THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

When considering what action you should take, you are recommended to seek your own financial advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services Act 1986 immediately.

If you have sold or otherwise transferred all of your Astra Shares, please pass this document as soon as possible to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee. The distribution of this document in jurisdictions other than the UK and Sweden may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. This document may not be forwarded or transmitted in or into the US, Canada, Australia or Japan.

A copy of this document, which comprises supplementary listing particulars relating to the New AstraZeneca Shares, and to the AstraZeneca Shares of US$0.25 each arising on the Redenomination, in accordance with the listing rules made under section 143 of the Financial Services Act 1986, has been delivered for registration to the Registrar of Companies in England and Wales in accordance with section 149 of that Act. This document is supplementary to, and should be read in conjunction with, the Merger Document dated 21 January 1999 relating to the issue of up to 829,006,287 ordinary shares in AstraZeneca in connection with the proposed merger with Astra AB. The definitions used or referred to in the Merger Document apply in this document unless the context otherwise requires.

Application has been made to the London and Stockholm Stock Exchanges for the New AstraZeneca Shares and the AstraZeneca Shares of US$0.25 each arising on the Redenomination to be admitted to the Official List of the London Stock Exchange and to the A list of the Stockholm Stock Exchange. Application has also been made for the New AstraZeneca ADSs to be listed on the New York Stock Exchange.

Dealings on the London Stock Exchange in the AstraZeneca Shares are expected to commence at 9.00 a.m. (London time) on the first business day after the Effective Date. Dealings on the Stockholm Stock Exchange in the AstraZeneca Shares are expected to commence at 10.00 a.m. (Stockholm time) on the first business day after the Effective Date. Dealings on the New York Stock Exchange in the New AstraZeneca ADSs are expected to commence at 9.30 a.m. (New York time) on the first business day after the Effective Date.

ZENECA GROUP PLC

(incorporated and registered in England and Wales with registered no. 2723534)

Supplementary Merger Document

relating to the issue of up to 829,006,287 ordinary shares in AstraZeneca in connection with the Merger

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Goldman Sachs International, which is regulated in the UK by The Securities and Futures Authority Limited, is acting exclusively for ZENECA Group PLC in connection with the Merger and will not be responsible to anyone other than ZENECA Group PLC for providing the protections afforded to customers of Goldman Sachs International or for providing advice in relation to the Merger. Morgan Stanley & Co. Limited, which is regulated in the UK by The Securities and Futures Authority Limited, is acting exclusively for Astra AB in connection with the Merger and will not be responsible to anyone other than Astra AB for providing the protections afforded to customers of Morgan Stanley & Co. Limited or for providing advice in relation to the Merger. Goldman Sachs International is acting exclusively for ZENECA Group PLC in connection with the application for the New AstraZeneca Shares and the AstraZeneca Shares of US$0.25 each arising on the Redenomination to be admitted to the Official List of the London Stock Exchange. Goldman Sachs International is also acting exclusively for ZENECA Group PLC in connection with the application to the New York Stock Exchange for the admission to listing of the New AstraZeneca ADSs. ZENECA Group PLC is applying directly to the Stockholm Stock Exchange for the admission of the New AstraZeneca Shares and the AstraZeneca Shares of US$0.25 each arising on the Redenomination to be admitted to the A list of the Stockholm Stock Exchange.

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1. Unaudited pro forma combined financial information for AstraZeneca for the year ended 31 December 1998.

The following information is extracted without material adjustment from the announcement of the unaudited pro forma financial information for AstraZeneca for the year ended 31 December 1998, dated 17 February 1999. Additional notes setting out the basis of preparation have been added to the information extracted from the announcement, these notes are shown in italics on pages 3 and 5.

FINANCIAL HIGHLIGHTS

	*1998 $m**	*1997 $m**	*Reported %*	*Constant Currency %*	*1998 £m**	*1997 £m**	*1998 SEKm**	*1997 SEKm**
Group Sales	17,234	15,831	+9	+13	10,382	9,537	136,269	118,189
Operating Profit before Exceptional Items	3,513	3,504	—	+10	2,116	2,111	27,774	26,161
Profit before Tax & Exceptional Items	3,458	3,440	+1	+10	2,083	2,072	27,340	25,678
Earnings per Share (before Exceptional Items)	$1.36	$ 1.37	—	+9	82.0p	82.3p	10.76SEK	10.20SEK
Earnings per Share (FRS3)	$1.39	$ 1.37	+2	n/a	84.0p	82.3p	11.03SEK	10.20SEK
Return on Sales	20.4%	22.1%						

* See below for details of the exchange rates used.

On a pro forma basis:

- Pharmaceuticals sales increased by 15 per cent, at constant currency, to $12,754 million (£7,683 million, SEK 100,843 million)
- US Pharmaceuticals sales were up 27 per cent
- Pharmaceuticals operating profit before Exceptional Items increased by 9 per cent, at constant currency; return on sales was 23.9 per cent (1997: 26.3 per cent)
- Pharmaceuticals Research & Development expenditure increased by 12 per cent to $2,183 million (£1,315 million, SEK 17,260 million) representing a 17.1 per cent expenditure to sales ratio
- At 31 December 1998 the combined group would have had an ungeared balance sheet and net cash funds of $533 million (£321 million, SEK 4,333 million) after providing for payment of $1.69 billion payable to Merck & Co., Inc. on consummation of the Merger, but before transaction costs arising from the Merger

The Zeneca Directors and the Proposed Directors believe that in order to assist in obtaining a proper comparison of the pro forma combined financial information of the AstraZeneca Group for the year ended 31 December 1998 compared with those of the AstraZeneca Group for the year ended 31 December 1997, it is necessary to consider the effect of movements in exchange rates in respect of the relevant period. Zeneca includes a commentary on its own underlying results in its Annual Report and Form 20F using "constant currency" information. Consistent with this basis of reporting, the information shown above in relation to "constant currency" has been presented to show the changes which would have been reported had the unaudited pro forma combined profit and loss account information in respect of the year ended 31 December 1998 been prepared using the average exchange rates used in the preparation of the unaudited pro forma combined profit and loss account information in respect of the year ended 31 December 1997.

Exchange Rates

Zeneca currently reports its results in UK pounds sterling and Astra in Swedish Kronor. The results of the two companies have been combined, and are presented here, using, in the case of the profit and loss account, average rates for each year, and in the case of the balance sheet, year end rates, as follows:

SEK/£	*1998*	*1997*
Profit and Loss Account	13.1255	12.3927
Balance Sheet	13.4997	13.1089

US dollar equivalents are stated at the convenience rate of $1.66 to the pound.

The unaudited pro forma combined financial information set out below has been prepared to illustrate the effect on the profits and net assets of AstraZeneca as if the Merger and the Astra Merck Restructuring (as described in paragraph 3.1(a) of Part VI of the Merger Document) had occurred, in the case of the unaudited pro forma combined profit and loss account information, on 1 January 1998 and, in the case of the unaudited pro forma combined net assets statement in respect of the Merger, on 31 December 1998. The unaudited pro forma combined financial information should be read in conjunction with the notes thereto, which have been prepared in accordance with UK GAAP and using merger accounting principles.

The unaudited pro forma combined financial information has been prepared for illustrative purposes only. Because of its nature, it may not give a true picture of, and is not necessarily indicative of, the profits which would have been reported if the Merger and the Astra Merck Restructuring had occurred on 1 January 1998, nor of the net assets which would have been reported if the Merger had occurred on 31 December 1998.

No adjustments have been made to reflect any transactions, other than as described in this section. In particular, no account is taken of any restructuring or transaction costs (including the non-recurring charge described in note 4(a) to the unaudited pro forma combined financial information) nor any potential cost savings or other synergies that could result from the Merger.

UNAUDITED PRO FORMA COMBINED PROFIT AND LOSS ACCOUNT INFORMATION

For the year ended 31 December 1998

	Historical Zeneca	*Converted historical Astra*	*Astra Merck adjustments*	*Other adjustments*	*Pro forma combined*
	Note 1	*Note 2*	*Note 3*	*Note 4*	
	£m	*£m*	*£m*	*£m*	*£m*
Sales	5,510	3,841	1,031	—	10,382
Operating costs	(4,528)	(3,139)	(729)	(28)	(8,424)
Other operating income	115	99	—	—	214
Operating profit	1,097	801	302	(28)	2,172
Operating profit before exceptional items	1,097	745	302	(28)	2,116
Exceptional items included in operating profit	—	56	—	—	56
Share of operating profit of joint ventures and associates	2	318	(318)	—	2
Profits less losses on sale or closure of operations	(28)	—	—	—	(28)
Profits on sale of fixed assets	10	—	—	—	10
Net interest expense	(36)	67	(17)	(49)	(35)
Profit on ordinary activities before taxation	1,045	1,186	(33)	(77)	2,121
Profit before exceptional items	1,063	1,130	(33)	(77)	2,083
Exceptional items	(18)	56	—	—	38
Taxation	(330)	(324)	14	14	(626)
Profit on ordinary activities after taxation	715	862	(19)	(63)	1,495
Attributable to minorities	(1)	—	—	—	(1)
Net profit for the year	714	862	(19)	(63)	1,494

UNAUDITED PRO FORMA COMBINED PROFIT AND LOSS ACCOUNT INFORMATION

Exceptional Items	*Historical Zeneca* £m	*Converted historical Astra* £m	*Astra Merck adjustments* £m	*Other adjustments* £m	*Pro forma combined* £m
Included in operating profit					
Restructuring of Astra Pharmaceuticals, L.P.	—	(43)	—	—	(43)
Profit from product agreements	—	99	—	—	99
Exceptional operating items	—	56	—	—	56
Profit on sale of property	10	—	—	—	10
Closure of Organophosphate Intermediates business	(28)	—	—	—	(28)
Exceptional items within profit on ordinary activities before taxation	(18)	56	—	—	38
Tax on exceptional items	7	(10)	—	—	(3)
Exceptional items within profit on ordinary activities	(11)	46	—	—	35

