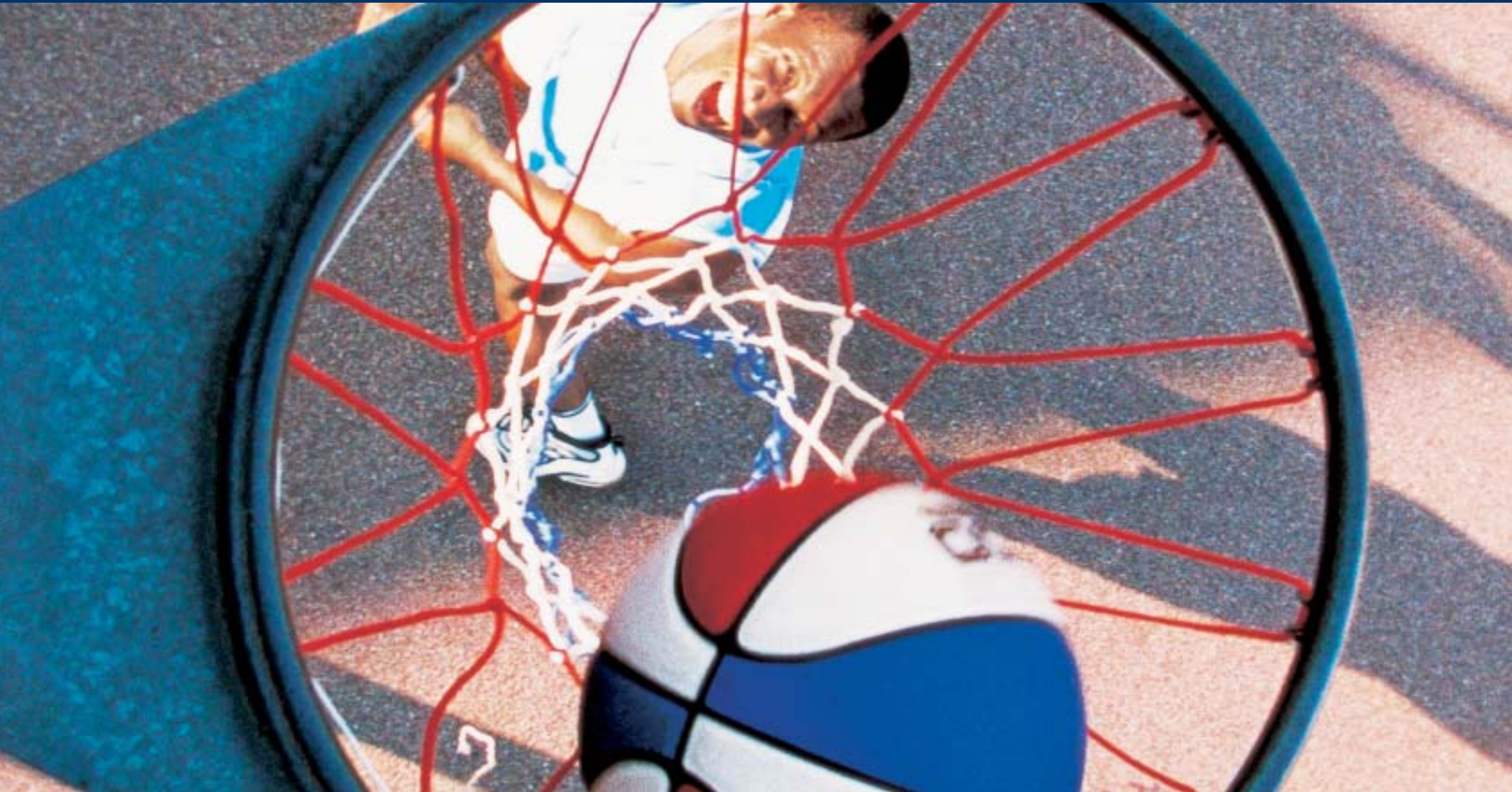


thinking people

thinking performance



## The year in brief

AstraZeneca is one of the world's leading pharmaceutical companies. We focus our skills, experience and resources on six therapy areas: cancer, cardiovascular, gastrointestinal, infection, neuroscience, and respiratory and inflammation – important areas of healthcare that represent the majority of the worldwide burden of disease. We have a broad range of products for these areas and a commitment to delivering a flow of new medicines designed to meet the needs of patients and the healthcare professionals who treat them.

- > Group sales up 9% at constant exchange rates to \$21.4 billion – strong sales performance from key growth products (up 30% to \$11.2 billion)
- > Operating profit up 15% at constant exchange rates to \$4.8 billion – EPS pre-exceptional items up 18%
- > Dividend increased by 18% to \$0.94 for the full year
- > *Nexium* sales reached \$3.9 billion, up 15%
- > *Seroquel* sales increased by 33% to just over \$2 billion
- > *Symbicort* sales totalled \$797 million, up 32%
- > Expanded use of *Arimidex* in the treatment of early stage breast cancer underpinned 48% increase in sales to \$811 million
- > *Crestor* sales totalled \$908 million despite challenging environment. Sales impacted by allegations regarding the product's safety. Clinical trials experience and post-marketing surveillance continue to support our belief that the safety profile is in line with other marketed statins
- > FDA decision not to approve *Exanta*. In the EU, where *Exanta* already marketed for acute indications, more data have been requested before approval of use in chronic indication can be considered
- > Results of ISEL clinical study for *Iressa* showed no statistically significant increase in survival of overall population. Data suggest survival benefits in patient populations of East Asian origin and non-smokers
- > R&D investment totalled \$3.8 billion. 40% more projects in clinical development (phases 1 and 2) than in 2003. 31 projects in pre-clinical testing (26 in 2003)
- > Important strategic alliance with Cambridge Antibody Technology to discover and develop human antibody therapeutics in inflammatory disorders
- > Global clinical trials website on track for launch in the first quarter of 2005. This will provide a detailed, publicly available, scientific, non-promotional summary of clinical trials conducted for products approved since AstraZeneca was formed in 1999
- > Appointment of Executive Director for Development as part of accelerated significant programme of change to optimise the contribution of our development and regulatory functions

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## Chairman's statement



'Leading the Board during AstraZeneca's formative years has been an exciting journey.'

Percy Barnevik

2004 was a year of both performance and challenge for AstraZeneca and the pharmaceutical industry in general. Worldwide demand for modern medicines continued to grow, driven by the availability of innovative new medicines, demographics and emerging market opportunities. At the same time, these global drivers are being offset by increased pricing pressure, escalating costs in the development and commercialisation of medicine, and a generally more risk-averse environment as regulators seek to strike an appropriate balance in weighing the risks and benefits of innovation.

For AstraZeneca, the year was characterised not only by good sales growth, productivity gains and continued investment in innovation but also by the disappointments of the US FDA decision not to approve our novel anti-clotting agent, *Exanta*, the failure to demonstrate an overall survival benefit for the lung cancer product, *Iressa*, and what we consider to be unfounded speculation about the safety of our lipid-lowering medicine, *Crestor*.

Growth came from our broad range of products, especially the newer products which are largely free of threat from patent expiry. In addition to strong performances from the established markets, good progress continued to be made in emerging markets such as China and Mexico. Since 2001, we have recruited an additional 2,500 staff to strengthen our presence in emerging markets and AstraZeneca is now one of the fastest growing major pharmaceutical companies in the world's top eight emerging markets: China, Mexico, Brazil, South Korea, India, Poland, Turkey and Taiwan.

AstraZeneca further emphasised its strategic focus on prescription pharmaceuticals during the year with the divestment of its joint venture interest in the seed company, Advanta BV. Of all the major pharmaceutical companies, AstraZeneca is probably the most focused on prescription medicines, our only other businesses being Astra Tech, the medical device company, and Salick Health Care, which delivers services to cancer care centres.

In such a rapidly changing environment, the Board has been monitoring developments carefully to ensure the appropriateness of our corporate strategy. Particular attention has been paid to the regulatory progress and sales performance of our newer products, the overall composition of our product portfolio and the various productivity initiatives that have been pursued. Success in Research and Development is essential to our strategy and it is good to see the emergence of an impressive early development portfolio with 40% more projects in phase 2 clinical trials than this time last year. We also have more new development candidates emerging from Discovery than ever before. As well as new investments in R&D facilities in Sweden, the UK and the US, we announced a £75 million equity investment and R&D collaboration with Cambridge Antibody Technology to discover and develop human antibody therapeutics. This strategic alliance complements last year's oncology alliance with Abgenix Inc. and brings to over 1,700 the number of active R&D collaborations and agreements we now have in place.

The Board has also reviewed its corporate governance including individual Directors' performance. A great deal of effort has gone into preparing and implementing the numerous changes required to comply with the increasing demands from external bodies. In preparation for the adoption of new international accounting standards in 2005, AstraZeneca was the first FTSE 100 company to make available to shareholders financial information for 2003 and the first half of 2004 prepared in accordance with the new standards.

AstraZeneca's share price performance, and that of other major pharmaceutical companies, were disappointing in 2004 with the AstraZeneca share price in particular affected by the FDA's non-approval of *Exanta*, the challenges facing *Crestor* and the recent clinical trial results for *Iressa*.

The composition of the Board is also undergoing some change. On my retirement at the end of the year, the Board confirmed the appointment of Louis Schweitzer as my successor as Non-Executive Chairman of AstraZeneca with effect from 1 January 2005, following his appointment to the Board in March 2004. Louis Schweitzer is a distinguished industrialist with wide international experience and I congratulate him most warmly on his appointment.

Karl von der Heyden, the Chairman of the Audit Committee, retired at the 2004 AGM after more than five years as a Non-Executive Director. I thank him for his contribution to the Company and, in particular, the role he played in the development of the work of the Audit Committee. John Buchanan succeeded Karl as Chairman of the Audit Committee. Most recently, the Board announced the

appointment of Dr John Patterson, with effect from 1 January 2005, to the Board as Executive Director responsible for Development, emphasising the importance we place on this activity.

My six year engagement with AstraZeneca, from the announcement of the proposed merger in December 1998 to my departure as Chairman at the end of 2004, has been an exciting journey. This includes the fast merger with delivery of promised synergies and, not least, the creation of a cross-border, unified culture. The growth of new products and penetration of developing markets helped bridge the inevitable gap caused by patent expirations of mature products. In spite of recent setbacks in product launches, we have a strong product pipeline underpinning further growth ambitions.

I want to thank my Board colleagues for their valuable support and the Company management, spearheaded by Sir Tom McKillop, for their excellent achievements over these years. I also want to thank all employees and wish them and this fine company every success in the future.

Percy Barnevik

AstraZeneca relative share performance  
31 December 1998 – 31 December 2004



\*Abbott Labs, Aventis, BMS, Eli Lilly, GSK, JNJ, Merck, Novartis, Pfizer, Roche, Sanofi-Aventis, Schering, Schering-Plough and Wyeth  
Source: Thomson Financial Datastream

## Strategy



'I look forward to playing my part in ensuring AstraZeneca's future success.'

Louis Schweitzer

I am grateful to the AstraZeneca Board for the confidence they have shown in me by electing me as their Chairman. Percy Barnevik as the first Chairman of AstraZeneca has served the Company with distinction. On behalf of the Board, shareholders and AstraZeneca employees, I would like to thank him most warmly for his wise counsel, influence and leadership of the Board.

Since my appointment to the Board in March 2004, I have had the opportunity to get to know my Board colleagues, to meet senior managers in the Company and to get a clear view of the Company's strong financial performance as well as the strategic opportunities and significant challenges facing AstraZeneca. I have been most impressed with what I have seen of the senior management of the Company led by Sir Tom McKillop. I very much look forward to working closely with him and my Board colleagues and playing my part in ensuring the Company's future.

Following the Company's strong financial performance in 2004, the Board has recommended a second interim dividend of \$0.645, 34.3 pence, SEK4.497 per Ordinary Share bringing the total dividend for the year to \$0.94, 50.3 pence, SEK6.697 per Ordinary Share, an increase in dollar terms of 18.2%.

In 2005, we aim to deliver strong financial performance, characterised by top-tier earnings growth and improved shareholder returns, while continuing to build an innovative and valuable pipeline capable of driving shareholder value over the long term.

Louis Schweitzer

### AstraZeneca Group Strategy

AstraZeneca aims to create enduring value for society and shareholders, by discovering, developing, manufacturing and marketing differentiated medicines that make a real contribution to human health. Our culture is based on innovation, a responsible way of doing business and performance.

In response to an environment that is becoming even more challenging, we aspire to deliver a level of productivity that matches the best among our peers. We are committed to delivering sustained financial performance, through growth and productivity, that will place AstraZeneca among the best in the industry.

This strategy for sustainable, profitable growth is supported by the following core business priorities, paying heed to the setbacks experienced in 2004:

#### Sales growth

- > Release of the full potential of our marketed therapies through resource allocation and investment in projects that will extend their use and bring benefits to new patient populations.
- > Further strengthening our commercial skills to drive success in our key markets.
- > Enhancing our presence in important new, emerging markets through organic growth and strategic regional investments.

#### Step-change in productivity

- > Commitment to vigorously improve productivity in pursuit of operational excellence in all our activities, to be among the most efficient and effective companies in our sector.
- > Developing new business approaches that will meet the changing needs and expectations of regulators, payers, prescribers and patients.

#### Strong pipeline and active risk management

- > Successful delivery to market of the next wave of differentiated products currently in development.
- > Rigorous management of our portfolio of products in development, to mitigate risks associated with new innovative products and make future growth more robust.
- > Expansion of the development pipeline through continuously improved in-house discovery processes, complemented by external collaborations and partnerships.
- > Pursuit of value-creating investment in significant targeted licensing and acquisition opportunities.

#### Corporate responsibility

- > Delivery of our core values through a responsible approach to business.

#### People

- > Delivery of optimised performance and sustainable business outcomes through:
  - > Improved organisational effectiveness.
  - > Optimised individual and team performance.
  - > Effective management and development of talent.
  - > Improved leadership capability.

thinking leadership

## Chief Executive's review



'I am confident in our future prospects despite the recent disappointments.'

Sir Tom McKillop

At the start of 2004, the year seemed full of opportunity: AstraZeneca was moving into a new and exciting phase. The excellent foundations created by a successful merger and the subsequent transformation of an ageing product portfolio had set us up for strong growth from our key products. The growth portfolio, including products that were on the range before the merger, such as *Seroquel* and *Arimidex*, and newly introduced products, such as *Nexium*, *Crestor*, *Symbicort* and *Iressa*, provided an excellent opportunity to deliver value to physicians, patients and shareholders alike.

While we made good progress in this respect, building on the success of our gastroenterology, cardiovascular, respiratory, neuroscience and oncology franchises, we also experienced disappointments with *Exanta* and *Iressa* and some difficult market conditions with *Crestor*.

*Nexium* (2004 sales \$3.9 billion) is now recognised as one of the most successful products in our industry and it has continued to grow, both in the important US market and worldwide, despite an increasingly competitive environment. During the year, we added *Nexium Intravenous* to the product range and the recent, well-publicised problems with the new class of anti-inflammatory drugs, such as *Vioxx*, offers further opportunities for *Nexium*, which is approved for the prevention of the gastrointestinal side effects associated with such anti-inflammatory drugs.

*Seroquel* (\$2.0 billion) continues to grow strongly and is increasingly recognised by patients and doctors for its outstanding safety and efficacy profile. During 2004, *Seroquel* became the leading atypical anti-psychotic therapy in the US market based on monthly new prescriptions and made strong progress in other markets. Important new opportunities to extend the use of *Seroquel* also emerged with the exciting results from clinical studies in the treatment of bipolar depression and the management of agitation in the elderly.

