

ASTRAZENECA PLC
Form 6-K
March 06, 2007

FORM 6-K

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Report of Foreign Issuer

Pursuant to Rule 13a-16 or 15d-16 of
the Securities Exchange Act of 1934

Date of Reports: 28 February 2007

Commission File Number: 001-11960

AstraZeneca PLC

15 Stanhope Gate, London W1K 1LN, England

Indicate by check mark whether the registrant files or will file annual reports under cover of
Form 20-F or Form 40-F.

Form 20-F X Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by
Regulation S-T Rule 101(b)(1):

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by
Regulation S-T Rule 101(b)(7):

Indicate by check mark whether the registrant by furnishing the information contained in this
Form is also thereby furnishing the information to the Commission pursuant to Rule
12g3-2(b) under the Securities Exchange Act of 1934.

Yes No X

If Yes is marked, indicate below the file number assigned to the Registrant in connection
with Rule 12g3-2(b): 82-

AstraZeneca PLC

INDEX TO EXHIBITS

1. Annual Review & Summary Financial Statements 2006
 2. Corporate Responsibility Summary Report 2006
-

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

AstraZeneca PLC

Date: 6 March 2007

By: /s/ J W Hoskins

Name: J W Hoskins

Title: Assistant Secretary

Item 1

YOUR SHARES AT A GLANCE

DIVIDEND AND PAYMENT DATES

DIVIDEND FOR 2006	\$ PENCE		SEK	PAYMENT DATE
First interim dividend	0.49	26.6	3.60	18 September 2006
Second interim dividend	1.23	63.0	8.60	19 March 2007
Total	1.72	89.6	12.20	

RETURNS TO SHAREHOLDERS

DIVIDENDS AND SHARE RE-PURCHASES

\$M

ASTRAZENECA IN BRIEF

- > WE DISCOVER, DEVELOP, MANUFACTURE AND MARKET PRESCRIPTION PHARMACEUTICALS FOR IMPORTANT AREAS OF HEALTHCARE: CANCER, CARDIOVASCULAR, GASTROINTESTINAL, INFECTION, NEUROSCIENCE, AND RESPIRATORY AND INFLAMMATION.
- > BROAD PRODUCT RANGE, INCLUDING MANY WORLD LEADERS AND A NUMBER OF KEY GROWTH PRODUCTS: *ARIMIDEX*, *CRESTOR*, *NEXIUM*, *SEROQUEL* AND *SYMBICORT*.
- > ACTIVE IN OVER 100 COUNTRIES WITH GROWING PRESENCE IN IMPORTANT EMERGING MARKETS; CORPORATE OFFICE IN LONDON, UK; MAJOR R&D SITES IN SWEDEN, THE UK AND THE US.
- > OVER 66,000 EMPLOYEES (58% IN EUROPE, 27% IN THE AMERICAS AND 15% IN ASIA, AFRICA AND AUSTRALASIA).
- > AROUND 12,000 PEOPLE AT 16 R&D CENTRES IN 8 COUNTRIES.
- > 27 MANUFACTURING SITES IN 19 COUNTRIES.

EARNINGS PER SHARE

**EARNINGS PER SHARE AFTER
EXCEPTIONAL ITEMS
EARNINGS PER SHARE BEFORE
EXCEPTIONAL ITEMS**

STATEMENTS OF GROWTH RATES, SALES AND MARKET DATA

Except as otherwise stated, growth rates and sales in this Annual Review are given at constant exchange rates (CER) to show underlying performance by excluding the effects of exchange rate movements. Market data are given in actual US dollars.

Definitions of performance measurements are set out in the Summary Financial Review.

> **WE SPEND OVER \$16 MILLION EACH WORKING DAY ON
DISCOVERING AND DEVELOPING NEW MEDICINES.**

CONTENTS

<u>CHAIRMAN'S STATEMENT</u>	<u>1</u>	<u>SUMMARY FINANCIAL STATEMENTS</u>	<u>41</u>
<u>CHIEF EXECUTIVE OFFICER'S REVIEW</u>	<u>2</u>	<u>Independent auditors' statement</u>	<u>41</u>
<u>PATIENTS</u>	<u>6</u>	<u>Consolidated income statement</u>	<u>42</u>
<u>PRODUCTS</u>	<u>12</u>	<u>Consolidated statement of recognised income and expense</u>	<u>42</u>
<u>PEOPLE</u>	<u>20</u>	<u>Consolidated balance sheet</u>	<u>43</u>
<u>PERFORMANCE</u>	<u>24</u>	<u>Consolidated cash flow statement</u>	<u>44</u>
<u>STRATEGY</u>	<u>26</u>	<u>Dividends</u>	<u>45</u>
<u>MEASURING PERFORMANCE</u>	<u>27</u>	<u>Earnings per share</u>	<u>45</u>
<u>SUMMARY FINANCIAL REVIEW</u>	<u>28</u>	<u>Subsequent events</u>	<u>45</u>
<u>BOARD OF DIRECTORS</u>	<u>32</u>	<u>Directors' emoluments</u>	<u>46</u>
<u>SUMMARY GOVERNANCE</u>	<u>34</u>	<u>GROUP FINANCIAL RECORD</u>	<u>47</u>
<u>SUMMARY DIRECTORS' REMUNERATION REPORT</u>	<u>37</u>	<u>SHAREHOLDER INFORMATION</u>	<u>48</u>

[Back to Contents](#)

CHAIRMAN'S STATEMENT

In 2006, Group sales totalled \$26.5 billion (up 11%) with an operating profit of \$8.2 billion (up 28%). Our R&D investment increased this year in absolute terms and as a percentage of sales from \$3.4 billion to \$3.9 billion, reflecting our firm commitment to building the platform for future growth. That investment is focused on life-cycle management of our key marketed products, developing new products with an emphasis on efficiency and effectiveness improvements, and intelligent acquisition and licensing of products and technologies that will supplement our internal efforts. Major investments were also announced during the year in new R&D facilities that will support this strategy, notably in the UK and China.

Whilst AstraZeneca's share price fluctuated during the year, earnings per share grew by 34% from \$2.91 in 2005 to \$3.86 in 2006. This reflects the strong growth from our products and careful management of our costs. The Board has recommended a second interim dividend of \$1.23 (63.0 pence, SEK 8.60) per Ordinary Share bringing the total dividend for the year to \$1.72 (89.6 pence, SEK 12.20), an increase of 32%. The buy-back programmes approved by our shareholders at our Annual General Meeting (AGM), under which we return cash to shareholders in excess of our anticipated requirements for future investment, amounted to \$4,147 million in 2006. We are targeting net share re-purchases for 2007 of \$4 billion.

On page 40 we report on our total shareholder return relative to the

The Board conducted its annual formal strategy review and reinforced our commitment to the delivery of sustained revenue growth through an R&D model that delivers new science and innovative products through in-house capabilities and external partnerships, alliances and acquisitions. The strategy review gave full consideration to overall global trends of continued growth in demand for improved healthcare; an ageing population, undiagnosed and unmet medical needs; economic development in emerging markets; sustained downward pressure on prices for medicines and evermore demanding regulatory requirements.

David Brennan has completed his first year as our Chief Executive Officer, and you will see his review of AstraZeneca's performance during that period, the strategic direction and his vision for the future in the following section of this report. With his distinctive leadership style and strong focus on individual accountabilities at all levels within the Company, he has been quick to make his mark. I thank him, his colleagues on the Senior Executive Team and all our employees, including those who have recently joined the AstraZeneca family through acquisition, for their contribution this year.

In addition to its review of strategy, the Board as part of its regular cycle of meetings also conducted financial and business reviews as well as functional reviews, which this year paid particular attention to risk assessment, compliance, human resources, and safety, health and environmental issues. More about

DESPITE A CHALLENGING ENVIRONMENT, STRONG SALES GROWTH OF OUR MAJOR PRODUCTS, PARTICULARLY OUTSIDE EUROPE, COUPLED WITH OUR DETERMINED PURSUIT OF PRODUCTIVITY GAINS HAS DELIVERED ANOTHER OUTSTANDING FINANCIAL PERFORMANCE.

