Condensed Consolidated Statement of Comprehensive Income

For the **year** ended 31 December	2010 $m	2009 $m
Revenue	33,269	32,804
Cost of sales	(6,389)	(5,775)
Gross profit	26,880	27,029
Distribution costs	(335)	(298)
Research and development[1]	(5,318)	(4,409)
Selling, general and administrative costs[2]	(10,445)	(11,332)
Other operating income and expense	712	553
Operating profit	11,494	11,543
Finance income	516	462
Finance expense	(1,033)	(1,198)
Profit before tax	10,977	10,807
Taxation	(2,896)	(3,263)
Profit for the period	8,081	7,544
Other comprehensive income:		
Foreign exchange arising on consolidation	26	388
Foreign exchange differences on borrowings forming net investment hedges	101	(68)
Amortisation of loss on cash flow hedge	1	1
Net available for sale gains taken to equity	4	2
Actuarial loss for the period	(46)	(569)
Income tax relating to components of other comprehensive income	(61)	192
Other comprehensive income for the period, net of tax	25	(54)
Total comprehensive income for the period	8,106	7,490
Profit attributable to:		
Owners of the parent	8,053	7,521
Non-controlling interests	28	23
	8,081	7,544
Total comprehensive income attributable to:		
Owners of the parent	8,058	7,467
Non-controlling interests	48	23
	8,106	7,490
Basic earnings per $0.25 Ordinary Share	$5.60	$5.19
Diluted earnings per $0.25 Ordinary Share	$5.57	$5.19
Weighted average number of Ordinary Shares in issue (millions)	1,438	1,448
Diluted weighted average number of Ordinary Shares in issue (millions)	1,446	1,450

[1] Research and development includes a $445 million impairment of intangible assets related specifically to motavizumab (see Note 1).

[2] Selling, general and administrative expenses includes a provision of $592 million with respect to *Seroquel* legal matters (see Note 5) and gains of $791 million arising from changes made to benefits under certain of the Group's post-retirement benefit plans, chiefly the Group's UK pension plan (see Note 1). In 2009, selling, general and administrative expenses included provisions totalling $538 million with respect to various federal and state investigations and civil litigation matters relating to drug marketing and pricing practices.

Condensed Consolidated Statement of Comprehensive Income

For the **quarter** ended 31 December	2010 $m	2009 $m
Revenue	8,617	8,945
Cost of sales	(1,759)	(1,665)
Gross profit	6,858	7,280
Distribution costs	(87)	(91)
Research and development[1]	(1,930)	(1,314)
Selling, general and administrative costs[2]	(2,522)	(3,465)
Other operating income and expense	92	(85)
Operating profit	2,411	2,325
Finance income	140	130
Finance expense	(268)	(291)
Profit before tax	2,283	2,164
Taxation	(651)	(602)
Profit for the period	1,632	1,562
Other comprehensive income:		
Foreign exchange arising on consolidation	13	(42)
Foreign exchange differences on borrowings forming net investment hedges	38	27
Amortisation of loss on cash flow hedge	-	1
Net available for sale gains taken to equity	4	-
Actuarial gain/(loss) for the period	338	(504)
Income tax relating to components of other comprehensive income	(145)	136
Other comprehensive income for the period, net of tax	248	(382)
Total comprehensive income for the period	1,880	1,180
Profit attributable to:		
Owners of the parent	1,621	1,553
Non-controlling interests	11	9
	1,632	1,562
Total comprehensive income attributable to:		
Owners of the parent	1,865	1,174
Non-controlling interests	15	6
	1,880	1,180
Basic earnings per $0.25 Ordinary Share	$1.15	$1.07
Diluted earnings per $0.25 Ordinary Share	$1.14	$1.07
Weighted average number of Ordinary Shares in issue (millions)	1,418	1,450
Diluted weighted average number of Ordinary Shares in issue (millions)	1,426	1,455

[1] Research and development includes a $445 million impairment of intangible assets related specifically to motavizumab (see Note 1).

[2] Selling, general and administrative expenses includes gains of $791 million arising from changes made to benefits under certain of the Group's post-retirement benefit plans, chiefly the Group's UK pension plan (see Note 1).

Condensed Consolidated Statement of Financial Position

At 31 December	2010 $m	2009 $m
ASSETS		
Non-current assets		
Property, plant and equipment	6,957	7,307
Goodwill	9,871	9,889
Intangible assets	12,158	12,226
Derivative financial instruments	324	262
Other investments	211	184
Deferred tax assets	1,475	1,292
	30,996	31,160
Current assets		
Inventories	1,682	1,750
Trade and other receivables	7,847	7,709
Derivative financial instruments	9	24
Other investments	1,482	1,484
Income tax receivable	3,043	2,875
Cash and cash equivalents	11,068	9,918
	25,131	23,760
Total assets	56,127	54,920
LIABILITIES		
Current liabilities		
Interest-bearing loans and borrowings	(125)	(1,926)
Trade and other payables	(8,661)	(8,687)
Derivative financial instruments	(8)	(90)
Provisions	(1,095)	(1,209)
Income tax payable	(6,898)	(5,728)
	(16,787)	(17,640)
Non-current liabilities		
Interest-bearing loans and borrowings	(9,097)	(9,137)
Deferred tax liabilities	(3,145)	(3,247)
Retirement benefit obligations	(2,472)	(3,354)
Provisions	(843)	(477)
Other payables	(373)	(244)
	(15,930)	(16,459)
Total liabilities	(32,717)	(34,099)
Net assets	23,410	20,821
EQUITY		
Capital and reserves attributable to equity holders of the Company		
Share capital	352	363
Share premium account	2,672	2,180
Other reserves	1,917	1,919
Retained earnings	18,272	16,198
	23,213	20,660
Non-controlling interests	197	161
Total equity	23,410	20,821

Condensed Consolidated Statement of Cash Flows

For the **year** ended 31 December	2010 $m	2009 $m
Cash flows from operating activities		
Profit before taxation	10,977	10,807
Finance income and expense	517	736
Depreciation, amortisation and impairment	2,741	2,087
Increase in working capital and short-term provisions	82	1,329
Other non-cash movements	(463)	(200)
Cash generated from operations	13,854	14,759
Interest paid	(641)	(639)
Tax paid	(2,533)	(2,381)
Net cash inflow from operating activities	10,680	11,739
Cash flows from investing activities		
Movement in short term investments and fixed deposits	(239)	(1,371)
Purchase of property, plant and equipment	(791)	(962)
Disposal of property, plant and equipment	83	138
Purchase of intangible assets	(1,390)	(624)
Disposal of intangible assets	210	269
Purchase of non-current asset investments	(34)	(31)
Disposal of non-current asset investments	5	3
Acquisitions of business operations	(348)	-
Interest received	174	113
Payments made by subsidiaries to non-controlling interests	(10)	(11)
Net cash outflow from investing activities	(2,340)	(2,476)
Net cash inflow before financing activities	8,340	9,263
Cash flows from financing activities		
Proceeds from issue of share capital	494	135
Repurchase of shares for cancellation	(2,604)	-
Repayment of loans	(1,741)	(650)
Dividends paid	(3,361)	(2,977)
Movement in short term borrowings	(8)	(137)
Net cash outflow from financing activities	(7,220)	(3,629)
Net increase in cash and cash equivalents in the period	1,120	5,634
Cash and cash equivalents at the beginning of the period	9,828	4,123
Exchange rate effects	33	71
Cash and cash equivalents at the end of the period	10,981	9,828
Cash and cash equivalents consists of:		
Cash and cash equivalents	11,068	9,918
Overdrafts	(87)	(90)
	10,981	9,828

Condensed Consolidated Statement of Changes in Equity

	Share capital $m	Share premium account $m	Other* reserves $m	Retained earnings $m	Total $m	Non-controlling interests $m	Total equity $m
At 1 January 2009	362	2,046	1,932	11,572	15,912	148	16,060
Profit for the period	-	-	-	7,521	7,521	23	7,544
Other comprehensive income	-	-	-	(54)	(54)	-	(54)
Transfer to other reserve	-	-	(13)	13	-	-	-
Transactions with owners:							
Dividends	-	-	-	(3,026)	(3,026)	-	(3,026)
Issue of AstraZeneca PLC Ordinary shares	1	134	-	-	135	-	135
Share-based payments	-	-	-	172	172	-	172
Transfer from non-controlling interests to payables	-	-	-	-	-	(9)	(9)
Dividend paid to non-controlling interests	-	-	-	-	-	(1)	(1)
At 31 December 2009	363	2,180	1,919	16,198	20,660	161	20,821

	Share capital $m	Share premium account $m	Other* reserves $m	Retained earnings $m	Total $m	Non-controlling interests $m	Total equity $m
At 1 January 2010	363	2,180	1,919	16,198	20,660	161	20,821
Profit for the period	-	-	-	8,053	8,053	28	8,081
Other comprehensive income	-	-	-	5	5	20	25
Transfer to other reserve	-	-	(15)	15	-	-	-
Transactions with owners:							
Dividends	-	-	-	(3,494)	(3,494)	-	(3,494)
Issue of AstraZeneca PLC Ordinary shares	2	492	-	-	494	-	494
Repurchase of AstraZeneca PLC Ordinary shares	(13)	-	13	(2,604)	(2,604)	-	(2,604)
Share-based payments	-	-	-	99	99	-	99
Transfer from non-controlling interests to payables	-	-	-	-	-	(11)	(11)
Dividend paid to non-controlling interests	-	-	-	-	-	(1)	(1)
At 31 December 2010	352	2,672	1,917	18,272	23,213	197	23,410

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

Notes to the Interim Financial Statements

1 BASIS OF PREPARATION AND ACCOUNTING POLICIES

The preliminary announcement for the year ended 31 December 2010 has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and as issued by the International Accounting Standards Board. There have been no significant changes in accounting policies from those set out in AstraZeneca PLC's Annual Report and Form 20-F Information 2009.

