

Full Year Results 2010



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Full Year Results 2010

David Brennan, CEO



Our vision



Strategic priorities



Key Developments 2010

- Resilient revenue performance
 - Revenue \$33.3 billion, unchanged at CER
 - Absorbed \$1.6 billion revenue lost to US generics and absence of H1N1 flu vaccine revenue
 - US Healthcare reform and European Government interventions
 - ROW sales up 7 percent; Emerging Markets up 16 percent to > \$5 billion
 - *Crestor* and *Seroquel* franchises >\$5 billion each
- Shareholder returns
 - Dividend increased by 11 percent to \$2.55
 - \$2.1 billion in net share repurchases in 2010



Key Developments 2010

- Resilient revenue performance
- Shareholder returns
- Legal Developments
 - US court upholds US *Crestor* patent
 - Progress in *Seroquel* product liability



Key Developments 2010

- Resilient revenue performance
- Shareholder returns
- Legal Developments
- Research & Development
 - Progress on R&D change programme
 - First approvals for *Brilique/Brilinta* in Europe
 - Response to US CRL submitted 20 January
 - *Vimovo*, *Kombiglyze™ XR* and LCM for *Crestor*, *Seroquel XR*
 - Dapagliflozin regulatory submissions in US and Europe
 - Disappointments on *Motavizumab*, *Certrriad*, *Recentin*, *Zibotentan*



Headline results FY 2010

| | 2010 \$m | 2009 \$m | Actual growth | CER growth |
|------------------------------|---------------|---------------|------------------|---------------|
| Revenue | 33,269 | 32,804 | +1% | - |
| Core Operating Profit | 13,603 | 13,621 | - | - |
| Core EPS | \$6.71 | \$6.32 | +6% | +5% |
| Restructuring | (\$0.62) | (\$0.32) | | |
| MedImmune/Merck amortisation | (\$0.29) | (\$0.27) | | |
| Intangible Impairments | (\$0.29) | (\$0.13) | | |
| Legal provisions | (\$0.31) | (\$0.41) | | |
| Employee Benefits | \$0.40 | - | | |
| Reported EPS | \$5.60 | \$5.19 | +8% | +7% |



Headline results FY 2010

| | 2010 \$m | 2009 \$m | Actual growth | CER growth |
|-----------------------|---------------|---------------|------------------|---------------|
| Revenue | 33,269 | 32,804 | +1% | - |
| Core Operating Profit | 13,603 | 13,621 | - | - |
| Core EPS | \$6.71 | \$6.32 | +6% | +5% |
| Reported EPS | \$5.60 | \$5.19 | +8% | +7% |
| Full Year Dividend | \$2.55 | \$2.30 | | |



Regional revenue performance FY 2010

| | 2010 \$m | CER growth |
|-----------------------|---------------|---------------|
| Global Revenue | 33,269 | - |
| US | 13,727 | -7% |
| Western Europe | 9,168 | +2% |
| Established ROW | 5,176 | +7% |
| Emerging Markets | 5,198 | +16% |



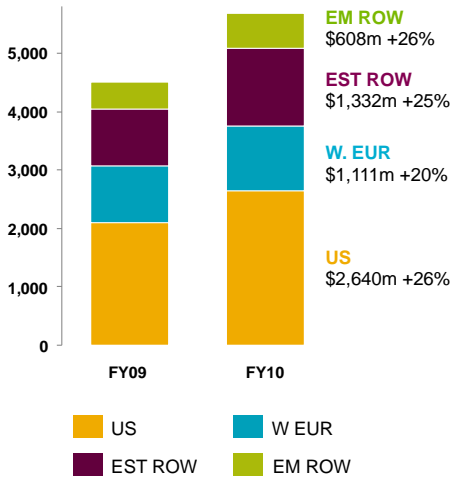
Key Brand revenue summary FY 2010

| | 2010 \$m | CER growth |
|------------------|-------------|---------------|
| <i>Crestor</i> | 5,691 | +24% |
| <i>Seroquel</i> | 5,302 | +9% |
| <i>Nexium</i> | 4,969 | - |
| <i>Symbicort</i> | 2,746 | +20% |
| <i>Arimidex</i> | 1,512 | -22% |