Our leading range of anti-hormonal cancer therapies continued to make a major contribution to the business and there is considerable scope for further growth. In particular, positive five-year data from the landmark ATAC study have established *Arimidex* as the agent of choice in the adjuvant treatment of breast cancer, replacing *Nolvadex* (tamoxifen) as the new gold standard for treatment.

Sales of *Iressa* (\$389 million) grew well in those markets where it is available and, early in the year, exciting science emerged indicating that certain patients with non-small cell lung cancer (NSCLC) carried genetic mutations that appeared to make them particularly sensitive to the beneficial effects of the drug. Disappointingly however, the ISEL study, designed to study the effect of *Iressa* compared to placebo on survival in refractory NSCLC, failed to meet its primary endpoint of survival in the overall population, although there were statistically significant differences in survival in favour of *Iressa* in patients of East Asian origin and non-smokers. In the East Asian subgroup there was a near doubling of median survival which is consistent with the positive benefit/risk ratio seen in previous studies in these patients. While sales will continue in all markets where the drug is currently approved, the Company has chosen to suspend promotion in the US until the implications of the ISEL results have been discussed with the regulatory authorities. The application for marketing approval of *Iressa* in the EU has been withdrawn but we will continue to work with opinion leaders and regulators to determine the most appropriate next steps for this innovative medicine. We are also determined to benefit from this experience with *Iressa* and apply the learning to the other exciting novel cancer therapies we have in development.

2004 also proved to be a challenging year for two key products in our cardiovascular range. *Crestor*, our new lipid-lowering drug, first launched in 2003, has now been approved in 67 countries (launched in 56) and achieved sales of \$908 million in 2004. Its ability to control lipid disorders more effectively than any other available statin has been well recognised by prescribers but, during the year, the product was the subject of speculation that questioned its safety profile. Patient safety is the highest priority for AstraZeneca and we have worked diligently and transparently to monitor, communicate and mitigate any risk associated with the use of *Crestor*. We remain confident that the clear benefits of *Crestor* are achieved with a safety profile in line with that of other marketed members of the class. Our confidence derives from an extensive database involving over 40,000 patients in clinical trials and post-marketing surveillance of more than 15 million prescriptions written and four million patients treated with *Crestor*.

*Exanta*, AstraZeneca's innovative oral therapy for the treatment of diseases associated with blood clots, was launched in its first markets in 2004 for the prevention of blood clots following orthopaedic surgery. *Exanta* is the first oral anti-coagulant to be developed for more than 60 years, and its greatest potential is in the chronic prevention of strokes and other events related to blood clots in patients at high risk as a result of the common heart rhythm disorder, atrial fibrillation. During a development programme that involved more than 30,000 patients, we established that the drug had the potential to be an effective alternative to the only existing therapy in this area (warfarin) but also discovered that *Exanta* had an undesirable impact on the livers of a small percentage of treated patients. Following a review at a public Advisory Committee hearing in Washington in September 2004, the US FDA

decided that AstraZeneca had not established a favourable benefit/risk profile for the drug and did not approve it for use in the US market. In Europe, *Exanta* is already marketed in many countries for the prevention of clots after orthopaedic surgery, but more clinical data will be required before approval for long term use can be considered.

Despite these setbacks, we remain committed to building our future on science and innovation and believe AstraZeneca has the capacity to succeed in an increasingly competitive healthcare market. We are determined to apply the learning from these recent experiences and ensure that we better manage the risks inherent in this strategy to deliver an innovative and valuable pipeline that will sustain the Company over the long term whilst allowing us to return value to our shareholders in the short term.

The appointment of John Patterson to the Board as Executive Director responsible for Development reflects the importance we attach to our ability to convert science into sales. John has immense experience in drug development and will be working to optimise our capabilities in this critical area.

The Company has, since its creation, placed great emphasis on productivity and this will continue, indeed accelerate, to ensure we are at the forefront of our industry as it goes through a period of considerable change.

The problems encountered in 2004 with *Iressa*, *Crestor* and *Exanta* are, themselves, illustrative of issues that are faced by all who are committed to innovation as a source of progress, the enhancement of quality of life and the creation of value. Innovation, in any field, is associated with risk but in healthcare, in particular, where unmet needs in the developed and developing worlds continue to increase, the innovator's contract with society needs to reflect an appropriate balance of benefit to risk.

I would like to express our condolences to all those affected by the tsunami disaster. I am sad to report that, to date, three of our employees are still missing. Our deepest sympathies go to their families and friends. We immediately contributed \$600,000 in cash, made our drugs available where appropriate and have created a fund of \$1.5 million to help with reconstruction projects being implemented through our local companies in the affected areas.

Finally, I once again thank my colleagues on the Executive Team for their continuing commitment and support and also our employees around the world. Their contribution, their skills and their abilities are the building blocks of our future.

Sir Tom McKillop  
Chief Executive

## Financial highlights



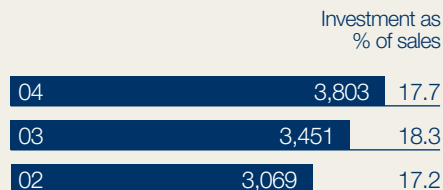
'With underlying sales growth of 9% and EPS up 18%, we have delivered top tier financial performance in 2004.'

Jonathan Symonds,  
Chief Financial Officer

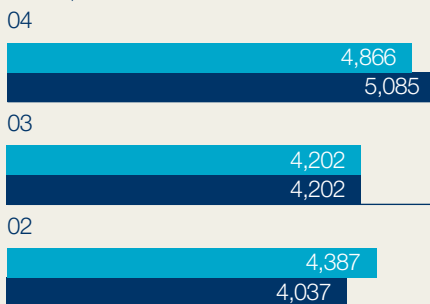
### Sales \$m



### R&D investment \$m

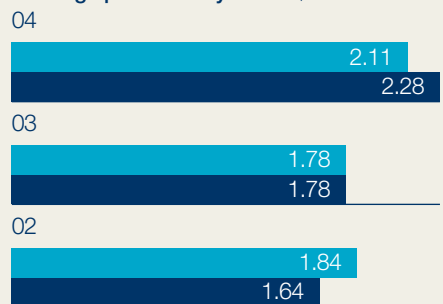


### Profit \$m



Key  
■ Profit before exceptional items  
■ Profit before tax

### Earnings per Ordinary Share \$



Key  
■ Earnings per share before exceptional items  
■ Group earnings per share (statutory FRS 3)

### Dividend for 2004

	\$	Pence	SEK	Payment date
First interim dividend	0.295	16.0	2.200	20 September 2004
Second interim dividend	0.645	34.3	4.497	21 March 2005
<b>Total dividend</b>	<b>0.940</b>	<b>50.3</b>	<b>6.697</b>	

## AstraZeneca in brief

- > We spend around \$15 million each working day on research and development (total R&D spend in 2004: \$3.8 billion)
- > We employ 11,900 people in research and development at 11 R&D centres in seven countries: Sweden, the UK, the US, Canada, France, India and Japan
- > We focus on continued innovation and maintaining a flow of new medicines that meet patients' needs
- > We have 17 projects in phase 1, 17 projects in phase 2 and 25 projects in phase 3 development
- > Collaborations with leading academic centres and biotechnology companies, and the in-licensing of innovative products and technologies, complement our in-house capabilities and play a key role in strengthening our portfolio
- > We have 30 manufacturing sites in 20 countries
- > Around 15,000 people worldwide work in supply and manufacturing, including around 12,400 people in formulation and packaging, and 1,600 in active pharmaceutical ingredient supply
- > We have over 64,000 employees worldwide:
  - 37,000 in Europe
  - 18,000 in the Americas
  - 9,000 in Asia, Africa and Australasia
- > Our products are available in over 100 countries
- > Along with our commitment to competitiveness and high performance, we will continue to be led by our core values to achieve sustainable success

thinking growth

thinking potential



## Discovery



'We continue to increase our efficiency in identifying high quality compounds with the potential to become new medicines.'

Jan Lundberg,  
Executive Vice-President,  
Discovery Research

Every new medicine is the result of an intensive and focused research process. We examine closely all the possibilities to find the most effective treatment for the disease we are targeting. Thousands of compounds are investigated, only a small number succeed. It is a complex, expensive and risky process (taking over 10 years and typically costing around \$1 billion), but it is an exciting and rewarding one.

We have a world leading R&D organisation, with over 11,900 people at 11 major centres in seven countries – comprising six joint discovery and development facilities in the UK, the US and Sweden; a further four sites in the US, Canada, India and France which focus only on discovery, and a facility in Japan for development only. These resources are complemented by clinical development at 43 sites around the world. We spend around \$15 million each working day in the search for new medicines, and we are committed to delivering new, medically important and commercially successful products to market every year.

### Discovery

Our Discovery scientists use leading edge science and technologies to identify new compounds with high potential as new medicines, working across boundaries to exchange ideas, to share best practice and to make the most of the efficiencies that global working offers.

Medical research is more exciting than ever as new technology is applied to understanding what causes disease and how it may be prevented or treated. Our effort in recent years to improve the links between basic science and clinical medicine has helped us to gain a better understanding of human diseases and how future medicines will work against them. We also continue to introduce earlier in the process more stringent, and where possible high throughput, testing of drug safety and how a medicine gets distributed around, and out, of the human body. This helps us to eliminate earlier the candidate drugs (CDs) that are less likely to succeed. During 2004, 18 CDs were selected for development.

### Partnerships

In today's world of rapid scientific and technological advance, no company can rely exclusively on its own discovery and development. We work with leading academic centres to broaden the base for disease research and during 2004, we entered into more than 250 new collaborations, including a major strategic alliance with Cambridge Antibody Technology to discover and develop human antibody therapeutics in inflammatory disorders. This complements a similar alliance in cancer research with Abgenix Inc., announced in 2003.

## Development



‘Ensuring that our growing range of candidate drugs are developed effectively to meet the future needs of patients is a high priority.’

John Patterson, Executive Director, Development\*

People in our Development organisation focus on developing better drugs faster. They work globally in therapy area-led product teams that bring together all the relevant functional skills and experience needed for the robust, rapid progress of new medicines and the management of development risks.

We aim to continuously improve the efficiency of our R&D by simplifying our processes, speeding up decision making and investing in areas directly linked to increasing the quality and number of new products. A new clinical organisational structure was announced in October 2004 to support these practices and further enhance productivity. In January 2005, we appointed an Executive Director for Development (a new Board position) as part of our accelerated significant programme of change to review our pipeline and optimise the contribution of our development and regulatory functions.

In 2004, 18 candidate drugs were selected (15 in 2003 and 11 in 2002). By the end of the year, there were 31 projects in the pre-clinical phase and 17 projects in clinical phase 1, 17 projects in clinical phase 2 and 25 projects in clinical phase 3.

During the year we also concentrated on progressing regulatory filings for *Exanta* and supporting continued launches of new products. We also continue to look at all the ways our existing products can be used or improved to get the most benefit for patients and in 2004 made regulatory submissions for new uses for *Nexium*, *Symbicort* and *Atacand*.

\* With effect from 1 January 2005

thinking ahead



## Development pipeline

Compound	Areas under investigation	Estimated filing date		Stage of development			
		MAA	NDA	PC	1	2	3
<b>Cardiovascular</b>							
Exanta	prevention of VTE	Launched	Filed*				
Exanta SC formulation	prevention of VTE	Launched	>2007				
Galida	diabetes /metabolic syndrome	2007	2007				
AZD6140	arterial thrombosis	>2007	>2007				
AZD7009	AF – conversion	>2007	>2007				
AZD7009	AF – maintenance	>2007	>2007				
AZD9684	thrombosis	>2007	>2007				
AZD0837	thrombosis	>2007	>2007				
AZD7806	dyslipidaemia	>2007	>2007				
AZD4619	dyslipidaemia	>2007	>2007				
AZD6610	dyslipidaemia/diabetes	>2007	>2007				
AZD8294	dyslipidaemia	>2007	>2007				
AZD8677	dyslipidaemia/diabetes	>2007	>2007				
AZD8450	dyslipidaemia	>2007	>2007				
AZD6370	diabetes	>2007	>2007				
<b>Gastrointestinal</b>							
AZD0865	acid-related GI disease	2007	2007				
AZD7371	functional GI disease	>2007	>2007				
AZD3355	GERD	>2007	>2007				
AZD9343	GERD	>2007	>2007				
AZD5745	acid-related GI disease	>2007	>2007				
AZD8081	functional GI disease	>2007	>2007				
<b>Neuroscience</b>							
Cerovive	stroke	2H 2006	2H 2006				
AZD7371	overactive bladder	>2007	>2007				
AZD8129 (AR-A2)	anxiety/depression	>2007	>2007				
AZD4282	neuropathic pain	>2007	>2007				
AZD3102	Alzheimer's disease	>2007	>2007				
AZD1080	Alzheimer's disease	>2007	>2007				
AZD9272	neuropathic pain	>2007	>2007				
AZD2327	anxiety	>2007	>2007				
AZD5904	multiple sclerosis	>2007	>2007				
AZD6538	neuropathic pain	>2007	>2007				
<b>Oncology</b>							
Iressa	NSCLC	Withdrawn	Launched				
ZD6474	solid tumours	>2007	>2007				
ZD4054	solid tumours	>2007	>2007				
AZD2171	solid tumours	>2007	>2007				
AZD3409	solid tumours	>2007	>2007				
AZD0530	solid tumours and haematological malignancies	>2007	>2007				
AZD5438	solid tumours	>2007	>2007				
AZD6244	solid tumours	>2007	>2007				
ZD6126	solid tumours	>2007	>2007				
AZD4440	solid tumours	>2007	>2007				
AZD9935	solid tumours	>2007	>2007				
AZD0424	solid tumours	>2007	>2007				
AZD1152	solid tumours and haematological malignancies	>2007	>2007				
AZD4769	solid tumours	>2007	>2007				
AZD3841	solid tumours	>2007	>2007				
AZD8931	solid tumours	>2007	>2007				
<b>Respiratory and Inflammation</b>							
AZD9056	rheumatoid arthritis	>2007	>2007				
AZD9056	osteoarthritis	>2007	>2007				
AZD8309	rheumatoid arthritis	>2007	>2007				
AZD8955	osteoarthritis	>2007	>2007				
AZD8309	COPD	>2007	>2007				
AZD3778	asthma/rhinitis	>2007	>2007				
AZD9056	COPD	>2007	>2007				
AZD3342	COPD	>2007	>2007				
AZD6067	COPD	>2007	>2007				
AZD2098	asthma	>2007	>2007				
AZD1981	asthma	>2007	>2007				
AZD0902	rheumatoid arthritis	>2007	>2007				
AZD6703	rheumatoid arthritis	>2007	>2007				
AZD6357	osteoarthritis	>2007	>2007				
AZD7928	COPD	>2007	>2007				
AZD2914	COPD	>2007	>2007				
AZD2392	asthma/rhinitis	>2007	>2007				
AZD1744	asthma/rhinitis	>2007	>2007				
AZD5672	rheumatoid arthritis	>2007	>2007				

The table on the right provides summary details of the new chemical entities currently in our pipeline. Full details, including line extensions, can be found in the separate AstraZeneca Annual Report and Form 20-F Information 2004 or on our website.

### Abbreviations used in pipeline table:

AF	atrial fibrillation
COPD	chronic obstructive pulmonary disease
GERD	gastro-oesophageal reflux disease
GI	gastrointestinal
MAA	marketing authorisation application (Europe)
NDA	new drug application (US)
NSCLC	non-small cell lung cancer
PC	pre-clinical: candidate drug accepted for development but not yet administered to man
SC	subcutaneous
VTE	venous thromboembolism
>2007	not earlier than 2008

\* Discussions are ongoing with the FDA to determine if there is now a realistic prospect of bringing Exanta to the US market. The NDA file remains open.

