

Responsibility Statement of the Directors in Respect of the Half-Yearly Financial Report

We confirm that to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the European Union;
- the half-yearly management report includes a fair review of the information required by:
 - (a) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
 - (b) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

The Board

The Board of Directors that served during the six months to 30 June 2008 and their respective responsibilities can be found on pages 18 and 19 of the AstraZeneca Annual Report and 20-F Information 2007. In addition, Jean-Philippe Courtois was appointed as a Non-Executive Director on 18 February 2008.

Approved by the Board and signed on its behalf by

David Brennan
Chief Executive Officer

31 July 2008

Independent Review Report to AstraZeneca PLC

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2008 (but not for the quarter ended 30 June 2008) which comprises condensed consolidated income statement, condensed consolidated balance sheet, condensed consolidated cash flow statement, condensed consolidated statement of recognised income and expense and Notes 1 to 5. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with the terms of our engagement to assist the Company in meeting the requirements of the Disclosure and Transparency Rules ("the DTR") of the UK's Financial Services Authority ("the UK FSA"). Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our review work, for this report, or for the conclusions we have reached.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FSA.

As disclosed in Note 1, the annual financial statements of the group are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2008 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the DTR of the UK FSA.

KPMG Audit Plc

Chartered Accountants
8 Salisbury Square
London EC4Y 8BB

31 July 2008

Condensed Consolidated Income Statement

For the six months ended 30 June	2008 \$m	2007 \$m
Sales	15,633	14,239
Cost of sales	(2,957)	(3,154)
Distribution costs	(141)	(122)
Research and development	(2,533)	(2,395)
Selling, general and administrative costs	(5,571)	(4,822)
Other operating income and expense	299	397
Operating profit	4,730	4,143
Finance income	402	486
Finance expense	(710)	(371)
Profit before tax	4,422	4,258
Taxation	(1,289)	(1,257)
Profit for the period	3,133	3,001
Attributable to:		
Equity holders of the Company	3,123	2,986
Minority interests	10	15
	3,133	3,001
Basic earnings per \$0.25 Ordinary Share	\$2.14	\$1.97
Diluted earnings per \$0.25 Ordinary Share	\$2.14	\$1.97
Weighted average number of Ordinary Shares in issue (millions)	1,456	1,515
Diluted average number of Ordinary Shares in issue (millions)	1,457	1,518
Dividends declared and paid in the period	1,967	1,885

Condensed Consolidated Income Statement

For the quarter ended 30 June	2008 \$m	2007 \$m
Sales	7,956	7,273
Cost of sales	(1,455)	(1,668)
Distribution costs	(75)	(61)
Research and development	(1,297)	(1,225)
Selling, general and administrative costs	(2,834)	(2,605)
Other operating income and expense	178	259
Operating profit	2,473	1,973
Finance income	144	239
Finance expense	(338)	(221)
Profit before tax	2,279	1,991
Taxation	(651)	(554)
Profit for the period	1,628	1,437
Attributable to:		
Equity holders of the Company	1,620	1,426
Minority interests	8	11
	1,628	1,437
Basic earnings per \$0.25 Ordinary Share		
	\$1.11	\$0.95
Diluted earnings per \$0.25 Ordinary Share		
	\$1.11	\$0.95
Weighted average number of Ordinary Shares in issue (millions)		
	1,456	1,503
Diluted average number of Ordinary Shares in issue (millions)		
	1,457	1,506

Condensed Consolidated Balance Sheet

	As at 30 Jun 2008 \$m	As at 31 Dec 2007 \$m	As at 30 Jun 2007 \$m
ASSETS			
Non-current assets			
Property, plant and equipment	8,479	8,298	8,161
Goodwill	9,903	9,884	9,698
Intangible assets	13,638	11,467	11,723
Other investments	199	182	604
Deferred tax assets	1,391	1,044	1,336
	33,610	30,875	31,522
Current assets			
Inventories	2,269	2,119	2,563
Trade and other receivables	7,335	6,668	6,260
Other investments	174	177	360
Income tax receivable	2,474	2,251	1,944
Cash and cash equivalents	4,340	5,867	4,951
	16,592	17,082	16,078
Total assets	50,202	47,957	47,600
LIABILITIES			
Current liabilities			
Interest bearing loans and borrowings	(3,841)	(4,280)	(14,342)
Trade and other payables	(7,409)	(6,968)	(7,025)
Provisions	(484)	(387)	(154)
Income tax payable	(4,257)	(3,552)	(3,412)
	(15,991)	(15,187)	(24,933)
Non-current liabilities			
Interest bearing loans and borrowings	(11,032)	(10,876)	(1,057)
Deferred tax liabilities	(4,172)	(4,119)	(4,235)
Retirement benefit obligations	(2,117)	(1,998)	(1,541)
Provisions	(579)	(633)	(633)
Other payables	(216)	(229)	(234)
	(18,116)	(17,855)	(7,700)
Total liabilities	(34,107)	(33,042)	(32,633)
Net assets	16,095	14,915	14,967
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	363	364	374
Share premium account	1,923	1,888	1,799
Other reserves	1,887	1,902	1,911
Retained earnings	11,801	10,624	10,763
	15,974	14,778	14,847
Minority equity interests	121	137	120
Total equity	16,095	14,915	14,967

Condensed Consolidated Cash Flow Statement

For the six months ended 30 June	2008 \$m	2007 \$m
Cash flows from operating activities		
Profit before taxation	4,422	4,258
Finance income and expense	308	(115)
Depreciation, amortisation and impairment	1,163	739
Increase in working capital	(445)	(589)
Other non-cash movements	276	427
Cash generated from operations	5,724	4,720
Interest paid	(324)	(61)
Tax paid	(1,108)	(1,475)
Net cash inflow from operating activities	4,292	3,184
Cash flows from investing activities		
Acquisition of business operations	-	(14,543)
Movement in short term investments and fixed deposits	2	572
Purchase of property, plant and equipment	(504)	(487)
Disposal of property, plant and equipment	22	27
Purchase of intangible assets	(2,741)	(268)
Purchase of non-current asset investments	(32)	(6)
Interest received	91	221
Dividends paid by subsidiaries to minority interest	(37)	(9)
Net cash outflow from investing activities	(3,199)	(14,493)
Net cash inflow/(outflow) before financing activities	1,093	(11,309)
Cash flows from financing activities		
Proceeds from issue of share capital	35	128
Repurchase of shares	(208)	(2,160)
Dividends paid	(2,007)	(1,878)
Repayment of loans	-	(838)
Movement in short term borrowings	(374)	13,913
Net cash (outflow)/inflow from financing activities	(2,554)	9,165
Net decrease in cash and cash equivalents in the period	(1,461)	(2,144)
Cash and cash equivalents at the beginning of the period	5,727	6,989
Exchange rate effects	1	26
Cash and cash equivalents at the end of the period	4,267	4,871
Cash and cash equivalents consists of:		
Cash and cash equivalents	4,340	4,951
Overdrafts	(73)	(80)
	4,267	4,871

Condensed Consolidated Statement of Recognised Income and Expense

For the six months ended 30 June	2008 \$m	2007 \$m
Profit for the period	3,133	3,001
Foreign exchange and other adjustments on consolidation	92	149
Available for sale losses taken to equity	(4)	(14)
Actuarial (loss)/gain for the period	(37)	352
Tax on items taken directly to reserves	80	(90)
Total recognised income and expense for the period	131	397
Attributable to:		
Equity holders of the Company	3,249	3,390
Minority interests	15	8
	3,264	3,398

Notes to the Interim Financial Statements

1 BASIS OF PREPARATION AND ACCOUNTING POLICIES

These condensed consolidated interim financial statements ("interim financial statements") for the six months ended 30 June 2008 have been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU. As required by the Disclosure and Transparency Rules of the Financial Services Authority, the interim financial statements have been prepared applying the accounting policies and presentation that were applied in the preparation of the Company's published consolidated financial statements for the year ended 31 December 2007. They do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements for the Group for the year ended 31 December 2007.

