESENT ANNUALLY IN THE G8 MARKETS ALONE...
THIS INCLUDES MORE THAN 1 MILLION IN THE TOP 5 EUROPEAN MARKETS.

[SLIDE 16: BRILINTA/BRILIQUE COMMERCIAL ROLL OUT]

IN TERMS OF OUR PLANS FOR LAUNCH, AS YOU WOULD EXPECT,
THE US LAUNCH IS DEPENDENT ON COMPLETING THE FDA REVIEW,
AND WE AWAIT CONFIRMATION ON THE TIMELINE FOR THE FDA'S REVIEW OF OUR RECENT RESUBMISSION.

WE HAVE STARTED THE LAUNCH PROCESS IN THE UK, GERMANY AND DENMARK IN JANUARY.

HOWEVER, THE MAJORITY OF THE EUROPEAN LAUNCHES WILL OCCUR IN THE SECOND HALF OF THIS YEAR,
FOLLOWING PRICING AND REIMBURSEMENT NEGOTIATIONS AND APPROVALS.

BESIDES REGULATORY APPROVALS AND PRICING, THERE A TWO OTHER FACTORS THAT WILL INFLUENCE THE RATE OF THE RAMP UP IN THE FIRST YEAR OF LAUNCH.

BRILINTA IS A PRODUCT WHERE MOST THERAPY STARTS OCCUR IN THE HOSPITAL,
RATHER THAN IN THE DOCTOR'S OFFICE.
WITH THESE PRODUCTS,
YOU MUST ALSO NAVIGATE FORMULARY AND TREATMENT PROTOCOL REVIEWS BEFORE YOU CAN GET USAGE.
THE REVIEWS HAPPEN ON A LOCAL, HOSPITAL BY HOSPITAL BASIS...
AND THE TIMELINE FOR THIS PROCESS IS IN THE HANDS OF THE INSTITUTIONS, NOT OURS.

THE FINAL FACTOR THAT WILL GOVERN THE PACE OF UPTAKE IN YEAR ONE IS THE RATE AT WHICH NEW ACS PATIENTS PRESENT OVER THE COURSE OF THE YEAR, IN RELATION TO WHERE AND WHEN WE HAVE LAUNCHED.

ALL WORTH KEEPING IN MIND WHEN CONSIDERING HOW QUICKLY THE MARKET CAN BE PENETRATED IN THE FIRST LAUNCH YEAR, HOWEVER LARGE YOUR PEAK YEAR SALES ASPIRATIONS.

[SLIDE 17: DAVID BRENNAN]

THAT CONCLUDES MY OVERVIEW OF 2010 PERFORMANCE.

I WILL NOW HAND OVER TO MARTIN MACKAY, WHO WILL REVIEW 2010 FROM THE RESEARCH AND DEVELOPMENT PERSPECTIVE.

MARTIN...