## Sales and marketing



'We aim to build on our success in Europe and Japan, while increasing our strength in emerging markets, such as China and Mexico.'

**Bruno Angelici,**  
Executive Vice-President,  
Europe, Japan, Asia Pacific  
and ROW

We combine our global capabilities with high quality relationships in our local markets and focus on responding quickly and effectively to our customers' changing needs. We sell mostly through our own local marketing companies and our products are marketed mainly to physicians and other healthcare professionals.

Our medicines are designed to improve health and quality of life. They bring other benefits too. We also talk to governments and groups that buy healthcare, such as managed care organisations in the US, about the economic as well as the therapeutic advantages of our range. By reducing the incidence of disease or improving the efficiency of treatment, our medicines help to relieve the growing pressure on healthcare systems and budgets.

Success in key markets is a top priority. We aim to build on our leading positions in major markets, especially the US, Japan and Europe, whilst increasing our strength through strategic investment in the small but fast-growing markets of the future – the emerging economies, such as China and Mexico.

Our US sales of \$9.6 billion in 2004 reflect our commitment to driving growth in this, the world's largest pharmaceutical market. With a 5% market share, AstraZeneca is the fifth largest pharmaceutical company, by sales in the US. *Nexium*, *Seroquel*,

'In the US, we aim to effectively manage the challenges of the changing external environment, while making the most of the opportunities presented by the growing demand for innovative medicines.' **David Brennan,**  
Executive Vice-President,  
North America

*Toprol-XL* and *Crestor*, with combined sales of \$5.7 billion, continue to underpin our sales performance in this highly competitive market.

In Europe, pharmaceutical cost control pressure continues to restrict market growth, which is still increasing but at a slower rate. Despite this background, our sales growth outpaced the overall market, with a strong performance from *Crestor*, *Nexium*, *Seroquel*, *Arimidex* and *Symbicort*. This performance, coupled with our investment in Central and Eastern Europe, provides a solid basis for future growth in the region. Sales totalled \$7.6 billion in 2004 and AstraZeneca ranks fifth in Europe.

In Japan, AstraZeneca was the second fastest growing pharmaceutical company in 2004. A strong performance by *Arimidex*, *Casodex*, *Zoladex* and *Iressa*, and good growth for *Losec*, drove sales to \$1.4 billion and we now rank 13th by sales in Japan.

Overall sales in Asia Pacific grew by an underlying rate of 18% to \$1.2 billion and the region represents an area of high growth potential. In China, we are now the largest multi-national prescription drug company and one of the fastest growing pharmaceutical companies.

Elsewhere, good growth in Latin America (27%) and a \$40 million investment in new manufacturing in Egypt further strengthens our platform for regional expansion.

## Key products

**Key products: Cardiovascular**

**Atacand**<sup>1</sup> (candesartan cilexetil) angiotensin II antagonist for hypertension

**Crestor**<sup>2</sup> (rosuvastatin calcium) HMG-CoA reductase inhibitor ("statin") for dyslipidaemia

**Exanta** (ximelagatran) oral direct thrombin inhibitor for prevention of thrombosis in association with major orthopaedic surgery

**Plendil** (felodipine) calcium antagonist for hypertension and angina

**Seloken/Toprol-XL** (metoprolol succinate) beta blocker for hypertension, angina, heart failure and other uses

**Zestril**<sup>3</sup> (lisinopril dihydrate) angiotensin converting enzyme inhibitor for hypertension, heart failure and diabetic nephropathy

**Key products: Gastrointestinal**

**Losec/Prilosec** (omeprazole) proton pump inhibitor for acid-related diseases

**Nexium** (esomeprazole magnesium) proton pump inhibitor for acid-related diseases

**Key products: Infection**

**Merrem/Meronem**<sup>4</sup> (meropenem) ultra broad spectrum injectable antibiotic for serious bacterial infection

**Key products: Neuroscience**

**Diprivan** (propofol) intravenous general anaesthetic for induction/maintenance of anaesthesia and sedation of intensive care patients

**Naropin** (ropivacaine) local anaesthetic for surgical anaesthesia and acute pain management

**Seroquel** (quetiapine fumarate) atypical anti-psychotic for schizophrenia and other psychotic disorders

**Xylocaine** (lidocaine) local anaesthetic for use in surgery and dentistry

**Zomig** (zolmitriptan) for the treatment of acute migraine with or without aura

**Key products: Oncology**

**Arimidex** (anastrozole) aromatase inhibitor for breast cancer

**Casodex** (bicalutamide) anti-androgen for prostate cancer

**Faslodex** (fulvestrant) oestrogen receptor antagonist with no agonist effects for breast cancer

**Iressa** (gefitinib) signal transduction inhibitor for non-small cell lung cancer

**Nolvadex** (tamoxifen citrate) anti-oestrogen for breast cancer

**Zoladex** (goserelin acetate) LHRH agonist for prostate and pre-menopausal breast cancer, certain benign gynaecological disorders and assisted reproduction

**Key products: Respiratory and Inflammation**

**Accolate** (zafirlukast) oral leukotriene receptor antagonist for control of asthma

**Oxis** (formoterol) inhaled fast onset long-acting bronchodilator for relief of asthma symptoms

**Pulmicort** (budesonide) inhaled anti-inflammatory for asthma control

**Rhinocort** (budesonide) topical nasal anti-inflammatory for control of rhinitis

**Symbicort** (budesonide/formoterol) inhaled combination of anti-inflammatory and fast onset long-acting bronchodilator in a single inhaler

<sup>1</sup> Licensed from Takeda Chemical Industries Ltd.

<sup>2</sup> Licensed from Shionogi & Co., Ltd.

<sup>3</sup> Licensed from Merck & Co., Inc.

<sup>4</sup> Licensed from Sumitomo Pharmaceuticals Co., Ltd.

thinking global



thinking quality



## Supply



We have some 15,000 people at 30 manufacturing sites in 20 countries, dedicated to ensuring that we can deliver a secure, high quality, cost-effective supply of our product range worldwide.

With a few temporary exceptions, major products and line extensions were successfully supported with supplies available to meet market demand. These included the continued global roll-out of *Crestor*, the European launches of *Exanta* and the completion in all major markets of the launch of the *Zoladex Safesystem*, designed to protect against needlestick injuries when handling the injectable *Zoladex* therapy.

Managing costs is an ongoing priority. 2004 saw the continued implementation across our global network of our new supply system, which is delivering manufacturing efficiency benefits (such as shortened lead times) and improved customer service levels.

We continue to invest for the future. Our expenditure on supply and manufacturing facilities totalled \$352 million in 2004 and new facilities authorised included formulation capacity for *Symbicort* in France, for *Pulmicort* in the US and for *Nexium* in Sweden. We also continuously review our existing manufacturing assets to make sure they are being used most effectively, whilst preserving the flexibility we need to respond to fluctuations in demand. During 2004, we sold our facility in Karlskoga, Sweden.

## Product strategy & licensing

‘A key aspect of our commitment to top quality customer service is our aim to provide fast, flexible and reliable supply of all the products in our range.’

Barrie Thorpe,  
Executive Vice-President,  
Operations



‘Our ability to deliver the commercial potential of our strong range of branded products in increasingly challenging markets is core to our continued success.’

Martin Nicklasson, Executive  
Vice-President, Product  
Strategy & Licensing and  
Business Development\*

Ensuring the quality, safety and efficacy of our medicines is a core priority. Reports from internal routine inspections, as well as those by regulatory authorities, are rigorously reviewed and, if required, actions taken to further enhance compliance. The results of all external inspections carried out during 2004 were satisfactory, and we did not experience any delays in product approvals due to regulatory compliance issues at our sites or those of our contractors.

Safety, health and environment (SHE) operating standards are increasingly stringent with regulators placing particular emphasis on environmental issues and the safety of chemicals. Our manufacturing sites operate under various licensing regimes and we are committed to meeting all regulatory requirements as a minimum baseline. There are currently no environmental issues that constrain AstraZeneca from making full use of its sites.

We are making good progress in the reduction of waste and energy use and the level of accidents with injury is falling, although, sadly, there was a fatal accident at one of our manufacturing locations during the year. When any accidents occur, we use a range of investigation procedures to help us understand the causes and avoid repetition. We also work closely with our suppliers to encourage standards similar to our own. More information about our SHE performance can be found in the separate Corporate Responsibility Summary Report 2004 or on our website.

We operate in an increasingly competitive environment that presents both opportunities and challenges. The pharmaceutical industry continues to grow, driven by increasing populations and improved life expectancy. In addition, there are still major areas of unmet medical need, since many diseases do not have effective therapies, are unsatisfactorily treated or are under diagnosed. Advances in science and technology are also growth drivers. The factors that limit growth include increasing pressure to contain costs from governments and other groups who pay for healthcare. We focus on effectively managing the challenges and maximising the opportunities to ensure sustainable success through the continued development of new, innovative and cost-effective medicines that meet patient needs and add value for society.

Our product strategy and licensing organisation, working closely with our R&D community and our major marketing companies, leads the commercial aspects of drug development and co-ordinates global market strategy. This includes selecting the right products and projects for investment, developing effective marketing platforms for new product launches and directing the creation and delivery of marketing strategies that successfully align global and national plans.

Our rigorous lifecycle management of key marketed brands aims to ensure that we maximise the commercial potential as well as the benefit that new uses for our medicines bring to patients' lives.

In common with other leading pharmaceutical companies, we also look to strengthen our portfolio with attractive products or technologies from external sources and we continuously monitor the opportunities for licensing partnerships.

### e-business

Our e-business activities focus on strengthening our relationships with our stakeholders and improving our speed and efficiency. We continue to introduce internet-enabled programmes that simplify and improve processes, including clinical development and supply chain systems. To boost our marketing effectiveness, we integrate e-marketing into our commercial activities worldwide and we have a broad range of internet-based physician resources in key therapy areas.

### Partnering with patients

As part of our commitment to exploring all the ways in which we can bring benefit to patients, we are expanding our thinking beyond medicines to include a focus on ways in which we can help them get access to the information and services they need. This includes IT collaborations that will aim to deliver innovative channels for providing patients with information about their treatment and/or their disease. Through closer partnership with patients, we aim to build our understanding of their needs and how we can best respond to them.

\* With effect from 1 January 2005

## People



‘ We have initiated a step change in the way we work at AstraZeneca to achieve the levels of performance we need for future success.’  
**Tony Bloxham, Executive Vice-President, Human Resources**

We are very proud of our 64,200 employees in 45 countries and value the diversity of skills and abilities that a global workforce offers. Our future success will be built on their efforts.

To achieve the levels of performance we need to succeed in a changing and increasingly challenging business environment, during 2004 we initiated a step change in the way we work at AstraZeneca – how people are managed, our behaviours, performance, measurement, development and reward.

Our priority has been to ensure we have a performance-driven culture throughout the Company, concentrating on optimising individual and team performance, improving our leadership capability and effectively managing and developing all our talent. We have also introduced a common set of critical behaviours to be adopted across the organisation.

We want everyone at AstraZeneca to have clear, measurable and prioritised objectives aligned with the current business priorities and to have managers with the skills to coach continually for superior performance, and who demonstrate high quality performance management and leadership by example. Good performance will be rewarded. Under performance will be addressed.

We are also strengthening and enhancing the capabilities of our leaders through tailored assignments and individual coaching, complemented by high quality, business-relevant leadership development programmes.

To deliver a flow of world class leaders in the future, we are adopting a consistent approach to identifying and developing people with leadership potential across the Company, backed by strong support from our senior management team.

The wellbeing of our people continues to be a fundamental consideration and we have a broad range of initiatives aimed at promoting the health, safety and welfare of all our employees worldwide.

We use a range of communications media to ensure that employees are kept informed and are clear about their individual and team roles and targets. Opportunities to provide feedback are built into all our communications. In addition, every two years we carry out a global employee survey to identify areas of satisfaction and concern – and priority attention is given to areas for improvement highlighted by these surveys.

### A responsible approach

Alongside our commitment to competitiveness and performance, we continue to be led by our core values to achieve sustainable success.

Wherever we have a presence or an impact, we aim to live up to these core values and deliver standards of ethical behaviour that are consistent with our publicly declared codes of corporate responsibility.

We know that a responsible approach to business is essential to maintaining the trust and confidence of society and ensuring that AstraZeneca continues to be a company that is welcomed by society and for which our employees are proud to work.

The separate Corporate Responsibility (CR) Summary Report 2004 captures the main points of our approach to managing this challenge and provides a brief overview of our 2004 CR performance, including more about our commitment to employees in this respect. Detailed statistics and further information about our performance, policies and principles are available on our website at [astrazeneca.com/responsibility](http://astrazeneca.com/responsibility).

### Life inspiring ideas

The success of our business is based on our commitment to innovation. Backed by our strong science base and extensive manufacturing and commercial skills, we turn good ideas into effective medicines designed to improve the health and quality of life of patients around the world.

In recent years, we have launched a range of important new medicines, including high potential therapies for treating cancer (*Casodex*, *Arimidex* and *Faslodex*), gastrointestinal disease (*Nexium*), asthma (*Symbicort*), hypertension (*Atacand*), high cholesterol (*Crestor*), migraine (*Zomig*) and schizophrenia (*Seroquel*).

We are committed to driving continued achievement in all our activities to ensure a healthy future for our business and added value for all those who benefit from it.

# thinking life



## Therapy area review

### Cardiovascular (CV)

We are a world leader in cardiovascular medicines, with over 40 years' experience and a powerful range of products. Backed by our quality research, we aim to build on our strong position, focusing on important areas of need such as hypertension, diabetes, dyslipidaemia and thrombosis.

CV disease accounts for 17 million deaths worldwide each year, making it the greatest risk to life for most adults.

*Crestor*, our new statin for controlling cholesterol levels, is now approved in 67 markets and launched in 56, including the US, Canada and the majority of EU countries. By the end of 2004, over 15 million prescriptions had been written for, and over four million patients treated with *Crestor*. Public Citizen, a US consumer interest organisation, continued to raise allegations concerning the safety of *Crestor*. Clinical trials experience and post-marketing surveillance continue to support our belief that *Crestor* has a safety profile in line with other marketed statins. Clinical trial and post-marketing data for *Crestor* are publicly available on a dedicated website, [rosuvastatininformation.com](http://rosuvastatininformation.com), which we launched in September 2004.

2004 saw the first launches of *Exanta*, our new oral anti-coagulant, for use in preventing blood clots following orthopaedic surgery in 10 countries. In October 2004, the FDA confirmed that it did not approve *Exanta* for marketing in the US for any of the indications sought. Discussions are ongoing with the FDA to determine whether there is now a realistic prospect of bringing *Exanta* to the US market.

At the end of 2004, we received approval in the EU, and an approvable letter from the FDA, for the use of *Atacand* in heart failure, based on the results of a comprehensive clinical study programme, CHARM, which showed significant reduction in the number of deaths and hospitalisations for heart failure in patients treated with *Atacand*.

With sales again exceeding \$1 billion in 2004, *Seloken/Toprol-XL* is the world's leading product by sales in the beta blocker (plain and in combination with diuretic) class.

### Gastrointestinal (GI)

We aim to maintain our number one position in GI treatments through driving continued

sales and further development of *Nexium*. 40% of adults in the western world regularly experience heartburn and between 10 and 20% have gastro-oesophageal reflux disease (GERD). The prevalence of GERD in Asia is lower, but increasing.

