

SECOND QUARTER AND HALF YEAR RESULTS 2009
DAVID BRENNAN SCRIPT

INTRODUCTION

GOOD AFTERNOON, LADIES AND GENTLEMEN. WELCOME TO THIS WEBCAST AND CONFERENCE CALL FOR ASTRAZENECA'S SECOND QUARTER AND HALF YEAR 2009 FINANCIAL RESULTS.

AS YOU ALL KNOW -- A LOT HAS HAPPENED IN THE WORLD SINCE JANUARY WHEN I PRESENTED OUR FULL YEAR 2008 RESULTS; WE HAVE SEEN THE IMPACT OF RECESSIONARY PRESSURES IMPACTING MANY PARTS OF THE GLOBAL ECONOMY, THE THREAT OF AN H1N1 PANDEMIC, AND ONGOING DEVELOPMENTS IN HEALTHCARE REFORM.

WHAT HASN'T CHANGED IN THE SIX MONTHS IS THE DETERMINED EXECUTION OF OUR STRATEGY TO DRIVE SALES GROWTH, FOR KEY BRANDS AND REGIONS, TO RESHAPE THE BUSINESS TO IMPROVE PRODUCTIVITY AND EFFICIENCY AND TO CONTINUE BUILDING A PIPELINE CAPABLE OF SUSTAINABLE VALUE CREATION FOR SHAREHOLDERS AND SOCIETY.

PROGRESS ON ALL OF THESE INITIATIVES IS REFLECTED IN OUR STRONG PERFORMANCE IN THE FIRST HALF OF 2009.

HEADLINE RESULTS—FIRST HALF 2009

HERE ARE THE HEADLINE RESULTS FOR THE FIRST HALF 2009. SIMON WILL DEAL WITH THE SECOND QUARTER IN HIS REMARKS.

SALES IN THE FIRST HALF WERE NEARLY \$15.7 BILLION. THAT IS AN 8 PERCENT INCREASE IN CONSTANT CURRENCY TERMS. FLAT ON AN ACTUAL BASIS INCLUDING THE NEGATIVE IMPACT OF CURRENCY MOVEMENTS ON THE TOP-LINE.

THERE ARE 3 DRIVERS TO THE STRONG TOP-LINE PERFORMANCE.

THE FIRST IS THE GLOBAL ECONOMY.

BACK IN JANUARY WE WERE WELL INTO THE TEETH OF A WORLDWIDE RECESSION, THE LIKES OF WHICH WE HAVE NOT SEEN IN DECADES AND WE WERE ONLY A MATTER OF MONTHS DISTANCED FROM A NEAR MELT-DOWN OF THE GLOBAL FINANCIAL INFRASTRUCTURE. IN THIS CONTEXT, WE WERE UNDERSTANDABLY CAUTIOUS ABOUT THE NEAR-TERM OUTLOOK FOR THE PHARMA SECTOR AND OUR BUSINESS.

STANDING HERE SIX MONTHS LATER, I CAN ASSURE YOU THAT MARKET CONDITIONS ARE TOUGH TO SEE THAT--YOU NEED ONLY LOOK TO CONTINUED PRICE AND UTILIZATION PRESSURES IN WESTERN EUROPE; OR TO THE US—WHERE MARKET VOLUME TRENDS ARE ESSENTIALLY FLAT-LINED, WITH BRANDED PRODUCT VOLUMES DOWN BY DOUBLE-DIGITS. BUT THAT SAID, THE IMPACT OF THE GLOBAL ECONOMY ON OUR MARKETS AND ON OUR BUSINESS IS LESS THAN WE THOUGHT WHEN WE PUT TOGETHER OUR PLANS FOR THE YEAR.

SO WE ARE PROVING TO BE MORE RECESSION RESISTANT, THOUGH NOT WHOLLY RECESSION PROOF.

SECOND, WE HAVE ALSO DRIVEN CONTINUED STRONG COMMERCIAL EXECUTION BEHIND OUR KEY BRANDS AND REGIONS IN MANY CASES SIGNIFICANTLY OUTPERFORMING MARKET BENCHMARKS.

OUR CAPABILITIES IN SALES AND MARKETING ARE A STRATEGIC ASSET AND ARE ALLOWING US TO OUTPERFORM THE COMPETITION IN MOST MARKETS AROUND THE WORLD.

