AstraZeneca PLC

SECOND QUARTER AND HALF YEAR RESULTS 2011

London, 28 July 2011

Revenue for the second quarter was $8,430 million, down 2 percent at constant exchange rates (CER).

-Strong double-digit growth at CER for *Crestor*, *Symbicort* and *Seroquel XR*.

-Emerging Markets revenue increased by 10 percent at CER.

-Revenue performance reflects the loss of more than $0.5 billion of revenue from generic competition, as well as the impact of government price interventions.

Core operating profit in the second quarter declined by 10 percent at CER to $3,322 million.

-Core R&D expense increased by 8 percent at CER, reflecting the impact of several late stage clinical programme starts which commenced late 2010 and early 2011.

-Core SG&A expense increased by 9 percent at CER, which includes the impact of the excise tax related to US healthcare reform and a one-time expense for termination of a marketing and distribution contract in the US, in addition to investments in Emerging Markets and product launches.

Core EPS in the second quarter was down 5 percent at CER to $1.73.

-Core EPS benefited from the lower number of shares outstanding resulting from share repurchases.

Reported EPS in the second quarter was up 3 percent at CER to $1.53.

-Reported EPS growth was largely the result of lower restructuring costs compared with the prior year.

On 20 July, the Company announced the US FDA approval for *Brilinta*.

The Board has recommended a first interim dividend of $0.85. Net share repurchases totalled $2.2 billion in the first half. When completed, the entire net proceeds from the sale of Astra Tech will augment share repurchases; depending on the timing, net share repurchases in 2011 could increase to $5 billion.

Core EPS target for the full year increased to the range of $7.05 to $7.35.

Financial Summary

Group	2nd Quarter 2011 $m	2nd Quarter 2010 $m	Actual %	CER %		Half Year 2011 $m	Half Year 2010 $m	Actual %	CER %
Revenue	8,430	8,178	+3	-2		16,722	16,754	-	-3
Reported									
Operating Profit	2,965	3,034	-2	-4		6,366	6,677	-5	-5
Profit before Tax	2,858	2,917	-2	-4		6,146	6,436	-5	-5
Earnings per Share	$1.53	$1.46	+5	+3		$3.61	$3.37	+7	+7
Core*									
Operating Profit	3,322	3,650	-9	-10		7,000	7,507	-7	-7
Profit before Tax	3,215	3,533	-9	-11		6,780	7,266	-7	-7
Earnings per Share	$1.73	$1.79	-3	-5		$3.96	$3.82	+4	+3

* *Core financial measures are supplemental non-GAAP measures which management believe enhance understanding of the Company's performance; it is upon these measures that financial guidance for 2011 is based. See page 11 for a definition of Core financial measures and pages 11 and 12 for a reconciliation of Core to Reported financial measures.*

David Brennan, Chief Executive Officer, said: "Despite the anticipated impact of generic competition and government pricing interventions in the quarter, we are able to raise our Core earnings per share guidance and increase our shareholder cash return targets for the full year. The approval of *Brilinta* in 41 countries around the world, most recently in the US, demonstrates our commitment to deliver our global, innovation-driven biopharmaceuticals strategy."

Interim Management Report

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

Second Quarter

Revenue in the second quarter was down 2 percent at CER, but was up 3 percent on an actual basis as a result of the positive impact of exchange rate movements. This global revenue performance reflects government price interventions as well as the impact of more than $0.5 billion in revenue lost to generic competition, with the impact from generics in the US and Rest of World broadly similar. US revenue declined by 3 percent, largely on generic competition for *Arimidex* and *Toprol-XL*. Group revenue in the Rest of World was down 1 percent, reflecting generic competition for *Nexium,* chiefly in Western Europe, and for *Arimidex*. Revenue in Western Europe was down 9 percent. Revenue in Emerging Markets increased 10 percent. Revenue in Established Rest of World was up 4 percent.

Core operating profit in the second quarter was $3,322 million, down 10 percent. Besides lower revenue, the decline is largely the result of a 9 percent increase in Core SG&A expense. Around half of this increase is attributable to two items that are not present in the prior year quarter. The excise tax arising from US healthcare reform amounts to around 2.5 percent of the SG&A increase. Around 2 percent of the increase is due to a one-time payment of a contractually required termination fee associated with the termination of a marketing and distribution contract in the US as a consequence of the launch of an FDA approved generic version of *Entocort*. The remainder of the increase is the result of investments in Emerging Markets and new product launches partially offset by ongoing sales and marketing efficiencies. SG&A expense growth is anticipated to moderate in the second half of the year. Core R&D expense was up 8 percent, reflecting spending on late stage clinical projects that were initiated in the latter part of 2010 and early 2011. Adjustments to Core operating profit totalled $357 million in the quarter, $259 million lower than last year, chiefly on lower restructuring costs. As a result, the 4 percent decline in reported operating profit, to $2,965 million, was less than the decline on a Core basis.

Core earnings per share in the second quarter were $1.73 compared with $1.79 in the second quarter 2010, a 5 percent decline at CER. Core earnings per share benefited from a lower number of shares outstanding arising from share repurchases. Reported earnings per share in the second quarter were $1.53, up 3 percent compared with the second quarter 2010, reflecting the lower restructuring costs that benefited the reported operating profit growth rate.

