

Board of Directors and Officers of the Company 1999

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Percy Barnevik† (59) – Non-Executive Chairman – appointed as a Director 6 April 1999. Non-Executive Chairman of ABB Ltd, Investor AB and Sandvik AB. Non-Executive Director of General Motors Corporation.

Sir David Barnes‡ CBE (63) – Executive Deputy Chairman – appointed as a Director 15 February 1993. Non-Executive Director of Prudential Corporation Plc. Deputy Chairman of Business in the Community. Member of the Board of Trustees of the British Red Cross. Non-Executive Chairman of Imperial Cancer Research Technology Ltd.

Håkan Mogren‡ (56) – Executive Deputy Chairman – appointed as a Director 6 April 1999. Formerly CEO and a Director of Astra AB (appointed 18 May 1988). Chairman of the Research Institute of Industrial Economics (IUI). Non-Executive Director of Gambro AB, Investor AB, the Federation of Swedish Industries and the Marianne and Marcus Wallenberg Foundation. Member of the Royal Swedish Academy of Engineering Sciences.

Tom McKillop (56) – Chief Executive – appointed as a Director 1 January 1996. Non-Executive Director of Nycomed Amersham plc and Lloyds TSB Group Plc.

Sir Peter Bonfield* CBE, FREng (55) – Non-Executive Director – appointed as a Director 1 January 1995. Chief Executive of British Telecommunications plc. Non-Executive Director of ICL plc and Vice-President of The British Quality Foundation.

Erna Möller* (59) – Non-Executive Director – appointed as a Director 6 April 1999. Formerly a Director of Astra AB (appointed 15 May 1995). Professor of Clinical Immunology and Member of the Nobel Assembly, Karolinska Institute.

Dame Bridget Ogilvie# (61) – Non-Executive Director – appointed as a Director 1 January 1997. Non-Executive Director of Lloyds TSB Group Plc and the Manchester Technology Fund Limited. Chairman, Medicines for Malaria Venture, World Health Organisation and the Committee on the Public Understanding of Science (COPUS).

Michael Pragnell (53) – Executive Director and Chief Executive Officer of Zeneca Agrochemicals – appointed as a Director 1 January 1997. Has overall responsibility for Zeneca Agrochemicals. Non-Executive Director of David S Smith (Holdings) PLC.

Lars Ramqvist* (62) – Non-Executive Director and Chairman of the Remuneration Committee – appointed as a Director 6 April 1999. Formerly a Director of Astra AB (appointed 17 May 1994). Chairman of Telefonaktiebolaget LM Ericsson, Volvo AB and Skandia Insurance Company Ltd. Non-Executive Director of Svenska Cellulosaaktiebolaget (SCA).

Åke Ståvling (55) – Executive Director, Business Development and Integration – appointed as a Director 6 April 1999. Also has responsibility for corporate strategy.

Jonathan Symonds (40) – Executive Director and Chief Financial Officer – appointed as a Director 1 October 1997. Also has overall responsibility for information services, insurance and investor relations.

Karl von der Heyden# (63) – Non-Executive Director and Chairman of the Audit Committee – appointed as a Director 1 October 1998. Executive Vice-Chairman of PepsiCo, Inc. Non-Executive Director of Federated Department Stores Inc., the Pepsi Bottling Group and the Whitman Corporation.

Marcus Wallenberg# (43) – Non-Executive Director – appointed as a Director 6 April 1999. Appointed as a Director of Astra AB 18 May 1989. President and Chief Executive Officer of Investor AB. Non-Executive Vice-Chairman of Saab AB and Telefonaktiebolaget LM Ericsson. Non-Executive Director of Scania AB, Skandinaviska Enskilda Banken, Stora Enso Oyj, the Knut and Alice Wallenberg Foundation and SAS Representatives.

Claes Wilhelmsson (60) – Executive Director, Research and Development – appointed as a Director 6 April 1999.

Sir Sydney Lipworth QC – Chairman – retired 6 April 1999.

Peter Doyle CBE – Executive Director – retired 6 April 1999.

Sir Richard Greenbury – Non-Executive Director and Chairman of the Remuneration and Nomination Committee – retired 6 April 1999.

Frank Meysman – Non-Executive Director – retired 6 April 1999.

Sir Jeremy Morse KCMG – Non-Executive Director and Chairman of the Audit Committee – retired 6 April 1999.

Alan Pink – Executive Director – retired 6 April 1999.

Other Officers of the Company at 31 December 1999 included members of the Senior Executive Team, as set out on pages 49 to 50, and:

Graeme Musker – Group Secretary and Solicitor – appointed as Company Secretary 6 June 1993.

‡ Member of the Nomination Committee

* Member of the Remuneration Committee

Member of the Audit Committee



The Board in 1999

Details of the Board appear on page 48. Following completion of the merger on 6 April 1999, Sir Sydney Lipworth QC, Peter Doyle CBE, Sir Richard Greenbury, Frank Meysman, Sir Jeremy Morse KCMG and Alan Pink retired from office. On the same date, Håkan Mogren, Åke Stavling and Claes Wilhelmsson were appointed Executive Directors and Percy Barnevik, Erna Möller, Lars Ramqvist and Marcus Wallenberg were appointed Non-Executive Directors.

Percy Barnevik was appointed Non-Executive Chairman of the Company. Håkan Mogren, Marcus Wallenberg, Erna Möller and Lars Ramqvist were previously members of the Board of Directors of Astra AB, Håkan Mogren being President and CEO and Marcus Wallenberg being Vice-Chairman of the Board. Following completion of the merger, all of those individuals except Marcus Wallenberg ceased to be Directors of Astra AB and all became Directors of the Company. Håkan Mogren also ceased to be President and CEO of Astra AB and Sir David Barnes CBE ceased to be Chief Executive of the Company; each was appointed Executive Deputy Chairman of the Company. Tom McKillop became Chief Executive of the Company with effect from the same date.

Åke Stavling and Claes Wilhelmsson were previously members of Astra AB's senior executive management team, Åke Stavling having overall responsibility for finance and control matters and Claes Wilhelmsson for research and development.

On completion of the merger, the retiring Directors of Astra AB (now called AstraZeneca AB) were Bo Berggren (Chairman of the Board), Charles L. Cooney, Claes Dahlbäck, James M. Denny, Harry Faulkner, Lars H. Thunell, Katarina Byström and Sven-Åke Pavasson-Hatta.

Re-election of Directors

All of the Directors retire under Article 90 of the Articles of Association and are presenting themselves for re-election at the AGM on 26 May 2000. All of the Directors are recommended for re-election.

Principal Activities

The Company is the holding company for a group of subsidiaries whose principal activities are described in the Operational and Financial Reviews, which are incorporated in this report by reference. Principal subsidiaries, joint ventures and associates and their locations are given on pages 118 and 119.

Dividends

The dividend for 1999 of \$0.70 per Ordinary Share amounts to \$1,242 million.

Corporate Governance

Completion of the merger in 1999 provided an opportunity to reconsider and redesign a number of the Company's corporate governance structures while integrating the former Astra and former Zeneca businesses, building on the best practices of the two predecessor organisations. Comments below in respect of corporate governance matters should be read in this context.

Throughout 1999, other than as set out in this report, the Company has applied all of the principles of good governance contained in Section 1 of the Combined Code published by the Hampel Committee on Corporate Governance and approved by the London Stock Exchange.

Other than as set out in this report, the Company has also complied throughout the accounting period with the Code provisions set out in Section 1 of the Combined Code.

Directors and Organisation

The Board is responsible for the Company's objectives, policies and stewardship of the Company's resources. In 1999, it met 12 times; seven Board meetings are planned for 2000. It concentrates mainly on strategy, financial performance and critical business issues. Executive Directors have specific remits and areas of responsibility which are shown on page 48. The differing roles of Executive Directors and Non-Executive Directors are clearly delineated; both have fiduciary duties towards shareholders. However, Executive Directors have direct responsibility for business operations whereas the Non-Executive Directors have a responsibility to bring independent, objective judgement to bear on Board decisions. There is an established and transparent procedure for appointments of new directors to the Board which is operated by the Nomination Committee. All of the Directors retire at each AGM and may offer themselves for re-election by shareholders.

The Chief Executive, Tom McKillop, has delegated authority from, and is responsible to, the Board for directing and promoting the profitable operation and development of the Company consistent with the primary aim of enhancing long term shareholder value. He is obliged to refer certain major matters (defined in the formal delegation of the Board's authority) back to the Board.

The Chief Executive has established and chairs the Senior Executive Team. While retaining full responsibility for the authority delegated to him by the Board, the Senior Executive Team is the vehicle through which he exercises that authority in respect of the Company's pharmaceuticals and healthcare businesses (including Salick Health Care, Astra Tech and Diagnostics). The other members of the Senior Executive Team are Åke Stavling, Jonathan Symonds, Claes Wilhelmsson

(all Executive Directors); Michael O'Brien, Executive Vice-President, International Sales and Marketing; Carl-Gustaf Johansson, Executive Vice-President, North America and President and CEO, AstraZeneca LP; John Patterson, Executive Vice-President, Product Strategy and Licensing; Barrie Thorpe, Executive Vice-President, Operations and Gunnar Christiani, Executive Vice-President, Human Resources. During 1999, it normally met twice a month to review all business issues and decisions other than those considered to be of a size or importance to require the attention of, or which are reserved to, the full Board. In 2000, the Senior Executive Team will normally meet once a month for two days.

The Chief Executive has established and chairs the Agrochemicals Executive Team which is the vehicle through which he exercises the authority delegated to him by the Board in respect of Zeneca Agrochemicals. Its other members comprise Michael Pragnell, Åke Stavling and Jonathan Symonds (all Executive Directors) and it meets approximately four times per annum.

The Chief Executive, acting through the Senior Executive Team and the Agrochemicals Executive Team, is responsible to the Board for the management and performance of the Company's businesses within the framework of Company policies, reserved powers and routine reporting requirements. The roles of the Board, the Chairman, the Deputy Chairmen, the Chief Executive, the Senior Executive Team, the Agrochemicals Executive Team and their key committees are documented, as are the Company's delegated authorities and reserved powers, the means of operation of the business and the roles of corporate functions.

Directors' Remuneration

Details of the Directors' remuneration are contained in the Report of the Board on Remuneration on pages 52 to 54.

Relations with Shareholders

The Company has frequent discussions with institutional shareholders on a range of issues affecting its performance. These comprise meetings following the announcement of the annual results with the Company's largest institutional shareholders, on an individual basis; and on a group basis, up to two business strategy briefings relating to individual businesses during the year. In addition the Company responds continually to individual ad hoc requests for discussions from institutional shareholders.

All shareholders, including private investors, have an opportunity to participate in discussions with the Board on matters relating to the Company's operation and performance at the AGM.

Accountability and Audit

In its financial reporting to shareholders and other interested parties by means of annual and quarterly performance reports, the Board aims to present a balanced and understandable assessment of the Company's financial position and prospects.

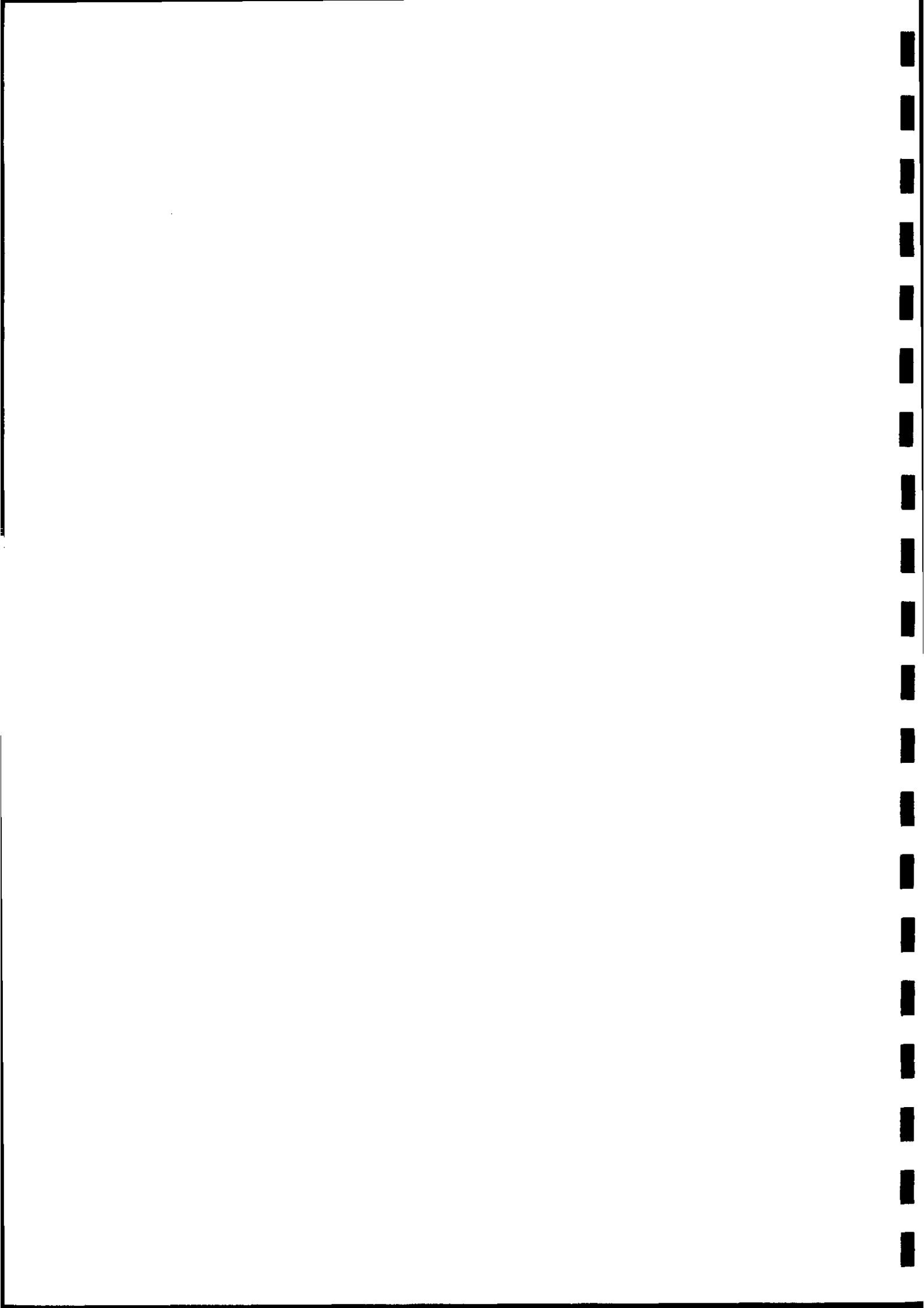
The key features of the Company's current system of internal control are described below.

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

The Company has in place a range of procedures to monitor and control the risks associated with the achievement of its objectives. The Company's businesses are subject to annual strategy reviews, to an annual budget process including forecasts for the next three years together with a sensitivity and risk analysis, to quarterly updates of the forecast for the current year and to monthly reporting and explanation of actual performance and variances. During 2000, the performance measures will move away from being predominantly financial towards a broader range of measures that address the achievement of key business priorities. All material capital investments must be submitted for approval with supporting information which includes a requirement to identify and discuss risks and alternatives. Treasury operations are centralised, operate within defined limits and are subject to regular reporting requirements.

Following completion of the merger on 6 April 1999, a formal review of a number of the Company's corporate policies was initiated. As is the case with several of the policies, the review of the Company's code of ethics is ongoing. Pending its completion, the Zeneca Group Code of Ethics remains valid and states that it is the policy of the Company that all of its subsidiaries and their employees observe high standards of integrity and act with due skill, care, diligence and fairness in the conduct of business. The Company's management recognises that such standards make a significant contribution to the overall control environment and seek, by their words and actions, to reinforce them throughout the business.

The Company's Audit Committee has received and considered reports on the effectiveness of the Company's system of internal financial control. These include an annual assessment of internal financial control from the internal audit function,



reports from the external auditors on matters identified in the course of their statutory audit work and management assurance of the maintenance of control. The latter is based on an annual 'letter of assurance' by which responsible managers confirm the adequacy of their systems of internal financial control, their compliance with Company policies, local laws and regulations and report any control weaknesses identified in the past year.

Following publication in September 1999 by the Institute of Chartered Accountants in England and Wales of the Turnbull report, 'Internal Control: Guidance for Directors on the Combined Code', the Directors initiated a formal review of the effectiveness of the group's system of non-financial controls, including operational and compliance controls and risk management.

As a result of this review and the completion of the merger, work to develop and refine the Company's business risk management processes and internal controls is ongoing. Significant progress has already been made, building on the extensive range of internal control and risk management activities which both Astra and Zeneca undertook as embedded business processes prior to the merger. In particular, a comprehensive review of the Company's high level internal control arrangements has been undertaken which has confirmed the global adequacy of this framework. The principal risks facing the Company have been identified by the Senior Executive Team, mechanisms for the co-ordinated management of those risks are being developed and minor changes are being planned in the way in which ongoing communication to the Board of the operation of control and risk processes takes place.

The Directors are confident that an effective embedded system of internal control has been and will be maintained throughout this process, and that implementation of the Turnbull guidance will be completed during 2000.

Non-compliance with the Combined Code

The items in the Combined Code with which the Company did not comply in full throughout the period are the appointment of a senior Non-Executive Director, membership of the Nomination Committee and service contracts' notice periods. The reasons for non-compliance are stated below.

To date, members of the Board have not considered that the appointment of a senior Non-Executive Director would enhance the manner in which they discharge their duties.

The members of the Company's Nomination Committee are Percy Barnevik (Chairman of the Committee), Sir David Barnes CBE, Håkan Mogren and one Non-Executive Director nominated by the Chairman of the Committee. The Board believes

that, while not strictly complying with the provision of the Combined Code that a majority of the members of the Committee should be Non-Executive Directors, this membership provides a forum with exceptional experience of the Company's requirements and the knowledge of former Astra and Zeneca personnel that is necessary for the consideration of new Board appointments.

The service contracts of Executive Directors provide for a notice period of two years. In the case of a number of Directors who were formerly employed by Astra, this has involved a reduction in the notice period to which they were previously entitled. It is not currently proposed that notice periods should be reduced further for existing service contracts. However, for new Executive Directors, although the initial notice period may be for a longer period, it is the Board's intention that it should be reduced to one year subsequently. The Board recognises that market conditions may not make this easy to achieve in the near term and the Board has retained the flexibility to offer whatever is necessary to make appropriate new appointments.

Going Concern

The Directors have a reasonable expectation that the Company and its subsidiaries have adequate resources to continue in operational existence for the foreseeable future and therefore continue to adopt the going concern basis in preparing the accounts.

Auditors

A resolution will be proposed at the AGM on 26 May 2000 for the re-appointment of KPMG Audit Plc, London as auditor of the Company. Since the completion of the merger on 6 April 1999, KPMG Audit Plc, London and Deloitte & Touche, London have been the Company's joint auditors. Prior to that date, KPMG Audit Plc, London was the auditor of the Company.

Purchase of Own Shares

At the AGM, the Company will be seeking a renewal of its current permission from shareholders to purchase its own shares.

In its half year results announcement for 1999, the Company stated that its distribution policy would contain both a regular dividend cash flow and a share repurchase component to give the Company more flexibility in managing its capital structure over time. During 1999, in line with this policy, the Company purchased for cancellation 4,338,444 of its own Ordinary Shares with a nominal value of \$0.25 each for an aggregate sum of \$183 million. This number of shares represents 0.24% of the Company's total issued share capital.

Allotments

Changes in the Company's Ordinary Share capital during the year, including allotments of shares under the Company's share schemes, are given in Note 40 to the Financial Statements.

Charitable Contributions

The Company and its subsidiaries contributed \$20 million to charity in 1999. This includes a donation of \$16 million made to the AstraZeneca Science Teaching Trust.

Political Contributions

No political contributions in respect of which the Company is required to make any statements in this report were made in 1999.

Payment of Suppliers

Although it is not Company policy formally to comply with the Confederation of British Industry's code of practice on the prompt payment of suppliers, it is Company policy to agree appropriate payment terms with all suppliers when agreeing the terms of each transaction, ensure that those suppliers are made aware of the terms of payment and, subject to their compliance, abide by the terms of payment. The total owed by the Company's subsidiaries to trade creditors at the balance sheet date was equivalent to 50 days' average purchases. No equivalent disclosure is provided in respect of the Company as it has no external creditors.

Employee Involvement

The Company maintains an open management style and involves its employees both in daily decisions and longer term matters. It is fully committed to keeping all of its employees informed about their work unit and the wider business, as well as discussing the implications of major business changes and other relevant matters. In line with legal requirements and cultural standards, more formal national and business level employee consultation arrangements exist in some countries. A forum for employee consultation at European level, chaired by the Chief Executive, was introduced in 1995. Details of employees' share schemes appear in Note 33 to the Financial Statements.

Equal Opportunities

The Company believes that every employee should be treated with the same respect and dignity. It values the rich diversity and creative potential of people with differing backgrounds and abilities, and encourages a culture of equal opportunities in which personal success depends on personal merit and performance. It is Company policy that there should be no discrimination against any person for any reason that is not relevant to the effective performance of their job. All judgements about people for the purposes of recruitment,

development and promotion will be made solely on the basis of their ability and potential in relation to the needs of the job. Every manager is responsible for implementing this policy.

Employment of People with Disabilities

It is Company policy that people with disabilities should have the same consideration as others with respect to recruitment, retention and personal development. Depending on their skills and abilities, they enjoy the same career prospects as other employees and the same scope for realising potential. The Company also takes all reasonable steps to ensure that its working environments can accommodate special needs.

Report of the Board on Remuneration of Directors

Establishment of Separate Remuneration and Nomination Committees

Following the completion of the merger on 6 April 1999, the Remuneration and Nomination Committee was divided into two separate committees. Prior to that, the members of the Remuneration and Nomination Committee were Sir Richard Greenbury (Chairman of the Committee), Sir Peter Bonfield CBE, FREng, Sir Jeremy Morse KCMG, Frank Meysman, Dame Bridget Ogilvie and Karl von der Heyden.

Membership and Remit of the Nomination Committee

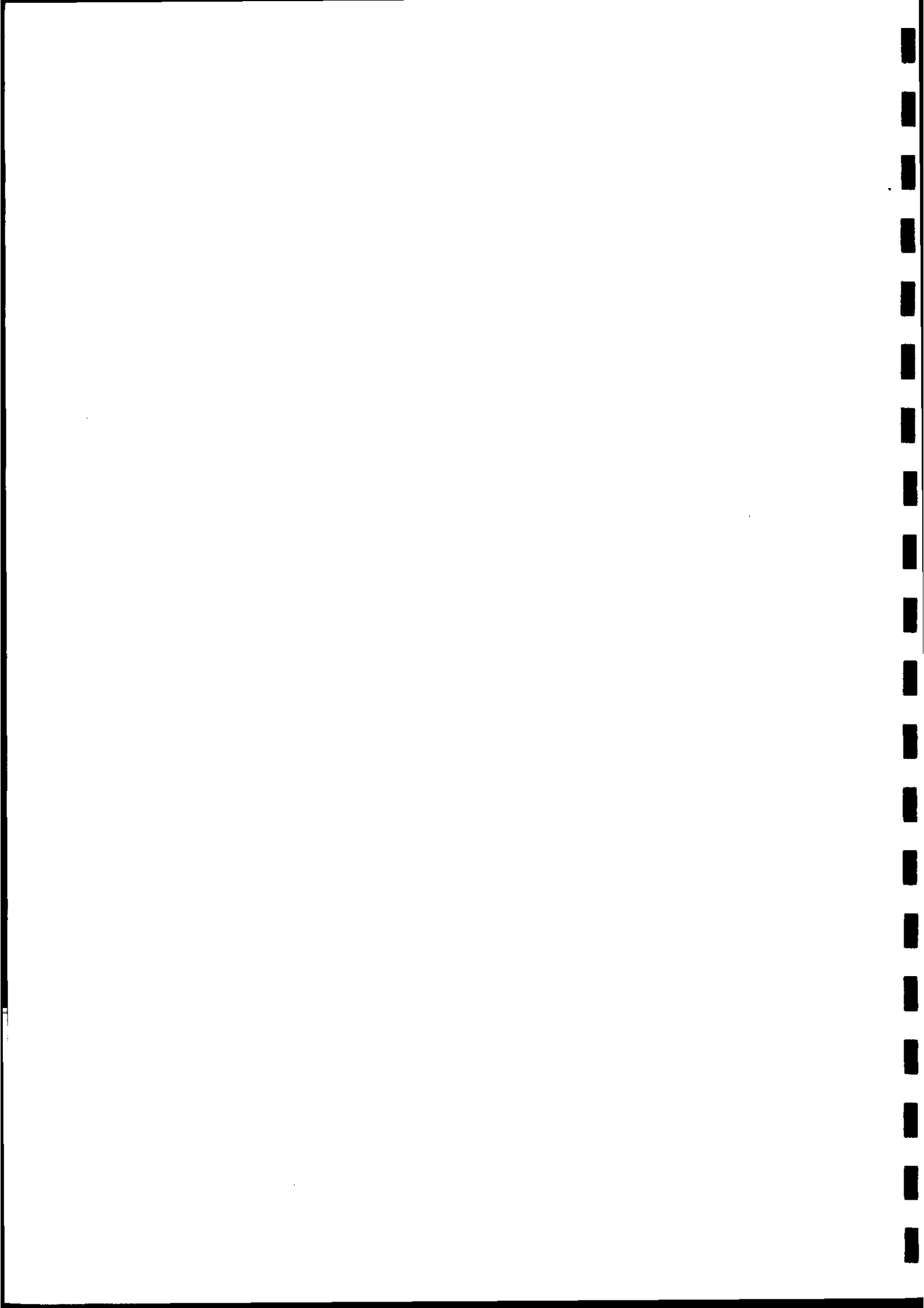
The members of the Nomination Committee during 1999 were Percy Barnevik (Chairman of the Committee), Sir David Barnes CBE, Håkan Mogren and one Non-Executive Director to be nominated by Percy Barnevik.

The remit of the Committee is, primarily, to make proposals to the Board for any new appointments as Directors of the Company.

Membership and Remit of the Remuneration Committee

The members of the Remuneration Committee during 1999 were Lars Ramqvist (Chairman of the Committee), Erna Möller and Sir Peter Bonfield CBE, FREng. They are all Non-Executive Directors of the Company, independent and have no personal financial interest in matters to be decided, no potential conflicts of interest arising from cross-directorships and no day-to-day involvement in running the Company.

The remit of the Committee is, among other things, to recommend to the Board the fundamental remuneration policy for the Company and to ensure the proper operation of all schemes involving the Company's shares. More particularly, it makes specific proposals in respect of the remuneration packages of individual Executive Directors and the Company's most senior executives.