AND THIRD, WE HAVE BENEFITED FROM WHAT I WOULD CALL "ONE-OFF" UPSIDES TO PERFORMANCE FOR EXAMPLE, A 3-MONTH DELAY IN THE ENTRY OF GENERIC CASODEX IN THE US, OR, MORE SIGNIFICANTLY, THE INCREASED SALES OF TOPROL-XL IN THE US IN THE WAKE OF THE MARKET WITHDRAWAL OF 2 GENERIC PRODUCTS.

THE LAST OF THESE IS CLEARLY AN UNEXPECTED OPPORTUNITY THAT PRESENTED ITSELF. BUT IT TOOK SWIFT ACTION BY OUR OPERATIONS PEOPLE TO PUT US IN A POSITION WHERE WE COULD SUPPLY THE DEMAND CREATED BY THE WITHDRAWAL OF THE GENERICS, AND MY THANKS GO TO THEM.

TURNING NOW TO CORE OPERATING PROFIT; FOR THE FIRST HALF IT WAS UP 28 PERCENT AT CER TO JUST OVER \$6.9 BILLION. THE STRONG SALES GROWTH, HIGHER OTHER OPERATING INCOME FROM THE ABRAXANE AND NORDIC OTC PRODUCT DISPOSALS AND CONTINUED OPERATING EFFICIENCIES FROM OUR BUSINESS RESHAPING PROGRAMME AND ONGOING COST DISCIPLINE HAS DRIVEN THE STRONG GROWTH IN CORE OPERATING PROFIT.

CORE EARNINGS PER SHARE WERE UP 28 PERCENT TO \$3.22, IN LINE WITH THE GROWTH IN CORE OPERATING PROFIT.

IN BRIDGING FROM CORE TO REPORTED EPS, IN ADDITION TO THE USUAL ADJUSTMENTS FOR AMORTISATION FROM MEDIMMUNE AND OUR MERCK ARRANGEMENTS AND RESTRUCTURING COSTS, THERE ARE TWO OTHER ADJUSTMENTS WORTH NOTING THE ETHYOL IMPAIRMENT IN THE FIRST QUARTER OF 2008 WAS \$0.12. THE SECOND IS \$430 MILLION OR \$0.30 PER SHARE LEGAL PROVISIONS WE HAVE TAKEN IN THE SECOND QUARTER 2009, WHICH SIMON WILL COVER IN HIS REVIEW.

NET OF THESE ADJUSTMENTS REPORTED EPS GREW BY 24 PERCENT TO \$2.66 FOR THE FIRST HALF.

THE BOARD HAS DECLARED A FIRST INTERIM DIVIDEND OF 59 CENTS PER SHARE THAT IS AN INCREASE OF 7 PERCENT AND IN LINE WITH OUR DIVIDEND POLICY.

AND WE HAVE RAISED OUR FINANCIAL GUIDANCE FOR THE FULL YEAR. THE NEW RANGE FOR CORE EPS IS NOW BETWEEN \$5.70 AND \$6.00. SIMON WILL COVER GUIDANCE IN HIS PRESENTATION.

STRATEGIC PRIORITIES

LET US TAKE A LOOK AT THE FIRST HALF PERFORMANCE THROUGH THE LENS OF OUR KEY STRATEGIC PRIORITIES GROWING THE BUSINESS,

RESHAPING THE BUSINESS, AND STRENGTHENING THE PIPELINE. ALL OF WHICH ARE UNDERPINNED BY OUR COMMITMENT TO DOING BUSINESS RESPONSIBLY WHICH SHAPES OUR ACTIVITIES AROUND THE WORLD AND ACROSS THE VALUE CHAIN.

GROW THE BUSINESS

THERE ARE 2 ASPECTS OF GROWING THE BUSINESS DRIVING KEY BRANDS THROUGH STRONG COMMERCIAL EXECUTION AND EXTENSIVE LIFECYCLE DEVELOPMENT PROJECTS AND DRIVING OUR BUSINESS BEYOND THE ESTABLISHED MARKETS IN NORTH AMERICA AND WESTERN EUROPE INTO THE EMERGING MARKETS THAT ARE BECOMING AN IMPORTANT SOURCE OF ASTRAZENECA'S FUTURE GROWTH.

LOOKING AT OUR SALES PERFORMANCE IN THE FIRST HALF, YOU CAN SEE THAT ALL MAJOR REGIONS CONTRIBUTED TO OUR STRONG PERFORMANCE.

