AstraZeneca PLC
FOURTH QUARTER AND FULL YEAR RESULTS 2010

London, 27 January 2011

Revenue for the full year was unchanged at constant exchange rates (CER) at $33,269 million.

-Strong revenue growth in markets outside the US (up 7 percent at CER) broadly offset the loss of more than $1.6 billion of revenue in the US from generic competition on several products and the absence of H1N1 pandemic influenza vaccine revenue.

-Strong double-digit sales growth at CER for *Crestor*, *Symbicort* and *Seroquel XR*. *Crestor* and *Seroquel* franchise sales now exceed $5 billion each for the full year.

-Revenue in Emerging Markets grew to over $5.1 billion, a 16 percent increase at CER. China increased to over $1.0 billion in annual revenue.

Core operating profit for the full year unchanged at CER at $13,603 million.

Core EPS for the full year increased by 5 percent at CER to $6.71.

Reported EPS for the full year increased by 7 percent at CER to $5.60.

-Reported EPS in 2010 includes $0.40 resulting from a fourth quarter gain arising from changes made to benefits under certain of the Group's post-retirement benefit plans, chiefly the Group's UK pension plan.

Revenue in the fourth quarter was down 3 percent at CER; Core EPS increased by 1 percent at CER.

Company has submitted its reply to the US FDA's Complete Response Letter for *Brilinta.*

Dividend increased by 11 percent to $2.55 for the full year.

Net share repurchases total $2.1 billion in 2010. Board announces plans for $4 billion in net share repurchases for 2011.

Company reaffirms planning assumptions for total revenue, margins and cash deployment for the 2010-14 period; risk-adjusted estimate for revenue contribution from recently launched products and the pipeline lowered to range of $3 billion to $5 billion.

Financial Summary

Group	4th Quarter 2010 $m	4th Quarter 2009 $m	Actual %	CER %		Full Year 2010 $m	Full Year 2009 $m	Actual %	CER %
Revenue	8,617	8,945	-4	-3		33,269	32,804	+1	-
Reported									
Operating Profit	2,411	2,325	+4	+9		11,494	11,543	-	-1
Profit before Tax	2,283	2,164	+6	+10		10,977	10,807	+2	+1
Earnings per Share	$1.15	$1.07	+7	+11		$5.60	$5.19	+8	+7
Core*									
Operating Profit	2,865	3,044	-6	-2		13,603	13,621	-	-
Profit before Tax	2,737	2,883	-5	-2		13,086	12,885	+2	+1
Earnings per Share	$1.39	$1.42	-2	+1		$6.71	$6.32	+6	+5

* *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 12 for a definition of Core financial measures and pages 12 and 13 for a reconciliation of Core to Reported financial measures.*

David Brennan, Chief Executive Officer, said: "Our performance in 2010 underlines the strength and resilience of AstraZeneca's business. Despite government pricing pressures and anticipated patent expiries in the US and Western Europe, our revenues remained in line with the previous year driven by excellent performance of our key brands and continued growth in Emerging Markets. This performance, combined with disciplined management of the business enabled us to deliver increased earnings, increase the dividend and return residual cash to shareholders through share repurchases."

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

Fourth Quarter

Revenue in the fourth quarter was down 3 percent at CER and declined by 4 percent on an actual basis as a result of the negative impact of exchange rate movements. A strong 5 percent revenue increase in the Rest of World was more than offset by the 12 percent decline in US revenue resulting from generic competition for several products and the absence of H1N1 pandemic influenza vaccine revenue. Emerging Markets was a key driver in the Rest of World performance, with revenue up 15 percent. Revenue in Established Rest of World was up 8 percent, including a 15 percent increase in Canada. Revenue in Western Europe was down 1 percent.

Core operating profit in the fourth quarter was $2,865 million, down 2 percent. Core operating profit declined by less than revenue as a result of operating efficiencies and higher other income. Net adjustments to arrive at Core operating profit were $454 million compared with $719 million in the fourth quarter 2009. Legal provisions and the Merck and MedImmune related amortisation adjustments were broadly comparable between the periods. Fourth quarter 2010 charges for restructuring costs ($425 million) and intangible impairments ($568 million) were significantly higher than last year, but the increase in these items was more than offset by an adjustment to exclude a $791 million gain, arising from changes made to benefits under certain of the Group's post-retirement plans, chiefly the Group's UK pension plan. As a result of these differences in Core adjusting items, reported operating profit increased by 9 percent in the fourth quarter.

Core earnings per share in the fourth quarter were up 1 percent to $1.39, with lower net finance expense and the lower number of shares outstanding due to the share repurchase programme offsetting the decline in Core operating profit. Reported earnings per share were up 11 percent to $1.15, reflecting a similar impact arising from the differences in Core adjustments seen in reported operating profit and the lower number of shares outstanding.

Full Year

Revenue for the full year of $33,269 million was unchanged at CER, as declines in the US from generic competition and the absence of H1N1 vaccine revenue was offset by good growth in the Rest of World. Revenue in the US was down 7 percent, whilst revenue in the Rest of World increased by 7 percent. Revenue in Emerging Markets exceeded $5 billion for the first time; the 16 percent growth in Emerging Markets accounted for more than half of the revenue growth in ROW markets. Revenue in Established Rest of World was up 7 percent. Revenue in Western Europe increased 2 percent.

Core operating profit was $13,603 million for the full year, unchanged at CER, in line with revenue. Net core adjusting items of $2,109 million were slightly higher than the $2,078 million in 2009. Legal provisions and amortisation were broadly comparable. Restructuring and intangible impairments were almost twice last year's level, but the increase was largely offset by the fourth quarter adjustment to exclude a $791 million gain arising from changes made to benefits under certain of the Group's post-retirement benefit plans, chiefly the Group's UK pension plan. As a result, reported operating profit was down 1 percent, broadly in line with the revenue and Core operating profit trend.