The information contained in Note 4 updates the disclosures concerning legal proceedings and contingent liabilities in the Company's Annual Report and Form 20-F Information 2007.

The comparative figures for the financial year ended 31 December 2007 are not the Company's statutory accounts for that financial year. Those accounts have been reported on by the Company's auditors and delivered to the Registrar of Companies. The report of the auditors (i) was 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 237(2) or (3) of the Companies Act 1985.

2 NET DEBT

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

	At 1 Jan 2008 \$m	Cash flow \$m	Non-cash movements \$m	Exchange movements \$m	At 30 Jun 2008 \$m
Loans due after 1 year	(10,876)	-	5	(161)	(11,032)
Current instalments of loans	-	-	-	-	-
Total loans	(10,876)	-	5	(161)	(11,032)
Other investments - current	177	(2)	(4)	3	174
Cash and cash equivalents	5,867	(1,529)	-	2	4,340
Overdrafts	(140)	68	-	(1)	(73)
Short term borrowings	(4,140)	374	-	(2)	(3,768)
	1,764	(1,089)	(4)	2	673
Net debt	(9,112)	(1,089)	1	(159)	(10,359)

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

On 3 July, the Company issued a further capital EUR 500 million bond, maturing on 4 January 2010.

3 RESTRUCTURING AND SYNERGY COSTS

Profit before tax for the six months ended 30 June 2008 is stated after charging restructuring and synergy costs of \$248 million (\$458 million in the first half 2007). These have been charged to the income statement as follows:

	2 nd Quarter 2008 \$m	2 nd Quarter 2007 \$m	Half Year 2008 \$m	Half Year 2007 \$m
Cost of Sales	24	199	56	281
R&D	32	29	86	29
SG&A	75	148	106	148
Total	131	376	248	458

4 LEGAL PROCEEDINGS AND CONTINGENT LIABILITIES

AstraZeneca is involved in various legal proceedings considered typical to its businesses, including litigation relating to employment matters, product liability, commercial disputes, infringement of intellectual property rights, the validity of certain patents and securities law. The matters discussed below constitute the more significant developments since the publication of the disclosures concerning legal proceedings in the Company's Annual Report and Form 20-F Information 2007 and should be read in conjunction with the financial statements included therein.

Unless noted otherwise below or in the Annual Report and Form 20-F Information 2007, no provisions have been established in respect of the claims discussed below.

Matters previously disclosed in respect of the first quarter of 2008 and April 2008

Abraxane® (paclitaxel protein-bound particles for injectable suspension) (albumin bound)

As previously disclosed, in July 2006, Elan Pharma International Limited (Elan) filed a lawsuit in the US District Court for the District of Delaware against Abraxis BioScience, Inc. (Abraxis). Elan essentially alleges that Abraxis infringes two US patents in connection with the marketing, use and sale of Abraxane®. The US District Court for the District of Delaware has scheduled a trial, which is to commence on 2 June 2008. AstraZeneca is party to an agreement with Abraxis to co-promote Abraxane® in the US, but is not a party to the litigation.

Atacand (candesartan cilexetil)

As previously disclosed, in April 2007 AstraZeneca received notice from Sandoz Inc. (Sandoz) that Sandoz had filed an ANDA with the FDA, seeking approval to market a generic version of *Atacand* (candesartan cilexetil) in the 4, 8, 16 and 32mg doses, prior to the expiration of US Patent No. 5,534,534 (the '534 patent), which expires in July 2013.

In March and April 2008, AstraZeneca (new drug application (NDA) holder) and Takeda (patent holder) received notices from Teva Pharmaceuticals USA Inc. (Teva) that Teva had filed an ANDA with the FDA, seeking approval to market a generic version of *Atacand* in the 4, 8, 16 and 32mg doses, prior to the expiration of the '534 patent. The notifications claim that the Teva products do not infringe the '534 patent. Teva did not challenge the compound patents listed in the FDA Orange Book with reference to *Atacand*, the later of which expires in June 2012. As a result, Teva cannot market candesartan cilexetil until the end of the exclusivity period afforded by these patents. AstraZeneca and Takeda have decided not to bring an action for patent infringement at this time.

Crestor (rosuvastatin)

As previously reported, in December 2007, in response to notice-letters from seven manufacturers that they had submitted ANDAs to the FDA for approval to market *Crestor* 5, 10, 20 and 40mg rosuvastatin calcium tablets prior to the expiration of one or more of AstraZeneca's three FDA Orange Book-listed patents, AstraZeneca Pharmaceuticals LP, AstraZeneca UK Limited, IPR Pharmaceuticals, Inc., and AstraZeneca's licensor, Shionogi Seiyaku Kabushiki Kaisha (Shionogi), filed separate lawsuits in the US District Court for the District of Delaware, against Apotex, Aurobindo, Cobalt, Mylan, Par, Sandoz and Sun for infringement of Patent No. RE37,314 (the '314 patent) covering rosuvastatin calcium, the active ingredient in *Crestor* tablets.

The seven Delaware cases proceed. Each of the seven ANDA-filers sued by AstraZeneca in the District of Delaware for infringement of the '314 patent has answered, counterclaimed, or otherwise responded to AstraZeneca's pleadings. AstraZeneca has replied or responded as allowed. Among other responses, Apotex and Aurobindo have challenged the jurisdiction of the District of Delaware. In the event that Apotex or Aurobindo succeed in challenging jurisdiction in Delaware, and as an alternative to having concurrent *Crestor* litigations in multiple District Courts, AstraZeneca has contingently moved before the Judicial Panel on Multidistrict Litigation pursuant to 28 U.S.C. section 1407 for coordination and consolidation of all *Crestor* pre-trial matters by the Delaware court.

Although AstraZeneca did not sue Apotex for infringement of Patent No. 6,316,460 covering formulations (the '460 patent), in addition to responding to AstraZeneca's patent infringement action in Delaware, Apotex filed a declaratory judgement lawsuit against AstraZeneca based on AstraZeneca's '460 patent in US District Court, Middle District of Florida. The Florida case has been stayed pending resolution of AstraZeneca's pending motion before the Judicial Panel on Multidistrict Litigation.

In February 2008, AstraZeneca voluntarily dismissed the duplicate cases against Mylan and Cobalt, respectively, in West Virginia and Florida. The duplicate suit against Aurobindo in the District of New Jersey remains filed, but it has been stayed by the Court pending resolution of AstraZeneca's pending motion before the Judicial Panel on Multidistrict Litigation.