First Half

Revenue in the first half was down 3 percent at CER, but was unchanged on an actual basis as a result of the positive impact of exchange rate movements. Revenue in the US was down 7 percent. Revenue in the Rest of World was unchanged at CER. Revenue in Emerging Markets was up 11 percent in the first half. Revenue in Western Europe was down 8 percent. Revenue in Established Rest of World markets increased by 4 percent.

Core operating profit for the first half was down 7 percent to $7,000 million, as the increases in R&D and SG&A in the second quarter were partially offset by the $131 million benefit to Core gross margin in the first quarter arising from settlement of patent disputes between MedImmune and PDL Biopharma, Inc. Reported operating profit was $6,366 million, a 5 percent decline, smaller than the decline in Core operating profit largely due to lower restructuring costs compared with the first half of 2010.

Core earnings per share for the first half were $3.96, an increase of 3 percent, which reflects benefits from share repurchases as well as a $0.37 per share benefit to first half 2011 earnings related to net adjustments to tax provisions. These adjustments were a consequence of agreements reached between the UK and the US governments' tax authorities regarding transfer pricing and a related valuation matter arising on integration of the Company's US businesses following the global AstraZeneca merger in 1999. Core EPS in the first half of 2010 benefited from net adjustments to tax provisions totalling $0.13 in the first quarter of 2010. Reported earnings per share in the first half were up 7 percent to $3.61.

Dividends and Share Repurchases

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

The Board has recommended a first interim dividend of $0.85 (51.9 pence, 5.33 SEK), an increase of 21 percent over last year's first interim dividend of $0.70. The amount of the first interim dividend is a reflection of the Board's intent to rebalance the first and second interim dividends, with the aim of setting the first interim dividend at around a third of the prior year dividend, which last year was $2.55.

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

In the first half, the Company completed net share repurchases of $2,204 million towards its target of $4 billion for 2011. The Group has repurchased 51.6 million shares for a total of $2,544 million in the first half, whilst 9.0 million shares were issued in consideration of share option exercises for a total of $340 million. The total number of shares in issue at 30 June 2011 was 1,366 million.

The Board has determined that net proceeds from the disposal of Astra Tech, when completed, are to be used to augment the share repurchase programme to levels above the current $4 billion target. Depending on the timing of the transaction, the Company estimates that net share repurchases could increase to $5 billion in 2011; with repurchases from any remaining balance of the Astra Tech proceeds to be completed in 2012.

Enhancing Productivity

Good progress continues on the previously announced business reshaping programmes. In the second quarter, $138 million in restructuring costs were charged, with more than half of this related to R&D restructuring activities.

In aggregate, restructuring costs of $281 million have been incurred in the first half. The programmes remain on track for costs incurred and benefits achieved.

Research and Development Update

A comprehensive update of the AstraZeneca R&D pipeline is presented in conjunction with this Half Year 2011 results announcement, and is available on the Company's website, www.astrazeneca.com, under information for investors.

The AstraZeneca pipeline now includes 88 projects in the clinical phase of development. There are 9 NME projects currently in late stage development, either in Phase III or under regulatory review. In the first half of 2011, 15 projects have successfully progressed to their next phase (including 6 projects entering first human testing); 14 projects have been withdrawn.

Significant pipeline developments since the first quarter update include:

Brilinta

On 20 July 2011, AstraZeneca announced that the US Food and Drug Administration (FDA) has approved *Brilinta* (ticagrelor) tablets to reduce the rate of heart attack (myocardial infarction [MI]) and cardiovascular (CV) death in adult patients with acute coronary syndrome (ACS), compared to clopidogrel.

Brilinta, a new oral antiplatelet medicine, is indicated to reduce the rate of thrombotic cardiovascular events in patients with ACS (unstable angina, non-ST-elevation myocardial infarction, or ST-elevation myocardial infarction). *Brilinta* has been shown to reduce the rate of a combined endpoint of CV death, MI or stroke compared to clopidogrel. The difference between treatments was driven by CV death and MI with no difference in stroke. In patients treated with an artery-opening procedure known as percutaneous coronary intervention (PCI), *Brilinta* reduces the rate of stent thrombosis. *Brilinta* has been studied in ACS in combination with aspirin. Maintenance doses of aspirin above 100mg decreased the effectiveness of *Brilinta*. Avoid maintenance doses of aspirin above 100mg daily.

Brilinta, like other antiplatelet agents, can cause significant, sometimes fatal, bleeding. In PLATO, there was no statistical difference in patients treated with *Brilinta* compared to patients treated with clopidogrel in total major bleeding events (11.6% vs. 11.2%), including fatal and fatal/life-threatening bleeding events. Non-CABG (coronary artery bypass graft) major + minor bleeding events (8.7% vs. 7%) were more common with *Brilinta* versus clopidogrel.

The most commonly observed adverse reactions associated with the use of *Brilinta* vs. clopidogrel were bleeding (11.6% vs.11.2%) and a feeling of breathlessness called dyspnoea (14% vs. 8%).