The Group accounts for its defined benefit pension schemes in accordance with IAS 19 'Employee Benefits'. As previously disclosed, on 28 January 2010, the Group announced proposals regarding changes affecting its UK pension arrangements, including a freeze on pensionable pay for members of the defined benefit sections of the UK Fund with effect from 30 June 2010. This modification, as well as changes made to benefits under other post-retirement benefit plans, has resulted in gains of $791 million being recognised in operating profit in the fourth quarter of 2010.

Motavizumab is an investigational monoclonal antibody that was being considered by the FDA to help RSV disease. In December, we discontinued further development of motavizumab for the prophylaxis of serious RSV disease and requested the withdrawal of the biological license application (BLA) which was pending at the FDA. As a result of this decision, AstraZeneca incurred a financial impairment charge of $445 million. The Group held intangible assets of $445 million relating specifically to motavizumab. Although we have discontinued certain motavizumab development paths and withdrawn the prophylaxis BLA from the FDA, motavizumab remains in development for other RSV treatment.

The information contained in Note 5 updates the disclosures concerning legal proceedings and contingent liabilities in the Group's Annual Report and Form 20-F Information 2009 and the Third Quarter and Nine Months Results 2010.

The Group has considerable financial resources available. The Group's revenues are largely derived from sales of products which are covered by patents and for which, historically at least, demand has been relatively unaffected by changes in the general economy. As a consequence, the Directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook and as such, the preliminary announcement has been prepared on a Going Concern basis.

The financial information included in the preliminary announcement does not constitute statutory accounts of the Group for the years ended 31 December 2010 and 2009 but is derived from those accounts. Statutory accounts for 2009 have been delivered to the registrar of companies and those for 2010 will be delivered in due course. The auditors have reported on those accounts; their reports were (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

2 NET FUNDS

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

	At 1 Jan 2010 $m	Cash flow $m	Non-cash movements $m	Exchange movements $m	At 31 Dec 2010 $m
Loans due after one year	(9,137)	-	(62)	102	(9,097)
Current instalments of loans	(1,790)	1,741	(1)	50	-
Total loans	(10,927)	1,741	(63)	152	(9,097)
Other investments - current	1,484	(8)	17	(11)	1,482
Net derivative financial instruments	196	247	(118)	-	325
Cash and cash equivalents	9,918	1,116	-	34	11,068
Overdrafts	(90)	4	-	(1)	(87)
Short term borrowings	(46)	8	-	-	(38)
	11,462	1,367	(101)	22	12,750
Net funds	535	3,108	(164)	174	3,653

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

3 NOVEXEL ACQUISITION

On 3 March 2010, AstraZeneca completed the acquisition of Novexel SA. Novexel is a research company focussed on the infection therapy area and is based in France. AstraZeneca acquired 100 percent of Novexel's shares for an upfront consideration of $427 million. Additional consideration of up to $75 million would become payable to Novexel shareholders on the completion of certain development milestones. At both the date of acquisition and at 31 December 2010, the fair value of this contingent consideration was $50 million. For both the period since acquisition and the full year, Novexel had no revenues and its loss was immaterial.

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

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

Impact on Statement of Cash Flows

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

4 RESTRUCTURING COSTS

Profit before tax for the year ended 31 December 2010 is stated after charging restructuring costs of $1,202 million ($659 million in 2009). These have been charged to profit as follows:

	4th Quarter 2010 $m	4th Quarter 2009 $m	Full Year 2010 $m	Full Year 2009 $m
Cost of sales	34	49	144	188
Research and development	191	38	654	68
Selling, general and administrative costs	200	198	404	403
Total	**425**	**285**	**1,202**	**659**

5 LEGAL PROCEEDINGS AND CONTINGENT LIABILITIES

AstraZeneca is involved in various legal proceedings considered typical to its business, including litigation relating to product liability, commercial disputes, infringement of intellectual property rights, the validity of certain patents and anti-trust law. The matters discussed below constitute the more significant developments since publication of the disclosures concerning legal proceedings in the Company's Annual Report and Form 20-F Information 2009 and Third Quarter and Nine Month results 2010. Unless noted otherwise below or in the Annual Report and Form 20-F Information 2009 and Third Quarter and Nine Month results 2010, no provisions have been established in respect of the claims discussed below.

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

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

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

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

Matters disclosed in respect of the fourth quarter of 2010

Accolate **(zafirlukast)**
Patent litigation – US
In November 2010, the US District Court for the District of New Jersey granted defendant Dr. Reddy's Laboratories Ltd and Dr. Reddy's Laboratories, Inc. (together DRL) a summary judgment that DRL's zafirlukast tablets did not infringe US patent no. 5,482,963. In December 2010, AstraZeneca filed a Notice of Appeal to the US Court of Appeals for the Federal Circuit. In January 2011, AstraZeneca and DRL entered into a settlement agreement under which AstraZeneca will dismiss its appeal and give DRL a covenant-not-to-sue respecting DRL's zafirlukast ANDA product.

Atacand **(candesartan cilexetil)**
Patent litigation – Canada
In December 2010, AstraZeneca received a second Notice of Allegation (NOA) from Teva Canada Limited (Teva) in respect of Canadian patent nos. 2,040,955 (the '955 patent) and 2,083,305 (the '305 patent) listed on the Canadian Patent Register for *Atacand*. Teva has confirmed it will await the expiry of the '955 patent (the substance patent). AstraZeneca is reviewing the allegations. As previously reported, Teva served a similar NOA in August 2010.

Patent litigation – Brazil
In October 2010, an infringement action with a request for an interlocutory injunction was filed against Sandoz do Brasil Industria Farmaceutica Ltda (Sandoz) in the Central Court of Sao Paolo. The Court denied the request for an interlocutory injunction on 22 October 2010. Takeda Pharmaceutical Company Ltd. and AstraZeneca have filed a joint appeal. Sandoz has responded and a decision is expected in the first quarter of 2011.

Patent litigation – EU
In Portugal, in addition to what has been previously reported regarding cases in the administrative courts, other similar preliminary injunction requests were filed in October 2010, with respect to Laboratórios Azevedos – Industria Farmacêutica, S.A. (Laboratórios Azevedos), Ceamed, Serviço e Consultadoria Farmacêutica, Lda. (Ceamed) and Teva Pharma – Produtos Farmacêuticos Lda, as interested parties regarding candesartan cilexetil and also in combination with hydrochlorothiazide. Corresponding main actions have been initiated regarding all the above mentioned matters. In addition to previously reported cases, a preliminary injunction request was filed in December 2010, with respect to Laboratórios Azevedos and Ceamed as interested parties, in the capacity of owners of the marketing authorisations and of applicants of the retail prices regarding candesartan cilexetil containing generics. The corresponding main action was filed in the administrative courts also in December 2010, with the aim of declaring null or to annul the decisions taken by administrative bodies in Portugal granting Laboratórios Azevedos and Ceamed marketing authorisations for generic candesartan cilexetil, or to defer the effects of the said decision, and to prevent the decision to be taken by administrative bodies regarding the retail prices of the said generic products. A preliminary injunction request was filed in December 2010 with respect to Labesfal – Laboratorios Almiro, S.A. (Labesfal) as an interested party, in the capacity of owner of the marketing authorisations and of applicants of the retail prices regarding candesartan cilexetil and a combination of candesartan cilexetil and hydroclorothiazide containing generics. The corresponding main action was filed in the administrative courts in December 2010, with the aim of declaring null or to annul the decisions taken by administrative bodies in Portugal granting Labesfal, marketing authorisations for generic candesartan cilexetil and a combination of candesartan cilexetil and hydrochlorothiazide to defer the effects of the said decision, and to prevent the decision to be taken by administrative bodies regarding the retail prices of the said generic products.

Patent litigation – US
In November 2010, AstraZeneca received a Paragraph IV Certification notice-letter from Apotex Inc. (Apotex) informing AstraZeneca that Apotex was seeking approval to market a generic version of *Atacand* prior to the expiration of US patent no. 5,534,534 (the '534 patent). Apotex alleged that its product did not infringe the '534 patent. AstraZeneca did not file suit in response to Apotex's notice-letter.

***Atacand Plus* (candesartan cilexetil/hydrochlorothiazide)**
Patent litigation - Canada
As previously reported, in September 2010, AstraZeneca received a Notice of Allegation (NOA) from Teva Canada Limited (Teva) in respect of Canadian patent no. 2,083,305 (the '305 patent) listed on the Canadian Patent Register for *Atacand Plus*. Teva withdrew its NOA on 17 November 2010, and in response, on 30 November 2010, AstraZeneca discontinued its application responding to Teva's NOA.

As previously reported, in January 2010, AstraZeneca received a NOA from Mylan Pharmaceuticals ULC (Mylan) in respect of Canadian patent nos. 2,040,955 (the '955 patent), and 2,125,251 (the '251 patent) and the '305 patent. On 12 January 2011, Mylan withdrew its NOA, and AstraZeneca discontinued its application on 17 January 2011.

On 20 December 2010, AstraZeneca received a NOA from Pharmascience Inc. (PMS) in respect of the '251 patent. AstraZeneca is evaluating the allegations. PMS has not addressed the '955 patent.

***Crestor* (rosuvastatin calcium)**
Patent litigation – US
As previously reported, in May 2010, AstraZeneca received a Paragraph IV Certification notice-letter from Glenmark Generics Inc. USA (formerly Glenmark Pharmaceuticals, Inc. USA) (Glenmark), challenging US patent no. RE 37,314 (the '314 patent). In June 2010, AstraZeneca and Shionogi (together the Plaintiffs) filed a patent infringement action against Glenmark in the US District Court for the District of Delaware. On 15 November 2010, the Court approved the parties' stipulation and proposed order requesting the Court to enter judgment in favour of the Plaintiffs and to stay the Glenmark action in its entirety. As part of the stipulation, Glenmark conceded infringement of the '314 patent and agreed to be bound by the results of any subsequent appeal in the Plaintiffs' other *Crestor* ANDA litigation, which found the '314 patent valid and enforceable.