Core earnings per share were up 5 percent to $6.71 for the full year, with growth ahead of Core operating profit due to a lower effective tax rate, lower net finance expense and fewer shares outstanding. Reporting earnings per share were up 7 percent to $5.60.

Enhancing Productivity

Over the last several years the Company has undertaken significant restructuring initiatives aimed at reshaping the cost base to improve long term competitiveness. The first phase of the restructuring programme is now complete, resulting in the realisation of annual benefits of $2.4 billion achieved to date at cumulative cost of around $2.5 billion.

The second phase of restructuring, which was announced in January of 2010, is comprised of a significant change programme in Research and Development as well as additional productivity improvement initiatives in the supply chain and SG&A. These will result in the realisation of a further $1.9 billion in estimated annual benefits by the end of 2014; half to be realised by 2011, with most of the remainder realised by the end of 2013. Of the estimated $2.0 billion in costs anticipated for this phase of the programme, $1.2 billion were charged in 2010; the remainder will largely be taken in 2011.

Outlook 2010-2014

It is recognised that the coming years will be challenging for the industry and for the Company, as its revenue base transitions through a period of exclusivity losses and new product launches. In the belief that it would be helpful for investors to understand the Company's high level planning assumptions for revenue evolution, margins, cash flow and business reinvestment that will guide its management of the business, last year the Company presented its planning outlook for the period 2010 to 2014.

For this period, the Company has made certain assumptions for the industry environment, and based on developments in 2010, the Company believes that these assumptions remain robust. The Company assumes that the global biopharmaceutical industry can grow at least in line with real GDP over the planning horizon. Whilst downward pressure on revenue from government interventions in the marketplace remain a continuing feature of the challenging market environment, the Company's assessment remains that, as yet, these haven't risen to a "step-change" in trend. The assumptions for revenue, margins and cash flow assume no material mergers, acquisitions or disposals for the Company. In addition, our plans assume no premature loss of exclusivity for key AstraZeneca products. It was also assumed that exchange rates for our principal currencies won't differ materially from the average rates that prevailed during January 2010.

The Company continues to plan on the basis that revenue will be in the range of $28 billion to $34 billion per annum over the 2010-14 period, as revenue growth from key franchises that retain exclusivity and continued growth in Emerging Markets are pressured by the loss of market exclusivity on a number of products. Based on pipeline developments over the course of the year, the Company's latest risk-adjusted view is that revenue contribution from recently launched products and the pipeline is now in the range of $3 billion to $5 billion. Pipeline estimates are dynamic, as they fluctuate based on news flow from data generated during the development programme, regulatory actions and competitive developments in the market. If it turns out that estimates for pipeline revenue continue to remain in line with this lower planning assumption, then total Company revenue in 2014 is more likely to be around the middle of the $28 billion to $34 billion planning range.

Based on continued productivity improvements (including successful completion of restructuring initiatives), the planning assumption remains that Core operating margin, before investment in research and development (Core Pre-R&D operating margin) will be in the range of 48 to 54 percent of revenue. These levels of revenue and margins would generate the requisite operating cash flow over the planning period to support the reinvestment needs of the business, debt service obligations and shareholder distributions. Over the planning period, the Company expects that between 40 and 50 percent of its pre-R&D post tax cash flows will be reinvested in internal and external R&D and capital investments to drive future value and growth.

2011 Guidance

Revenue in 2011 will continue to be affected by the loss of market exclusivity for *Arimidex* in the US, and for *Arimidex* in Europe once exclusivity expires in February. The Company anticipates that revenue could range from flat to a low-single digit decline compared with 2010 revenue on a constant currency basis, with the extent of generic competition among the variables that could determine actual performance within the range. Core Pre-R&D operating margin is expected to be towards the top of the planning range of 48 to 54 percent of revenue, albeit somewhat lower than that achieved in 2010. Based on the January 2011 average exchange rates for our principal currencies, the target for Core earnings per share is in the range of $6.45 to $6.75.

This 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 is provided in conjunction with this Full Year 2010 results announcement, and can be found on the AstraZeneca website, www.astrazeneca.com/investors and http://info.astrazenecaevents.com.

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 an 8 percent increase in the second interim dividend to $1.85 (116.7 pence, 11.99 SEK) to be paid on 14 March 2011. This brings the full year dividend to $2.55 (161.6 pence, 17.11 SEK), an increase of 11 percent.

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.

The Company completed net share repurchases of $2,110 million in 2010, achieving its target for year. The Group re-purchased 53.7 million shares for a total of $2,604 million, whilst 11.8 million shares were issued in consideration of share option exercises for a total of $494 million. The total number of shares in issue at 31 December 2010 was 1,409 million.

In conjunction with today's financial results announcement, the Board has announced that the Company intends to complete net share repurchases in the amount of $4 billion during 2011.

Research and Development Update

A comprehensive update of the AstraZeneca R&D pipeline is presented in conjunction with this Full Year 2010 results announcement, and is available on the Company's website.

The AstraZeneca pipeline now includes 92 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. During 2010, across the clinical portfolio, 24 projects have successfully progressed to their next phase (including 14 projects entering first human testing); 34 projects have been withdrawn.

There were some important regulatory approvals received in 2010, including:

Brilinta/Brilique

On 6 December 2010, AstraZeneca announced that the European Commission has granted marketing authorisation to *Brilique* (ticagrelor tablets) for the prevention of atherothrombotic events in adult patients with Acute Coronary Syndromes (ACS).