*Nexium* continues to establish a new improved treatment standard and this was reflected in its global sales, which exceeded \$3.8 billion in 2004. First launched in Sweden in August 2000, it is now available in approximately 100 markets, including the US, Canada and all European countries. It has been well received by patients and physicians alike and close to 250 million patient treatments had been administered by the end of 2004. Its strong performance in the US makes *Nexium* the most successful pharmaceutical launch ever.

An injectable/intravenous formulation of *Nexium* is now approved in 47 countries, for use when an oral treatment of GERD is not appropriate. In September 2004, approval was granted through the EU Mutual Recognition Procedure for the use of *Nexium* in the healing and prevention of ulcers associated with non-steroidal anti-inflammatory drug (NSAID) therapy. Approval for the reduction in occurrence of gastric ulcers associated with continuous NSAID therapy in patients at risk for developing gastric ulcers was granted in the US in November 2004.

### Infection

World demand for antibiotics remains high due to escalating resistance and the increased risk of serious infections. Infectious diseases cause more than 11 million deaths each year.

2004 again saw steady sales growth globally for *Merrem*, our antibiotic for the treatment of serious, hospital-acquired infections. A Supplementary New Drug Application was filed in the US in 2004 aimed at securing an indication for skin and skin structure infections in 2005.

Work continues at our research facility in Bangalore, India where we are focused on finding a new treatment for tuberculosis (TB), the single largest cause of adult death from infectious disease in the world.

### Neuroscience

We aim to deliver a range of life-changing medicines in three key areas of psychiatry, analgesia and neurology, and by maintaining our world leading position in anaesthesia.

Health problems related to the function of the central nervous system, including the brain, are a complex area of significant medical need.

In September 2004, *Seroquel* became the market leading atypical anti-psychotic in the US in terms of monthly new prescriptions. In Europe, *Seroquel* is growing two to three times faster than the atypical market, with excellent market share gains, notably in Italy and Germany.

The launch of *Seroquel* in the US and Europe for the treatment of bipolar mania – which affects over 17 million people in the major markets – has been very successful, with strong market share growth.

Following successful launches in the US and Europe of *Zomig Nasal Spray*, a new formulation of our *Zomig* migraine therapy in a convenient device that delivers fast pain relief, we anticipate launch in Japan in 2005.

Our leading range of anaesthetics continued to perform well. Anaesthesia sales exceeded \$1 billion in 2004 including \$500 million of *Diprivan* sales.

### Oncology

We aim to maintain our position as a world leader in cancer treatment through further launches for our new products, the successful introduction of novel approaches currently in the pipeline and the continued growth of key products in our portfolio.

Six million people die from cancer every year – representing 12% of deaths worldwide.

*Iressa*, used for the treatment of non-small cell lung cancer, is a highly researched anti-cancer agent that acts to block signals for cancer cell growth and survival. However, in December 2004 initial results from the recent ISEL study showed that statistically, *Iressa* did not significantly increase survival of the overall population. Data suggest survival benefits in patient populations of East Asian origin and in non-smokers. *Iressa* is approved in 35 countries including the US and Japan. We are now in consultation with regulatory authorities to determine the impact of the ISEL data. We have withdrawn the European Marketing Authorisation Application and voluntarily suspended promotion of *Iressa* in the US. We intend however to continue to make *Iressa* available for patients whose physicians feel they are benefiting from the drug.

With its novel mode of action, *Faslodex* offers an effective, well-tolerated additional breast cancer therapy, in a convenient once-monthly injection. Following EU approval in March 2004, *Faslodex* is now available in Europe as well as the US, Brazil and Argentina for the treatment of advanced breast cancer in post-menopausal women.

Sales of *Casodex* and *Arimidex*, for treating prostate and breast cancer respectively, showed continued good growth. Further large-scale clinical study data presented in December 2004 showed that *Arimidex* is significantly more effective than tamoxifen in prolonging disease-free survival. The same study also showed that women switching from tamoxifen to *Arimidex* suffer fewer recurrences of their early breast cancer than those who stay on tamoxifen through the standard five-year course of treatment.

### Respiratory and Inflammation

Already a leader in the treatment of asthma, we plan to expand our range through the introduction of new uses for our key products and new treatments in other areas of inflammatory disease, such as chronic obstructive pulmonary disease (COPD) and rheumatoid arthritis.

The World Health Organization estimates that 100 million people worldwide suffer from asthma and that COPD is the fourth greatest cause of death worldwide.

Clinical data confirm the efficacy and safety of *Symbicort* as an adjustable maintenance treatment for asthma, providing superior asthma control compared to traditional *Symbicort* fixed dose treatment. During the year, we withdrew our regulatory submission in Europe for *Symbicort* single inhaler therapy (SiT). We aim to submit a regulatory filing in the second half of 2005 for *Symbicort* SiT containing additional data from further ongoing studies. A regulatory application for approval in Europe of *Symbicort* pressurised metered dose inhaler for use in asthma and in COPD was made in July 2004.

In the US, sales of *Pulmicort Respules* continue to grow, further strengthening its position as the inhaled corticosteroid of choice for the treatment of children under five with asthma.

### Key product sales: Cardiovascular

	2004 \$m	2003 \$m	Underlying growth %
Seloken	1,387	1,280	6
Crestor	908	129	n/m
Atacand	879	750	10
Plendil	455	540	(20)
Zestril	440	478	(15)
Tenormin	368	342	–
Other	340	391	(20)
<b>Total</b>	<b>4,777</b>	<b>3,910</b>	<b>17</b>

### Key product sales: Gastrointestinal

	2004 \$m	2003 \$m	Underlying growth %
Nexium	3,883	3,302	15
Losec/PriLOSEC	1,947	2,565	(30)
Other	88	76	9
<b>Total</b>	<b>5,918</b>	<b>5,943</b>	<b>(4)</b>

### Key product sales: Infection

	2004 \$m	2003 \$m	Underlying growth %
Merrem	423	346	15
Other	116	130	(16)
<b>Total</b>	<b>539</b>	<b>476</b>	<b>7</b>

### Key product sales: Neuroscience

	2004 \$m	2003 \$m	Underlying growth %
Seroquel	2,027	1,487	33
Diprivan	500	458	5
Zomig	356	349	(3)
Local anaesthetics	542	466	8
Other	71	73	(10)
<b>Total</b>	<b>3,496</b>	<b>2,833</b>	<b>19</b>

### Key product sales: Oncology

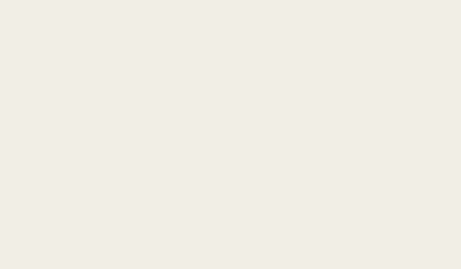
	2004 \$m	2003 \$m	Underlying growth %
Casodex	1,012	854	11
Zoladex	917	869	(1)
Arimidex	811	519	48
Iressa	389	228	65
Nolvadex	134	178	(31)
Faslodex	99	77	28
Other	14	18	(28)
<b>Total</b>	<b>3,376</b>	<b>2,743</b>	<b>16</b>

### Key product sales: Respiratory & Inflammation

	2004 \$m	2003 \$m	Underlying growth %
Pulmicort	1,050	968	4
Symbicort	797	549	32
Rhinocort	361	364	(3)
Accolate	116	107	6
Oxis	101	120	(24)
Other	158	153	(5)
<b>Total</b>	<b>2,583</b>	<b>2,261</b>	<b>8</b>

n/m – not meaningful

## Board of Directors at 31 December 2004



**Percy Barnevik\***  
Non-Executive Chairman

**Håkan Mogren**  
Non-Executive Deputy Chairman

**Louis Schweitzer**  
Non-Executive Director\*\*

**Dame Bridget Ogilvie**  
Non-Executive Director

**Sir Tom McKillop**  
Executive Director – Chief Executive

**Sir Peter Bonfield**  
Senior Non-Executive Director

**Marcus Wallenberg**  
Non-Executive Director

**John Buchanan**  
Non-Executive Director

**Erna Möller**  
Non-Executive Director

**Jonathan Symonds**  
Executive Director – Chief Financial Officer

**Jane Henney**  
Non-Executive Director

**Michele Hooper**  
Non-Executive Director

**Joe Jimenez**  
Non-Executive Director

\* Retired from the Board on 31 December 2004

\*\* Appointed Non-Executive Chairman with effect from 1 January 2005

**Percy Barnevik (63)**  
**Non-Executive Chairman**

**Chairman of the Nomination Committee**  
Appointed as a Director 6 April 1999. Retired from the Board on 31 December 2004. Honorary Chairman of Sandvik AB. Non-Executive Director of General Motors Corporation. Member of the Academies of Engineering Sciences in Sweden and Finland and Honorary Member of the Royal Academy of Engineering, UK. Member of the International Advisory Council of the Federation of Korean Industries and the Investment Council advising the South African Government. Member of the Business Council of American CEOs. Member of the Advisory Board of the Centre for European Reform, UK.

**Håkan Mogren (60)**  
**Non-Executive Deputy Chairman**  
**Member of the Nomination Committee**

Appointed as a Director 6 April 1999. Formerly CEO and a Director of Astra AB (appointed 18 May 1988). Chairman of Affibody AB and the Sweden-America Foundation. Vice-Chairman of Gambro AB. Member of the Board of Directors of Investor AB, Remy Cointreau SA, Groupe Danone and Norsk Hydro ASA. Director of the Marianne and Marcus Wallenberg Foundation.

**Louis Schweitzer (62)**  
**Non-Executive Director**

Appointed as a Director 11 March 2004. Appointed Non-Executive Chairman and Chairman of the Nomination Committee with effect from 1 January 2005. Chairman and Chief Executive Officer of Renault SA since May 1992. President of the Management Board of Renault-Nissan BV since March 2002. Chief Financial Officer and Executive Vice-President 1988-1992 and President and Chief Operating Officer 1990-1992, Renault SA. Non-Executive Director of BNP-Paribas, Electricité de France, Philips Electronics NV, Veolia Environnement and Volvo AB.

**Dame Bridget Ogilvie (66)**  
**Non-Executive Director**  
**Member of the Audit Committee**  
**and the Science Committee**

Appointed as a Director 1 January 1997. Also has responsibility for overseeing corporate responsibility. Chairman of the Medicines for Malaria Venture and the Association of Medical Research Charities. Trustee of Cancer Research UK. Chairman of the Trustees of the AstraZeneca Science Teaching Trust.

**Sir Tom McKillop (61)**  
**Executive Director and Chief Executive**

Appointed as a Director 1 January 1996. Non-Executive Director of BP p.l.c. and (until 31 December 2004) Lloyds TSB Group plc. Vice-President of the European Federation of Pharmaceutical Industries and Associations. Pro-Chancellor of the University of Leicester. Chairman of the British Pharma Group and the Northwest Science Council.

**Sir Peter Bonfield CBE, FREng (60)**  
**Senior Non-Executive Director**  
**Chairman of the Remuneration Committee**  
**and Member of the Nomination Committee**

Appointed as a Director 1 January 1995. Fellow of the Royal Academy of Engineering. Non-Executive Director of Telefonaktiebolaget LM Ericsson, Mentor Graphics Corporation and Taiwan Semiconductor Manufacturing Company, Ltd. Vice-President of The British Quality Foundation. Member of the Citigroup International Advisory Board. Member of the Sony Corporation Advisory Board. Non-Executive Director, Corporate Board of the Department for Constitutional Affairs.

**Marcus Wallenberg (48)**  
**Non-Executive Director**  
**Member of the Audit Committee**

Appointed as a Director 6 April 1999. Formerly a Director of Astra AB (appointed 18 May 1989). President and Chief Executive Officer of Investor AB. Non-Executive Vice-Chairman of Saab AB, Skandinaviska Enskilda Banken AB and Telefonaktiebolaget LM Ericsson. Non-Executive Director of Scania AB, Stora Enso Oyj and the Knut and Alice Wallenberg Foundation.

**John Buchanan (61)**  
**Non-Executive Director**  
**Chairman of the Audit Committee and**  
**Member of the Remuneration Committee**

Appointed as a Director 25 April 2002. Executive Director and Group Chief Financial Officer of BP p.l.c. 1996-2002. Member of the UK Accounting Standards Board 1997-2001. Senior Independent Non-Executive Director of BHP Billiton Plc and Non-Executive Director of Vodafone Group Plc.

**Erna Möller (64)**  
**Non-Executive Director**  
**Member of the Remuneration Committee**  
**and the Science Committee**

Appointed as a Director 6 April 1999. Formerly a Director of Astra AB (appointed 15 May 1995). Executive Director of the Knut and Alice Wallenberg Foundation. Professor of Clinical Immunology and Member of the Nobel Assembly and of the Nobel Committee, Karolinska Institutet. Member of the Royal Swedish Academy of Engineering Sciences and the Royal Swedish Academy of Science.

**Jonathan Symonds (45)**  
**Executive Director and Chief Financial Officer**

Appointed as a Director 1 October 1997. Also has overall responsibility for Information Services. Non-Executive Director of Diageo plc. Member of the UK Accounting Standards Board. Chairman of The Hundred Group of Finance Directors in the UK.

**Jane Henney (57)**  
**Non-Executive Director**  
**Member of the Audit Committee, the**  
**Nomination Committee and the Science**  
**Committee**

Appointed as a Director 24 September 2001. Senior Vice-President & Provost for Health Affairs, University of Cincinnati Medical Center. Commissioner of Food and Drugs 1998-2001 and Deputy Commissioner for Operations 1992-1994, US Food and Drug Administration. Deputy Director, US National Cancer Institute 1980-1995. Non-Executive Director of AmerisourceBergen Corporation and CIGNA Corporation. Member of the Board of Trustees of the Commonwealth Fund and the China Medical Board.

**Michele Hooper (53)**  
**Non-Executive Director**  
**Member of the Audit Committee**

Appointed as a Director 1 July 2003. President and Chief Executive Officer of Stadlander Drug Company 1998-1999. Corporate Vice-President and President, International Businesses of Caremark International Inc. 1992-1998. Non-Executive Director of PPG Industries, Inc., Target Corporation and Davita Inc.

**Joe Jimenez (45)**  
**Non-Executive Director**  
**Member of the Remuneration Committee**  
**and the Nomination Committee**

Appointed as a Director 1 July 2003. Executive Vice-President of H J Heinz Company and President and Chief Executive Officer of Heinz Europe since 2002. Corporate Vice-President then Senior Vice-President and President of Heinz North America 1998-2002. Non-Executive Director of Blue Nile, Inc.

Other officers of the Company at 31 December 2004 included members of the Senior Executive Team, as set out on page 21, and:

**Graeme Musker**  
**Group Secretary and Solicitor**  
Appointed as Company Secretary  
6 June 1993.

## Summary Directors' report

### Board of Directors

Details of members of the Board at 31 December 2004 are set out on pages 18 and 19.

### Board changes

Percy Barnevik, Non-Executive Chairman, retired from the Board on 31 December 2004.

Louis Schweitzer was appointed Non-Executive Chairman with effect from 1 January 2005. Mr Schweitzer was first appointed to the Board in March 2004 and was elected as a Non-Executive Director for the first time by shareholders at the Annual General Meeting (AGM) in April 2004.

Also with effect from 1 January 2005, John Patterson was appointed as an Executive Director with responsibility for Development.