There were a number of changes to the Non-Executive composition of the Board during the year. Professor Dame Nancy Rothwell was elected at the 2006 AGM. Dame Nancy is currently Vice President for Research at the University of Manchester in the UK and as one of the leading scientists of her generation she brings a valuable perspective to our discussions. John Varley, Group Chief Executive of Barclays Bank plc, was appointed to the Board in July, and his extensive commercial and financial expertise is already bringing considerable benefit to our work. John has joined the Remuneration Committee and he will become Chairman of that Committee when Sir Peter Bonfield steps down from the Board at the 2007 AGM. At that time it is also intended that Michele Hooper, who has been a Non-Executive Director of AstraZeneca PLC since 2003, will become the Senior Independent Director in succession to Sir Peter. Dame Bridget Ogilvie, FRS retired at the 2006 AGM after over nine years' service as a Non-Executive Director, and I would like to thank her warmly on behalf of the Board for her sustained contribution to both AstraZeneca and, before that, Zeneca.

In 2007, we will strive to continue

FTSE 100 and to a group of our industry peers.

these issues is provided elsewhere in this report and also in the Corporate Responsibility Summary Report 2006.

to meet the needs of patients, reward shareholders and benefit wider society by strengthening our pipeline, driving top-line sales growth and making further productivity improvements, as well as understanding and influencing the changing business environment in which we and our stakeholders operate. You can hear more about the Company's strategy from David Brennan in the section that follows. David and his management team have my and the Board's unqualified support for the steps they are taking to address the challenges that AstraZeneca and our industry are facing.

LOUIS SCHWEITZER
CHAIRMAN

[Back to Contents](#)

ASTRAZENECA ANNUAL REVIEW 2006

CHIEF EXECUTIVE OFFICER'S REVIEW

SALES \$M

GROWTH

PROFIT \$M

GROWTH

OUR YEAR IN BRIEF

- > **SALES INCREASED BY 11% TO \$26,475 MILLION.**
- > **STRONG PERFORMANCE OF FIVE KEY GROWTH PRODUCTS (*NEXIUM*, *SEROQUEL*, *CRESTOR*, *ARIMIDEX* AND *SYMBICORT*) WITH COMBINED SALES REACHING \$13,318 MILLION, UP 23%.**
- > **OPERATING PROFIT INCREASED BY 28% TO \$8,216 MILLION. OPERATING MARGIN IMPROVED BY 3.8 PERCENTAGE POINTS TO 31.0% OF SALES.**
- > **FREE CASH FLOW OF \$6,788 MILLION. SHAREHOLDER RETURNS TOTALLED \$5,382 MILLION (DIVIDENDS \$2,220 MILLION; NET SHARE RE-PURCHASES \$3,162 MILLION).**
- > **DIVIDEND INCREASED BY 32% TO \$1.72.**
- > **EPS UP 34% TO \$3.86.**
- > **OUR PRODUCT PORTFOLIO NOW INCLUDES 11 MEDICINES EACH WITH ANNUAL SALES OF MORE THAN \$1 BILLION.**
- > **GOOD SALES GROWTH IN ALL REGIONS, WITH THE US UP 16%, EUROPE UP 6%, JAPAN UP 5% AND REST OF WORLD UP 11%.**
- > **BETWEEN 1 DECEMBER 2005 AND 31 JANUARY 2007, THE COMPANY HAS COMPLETED 12 SIGNIFICANT LICENSING AND ACQUISITION PROJECTS AND NINE SIGNIFICANT RESEARCH COLLABORATIONS.**

AstraZeneca is a successful, research-based, prescription pharmaceutical business. We bring benefit for patients and add value for our shareholders and wider society through innovation and the responsible delivery of medicines in important areas of healthcare.

The demand for healthcare continues to grow. People are living longer, populations are increasing and the emergence of new economies means that the number of patients who can benefit from medicines is expanding. At the same time, many diseases remain under-diagnosed, sub-optimally treated or do not have effective therapies. Alongside these significant opportunities for AstraZeneca to make a difference, we face some tough challenges – including growing pressure on the price of our marketed products, higher costs and regulatory hurdles for the development of new ones and an increasingly competitive marketplace, including earlier challenges to our patents.

Our strategy for achieving sustained, industry-leading growth within this environment centres on three key priorities:

Strengthening our pipeline of new medicines, from our own research laboratories and by accessing scientific innovation outside AstraZeneca;

Delivering the full potential of all our marketed medicines, through rigorous life-cycle management, excellent customer support; and

Challenging our cost structure to make room for further investment in R&D and externalisation, while increasing access to our medicines.

PATIENTS, PRODUCTS, PEOPLE AND PERFORMANCE

Our business objectives are focused on four core areas – patients, products, people and performance – that we believe are core drivers of success in delivering our strategy.

To bring the most benefit for patients and those who treat them, we must continue to understand what makes a difference for them – and apply that insight across all of our activities to ensure we remain targeted on their changing needs. For the future, we recognise that sustainable long-term success depends on further strengthening the flow of new products – whether from our own laboratories or from outside AstraZeneca. The continued commitment and energy of our people is vital, and we aim to provide the leadership and support they need to deliver their best contribution to achieving our business goals. By keeping our promises in all aspects of our business, and effectively managing the associated opportunities and risks, we aim to drive a performance that will place us among the best in the industry.

OUR YEAR IN BRIEF

2006 saw some good progress. The Company delivered excellent financial results, with strong sales growth of 11%, enhanced by our continued commitment to improve productivity across the business.

Product performance

In the short to medium term, our growth is expected to continue to be driven by five key products, launched over the last 12 years – *Arimidex*, *Crestor*, *Nexium*, *Seroquel* and *Symbicort*. In 2006, these five key growth products together delivered sales of \$13.3 billion, up 23% from last year, and overall sales of all our products, including our successful mature brands such as *Casodex*, *Zoladex*, *Seloken/Toprol-XL*, *Zomig*, *Diprivan* and *Merrem*, totalled \$26.5 billion.

With sales of \$1.5 billion, up 29% from last year, *Arimidex* is now the leading hormonal breast cancer therapy in the US, Japan and France. This continued growth is largely based on results from the ATAC study, which showed *Arimidex* to be superior to tamoxifen in the five years after surgery, when the risk

[Back to Contents](#)

[Back to Contents](#)

ASTRAZENECA ANNUAL REVIEW 2006

CHIEF EXECUTIVE OFFICER'S REVIEW

JONATHAN SYMONDS
CHIEF FINANCIAL OFFICER

JOHN PATTERSON
EXECUTIVE DIRECTOR,
DEVELOPMENT

MARTIN NICKLASSON,
EXECUTIVE VICE-PRESIDENT,
GLOBAL MARKETING

TONY ZOOK
EXECUTIVE VICE-PRESIDENT,
NORTH AMERICA

of the cancer recurring is at its highest. In June, following approval through mutual recognition for a new use, many patients in Europe currently receiving tamoxifen can now be switched to *Arimidex*.

Crestor, our highly effective treatment for managing cholesterol levels, achieved sales of over \$2 billion, an increase of 59% over last year. Data from two clinical studies (ORION in 2005 and ASTEROID in 2006) demonstrated strong potential for Crestor in the treatment of atherosclerosis. The METEOR study has also now been completed, and the results will be presented in March 2007. The METEOR study forms the basis of a submission for an atherosclerosis label made to the Food and Drug Administration (FDA) and in the EU through the Mutual Recognition Procedure in January 2007. ASTEROID and ORION were included in the submission as supportive studies.

Nexium, our treatment for acid-related diseases, achieved sales of \$5.2 billion. During the year, we gained approval for the additional use of *Nexium* in children aged 12-17 years with gastro-oesophageal reflux disease, and for a new use in treating patients with the rare gastric acid disorder, Zollinger Ellison Syndrome.

Seroquel, with sales of \$3.4 billion, further strengthened its position as the market-leading atypical anti-psychotic therapy in the US and continued to grow strongly elsewhere. Already used for the treatment of schizophrenia and bipolar mania, we gained approval during the year in the US for its use in bipolar depression. *Seroquel* is the first and only single agent medication approved for both mania and depression in bipolar disorder.