The launch programme has commenced, including the UK and Germany, although the majority of launches in the EU will occur in the second half of the year due to pricing and reimbursement negotiations.

On 21 January 2011, AstraZeneca announced that it has replied to the US Food and Drug Administration's (FDA) Complete Response Letter (CRL) received for the ticagrelor (*Brilinta*) New Drug Application (NDA) on 16 December 2010.

The additional analyses of the PLATO trial requested in the CRL focused primarily on interactions between ticagrelor and high dose aspirin. AstraZeneca believes these supplementary analyses support the hypothesis that the apparent difference in treatment effect observed in the US and non-US patient subsets in PLATO is most likely a reflection of an underlying interaction between ticagrelor and higher doses of aspirin.

AstraZeneca remains of the view that either the play of chance or an interaction between high dose aspirin and ticagrelor are viable explanations for the efficacy differences observed in a subset of US patients in the PLATO trial.

The CRL did not request that additional studies, including clinical studies, be conducted as a prerequisite for approval of the ticagrelor NDA.

According to the FDA's published guidance, following the issuance of a CRL, resubmitted NDAs, once accepted by the FDA, are given one of two classifications: Class 1 starts a two-month review cycle while Class 2 starts a six-month review.

The FDA will now review AstraZeneca's response to determine whether the information submitted is complete and whether to designate the review as Class 1 or Class 2.

AstraZeneca remains confident in the NDA submission for ticagrelor and will continue to work with the FDA to progress towards the completion of the review of the NDA for ticagrelor.

ONGLYZA™ fixed dose combination with metformin

On 5 November 2010, AstraZeneca and Bristol-Myers Squibb Company announced that the US FDA approved KOMBIGLYZE™ XR for the treatment of type 2 diabetes in adults. KOMBIGLYZE™ XR is the first and only once-a-day metformin extended-release (XR) plus dipeptidyl peptidase-4 (DPP-4) inhibitor combination tablet offering strong glycaemic control across glycosylated haemoglobin levels (HbA1c), fasting plasma glucose (FPG) and post-prandial glucose (PPG).

KOMBIGLYZE™ XR is indicated as an adjunct to diet and exercise to improve glycaemic control in adults with type 2 diabetes mellitus when treatment with both saxagliptin (also known as ONGLYZA™), and metformin is appropriate.

The Marketing Authorisation application for a fixed dose combination of ONGLYZA™ plus metformin immediate release tablets remains under review by the European Medicines Agency.

Vimovo

In April 2010, the US FDA approved *Vimovo* (naproxen and esomeprazole magnesium) delayed-release tablets for the relief of signs and symptoms of osteoarthritis, rheumatoid arthritis, and ankylosing spondylitis, and to decrease the risk of developing gastric ulcers in patients at risk of developing non-steroidal anti-inflammatory drug (NSAID)-associated gastric ulcers. *Vimovo* is not recommended as a starting treatment for relief of acute pain. Controlled studies do not extend beyond 6 months.

Promotional visits by AstraZeneca's professional representatives in the US commenced in September 2010.

In October 2010, EU approval was received for *Vimovo* for the symptomatic treatment of osteoarthritis, rheumatoid arthritis, and ankylosing spondylitis in patients who are at risk for developing NSAID-associated gastric and/or duodenal ulcers and where treatment with lower doses of naproxen or of other NSAIDs is not considered sufficient.

Seroquel XR

The last component in the major lifecycle management programme for *Seroquel XR* was completed in August 2010, with the European approval for *Seroquel XR* as an add-on treatment of major depressive episodes in patients with Major Depressive Disorder who have had sub-optimal response to antidepressant monotherapy.

Crestor

New indications were approved for *Crestor* in the US and the EU based on data from the landmark JUPITER clinical trial.

In February 2010, the US FDA approved *Crestor* to reduce the risk of stroke, myocardial infarction (heart attack) and arterial revascularisation procedures in individuals without clinically evident coronary heart disease but with an increased risk of cardiovascular disease (CVD) based on age (men ≥50 and women ≥60), high-sensitivity C-reactive protein (hsCRP) ≥ 2 mg/L, and the presence of at least one additional CVD risk factor, such as hypertension, low HDL-C, smoking, or a family history of premature coronary heart disease.

In April 2010, *Crestor* was approved in nineteen countries within the EU for the prevention of major cardiovascular events in patients who are at high risk (defined as having a SCORE risk ≥ 5% or Framingham Risk >20%) of having a first cardiovascular event.

Regulatory submissions in 2010 include:

Dapagliflozin

In December 2010, AstraZeneca and Bristol-Myers Squibb Company submitted regulatory applications in the US and the EU seeking approval for dapagliflozin, a first-in-class sodium-glucose cotransporter-2 (SGLT2) inhibitor, as a once-daily oral treatment for adult patients with type 2 diabetes. SGLT2 inhibitors, which act independently of insulin mechanisms, facilitate the excretion of glucose and associated calories in the urine, thereby lowering blood glucose levels along with the additional benefit of a reduction in body weight. The regulatory submissions are based on data from an extensive global development programme comprised of a total of 40 clinical studies, including Phase III studies of up to two years in duration. These studies were conducted in more than 6,000 patients, including those with longer duration of disease, those requiring insulin therapy and in patients with impaired renal function.

The Marketing Authorisation Application was validated by the European Medicines Agency in January. The companies are awaiting acceptance of the submission in the US.

***Zinforo* (ceftaroline fosamil)**

In December 2010, a regulatory application was submitted in the European Union seeking approval for *Zinforo* in the treatment of complicated skin and soft tissue infections as well as for community acquired pneumonia.