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

With this vision in mind, the Remuneration Committee has reviewed remuneration policy. The Board has confirmed that the overall policy and purpose should be to:

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

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

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

Components of the Remuneration Package

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

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

The components contained in the total remuneration package should be:

- ✱ annual salary – based on conditions in the relevant geographic market, with the provision to recognise, in addition, the value of individuals' sustained personal performance, resulting from their ability and experience;
- ✱ ad hoc rewards – special payments and other measures available to reward individuals and teams following a particular and outstanding business contribution;
- ✱ short term bonus – a lump sum payment related to the targeted achievement of identified business drivers and, where appropriate, personal performance goals, measured over a year within a specific scheme;
- ✱ longer term bonus – a measure of reward (cash, shares or share options) related to the targeted growth in shareholder return over the longer term (three years or longer);
- ✱ share participation – various schemes to provide the opportunity for all employees to take a personal stake in the Company's wealth as shareholders; and
- ✱ other benefits – benefits such as holidays, sickness benefit and pensions which are cost effective and compatible with the relevant national welfare arrangements.

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

For Executive Directors, the individual components are:

- ✱ annual salary – the actual salary for each of the Executive Directors is determined on behalf of the Board by the Remuneration Committee; these salaries reflect the experience and sustained performance of the individuals to whom they apply, as judged annually by the Committee, taking account also of market competitiveness;
- ✱ short term bonus – in respect of 1999, (apart from transitional arrangements applicable to Executive Directors who were formerly employees of Astra AB for the period prior to the merger), Executive Directors were entitled to an annual bonus calculated on the performance of the Company as measured against targets agreed with the Remuneration Committee for the year; for Directors, the annual bonus is calculated on a scale of 0-50% of salary; 25% of salary is payable for the achievement of target business performance; the Committee may apply an

individual multiplier of 0-1.5 to the bonus on a discretionary and exceptional basis to reward or reflect individual performance; 50% of the bonus payable must be taken in Ordinary Shares in the Company and the remainder in cash or shares at the option of the individual Director; bonus taken in shares is normally matched by an equivalent number of shares by the Company; shares are awarded through an employee benefits trust, by way of a conditional appropriation, and are released to the Director upon satisfaction of the condition which, subject to exceptions, is that the Director must remain employed by the Company for three years after the appropriation; shares are otherwise forfeited; no dividends are payable prior to release;

- ✱ longer term bonus – Directors are also rewarded for improvement in the share price performance of the Company sustained over a period of years by the grant of share options; share options are granted incrementally to the equivalent face value of four times each Director's salary; the exercise of options granted under the Zeneca 1994 Executive Share Option Scheme is currently subject to the performance condition that before any exercise, earnings per share must grow by at least the increase in the UK retail prices index plus 3% per annum over a continuous three year period following grant; there has been a policy, subject to the discretion of the Remuneration Committee, of phasing the grant of replacement options following any exercise; and
- ✱ pension and other benefits – normally, UK Directors participate in the Zeneca contributory pension scheme and are members of the Zeneca pension fund which provides a pension of up to two-thirds of basic salary on retirement at age 62 with at least 20 years' service; the scheme also provides for dependants' pensions and lump sums on death in service.

In respect of those UK Directors, namely Michael Pragnell and Jonathan Symonds, whose pensionable earnings are capped by the earnings limit imposed by the Finance Act 1989, money purchase funded unapproved retirement benefit schemes are available. The Company has agreed to pay 50% of basic salary in excess of the earnings limit with the intention of providing equivalence of benefits with non-capped UK Directors. If this does not provide equivalence, then the Company has agreed to make up the difference.

Normally, Swedish Directors participate in the collectively bargained ITP pension plan, which provides pensions, dependants' pensions and lump sums on death in service.

In respect of those Swedish Directors, namely Håkan Mogren, Åke Stavling and Claes Wilhelmsson, whose pensionable earnings are in excess of the earnings limit imposed by the

Communal Tax Law (Kommunalskattelagen), supplementary pension commitments are made. The Company has agreed to pay 70% of pensionable salary from age 60 to age 65 and 50% of such earnings from age 65. The ITP provisions are included in this additional promise.

Note 35 to the Financial Statements sets out the information required by the Listing Rules of the London Stock Exchange relating to Directors' pension entitlements.

Other customary benefits (such as car and fuel, health benefits, savings related share option scheme) are made available as required.

From 2000 there will be a new annual bonus scheme related to the achievement of both the targeted performance of earnings per share and the achievement of individual measures relevant to each Director's particular area of responsibility. The bonus payable will be on a scale of 0-100% of salary; 50% of salary will be payable for the achievement of target business performance. 80% of the bonus will relate to the achievement of the earnings per share target.

It is proposed that a new executive share option scheme will be put to the AGM on 26 May 2000 for approval and full details of this will be sent to shareholders with the Notice of AGM.

Emoluments in 1999: the emoluments of Directors of the Company are set out in Note 35 to the Financial Statements.

Full details of Directors' interests in Ordinary Shares of the Company and its subsidiaries (including options), together with options granted and exercised in 1999 are set out in Note 34 to the Financial Statements.

Service Contracts

Each Executive Director normally has a service contract with a notice period of two years subject to retirement, normally, at the age of 62. At the time of the AGM on 26 May 2000, the unexpired term of Executive Directors' service contracts will be a maximum of 24 months.

External Appointments

With the specific approval of the Board in each case, Executive Directors may accept external appointments as non-executive directors of other companies and retain any related fees paid to them.

On behalf of the Board
G H R Musker
Group Secretary and Solicitor
23 February 2000



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Directors' responsibilities in respect of the preparation of the financial statements

The Directors are required by United Kingdom company law to prepare for each accounting period financial statements which give a true and fair view of the state of affairs of the group and the Company as at the end of the accounting period and of the profit or loss for that period. In preparing the financial statements the Directors are required to select and apply consistently suitable accounting policies and make reasonable and prudent judgements and estimates. Applicable accounting standards also have to be followed and a statement made to that effect in the financial statements, subject to any material departures being disclosed and explained in the notes to the financial statements. The Directors are required to prepare the financial statements on a going concern basis unless it is inappropriate to presume that the group will continue in business. The Directors are responsible for ensuring proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for taking reasonable steps to safeguard the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Financial Statements

Auditors' report to the members of AstraZeneca PLC

We have audited the financial statements on pages 58 to 128.

Respective responsibilities of Directors and Auditors

The Directors are responsible for preparing the Annual Report and Form 20-F. As described on page 56 this includes responsibility for preparing the financial statements in accordance with applicable United Kingdom law and accounting standards; the Directors have also presented additional information under United States requirements. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board, the Listing Rules of the London Stock Exchange, and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law or the Listing Rules regarding Directors' remuneration and transactions with the group is not disclosed.

We review whether the statement on page 49 reflects the Company's compliance with those provisions in the Combined Code specified for our review by the Stock Exchange, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Company's corporate governance procedures or its risk and control procedures.

We read the other information contained in the Annual Report and Form 20-F, including the corporate governance statement, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the group as at 31 December 1999 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Generally accepted accounting principles in the United Kingdom vary in certain significant respects from generally accepted accounting principles in the United States. Application of generally accepted accounting principles in the United States would have affected results of operations for each of the years in the three-year period ended 31 December 1999 and consolidated Shareholders' equity at 31 December 1999 and 1998, to the extent summarised on pages 120 to 128.

23 February 2000

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

KPMG Audit Plc

Deloitte & Touche

Deloitte & Touche
Chartered Accountants
Registered Auditor
1 Little New Street
London EC4A 4TR

The above opinion is provided in compliance with UK requirements. An opinion complying with auditing standards generally accepted in the United States will be included in the Annual Report and Form 20-F filed with the United States Securities & Exchange Commission.

Financial Statements

Group Profit and Loss Account

For the year ended 31 December

1999

	Notes	Continuing operations				Total \$m
		Ongoing operations \$m	Operations to be discontinued \$m	Exceptional items \$m	Discontinued operations \$m	
Turnover: Group and share of joint ventures'		15,334	2,657	-	662	18,653
Less: Share of joint ventures' turnover		(200)	-	-	(8)	(208)
Group turnover	2	15,134	2,657	-	654	18,445
Operating costs	2	(11,704)	(2,436)	(1,162)	(586)	(15,888)
Other operating income	2	140	46	-	3	189
Group operating profit	2	3,570	267	(1,162)	71	2,746
Share of operating (loss)/profit of joint ventures and associates	3	(10)	2	-	1	(7)
Profits less losses on sale and closure of operations	5	-	-	-	237	237
Merger costs	5	-	-	(1,013)	-	(1,013)
Profits on sale of fixed assets	5	-	-	-	-	-
Profit on ordinary activities before interest		3,560	269	(2,175)	309	1,963
Net interest	6	(4)	-	-	-	(4)
Profit on ordinary activities before taxation		3,556	269	(2,175)	309	1,959
Taxation	7	(1,048)	(93)	448	(122)	(815)
Profit on ordinary activities after taxation		2,508	176	(1,727)	187	1,144
Attributable to minorities		-	(1)	-	-	(1)
Net profit for the financial year		2,508	175	(1,727)	187	1,143
Dividends to Shareholders	8					(1,242)
Profit/(loss) retained for the financial year						(99)
Earnings per \$0.25 Ordinary Share before exceptional items	9	\$1.41	\$0.10	-	\$0.03	\$1.54
Earnings per \$0.25 Ordinary Share (basic)	9	\$1.41	\$0.10	(\$0.97)	\$0.10	\$0.64
Earnings per \$0.25 Ordinary Share (diluted)	9	\$1.41	\$0.10	(\$0.97)	\$0.10	\$0.64
Weighted average number of Ordinary Shares in issue (millions)	9					1,776

Group Statement of Total Recognised Gains and Losses

For the year ended 31 December

1999

	Notes	\$m
Net profit for the financial year		1,143
Movement in unrealised holding gains and losses on short-term investments	22	-
Exchange adjustments on net assets	22	(740)
Translation differences on foreign currency borrowings	22	132
Tax on translation differences on foreign currency borrowings	22	(22)
Total recognised gains and losses relating to the financial year		513

\$m means millions of US dollars

1998

1997

Continuing operations

Continuing operations

Ongoing operations	Operations to be discontinued	Exceptional items	Discontinued operations	Total
\$m	\$m	\$m	\$m	\$m
12,383	2,790	-	1,309	16,482
(1,065)	-	-	(15)	(1,080)
11,318	2,790	-	1,294	15,402
(8,891)	(2,492)	(72)	(1,158)	(12,613)
119	61	163	10	353
2,546	359	91	146	3,142
534	1	-	4	539
-	-	-	(46)	(46)
-	-	-	-	-
-	-	17	-	17
3,080	360	108	104	3,652
47	-	-	-	47
3,127	360	108	104	3,699
(903)	(126)	(16)	(41)	(1,086)
2,224	234	92	63	2,613
(3)	1	-	-	(2)
2,221	235	92	63	2,611
				(1,061)
				1,550
\$1.25	\$0.13	-	\$0.06	\$1.44
\$1.25	\$0.13	\$0.05	\$0.04	\$1.47
\$1.24	\$0.13	\$0.05	\$0.04	\$1.46
				1,779

Ongoing operations	Operations to be discontinued	Exceptional items	Discontinued operations	Total
\$m	\$m	\$m	\$m	\$m
10,600	2,605	-	1,369	14,574
(1,398)	-	-	(10)	(1,408)
9,202	2,605	-	1,359	13,166
(6,912)	(2,301)	-	(1,222)	(10,435)
60	61	-	5	126
2,350	365	-	142	2,857
717	2	-	3	722
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
3,067	367	-	145	3,579
81	-	-	-	81
3,148	367	-	145	3,660
(899)	(131)	-	(51)	(1,081)
2,249	236	-	94	2,579
(8)	(1)	-	-	(9)
2,241	235	-	94	2,570
				(986)
				1,584
\$1.27	\$0.13	-	\$0.05	\$1.45
\$1.27	\$0.13	-	\$0.05	\$1.45
\$1.26	\$0.13	-	\$0.05	\$1.44
				1,777

1998

1997

\$m
2,611
2
(178)
(7)
2
2,430

\$m
2,570
1
(766)
(5)
2
1,802

Financial Statements

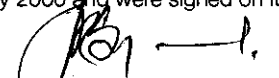
Group Balance Sheet

At 31 December

	Notes	1999 \$m	1998 \$m
Fixed assets			
Tangible fixed assets	11	5,981	6,281
Goodwill and intangible assets	12	3,736	2,440
Fixed asset investments			
Investments in joint ventures	13	108	157
Investments in associates	13	6	5
Other investments	13	71	191
		9,902	9,074
Current assets			
Stocks	14	2,156	2,029
Debtors	15	4,470	3,963
Short-term investments	16	2,859	2,702
Cash		429	710
		9,914	9,404
Total assets		19,816	18,478
Creditors due within one year			
Short-term borrowings	17	(344)	(347)
Current instalments of loans	19	(34)	(30)
Finance leases		(1)	(5)
Other creditors	18	(6,640)	(5,268)
		(7,019)	(5,650)
Net current assets		2,895	3,754
Total assets less current liabilities		12,797	12,828
Creditors due after more than one year			
Loans	19	(739)	(761)
Finance leases		(1)	(15)
Other creditors	18	(462)	(25)
		(1,202)	(801)
Provisions for liabilities and charges	21	(1,253)	(1,045)
Net assets		10,342	10,982
Capital and reserves			
Called-up share capital	40	444	600
Share premium account	23	202	54
Capital redemption reserve	23	1	—
Merger reserve	23	441	583
Other reserves	23	676	44
Profit and loss account	23	8,538	9,648
Shareholders' funds – equity interests	22	10,302	10,929
Minority equity interests		40	53
Shareholders' funds and minority interests		10,342	10,982

The financial statements on pages 58 to 128 were approved by the Board of Directors on 23 February 2000 and were signed on its behalf by:


Tom McKillop
Director


Jonathan Symonds
Director

Statement of Group Cash Flow

For the year ended 31 December

	Notes	1999 \$m	1998 \$m	1997 \$m
Cash flow from operating activities				
Net cash inflow from trading operations	24	4,699	3,817	3,463
(Outflow)/inflow related to exceptional items	25	(1,586)	15	(108)
Net cash inflow from operating activities		3,113	3,832	3,355
Dividends received from joint ventures and associates				
Joint ventures		3	262	369
Returns on investments and servicing of finance				
Interest received		132	229	188
Interest paid		(97)	(124)	(145)
Dividends paid by subsidiaries to minority interests		(6)	(2)	(74)
		29	103	(31)
Tax paid		(1,020)	(775)	(750)
Capital expenditure and financial investment				
Cash expenditure on tangible fixed assets	11	(1,490)	(1,392)	(1,233)
Cash expenditure on intangible assets		(1,263)	(114)	(100)
New fixed asset investments		(6)	(18)	(11)
Disposals of fixed assets		28	155	52
		(2,731)	(1,369)	(1,292)
Acquisitions and disposals				
Acquisitions and purchases of minority interest	26	(23)	(2,013)	(321)
Investments in joint ventures and associates		-	-	(5)
Disposals of business operations	27	1,981	-	3
Disposals of investments in associates		20	-	2
		1,978	(2,013)	(321)
Equity dividends paid to Shareholders		(1,216)	(995)	(882)
Net cash inflow/(outflow) before management of liquid resources and financing		156	(955)	448
Management of liquid resources				
Movement in short-term investments and fixed deposits (net)		(254)	974	(252)
Financing	30	(182)	(205)	(4)
(Decrease)/increase in cash in the year		(280)	(186)	192

Financial Statements

Basis of consolidation and presentation of financial information

The financial statements have been prepared using the merger method of accounting in relation to the merger of Zeneca Group PLC and Astra AB which became effective on 6 April 1999. Under merger accounting, the results and cash flows of Zeneca Group PLC and Astra AB are combined from the beginning of the financial period in which the merger occurred and their assets and liabilities combined at the amounts at which they were previously recorded after adjusting to achieve consistency of accounting policies. Profit and loss account, balance sheet and cash flow comparatives are restated on the combined basis. See Note 31 for further information.

Following completion of the merger, AstraZeneca PLC's share capital has been redenominated from sterling into US dollars and, as the US dollar is now considered to be the primary currency in which the group conducts business, these and all subsequent financial statements will therefore be presented in US dollars. The parent company's functional currency has also changed as a result.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Following the merger of Astra AB and Zeneca Group PLC a detailed comparison has been undertaken of the accounting conventions used by the two companies. As a result, there has been a reclassification of agrochemicals rebates from cost of sales to sales of \$95m in 1998 (1997 \$67m). This is in line with industry practice.

Continuing operations

Continuing operations include the ongoing Healthcare operations of the group and the group's agrochemicals business. Zeneca Agrochemicals (excluding the Advanta joint venture) has been classified as 'Operations to be discontinued' following the announcement on 2 December 1999 of the agreement with Novartis to spin off and merge the two companies' agrochemicals businesses to create a new company, to be named Syngenta AG.

Discontinued operations

Following the sale of the Zeneca Specialties business on 30 June 1999, Zeneca Specialties results (including the contract manufacture of textile colour intermediates for BASF which was retained by AstraZeneca and which ceased early in 2000) for the year have been reported separately as discontinued operations. Marlow Foods is now classified in 'Other Trading' within continuing operations.

The following new accounting standards were adopted during the year:

UK Financial Reporting Standard 12 – 'Provisions, Contingent Liabilities and Contingent Assets' sets out the appropriate recognition criteria and measurement bases to be applied to provisions, contingent liabilities and contingent assets. The adoption had no impact on prior years' profits or cash flows, nor on net assets at 31 December 1998.

UK Financial Reporting Standard 13 – 'Derivatives and Other Financial Instruments' sets out the narrative and numerical disclosure required regarding information about the impact of financial instruments on an entity's risk profile, how the risks arising from financial instruments might affect an entity's performance and financial condition and how they are being managed. Such disclosures are provided in Note 20.

In addition, the following new accounting standards have been issued but were not adopted:

UK Financial Reporting Standard 15 – 'Tangible Fixed Assets' is applicable for accounting periods ending on or after 23 March 2000. The standard sets out the principles of accounting for initial measurement, valuation and depreciation of tangible fixed assets, with the exception of investment properties. AstraZeneca will adopt this standard in 2000. The impact of adoption on AstraZeneca's financial statements is not anticipated to be material.

UK Financial Reporting Standard 16 – 'Current Tax' specifies how current tax, in particular withholding tax and tax credits, should be reflected in financial statements. AstraZeneca will adopt this standard in 2000. The impact of adoption on AstraZeneca's financial statements is not anticipated to be material.



Basis of Accounting

The financial statements are prepared under the historical cost convention, modified to include the market value of certain current asset investments held by group subsidiaries as described below, in accordance with the Companies Act 1985 and United Kingdom Generally Accepted Accounting Principles (UK GAAP). Where there are significant differences to US GAAP these have been described in the UK/US GAAP section on pages 120 to 128. The net profit and shareholders' funds in accordance with International Accounting Standards are not significantly different from those presented under UK GAAP. The following paragraphs describe the main accounting policies under UK GAAP. The accounting policies of some overseas subsidiaries and associated undertakings do not conform with UK GAAP and, where appropriate, adjustments are made on consolidation in order to present the group financial statements on a consistent basis.

Depreciation and Amortisation

AstraZeneca's policy is to write off the cost of each tangible fixed asset evenly over its estimated remaining life. Reviews are made periodically of the estimated remaining lives of individual productive assets, taking account of commercial and technological obsolescence as well as normal wear and tear. Under this policy it becomes impracticable to calculate average asset lives exactly. However, the total lives approximate to 25 years for buildings and 15 years for plant and equipment. Intangible assets, including patents, acquired are capitalised and amortised on a straight line basis over their estimated useful lives (generally not exceeding 20 years) in line with the benefits accruing. If related products fail, the remaining unamortised amounts are immediately written off to revenue expense. Internally developed intangible assets are not capitalised. All fixed assets are reviewed for impairment when there are indications that the carrying value may not be recoverable.

Environmental Liabilities

AstraZeneca is exposed to environmental liabilities relating to its past operations, principally in respect of soil and groundwater remediation costs. Provisions for these costs are made when there is a present obligation, it is probable that expenditure on remedial work will be required and a reliable estimate can be made of the cost.

Foreign Currencies

Profit and loss accounts in foreign currencies are translated into US dollars at average rates for the relevant accounting periods. Assets and liabilities are translated at exchange rates prevailing at the date of the group balance sheet.

Exchange gains and losses on short-term foreign currency borrowings and deposits are included within net interest payable.

Exchange differences on all other transactions, except relevant foreign currency loans, are taken to operating profit.

In the consolidated financial statements exchange differences arising on consolidation of the net investments in overseas subsidiaries, joint ventures and associates are taken directly to reserves via the statement of total recognised gains and losses.

Goodwill

On the acquisition of a business, fair values are attributed to the net assets acquired. Goodwill arises where the fair value of the consideration given for a business exceeds the fair value of such net assets. Goodwill arising on acquisitions since 1998 is capitalised and amortised over its estimated useful life (generally not exceeding 20 years). The group's policy up to and including 1997 was to eliminate goodwill arising upon acquisitions against reserves. Such goodwill will remain eliminated against reserves until disposal or termination of the previously acquired business, when the profit or loss on disposal or termination will be calculated after charging the gross amount, at current exchange rates, of any such goodwill. Goodwill is reviewed for impairment when there are indications that the carrying value may not be recoverable.

Investments

An associate is an undertaking, not being a subsidiary or joint venture, in which AstraZeneca has a participating interest and over whose commercial and financial policy decisions AstraZeneca exercises significant influence.

A joint venture is an entity in which AstraZeneca holds an interest on a long-term basis and which is jointly controlled by AstraZeneca and one or more other venturers under a contractual arrangement.

AstraZeneca's share of the profits less losses of all significant joint ventures and associates is included in the group profit and loss account on the equity accounting basis or, in the case of joint ventures, the gross equity accounting basis. The holding value of significant associates and joint ventures in the group balance sheet is calculated by reference to AstraZeneca's equity in the net assets of such associates and joint ventures, as shown by the most recent accounts available, adjusted where appropriate and including goodwill on acquisitions made since 1 January 1998.

Financial Statements

Accounting policies (continued)

Fixed asset investments are stated at cost and reviewed for impairment if there are indications that the carrying value may not be recoverable.

Current asset investments held by the group's insurance company subsidiaries, to the extent that they are actively matched against insurance liabilities, are valued at market value and unrealised gains and losses are taken directly to reserves via the statement of total recognised gains and losses. Realised gains and losses are taken to the profit and loss account.

Leases

Assets held under finance leases are capitalised and included in tangible fixed assets at fair value. Each asset is depreciated over the shorter of the lease term or its useful life. The obligations related to finance leases, net of finance charges in respect of future periods, are included as appropriate under creditors due within, or creditors due after, one year. The interest element of the rental obligation is allocated to accounting periods during the lease term to reflect a constant rate of interest on the remaining balance of the obligation for each accounting period. Rentals under operating leases are charged to the profit and loss account as incurred.

Post-retirement Benefits

The pension costs relating to UK retirement plans are assessed in accordance with the advice of independent qualified actuaries. The amounts so determined include the regular cost of providing the benefits under the plans which it is intended should remain a level percentage of current and expected future earnings of the employees covered under the plans. Variations from the regular pension cost are spread on a systematic basis over the estimated average remaining service lives of current employees in the plans. Retirement plans of non-UK subsidiaries are accounted for in accordance with local conditions and practice. With minor exceptions, these subsidiaries recognise the expected cost of providing pensions on a systematic basis over the average remaining service lives of employees in accordance with the advice of independent qualified actuaries. The costs of providing post-retirement benefits other than pensions, principally healthcare, are charged to the profit and loss account on a consistent basis over the average service lives of employees. Such costs are assessed in accordance with the advice of independent qualified actuaries.

Research and Development

Research and development expenditure is charged to profit in the year in which it is incurred.

Stock Valuation

Finished goods are stated at the lower of cost or net realisable value and raw materials and other stocks at the lower of cost or replacement price. The first in, first out or an average method of valuation is used. In determining cost, depreciation is included but selling expenses and certain overhead expenses (principally central administration costs) are excluded. Net realisable value is determined as estimated selling price less costs of disposal.

Taxation

The charge for taxation is based on the profits for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and for accounting purposes. However, no provision is made for taxation deferred by reliefs unless there is reasonable evidence that such deferred taxation will be payable in the foreseeable future.

Turnover

Turnover excludes inter-company turnover and value added taxes. Revenue is recognised at the point at which title passes.

Principal Financial Instruments

Forward foreign exchange contracts for existing transactions are stated at fair value at the balance sheet date and the gains/losses arising are recognised in the group profit and loss account. Contracts to hedge anticipated exposures are not marked to market and gains/losses are deferred until the transaction is completed.

Forward currency option contracts are not marked to market as they are designated hedges and reduce the group's exposure to risk. The gains/losses on these contracts are deferred until the date of the underlying transaction being hedged is completed.

Interest rate swaps are accounted for on an accruals basis. Cross-currency swaps are translated at year end exchange rates; gains/losses arising are included in the measurement of the related liabilities and dealt with in the group profit and loss account or reserves as appropriate.

1 Composition of the group

The group financial statements consolidate the financial statements of AstraZeneca PLC (the 'Company') and its subsidiaries, of which there were 324 at 31 December 1999. Owing to local conditions and to avoid undue delay in the presentation of the group financial statements, Salick Health Care prepares its financial statements to 30 November.