In December the European Patent Office ruled that one of the European substance patents for *Nexium* would be rejected. Both *Nexium* and *Seroquel* continue to be the subject of patent litigation in the US

following the filing of Abbreviated New Drug Applications in 2005 and 2006. AstraZeneca continues to have confidence in the intellectual property portfolio protecting *Nexium* and *Seroquel* and will defend and enforce its

intellectual property rights protecting both products.

Symbicort achieved global sales of \$1.2 billion in 2006, up 18%. During the year it was approved in the US in a pressurised Metered Dose Inhaler for maintenance treatment of asthma in patients aged 12 years and above. We continue to plan for a US launch for *Symbicort* around the middle of 2007, although achieving this launch timeline is dependent upon successful transfer of technology from development to manufacturing and completion of validation batches. In addition, *Symbicort* SMART was approved for use in adults through the EU Mutual Recognition Procedure.

You can read more about our product performance in other sections of this report.

In our markets

The growing demand for healthcare means increasing pressure on the budgets of governments and others who pay for it. We must manage the associated downward pressure on the price of our products, whilst continuing to invest in providing medicines that make a difference. During 2006, pricing pressure was particularly strong in Europe, where governments continue to introduce cost-containment measures such as jumbo reference pricing in Germany. In the US, still the world's largest pharmaceutical market, the Democratic gains in the mid-term election may signal further changes to the pricing environment in that country.

As we continue to focus on managing such challenges and building on our leading positions in established markets, we are also increasing our strength in fast-developing markets, such as China. During the year, we announced a \$100 million R&D investment

over the next three years in China, which reflects our commitment to building our presence in this important market. As part of this, I was pleased to hold in 2006 the first AstraZeneca Senior Executive Team meeting in that country.

Strengthening our pipeline

There are three linchpins in our strategy to strengthen the pipeline. First, improve the productivity of our own in-house discovery and development efforts. Second, continue to increase the pace with which we evaluate and acquire promising projects from external sources. This is not a short-term stopgap to backfill the pipeline. It represents an important change in mindset. We are making a long-term commitment to step up our access to the world of scientific innovation that resides outside AstraZeneca. The third element is our commitment to establishing AstraZeneca as a major international presence in biopharmaceuticals.

Enhancing in-house discovery and development

During 2006 we continued our drive to improve the efficiency of our internal R&D processes and the effectiveness of our decision-making so that we can quickly eliminate weaker drug candidates and concentrate on the robust, rapid progress of the ones most likely to succeed as significant advances in healthcare. We also reviewed our disease target areas and re-focused our effort to ensure our scientific resources are prioritised on those areas where we believe our skills can make the most difference and where the largest opportunities lie.

The results of our drive to improve productivity are reflected in the sustained size of the early development portfolio. During 2006, 21 candidate drugs were selected for development (compared with 25 in 2005 and 18 in 2004). We have a number of compounds in the later stages of development including *Zactima* and *Recentin*

[Back to Contents](#)

DAVID BRENNAN
CHAIRS THE SENIOR
EXECUTIVE TEAM, THE
OTHER MEMBERS OF
WHICH ARE SHOWN
HERE.

DAVID SMITH
EXECUTIVE
VICE-PRESIDENT,
OPERATIONS

JAN LUNDBERG
EXECUTIVE
VICE-PRESIDENT,
DISCOVERY RESEARCH

BRUNO ANGELICI
EXECUTIVE
VICE-PRESIDENT,
EUROPE, JAPAN, ASIA
PACIFIC AND ROW

TONY BLOXHAM
EXECUTIVE
VICE-PRESIDENT,
HUMAN RESOURCES

(formerly AZD2171) for treating cancer, and AGI-1067 and AZD6140 for cardiovascular disease.

Accessing external innovation

Our commitment to keeping up the pace of externalisation to further strengthen our pipeline is reflected in our establishment of a new Strategic Planning and Business Development function, dedicated to finding the best opportunities available and delivering high quality deal execution and alliance management capabilities. In January 2007 we made a significant step in strengthening our late-stage pipeline when we announced a collaboration with Bristol-Myers Squibb Company (BMS) to develop and commercialise two late-stage compounds, discovered by BMS, being studied for the treatment of Type 2 diabetes – an area of high unmet medical need. Together with other recent successes, such as the alliance with Schering AG to co-develop and jointly commercialise a novel breast cancer treatment and the collaboration with Abbott to co-develop and market a combination treatment for mixed dyslipidaemia, it also indicates the progress we have already made towards becoming a preferred partner.

Building our biopharmaceuticals presence

Biopharmaceuticals – medicines derived from biological molecules – have been the fastest-growing segment of the pharmaceuticals market in recent years. While AstraZeneca's science base already possessed some discovery and development capabilities for new biological medicines, our historic strength has been centred on small molecules. We need to strengthen our capacity to attack new disease targets with small molecules and biologicals in an integrated fashion, across all our therapy areas. Our acquisition of Cambridge Antibody Technology Group plc (CAT) was a significant step towards achieving this aim. CAT's skills in biopharmaceuticals complement our

own expertise in small molecule science, and provide a foundation for building a future pipeline of new products from both areas of research. We anticipate that from 2010 onwards, one in four AstraZeneca candidate drugs eligible for full development will be biologicals.

These efforts will strengthen our long-term sustainability and help us to withstand the impact of some of the setbacks that we experienced with our pipeline this year. In February 2006, we withdrew our anti-coagulant, *Exanta*, from the market and halted its development on patient safety grounds. We also stopped late-stage development of *Galida*, our potential diabetes therapy, and NXY-059, a potential treatment for stroke, because they were not demonstrating sufficient patient benefit. Whilst such decisions are disappointing to make, they are an indication of the challenges associated with delivering a new medicine and reflect our commitment to patient safety and to maintaining a portfolio of only the highest quality, highest potential candidates.

Throughout all of these activities, maintaining our fundamental commitment to corporate responsibility (CR) remains a top priority. More information about our CR commitment, policies and performance in this area is available in our separate Corporate Responsibility Summary Report 2006 or on our website.

THE PEOPLE OF ASTRAZENECA

In my first year as CEO, I have visited many areas of AstraZeneca and have been consistently impressed with the skills, creativity and professionalism of our people around the world. They are our most valuable asset, and without

their continued commitment to achieving our goals we would not succeed. I would like to take this opportunity to thank them for their hard work and contribution to driving the continued success of the Company.

LOOKING FORWARD

The pharmaceutical industry operates in an increasingly tough environment. We know that, to continue to be successful in this environment, we must recognise and manage the challenges and actively exploit the many opportunities that rising demand for healthcare and advances in science and technology offer.

Strengthening the pipeline remains our top priority. However, we will also continue to challenge all elements of our business to drive productivity and provide for the increased investment to support achievement of our strategic objectives. As part of this, in February 2007, we announced further plans to improve the efficiency and effectiveness of our supply organisation, which will involve reductions to the workforce. Decisions such as these are not taken lightly and I am very aware of the impact this will have on the people affected and the communities in which we operate. The reductions will be the subject of a full consultation process with works councils, trade unions and other employee representatives, and in accordance with local labour laws, to ensure the process is fair and transparent.

I am confident that, with strong leadership, clear direction and a sense of urgency around delivery, we have a sound platform for continued success. Above all, my aim is to deliver sustained, profitable and responsibly managed growth while ensuring that AstraZeneca continues to make a valuable contribution to global healthcare.

DAVID R BRENNAN
CHIEF EXECUTIVE OFFICER

[Back to Contents](#)

ASTRAZENECA ANNUAL REVIEW 2006

6

WE HAVE A POWERFUL RANGE OF MEDICINES TARGETED AT MEETING PATIENT NEEDS IN SIX IMPORTANT AREAS OF HEALTHCARE □ **CARDIOVASCULAR, CANCER, GASTROINTESTINAL, INFECTION, NEUROSCIENCE, AND RESPIRATORY AND INFLAMMATION** □ HELPING TO IMPROVE HEALTH AND QUALITY OF LIFE FOR MILLIONS OF PEOPLE WORLDWIDE.