As with all AstraZeneca products, the Company will work to ensure that physicians and patients understand both the benefits and risks associated with *Brilinta*. For *Brilinta*, one of the ways AstraZeneca will help ensure physicians and patients are appropriately informed about bleeding risk and the impact of aspirin dose on the effectiveness of *Brilinta* is through a Risk Evaluation Mitigation Strategy (REMS).

Now that *Brilinta* is approved in the US, AstraZeneca will begin the process of working with hospital formularies, protocol committees, government and managed care reimbursement bodies to bring this medicine to patients. Navigating these steps, which are necessary before *Brilinta* will be available to a substantial number of incident ACS patients, will be a key focus for the next 12 months.

Brilinta is now approved in 41 countries, including the US, Brazil, Australia, and Canada under the trade name *Brilinta* and in the European Union under the trade name *Brilique*. *Brilinta* is currently under regulatory review in an additional 43 countries, including Russia, India and China. *Brilinta* is currently reimbursed in 7 countries.

Dapagliflozin

On 19 July 2011, the US FDA Endocrinologic and Metabolic Drugs Advisory Committee met to discuss the New Drug Application for the investigational compound dapagliflozin.

On the question: “Do the efficacy and safety data provide substantial evidence to support approval of dapagliflozin as an adjunct to diet and exercise to improve glycaemic control in adults with type 2 diabetes mellitus?”, the Advisory Committee voted 6 yes and 9 no. Bristol-Myers Squibb and AstraZeneca remain committed to the dapagliflozin clinical development programme and will continue to work closely with the FDA to support the review of this investigational compound.

The FDA is not bound by the Advisory Committee’s recommendation but takes its advice into consideration when reviewing New Drug Applications. The Prescription Drug User Fee Act (PDUFA) goal date for dapagliflozin is 28 October 2011.

Nexium

On 1 July 2011, AstraZeneca announced that *Nexium* 10mg and 20mg capsules received regulatory approval in Japan for the treatment of acid-related conditions including non-erosive reflux disease (NERD), reflux esophagitis, and peptic ulcer disease (PUD). *Nexium* also received regulatory approval for prevention of recurrence of gastric ulcer and duodenal ulcer in patients treated with non-steroidal anti-inflammatory drugs (NSAIDs).

AstraZeneca plans to launch *Nexium* in Japan in the second half of 2011.

Zibotentan

Preliminary results of the third and final Phase III trial for zibotentan (ENTHUSE study 33), which evaluated zibotentan in combination with standard chemotherapy in a metastatic castrate resistant prostate cancer (CRPC) setting indicate that the addition of zibotentan to treatment with docetaxel provided no improvement in overall survival. In light of these and results of previous trials in the ENTHUSE programme, the Company will discontinue the development of zibotentan for CRPC.

Axanum

Following a comprehensive review of the Complete Response Letter (CRL) received from the US FDA for its *Axanum* new drug application (NDA), the Company has decided to withdraw the NDA in the US for commercial reasons.

A regulatory application for *Axanum* was submitted in the European Union via the decentralised procedure in April 2010, and remains under review.

Recentin

Study BR 29, a National Cancer Institute of Canada – Clinical Trials Group sponsored Phase II/III study, exploring *Recentin* (cediranib) 20mg in combination with carboplatin/paclitaxel in patients with non small cell lung cancer (NSCLC), has been stopped. The decision was made after an analysis of the Phase II part of the trial indicated that cediranib did not meet pre-specified progression-free survival efficacy criteria. The tolerability profile for cediranib was broadly consistent with findings in the overall clinical programme.

Based on these findings, the *Recentin* NSCLC development programme has been removed from the updated pipeline table, although clinical trial collaborations in a number of other tumours are ongoing.

FluMist

The Company has received confirmation from the US FDA that the Agency has filed the Company's supplemental Biologics License Application (sBLA) for a quadrivalent (four-strain) version of *FluMist* (Influenza Vaccine Live, Intranasal). The Company submitted the sBLA early in the second quarter of this year.

Currently licensed seasonal influenza vaccines are trivalent, containing three strains (two strains of type A influenza (A/H1N1 and A/H3N2) and one B lineage strain). However, as influenza B strains from 2 different lineages have circulated in recent years (B/Yamagata and B/Victoria) the quadrivalent vaccine contains four strains: A/H1N1, A/H3N2, and B strains from both of the B lineages. The quadrivalent vaccine is designed to offer protection against a broader range of B strains and reinforces our commitment to innovation within the infectious disease area.

Future Prospects

Revenue performance in the first half was in line with our expectations, reflecting the expected impact from generic competition as well as the effects from government price interventions. The Company continues to anticipate that revenue for the full year could range from flat to a low single-digit decline compared with 2010 on a constant currency basis.

The Company has increased its target for full year Core EPS by a further $0.10 due to the re-phasing and expected increase in net share repurchases and a beneficial impact from exchange rate movements realised in the first half compared to guidance rates. As a result, the Company's target for full year Core earnings per share is now in the range of $7.05 to $7.35. Compared with 2010, this implies somewhat stronger growth in Core EPS in the second half compared with the first half, which is consistent with expectations for the phasing of Core SG&A expenditures, particularly in the fourth quarter.