UNAUDITED PRO FORMA COMBINED NET ASSET STATEMENT

Year ended 31 December 1998

	Historical Zeneca	*Converted historical Astra*	*Other adjustments*	*Pro forma combined*
	Note 1	*Note 2*	*Note 4*	
	£m	*£m*	*£m*	*£m*
Fixed assets				
Tangible fixed assets	2,191	1,575	—	3,766
Goodwill and intangible assets	384	1,075	572	2,031
Fixed asset investments	146	65	—	211
	2,721	2,715	572	6,008
Current assets				
Stocks	798	420	—	1,218
Debtors	1,520	858	—	2,378
Short-term investments	165	793	—	958
Cash	206	872	(1,018)	60
	2,689	2,943	(1,018)	4,614
Total Assets	5,410	5,658	(446)	10,622
Creditors due within one year				
Short-term borrowings and current instalments of loans	(165)	(61)	—	(226)
Other creditors	(1,838)	(1,325)	—	(3,163)
	(2,003)	(1,386)	—	(3,389)
Net current assets	686	1,557	(1,018)	1,225
Total assets less current liabilities	3,407	4,272	(446)	7,233
Creditors due after more than one year	(472)	(11)	—	(483)
Provisions for liabilities and charges	(389)	(237)	—	(626)
Net assets	2,546	4,024	(446)	6,124
Minorities	(32)	—	—	(32)
Shareholders' equity	2,514	4,024	(446)	6,092

Notes

1. Information on Zeneca has been extracted from the financial information set out on pages 17 to 26 of this document.
2. Information on Astra has been derived from the financial information set out on pages 34 to 35 of this document. The information so derived is based upon audited financial statements which have been converted from Swedish GAAP to UK GAAP and translated into pounds at the average exchange rate for the period or, in the case of net assets, the exchange rate at 31 December 1998.
3. The Astra Merck Restructuring adjustments illustrate the effect on profits as if the restructuring had occurred at the beginning of the period. Adjustments have been made:
   (a) to consolidate the results of Astra Merck in full from 1 January 1998;
   (b) to reflect the goodwill arising on the transaction of £0.5 billion (SEK 7.2 billion) and its amortisation over 20 years as a result of the payment of purchase consideration of £0.9 billion (SEK 11.4 billion);
   (c) to reflect certain sales related compensation payments required under the new arrangements with Merck & Co; and
   (d) to reflect the effect on interest income (and the related tax effect) of the reduced cash balances arising from the payment referred to in (b) above. The effect is calculated using a rate equivalent to the average return on cash and short-term investments for the period.

The adjustments referred to at (a) — (d) above affect the pro forma combined profit and loss account information, on a line by line basis, as follows:

Year ended 31 December 1998	*(a)* *£m*	*(b)* *£m*	*(c)* *£m*	*(d)* *£m*	*Total* *£m*
Sales	1,031	—	—	—	1,031
Operating costs	(383)	(15)	(331)	—	(729)
Share of income of associated undertakings	(318)	—	—	—	(318)
Net interest expense	2	—	—	(19)	(17)
Tax	(130)	—	139	5	14
	202	(15)	(192)	(14)	(19)

4. Other adjustments reflect certain contractual payments to be made to Merck in connection with the consummation of the Merger:

(a) in connection with the consummation of the Merger, AstraZeneca is required to pay to Merck (i) a lump sum of approximately $740 million (£446 million) in exchange for the release by Merck of certain claims under the licence agreement between Astra and a Merck affiliate and (ii) a portion of the option exercise price for the First Option Assets amounting to approximately $950 million (£572 million), representing the estimated present value of $2.8 billion (£1.7 billion) of the option exercise price for the First Option Assets discounted from 2008 to the expected date of payment at the rate of 13 per cent per annum. (The amount of the first payment is based on a formula which takes into account the research and development expenses of Astra and its merger partner. Merck has challenged the methodology used by Astra in calculating the first payment and has asserted that the amount of such payment should be approximately 10% higher. Astra disputes Merck's assertion and intends to defend its calculation of the due amount).

The first of these payments will be expensed on closing of the Merger but is not recorded in the unaudited pro forma combined profit and loss account information since it is a non-recurring charge. The second of the payments is the estimated present value of a portion of the option exercise price for the First Option Assets representing compensation to Merck for contingent payments which it has agreed to forego in respect of Astra's products discovered or acquired after the Merger. This payment has been capitalised as an intangible asset and is amortised over a period of 20 years in the unaudited pro forma combined profit and loss account information for the year ended 31 December 1998 (£28 million). The unaudited pro forma combined net asset statement reflects both of the payments as a reduction in cash and as if the Merger was consummated on the balance sheet date;

(b) an adjustment has also been made in the unaudited pro forma combined profit and loss account information for the year ended 31 December 1998 (£49 million) to reflect the reduced interest income resulting from the reduced cash balances following these payments. The adjustment is tax effected at the Swedish effective tax rate.

Further details in respect of the Astra Merck Restructuring are included in paragraph 3.1(a) of Part VI of the Merger Document.

5. On the basis described in footnotes 1-4 above, unaudited pro forma combined sales, operating profit before exceptional items and research and development expenditure would have been as follows:

For the year ended 31 December 1998	*Sales* *£m*	*Operating profit before Exceptional Items* *£m*	*Research & development expenditure* *£m*
Pharmaceuticals (including Astra Tech)	7,683	1,834	1,315
Salick Health Care	126	(9)	—
Agrochemicals	1,738	216	172
Specialties	840	88	53
Inter-business eliminations/Miscellaneous	(5)	(13)	—
	10,382	2,116	1,540

6. Unaudited pro forma combined net assets at 31 December 1998 are represented by shareholders' equity and minority interests of £6,092 million and £32 million respectively.

7. On the basis described in footnotes 1-4 above, unaudited pro forma ratios and per share data would have been as follows:

	1998 *%*
Return on shareholders' equity	24.5
Equity/assets ratio	57.4

Return on shareholders' equity is profit for the year divided by closing shareholders' equity. Equity/assets ratio is closing shareholders' equity divided by total assets at the period end date.

	1998 £
Profit for the financial period per share	84.0p
Shareholders' equity per share	3.42

In presenting the above unaudited pro forma per share data, the weighted average number of shares outstanding during the year ended 31 December 1998 of 1,779 million assumes that the 829,006,287 New AstraZeneca Shares expected to be issued in connection with the Merger (assuming acceptance of the Merger Offers in full) were outstanding throughout the period.

8. No adjustments have been made to reflect any other transactions subsequent to 31 December 1998. In particular, no account is taken of any restructuring or transaction costs, nor any potential cost savings or other synergies that could result from the Merger.

9. The unaudited pro forma combined financial information does not represent the profit and loss account and balance sheet which will appear as comparative information in AstraZeneca's statutory financial statements for the year ending 31 December 1999. In particular, certain of the adjustments, such as those relating to Astra and Merck described in notes 3 and 4 above, have been back dated for the purpose of preparing the unaudited pro forma combined financial information to show their full year effect, but cannot be so treated when preparing the merged group's statutory financial statements. Zeneca has announced its intention, subject to completion of the Merger, to report in US dollars.

2. Report from KPMG Audit Plc in respect of the unaudited pro forma combined financial information.

The Directors and the Proposed Directors
ZENECA Group PLC
15 Stanhope Gate
London
W1Y 6LN

The Directors
Goldman Sachs International
Peterborough Court
133 Fleet Street
London
EC4A 2BB

15 March 1999

Dear Sirs

Proposed merger of ZENECA Group PLC ("Zeneca") and Astra AB

We report on the pro forma financial information set out on pages 5 to 9 of the Supplementary Merger Document dated 15 March 1999 (the "Pro Forma Financial Information"), which has been prepared, for illustrative purposes only, to provide information about how the transactions specified therein might have affected the financial information presented.

Responsibilities

It is the responsibility solely of the directors of Zeneca (the "Zeneca Directors") and the proposed directors of Zeneca (the "Proposed Directors") to prepare the Pro Forma Financial Information in accordance with paragraph 12.29 of the Listing Rules of the London Stock Exchange.

It is our responsibility to form an opinion, as required by the Listing Rules of the London Stock Exchange, on the Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of opinion in relation to the Pro Forma Financial Information

We conducted our work in accordance with the Statements of Investment Circular Reporting Standards and Bulletin 1998/8 "Reporting on pro forma financial information pursuant to the Listing Rules" issued by the Auditing Practices Board. Our work, which involved no independent examination of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro Forma Financial Information with the Zeneca Directors and the Proposed Directors.

Our work has not been carried out in accordance with auditing standards generally accepted in the United States of America and accordingly should not be relied upon as if it had been carried out in accordance with those standards.

Opinion in relation to the Pro Forma Financial Information

In our opinion:

- the Pro Forma Financial Information has been properly compiled on the basis stated;
- such basis is consistent with the accounting policies of Zeneca; and
- the adjustments are appropriate for the purposes of the Pro Forma Financial Information as disclosed pursuant to paragraph 12.29 of the Listing Rules of the London Stock Exchange.

Constant Currency Information

We have also examined the information included in respect of AstraZeneca at constant exchange rates (the "Constant Currency Information") included on page 3 of the Supplementary Merger Document for which the Zeneca Directors and the Proposed Directors are solely responsible.

We report that in our opinion the Constant Currency Information has been properly compiled in so far as the calculations are concerned on the basis stated.

Yours faithfully

KPMG Audit Plc

Results for the Zeneca Group for the financial year ended 31 December 1998.