WE HAVE A TEAM OF OVER

500

CLINICAL DRUG SAFETY PROFESSIONALS DEDICATED TO ENSURING THAT WE MEET OUR COMMITMENT TO DRUG SAFETY THROUGHOUT A MEDICINE'S LIFE-CYCLE.

01

AT ASTRAZENECA, WE SHARE A COMMON AIM □ TO MAKE OUR BEST CONTRIBUTION TO THE FIGHT AGAINST DISEASE BY PROVIDING MEDICINES THAT MAKE THE BIGGEST POSSIBLE DIFFERENCE IN PATIENT HEALTH DAY BY DAY.

PATIENTS

MEETING THE NEEDS OF PATIENTS AND THOSE WHO TREAT THEM IS AT THE HEART OF EVERYTHING WE DO.

WE FOCUS OUR RESOURCES ON SIX THERAPY AREAS WHERE WE BELIEVE OUR SKILLS AND EXPERIENCE CAN MAKE THE MOST DIFFERENCE.

THESE AREAS INCLUDE SOME OF THE WORLD'S MOST SERIOUS ILLNESSES AND TOGETHER REPRESENT A MAJOR WORLDWIDE BURDEN OF DISEASE.




[Back to Contents](#)

**WE
CONTINUOUSLY
TALK
TO PATIENTS
AND THEIR
PHYSICIANS TO
UNDERSTAND
THEIR
CHANGING
NEEDS.**

OUR FOCUS

- > **PROVIDING
INNOVATIVE,
EFFECTIVE
MEDICINES THAT
MAKE A
DIFFERENCE IN
IMPORTANT AREAS
OF HEALTHCARE.**
- > **UNDERSTANDING
WHAT PATIENTS
NEED AND WHAT
THEY VALUE.**
- > **MAKING ALL OUR
MEDICINES WORK
TO THEIR FULL
POTENTIAL.**
- > **ENSURING PATIENT
SAFETY CONTINUES
TO BE A CORE
PRIORITY.**
- > **COMMUNICATING
OPENLY ABOUT THE
BENEFITS AND
RISKS OF OUR
MEDICINES.**



EVEN AFTER A NEW
MEDICINE IS LAUNCHED,
WE CONTINUE TO
EXPLORE ALL THE WAYS
IT CAN BE USED TO GET
THE MOST BENEFIT FOR
PATIENTS.

[Back to Contents](#)

ASTRAZENECA ANNUAL REVIEW 2006

PATIENTS

HELPING PATIENTS MEET THE CHALLENGE

We have a powerful range of medicines targeted at meeting patient needs in important areas of healthcare. Many of them are world leaders. All of them are designed to be innovative and effective and to offer added patient benefits such as reduced side effects or better ways of taking the treatment. And we don't stop there. Even after a new medicine is launched, we continue to explore all the ways it can be used to get the most benefit for patients.

Take *Symbicort* for example. Originally introduced for treating asthma, it is now also used to combat chronic obstructive pulmonary disease – a major threat to life. We also continued to develop *Symbicort* for the treatment of asthma and during 2006 we received approval in the EU for

our new *Symbicort* Maintenance and Reliever Therapy (SMART). SMART represents a change in medical practice because it puts asthma sufferers more in control of managing their extremely variable disease. It combines, in a single inhaler, a rapid-acting and long-lasting bronchodilator and a corticosteroid, which provides an important anti-inflammatory effect. Patients take a maintenance dose in line with normal practice to establish asthma control, and then take additional inhalations when they start to get worsening symptoms, to deliver both rapid relief and increased asthma control. The use of a single inhaler (instead of the usual two) simplifies the treatment regime for the patient and reduces the risk of an attack because the underlying inflammation is treated with every inhalation, even when used for symptom relief.

During the year, *Symbicort* was also approved in the US in a pressurised Metered

THE HEALTH CHALLENGES

CARDIOVASCULAR

Cardiovascular disease claims over 17 million lives worldwide each year – making it the greatest risk to life for most adults. One in three adults have some form of cardiovascular disorder, such as high blood pressure, high cholesterol levels or diabetes.

NEUROSCIENCE

Around 1% of people are affected by schizophrenia at some time in their life and 15% of people suffer from major depression on at least one occasion. Alzheimer's disease, the most common cause of dementia, affects more than 24 million people worldwide. Pain management is the most common reason for seeking medical care.

GASTROINTESTINAL

Between 10% and 20% of adults in the western world are estimated to suffer from gastro-oesophageal reflux disease (GERD). The prevalence of GERD in Asia is lower, but increasing.

CANCER

Cancer is the second greatest cause of death in the developed world and there is evidence of the same trend in the developing world. Breast, prostate and colo-rectal cancers are common in the

RESPIRATORY & INFLAMMATION

100 million people worldwide suffer from asthma, according to WHO estimates. Chronic obstructive pulmonary disease is the fourth greatest cause of death globally. Rheumatoid arthritis and osteoarthritis,

INFECTION

Infectious diseases cause more than 11 million deaths each year. The need for antibiotics remains high due to the growing risk of serious infection and increasingly drug-resistant strains. Tuberculosis is one of the leading

western world, with gastric and liver cancers being more prevalent in Asia. Globally, lung cancer kills more people than any other cancer type.

severely disabling joint diseases, are also an area of significant need.

causes of death from infectious diseases worldwide, claiming over 5,000 lives every day.

Dose Inhaler (pMDI) for the maintenance treatment of asthma in patients aged 12 years and above. Launch is anticipated in 2007.

When we launched *Seroquel*, our treatment for schizophrenia, in 1997, both healthcare professionals and patients were quick to recognise the benefits it offered in terms of effective control coupled with a more favourable side-effect profile. We have since developed and launched *Seroquel* for the treatment of bipolar mania as well as schizophrenia, helping more people around the world to lead normal lives. During 2006, we also gained approval in the US for its use in bipolar depression. *Seroquel* is the first and only single-agent medication approved for both mania and depression in bipolar disorder.

Since its introduction in the 1990s, our cancer therapy, *Arimidex*, has had a pioneering role in establishing new standards of breast cancer treatment for postmenopausal women. It has now overtaken the long-established gold standard therapy, tamoxifen, in the US, Japan and France, because of its superior effectiveness in the five years after surgery when the risk of recurrence is at its highest. This level of efficacy, coupled with its known, predictable and manageable side-effect profile, has established *Arimidex* as one of the leading hormonal breast cancer treatments in the world. During 2006,

[Back to Contents](#)

following approval for a new use, patients in Europe currently receiving tamoxifen can now be switched to *Arimidex*.

The main symptoms of gastro-oesophageal reflux disease (GERD), often called "heartburn" or "acid reflux", can significantly affect the sufferer's quality of life. Left untreated, the disease can cause more serious problems such as stomach ulcers or cancer of the oesophagus. Our range includes two proton pump inhibitors that work on the cells in the stomach that make acid, to reduce the amount of acid produced and released into the stomach. We introduced the world's first proton pump inhibitor *Losec/Prilosec*, in 1988, and have since developed an improved therapy, *Nexium*. Launched in 2000, *Nexium* provides healing and symptom relief in more patients and in a shorter period of time than its leading competitors (including our original therapy). During 2006, we broadened the use of *Nexium* with approval in the US for its additional use in children with GERD aged 12-17 years, and in the EU, US and Australia it was approved for a new use in treating patients with the rare gastric acid disorder, Zollinger Ellison Syndrome.

Improved healthcare means treating the causes of illness as well as the symptoms. Our range includes *Crestor*, a statin for controlling levels of cholesterol that can contribute to heart disease. Although there are other statins on the market, *Crestor* is increasingly recognised as being particularly valuable for high-risk patients because of its powerful effect in lowering low-density ("bad" cholesterol) and raising high-density ("good" cholesterol) lipids.