Crestor

FY10 Sales: \$5,691m +24%

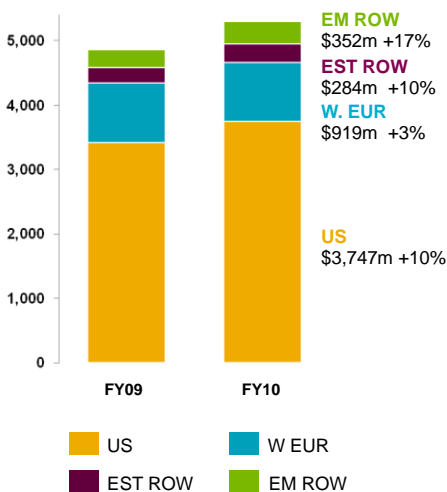


- Crestor US TRx + 12%
 - Statin market growth +3%
- New indications based on JUPITER support growth
- Strong brand position for patients at elevated CV risk



Seroquel

FY10 Sales: \$5,302m +9%



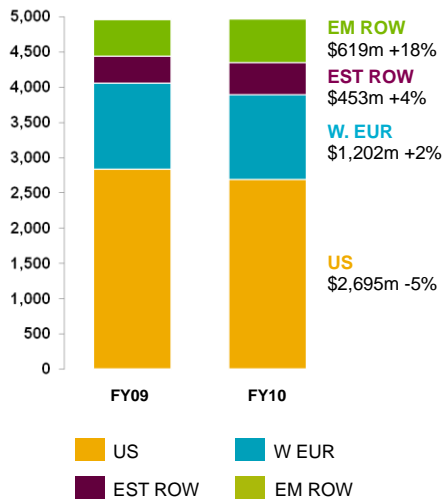
Seroquel IR: \$4,148m -1%
Seroquel XR: \$1,154m +67%

- Seroquel XR now 24% of global franchise revenue
 - US: 17% of franchise
 - ROW: 38% of franchise
- Further launches in 2011
 - MDD in Europe
 - MDD and bipolar disorder in Emerging Markets



Nexium

FY10 Sales: \$4,969m, unchgd



US

- Retail volume -5%
 - US PPI market -0.5%
- Nexium market share steady (-0.9 pts in 2010)
- Cost effective promotion
 - No direct detailing support
 - Effective use of new channels
 - Digital
 - Customer service representatives
 - Telemarketing

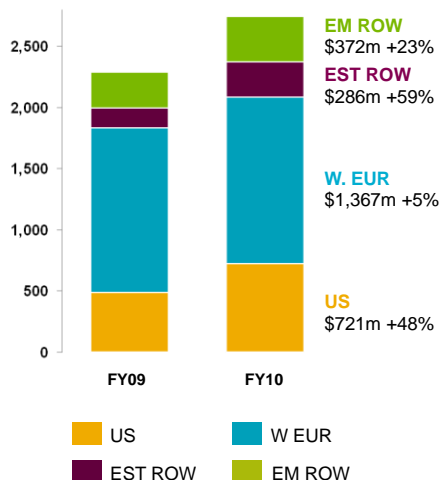
ROW

- Western Europe +2%
 - Data exclusivity in 10yr markets expired in March 2010
 - Generics approved in Germany in Q4 2010
- Emerging Markets +18%
 - China +36%



Symbicort

FY10 Sales: \$2,746m +20%



US

- Symbicort TRx +44%
 - Fixed combination market +4%
- Symbicort NRx share increased to 19.5% in Dec 2010
 - Up 2 pts vs Dec 2009

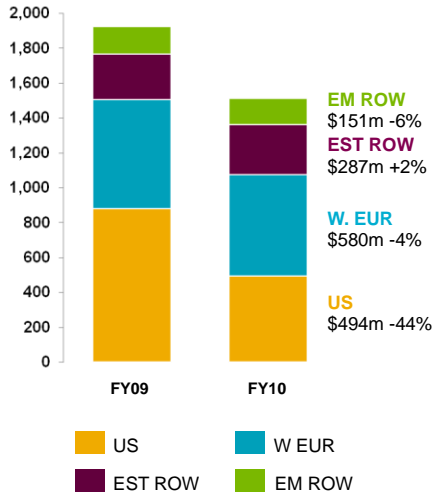
ROW

- Established ROW +59%
 - Strong launch in Japan: Volume share 23.1% in Nov 2010
- Western Europe +5%
 - Data exclusivity in 10yr markets expired in Aug 2010
 - Complex regulatory path for generics
- Emerging Markets +23%