AstraZeneca continues to have full confidence in and will vigorously defend and enforce its intellectual property protecting *Crestor*.

Exanta (ximelagatran)

As previously disclosed, four putative and essentially similar securities class actions were filed in the US against AstraZeneca PLC, Håkan Mogren (who currently serves as a Director of AstraZeneca PLC), Sir Tom McKillop, Jonathan Symonds and Percy Barnevik (who are former Directors of AstraZeneca PLC) between January and March 2005. The defendants deny the allegations made in the lawsuit and will vigorously defend the action. The defendants filed a motion in 2006 to dismiss the action, and the Court heard oral argument on defendants' motion on 15 April 2008.

Nexium (esomeprazole)

Anti-trust

As previously disclosed, in December 2006 and January 2007, several lawsuits against AstraZeneca entities, including putative class actions, were filed in the US District Court for the District of Columbia alleging anti-trust claims of unlawful monopolisation relating to *Prilosec* and *Nexium*.

In March 2008, the motions to dismiss these cases were granted and the US District Court for the District of Columbia ruled that the Plaintiffs had failed to show that AstraZeneca violated anti-trust law. The Plaintiffs have not appealed.

Patent litigation

As previously disclosed, in October 2005, AstraZeneca received a notice from Ranbaxy Pharmaceuticals, Inc. that Ranbaxy Laboratories Limited (together Ranbaxy) had submitted an ANDA to the FDA for esomeprazole magnesium delayed-release capsules, 20 and 40mg.

On 15 April 2008, it was announced that AstraZeneca had settled this litigation. Under the settlement agreement, Ranbaxy conceded that all six patents asserted by AstraZeneca in the patent litigation are valid and enforceable. Ranbaxy also accepted that four of the patents would be infringed by the unlicensed sale of Ranbaxy's proposed generic product. The settlement agreement will allow Ranbaxy to sell its generic version of *Nexium* under a licence from AstraZeneca starting 27 May 2014. The settlement also includes a separate out-sourcing agreement where a portion of *Nexium* US manufacturing will move to Ranbaxy. This agreement is in line with AstraZeneca's stated supply chain strategy. The remaining cases are ongoing.

In March 2008, AstraZeneca received notice from Teva Parenteral Medicines (Teva) that Teva had submitted an NDA to the FDA regarding esomeprazole for injection, 20mg/vial and 40mg/vial. The notice contains certifications of invalidity, unenforceability, and/or non-infringement in respect of US Patent No. 5,877,192, which is listed in the FDA Orange Book with reference to *Nexium* in intravenous form. AstraZeneca is evaluating Teva's notice.

As previously disclosed, AstraZeneca initiated proceedings in the Federal Court of Canada against Novopharm Limited (Novopharm) in connection with certain patents related to omeprazole magnesium tablets, on the basis that Novopharm was seeking a Notice of Compliance in Canada based on a comparison with AstraZeneca's *Losec* tablets. Two of these proceedings remained pending until April 2008 at which time Novopharm withdrew the allegations which were the subject of these proceedings and the proceedings were discontinued.

AstraZeneca Canada Inc. received several notices of allegation from Apotex Inc. (Apotex) in late 2007 in respect of patents listed on the Patent Register in Canada for *Nexium*. Apotex asserted in its notices that it filed an Abbreviated New Drug Submission in March 2007, for 20 and 40mg esomeprazole magnesium trihydrate tablets and alleged non-infringement and/or invalidity of numerous patents. AstraZeneca responded by commencing seven court applications in January 2008 under the Patented Medicines (Notice of Compliance) Regulations (NOC Regulations). On 17 January 2008, Apotex advised that its product was erroneously described as being a trihydrate in its allegations, which allegations Apotex asserted it was withdrawing. Apotex mailed replacement allegations on 17 January 2008.

On 7 March 2008, AstraZeneca commenced court applications under the NOC Regulations in response to Apotex's replacement notices of allegation seeking declarations that the second set of allegations are not valid for the purposes of the NOC Regulations and, in the alternative, orders prohibiting the Canadian Minister of Health from issuing a Notice of Compliance (marketing approval) to Apotex for 20 and 40mg esomeprazole magnesium tablets until after the expiration of AstraZeneca's listed patents.

Apotex cannot obtain a Notice of Compliance for its esomeprazole tablets until the earlier of the disposition of all of the court applications in Apotex's favour or 24 months from the date on which the latest court application has been commenced.

AstraZeneca has full confidence in and will vigorously defend and enforce its intellectual property protecting *Nexium*.

Pulmicort Respules (budesonide inhalation suspension)

In March 2008, AstraZeneca filed a lawsuit in the US District Court for the District of New Jersey against Breath Limited for patent infringement. The lawsuit is the result of an abbreviated new drug application (ANDA) filed by Breath with the US Food and Drug Administration (FDA) concerning Breath's intent to market a generic version of AstraZeneca's *Pulmicort Respules* in the US prior to the expiration of AstraZeneca's patents.

The basis for AstraZeneca's complaint is that the action by Breath of filing an ANDA infringes certain of AstraZeneca's patents directed to *Pulmicort Respules* and their use. In October 2005, AstraZeneca filed a similar lawsuit in the US District Court for the District of New Jersey against IVAX Pharmaceuticals, Inc. (now known as Teva Pharmaceutical Industries Ltd.) for infringement of AstraZeneca's patents covering *Pulmicort Respules*.

AstraZeneca continues to have full confidence in and will vigorously defend and enforce its intellectual property protecting *Pulmicort Respules*.

Seroquel (quetiapine fumarate)

Product liability

As previously disclosed, AstraZeneca Pharmaceuticals LP, 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 antipsychotic medications.

As of 25 March 2008, AstraZeneca was defending 8,277 served or answered lawsuits involving approximately 12,580 plaintiff groups. To date, approximately 1,949 additional cases have been dismissed by order or agreement, about 1,500 of those with prejudice. No trial is expected until the first half of 2009.

Patent litigation

As previously disclosed, AstraZeneca is involved in four pending patent infringement cases against Teva and Sandoz in relation to *Seroquel*.

Fact-discovery has ended for the four consolidated ANDA lawsuits. Expert discovery proceeds. Sandoz and Teva have each conceded that their respective ANDA products infringe AstraZeneca's patent covering *Seroquel*. Sandoz and Teva have each conceded the patent's validity and allege only unenforceability for inequitable conduct.

In March 2008, the Court consolidated the three Teva actions with the Sandoz action for all purposes, including a joint trial, which the Court scheduled to begin on 11 August 2008.

The Court also granted leave to AstraZeneca to file a second motion for summary judgement. AstraZeneca filed its Motion for Summary Judgement of No Inequitable Conduct in March 2008. A hearing on AstraZeneca's motion is scheduled on 4 June 2008.

AstraZeneca continues to have full confidence in its intellectual property protecting *Seroquel* and will vigorously defend and enforce it.

Sales and marketing practices

As previously disclosed, in February 2007, the Commonwealth of Pennsylvania filed suit against AstraZeneca, Eli Lilly & Co. (Lilly), and Janssen Pharmaceutica Inc. (Janssen) claiming damages incurred by the Commonwealth as a result of alleged off-label promotion of atypical antipsychotics by the three manufacturers. The suits against AstraZeneca and Janssen were severed from the suit against Lilly in December 2007.