Vandetanib

In September 2010, regulatory submissions in the US and Europe were accepted for review of the investigational drug vandetanib in the treatment of patients with advanced medullary thyroid cancer (MTC).

On 7 January 2011, AstraZeneca announced that the US FDA has extended the time to complete its review of the NDA. As part of the review process, the FDA required that AstraZeneca submit a Risk Evaluation and Mitigation Strategy (REMS). A proposed REMS was submitted by AstraZeneca and the FDA accordingly extended the Prescription Drug User Fee Act (PDUFA) date from 7 January 2011 to 7 April 2011.

AstraZeneca will continue to work closely with the FDA to support the review of the vandetanib NDA.

Two large Phase III trial programmes were initiated in 2010:

TC-5214

In June 2010, AstraZeneca and Targacept Inc. announced the enrolment of the first patient in the Phase III clinical development program for TC-5214, a neuronal nicotinic receptor modulator. The Phase III programme, referred to as the Renaissance Program, will investigate TC-5214 as an adjunct treatment for major depressive disorder (MDD) in patients with an inadequate response to first-line therapy with a selective serotonin reuptake inhibitor (SSRI) or serotonin/norephinephrine reuptake inhibitor (SNRI).

Fostamatinib

In September 2010, the first patient was enrolled in the Phase III clinical development programme for fostamatinib, a novel oral Syk inhibitor. The Phase III programme, called OSKIRA (Oral Syk Inhibition in Rheumatoid Arthritis), is designed to investigate fostamatinib as a treatment for rheumatoid arthritis (RA) in patients with an inadequate response to disease modifying anti-rheumatic drugs (DMARDs), including methotrexate.

In addition to the achievements noted above, there were also some development disappointments in 2010, including:

Motavizumab

In December 2010, AstraZeneca announced it has discontinued further development of motavizumab for the prophylaxis of serious respiratory syncytial virus (RSV) disease. The Company has requested withdrawal of the Biological License Application (BLA) pending at the US FDA.

As a result of this decision, AstraZeneca incurred a financial impairment charge of $445 million in the fourth quarter 2010. Consistent with previous disclosures, the impairment has been excluded from Core earnings.

Certriad

In March 2010, AstraZeneca and Abbott received a Complete Response Letter (CRL) from the US FDA for the NDA for *Certriad* (rosuvastatin calcium and fenofibric acid), which was being investigated for the treatment of mixed dyslipidaemia.

After careful review and consideration of the CRL and the resulting regulatory delay, the companies have determined that the development of *Certriad* is no longer commercially attractive. As a result, the co-development and license agreement with Abbott ended on 22 January 2011.

Recentin

During 2010, two Phase III trials in colorectal cancer (HORIZON II and HORIZON III) and one in recurrent glioblastoma (REGAL) reported top-line results. These studies did not support regulatory submissions in either indication.

Zibotentan

In September 2010, the results were received for the first of the Phase III studies evaluating zibotentan in the castration resistant prostate cancer (CRPC) setting. Study 14 was a randomised, placebo controlled Phase III study which evaluated zibotentan 10mg added to standard of care treatment in 594 patients with metastatic CRPC. The study did not show a significant improvement in the primary endpoint of overall survival. The safety and tolerability profile of zibotentan in this trial was in line with previous studies.

Based on this study result, AstraZeneca plans no regulatory submissions for zibotentan at this time. The zibotentan ENTHUSE trial programme includes two other ongoing studies with zibotentan in different CRPC settings. The full results of study 14 will be published in 2011.

Other developments since the third quarter 2010 update include:

Iressa

AstraZeneca has informed US patients taking, and US physicians currently prescribing *Iressa* (gefitinib) that patients currently benefiting from *Iressa* therapy will be able to continue to receive treatment through a clinical study. This action was announced after AstraZeneca informed the US FDA that it will be withdrawing the Accelerated Approval New Drug Application (NDA) for *Iressa*, effective 30 September 2011. AstraZeneca does not plan to pursue approval for *Iressa* in the US.

Revenue

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

Gastrointestinal

	Fourth Quarter		CER %	Full Year		CER %
	2010 $m	2009 $m		2010 $m	2009 $m	
Nexium	1,231	1,278	-2	4,969	4,959	-
Losec/Prilosec	243	250	-6	986	946	+1
Total	1,500	1,553	-3	6,088	6,011	-

- In the US, *Nexium* sales in the fourth quarter were $665 million, down 7 percent compared with the fourth quarter last year. Dispensed retail tablet volume decreased by around 4 percent in a flat PPI market. *Nexium* market share of dispensed units is down only 0.9 percentage points in December 2010 compared with December 2009. Average realised selling prices for *Nexium* were around 2 percent lower in the quarter, and roughly unchanged for the full year.

- *Nexium* sales in the US for the full year were down 5 percent to $2,695 million.

- *Nexium* sales in other markets in the fourth quarter were up 4 percent to $566 million. Sales in Canada were up 13 percent. Sales in Western Europe were down 2 percent, although sales in France were up 23 percent. Sales in Emerging Markets were up 17 percent.

- *Nexium* sales in other markets were up 6 percent for the full year to $2,274 million.

- *Prilosec* sales in the US were down 40 percent in the fourth quarter and were down 28 percent for the full year.

- Sales of *Losec* in the Rest of World were down 4 percent in the fourth quarter. *Losec* sales in the Rest of World were up 3 percent for the full year, largely on a 27 percent increase in China.