This Core EPS guidance has been based on the January 2011 average exchange rates for our principal currencies; actual Core EPS in the first half benefited by around $0.04 compared with these guidance rates. The target takes no account of the likelihood that average exchange rates for the remainder of 2011 may differ materially from the January 2011 average rates upon which our earnings guidance is based. An estimate of the sales and earnings sensitivity to movements of our major currencies versus the US dollar was provided in conjunction with the Full Year 2010 results announcement, and can be found on the AstraZeneca website.

Principal risks and uncertainties

It is not anticipated that the nature of the principal risks and uncertainties that affect the business, and which are set out on pages 96 to 103 of the Annual Report and Form 20-F Information 2010, will change in respect of the second six months of the financial year.

In summary, the principal risks and uncertainties listed in the Annual Report and 20-F Information 2010 are:

Product pipeline risks

Failure to meet development targets, difficulties of obtaining and maintaining regulatory approvals for new products, failure to obtain effective intellectual property protection, delay to new product launches and strategic alliances formed as part of our externalisations strategy may be unsuccessful.

Commercialisation and business execution risks

Challenges to achieving commercial success of new products, performance of new products, product counterfeiting, developing our business in Emerging Markets, expiry of intellectual property rights, patent litigation and early loss of intellectual property rights, biosimilars, expiry or earlier loss of patents covering competing products, competition, price controls and price reductions, increasing implementation and enforcement of more stringent anti-bribery and anti-corruption legislation, expected gains from productivity initiatives are uncertain, acquisitions may be unsuccessful, failure to manage a crisis, failure of information technology and failure of outsourcing.

Supply chain and delivery risks

Manufacturing biologics and reliance on third parties for goods.

Legal, regulatory and compliance risks

Adverse outcome of litigation and/or governmental investigations, legal proceedings regarding business practices, substantial product liability claims, failure to adhere to applicable laws, rules and regulations and environmental/occupational health and safety liabilities.

Economic and financial risks

Adverse impact of a sustained economic downturn, impact of fluctuations in exchange rates, credit and return on substantial investments, limited third party insurance coverage, taxation and pensions.

Revenue

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

Gastrointestinal

	Second Quarter		CER %	Half Year		CER %
	2011 $m	2010 $m		2011 $m	2010 $m	
Nexium	1,112	1,257	-14	2,273	2,496	-10
Losec/Prilosec	239	261	-17	474	510	-14
Total	1,387	1,556	-14	2,822	3,076	-10

- In the US, *Nexium* sales in the second quarter were $613 million, down 12 percent compared with the second quarter last year. Dispensed retail tablet volume declined around 7 percent. Average realised selling prices for *Nexium* were down 5 percent compared with the second quarter last year, including the impact of US healthcare reform.

- *Nexium* sales in the US in the first half were down 10 percent to $1,213 million.

- *Nexium* sales in other markets in the second quarter were down 17 percent to $499 million, largely the result of generic launches in some Western European markets, where sales were down 42 percent. Sales in Emerging Markets increased by 24 percent, including 39 percent growth in China. Sales in Established Rest of World were down 5 percent, impacted by generic competition in some provinces in Canada.

- *Nexium* sales in other markets were down 10 percent in the first half to $1,060 million.

- *Prilosec* sales in the US were down 33 percent in the first half to $21 million.

- Sales of *Losec* in the Rest of World were down 16 percent in the second quarter to $231 million, as sales declined in all major regions. *Losec* sales in the Rest of World were down 12 percent in the first half to $453 million.

Cardiovascular

	Second Quarter		CER %	Half Year		CER %
	2011 $m	2010 $m		2011 $m	2010 $m	
Crestor	1,714	1,430	+15	3,192	2,730	+13
Atacand	385	376	-4	740	749	-4
Seloken /Toprol-XL	232	317	-29	477	684	-32
Plendil	62	63	-6	130	129	-3
Zestril	39	40	-8	72	82	-15
ONGLYZA™	46	14	+228	81	18	+350
Brilinta/Brilique	2	-	n/m	3	-	n/m
Total	2,619	2,380	+5	4,958	4,667	+3

- In the US, *Crestor* sales in the second quarter were up 17 percent to $796 million. *Crestor* total prescriptions increased by 2.4 percent compared with 1 percent for the statin market overall in the US. *Crestor* share of total prescriptions was 12 percent in June 2011. *Crestor* dynamic share (new and switch patients) has increased by 2.9 percentage points in recent weeks following the labelling changes to simvastatin restricting use of 80mg.

- US sales for *Crestor* for the first half increased by 17 percent to $1,478 million.

- *Crestor* sales in the Rest of World were up 12 percent to $918 million in the second quarter, with volume growth continuing to outpace the market. Volume grew by double digits in Western Europe, although lower prices reduced reported sales growth to 7 percent. Sales in Established ROW were up 19 percent as sales in Japan, Australia and Canada all grew at double digit rates. Sales in Emerging Markets were up 8 percent, which reflects the impact of generic rosuvastatin in some Eastern European Markets.

- *Crestor* sales in the Rest of World were up 10 percent to $1,714 million in the first half.