In February 2008, a similar lawsuit was filed by the Montana Attorney General. As is the case with the Pennsylvania suit, the Montana action seeks to recover costs associated with alleged off-label promotion as well as costs associated with the treatment of state residents who developed diabetes as a result of taking *Seroquel*. As of the date of this announcement, the Montana action has not been served.

Average wholesale price class action litigation

As previously disclosed, in January 2002, AstraZeneca was named as a defendant along with 24 other pharmaceutical manufacturers in a class action suit in Massachusetts, brought on behalf of a putative class of plaintiffs alleged to have overpaid for prescription drugs as a result of inflated wholesale list prices. AstraZeneca and other manufacturers have since been sued in similar lawsuits filed by the state Attorneys General of Pennsylvania, Nevada, Montana, Wisconsin, Illinois, Alabama, Kentucky, Arizona, Mississippi, Hawaii, Alaska, Idaho and Utah as well as by multiple individual counties in the state of New York.

The average wholesale price (AWP) case filed by the Alabama Attorney General was tried in Circuit Court in Montgomery, Alabama from 11 February to 21 February 2008. The trial resulted in a jury verdict against AstraZeneca on the State's claims of fraudulent concealment and misrepresentation, and an award of compensatory damages of \$40 million and punitive damages of \$175 million. Because the trial court committed multiple, reversible errors over the course of the trial, the Company believes that the verdict will likely be overturned upon appeal to the Alabama Supreme Court. In addition to filing the appeal, AstraZeneca will request that the trial court reduce the award of punitive damages. By law, punitive damages are capped at three times compensatory damages. No provision has been taken in respect of this for the first quarter of 2008.

The allegations made in respect of the average wholesale price lawsuits described in this section are denied and will be vigorously defended.

Matters disclosed in respect of the second quarter of 2008 and July 2008

Abraxane® (paclitaxel protein-bound particles for injectable suspension) (albumin-bound)

As previously disclosed, in July 2006, Elan Pharma International Limited (Elan) filed a lawsuit in the US District Court for the District of Delaware against Abraxis BioScience, Inc. (Abraxis). Elan essentially alleges that Abraxis infringes two US patents in connection with the marketing, use and sale of Abraxane®.

A jury trial took place in June 2008, in which the jury found the Elan patents to be valid and infringed and awarded \$55.2 million in past damages. Abraxis has announced its intent to appeal the verdict and Elan has announced that it does not intend to pursue an injunction. Although AstraZeneca is party to an agreement with Abraxis to co-promote Abraxane® in the US, it is not a party to the litigation and consequently is not impacted by the jury trial decision of June 2008.

Accolate (zafirlukast)

In May 2008, AstraZeneca received notice from Dr. Reddy's Laboratories (Dr. Reddy's) that Dr. Reddy's had submitted an abbreviated new drug application (ANDA) to the US Food and Drug Administration (FDA) for Accolate (zafirlukast). Dr. Reddy's did not challenge US Patent Nos. 4,859,692 and 5,583,152, which are listed in the FDA Orange Book with reference to Accolate. As a result, Dr. Reddy's cannot market its zafirlukast product before the September 2010 expiration date of these two patents. Dr. Reddy's did challenge the five additional patents listed in the Orange Book with reference to Accolate, alleging that these patents are not infringed, invalid and/or unenforceable. In June 2008, AstraZeneca commenced patent infringement litigation against Dr. Reddy's in the United States District Court for the District of New Jersey. AstraZeneca has asserted US Patent Nos. 5,319,097, 5,482,963, and 6,143,775, with expiration dates in December 2011, January 2013, and December 2011, respectively. The remaining two patents listed in the FDA Orange Book have expiration dates in December 2011 and March 2014. No trial date has been set.

AstraZeneca has full confidence in and will vigorously defend and enforce its intellectual property protecting *Accolate*.

Atacand (candesartan cilexetil)

On 11 July 2008, AstraZeneca received a Paragraph IV Certification from Mylan, Inc., related to an ANDA submitted by Matrix Laboratories, Ltd (Mylan) with respect to all four dose forms of candesartan cilexetil, alleging non-infringement of US Patent No. 5,534,534. Mylan did not challenge the two compound patents listed in the FDA Orange Book, the latter of which expires in 2012. As a result Mylan cannot market candesartan cilexetil before 4 June 2012. AstraZeneca is evaluating Mylan's notice.

Crestor (rosuvastatin)

As previously disclosed, in December 2007, in response to notice-letters from seven manufacturers that they had submitted ANDAs to the FDA for approval to market *Crestor* 5, 10, 20 and 40mg rosuvastatin calcium tablets prior to the expiration of one or more of AstraZeneca's three FDA Orange Book-listed patents, AstraZeneca Pharmaceuticals LP, AstraZeneca UK Limited, IPR Pharmaceuticals, Inc., and AstraZeneca's licensor, Shionogi Seiyaku Kabushiki Kaisha (Shionogi), filed separate lawsuits in the US District Court for the District of Delaware, against Apotex, Aurobindo, Cobalt, Mylan, Par, Sandoz and Sun for infringement of US Patent No. RE37,314 (the '314 patent) covering rosuvastatin calcium, the active ingredient in *Crestor* tablets.

The seven original Delaware cases proceed. A discovery schedule is in place and trial is scheduled for February 2010. Each of the seven ANDA-filers sued by AstraZeneca in the District of Delaware for infringement of the '314 patent has answered, counterclaimed, or otherwise responded to AstraZeneca's pleadings. AstraZeneca has replied or responded as allowed. Among other responses and motions, Apotex and Aurobindo have challenged the jurisdiction of the District of Delaware. The parties to various jurisdictional motions have briefed and argued their respective motions. Decisions are pending.

Cobalt, Par and Sandoz pleaded declaratory judgement counterclaims in the Delaware Court based on US Patent No. 6,316,460 covering formulations (the '460 patent) or No. 6,858,618 covering medical use (the '618 patent) or a third unlisted AstraZeneca patent directed to a crystalline form of rosuvastatin. Those matters have been dismissed.

In the event that Apotex or Aurobindo succeed in challenging personal jurisdiction in Delaware, and as an alternative to having concurrent *Crestor* litigations in multiple District Courts, AstraZeneca contingently moved before the Judicial Panel on Multidistrict Litigation pursuant to 28 U.S.C. section 1407 for coordination and consolidation of all *Crestor* pre-trial matters by the Delaware Court. In June 2008, the Judicial Panel on Multidistrict Litigation granted AstraZeneca's motion for coordination and consolidation of all current ANDA matters involving *Crestor* in the District of Delaware.

Although AstraZeneca did not sue Apotex for infringement of the '460 patent, in addition to responding to AstraZeneca's patent infringement action in Delaware, Apotex filed a declaratory judgement lawsuit against AstraZeneca based on AstraZeneca's '460 patent in US District Court, Middle District of Florida. The Florida case will now be transferred to the District of Delaware under the Judicial Panel on Multidistrict Litigation's order.

The duplicate suit against Aurobindo in the District of New Jersey will also now be transferred to the District of Delaware under the Judicial Panel on Multidistrict Litigation's order.