Arimidex

FY10 Sales: \$1,512m -22%



- US generics approvals in June 2010
- Exclusivity in major European markets expires in Feb 2011

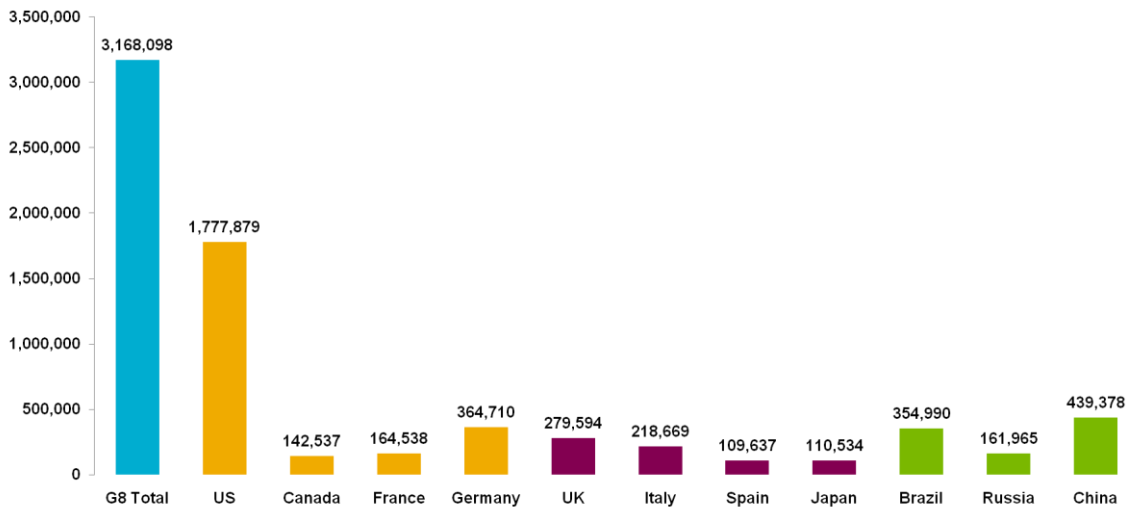


Brilique/Brilinta

- Approved in 30 countries
 - EU, Iceland, Norway
 - Brazil
- Under regulatory review in 21 countries
- Rapid response to US CRL
- An exciting opportunity to launch a more effective antiplatelet treatment to reduce ACS patients' risk of heart attack and CV death
- Pricing reflects a strong value proposition based on PLATO data



The ACS opportunity



* Note BRILINTA is currently approved in the EU, Iceland, Norway & Brazil



Brilique/Brilinta: 2011 Commercial rollout

- AstraZeneca have submitted a response to the FDA's CRL and await confirmation of timing of the FDA review
- Launched in UK, Germany and Denmark in January
- Majority of EU launches will occur in 2H 2011
- The BRILINTA rate of uptake in year 1 will be determined by three key factors:
 - pricing and reimbursement negotiations and approvals
 - formulary and protocol reviews at local hospital level
 - rate at which patients present in the acute setting with an ACS event



R&D Update

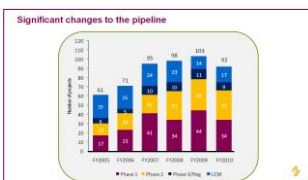
Martin Mackay, President
Research & Development



Agenda

How are we addressing the R&D productivity challenge?

- Leadership and operating model
- Attrition analysis and portfolio review
- Capability build and external science
- Organisational footprint



Portfolio highlights 2010

| Launched/Approved | Submitted | New Indications | Phase 3 Starts |
|-------------------|-----------|-----------------|----------------|
| | | | |

R&D Strategy & Transformation

Portfolio Performance 2010

Key Late Stage Projects



How are we addressing the R&D productivity challenge?