Financial Statements

Notes relating to the Financial Statements

2 Group operating profit

1999

	Continuing operations				Total \$m
	Ongoing operations	Operations to be discontinued	Exceptional items	Discontinued operations	
	\$m	\$m	\$m	\$m	
Group turnover	15,134	2,657	-	654	18,445
Operating costs					
Cost of sales	(4,087)	(1,510)	(37)	(403)	(6,037)
Distribution costs	(230)	(84)	-	(29)	(343)
Research and development	(2,472)	(297)	(110)	(44)	(2,923)
Selling, general and administrative expenses	(4,915)	(545)	(1,015)	(110)	(6,585)
	(11,704)	(2,436)	(1,162)	(586)	(15,888)
Other operating income					
Government grants	-	-	-	-	-
Royalties	123	36	-	-	159
Other income	17	10	-	3	30
	140	46	-	3	189
Group operating profit	3,570	267	(1,162)	71	2,746
Year 2000 and EMU conversion costs included above	(48)	(7)	-	-	(55)
Charges included above					
- for depreciation	(600)	(128)	-	(28)	(756)
- for amortisation	(296)	(17)	-	-	(313)
- for impairment	-	-	(149)	-	(149)
Gross profit, as defined by the Companies Act 1985	11,047	1,147	(37)	251	12,408

3 Share of operating profits/(losses) of joint ventures and associates

1999

	Continuing operations				Total \$m
	Ongoing operations	Operations to be discontinued	Exceptional items	Discontinued operations	
	\$m	\$m	\$m	\$m	
Share of operating (loss)/profit of joint ventures	(10)	-	-	1	(9)
Share of operating profit of associates	-	2	-	-	2
	(10)	2	-	1	(7)

Financial Statements

Notes relating to the Financial Statements

1998

Continuing operations

Ongoing operations	Operations to be discontinued	Exceptional items	Discontinued operations	Total
\$m	\$m	\$m	\$m	\$m
11,318	2,790	-	1,294	15,402
(2,651)	(1,511)	-	(799)	(4,961)
(201)	(107)	-	(59)	(367)
(2,103)	(286)	-	(84)	(2,473)
(3,936)	(588)	(72)	(216)	(4,812)
(8,891)	(2,492)	(72)	(1,158)	(12,613)
1	1	-	-	2
56	38	-	-	94
62	22	163	10	257
119	61	163	10	353
2,546	359	91	146	3,142
(53)	(26)	-	(11)	(90)
(508)	(116)	-	(56)	(680)
(131)	(10)	-	-	(141)
-	-	-	-	-
8,667	1,279	-	495	10,441

1998

Continuing operations

Ongoing operations	Operations to be discontinued	Exceptional items	Discontinued operations	Total
\$m	\$m	\$m	\$m	\$m
534	-	-	4	538
-	1	-	-	1
534	1	-	4	539

1997

Continuing operations

Ongoing operations	Operations to be discontinued	Exceptional items	Discontinued operations	Total
\$m	\$m	\$m	\$m	\$m
9,202	2,605	-	1,359	13,166
(1,810)	(1,401)	-	(852)	(4,063)
(185)	(107)	-	(72)	(364)
(1,824)	(267)	-	(79)	(2,170)
(3,093)	(526)	-	(219)	(3,838)
(6,912)	(2,301)	-	(1,222)	(10,435)
-	2	-	-	2
47	31	-	-	78
13	28	-	5	46
60	61	-	5	126
2,350	365	-	142	2,857
(12)	(9)	-	(3)	(24)
(435)	(97)	-	(53)	(585)
(91)	-	-	-	(91)
-	-	-	-	-
7,392	1,204	-	507	9,103

1997

Continuing operations

Ongoing operations	Operations to be discontinued	Exceptional items	Discontinued operations	Total
\$m	\$m	\$m	\$m	\$m
717	-	-	3	720
-	2	-	-	2
717	2	-	3	722

Financial Statements

Notes relating to the Financial Statements

3 Share of operating profits/(losses) of joint ventures and associates (continued)

On 1 July 1998, Astra Merck Inc., the joint venture with Merck Inc., was restructured in connection with the formation of a new operating entity and the results of these US operations have been fully consolidated since this date. Prior to this restructuring, the joint venture has been accounted for, under UK GAAP, on the equity accounting basis in these financial statements. The group's 50% share of Astra Merck Inc.'s results in 1997 and the first six months of 1998, which are included within 'Continuing Operations', and the share of net assets at 31 December 1997 and 30 June 1998 were as follows:

	6 months to 30 June 1998	12 months to 31 December 1997
	\$m	\$m
Profit and loss account		
Turnover	857	1,169
Profit on ordinary activities before taxation	536	716
Taxation	(210)	(315)
Profit on ordinary activities after taxation	326	401
	30 June 1998	31 December 1997
	\$m	\$m
Balance sheet		
Fixed assets	565	602
Current assets	661	393
Creditors due within one year	(660)	(237)
Creditors due after one year or more	(30)	(43)
Net assets	536	715

4 Note of historical cost profits and losses

There were no material differences between reported profits and losses and historical cost profits and losses on ordinary activities before taxation.

5 Exceptional items

	1999	1998	1997
	\$m	\$m	\$m
Integration and synergy costs	(864)	-	-
AstraZeneca L.P. restructuring costs	(28)	(72)	-
Salick Health Care - impairment and rationalisation costs	(145)	-	-
Agrochemicals restructuring costs	(125)	-	-
Granting of US <i>Imdur</i> marketing rights	-	163	-
Exceptional items included in operating profits	(1,162)	91	-
Gain on disposal of Specialties business (after charging \$406m of goodwill previously written off to reserves)	237	-	-
Loss on closure of organophosphate intermediates business	-	(46)	-
Profits less losses on sale and closure of operations	237	(46)	-
Merck 'Trigger Event' payment and related costs	(809)	-	-
Other merger costs	(204)	-	-
Merger costs	(1,013)	-	-
Profit on sale of fixed assets	-	17	-
Total exceptional items before taxation	(1,938)	62	-
Net taxation credit/(charge)	351	(4)	-
Total exceptional items after taxation	(1,587)	58	-

5 Exceptional items (continued)

Details of the 1999 exceptional items are as follows:

- A charge of \$864m for the costs committed by the end of 1999 on the AstraZeneca integration and synergy programme (including \$379m manpower related costs, \$160m legal and other advisors' costs, \$145m in respect of information systems integration, \$45m for asset impairment and \$135m other costs) of which \$316m relates to integration and \$548m to synergy. Detailed plans now indicate that the total cost of this programme is expected to be \$1.3bn compared with original estimates at the time of the merger announcement of \$1.2bn. Job reductions in excess of 2,800 were achieved in 1999 and the detailed plans indicate that the overall target of 6,000 job reductions will be met.
- A charge of \$28m (1998 \$72m) to complete the programme to rationalise Astra's US operations following the Astra Merck Inc. restructuring in mid 1998.
- A charge of \$145m to recognise the consequence of refocussing the Salick Health Care business on a smaller base of profitable cancer centres and the impairment of certain fixed asset carrying values (\$78m) and debtors in the light of the prospects for the business.
- A charge of \$125m in relation to restructuring projects commenced by Zeneca Agrochemicals resulting in some 600 job losses and including \$26m of asset impairments.
- A gain of \$237m before tax realised on the sale of Zeneca Specialties (\$140m after tax) after allowing for the write back of goodwill (\$406m) previously charged to reserves, costs of separation from other AstraZeneca businesses (including \$63m asset impairments) and provisions for pension liabilities.
- Merger costs of \$1,013m, including the \$809m trigger event payment to Merck (including related costs) following the merger of Astra and Zeneca and asset impairments of \$6m. This research and development payment was made in exchange for the release by Merck of certain claims under a license agreement with a Merck affiliate (see Note 36).

The 1998 exceptional charges included rationalisation costs of Astra's US operations (as noted above), a gain on granting US *Imdur* marketing rights of \$163m, a loss on closure of the organophosphates intermediates business of \$46m and profit on sale of fixed assets of \$17m.

6 Net interest

	1999	1998	1997
	\$m	\$m	\$m
Interest payable and similar charges			
Loan interest	(57)	(64)	(61)
Interest on short-term borrowings and other financing costs	(91)	(67)	(58)
Discount on liability	(19)	-	-
Joint ventures	(3)	(2)	(2)
	(170)	(133)	(121)
Interest receivable and similar income from investments			
Securities	70	139	108
Short-term deposits	95	39	92
Joint ventures	1	2	2
	166	180	202
Net interest (payable)/receivable	(4)	47	81

The discounting charge above relates to amounts owed in respect of the re-acquisition of certain distribution rights which are payable over the next four years. All interest has been classified within ongoing operations as the management of the group's liquidity and funding is carried out by the central treasury function and it is not practicable to allocate interest to the different reporting segments.

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Notes relating to the Financial Statements

7 Taxation

Profit on ordinary activities before taxation, as shown in the group Profit and Loss Account, was as follows:

	1999	1998	1997
	\$m	\$m	\$m
United Kingdom	176	670	938
Overseas	1,783	3,029	2,722
	1,959	3,699	3,660

Taxes on profit on ordinary activities were as follows:

UK taxation			
Corporation tax	367	319	350
Double taxation relief	(168)	(104)	(112)
Deferred taxation	(58)	(21)	12
	141	194	250
Overseas taxation			
Overseas taxes	845	692	538
Deferred taxation	(172)	(14)	(22)
	673	678	516
Share of taxation of joint ventures and associates	1	214	315
Tax on profit on ordinary activities	815	1,086	1,081

The charge for taxation has been allocated between ongoing operations, operations to be discontinued and discontinued operations based on the effective tax rates for the group in the territories in which these operations are based.

UK and overseas taxation have been provided at current rates on the profits earned for the periods covered by the group financial statements. To the extent that dividends remitted from overseas subsidiaries, joint ventures and associates are expected to result in additional taxes, appropriate amounts have been provided. No taxes have been provided for unremitted earnings of group companies overseas as these are, in the main, considered permanently employed in the businesses of these companies and, in the case of joint ventures and associates, the taxes would not be material. Cumulative unremitted earnings of overseas subsidiaries and related undertakings totalled approximately \$9,213m at 31 December 1999. Unremitted earnings may be liable to overseas taxes and/or UK taxation (after allowing for double taxation relief) if they were to be distributed as dividends.

Exceptional items included in tax on ordinary activities

Tax (credit)/charge on exceptional items*	(351)	4	—
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* Includes deferred tax relief of \$375m (1998 \$7m, 1997 \$nil).

7 Taxation (continued)

Statement of total recognised gains and losses

In certain circumstances, tax charges or credits on currency differences on borrowings are taken to reserves via the statement of total recognised gains and losses. Tax charges on such currency translation differences amounted to \$22m in 1999 (1998 \$2m credit, 1997 \$2m credit), and have been reported in the statement of total recognised gains and losses.

Tax reconciliation to UK statutory rate

The table below reconciles the United Kingdom statutory tax charge to the group's charge on profit on ordinary activities before taxation.

	1999	1998	1997
	\$m	\$m	\$m
Profit on ordinary activities before taxation	1,959	3,699	3,660
Taxation charge at United Kingdom corporation tax rate of 30.25% for 1999 (31% for 1998, 31.5% for 1997)	593	1,147	1,153
Provisions not allowable	-	17	16
Timing differences not recognised	280	(53)	(26)
Exceptional items	235	-	-
Net effect of lower rates and eligible costs in other jurisdictions	(266)	(91)	(97)
Other	(27)	66	35
Taxes on profit on ordinary activities	815	1,086	1,081

Balance sheet	1999	1998	1997
	\$m	\$m	\$m
Deferred taxation asset movement			
At beginning of year	173	72	130
Profit and loss account	230	35	10
Other movements	(34)	66	(68)
At end of year	369	173	72

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Deferred taxation

The amounts of deferred taxation accounted for in the group balance sheet and the full potential amounts of deferred taxation comprised the following deferred tax liabilities and assets:

	Year ended 31 December 1999			Year ended 31 December 1998		
	Partial provision for deferred tax	Not accounted for deferred tax	Full provision for deferred tax	Partial provision for deferred tax	Not accounted for deferred tax	Full provision for deferred tax
	\$m	\$m	\$m	\$m	\$m	\$m
Deferred tax liabilities						
UK fixed assets	-	455	455	-	505	505
Non-UK fixed assets	63	303	366	3	235	238
Capital gains rolled over	-	99	99	-	68	68
Interest accruals	13	-	13	22	-	22
Other	78	90	168	57	20	77
	154	947	1,101	82	828	910
Deferred tax assets						
Intercompany inventory transfers	-	326	326	-	173	173
Merger, integration and restructuring charges	328	35	363	19	4	23
Environmental	36	26	62	45	15	60
Pension and post-retirement benefits	62	81	143	9	133	142
Other	97	354	451	182	134	316
	523	822	1,345	255	459	714
Valuation allowance	-	(4)	(4)	-	(5)	(5)
	523	818	1,341	255	454	709
Deferred tax asset/(liability)	369	(129)	240	173	(374)	(201)

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8 Dividends

	1999 Per Share	1998 Per Share	1997 Per Share	1999 \$m	1998 \$m	1997 \$m
Zeneca Group PLC						
Interim	-	£0.14	£0.135	-	220	210
Final	-	£0.28	£0.250	-	448	388
	-	£0.42	£0.385	-	668	598
Astra AB						
Dividend	-	SEK1.90	SEK1.80	-	393*	388
AstraZeneca PLC						
Interim, paid on 25 October 1999	\$0.23	-	-	408	-	-
Second interim, to be confirmed as final, payable 17 April 2000	\$0.47	-	-	834	-	-
	\$0.70	-	-	1,242	-	-
				1,242	1,061	986

* The record date for the payment of Zeneca's final dividend and Astra's dividend for the 1998 fiscal year was 9 April 1999. Former Astra stockholders who accepted the merger offer prior to the record date received a dividend corresponding to 28 pence per AstraZeneca share (total payment \$359m). Astra stockholders who did not accept the merger offer prior to the record date received Astra's proposed dividend of SEK1.90 per share.

9 Earnings per \$0.25 Ordinary Share

	1999	1998	1997
Net profit for the financial year before exceptional items (\$m)	2,730	2,553	2,570
Exceptional items after tax (\$m) (see Note 5)	(1,587)	58	-
Net profit for the financial year (\$m)	1,143	2,611	2,570
Earnings per Ordinary Share before exceptional items (\$)	\$1.54	\$1.44	\$1.45
(Loss)/gain per Ordinary Share on exceptional items (\$)	(\$0.90)	\$0.03	-
Earnings per Ordinary Share (\$)	\$0.64	\$1.47	\$1.45
Diluted earnings per Ordinary Share before exceptional items (\$)	\$1.54	\$1.43	\$1.44
Diluted (loss)/gain per Ordinary Share on exceptional items (\$)	(\$0.90)	\$0.03	-
Diluted earnings per Ordinary Share (\$)	\$0.64	\$1.46	\$1.44
Weighted average number of Ordinary Shares in issue for basic earnings (millions)	1,776	1,779	1,777
Dilutive impact of share options outstanding (millions)	3	4	3
Diluted average number of Ordinary Shares in issue (millions)	1,779	1,783	1,780

There are no options, warrants or rights outstanding in respect of unissued shares except for employee share option schemes. The number of options outstanding and the weighted average exercise price of these options is shown in Note 33. The earnings figures used in the calculations above are unchanged for diluted earnings per Ordinary Share.

Earnings per Ordinary Share before exceptional items has been calculated to eliminate the impact of exceptional items on the results of the business.

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10 Segment information

Classes of Business

AstraZeneca's principal reporting segments for ongoing operations are Healthcare (including Pharmaceuticals and Salick Health Care), and Other (including Marlow Foods and miscellaneous operations). Continuing operations also includes the Zeneca Agrochemicals business, which has been classified as 'operations to be discontinued'. Each of these segments is managed and monitored separately and represent strategic businesses that offer different products and serve different markets. A description of the principal activities of each of the businesses is given in the Operational Review on pages 11 to 31. Discontinued operations comprise the former Zeneca Specialties business, with the exception of Marlow Foods which is now included in 'Other trading' within continuing operations.

		Turnover		
		1999	1998	1997
		\$m	\$m	\$m
Healthcare		15,042	11,223	9,124
Pharmaceuticals		14,834	11,015	8,926
Salick Health Care		208	208	198
Other trading		92	95	78
Ongoing operations		15,134	11,318	9,202
Operations to be discontinued – Agrochemicals	External	2,657	2,790	2,605
	Intra-Group	3	–	–
		2,660	2,790	2,605
Continuing operations		17,794	14,108	11,807
Discontinued operations – Specialties	External	654	1,294	1,359
	Intra-Group	3	8	13
		657	1,302	1,372
Sub-total		18,451	15,410	13,179
Intra-Group eliminations		(6)	(8)	(13)
Group turnover		18,445	15,402	13,166
Share of joint ventures' turnover		208	1,080	1,408
Group turnover and share of joint ventures' turnover		18,653	16,482	14,574

The group's policy is to transfer products internally at external market prices.

	Operating profit/(loss) after exceptionals			Profit/(loss) before interest and taxation		
	1999	1998	1997	1999	1998	1997
	\$m	\$m	\$m	\$m	\$m	\$m
Profit/(loss) arising in						
Healthcare	2,558	2,664	2,377	1,545	2,664	2,377
Pharmaceuticals	2,711	2,678	2,372	1,698	2,678	2,372
Salick Health Care	(153)	(14)	5	(153)	(14)	5
Other trading	(25)	(27)	(27)	(25)	(10)	(27)
Ongoing operations	2,533	2,637	2,350	1,520	2,654	2,350
Operations to be discontinued – Agrochemicals	142	359	365	142	359	365
Continuing operations	2,675	2,996	2,715	1,662	3,013	2,715
Discontinued operations – Specialties	71	146	142	308	100	142
	2,746	3,142	2,857	1,970	3,113	2,857
Share of operating (loss)/profit of joint ventures and associates				(7)	539	722
				1,963	3,652	3,579

Corporate overheads have been allocated to each business segment on a consistent basis over the periods presented. The effect of these allocations is not material.

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10 Segment information (continued)

Operating profit/(loss) is stated after Year 2000 and EMU compliance costs as follows:

	1999	1998	1997
	\$m	\$m	\$m
Healthcare	45	44	9
Pharmaceuticals	41	31	8
Salick Health Care	4	13	1
Other trading	3	9	3
Ongoing operations	48	53	12
Operations to be discontinued – Agrochemicals	7	26	9
Continuing operations	55	79	21
Discontinued operations – Specialties	–	11	3
	55	90	24

	Net assets/(liabilities)			Total assets		
	1999	1998	1997	1999	1998	1997
	\$m	\$m	\$m	\$m	\$m	\$m
Healthcare	7,496	6,975	5,633	12,403	10,225	7,635
Pharmaceuticals	7,439	6,828	5,515	12,288	10,023	7,473
Salick Health Care	57	147	118	115	202	162
Other trading	(108)	88	23	564	609	564
Ongoing operations	7,388	7,063	5,656	12,967	10,834	8,199
Operations to be discontinued – Agrochemicals	1,860	2,027	1,387	2,879	2,977	2,234
Continuing operations	9,248	9,090	7,043	15,846	13,811	10,433
Discontinued operations – Specialties	(164)	656	693	19	1,002	1,119
Sub-total	9,084	9,746	7,736	15,865	14,813	11,552
Intra-Group eliminations	–	–	–	(102)	(17)	(23)
Non-operating assets*	1,144	1,074	1,729	3,939	3,520	4,346
Investments in joint ventures and associates	114	162	141	114	162	141
	10,342	10,982	9,606	19,816	18,478	16,016

* Non-operating assets include short-term investments and cash, short-term borrowings, loans, and debtors and creditors not attributable to individual business segments.

	Capital expenditure**			Depreciation, amortisation and impairment		
	1999	1998	1997	1999	1998	1997
	\$m	\$m	\$m	\$m	\$m	\$m
Healthcare	2,963	1,076	979	1,004	617	513
Pharmaceuticals	2,922	1,031	940	915	607	503
Salick Health Care	41	45	39	89	10	10
Other trading	19	21	69	21	22	13
Ongoing operations	2,982	1,097	1,048	1,025	639	526
Operations to be discontinued – Agrochemicals	194	333	232	171	126	97
Continuing operations	3,176	1,430	1,280	1,196	765	623
Discontinued operations – Specialties	55	96	95	91	56	53
	3,231	1,526	1,375	1,287	821	676

** Capital expenditure includes expenditure on intangible assets. Pharmaceuticals capital expenditure in 1999 included the \$967m first option payment to Merck and \$720m in respect of the re-acquisition of marketing rights.

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10 Segment information (continued)

Geographic areas

The tables below show information by geographic area and, for turnover and tangible fixed assets, material countries. The figures for each area show the turnover, operating profit and profit on ordinary activities before interest and taxation made by companies located in that area/country, together with net operating assets and tangible fixed assets owned by the same companies; export sales and the related profit are included in the areas from which those sales were made.

	Turnover		
	1999	1998	1997
	\$m	\$m	\$m
United Kingdom			
External	1,115	1,116	1,151
Intra-Group	1,905	1,553	1,385
	3,020	2,669	2,536
Continental Europe			
France	864	723	604
Germany	849	861	814
Italy	545	448	390
Netherlands	284	245	221
Spain	441	273	207
Sweden	599	639	664
Others	950	855	790
Intra-Group	1,203	862	782
	5,735	4,906	4,472
The Americas			
Brazil	132	179	171
Canada	419	367	342
United States*	7,344	4,331	2,463
Others	162	137	121
Intra-Group	201	182	142
	8,258	5,196	3,239
Asia, Africa & Australasia			
Japan	715	567	677
Others	715	577	587
Intra-Group	120	74	69
	1,550	1,218	1,333
Ongoing operations	18,563	13,989	11,580
Operations to be discontinued – Agrochemicals	3,971	4,117	3,753
Continuing operations	22,534	18,106	15,333
Discontinued operations – Specialties	784	1,553	1,634
Sub-total	23,318	19,659	16,967
Intra-Group eliminations	(4,873)	(4,257)	(3,801)
	18,445	15,402	13,166

* As disclosed above, sales in the United States do not include the group's share of sales of Astra Merck Inc., which amounted to \$857m for the first six months of 1998 and \$1,169m for 1997.

Export sales from the UK totalled \$3,587m for the year ended 31 December 1999 (1998 \$3,388m, 1997 \$3,119m).

Turnover of operations to be discontinued is primarily in the UK \$1,408m (1998 \$1,401m, 1997 \$1,269m) and the Americas \$1,381m (1998 \$1,593m, 1997 \$1,366m).

10 Segment information (continued)

	Operating profit after exceptional items			Profit after exceptional items before interest and taxation		
	1999	1998	1997	1999	1998	1997
	\$m	\$m	\$m	\$m	\$m	\$m
Profit from						
United Kingdom	443	552	800	278	548	828
Continental Europe	1,572	1,160	968	1,515	1,163	948
The Americas	478	790	436	(322)	1,344	1,136
Asia, Africa & Australasia	40	135	146	39	133	155
Ongoing operations	2,533	2,637	2,350	1,510	3,188	3,067
Operations to be discontinued – Agrochemicals	142	359	365	144	360	367
Continuing operations	2,675	2,996	2,715	1,654	3,548	3,434
Discontinued operations – Specialties	71	146	142	309	104	145
	2,746	3,142	2,857	1,963	3,652	3,579

Operating profit of operations to be discontinued is primarily in the UK \$32m (1998 \$27m, 1997 \$72m) and Continental Europe \$75m (1998 \$93m, 1997 \$64m).

	Net operating assets		
	1999	1998	1997
	\$m	\$m	\$m
United Kingdom	1,873	2,140	1,893
Continental Europe	3,638	1,001	1,010
The Americas	1,130	1,131	992
Asia, Africa & Australasia	747	2,791	1,761
Ongoing operations	7,388	7,063	5,656
Operations to be discontinued – Agrochemicals	1,860	2,027	1,387
Continuing operations	9,248	9,090	7,043
Discontinued operations – Specialties	(164)	656	693
	9,084	9,746	7,736

Net operating assets of operations to be discontinued are primarily in the UK \$1,250m (1998 \$1,364m, 1997 \$893m) and the Americas \$514m (1998 \$522m, 1997 \$275m).

	Tangible fixed assets		
	1999	1998	1997
	\$m	\$m	\$m
United Kingdom	1,531	1,471	1,344
Sweden	1,434	1,295	1,156
United States	623	612	663
Others	1,147	1,028	818
Ongoing operations	4,735	4,406	3,981
Operations to be discontinued – Agrochemicals	1,246	1,336	1,043
Continuing operations	5,981	5,742	5,024
Discontinued operations – Specialties	–	539	528
	5,981	6,281	5,552

Tangible fixed assets of operations to be discontinued are primarily in the UK \$741m (1998 \$812m, 1997 \$821m) and the United States \$321m (1998 \$360m, 1997 \$361m).

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Notes relating to the Financial Statements

10 Segment information (continued)

	1999	1998	1997
	\$m	\$m	\$m
Geographic markets			
Turnover in each geographic market in which customers located			
United Kingdom	863	888	903
Continental Europe	4,555	4,050	3,688
The Americas	8,140	5,068	3,142
Asia, Africa & Australasia	1,576	1,312	1,469
Ongoing operations	15,134	11,318	9,202
Operations to be discontinued – Agrochemicals	2,657	2,790	2,605
Continuing operations	17,791	14,108	11,807
Discontinued operations – Specialties	654	1,294	1,359
	18,445	15,402	13,166

Turnover by customer location of operations to be discontinued is primarily to the Americas \$1,275m (1998 \$1,483m, 1997 \$1,319m) and Continental Europe \$846m (1998 \$809m, 1997 \$472m).

Employees

Average number of people employed by the group in

United Kingdom	9,700	9,100	8,200
Continental Europe	19,200	17,000	16,800
The Americas*	12,900	12,700	10,100
Asia, Africa & Australasia	5,400	6,000	5,300
Ongoing operations	47,200	44,800	40,400
Operations to be discontinued – Agrochemicals	8,100	8,000	7,600
Continuing operations	55,300	52,800	48,000
Discontinued operations – Specialties	2,700	5,500	5,800
	58,000	58,300	53,800

* The number of employees in North America was affected by the agreement with Merck. Before 1 July 1998, employees of Astra Merck (1998 2,332, 1997 2,258) have not been included above, as the joint venture was not consolidated. From 1 July 1998 onwards, following the restructuring, all employees of the new subsidiary, AstraZeneca, L.P., have been included in the AstraZeneca Group.

The number of people employed by the group at the end of 1999 was 55,200 (1998 60,900, 1997 53,900) of which 47,000 related to ongoing operations.

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Notes relating to the Financial Statements

11 Tangible fixed assets

	Land and buildings	Plant and equipment	Capital expenditure and assets in course of construction	Total tangible assets
	\$m	\$m	\$m	\$m
Cost				
At beginning of year	2,848	6,752	927	10,527
Exchange adjustments	(99)	(241)	(68)	(408)
Capital expenditure	58	347	1,071	1,476
Transfer of assets into use	179	669	(848)	-
Disposals and other movements	(191)	(1,166)	(43)	(1,400)
At end of year	2,795	6,361	1,039	10,195
Depreciation				
At beginning of year	815	3,431	-	4,246
Exchange adjustments	(32)	(127)	-	(159)
Disposals and other movements	(105)	(728)	-	(833)
Charge for year	114	642	-	756
Impairment	60	144	-	204
At end of year	852	3,362	-	4,214
Net book value at 31 December 1999	1,943	2,999	1,039	5,981
Net book value at 31 December 1998	2,033	3,321	927	6,281

Capital expenditure in the year of \$1,476m (1998 \$1,415m) did not include any capitalised finance leases (1998 \$2m); cash expenditure on tangible fixed assets was \$1,490m (1998 \$1,392m). Land and buildings includes non-depreciated land which cost \$206m (1998 \$210m).

The net book value of the tangible fixed assets of the group at 31 December 1999 included capitalised finance leases of \$6m, comprising cost of \$14m and accumulated depreciation thereon of \$8m. In respect of capitalised leases, the depreciation charge for the year was \$2m and finance charges were \$1m.