The following information is extracted from the announcement of results for the Zeneca Group for the financial year ended 31 December 1998, dated 17 February 1999:

FINANCIAL HIGHLIGHTS

	1998 *£m*	*1997* *£m*	*Reported* *%*	*Constant Currency* *%*	*Like-for-Like** *%*	*1998§* *$m*	*1997§* *$m*
Group Sales	5,510	5,194	+6	+10	+8	9,147	8,622
Pharmaceuticals Sales	2,811	2,565	+10	+14	+14	4,666	4,258
Operating Profit	1,097	1,083	+1	+13	+15	1,821	1,798
Profit before Tax & Exceptional Items	1,063	1,081	–2	+10	+14	1,765	1,794
Earnings per Share (before Exception Items)	76.3p	77.0p	–1	+11	+15	$ 1.27	$ 1.28
Earnings per Share (FRS3)	75.2p	77.0p	–2	n/a	n/a	$ 1.25	$ 1.28
Return on Sales	19.9%	20.9%					

DIVIDEND

- A second interim dividend of 28.0 pence per Ordinare Share, making a full year dividend of 42.0 pence 1997: full year dividend of 38.5 pence
- A second interim dividend of $0.46§ per ADS, making a full year dividend of $0.75§

* Like-for-like excludes effects arising from exchange rate movements, acquisitions, disposals and Year 2000 costs

§ Convenience translation at £1 = $1.66

n/a = not applicable

REVIEW OF OPERATIONS

Sir David Barnes, Chief Executive, said: "The good underlying business growth reported at the half year has been sustained across all three major businesses, providing an excellent platform for the planned merger with Astra.

Pharmaceuticals' sales and profits increased by 14 per cent, when expressed in constant currency terms, driven by growth in new products and successful lifecycle management of more mature products. Sales in the US market grew by 21 per cent. On 4 September 1998 Zeneca acquired the pharmaceuticals business of Orica Ltd, Australia, for a purchase price of £122 million. This acquisition now provides direct access to the Australian and New Zealand markets.

Agrochemicals' profit growth in constant currency terms of 16 per cent was achieved in spite of difficult circumstances in South East Asian markets. The outstanding feature of the year has been the success achieved in the fungicides sector. The business acquired from ISK in February has been very successfully integrated and Amistar sales have grown to £177 million in only the second full year on the market. Bravo, the leading product acquired from ISK, has added to the strong growth in total fungicide sales of £395 million which, in constant currency, more than doubled.

Specialties' profit growth in constant currency terms of 16 per cent reflects the benefits of the restructuring and reshaping activities of the past several years and tight cost control. On 12 November 1998, Zeneca announced its intention to consider the possible divestment of the Specialties business. This process is ongoing and we hope to make a further announcement in the next few weeks.

The project to achieve Year 2000 compliance by the end of June 1999 has proceeded to plan; costs of £44 million have been charged against business operating profits for the year. Additional costs to complete the project are estimated to total £16 million; these will cover final remediation and testing of all business critical systems and the final development of contingency plans with key suppliers, customers and business partners.

On a like-for-like basis (which excludes currency movements, acquisitions, disposals and Year 2000 costs) Group sales were up eight per cent and EPS up 15 per cent. The Board has increased the total dividend for 1998 by nine per cent to 42.0 pence. The balance sheet remains strong with gearing of 10.2 per cent.''

PHARMACEUTICALS

Sales were up 10 per cent; operating profit grew by four per cent.

The following business sector comments exclude effects arising from exchange rate movements, acquisitions, disposals and Year 2000 costs.

Sales grew by 14 per cent with 28 per cent of total sales being attributable to new products launched since 1995; operating profit grew by 15 per cent.

Sales of Primary Care products grew by 13 per cent. Sales of Zestril grew by 10 per cent; in the US sales were up 15 per cent following a strong second half, with Zestril becoming the most prescribed ACE inhibitor in this market, securing a 22.7 per cent market share. Accolate sales grew by 78 per cent to £92 million. The results of the ACCEPT study showing improved control of asthma in all patient groups (including those on inhaled corticosteroids) were released in the US during the fourth quarter. Zomig achieved sales of £61 million and is well placed to benefit from greater acceptance of the triptan class. Zomig was the largest contributor to growth in France and was the first triptan to receive reimbursement when launched there in June 1998.

Sales of Oncology products grew by 15 per cent. Zoladex sales grew by 13 per cent. Market share continues to increase, particularly in the US where contract-based programmes at competitive prices are securing higher volumes. Sales of Casodex grew by 24 per cent further strengthening its position as the number one anti-androgen. Arimidex is now firmly established as the aromatase inhibitor of choice in most markets and sales increased by 47 per cent. Nolvadex sales overall increased by six per cent and by 11 per cent in the US. During the year excellent clinical data were reported on the use of Nolvadex in the long-term treatment of breast cancer and approval was received in the US for the use of Nolvadex in the reduction of risk of breast cancer. Additional promotional expenses are anticipated in 1999 to support the use of the product in these indications.

Specialist and Hospital Care products grew by 13 per cent. Diprivan sales grew by 17 per cent. Sales in the US were up 37 per cent largely due to the increased penetration of the ICU market. Zeneca has filed suit against the FDA following their recent approval of an ANDA for an alternative formulation of propofol from a generic competitor.

Sales of Seroquel were £39 million, held back in the first half of the year by overstocking by US wholesalers at the end of 1997; market share gains are now steadily being achieved. Merrem sales grew by 40 per cent to £77 million.

Excellent sales growth of 21 per cent has been achieved in the US. European sales increased by nine per cent, driven by growth in new products, offset slightly by some pricing pressures in both the UK and German markets. In Japan, where the market is still in decline, sales remained at prior year levels; increased volume was offset by the government pricing reforms implemented in April 1998.

The business continues to target in-licensing of new products and enabling technologies. Four development products have been in-licensed during 1998: Chirocaine (local anaesthetic) from Chiroscience; ZD4522 (lipid lowering 'super' statin) from Shionogi; ZD0473 (third generation platinum compound for solid tumours) from AnorMED; a vascular targeting agent which impedes growth of solid tumours (ZD6126) from Angiogene. Excellent results have been achieved in the ZD4522 Phase II studies and this high priority project is proceeding into Phase III.

SALICK HEALTH CARE

Salick Health Care's sales increased by seven per cent, at constant currency, to £126 million. An operating loss of £9 million, after absorbing Year 2000 costs of £8 million, reflects reduced reimbursement rates together with continued investment in both the internal infrastructure and the network expansion of cancer clinics.

AGROCHEMICALS

Sales were up seven per cent; operating profit declined by three per cent.

The US-based fungicide business of ISK, successfully integrated in the first half of the year, contributed £127 million to sales. The acquisition was neutral on earnings per share after integration costs of £18 million.

The following business sector comments exclude effects arising from exchange rate movements (net of related price increases in Asia), acquisitions, disposals and Year 2000 costs.

Sales grew by three per cent; operating profit grew by 13 per cent, reflecting changing product mix and control of expenses.

Herbicide sales were two per cent lower. Non-selective Herbicides decreased by three per cent due to the adverse effect of the Asian economic crisis, compounded by drought in South East Asia. Touchdown sales grew by three per cent; excluding Asia Pacific where sales were lower, Touchdown sales increased by 18 per cent. Sales of Selective Herbicides decreased by one per cent, even though acreage of genetically modified crops increased significantly, particularly in the key US market.

Insecticide sales declined by one per cent. Sales of Karate were essentially unchanged with growth in North America and Western European markets offset by lower sales in other regions. Sales of the corn rootworm insecticide, Force, grew by 31 per cent with excellent growth in the US market.

Fungicide sales grew by 45 per cent. Amistar has now been registered in 46 countries on 43 crops; outstanding success has been achieved with sales of £177 million. The take-up in both Japan and France, the world's largest fungicide markets, has been excellent and matched the reception in other markets. To keep pace with growing demand, a second manufacturing plant is expected to be on stream by June 1999. In combination with Bravo acquired from ISK, Amistar will provide disease control across the broadest spectrum of crops.

Growth of Zeneca's sales in the key regions of North America and Europe, which account for some 55 per cent of world demand, was significantly ahead of estimated market growth based on preliminary data. Sales in North America increased by six per cent with Amistar, Force, Achieve, Touchdown and Karate contributing to growth. European sales increased by nine per cent, with Amistar contributing the highest growth rate, even though sales in East Europe were adversely affected by the downturn in CIS.

Due to adverse economic circumstances sales in Asia, Africa and Australasia fell by 15 per cent.

Latin American sales grew by six per cent with continued strong growth in all major territories except in Argentina where there were adverse market conditions. The new season will start in August; therefore it is too early to assess the full impact from the current economic instability in Brazil, which will be clearer by mid-year.

The business continued to expand its biotechnology programme including the formation of research collaborations with the John Innes Centre and Incyte Pharmaceuticals Inc..

SPECIALTIES

Sales declined by five per cent; operating profit grew by four per cent.

The following business sector comments exclude effects arising from exchange rate movements, acquisitions, disposals and Year 2000 costs.

Sales declined by two per cent; operating profit grew by 21 per cent.

In Industrial Colours continued sales growth in Inkjet were partially offset by lower demand for pigments, mainly in Asia Pacific. Sales of Biocides were up two per cent with volume growth coming from Baquacil for swimming pools and spas. LifeScience Molecules grew by 33 per cent due to continued expansion of the pharmaceutical and agrochemical intermediates business.

Sales of Resins were flat and Stahl sales were six per cent lower due to reduced demand in Asia.

Sales of Quorn grew by 15 per cent through product range expansion.

IMPACT OF EXCHANGE RATES ON GROUP RESULTS

The impact of exchange rates in 1998, compared with 1997, reduced sales by £208 million (four per cent) and operating profit by £131 million (12 per cent). The impact of current exchange rates on operating profit in 1999, after taking account of lower anticipated hedging benefits, is expected to be broadly neutral.

INVESTMENTS, DIVESTMENTS AND CAPITAL EXPENDITURE

Cash investment on acquisitions totalled £359 million. Principal items were the acquisition of the US-based fungicide business of ISK and the acquisition of the pharmaceutical business of Orica Ltd in Australia.