Leadership and operating model



Attrition analysis and portfolio review



Capability build and external science

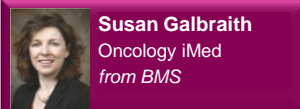


Organisational footprint



Leadership

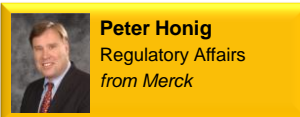
- Unprecedented level of leadership change
- Appointment of top talent from AstraZeneca and competitors
- Deep global experience



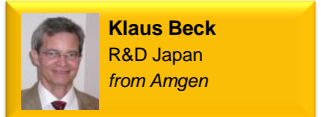
Susan Galbraith
Oncology iMed
from BMS



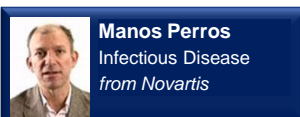
Steve Yang
Asia/Emerging
Markets Research
from Pfizer



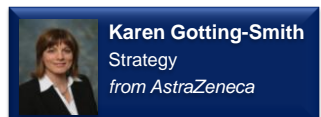
Peter Honig
Regulatory Affairs
from Merck



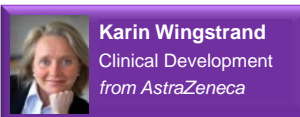
Klaus Beck
R&D Japan
from Amgen



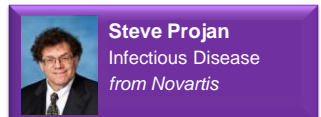
Manos Perros
Infectious Disease
from Novartis



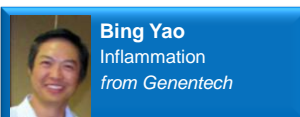
Karen Gotting-Smith
Strategy
from AstraZeneca



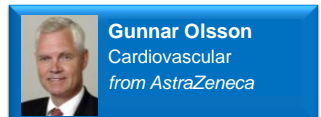
Karin Wingstrand
Clinical Development
from AstraZeneca