	1999	1998
	\$m	\$m
The net book value of land and buildings comprised		
Freeholds	1,932	2,012
Long leases (over 50 years unexpired)	5	5
Short leases	6	16
	1,943	2,033

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Notes relating to the Financial Statements

12 Goodwill and intangible assets

	Goodwill	Intangible assets	Total
	\$m	\$m	\$m
Cost			
At beginning of year	1,252	1,576	2,828
Exchange adjustments	(72)	(63)	(135)
Additions	4	1,755	1,759
Disposals and other movements	-	(45)	(45)
At end of year	1,184	3,223	4,407
Depreciation			
At beginning of year	36	352	388
Exchange adjustments	(8)	(7)	(15)
Disposals and other movements	-	(29)	(29)
Charge for year	63	250	313
Impairment	8	6	14
At end of year	99	572	671
Net book value at 31 December 1999	1,085	2,651	3,736
Net book value at 31 December 1998	1,216	1,224	2,440

13 Fixed asset investments

	Joint ventures	Associates	Other investments Listed	Unlisted	Total
	\$m	\$m	\$m	\$m	\$m
Cost					
At beginning of year	172	2	72	119	365
Additions	-	-	-	5	5
Disposals and other movements, including exchange	(34)	1	(21)	(104)	(158)
At end of year	138	3	51	20	212
Share of post-acquisition reserves					
At beginning of year	(15)	3	-	-	(12)
Retained loss	(16)	-	-	-	(16)
Exchange	1	-	-	-	1
At end of year	(30)	3	-	-	(27)
Net book value at 31 December 1999	108	6	51	20	185
Net book value at 31 December 1998	157	5	72	119	353

The market value of the listed investments at 31 December 1999 was \$111m (1998 \$63m).

The fair values of the unlisted investments are not materially different from their carrying values.

Share of joint ventures' assets and liabilities

	1999	1998
	\$m	\$m
Gross assets	218	256
Gross liabilities	(110)	(99)
	108	157

Information on principal subsidiaries, joint ventures and associates of the group is given on pages 118 and 119.

14 Stocks

	1999	1998
	\$m	\$m
Raw materials and consumables	581	509
Stocks in process	699	708
Finished goods and goods for resale	876	812
	2,156	2,029

15 Debtors

	1999	1998
	\$m	\$m
Amounts due within one year		
Trade debtors	3,026	3,120
Less: Amounts provided for doubtful debts	(118)	(139)
	2,908	2,981
Deferred taxation	78	80
Other debtors	619	241
Prepayments and accrued income*	225	327
	3,830	3,629
Amounts due after more than one year		
Deferred taxation	435	19
Other debtors	111	127
Prepayments and accrued income*	94	183
	640	329
Securitised rent receivables	-	5
Debtors	4,470	3,963

* Figures include prepaid pension costs (Note 32).

Provisions for doubtful debts

	1999	1998	1997
	\$m	\$m	\$m
Balance at beginning of year	139	127	112
Profit and loss account charge	60	39	53
Amounts utilised and other movements	(81)	(27)	(38)
Balance at end of year	118	139	127

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16 Short-term investments

At 31 December	1999	1998
	\$m	\$m
Listed debt securities	542	1,395
Other debt securities	17	17
Investment securities	559	1,412
Fixed deposits	2,300	1,290
	2,859	2,702

The group's insurance subsidiaries hold cash and short-term investments totalling \$234m (1998 \$214m), of which \$150m (1998 \$103m) is required to meet insurance solvency requirements and which, as a result, is not readily available for the general purposes of the group. In addition, some \$453m of short term investments shown above are committed as security against deferred payments due under a contractual obligation of the group (see Note 36).

17 Short-term borrowings

At 31 December	1999	1998
	\$m	\$m
Bank borrowings		
Fixed securities	38	37
Secured by floating charge	6	-
Unsecured	299	224
	343	261
Other borrowings (unsecured)	1	86
	344	347

18 Other creditors

	1999	1998
	\$m	\$m
Amounts due within one year		
Trade creditors	1,614	1,600
Corporate taxation	640	444
Value added and payroll taxes and social security	55	75
Other creditors	1,753	784
Accruals	1,744	1,524
Dividends to Shareholders	834	841
	6,640	5,268
Amounts due after more than one year		
Other creditors	460	22
Grants not yet credited to income	2	3
	462	25

Included in other creditors are amounts totalling \$171m (1998 \$117m) to meet insurance obligations of the group's insurance subsidiaries. Also included in other creditors are amounts due within one year in connection with the group's exceptional charges as detailed in Note 5. The amounts comprise \$396m in respect of synergy and integration costs, \$94m trigger event payment to Merck, \$15m in respect of the Salick Health Care rationalisation, \$81m in respect of the Agrochemicals restructuring programmes and \$170m in respect of the Specialties divestment and other minor restructurings. The comparative balance included \$53m in respect of minor restructurings.

19 Loans

	Repayment Dates	1999	1998
		\$m	\$m
Secured loans			
Secured by fixed charge	2006/2007	19	26
Secured by floating charge	2003/2010	28	—
Total secured		47	26
Unsecured loans			
US dollars			
Bank loan – variable rate	2001	80	80
6.3% Guaranteed notes	2003	198	197
7% Guaranteed debentures	2023	295	295
Others	2000/2013	153	193
Total unsecured		726	765
Total loans		773	791
Less: current instalments of loans		(34)	(30)
Loans due after more than one year		739	761

In the above table loans are shown after taking account of associated cross-currency swaps (see Note 20).

Loans from banks included in the table above amounted to \$169m (1998 \$178m) of which \$42m (1998 \$9m) was secured.

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20 Financial instruments

A discussion of the group's objective, policy and strategy in respect of risk management and the use of financial instruments is included in the financial review on pages 45 to 47. The following disclosures exclude all short-term debtors and creditors.

Interest rate risks of financial assets and liabilities

The interest rate profile, after taking account of interest and currency swaps, of the financial assets and liabilities of the group as at 31 December 1999 was:

	Floating rate	Fixed rate	Financial liabilities on which no interest is paid	Total	Weighted average fixed interest rate	Weighted average period for which rate is fixed
	\$m	\$m	\$m	\$m	%	Years
Financial liabilities						
US dollar	172	506	453	1,131	6.8	15
Euro	34	89	–	123	6.7	3
Other	242	76	–	318	4.4	5
Total	448	671	453	1,572		
Financial assets						
US dollar	2,502	–	–	2,502		
Euro	178	–	–	178		
Other	608	–	–	608		
Total	3,288	–	–	3,288		

The floating rate financial liabilities comprise bank borrowings bearing interest at rates fixed by reference to local interbank rates.

Financial liabilities on which no interest is paid comprise deferred payments due relating to the re-acquisition of certain marketing rights.

The financial assets principally comprise cash on overnight deposit and short term investments with an average maturity of 44 days. These include deposits where the interest rate is fixed until maturity but, as the original maturity is less than one year, they are classified as floating rate financial instruments. The benchmark rates for financial assets are the LIBID rate for euro and US dollar liquidity balances and the average Federal Funds effective rate for US dollar overnight balances. In addition to the amounts above, financial assets include \$71m of other fixed asset investments on which no interest is received.

Currency exposures

One hundred per cent of the group's transactional currency exposures on working capital balances, which typically extend for up to three months, are hedged using forward foreign exchange contracts. As a result, as at 31 December 1999, there were no material monetary assets or liabilities in currencies other than the functional currencies of the group companies concerned, having taken into account the effect of forward exchange currency contracts that have been utilised to match foreign currency exposures.

Additionally approximately 50% of forecast future foreign currency transaction exposures extending for twelve months is selectively hedged. Currency exposures are aggregated into baskets representing the principal currency exposures (GBP, SEK, euro and yen) and then hedged using a mixture of purchased currency options and forward foreign exchange contracts. As at 31 December 1999 the group held forward and option contracts to hedge the following forecast foreign currency transaction exposures.

20 Financial instruments (continued)

	1999 Hedged amount
	\$m
Sterling payables	946
SEK payables	635
Euro receivables	704
Yen receivables	41

Maturity of financial liabilities

The maturity profile of the group's financial liabilities, other than short-term creditors such as trade creditors and accruals, at 31 December 1999 was as follows:

Analysis by year of repayment	1999			1998		
	Loans	Other	Total	Loans	Other	Total
	\$m	\$m	\$m	\$m	\$m	\$m
After five years	332	-	332	322	10	332
From five to four years	-	-	-	304	2	306
From four to three years	294	108	402	10	2	12
From three to two years	18	127	145	90	2	92
From two to one years	95	116	211	35	2	37
Due after more than one year	739	351	1,090	761	18	779
Due within one year	34	448	482	30	349	379
Total	773	799	1,572	791	367	1,158

Other financial liabilities comprise deferred payments to re-acquire certain maturity rights, short-term borrowings and finance leases.

Borrowing facilities

The group has various borrowing facilities available to it, the majority of which offer a currency option of US dollars, euros or sterling. Unused short-term credit facilities (both committed and uncommitted) totalled approximately \$2bn at 31 December 1999. Included in this were undrawn committed facilities in respect of which all conditions precedent had been met at that date were as follows:

	1999	1998
	\$m	\$m
Expiring in one year or less	-	-
Expiring in more than one year but not more than two years	375	-
Expiring in more than two years	150	1,325
Total	525	1,325

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Notes relating to the Financial Statements

20 Financial instruments (continued)

Fair values of financial assets and financial liabilities

Set out below is a comparison by category of carrying values and fair values of all the group's financial assets and financial liabilities as at 31 December 1999 and 1998.

	1999 Carrying value \$m	1999 Fair value \$m	1998 Carrying value \$m	1998 Fair value \$m
Primary financial instruments				
Short-term borrowings	(344)	(344)	(347)	(347)
Loans	(792)	(778)	(806)	(854)
Cash	429	429	710	710
Short-term investments	2,859	2,858	2,702	2,703
Fixed asset investments	71	131	191	182
Derivative financial instruments held to manage the interest rate and currency profile				
Cross-currency swaps	19	14	15	7
Derivative financial instruments held or issued to hedge the currency exposure on existing transactions				
Forward foreign exchange contracts	20	20	(13)	(13)
Forward currency option contracts	3	-	2	-
Derivative financial instruments held or issued to hedge the currency exposure on expected future sales				
Forward foreign exchange contracts	-	(1)	-	1
Foreign currency option contracts	32	35	46	42

In addition to the primary financial instruments above, the group has financial liabilities of \$453m comprising deferred payments due, totalling \$513m before discount.

The methods and assumptions used to estimate the fair values of financial instruments are as follows:

- Short-term investments – the fair value of listed investments is based on year end quoted market prices. For unlisted investments carrying values approximate fair value.
- Fixed asset investments (excluding equity investments in joint ventures and associates) – the fair value of listed investments is based on year end quoted market prices. For unlisted investments carrying values approximate fair value.
- Loans – the fair value of publicly traded debt is based on year end quoted market prices; the fair value of floating rate debt is nominal value, as mark to market differences would be minimal given frequency of resets; the fair value of remaining debt is estimated using appropriate zero coupon valuation techniques based on rates current at year end.
- Forward foreign exchange contracts – the group has forward foreign exchange contracts to sell currency for the purpose of hedging non-dollar commercial transaction exposures which existed at the date of the balance sheet and to hedge anticipated, but not firmly committed, non-dollar commercial transactions for 1999. The majority of the contracts for existing transactions had a maturity of six months or less from year end. The fair value of forward foreign exchange contracts is estimated using the spot rates of exchange existing at year end and accruing any interest differential.
- Forward currency option contracts – the group has forward currency option contracts to hedge anticipated, but not firmly committed, non-dollar commercial transactions for 1999. The fair value of option contracts is estimated using Black-Scholes valuation techniques as adapted by Garman Kohlhagen.
- Interest rate and cross-currency swaps – AstraZeneca uses interest rate and cross-currency swaps to hedge the group's exposure to fluctuations in interest rates and foreign exchange movements on borrowings in accordance with a formal risk management strategy. The fair value is estimated using appropriate zero coupon valuation techniques based on rates current at year end.

20 Financial instruments (continued)

The above financial instruments are subject to credit and market risk. AstraZeneca contains credit risk through the use of counterparty and product specific credit limits and by ongoing review procedures. All financial instruments are transacted with commercial banks and in line with standard market practice are not backed with cash collateral. The notional principal values of off balance sheet financial instruments do not represent amounts exchanged by the parties and are not a measure of the credit risk to the Group of these instruments. The credit risk of these instruments is limited to the positive fair values of such contracts.

Market risk is the sensitivity of the value of financial instruments to changes in related currency and interest rates. The group is not exposed to material market risk because gains and losses on the derivative financial instruments are largely offset by gains and losses on the underlying assets, liabilities and transactions subject to hedge.

Hedges

The group's policy is to hedge 100% of transactional currency exposures and 50% of forecast future transaction exposures using forward foreign exchange contracts and foreign currency option contracts. It also uses cross-currency and interest rate swaps to manage its borrowings profile.

Gains and losses on instruments used for hedging are not recognised until the exposure that is being hedged is itself recognised. Unrecognised gains and losses on instruments used for hedging, and the movements therein, are as follows:

	Gains	Losses	Total Net gains/(losses)
	\$m	\$m	\$m
Unrecognised gains and losses on hedges at 1 January 1999	1	(14)	(13)
Gains and losses arising in previous years that were recognised in 1999	–	(6)	(6)
Gains and losses arising in previous years that were not recognised in 1999	–	(8)	(8)
Unrecognised gains and losses on hedges at 31 December 1999	3	(9)	(6)
Gains and losses expected to be recognised in 2000	3	(4)	(1)
Gains and losses expected to be recognised in 2001 or later	–	(5)	(5)

21 Provisions for liabilities and charges

	Integration and synergies	Employee benefits	Environmental and other provisions	Total
	\$m	\$m	\$m	\$m
At 1 January 1998	–	733	316	1,049
Profit and loss account	–	115	42	157
Net amounts paid or becoming current	–	(127)	(125)	(252)
Acquisitions	–	62	45	107
Other movements, including exchange	–	13	(29)	(16)
At 31 December 1998	–	796	249	1,045
Profit and loss account	819	128	132	1,079
Net amounts paid or becoming current	(703)	(98)	(71)	(872)
Acquisitions	–	(11)	(4)	(15)
Other movements, including exchange	(2)	(35)	53	16
At 31 December 1999	114	780	359	1,253

The carried forward integration and synergies provision, as at 31 December 1999, comprises obligations in respect of integrating the pharmaceuticals businesses of Astra and Zeneca, the majority of which is expected to be spent in 2001. Employee benefit provisions comprise pension, post retirement and other employee benefit provisions. These will crystallise, in the main, over the estimated working lives of the employees concerned. The environmental provisions are principally in respect of sites in the US, further details of which are given in Note 36. Other provisions include \$144m in respect of deferred taxation.

No provision has been released or applied for any purpose other than that for which it was established.

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Notes relating to the Financial Statements

22 Reconciliation of movements in Shareholders' funds

	1999 \$m	1998 \$m	1997 \$m
Shareholders' funds at beginning of year	10,929	9,552	9,022
Net profit for the financial year	1,143	2,611	2,570
Dividends	(1,242)	(1,061)	(986)
	(99)	1,550	1,584
Issues of AstraZeneca PLC Ordinary Shares	19	12	26
Repurchase of AstraZeneca PLC Ordinary Shares	(183)	-	-
Astra AB minority interest buy out	(142)	-	-
Goodwill written back/(written off)	410	-	(315)
Exchange adjustments on net assets	(740)	(178)	(766)
Translation differences on foreign currency borrowings	132	(7)	(5)
Tax on translation differences on foreign currency borrowings	(22)	2	2
Movement in unrealised holding gains and losses on short-term investments	-	2	1
Other movements	(2)	(4)	3
Net (reduction in)/addition to Shareholders' funds	(627)	1,377	530
Shareholders' funds at end of year	10,302	10,929	9,552

23 Reserves

	Share premium account \$m	Capital redemption reserve \$m	Merger reserve \$m	Other reserves \$m	Joint ventures and associates \$m	Profit and loss account \$m	Total \$m
Astra	62	-	-	-	-	5,381	5,443
Zeneca	15	-	472	508	(22)	2,075	3,048
Merger reserve adjustment	(62)	-	111	-	-	-	49
Accounting policy alignment	-	-	-	(138)	-	23	(115)
At 31 December 1996	15	-	583	370	(22)	7,479	8,425
Profit retained for year					5	1,579	1,584
Share premiums	25						25
Goodwill written back				(315)			(315)
Exchange adjustments:							
Goodwill				41		(41)	-
Net assets					2	(768)	(766)
On foreign currency borrowings						(5)	(5)
Foreign currency borrowings tax effect						2	2
				41	2	(812)	(769)
Movement in unrealised holding gains and losses				1			1
Other movements						3	3
Net movements	25	-	-	(273)	7	770	529

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Notes relating to the Financial Statements

23 Reserves (continued)

	Share premium account	Capital redemption reserve	Merger reserve	Other reserves	Joint ventures and associates	Profit and loss account	Total
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
At 31 December 1997	40	–	583	97	(15)	8,249	8,954
Profit retained for year					(3)	1,553	1,550
Share premiums	14					(4)	10
Exchange adjustments:							
On consolidation							
Goodwill				(43)		43	–
Net assets					6	(184)	(178)
On foreign currency borrowings						(7)	(7)
Foreign currency borrowings tax effect						2	2
				(43)	6	(146)	(183)
Movement in unrealised holding gains and losses				2			2
Other movements						(4)	(4)
Net movements	14	–	–	(41)	(3)	1,399	1,375
At 31 December 1998	54	–	583	56	(12)	9,648	10,329
Loss retained for year					(16)	(83)	(99)
Share premiums	17						17
Redenomination of share capital				157			157
Transfer between reserves	131					(131)	–
Astra AB minority interest buy out			(142)				(142)
Repurchase of shares		1				(183)	(182)
Goodwill written back				410			410
Exchange adjustments:							
Goodwill				80		(80)	–
Net assets					1	(741)	(740)
On foreign currency borrowings						132	132
Foreign currency borrowings tax effect						(22)	(22)
				80	1	(711)	(630)
Movement in unrealised holding gains and losses							–
Other movements						(2)	(2)
Net movements	148	1	(142)	647	(15)	(1,110)	(471)
At 31 December 1999	202	1	441	703	(27)	8,538	9,858

The movement in other reserves in 1997 relates to goodwill on acquisitions and purchase of minority interest written off against reserves prior to the adoption of FRS 10 on 1 January 1998. The movements in the current year relate to the realisation of goodwill, principally on the disposal of Zeneca Specialties and the redenomination of share capital.

The cumulative amount of goodwill resulting from acquisitions, net of disposals, prior to the adoption of FRS 10, amounted to \$1,537m (1998 \$2,027m, 1997 \$1,984m), using 1999 year end rates of exchange.

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23 Reserves (continued)

There are no significant statutory or contractual restrictions on the distribution of current profits of subsidiaries, joint ventures or associates; undistributed profits of prior years are, in the main, permanently employed in the businesses of these companies. The undistributed income of AstraZeneca companies overseas may be liable to overseas taxes and/or United Kingdom taxation (after allowing for double taxation relief) if they were to be distributed as dividends (see Note 7).

The Company's Articles of Association state that borrowings, after deducting cash and short-term investments, must not exceed an amount equal to three times Shareholders' equity after adding back goodwill eliminated against Shareholders' equity on retained acquisitions and the amount set aside for deferred taxation. Any borrowings, cash or short-term investments held by partly owned subsidiaries are excluded from the calculation in so far as they are attributable to minorities.

24 Net cash inflow from trading operations

	1999	1998	1997
	\$m	\$m	\$m
Operating profit before exceptional items	3,908	3,051	2,857
Depreciation and amortisation	1,069	821	676
Stocks increase	(416)	(262)	(42)
Debtors increase	(448)	(479)	(321)
Creditors increase	645	818	309
Other non-cash movements	(59)	(132)	(16)
	4,699	3,817	3,463

25 Cash flows related to exceptional items

The exceptional cash outflow for the year includes \$28m attributable to rationalising Astra's operations in the US, \$909m merger costs (including \$713m for the Merck trigger event payment), \$303m in respect of synergy and integration costs (including manpower related costs of \$150m), \$338m in respect of the Specialties disposal and \$8m in respect of other restructuring and rationalisation projects.

The 1998 cash inflow included receipts in respect of the granting of *Imdur* marketing rights of \$163m net of payments relating to expenditure charged to exceptional provisions raised in prior years for business rationalisation and restructuring (including severance and other employee costs). It also includes \$7m of expenditure relating to the closure of the organophosphate intermediates business and \$72m in respect of the rationalisation of Astra's US operations. Included within the \$155m cash inflow from the disposal of fixed assets is \$87m relating to sale of fixed assets accounted for as an exceptional item.

The 1997 cash outflow is in respect of exceptional provisions raised in prior years.

26 Acquisitions

There were no significant acquisitions in 1999. The principal acquisitions during 1998 were the purchase of Ishihara Sangyo Kaisha Ltd's worldwide chlorothalonil business on 4 February 1998, the remaining 50% of the Astra Merck partnership on 30 June 1998, and the pharmaceuticals business of Orica Ltd on 4 September 1998. All these acquisitions have been accounted for by the acquisition method of accounting.

	1999 Total fair value	1998 Total fair value	1997 Total fair value
	\$m	\$m	\$m
Fixed assets	–	1,028	3
Current assets	10	1,298	5
Creditors due within one year	(7)	(953)	(5)
Creditors due after more than one year	–	(53)	–
Provisions for liabilities and charges	–	(79)	–
Minority interest	(1)	–	–
Fair value of net assets acquired	2	1,241	3
Goodwill acquired	7	1,322	80
Consideration for subsidiaries and operations acquired	9	2,563	83
Purchases of minority interest	20	7	241
	29	2,570	324
Less:			
Equity accounted carrying value of existing interest	–	(537)	–
Cash included in undertaking acquired	(1)	(3)	(3)
Deferred consideration	(5)	(17)	–
Net cash consideration	23	2,013	321

Assets and liabilities are adjusted to their fair values based on external valuations and internal assessments. There were no significant differences between book and fair values in respect of the acquisitions made in the year.

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27 Disposals

	1999 Discontinued Specialties	1999 Continuing Other	1999 Total
	\$m	\$m	\$m
Fixed assets	561	6	567
Current assets	646	5	651
Creditors due within one year	(374)	–	(374)
Creditors due after more than one year and provisions	(18)	–	(18)
Book value of net assets disposed	815	11	826
Disposal costs	567	10	577
Goodwill previously charged to reserves written back on disposal	406	4	410
Profit on disposals	237	–	237
	2,025	25	2,050
Less			
Cash included in undertakings disposed	(20)	–	(20)
Disposal costs	(49)	–	(49)
Cash consideration	1,956	25	1,981

The sale consideration received is principally in relation to the sale of the group's Specialties business, which was completed on 30 June 1999. Zeneca Specialties results have been consolidated for the period until disposal (to 30 June 1999) but reported separately as 'discontinued operations'.

Other disposals represent the disposal of the dialysis business of Salick Health Care.

Prior to its disposal, the Specialties business contributed \$44m to operating cash flows before exceptional items, absorbed \$29m in respect of exceptional items and \$41m in respect of fixed capital expenditure.

28 Reconciliation of net cash flow to movement in net funds

	1999 \$m	1998 \$m	1997 \$m
(Decrease)/increase in cash	(280)	(186)	192
Cash outflow from decrease in loans, short-term borrowings and leases	21	217	29
Cash outflow/(inflow) from increase/(decrease) in short-term investments	254	(974)	252
Change in net funds resulting from cash flows	(5)	(943)	473
Debt released on disposals/cash acquired on acquisitions	12	391	–
Other non-cash changes	–	(2)	(92)
Exchange movements	(92)	(63)	(349)
Movement in net funds	(85)	(617)	32
Net funds at 1 January	2,254	2,871	2,839
Net funds at 31 December	2,169	2,254	2,871

29 Analysis of net funds

	At 1 Jan 1999	Cash flow	Acquisitions* and disposals	Other non-cash	Exchange movements	At 31 Dec 1999
	\$m	\$m	\$m	\$m	\$m	\$m
Loans due after 1 year	(761)	(27)	-	30	19	(739)
Current instalments of loans	(30)	28	-	(30)	(2)	(34)
Finance leases	(20)	6	12	-	-	(2)
Total loans and lease finance	(811)	7	12	-	17	(775)
Short-term investments	2,702	254	-	-	(97)	2,859
Cash	710	(249)	-	-	(32)	429
Overdrafts	(144)	(31)	-	-	8	(167)
Short-term borrowings, excluding overdrafts	(203)	14	-	-	12	(177)
	3,065	(12)	-	-	(109)	2,944
Net funds	2,254	(5)	12	-	(92)	2,169
Financing item included in cash movements above						
Net purchase of shares		161				
Net cash inflow before management of liquid resources and financing		156				

* Excluding cash and overdrafts

30 Financing

	Notes	1999 \$m	1998 \$m	1997 \$m
Issues of AstraZeneca PLC Ordinary Shares		19	12	25
Repurchase of AstraZeneca PLC Ordinary Shares		(183)	-	-
Issue of shares by subsidiaries to minority interests		3	-	-
Issues of shares	29	(161)	12	25
Repayment of lease finance	29	(6)	(9)	(13)
New loans		39	-	-
Loans repaid		(40)	(110)	(38)
Net decrease in short-term borrowings	29	(14)	(98)	22
		(15)	(208)	(16)
Net cash outflow from financing		(182)	(205)	(4)

The only major non-cash financing transaction was the issue of shares in connection with the merger, as described in Note 40.

31 Merger accounting

The financial statements have been prepared using the merger method of accounting in relation to the merger of Zeneca and Astra. Under merger accounting, the results and cash flows of Zeneca and Astra are combined from the beginning of the financial period in which the merger occurred. Their assets and liabilities are combined at the amounts at which they were previously recorded, after adjusting to achieve consistency of accounting policies. Profit and loss account, balance sheet and cash flow comparatives are restated on the combined basis.

The merger became effective on 6 April 1999. The company issued a total of 825,932,791 ordinary shares with a nominal value of \$206m to Astra shareholders under the terms of the merger agreement between Zeneca and Astra. In addition, AstraZeneca has provided \$142m in connection with the purchase of the remaining outstanding Astra shares.

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31 Merger accounting (continued)

Set out below are:

- (a) The nature of the accounting adjustments made to align Astra's accounting policies with those of Zeneca.
- (b) Analyses of the principal components of the current and prior year profit and loss accounts and statements of recognised gains and losses into pre and post-merger amounts including analyses of the pre-merger amounts between Astra and Zeneca.
- (c) The net assets of Astra and Zeneca at 31 March 1999, being the nearest practical date to the actual date of the merger.