The Group's net cash outflow on capital expenditure and financial investment during 1998 totalled £448 million net of proceeds of disposals. Capital expenditure on tangible fixed assets is currently running at two times depreciation, as investment in production capacity for growth phase and new products continues. This included new facilities for Zoladex, Zomig, Casodex, Touchdown and Amistar and the purchase by Pharmaceuticals of additional land and facilities in the UK (Macclesfield) and Puerto Rico. Financial investments included the purchase of international distribution rights outside Asia Pacific to four of ISK's recently introduced products (some £40 million) and the equity investment in Chiroscience (£15 million).

RESEARCH AND DEVELOPMENT

The Group's R & D expenditure increased by eight per cent in 1998 to £708 million. R & D expenditure as a percentage of sales increased slightly to 12.8 per cent. Pharmaceuticals' R & D expenditure increased by 10 per cent to £483 million, with R & D expenditure as a percentage of sales remaining constant at 17.2 per cent. Over the last three reported years Pharmaceuticals' R & D expenditure has increased by 47 per cent.

YEAR 2000 COMPLIANCE PROJECT

Costs totalling £44 million have been charged against business operating profits in 1998, this brings the cumulative expenditure to £57 million. The total cost breakdown and 1998 charge by business are respectively: Pharmaceuticals £17 million (1998: £13 million); Salick Health Care £8 million (1998: £8 million); Agrochemicals £23 million (1998: £16 million); Specialties £9 million (1998: £7 million).

JOINT VENTURES AND ASSOCIATES

Joint ventures and associates consists largely of results from Zeneca's 50 per cent share in Advanta B.V., the Seeds joint venture with Cooperatie Cosun U.A.. Advanta's 1998 profit was £5 million lower than 1997 due mainly to a deterioration in the European grasses business and associated rationalisation costs.

EXCEPTIONAL ITEMS

An exceptional charge of £18 million has been taken in 1998. Zeneca Specialties ceased manufacture of organophosphate intermediates at the end of June 1998 resulting in an exit cost of £28 million (£8 million cash costs of closure, £20 million write-down of assets). The sale of a US investment property resulted in a profit on disposal of £10 million.

INTEREST

The net interest expense for the year was £36 million, £26 million higher than in 1997 reflecting the reduction in cash balances following the acquisition of the US-based fungicide business of ISK and the pharmaceuticals business of Orica Ltd in 1998.

TAXATION

The taxation charge for 1998 was £330 million representing an effective tax rate of 31.6 per cent (1997: 31.9 per cent). The lowering of the UK Corporation Tax rate contributed to the slight rate reduction.

DIVIDENDS

Zeneca Group PLC paid a first interim dividend for 1998 on 2 November of 14.0 pence per 25 pence Ordinary Share. As previously disclosed in the AstraZeneca merger documentation, arrangements have been put in place in order to equalise the second interim dividend of Zeneca with the Astra dividend in respect of the 1998 financial year. This results in Zeneca shareholders receiving a slightly higher dividend than might otherwise have been the case.

Consequently, Zeneca Group PLC has declared a second interim dividend for 1998 of 28.0 pence per 25 pence Ordinary Share ($0.46 per ADS) 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 42.0 pence for the year ($0.75 per ADS). Payment will be on 26 April 1999 (6 May 1999 in the US through Morgan Guaranty Trust Company) to all shareholders on the register on 9 April 1999.

CASH FLOW

Net cash outflow before financing for the year was £277 million compared to £187 million in 1997 primarily as a result of the increased expenditure on acquisitions.

PROPOSED MERGER WITH ASTRA AB

The proforma financial statements in respect of AstraZeneca for 1998 are contained within a separate joint press release issued today.

Sir David Barnes
Chief Executive

GROUP PROFIT AND LOSS ACCOUNT

For the year ended 31 December	*1998* *£m*	*1997* *£m*	*1998* *$m*	*1997* *$m*
Sales	5,510	5,194	9,147	8,622
Cost of sales	(2,152)	(1,977)	(3,573)	(3,282)
Distribution costs	(158)	(163)	(262)	(270)
Research and development	(708)	(653)	(1,175)	(1,084)
Selling, general and administrative expenses	(1,510)	(1,397)	(2,507)	(2,319)
Other operating income	115	79	191	131
Group operating profit	1,097	1,083	1,821	1,798
Share of operating profit of joint ventures and associates	2	8	3	13
Profits less losses on sale or closure of operations	(28)	—	(47)	—
Profits on sale of fixed assets	10	—	17	—
Net interest payable	(36)	(10)	(59)	(17)
Profit on ordinary activities before taxation	1,045	1,081	1,735	1,794
Profit before exceptional items	1,063	1,081	1,765	1,794
Exceptional items	(18)	—	(30)	—
Taxation	(330)	(345)	(548)	(572)
Profit on ordinary activities after taxation	715	736	1,187	1,222
Attributable to minorities	(1)	(6)	(2)	(10)
Net profit for the financial year	714	730	1,185	1,212
Dividends to Shareholders	(399)	(365)	(662)	(606)
Profit retained for the financial year	315	365	523	606
Earnings per 25p Ordinary Share before exceptional items	76.3p	77.0p	*$1.27	*$1.28
Earnings per 25p Ordinary Share (basic)	75.2p	77.0p	*$1.25	*$1.28
Earnings per 25p Ordinary Share (diluted)	74.9p	76.8p	*$1.24	*$1.27
Weighted average number of Ordinary Shares in issue (millions)	950	948	950	948

* Earnings per ADS. One Zeneca Ordinary Share is represented by one American Depository Share. Prior to 8 April 1998, three Zeneca Ordinary Shares were represented by one American Depository Share. The prior period earnings per ADS have been restated.

The US dollar values shown in these statements have been calculated using the current period-end rate of $1.66 to the pound.

GROUP BALANCE SHEET

At 31 December	*1998 £m*	*1997 £m*	*1998 $m*	*1997 $m*
Fixed assets				
Tangible fixed assets	2,191	1,951	3,637	3,239
Goodwill and intangible assets	384	81	637	134
Investments in joint ventures and associates	98	85	163	141
Other fixed asset investments	48	37	80	62
	2,721	2,154	4,517	3,576
Current assets				
Stocks	798	728	1,325	1,209
Debtors	1,520	1,399	2,523	2,322
Short-term investments	165	426	274	707
Cash	206	303	342	503
	2,689	2,856	4,464	4,741
Total assets	5,410	5,010	8,981	8,317
Creditors due within one year				
Short-term borrowings	(147)	(166)	(244)	(276)
Current instalments of loans	(18)	(17)	(30)	(28)
Finance leases	(3)	(4)	(5)	(7)
Other creditors	(1,835)	(1,676)	(3,046)	(2,782)
	(2,003)	(1,863)	(3,325)	(3,093)
Net current assets	686	993	1,139	1,648
Total assets less current liabilities	3,407	3,147	5,656	5,224
Creditors due after more than one year				
Loans	(451)	(510)	(749)	(847)
Finance leases	(9)	(12)	(15)	(20)
Other creditors	(12)	(13)	(20)	(21)
	(472)	(535)	(784)	(888)
Provisions for liabilities and charges	(389)	(420)	(646)	(697)
Net assets	2,546	2,192	4,226	3,639
Capital and reserves				
Called-up share capital	238	237	395	393
Share premium account	32	24	53	40
Merger reserve	285	285	473	473
Other reserves	110	132	183	219
Profit and loss account	1,849	1,482	3,069	2,461
Shareholders' funds — equity interests	2,514	2,160	4,173	3,586
Minority equity interests	32	32	53	53
Shareholders' funds and minority interests	2,546	2,192	4,226	3,639

STATEMENT OF GROUP CASH FLOW

For the year ended 31 December	*1998 £m*	*1997 £m*	*1998 $m*	*1997 $m*
Cash flow from operating activities				
Operating profit	1,097	1,083	1,821	1,798
Depreciation and amortisation	246	216	408	359
Stocks increase	(7)	(88)	(12)	(146)
Debtors increase	(59)	(135)	(98)	(224)
Creditors increase	66	169	110	280
Other non-cash movements	(80)	(10)	(133)	(17)
Outflow related to exceptional items	(46)	(66)	(76)	(110)
Net cash inflow from operating activities	1,217	1,169	2,020	1,940
Dividends from joint ventures and associates	2	2	3	3
Returns on investments and servicing of finance				
Interest received	24	53	40	88
Interest paid	(60)	(66)	(100)	(110)
Dividends paid by subsidiaries to minority interests	(1)	(45)	(1)	(74)
	(37)	(58)	(61)	(96)
Tax paid	(282)	(320)	(468)	(531)
Capital expenditure and financial investment				
Cash expenditure on fixed assets	(509)	(457)	(845)	(759)
New fixed asset investments	(11)	(7)	(18)	(11)
Disposals of fixed assets	72	21	119	35
	(448)	(443)	(744)	(735)
Acquisitions and disposals				
Acquisitions and purchases of minority interest	(359)	(196)	(596)	(325)
Investments in joint ventures and associates	—	(3)	—	(5)
Disposals of business operations and investments in associates	—	3	—	5
	(359)	(196)	(596)	(325)
Equity dividends paid to Shareholders	(370)	(341)	(614)	(566)
Net cash outflow before management of liquid resources and financing	(277)	(187)	(460)	(310)
Management of liquid resources				
Movement in short-term investments and fixed deposits (net)	261	292	433	484
Financing	(96)	(32)	(159)	(53)
(Decrease)/increase in cash in the period	(112)	73	(186)	121

GROUP STATEMENT OF TOTAL RECOGNISED GAINS & LOSSES

For the year ended 31 December	*1998* *£m*	*1997* *£m*	*1998* *$m*	*1997* *$m*
Net profit for the financial year	714	730	1,185	1,212
Exchange adjustments on net assets	36	(63)	60	(105)
Translation differences on foreign currency borrowings	(4)	(3)	(7)	(5)
Tax on translation differences on foreign currency borrowings	1	1	2	2
Movements in unrealised holding gains and losses on short-term investments	1	1	2	2
Total recognised gains and losses	748	666	1,242	1,106

NOTES

1 Basis of Preparation and Accounting Policies

The results for the year ended 31 December 1998 have been prepared in accordance with UK generally accepted accounting principles (UK GAAP). The accounting policies applied are consistent with those set out in the Group's 1997 Annual Report and Accounts except for changes in accounting arising from the adoption of Financial Reporting Standard No. 9 "Associates and Joint Ventures" (FRS 9), Financial Reporting Standard No. 10 "Goodwill and Intangible Assets" (FRS 10) and Financial Reporting Standard No. 14 "Earnings per Share" (FRS 14). Under FRS 9, certain investments previously accounted for as associates have been reclassified as joint ventures. Under FRS 10, goodwill arising on acquisitions made after 1 January 1998 is capitalised and amortised over its estimated useful life. Previously, all goodwill was written off to reserves on acquisition. Under FRS 14 diluted earnings per share are disclosed. The adoption of FRS 9, FRS 10 and FRS 14 has no impact on the Group's net assets as at 1 January 1998. The amortisation charge in respect of capitalised goodwill for the year ended 31 December 1998 was £8m ($13m). The accounting policies and presentation on pages 17 to 23 of this document are consistent with those in the full audited financial statements for the year ended 31 December 1998 and those financial statements will be delivered to the Registrar of Companies following the Company's annual general meeting. The information on pages 12 to 26 of this document does not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985. Statutory accounts for the year ended 31 December 1997 have been filed with the Registrar of Companies. The auditors' report on those accounts was unqualified and did not contain any statement under Section 237 of the Companies Act 1985.