Steve Projan
Infectious Disease
from Novartis

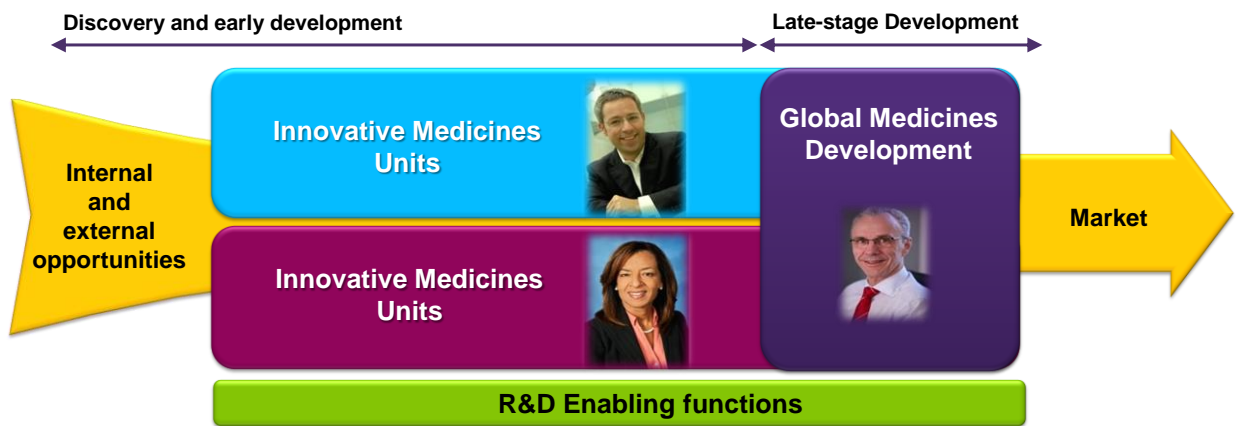


Bing Yao
Inflammation
from Genentech



Gunnar Olsson
Cardiovascular
from AstraZeneca

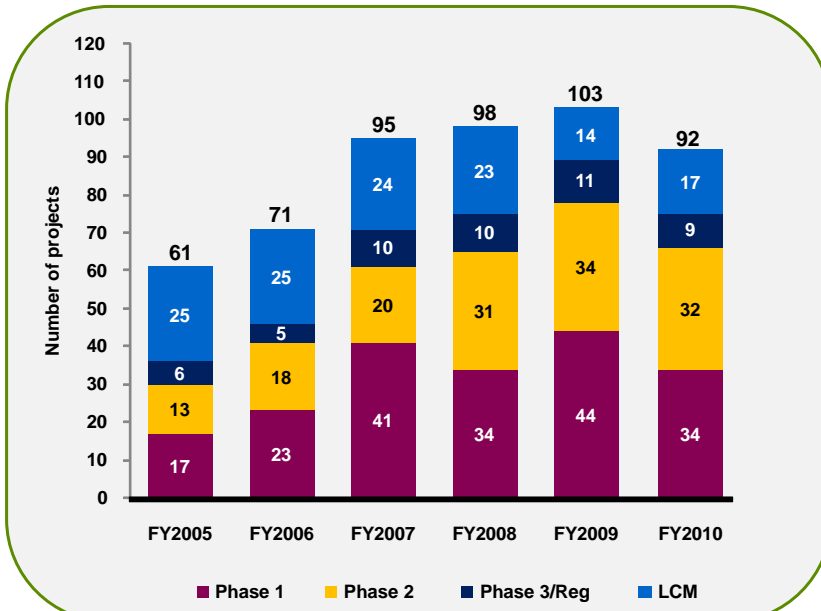
One R&D organisation



Criteria used for portfolio review



Significant changes to the pipeline



Investing in capabilities to drive productivity



Integrated payer strategy



Clinical trial design and interpretation



Personalised healthcare



Predictive sciences



Portfolio highlights 2010

Launched/Approved



Submitted



Fluenz

Europe

New Indications



Phase 3 Starts

TC-5214

Fostamatinib



Brilinta CRL status



FDA requested analyses of the PLATO data



Response to CRL has been submitted



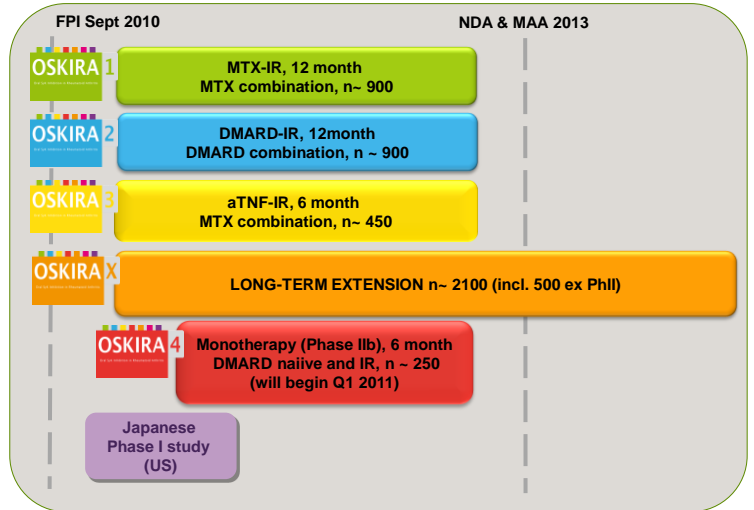
Confident in the submission



Fostamatinib: oral spleen tyrosine kinase (SYK) inhibitor

Entered Phase 3

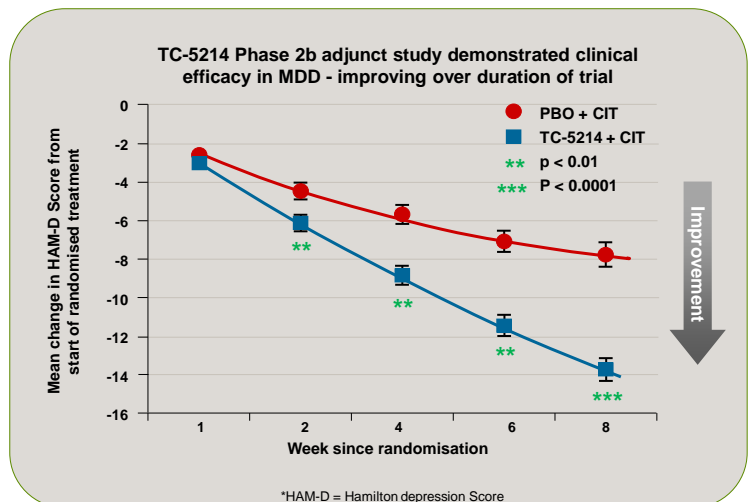
- Next generation oral RA therapy
- Phase 2b data demonstrated a positive response in RA patients and a manageable safety profile