IMPROVING OUR ABILITY TO TARGET INDIVIDUAL NEEDS

Our work also focuses on areas where treatment options are limited and medical needs are not being adequately met. When launched in 2002, *Iressa* was the first in a new class of targeted anti-cancer drugs to be approved for the treatment of advanced non-small cell lung cancer (NSCLC). Those patients who benefit from *Iressa* tend to do so quickly and sometimes results are dramatic.

In 2004, the results of a study in advanced NSCLC patients for whom chemotherapy had not worked, showed some improvement in survival. Whilst the results were not statistically significant for the overall study population, they did confirm a number of clinical benefits of *Iressa*, including tumour shrinkage, and showed a significant increase in survival in patients of Asian ethnicity and in patients who had never smoked.

Following the study, AstraZeneca voluntarily withdrew the European submission for *Iressa* and regulatory authorities in the US and Canada restricted the use of *Iressa* to those patients already benefiting from the drug. In the Asia Pacific region, due to the ethnic differences in lung cancer, *Iressa* has become an established therapy for pre-treated advanced NSCLC. Progress continues to be made in identifying which patients, in which treatment settings, are most likely to benefit from *Iressa*. In 2006, the results of a study in a Japanese patient population failed to demonstrate statistical non-inferiority of *Iressa* for overall survival. However, we do not believe this alters the benefit/risk profile of *Iressa* in pre-treated Japanese NSCLC patients.

[Back to Contents](#)

ASTRAZENECA ANNUAL REVIEW 2006

PATIENTS

During 2006, we undertook a comprehensive stakeholder engagement exercise across the full range of our key stakeholders to understand better their perception of AstraZeneca and its activities.

The feedback from this initiative is helping to inform the development of a more consistent approach to stakeholder engagement and reputation management across the Company. This includes further improving our ability to gain, and consistently capture, the insight that helps us to remain focused on real patient needs.

LISTENING AND LEARNING

Understanding the needs of patients and healthcare professionals, and the attitudes of regulators and those who pay for healthcare, is critical to our continued success. We work closely with these groups across all our activities to gain the insight we need to maintain a flow of new, targeted medicines that make a difference for patients and our other stakeholders.

As part of this, we continuously talk to patients and their physicians to understand what they need and want. This includes working with, and supporting patient groups who represent the particular demands of specific health issues, as well as discussing with healthcare professionals the broader range of disease challenges they and their patients face.

We also talk to patients and physicians about what more we can do to help them manage the healthcare challenges, beyond the provision of effective medicines.

For example, people being treated for high cholesterol sometimes find the treatment goals too hard to reach, particularly as their condition does not make them feel unwell. So patients may give up before achieving their goals if they do not get rapid results from a medication. We have therefore re-shaped our communications to address the patient's emotional as well as medical needs.

By including information about how quickly *Crestor* can have an effect, we hope to help to encourage people to stay with their treatment and reach their cholesterol targets.

In a different approach to helping patients keep up with their treatment, a small localised trial was recently conducted to assess the use of mobile phone technology and text messaging to remind patients to take their medication. The pilot focused on *Seroquel* because schizophrenia is a condition where outcomes are critically

affected by the levels of treatment adherence. Patients found the text reminders useful in helping them to follow a regular regime and healthcare professionals welcomed the idea. Further trials are underway or planned to further evaluate the system.

CONTINUOUS FOCUS ON PATIENT SAFETY

The safety of the patients who take our medicines is a fundamental consideration throughout all of our activities. Ideally, a medicine would target only the disease that it is meant to treat and would not have any other effect. In reality, however, despite the best efforts of scientists, such a medicine does not yet exist and all medicines have possible side effects that some patients might experience. Healthcare professionals, in consultation with their patients, must therefore weigh the benefits of a medicine against its possible side effects and decide the acceptable level of risk.

We aim to minimise the risks and maximise the benefits of each of our medicines □ throughout their life-cycles. In discovery research, where we investigate thousands of compounds for their potential to become a new medicine, only a small number succeed because of the demanding criteria of our selection process, which centres on safety and how the medicine works. During the

[Back to Contents](#)

INFORMATION ABOUT OUR CLINICAL TRIALS IS AVAILABLE VIA OUR DEDICATED WEBSITE WWW.ASTRAZENECACLINICALTRIALS.COM.

development of the highest potential compounds, safety continues to be a priority focus. Safety data from animal studies are required by regulatory authorities before a potential new medicine can be tested in humans, and throughout human testing safety information is continuously collected and evaluated. Getting approval to market a new medicine depends on the regulatory authorities agreeing with us, after their rigorous review of our submissions, that it has an acceptable benefit/risk profile.

Understanding how our medicines are working on a day-to-day basis is also crucial to protecting the safety of the patients who take them. After launch, we continue to monitor all our medicines for any side effects not identified during the development process.

Our decision in 2006 to withdraw our anti-coagulant, *Exanta*, from the market, and terminate its development, was triggered by new clinical trial data indicating a potential risk of severe liver injury. The data came from a clinical trial to examine the use of *Exanta* after orthopaedic surgery to prevent venous thromboembolism over 35 days, longer than was currently approved for marketing. In the interests of patient safety, we took *Exanta* off the market as well as halting its development.

We communicated widely with regulatory authorities and with all prescribers and healthcare professionals to advise them that no new patients should be started on *Exanta*. We also worked to ensure that, given the media coverage of the withdrawal, our communications included a message to patients that they should not stop taking their tablets without first speaking to their doctor.

DEDICATED DRUG SAFETY RESOURCES

We have an experienced, in-house team of over 500 clinical drug safety professionals working across AstraZeneca and dedicated to the task of ensuring that we meet our commitment to drug safety throughout the processes described above. Each of our products (whether in development or on the market) has an assigned global drug safety physician who, supported by a team of drug safety scientists, is responsible for that product's continuous safety surveillance. Drug safety

ONGOING COMMUNICATION

As part of the process for the approval of new medicines, and beyond, we work with regulators to develop prescribing information that gives healthcare professionals the benefit/risk information they need to make prescribing decisions, including indications for use, dosing recommendations, warnings and contra-indications and what side effects might be experienced. Where appropriate, we also make information available to patients about our medicines and how they should be taken.

managers in each of our national companies have local responsibility for product safety within their respective countries.

We publish, and provide open access to, the findings of AstraZeneca-sponsored clinical trials, whether favourable or unfavourable, together with the latest information about trials currently underway. This information is available via our dedicated website, astrazenecaclinicaltrials.com.

[Back to Contents](#)

ASTRAZENECA ANNUAL REVIEW 2006

THE NUMBER OF PROJECTS WE HAVE IN
OUR DEVELOPMENT PIPELINE

02 THE VALUE THAT WE BRING TO
SOCIETY CENTRES ON OUR ABILITY
TO DISCOVER,
DEVELOP AND DELIVER PRODUCTS
THAT MAKE A MAJOR
CONTRIBUTION TO HEALTHCARE.
OUR CONTINUED BUSINESS
SUCCESS DEPENDS ON
MAINTAINING THE QUALITY OF
THAT
CONTRIBUTION WITHIN AN EVER
MORE CHALLENGING BUSINESS
ENVIRONMENT.

PRODUCTS

THERE IS A GROWING
DEMAND FOR
HEALTHCARE. PEOPLE ARE
LIVING LONGER,
POPULATIONS ARE
INCREASING AND MANY
DISEASES ARE STILL NOT
WELL MANAGED.
ALONGSIDE THESE
OPPORTUNITIES, WE FACE
MANY CHALLENGES
INCLUDING INCREASING
PRESSURE ON THE PRICE
OF OUR MEDICINES,
HIGHER REGULATORY
HURDLES FOR THE
DEVELOPMENT OF NEW
ONES AND INCREASINGLY
TOUGH COMPETITION.

**WE KNOW THAT WE MUST
MANAGE THE
CHALLENGES AND MAKE
THE MOST OF THE
OPPORTUNITIES TO
MAINTAIN A FLOW OF
PHARMACEUTICAL
ADVANCES THAT MAKE A
REAL DIFFERENCE.**

[Back to Contents](#)

WE HAVE SALES IN
OVER

100
COUNTRIES

OUR GROWTH IS BEING DRIVEN
BY FIVE KEY PRODUCTS WHICH
PROVIDE THE PLATFORM FOR
CONTINUED SUCCESS WHILST
WE BUILD FOR THE FUTURE.