Karl von der Heyden, Non-Executive Director and Chairman of the Audit Committee, retired from the Board in April 2004, with effect from the end of the AGM. He was succeeded in his role as Chairman of the Audit Committee by John Buchanan, Non-Executive Director.

During 2004, Michele Hooper and Joe Jimenez, both Non-Executive Directors, became members of the Audit Committee and Remuneration Committee respectively.

In March 2004, the Board asked Sir Tom McKillop to extend his term as Chief Executive beyond his planned retirement date of March 2005 and he confirmed his willingness to do so.

### Election and re-election of Directors

All of the Directors will retire under Article 65 of the Company's Articles of Association at the AGM in April 2005. The Notice of AGM will give details of those Directors presenting themselves for election or re-election at the AGM.

### Annual General Meeting

The Company's AGM will be held on 28 April 2005. The principal meeting place will be in London. There will be a simultaneous satellite meeting in Stockholm.

### Corporate governance

#### UK Combined Code on Corporate Governance

In July 2003, the Financial Reporting Council in the UK issued the revised Combined Code on Corporate Governance which superseded and replaced the Combined Code published by the Hampel Committee on Corporate Governance in 1998. The Board has prepared this report with reference to the Combined Code.

The Company is applying all of the main and supporting principles of good governance in the Combined Code. The way in which these principles are being applied is described below.

The Company is complying with all of the provisions of the Combined Code except with regard to the independence of all members of the Audit Committee.

#### The US Sarbanes-Oxley Act of 2002

AstraZeneca PLC American Depositary Shares are traded on the New York Stock Exchange (NYSE) and the Company is subject to the reporting and other requirements of the US Securities and Exchange Commission (SEC) applicable to foreign issuers. The US Sarbanes-Oxley Act came into force at the end of July 2002. As a result of its NYSE listing, the Company is subject to those provisions of the Act applicable to foreign issuers.

The Company either already complies with or will comply with those provisions of the Act applicable to foreign issuers as and when they become effective. The Board believes that, prior to the Act coming into force, the Company already had a sound corporate governance framework, good processes for the accurate and timely reporting of its financial position and results of operations and an effective and robust system of internal controls. Consequently, the Company's approach to compliance with the Act has principally involved the development and adjustment of its existing corporate governance framework and associated processes concerning reporting, internal controls and other relevant matters.

### Board structure and processes

#### Board composition, responsibilities and appointments

The Board comprises Executive and Non-Executive Directors. In the view of the Board, the majority of Board members excluding the Chairman are independent Non-Executive Directors. The differing roles of Executive Directors and Non-Executive Directors are clearly delineated, with both having fiduciary duties towards shareholders and all being collectively responsible for the success of the Company. However, Executive Directors have direct responsibility for business operations whereas the Non-Executive Directors have a responsibility to bring independent, objective judgement to bear on Board decisions. This includes constructively challenging management and helping to develop the Company's strategy. The Non-Executive Directors scrutinise the performance of management and have various responsibilities concerning the integrity of financial information, internal controls and risk management. To help maintain a strong executive presence on the Board in addition to the Executive Directors, Board meetings are attended by two members of the Senior Executive Team on a rotational basis.

The Board sets the Company's strategy and policies and monitors progress towards meeting its objectives. It also assesses whether its obligations to the Company's shareholders and others are understood and met. This includes regular reviews of the Company's financial performance and critical business issues.

There is an established and transparent procedure for appointments of new directors to the Board which is operated by the Nomination Committee. All of the Directors retire at each AGM and may offer themselves for re-election by shareholders. The Board reviews annually the status of succession to senior positions, including those at Board level, and ensures it has regular contact with and access to succession candidates.

At its meeting in December 2004, the Board conducted its annual review and assessment of how it operates. This was done without external facilitation and included consideration and discussion of the nature and level of its interaction with the Company's management; the quality, quantity and coverage of information which flows to the Board from management; the balance of the Board's time spent considering strategic issues compared to other matters; the content of Board meetings and presentations to Board meetings; the composition of the Board;

the practical arrangements for the work of the Board; and the work and operation of the Board's committees. Overall, Board members concluded that the Board and its committees were operating in an effective and constructive manner.

At the same meeting, the Chairman also reported to the Board on his conversations with each Non-Executive Director about their individual performance and that of the Board as a whole, which took place during the fourth quarter of 2004. As the Chairman's retirement was imminent, no formal review of his performance was conducted. The Non-Executive Directors reviewed the performance of the Chief Executive and the Chief Financial Officer in their absence.

#### **Chief Executive and the Senior Executive Team**

The Chief Executive, Sir Tom McKillop, has delegated authority from, and is responsible to, the Board for directing and promoting the profitable operation and development of the Company, consistent with the primary aim of enhancing long term shareholder value.

The Chief Executive is responsible to the Board for the management and performance of the Company's businesses within the framework of Company policies, reserved powers and routine reporting requirements. He is obliged to refer certain major matters (defined in the formal delegation of the Board's authority) back to the Board. The roles of the Board, the Board's committees, the Chairman, the Chief Executive and the Senior Executive Team are documented, as are the Company's delegated authorities and reserved powers, the means of operation of the business and the roles of corporate functions.

The Chief Executive has established and chairs the Senior Executive Team. While the Chief Executive retains full responsibility for the authority delegated to him by the Board, the Senior Executive Team is the vehicle through which he exercises that authority in respect of the Company's business (including Salick Health Care and Astra Tech).

The members of the Senior Executive Team are Jonathan Symonds, Chief Financial Officer; John Patterson, Executive Director, Development; Bruno Angelici, Executive Vice-President, Europe, Japan, Asia Pacific and ROW; David Brennan, Executive Vice-President, North America; Jan Lundberg, Executive Vice-President, Discovery Research; Martin Nicklasson, Executive Vice-President, Product Strategy & Licensing and Business Development; Barrie Thorpe, Executive Vice-President, Operations; and Tony Bloxham, Executive Vice-President, Human Resources.

#### **Internal controls and management of risk**

The Board has overall responsibility for the Company's system of internal controls, which aims to safeguard shareholders' investments and the Company's assets, and to ensure that proper accounting records are maintained and that the financial information used within the business and for publication is accurate, reliable and fairly presents the financial position of the Company and the results of its business operations. The Board is also responsible for reviewing the effectiveness of the system of internal controls. The system is designed to provide reasonable assurance of effective operations and compliance with laws and regulations, although any system of internal controls can only provide reasonable, not absolute, assurance against material misstatement or loss.

The Company views the careful management of risk as a key management activity. Through the adoption by the Board of a Group Risk & Control Policy and supporting standards, the Company aims to formalise the drive to manage business risks as a key element of all activities. These business risks, which may be strategic, operational, reputational, financial or environmental, should be understood and visible to all managers using a simple and flexible framework. The business context determines in each situation the level of acceptable risk and controls and managers are challenged to recognise and assess this actively and clearly.

#### **Code of Conduct**

The policy of the Company is to require all of its subsidiaries, and their employees, to observe the highest ethical standards of integrity and honesty and to act with due skill, care, diligence and fairness in the conduct of business. The Company's management recognises that such standards make a significant contribution to the overall control environment and seeks, by its words and actions, to reinforce them throughout the business. In particular, all employees are required to comply with the letter and spirit of the AstraZeneca Code of Conduct and with the high ethical standards detailed by the Company in support of it.

During 2004, the Senior Executive Team sponsored a review and re-structuring of the Company's full range of policies, standards and guidelines to ensure the hierarchy and content are clear and appropriate for ensuring people's understanding of what is expected of them at every level in the business. Following formal Board approval early in 2005, the new Group policies will be made available on a dedicated intranet site, the availability and purpose of which will be widely communicated throughout the organisation.

#### **Purchase of own shares**

The Company's stated distribution policy contains both a regular dividend cash flow and a share re-purchase component to give the Company more flexibility in managing its capital structure over time. In August 1999, the Company announced a \$2 billion share re-purchase programme to be completed by the end of 2002. This programme was completed ahead of schedule in the second quarter of 2002. In January 2002, the Company announced an additional \$2 billion re-purchase programme which was completed on schedule by the end of 2003. In January 2004, the Board approved a further \$4 billion re-purchase programme to be completed by the end of 2005.

The Board keeps under continuous review its shareholders' return strategy and restates its intention to grow dividends in line with earnings while maintaining dividend cover in the two to three times range. The Board also believes that the share re-purchase programme is a key part of shareholder return that addresses cash flow and potentially surplus capital. In the absence of strategic uses for cash, the Board expects to distribute the free cash flow generated over the next three years through dividends and share re-purchases.

During 2004, the Company purchased 50.1 million of its own Ordinary Shares with a nominal value of \$0.25 each for an aggregate cost of \$2,212 million. Following the purchase of these shares, they were all cancelled. This number of shares represents 3.0% of the Company's total issued share capital at 31 December 2004.

Since the beginning of the original re-purchase programme in 1999, the Company has purchased for cancellation in total 142.9 million of its own Ordinary Shares with a nominal value of \$0.25 each for an aggregate cost of \$6,171 million. This number of shares represents 8.7% of the Company's total issued share capital at 31 December 2004.

The Company continues to maintain robust controls in respect of all aspects of the share re-purchase programme to ensure compliance with English law and the Listing Rules of the UK Listing Authority. In particular, the Company's Disclosure Committee meets to ensure that the Company does not purchase its own shares during prohibited periods. At the AGM on 28 April 2005, the Company will seek a renewal of its current permission from shareholders to purchase its own shares.

## Remuneration policy

### Overall remuneration policy and purpose

The Company is committed to maintaining a dynamic performance culture in which every employee champions the growth of shareholder value, is clear about the Company's objectives, knows how their work impacts on those objectives and that they will benefit from achieving high levels of performance.

The Board has confirmed that the Company's overall remuneration policy and purpose is:

- > To attract and retain people of the quality necessary to sustain the Company as one of the best pharmaceutical companies in the world.
- > To motivate them to achieve the level of performance necessary to create sustained growth in shareholder value.

In order to achieve this, remuneration policy and practice is designed:

- > To closely align individual and team reward with business performance at each level.
- > To encourage employees to perform to their fullest capacity.
- > To encourage employees to align their interests with those of shareholders.
- > To support managers' responsibility to achieve business performance through people and for them to recognise superior performance, in the short and longer term.
- > To be as locally focused and flexible as is practicable and beneficial.
- > To be competitive and cost-effective in each of the relevant employment markets.
- > To be as internally consistent as is practicable and beneficial taking due account of market need.

The cost and value of the components of the remuneration package are considered as a whole and are designed:

- > To ensure a proper balance of fixed and variable performance-related components, linked to short and longer term objectives.
- > To reflect market competitiveness taking account of the total value of all of the benefit components.

Throughout 2004, the principal components contained in the total remuneration package, for employees as a whole, were:

- > Annual salary – based on conditions in the relevant geographic market, with the provision to recognise, in addition, the value of individuals' sustained personal performance, resulting from their ability and experience.
- > Annual bonus – a lump sum payment related to the targeted achievement of corporate, functional and individual goals, measured over a year and contained within a specific plan. The corporate goals are derived from the annual financial targets set by the Board and take into account external expectations of performance. The functional goals are agreed by the Remuneration Committee at the start of, and are monitored throughout, the year.
- > Longer term incentive – for selected groups, a longer term incentive targeted at the achievement of strategic objectives with close alignment to the interests of shareholders.
- > Pension arrangements which are appropriate to the relevant national market.
- > Other benefits such as holidays and sickness benefit which are cost-effective and compatible with the relevant national welfare arrangements.
- > Share participation – various plans provide the opportunity for employees to take a personal stake in the Company's wealth creation as shareholders.

The way in which these elements are combined and applied varies depending, for example, on market need and practice in various countries.

In 2004, for each Executive Director, the individual components were:

- > Annual salary – the actual salary for each of the Executive Directors is determined by the Remuneration Committee on behalf of the Board and established in sterling. These salaries reflect the experience and sustained performance of the individuals to whom they apply, as judged annually by the Remuneration Committee, taking account also of market competitiveness and the level of increases applicable to all other employees.

> Short term bonus:

- > The Chief Executive was eligible for an annual bonus related solely to the achievement of the targeted performance of earnings per share. The bonus payable was on a scale of 0-100% of salary and 50% of salary was payable for the achievement of target performance. This was derived from the financial targets set by the Board and took into account external expectations of performance. The bonus was not pensionable. In the light of the disappointing setbacks with *Exanta* and *Iressa* in 2004, the Remuneration Committee and Sir Tom McKillop agreed a reduction in his bonus. It was agreed that his bonus for 2004 should be reduced to a sum equivalent to 50% of the bonus he received in respect of 2003. This amounts to £430,000 (\$782,000). The Remuneration Committee was also mindful in setting the bonus for 2004 that all employees, including Sir Tom McKillop, who had an interest in shares throughout 2004, had seen the value of their shares fall significantly during the year, in common with other shareholders.
- > The Chief Financial Officer was eligible for an annual bonus related to the achievement of both the targeted performance of earnings per share and the achievement of performance measures relevant to his particular area of responsibility. The bonus payable was on a scale of 0-100% of salary and 50% of salary was payable for the achievement of target business performance. 80% of the bonus related to the achievement of the earnings per share target and 20% to the other performance measures. The bonus was not pensionable.
- > Longer term incentive – Executive Directors are also rewarded for improvement in the share price performance of the Company over a period of years by the grant of share options. The grant of options under the AstraZeneca Share Option Plan is determined by the Remuneration Committee, as are the performance targets that will apply and whether they will apply to the grant and/or exercise of options.

> Pension arrangements:

- > UK Executive Directors' pension arrangements – the Chief Executive is a member of the Company's main UK defined benefit pension plan. The normal pension age under this plan is 62. However, a member's accrued pension is available from age 60 without any actuarial reduction. In addition the accrued pension is available, unreduced, from age 57 if the Company consents to a request for early retirement and from age 50 if the retirement is at the Company's request.

On death in retirement, the accrued pension is guaranteed payable for the first five years of retirement and then reduces to two-thirds of this amount should there be a surviving spouse or other dependant. Any member may choose higher or lower levels of survivor's pensions at retirement, subject to Inland Revenue limits, in return for an adjustment to their own pension of equivalent actuarial value. Pensions are also payable to dependant children. In the event of a senior employee becoming incapacitated, then a pension is payable immediately as if such person had reached normal retirement age (subject to a maximum of 10 years additional service), based on current pensionable salary. In the event of death prior to retirement, dependants are entitled to a pension of two-thirds of the pension that would have been earned had such person remained in service to age 62 plus a capital sum of four times pensionable pay. Pensions in payment are increased annually in line with inflation, as measured by the UK Retail Prices Index, up to a maximum of 5%.

In respect of UK Executive Directors whose pensionable earnings are capped by the earnings limit imposed by the Finance Act 1989, unapproved defined contribution schemes are made available. Currently, only the Chief Financial Officer is affected by this limit. The Company has agreed to pay annually 50% of base salary in excess of the statutory earnings cap for the pension and associated tax liability, with the intention of providing equivalence of benefits with non-

capped UK Executive Directors. If this does not provide equivalence, the Company has agreed to make up the difference. The Company contribution in 2004 in respect of the pension element was £124,000 (\$225,000).

Other customary benefits (such as a car and health benefits) are also made available through participation in the Company's flexible benefits arrangements, which extend to the vast majority of the Company's UK and Swedish employees.

**Review of executive remuneration**

In 2000, the Company volunteered a commitment that a review of practice would take place in five years, taking account of the view of the Company's shareholders and the needs of the business at that time. This review took place during 2004.