Cardiovascular

	Fourth Quarter		CER %	Full Year		CER %
	2010 $m	2009 $m		2010 $m	2009 $m	
Crestor	1,587	1,257	+26	5,691	4,502	+24
Seloken /Toprol-XL	253	324	-22	1,210	1,443	-17
Atacand	375	387	-	1,483	1,436	+3
Plendil	63	60	+3	255	241	+4
Zestril	40	43	-5	157	184	-14
ONGLYZA™	32	2	n/m	69	11	n/m
Total	2,487	2,227	+12	9,403	8,376	+11

- In the US, *Crestor* sales in the fourth quarter were up 36 percent to $752 million. *Crestor* total prescriptions increased by 10 percent, compared with 2 percent for the statin market overall. *Crestor* share of total prescriptions continued to increase, reaching 12.0 percent in December 2010. US revenue performance in the fourth quarter also benefited from a favourable movement in managed market rebate accruals.

- US sales for *Crestor* for the full year increased by 26 percent to $2,640 million.

- *Crestor* sales in the Rest of World were up 18 percent to $835 million in the fourth quarter on volume growth that continues to outpace the statin market. Sales in Established Rest of World were up 21 percent, including a 27 percent increase in Canada, as well as good growth in Japan and Australia. Sales in Western Europe were up 14 percent on good growth in France, Italy and Spain. Sales in Emerging Markets were up 23 percent.

- *Crestor* sales in the Rest of World were up 23 percent to $3,051 million for the full year.

- US sales of the *Toprol-XL* product range, which includes sales of the authorised generic, decreased by 40 percent in the fourth quarter to $118 million. Total prescriptions for the franchise were down 32 percent, as there are now two competitors with the full range of dosage strengths. It remains difficult to ascertain when additional generic entrants may be approved in the US market.

- *Toprol-XL* franchise sales in the US for the full year were down 29 percent to $689 million.

- Sales of *Seloken* in other markets were up 7 percent in the fourth quarter to $135 million and were up 6 percent for the full year to $521 million on continued double-digit growth in Emerging Markets.

- US sales of *Atacand* were down 24 percent in the fourth quarter and were down 18 percent for the full year. *Atacand* sales in Rest of World were up 5 percent in the fourth quarter and 7 percent for the full year.

- Alliance revenue from the ONGLYZA™ collaboration with Bristol-Myers Squibb totalled $69 million for the full year, comprised of $54 million in the US and $15 million in the Rest of World.

Respiratory and Inflammation

	Fourth Quarter		CER %	Full Year		CER %
	2010 $m	2009 $m		2010 $m	2009 $m	
Symbicort	741	666	+15	2,746	2,294	+20
Pulmicort	233	387	-39	872	1,310	-34
Rhinocort	52	65	-20	227	264	-16
Oxis	15	19	-21	63	63	-2
Accolate	7	17	-59	57	66	-15
Total	1,086	1,191	-7	4,099	4,132	-1

- *Symbicort* sales in the US were $192 million in the fourth quarter, a 25 percent increase over last year. S*ymbicort* share of new prescriptions for fixed combination products increased to 19.5 percent in December 2010. Market share of patients new to combination therapy is 25 percent.

- US sales of *Symbicort* for the full year were $721 million, an increase of 48 percent.

- *Symbicort* sales in other markets in the fourth quarter were $549 million, 12 percent ahead of the fourth quarter last year. Sales in Established Rest of World increased by 78 percent on continued strong uptake following launch in Japan. Sales in Emerging Markets were up 22 percent. Sales in Western Europe were up 1 percent.

- *Symbicort* sales in the Rest of World for the full year were up 13 percent to $2,025 million.

- US sales of *Pulmicort* in the fourth quarter were down 70 percent to $68 million, as a result of the launch of the Teva generic budesonide inhaled suspension (BIS) product in December 2009. *Pulmicort Respules* share of dispensed BIS prescriptions was 14 percent in the quarter.

- US sales of *Pulmicort* for the full year were down 62 percent to $305 million.

- Sales of *Pulmicort* in the Rest of World for the full year were up 10 percent to $567 million.

Oncology

	Fourth Quarter		CER %	Full Year		CER %
	2010 $m	2009 $m		2010 $m	2009 $m	
Arimidex	278	499	-43	1,512	1,921	-22
Casodex	148	189	-24	579	844	-34
Zoladex	302	300	-	1,115	1,086	-
Iressa	115	79	+41	393	297	+28
Faslodex	111	72	+58	345	262	+33
Nolvadex	25	24	-	89	88	-3
Total	982	1,169	-16	4,045	4,518	-12

- In the US, sales of *Arimidex* were down 90 percent in the fourth quarter to $22 million. Total prescriptions for Arimidex were also down 90 percent, reflecting the inroads made by generics since their approval at the end of June 2010.

- US sales of *Arimidex* for the full year were down 44 percent to $494 million.

- *Arimidex* sales in other markets were down 7 percent in the fourth quarter to $256 million. For the full year, sales were down 3 percent to $1,018 million. *Arimidex* retains market exclusivity in the major EU markets until February 2011.

- *Casodex* sales in the US in the fourth quarter were down 89 percent to $2 million, as a result of generic competition that began in the third quarter 2009. *Casodex* sales in the US for the full year were down 89 percent to $16 million.

- *Casodex* sales in the Rest of World in the fourth quarter were down 18 percent to $146 million chiefly on the impact of generic competition in Western Europe, where sales were down 28 percent, and in Japan, where sales were down 19 percent to $90 million. For the full year, sales in the Rest of World were down 22 percent to $563 million.

- *Iressa* sales increased by 28 percent to $393 million for the full year, including $49 million of sales in Western Europe. Sales in Japan were up 8 percent. Sales in Emerging Markets were up 20 percent, including a 23 percent increase in China.

- *Faslodex* sales for the full year increased by 35 percent in the US and grew by 32 percent in the Rest of World, on rapid adoption of the new 500mg dosage regimen.