Accounting adjustments to align Astra's accounting policies with those of Zeneca and in accordance with UK GAAP **Astra Merck**

The Group's interest in Astra Merck was recorded in the translated historical financial statements of Astra, in accordance with the proportional method, for the periods until 30 June 1998. This has been restated to the gross equity method required under UK GAAP. This adjustment has no impact on profit after taxation or net assets.

Consolidation bases

Astra's foreign subsidiaries' financial statements were translated using the temporal method. According to Astra's policy, non-monetary assets and shareholders' equity were translated to Swedish kronor at the exchange rate in effect at the time of acquisition or year end respectively. Under the closing rate method applied by Zeneca, in accordance with UK GAAP, all balance sheet items of overseas subsidiaries were translated using the exchange rate at the balance sheet date and all profit and loss account items were translated using the average exchange rate for the period. Resulting differences have been recorded in the balance sheet.

Goodwill

Under International Accounting Standards, goodwill arising from business acquisitions was capitalised by Astra and amortised over the estimated useful life. Goodwill arising from business acquisitions prior to 1998 is eliminated directly against reserves by Zeneca, as allowed under UK GAAP.

Restructuring costs

Certain costs incurred in connection with the Astra Merck restructuring recorded as liabilities on acquisition by Astra in 1998 have been charged as operating costs to comply with UK GAAP.

Deferred taxation

Deferred taxes recorded under the full liability method under Astra's accounting policy (in accordance with International Accounting Standards) have been restated to the partial liability method required under UK GAAP. Under the full liability method used, 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.

Short-term investments

Under International Accounting Standards Astra reflected unrealised losses on short-term investments in the profit and loss account and unrealised gains are not recorded. In accordance with UK GAAP unrealised gains and losses on short-term investments are reflected in the balance sheet.

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31 Merger accounting (continued)

Group Profit and Loss Account

1999

	3 months ended 31 March 1999				9 months ended 31 Dec 1999	Total
For the year ended 31 December 1999	Astra \$m	IAS/UK GAAP adjustment \$m	Astra UK GAAP* \$m	Zeneca* \$m	AstraZeneca \$m	AstraZeneca \$m
Turnover	2,345	–	2,345	2,311	13,789	18,445
Operating profit	546	17	563	407	1,776	2,746
Operating profit before exceptional items	546	17	563	407	2,938	3,908
Exceptional items	–	–	–	–	(1,162)	(1,162)
Share of operating profit/(loss) of joint ventures and associates	–	–	–	20	(27)	(7)
Profits less losses on sale or closure of operations	–	–	–	–	237	237
Merger costs	–	–	–	–	(1,013)	(1,013)
Net interest	8	13	21	(17)	(8)	(4)
Profit on ordinary activities before taxation	554	30	584	410	965	1,959
Taxation	(169)	(2)	(171)	(129)	(515)	(815)
Profit on ordinary activities after taxation	385	28	413	281	450	1,144

1998

For the year ended 31 December 1998	Astra \$m	IAS/UK GAAP adjustment \$m	Astra UK GAAP* \$m	Zeneca* \$m	AstraZeneca \$m
Turnover	7,199	(852)	6,347	9,055	15,402
Operating profit	1,919	(596)	1,323	1,819	3,142
Operating profit before exceptional items	1,828	(596)	1,232	1,819	3,051
Exceptional items	91	–	91	–	91
Share of operating profit/(loss) of joint ventures and associates	–	536	536	3	539
Profits less losses on sale or closure of operations	–	–	–	(46)	(46)
Profits on sale of fixed assets	–	–	–	17	17
Net interest	151	(45)	106	(59)	47
Profit on ordinary activities before taxation	2,070	(105)	1,965	1,734	3,699
Taxation	(584)	46	(538)	(548)	(1,086)
Profit on ordinary activities after taxation	1,486	(59)	1,427	1,186	2,613

* All Astra UK GAAP amounts relate to continuing operations. Of the Zeneca amounts, \$296m (1998 \$1,302m) of turnover and \$31m (1998 \$146m) of operating profit relate to discontinued operations

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31 Merger accounting (continued)

Group Statement of Total Recognised Gains and Losses		1999	1998
		\$m	\$m
Profit for the period			
Astra to date of merger		413	1,427
Zeneca to date of merger		281	1,184
AstraZeneca from date of merger		449	-
Exchange and other adjustments			
Astra to date of merger		(167)	(238)
Zeneca to date of merger		(30)	57
AstraZeneca from date of merger		(433)	-
Total recognised gains and losses		513	2,430

Analysis of Net Assets

As at 31 March 1999	Astra	IAS/UK GAAP adjustment	Astra UK GAAP	Zeneca	AstraZeneca
	\$m	\$m	\$m	\$m	\$m
Fixed assets	4,943	45	4,988	4,394	9,382
Current assets	5,148	1	5,149	4,687	9,836
Total assets	10,091	46	10,137	9,081	19,218
Creditors due within one year	(2,039)	(376)	(2,415)	(3,322)	(5,737)
Creditors due after more than one year	(475)	-	(475)	(778)	(1,253)
Provisions for liabilities and charges	(628)	239	(389)	(629)	(1,018)
Net assets	6,949	(91)	6,858	4,352	11,210
Capital and reserves					
Shareholders' funds - equity interests	6,949	(91)	6,858	4,299	11,157
Minority equity interests	-	-	-	53	53
Shareholders' fund and minority interests	6,949	(91)	6,858	4,352	11,210

32 Post-retirement benefits

Pensions

The Company, and most of its subsidiaries, operate or participate in retirement plans which cover the majority of employees (including Directors) in the group. These plans are either defined contribution, where the level of company contribution is fixed at a set level or percentage of employee's pay, or defined benefit, where benefits are based on employees' years of service and final pensionable pay. Former Zeneca plans are, generally, funded plans which are effected through separate trustee-administered funds. The Swedish plan for salaried employees is administered by Pritjänst AB, a joint company for Swedish industry, and benefit levels and actuarial assumptions are established by Försäkringsbolaget SPP. The pension cost for the group's main defined benefit plans is established in accordance with the advice of independent qualified actuaries based on valuations undertaken on varying dates.

32 Post-retirement benefits (continued)

With regard to the group's main UK defined benefit fund, the latest actuarial valuation was carried out at 31 March 1997 and the pension cost assessed using the projected unit credit method. The significant assumptions used in this valuation were that, against a background of long-term UK price inflation averaging 4% pa, investment returns would average 8.4% pa, salary increases 6% pa, and pension increases 3.75% pa. The asset valuation model assumes long-term dividend growth in UK and overseas equities of 1% pa and 2.5% pa respectively above the rate of inflation. The valuation took account of the consequences of the removal of UK dividend tax relief. The market value of the UK fund's assets at the valuation date was £1,745m, equivalent, after allowing for future increases in earnings and pensions, to 88% of the benefit obligation that had accrued to members at the valuation date. The group has increased its rate of contributions to the fund in accordance with the actuary's advice and taken other measures to address the deficit including a substantial one off contribution. The cost of the deficit is being charged in the financial statements as a level percentage of salaries over active members' remaining service lives. The actuary estimated that had the Minimum Funding Requirement basis applied at the time of the last valuation, the fund's solvency level would have been in excess of the required 100%.

Although full actuarial valuations are only undertaken every three years, an interim assessment by the actuary has indicated that were the actuarial valuation to be updated to reflect subsequent interest rates, stock market returns and fund performance (but without considering changes to the demographics of membership), the fund deficit would have increased. AstraZeneca's accounting policy, in accordance with UK GAAP, is to spread the cost of any deficit over active members' remaining service lives. The cost of the deficit, as currently foreseen, will not have a material impact on AstraZeneca's results of operations or financial position.

In total the group's main funded defined benefit plans (including the UK plans) held assets at their most recent valuation dates whose market values amounted to \$3,815m. After allowing for future increases in earnings and pensions, over 90% of the benefit obligation that had accrued to members at the valuation dates were covered by the actuarial value of the assets of the plans and by the value of provisions set aside in subsidiary companies' accounts at the same dates.

The total pension cost for the group for 1999 was \$298m (1998 \$265m, 1997 \$236m). In the group balance sheet at 31 December 1999, accrued pension costs amounted to \$44m (1998 \$37m) and were included in other creditors (Note 18); provisions for unfunded benefit obligations, included in provisions (Note 21), amounted to \$451m (1998 \$450m). Prepaid pension costs amounting to \$74m (1998 \$69m) were included in debtors (Note 15).

Post-retirement benefits other than pensions

In the US, and to a lesser extent in some other countries, AstraZeneca's employment practices include the provision of healthcare and life insurance benefits for retired employees. Some 6,600 retired employees and covered dependants currently benefit from these provisions and some 9,900 current employees will be eligible on retirement. AstraZeneca accrues for the present value of such retiree obligations over the working life of the employee.

The cost of post-retirement benefits other than pensions for the group in 1999 was \$21m (1998 \$22m, 1997 \$22m). Provisions for the benefit obligations at 31 December 1999 amounted to \$232m (1998 \$237m, 1997 \$232m). Other than this provision there were no plan assets at 31 December 1999.

33 Employee costs and share option plans for employees

Employee costs

The average number of people employed by the group in 1999 was 58,000 (1998 58,300, 1997 53,800) and the costs incurred during the year in respect of these employees were:

	1999	1998	1997
	\$m	\$m	\$m
Salaries	2,849	2,810	2,353
Social security costs	479	480	472
Pension costs	298	265	236
Other employment costs	98	115	110
	3,724	3,670	3,171

Employee costs above do not include severance costs.

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33 Employee costs and share option plans for employees (continued)

The Directors believe that, together with the basic salary system, the group's employee incentive schemes should provide a competitive and market-related package to motivate employees. They should also align the interests of employees with those of shareholders, as a whole, through long-term share ownership in the Company. The group's UK, Swedish and US schemes are described below; other arrangements apply elsewhere. All of the existing schemes (both former Zeneca and former Astra schemes) are being reviewed and proposals for revised schemes, for the new AstraZeneca group, are being developed.

The Zeneca Employee Performance Bonus Plan

A discretionary bonus scheme based on trading results, related to the achievement of performance targets at both individual business unit and overall levels.

Employees are offered the opportunity to take any bonus that may be payable under the scheme in the form of cash or of Ordinary Shares in the Company through a share retention scheme.

The Zeneca Executive Performance Bonus Plan

A similar bonus scheme and share retention scheme for senior employees who do not participate in the Zeneca Employee Performance Bonus Plan. Bonuses for senior employees, as well as reflecting corporate and business performance, can also be affected (both up and down) by individual performance.

The Zeneca 1994 Executive Share Option Scheme

Options to subscribe for Ordinary Shares in the Company may be granted to selected qualifying employees upon the recommendation of the Remuneration Committee.

The Zeneca Savings-Related Share Option Scheme

Employees may make regular monthly savings contributions over a three or five year period and may apply for options to acquire AstraZeneca shares. Further details are set out below.

The Astra Global Profit-Sharing Scheme

Astra introduced a profit-sharing plan in 1984 for all employees. The size of allocations is linked to Astra's return on capital employed, but may not exceed one-third of the year's dividend payout. In 1999 the payment to former Astra employees totalled \$46m.

The Astra Shareholder Value Incentive Plan

A stock option programme established in 1996 in respect of a limited number of Astra employees in key positions. Allocations are made annually and linked to the fulfilment of group-wide targets and increases in the group's economic value added.

US Schemes

In the US, there are four senior staff incentive schemes, under which either AstraZeneca ADSs or stock appreciation rights related to AstraZeneca ADSs are awarded to participants. There are currently approximately 160 participants in these schemes. AstraZeneca ADSs necessary to satisfy the awards under these schemes are purchased on the open market, and no subscriptions for new Ordinary Shares have been involved.

Share Option Schemes

At 31 December 1999 there were options outstanding under the Zeneca 1993 Senior Staff Share Option Scheme, the Zeneca 1994 Executive Share Option Scheme, the Zeneca Savings-Related Share Option Scheme and the Astra Shareholder Value Incentive Plan.

(1) Summary of the Zeneca 1993 Senior Staff Share Option Scheme

The Zeneca 1993 Senior Staff Share Option Scheme was introduced at the time of demerger in 1993. The last date for grant of options was 19 May 1994 and the scheme has been replaced by the Zeneca 1994 Executive Share Option Scheme.

(2) Summary of the Zeneca 1994 Executive Share Option Scheme

Eligibility

Employees required to devote substantially the whole of their time to the business of AstraZeneca, and not within two years of their contractual retirement ages, are eligible to participate at the discretion of the Directors.



33 Employee costs and share option plans for employees (continued)

Grant of Options

Options may be granted within six weeks after the announcement by the Company of its results for any period and at other times in circumstances considered to be exceptional by the Directors. No options may be granted later than ten years after the approval of the Scheme by shareholders.

The grant of options will be supervised by the Remuneration Committee which is comprised wholly of Non-Executive Directors. No payment will be required for the grant of an option. Options are not transferable.

Acquisition Price

The price per Ordinary Share payable upon the exercise of an option will not be less than the higher of:

- (a) the arithmetical average of the middle-market quotations for an Ordinary Share on the London Stock Exchange on three consecutive dealing days immediately before options are granted (or such other day or days as may be agreed with the Inland Revenue); and
- (b) the nominal value of an Ordinary Share (unless the option relates only to existing shares).

Exercise of Options

An option will normally be exercisable between three and ten years following its grant provided the relevant performance condition has been satisfied. Options may be satisfied by the issue of new shares or by existing shares purchased in the market.

An option will not normally be exercisable unless a performance condition set by the Remuneration Committee has been satisfied. The performance condition is that earnings per share must grow by at least the increase in the UK Retail Price Index over three years plus 3% per annum. Satisfaction of this condition would be tested annually by reference to the audited financial statements. Once the condition is satisfied in respect of any rolling three year period beginning no earlier than the end of the financial year prior to the grant of the option then it need not be satisfied again in respect of that option. The Remuneration Committee will review the performance criterion at intervals to ensure its ongoing appropriateness.

Options normally lapse on cessation of employment. Exercise is, however, permitted for a limited period (irrespective of the period for which the option has been held or whether the performance condition has been satisfied) following cessation of employment either in certain compassionate circumstances or at the discretion of the Directors, and on an amalgamation, take-over or winding-up of the Company.

(3) Summary of the Zeneca Savings-Related Share Option Scheme (the "SAYE Scheme")

Eligibility

UK resident employees of participating AstraZeneca companies are automatically eligible to participate.

Grant of Options

Invitations to apply for options may be issued within six weeks after the announcement by the Company of its results for any period and at other times in circumstances considered to be exceptional by the Directors. No invitations may be issued later than ten years after the approval of the SAYE Scheme by shareholders.

Options may only be granted to employees who enter into UK Inland Revenue approved savings contracts with the savings body nominated by the Company, under which monthly savings of a fixed amount (currently not less than £5 nor more than £250) are made over a period of three or five years. The number of shares over which an option is granted will be such that the total amount payable on its exercise will be the proceeds on maturity of the related savings contract. No payment will be required for the grant of an option. Options are not transferable.

Individual Participation

Monthly savings by an employee under all savings contracts linked to options granted under any SAYE Scheme may not exceed £250 or such lower amounts as may be determined by the Directors.

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33 Employee costs and share option plans for employees (continued)

Acquisition Price

The price per Ordinary Share payable upon the exercise of an option will not normally be less than the higher of:

- (a) 90 per cent of the arithmetical average of the middle-market quotations for an Ordinary Share on the London Stock Exchange on three consecutive dealing days shortly before the date on which invitations to apply for options are issued (provided that no such day may fall before the Company last announced its results for any period) or such other dealing day or days falling within the six week period for the issue of invitations as the Directors may decide; and
- (b) the nominal value of an Ordinary Share (unless the option is expressed to relate only to existing shares).

Exercise of Options

An option will normally be exercisable only for six months commencing on the third or fifth anniversary of the commencement of the related savings contract. Options may be satisfied by the issue of new shares or by existing shares purchased in the market.

Options normally lapse on cessation of employment. Exercise is, however, permitted for a limited period (irrespective of the period during which the option has been held) following cessation of employment in certain compassionate circumstances or where an option has been held for more than three years (except on dismissal for misconduct) and on an amalgamation, take-over or winding-up of the Company.

(4) Summary of the Astra Shareholder Value Incentive Plan ('ASVIP')

In 1996 Astra established a stock option programme, the ASVIP for some 100 Astra employees in key positions in research, marketing, production and central functions. Allocations through the programme are intended to be made on a yearly basis.

The option allocation is coupled to the fulfilment of a target related to Astra's growth in value during the year. Growth in value is defined as an increase in Astra's economic value added (EVA). Employees in the programme are classified into four categories, with a different number of shares being allocated to employees within each of the respective categories.

EVA is calculated as consolidated earnings after tax, with certain adjustments. These earnings are charged with a capital cost for stockholders' equity and borrowed capital. The capital cost consists of a weighted average of calculated interest on loans and a calculated required rate of return for stockholders.

On completion of the merger with Zeneca, options in Astra shares granted under this scheme were replaced by options to acquire a number of AstraZeneca shares based on the exchange ratio used in the exchange offers employed to effect the AstraZeneca merger. The ratio of AstraZeneca options granted in respect of former Astra options was 0.5045 AstraZeneca options for each Astra option held and the table opposite has been restated throughout accordingly.

The exercise period of the options is seven years. Valuation at the time of allocation was made on strictly commercial terms and will correspond to the value of options purchased on the market for hedging purposes.

33 Employee costs and share option plans for employees (continued)

	1994 Scheme		SAYE Scheme		ASVIP	
	Options	WAEP*	Options	WAEP*	Shares under option	WAEP*
	'000	pence	'000	pence	'000	SEK
Movements during 1997						
Options granted	677	1801	917	1759	214	411
Options exercised	799	864	66	801	Nil	
Options forfeited	32	1740	191	952	Nil	
Options lapsed	Nil		Nil		Nil	
Weighted average fair value of options granted during the year		536		604		117
At 31 December 1997						
Options outstanding	2,633	1289	5,341	1114	905	330
Movements during 1998						
Options granted	612	2433	803	2146	344	442
Options exercised	564	971	67	874	Nil	
Options forfeited	17	1495	137	1276	Nil	
Options lapsed	Nil		Nil		Nil	
Weighted average fair value of options granted during the year		569		540		117
At 31 December 1998						
Options outstanding	2,664	1618	5,940	1252	1,249	361
Movements during 1999						
Options granted	810	2,584	1,211	2,264	Nil	
Options exercised	432	1,205	2,376	860	Nil	
Options forfeited	41	1,893	387	1,665	Nil	
Options lapsed	Nil		Nil		Nil	
Weighted average fair value of options granted during the year						
At 31 December 1999						
Options outstanding	3,001	1934	4,388	1,708	1,249	361
Range of exercise prices	826p to 2749p		754p to 2264p		298SEK to 442SEK	
Weighted average remaining contractual life	2,672 days		848 days		1,625 days	
Options exercisable	1,292	1419	218	1,008	1,249	361

*Weighted Average Exercise Price

In addition to the schemes disclosed above at 31 December 1999 there were 110,000 options outstanding issued under the Zeneca 1993 Scheme with a WAEP of 682p.

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34 Directors' interests in shares and debentures

The interests at 31 December 1999 or on date of resignation of the persons who on that date were Directors (including the interests of their families) in shares and debentures of the Company and its subsidiaries are shown below, all of which were beneficial.

	Interest in Ordinary Shares, including shares held in trust, at 1 January 1999 or appointment date	Shares held in trust at 1 January 1999 or appointment date	Net shares acquired	Interest in Ordinary Shares, including shares held in trust, at 31 December 1999 or resignation date	Shares held in trust at 31 December 1999 or resignation date
Percy Barnevik	-	-	100,000	100,000	-
Sir David Barnes	208,967	22,090	5,609	214,576	19,026
Håkan Mogren	55,740	-	-	55,740	-
Tom McKillop	60,404	23,202	4,772	65,176	18,414
Michael Pragnell	7,830	7,330	1,564	9,394	5,404
Åke Ståvling	537	-	-	537	-
Jonathan Symonds	3,266	316	2,986	6,252	3,302
Claes Wilhelmsson	18,349	-	-	18,349	-
Sir Peter Bonfield	500	-	-	500	-
Karl von der Heyden	10,000	-	-	10,000	-
Erna Möller	2,118	-	-	2,118	-
Dame Bridget Ogilvie	500	-	-	500	-
Lars Ramqvist	-	-	500	500	-
Marcus Wallenberg	74,504	-	-	74,504	-
Former directors					
Sir Sydney Lipworth	5,000	-	-	5,000	-
Peter Doyle	47,776	12,346	-	47,776	12,346
Alan Pink	87,324	19,294	-	87,324	19,294
Sir Richard Greenbury	500	-	-	500	-
Frank Meysman	500	-	-	500	-
Sir Jeremy Morse	2,387	-	-	2,387	-

Shares held in trust above are long-term incentive bonus shares appropriated under the Zeneca Executive Performance Bonus Plan which have not yet been released. During the period 1 January 2000 to 23 February 2000 there was no change in the interests of Directors shown in this note. In the event that Ordinary Shares are appropriated in 2000 to Directors pursuant to the Executive Performance Bonus Plan in respect of the year to 31 December 1999 the Directors would have an interest in such appropriated shares.

The interests of Directors in options to subscribe for Ordinary Shares of the Company, which include options granted under the Savings Related Share Option Scheme, together with options granted and exercised during the year are included in the following table.

34 Directors' interests in shares and debentures (continued)

		No. of shares under option	Exercise price per share ⁺	Market price at date of exercise	First date exercisable [*]	Last date exercisable [*]
Sir David Barnes	At 1 Jan 1999	145,690	983p		28.05.95	28.03.06
	Exercised	1,372	754p	2834p	01.11.99	30.04.00
	Exercised	287	1357p	2845p	01.12.99	31.05.00
	At 31 Dec 1999	144,031	984p		28.05.95	28.03.06
Håkan Mogren	At date of appointment	—	—		—	—
	Granted	49,108	2749p		13.12.02	12.12.09
	At 31 Dec 1999	49,108	2749p		13.12.02	12.12.09
Tom McKillop	At 1 Jan 1999	115,188	1439p		05.04.97	25.03.08
	Granted	28,421	2674p		25.03.99	24.03.09
	Granted	447	2264p		01.12.04	31.05.05
	Exercised	1,372	754p	2885p	01.11.99	30.04.00
	At 31 Dec 1999	142,684	1694p		05.04.97	24.03.09
Michael Pragnell	At 1 Jan 1999	102,770	1301p		06.04.98	25.03.08
	Granted	3,739	2674p		25.03.02	24.03.09
	At 31 Dec 1999	106,509	1349p		06.04.98	24.03.09
Åke Stavling	At date of appointment	—	—		—	—
	Granted	30,701	2508p		26.05.02	25.05.09
	At 31 Dec 1999	30,701	2508p		26.05.02	25.05.09
Jonathan Symonds	At 1 Jan 1999	44,064	2158p		01.10.00	19.08.08
	Granted	29,342	2505p		25.08.02	24.08.09
	Granted	298	2264p		01.12.04	31.05.05
	At 31 Dec 1999	73,704	2296p		01.10.00	24.08.09
Claes Wilhelmsson	At date of appointment	—	—		—	—
	Granted	33,492	2508p		26.05.02	25.05.09
	At 31 Dec 1999	33,492	2508p		26.05.02	25.05.09
Peter Doyle	At 1 Jan 1999	102,387	1443p		27.03.98	19.08.08
	At resignation date	102,387	1443p		27.03.98	19.08.08
Alan Pink	At 1 Jan 1999	66,594	1491p		27.03.98	13.08.07
	At resignation date	66,594	1491p		27.03.98	13.08.07

⁺ Exercise prices at 1 January and 31 December are weighted averages.

^{*} First and last exercise dates of groups of options, within which periods there are shorter exercise periods.

In addition to the above the following Directors held options under the Astra Shareholder Value Incentive Plan which were converted into options over AstraZeneca shares on completion of the merger based on an exchange ratio of 0.5045 AstraZeneca options for each Astra option held. None of these options were exercised during 1999 and no further options have been or will be granted under the scheme.

Håkan Mogren	At date of appointment	37,480	359SEK		06.04.99	23.01.06
	At 31 Dec 1999	37,480	359SEK		06.04.99	23.01.06
Åke Stavling	At date of appointment	16,193	369SEK		06.04.99	23.01.06
	At 31 Dec 1999	16,193	369SEK		06.04.99	23.01.06
Claes Wilhelmsson	At date of appointment	17,168	365SEK		06.04.99	23.01.06
	At 31 Dec 1999	17,168	365SEK		06.04.99	23.01.06

The aggregate amount of gains made by Directors on the exercise of share options during the year amounted to \$0.1m (1998 \$nil, 1997 \$1.1m) and the gains made by the highest paid director were \$47,000 (1998 \$nil, 1997 \$2.5m). The market price of the shares at 31 December 1999 was 2568p and the range during 1999 was 2208p to 3037p. The Register of Directors' Interests (which is open to inspection) contains full details of Directors' shareholdings and options to subscribe.

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35 Emoluments of Directors

The aggregate remuneration, excluding pension contributions, paid to or accrued for all Directors and officers of the Company for services in all capacities during the year ended 31 December 1999 was \$14m (including \$300,000 to the Chairman). Remuneration of individual Directors was as follows:

	Salary and fees \$'000	Bonuses* \$'000	Taxable benefits \$'000	Other \$'000	Total 1999 \$'000	Total 1998 \$'000	Total 1997 \$'000
Percy Barnevik (from 6 April 1999)	300	-	-	-	300	-	-
Sir David Barnes	823	373	21	-	1,217	1,426	1,057
Håkan Mogren (from 6 April 1999)	839	635	26	-	1,500	-	-
Tom McKillop	1,154	566	21	-	1,741	848	705
Michael Pragnell	654	79	34	104†	871	637	508
Åke Stavling (from 6 April 1999)	471	329	42	-	842	-	-
Jonathan Symonds	667	338	28	116†	1,149	734	148
Claes Wilhelmsson (from 6 April 1999)	514	359	12	-	885	-	-
Sir Peter Bonfield	57	-	-	-	57	45	44
Karl von der Heyden	61	-	-	-	61	12	-
Erna Möller (from 6 April 1999)	46	-	-	-	46	-	-
Dame Bridget Ogilvie	57	-	-	-	57	45	44
Lars Ramqvist (from 6 April 1999)	49	-	-	-	49	-	-
Marcus Wallenberg (from 6 April 1999)	46	-	-	-	46	-	-
Former Directors							
Sir Sydney Lipworth	67	-	9	-	76	281	272
Peter Doyle	158	223	5	602#	988	740	593
Alan Pink	175	73	5	-	253	853	646
Sir Richard Greenbury	20	-	-	-	20	53	52
Frank Meysman	17	-	-	-	17	45	44
Sir Jeremy Morse	20	-	-	-	20	50	44
Others						22	813
	6,195	2,975	203	822	10,195	5,791	4,970

* The figures stated above include the cost to the company of providing the matching contribution of shares in respect of that part of the bonus which is to be taken in shares by each Director. All such shares are held in trust and will be released to each Director upon fulfilment of the conditions and under the terms of the plan described on page 53.