The Remuneration Committee reviewed its basic philosophy and confirmed that in seeking to achieve sustained growth in shareholder value it would demand the highest level of performance from all employees with the Company conducting itself in a fair and moderate way, maintaining the highest standards of social responsibility and corporate governance. In order to achieve this, it must attract and retain Executive Directors and other senior executives of the highest quality, competing for them in the global employment market and providing appropriate rewards directly linked to top performance.

In the last five years, the Company has honoured its promise regarding shareholder dilution. Grants of options under the AstraZeneca Share Option Plan worldwide have amounted to 2.71% (plus 0.45% under the old Zeneca 1994 Executive Share Option Scheme). Dilution under other share plans has been 0.36%.

During this time, the Company has intensified its action to align reward directly with performance. For example, the business performance report has been developed. This contains the short and long term strategic objectives agreed annually with the Board and cascaded down throughout the Company; these are monitored quarterly and determine both short term bonus and long term awards. In addition, the reward of employees at all levels has become increasingly differentiated based on their individual performance.

In the review, the Remuneration Committee confirmed that the reward package of Executive Directors should be primarily benchmarked against major UK based companies with global operations similar to those of AstraZeneca, as opposed to alignment with the global industry practice. However, in appropriately balancing the total package towards the delivery of award for demonstrable performance, bonuses and incentives should provide for upper quartile opportunity for upper quartile performance.

During 2004, the Remuneration Committee sought the views of major shareholders. As it is five years since the last major review, the Committee identified that the competitive market place in major UK companies had developed and shareholder expectations had also changed. The Remuneration Committee has taken the views of shareholders into account in formulating proposals which focus upon performance-related pay and strengthened the links to measures which are aligned to the creation of shareholder value. These proposals, primarily for the Senior Executive Team, are closely aligned to current best practice and include:

- > An increase in the annual bonus opportunity linked to a broader assessment of performance together with a requirement for the Senior Executive Team to defer a portion of their bonus earned into shares for a period of three years. As a result of the most recent consultation, the basis of determining the annual bonus for the Senior Executive Team will be changed. In the past, the whole of the bonus of the Chief Executive and 80% of those of the others was determined by reference to earnings per share. For 2005, 50% will be determined by earnings per share, 25% by measures relating to the individual's particular area of responsibility and 25% by a balance of qualitative and quantitative measures which address the quality of business performance. The Remuneration Committee would reserve the right to modify the bonus outcome if it believed it did not reflect the underlying performance of the business.
- > The introduction of performance conditions on exercise of options granted under the AstraZeneca Share Option Plan with no re-test facility, in order to bring our policy in line with best practice.

## Remuneration policy continued

- > A requirement for executives to hold shares equivalent to one-times salary, and to retain the net number of shares acquired under the AstraZeneca Share Option Plan for at least six months after the option is exercised.
- > Subject to a shareholder vote at the AGM, the introduction of a new performance share plan based on the Company's total shareholder return relative to a global industry peer group. This test would be underpinned by the requirement of the Remuneration Committee to satisfy itself that any total shareholder return rewarded was a genuine reflection of the Company's underlying performance and it would explain its reasoning in the subsequent Directors' Remuneration Report.

The Board and the Remuneration Committee believe that bringing bonus and long term incentive opportunities closer to the market, subject to demanding performance conditions, will appropriately rebalance the proportion of reward so that variable performance-related pay is dominant and will significantly improve the Company's ability to attract and retain executives of the quality necessary to lead AstraZeneca in the future.

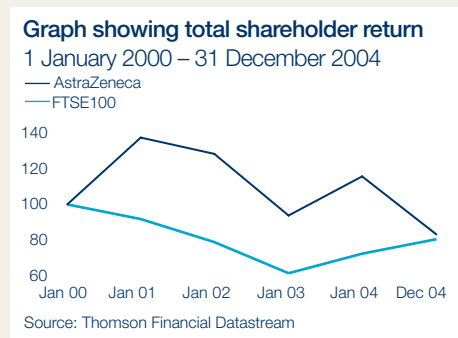
### Arrangements for Håkan Mogren and Åke Stavling

Håkan Mogren, formerly Executive Deputy Chairman, ceased to be an Executive Director and employee of the Company and became Non-Executive Deputy Chairman at the end of August 2003. Dr Mogren's remuneration arrangements as a result of this change were considered and approved by the Remuneration Committee in 2003, based on existing contracts and practice, and were fully disclosed in the Directors' Remuneration Report for 2003. Under these arrangements, Dr Mogren received compensation from the Company which was paid on a monthly basis until the end of August 2004. The sum received by Dr Mogren in respect of this compensation in 2004 is included in the disclosure of Directors' emoluments on page 33.

Åke Stavling, formerly an Executive Director, left the Company at the end of January 2003. Mr Stavling's leaving arrangements were considered and approved by the Remuneration Committee in 2002, based on existing contracts and practice, and were fully disclosed in the Directors' Remuneration Report for 2003. Under these arrangements, Mr Stavling is receiving compensation from the Company which is being paid on a monthly basis until the end of January 2005. The amount of this compensation is equivalent to two years' base annual salary. Mr Stavling was entitled to a notice period of two years under his service contract at the time he left the Company. The sum received by Mr Stavling in respect of this compensation in 2004 is included in the disclosure of Directors' emoluments on page 33.

### Graph showing total shareholder return

The UK Directors' Remuneration Report Regulations 2002 require the inclusion in the Annual Review of a graph showing total shareholder return (TSR) over a five year period in respect of a holding of the Company's shares, plotted against TSR in respect of a hypothetical holding of shares of a similar kind and number by reference to which a broad equity market index is calculated. This illustrates the Company's TSR performance against the broad equity market index selected. The Company is a member of the FTSE 100 Index and consequently, for the purposes of this graph which is set out below, we have selected the FTSE 100 Index as the appropriate index.



## Summary financial review

### Introduction

The purpose of this summary Financial Review, together with the therapy area review, is to provide a balanced and comprehensive analysis of the financial performance of the business during 2004 and the financial position as at the end of the year.

Our operations are focused on prescription pharmaceuticals and more than 97% of our sales are made in that sector. Sales of pharmaceutical products tend to be relatively insensitive to general economic circumstances in the short term. They are more directly influenced by medical needs and are generally financed by health insurance schemes or national healthcare budgets.

Our operating results in both the short and long term can be affected by a number of factors other than normal competition:

- > The risk of generic competition following loss of patent exclusivity or patent expiry, with the potential adverse effects on sales volumes and prices.
- > The timings of new product launches, which can be influenced by national regulators, and the risk that such new products do not succeed as anticipated.
- > The rate of sales growth and costs following new product launches.
- > The adverse impact on pharmaceutical prices as a result of the regulatory environment. Although there is no direct governmental control on prices in the US, pressures from individual state programmes and health insurance bodies are leading to downward forces on realised prices. In other parts of the world there are a variety of price and volume control mechanisms and retrospective rebates based on sales levels which are imposed by governments.
- > Currency fluctuations, which can significantly affect our results. Our functional and reporting currency is US dollars, as this is our single largest currency, but we have substantial exposures to other currencies, in particular significant euro and Japanese yen denominated income and sterling and Swedish krona denominated costs.

Over the longer term, the success of our research and development is crucial. In common with other pharmaceutical companies we devote substantial resources to R&D, the benefit of which emerges over the long term and carries considerable uncertainty as to whether it will generate future products.

The business events which were the most significant for our financial results in 2004 are as follows:

- > Strong sales performances from our key growth products to \$11,161 million (52% of sales), particularly in the second half of the year.
- > Slowing rate of decline of patent expired products, again in the second half of the year.

## Sales by growth, patent expiry and base products \$m

04	7,744	2,521	11,161	21,426
03	7,384	3,221	8,244	18,849
02	6,465	5,980	5,396	17,841

## Key

- Growth (*Atacand, Arimidex, Casodex, Crestor, Faslodex, Iressa, Nexium, Seroquel, Symbicort and Zomig*)
- Patent expiry (*Losec, Zestril and Nolvadex*)
- Base

- > Growth of *Crestor* sales to \$908 million, despite what we believe are unfounded allegations about safety.
- > Following a period of high investment in selling and marketing in support of *Nexium* and *Crestor* in the first half of 2004, we have reduced our cost growth rate significantly in the second half of the year.
- > The decision by the FDA not to approve *Exanta*, whilst not materially affecting sales in 2004, has led us to make provisions against product stocks, goodwill and other assets of \$151 million.
- > Similarly, the preliminary results of the ISEL study on *Iressa* reported in December 2004 have led to provisions against product stocks and manufacturing assets of \$85 million.
- > In the year, we disposed of our investment in the joint venture Advanta BV, realising an exceptional gain of \$219 million.

## Key Performance Indicators (KPIs)

The primary KPIs used by management to understand and manage the financial performance of the business include:

- > The analysis of sales growth with products allocated to three groups: "growth", "base" and "patent expiry" which allow us to understand how the business is regenerating itself in the short term.
- > Trends in prescription volumes which give insights into the underlying business growth as opposed to invoiced sales which depend on the timing of wholesaler demand.
- > Cost growth rates, through which we manage the cost base to ensure that it is growing appropriately in relation to sales.
- > Operating profit margin progression over time, which demonstrates the overall quality of the business.

## Results of operations

Results described in this section exclude the effects of exchange rate movements (unless otherwise stated) to reflect underlying performance.

## Sales

After excluding the effects of exchange, underlying sales for the full year increased by 9%. Global sales of key growth products reached \$11,161 million for the full year (up 30%) and now comprise 52% of total sales (compared to 44% in 2003). Patent expiry products declined by 28%, recording sales in aggregate

of \$2,521 million, 12% of our total sales in 2004. Sales of base products remained constant, although the relative percentage of total sales fell from 39% in 2003 to 36% in 2004.

In Gastrointestinal, *Nexium* sales reached \$3,883 million for the full year, up 15%. Sales in the US reached \$2,716 million on strong growth in dispensed tablet volume (up 20%).

Sales of Cardiovascular products increased by 17% for the full year, chiefly on sales of *Crestor*. *Crestor* sales totalled \$908 million including \$543 million in US sales. In the US, market share has been volatile, as a result of episodic media coverage of challenges to the *Crestor* safety profile, despite mounting evidence amassed from clinical trials experience and thorough analysis of post-marketing surveillance reports supporting our view that the safety profile of *Crestor* is in line with that of other marketed statins. We are determined to restore market share momentum, as we have done previously. In addition, discussions with the FDA are ongoing to determine whether there is a realistic prospect of bringing *Exanta* to the US market following the FDA's decision in October 2004 not to approve the product.

Oncology sales enjoyed strong growth with a notable performance from *Arimidex* (up 48%). The disappointing results from a preliminary analysis of the ISEL study into *Iressa* patients' survival had little impact on sales outside the US in 2004. In 2005 in the US, we anticipate a rapid reduction in new prescriptions and sales will be recognised on confirmed patient usage while commercial prospects have certainly been reduced in Western markets, the positive results in patients of East Asian origin offer the prospect of a continuing successful business in these important markets. Neuroscience also saw significant growth driven by *Seroquel* sales which increased by 33% to exceed \$2 billion for the first time. *Symbicort* sales growth of 32% to \$797 million was the principal contributor to growth of 8% in Respiratory and Inflammation sales.

In the US, the Inventory Management Agreements (IMAs) entered into during 2004 have successfully reduced wholesaler stock volatility and by the end of the year wholesaler stocks were close to target levels. Adjusting both 2004 and 2003 for wholesaler stock movements, it is estimated that total sales

growth for 2004 would increase from 9% to 11%.

## Geographical analysis

Underlying sales growth in the US was 10%. However, growth for the full year was estimated to be 15% when adjusted for net wholesaler stock movements in 2003 and 2004. Increased sales of *Crestor*, *Seroquel*, *Nexium* and *Arimidex* more than offset a further \$500 million decline in sales of *Prilosec* for the year.

Sales in Europe were up 3% for the full year, with increased volume partially offset by declining realised prices. The launch roll out for *Crestor* and good growth for *Nexium* (up 26%), *Symbicort* (up 29%), *Arimidex* (up 48%) and *Seroquel* (up 45%) more than offset declines in *Losec* (down 25%) and other mature products.

Sales in Japan were up 11% for the full year on strong performance in Oncology products (up 19%) and for *Losec* (up 24%).

## Operating margin and retained profit

Gross margin decreased by 0.2 percentage points to 76.0% reflecting costs associated with *Exanta* and *Iressa* offset by lower Merck payments. R&D and SG&A combined grew by 6%, with R&D growing by 3% and SG&A by 8%. These growth rates have slowed considerably during the year as product launch cost growth reached a plateau and strict cost control continued. Operating margin increased by 0.5 percentage points from 21.8% to 22.3%.

The disposal of the Advanta joint venture was completed on 1 September 2004 for a profit of \$219 million.

Excluding exceptional items, the effective tax rate for the full year 2004 was 27.1%. The post exceptional tax rate was 24.7%.

In 2004, a settlement was reached in respect of currency losses arising on intra-group balances in 2000 and a credit of \$357 million has been recorded in the statement of total recognised gains and losses.

Earnings per share before exceptional items grew by 18% from \$1.78 in 2003 to \$2.11 in 2004.

## Financial position

All data in this section are on an actual basis (unless noted otherwise).

## Summary financial review continued

The net book value of our assets increased from \$13,257 million at 31 December 2003 to \$14,519 million at 31 December 2004.

The increase was driven primarily by retained profit after dividends of \$2,258 million and exchange benefits of \$1,092 million less share re-purchases of \$2,212 million. Capital expenditure totalled \$1,063 million, compared with \$1,239 million in 2003. Major investments continued, particularly in R&D facilities. Additions to goodwill and intangible assets amounted to \$151 million and included an intangible arising from the collaboration agreement with Cambridge Antibody Technology of \$34 million. Stock levels at \$3,020 million were unchanged from 2003. Reductions in stock from tight operational management, high second half sales and provisions against *Exanta* and *Iressa* stocks were offset by exchange effects. Debtors increased from \$5,960 million to \$6,274 million reflecting increased trade debtors from higher sales in the fourth quarter of 2004 compared with the same period in 2003, together with exchange effects offset by decreases in tax balances. Creditors have risen from \$7,595 million to \$7,718 million – increases in trade creditors, exchange effects and the final dividend were compensated by decreases in tax balances.

### Cash flow and net funds

We continue to be a highly cash generative business. Although future operating cash flows may be affected by a number of factors as outlined above, we believe our cash resources will be sufficient for our present requirements and include sufficient cash for our existing capital programme, share re-purchase, and any costs of launching new products, as well as the potential buy-out of Merck's interests in 2008.

Cash generated from operating activities before exceptional cash outflows was \$6,069 million compared with \$4,617 million in 2003. The increase in cash is due to higher profits and minimal working capital outflows (\$9 million in 2004 compared to \$1,101 million in 2003). In 2003 all three components of working capital led to substantial cash outflows whereas in 2004 there were inflows on stocks (\$129 million) and creditors (\$71 million) offset by an outflow on debtors (\$209 million). Cash flow from working capital in the fourth quarter was notably strong due mainly to stocks which, when compared with September 2004, fell for the reasons above and debtors, which also fell because sales in December were lower than in September. Cash expenditure on exceptional items was \$8 million compared with \$391 million in 2003 (which included the payment of \$355 million in settlement of the *Zoladex* investigation). Tax paid for the year was \$1,246 million, compared to \$886 million in 2003. Tax cash paid in 2004 has increased compared to 2003 due to the greater utilisation of foreign exchange losses in 2003, reduced trading losses brought forward to 2004 and a

reduction in the level of accelerated capital allowances/tax reliefs in excess of depreciation in 2004.