SALES IN NORTH AMERICA WERE UP 9 PERCENT, A REFLECTION OF THE 10 PERCENT GROWTH IN THE U.S. IF WE ADJUST FOR THE TOPROL-XL EFFECT, U.S. SALES WERE UP 5 PERCENT STILL WELL AHEAD OF THE U.S. MARKET AS A WHOLE.

IN THE REST OF WORLD ESTABLISHED MARKETS, SALES WERE UP 4 PERCENT. WESTERN EUROPE WAS UP 2 PERCENT, JUST A BIT BETTER THAN THE 1 PERCENT GROWTH ACHIEVED IN ALL OF 2008. SALES IN JAPAN WERE UP 11 PERCENT WITH CRESTOR PERFORMING VERY WELL. CRESTOR'S PERFORMANCE IN AUSTRALIA FUELLED THE 16

PERCENT INCREASE IN OTHER ESTABLISHED MARKETS.

AND WE ACHIEVED DOUBLE-DIGIT SALES GROWTH IN EMERGING MARKETS IN THE FIRST HALF WITH CHINA CONTINUING TO PERFORM STRONGLY AT 29%.

IN TERMS OF OUR KEY BRANDS, YOU CAN SEE THAT COMBINED SALES OF THESE 5 PRODUCTS INCREASED BY 15 PERCENT TO \$8.9 BILLION. WE SEE A RESILIENT PERFORMANCE FOR NEXIUM AND STRONG GROWTH ACROSS THE BOARD FOR THE OTHERS:

SEROQUEL--UP 15 PERCENT, FUELLED BY THE LAUNCHES OF SEROQUEL XR AND THE FOCUS ON BIPOLAR DISORDERS.

CRESTOR—UP 34 PERCENT WELL AHEAD OF THE STATIN MARKET, AS OUR POSITIONING FOR HIGHER RISK PATIENTS IS CARVING OUT A GROWING SHARE OF THE MARKET DESPITE THE LARGE GENERIC SEGMENT.

AND SYMBICORT—WHERE THE LAUNCH IN THE US AND THE ROLL-OUT OF SYMBICORT SMART IN THE REST OF THE WORLD HAS DRIVEN 24 PERCENT GROWTH IN THE FIRST HALF.

SO, STRONG SALES PERFORMANCE FOR THE KEY BRANDS IN ALL MAJOR REGIONS.

RESHAPE THE BUSINESS

IN TERMS OF RESHAPING THE BUSINESS, OUR PROGRAMMES ARE ON TRACK TO DELIVER THE \$2.1

BILLION IN ANNUAL SAVINGS BY 2010, GROWING TO \$2.5 BILLION IN 2013. IT IS THESE EFFORTS, AS WELL AS THE EVERYDAY COST DISCIPLINE THAT IS BECOMING EMBEDDED IN OUR CULTURE, THAT IS CREATING THE LEVERAGE BETWEEN SALES GROWTH AND OPERATING PROFIT THAT IS REFLECTED IN OUR STRONG FINANCIAL PERFORMANCE.

STRENGTHEN THE PIPELINE

I AM ALSO PLEASED TO REPORT CONTINUED PROGRESS ON THE PIPELINE. ANDERS' PRESENTATION WILL COVER THIS IN MUCH MORE DETAIL, BUT A FEW KEY ACCOMPLISHMENTS WORTH NOTING: SINCE THE FIRST QUARTER RESULTS ANNOUNCEMENT WE HAVE MADE 3 SIGNIFICANT REGULATORY SUBMISSIONS:

CERTRIAD-THE COMBINATION OF CRESTOR AND ABBOT'S TRILIPIX WAS FILED IN THE U.S.

VIMOVO—FORMERLY KNOWN AS PN400, THE PRODUCT OF OUR COLLABORATION WITH POZEN, WAS ALSO A U.S. FILING.

AND ZACTIMA WAS FILED IN THE U.S. AND IN EUROPE.

AND WE HAVE A FOURTH SUBMISSION—BRILINTA—SCHEDULED FOR THE FOURTH QUARTER.

WE HAVE ALSO ACHIEVED SOME IMPORTANT PRODUCT APPROVALS SINCE THE FIRST QUARTER, NAMELY:

WE HAVE SECURED APPROVAL FOR IRESSA IN EUROPE – A TRULY PERSONALISED MEDICINE –FOR LUNG CANCER.