2 Joint Ventures and Associates

The Group's share of joint venture sales for the year ended 31 December 1998 amounted to £134m ($222m) and £140m ($232m) for the comparative period. Share of joint ventures' and associates' operating profits for the year ended 31 December 1998 amounted to £2m ($3m) and £nil ($nil) respectively, and for the comparative period £7m ($11m) and £1m ($2m), respectively.

3 Exceptional Items

	1998 *£m*	*1997* *£m*	*1998* *$m*	*1997* *$m*
Profit on sale of property	10	—	17	—
Loss on closure of Organophosphate Intermediates business	(28)	—	(47)	—
Tax credit on loss on closure	7	—	12	—
	(11)	—	(18)	—

4 Earnings per 25p Ordinary Share

	1998 *£m*	*1997* *£m*	*1998* *$m*	*1997* *$m*
Net profit for the year before exceptional items	725	730	1,203	1,212
Exceptional items after tax	(11)	—	(18)	—
Net profit for the financial year	714	730	1,185	1,212
Weighted average number of Ordinary Shares in issue (millions)	950	948	950	948
Earnings per Ordinary Share before exceptional items	76.3p	77.0p	*$ 1.27	*$ 1.28
Earnings (loss) per Ordinary Share on exceptional items	(1.1)p	—	*$ (0.02)	—
Earnings per Ordinary Share (basic)	75.2p	77.0p	*$ 1.25	*$ 1.28
Earnings per Ordinary Share (diluted)	74.9p	76.8p	*$ 1.24	*$ 1.27

* Earnings per ADS. One Zeneca Ordinary Share is represented by one American Depositary Share.

5 Reconciliation of movements in Shareholders' funds

	1998 £m	*1997 £m*	*1998 $m*	*1997 $m*
Shareholders' funds at beginning of year	2,160	2,034	3,586	3,376
Net profit for the financial year	714	730	1,185	1,212
Dividends	(399)	(365)	(662)	(606)
	315	365	523	606
Issue of Zeneca Group PLC Ordinary Shares	7	15	12	25
Goodwill on acquisitions prior to 1 January 1998	—	(192)	—	(319)
Foreign currency adjustments	33	(65)	54	(108)
Other movements	(1)	3	(2)	6
Net addition to Shareholders' funds	354	126	587	210
Shareholders' funds at end of year	2,514	2,160	4,173	3,586

6 Reconciliation of net Cash Flow to movement in net Debt/Funds

	1998 £m	*1997 £m*	*1998 $m*	*1997 $m*
(Decrease)/increase in cash	(112)	73	(186)	121
Outflow from decrease in debt and lease financing	103	47	171	78
Inflow from decrease in liquid resources	(261)	(292)	(433)	(484)
Change in net funds/debt arising from cash flows	(270)	(172)	(448)	(285)
Other non-cash movements	(2)	(56)	(4)	(93)
Exchange movements	(5)	(1)	(8)	(2)
Movement in net funds	(277)	(229)	(460)	(380)
Net funds at beginning of year	20	249	33	413
Net (debt)/funds at end of year	(257)	20	(427)	33

7 Segment Analysis

	1998 £m	1997 £m	1998 $m	1997 $m
Geographical analysis of sales by customer location				
United Kingdom	441	439	732	729
Continental Europe	1,486	1,412	2,467	2,344
The Americas	2,853	2,509	4,736	4,165
Asia, Africa and Australasia	730	834	1,212	1,384
	5,510	5,194	9,147	8,622
Sales by class of business				
Pharmaceuticals	2,811	2,565	4,666	4,258
Salick Health Care	126	121	209	201
Agrochemicals	1,738	1,631	2,885	2,707
Specialties	840	885	1,394	1,469
Inter-business eliminations	(5)	(8)	(7)	(13)
	5,510	5,194	9,147	8,622
Operating profit/(loss)				
Pharmaceuticals	815	786	1,353	1,305
Salick Health Care	(9)	3	(15)	5
Agrochemicals	216	223	359	370
Specialties	88	85	146	141
Miscellaneous	(13)	(14)	(22)	(23)
	1,097	1,083	1,821	1,798
Operating profit/(loss) as a percentage of sales	%	%		
Pharmaceuticals	29.0	30.6		
Salick Health Care	(7.1)	2.5		
Agrochemicals	12.4	13.7		
Specialties	10.5	9.6		
Group total	19.9	20.9		

PART II: ZENECA

PRODUCTS/BUSINESS SEGMENT SALES ANALYSIS

	1998 £m	1997 £m	1998 $m	1997 $m	% Growth Total	% Growth Constant Currency
Pharmaceuticals						
Primary Care:	1,218	1,117	2,022	1,854	+9	+13
Zestril	677	632	1,124	1,049	+7	+10
Tenormin	302	337	501	559	−10	−6
Sular	31	24	52	40	+29	+33
Accolate	92	53	153	88	+74	+78
Zomig	61	12	101	20	n/m	n/m
Others	55	59	91	98	−7	−2
Oncology:	926	835	1,537	1,386	+11	+15
Zoladex	377	348	626	578	+8	+14
Casodex	147	122	244	203	+20	+24
Nolvadex	316	306	524	508	+3	+6
Arimidex	73	51	121	84	+43	+47
Tomudex	13	7	22	12	+86	+86
Others	—	1	—	1	n/m	n/m
Specialist/Hospital Care:	667	613	1,107	1,018	+9	+13
Diprivan	393	347	652	576	+13	+17
Seroquel	39	31	65	51	+26	+29
Merrem	77	60	128	100	+28	+40
Others	158	175	262	291	−10	−5
Agrochemicals						
Herbicides:	974	1,025	1,617	1,702	−5	−1
Non-Selective	415	448	689	744	−7	−3
Selective	559	577	928	958	−3	+1
Insecticides	314	329	521	546	−5	−1
Fungicides	395	204	656	338	+94	+101
Others	55	73	91	121	−25	−17
Specialties						
Industrial Colours	122	130	202	216	−6	−2
Biocides	92	93	153	154	−1	+2
LifeScience Molecules	73	55	121	91	+33	+33
PIC	71	80	118	133	−11	−10
Stahl	168	188	279	312	−11	−6
Resins	165	171	274	284	−4	—
Marlow Foods	55	48	91	80	+15	+15
Toll Manufacturing and Others	94	120	156	199	n/m	n/m

n/m = not meaningful

Constant currency % growth has been calculated excluding the effects arising from exchange rate movements (net of related Agrochemicals price increases in Asia).

MARKET/TERRITORIAL SALES ANALYSIS

	1998 £m	1997 £m	1998 $m	1997 $m	% Growth Total	% Growth Constant Currency
Pharmaceuticals						
US	1,338	1,127	2,221	1,871	+19	+21
Japan	242	266	402	442	–9	—
Germany	130	137	216	227	–5	–1
France	166	161	276	267	+3	+7
Italy	131	116	217	193	+13	+18
UK	193	181	320	300	+7	+7
ROW	611	577	1,014	958	+6	+14
	2,811	2,565	4,666	4,258	+10	+14
Agrochemicals						
North America	619	527	1,028	875	+17	+19
Latin America	331	286	549	475	+16	+18
Europe	542	508	900	843	+7	+13
Asia, Africa, Australasia	246	310	408	514	–21	–13
	1,738	1,631	2,885	2,707	+7	+11
Specialties						
The Americas	263	285	437	473	–8	–6
Europe	460	474	763	787	–3	–1
Asia, Africa, Australasia	117	126	194	209	–7	+2
	840	885	1,394	1,469	–5	–2

n/m = not meaningful

Constant currency % growth has been calculated excluding the effects arising from exchange rate movements (net of related Agrochemicals price increases in Asia).

PART II: ZENECA

US GAAP RESULTS

The Group's financial statements are prepared in accordance with UK GAAP. Net income and shareholders' equity prepared in accordance with US GAAP are set out below. The principal differences relate to different treatments in respect of purchase accounting adjustments, capitalisation of interest, dividends, pension accounting and deferred taxation.

	1998 £m	*1997 £m*	*1998 $m*	*1997 $m*
Net income in accordance with US GAAP	625	697	1,038	1,157
Shareholders' equity in accordance with US GAAP	3,349	3,033	5,559	5,035

TRADEMARKS

The following names contained in this statement are trademarks of, or are licensed to, Zeneca Group companies:

Accolate Amistar Arimidex Baquacil Bravo Casodex Chirocaine Diprivan Force Karate Merrem Nolvadex Quorn Seroquel Stahl Sular Tenormin Tomudex Touchdown Zestril Zoladex Zomig

For simplicity, sales are reported under the above lead brand names, whereas some compounds are sold under several brand names to address separate market niches.