† Payments for pension related tax liabilities.

Compensation for loss of office.

Emoluments shown are for the directors' services as a director of AstraZeneca PLC, formerly Zeneca Group PLC. Therefore the emoluments of former Astra directors and employees, who are now directors of AstraZeneca, (i.e. Håkan Mogren, Åke Stavling, Claes Wilhelmsson, Erna Möller, Lars Ramqvist and Marcus Wallenberg) are for the period from their appointment as directors of AstraZeneca PLC (6 April 1999) to 31 December 1999.

Some Directors and officers were also granted options to subscribe for Ordinary Shares under the group's share option schemes. Details of share options granted to, and exercised by, Directors and the aggregate of gains realised on exercised options in the year are given on page 103.

In accordance with English law and practice there are written conditions of employment between AstraZeneca and all its monthly salaried employees. Contracts of employment of Directors and officers are subject to termination on reaching the age of 62 years (unless extended by mutual consent) or on notice periods of up to two years being given by AstraZeneca or such employee.

No Director or officer has a family relationship with any other Director or officer.

35 Emoluments of Directors (continued)

Transactions with Directors

During the year Håkan Mogren purchased a flat from the Company for approximately \$717,000 and four Directors purchased cars and/or furniture for a total consideration of \$140,000. All transactions were subjected to independent valuations and carried out at fair market values.

The remuneration of the Executive Directors is determined by the Remuneration Committee comprised entirely of Non-Executive Directors and chaired by Lars Ramqvist. Remuneration above consists of annual salary, health and car benefits, a bonus scheme and an executive share option scheme. Salaries are reviewed each year in the light of comparison with other companies, the performance of the Company and individual experience and contribution. Further details are provided in the Report of the Board on Remuneration of Directors on pages 52 to 54.

The Non-Executive Directors were not eligible for performance related bonuses or share options and no pension contributions were made on their behalf.

In common with other senior employees in the UK who are members of the main UK Pension Fund, the normal pension age for each Director is 62. However, their accrued pension is available from age 60 without any actuarial reduction. In addition, the accrued pension is available, unreduced, from age 50 if the Company consents to a request for early retirement.

Directors' Pension Entitlement (per annum)	Sir David Barnes	Peter Doyle	Tom McKillop	Alan Pink	Håkan Mogren	Åke Staving	Claes Wilhelmsson
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Defined Benefit Arrangements							
1. Accrued pension at 1 January 1999 or date of appointment	705	421	372	427	903	212	360
2. Increase in accrued pension during year as a result of inflation	-	10*	4	10*	-	-	-
3. Adjustment to accrued pension as a result of salary increase relative to inflation	-	(2)	244	(2)	-	-	-
4. Increase in accrued pension as a result of additional service	-	5	24	4	25	20	2
5. Accrued pension at 31 December 1999 or date of resignation	705	434	644	439	928†	232†	362†
6. Employee contributions during year	-	6	44	7	-	-	-
7. Age at 31 December 1999 (years) or date of resignation	63 ⁹ / ₁₂	60 ⁶ / ₁₂	56 ⁹ / ₁₂	61 ¹ / ₁₂	55 ³ / ₁₂	54 ¹¹ / ₁₂	60 ⁹ / ₁₂
8. Pensionable service (years)	41	35 ⁷ / ₁₂	30 ³ / ₁₂	36 ⁶ / ₁₂	27 ³ / ₁₂	26 ¹¹ / ₁₂	32 ⁹ / ₁₂

* Includes late retirement uplift

† Accrued pension payable between the age of 60 and 65. Once 65 the pension payable is reduced by ²/₇ths (or 28.6%) from the figures shown

Michael Pragnell Jonathan Symonds

\$'000 \$'000

Money Purchase Arrangements

Company contributions paid	162	223
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The contributions and accrued benefits shown above are paid in pounds sterling or Swedish kronor and have been translated into US dollars for convenience purposes at rates of \$1=£0.6157 and \$1=SEK 8.2189 respectively.

Financial Statements

Notes relating to the Financial Statements

35 Emoluments of Directors (continued)

Former Zeneca directors pension entitlement

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

Former Astra directors pension entitlement

Former Astra directors are entitled to a total pension of 70% of pensionable salary from age 60 to 65 and of 50% of such earnings from age 65. As a result the accrued pensions shown above are only payable from age 60 to age 65 after which they will be reduced by $\frac{2}{7}$ ths of the amounts shown. Paid in pension capital may also be used in the event of retirement or termination before the age of 60. The pensionable salary is adjusted yearly in accordance with the consumer price index. In the event of long term illness then a pension is payable immediately as if such person had reached the normal retirement age, of 70% of current pensionable salary. On death in retirement the accrued pension shown is payable to a surviving spouse or other dependant. In the event of death prior to retirement the accrued pension shown is payable to a surviving spouse or other dependant plus a capital sum of three times pensionable salary less \$100,000 if married or two times pensionable salary less \$100,000 if not.

36 Assets pledged, commitments and contingent liabilities

	1999	1998	1997
	\$m	\$m	\$m
Assets pledged			
Mortgages and other assets pledged	47	47	132
Contingent liabilities			
Contracts placed for future capital expenditure not provided for in these accounts	383	411	396

Included in the above total are contracts related to certain product purchase and licence agreements with deferred consideration obligations, the amounts of which are variable depending upon particular 'milestone' achievements. Sales of the products to which these 'milestones' relate could give rise to additional payments, contingent upon the sales levels achieved. Guarantees and contingencies arising in the ordinary course of business, for which no security has been given, are not expected to result in any material financial loss.



36 Assets pledged, commitments and contingent liabilities (continued)

Commitments

Commencing in 1999, AstraZeneca is required to pay approximately \$800m over at least a five-year period, under the terms of agreement with Schering-Plough. With effect from 1 January 1999, in connection with this agreement, AstraZeneca obtained a stand-by letter of credit in the amount of \$608m. This letter of credit is collateralised by high-grade government securities which are not available to AstraZeneca to the extent of the outstanding balance of the letter of credit. The amount outstanding under the letter of credit is automatically reduced with each payment made by AstraZeneca to Schering-Plough. Under the terms of this agreement AstraZeneca reacquired the rights to market omeprazole under the Losec trade mark and felodipine under the Prevex and Perfudal trade marks in Italy and Spain. Payments under this agreement for 1999 totalled approximately \$276m.

Pursuant to the restructuring of the joint venture with Merck Inc. (see Note 3), AstraZeneca is obliged to make certain contingent payments to Merck based on sales of certain current and pipeline AstraZeneca products until at least 2008. AstraZeneca is also required to make certain payments to Merck in the form of partnership distributions, including a priority return and certain variable returns which are based upon sales of certain other AstraZeneca products in the US.

As part of the Astra Merck Restructuring and as a result of the merger of Astra and Zeneca, an option (the First Option) exists under which Merck has the right to require that AstraZeneca purchase Merck's rights to all products other than omeprazole and perprazole (the 'First Option assets') in 2008. If Merck does not exercise the First Option in 2008, then AstraZeneca may exercise the First Option in 2010. In the event the First Option is exercised, AstraZeneca shall pay compensation to Merck based on a multiple of an average of the three preceding years' pre-tax payments from AstraZeneca to Merck for all products except for omeprazole and perprazole, subject to a minimum of at least \$4.4bn.

In addition, AstraZeneca has an option to purchase Merck's rights to payments in respect of omeprazole and perprazole two years after the First Option is exercised (the Second Option). The exercise price for the Second Option will be the fair value of such rights as determined at the time of such exercise.

If neither the First Option nor the Second Option is exercised by AstraZeneca or Merck, the license agreement will continue indefinitely with respect to the compounds still subject to the license agreement at the time of the merger, the value of which license rights will diminish over time.

In connection with the consummation of the merger, AstraZeneca was also required, under the Astra Merck restructuring agreements, to pay Merck a lump sum based on Astra's and Zeneca's respective pharmaceutical research and development expenditure over a 12 month period. In April 1999 AstraZeneca paid Merck \$713m to settle this obligation but Merck disputed the basis of calculation and claimed a payment some \$110m higher. The matter went to arbitration and in February 2000 a ruling in the dispute was delivered under which AstraZeneca has paid Merck a further \$94m, including interest. This amount, together with the original \$713m and related legal costs has been charged as part of the exceptional merger costs in the 1999 accounts.

Financial Statements

Notes relating to the Financial Statements

36 Assets pledged, commitments and contingent liabilities (continued)

Environmental

AstraZeneca has environmental liabilities at some currently or formerly owned, leased and third party sites in the USA. AstraZeneca, or its indemnitees, have been named under US legislation (the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended) as potentially responsible parties in respect of 36 sites (although AstraZeneca expects to be indemnified against liabilities associated with seven of these sites by the seller of the businesses associated with such sites) and, where appropriate, actively participates in or monitors the clean-up activities at sites in respect of which it is a PRP. Stauffer Management Company, a subsidiary of AstraZeneca established in 1987 to own and manage certain assets of Stauffer Chemical Company which was acquired that year, has identified 41 sites (including 22 for which AstraZeneca has been named a PRP) for which it may have responsibility that will, in aggregate, require significant expenditure on clean-up and monitoring.

The requirement in the future for AstraZeneca ultimately to take action at its cost to correct the effects on the environment of prior disposal or release of chemical substances is inherently difficult to estimate. AstraZeneca has provisions at 31 December 1999 in respect of such costs in accordance with the accounting policies on page 67. Although there can be no assurance, management believes that, taking account of these provisions, the costs of addressing currently identified environmental obligations, as AstraZeneca currently views those obligations, is unlikely to impair materially AstraZeneca's financial position. Such contingent costs, to the extent that they exceed applicable provisions, could have a material adverse effect on AstraZeneca's results of operations for the relevant period.

Legal Proceedings

Losec (omeprazole)

In June 1997, the German federal patent court declared invalid a previously granted supplementary protection certificate which extended protection for omeprazole, the active ingredient contained in Losec, from 1999 to 2003. The decision was appealed and on 1 February 2000, the German supreme court decided to refer the case to the European Court of Justice for a preliminary ruling. The case does not involve any financial claims.

During 1999, Astra filed a number of patent infringement actions in Germany against companies launching generic capsule versions of omeprazole in Germany. AstraZeneca maintains that these companies' actions infringe AstraZeneca's formulation patent for omeprazole, which expires in Germany in 2007. In addition, AstraZeneca maintains that such actions infringe AstraZeneca's supplementary protection certificate for the omeprazole substance patent. These proceedings do not currently include claims for monetary amounts. In one case, a preliminary injunction has been granted preventing Ratiopharm GmbH from marketing its product until the main action for patent infringement has been decided. If the final decision goes against AstraZeneca, Ratiopharm may claim damages for lost sales due to the preliminary injunction.

In 1998, Astra filed suit in the USA against Andrx Pharmaceuticals, Inc. and Genpharm, Inc. The law suits followed the filing of abbreviated new drug applications by Andrx and Genpharm with the US Food and Drug Administration concerning the two companies' intention to market generic omeprazole products in the USA. The suit is continuing. The basis of the proceedings is that the actions of Andrx and Genpharm infringe several patents related to *Prilosec/Losec*. In AstraZeneca's opinion, these patents provide protection until at least 2001. During 1999, Astra also filed suit against Kremers Urban Development Company and Schwarz Pharma, Inc., and against Cheminor Drugs, Ltd., Reddy-Cheminor, Inc. and Schein Pharmaceutical, Inc. in the USA on similar grounds.

In May 1999, the Federal Court of Australia in Sydney handed down a patent ruling pertaining to omeprazole in connection with a dispute between Astra and the generic company, Alphapharm Pty Ltd. The court established that the formulation used by Alphapharm in its generic omeprazole infringed the patented formulation technology of Astra. However, the court also declared that, under Australian patent law, Astra's formulation patent was invalid. The judgement is now under appeal.

36 Assets pledged, commitments and contingent liabilities (continued)

Nolvadex (tamoxifen)

In January 1996, Zeneca Limited received a letter from Mylan Pharmaceuticals Inc. stating that Mylan had filed an abbreviated new drug application with the FDA seeking permission to market tamoxifen citrate in the USA and asserting that Zeneca's patent for tamoxifen citrate is invalid and unenforceable. Zeneca disputes Mylan's position and in February 1996 filed an action against Mylan in the Federal District Court for the Western District of Pennsylvania. Among other things, Mylan asserted affirmative defences and counterclaims alleging patent misuse, unclean hands and collateral estoppel (based on Zeneca's settlement of an earlier patent dispute in 1993), which Zeneca denies. The case has been suspended pending the resolution of the Pharmachemie case, described below.

Notification was received by Zeneca Limited in February 1996 that Pharmachemie BV had filed an abbreviated new drug application with the FDA to market tamoxifen citrate in the USA and asserting that Zeneca's US patent for tamoxifen citrate is invalid and unenforceable. Zeneca disputes Pharmachemie's position and in March 1996 filed an action against Pharmachemie in the Federal District Court for the District of Maryland. This matter was transferred to the US District Court for the District of Massachusetts. After the close of discovery in this case, Zeneca filed a motion for partial summary judgement on Pharmachemie's affirmative defences of patent misuse, unclean hands and collateral estoppel (similar to those asserted by Mylan). In February 1999, the court issued an order granting the motion and dismissing such affirmative defences with prejudice.

In September 1999, a jury trial of this case commenced in Boston. Pharmachemie asserted that the tamoxifen patent was invalid for failure to comply with the "best mode" and "enablement" requirements of the US patent statute. It also asserted that the patent was unenforceable due to "inequitable conduct" in the prosecution of the patent. Pharmachemie withdrew one of its unenforceability defences before the trial began and dropped its "enablement" defence prior to the close of evidence. Following several weeks of trial, the District Court ruled from the bench in Zeneca's favour on one of Pharmachemie's inequitable conduct defences. It also indicated that it was reserving judgement on the sole remaining inequitable conduct defence and exercising its discretion to decide the issue without submitting it to the jury for an advisory fact-finding. Pharmachemie's "best mode" defence thus became the sole issue submitted to the jury.

In November 1999, the jury returned a verdict for Zeneca, rejecting Pharmachemie's "best mode" defence. The District Court has yet to rule on the remaining inequitable conduct issue and has not yet entered judgement.

Diprivan (propofol)

AstraZeneca's new formulation of *Diprivan* (propofol) containing the antimicrobial agent, disodium edetate, has patent protection in the USA expiring in March 2015. In 1998, notices were received by Zeneca Limited that GensiaSicor Pharmaceuticals, Inc. had submitted a propofol product that contained no antimicrobial agent, and a propofol product that contained an antimicrobial agent different from that contained in new formulation *Diprivan*, for FDA approval. Zeneca Inc. filed with the FDA a "Citizens Petition" asking the FDA to withdraw its approval for the formulation of *Diprivan* that did not contain the antimicrobial agent used by Zeneca and the FDA granted this petition on 10 December 1998. Zeneca also petitioned the FDA not to approve any generic version of propofol which (i) does not contain any antimicrobial agent and (ii) contains any antimicrobial agent other than the one used in *Diprivan*, without adequate clinical and scientific studies to support the product's safety. On 4 January 1999, Zeneca learned that this petition was denied and that the FDA had granted approval to GensiaSicor's abbreviated new drug application for a propofol product containing the antimicrobial agent, sodium metabisulfite. AstraZeneca does not agree with the FDA's decision and on 5 February 1999 Zeneca Inc. filed a lawsuit in the US District Court for the District of Maryland seeking a preliminary and permanent injunction enjoining (i) the FDA's approval of GensiaSicor's ANDA for a propofol product that contains the antimicrobial, sodium metabisulfite, and (ii) the FDA's approval of GensiaSicor's propofol product until AstraZeneca's market exclusivity terminated on 11 June 1999. Shortly after Zeneca filed the action against the FDA, GensiaSicor intervened. In March 1999, the District Court denied Zeneca's motion for preliminary injunction. Shortly thereafter, Zeneca filed a motion for summary judgement and the FDA and GensiaSicor filed cross-motions for summary judgement. In August 1999, the District Court denied Zeneca's motion for summary judgement and granted the FDA's and GensiaSicor's cross-motions for summary judgement and entered judgement in their favour. Zeneca has appealed against the District Court's decision.

Financial Statements

Notes relating to the Financial Statements

36 Assets pledged, commitments and contingent liabilities (continued)

Retail pharmacies'/drug purchasers' actions

Since October 1993, several thousand retail pharmacies and certain retail drug purchasers have commenced purported class actions and individual actions in various federal and state courts throughout the USA alleging that, with respect to brand name prescription drugs, manufacturers and wholesalers engaged in discriminatory pricing practices, discriminatory discounting and rebate practices, and/or conspired with one another to fix prices and artificially maintain high prices to the plaintiffs in restraint of trade and commerce. More than 20 brand name prescription drug manufacturers and eight wholesalers have been named defendants in some or all of these suits.

Zeneca Inc. was named a defendant in more than 140 separate complaints, including: a consolidated action on behalf of a class of retail pharmacies now pending in the federal court of Chicago, Illinois (in November 1994, the federal court in Chicago certified this class); four actions on behalf of purported classes of retail pharmacies pending in state court in San Francisco, California; one action in an Alabama state court; one purported class action in a Wisconsin state court; one purported class action in a Minnesota state court; an individual action in state court in Mississippi; and fourteen purported class actions on behalf of consumers in Alabama, Arizona, California, Florida, Kansas, Maine, Michigan, Minnesota, New York, North Carolina, Tennessee, Washington, Washington DC, and Wisconsin state courts. The Alabama action purports to bring claims on behalf of consumers from the following states: Kansas, Maine, Michigan, Minnesota, Washington DC, Mississippi, New Mexico, North Dakota, South Dakota and West Virginia. A second Tennessee action brought in 1998 asserts claims on behalf of consumers of Tennessee, Alabama, Arizona, Florida, Kansas, Maine, Michigan, Minnesota, New Mexico, North Carolina, North Dakota, South Dakota, West Virginia and Wisconsin. During 1999, four new consumer class actions were filed in New Mexico, North Dakota, South Dakota and West Virginia. Classes have been certified in the California retailer and consumer actions and the 1998 Tennessee action. The actions in federal court generally allege violations of Section 1 of the Sherman Act, and in some cases, violations of Section 2(a) and Section 2(d) of the Robinson-Patman Act. The actions in California state court allege violations of the California Unfair Practices Act, the Cartwright Act and the Unfair Competition Act. The state cases allege violations of the respective state statutes analogous to the federal anti-trust and/or unfair competition laws. The complaints generally seek injunctive relief barring the allegedly unlawful conduct, and unspecified damages which would be trebled under applicable law. The complaints also seek costs, interest and reasonable attorney's fees.

Zeneca entered into a Settlement Agreement with the retail class plaintiffs whose anti-trust claims were consolidated in a federal multi-district litigation proceeding pending in the Northern District of Illinois. Zeneca has also reached settlements with numerous independent and chain pharmacies that opted out of the federal class action, although there are still actions brought by certain chain and independent pharmacies pending in the federal court of Chicago, Illinois. Zeneca has also settled the Minnesota and Wisconsin retail cases as well as all the consumer cases, except for Alabama, California, and the 1998 Tennessee action, and the four consumer cases filed in 1999. Zeneca has consistently denied liability and continues to believe it has meritorious defences to all of these claims. However, it believes that entering into these settlements is the prudent course of action given the inherent risks and costs of litigation and to avoid further business disruption.

CERCLA

AstraZeneca is subject to a number of environmental litigation proceedings in the USA. In particular, in 1990, the US and State of California Trustees filed an action under the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, in the US District Court for the Central District of California against defendants including Stauffer Management Company, Montrose Chemical Corporation of California and several other AstraZeneca-related entities alleging DDT related natural resource damage near two ocean dump sites, the Los Angeles/Long Beach Harbors and the Palos Verdes Shelf. Rhône-Poulenc Inc., an indemnitee of SMC, was added as a defendant in 1991. The source of alleged DDT release is the Montrose plant in Torrance, California. Montrose conducted operations at the facility from 1947 until 1982 during which time the property was owned by Stauffer Chemical Company but is currently owned by a subsidiary of SMC. The plaintiffs are seeking recovery for alleged damages to natural resources as well as a declaration of liability for past and future response costs with respect to the former Montrose plant site and the Palos Verdes Shelf. The defendants are opposing this amendment. The plaintiffs are claiming \$482 million in natural resource damages and response costs with respect to the Palos Verdes Shelf but AstraZeneca does not believe such claims are supportable. The AstraZeneca entities have moved for summary judgement in their favour on the natural resource damage claims. The government plaintiffs are opposing this motion and have cross moved for partial summary judgement on such claims. The government plaintiffs are also moving for a summary judgement that Montrose, Rhône-Poulenc and the AstraZeneca entities are liable for response costs at the Torrance plant site and off-site areas. Those defendants are opposing this motion. The defendants have moved for the imposition of sanctions on the governments, based upon alleged misconduct with respect to expert reports. The defendants have also moved for reconsideration or certification of an order denying their motion that the federal and state governments are liable parties because of their ownership of the Palos Verdes Shelf. A new judge has just been assigned to the case and trial has been set for October 2000. The defendants view this as a favourable development.



36 Assets pledged, commitments and contingent liabilities (continued)

AstraZeneca is also involved in an action instituted in 1991 with the US District Court for the Eastern District of California. US and California state environmental agencies brought suit under CERCLA against Rhône-Poulenc for a declaration of liability with respect to past and future response costs related to the release of mining wastes at the Iron Mountain site in Northern California. Zeneca has an indemnity obligation to Rhône-Poulenc for all liabilities arising from this site as a result of the acquisition and subsequent sale of Stauffer Chemical Company in 1987. Rhône-Poulenc brought counterclaims against state and federal agencies relating to the government's construction and operation of dams in the vicinity of Iron Mountain and the federal government's World War II and post-World War II activities at Iron Mountain. The Court ruled that as to the response activities conducted to date, the government was not a liable party. The Court also ruled that Rhône-Poulenc was the successor to the company which had conducted the mining at Iron Mountain. Owing to a change in the law, Rhône-Poulenc has requested that the Court reconsider this decision. Because of pending settlement discussions, the Court agreed to review Rhône-Poulenc's request if settlement is not reached. At the request of the Court, the parties have retained a mediator in an attempt to settle the matter and have had ongoing settlement discussions. If settlement is not reached, trial is not expected before 2001. The governments are seeking recovery of more than \$31 million in past response costs and a declaration of liability on future costs. AstraZeneca is complying with certain orders issued to Rhône-Poulenc by the Environmental Protection Agency to undertake response actions at the site. Costs incurred by AstraZeneca now exceed \$130 million.

EEOC investigation

During 1997, the Equal Employment Opportunity Commission in the USA completed its investigation of certain allegations of discrimination, including sexual harassment, at Astra USA, Inc. (the business and assets of Astra USA, Inc. were transferred to Astra Pharmaceuticals LP in connection with the Astra/Merck restructuring arrangements; following the merger, Astra Pharmaceuticals LP is now called AstraZeneca LP). In March 1997, the EEOC and Astra USA, Inc. initiated conciliation sessions which in February 1998 resulted in a consent decree pursuant to which Astra USA, Inc. established a claim fund of \$9.85 million. This fund was apportioned among the eligible claimants by an independent Special Master, which apportionment was approved by the US court handling this matter. During 1999, the fund was distributed according to the court's instructions. The \$9.85 million has been charged to the Company's earnings. In addition to those members of the class who filed a claim and, as a result, will be barred from seeking additional damages through an action filed in the US court system, a small number of individuals have pursued actions which remain in litigation.

Monsanto and Touchdown

In June 1998 Monsanto Company brought an action in Alabama state court against Zeneca Inc. and Pioneer Hi-Bred International Inc. seeking a declaratory judgement that Zeneca's testing of its *Touchdown* herbicide on glyphosate-tolerant soybeans constituted a breach of contract or tortious interference with a licence between Monsanto and Pioneer. In July 1998, Zeneca filed an action against Monsanto in the Federal District Court in Delaware asserting anti-trust and patent claims against Monsanto arising out of Monsanto's practices in the development, marketing and sale of glyphosate-tolerant soybeans. Zeneca was seeking declaratory relief, injunctive relief, unspecified compensatory damages, treble damages, punitive damages, pre-judgement interest, costs and attorney's fees. Monsanto's Alabama action was dismissed by the court in August 1998. Zeneca then amended its federal action to include a request, in which Pioneer joined as co-plaintiff, for adjudication of the breach of contract claims raised by Monsanto in the state court action. In October 1998, Monsanto moved to dismiss the complaint. Monsanto's motion was denied by the Federal Court in Delaware in December 1998. In August 1998, Monsanto brought an action in Missouri state court against Zeneca and Pioneer. Monsanto sought unspecified actual damages in excess of \$50,000, pre-judgement interest, punitive damages, injunctive relief and costs. In October 1998, Zeneca moved to dismiss, or alternatively stay, Monsanto's Missouri complaint on the basis of Zeneca's prior pending federal lawsuit.

In March 1999, both the Delaware litigation and the Missouri litigation were settled on terms favourable to Zeneca, including a licence for Zeneca to sell *Touchdown* for use over Monsanto's glyphosate-tolerant soybeans, corn and cotton. Orders of dismissal were entered in both cases.

General

AstraZeneca is also involved in various other legal proceedings considered typical to its businesses, including some remaining US retail pharmacy anti-trust class and individual actions outside the scope of the settlement described above, litigation relating to product liability and infringements of intellectual property rights and the validity of certain patents. Although there can be no assurance regarding the outcome of any of the legal proceedings referred to in this Note 36 to the Financial Statements, AstraZeneca believes that they will not have a materially adverse effect on AstraZeneca's financial position.

Financial Statements

Notes relating to the Financial Statements

37 Leases

Total rentals under operating leases charged to profit and loss account were as follows:

	1999	1998	1997
	\$m	\$m	\$m
Hire of plant and machinery	33	24	10
Other	50	40	26
	83	64	36

Commitments under operating leases to pay rentals during the year following the year of these financial statements analysed according to the period in which each lease expires were as follows:

	Land and buildings		Other assets	
	1999	1998	1999	1998
	\$m	\$m	\$m	\$m
Expiring within 1 year	2	4	5	9
Expiring in years 2 to 5	21	18	23	19
Expiring thereafter	10	15	3	1
	33	37	31	29

The future minimum lease payments under operating leases that have initial or remaining terms in excess of one year, and future minimum lease payments under capitalised leases together with the present value of the net minimum lease payments at 31 December 1999 were as follows:

	Operating leases		Finance leases	
	1999	1998	1999	1998
	\$m	\$m	\$m	\$m
Obligations under leases comprise				
Rentals due within 1 year	64	66	1	7
Rentals due after more than 1 year				
After 5 years from balance sheet date	74	77	-	10
From 4 to 5 years	18	25	-	2
From 3 to 4 years	29	32	-	2
From 2 to 3 years	38	37	-	2
From 1 to 2 years	48	48	1	2
	207	219	1	18
	271	285	2	25
Less: amounts representing interest			-	(5)
Present value of net minimum lease payments			2	20
Less: current lease obligations			-	(5)
Non-current lease obligations			2	15

The group had no commitments (1998 \$nil) under finance leases at the balance sheet date which were due to commence thereafter.