AND OUR NEW ORAL TREATMENT FOR TYPE 2 DIABETES, ONGLYZA, WHICH WE ARE DEVELOPING IN COLLABORATION WITH BRISTOL-MYERS SQUIBB, HAS RECEIVED A POSITIVE RECOMMENDATION FOR APPROVAL BY THE EUROPEAN CHMP.

IN THE US, I KNOW MANY OF YOU ARE AWARE THAT TODAY MARKS THE PDUFA DATE SO WE HOPE THAT WE WILL RECEIVE FURTHER INFORMATION ON THAT FILING VERY SOON.

ANDERS WILL TAKE YOU THROUGH THE DETAIL OF THE PIPELINE BUT I THINK IT IS IMPORTANT TO HIGHLIGHT HERE THAT MORE THAN 40% OF THE PIPELINE COMES FROM IN-LICENSING AND ACQUISITIONS. THIS IS THE RESULT OF OUR DETERMINED EFFORTS TO ACCESS THE VERY BEST SCIENCE IN OUR CHOSEN THERAPY AREAS. AND SOME 23% OF THE PIPELINE IS BIOLOGICS MOLECULES. WE BELIEVE THAT THESE TWO FACTORS GIVE BALANCE TO OUR PIPELINE AND ILLUSTRATE THE POTENTIAL OF THE BIOLOGICS TECHNOLOGY THAT WE ACQUIRED WITH MEDIMMUNE.

IN SUMMARY, I THINK WE HAVE MADE GOOD PROGRESS ON OUR STRATEGIC PRIORITIES AS WE SIT HERE AT THE HALF-WAY MARK FOR THE YEAR.

BEFORE I HAND OVER TO SIMON LOWTH, I WOULD LIKE TO RETURN TO 2 OTHER TOPICS THAT AFFECT OUR INDUSTRY AND ARE DOMINATING THE HEADLINES AT THE MOMENT.

THE FIRST IS U.S. HEALTHCARE REFORM.

AT OUR YEAR-END RESULTS CONFERENCE BACK ON THE 29TH OF JANUARY, WE WERE BARELY 2 WEEKS IN TO A NEW ADMINISTRATION THAT MADE HEALTHCARE REFORM A CENTREPIECE OF THEIR ELECTION PLATFORM. SIX MONTHS LATER, HEALTHCARE REFORM IS FRONT AND CENTER ON THE MINDS OF THE BODY POLITIC IN THE US. DURING THIS TIME, IN MY ROLE AS CHAIRMAN OF OUR TRADE ASSOCIATION PHARMA, I HAVE SPENT CONSIDERABLE TIME IN WASHINGTON, AND WORKING WITH THE CEOS OF THE OTHER MAJOR PHARMA COMPANIES, PLAYING AN ACTIVE ROLE IN BUILDING WORKABLE SOLUTIONS TO THE ISSUE. I AM PROUD OF THE VISION AND LEADERSHIP OUR INDUSTRY HAS SHOWN BY STEPPING UP AND MAKING AN \$80 BILLION COMMITMENT OVER 10 YEARS TOWARDS MAKING COMPREHENSIVE HEALTHCARE REFORM A REALITY THIS YEAR.

AND THE U.S. IS NOT ALONE IN LOOKING TO EXPAND THE PROVISION OF HEALTHCARE TO ITS POPULATION BY BRINGING MORE PATIENTS WITHIN REACH OF THE MODERN MEDICINES THEY NEED. IN CHINA, THE GOVERNMENT HAS APPROVED A PLAN TO INVEST \$124 BILLION IN THE HEALTHCARE SYSTEM OVER THE NEXT 3 YEARS AND WE EXPECT HEALTHCARE REFORM TO REMAIN ON THE AGENDA IN EUROPE FOR THE FORESEEABLE FUTURE.

IN THE SHORT-TERM, GLOBAL HEALTHCARE REFORM MAY PRESENT A CHALLENGING HEADWIND AS WE START PLANNING FOR 2010 AND BEYOND -- BUT DONE IN THE RIGHT WAY WITH THE RIGHT INCENTIVES IT BRINGS WITH IT THE OPPORTUNITY

FOR EXPANDED MARKETS, REWARDS FOR INNOVATION AND ULTIMATELY BETTER HEALTHCARE FOR PATIENTS.

THE OTHER TOPIC THAT IS MAKING HEADLINES AROUND THE WORLD IS NOVEL TYPE A H1N1 INFLUENZA.