In June 2008, Teva Pharmaceuticals USA, Inc (Teva) notified AstraZeneca that it had amended its previously filed ANDA for approval to market *Crestor* 5, 10, 20 and 40mg rosuvastatin calcium tablets. Teva's amended ANDA contains a Paragraph IV certification alleging non-infringement and invalidity in respect of AstraZeneca's '314 patent. In July 2008, AstraZeneca Pharmaceuticals LP, AstraZeneca UK Limited, IPR Pharmaceuticals, Inc., and AstraZeneca's licensor, Shionogi Seiyaku Kabushiki Kaisha (Shionogi), filed a lawsuit in the US District Court for the District of Delaware, against Teva for infringement of the '314 patent.

AstraZeneca continues to have full confidence in and will vigorously defend and enforce its intellectual property protecting *Crestor*.

Entocort EC (budesonide)

In April 2008, AstraZeneca LP, AB Draco and AstraZeneca AB received a notice from Barr Laboratories (Barr) that it had submitted an abbreviated new drug application (ANDA) to the US Food and Drug Administration (FDA) seeking approval to market a generic form of AstraZeneca's *Entocort EC* prior to the expiration of the patents listed in the FDA Orange Book. The Paragraph IV certification also alleged invalidity and non-infringement in respect of certain of AstraZeneca's patents relating to *Entocort EC*. In May 2008, AstraZeneca filed a patent infringement action against Barr in the US District Court for the District of Delaware. In June 2008, Barr responded and filed counterclaims alleging non-infringement and invalidity.

In June 2008, AstraZeneca LP, AB Draco and AstraZeneca AB received another Paragraph IV certification notice-letter on behalf of generic drug manufacturer Mylan Pharmaceuticals Inc. (Mylan), that it had submitted an ANDA to the FDA for approval to market a generic version of AstraZeneca's *Entocort EC* prior to the expiration of the patents listed in the FDA Orange Book. Mylan claims that each of the two patents covering *Entocort EC* is either invalid or will not be infringed by its proposed ANDA product. In July 2008, the AstraZeneca entities filed a complaint for patent infringement against Mylan in the US District Court for the District of Delaware.

AstraZeneca continues to have full confidence in and will vigorously defend and enforce its intellectual property protecting *Entocort EC*.

Exanta (ximelagatran)

As previously disclosed, four putative and essentially similar securities class actions were filed in the US against AstraZeneca PLC, Håkan Mogren (who currently serves as a Director of AstraZeneca PLC), Sir Tom McKillop, Jonathan Symonds and Percy Barnevik (who are former Directors of AstraZeneca PLC) between January and March 2005. These actions were subsequently consolidated into a single action pending in the US District Court for the Southern District of New York.

In an opinion dated 3 June 2008, the United States District Court for the Southern District of New York dismissed the case in its entirety by granting the motions to dismiss of AstraZeneca PLC and the individual defendants. Plaintiffs are currently appealing this decision to the US Court of Appeals for the Second Circuit, except for the ruling regarding the individual defendants. AstraZeneca PLC will continue to vigorously defend itself in this matter.

Losec/Prilosec (omeprazole)

As previously disclosed, in May 2007 the US District Court for the Southern District of New York upheld both formulation patents covering *Prilosec* (omeprazole), a ruling consistent with the previously disclosed decision in the first wave case in October 2002. The Court found that the generic omeprazole formulations of Impax Laboratories Inc. (Impax) and Apotex Corp and Apotex, Inc. (together Apotex) infringed both patents in suit. AstraZeneca is seeking appropriate relief, including damages. The Court also found that the generic omeprazole products sold by Lek Pharmaceutical and Chemical Company d.d. and Lek Services USA, Inc. (together Lek) and Mylan Pharmaceuticals Inc. (Mylan)/Laboratorios Esteve, SA and Esteve Quimica, SA (together Esteve) did not infringe. Lek and Mylan/Esteve are pursuing costs, attorney's fees and anti-trust counterclaims. AstraZeneca has appealed the Mylan/Esteve decision to the US Court of Appeals for the Federal Circuit.

Impax and Apotex also appealed. In May 2008, all three appeals were argued before the Federal Circuit. In June 2008, the Federal Circuit upheld the ruling that Mylan/Esteve did not infringe. The Federal Circuit has not yet issued a decision in the Impax and Apotex appeals.

AstraZeneca continues to have full confidence in and will vigorously defend and enforce its intellectual property protecting *Losec/Prilosec*.

Nexium (esomeprazole magnesium)

Patent litigation

As previously disclosed, *Nexium* patent infringement litigations against IVAX/Teva and Dr. Reddy's are ongoing in the United States District Court for the District of New Jersey. In May and June 2008, AstraZeneca received a Complaint from IVAX/Teva and a Complaint from Dr. Reddy's for declaratory judgements of non-infringement and/or invalidity for patents listed in the US Food and Drug Administration (FDA) Orange Book with reference to *Nexium* that were not previously at issue in the ongoing infringement litigations. No trial date has been set in the ongoing patent infringement litigations.

As previously disclosed, in March 2008 AstraZeneca received notice from Teva Parental Medicines (Teva) that Teva had submitted an NDA to the FDA regarding esomeprazole for injection, 20mg/vial and 40mg/vial. The notice contains certifications of invalidity, unenforceability, and/or non-infringement in respect of US Patent No. 5,877,192, which is listed in the FDA Orange Book with reference to *Nexium* in intravenous form. In April 2008, AstraZeneca commenced patent infringement litigation against Teva in the United States District Court for the District of New Jersey. No trial date has been set.

AstraZeneca has full confidence in and will vigorously defend and enforce its intellectual property protecting *Nexium*.

Federal Trade Commission (FTC) inquiry

In July 2008, AstraZeneca received a Civil Investigative Demand from the Federal Trade Commission seeking information regarding the *Nexium* patent litigation settlement with Ranbaxy, details of which have been previously disclosed. AstraZeneca is fully cooperating with the request.

Pulmicort Respules (budesonide inhalation suspension)

As previously disclosed, in October 2005 AstraZeneca filed a lawsuit in the United States District Court for the District of New Jersey against IVAX Pharmaceuticals, Inc. (IVAX) (now known as Teva Pharmaceutical Industries Ltd.) for infringement of AstraZeneca's patents covering *Pulmicort Respules*. On 30 June 2008, IVAX filed a motion for summary judgement of no infringement. A hearing on the motion has been scheduled for 23 September 2008. AstraZeneca will oppose the motion.

AstraZeneca continues to have full confidence in and will vigorously defend and enforce its intellectual property protecting *Pulmicort Respules*.

Seroquel (quetiapine fumarate)

Product liability

As previously disclosed, AstraZeneca Pharmaceuticals LP, 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.

As of 11 July 2008, AstraZeneca was defending 8,597 served or answered lawsuits involving approximately 13,079 plaintiff groups. To date, approximately 2,150 additional cases have been dismissed by order or agreement and approximately 1,500 of those cases have been dismissed with prejudice. No trial is expected until the first half of 2009. Approximately 22% of the cases that were or are pending in the federal court multi-district litigation (MDL) have been dismissed. Approximately half of the currently pending *Seroquel* cases are in federal court with clusters of state court activity in Delaware, New Jersey, New York and Missouri.