Capital expenditure, including new fixed asset investments and intangible assets, totalled \$1,296 million.

During the year, an SEC-registered shelf debt programme was established with a total capacity of \$4 billion and in conjunction with this a \$750 million bond, repayable in 2014, was issued.

After accounting for dividends paid of \$1,378 million, net share re-purchases of \$2,110 million and exchange of \$34 million, there was a \$478 million increase in net cash funds, which totalled \$3,974 million at 31 December 2004.

### Capitalisation and shareholder return

During 2004 we returned \$3,590 million in cash to shareholders through a mix of share buybacks and dividends.

Under the programme of share re-purchases, approved by the Board in January 2004, we have re-purchased and cancelled 50.1 million shares in 2004 at a cost of \$2,212 million. Together with the previous programme begun in 1999 the total number of shares re-purchased to date is 142.9 million at a cumulative cost of \$6,171 million. Under a new policy approved by the Board in January 2005 we aim to distribute the free cash generated over the next three years to shareholders.

We regard our free cash as being cash flow before returns to shareholders and financing. For 2004 free cash was \$3,932 million (net cash inflow before management of liquid resources and financing of \$2,554 million before \$1,378 million dividends paid) compared to \$1,899 million in 2003.

We paid a first interim dividend for 2004 on 20 September 2004 of \$0.295 per Ordinary Share. A second interim dividend for 2004 of \$0.645 per Ordinary Share has been declared, which the Annual General Meeting will be asked to confirm as the final dividend. This, together with the first interim dividend, makes a total of \$0.940 for the year. It is our intention that dividends will increase broadly in line with earnings growth whilst maintaining dividend cover at around the middle of the two to two and a half times range.

### Future prospects

The setbacks with *Exanta* and *Iressa* are disappointing but the business remains robust. We expect continued sales growth, including strong prospects for *Nexium*, *Symbicort*, *Seroquel*, *Arimidex* and, with restoration of market share progress in the US, for *Crestor*. This sales growth coupled with disciplined cost management and productivity improvements should lead to good earnings growth in the next three years.

### International accounting

Under European legislation, we are required to adopt International Financial Reporting Standards (IFRSs) and International Accounting Standards (IASs) endorsed by the European Union (EU) in the preparation of our Financial Statements from 2005 onwards.

Our project to manage the transition of financial reporting from UK GAAP to international accounting has completed the majority of its work. On 25 October 2004 we published information with regard to 2003 and the first half of 2004, whilst on 27 January 2005, we issued data on the remainder of 2004. The changes in income and net assets from UK GAAP to international accounting can be summarised as follows:

	2004	2003
	\$m	\$m
<b>Income</b>		
UK GAAP	3,831	3,059
Share-based payments	(167)	(136)
Employee benefits	–	(15)
Business combinations	49	59
Financial instruments	(128)	(16)
Income tax	66	82
Others	19	3
<b>IFRS/IAS</b>	<b>3,670</b>	<b>3,036</b>

	2004	2003
	\$m	\$m
<b>Net assets</b>		
UK GAAP	14,519	13,257
Share-based payments	(1)	19
Employee benefits	(1,435)	(1,242)
Business combinations	106	57
Financial instruments	28	134
Income tax	128	(8)
Dividend	1,061	914
Others	112	78
<b>IFRS/IAS</b>	<b>14,518</b>	<b>13,209</b>

The major areas of ongoing impact on our net profit and shareholders' funds are likely to continue to be share-based payments, goodwill amortisation and deferred tax. The reconciliation from UK GAAP income in 2004 was also impacted by one-off gains on financial instruments that have been recognised in earlier years under IFRS/IAS. Further details can be found on our website, [astrazeneca.com](http://astrazeneca.com). The information was prepared on the basis of our best understanding of the standards endorsed by the EU that we will be subject to.

## Summary financial statements

These summary Financial Statements are a summary of information in the Group's annual Financial Statements, Directors' Report and Directors' Remuneration Report and do not contain sufficient information to allow for as full an understanding of the results and state of affairs of the Group as would be provided by the full annual Financial Statements, Directors' Report and Directors' Remuneration Report. Shareholders requiring more detailed information have the right to obtain, free of charge, a copy of the Group's last full Annual Report and Form 20-F Information, available from the Secretary at the registered office of the Company.

The summary Financial Statements on pages 28 to 33 were approved by the Board of Directors on 27 January 2005 and were signed on its behalf by:

Sir Tom McKillop, **Director**

Jonathan Symonds, **Director**

## Auditor's statement

### Auditor's statement to the members of AstraZeneca PLC, pursuant to section 251 of the Companies Act 1985

We have examined the summary Financial Statements set out on pages 28 to 33. This statement is made solely to the Company's members, as a body, in accordance with section 251 of the Companies Act 1985. Our work has been undertaken so that we might state to the Company's members those matters we are required to state to them in such a statement 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 and the Company's members as a body, for our work, for this statement, or for the opinions we have formed.

### Respective responsibilities of Directors and Auditor

The Directors are responsible for preparing the Annual Review 2004 in accordance with applicable United Kingdom law. Our responsibility is to report to you our opinion on the consistency of the summary Financial Statements within the Annual Review 2004 with the full annual Financial Statements, the Directors' Report and the Directors' Remuneration Report, and its compliance with the relevant requirements of section 251 of the Companies Act 1985 and the regulations made thereunder. We also read the other information contained in the summary Annual Review and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the summary Financial Statements.

### Basis of opinion

We conducted our work in accordance with Bulletin 1999/6 'The auditor's statement on the summary financial statement' issued by the Auditing Practices Board for use in the UK. Our report on the Group's full annual Financial Statements describes the basis of our audit opinion on those Financial Statements.

### Opinion

In our opinion the summary Financial Statements are consistent with the full annual Financial Statements, the Directors' Report and the Directors' Remuneration Report of AstraZeneca PLC for the year ended 31 December 2004 and comply with the applicable requirements of section 251 of the Companies Act 1985, and the regulations made thereunder.

27 January 2005

KPMG Audit Plc  
Chartered Accountants  
Registered Auditor  
8 Salisbury Square  
London EC4Y 8BB

## Group Profit and Loss Account for the year ended 31 December

	Before exceptional items \$m	Exceptional items \$m	2004 Total \$m
Group turnover	21,426	–	<b>21,426</b>
Operating costs	(16,971)	–	<b>(16,971)</b>
Other operating income	315	–	<b>315</b>
<b>Group operating profit</b>	<b>4,770</b>	<b>–</b>	<b>4,770</b>
Share of operating profits of joint venture	–	–	–
Profit on sale of interest in joint venture	–	219	<b>219</b>
Dividend income	6	–	<b>6</b>
<b>Profit on ordinary activities before interest</b>	<b>4,776</b>	<b>219</b>	<b>4,995</b>
Net interest	90	–	<b>90</b>
<b>Profit on ordinary activities before taxation</b>	<b>4,866</b>	<b>219</b>	<b>5,085</b>
Taxation	(1,321)	67	<b>(1,254)</b>
<b>Profit on ordinary activities after taxation</b>	<b>3,545</b>	<b>286</b>	<b>3,831</b>
Attributable to minorities	(18)	–	<b>(18)</b>
<b>Net profit for the financial year</b>	<b>3,527</b>	<b>286</b>	<b>3,813</b>
Dividends to shareholders			<b>(1,555)</b>
<b>Profit retained for the financial year</b>			<b>2,258</b>
Earnings per \$0.25 Ordinary Share before exceptional items	\$2.11	–	<b>\$2.11</b>
Earnings per \$0.25 Ordinary Share (basic)	\$2.11	\$0.17	<b>\$2.28</b>
Earnings per \$0.25 Ordinary Share (diluted)	\$2.11	\$0.17	<b>\$2.28</b>
Weighted average number of Ordinary Shares in issue (millions)			<b>1,673</b>

All activities were in respect of continuing operations. There were no material differences between reported profits and losses and historical cost profits and losses on ordinary activities before taxation.

## Group Statement of Total Recognised Gains and Losses for the year ended 31 December

	2004 \$m
<b>Net profit for the financial year</b>	<b>3,813</b>
Foreign exchange adjustments on consolidation	<b>713</b>
Tax on foreign exchange adjustments on consolidation	<b>379</b>
Translation differences on foreign currency borrowings	–
Tax on translation differences on foreign currency borrowings	–
<b>Total recognised gains and losses relating to the financial year</b>	<b>4,905</b>

Tax on foreign exchange adjustments on consolidation in 2004 includes a credit of \$357m in respect of foreign exchange losses arising in 2000.

\$m means millions of US dollars

	Before exceptional items \$m	Exceptional items \$m	2003 Total \$m	Before exceptional items \$m	Exceptional items \$m	2002 Total \$m
	18,849	–	18,849	17,841	–	17,841
	(14,938)	–	(14,938)	(13,728)	(350)	(14,078)
	200	–	200	243	–	243
	4,111	–	4,111	4,356	(350)	4,006
	–	–	–	–	–	–
	–	–	–	–	–	–
	2	–	2	1	–	1
	4,113	–	4,113	4,357	(350)	4,007
	89	–	89	30	–	30
	4,202	–	4,202	4,387	(350)	4,037
	(1,143)	–	(1,143)	(1,177)	–	(1,177)
	3,059	–	3,059	3,210	(350)	2,860
	(23)	–	(23)	(24)	–	(24)
	3,036	–	3,036	3,186	(350)	2,836
			(1,350)			(1,206)
			1,686			1,630
	\$1.78	–	\$1.78	\$1.84	–	\$1.84
	\$1.78	–	\$1.78	\$1.84	(\$0.20)	\$1.64
	\$1.78	–	\$1.78	\$1.84	(\$0.20)	\$1.64
			1,709			1,733

	2003 \$m	2002 \$m
	3,036	2,836
	1,361	971
	66	135
	–	6
	–	(2)
	4,463	3,946

Group Balance Sheet  
at 31 December

	2004 \$m	2003 \$m
<b>Fixed assets</b>		
Tangible fixed assets	8,083	7,536
Goodwill and intangible assets	2,826	2,884
Fixed asset investments	267	220
	<b>11,176</b>	<b>10,640</b>
<b>Current assets</b>		
Stocks	3,020	3,022
Debtors	6,274	5,960
Short term investments	4,091	3,218
Cash	1,055	733
	<b>14,440</b>	<b>12,933</b>
<b>Total assets</b>	<b>25,616</b>	<b>23,573</b>
<b>Creditors due within one year</b>		
Short term borrowings and overdrafts	(142)	(152)
Other creditors	(7,640)	(7,543)
	<b>(7,782)</b>	<b>(7,695)</b>
<b>Net current assets</b>	<b>6,658</b>	<b>5,238</b>
<b>Total assets less current liabilities</b>	<b>17,834</b>	<b>15,878</b>
<b>Creditors due after more than one year</b>		
Loans	(1,030)	(303)
Other creditors	(78)	(52)
	<b>(1,108)</b>	<b>(355)</b>
<b>Provisions for liabilities and charges</b>	<b>(2,207)</b>	<b>(2,266)</b>
<b>Net assets</b>	<b>14,519</b>	<b>13,257</b>
<b>Capital and reserves</b>		
Called-up share capital	411	423
Share premium account	550	449
Capital redemption reserve	36	23
Merger reserve	433	433
Other reserves	1,382	1,401
Profit and loss account	11,606	10,449
<b>Shareholders' funds – equity interests</b>	<b>14,418</b>	<b>13,178</b>
<b>Minority equity interests</b>	<b>101</b>	<b>79</b>
<b>Shareholders' funds and minority interests</b>	<b>14,519</b>	<b>13,257</b>

The Financial Statements on pages 28 to 33 were approved by the Board of Directors on 27 January 2005 and were signed on its behalf by:

Sir Tom McKillop  
Director

Jonathan Symonds  
Director

## Statement of Group Cash Flow for the year ended 31 December

	2004 \$m	2003 \$m	2002 \$m
<b>Cash flow from operating activities</b>			
Net cash inflow from trading operations	6,069	4,617	5,686
Cash outflow related to exceptional items	(8)	(391)	(93)
<b>Net cash inflow from operating activities</b>	<b>6,061</b>	<b>4,226</b>	<b>5,593</b>
<b>Returns on investments and servicing of finance</b>			
Interest received	119	117	142
Interest paid	(62)	(32)	(96)
Dividends received	6	2	–
Dividends paid by subsidiaries to minority interests	(5)	(11)	(11)
	58	76	35
<b>Tax paid</b>	<b>(1,246)</b>	<b>(886)</b>	<b>(795)</b>
<b>Capital expenditure and financial investment</b>			
Cash expenditure on tangible fixed assets	(1,063)	(1,282)	(1,340)
Cash expenditure on intangible assets	(151)	(233)	(268)
Cash expenditure on fixed asset investments	(117)	(120)	(1)
Disposals of fixed assets	35	38	66
	(1,296)	(1,597)	(1,543)
<b>Acquisitions and disposals</b>			
Disposals of business operations	355	80	–
<b>Equity dividends paid to shareholders</b>	<b>(1,378)</b>	<b>(1,222)</b>	<b>(1,234)</b>
<b>Net cash inflow before management of liquid resources and financing</b>	<b>2,554</b>	<b>677</b>	<b>2,056</b>
<b>Management of liquid resources and financing</b>			
Movement in short term investments and fixed deposits (net)	(862)	771	(806)
Financing	727	(345)	(118)
Net share re-purchases	(2,110)	(1,107)	(1,154)
<b>Increase/(decrease) in cash in the year</b>	<b>309</b>	<b>(4)</b>	<b>(22)</b>
Cash (inflow)/outflow from (increase)/decrease in loans and short term borrowings	(727)	345	118
Cash outflow/(inflow) from increase/(decrease) in short term investments	862	(771)	806
Change in net funds resulting from cash flows	444	(430)	902
Exchange movements	34	82	75
<b>Movement in net funds</b>	<b>478</b>	<b>(348)</b>	<b>977</b>

## Dividends

	2004 Per share	2003 Per share	2002 Per share	2004 \$m	2003 \$m	2002 \$m
Interim, paid on 20 September 2004	<b>\$0.295</b>	\$0.255	\$0.230	<b>494</b>	436	398
Second interim, to be confirmed as final, payable 21 March 2005	<b>\$0.645</b>	\$0.540	\$0.470	<b>1,061</b>	914	808
	<b>\$0.940</b>	\$0.795	\$0.700	<b>1,555</b>	1,350	1,206

## Earnings per share

	2004	2003	2002
Net profit for the financial year before exceptional items (\$m)	<b>3,527</b>	3,036	3,186
Exceptional items after tax (\$m)	<b>286</b>	–	(350)
Net profit for the financial year (\$m)	<b>3,813</b>	3,036	2,836
Earnings per Ordinary Share before exceptional items	<b>\$2.11</b>	\$1.78	\$1.84
Earnings/(loss) per Ordinary Share on exceptional items	<b>\$0.17</b>	–	(\$0.20)
Earnings per Ordinary Share	<b>\$2.28</b>	\$1.78	\$1.64
Diluted earnings per Ordinary Share before exceptional items	<b>\$2.11</b>	\$1.78	\$1.84
Diluted earnings/(loss) per Ordinary Share on exceptional items	<b>\$0.17</b>	–	(\$0.20)
Diluted earnings per Ordinary Share	<b>\$2.28</b>	\$1.78	\$1.64
Weighted average number of Ordinary Shares in issue for basic earnings (millions)	<b>1,673</b>	1,709	1,733
Dilutive impact of share options outstanding (millions)	<b>2</b>	3	2
Diluted average number of Ordinary Shares in issue (millions)	<b>1,675</b>	1,712	1,735

There are no options, warrants or rights outstanding in respect of unissued shares except for employee share option schemes. The earnings figures used in the calculations above are unchanged for diluted earnings per Ordinary Share. Earnings per Ordinary Share before exceptional items have been calculated to eliminate the impact of exceptional items on the results of the business.