Neuroscience

	Fourth Quarter		CER %	Full Year		CER %
	2010 $m	2009 $m		2010 $m	2009 $m	
Seroquel	1,340	1,261	+7	5,302	4,866	+9
Seroquel IR	1,024	1,041	-1	4,148	4,171	-1
Seroquel XR	316	220	+47	1,154	695	+67
Zomig	110	115	-3	428	434	-2
Vimovo	-	-	-	5	-	n/m
Total	1,706	1,636	+5	6,704	6,237	+7

- In the US, *Seroquel* sales were up 7 percent to $933 million in the fourth quarter. Total prescriptions for the *Seroquel* franchise increased by 0.4 percent in the fourth quarter, whilst total prescriptions for *Seroquel XR* grew by 49 percent compared to the fourth quarter 2009, accounting for 16 percent of prescriptions for the franchise in the US in December 2010. Market share for the *Seroquel* franchise was a market-leading 30.6 percent in December 2010.

- US sales of *Seroquel* for the full year were $3,747 million, 10 percent ahead of last year.

- *Seroquel* sales in the Rest of World were $407 million in the fourth quarter, an 8 percent increase. Sales of *Seroquel XR* increased by 40 percent, and now account for 37.6 percent of franchise sales outside the US. *Seroquel* franchise sales were up 7 percent in Western Europe, and grew by 18 percent in Emerging Markets. Franchise sales in Established ROW were unchanged in the quarter, reflecting the phasing of shipments to our marketing partner in Japan, but were up 10 percent for the full year.

- For the full year, *Seroquel* sales in the Rest of World increased by 7 percent to $1,555 million, with *Seroquel XR* sales up 48 percent.

- For the full year, US sales of *Vimovo* were $5 million, the result of launch stocking in the third quarter and some prescription demand, partially offset by the effect of free trial and discounted prescription programmes in support of the launch whilst building formulary access and reimbursement.

Infection and Other

	Fourth Quarter		CER %	Full Year		CER %
	2010 $m	2009 $m		2010 $m	2009 $m	
Synagis	397	401	-1	1,038	1,082	-4
Merrem	183	236	-21	817	872	-7
FluMist	51	51	-	174	145	+20
Non seasonal flu vaccine	-	237	n/m	39	389	-90
Total	656	955	-31	2,176	2,631	-18

- In the US, sales of *Synagis* in the fourth quarter were up 5 percent to $276 million, as the negative impact on usage from the revised guidelines published by the COID appears to have stabilised. US sales for the full year were down 17 percent to $646 million. Outside the US, *Synagis* sales in the fourth quarter were down 12 percent to $121 million, reflecting the different quarterly phasing of shipments to Abbott, our international distributor, which benefited sales comparisons earlier in the year. For the full year, sales in Rest of World were up 31 percent to $392 million.

- *FluMist* sales for the full year were $174 million, a 20 percent increase over last year.

- There was no revenue recorded in the fourth quarter for US government orders for Live Attenuated Influenza Vaccine (LAIV) against Novel Influenza A (H1N1). This strain has now been incorporated into the traditional seasonal influenza vaccine.

  This project has been funded in whole or in part with Federal funds from HHS/ASPR/BARDA, under Contract No. HHS01002009000021.

Geographic Sales

	Fourth Quarter		CER %	Full Year		CER %
	2010 $m	2009 $m		2010 $m	2009 $m	
US	3,454	3,946	-12	13,727	14,777	-7
Western Europe	2,347	2,556	-1	9,168	9,252	+2
Established ROW*	1,475	1,277	+8	5,176	4,423	+7
Emerging ROW	1,341	1,166	+15	5,198	4,352	+16

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

- In the US, revenue declined by 7 percent for the full year. There was strong growth for *Crestor*, *Seroquel XR* and *Symbicort*, but this was more than offset by generic erosion on *Pulmicort Respules*, *Arimidex, Toprol-XL* and *Casodex* as well as the absence of H1N1 influenza vaccine revenue.

- Revenue in Western Europe was up 2 percent for the full year, as volume growth exceeded the negative impact from price reductions chiefly related to government interventions. Much of the volume growth was attributable to *Crestor, Seroquel XR* and *Symbicort*.

- Revenue in the Established Rest of World segment was up 7 percent for the full year, driven by the strong performance for *Crestor* in all regions as well as the successful launch of *Symbicort* in Japan.

- Revenue in Emerging Markets was up 16 percent for the full year. Like our Established Markets, Emerging Markets also achieved good growth from *Crestor*, *Symbicort* and *Seroquel XR*, but performance was also fuelled by growth from the mature product portfolio in cardiovascular products and the PPI franchise. Revenue in China was up 28 percent for the year, to over $1.0 billion.

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 significant 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 each of these adjustments is given on page 37 of our Annual Report and Form 20-F Information 2009.