SALES \$M

\$16M
SPENT ON R&D
EACH WORKING DAY

OUR FOCUS

- > IMPROVING THE QUALITY AND SPEED OF OUR DISCOVERY AND DEVELOPMENT OF NEW MEDICINES.
- > ACCESSING EXTERNAL INNOVATION POTENTIAL TO ENHANCE OUR INTERNAL EFFORT.
- > PROMOTING EXCELLENCE AND HIGH STANDARDS IN MARKETING TO GET THE MOST VALUE FROM OUR ESTABLISHED BRANDS.
- > INCREASING OUR STRENGTH THROUGH STRATEGIC INVESTMENT IN FAST-DEVELOPING MARKETS.

21
CANDIDATE DRUGS
WITH THE POTENTIAL TO BECOME
NEW MEDICINES IDENTIFIED IN 2006.



[Back to Contents](#)

ASTRAZENECA ANNUAL REVIEW 2006

PRODUCTS

R&D INVESTMENT

DEVELOPMENT PROJECTS1

“ MY NUMBER ONE PRIORITY IS TO DELIVER A STREAM OF MEDICINES THAT MEET UNMET PATIENT NEEDS. TO ACHIEVE THIS, WE MUST HAVE AN ORGANISATION THAT IS FIT FOR PURPOSE AND CAPABLE OF DISCOVERING AND DEVELOPING BETTER MEDICINES WITH A VERY STRONG EMPHASIS ON QUALITY AND SAFETY. IN OUR COMPETITIVE WORLD, SPEED IS ALSO VITAL.

IN THE SHORT TERM, OUR BUSINESS NEEDS WILL BE MET THROUGH LIFE-CYCLE MANAGEMENT AND DELIVERY OF OUR PHASE III PROGRAMMES.

IN THE MID-TERM, WE LOOK TO DRIVE OUR PHASE I, PHASE II AND PRE-CLINICAL PROJECTS TOWARDS PROOF OF CONCEPT AND PROOF OF PRINCIPLE AS RAPIDLY AS POSSIBLE, WHILST RECOGNISING THAT WE NEED TO CONTINUE TO ACCESS THE ENORMOUS WORLD OF EXTERNAL SCIENCE.

IN THE LONG TERM, IN ADDITION TO OUR CURRENT CAPABILITIES, WE’RE ALSO SEEKING TO TRANSFORM ASTRAZENECA THROUGH THE USE OF NOVEL BIOMARKERS AND IMAGING AS WELL AS A STRATEGIC MOVE INTO BIOLOGICALS TO BUILD A MAJOR PRESENCE IN THE FAST-GROWING BIOPHARMACEUTICALS SECTOR.”

JOHN PATTERSON FRCP
EXECUTIVE DIRECTOR, DEVELOPMENT

OUR PATH TO INNOVATION

Bringing a new medicine to market is a long, complex, expensive and risky process. It can take 8-12 years of discovery and development involving highly skilled scientists and state-of-the-art equipment, facilities and technologies. Many thousands of compounds are investigated to identify those with the highest potential to become a new medicine. Very few will make it to market because of the demanding criteria we, and our regulators, set for success. Typically, over \$800 million is invested in a new medicine before the first dollar of sales is realised.

We have a global research organisation, with around 12,000 people at 16 major centres in eight countries dedicated to the discovery and development of new products that make a difference. In drug discovery, we use leading-edge science and technologies to identify new compounds with high potential as new medicines. In development, we focus on developing better medicines faster. All our scientists work across global and organisational boundaries to share experience, promote best practice and maximise the scientific potential that our size and global reach offer.

FOCUSED ON CONTINUOUS IMPROVEMENT

We want to be among the best in the industry for the quality and speed with which we get new medicines to market, which is why we work continuously to improve the efficiency of our processes so that we can quickly eliminate weaker compounds and concentrate on the robust, rapid progress of the ones most likely to succeed as

significant advances in healthcare.

During 2006, we also reviewed our disease target areas and re-focused our efforts, to ensure our scientific resources are best

positioned to enhance our contribution to healthcare and long-term competitiveness. We are still focused on the same therapy areas, but within these areas we have prioritised the diseases where we believe our skills can make the most difference and have withdrawn from those where we believe we have less chance of success. We also established a New Opportunities Team during the year, which is dedicated to reviewing and evaluating appropriate new opportunities beyond our current therapy areas.

The results of our drive to improve productivity are reflected in the growth of our early development portfolio. During 2006, 21 candidate drugs were selected (compared to 25 in 2005 and 18 in 2004). We have a number of compounds in the later stages of development including *Zactima* and *Recentin* (formerly AZD2171) for treating cancer, and AGI-1067 and AZD6140 for cardiovascular disease. Details of all the compounds in our pipeline are provided in the table on pages 18 and 19.

EXPANDING OUR INNOVATION POTENTIAL

In today's world of rapid scientific progress, no single company can rely exclusively on its own discovery and development and we seek to strengthen our internal capabilities through acquisitions and alliances with external partners whose skills and resources complement our own. We have more than 1,850 R&D collaborations and agreements in place that broaden our base for disease research.

In 2006, we stepped up the pace. We continuously monitor new and emerging sciences for opportunities that will help us to develop the next generation of medicines that offer better results for patients.

1 Includes New Chemical Entities
and Line Extensions

[Back to Content](#)

**CANDIDATE DRUG DELIVERY
NEW COMPOUNDS IDENTIFIED WITH
HIGH POTENTIAL
TO BE NEW MEDICINES**

**CAMBRIDGE ANTIBODY
TECHNOLOGY'S SKILLS IN
BIOLOGICAL THERAPEUTICS
COMPLEMENT OUR OWN
EXPERTISE AND STRENGTH IN
SMALL-MOLECULE SCIENCE.**

One such opportunity is biopharmaceuticals – medicines derived from biological molecules, which are usually produced naturally by living organisms in response to disease, for example antibodies. New technologies have opened up the possibility of imitating and improving on the natural response, where it is not itself being effective.

In line with our strategic aim of building a major presence in this fast-growing area, and building on a successful alliance, during 2006 we acquired Cambridge Antibody Technology Group plc (CAT) – a leading UK-based biotechnology company. CAT's skills in biological therapeutics complement our own expertise and strength in small-molecule science, and provide a foundation for building a future pipeline of new products from both areas of research. We anticipate that from 2010 onwards, one in four AstraZeneca candidate drugs eligible for full development will be biologicals.

Other significant transactions during the year included the alliance with Schering AG to co-develop and jointly commercialise a novel breast cancer treatment and the collaboration with Abbott to co-develop and market a combination treatment for cholesterol. In January 2007, we also announced a worldwide collaboration with Bristol-Myers Squibb Company to develop and commercialise two investigational compounds being studied for the treatment of Type 2 diabetes.

Formed in 2006, our new Strategic Planning and Business Development organisation (SPBD) is designed to further improve the focus, co-ordination and execution of our externalisation activity, specifically the accessing of external research and development technologies, products and collaborations.

TARGETING THE NEEDS

We work across functional boundaries within the Company to ensure that we maintain the quality of our portfolio by effectively prioritising the emerging research opportunities, developing these to meet market needs and maximising the potential of our marketed brands.

To guide our activity, we define at an early stage what we believe the profile of a medicine needs to be to work most effectively in combating a particular disease. These disease –target product profiles– (TPPs) are based on our insight into the needs of patients and others for whom a medicine must do its job, including prescribers and those who pay for healthcare.

When we identify a compound with high potential to become a new medicine, we create a TPP specifically for that candidate drug (CD). This profile is then used throughout the CD's development, and beyond, to measure its progress against the criteria we, and our regulators, have set for it. This enables us to prioritise our further investments across the full range of CDs in our product pipeline and maintain a focus on those that are most likely to succeed as innovative new medicines.