As previously reported, in 2010, AstraZeneca and The Brigham's & Women's Hospital (BWH), AstraZeneca's licensor of US patent no. 7,030,152 (the '152 patent) (together the Plaintiffs), filed ten patent infringement actions involving *Crestor* in the US District Court for the District of Delaware, based on the '152 patent and the US patent no. 6,858,618 (the '618 patent). In November 2010, by the parties' stipulation, the Court stayed the Plaintiffs' action against Torrent Pharmaceuticals Limited and Torrent Pharma Inc. (together Torrent), one of the generic defendants. As part of the stipulation, Torrent agrees to be bound by the results of the first final decision, and any appeals of that decision, as prosecuted by the remaining defendants. In December 2010, the Court granted the motions to dismiss and dismissed the infringement actions for lack of subject-matter jurisdiction. The Court also ordered the Plaintiffs to show cause why the claims against, Sandoz, the sole non-movant, should not also be dismissed. In January 2011, the Plaintiffs filed Notices of Appeal to the US Court of Appeals for the Federal Circuit. In January 2011, the Plaintiffs and Sandoz also filed a joint response to the show cause order, requesting that the Sandoz action be stayed until after the Federal Circuit renders its decision on the appeals, or, alternatively, dismissed without prejudice

In September 2010, AstraZeneca received a Paragraph IV Certification notice-letter from Watson Laboratories, Inc. informing AstraZeneca of the filing of its section 505(b)(2) NDA for rosuvastatin zinc tablets, and challenging the '314 patent and the *Crestor* formulation patent (US patent no. 6,316,460 (the '460 patent)). In October 2010, AstraZeneca and Shionogi Seiyaku Kabushiki Kaisha (together the Plaintiffs) commenced a patent infringement action in the US District Court for the District of Delaware (the Delaware Action) against Watson Pharmaceuticals, Inc., Watson Pharma, Inc., Watson Laboratories, Inc. and other related entities for infringement of the '314 patent. In November 2010, for jurisdictional reasons, the Plaintiffs filed a duplicate protective lawsuit in the US District Court for the District of Nevada (the Nevada Action) against Watson Pharmaceuticals, Inc., Watson Pharma Inc. and Watson Laboratories, Inc.. In December 2010, pursuant to the parties' joint stipulation in the Delaware Action, setting forth the agreement of Watson Laboratories, Inc., to personal jurisdiction in the District of Delaware. Watson Pharmaceuticals, Inc., Watson Pharma, Inc., Watson Laboratories, Inc. and other named Watson entities were dismissed without prejudice from the Delaware action. In January 2011, AstraZeneca dismissed the Nevada Action.

Patent litigation – Canada
As previously disclosed, in April 2009, AstraZeneca received a Notice of Allegation (NOA) from Cobalt Pharmaceuticals, Inc. (Cobalt) in respect of Canadian patent nos. 2,072,945 (the '945 patent) and 2,313,783 (the '783 patent) listed on the Canadian Patent Register for *Crestor*. In November 2010, AstraZeneca reached a comprehensive settlement agreement with Cobalt, resolving the litigation, and as part of the agreement, Cobalt may enter the Canadian market in April 2012, or earlier, in certain circumstances. The Canadian substance patent expires in July 2012.

As previously disclosed, in May 2009, AstraZeneca received a NOA from Sandoz Canada, Inc. (Sandoz) in respect of the '945 and the '783 patents listed on the Canadian Patent Register for *Crestor*. In January 2011, AstraZeneca reached a comprehensive settlement resolving the litigation and as part of the agreement, Sandoz may enter the Canadian market in April 2012, or earlier, in certain circumstances.

Patent litigation – EU
In October 2010, the Lisbon Administrative Court of First Instance granted the preliminary injunction request to suspend the effect of the decisions taken by the administrative bodies in Portugal to grant Teva Pharma Lda (Teva) a marketing authorisation for generic rosuvastatin. The decision has been appealed by the administrative body, Infarmed, and by Teva. In November 2010, the Court granted the preliminary injunction request to suspend the marketing authorisations for generic rosuvastatin granted to Sandoz Farmaceutica Lda. The decision has been appealed by Infarmed. In November 2010, the Court granted the preliminary injunction request to suspend the marketing authorisations for generic rosuvastatin granted to Hexal AG. The decision has been appealed by Infarmed. Corresponding main actions have been initiated regarding all the above mentioned matters.

Patent litigation – Brazil
Torrent do Brasil (Torrent) launched its generic versions of *Crestor* in early October 2010 and AstraZeneca filed a request for a preliminary injunction. On 13 October 2010, the court of first instance granted the requested injunction and ordered Torrent to discontinue the sale and marketing of these generic products in Brazil and to recall products already on the market. Torrent appealed the decision. The effects of the preliminary injunction were suspended by the court of first instance until the decision by the Court of Appeal. The Court of Appeal is likely to make its decision in the first quarter of 2011.

Other US patent litigation
In October 2010, in the Teva Pharmaceuticals Industries Ltd. (Teva) patent infringement lawsuit against AstraZeneca with respect to *Crestor*, the US District Court for the Eastern District of Pennsylvania granted AstraZeneca's motion for summary judgment, invalidating Teva's patent based on prior inventorship. AstraZeneca thereafter filed a motion for recovery of attorneys' fees, which was denied by the Court without prejudice pending Teva's appeal, which it filed in November 2010.

***Faslodex* (fulvestrant)**
Patent litigation – US
In 2009, AstraZeneca received a Paragraph IV Certification notice-letter from Teva Parenteral Medicines, Inc. (Teva Parenteral), informing AstraZeneca that it had filed an ANDA to market a generic form of *Faslodex* before the expiration of the Orange Book listed patents covering *Faslodex*. In January 2010, AstraZeneca filed a patent infringement lawsuit against Teva, Teva Pharmaceuticals USA, Inc. and Teva Pharmaceutical Industries Ltd. (together Teva) in the US District Court for the District of Delaware for infringement of US patent nos. 6,774,122 and 7,456,160. The case was assigned to Judge Joel Pisano, sitting by designation due to judicial vacancy in the District of Delaware. In December 2010, Teva advised AstraZeneca that it has requested the FDA to withdraw its ANDA without prejudice to re-file. The Court has stayed the litigation to permit the parties to resolve the matter pending the FDA's acknowledgement of the withdrawal.

***Losec/Prilosec* (omeprazole)**
European Commission case
As previously disclosed, in July 2010, the General Court of the European Union (the General Court) handed down its judgment in AstraZeneca's appeal against the European Commission's 2005 Decision fining AstraZeneca €60 million for abuse of a dominant position regarding omeprazole. The General Court upheld most of the European Commission's arguments but reduced the fine to €52.5 million as it said that the European Commission's case had not been proven in relation to Denmark and Norway. The fine was paid in 2005 in accordance with the original Decision and €7.5m plus interest has been repaid to AstraZeneca. AstraZeneca was ordered to pay 90% of the European Commission's costs, and the European Commission was ordered to pay 10% of AstraZeneca's costs.

AstraZeneca has appealed the General Court's judgment in relation to market definition, that AstraZeneca's behaviour was abusive (even if AstraZeneca were dominant at the time) and the level of fine. The European Commission has cross appealed the General Court's judgment regarding Denmark and Norway. It is possible that third parties could seek damages for alleged losses arising from this matter. Any such claims would be vigorously resisted.

***Nexium* (esomeprazole)**
Patent litigation – US
In 2008, AstraZeneca entered into a settlement agreement and consent judgment with Ranbaxy Pharmaceuticals, Inc. and Ranbaxy Laboratories Limited (together Ranbaxy) to settle the Ranbaxy ANDA patent litigation in respect of *Nexium.* The settlement agreement allows Ranbaxy to commence sales of a generic version of *Nexium* under a licence from AstraZeneca on 27 May 2014.

In 2006, in response to a Paragraph IV Certification notice-letter from IVAX Pharmaceuticals Inc. stating that IVAX Corporation (together IVAX Group) had submitted an ANDA for approval to market 20 and 40mg esomeprazole magnesium delayed-release capsules, AstraZeneca commenced patent infringement litigation in the US District Court for the District of New Jersey against IVAX Group, its parent Teva Pharmaceuticals, and their affiliates (together Teva Group). In 2008, the Court granted AstraZeneca's motion to add Cipla, Ltd. as a defendant in the IVAX Group/Teva Group litigation.

In 2008, AstraZeneca, IVAX Group and DRL filed declaratory judgment suits in the US District Court for the District of New Jersey for patents that were not previously included in the ongoing *Nexium* patent infringement litigations.

In 2008, in response to a Paragraph IV Certification notice-letter from Dr. Reddy's Laboratories, Ltd and Dr. Reddy's Laboratories, Inc (together DRL) stating that DRL had submitted an ANDA for 20 and 40mg esomeprazole magnesium delayed-release capsules, AstraZeneca commenced patent infringement litigation in the US District Court for the District of New Jersey against DRL regarding *Nexium*.

In January 2010, AstraZeneca entered into an agreement to settle the IVAX Group/Teva Group litigation. Teva Group conceded that all patents-at-issue in its US *Nexium* patent litigations are valid and enforceable. Teva Group also conceded that its ANDA product would infringe six of the *Nexium* patents-in-suit. AstraZeneca granted Teva Group a licence for its ANDA product to enter the US market, subject to regulatory approval, on 27 May 2014. This market entry date, and the settlement, are consistent with AstraZeneca's prior settlement with Ranbaxy. As a result of settlement and entry of a consent judgment, the litigation against IVAX Group/Teva Group and Cipla, Ltd. has been dismissed. In January 2010, as part of the settlement between AstraZeneca and IVAX Group, the 2008 declaratory judgment actions involving IVAX Group were also dismissed.

In January 2011, AstraZeneca entered into an agreement to settle the litigation with Dr. Reddy's Laboratories (DRL). DRL conceded that the patents-at-issue in its US *Nexium* patent litigations are valid and enforceable with reference to DRL's US esomeprazole magnesium ANDA product. DRL also conceded that its ANDA product would infringe three *Nexium* patents-in-suit. AstraZeneca granted DRL a licence for its ANDA product to enter the US market, subject to regulatory approval, on 27 May 2014. This market entry date, and the settlement, are consistent with AstraZeneca's settlement with Ranbaxy and the January settlement with IVAX Pharmaceuticals Inc., IVAX Corporation, Teva Pharmaceutical Ltd., and their affiliates. As a result of the DRL settlement and entry of a consent judgment, the DRL litigation was dismissed. As part of the settlement, DRL's declaratory judgment actions were also dismissed.