Fourth Quarter

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

	Reported 2010	Restructuring	Merck & MedImmune Amortisation	Intangible Impairments	Legal Provisions/ Other	Core 2010	Core 2009	Actual %	CER %
Revenue	**8,617**	**-**	**-**	**-**	**-**	**8,617**	**8,945**	**(4)**	**(3)**
Cost of Sales	(1,759)	34	-	-	-	(1,725)	(1,616)		
Gross Profit	**6,858**	**34**	**-**	**-**	**-**	**6,892**	**7,329**	**(6)**	**(4)**
% sales	*79.6%*					*80.0%*	*81.9%*	*-1.9*	*-1.1*
Distribution	(87)	-	-	-	-	(87)	(91)	(4)	(4)
% sales	*1.0%*					*1.0%*	*1.0%*	*-*	*-*
R&D	(1,930)	191	-	445	-	(1,294)	(1,270)	2	2
% sales	*22.4%*					*15.0%*	*14.2%*	*-0.8*	*-0.7*
SG&A	(2,522)	200	116	-	(672)*	(2,878)	(3,065)	(6)	(6)
% sales	*29.3%*					*33.5%*	*34.3%*	*+0.8*	*+1.0*
Other Income	92	-	17	123	-	232	141	65	67
% sales	*1.1%*					*2.7%*	*1.6%*	*+1.1*	*+1.1*
Operating Profit	**2,411**	**425**	**133**	**568**	**(672)**	**2,865**	**3,044**	**(6)**	**(2)**
% sales	*28.0%*					*33.2%*	*34.0%*	*-0.8*	*+0.3*
Net Finance Expense	(128)	-	-	-	-	(128)	(161)		
Profit before Tax	**2,283**	**425**	**133**	**568**	**(672)**	**2,737**	**2,883**	**(5)**	**(2)**
Taxation	(651)	(116)	(26)	(150)	174	(769)	(811)		
Profit after Tax	**1,632**	**309**	**107**	**418**	**(498)**	**1,968**	**2,072**	**(5)**	**(1)**
Non-controlling Interests	(11)	-	-	-	-	(11)	(9)		
Net Profit	**1,621**	**309**	**107**	**418**	**(498)**	**1,957**	**2,063**	**(5)**	**(2)**
Weighted Average Shares	1,418	1,418	1,418	1,418	1,418	1,418	1,450		
Earnings per Share	**1.15**	**0.22**	**0.07**	**0.29**	**(0.34)**	**1.39**	**1.42**	**(2)**	**1**

* *The net adjustment of $672 million contains gains of $791 million ($582 million after tax) arising from changes made to benefits under certain of the Group's post-retirement benefit plans, chiefly the Group's UK pension plan.*

Revenue declined by 3 percent in the fourth quarter to $8,617 million.

Core gross margin of 80.0 percent was 1.1 percentage points lower than last year. This was the result of lower payments to Merck (0.3 percentage points) being more than offset by higher royalties (0.2 percentage points) combined with adverse product and regional mix (1.2 percentage points).

Core SG&A costs of $2,878 million were 6 percent lower than last year. Continued investment in Emerging Markets was more than offset by reduced promotional investment in the US and operating efficiencies across Established Markets.

Core Pre-R&D Operating Margin was 48.2 percent, 1.0 percentage points higher than last year, with lower SG&A and higher other income partially offset by the lower gross margin.

Core R&D costs of $1,294 million were 2 percent higher than last year, with higher intangible impairments and increased project spend being partially offset by operational efficiencies. The increase in project spend in the fourth quarter resulted from the start of Phase III trials for the antidepressant TC-5214 and fostamatinib for arthritis in the second half of 2010.

Core other income of $232 million was $91 million higher than last year chiefly due to royalties received from sales of Teva's generic version of *Pulmicort Respules*.

Core operating profit was $2,865 million, down 2 percent at CER or down 6 percent on an actual basis. In comparison to the same period last year against the dollar, the euro was 8 percent weaker (reducing sales and costs), the Swedish Krona was 3 percent stronger (increasing costs) and sterling was 3 percent weaker (reducing costs). Core operating margin improved 0.3% in the quarter with lower SG&A costs and higher other income partially offset by higher R&D expenditure and the lower gross margin.

Core earnings per share in the fourth quarter were up 1 percent to $1.39, with the decline in operating profit more than offset by lower net finance expense and the benefit of a lower average number of shares outstanding.

Reported operating profit was up 9 percent to $2,411 million. Reported earnings per share were up 11 percent to $1.15, as the same factors affecting Core EPS combined with higher restructuring costs, legal provisions and intangible impairments were more than offset by the $0.40 gain, arising from changes made to benefits under certain of the Group's post-retirement benefit plans, chiefly the Group's UK pension plan.

Full Year

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

	Reported 2010	Restructuring	Merck & MedImmune Amortisation	Intangible Impairments	Legal Provisions/ Other	Core 2010	Core 2009	Actual %	CER %
Revenue	**33,269**	**-**	**-**	**-**	**-**	**33,269**	**32,804**	**1**	**-**
Cost of Sales	(6,389)	144	-	-	-	(6,245)	(5,587)		
Gross Profit	**26,880**	**144**	**-**	**-**	**-**	**27,024**	**27,217**	**(1)**	**(1)**
% sales	*80.8%*					*81.2%*	*83.0%*	*-1.8*	*-1.6*
Distribution	(335)	-	-	-	-	(335)	(298)	12	10
% sales	*1.0%*					*1.0%*	*0.9%*	*-0.1*	*-*
R&D	(5,318)	654	-	445	-	(4,219)	(4,334)	(3)	(4)
% sales	*16.0%*					*12.7%*	*13.2%*	*+0.5*	*+0.6*
SG&A	(10,445)	404	443	-	(179)*	(9,777)	(9,890)	(1)	(2)
% sales	*31.4%*					*29.4%*	*30.2%*	*+0.8*	*+0.7*
Other Income	712	-	75	123	-	910	926	(2)	(2)
% sales	*2.1%*					*2.7%*	*2.8%*	*-0.1*	*-0.1*
Operating Profit	**11,494**	**1,202**	**518**	**568**	**(179)**	**13,603**	**13,621**	**-**	**-**
% sales	*34.5%*					*40.8%*	*41.5%*	*-0.7*	*-0.4*
Net Finance Expense	(517)	-	-	-	-	(517)	(736)		
Profit before Tax	**10,977**	**1,202**	**518**	**568**	**(179)**	**13,086**	**12,885**	**2**	**1**
Taxation	(2,896)	(317)	(100)	(150)	47	(3,416)	(3,703)		
Profit after Tax	**8,081**	**885**	**418**	**418**	**(132)**	**9,670**	**9,182**	**5**	**5**
Non-controlling Interests	(28)	-	-	-	-	(28)	(23)		
Net Profit	**8,053**	**885**	**418**	**418**	**(132)**	**9,642**	**9,159**	**5**	**5**
Weighted Average Shares	1,438	1,438	1,438	1,438	1,438	1,438	1,448		
Earnings per Share	**5.60**	**0.62**	**0.29**	**0.29**	**(0.09)**	**6.71**	**6.32**	**6**	**5**