During 2006, we stopped the development of two products in our pipeline because they failed to meet their TPPs, namely a potential new diabetes therapy and a treatment for stroke. Whilst disappointing to make, decisions such as these are an indication of the challenges associated with delivering a new medicine, and reflect our commitment to maintaining a portfolio of only the highest quality, highest potential candidates.

DRIVING GROWTH OF OUR MARKETED MEDICINES

In the highly competitive environment in which we work, driving top performance of our products in the marketplace is critical to our success. In the short to medium term, our growth is being driven by five key products, launched over the last 12 years, which provide the platform for our continued success whilst we build for the future through improved internal productivity and accessing external innovation potential.

In 2006, these five growth drivers (*Arimidex*, *Crestor*, *Nexium*, *Seroquel* and *Symbicort*) together delivered sales of \$13.3 billion, up 23% from last year, and overall sales of all our products, including our successful mature brands such as *Zoladex*, *Seloken/Toprol-XL*, *Casodex*, *Zomig* and *Merrem*, totalled \$26.5 billion (up 11%). The individual performance of each of our biggest selling brands is shown on page 13.

THINKING GLOBALLY, ACTING LOCALLY

We are proud of our global capabilities, but know that a local touch makes all the difference.

Active in over 100 countries, we have an extensive worldwide sales and marketing network dedicated to building strong relationships in local markets and responding quickly and effectively to our customers' changing needs. We sell mostly through our own national companies and our products are marketed mainly to doctors and other healthcare professionals. This starts with face-to-face contact with our sales representatives – still the single most effective marketing method.

[Back to Contents](#)

ASTRAZENECA ANNUAL REVIEW 2006

PRODUCTS

DURING THE YEAR, WE OPENED A NEW \$60 MILLION CANCER RESEARCH FACILITY AND A NEW \$16 MILLION BIOLOGY UNIT IN THE UK, BUILDING ON OUR STRONG RESEARCH BASE THERE. WE ALSO ANNOUNCED A \$100 MILLION R&D INVESTMENT OVER THE NEXT THREE YEARS IN CHINA, INCLUDING THE CONSTRUCTION OF A DEDICATED INNOVATION CENTRE THAT WILL FOCUS INITIALLY ON CANCER.

We believe our sales forces are among the best, and we continue to promote best practice and high performance through global training programmes designed to ensure appropriate scientific knowledge, as well as to drive sales force effectiveness and marketing excellence.

To complement the work of our sales forces, we use a wide range of communication tools, including the internet, which plays an increasingly important role in informing healthcare professionals and others about AstraZeneca's medicines and the diseases they treat. We also use direct-to-consumer television

Driving success in key markets is a top priority. Alongside building on our leading positions in established markets such as the US, Japan and Europe, we continue to increase our strength through strategic investment in fast-developing markets, such as China.

During 2006, we announced a \$100 million investment over the next three years in the establishment of the AstraZeneca Innovation Centre in China. The Centre will work on translational science by developing knowledge about Chinese patients, biomarkers and genetics. The initial therapy area focus will be

downward pressure on the price of our products whilst continuing to make the investment needed to maintain a flow of new medicines.

When setting the price of a medicine, we take into consideration its full value to patients, to those who pay for healthcare and to society in general. Our pricing also takes account of the fact that, as a publicly owned company, we have a duty to ensure that we continue to deliver a return on investment for our shareholders. We balance many different factors, including ensuring appropriate patient access, in our global pricing policy, which provides the framework for optimising the profitability of our products in a sustainable way.

INTELLECTUAL PROPERTY

Our policy is to apply for appropriate intellectual property

advertising in the US where it is an approved and accepted practice.

Whatever the channel of contact, we are committed to delivering high standards of ethical practice in all our sales and marketing activities worldwide, backed by global and national codes of practice and rigorous monitoring processes. You can read more about this in our separate Corporate Responsibility Summary Report 2006, or on our website.

Making sure that our customers get fast, efficient and secure delivery of our products, whenever and wherever they need them, is another priority for us. Our supply chains are structured to be flexible and responsive, with 27 manufacturing sites in 19 countries worldwide dedicated to meeting local needs.

cancer. We are also expanding our research capabilities in China by increasing further the number of scientific collaborations with local Chinese organisations and through our plan to establish a China Clinical Pharmacology Unit.

PRODUCT PRICING

Medicines usually represent only between 10% and 20% of a country's total expenditure on healthcare and less than 2% of GDP in most countries. Nevertheless, the growing demand worldwide means increasing pressure on budgets for those who pay for healthcare – including governments, health insurers, managed care organisations, employers and patients. Our ongoing challenge is to manage the associated

protection for all of the inventions and innovations that arise from our drug discovery, development, manufacturing and other business activities. This policy is designed to provide each of our products with an effective portfolio of valid, enforceable patent and other intellectual property rights in all significant markets to protect against unauthorised competition during commercialisation.

When a new medicine is launched, we typically have between eight and 15 years of patent protection in which to recoup our investment in providing medicines for important areas of healthcare. When our intellectual property protection expires, other companies can begin selling generic versions of our medicines at lower costs, because they do not need to bear the high costs of research that we do.

[Back to Contents](#)

90%

**OVER 90% OF NEW MEDICINES
COME FROM RESEARCH-BASED
INDUSTRY. NO ONE ELSE
HAS THE COMBINATION OF
SKILLS, EXPERIENCE AND
RESOURCES TO DO ALL THAT IS
NEEDED
TO DELIVER REAL
PHARMACEUTICAL ADVANCES.**

BRINGING ECONOMIC BENEFITS

Our medicines offer economic advantages as well as therapeutic benefits, and in our discussions with those who pay for healthcare, we include explanation of these advantages to ensure the full value of our medicines is understood. This requires investment, throughout the development of a medicine, in studies to demonstrate cost-effectiveness, cost-benefit and outcomes (such as survival and quality of life improvements) in addition to traditional studies designed to establish safety and efficacy.

Effective treatments can help to save healthcare costs by reducing the need for more expensive care, such as hospital stays or surgery. For example, a 2002 study in the US found that for each additional \$1 spent on newer medicines, \$6.17 could be saved on total healthcare expenditure (including a saving of \$4.44 in hospital costs)*.

There are productivity benefits too. The use of innovative medicines that reduce the incidence of disease, or enable better disease management, means less time off work or away from school or other daily activities – helping patients to lead normal, productive lives.

As well as our products, our business activities in general also contribute to the economic development of the communities in which we operate, through local employment and wages, taxes, community support and the purchase of materials and services that are sourced locally and nationally. We are beginning to contribute in a similar way as we expand our presence in emerging economies through investment in facilities, collaborations with local partners and clinical trial programmes as well as employing people from the local community.

* Frank R. Lichtenberg: [Benefits and Costs of Newer Drugs: An Update], National Bureau of Economic Research, Cambridge, MA. June 2002.

OUR PRODUCT RANGE

CANCER

Arimidex (anastrozole) is a leading aromatase inhibitor for the treatment of breast cancer.

Casodex (bicalutamide) is a leading anti-androgen therapy for the treatment of prostate cancer.

Faslodex (fulvestrant) is an oestrogen receptor antagonist for the treatment of breast cancer.

Iressa (gefitinib) is an EGFR-TKI that acts to block signals for cancer cell growth and survival in NSCLC.

Nolvadex (tamoxifen citrate) remains a widely prescribed breast cancer treatment.

Zoladex (goserelin acetate implant) is a LHRH agonist for treating prostate and breast cancer.

Abraxane® (paclitaxel protein-bound particles for injectable suspension), an albumin-bound formulation for treating breast cancer, owned by and co-promoted in the US with, Abraxis BioScience, Inc.

CARDIOVASCULAR

Atacand1 (candesartan cilexetil) is an angiotensin II antagonist for treating hypertension and heart failure.

Crestor² (rosuvastatin calcium) is a statin for treating cholesterol levels.

Plendil (felodipine) is a calcium antagonist for the treatment of hypertension and angina.

Seloken/Toprol-XL (metoprolol succinate) is a once daily treatment for high blood pressure, heart failure and angina.

Zestril³ (lisinopril dihydrate) is an ACE inhibitor, for treating a wide range of CV diseases, including hypertension.