Patent litigation

As previously disclosed, AstraZeneca has been prosecuting a consolidated patent infringement case against Teva Pharmaceuticals USA Inc. (Teva) and Sandoz Inc. (Sandoz) in relation to *Seroquel*. In that matter, Sandoz and Teva have conceded that their respective abbreviated new drug application (ANDA) products infringe AstraZeneca's patent covering *Seroquel*. Sandoz and Teva also have conceded the patent's validity, leaving only allegations of unenforceability for inequitable conduct. In March 2008, AstraZeneca filed a Motion for Summary Judgement of No Inequitable Conduct.

In July 2008, the US District Court, District of New Jersey granted AstraZeneca's Motion for Summary Judgement of No Inequitable Conduct. Therefore, on 9 July 2008, the Court entered its Final Judgement in AstraZeneca's favour on all claims and defences respecting infringement, validity, and enforceability of AstraZeneca's patent. The Court's judgement includes an order to the US Food and Drug Administration (FDA) that any approvals of Teva's or Sandoz's ANDAs shall be after the date that is the later of the expiration date of US Patent No. 4,879,288 (the '288 patent) or the expiration date of any additional exclusivity to which AstraZeneca is or becomes entitled.

On 11 July 2008, Sandoz filed a Notice of Appeal in the District Court. Teva filed its Notice of Appeal on 14 July 2008.

AstraZeneca lists two patents in the FDA's Orange Book referencing *Seroquel XR*: the '288 patent covering quetiapine fumarate, the active ingredient, and US Patent No. 5,948,437 (the '437 patent) covering extended-release formulations, processes and methods respecting quetiapine fumarate.

On 11 July 2008, AstraZeneca received a Paragraph IV Certification notice-letter from Handa Pharmaceuticals, LLC (Handa) stating that it had submitted an ANDA seeking approval to market generic versions of 200 and 300mg *Seroquel XR* tablets before the expiration of AstraZeneca's two listed patents covering *Seroquel XR*. Handa's certification notice-letter alleges non-infringement, invalidity and unenforceability. On 23 July 2008, AstraZeneca received a similar Paragraph IV Certification notice-letter from Handa stating that it had submitted an amendment to its ANDA for 200 and 300mg tablets adding a request for approval to market a generic version of 400mg *Seroquel XR* tablets before the expiration of AstraZeneca's two listed patents covering *Seroquel XR*.

On 28 July 2008, AstraZeneca filed a lawsuit in US District Court, District of New Jersey, against Handa and a currently unknown, associated entity alleging infringement of AstraZeneca's '288 and '437 patents covering *Seroquel XR* 200, 300 and 400mg tablets. The filing of this lawsuit triggers 30-months stays of FDA final approval for Handa's ANDA products. The 30-month stay for the 200 and 300mg tablets will expire on 11 January 2011 and the stay for the 400mg tablet will expire on 23 January 2011.

AstraZeneca has full confidence in and will vigorously defend and enforce its intellectual property protecting *Seroquel*.

Sales and marketing practices

In May 2008, the State of Arkansas filed suit against AstraZeneca seeking compensation for costs incurred by the State for the treatment of Medicaid and other public assistance beneficiaries who allegedly developed diabetes, hyperglycemia and other conditions as a result of using *Seroquel* without adequate warning. In addition, the lawsuit seeks reimbursement of payments made by the Arkansas Medicaid program for prescriptions that relate to so-called "non-medically accepted indications" of *Seroquel*.

Average wholesale price class action litigation

As previously disclosed, the average wholesale price (AWP) case filed by the Alabama Attorney General was tried in Circuit Court in Montgomery, Alabama from 11 February to 21 February 2008. The trial resulted in a jury verdict against AstraZeneca on the State's claims of fraudulent concealment and misrepresentation, and an award of compensatory damages of \$40 million and punitive damages of \$175 million. On 9 June, the trial court held a hearing on AstraZeneca's request for post-trial relief and reduced the punitive damage award, as required by statute, to \$120 million. AstraZeneca has filed an appeal with the Alabama Supreme Court and will seek to have the entire judgement reversed.

Congressional investigations

As previously disclosed, AstraZeneca, along with several other manufacturers, has received letters from the Committee on Oversight and Government Reform of the US House of Representatives as part of the Committee's ongoing oversight of the pharmaceutical industry's research and marketing practices. The Committee has requested that AstraZeneca provide clinical and marketing information, and information regarding scientific journal reprints relating to *Seroquel*. AstraZeneca also received letters from the Finance Committee of the US Senate requesting information regarding AstraZeneca's payments to certain identified physicians and their prescribing information related to *Seroquel*. In addition, the Finance Committee has requested sales and marketing information regarding the use of *Seroquel* in nursing homes. The Finance Committee has also requested information regarding use of a third party company for certain aspects of clinical studies and publications related to *Seroquel*. AstraZeneca also received a request to provide information regarding AstraZeneca's transparency efforts in certain business areas. AstraZeneca is co-operating with both Committees.

Drug importation anti-trust litigation

As previously disclosed, in August 2004, Californian retail pharmacy plaintiffs filed an action in the Superior Court of California alleging that AstraZeneca Pharmaceuticals LP and numerous other pharmaceutical manufacturers conspired to prevent American consumers from purchasing prescription drugs from Canada and also conspired to set the price of drugs sold in California at or above the Canadian sales price for those same drugs. In December 2006, the Court granted the defendants' motion for summary judgement and the case was subsequently dismissed. Plaintiffs appealed that decision to the Court of Appeal of the State of California. In July 2008, the Court of Appeal of the State of California affirmed the lower Court's decision.

AstraZeneca denies the material allegations in the California action and is vigorously defending this matter.

Employment-wage/hour litigation

As previously disclosed, AstraZeneca is defending against three putative class action lawsuits alleging violations of state wage and hour laws, particularly those laws governing the classification of sales representatives for purposes of overtime pay. In June 2008, the US District Court, Central District of California, granted summary judgement in favour of AstraZeneca, dismissing all claims filed by the named plaintiff, Marc Brody, and finding the motion for class certification to be moot. Similar motions are pending in the remaining two cases.

Pain pump litigation

In February-June 2008, seventeen lawsuits were filed, in US District Courts (Arizona, Indiana, Oregon, Colorado, Northern District of Alabama, Minnesota and the Eastern District of New York) and state courts in Colorado and Indiana, naming AstraZeneca LP, AstraZeneca Pharmaceuticals LP and Zeneca Holdings Inc. as defendants. AstraZeneca has removed the state cases to federal court. All of the complaints claim that the use of *Marcaine*, *Sensorcaine*, *Xylocaine* and/or *Naropin*, with or without epinephrine, in pain pumps that were implanted into patients shoulder joints in connection with arthroscopic surgery, caused chondrolysis, which is the complete or near complete loss of cartilage in the joint.

Rights to market *Sensorcaine*, *Xylocaine* and *Naropin* in the US were sold to Abraxis Bioscience Inc. (Abraxis) in June 2006 but some of these lawsuits may be a retained liability under the terms of the Asset Purchase Agreement with Abraxis. Other named defendants are manufacturers and distributors of bupivacaine and other pain products (including Abraxis), the pain pump manufacturers and in some cases the surgeons.