- US sales of the *Toprol-XL* product range, which includes sales of the authorised generic, declined by 51 percent in the second quarter to $91 million. Total prescriptions for the franchise were down 31 percent.

- *Toprol-XL* franchise sales in the US in the first half were down 55 percent to $192 million.

- Sales of *Seloken* in other markets were up 2 percent in the second quarter and increased 5 percent in the first half. Sales in Emerging Markets increased by 7 percent in the second quarter and 11 percent in the first half.

- US sales for *Atacand* were down 16 percent in the second quarter to $49 million, and were down 17 percent in the first half.

- *Atacand* sales in Rest of World were down 2 percent in the second quarter to $336 million. For the year to date, sales were also down 2 percent, although sales in Emerging Markets were up 7 percent.

- Alliance revenue from the ONGLYZA™ collaboration with Bristol-Myers Squibb totalled $46 million in the second quarter and $81 million in the first half. Alliance revenue in the US was $33 million in the second quarter. ONGLYZA™ franchise share of total prescriptions in the US DPP4 market reached 14.1 percent in June (including 2.7 percent share for KOMBIGLYZE XR™) up 4.1 percentage points since December 2010. Franchise share of patients newly starting DPP4 treatment was 24.9 percent in the week ending 8 July.

Respiratory and Inflammation

	Second Quarter		CER %	Half Year		CER %
	2011 $m	2010 $m		2011 $m	2010 $m	
Symbicort	802	664	+14	1,554	1,365	+10
Pulmicort	236	216	+4	484	459	+3
Rhinocort	55	65	-18	110	120	-11
Oxis	14	16	-25	28	33	-21
Accolate	7	16	-56	12	33	-64
Total	1,148	1,009	+7	2,258	2,077	+5

- *Symbicort* sales in the US were $206 million in the second quarter, a 14 percent increase over last year. Total prescriptions for *Symbicort* were up 10 percent over the second quarter last year, compared with a 3 percent decline for the fixed combination product class. *Symbicort* share of total prescriptions for fixed combination products increased to 19.2 percent in June 2011, up 2 percentage points compared with June 2010, despite the launch of a new entrant to the market.

- US sales of *Symbicort* in the first half were $403 million, an increase of 14 percent.

- *Symbicort* sales in other markets in the second quarter were $596 million, 13 percent ahead of the second quarter last year. Sales in Established ROW increased by 57 percent, reflecting continued strong growth in Japan as well as double digit growth in Canada and Australia. Sales in Emerging Markets were up 24 percent. Sales in Western Europe were up 3 percent despite the impact of price cuts in Germany.

- *Symbicort* sales in the Rest of World in the first half were up 9 percent to $1,151 million.

- US sales for *Pulmicort* in the second quarter were up 5 percent to $88 million.

- US sales of *Pulmicort* in the first half were down 6 percent to $166 million.

- Sales of *Pulmicort* in the Rest of World in the first half were up 8 percent to $318 million on a 30 percent increase in Emerging Markets.

Oncology

	Second Quarter		CER %	Half Year		CER %
	2011 $m	2010 $m		2011 $m	2010 $m	
Arimidex	181	439	-62	414	950	-58
Zoladex	302	280	+3	577	545	+2
Casodex	138	151	-17	271	294	-14
Iressa	139	93	+38	260	176	+39
Faslodex	135	79	+63	258	150	+69
Nolvadex	24	22	-	47	43	+2
Total	922	1,067	-19	1,834	2,164	-19

- In the US, sales of *Arimidex* were down 95 percent in the second quarter to $10 million, as a result of generic competition which commenced in June of 2010. US sales in the first half were down 93 percent to $29 million.

- *Arimidex* sales in other markets were down 39 percent in the second quarter to $171 million. Sales in Western Europe were down 65 percent, reflecting loss of exclusivity from February 2011. Sales in Established ROW and Emerging ROW were down 4 percent and 5 percent respectively.

- Sales for *Casodex* in the second quarter were $138 million, down 17 percent. US reported revenue was actually negative in the quarter, reflecting product returns (as the market has become largely generic). More than half of *Casodex* revenue comes from Japan, where sales were down 7 percent in the quarter. Sales in Western Europe were down 33 percent. Sales in Emerging Markets were up 8 percent.

- *Casodex* sales in the first half were down 14 percent to $271 million.

- *Iressa* sales increased by 38 percent to $139 million in the second quarter, including $33 million of sales in Western Europe. Sales in Emerging Markets were up 44 percent, including a 58 percent increase in China. Sales in Japan were down 4 percent.

- *Iressa* sales in the first half reached $260 million, a 39 percent increase.

- Continued rapid adoption of the new 500mg dosage regimen for *Faslodex* is responsible for the strong growth in the second quarter. Sales in the US were up 91 percent to $65 million, and sales were up 42 percent in the Rest of World to $70 million.

- *Faslodex* sales in the first half increased by 95 percent in the US to $127 million and grew by 49 percent in the Rest of World to $131 million.