In February 2010, in response to a Paragraph IV Certification notice-letter from Sun Pharma Global FZE and their affiliates (together Sun) stating that Sun had filed an ANDA and notifying of Sun's challenge to patents listed in the FDA Orange Book in reference to *Nexium i.v*., AstraZeneca filed suit against Sun in the US District Court for the District of New Jersey. In August 2010, upon AstraZeneca's motion, Magistrate Judge Bongiovanni stayed the Sun litigation. In December 2010, among other actions, the Court vacated the stay and referred the matter back to Magistrate Judge Bongiovanni for a scheduling conference. No trial date has been set.

In December 2010, AstraZeneca received a Paragraph IV Certification notice-letter from Hanmi USA Inc. (Hanmi) stating that it had submitted an NDA under section 505(b)(2) for FDA approval to market 20 and 40mg esomeprazole strontium capsules. Hanmi alleges non-infringement or invalidity of 11 patents listed in the FDA's Orange Book with reference to *Nexium*. AstraZeneca is evaluating Hanmi's notice and certifications.

Patent litigation – Canada
As previously reported, in December 2009, AstraZeneca received a Notice of Allegation (NOA) from Mylan Pharmaceuticals ULC. A hearing has been set for 24 October 2011.

As previously reported, in October 2010, AstraZeneca received a NOA from Ranbaxy Pharmaceuticals Canada Inc. in respect of the patents listed on the Canadian Patent Register for *Nexium*. AstraZeneca commenced a proceeding in response in December 2010.

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

On 12 July 2010, Consilient Health Limited (Consilient) was granted marketing approval in the UK for a generic esomeprazole product manufactured by Krka, d.d., Novo Mesto (Krka) in Slovenia. AstraZeneca initiated infringement proceedings against Consilient and Krka on 8 September 2010. Consilient and Krka agreed not to launch their generic esomeprazole product pending the outcome of the main infringement case. AstraZeneca has undertaken to be liable for losses of the defendants and third parties if the injunction is lifted at a later date. The trial will not be held before 3 October 2011.

On 1 October 2010, AstraZeneca was served an invalidity case in which Ranbaxy (UK) Ltd claimed that the *Nexium* esomeprazole magnesium patent (EP 1020461) and the esomeprazole magnesium trihydrate patent (EP 0984957) are invalid in the UK. Ranbaxy (UK) Ltd further requested the court to confirm that their generic esomeprazole product does not infringe either patent if launched in the UK. The trial of the non-infringement part will not be held before May 2011. The invalidity part has been stayed pending the non-infringement trial.

In Germany, Krka, d.d., Novo Mesto, TAD Pharma GmbH, Abz-Pharma GmbH, CT Arzneimittel GmbH, ratiopharm GmbH and Teva GmbH launched generic esomeprazole magnesium products during September and October 2010. In October 2010, AstraZeneca filed requests for preliminary injunctions to restrain said companies from marketing and selling these products in Germany. In November 2010, AstraZeneca added Hexal AG and Sandoz Pharmaceuticals GmbH as defendants. The trial was held on 10 December 2010, and the court rejected the request for preliminary injunctions on 17 December 2010. The decision has not yet been published. AstraZeneca has four weeks from the date of publication to determine whether it will appeal. In November 2010, AstraZeneca was served with a law suit filed by Ethypharm S.A. claiming that the two *Nexium* cloud point patents (EP 984773 and EP 1124539) are invalid in Germany.

In Sweden, AstraZeneca filed a request for an interlocutory injunction in October 2010 against Krka Sverige AB to restrain this company from marketing and selling its generic esomeprazole magnesium product in Sweden. In January 2011, AstraZeneca was served with a law suit filed by ratiopharm GmbH and ratiopharm AB claiming that the *Nexium* esomeprazole magnesium patent (EP 1020461) is invalid in Sweden.

In the Netherlands, Sandoz B.V. and Hexal AG (both in the Sandoz group) and Stada Arzneimittel AG and Centrafarm Services B.V. (both in the Stada group) filed law suits in June 2010, in accelerated proceedings, claiming that the *Nexium* esomeprazole magnesium patent (EP 1020461) is invalid in the Netherlands. The trials were held on 14 January 2011. The decision has not yet been published.

In Italy, EG s.p.a. (a company in the Stada group) filed a law suit in June 2010, claiming that the *Nexium* esomeprazole magnesium patent (EP 1020461) is invalid in Italy. AstraZeneca has added a counterclaim for infringement. An initial hearing was held on 23 November 2010.

In France, ratiopharm GmbH and Laboratoire ratiopharm S.A. filed a law suit against AstraZeneca on 18 August 2010, claiming that the *Nexium* esomeprazole magnesium patent (EP 1020461) is invalid in France. Ethypharm S.A. filed a law suit against AstraZeneca on 20 August 2010, claiming that the *Nexium* esomeprazole magnesium patent (EP 1020461) and the cloud point patent (EP 1124539) are invalid in France. The next hearing in these cases will be on 17 March 2011.

In Belgium, AstraZeneca was served with a revocation action in October 2010 by Teva Pharmaceutical Industries Ltd and NV Teva Pharma Belgium claiming that the *Nexium* esomeprazole magnesium patent (EP 1020461) is invalid in Belgium. The next hearing will take place on 23 September 2011.

Patent Litigation – EU: 6-year countries
Regulatory data protection for *Nexium* in so-called 6-year European countries expired in 2006. A large number of generic companies have been granted marketing approvals and generic products have been launched in a number of these countries.

In Denmark, Sandoz A/S (Sandoz) launched its generic product in June 2009 and AstraZeneca filed a request for a preliminary injunction in the same month. In January 2010, the Court granted AstraZeneca a preliminary injunction preventing Sandoz from continuing to sell the products based on infringement of a *Nexium* esomeprazole magnesium patent (EP 1020461). Sandoz appealed this decision and the appeal will be heard on 22-25 February 2011. In March 2010, the Court granted a preliminary injunction based on infringement of a *Nexium* process patent (EP 0773940). Sandoz has appealed this decision and the appeal was heard on 17-24 January 2011. The decision will be announced on 28 February 2011. In July 2010, AstraZeneca filed an application with the District Court of Copenhagen, seeking an interlocutory injunction to restrain Krka Sverige AB from selling and marketing its generic esomeprazole magnesium products in Denmark. The hearing took place in November 2010. In December 2010, the Court denied AstraZeneca's request for a preliminary injunction. AstraZeneca has appealed this decision.

In Austria, Hexal Pharma GmbH and 1A Pharma GmbH (both in the Sandoz group) launched generic products in October 2009. Requests for preliminary injunctions were filed in December 2009. Preliminary injunctions have been granted by the Vienna Commercial Court against Hexal Pharma GmbH on 10 March 2010 and against 1A Pharma GmbH on 11 March 2010. The decisions were appealed by these Sandoz companies. The Higher Regional Court of Vienna upheld the injunction against 1A Pharma GmbH in July 2010 and against Hexal Pharma GmbH in September 2010. In December 2010, the Supreme Court rejected 1A Pharma GmbH´s request for extraordinary appeal. In July 2010, AstraZeneca filed an application for a preliminary injunction to be granted against Krka Pharma GmbH and Krka, d.d., Novo Mesto. In October 2010, the Vienna Commercial Court granted the preliminary injunction against Krka Pharma GmbH. This decision has been appealed by Krka Pharma GmbH. The case against Krka, d.d., Nova Mesto is still pending. On 29 November 2010, a similar request for a preliminary injunction was filed with the Vienna Commercial Court against ratiopharm Arzneimittel Vertriebs-GmbH.

With respect to previously reported declaratory actions and invalidity actions in Finland, the hearing in the Sandoz case scheduled for September 2010 was postponed to a date to be determined later. On 17 January 2011, a similar declaratory action was filed against Teva Sweden AB.

In Portugal, the court granted AstraZeneca a preliminary injunction in October 2009 suspending the efficacy of the marketing authorisations and the price approval for Sandoz Farmacêutica Limitada's generic esomeprazole magnesium products. The decision was appealed by the Portugese authorities. In a decision on 22 December 2010, the court upheld the preliminary injunction.

During 2009, Lek Farmacevtska Druzba d.d. (a company within the Sandoz group) initiated an invalidity case regarding two esomeprazole related patents in Slovenia. AstraZeneca filed a request for an interlocutory injunction in January 2010 against Lek Farmacevtska Druzba d.d. to restrain this company from commercialising, manufacturing and selling products containing esomeprazole magnesium in Slovenia. The interlocutory injunction was granted in June 2010. Lek Farmacevtska Druzba d.d. appealed in July 2010, and in September 2010 the Appeal Court upheld the injunction. In July 2010, AstraZeneca filed an application with the District Court of Ljublijana in Slovenia seeking an interlocutory injunction to restrain Krka, d.d., Novo Mesto from manufacturing and selling generic esomeprazole magnesium products. On 20 October 2010, the court rejected the request for an injunction. AstraZeneca appealed this decision on 28 October 2010.

In Poland, AstraZeneca filed in May 2010 a request for an interlocutory injunction against Lek Farmacevtska Druzba d.d. and Sandoz GmbH (both in the Sandoz group) to restrain them from manufacturing, using and selling their generic esomeprazole magnesium product in Poland. In June 2010, the application was granted regarding commercialising the product. AstraZeneca has appealed to have the injunction extended to manufacturing and Lek Farmacevtska Druzba d.d. and Sandoz GmbH appealed in August 2010. The Appeal Court denied both appeals in November 2010 thereby confirming the interlocutory injunction.