GASTROINTESTINAL

Entocort (budesonide) is a locally acting corticosteroid for the treatment of inflammatory bowel disease.

Losec/Prilosec (omeprazole) was the first proton pump inhibitor (PPI) and is used to treat acid-related diseases.

Nexium (esomeprazole magnesium) is a PPI for the treatment of acid-related diseases.

INFECTION

Merrem/Meronem⁴ (meropenem) is an intravenous carbapenem antibiotic for the treatment of serious, hospital-acquired infections.

NEUROSCIENCE

Diprivan (propofol) is used intravenously for the induction and maintenance of anaesthesia and for intensive care sedation.

Naropin (ropivacaine) is the world's best selling, long-acting local anaesthetic.

Seroquel (quetiapine fumarate) is an atypical anti-psychotic drug for schizophrenia, bipolar mania and, in the US, bipolar depression.

Xylocaine (lidocaine) is still the world's most widely used local anaesthetic after 50 years on the market.

Zomig (zolmitriptan) is for the treatment of migraine with or without aura.

RESPIRATORY AND INFLAMMATION

Accolate (zafirlukast) is an oral leukotriene receptor antagonist for the treatment of asthma.

Oxis (formoterol) is a fast- and long-acting beta-agonist therapy for asthma and COPD.

Pulmicort (budesonide) is a corticosteroid anti-inflammatory inhalation drug for treating asthma.

Pulmicort Respules (budesonide inhalation suspension) is a nebulised corticosteroid for children as young as 12 months.

Rhinocort (budesonide) is a nasal steroid treatment for allergic rhinitis, perennial rhinitis and nasal polyps.

Symbicort (budesonide/formoterol) is a treatment for asthma and COPD with superior efficacy and easily adjustable dosing.

1 Licensed from Takeda Chemical Industries Ltd.

2 Licensed from Shionogi & Co., Ltd.

3 Licensed from Merck & Co., Inc.

4 Licensed from Sumitomo Pharmaceuticals Co., Ltd.

[Back to Contents](#)

ASTRAZENECA ANNUAL REVIEW 2006

PRODUCTS**OUR DEVELOPMENT PIPELINE**

			Estimated filing date	
Therapy Area	Areas under investigation	Compound	Europe	US
PHASE III: LINE EXTENSIONS				
Cancer	first-line advanced breast cancer	Faslodex	>2009	>2009
	adjuvant	Faslodex	>2009	>2009
Cardiovascular	diabetic retinopathy	Atacand	2009	2009
	32/12.5 mg, 32/25 mg for hypertension	Atacand Plus	2H 2008	n/a
	atherosclerosis	Crestor	Filed	Filed
	outcomes CHF	Crestor	2H 2008	2H 2008
	outcomes End Stage Renal Disease	Crestor	2009	2009
	HCTZ combination	Seloken/Toprol-XL	n/a	Approved
Gastrointestinal	NSAID GI side effects □ symptom resolution	Nexium	Promotable1	Filed
	NSAID GI side effects □ ulcer healing	Nexium	Launched	Filed
	peptic ulcer bleeding	Nexium	1H 2008	1H 2008
	GERD	Nexium sachet formulation	Filed	Approved
	low dose aspirin associated peptic ulcer	Nexium low dose aspirin combination	>2009	>2009
Neuroscience	schizophrenia	Seroquel SR	Filed	Filed
	bipolar maintenance	Seroquel	4Q 2007	2Q 2007
	bipolar depression	Seroquel	4Q 2007	Approved
	generalised anxiety disorder	Seroquel SR	2H 2008	1H 2008
	major depressive disorder	Seroquel SR	2H 2008	1H 2008

	bipolar mania	<i>Seroquel</i> SR	1H 2008	1H 2008
	bipolar depression	<i>Seroquel</i> SR	1H 2008	1H 2008
Respiratory and Inflammation	<i>Symbicort</i> Maintenance and Reliever Therapy (SMART) for asthma	<i>Symbicort Turbuhaler</i>	Approved	n/a
	asthma	<i>Symbicort</i> pMDI	Filed ²	Approved ³
	COPD	<i>Symbicort</i> pMDI	Filed ²	1H 2008
PHASE III: NEW CHEMICAL ENTITIES				
Cancer	NSCLC	<i>Zactima</i>	2H 2008	2H 2008
	NSCLC and CRC	<i>Recentin</i> (formerly AZD2171) ⁴	>2009	>2009
Cardiovascular	atherosclerosis	AGI-1067	4Q 2007	2Q/3Q 2007
	arterial thrombosis	AZD6140	>2009	>2009
	diabetes	saxagliptin (BMS)	>2009	1H 2008
PHASE II: LINE EXTENSIONS				
Cancer	breast cancer	<i>Iressa</i>	>2009	>2009
Gastrointestinal	extra-oesophageal reflux disease	<i>Nexium</i>	>2009 ⁵	>2009 ⁵
PHASE II: NEW CHEMICAL ENTITIES				
Cancer	medullary thyroid cancer	<i>Zactima</i>	2H 2008	2H 2008
	prostate cancer	ZD4054	>2009	>2009
	solid tumours	AZD5896; AZD6244 (ARRY-142886)	>2009	>2009
	hairy cell leukaemia	CAT-3888	>2009	>2009
Cardiovascular	dyslipidaemia	<i>Crestor</i> /ABT-335 (Abbott)	n/a	>2009
	dyslipidaemia	AZD6610	>2009	>2009
	thrombosis	AZD9684; AZD0837	>2009	>2009
	diabetes	dapagliflozin (BMS)	>2009	>2009
Gastrointestinal	inflammatory bowel disease	AZD9056	>2009	>2009
	GERD	AZD3355	>2009	>2009
Infection	severe sepsis	Cytofab [®]	>2009	>2009

	signs and symptoms of OA and RA	PN-400 (Pozen)	>2009	2009
Neuroscience	cognitive disorders in schizophrenia	AZD3480	>2009	>2009
	Alzheimer's disease	AZD3480	>2009	>2009
Respiratory and Inflammation	rheumatoid arthritis (RA)	AZD9056	>2009	>2009
	asthma	AZD1981	>2009	>2009

- 1 Authorities stated these symptoms were already captured within the GERD label. Text stating "No clinical interaction with naproxen or rofecoxib" was approved.
- 2 To be supplemented in 2008 with data supporting two additional strengths.
- 3 US approval based on 12 years and above.
- 4 This compound is in Phase II/III development.
- 5 Project Extraesophageal reflux disease (reflux asthma) will be completed but will not result in a regulatory filing.

[Back to Contents](#)

			Estimated filing date	
			Europe	US
	Areas under investigation	Compound		
Cancer	solid tumours and haematological malignancies	AZD0530; AZD1152	>2009	>2009
	solid tumours	AZD4769; AZD4877; AZD1689; AZD8931; AZD7762	>2009	>2009
	breast cancer	AZD2281	>2009	>2009
Cardiovascular	dyslipidaemia	AZD2479	>2009	>2009
	diabetes/obesity	AZD1175; AZD2207	>2009	>2009
	arrhythmias	AZD1305	>2009	>2009
Neuroscience	neuropathic pain	AZD9272	>2009	>2009
	anxiety and depression	AZD2327; AZD3783	>2009	>2009
	multiple sclerosis	AZD5094	>2009	>2009
	Alzheimer's disease	AZD1080	>2009	>2009
Respiratory and Inflammation	rheumatoid arthritis	AZD5672; AZD6703	>2009	>2009
	COPD	AZD4818; AZD5904	>2009	>2009
	asthma	CAT-354; AZD1744	>2009	>2009
PRE-CLINICAL: NEW CHEMICAL ENTITIES				
Cancer	solid tumours	AZD9935; AZD0424, AZD5180; AZD1845; AZD8830; AZD9468; AZD2932; CAT-5001; AZD6918	>2009	>2009
		AZD4922	>2009	>2009
	solid tumours and haematological malignancies	AZD3646	>2009	>2009
	haematological malignancies	CAT-8015	>2009	>2009
Cardiovascular	diabetes	AZD6370	>2009	>2009