Neuroscience

	Second Quarter		CER %	Half Year		CER %
	2011 $m	2010 $m		2011 $m	2010 $m	
Seroquel	1,537	1,352	+11	2,882	2,659	+7
Seroquel IR	1,150	1,049	+7	2,156	2,100	+1
Seroquel XR	387	303	+23	726	559	+28
Zomig	103	109	-11	204	215	-8
Vimovo	6	-	n/m	10	-	n/m
Total	1,897	1,707	+7	3,576	3,354	+4

- In the US, *Seroquel* franchise sales were up 13 percent to $1,094 million in the second quarter. Total prescriptions for *Seroquel XR* were up 19 percent in the second quarter compared with last year and well ahead of the 4 percent growth in the atypical antipsychotic market. Although total prescriptions for *Seroquel IR* were down 2.6 percent, total franchise prescriptions were up 0.5 percent compared with the second quarter last year. *Seroquel XR* accounted for 16.9 percent of total prescriptions and 18.7 percent of sales revenue for the franchise in the US in the second quarter.

- US sales for *Seroquel* in the first half were $2,024 million, 8 percent ahead of last year.

- *Seroquel* franchise sales in the Rest of World were $443 million in the second quarter, a 5 percent increase. Sales of *Seroquel XR* increased by 36 percent, and now account for 41 percent of franchise sales outside the US. Franchise sales were up 13 percent in Western Europe on a 44 percent increase for *Seroquel XR*. *Seroquel* franchise sales were down 10 percent in Established ROW, on a 29 percent sales decline in Japan, which reflects lower shipments to our marketing partner rather than the underlying market demand which is stable. *Seroquel* franchise sales were down 3 percent in Emerging Markets.

- For the first half, *Seroquel* sales in the Rest of World increased by 5 percent to $858 million.

- Sales of *Vimovo* in the first half were $10 million, of which $8 million were in the US.

Infection and Other

	Second Quarter		CER %	Half Year		CER %
	2011 $m	2010 $m		2011 $m	2010 $m	
Synagis	48	43	+12	456	502	-9
Merrem	158	197	-24	330	430	-26
FluMist	-	1	-100	3	3	-
Non seasonal flu vaccine	-	-	-	7	39	-82
Total	240	266	-15	863	1,027	-17

- In the US, sales of *Synagis* in the first half were down 16 percent to $301 million, the majority of which were recorded during the RSV season in the first quarter, which was negatively impacted by lower shipments to wholesalers and the impact of higher rebates from US healthcare reform measures. Outside the US, sales were up 8 percent to $155 million.

- In line with the usual seasonality, there were negligible sales of *FluMist* recorded in the first half.

- Sales of *Merrem* were down 24 percent in the second quarter as a result of generic competition in the US and Western Europe.

Geographic Sales

	Second Quarter		CER %	Half Year		CER %
	2011 $m	2010 $m		2011 $m	2010 $m	
US	3,292	3,396	-3	6,596	7,094	-7
Western Europe	2,194	2,213	-9	4,429	4,672	-8
Established ROW*	1,476	1,277	+4	2,797	2,439	+4
Emerging ROW	1,468	1,292	+10	2,900	2,549	+11

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

- In the US, revenue was down 3 percent in the second quarter. There was good double-digit growth for *Crestor*, *Symbicort* and the *Seroquel* franchise, but this was more than offset by generic competition for *Arimidex* and *Toprol-XL* as well as the pricing impact from US healthcare reform measures.

- Revenue in Western Europe was down 9 percent in the second quarter, as generic competition for *Nexium* and *Arimidex* and price declines related to government interventions more than offset the volume growth in the rest of the portfolio, which was driven by *Seroquel XR*, *Crestor, Iressa* and *Faslodex*.

- Revenue in Established Rest of World was up 4 percent in the second quarter, with more than half the growth attributable to Canada, where *Crestor* grew strongly. Sales in Japan were up 2 percent in the quarter, as strong growth for *Symbicort* and *Crestor* more than offset some sales declines for oncology products and *Seroquel*.

- Revenue in Emerging Rest of World was up 10 percent in the second quarter. *Nexium* and *Symbicort* accounted for 45 percent of this revenue growth, with the oncology and cardiovascular products also contributing good growth. Revenue in China was up 15 percent, in line with recent trends for market growth.

Operating and Financial Review

All narrative in this section refers to growth rates at constant exchange rates (CER) and on a Core basis unless otherwise indicated. These measures, which are presented in addition to our Reported financial information, are non-GAAP measures which management believe useful to enhance understanding of the Group's underlying financial performance of our ongoing businesses and the key business drivers thereto. Core financial measures are adjusted to exclude certain items, such as charges and provisions related to our global restructuring programmes, amortisation and impairment of the significant intangibles relating to our acquisition of MedImmune Inc. in 2007 and our current and future exit arrangements with Merck in the US, and other specified items. More detail on the nature of these measures is given on page 80 of our Annual Report and Form 20-F Information 2010.