1. Preliminary results for the Astra Group for the financial year ended 31 December 1998.

The following information is extracted from the announcement of the unaudited preliminary results for the Astra Group for the financial year ended 31 December 1998, dated 16 February 1999:

During the period January-December 1998, Astra's sales rose 27 percent, or 15 percent for comparable units, to SEK 57,187 (1997: 44,904) m. Pretax earnings rose 15 percent, or 22 percent for comparable units, to SEK 16,444 (14,305) m. Adjusted for the effect of the agreements with Schering-Plough, pretax earnings rose 13 percent for comparable units. Net earnings rose 16 percent, or 21 percent for comparable units, to SEK 11,803 m.

- The Astra Group's sales during the fourth quarter amounted to SEK 18,115 (12,447) m., an increase of 46 percent, or 17 percent for comparable units. Pretax earnings rose 37 percent, or 48 percent for comparable units, to SEK 5,186 (3,797) m. The agreements with Schering-Plough had a positive impact on 1998 fourth quarter earnings, amounting to a non-recurring amount of SEK 1,293 m. Net earnings amounted to SEK 3,736 (2,740) m.
- The boards of Astra and Zeneca reached an agreement in December 1998 on a merger of equals.
- The Board of Directors proposes, pursuant to the agreement to merge with Zeneca, that the dividend be raised to SEK 1.90 (1.80) per share.
- Atacand was launched in Canada, Italy and the U.S.-among other countries-during the fourth quarter.
- Two agreements were reached with Schering-Plough. Astra reacquired the rights to Losec in Italy and Spain, while Schering-Plough acquired an extension and widening of its marketing rights in the U.S. with respect to Imdur.

Agreement with Merck

On July 1, 1998, Astra reached an agreement with Merck & Co., Inc., pertaining to the U.S. market. The agreement gave Astra management control of the operations in the U.S. and made possible, on July 1, 1998, the combination of the operations of the previously half-owned company Astra Merck, Inc., and the wholly owned subsidiary Astra USA, Inc., in a new company, Astra Pharmaceuticals, L.P. Through this arrangement, Astra achieves strategic freedom and the right to buy out Merck's interest at certain points in time. Under the new agreement, all sales of Prilosec (Losec) and Plendil in the U.S. are included in the Astra Group's sales from July 1, 1998, and onwards. Previously, half of sales were included since the half-owned company Astra Merck, Inc., was consolidated according to the proportionate method.

Agreement with Schering-Plough

In December Astra reached two agreements with Schering-Plough Corporation. As of January 1, 1999, Astra reacquired all rights to market omeprazole under the Losec trademark and felodipine under the Prevex and Perfudal trademarks in Italy and Spain. Astra will be making cash payments to Schering-Plough based on the sales levels attained by Astra. These payments are expected to amount to approximately USD 800 m. (approximately SEK 6.4 bn.), to be paid in installments over at least a five-year period. The agreement enables Astra to maintain and further develop its market-leading position in the gastrointestinal area and resolves a disagreement concerning the interpretation of the previous licensing agreement between Astra and Schering-Plough. Under a separate agreement, Schering-Plough acquired an extension and widening of its marketing rights in the U.S. with respect to Imdur. Pursuant to this agreement, Astra received a payment of USD 200 m. (approximately SEK 1.6 bn.). These agreements impacted Astra's operating result during the fourth quarter by SEK 1,293 m.

Proposed Merger with Zeneca

The boards of Astra and Zeneca reached an agreement in December 1998 on a merger of equals. Full details of the proposed merger are presented in a separate Merger Document, published in January 1999.

PART III: ASTRA

Sales

Astra's sales during the fourth quarter of 1998 amounted to SEK 18,115 (1997: 12,447) m., an increase of 46 percent compared with the corresponding period a year ago. For comparable units* the sales increase was 17 percent, or 12 percent when calculated at constant exchange rates.**

Sales during the period January-December 1998 rose 27 percent to SEK 57,187 (44,904) m. For comparable units, sales increased by 15 percent, or 13 percent when calculated at constant exchange rates. Price changes had a positive impact on sales growth during the period of approximately 1 percentage point.

The North American market was Astra's fastest-growing market. Combined sales in North America amounted to SEK 24,248 (14,199) m., an increase of 31 percent for comparable units.

Astra's sales in Europe in 1998 amounted to SEK 26,170 (23,420) m., an increase of 12 percent. Among the major European markets, Astra's sales in local currency rose 11 percent in Germany, 25 percent in France, and 11 percent in Italy. Astra's sales in the U.K. and Sweden were impacted by parallel import from southern Europe, which caused a 9 percent and 5 percent decline in local sales, respectively.

In the Asian countries (including Japan), which accounted for 5 percent of the Group's sales, Astra's sales totaled SEK 2,962 (3,559) m., a decrease of 8 percent when adjusted for the divestment of Astra's generics division in Japan.

SALES BY PRODUCT GROUP (SEK m.)	*Oct.-Dec.*		*Percentage change*		*Jan.-Dec.*		*Percentage change*	
	1998	*1997*			*1998*	*1997*		
Gastrointestinal	10,964	6,139	+79	(+71)	31,969	21,796	+47	(+43)
Cardiovascular	2,776	2,239	+24	(+18)	9,594	8,258	+16	(+16)
Respiratory	2,465	2,185	+13	(+7)	8,763	7,994	+10	(+9)
Pain control	1,061	1,041	+2	(–3)	3,829	3,700	+3	(+3)
Other products	628	659	–5	(–8)	2,235	2,466	–9	(–9)
Astra Tech	222	183	+21	(+15)	796	691	+15	(+14)
TOTAL	18,115	12,447	+46	(+39)	57,187	44,904	+27	(+25)

Figures in parentheses refer to percentage change at constant exchange rates.

Astra's sales of the antipeptic ulcer drug Losec during the period January-December totaled SEK 31,619 (21,526) m., an increase of 47 percent. For comparable units the sales increase was 21 percent. Total sales of Losec in the world market amounted to approximately SEK 40,600 (32,000) m. Losec MUPS (Multiple Unit Pellet System), a new tablet formulation with additional patient benefits, was introduced in Germany, among other countries, during the fourth quarter, and at year-end 1998 the product had been launched in a total of six countries.

Sales of the asthma drug Pulmicort rose 11 percent to SEK 5,486 (4,922) m. Sales in the U.S. amounted to SEK 357 (–) m. Prescription volume for Pulmicort Turbuhaler in the U.S. rose steadily during the second half of the year. Market penetration in the U.S. initially developed more slowly than originally anticipated. This was due in part to the restrictive manufacturing specifications that apply for deliveries to the U.S. market. A meeting with the FDA took place in early 1999 to review the manufacturing specifications, and discussions are continuing.

Oxis, Astra's new, long-acting bronchodilator, has been launched in a total of some 30 countries as at year-end 1998. The product has been well-received by the market, and sales amounted to SEK 350 (70) m.

* Starting on July 1, 1998, all sales of Prilosec (Losec) and Plendil in the U.S. are included in the Astra Group's sales. Previously, half of sales were included since the half-owned company Astra Merck, Inc., was consolidated according to the proportionate method. The sales-related compensation payable to Merck is now included in the Group's operating expenses. These changes affect comparability with previous reporting periods. Calculations of changes for comparable units pertain to the situation according to the previous agreement between Astra and Merck.

** Calculations of trends at constant exchange rates are based on the exchange rates that applied for the corresponding period in the preceding year.

Sales of the beta-blocker Seloken, Astra's largest product in the cardiovascular area, rose to SEK 3,568 (3,162) m., an increase of 13 percent. An international study was discontinued during the fourth quarter of 1998 after recording positive results for Seloken ZOC in the treatment of congestive heart failure. Regulatory applications for Seloken for treatment of congestive heart failure are expected to be filed in 1999.

Sales of the vasodilator Plendil totaled SEK 2,625 (2,241) m., an increase of 10 percent for comparable units. The new antihypertensive agent Atacand was launched during the fourth quarter in Italy, Canada and the U.S., among other countries, and at year-end 1998 had been launched in some 20 countries altogether. The development of prescription volume for Atacand through January 1999 in the U.S. market is promising. Total sales of Atacand amounted to SEK 352 (8) m.

Sales of the local anesthetic Naropin amounted to SEK 242 (103) m. The registration process in Japan was initiated at year-end 1998.

MUSE, a new local therapy for treatment of impotence (erectile dysfunction), was granted European Union mutual recognition approval during the fourth quarter. Sales of MUSE totaled SEK 86 (–) m.

The decline in sales of other products was caused by the divestment of Astra's generics division in Japan.

Earnings

Astra's pretax earnings for the fourth quarter of 1998 totaled SEK 5,186 (3,797) m. For comparable units i.e., according to the previous agreement with Merck, earnings rose 48 percent. Fourth quarter earnings were favorably affected by the agreements with Schering-Plough (described below). These agreements impacted operating earnings by SEK 1,293 m. Adjusted also for this effect, pretax earnings rose 14 percent.

During the period January-December, pretax earnings totaled SEK 16,444 (14,305) m., an increase of 15 percent, or 22 percent for comparable units. Adjusted for the effect of the agreements with Schering-Plough, earnings increased by 13 percent for comparable units.

Research and development expenditures rose 21 percent in 1998 to SEK 10,600 (8,746) m. Operating earnings amounted to SEK 15,243 (13,544) m., an increase of 17 percent for comparable units, or 8 percent when adjusted for the agreements with Schering-Plough. Operating earnings included SEK 3,435 (2,721) m. in depreciation.

The Group's net financial income for 1998 increased to SEK 1,201 (758) m. Net interest income totaled SEK 886 (818) m. Financial exchange differences totaled SEK 315 (–60) m., and were affected by the weaker Swedish krona. The unease in the financial markets did not affect exchange rate differences.

The new agreement with Merck had an initial dilutive effect of 5 percentage points on the Group's net earnings for 1998, in accordance with earlier estimations.