* *The net adjustment of $179 million contains legal provisions of $592 million in respect of the ongoing Seroquel product liability litigation and state attorney general investigations into sales and marketing practices (see Note 5) and gains of $791 million ($582 million after tax) arising from changes made to benefits under certain of the Group's post-retirement benefit plans, chiefly the Group's UK pension plan.*

Revenue in 2010 was unchanged at $33,269 million.

Core gross margin of 81.2 percent declined 1.6 percentage points. The margin was negatively impacted by adverse regional and product mix that was only partially offset by operating efficiencies (0.6 percentage points), the third quarter intangible impairment of lesogaberan (0.4 percentage points) and higher royalties (0.3 percentage points). The year on year comparison was also affected by the release of a provision with respect to the resolution of an issue related to a third party supply contract in the third quarter 2009 (0.5 percentage points). Lower payments to Merck (0.2 percentage points) provided some partial mitigation to the gross margin decline.

Core SG&A costs of $9,777 million were 2 percent lower at CER compared with the previous year. Investment in Emerging Markets and recently launched brands were more than offset by operational efficiencies across Established Markets.

Core other income of $910 million was $16 million less than the previous year. 2009 benefited from disposal gains related to Abraxane® and the Nordic OTC business and 2010 included royalties from sales of Teva's generic version of *Pulmicort Respules*.

Core Pre-R&D Operating Margin was 53.5 percent, down 1.0 percentage points, with the lower gross margin only partially offset by efficiencies within SG&A.

Core R&D expenditure was $4,219 million, 4 percent lower than last year. Increased investment in biologics was more than offset by lower project costs and operational efficiencies. The lower project costs are the result of several late stage projects completing their trials, partially offset by the second half starts for the TC-5214 and fostamatinib Phase III programmes.

Core operating profit was $13,603 million, unchanged at CER. Core operating margin declined by 0.4 percentage points to 40.8 percent, with lower R&D expense and operational efficiencies only partially offsetting the decline in the gross margin.

Core earnings per share were $6.71, up 5 percent, with the operating performance boosted by lower net finance expense, the benefit of a lower average number of shares outstanding and a lower effective tax rate.

Reported operating profit was down 1 percent at $11,494 million. Reported earnings per share were up 7 percent to $5.60, as a result of the same factors affecting Core earnings per share. Core adjustments were broadly in line with last year's level, with increased restructuring costs and intangible impairments offset by the fourth quarter gain arising from changes made to benefits under certain of the Group's post-retirement benefit plans, chiefly the Group's UK pension plan.

Finance Income and Expense

Net finance expense was $517 million for the year, versus $736 million in 2009 ($128 million for the quarter, versus $161 million for the fourth quarter of 2009). Fair value gains of $5 million were recorded on the long-term bonds in the year, versus fair value losses of $145 million for 2009 ($1 million loss for the quarter versus $15 million loss for quarter four 2009). In addition to this, there is reduced interest payable due to lower debt balances, and slightly increased returns from higher cash and cash equivalent balances.

Taxation

The effective tax rate for the fourth quarter is 28.5 percent (2009: 27.8 percent, 28.1 percent excluding the impact of legal provisions) and 26.4 percent for the year (2009: 30.2 percent, 28.8 percent excluding the impact of legal provisions). The full year effective tax rate for 2011 is currently anticipated to be around 27 percent.

Cash Flow

Cash generated from operating activities was $10,680 million in the year to 31 December 2010, compared with $11,739 million in 2009. The decline of $1,059 million is primarily driven by legal settlement payments of $709 million relating to *Seroquel* sales and marketing practices and product liability and Average Wholesale Price Litigation in the US and the first instalment of $562 million (£350 million) in respect of the UK tax settlement (for which the second instalment of £155 million is due in March 2011).

Net cash outflows from investing activities were $2,340 million in the year compared with $2,476 million in 2009. The decrease of $136 million is due primarily to $1,132 million lower net expenditure on short-term investments and fixed deposits, offset by higher net payments on externalisation activities and other intangibles of $1,173 million (including the Merck First Option payment of $647 million).

Net cash distributions to shareholders increased from $2,842 million in 2009 to $5,471 million in 2010 through dividend payments of $3,361 million and net share repurchases of $2,110 million.

Debt and Capital Structure

As at 31 December 2010, outstanding gross debt (interest bearing loans and borrowings) was $9,222 million (31 December 2009: $11,063 million). The reduction in gross debt of $1,841 million during the year was principally due to the repayment on maturity of two Euro bonds. The first was the Euro 500 million 18 month bond issued in July 2008 and maturing in January 2010, and the second was the Euro 750 million 3 year bond issued in November 2007 and maturing in November 2010. Of the gross debt outstanding at 31 December 2010, $125 million is due within one year (31 December 2009: $1,926 million). Strong business cash flows have improved net funds by $3,118 million since 31 December 2009, resulting in net funds of $3,653 million as at 31 December 2010.

Calendar

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

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