In May 2008 plaintiffs in Oregon and Indiana filed motions to consolidate the pain pump cases for discovery under the Multi-District Litigation (MDL) process. All of the defendants are opposing the MDL consolidation. A hearing on the MDL application will take place on 31 July 2008 before the Joint Panel on Multi-district Litigation.

Tax litigation

As previously disclosed, AstraZeneca faces a number of transfer pricing audits in jurisdictions around the world, and in some cases is in dispute with the tax authorities. In one such case, the Group and Her Majesty's Revenue & Customs (HMRC) have made a joint referral to the UK Court in respect of transfer pricing for the years 1996 to date as there continues to be a material difference between the Group's and HMRC's positions. This issue is likely to be resolved by litigation commencing in early summer 2009. We believe that AstraZeneca has adequately provided for its transfer pricing audits, disputes and the joint referral in the UK. We will continue to keep the provision under review.

5 ACCOUNTING IMPACT FROM MERCK ARRANGEMENTS

Introduction

In 1982, Astra AB set up a joint venture with Merck & Co., Inc. 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 for:

- Annual contingent payments.
- A payment to Merck in the event of a business combination between Astra and a third party in order for Merck to relinquish certain claims to that third party's products.
- Termination arrangements which, if and when triggered, cause Merck to relinquish its interests in AstraZeneca's products and activities.

Further details are set out in the 2007 Annual Report and Form 20-F Information.

Payment made on 17 March 2008

On 17 March, under the termination arrangements included in the Agreements, AstraZeneca made a net cash payment to Merck of approximately \$2.63 billion. This payment resulted in AstraZeneca acquiring Merck's interests in certain AstraZeneca products including *Pulmicort*, *Rhinocort*, *Symbicort* and *Toprol-XL*. Consequently AstraZeneca no longer has to pay contingent payments on these products to Merck and has obtained the ability to fully exploit these products and to fully exploit other opportunities in the Respiratory therapy area that AstraZeneca was previously prevented from doing by Merck's interests in these products. Intangible assets aggregating to \$994 million have been recognised in respect of these acquired product rights and these are being amortised over various periods giving rise to an annual expense of approximately \$60 million per annum. Approximately \$50 million of this amortisation relates to relief from contingent payments, and will be charged to Cost of Goods Sold (COGS), with the balance related to the Respiratory therapy area, which will be charged to SG&A. For the purposes of calculating Core financial measures, the Company will exclude only the amortisation expense related to therapy area intangibles (i.e. that charged to SG&A) from the Core financial measures calculations.

The balance of the net payment made on 17 March represents payments on account for the product rights that will be acquired in the event that the First Option and the Second Option (see below) are exercised by AstraZeneca. Intangible assets aggregating to \$1,656 million have been recognised. These balances are not subject to amortisation until each of the options is exercised and the related products rights are acquired. Should it become probable that the First Option will not be exercised, all the payments on account will be expensed immediately. If after the First Option has been exercised it becomes probable that the Second Option will not be exercised, the payments on account for the product rights to be acquired under the Second Option will be expensed immediately.

Further optional payments

AstraZeneca has the right in 2010 to acquire Merck's interests in all the products still covered by the Agreements other than *Prilosec* and *Nexium* for \$647 million ("the First Option"). These products comprise marketed products (*Entocort*, *Atacand*, *Plendil*, *Lexxel*) and products still in development (including AZD6140, AZD3355, AZD0328 and AZD2327). If the First Option is exercised, AstraZeneca will no longer have to pay contingent payments on these products to Merck and will obtain the ability to fully exploit these products and to fully exploit other opportunities in the Cardiovascular and Neuroscience therapy areas that AstraZeneca was previously prevented from doing by Merck's interests in these products. If the First Option is exercised, this will give rise to an additional amortisation expense in the range of \$15 to \$50 million per annum charged to COGS, the precise amount dependent upon the launch status of the covered pipeline compounds, and an additional charge to SG&A of around \$60 million.

Provided that the First Option is exercised, AstraZeneca may exercise a further option ("the Second Option") two years later (or in 2017, or if combined annual sales of the two products fall below a minimum amount) which will end the contingent payments in respect of *Nexium* and *Prilosec* and effectively end AstraZeneca's relationship with and obligations to Merck (other than some residual manufacturing arrangements). The exercise price for the Second Option is the net present value of the future annual contingent payments on *Prilosec* and *Nexium* as determined at the time of 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 \$15 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 payments on account will be 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.

6 HALF YEAR TERRITORIAL SALES ANALYSIS

	1 st Half 2008 \$m	1 st Half 2007 \$m	% Growth	
			Actual	Constant Currency
US	6,527	6,502	-	-
Canada	659	528	25	10
North America	7,186	7,030	2	1
Western Europe**	5,011	4,462	12	-
Japan	896	734	22	7
Other Established ROW	406	310	31	15
Established ROW*	6,313	5,506	15	2
Emerging Europe	609	494	23	8
China	288	201	43	32
Emerging Asia Pacific	414	356	16	13
Other Emerging ROW	823	652	26	18
Emerging ROW	2,134	1,703	25	16
Total Sales	15,633	14,239	10	3

* Established ROW comprises Western Europe (including France, UK, Germany, Italy, Sweden and others), Japan, Australia and New Zealand.

** For the half year, Western Europe sales growth excluding Synagis would be 10 percent on an actual basis and -2 percent on a constant currency basis.

7 SECOND QUARTER TERRITORIAL SALES ANALYSIS

	2 nd Quarter 2008 \$m	2 nd Quarter 2007 \$m	% Growth	
			Actual	Constant Currency
US	3,126	3,268	(4)	(4)
Canada	337	274	23	10
North America	3,463	3,542	(2)	(3)
Western Europe**	2,606	2,262	15	1
Japan	518	403	29	10
Other Established ROW	216	177	22	7
Established ROW*	3,340	2,842	18	2
Emerging Europe	322	248	30	13
China	155	109	42	29
Emerging Asia Pacific	210	187	12	11
Other Emerging ROW	466	345	35	26
Emerging ROW	1,153	889	30	20
Total Sales	7,956	7,273	9	2

* Established ROW comprises Western Europe (including France, UK, Germany, Italy, Sweden and others), Japan, Australia and New Zealand.

** For the second quarter, Western Europe sales growth excluding Synagis would be 14 percent on an actual basis and -1 percent on a constant currency basis.

