

The development of *Symbicort pMDI* for COPD and paediatric asthma in the US is on track, with regulatory submissions for both indications scheduled for the second quarter of 2008. Our existing regulatory filings for *Symbicort pMDI* in the EU for asthma and COPD are scheduled to be supplemented with data supporting two additional strengths in the second half of 2008.

A regulatory submission in Japan for *Symbicort* for the treatment of asthma in adults and adolescents (from 16 years and above) was filed in May 2007.

Our three-year partnership with Dynavax Technologies Corporation, which began in 2006, continues to pursue opportunities in the field of toll-like receptor 9 (TLR 9) for use in asthma and COPD. Dynavax has unique competence in generating immunostimulatory DNA sequences that activate TLR 9. The alliance should enable us to expand our portfolio of small molecule and biological drugs to treat asthma and COPD.

In February 2007, we announced a major discovery alliance with Argenta Discovery Limited aimed at identifying improved bronchodilators to treat COPD. A team of scientists from each company will collaborate in order to identify long-acting muscarinic antagonist (LAMA) and dual-acting muscarinic antagonist- β_2 agonist (MABA) candidate drugs.

In May 2007, we agreed to acquire the paediatric asthma business of Verus Pharmaceuticals, Inc., which includes the North American rights to CyDex Captisol™ enabled budesonide solution and a proprietary albuterol formulation. This deal also includes the North American rights to the agreement Verus Pharmaceuticals has with PARI, the German medical device company that makes eFlow™, a novel nebuliser. The transaction will potentially allow us to provide patients and carers with new products that may be administered with a smaller, more portable nebuliser that could administer the medicine in less time than the current therapy, thereby improving treatment adherence in paediatric asthma patients.

In July 2007, we established an R&D collaboration with Silence Therapeutics plc, primarily in the respiratory field. The three-year collaboration is intended to discover and develop proprietary siRNA molecules against up to five specific targets provided by AstraZeneca. Silence Therapeutics and AstraZeneca will jointly collaborate in the early phase of identification and optimisation of novel siRNA molecules. We will retain full responsibility for clinical development and commercialisation.

Our early R&I small molecule pipeline includes novel compounds that target high unmet medical needs with a focus on COPD, but also asthma and musculoskeletal diseases. Compounds are in development for both oral administration and inhalation.

MedImmune

Multiple programmes are being pursued by MedImmune to develop targeted treatments for a variety of R&I diseases. An important area of focus is the potential control of asthma symptoms. MedImmune programmes targeting asthma include a phase II trial studying CAT-354, a fully human monoclonal antibody (MAb) targeting interleukin-13 (IL-13) in patients with severe asthma, continuing trials studying MAbs targeting the interleukin-5 receptor (IL-5R) (MEDI-563) and interleukin-9 (IL-9) (MEDI-528), in phase I and II respectively; and an early-stage clinical trial being led by researchers at Yale University studying the role of a chitinase-like protein (YKL-40) as a potential new biomarker for determining asthma severity, and its role in the pathobiology of the disease.

MedImmune is also carrying out a phase I study assessing the safety and efficacy of an anti-interferon-alpha treatment (MEDI-545), which has shown consistent evidence of clinical activity across multiple measures of disease in patients with mild-to-moderate systemic lupus erythematosus.

The first phase I study of CAM-3001 has been initiated to evaluate the safety and tolerability of single doses in patients with rheumatoid arthritis. CAM-3001 is a MAb targeting the alpha sub-unit of the granulocyte-macrophage colony stimulating factor receptor (GM-CSFR). The phase I study is the first clinical trial in which a MAb targeting GM-CSFR is being investigated in this population. During 2007, MedImmune acquired exclusive development rights to the CAM-3001 programme from CSL Limited.

PERFORMANCE 2007

Reported performance

Continued growth from *Symbicort* drove the increase in reported sales for Respiratory and Inflammation, which grew by 18% from \$3,151 million in 2006 to \$3,711 million in 2007.

Underlying performance

On a constant exchange rate basis, sales in Respiratory and Inflammation increased by 12%.

Symbicort sales for the full year were up 22% to \$1,575 million. Sales in Western Europe were up 16%, with market share up another point in the last 12 months, aided by the

rollout of the *Symbicort SMART* regime and growth from use in COPD. Good growth for the year was achieved in Canada (up 25%) and in Emerging Markets (up 26%). Sales in the US were \$50 million since launch at the end of June 2007. Specialist physicians have rapidly adopted the product; nearly 75% of allergists and more than 60% of pulmonary specialists in our target audience have prescribed *Symbicort*. Share of new prescriptions for fixed combination products was 5.8% in the week ending 18 January 2008; market share of patients newly starting combination therapy is over 11.5%.

Pulmicort sales increased by 10% to \$1,454 million. US sales increased 15% for the full year to \$964 million. *Pulmicort Respules* sales in the US were up by more than 20% for the full year, on estimated volume growth of 15%. Of the approximately six million children under the age of eight who are treated for asthma, more than one million benefit from treatment with *Pulmicort Respules*. Sales in other markets were unchanged for the year.

Rhinocort sales fell by 4% to \$354 million, with a 9% decline in the US being compensated by small gains elsewhere.

PERFORMANCE 2006

Reported performance

Sales in the R&I therapeutic area grew by 10% from \$2,873 million in 2005 to \$3,151 million in 2006. *Pulmicort* and *Symbicort* were the major contributors to this growth.

Underlying performance

On a constant exchange rate basis, sales in R&I increased by 10%.

Sales of *Symbicort* increased by 18% to \$1,184 million on continued market growth and share gains in Europe, where sales were \$1,018 million. Sales in other markets reached \$166 million.

Worldwide sales of *Pulmicort* were up 11% to \$1,292 million. Once again, the primary driver for growth was *Pulmicort Respules* in the US, where sales were up 24%. Volume growth in the US was approximately 10%, with price changes, managed care rebate adjustments and inventory movements also contributing to the sales growth. *Pulmicort* sales in the rest of the world were \$457 million.

Rhinocort sales were down 7% to \$360 million, chiefly on sales of *Rhinocort Aqua* in the US market (down 9%).