In Estonia, AstraZeneca filed a request for an interlocutory injunction in June 2010 against Krka, d.d., Novo Mesto to restrain this company from commercialising its magnesium esomeprazole product in Estonia. In July 2010, the court granted the requested interlocutory injunction. Krka, d.d., Novo Mesto appealed. In September 2010, the Appeal Court rejected the appeal and upheld the injunction. Krka, d.d., Novo Mesto filed an appeal with the Supreme Court, which denied leave to appeal. In July 2010, AstraZeneca filed a similar request for an interlocutory injunction against Krka, d.d., Novo Mesto in Lithuania. In July 2010, the injunction was granted. In September 2010, Krka, d.d., Novo Mesto appealed. Krka, d.d., Novo Mesto and Zentiva k.s. have challenged *Nexium* esomeprazole magnesium patents in courts in Estonia, Latvia and Lithuania. In January 2011, Zentiva k.s. waived its invalidity claim in Lithuania.

Patent litigation – Norway
In Norway, Hexal AG, Sandoz AS and Sandoz A/S (together Sandoz) initiated an invalidity case regarding two esomeprazole related patents in July 2008. In December 2009, the Court of Oslo invalidated a formulation patent while it upheld a substance patent related to esomeprazole. Both parties have appealed and the case was heard by the Appeal Court in January 2011. In September 2010, AstraZeneca filed a request for an interlocutory injunction against Krka Sverige AB to restrain the company from marketing and selling its generic esomeprazole magnesium product in Norway. In December 2010, the court granted AstraZeneca´s application, thereby prohibiting Krka Sverige AB´s commercialisation of its generic esomeprazole product in Norway. Krka Sverige AB has appealed this decision.

EU Commission investigation
On 30 November 2010, the European Commission commenced an investigation relating to certain alleged practices regarding *Nexium,* and dawn raided several AstraZeneca sites. The European Commission is investigating whether AstraZeneca may have acted individually or jointly to delay generic entry, in alleged breach of Articles 101 and/or 102 of the Treaty on the Functioning of the European Union (TFEU) which prohibit anti-competitive practices between third parties and abuse of a dominant position. Dawn raids are a preliminary step in investigating suspected anti-competitive practices. The European Commission is continuing its investigation. AstraZeneca remains of the view that the investigation is unfounded and that it has complied with all relevant competition laws. AstraZeneca has, in accordance with its corporate policy, co-operated with the European Commission's investigation. AstraZeneca will continue to co-operate with the European Commission should it decide to take the matter further.

Dutch Competition Authority (NMa) Nexium investigation
On 30 November 2010, the Dutch Competition Authority (NMa) commenced an investigation relating to alleged breach of Article 24 of Dutch competition law and Article 102 of the Treaty on the Functioning of the European Union. The NMa's investigation relates to alleged foreclosure of generic versions of certain PPIs. The NMa is continuing its investigation. AstraZeneca remains of the view that the investigation is unfounded and that it has complied with all relevant competition laws. AstraZeneca has, in accordance with its corporate policy, co-operated with the NMa's investigation. AstraZeneca will continue to co-operate with the NMa should it decide to take the matter further.

***Pulmicort Respules* (budesonide inhalation suspension)**
As previously reported, in 2008, AstraZeneca filed a lawsuit in the US District Court for the District of New Jersey, against Breath Ltd. (now owned by Watson Pharmaceuticals, hereinafter Watson) for patent infringement resulting from an ANDA filed by Watson seeking approval to market generic copies of *Pulmicort Respules* in the US prior to the expiration of AstraZeneca's patents.

In 2009, AstraZeneca filed a patent infringement lawsuit in the US District Court for the District of New Jersey against Apotex, Inc. and Apotex Corp. (together Apotex Group) seeking declaratory judgments and injunctive relief following the FDA's approval of Apotex Group's ANDA for a generic version of *Pulmicort Respules* in the US prior to the expiration of AstraZeneca's patents. In May 2009, AstraZeneca obtained a preliminary injunction barring Apotex Group from launching its generic version of *Pulmicort Respules.* In November 2010, the Court of Appeals for the Federal Circuit affirmed the District Court's decision to issue a preliminary injunction. Apotex Group has filed a petition in the Court of Appeals for rehearing *en banc.*

In April 2009, AstraZeneca listed in the FDA's Orange Book a newly issued US patent directed to sterile formulations of budesonide inhalation suspensions. AstraZeneca listed the new patent in the FDA's Orange Book, referencing *Pulmicort Respules*. AstraZeneca amended its pleadings against the Apotex Group and Watson alleging infringement of the newly issued patent. The litigations involving the Apotex Group and Watson have been consolidated under a common scheduling order. In December 2010, the Court scheduled a claim construction hearing to commence on 9 May 2011.

In September 2010, AstraZeneca received a Paragraph IV Certification notice-letter from Sandoz Inc., notifying AstraZeneca that it was seeking approval to market a generic version of 0.25, 0.50 and 1mg doses of *Pulmicort Respules* prior to the expiration of the patents covering *Pulmicort Respules*. In November 2010, AstraZeneca commenced patent infringement litigation against Sandoz Inc. in the United States District Court for the District of New Jersey.

***Seroquel* (quetiapine fumarate)**
AstraZeneca has made provisions in the year totalling $592 million related to agreement to settle 24,591 *Seroquel* product liability claims, future defence and settlement costs for the remaining US *Seroquel* product liability claims and an agreement to settle investigations into *Seroquel* sales and marketing practices under state law with 37 states and the District of Columbia.

Sales and marketing practices
AstraZeneca has reached an agreement in principle to settle *Seroquel*-related consumer protection and state deceptive trade practice claims under state law with 37 states and Washington, D.C., as part of the National Association of Attorneys General and has recorded a provision for the agreed amount. Some states may also be conducting individual investigations.

Also as previously reported, the states of Arkansas, Montana, New Mexico, South Carolina, Mississippi and Utah have sued AstraZeneca under various state laws generally alleging that AstraZeneca made false and/or misleading statements in connection with the marketing and promotion of *Seroquel*. In December 2010, a federal judge granted AstraZeneca's motion to dismiss and dismissed the lawsuit brought by Utah in its entirety and gave the State until 2 February 2011 to amend its complaint and re-file. In December 2010, the State of Alaska also sued AstraZeneca, making similar allegations. AstraZeneca believes that the remaining claims which are in various stages of litigation, are without merit and intends to vigorously defend them.

Product liability
AstraZeneca, either alone or in conjunction with one or more affiliates, has been sued in numerous individual personal injury actions involving *Seroquel*. In most of these cases, the nature of the plaintiffs' alleged injuries is not clear from the complaint and, in most cases, little or no factual information regarding the alleged injury has been provided in the complaint. However, the plaintiffs generally contend that they developed diabetes and/or other related injuries as a result of taking *Seroquel* and/or other atypical anti-psychotic medications.

AstraZeneca has defended *Seroquel* product liability litigation in federal courts, including a Multi-District Litigation in the Middle District of Florida, as well as in multiple state courts, including Delaware, New York and New Jersey courts where cases were consolidated in order to manage the large volume of claims pending in those jurisdictions.

As of 31 December 2010, AstraZeneca was aware of approximately 3,950 *Seroquel* US product liability claims that have not been settled in principle (see below). The majority of these remaining claims are pending in New Jersey and New York state courts, although some claims are pending in a handful of other state courts and in the federal Multi-District Litigation. At present, trial dates remain pending in multiple jurisdictions, including New Jersey and New York, beginning mid 2011 and continuing through 2012.

As of 31 December 2010, the mediation process has resulted in agreements in principle on monetary terms, subject to various subsequent conditions, approvals and agreement on non-monetary terms, with the attorneys representing 24,591 claimants (6,323 claims having been settled in principle since 27 September 2010). The claims that have settled in principle include both claims that have been filed in the courts as well as claims that had not yet been filed. The specific terms of the conditional agreements in principle are by agreement, and at the request of the mediator, confidential at this time. Written settlement agreements have been finalised in connection with 18,072 claims and payments have been made in connection with certain of those claims. The parties are finalising written settlement agreements in respect of the other claims that have been resolved in principle. The mediation process is ongoing with regard to other currently unsettled claims.

A provision has been established in respect of the *Seroquel* product liability claims regarding both current and anticipated future settlement costs as well as anticipated future defence costs associated with resolving all or substantially all remaining claims.

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

As of 31 December 2010, legal defence costs of approximately $738 million have been incurred in connection with *Seroquel*-related product liability claims.

AstraZeneca has product liability insurance dating from 2003 that is considered to respond to the vast majority of the *Seroquel*-related product liability claims. This insurance provides cover for legal defence costs and potential damages amounts. The insurers that issued the applicable policies for 2003 have disputed coverage for *Seroquel*-related product liability claims on various grounds. In April 2010, AstraZeneca settled its claims against several of its insurers for legal costs incurred defending the *Seroquel*-related product liability claims immediately in excess of AstraZeneca's self-insured retention of $39 million for an amount approximately equal to the receivable that had been recorded at 31 December 2009.

Disputes continue with insurers about the availability of coverage under additional insurance policies. As of 31 December 2010, legal costs of approximately $123 million have been incurred in connection with *Seroquel*-related product liability claims which AstraZeneca believes to be covered by these additional insurance policies. However, the combined amount charged to the income statement to date in respect of legal costs and settlements which AstraZeneca believes to be covered by these additional policies, including the provisions taken in the third and fourth quarters of 2010, now significantly exceeds the total stated upper limits of these insurance policies.

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

Patent litigation – Brazil
As previously reported, in January 2006, AstraZeneca filed a lawsuit before the Federal Courts of Rio de Janeiro seeking judicial declaration extending the term of one of its patents from 2006 to 2012. A preliminary order was granted shortly thereafter. At the end of July 2010, Pró Genéricos and the Brazilian Patent Trademark Office (Brazilian PTO) appealed the preliminary order granted in favour of AstraZeneca. The judge decided in favour of Pró Genéricos and the Brazilian PTO. AstraZeneca appealed that decision. In November 2010, the Court of Appeal decided in favour of Pró Genéricos and the Brazilian PTO and revoked the prelimary order previously granted to AstraZeneca. The main action continues.