TC-5214: an exciting opportunity in MDD

Entered Phase 3

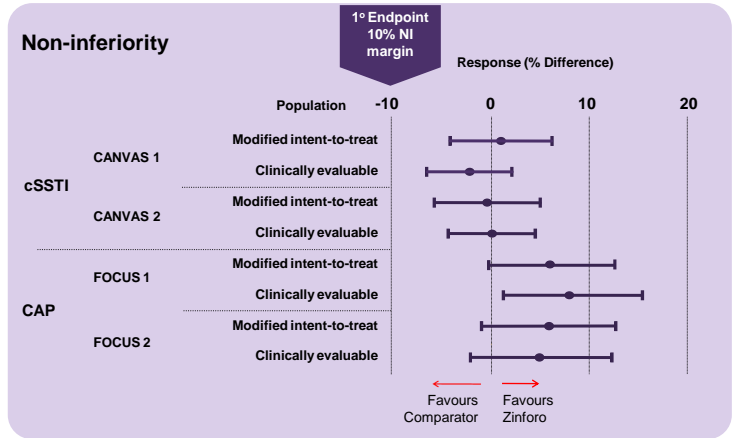
- Exciting Phase 2 results
- Phase 3 RENAISSANCE programme running to plan
- Filings anticipated in the US in 2012 and in the EU in 2015



Zinforo: next generation cephalosporin antibiotic

Submitted in EU

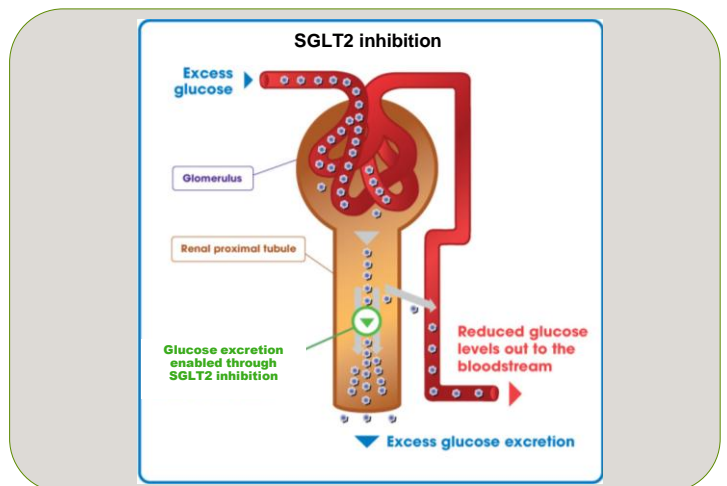
- Demonstrated good efficacy in Phase 3 cSSTI and CAP
- Differentiating attributes - extended spectrum coverage, incl. MRSA in skin, coupled with a favourable tolerability profile



Dapagliflozin: an exciting new approach to diabetes

Submitted in US and EU

- Novel insulin independent mechanism and site of action
- Potential benefit in uncontrolled patients with type 2 diabetes who require HbA1c reduction and the additional benefit of weight loss
- Effective at all stages of the disease and with widely used anti-diabetic medications



Dapagliflozin is being jointly developed and marketed by AstraZeneca and Bristol-Myers Squibb.

Summary

Transformation of R&D



Portfolio progression with some disappointments



We have established a strong platform for future success



Full Year Results 2010

Simon Lowth, Chief Financial Officer



Headline results 4Q 2010

| | 2010 \$m | 2009 \$m | Actual growth | CER growth |
|------------------------------|--------------|--------------|------------------|---------------|
| Revenue | 8,617 | 8,945 | -4% | -3% |
| Core Operating Profit | 2,865 | 3,044 | -6% | -2% |
| Core EPS | \$1.39 | \$1.42 | -2% | 1% |
| Restructuring | (\$0.22) | (\$0.14) | | |
| MedImmune/Merck amortisation | (\$0.07) | (\$0.07) | | |
| Intangible Impairments | (\$0.29) | (\$0.10) | | |
| Legal provisions | (\$0.06) | (\$0.04) | | |
| Employee Benefits | \$0.40 | - | | |
| Reported EPS | \$1.15 | \$1.07 | 7% | 11% |