AS THE WORLD BRACES ITSELF FOR THE IMPACT OF A GLOBAL PANDEMIC, ITS WORTH REFLECTING THAT SOCIETY'S BEST HOPE FOR AN EFFECTIVE VACCINE WIDELY AVAILABLE AND IN SUFFICIENT QUANTITIES DEPENDS UPON A SUCCESSFUL PARTNERSHIP BETWEEN HEALTH AGENCIES, THIS INDUSTRY, GOVERNMENTS AND HEALTH PROVIDERS. IT IS CLEAR TO ME THAT NONE OF US CAN DO THIS ON OUR OWN AND THAT THE INDUSTRY HAS A KEY ROLE TO PLAY.

PROGRESS IS BEING MADE IN DEVELOPING A VACCINE FOR H1N1. THIS PROGRESS IS BUILT UPON THE SOLID FOUNDATIONS OF PRIOR INVESTMENTS IN ENABLING SCIENCE, INNOVATIVE TECHNOLOGY AND SIGNIFICANT CAPITAL INVESTMENT IN PRODUCTION CAPACITY ACROSS THE INDUSTRY. THESE PRIOR INVESTMENTS, VITAL TODAY AS WE RESPOND TO A PANDEMIC THREAT, CAN ONLY BE MADE IF SOCIETY CONTINUES TO REWARD INNOVATION OVER THE LONG TERM.

HERE AT ASTRAZENECA, MEDIMMUNE'S SCIENTISTS, ON THE BACK OF YEARS OF INVESTMENT IN INNOVATIVE LIVE ATTENUATED INFLUENZA VACCINES, OR LAIV, HAVE SUCCESSFULLY PRODUCED A MASTER VIRUS SEED.

JUST LAST WEEK AT AN FDA ADVISORY BOARD, WE REPORTED THAT, BASED ON VACCINE YIELDS OF THE FIRST MANUFACTURING LOTS, WE MAY BE ABLE TO PRODUCE UP TO 200 MILLION DOSES OF BULK VACCINE TO THE H1N1 VIRUS.

AROUND 40 MILLION OF THESE DOSES CAN BE FILLED AND FINISHED IN THE NASAL SPRAYER DEVICES CURRENTLY UTILISED, BY MARCH 2010. THE NUMBER OF FINISHED, FILLED DOSES IS CURRENTLY LIMITED BY THE AVAILABILITY OF SPRAYERS, HOWEVER WE ARE TAKING STEPS TO INCREASE THE SUPPLY OF SPRAYERS, AS WELL AS WORKING WITH THE U.S. GOVERNMENT TO DEFINE A REGULATORY PATH FOR AN ALTERNATIVE DELIVERY DEVICE.

VOLUMES OF THIS SIZE MEAN THAT WE CAN PLAY A SIGNIFICANT ROLE IN CONTROLLING THE SPREAD OF THE VIRUS OVER THE LONG TERM BUT, I SHOULD POINT OUT THAT WE ONLY HAVE REGULATORY CLEARANCE TO OFFER THE PRODUCT IN THE U.S. AT PRESENT.

WE ARE ACTIVELY ENGAGING WITH OTHER GOVERNMENTS AND REGULATORS TO ESTABLISH HOW WE MIGHT EXPEDITE APPROVALS IN OTHER COUNTRIES. WE ARE ALSO IN DISCUSSION WITH THE W.H.O. ABOUT HOW BEST TO CONTRIBUTE TO THEIR EFFORTS IN THE LEAST DEVELOPED COUNTRIES.

SIMON WILL DISCUSS HOW PANDEMIC VACCINE EXPECTATIONS FEATURE IN OUR REVISED FINANCIAL GUIDANCE FOR THE FULL YEAR.

SO, IT HAS BEEN A BUSY FIRST HALF OF THE YEAR. BOTH H1N1 FLU AND THE CONTINUING PROSPECT

OF HEALTH REFORM WILL CONTINUE TO BE PRIORITIES IN THE SECOND HALF OF THE YEAR. I AM CONFIDENT THAT THE PLANNING AND ENGAGEMENT THAT HAS BEEN OUR FOCUS AROUND THESE ISSUES TO DATE WILL STAND US IN GOOD STEAD IN THE COMING MONTHS. I THINK I WILL STOP HERE, AND TURN OVER TO SIMON LOWTH, WHO WILL TAKE YOU THROUGH THE SECOND QUARTER FINANCIAL RESULTS. SIMON...