The effective tax rate was 28 (29) percent of pretax earnings. Earnings per share amounted to SEK 7.18 (6.21).

Capital Expenditures and Financial Position

Astra's capital expenditures totaled SEK 5,314 (4,650) m. in 1998, of which SEK 2,401 (2,349) m. were in Sweden. In addition, in connection with the new Merck agreement, Astra acquired assets in the U.S. amounting to a total of SEK 11,354 m., of which SEK 7,170 m. was goodwill. The Group's liquid assets at December 31, 1998, amounted to SEK 22,473 (24,479) m.

Other

In February 1999 Astra filed a lawsuit in the U.S. against Kremers Urban Development Company (KUDCO) and Schwarz Pharma Inc. The lawsuit is a result of an Abbreviated New Drug Application (ANDA) filed by KUDCO with the FDA concerning its intent to market generic omeprazole products in the U.S. after the expiration of the substance patent, which occurs in April 2001. The basis of Astra's complaint is that both companies' action infringes upon several other patents relating to Prilosec, which provide protection to the year 2014.

Employees

The number of employees (average) rose by 2,752 persons to 24,958 (22,206). In Sweden the number of employees was 8,060 (7,310).

Dividend and Annual Meeting

As a result of the differing dividend payment profiles of Astra and Zeneca, Astra's dividend for the 1998 fiscal year will be equalized with Zeneca's second interim dividend for 1998, as set forth in the Merger Document.

A dividend of SEK 1.90 (1.80) per share has been proposed for Astra for 1998. The record date for payment of the dividend will be April 9, 1999.

If conversion to AstraZeneca shares takes place prior to the record date, Astra stockholders who have accepted the offer will receive a dividend corresponding to 28 pence per AstraZeneca share, and Astra stockholders who have not accepted the offer will receive the proposed dividend of SEK 1.90 per share from Astra.

In view of the requirement for a common record date for payment of dividends from Astra and Zeneca, Astra's Annual Meeting will be held on Tuesday, April 6, 1999, at 2:00 p.m.

Håkan Mogren
President and Chief Executive Officer

Copies of this year-end report will be dispatched to Astra stockholders.

TREND IN FIGURES CONSOLIDATED EARNINGS STATEMENT (SEK m.)	*Oct.-Dec.*		*Percentage change**		*Jan.-Dec.*		*Percentage change**	
	1998	*1997*			*1998*	*1997*		
Sales	18,115	12,447	+46	(+17)	57,187	44,904	+27	(+15)
Operating expenses	(14,669)	(8,999)	+63	(+20)	(43,327)	(31,392)	+38	(+19)
Operating exchange gains/losses	98	(83)	—		90	32	—	
Items affecting comparability**	1,293	—	—		1,293	—		—
Operating earnings	4,837	3,365	+44	(+51)	15,243	13,544	+13	(+17)
Financial income	244	297	–18		1,091	959	+14	
Financial expenses	(70)	(21)	+243		(205)	(141)	+45	
Financial exchange gains/losses	175	152	—		315	(60)	—	
Net financial income/expenses	349	428	–18		1,201	758	+59	
Minority interests in earnings	0	4	—		0	3	—	
Earnings before taxes	5,186	3,797	+37	(+48)	16,444	14,305	+15	(+22)
Taxes	(1,450)	(1,057)	+37		(4,641)	(4,104)	+13	
NET EARNINGS	3,736	2,740	+36	(+51)	11,803	10,201	+16	(+21)
Earnings per share (SEK)	2.27	1.67	+36	(+51)	7.18	6.21	+16	(+21)

* Figures in parentheses refer to changes for comparable units, i.e.: the situation according to the previous agreement between Astra and Merck.

** Earnings effect of agreements with Schering-Plough.

Payment received for Imdur	1,608
Other effects on the Schering-Plough agreements	(315)
Items affecting comparability	1,293

SALES-LARGEST PHARMACEUTICAL PRODUCTS (SEK m.)	January-December 1998	January-December 1997	Percentage Change	
Losec	31,619	21,526	+47	(+43)
Pulmicort	5,486	4,922	+11	(+11)
Seloken	3,568	3,162	+13	(+11)
Plendil	2,625	2,241	+17	(+19)
Xylocaine	1,902	1,915	–1	(–1)
Rhinocort	1,248	1,267	–2	(–2)
Bricanyl	1,222	1,275	–4	(–3)
Imdur	962	913	+5	(+5)
Marcaine	636	670	–5	(–4)
Ramace	513	488	+5	(+3)

Figures in parentheses refer to percentage change at constant exchange rates.

CONDENSED CONSOLIDATED BALANCE SHEET (SEK m.)	Dec. 31, 1998	Dec. 31, 1997
Intangible noncurrent assets	15,008	6,536
Other noncurrent assets	21,563	18,451
Inventories and current receivables	17,094	12,814
Liquid assets	22,473	24,479
ASSETS	76,138	62,280
Stockholders' equity	54,855	46,015
Provisions	5,313	6,399
Liabilities	15,970	9,866
STOCKHOLDERS' EQUITY AND LIABILITIES*	76,138	62,280
* of which, interest-bearing provisions and liabilities	3,659	3,500

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (SEK m.)	January-December 1998	January-December 1997
Net cash flows from operating activities	14,731	10,453
Net cash flows from investing activities	(16,390)	(4,495)
Net cash flows from external financing	(348)	358
CHANGE IN LIQUID ASSETS	(2,007)	6,316

OTHER	Dec. 31, 1998	Dec. 31, 1997
Return on capital employed (%)	25	26
Return on stockholders' equity (%)	26	27
Equity ratio (%)	72	74
Number of shares, millions	1,643.2	1,643.2

Reconciliation to U.S. GAAP and U.K. GAAP

Astra prepares its consolidated financial statements in accordance with Swedish GAAP, which differ in certain significant respects from U.S. GAAP and U.K. GAAP.

Under U.S. GAAP, estimated net earnings for the years ended December 31, 1998 and 1997 were SEK 11,289 m. and SEK 10,195 m., respectively, compared with SEK 11,803 m. and SEK 10,201 m. under Swedish GAAP. Earnings per share under U.S. GAAP for the years ended December 31, 1998 and 1997 were SEK 6.87 and SEK 6.20, respectively, compared with SEK 7.18 and SEK 6.21 under Swedish GAAP. Shareholders' equity at December 31, 1998 and 1997 under U.S. GAAP was SEK 54,567 m. and SEK 46,181 m., respectively, compared with SEK 54,855 m. and SEK 46,015 m. under Swedish GAAP.

Under U.K. GAAP, estimated net earnings for the years ended December 31, 1998 and 1997 were SEK 11,313 m. and SEK 10,463 m., respectively, compared with SEK 11,803 m. and SEK 10,201 m. under Swedish GAAP. Earnings per share under U.K. GAAP for the years ended December 31, 1998 and 1997 were SEK 6.88 and SEK 6.37, respectively, compared with SEK 7.18 and SEK 6.21 under Swedish GAAP. Shareholders' equity at December 31, 1998 and 1997 under U.K. GAAP was SEK 54,328 m. and SEK 46,867 m., respectively, compared with SEK 54,855 m. and SEK 46,015 m. under Swedish GAAP.

2. Reconciliation of figures to UK GAAP.

Unaudited restatements of the preliminary profit and loss account and balance sheet for the Astra Group for the financial year ended 31 December 1998 from Swedish GAAP to UK GAAP.

Astra Group's financial information has been prepared in accordance with Swedish GAAP which is consistent with most standards submitted by the International Accounting Standards Committee ("IASC"). The application of the standards submitted by the IASC does not result in significantly different amounts being reported or significantly different disclosures being made. There are no material differences between UK GAAP and Swedish GAAP relating to cash flow statements. Significant differences between Swedish and UK GAAP which affect Astra's net profit and shareholders' funds are set out below:

- Translation of foreign subsidiary accounts
- Accounting for goodwill
- Accounting for restructuring costs in connection with acquisitions
- Accounting for deferred taxes
- Accounting for unrealised gains and losses on short-term investments.
- Accounting for dividends

In addition there is a difference in accounting for the 50 per cent. ownership in Astra Merck.

The adjustments made relate to the identified differences of most importance. However, restructuring costs in connection with acquisitions and unrealised gains and losses on short-term investments represent adjustments of less importance.

Swedish Kronor amounts have been translated into sterling using the following exchange rates:

	Profit and loss account	*Balance sheet*
1998	13.1255	13.4997

For further information on the differences see notes to the restatements below.

PROFIT AND LOSS ACCOUNT

	Translated Swedish GAAP *£m*	*UK GAAP Adjs.* *£m*	*UK GAAP* *£m*
Sales	4,357	(516)	3,841
Operating costs	(3,301)	162	(3,139)
Other operating income	105	(6)	99
Operating profit	1,161	(360)	801
Share of operating profit of joint ventures and associates	—	318	318
Profits less losses on sale or closure of operations	—	—	—
Net interest income	92	(25)	67
Profit on ordinary activities before taxation	1,253	(67)	1,186
Taxation	(354)	30	(324)
Profit on ordinary activities after taxation	899	(37)	862
Attributable to minorities	—	—	—
Net profit for the financial year	899	(37)	862

BALANCE SHEET

	Translated Swedish GAAP £	*UK GAAP Adjs.* £	*UK GAAP* £
Fixed assets			
Tangible fixed assets	1,520	55	1,575
Intangible assets	1,112	(37)	1,075
Fixed asset investments	66	(1)	65
	2,698	17	2,715
Current assets			
Stocks	420	—	420
Debtors	858	—	858
Short-term investments	792	1	793
Cash	872	—	872
	2,942	1	2,943
Total assets	5,640	18	5,658
Creditors due within one year			
Short-term borrowings and current instalments of loans	(61)	—	(61)
Other creditors	(1,111)	(214)	(1,325)
	(1,172)	(214)	(1,386)
Net current assets	1,770	(213)	1,557
Total assets less current liabilities	4,468	(196)	4,272
Creditors due after more than one year	(11)	—	(11)
Provisions for liabilities and charges	(394)	157	(237)
Net assets	4,063	(39)	4,024
Capital and reserves			
Called up share capital	152		152
Restricted reserves	597	76	673
Unrestricted reserves	3,314	(115)	3,199
Shareholders' funds — equity interests	4,063	(39)	4,024
Minority equity interests	—	—	—
Shareholders' funds and minority interests	4,063	(39)	4,024

Notes

The following adjustments were made for restatement under UK GAAP:

1. Restatement of Astra's 50 per cent. ownership interest in Astra Merck Inc., which is recorded in the translated historical financial statements of Astra in accordance with the proportional method, to the equity method required under UK GAAP.