8 HALF YEAR PRODUCT SALES ANALYSIS

	World				US	
	1 st Half 2008 \$m	1 st Half 2007 \$m	Actual Growth %	Constant Currency Growth %	1 st Half 2008 \$m	Actual Growth %
Gastrointestinal:						
<i>Nexium</i>	2,561	2,620	(2)	(7)	1,490	(13)
<i>Losec/Prilosec</i>	542	577	(6)	(15)	99	(14)
Others	41	40	3	(5)	12	(8)
Total Gastrointestinal	3,144	3,237	(3)	(8)	1,601	(13)
Cardiovascular:						
<i>Crestor</i>	1,688	1,306	29	22	768	10
<i>Seloken/Toprol-XL</i>	396	901	(56)	(59)	135	(80)
<i>Atacand</i>	734	614	20	9	131	2
<i>Tenormin</i>	157	151	4	(6)	9	(10)
<i>Zestril</i>	124	156	(21)	(28)	8	(38)
<i>Plendil</i>	136	139	(2)	(10)	11	(45)
Others	143	141	1	(9)	1	-
Total Cardiovascular	3,378	3,408	(1)	(8)	1,063	(31)
Respiratory:						
<i>Symbicort</i>	989	768	29	16	101	237
<i>Pulmicort</i>	794	721	10	6	526	11
<i>Rhinocort</i>	172	187	(8)	(12)	100	(20)
<i>Oxis</i>	38	46	(17)	(28)	-	-
<i>Accolate</i>	37	38	(3)	(5)	26	(7)
Others	88	82	6	(4)	-	-
Total Respiratory	2,118	1,842	15	7	753	15
Oncology:						
<i>Arimidex</i>	920	831	11	4	384	13
<i>Casodex</i>	674	641	5	(4)	144	(3)
<i>Zoladex</i>	565	524	8	(2)	35	(22)
<i>Iressa</i>	125	113	11	2	3	(40)
<i>Ethyol</i>	20	8	n/m	n/m	20	n/m
Others	199	174	14	6	83	4
Total Oncology	2,503	2,291	9	1	669	7
Neuroscience:						
<i>Seroquel</i>	2,162	1,886	15	10	1,435	8
Local anaesthetics	309	269	15	3	20	(9)
<i>Zomig</i>	221	213	4	(4)	90	1
<i>Diprivan</i>	144	125	15	5	20	5
Others	30	27	11	4	6	-
Total Neuroscience	2,866	2,520	14	8	1,571	7
Infection and Other:						
<i>Synagis</i>	600	16	n/m	n/m	488	n/m
<i>Merrem</i>	439	372	18	9	90	29
<i>FluMist</i>	-	-	n/m	n/m	-	n/m
Other Products	113	140	(19)	(23)	56	(20)
Total Infection and Other	1,152	528	119	111	634	346
Aptium Oncology	196	200	(2)	(2)	196	(2)
Astra Tech	276	213	30	17	40	48
Total	15,633	14,239	10	3	6,527	-

9 SECOND QUARTER PRODUCT SALES ANALYSIS

	World				US	
	2 nd Quarter 2008 \$m	2 nd Quarter 2007 \$m	Actual Growth %	Constant Currency Growth %	2 nd Quarter 2008 \$m	Actual Growth %
Gastrointestinal:						
<i>Nexium</i>	1,323	1,312	1	(4)	754	(12)
<i>Losec/Prilosec</i>	290	298	(3)	(13)	52	(15)
Others	21	20	5	(5)	6	-
Total Gastrointestinal	1,634	1,630	-	(6)	812	(12)
Cardiovascular:						
<i>Crestor</i>	916	678	35	27	415	18
<i>Seloken/Toprol-XL</i>	206	457	(55)	(58)	71	(79)
<i>Atacand</i>	388	318	22	10	69	10
<i>Tenormin</i>	87	80	9	(3)	4	(20)
<i>Zestril</i>	65	76	(14)	(24)	4	(20)
<i>Plendil</i>	70	74	(5)	(14)	5	(62)
Others	75	72	4	(8)	-	-
Total Cardiovascular	1,807	1,755	3	(5)	568	(27)
Respiratory:						
<i>Symbicort</i>	518	414	25	12	57	90
<i>Pulmicort</i>	383	320	20	14	251	24
<i>Rhinocort</i>	92	95	(3)	(8)	51	(18)
<i>Oxis</i>	21	23	(9)	(22)	-	-
<i>Accolate</i>	19	19	-	(5)	14	-
Others	45	40	10	-	-	-
Total Respiratory	1,078	911	18	9	373	21
Oncology:						
<i>Arimidex</i>	490	430	14	6	201	13
<i>Casodex</i>	358	331	8	(2)	78	4
<i>Zoladex</i>	310	275	13	1	19	(17)
<i>Iressa</i>	67	61	10	-	1	(50)
<i>Ethyol</i>	6	8	n/m	n/m	6	n/m
Others	107	90	19	8	43	5
Total Oncology	1,338	1,195	12	2	348	6
Neuroscience:						
<i>Seroquel</i>	1,112	963	15	11	733	8
Local anaesthetics	171	143	20	6	12	(14)
<i>Zomig</i>	114	106	8	(1)	46	10
<i>Diprivan</i>	76	66	15	3	9	(10)
Others	15	15	-	(7)	3	(25)
Total Neuroscience	1,488	1,293	15	9	803	7
Infection and Other:						
<i>Synagis</i>	81	16	n/m	n/m	32	n/m
<i>Merrem</i>	226	194	16	7	44	26
<i>FluMist</i>	-	-	n/m	n/m	-	n/m
Other Products	58	66	(12)	(17)	27	(16)
Total Infection and Other	365	276	33	25	103	49
Aptium Oncology	98	102	(4)	(4)	98	(4)
Astra Tech	148	111	33	19	21	50
Total	7,956	7,273	9	2	3,126	(4)

Shareholder Information

ANNOUNCEMENTS AND MEETINGS

Announcement of third quarter and nine months 2008 results	30 October 2008
Announcement of fourth quarter and full year 2008 results	29 January 2009

DIVIDENDS

The record date for the first interim dividend payable on 15 September 2008 (in the UK, Sweden and the US) is 8 August 2008. Ordinary shares will trade ex-dividend on the London and Stockholm Stock Exchanges from 6 August 2008. 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

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ADDRESSES FOR CORRESPONDENCE

Registrar and Transfer Office	Depository for ADRs	Registered Office	Swedish Securities Registration Centre
The AstraZeneca Registrar Equiniti Limited Aspect House Spencer Road Lancing West Sussex BN99 6DA UK	JPMorgan Chase Bank JPMorgan Service Center PO Box 3408 South Hackensack NJ 07606-3408 US	15 Stanhope Gate London W1K 1LN UK	VPC AB PO Box 7822 SE-103 97 Stockholm Sweden
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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: This half-yearly financial report 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 at the date of preparation of the half-yearly financial report 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. These forward-looking statements are subject to numerous risks and uncertainties. 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 risk of expiration or early loss of patents (including patents covering competing products), marketing exclusivity or trademarks, the risk of patent litigation, failure to obtain patent protection, the impact of fluctuations in exchange rates, our debt-funding arrangements, risks relating to owning and operating a biologics and vaccines business, competition, price controls and price reductions, taxation, the risk of substantial product liability claims, the performance of new products, environmental/occupational health and safety liabilities, the development of our business in emerging markets, product counterfeiting, the risk of adverse outcome of litigation and/or government investigations and risk of insufficient insurance coverage, the difficulties of obtaining and maintaining regulatory approvals for new products, the risk of failure to observe continuing regulatory oversight, the risk that R&D will not yield new products that achieve commercial success, the risk that acquisitions and strategic alliances formed as part of our externalisation strategy may be unsuccessful, the risk of reliance on third parties for supplies of materials and services, the risk of failure to manage a crisis, the risk of delay to new product launches, information technology and outsourcing, risks relating to productivity initiatives and reputation.