Patent litigation – EU
Since 2007, AstraZeneca has filed requests with the Portuguese courts seeking suspension of the effect of decisions taken by administrative bodies in Portugal to grant other companies marketing authorisations for generic quetiapine fumarate, and to prevent the retail prices to the said generics from being granted. Many preliminary injunctions and main actions are pending before the courts. The courts have generally agreed with AstraZeneca's position and suspended the marketing authorisations in the preliminary injunction actions until a definitive decision on the merits in the main actions (or until AstraZeneca's patent rights expire, in March 2012, if this occurs first). Only in one case did the administrative courts not suspend the grant of the marketing authorisation (decision of December 2009, confirmed in July 2010). Accordingly, the Portuguese administrative bodies have granted the retail price in respect of that product. In July and November 2010, AstraZeneca filed preliminary injunction proceedings with the aim of suspending the effect of the retail price decision. AstraZeneca has filed corresponding main actions.

Seroquel XR
Patent litigation – US
As previously reported, AstraZeneca has filed patent infringement actions in the US District Court for the District of New Jersey against various entities for ANDAs filed by seven generic drug companies: Handa Pharmaceuticals, LLC (Handa); Accord Healthcare Inc. (Accord); Biovail Laboratories International SRL; Anchen Pharmaceuticals, Inc.; Torrent Pharmaceuticals Ltd. (Torrent); Osmotica Pharmaceutical Corporation and Mylan Pharmaceuticals Inc. All of the patent infringement actions continue.

On 22 November 2010, the Court conducted a claim construction hearing, and on 30 November 2010, Judge Pisano issued a decision interpreting claims of US patent no. 5,948,437. In December 2010, Torrent filed a Motion for Clarification and Reconsideration of the Court's decision in response.

In December 2010, Handa and Accord reported that they have received tentative FDA approval of their ANDAs.

On 8 January 2011, AstraZeneca and Handa submitted a joint stipulation and proposed order concerning US patent no. 4,879,288 (the '288 patent) staying litigation between the parties until and including 26 March 2012. Upon expiration of the stay, AstraZeneca's infringement claims against Handa relating to the '288 patent, and Handa's related counterclaims, will be dismissed as moot. Under the stipulation, Handa agrees not to engage in the commercial sale of the quetiapine fumarate products that are the subject of its ANDA before the 26 March 2012 expiration of AstraZeneca's paediatric exclusivity relating to the '288 patent. The Court entered the consent order described above on 10 January 2011. The Court has set a pre-trial schedule and trial to begin on 3 October 2011.

Patent litigation – EU
In the UK, Teva UK Limited and Teva Pharmaceuticals Limited (Teva) issued revocation proceedings against AstraZeneca in December 2010. Teva claims that the patent EP (UK) 0907364 is invalid.

In Hungary, AstraZeneca was notified in late 2010 that Teva Pharmaceuticals Limited and Teva Gyógyszergyár Zrt (together Teva) had filed a request for nullity of the Hungarian formulation patent for *Seroquel XR* with the Hungarian Patent Office. Teva claims that Hungarian patent no. 225 152 should be declared null and void. AstraZeneca is considering its response.

***Synagis* (palivizumab)**
In December 2008, MedImmune initiated patent litigation against PDL BioPharma, Inc. (PDL) in the US District Court for the Northern District of California. MedImmune sought a declaratory judgment that the Queen patents (owned by PDL) are invalid and/or not infringed by either *Synagis* and/or motavizumab, and that no further royalties are owed under a patent licence MedImmune and PDL signed in 1997 (the 1997 Agreement). MedImmune has paid royalties on *Synagis* since 1998 under the 1997 Agreement. In February 2009, MedImmune amended its complaint to add a separate claim asserting that MedImmune is entitled, under the 1997 Agreement's 'most favoured licensee' provision, to the more favourable royalty terms than MedImmune contends, PDL has granted to other Queen patent licensees. PDL has taken the position in the case that both *Synagis* and motavizumab infringe a single claim of the Queen patents, and on that basis that MedImmune owes royalties for both products. With respect to the 'most favoured licensee' dispute, PDL contends that MedImmune's rights under that provision have not been triggered by PDL's licensing activities with third parties. In December 2009, PDL purported to cancel the 1997 Agreement, an action PDL later explained was based on an allegation that MedImmune had underpaid royalties on ex-US sales of *Synagis* by Abbott International, Inc. (Abbott), and that MedImmune failed to co-operate in a royalty audit. After the purported termination, PDL amended its answer to add counterclaims for breach of contract and patent infringement. PDL's claims seek actual and exemplary damages and an injunction. MedImmune responded to the new claims by adding its own claims for damages and recoupment of past royalties. In December 2010, the court heard motions for summary judgment that could resolve certain issues, including patent invalidity, without a trial. On 7 January 2011, the court granted some of those motions. The court held that the single patent claim asserted by PDL as a basis for MedImmune's royalty obligation is invalid, and also that MedImmune properly paid royalties on ex-US sales by Abbott. On 12 January 2011, the court held a case management conference and scheduled the remaining claims for trial on 4 March 2011 with a further hearing scheduled on 4 February 2011 to finalise the trial date.

As at 31 December 2010, MedImmune had provided for $38 million in respect of accrued royalties not paid to PDL for the period from December 2009 to the end of 2010.

Average Wholesale Price Litigation
As previously reported, AstraZeneca is a defendant, along with many other pharmaceutical manufacturers, in several sets of cases involving allegations that, by causing the publication of allegedly inflated wholesale list prices, defendants caused entities to overpay for prescription drugs. In November 2010, AstraZeneca was served with a new case brought by the State of Louisiana against over 100 defendants.

As previously reported, in October 2009, a Kentucky jury found AstraZeneca liable under the Commonwealth of Kentucky's Consumer Protection statute and Medicaid Fraud statute, and awarded $14.72 million in compensatory damages and $100 in punitive damages for drugs reimbursed by the Commonwealth of Kentucky Medicaid Agency. The trial court subsequently awarded statutory penalties of $5.4 million. AstraZeneca filed a motion for a new trial and a motion for judgment notwithstanding the verdict, both of which were denied on 19 January 2011. AstraZeneca believes the verdict and the court's order are in error and intends to appeal.

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

Dr. George Pieczenik v. AstraZeneca Pharmaceuticals LP, AstraZeneca LP, et al
In May 2010, Dr. George Pieczenik (the Plaintiff) filed a lawsuit against AstraZeneca and numerous other companies in the US District Court for the District of New Jersey alleging that the defendants' 'research, commercial and licensing activities' infringe US Patent No. 5,866,363 (the '363 patent) purportedly owned by the Plaintiff. The Plaintiff also alleged violations of the Racketeering Institution and Corrupt Organization Act. In June 2010, the Court, *sua sponte*, dismissed without prejudice the Plaintiff's suit, determining that the asserted claims failed to meet federal pleading requirements. In July 2010, the Plaintiff filed an amended complaint again claiming infringement of the '363 patent as well as other legal theories. In October 2010, defendants filed an omnibus motion to dismiss the lawsuit asserting that the Plaintiff has failed to state a legally cognisable cause of action. The Plaintiff opposed the motion in November 2010 and filed several unsuccessful ancillary motions, which the Plaintiff has improperly appealed to the Federal Circuit Court. The Court has not yet ruled on the motion to dismiss the amended complaint.

Drug importation anti-trust litigation
As previously reported, in August 2004, Californian retail pharmacy plaintiffs filed an action in the Superior Court of California alleging a conspiracy by AstraZeneca and approximately 15 other pharmaceutical manufacturer defendants to set the price of drugs sold in California at or above the Canadian sales price for those same drugs and otherwise restrict the importation of pharmaceuticals into the United States.

Also as previously reported, in September 2006, the defendants filed a motion for summary judgment arguing that the plaintiffs have failed to prove their allegations of a conspiracy and that the defendants are entitled to judgment as a matter of law. The Superior Court will hear argument on that motion on 17 February 2011. The Court has scheduled a trial of the matter to commence on 1 August 2011.

EU Commission Patent Settlements Monitoring
In January 2011, the European Commission requested copies of settlement agreements which were entered into or amended in 2010 from a number of companies, including AstraZeneca. AstraZeneca will co-operate fully with the request. This follows on from the European Commission's first patent settlements monitoring exercise and report in 2010.

Taxation
Transfer pricing and other international tax contingencies
AstraZeneca faces a number of transfer pricing audits in jurisdictions around the world and, in some cases, is in dispute with the tax authorities. These disputes usually result in taxable profits being increased in one territory and correspondingly decreased in another. Our balance sheet positions for these matters reflect appropriate corresponding relief in the territories affected. The total net accrual included in the Financial Statements to cover the worldwide exposure to transfer pricing audits and other international tax contingencies is $2,310 million, a decrease of $17 million due to negotiated settlements (including with HMRC in February 2010) offset by the impact of an additional year of transactions relating to contingencies for which accruals had already been established, revisions of estimates relating to existing audits, a number of new tax contingencies and exchange rate effects.

Management continues to believe that AstraZeneca's positions on all its transfer pricing audits and disputes are robust and that AstraZeneca is appropriately provided.

For transfer pricing audits where AstraZeneca and the tax authorities are in dispute, AstraZeneca estimates the potential for reasonably possible additional losses above and beyond the amount provided to be up to $565 million (2009: $575 million); however, management believes that it is unlikely that these additional losses will arise. It is however possible that some of these contingencies may reduce in the future to the extent that any tax authority challenge is unsuccessful or matters lapse following expiry of the relevant statutes of limitation resulting in a reduction in the tax charge in future periods.

Other tax contingencies
Included in the tax accrual is $1,429 million relating to a number of other tax contingencies, an increase of $468 million mainly due to the impact of an additional year of transactions relating to contingencies for which accruals had already been established and exchange rate effects. For these tax exposures, AstraZeneca does not expect material additional losses. It is however possible that some of these contingencies may reduce in the future to the extent that any tax authority challenge is unsuccessful or matters lapse following expiry of the relevant statutes of limitation resulting in a reduction in the tax charge in future periods.

Timing of cash flows and interest
It is not possible to estimate the timing of tax cash flows in relation to each outcome, however, it is anticipated that a number of significant disputes may be resolved over the next one to two years. Included in the provision is an amount of interest of $608 million (2009: $565 million). Interest is accrued as a tax expense.