Core margin: FY 2010

| | \$m | CER growth | % sales | Delta vs PY CER |
|--------------------------------|---------------|---------------|-------------|--------------------|
| Revenue | 33,269 | - | | |
| Core Gross Margin | 27,024 | -1% | 81.2 | -160 bps |
| Distribution | (335) | +10% | 1.0 | - |
| Core SG&A | (9,777) | -2% | 29.4 | +70 bps |
| Core Other Income | 910 | -2% | 2.7 | -10 bps |
| Core Pre-R&D Profit | 17,822 | -1% | 53.5 | -100 bps |
| Core R&D | (4,219) | -4% | 12.7 | +60 bps |
| Core Operating Profit | 13,603 | - | 40.8 | -40 bps |



Restructuring Programme: Phase 1 complete 2007-2009

| | Headcount Impact 2007-2009 | Programme Cost 2007-2009 \$m | |
|---------------------|-------------------------------|---------------------------------|-----------------------------|
| Global Supply Chain | 4,250 | (1,003) | |
| SG&A | 6,750 | (1,216) | |
| R&D | 1,600 | (288) | Annual benefits 2010 \$m |
| Total | 12,600 | (2,506) | 2,400 |



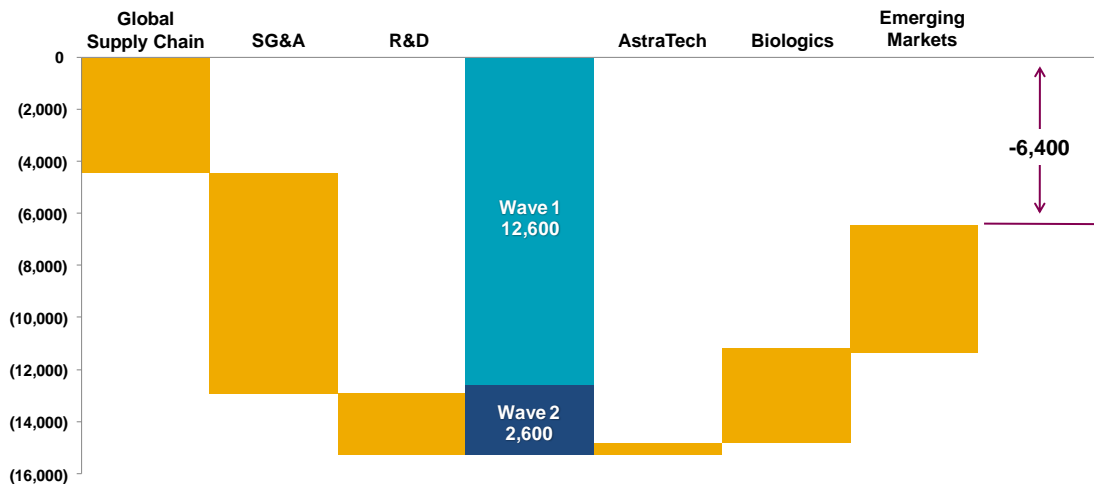
Restructuring Programme 2010-2014

| | Headcount Impact 2010-2014 | Programme Cost 2010-2014 \$m | |
|---------------------|-------------------------------|---------------------------------|-----------------------------|
| Global Supply Chain | 2,240 | (340) | |
| SG&A | 4,540 | (600) | |
| R&D | 3,620* | (1,060) | Annual benefits 2014 \$m |
| Total | 10,400 | (2,000) | 1,900 |

* Of which 3500 related to new programme: balance from previously announced programme



Net headcount developments: 2006-2010



2006-2010 headcount movements are shown on a Full Time Equivalent basis and include AZ employees and contractors