38 Statutory and other information

Included in debtors are interest free loans of \$24,000 and \$4,000 to two officers of the Company. These loans are provided in accordance with the Company's policy of providing relocation assistance to staff who have been transferred.

	1999	1998	1997
	\$m	\$m	\$m
Audit fees			
KPMG Audit Plc	3.7	4.3	3.8
Deloitte & Touche	2.1	2.0	1.7
Others	0.3	0.8	0.6
	6.1	7.1	6.1

Fees for other services

KPMG Audit Plc and associates	- UK	19.6	2.2	2.6
	- Worldwide	4.9	3.5	1.5
Deloitte & Touche	- UK	1.1	0.1	-
	- Worldwide	3.5	1.1	1.4

The charge for the statutory audit of the Company, AstraZeneca PLC, was \$1,600 (1998 \$1,600, 1997 \$1,600).

The group had no material related party transactions which might reasonably be expected to influence decisions made by the users of these financial statements.

Financial Statements

Notes relating to the Financial Statements


39 Company information

Company Balance Sheet

At 31 December		1999	1998
	Notes	\$m	\$m
Fixed assets			
Fixed asset investments	39	905	890
		905	890
Current assets			
Debtors – amounts owed by subsidiaries due after more than one year		37,957	3,116
Total assets		38,862	4,006
Creditors due within one year			
Short-term borrowings (unsecured)		–	(2)
Other creditors	39	(2,015)	(528)
		(2,015)	(530)
Net current assets		35,942	2,586
Total assets less current liabilities		36,847	3,476
Creditors due after more than one year			
Loans – owed to subsidiaries	39	(590)	(590)
Net assets		36,257	2,886
Capital and reserves			
Called-up share capital	40	444	394
Share premium account	39	202	54
Capital redemption reserve	39	1	–
Other reserves	39	2,239	2,082
Profit and loss account	39	33,371	356
Shareholders' funds – equity interests		36,257	2,886

The financial statements on pages 58 to 128 were approved by the Board of Directors on 23 February 2000 and were signed on its behalf by:


Tom McKillop
Director


Jonathan Symonds
Director

39 Company information (continued)

Deferred taxation

The parent company had no deferred tax assets or liabilities (actual or potential) at 31 December 1999.

Fixed asset investments	Investments in subsidiaries		Total
	Shares	Loans	
	\$m	\$m	\$m
Cost			
At beginning of year	299	591	890
Acquisitions	15	-	15
Net book value at 31 December 1999	314	591	905
Net book value at 31 December 1998	299	591	890

Other creditors	1999	1998
	\$m	\$m
Amounts due within one year		
Amounts owed to subsidiaries	1,181	86
Dividends to Shareholders	834	442
	2,015	528

Loans	Repayment	1999	1998
	Dates	\$m	\$m
Loans (unsecured)			
US dollars			
6.58% loan	2003	295	295
7.2% loan	2023	295	295
Total loans		590	590
Loans or instalments thereof are repayable			
After 5 years from balance sheet date		295	295
From 2 to 5 years		295	295
From 1 to 2 years		-	-
Total unsecured		590	590
Total due within one year		-	-
Total loans		590	590

Financial Statements

Notes relating to the Financial Statements

39 Company information (continued)

Reserves	Share premium account	Capital redemption reserve	Other reserves	Profit and loss account	1999 Total	1998 Total
	\$m	\$m	\$m	\$m	\$m	\$m
At beginning of year	54	–	2,082	356	2,492	2,475
Net profit for the financial year				34,807	34,807	671
Dividends				(1,609)	(1,609)	(668)
Share repurchase		1		(183)	(182)	–
Redenomination of share capital			157		157	–
Share premiums	148				148	14
At end of year	202	1	2,239	33,371	35,813	2,492

The net profit for the financial year includes a net gain of \$32,918m in respect of the sale to a subsidiary of the Company's investment in Astra AB. This amount is not distributable. Included in other reserves is the special reserve of \$157m arising on the redenomination of share capital. Of the total balance on the other reserve, \$410m is distributable.

As permitted by Section 230 of the Companies Act 1985, the Company has not presented its profit and loss account.

40 Called-up share capital of parent company

	Authorised	Allotted, called-up and fully paid	
	1999	1999	1998
	\$m	\$m	\$m
Ordinary Shares (\$0.25 each)	444	444	394
Unissued Ordinary Shares (\$0.25 each)	156	-	-
Redeemable Preference Shares	-	-	-
	600	444	394

The movements in share capital during the year can be summarised as follows:

	No of shares	
	(million)	\$m
At beginning of year	950	394
Nominal value of shares issued to Astra AB shareholders	-	206
Group share capital at beginning of year	950	600
Shares issued on merger	826	-
Redenomination of share capital	-	(157)
Issues of shares	3	2
Repurchase of shares	(4)	(1)
At 31 December 1999	1,775	444

Redenomination

In connection with the merger, AstraZeneca's share capital was redenominated into US dollars.

On 6 April 1999, Zeneca shares were cancelled and US dollar shares issued, credited as fully paid on the basis of one Dollar Share for each Zeneca share then held. This was achieved by a reduction of capital under section 135 of the Companies Act 1985. Upon the reduction of capital becoming effective, all issued and unissued Zeneca shares were cancelled and the sum arising as a result thereof credited to a special reserve which was converted into US dollars at the rate of exchange prevailing on the Record Date. This US dollar reserve was then applied in paying up at par newly created US dollar shares.

At the same time as the US dollar shares were issued, the Company issued £50,000 Redeemable Preference Shares for cash at par. The Redeemable Preference Shares carry limited class voting rights and no dividend rights. This class of shares is also capable of redemption at par at the option of the Company on the giving of seven days' written notice to the registered holder of the shares.

Merger

A total of 825,932,791 AstraZeneca shares were issued to Astra shareholders who accepted the merger offer before the final closing date, 21 May 1999. AstraZeneca received acceptances from Astra shareholders representing 99.6 per cent of Astra's shares and the compulsory acquisition procedure has been initiated to acquire for cash the outstanding shares.

Share buy-back

During the second half of the year the company purchased, and subsequently cancelled, 4,338,444 Ordinary Shares at an average price of 2603 pence per share for a consideration, including expenses, of \$183 million. The excess of the consideration over the nominal value has been charged against the profit and loss account reserve.

Share options

A total of 3,593,062 shares were issued during the year in respect of share options. Details of movements in the number of shares under option are shown in Note 33, details of options granted to Directors are shown in Note 34.

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Principal subsidiaries, joint ventures and associates

At 31 December 1999	Country	Percentage of voting share capital held	Principal activity
United Kingdom			
Zeneca Limited	England	100#	Research, production, marketing
AstraZeneca Insurance Company Limited	England	100	Insurance and reinsurance underwriting
Astra Pharmaceuticals Ltd	England	100	Research, production, marketing
Continental Europe			
N.V. Astra Pharmaceuticals S.A.	Belgium	100	Marketing
A.S.P. S.A.	France	100	Production
Laboratoires Astra France	France	100	Production, marketing
Zeneca Pharma S.A.	France	100	Research, production, marketing
Astra GmbH	Germany	100	Development, production, marketing
Zeneca Holding GmbH	Germany	100	Production, marketing
Astra Farmaceutici S.p.A.	Italy	100	Marketing
Zeneca S.p.A.	Italy	100	Production, marketing
Laboratorio Astra España S.A.	Spain	100	Production, marketing
Astra AB	Sweden	99.7	Research and development, production, marketing
Astra Arcus AB	Sweden	100	Research and development
Astra Draco AB	Sweden	100	Research and development
Astra Hässle AB	Sweden	100	Research and development
Astra Production Chemicals AB	Sweden	100	Production
Astra Production Liquid Products AB	Sweden	100	Production
Astra Production Tablets AB	Sweden	100	Production
Astra Tech AB	Sweden	100	Research and development, production, marketing
Advanta B.V.	The Netherlands	50†	Processing and marketing of seeds
Astra Pharmaceutica B.V.	The Netherlands	100	Marketing
Stauffer Chemical B.V.	The Netherlands	100	Production

Financial Statements

Principal subsidiaries, joint ventures and associates

At 31 December 1999	Country	Percentage of voting share capital/interest held	Principal activity
The Americas			
Zeneca Brasil Ltda.	Brazil	100	Production, marketing
AstraZeneca do Brasil Ltda.	Brazil	100	Production, marketing
Astra Pharma Inc.	Canada	100	Research, production, marketing
IPR Pharmaceuticals Inc.	Puerto Rico	100	Production
AstraZeneca LP	USA	99	Development, production, marketing
Salick Health Care, Inc.	USA	100	Provision of disease-specific healthcare services
Zeneca Holdings Inc.	USA	100	Production, marketing
Asia, Africa & Australasia			
Astra Pharmaceuticals Pty Ltd.	Australia	100	Research, production, marketing
Astra (Wuxi) Pharmaceutical Co. Ltd.	China	100	Production, marketing
Zeneca Asia Pacific Ltd.	Hong Kong	100	Production
Astra Japan Ltd	Japan	100	Production, marketing
Zeneca K.K.	Japan	100	Production, marketing
Zeneca Yakuhin K.K.	Japan	60	Production

shares held directly

† equity accounted joint venture

The companies and other entities listed above are those whose results or financial position principally affected the figures shown in the group's annual financial statements. A full list of subsidiaries, joint ventures and associates will be annexed to the Company's next annual return filed with the Registrar of Companies. The country of registration or incorporation is stated alongside each company. The accounting dates of principal subsidiaries and associates are 31 December, except for Salick Health Care, Inc. which is 30 November. AstraZeneca operates through 324 subsidiary companies. Products are manufactured in some 20 countries worldwide and are sold in over 100 countries.

Financial Statements

Additional information for US investors

Differences between UK and US accounting principles

The accompanying consolidated financial statements included in this report are prepared in accordance with UK GAAP. Certain significant differences between UK GAAP and US GAAP which affect AstraZeneca's net income and shareholders' equity are set out below.

Purchase accounting adjustments

Under UK GAAP the merger of Astra and Zeneca has been accounted for as a 'merger of equals' (pooling-of-interests). Under US GAAP the merger has been accounted for as the acquisition of Astra by Zeneca using 'purchase accounting'. Under purchase accounting, the cost of the investment is calculated at the market value of the shares issued together with other incidental costs and the assets and liabilities of the acquired entity are recorded at fair value. As a result of the fair value exercise, increases in the values of Astra's tangible fixed assets and inventory were recognised and values attributed to their in-process research and development, existing products and assembled work force, together with appropriate deferred taxation effects. The difference between the cost of investment and the fair value of the assets and liabilities of Astra has been recorded as goodwill. The amount allocated to in-process research and development is required, by US GAAP, to be expensed immediately in the first reporting period after the business combination. Fair value adjustments to the recorded amount of inventory have been expensed in the period the inventory was utilised and additional amortisation and depreciation have also been recorded in respect of the fair value adjustments to tangible and intangible assets and the resulting goodwill. Pre-acquisition results of Astra are excluded from US GAAP net income.

In the consolidated financial statements prepared under UK GAAP, goodwill arising on acquisitions made prior to 1 January 1998 accounted for under the purchase method has been eliminated against shareholders' equity, whilst under US GAAP this goodwill (after allocations to the fair value of tangible and intangible assets) is required to be capitalised and amortised. Under the requirements of UK Financial Reporting Standard 10 'Goodwill and Intangible Assets', goodwill on acquisitions made after 1 January 1998 is capitalised and amortised over its estimated useful life which is generally presumed not to exceed 20 years. UK GAAP requires that on subsequent disposal or termination of a previously acquired business, any goodwill previously taken directly to shareholders' equity is then charged in the income statement against the profit or loss on disposal or termination.

For the purpose of the adjustments to US GAAP included below, goodwill (including that capitalised under UK GAAP) is being amortised through the income statement over the estimated useful lives assigned to each individual acquisition. At 31 December 1999, these lives varied between 5 years and 40 years with a weighted average life of approximately 28 years. Identifiable intangible assets, which principally include patents, "know-how" and product registrations, are amortised over their estimated useful lives which vary between 4 years and 40 years with a weighted average life of approximately 16 years.

At 31 December 1999 and 1998, shareholders' equity includes capitalised goodwill of \$15,793m and \$1,480m respectively (net of amortisation and impairment of \$1,945m and \$659m) and capitalised identifiable intangible assets of \$13,825m and \$314m respectively (net of amortisation and impairment of \$1,439m and \$86m). The carrying value of goodwill is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Provision is made where there is a permanent impairment to the carrying value of capitalised goodwill and intangible assets. Goodwill on businesses disposed of is charged to the gain or loss on disposal.

On disposal of a business, the gain or loss under US GAAP may differ from that under UK GAAP due principally to goodwill capitalised and amortised, together with the appropriate share of other differences between UK and US accounting principles recognised previously.

Capitalisation of interest

AstraZeneca does not capitalise interest in its financial statements. US GAAP requires interest incurred as part of the cost of constructing fixed assets to be capitalised and amortised over the life of the asset.

Dividends

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 the shareholders. Under US GAAP such dividends are not provided for until declared by the Board.

Differences between UK and US accounting principles (continued)

Deferred taxation

Deferred taxation is provided on a full liability basis under US GAAP, which permits deferred tax assets to be recognised if their realisation is considered to be more likely than not; under UK GAAP, provision is made for deferred taxation only if there is reasonable evidence that such deferred taxation will be payable in the foreseeable future.

Pension and post-retirement benefits

There are four main differences between UK GAAP and US GAAP in accounting for pension costs:

- (i) US GAAP requires that plan assets are valued by reference to their fair market values whereas UK GAAP permits an alternative measurement of assets which, in the case of the main United Kingdom retirement plan, is on the basis of the discounted present value of expected future income;
- (ii) US GAAP requires measurements of plan assets and obligations to be made as at the date of the financial statements or a date not more than three months prior to that date. Under UK GAAP, calculations may be based on the results of the latest actuarial valuation;
- (iii) US GAAP mandates a particular actuarial method - the projected unit credit method - and requires that each significant assumption necessary to determine annual pension cost reflects best estimates solely with regard to that individual assumption. UK GAAP does not mandate a particular method, but requires that the method and assumptions taken as a whole should be compatible and lead to the actuary's best estimate of the cost of providing the benefits promised; and
- (iv) under US GAAP, a negative pension cost may arise where a significant unrecognised net asset or gain exists at the time of implementation. This is required to be amortised on a straight-line basis over the average remaining service period of employees. Under UK GAAP, AstraZeneca's policy is not to recognise pension credits in its financial statements unless a refund of, or reduction in, contributions is likely.

Restructuring costs

Under UK GAAP, provisions are made for restructuring costs once a detailed formal plan is in place and valid expectations have been raised in those affected that the restructuring will be carried out. US GAAP requires a number of specific criteria to be met before such costs can be recognised as an expense. Among these are the requirements that the costs incurred are incremental to other costs incurred by the company, or represent amounts to be incurred under contractual obligations which are not associated with or do not benefit activities that will be continued. Also, all significant actions arising from a restructuring and their completion dates must be identified by the balance sheet date. To the extent that restructuring costs are related to the activities of the acquired company, US GAAP allows them to be recognised as a liability upon acquisition.

Software costs

Under UK GAAP, AstraZeneca expenses all software costs. Under US GAAP, with effect from 1 January 1999, certain of these costs are required to be capitalised and amortised over three years.

Foreign exchange

Under UK GAAP, unrealised gains and losses on foreign currency transactions to hedge anticipated, but not firmly committed, foreign currency transactions may be deferred and accounted for at the same time as the anticipated transactions. Under US GAAP such deferral is not permitted except in certain defined circumstances.

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Additional information for US investors

Differences between UK and US accounting principles (continued)

Current assets and liabilities

Current assets under UK GAAP include amounts which fall due after more than one year. Under US GAAP such assets would be reclassified as non-current assets. Borrowings under UK GAAP are classified according to the maturity of the financial instrument, while under US GAAP, certain borrowings would be classified according to the maturity of the available back-up facility. Provisions for liabilities and charges under UK GAAP include amounts due within one year which would be reclassified to current liabilities under US GAAP. In addition, provisions would be shown as part of amounts payable and accrued liabilities due after one year.

Statement of cash flows: Basis of preparation

AstraZeneca's Statement of Group Cash Flow is prepared in accordance with United Kingdom Financial Reporting Standard 1 "FRS 1 (Revised 1996)", whose objective and principles are similar to those set out in SFAS No.95, "Statement of Cash Flows". The principal differences between the standards relate to classification and also that the UK GAAP cash flow statement combines the cash flow statements of Astra and Zeneca for all periods whilst the US GAAP cash flow statements includes the cash flows of Astra only from the date of acquisition. Under FRS 1 (Revised 1996), the Company presents its cash flows for (a) operating activities; (b) dividends received from joint ventures and associates; (c) returns on investments and servicing of finance; (d) tax paid; (e) capital expenditure and financial investment; (f) acquisitions and disposals; (g) dividends paid to shareholders; (h) management of liquid resources; and (i) financing. SFAS No.95 requires only three categories of cash flow activity being (a) operating; (b) investing; and (c) financing.

Cash flows from taxation, returns on investments and servicing of finance and dividends received from joint ventures and associates under FRS 1 (Revised 1996) would be included as operating activities under SFAS No.95; capital expenditure and financial investment and acquisitions and disposals would be included as investing activities; and distributions would be included as a financing activity under SFAS No.95. Under FRS 1 (Revised 1996) cash comprises cash in hand and deposits repayable on demand, less overdrafts repayable on demand; and liquid resources comprise current asset investments held as readily disposable stores of value. Under SFAS No.95 cash equivalents, comprising short-term highly liquid investments, generally with original maturities of three months or less, are grouped together with cash; short-term borrowings repayable on demand would not be included within cash and cash equivalents and movements on those borrowings would be included in financing activities.

New accounting standards adopted

During January 1998, the American Institute of Certified Public Accountants (AICPA) issued Statement of Position 98-1 'Accounting for the Costs of Computer Software Developed or Obtained for Internal Use' ('SOP 98-1'). SOP 98-1 became effective for all fiscal years beginning after 15 December 1998 and provides guidance on when costs incurred for internal use computer software are and are not capitalised. AstraZeneca has adopted SOP 98-1.

New accounting standards not yet adopted

SFAS No. 133 - 'Accounting for Derivative Instruments and Hedging Activities' was issued in June 1998 and establishes accounting and reporting standards for derivative instruments and hedging activities. It is effective for fiscal years beginning after 15 June 2000. AstraZeneca has not yet determined the effect on the financial statements of the adoption of the standard.

Differences between UK and US accounting principles (continued)

The following is a summary of the material adjustments to net income and shareholders' equity which would have been required if US GAAP had been applied instead of UK GAAP.

Net income

	1999	1998	1997
	\$m	\$m	\$m
Net income, as shown in the consolidated statements of income before exceptional items	2,730	2,553	2,570
Exceptional items after tax	(1,587)	58	-
Net income for the period under UK GAAP	1,143	2,611	2,570
Pre-acquisition results of Astra	(413)	(1,427)	(1,374)
	730	1,184	1,196

Adjustments to conform to US GAAP

Purchase accounting adjustments (including goodwill and intangible)

Deemed acquisition of Astra			
In-process research and development	(3,315)	-	-
Inventory step-up	(826)	-	-
Amortisation and other acquisition adjustments	(759)	-	-
Others	(61)	(80)	(80)
Divestment of Specialties business	284	-	-
Impairment of Salick Health Care goodwill	(308)	-	-
Capitalisation, less disposals and amortisation of interest	5	8	5
Deferred taxation			
On fair values of Astra	547	-	-
Others	117	(28)	20
Pension expense	(103)	(53)	16
Post-retirement benefits/plan amendment	4	5	5
Software costs	29	-	-
Restructuring costs	119	-	-
Unrealised losses on foreign exchange and others	(2)	-	(20)
Net income/(loss) in accordance with US GAAP	(3,539)	1,036	1,142

Net income/(loss) from continuing operations	(4,071)	796	833
Net income from discontinued operations	108	240	309
Gain on disposal of Specialties business	424	-	-
Weighted average number of \$0.25 Ordinary Shares in issue (millions of shares)	1,569	950	948
Dilutive impact of share options outstanding (millions of shares)	3	4	3
Diluted weighted average number of \$0.25 Ordinary Shares in accordance with US GAAP (millions of shares)	1,572	954	951
Net income/(loss) per \$0.25 Ordinary Share and ADS in accordance with US GAAP - basic (\$)	(2.26)	1.09	1.20
- diluted (\$)	(2.25)	1.09	1.20

Financial Statements

Additional information for US investors

Differences between UK and US accounting principles (continued)

	1999	1998	1997
	\$m	\$m	\$m
Net income/(loss) from continuing operations per \$0.25 Ordinary Share and ADS in accordance with US GAAP			
- basic (\$)	(2.60)	0.84	0.88
- diluted (\$)	(2.59)	0.84	0.88
Net income from discontinued operations per \$0.25 Ordinary Share and ADS in accordance with US GAAP			
- basic (\$)	0.07	0.25	0.32
- diluted (\$)	0.07	0.25	0.32

Statement of Comprehensive Income

The group's total recognised gains and losses under UK GAAP differ from the net income for the year (as set out in the group profit and loss account) in respect of foreign currency translation adjustments (net of related tax) and net unrealised gains and losses on short-term investments amounting to an aggregate loss of \$630m for the year ended 31 December 1999 (1998 loss \$181m, 1997 loss of \$768m). The foreign currency translation adjustments are set out in the statement of total recognised gains and losses. The unrealised gains on short-term investments are included in other movements in the statement of total recognised gains and losses and amounted to \$nil (1998 \$2m, 1997 \$1m) for the year.

The cumulative balance of net unrealised losses on short-term investments amounted to \$nil (1998 \$nil, 1997 \$2m). The cumulative exchange gains and losses (net of related tax) on the translation of foreign currency financial statements under UK GAAP are set out in the following note.

	Years ended 31 December		
	1999	1998	1997
	\$m	\$m	\$m
Balance at 1 January	(783)	(600)	169
Movement in year	(630)	(183)	(769)
Balance at 31 December	(1,413)	(783)	(600)

Stock compensation

In the group's financial statements prepared under UK GAAP, no cost is accrued for the share options awarded to employees under the Zeneca 1994 Executive Share Option Scheme and the Zeneca Savings-Related Share Option Scheme as the exercise price is equivalent to the market value at the date of grant. Under US GAAP the cost is calculated as the difference between the option price and the market price at the date of grant or, for variable plans, at the end of the reporting period. Under the requirements of APB Opinion No. 25 any compensation cost would be amortised over the period from the date the options are granted to the date they are first exercisable. SFAS No. 123 sets out an alternative methodology for recognising the compensation cost based on the fair value at grant date. Had the group adopted this methodology, the effect on net income under US GAAP is shown below.

	1999	1998	1997
	\$m	\$m	\$m
Net (loss)/income under US GAAP as reported	(3,539)	1,036	1,142
Compensation cost	(16)	(13)	(12)
Pro forma net income	(3,555)	1,023	1,130
Net income per \$0.25 Ordinary Share and ADS under US GAAP (basic):			
As reported	(2.26)	1.09	1.20
Pro forma	(2.27)	1.08	1.19

Differences between UK and US accounting principles (continued)

The fair value of options granted is estimated, based on the stock price at the grant date, using the Black-Scholes option pricing model with the following assumptions:

	1999	1998	1997
Dividend yield	3.0%	2.0%	2.0%
Expected volatility	20.0%	20.0%	20.0%
Risk-free interest rate	5.1%	5.1%	7.3%
Expected lives : 1994 Scheme	6.0 years	6.0 years	6.0 years
: SAYE Scheme	4.4 years	4.6 years	4.6 years

The options are based on existing AstraZeneca shares and therefore have no dilution effect. Nor do allocated options entail any further expense undertaking for the Company. Subsequent to the effective date of the merger no share options have been awarded under the Astra Shareholder Value Incentive Plan.

In the initial phase-in period, the effects of applying SFAS No.123 for disclosing compensation cost may not be representative of the effects on pro forma net income and earnings per share for future years.

Shareholders' equity	1999	1998
	\$m	\$m
Total shareholders' equity under UK GAAP	10,302	10,929
Assets of Astra before acquisition	-	(6,757)
	10,302	4,172

Adjustments to conform to US GAAP

Purchase accounting adjustments (including goodwill and intangibles)

Deemed acquisition of Astra		
Goodwill	14,202	-
Tangible and intangible fixed assets	11,174	-
Others	490	1,157
Capitalisation, less disposals and amortisation of interest	151	181
Deferred taxation		
On fair value of Astra	(3,172)	-
Others	(247)	(111)
Dividend	834	442
Pension expense	(172)	(241)
Post-retirement benefits/plan amendment	(31)	(42)
Software costs capitalised	29	-
Restructuring costs	119	-
Others	56	-
Shareholders' equity in accordance with US GAAP	33,735	5,558

Financial Statements

Additional information for US investors

Differences between UK and US accounting principles (continued)

Acquisitions

The adjustments to revalue the assets and liabilities of Astra to fair value and allocate the excess purchase consideration over fair value of net assets acquired, based on management best estimates of fair value, are as follows:

		\$m
Total purchase consideration		33,933
Less:		
Book value of Astra's net assets		6,935
Estimated excess fair value of Astra's inventory	(a)	826
Estimated excess fair value of Astra's property, plant and equipment	(a)	288
Estimated fair value attributed to other intangible assets	(b)	11,796
Estimated fair value of in-process research and development projects	(d)	3,315
Deferred tax liabilities related to purchase price adjustments		(3,765)
Goodwill	(c)	14,538

- (a) The excess of fair value over book value of Astra's reported net tangible assets is related primarily to buildings and land and inventory.
- (b) Fair values attributed to other intangible assets relate to Astra's product rights on its existing products and Astra's marketing and R&D workforce. The fair value has been determined based on risk-adjusted discounted net future cash flow analysis for its current approved product portfolio which includes all existing approved products within Astra's therapeutic areas and supplemental products in the development process which build upon existing chemical entities within the existing therapeutic areas and which are in late stages of development. The estimates of the weighted average useful life of the product rights are based on the future period over which the substantial majority of the estimated net future cash flow value is expected to be realised.
- (c) Goodwill is being amortised over 20 years.
- (d) The amount of total consideration allocated to Astra's in-process research and development projects ("IPRD") has been estimated using estimates of the status and prospects for the various research and development projects within Astra's research and development portfolio as contained in its strategic plans. The IPRD estimates relate only to projects involving NCE research and development and do not include projects involving supplemental new drug applications based on existing products or product extension development activity. The methodology used in deriving the estimated value of IPRD was: (i) to project net future cash flows for prioritised NCEs in the current research and development portfolio based on estimated current therapeutic demand and price assumptions, less relevant anticipated expenses, (ii) to risk-adjust the projected net future cash flows for likelihood of future realisation based on Astra's historical experience-derived probability factors for NCE success, and (iii) to discount the risk-cash flows was based on the first ten years of the post-launch expected life cycle attributed to each project. In determining the final value allocated to IPRD, the result of the above valuation methodology was further reduced based on the percentage of R&D activity undertaken to date compared to total R&D activity required to complete the project.