Second Quarter

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

	Reported 2011	Restructuring	Merck & MedImmune Amortisation	Intangible Impairments	Legal Provisions	Core 2011	Core 2010	Actual %	CER %
Revenue	**8,430**	**-**	**-**	**-**	**-**	**8,430**	**8,178**	**3**	**(2)**
Cost of Sales	(1,482)	20	-	-	-	(1,462)	(1,389)		
Gross Profit	**6,948**	**20**	**-**	**-**	**-**	**6,968**	**6,789**	**3**	**(2)**
% sales	*82.4%*					*82.7%*	*83.0%*	*-0.3*	*+0.1*
Distribution	(88)	-	-	-	-	(88)	(88)	-	(8)
% sales	*1.0%*					*1.0%*	*1.1%*	*+0.1*	*+0.1*
R&D	(1,198)	79	-	-	-	(1,119)	(966)	16	8
% sales	*14.2%*					*13.3%*	*11.8%*	*-1.5*	*-1.1*
SG&A	(2,868)	39	118	-	84	(2,627)	(2,271)	16	9
% sales	*34.0%*					*31.2%*	*27.8%*	*-3.4*	*-3.1*
Other Income	171	-	17	-	-	188	186	1	(2)
% sales	*2.0%*					*2.2%*	*2.3%*	*-0.1*	*-*
Operating Profit	**2,965**	**138**	**135***	**-**	**84**	**3,322**	**3,650**	**(9)**	**(10)**
% sales	*35.2%*					*39.4%*	*44.6%*	*-5.2*	*-4.0*
Net Finance Expense	(107)	-	-	-	-	(107)	(117)		
Profit before Tax	**2,858**	**138**	**135**	**-**	**84**	**3,215**	**3,533**	**(9)**	**(11)**
Taxation	(735)	(34)	(24)*	-	(22)	(815)	(945)		
Profit after Tax	**2,123**	**104**	**111**	**-**	**62**	**2,400**	**2,588**	**(7)**	**(9)**
Non-controlling Interests	(10)	-	-	-	-	(10)	(9)		
Net Profit	**2,113**	**104**	**111**	**-**	**62**	**2,390**	**2,579**	**(7)**	**(9)**
Weighted Average Shares	1,381	1,381	1,381		1,381	1,381	1,445		
Earnings per Share	**1.53**	**0.08**	**0.08**	**-**	**0.04**	**1.73**	**1.79**	**(3)**	**(5)**

* *Of the $135 million amortisation adjustment, $94 million is related to MedImmune, with a corresponding tax adjustment of $24 million; Merck related amortisation was $41 million, which carries no tax adjustment.*

Revenue declined by 2 percent to $8,430 million.

Core gross margin of 82.7 percent was 0.1 percentage points higher than last year. Higher royalty payments (0.4 percentage points) and Merck amortisation (0.1 percentage points) was more than offset by cost phasing (0.6 percentage points).

Core SG&A costs of $2,627 million were 9 percent higher than last year. The US healthcare reform excise tax, the one-time payment for termination of a marketing and distribution contract in the US and investment in Emerging Markets and product launches were the main drivers of the increase.

Core other income of $188 million was 2 percent lower than last year.

Core Pre-R&D operating margin was 52.7 percent, down 2.9 percentage points, largely due to the previously mentioned excise tax and contract termination fee and investments in Emerging Markets and product launches.

Core R&D expenditure was $1,119 million, 8 percent higher than last year, due to an increase in late stage development spend, investment in Biologics and intangible asset impairments.

Core operating profit was $3,322 million, down 10 percent.

Core earnings per share in the second quarter were $1.73, down 5 percent, with the decline in Core operating profit offset by lower net finance expense, a lower tax rate and a lower number of shares in issue.

Reported operating profit was down 4 percent to $2,965 million. Reported earnings per share were $1.53, up 3 percent reflecting lower restructuring costs.

First Half

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

	Reported 2011	Restructuring	Merck & MedImmune Amortisation	Intangible Impairments	Legal Provisions	Core 2011	Core 2010	Actual %	CER %
Revenue	**16,722**	**-**	**-**	**-**	**-**	**16,722**	**16,754**	**-**	**(3)**
Cost of Sales	(2,821)	32	-	-	-	(2,789)	(3,015)		
Gross Profit	**13,901**	**32**	**-**	**-**	**-**	**13,933**	**13,739**	**1**	**(1)**
% sales	*83.1%*					*83.3%*	*82.0%*	*+1.3*	*+1.6*
Distribution	(168)	-	-	-	-	(168)	(166)	1	(4)
% sales	*1.0%*					*1.0%*	*1.0%*	*-*	*-*
R&D	(2,360)	169	-	-	-	(2,191)	(1,939)	13	7
% sales	*14.1%*					*13.1%*	*11.6%*	*-1.5*	*-1.2*
SG&A	(5,376)	80	235	-	84	(4,977)	(4,583)	9	5
% sales	*32.1%*					*29.7%*	*27.3%*	*-2.4*	*-2.2*
Other Income	369	-	34	-	-	403	456	(12)	(13)
% sales	*2.2%*					*2.4%*	*2.7%*	*-0.3*	*-0.3*
Operating Profit	**6,366**	**281**	**269***	**-**	**84**	**7,000**	**7,507**	**(7)**	**(7)**
% sales	*38.1%*					*41.9%*	*44.8%*	*-2.9*	*-2.1*
Net Finance Expense	(220)	-	-	-	-	(220)	(241)		
Profit before Tax	**6,146**	**281**	**269**	**-**	**84**	**6,780**	**7,266**	**(7)**	**(7)**
Taxation	(1,108)	(74)	(50)*	-	(22)	(1,254)	(1,725)		
Profit after Tax	**5,038**	**207**	**219**	**-**	**62**	**5,526**	**5,541**	**-**	**(1)**
Non-controlling Interests	(18)	-	-	-	-	(18)	(11)		
Net Profit	**5,020**	**207**	**219**	**-**	**62**	**5,508**	**5,530**	**-**	**(1)**
Weighted Average Shares	1,389	1,389	1,389	1,389	1,389	1,389	1,448		
Earnings per Share	**3.61**	**0.15**	**0.16**	**-**	**0.04**	**3.96**	**3.82**	**4**	**3**