2. Retranslation of Astra's foreign subsidiaries' financial statements using the closing rate method. According to Astra's policy, non-monetary assets and shareholders' equity are translated to Swedish Kronor at the exchange rate in effect at the time of acquisition or year earned, respectively. Under the closing rate method applied by Zeneca in accordance with UK GAAP, all balance sheet items are translated using the balance sheet exchange rate and all income statement items are translated using the average exchange rate for the period. Resulting differences are recorded as a component of equity.

3. Elimination of goodwill arising from business acquisitions prior to 1998 directly against equity, as allowed under UK GAAP. Under Swedish GAAP, goodwill arising from business acquisitions is capitalised and amortised over the estimated useful life.

4. Elimination of restructuring costs and related effects recorded following the restructuring of Astra Merck, Inc. These costs and related effects would be recorded in subsequent periods under UK GAAP.

5. Restatement of deferred taxes recorded under the full liability method for Swedish GAAP to the partial liability method required under UK GAAP. Under the full liability method, deferred taxes are calculated on the difference between the reported value and the tax value of all assets and liabilities using the respective country's enacted tax rate. Under the partial liability method, deferred taxes on temporary differences are recorded only to the extent that the effect is expected to be realised in the foreseeable future, normally no more than three to five years.

6. Recording of unrealised gains and losses on short-term investments as direct changes to equity in accordance with UK GAAP. Under Swedish GAAP unrealised gains and losses, when recorded, are reflected in the income statement.

7. Under UK GAAP ordinary share dividends proposed are provided for in the year in respect of which they are recommended by the Board of Directors for approval by shareholders. Under Swedish GAAP such dividends are not provided for until the year of declaration.

3. Report from Deloitte & Touche AB in respect of the reconciliation to UK GAAP.

The Directors
Astra AB
151 85 SÖDERTÄLJE
Sweden

Goldman Sachs International
Peterborough Court
133 Fleet Street
London EC4A 2BB
United Kingdom

15 March, 1999

Dear Sirs,

We have reviewed the calculations and bases of preparation of the unaudited reconciliation of financial information from Swedish GAAP to UK GAAP in respect of Astra AB, which is set out in paragraph 2 of Part III of the Supplementary Merger Document dated 15 March 1999 relating to the merger between ZENECA Group PLC and Astra AB (the "Merger"). The unaudited reconciliation, for which the directors of Astra AB have accepted sole responsibility has been prepared on the basis of the following (together "the source documents"):

(a) the financial information for Astra AB for the financial year ended 31 December 1998, extracted from the audited financial statements for that year;

(b) the accounting policies of ZENECA Group PLC, as set out in the financial information for ZENECA Group PLC set out in Part V of the Merger Document dated 21 January, 1999; and

(c) the adjustments made for restatement under UK Generally Accepted Accounting Policies ("UK GAAP") set out in paragraph 2 of Part III of the Supplementary Merger Document.

Our review, which was substantially less in scope than an audit, consisted primarily of comparing the reconciliation with the source documents, considering the evidence supporting the reconciling items and discussing the reconciliation with the directors of Astra AB. We do not accept any responsibility for the source documents beyond that owed to those to whom our audit report on Astra AB annual financial statements for the financial year ended 31 December, 1998 were addressed by us at the date of its issue. The directors of Astra AB have accepted sole responsibility for the financial information in paragraphs 1 and 2 of Part III of the Supplementary Merger Document.

In our opinion

(a) the unaudited reconciliation has been properly compiled on the basis stated; and

(b) the adjustments are appropriate for the purposes of presenting the financial information of Astra AB (as adjusted) on a basis consistent in all material respects with the accounting policies of ZENECA Group PLC and under UK GAAP.

Yours faithfully,

DELOITTE & TOUCHE AB

1. Responsibility

1.1 The Zeneca Directors and the Proposed Directors, whose names are set out in paragraph 2 of this Part IV, accept responsibility for the information contained in this document other than, in the case of the Zeneca Directors and Percy Barnevik, that in relation to the Astra Group. To the best of the knowledge and belief of the Zeneca Directors and the Proposed Directors (who have taken all reasonable care to ensure that such is the case), such information is in accordance with the facts and does not omit anything likely to affect the import of such information.

1.2 The Astra Directors, whose names are set out in paragraph 2 of this Part IV, accept responsibility for the information contained in this document relating to the Astra Group. To the best of the knowledge and belief of the Astra Directors (who have taken all reasonable care to ensure that such is the case), such information is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. Directors

2.1 Directors of Zeneca

The names of the Zeneca Directors and their respective functions are as follows:

Name	Position
Sir Sydney Lipworth	Chairman
Sir David Barnes	Chief Executive
Alan Pink	Executive Director
Dr Peter Doyle	Executive Director
Dr Tom McKillop	Executive Director. Chief Executive Officer, Pharmaceuticals and Chief Executive designate, Zeneca
Michael Pragnell	Executive Director and Chief Executive Officer, Agrochemicals
Jonathan Symonds	Executive Director, Chief Financial Officer
Sir Jeremy Morse	Non-executive Director
Sir Richard Greenbury	Non-executive Director
Dame Bridget Ogilvie	Non-executive Director
Sir Peter Bonfield	Non-executive Director
Frank Meysman	Non-executive Director
Karl von der Heyden	Non-executive Director

The business address of the Zeneca Directors is 15 Stanhope Gate, London W1Y 6LN.

2.2 Directors of Astra

The names of the Astra Directors and their respective functions are as follows:

Name	Position
Bo Berggren	Chairman
Marcus Wallenberg	Vice-Chairman
Björn Björnson	Director and Employee Representative
Charles L. Cooney	Director
Claes Dahlbäck	Director
James M. Denny	Director
Harry Faulkner	Director
Håkan Mogren	Director (President and CEO)
Erna Möller	Director
Lars Ramqvist	Director
Carina Sörensen	Director and Employee Representative
Lars H. Thunell	Director
Katarina Byström	Deputy Director and Employee Representative
Sven-Åke Pavasson-Hatta	Deputy Director and Employee Representative

The business address of the Astra Directors is Astra AB, S-151 85 Södertälje, Sweden.

2.3 **Directors of AstraZeneca**

The AstraZeneca Directors (being the Zeneca Directors and the Proposed Directors) and their functions will be as follows:

Name	Position
Percy Barnevik*	Non-executive Chairman
Sir David Barnes	Executive Deputy Chairman
Håkan Mogren*	Executive Deputy Chairman
Tom McKillop	Chief Executive
Åke Stavling*	Executive Director, Business Development & Integration
Jonathan Symonds	Executive Director, Chief Financial Officer
Claes Wilhelmsson*	Executive Director, R&D
Michael Pragnell	Executive Director, Agrochemicals
Erna Möller*	Non-executive Director
Lars Ramqvist*	Non-executive Director
Marcus Wallenberg*	Non-executive Director
Sir Peter Bonfield	Non-executive Director
Karl von der Heyden	Non-executive Director
Dame Bridget Ogilvie	Non-executive Director

The Proposed Directors are those marked with an asterisk. At the Extraordinary General Meeting of Zeneca held on 18 February 1999, resolutions were passed to appoint the Proposed Directors as directors of AstraZeneca (and to implement the other necessary steps on Zeneca's part to effect the Merger), conditional upon and with effect from the Merger Offers becoming unconditional and not having been terminated in accordance with their terms.

The business address of the AstraZeneca Directors will be 15 Stanhope Gate, London W1Y 6LN.

3. No significant change

Save as disclosed in this document, there has been no significant change affecting any matter contained in the Merger Document and no significant new matter has arisen since the publication of the Merger Document.

4. Consents

KPMG Audit Plc has given and has not withdrawn its written consent to the inclusion of its report dated 15 March 1999 in the form and context in which it is included in this document and the references thereto and to its name, in the form and context in which they are included in this document and it has authorised the contents of the part of this document which comprises its report for the purposes of section 152(1)(e) of the Financial Services Act 1986.

Deloitte & Touche AB has given and has not withdrawn its written consent to the inclusion of its report dated 15 March 1999 in the form and context in which it is included in this document and the references thereto and to its name, in the form and context in which they are included in this document and it has authorised the contents of the part of this document which comprises its report for the purposes of section 152(1)(e) of the Financial Services Act 1986.

5. Documents available for inspection

Copies of the following documents will be available for inspection during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted), at the offices of Freshfields, 65 Fleet Street, London EC4Y 1HS and at the offices of Mannheimer Swartling, Normalmstorg 4, SE 11187, Stockholm, in each case, for the duration of the Merger Offers:

5.1 this document;

5.2 the unaudited pro forma combined financial information for AstraZeneca for the year ended 31 December 1998 set out in paragraph 1 of Part I of this document;

5.3 the results for the Zeneca Group for the financial year ended 31 December 1998 set out in paragraph 1 of Part II of this document;

5.4 the preliminary results for the Astra Group for the financial year ended 31 December 1998 set out in paragraph 1 of Part III of this document;

5.5 the report from KPMG Audit Plc set out in paragraph 2 of Part I of this document;

5.6 the report from Deloitte & Touche AB set out in paragraph 3 of Part III of this document; and

5.7 the documents listed as being available for inspection in paragraph 22 of Part XIII of the Merger Document.

15 March 1999