6 ACCOUNTING IMPACT FROM MERCK ARRANGEMENTS

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

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

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

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

First Option
On 26 February 2010, AstraZeneca gave Merck an irrevocable notice of its intention to exercise the First Option. Payment of $647 million to Merck was made on 30 April 2010. This payment resulted in AstraZeneca acquiring Merck's interests in products covered by the First Option including *Entocort*, *Atacand, Plendil* and the authorised generic version of felodipine, and certain products still in development (principally *Brilinta* and AZD3355). On 30 April 2010, contingent payments on these products ceased with respect to periods after this date (except for contingent payments on the authorised generic version of felodipine, which currently are scheduled to continue until June 2011) and AstraZeneca obtained the ability to exploit these products and other opportunities in the Cardiovascular and Neuroscience therapy areas. These rights were valued at $1,829 million and were recognised as intangible assets from 26 February 2010 ($1,182 million having been transferred from non-refundable deposits to supplement the payment of $647 million to Merck). The remaining non-refundable deposits of $474 million relate to benefits that would be secured upon AstraZeneca exercising the Second Option, effectively ending AstraZeneca's arrangements with Merck (see below). The intangible assets recognised on exercise of the First Option give rise to an additional amortisation expense in the range of $20 to $50 million per annum charged to cost of sales in respect of contingent payment relief, the precise amount dependent upon the launch status of the covered pipeline compounds, and an additional charge to SG&A of around $60 million per annum. Amortisation on these intangible assets began when the payment was made on 30 April 2010. The Company only excludes the amortisation expense charged to SG&A from the Core financial measures calculation.

Second Option
AstraZeneca may exercise the Second Option in 2012 or in 2017 or if combined annual sales of *Nexium* and *Prilosec* fall below a minimum amount. Closing of the Second Option would end the contingent payments in respect of those two products and effectively end AstraZeneca's relationship with and obligations to Merck (other than some residual manufacturing arrangements).

In September 2010, AstraZeneca and Merck reached an agreement with respect to the treatment of *Vimovo* under the Agreements, pursuant to which AstraZeneca will pay Merck certain amounts with respect to *Vimovo* only if it exercises the Second Option and as part of the exercise price for the Second Option.

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

The intangible assets relating to purchased product rights and the intangible assets relating to non-refundable deposits are subject to impairment testing and would be partially or wholly impaired if a product is withdrawn or if activity in any of the affected therapy areas is significantly curtailed. Consequently, following the discontinuation of the development of lesogaberan (AZD3355) in the third quarter of 2010, an impairment of $128 million was made. If it becomes probable that the Second Option will not be exercised, the non-refundable deposits for the product rights to be acquired under the Second Option will be expensed immediately.

7 FULL YEAR TERRITORIAL REVENUE ANALYSIS

	Full Year 2010 $m	Full Year 2009 $m	% Growth Actual	% Growth Constant Currency
US	13,727	14,777	(7)	(7)
Western Europe[1]	9,168	9,252	(1)	2
Canada	1,510	1,203	26	14
Japan	2,617	2,367	11	4
Other Established ROW	1,049	853	23	6
Established ROW[2]	5,176	4,423	17	7
Emerging Europe	1,165	1,091	7	6
China	1,047	811	29	28
Emerging Asia Pacific	890	780	14	7
Other Emerging ROW	2,096	1,670	26	20
Emerging ROW[3]	5,198	4,352	19	16
Total Revenue	33,269	32,804	1	-

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

8 FOURTH QUARTER TERRITORIAL REVENUE ANALYSIS

	4th Quarter 2010 $m	4th Quarter 2009 $m	% Growth Actual	% Growth Constant Currency
US	3,454	3,946	(12)	(12)
Western Europe[1]	2,347	2,556	(8)	(1)
Canada	408	341	20	15
Japan	763	673	13	4
Other Established ROW	304	263	16	8
Established ROW[2]	1,475	1,277	16	8
Emerging Europe	306	308	(1)	4
China	267	212	26	23
Emerging Asia Pacific	239	203	18	12
Other Emerging ROW	529	443	19	19
Emerging ROW[3]	1,341	1,166	15	15
Total Revenue	8,617	8,945	(4)	(3)

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

9 FULL YEAR PRODUCT REVENUE ANALYSIS

	World			US		Western Europe			Established ROW			Emerging ROW		
	Full Year 2010 $m	Actual Growth %	Constant Currency Growth %	Full Year 2010 $m	Actual Growth %	Full Year 2010 $m	Actual Growth %	Constant Currency Growth %	Full Year 2010 $m	Actual Growth %	Constant Currency Growth %	Full Year 2010 $m	Actual Growth %	Constant Currency Growth %
Gastrointestinal:														
Nexium	4,969	-	-	2,695	(5)	1,202	(2)	2	453	17	4	619	21	18
Losec/Prilosec	986	4	1	47	(28)	253	(3)	(2)	437	6	(1)	249	19	16
Other	133	25	26	76	49	45	-	2	6	-	(17)	6	50	75
Total Gastrointestinal	**6,088**	**1**	**-**	**2,818**	**(4)**	**1,500**	**(2)**	**1**	**896**	**12**	**1**	**874**	**20**	**17**
Cardiovascular:														
Crestor	5,691	26	24	2,640	26	1,111	15	20	1,332	37	25	608	31	26
Seloken/Toprol-XL	1,210	(16)	(17)	689	(29)	91	(11)	(9)	39	(7)	(14)	391	17	13
Atacand	1,483	3	3	216	(18)	736	-	4	224	21	8	307	21	17
Zestril	157	(15)	(14)	10	(44)	81	(23)	(19)	17	(11)	(21)	49	17	14
Plendil	255	6	4	15	7	27	(34)	(32)	14	8	-	199	15	13
Onglyza™	69	n/m	n/m	54	n/m	10	n/m	n/m	2	n/m	n/m	3	n/m	n/m
Others	538	(4)	(5)	28	(20)	174	(13)	(10)	153	(5)	(11)	183	13	9
Total Cardiovascular	**9,403**	**12**	**11**	**3,652**	**7**	**2,230**	**4**	**8**	**1,781**	**28**	**16**	**1,740**	**22**	**18**
Respiratory:														
Symbicort	2,746	20	20	721	48	1,367	2	5	286	75	59	372	25	23
Pulmicort	872	(33)	(34)	305	(62)	215	(6)	(4)	114	13	5	238	35	32
Rhinocort	227	(14)	(16)	93	(28)	39	(13)	(11)	16	14	-	79	4	-
Others	254	(4)	(5)	41	(15)	118	(4)	(3)	22	(4)	(13)	73	4	1
Total Respiratory	**4,099**	**(1)**	**(1)**	**1,160**	**(21)**	**1,739**	**-**	**3**	**438**	**46**	**33**	**762**	**23**	**20**
Oncology:														
Arimidex	1,512	(21)	(22)	494	(44)	580	(7)	(4)	287	10	2	151	(3)	(6)
Casodex	579	(31)	(34)	16	(89)	113	(39)	(37)	347	(14)	(18)	103	(6)	(8)
Zoladex	1,115	3	-	46	(15)	276	(19)	(17)	451	8	-	342	24	23
Iressa	393	32	28	4	(20)	49	600	643	182	15	9	158	24	20
Others	446	21	21	161	27	135	14	19	61	9	4	89	29	25
Total Oncology	**4,045**	**(10)**	**(12)**	**721**	**(41)**	**1,153**	**(10)**	**(7)**	**1,328**	**3**	**(4)**	**843**	**15**	**12**
Neuroscience:														
Seroquel IR	4,148	(1)	(1)	3,107	1	560	(14)	(11)	223	10	1	258	7	-
Seroquel XR	1,154	66	67	640	87	359	30	36	61	85	67	94	114	109
Local Anaesthetics	605	1	(1)	29	(28)	265	(4)	(1)	186	9	(1)	125	13	8
Zomig	428	(1)	(2)	176	(3)	172	(4)	(2)	69	17	8	11	(15)	(23)
Diprivan	322	11	8	45	-	50	(19)	(16)	76	29	20	151	22	17
Vimovo	5	n/m	n/m	5	n/m	-	-	-	-	-	-	-	-	-
Others	42	(13)	(15)	1	(88)	27	(7)	(7)	3	-	-	11	38	25
Total Neuroscience	**6,704**	**7**	**7**	**4,003**	**8**	**1,433**	**(3)**	**-**	**618**	**17**	**7**	**650**	**20**	**14**
Infection & Other:														
Synagis	1,038	(4)	(4)	646	(17)	392	31	31	-	-	-	-	-	-
Non Seasonal Flu	39	(90)	(90)	39	(90)	-	-	-	-	-	-	-	-	-
Merrem	817	(6)	(7)	127	(28)	328	(9)	(7)	57	10	(4)	305	8	4
FluMist	174	20	20	173	19	-	-	-	-	-	-	1	-	-
Others	108	(24)	(25)	68	(16)	-	(100)	(93)	20	(5)	(43)	20	54	92
Total Infection & Other	**2,176**	**(17)**	**(18)**	**1,053**	**(33)**	**720**	**4**	**6**	**77**	**5**	**(15)**	**326**	**11**	**8**
Aptium Oncology	219	(44)	(44)	219	(44)	-	-	-	-	-	-	-	-	-
Astra Tech	535	6	7	101	22	393	2	4	38	6	(3)	3	200	100
Total	**33,269**	**1**	**-**	**13,727**	**(7)**	**9,168**	**(1)**	**2**	**5,176**	**17**	**7**	**5,198**	**19**	**16**