## Emoluments of Directors

The aggregate remuneration, excluding pension contributions, paid to or accrued for all Directors and officers of the Company for services in all capacities during the year ended 31 December 2004 was £10 million (\$17 million). Remuneration of individual Directors is set out below in sterling and US dollars. All salaries, fees and bonuses for Directors are established in sterling.

	Salary and fees £'000	Bonuses £'000	Taxable benefits £'000	Other £'000	Total 2004 £'000	Total 2003 £'000	Total 2002 £'000
<b>Sterling</b>							
Percy Barnevik	250	–	–	–	250	250	250
Sir Tom McKillop	958	430	1	22 <sup>1</sup>	1,411	1,790	1,479
Jonathan Symonds	559	314	7	90 <sup>2</sup>	970	1,071	909
Sir Peter Bonfield	76	–	–	–	76	74	46
John Buchanan	61	–	–	–	61	53	33 <sup>4</sup>
Jane Henney	54	–	–	–	54	49	60
Michele Hooper	43	–	–	–	43	19 <sup>4</sup>	–
Joe Jimenez	43	–	–	–	43	19 <sup>4</sup>	–
Håkan Mogren	29 <sup>4</sup>	–	–	450 <sup>3</sup>	479	1,246	1,347
Erna Möller	54	–	–	–	54	49	62
Dame Bridget Ogilvie	54	–	–	–	54	49	62
Louis Schweitzer	31 <sup>4</sup>	–	–	–	31	–	–
Marcus Wallenberg	46	–	–	–	46	46	42
<b>Former Directors</b>							
Karl von der Heyden	19 <sup>4</sup>	–	–	–	19	55	47
Åke Stavling	–	–	–	435 <sup>3</sup>	435	489	835
Others	–	–	–	–	–	–	621
<b>Total</b>	<b>2,277</b>	<b>744</b>	<b>8</b>	<b>997</b>	<b>4,026</b>	<b>5,259</b>	<b>5,793</b>

<sup>1</sup> Relates to relocation allowances; <sup>2</sup> Payment for pension related tax liabilities; <sup>3</sup> Compensation payment; <sup>4</sup> Part year only.

	Salary and fees \$'000	Bonuses \$'000	Taxable benefits \$'000	Other \$'000	Total 2004 \$'000	Total 2003 \$'000	Total 2002 \$'000
<b>US dollars</b>							
Percy Barnevik	455	–	–	–	455	403	373
Sir Tom McKillop	1,742	782	2	40 <sup>1</sup>	2,566	2,886	2,208
Jonathan Symonds	1,016	571	13	164 <sup>2</sup>	1,764	1,726	1,357
Sir Peter Bonfield	138	–	–	–	138	119	68
John Buchanan	111	–	–	–	111	86	49 <sup>4</sup>
Jane Henney	98	–	–	–	98	79	90
Michele Hooper	78	–	–	–	78	31 <sup>4</sup>	–
Joe Jimenez	78	–	–	–	78	31 <sup>4</sup>	–
Håkan Mogren	53 <sup>4</sup>	–	–	818 <sup>3</sup>	871	2,008	2,010
Erna Möller	98	–	–	–	98	79	93
Dame Bridget Ogilvie	98	–	–	–	98	79	93
Louis Schweitzer	56 <sup>4</sup>	–	–	–	56	–	–
Marcus Wallenberg	84	–	–	–	84	74	63
<b>Former Directors</b>							
Karl von der Heyden	35 <sup>4</sup>	–	–	–	35	89	70
Åke Stavling	–	–	–	791 <sup>3</sup>	791	788	1,246
Others	–	–	–	–	–	–	927
<b>Total</b>	<b>4,140</b>	<b>1,353</b>	<b>15</b>	<b>1,813</b>	<b>7,321</b>	<b>8,478</b>	<b>8,647</b>

<sup>1</sup> Relates to relocation allowances; <sup>2</sup> Payment for pension related tax liabilities; <sup>3</sup> Compensation payment; <sup>4</sup> Part year only.

As described fully in the AstraZeneca Annual Report and Form 20-F Information 2003 and noted on page 24 of the Annual Review 2004, compensation payments to Håkan Mogren and Åke Stavling were £450,000 (\$818,000) and £435,000 (\$791,000), respectively and are included within Other in the above tables.

## Group financial record

For the years ended 31 December	2000 \$m	2001 \$m	2002 \$m	2003 \$m	2004 \$m
<b>Turnover and profits</b>					
Group turnover	17,882	16,222	17,841	18,849	21,426
Cost of sales	(5,270)	(4,232)	(4,520)	(4,469)	(5,150)
Distribution costs	(286)	(122)	(141)	(162)	(177)
Research and development	(2,893)	(2,773)	(3,069)	(3,451)	(3,803)
Selling, general and administrative expenses	(5,691)	(5,509)	(6,348)	(6,856)	(7,841)
Other income	266	368	243	200	315
Group operating profit	4,008	3,954	4,006	4,111	4,770
Group operating profit before exceptional items	4,330	4,156	4,356	4,111	4,770
Exceptional items charged to operating profit	(322)	(202)	(350)	-	-
Profit on sale of interest in joint venture	-	-	-	-	219
Share of operating profit of joint ventures and associates	(149)	-	-	-	-
Exceptional items	(150)	-	-	-	-
Profits on sale of fixed assets	-	10	-	-	-
Dividend income	3	8	1	2	6
Net interest	135	105	30	89	90
Profit on ordinary activities before taxation	3,847	4,077	4,037	4,202	5,085
Taxation	(1,560)	(1,160)	(1,177)	(1,143)	(1,254)
Profit on ordinary activities after taxation	2,287	2,917	2,860	3,059	3,831
Attributable to minorities	(10)	(11)	(24)	(23)	(18)
Net profit for the financial year	2,277	2,906	2,836	3,036	3,813
<b>Return on sales</b>					
Group operating profit before exceptional items as a percentage of sales	24.2%	25.6%	24.4%	21.8%	22.3%
<b>Ratio of earnings to fixed charges (UK GAAP)</b>					
	25.2	42.8	45.6	103.5	98.2
<b>Balance sheet</b>					
At 31 December					
Fixed assets (tangible and intangible) and goodwill					
Fixed assets (tangible and intangible) and goodwill	7,908	8,109	9,404	10,420	10,909
Fixed asset investments	11	23	46	220	267
Current assets					
Current assets	10,938	10,364	12,126	12,933	14,440
Total assets	18,857	18,496	21,576	23,573	25,616
Creditors due within one year					
Creditors due within one year	(6,897)	(6,480)	(8,215)	(7,695)	(7,782)
Total assets less current liabilities	11,960	12,016	13,361	15,878	17,834
Creditors due after more than one year					
Creditors due after more than one year	(927)	(787)	(362)	(355)	(1,108)
Provisions for liabilities and charges					
Provisions for liabilities and charges	(1,617)	(1,600)	(1,773)	(2,266)	(2,207)
Net assets					
Net assets	9,416	9,629	11,226	13,257	14,519
Shareholders' funds – equity interests					
Shareholders' funds – equity interests	9,389	9,586	11,172	13,178	14,418
Minority equity interests					
Minority equity interests	27	43	54	79	101
Shareholders' funds and minority interests					
Shareholders' funds and minority interests	9,416	9,629	11,226	13,257	14,519
<b>Cash flow</b>					
For the years ended 31 December					
Net cash inflow from operating activities					
Net cash inflow from operating activities	4,183	3,762	5,593	4,226	6,061
Returns on investments and servicing of finance					
Returns on investments and servicing of finance	19	156	35	76	58
Tax paid					
Tax paid	(648)	(792)	(795)	(886)	(1,246)
Capital expenditure and financial investment					
Capital expenditure and financial investment	(1,426)	(1,543)	(1,543)	(1,597)	(1,296)
Acquisitions and disposals					
Acquisitions and disposals	740	(44)	-	80	355
Equity dividends paid to shareholders					
Equity dividends paid to shareholders	(1,220)	(1,236)	(1,234)	(1,222)	(1,378)
Net cash inflow before management of liquid resources and financing					
Net cash inflow before management of liquid resources and financing	1,648	303	2,056	677	2,554

## Shareholder information

<b>AstraZeneca</b>	2000	2001	2002	2003	2004
<b>Ordinary Shares in issue</b> – millions					
At year end	1,766	1,745	1,719	1,693	<b>1,645</b>
Weighted average for year	1,768	1,758	1,733	1,709	<b>1,673</b>
<b>Stock market price</b> – per \$0.25 Ordinary Share					
Highest (pence)	3600	3555	3625	2868	<b>2749</b>
Lowest (pence)	1926	2880	1799	1820	<b>1863</b>
At year end (pence)	3375	3098	2220	2680	<b>1889</b>
Earnings per \$0.25 Ordinary Share before exceptional items	\$1.62	\$1.73	\$1.84	\$1.78	<b>\$2.11</b>
Earnings per \$0.25 Ordinary Share (basic)	\$1.30	\$1.65	\$1.64	\$1.78	<b>\$2.28</b>
Earnings per \$0.25 Ordinary Share (diluted)	\$1.30	\$1.65	\$1.64	\$1.78	<b>\$2.28</b>
Dividends	\$0.70*	\$0.70	\$0.70	\$0.795	<b>\$0.94</b>

\* In addition, shareholders received a distribution of shares in Syngenta AG as a dividend in specie in respect of the demerger of Zeneca Agrochemicals.

**Percentage analysis at 31 December 2004 of issued share capital**

By size of account	2004
No. of shares	%
1 – 250	<b>0.6</b>
251 – 500	<b>0.8</b>
501 – 1,000	<b>1.0</b>
1,001 – 5,000	<b>1.5</b>
5,001 – 10,000	<b>0.2</b>
10,001 – 50,000	<b>1.2</b>
50,001 – 1,000,000	<b>12.4</b>
over 1,000,000†	<b>82.3</b>
Issued share capital	<b>100.0</b>

† Includes VPC and ADR holdings

At 31 December 2004, AstraZeneca PLC had 161,077 registered holders of 1,645,051,891 Ordinary Shares of \$0.25 each. In addition, there were approximately 45,000 holders of American Depositary Receipts (ADRs) representing 8.82% of the issued share capital and 161,000 holders of shares held under the VPC Services Agreement representing 22.63% of the issued share capital. The ADRs, each of which is equivalent to one Ordinary Share, are issued by JPMorgan Chase Bank.

**Financial calendar 2005**

28 April 2005	Annual General Meeting and announcement of first quarter 2005 results
28 July 2005	Announcement of second quarter and first half 2005 results
27 October 2005	Announcement of third quarter and nine months 2005 results

**Dividend payments**

The record date for the second interim dividend for 2004, payable on 21 March 2005 (in the UK, the US and Sweden), is 11 February 2005. Shares trade ex-dividend on the London and Stockholm Stock Exchanges from 9 February 2005 and ADRs trade ex-dividend on the New York Stock Exchange from the same date. From 2005, dividends will normally be paid as follows:

First interim: Announced end of July and paid in September.  
Second interim: Announced end of January and paid in March.

The record date for the first interim dividend for 2005, payable on 19 September 2005 (in the UK, the US and Sweden), is 12 August 2005.

2004 dividend	\$	pence	SEK	Payment date
First interim dividend	0.295	16.0	2.200	20 September 2004
Second interim dividend	0.645	34.3	4.497	21 March 2005
<b>Total dividend</b>	<b>0.940</b>	<b>50.3</b>	<b>6.697</b>	

**Shareview**

AstraZeneca's shareholders with internet access may visit [shareview.co.uk](http://shareview.co.uk) and register their details to create a portfolio. Shareview is a free and secure on-line service from Lloyds TSB Registrars that gives access to shareholdings including balance movements, indicative share prices and information about recent dividends.

**ShareGift**

AstraZeneca welcomes and values all its shareholders, no matter how many or how few shares they own. However, shareholders who have only a small number of shares whose value makes it uneconomic to sell them, either now or at some stage in the future, may wish to consider donating them to charity through ShareGift, an independent charity share donation scheme. One feature of the scheme is that there is no gain or loss for capital gains tax purposes on gifts of shares through ShareGift and it may now also be possible to obtain income tax relief on the donation. Further information about ShareGift can be found on its website, [sharegift.org](http://sharegift.org), or by contacting ShareGift on 020 7337 0501 or at 46 Grosvenor Street, London W1K 3HN. More information about the tax position on gifts of shares to ShareGift can be obtained from the Inland Revenue whose website address is [inlandrevenue.gov.uk](http://inlandrevenue.gov.uk). The share transfer form needed to make a donation may be obtained from the AstraZeneca Registrar, Lloyds TSB Registrars whose address can be found on the back cover of this document. ShareGift is administered by The Orr Mackintosh Foundation, registered charity number 1052686.

**The Unclaimed Assets Register**

AstraZeneca supplies unclaimed dividend data to the Unclaimed Assets Register (UAR) which provides investors who have lost track of shareholdings with an opportunity to search the UAR's database of unclaimed financial assets on payment of a small, fixed fee. The UAR donates part of the search fee to charity. The UAR can be contacted at Leconfield House, Curzon Street, London W1J 5JA and at [uar.co.uk](http://uar.co.uk).

The contents of this AstraZeneca Annual Review are derived wholly and exclusively from the AstraZeneca Annual Report and Form 20-F Information for the financial year ended 31 December 2004, to which the reader is referred for additional analytical information.

**Trade marks**

Trade marks of the AstraZeneca group of companies appear throughout this document in italics. AstraZeneca, the AstraZeneca logotype and the AstraZeneca symbol are all trade marks of the AstraZeneca group of companies.

**Use of terms**

In this Annual Review 2004, unless the context otherwise requires, 'AstraZeneca', 'the Group', 'the Company', 'we', 'us' and 'our' refer to AstraZeneca PLC and its consolidated entities.

**Cautionary statement regarding forward-looking statements**

In order to utilise the 'safe harbour' provisions of the US Private Securities Litigation Reform Act 1995, we are providing the following cautionary statement: This Annual Review 2004 contains certain forward-looking statements about AstraZeneca. Although we believe our expectations are based on reasonable assumptions, any forward-looking statements may be influenced by factors that could cause actual outcomes and results to be materially different from those predicted. 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 loss or expiration of patents, marketing exclusivity or trade marks; exchange rate fluctuations; the risk that R&D will not yield new products that achieve commercial success; the impact of competition, price controls and price reductions; taxation risks; the risk of substantial product liability claims; the impact of any failure by third parties to supply materials or services; the risk of delay to new product launches; the difficulties of obtaining and maintaining governmental approvals for products; and the risk of environmental liabilities.

**Statements of competitive position**

Except as otherwise stated, market information in this Annual Review 2004 regarding the position of our business or products relative to its or their competition is based upon published statistical data for the 12 months ended 30 September 2004, obtained from IMS Health, a leading supplier of statistical data to the pharmaceutical industry. Except as otherwise stated, these market share and industry data from IMS Health have been derived by comparing our sales revenue to competitors' and total market sales revenues for that period.

**Statements of growth rates**

Except as otherwise stated, growth rates in this Annual Review 2004 are given at constant exchange rates (CER).

**AstraZeneca websites**

Information on our websites, including [astrazeneca.com](http://astrazeneca.com) and [rosuvastatininformation.com](http://rosuvastatininformation.com) does not form part of this document.

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