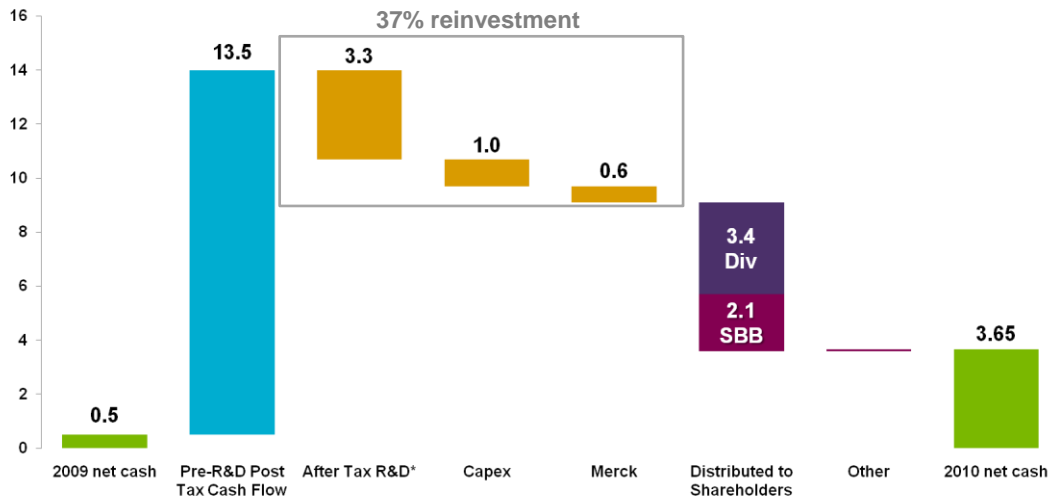
Cash generation: 2010

| | 2010 \$m | 2009 \$m |
|---|---------------|---------------|
| Opening net cash/(debt) | 535 | (7,174) |
| EBITDA* | 14,235 | 13,630 |
| Movement in working capital* | 791 | 1,329 |
| Tax & interest paid* | (2,612) | (3,020) |
| Other non-cash movements | (463) | (200) |
| | 11,951 | 11,739 |
| Legal/Tax settlements* | (1,271) | - |
| Net cash from operating activities | 10,680 | 11,739 |

* Adjusted for Legal/Tax settlements



2010 Use of Cash



* R&D includes internal R&D expenditures, net of tax and depreciation/amortisation and externalisation. Source: AZ annual reports



Cash generation: 2010

| | 2010 \$m | 2009 \$m |
|--------------------------------|--------------|-------------|
| Closing net cash/(debt) | 3,653 | 535 |
| Gross debt | (9,222) | (11,063) |
| Cash/Cash equivalents and STIs | 12,875 | 11,598 |



Shareholder returns

- Progressive dividend policy
 - Aim to maintain or grow
- Full year dividend increased by 11 percent to \$2.55
- Share repurchases
 - 2010: \$2.1 billion net share repurchases
 - 2011: Target net \$4 billion



Key planning assumptions remain robust

- Pharma sector can grow at least in line with real GDP, which will grow over the planning horizon
- Downward pressures from government interventions in the marketplace continue, including US healthcare reform
 - No further “step-change” in evolution of these pressures
- AstraZeneca assumptions
 - No material M&A or disposals
 - No premature loss of market exclusivity for key products
 - No material change in Fx rates for principal currencies vs average January 2010 rates



Planning Assumptions 2010-14: Update

- Grow the Business
 - Revenue in the range of \$28bn to \$34bn per annum over the period
 - Risk adjusted revenue contribution from the pipeline lowered to the range of \$3bn to \$5bn
 - Sustain double digit growth in Emerging Markets
 - Revenue around the middle of the range by 2014
- Reshape the business
 - Maintain gross margin >80%
 - Core Pre-R&D operating margin in the range of 48-54 percent
 - Restructuring programmes on track
- Cash generation and investment
 - Achieving revenues and margins within planning range will drive strong cash flow
 - Reinvest 40 to 50% of after tax pre-R&D cash flow to drive future growth and value
 - Cash returns to shareholders via progressive dividend and periodic share repurchases



Guidance for 2011 (Core basis)

| | |
|--------------------------------|---|
| Revenue | Flat to low single-digit decline at CER |
| Gross Margin | Below 2010, but above 80% |
| Core Pre-R&D Margin | Near top of mid-term planning range, but below 2010 |
| Net Finance Expense | ~\$500m |
| Other Operating Income | ~\$800m |
| Tax Rate | ~27% |
| Core EPS | Range \$6.45 to \$6.75 |

