Welcome, ladies and gentlemen, and thanks for joining our second quarter results conference call and webcast. After my brief opening remarks, you will hear from Tony Zook, Executive Vice-President of Global Commercial Operations, followed by Julie Brown, Interim Chief Financial officer. We are also joined by Martin Mackay, President of Research and Development, who will be here to participate in the Q&A session, and of course, members of the Investor Relations team, as well.

Our second quarter, and indeed, our first half financial performance, reflects a revenue profile that was expected—given the loss of exclusivity of several key products—most notably Seroquel IR from March. Products with loss of exclusivity accounted for 15 percentage points of our 18 percent decline in second quarter revenue in constant currency terms.

In addition to the challenges from our specific portfolio due to generics, we continue to face the same difficult market conditions that the whole industry faces as the global economy struggles to return to sustainable growth.

Government interventions in the marketplace continue to take their toll—we estimate the impact to AstraZeneca at around $300 million in the second quarter alone.

The disposals of Astra Tech and Aptium created good value, but they also weigh on the year on year revenue comparisons.

And finally, in terms of revenue headwinds, we saw a continued impact on our business from the supply chain interruptions following the implementation of new IT systems in our plant in Sweden. Our best estimate of the impact in the second quarter is around 2 percent of revenue overall, but, as you will have seen in the press release, supply issues reduced our growth rate in Emerging Markets from around 8 percent down to 1 percent. Production is now well ahead of normal levels, and is responding to ongoing demand, including filling back orders and restoring normal inventories in the distribution channels. We estimate the revenue impact for the full year to be around 1 percent.

Despite the challenges, our commercial organization continues to drive performance for those brands where we retain market exclusivity, and in markets where we are investing for future growth. As you will hear from Tony in a few moments, there has been a very resilient performance for Crestor in the face of a highly genericised statin market, particularly with the recent launches of generic atorvastatin in many markets. There was also good growth within the diabetes and oncology portfolios. As for Brilinta, Brilique is gaining momentum in Europe, although it is fair to say that the ramp-up in the US remains slow.

In addition to ongoing discipline in managing our operating costs, the restructuring programmes are delivering real benefits to improve our long-term competitiveness. Expenditures in Research and Development and SG&A are both lower in the quarter in constant currency terms, even after making the necessary investments in development projects to advance the pipeline and in support of new launches.

We have made further progress on the pipeline since Martin’s comprehensive update in February. We have received a positive recommendation by the CHMP in Europe for approval of FORXIGA, a first in class new diabetes medicine from our collaboration with Bristol-Myers Squibb. It is now being reviewed by the European Commission, which has final approval authority. We also received a positive CHMP recommendation for approval in Europe for Zinforo, a new intravenous cephalosporin antibiotic for the treatment of adult patients with complicated skin and soft tissue infections and Community acquired pneumonia. Here again, we await final approval by the European Commission.

Across the entire pipeline, 22 projects have successfully progressed to the next phase of development, including 7 projects into first human testing. Ten projects have been withdrawn.

Our portfolio has also been strengthened by a string of successful business development initiatives in the first half—a collaboration with Amgen on 5 clinical stage projects in inflammation, including brodalumab, which will enter Phase III before year end. We completed the acquisition of Ardea
Biosciences, which adds lesinurad, a Phase III asset for the treatment of gout to our portfolio. And, just this month, we announced an exciting expansion of our diabetes alliance with Bristol-Myers Squibb, which will add 2 important on-market products for diabetes—the GLP-1 analogues Byetta and Bydureon—once Bristol-Myers Squibb completes its acquisition of Amylin Pharmaceuticals.

As we strengthen the portfolio through externalization, we continue to deliver attractive cash returns to shareholders, through our progressive dividend and share repurchases.

We are determined to navigate through the market challenges we face with a relentless focus on execution. In the context of the first half performance, and the outlook for the remainder of the year, we are maintaining our financial targets for the full year, with Core earnings per share in the range of $5.85 to $6.15.

So with that as an introduction, let me turn briefly to the headline numbers for the second quarter. Tony and Julie will provide more detail on revenue performance and the full profit and loss statement a bit later.

Revenue in the second quarter was nearly $6.7 billion, and that was down 18 percent in constant currency terms…I’ve already mentioned the key drivers.

Core operating profit was down 27 percent, to $2.3 billion. As you will hear from Julie, operating expenses are down in constant currency, but not enough to compensate for the revenue decline.

Core earnings per share were $1.53 in the quarter…that is down 6 percent. As we noted on the front page of the press release, Core EPS benefited from the release of a tax provision related to a cross-border transfer pricing issue, which amounted to $0.19 per share.

Adjustments to Core earnings were slightly higher this quarter compared with the second quarter last year, so the decline in reported earnings per share is a bit more than for Core—down 11 percent to $1.27.

I won’t spend any time on the headline numbers for the first half, other than to say revenue was down 15 percent, Core operating profit was down 23 percent, and Core EPS was down 13 percent.

And with that, I will turn over to Tony Zook, who will talk about the second quarter commercial performance for regions and brands. Tony…

Thank you, Julie.

In terms of logistics, for those who are taking part via the telephone you press *1 on your keypad to alert the operator that you wish to ask a question.

For those listening via the webcast you will find a text box on the webcast page to type your question.

We will try and answer as many questions as possible, and you can help us with that objective if I could ask you to limit yourselves to one, and certainly no more than two questions.

Can we have the first question please.

Thank you again for joining us for our second quarter results.

Our revenue profile for the year will be largely shaped by the loss of exclusivity on some key products and the challenging environment. Despite these challenges, we continue to drive performance for brands and in regions that are responsive to commercial investment. We are controlling costs and delivering productivity savings for long term competitiveness. And business development, through our collaboration Amgen, the acquisition of Ardea and the expansion of our diabetes alliance with Bristol-Myers Squibb, is playing its role to bolster both our pipeline and our on-market portfolio.
And with that, I bid you all Good Day.