* *Of the $269 million amortisation adjustment, $187 million is related to MedImmune, with a corresponding tax adjustment of $50 million; Merck related amortisation was $82 million, which carries no tax adjustment.*

Revenue declined by 3 percent to $16,722 million.

Core gross margin of 83.3 percent was 1.6 percentage points higher than last year, due to the PDL settlement (0.8 percentage points) and cost phasing (0.8 percentage points).

Core SG&A costs of $4,977 million were 5 percent higher than last year with continued investment in Emerging Markets and the impact of the US healthcare reform excise tax driving most of the increase.

Core other income of $403 million was $53 million lower than last year, chiefly on movements in provisions which are taken through other income.

Core Pre-R&D operating margin was 55.0 percent, down 0.9 percentage points, with higher gross margin more than offset by higher SG&A costs and lower other income.

Core R&D expense was $2,191 million, 7 percent higher than last year, driven by higher project spend, investment in Biologics and, to a lesser extent, intangible asset write downs.

Core operating profit was $7,000 million, a decrease of 7 percent. Core operating margin declined by 2.1 percentage points to 41.9 percent as a result of higher R&D and SG&A combined with lower other operating income.

Core earnings per share in the first half were $3.96, up 3 percent, with the operating performance offset by the lower tax rate and lower number of shares in issue.

Reported operating profit was down 5 percent to $6,366 million. Reported earnings per share were up 7 percent to $3.61.

Finance Income and Expense

Net finance expense was $107 million for the quarter, versus $117 million in 2010, reflecting reduced interest payable on lower debt balances, and slightly increased returns from higher cash and cash equivalent balances.

Taxation

The effective tax rate for the second quarter is 25.7 percent (2010 27.5 percent) and 18.0 percent for the first half (2010 23.9 percent). As previously disclosed, the effective tax rate has benefited from an adjustment in respect of prior periods following the announcement in March that HM Revenue & Customs in the UK and the US Internal Revenue Service agreed the terms of an Advance Pricing Agreement regarding transfer pricing arrangements for AstraZeneca's US business for the period from 2002 to the end of 2014 and a related valuation matter arising on integration of the legacy Astra and legacy Zeneca US businesses in 2000 following the global AstraZeneca merger in 1999. The adjustment in respect of prior periods relating to these matters resulted in a $520 million benefit to earnings in the first half. Excluding this benefit, the effective tax rate for the first half was 26.5 percent on a reported basis. This 26.5 percent tax rate is applied to the taxable Core adjustments to operating profit, resulting in an effective Core tax rate in the first half of 18.5 percent. The effective tax rate for the first half last year of 23.9 percent benefited from $194 million of net adjustments to tax provisions related to a settlement with HM Revenue & Customs in the UK and developments in other transfer pricing matters. The full year effective tax rate for 2011 is now anticipated to be around 19 percent on a reported basis, due to negligible tax cost on the expected gain on the sale of Astra Tech announced in June. The Core effective tax rate is expected to be higher at between 21 and 22 percent.

Cash Flow

Cash generated from operating activities was $2,829 million in the first half to 30 June 2011, compared with $4,767 million in the same period of 2010. The decrease of $1,938 million is primarily driven by higher tax payments made this year, including a net amount of $1.1 billion paid during the second quarter in relation to the Advance Pricing Agreement between the UK and US governments' tax authorities and the settlement of a related valuation matter (see Note 4).

Net cash inflows from investing activities were $286 million in the first half compared with an outflow of $2,032 million in 2010. The increase of $2,318 million is due primarily to the movement in short-term investments and fixed deposits of $1,335 million, and $995 million cash outflows for the Merck First Option Intangible and the acquisition of Novexel in the prior year.

Cash distributions to shareholders were $4,850 million through net share repurchases of $2,204 million and $2,646 million through the payment of the second interim dividend from 2010.

Debt and Capital Structure

As at 30 June 2011, outstanding gross debt (including loans, short-term borrowings and overdrafts) was $9,582 million (31 December 2010: $9,222 million). Of the gross debt outstanding at 30 June 2011, $372 million is due within one year (31 December 2010: $125 million). Net Funds of $1,032 million have decreased by $2,621 million during the year as a result of the net cash outflow during the six months to 30 June 2011 as described above.

Related Party Transactions

There have been no significant related party transactions in the period.

Calendar

27 October 2011	Announcement of third quarter and nine months 2011 results
2 February 2012	Announcement of fourth quarter and full year 2011 results

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