10 FOURTH QUARTER PRODUCT REVENUE ANALYSIS

	World			US		Western Europe			Established ROW			Emerging ROW		
	4th Quarter 2010 $m	Actual Growth %	Constant Currency Growth %	4th Quarter 2010 $m	Actual Growth %	4th Quarter 2010 $m	Actual Growth %	Constant Currency Growth %	4th Quarter 2010 $m	Actual Growth %	Constant Currency Growth %	4th Quarter 2010 $m	Actual Growth %	Constant Currency Growth %
Gastrointestinal:														
Nexium	1,231	(4)	(2)	665	(7)	290	(9)	(2)	123	11	5	153	17	17
Losec/Prilosec	243	(3)	(6)	9	(40)	55	(18)	(12)	125	7	(1)	54	6	-
Other	26	4	8	11	22	12	(8)	(8)	1	(50)	(100)	2	100	300
Total Gastrointestinal	**1,500**	**(3)**	**(3)**	**685**	**(8)**	**357**	**(11)**	**(4)**	**249**	**8**	**1**	**209**	**14**	**14**
Cardiovascular:														
Crestor	1,587	26	26	752	36	289	5	14	391	28	21	155	25	23
Seloken/Toprol-XL	253	(22)	(22)	118	(40)	24	(4)	-	10	(9)	(9)	101	11	11
Atacand	375	(3)	-	50	(24)	190	(5)	3	60	18	12	75	7	9
Zestril	40	(7)	(5)	2	(60)	20	(17)	(8)	4	(20)	(40)	14	56	56
Plendil	63	5	3	3	(25)	6	(40)	(30)	4	(20)	(20)	50	22	17
Onglyza™	32	n/m	n/m	24	n/m	5	n/m	n/m	1	n/m	n/m	2	n/m	n/m
Others	137	(11)	(11)	3	(77)	42	(24)	(16)	43	(4)	(11)	49	20	17
Total Cardiovascular	**2,487**	**12**	**12**	**952**	**14**	**576**	**(2)**	**6**	**513**	**22**	**14**	**446**	**18**	**17**
Respiratory:														
Symbicort	741	11	15	192	25	354	(6)	1	94	92	78	101	17	22
Pulmicort	233	(40)	(39)	68	(70)	57	(16)	(10)	36	16	10	72	24	24
Rhinocort	52	(20)	(20)	19	(32)	9	(18)	(9)	5	25	-	19	(14)	(14)
Others	60	(18)	(16)	4	(67)	30	(9)	(6)	4	(20)	(40)	22	(4)	-
Total Respiratory	**1,086**	**(9)**	**(7)**	**283**	**(33)**	**450**	**(8)**	**(1)**	**139**	**56**	**44**	**214**	**13**	**16**
Oncology:														
Arimidex	278	(44)	(43)	22	(90)	140	(15)	(8)	80	11	4	36	(16)	(21)
Casodex	148	(22)	(24)	2	(89)	26	(33)	(28)	95	(10)	(16)	25	(7)	(7)
Zoladex	302	1	-	12	(29)	67	(26)	(22)	127	9	2	96	26	32
Iressa	115	46	41	1	-	20	567	600	54	23	14	40	29	26
Others	139	36	38	58	71	39	15	24	19	27	20	23	21	21
Total Oncology	**982**	**(16)**	**(16)**	**95**	**(67)**	**292**	**(12)**	**(5)**	**375**	**7**	**(1)**	**220**	**12**	**13**
Neuroscience:														
Seroquel IR	1,024	(2)	(1)	770	-	140	(14)	(7)	48	(6)	(12)	66	8	5
Seroquel XR	316	44	47	163	55	107	23	33	19	58	50	27	69	69
Local Anaesthetics	162	(2)	(2)	5	(50)	71	(5)	1	54	4	(6)	32	10	10
Zomig	110	(4)	(3)	46	-	43	(14)	(8)	19	19	13	2	(33)	(33)
Diprivan	81	3	1	7	(36)	11	(27)	(20)	23	44	31	40	8	8
Vimovo	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Others	13	(13)	(13)	-	(100)	7	(13)	(13)	1	-	-	5	67	67
Total Neuroscience	**1,706**	**4**	**5**	**991**	**5**	**379**	**(5)**	**3**	**164**	**11**	**3**	**172**	**15**	**14**
Infection & Other:														
Synagis	397	(1)	(1)	276	5	121	(12)	(12)	-	-	-	-	-	-
Non Seasonal Flu	-	(100)	(100)	-	(100)	-	-	-	-	-	-	-	-	-
Merrem	183	(22)	(21)	20	(58)	67	(33)	(28)	16	-	(6)	80	11	11
FluMist	51	-	-	50	(2)	-	-	-	-	-	-	1	-	-
Others	25	(17)	(17)	22	22	(4)	(500)	(300)	10	(9)	(18)	3	-	-
Total Infection & Other	**656**	**(31)**	**(31)**	**368**	**(40)**	**184**	**(23)**	**(20)**	**26**	**(4)**	**(11)**	**84**	**8**	**11**
Aptium Oncology	54	(25)	(25)	54	(25)	-	-	-	-	-	-	-	-	-
Astra Tech	146	3	7	26	18	109	(1)	6	9	-	-	2	100	(100)
Total	**8,617**	**(4)**	**(3)**	**3,454**	**(12)**	**2,347**	**(8)**	**(1)**	**1,475**	**16**	**8**	**1,341**	**15**	**15**

Convenience Translation of Key Financial Information

For the **quarter** ended 31 December	2010 $m	2009 $m	2010 £m	2009 £m	2010 SEKm	2009 SEKm
Revenue	8,617	8,945	5,588	5,566	58,174	64,078
Reported						
Operating profit	2,411	2,325	1,563	1,447	16,277	16,655
Profit before tax	2,283	2,164	1,480	1,346	15,413	15,502
Earnings per share	$1.15	$1.07	£0.75	£0.67	SEK7.76	SEK7.66
Core						
Operating profit	2,865	3,044	1,858	1,894	19,342	21,806
Profit before tax	2,737	2,883	1,775	1,794	18,478	20,653
Earnings per share	$1.39	$1.42	£0.90	£0.88	SEK9.38	SEK10.17

For the **year** ended 31 December	2010 $m	2009 $m	2010 £m	2009 £m	2010 SEKm	2009 SEKm
Revenue	33,269	32,804	21,573	20,411	224,602	234,993
Reported						
Operating profit	11,494	11,543	7,453	7,182	77,597	82,689
Profit before tax	10,977	10,807	7,118	6,724	74,107	77,416
Earnings per share	$5.60	$5.19	£3.63	£3.23	SEK37.81	SEK37.18
Core						
Operating profit	13,603	13,621	8,821	8,475	91,835	97,575
Profit before tax	13,086	12,885	8,486	8,017	88,345	92,302
Earnings per share	$6.71	$6.32	£4.35	£3.93	SEK45.30	SEK45.27
Dividend per Ordinary Share	$2.55	$2.30	£1.62	£1.41	SEK17.11	SEK16.84
Net cash inflow from operating activities	10,680	11,739	6,925	7,304	72,102	84,093
Increase in cash & cash equivalents	1,120	5,634	726	3,506	7,561	40,359
Capital and Reserves Attributable to Equity Holders	23,213	20,660	15,052	12,855	156,713	147,999

All Sterling (£) and Swedish krona (SEK) equivalents are shown for convenience and have been calculated using the current period end rates of $1= £0.648445 and $1= SEK6.7511 respectively. Dividend per Ordinary Share is shown as the actual amount payable using the rates at the date of declaration of the dividend.

Shareholder Information

ANNOUNCEMENTS AND MEETINGS

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

DIVIDENDS

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

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

Future dividends will normally be paid as follows:

First interim	Announced in July and paid in September
Second interim	Announced in January and paid in March

TRADEMARKS

Trademarks of the AstraZeneca group of companies appear throughout this document in italics. AstraZeneca, the AstraZeneca logotype and the AstraZeneca symbol are all trademarks of the AstraZeneca group of companies. Trademarks of companies other than AstraZeneca appear with a ® or ™ sign and include: Abraxane®, a registered trademark of Abraxis BioScience, LLC. and ONGLYZA™, a trademark of Bristol-Myers Squibb Company.

ADDRESSES FOR CORRESPONDENCE

Registrar and Transfer Office
Equiniti Limited
Aspect House
Spencer Road
Lancing
West Sussex
BN99 6DA
UK
Tel (freephone in UK):
0800 389 1580
Tel (outside UK):
+44 (0)121 415 7033

US Depositary
JP Morgan Chase & Co
PO Box 64504
St Paul
MN 55164-0504
US
Tel (toll free in US):
800 990 1135
Tel (outside US):
+1 (651) 453 2128

Registered Office
2 Kingdom Street
London
W2 6BD
UK
Tel: +44 (0)20 7604 8000

Swedish Central Securities Depository
Euroclear Sweden AB
PO Box 7822
SE-103 97 Stockholm
Sweden
Tel: +46 (0)8 402 9000

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

In order, among other things, to utilise the 'safe harbour' provisions of the US Private Securities Litigation Reform Act 1995, we are providing the following cautionary statement: The preliminary announcement contains certain forward-looking statements with respect to the operations, performance and financial condition of the Group. Although we believe our expectations are based on reasonable assumptions, any forward-looking statements, by their very nature, involve risks and uncertainties and may be influenced by factors that could cause actual outcomes and results to be materially different from those predicted. The forward-looking statements reflect knowledge and information available at the date of preparation of the preliminary announcement and AstraZeneca undertakes no obligation to update these forward-looking statements. We identify the forward-looking statements by using the words 'anticipates', 'believes', 'expects', 'intends' and similar expressions in such statements. Important factors that could cause actual results to differ materially from those contained in forward-looking statements, certain of which are beyond our control, include, among other things: the loss or expiration of patents, marketing exclusivity or trade marks; the risk of substantial adverse litigation/government investigation claims and insufficient insurance coverage; exchange rate fluctuations; the risk that R&D will not yield new products that achieve commercial success; the risk that strategic alliances will be unsuccessful; the impact of competition, price controls and price reductions; taxation risks; the risk of substantial product liability claims; the impact of any failure by third parties to supply materials or services; the risk of failure to manage a crisis; the risk of delay to new product launches; the difficulties of obtaining and maintaining regulatory approvals for products; the risk of failure to observe ongoing regulatory oversight; the risk that new products do not perform as we expect; the risk of environmental liabilities; the risks associated with conducting business in emerging markets; the risk of reputational damage; and the risk of product counterfeiting.