Differences between UK and US accounting principles (continued)

Pension and post-retirement benefits

For the purposes of US GAAP, the pension costs of the major UK retirement plan and of the retirement plans of the major non-UK subsidiaries have been restated in the following tables in accordance with the requirements of SFAS No. 132. These plans comprise a substantial portion of the actuarial liabilities of all AstraZeneca retirement plans. The changes in projected benefit obligations, plan assets and details of the funded status of these retirement plans, together with the changes in the accumulated other post-retirement benefit obligations, under SFAS No. 132 are as follows:

	Pension benefits		Other post-retirement benefits	
	1999	1998	1999	1998
	\$m	\$m	\$m	\$m
Change in projected benefit obligation				
Benefit obligation at beginning of year	5,199	4,577	222	219
Service cost	147	141	9	5
Interest cost	284	319	11	15
Participant contributions	20	20	-	2
Plan amendments	2	(13)	-	-
Actuarial loss (gain)	(111)	357	6	(7)
Special termination benefits	62	-	-	-
Acquisitions and disposals	-	30	-	-
Settlement and curtailment	(219)	-	(10)	-
Benefits paid	(237)	(236)	(14)	(16)
Other movements including exchange	(111)	4	-	4
Benefit obligation at end of year	5,036	5,199	224	222

	Pension benefits	
	1999	1998
	\$m	\$m
Change in plan assets		
Fair value at 1 January	4,346	3,900
Actual return on plan assets	805	437
Group contribution	432	198
Participant contributions	20	20
Acquisitions and disposals	-	23
Settlement and curtailment	(242)	-
Benefits paid	(237)	(236)
Other movements, including exchange	(89)	4
Fair value of plan assets at end of year	5,035	4,346
Funded status of plans	(1)	(853)
Unrecognised net loss	(305)	372
Prior service cost not recognised	110	153
Unrecognised net obligation on implementation	18	60
	(178)	(268)
Adjustments to recognise minimum liability		
Intangible assets	-	(63)
Accumulated other comprehensive income	-	(15)
Accrued benefit liability	(178)	(346)

There were no plan assets in respect of other post-retirement benefits.

Financial Statements

Additional information for US investors

Differences between UK and US accounting principles (continued)

At 31 December 1999, none of the main funds above had an accumulated benefit obligation in excess of plan assets. At 31 December 1999, the projected benefit obligation, accumulated benefit obligation and fair value of the plan assets in respect of the retirement plans above with accumulated benefit obligations in excess of plan assets were \$4,407m, \$3,948m and \$3,579m, respectively.

Assumed discount rates and rates of increase in remuneration used in calculating the projected benefit obligations together with long-term rates of return on plan assets vary according to the economic conditions of the country in which the retirement plans are situated. The weighted average rates used for calculation of year end benefit obligations and forecast benefit cost in the main retirement plans and other benefit obligations for SFAS No. 132 purposes were as follows:

	Pension benefits			Other post-retirement benefits		
	1999	1998	1997	1999	1998	1997
	%	%	%	%	%	%
Discount rate	5.7	5.7	7.0	7.2	6.4	7.0
Long-term rate of increase in remuneration	4.5	4.5	5.6	n/a	n/a	n/a
Expected long-term return on assets	6.3	6.6	8.3	n/a	n/a	n/a

The group has assumed a long-term rate of increase in healthcare costs of 7.5%, reducing to 5.5%.

	Pension benefits			Other post-retirement benefits		
	1999	1998	1997	1999	1998	1997
	\$m	\$m	\$m	\$m	\$m	\$m
Net periodic cost						
Service cost – present value of benefits accruing during the year	147	141	111	9	5	3
Interest cost on projected benefit obligations	284	319	288	11	15	20
Expected (return)/loss on assets	(277)	(325)	(355)	–	–	–
Settlement and curtailment	75	–	–	(10)	–	–
Net amortisation and deferral	69	64	79	–	–	–
Net periodic cost for the year	298	199	123	10	20	23

It is estimated that a 1 percentage point change in the weighted average healthcare costs trend would have the following effects on the accumulated benefit obligation and net periodic cost at 31 December 1999:

	1 percentage point	
	increase	decrease
Accumulated benefit obligation	10	(10)
Net periodic cost	1	(1)

Restatement of cash flow in accordance with US GAAP

	1999	1998	1997
	\$m	\$m	\$m
Cash inflow from operating activities	1,698	1,493	1,315
Cash outflow from investing activities	(224)	(906)	(575)
Cash outflow from financing activities	(1,407)	(773)	(619)
(Decrease)/increase in cash in the period	67	(186)	121

Corporate Shareholders Reports

Accounting Status: Subsidiary Undertaking				
Operating Status: Active, Dormant, In Liquidation				
	Class of Capital	Held By	Held %	
Full Name: 6979 - A.S.P. S.A., Country of Incorporation: France Country of Registration: France		Subsidiary Undertaking	100	
Full Name: 7619 - AT Agroproggress Country of Incorporation: Ukraine Country of Registration: Ukraine	'A' Shares	Subsidiary Undertaking	100	
Full Name: 5337 - Acorga Limited Country of Incorporation: Bermuda Country of Registration: Bermuda	Ordinary	Subsidiary Undertaking	100	
Full Name: 7133 - Agrolinsunos, S.A. Country of Incorporation: Guatemala Country of Registration: Guatemala	Bearer	Subsidiary Undertaking	100	
Full Name: 7132 - Agroquimicos Alpha S.A. Country of Incorporation: Guatemala Country of Registration: Guatemala	Ordinary Stock	Subsidiary Undertaking	100	
Full Name: 6908 - Aktiebolaget Astromen Country of Incorporation: Sweden Country of Registration: Sweden		Subsidiary Undertaking	100	
Full Name: 6914 - Aktiebolaget Draco Country of Incorporation: Sweden Country of Registration: Sweden		Subsidiary Undertaking	100	
Full Name: 6913 - Aktiebolaget Hassle Country of Incorporation: Sweden Country of Registration: Sweden		Subsidiary Undertaking	100	
Full Name: 6901 - Aktiebolaget Medina Country of Incorporation: Sweden Country of Registration: Sweden		Subsidiary Undertaking	100	
Full Name: 6893 - Aktiebolaget Rila		Subsidiary Undertaking	100	

Companies House Report - All

Country of Incorporation: Sweden			
Country of Registration Sweden			
Full Name: 5544 - Ambulatory Diagnostic Testing Services, Inc.	Common	Subsidiary Undertaking	100
Country of Incorporation: United States of America			
Country of Registration United States of America			
Full Name: 7136 - Anyl-Mex S.A. de C.V.		Subsidiary Undertaking	100
Country of Incorporation: Mexico			
Country of Registration Mexico			
Full Name: 5339 - Arbil International Insurance Limited	Ordinary	Subsidiary Undertaking	51
Country of Incorporation: British Virgin Islands			
Country of Registration Cayman Islands			
Full Name: 7332 - Asterpharm Inc		Subsidiary Undertaking	100
Country of Incorporation: Taiwan, Republic of China			
Country of Registration Taiwan, Republic of China			
Full Name: 7319 - Astra (MUX) Pharmaceutical Co. Ltd.,		Subsidiary Undertaking	100
Country of Incorporation: China - People's Republic of China			
Country of Registration China - People's Republic of China			
Full Name: 6892 - Astra AB		Subsidiary Undertaking	100
Country of Incorporation: Sweden			
Country of Registration Sweden			
Full Name: 6929 - Astra Arcus AB		Subsidiary Undertaking	100
Country of Incorporation: Sweden			
Country of Registration Sweden			
Full Name: 5566 - Astra Arcus USA, Inc.		Subsidiary Undertaking	100
Country of Incorporation: United States of America			
Country of Registration United States of America			
Full Name: 7264 - Astra Biochemicals Pvt. Ltd.,		Subsidiary Undertaking	100
Country of Incorporation: India			
Country of Registration India			
Full Name: 6895 - Astra Biotech AB		Subsidiary Undertaking	100
Country of Incorporation: Sweden			
Country of Registration Sweden			
Full Name: 6988 - Astra Chemicals Benelux B.V.		Subsidiary Undertaking	100

Companies House Report - All

Country of Incorporation:	HOLLAND			
Country of Registration	HOLLAND			
Full Name:	6986 - Astra Continent B.V.,	Subsidiary Undertaking	100	
Country of Incorporation:	HOLLAND			
Country of Registration	HOLLAND			
Full Name:	6928 - Astra Draco AB	Subsidiary Undertaking	100	
Country of Incorporation:	Sweden			
Country of Registration	Sweden			
Full Name:	6919 - Astra Export & Trading AB	Subsidiary Undertaking	100	
Country of Incorporation:	Sweden			
Country of Registration	Sweden			
Full Name:	6975 - Astra Farmaceutici S.p.A.	Subsidiary Undertaking	100	
Country of Incorporation:	Italy			
Country of Registration	Italy			
Full Name:	6909 - Astra Fondaktiebolag	Subsidiary Undertaking	100	
Country of Incorporation:	Sweden			
Country of Registration	Sweden			
Full Name:	6980 - Astra France Production	Subsidiary Undertaking	100	
Country of Incorporation:	France			
Country of Registration				
Full Name:	6994 - Astra GmbH	Subsidiary Undertaking	100	
Country of Incorporation:	Germany			
Country of Registration	Germany			
Full Name:	6927 - Astra Hassle AB	Subsidiary Undertaking	100	
Country of Incorporation:	Sweden			
Country of Registration	Sweden			
Full Name:	7275 - Astra Japan Ltd	Subsidiary Undertaking	100	
Country of Incorporation:	Japan			
Country of Registration	Japan			
Full Name:	6923 - Astra Lakemedel AB	Subsidiary Undertaking	100	
Country of Incorporation:	Sweden			
Country of Registration	Sweden			
Full Name:	6976 - Astra Luxembourg s.a.r.l.	Subsidiary Undertaking	100	
Country of Incorporation:	Germany			

Companies House Report - All

Country of Registration	Luxembourg			
Full Name:	6990 - Astra Management Resources Ag		Subsidiary Undertaking	100
Country of Incorporation:	Switzerland			
Country of Registration	Switzerland			
Full Name:	6905 - Astra Middle East AB		Subsidiary Undertaking	100
Country of Incorporation:	Sweden			
Country of Registration	Sweden			
Full Name:	6899 - Astra Nordic AB		Subsidiary Undertaking	100
Country of Incorporation:	Sweden			
Country of Registration	Sweden			
Full Name:	6998 - Astra Norge AS		Subsidiary Undertaking	100
Country of Incorporation:	Norway			
Country of Registration	Norway			
Full Name:	6926 - Astra Pain Control AB		Subsidiary Undertaking	100
Country of Incorporation:	Sweden			
Country of Registration	Sweden			
Full Name:	6911 - Astra Pharma AB		Subsidiary Undertaking	100
Country of Incorporation:	Sweden			
Country of Registration	Sweden			
Full Name:	6992 - Astra Pharmaceutica AG		Subsidiary Undertaking	100
Country of Incorporation:	Switzerland			
Country of Registration	Switzerland			
Full Name:	6987 - Astra Pharmaceutica B.V.		Subsidiary Undertaking	100
Country of Incorporation:	HOLLAND			
Country of Registration	HOLLAND			
Full Name:	7176 - Astra Pharmaceutical (Malaysia) SDN BHD		Subsidiary Undertaking	100
Country of Incorporation:	Malaysia			
Country of Registration	Malaysia			
Full Name:	6792 - Astra Pharmaceutical Production Aktiebolag		Subsidiary Undertaking	100
Country of Incorporation:	Sweden			
Country of Registration	Sweden			
Full Name:	7344 - Astra Pharmaceuticals (China)		Subsidiary Undertaking	100
Country of Incorporation:	China - People's Republic of China			
Country of Registration				

Companies House Report - All

Full Name:	7326 - Astra Pharmaceuticals (HK) Ltd		Subsidiary Undertaking	100
Country of Incorporation:	Hong Kong			
Country of Registration	Hong Kong			
Full Name:	6942 - Astra Pharmaceuticals (Poland) sp.z.o.o		Subsidiary Undertaking	100
Country of Incorporation:	Poland			
Country of Registration	Poland			
Full Name:	7405 - Astra Pharmaceuticals (Pty) Ltd		Subsidiary Undertaking	100
Country of Incorporation:	South Africa			
Country of Registration	South Africa			
Full Name:	6917 - Astra Pharmaceuticals AB		Subsidiary Undertaking	100
Country of Incorporation:	Sweden			
Country of Registration	Sweden			
Full Name:	4186 - Astra Pharmaceuticals Holdings Pty Ltd.		Subsidiary Undertaking	100
Country of Incorporation:	Australia			
Country of Registration	Australia			
Full Name:	6945 - Astra Pharmaceuticals Kft		Subsidiary Undertaking	100
Country of Incorporation:	Hungary			
Country of Registration	Hungary			
Full Name:	6984 - Astra Pharmaceuticals Ltd.,		Subsidiary Undertaking	100
Country of Incorporation:	England			
Country of Registration	England			
Full Name:	4182 - Astra Pharmaceuticals Productivity Superannuation Pty Ltd		Subsidiary Undertaking	100
Country of Incorporation:	Australia			
Country of Registration	Australia			
Full Name:	4188 - Astra Pharmaceuticals Pty Ltd		Subsidiary Undertaking	100
Country of Incorporation:	Australia			
Country of Registration	Australia			
Full Name:	6943 - Astra Pharmaceuticals s.r.o		Subsidiary Undertaking	100
Country of Incorporation:	Czech-Republic			
Country of Registration	Czech-Republic			
Full Name:	4181 - Astra Pharmaceuticals Superannuation Pty ltd		Subsidiary Undertaking	100
Country of Incorporation:	Australia			

Companies House Report - All

Country of Registration				
Full Name: 6960 - Astra Portuguesa Lda		Subsidiary Undertaking		100
Country of Incorporation: Portugal				
Country of Registration Portugal				
Full Name: 6898 - Astra Production Chemicals Aktiebolag		Subsidiary Undertaking		100
Country of Incorporation: Sweden				
Country of Registration Sweden				
Full Name: 6897 - Astra Production Liquid Products Aktiebolag		Subsidiary Undertaking		100
Country of Incorporation: Sweden				
Country of Registration Sweden				
Full Name: 6896 - Astra Production Tablets Aktiebolag		Subsidiary Undertaking		100
Country of Incorporation: Sweden				
Country of Registration Sweden				
Full Name: 5565 - Astra Research Center Boston, Inc.		Subsidiary Undertaking		100
Country of Incorporation: United States of America				
Country of Registration United States of America				
Full Name: 6974 - Astra Simesa SpA		Subsidiary Undertaking		100
Country of Incorporation: Italy				
Country of Registration Italy				
Full Name: 6793 - Astra Sverige AB		Subsidiary Undertaking		100
Country of Incorporation: Sweden				
Country of Registration Sweden				
Full Name: 6794 - Astra SyntheLabo Aktiebolag		Subsidiary Undertaking		100
Country of Incorporation: Sweden				
Country of Registration Sweden				
Full Name: 6944 - Astra Tech		Subsidiary Undertaking		100
Country of Incorporation: France				
Country of Registration France				
Full Name: 6959 - Astra Tech		Subsidiary Undertaking		100
Country of Incorporation: Austria				
Country of Registration Austria				
Full Name: 6939 - Astra Tech A/S		Subsidiary Undertaking		100
Country of Incorporation: Denmark				
Country of Registration Denmark				

Companies House Report - All

Full Name:	6918 - Astra Tech Aktiebolag		Subsidiary Undertaking	100
Country of Incorporation:	Sweden			
Country of Registration	Sweden			
Full Name:	6932 - Astra Tech AS		Subsidiary Undertaking	100
Country of Incorporation:	Norway			
Country of Registration				
Full Name:	6933 - Astra Tech B.V.		Subsidiary Undertaking	100
Country of Incorporation:	HOLLAND			
Country of Registration	HOLLAND			
Full Name:	6916 - Astra Tech GmbH		Subsidiary Undertaking	50
Country of Incorporation:	Germany			
Country of Registration	Germany			
Full Name:	5567 - Astra Tech Ltd		Subsidiary Undertaking	100
Country of Incorporation:	England			
Country of Registration	England			
Full Name:	5568 - Astra Tech Oy		Subsidiary Undertaking	100
Country of Incorporation:	Finland			
Country of Registration	Finland			
Full Name:	6962 - Astra Tech S.A.		Subsidiary Undertaking	100
Country of Incorporation:	Spain			
Country of Registration	Spain			
Full Name:	5570 - Astra Tech, Inc.		Subsidiary Undertaking	100
Country of Incorporation:	United States of America			
Country of Registration	United States of America			
Full Name:	5561 - Astra U.S. Holdings Corporation		Subsidiary Undertaking	100
Country of Incorporation:	United States of America			
Country of Registration				
Full Name:	5562 - Astra USA, Inc.		Subsidiary Undertaking	100
Country of Incorporation:	United States of America			
Country of Registration				
Full Name:	6902 - Astra-Sjuco Aktiebolag		Subsidiary Undertaking	100
Country of Incorporation:	Sweden			
Country of Registration	Sweden			
Full Name:	5667 - Astra-Thai Holdings		Subsidiary Undertaking	100

Companies House Report - All

Country of Incorporation:	United States of America			
Country of Registration	United States of America			
Full Name:	6985 - AstraPharm		Subsidiary Undertaking	100
Country of Incorporation:	England			
Country of Registration	England			
Full Name:	6999 - AstraZeneca A/S		Subsidiary Undertaking	100
Country of Incorporation:	Denmark			
Country of Registration	Denmark			
Full Name:	7117 - AstraZeneca do Brasil Limitada	Quotas	Subsidiary Undertaking	100
Country of Incorporation:	Brazil			
Country of Registration	Brazil			
Full Name:	7358 - AstraZeneca (Thailand) Ltd		Subsidiary Undertaking	100
Country of Incorporation:	Thailand			
Country of Registration	Thailand			
Full Name:	6440 - AstraZeneca A.G.		Subsidiary Undertaking	100
Country of Incorporation:	Switzerland			
Country of Registration	Switzerland			
Full Name:	6949 - AstraZeneca AS	Ordinary	Subsidiary Undertaking	100
Country of Incorporation:	Norway			
Country of Registration	Norway			
Full Name:	5668 - AstraZeneca Canada Inc.,		Subsidiary Undertaking	100
Country of Incorporation:	Canada			
Country of Registration	Canada			
Full Name:	7170 - AstraZeneca Colombia S.A.	Ordinary	Subsidiary Undertaking	100
Country of Incorporation:	Colombia			
Country of Registration	Colombia			
Full Name:	6912 - AstraZeneca Development AB		Subsidiary Undertaking	100
Country of Incorporation:	Sweden			
Country of Registration	Sweden			
Full Name:	6150 - AstraZeneca Epsilon B.V.	Ordinary	Subsidiary Undertaking	100
Country of Incorporation:	HOLLAND			
Country of Registration	HOLLAND			
Full Name:	6145 - AstraZeneca Holding AktieBolag	Ordinary	Parent	100
Country of Incorporation:	Sweden			

Companies House Report - All

Country of Registration	Sweden			
Full Name:	6982 - AstraZeneca Holding France SAS		Subsidiary Undertaking	100
Country of Incorporation:	France			
Country of Registration	France			
Full Name:	6267 - AstraZeneca Holdings A/S		Subsidiary Undertaking	100
Country of Incorporation:	Denmark			
Country of Registration	Denmark			
Full Name:	6226 - AstraZeneca Holdings B.V.	Ordinary	Subsidiary Undertaking	100
Country of Incorporation:	HOLLAND			
Country of Registration	HOLLAND			
Full Name:	7335 - AstraZeneca Ilac Sanayi Ve Ticaret A.S.		Subsidiary Undertaking	92
Country of Incorporation:	Turkey			
Country of Registration	Turkey			
Full Name:	8044 - AstraZeneca Insurance Company Limited	Ordinary	Subsidiary Undertaking	100
Country of Incorporation:	United Kingdom			
Country of Registration	England			
Full Name:	6910 - AstraZeneca International Holdings AB		Subsidiary Undertaking	100
Country of Incorporation:	Sweden			
Country of Registration	Sweden			
Full Name:	7327 - AstraZeneca Korea Ltd		Subsidiary Undertaking	100
Country of Incorporation:	South Korea			
Country of Registration	South Korea			
Full Name:	4189 - AstraZeneca Limited		Subsidiary Undertaking	100
Country of Incorporation:	New Zealand			
Country of Registration	New Zealand			
Full Name:	6305 - AstraZeneca Österreich GmbH	Capital Stock	Subsidiary Undertaking	100
Country of Incorporation:	Austria			
Country of Registration	Austria			
Full Name:	6995 - AstraZeneca OY		Subsidiary Undertaking	100
Country of Incorporation:	Finland			
Country of Registration	Finland			
Full Name:	6983 - AstraZeneca Pharmaceuticals (Ireland) Limited		Subsidiary Undertaking	100
Country of Incorporation:	Republic of Ireland			

Companies House Report - All

Country of Registration	Republic of Ireland			
Full Name:	7270 - AstraZeneca Pharmaceuticals (Phils.) Inc.,		Subsidiary Undertaking	100
Country of Incorporation:	Philippines			
Country of Registration	Philippines			
Full Name:	5563 - AstraZeneca Pharmaceuticals, LP		Subsidiary Undertaking	100
Country of Incorporation:	United States of America			
Country of Registration	United States of America			
Full Name:	6971 - AstraZeneca S.A.		Subsidiary Undertaking	100
Country of Incorporation:	Greece			
Country of Registration	Greece			
Full Name:	7960 - AstraZeneca S.A.		Subsidiary Undertaking	100
Country of Incorporation:	Argentina			
Country of Registration	Argentina			
Full Name:	7318 - AstraZeneca Singapore Pte Ltd		Subsidiary Undertaking	100
Country of Incorporation:	Singapore			
Country of Registration	Singapore			
Full Name:	7330 - ASTRAZENECA TAIWAN LIMITED		Subsidiary Undertaking	100
Country of Incorporation:	Taiwan, Republic of China			
Country of Registration	Taiwan, Republic of China			
Full Name:	1002 - AstraZeneca UK Limited		Subsidiary Undertaking	100
Country of Incorporation:	United Kingdom			
Country of Registration	United Kingdom			
Full Name:	5564 - AstraZeneca, LP		Subsidiary Undertaking	99
Country of Incorporation:	United States of America			
Country of Registration	United States of America			
Full Name:	5569 - AstraZeneca, S.A. de C.V.		Subsidiary Undertaking	100
Country of Incorporation:	Mexico			
Country of Registration	Mexico			
Full Name:	5310 - Atkenix forty Inc.		Subsidiary Undertaking	100
Country of Incorporation:	United States of America			
Country of Registration	United States of America			
Full Name:	5286 - Atkenix Nine Inc.		Subsidiary Undertaking	100
Country of Incorporation:	United States of America			
Country of Registration	United States of America			

Companies House Report - All

Full Name:	5301 - Atkemix Ten Inc.	Common	Subsidiary Undertaking	100
Country of Incorporation:	United States of America			
Country of Registration	United States of America			
Full Name:	5329 - Atkemix Thirty-Seven Inc.	Common	Subsidiary Undertaking	100
Country of Incorporation:	United States of America			
Country of Registration	United States of America			
Full Name:	5303 - Atkemix Twelve Inc.	Common	Subsidiary Undertaking	100
Country of Incorporation:	United States of America			
Country of Registration	United States of America			
Full Name:	5543 - Aurora Medical Supplies Inc.	Common	Subsidiary Undertaking	100
Country of Incorporation:	United States of America			
Country of Registration	United States of America			
Full Name:	3302 - Avlex Limited	Cum Preference 10% Ordinary	Subsidiary Undertaking	100
Country of Incorporation:	United Kingdom			
Country of Registration	England			
Full Name:	5336 - AZ Reinsurance Limited	Ordinary	Subsidiary Undertaking	100
Country of Incorporation:	British Virgin Islands			
Country of Registration	Cayman Islands			
Full Name:	3348 - Care Laboratories Ltd	Ordinary	Subsidiary Undertaking	100
Country of Incorporation:	United Kingdom			
Country of Registration	England			
Full Name:	3350 - Care Products Ltd	Ordinary	Subsidiary Undertaking	100
Country of Incorporation:	United Kingdom			
Country of Registration	England			
Full Name:	6938 - Carl Schneider Aps		Subsidiary Undertaking	100
Country of Incorporation:	Denmark			
Country of Registration				
Full Name:	5302 - CCC Management Company of California, Inc.		Subsidiary Undertaking	100
Country of Incorporation:	United States of America			
Country of Registration	United States of America			
Full Name:	5309 - CCC Management Company of New York, Inc.		Subsidiary Undertaking	100
Country of Incorporation:	United States of America			

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Country of Registration	United States of America			
Full Name:	5305 - CCC Management Company, Inc.		Subsidiary Undertaking	100
Country of Incorporation:	United States of America			
Country of Registration	United States of America			
Full Name:	5553 - CCC of North Miami Beach Inc.	Common	Subsidiary Undertaking	100
Country of Incorporation:	United States of America			
Country of Registration	United States of America			
Full Name:	5552 - CCCLP Corp		Subsidiary Undertaking	100
Country of Incorporation:	United States of America			
Country of Registration	United States of America			
Full Name:	7115 - CCMB Agrochemicals SDN. BHD	Ordinary	Subsidiary Undertaking	51
Country of Incorporation:	Malaysia			
Country of Registration	Malaysia			
Full Name:	5541 - Century Dialysis Corporation	Common	Subsidiary Undertaking	100
Country of Incorporation:	United States of America			
Country of Registration	United States of America			
Full Name:	5555 - Comprehensive Cancer Centers - West Valley Inc.	Common	Subsidiary Undertaking	100
Country of Incorporation:	United States of America			
Country of Registration	United States of America			
Full Name:	5511 - Comprehensive Cancer Centers Inc.	Common	Subsidiary Undertaking	100
Country of Incorporation:	United States of America			
Country of Registration	United States of America			
Full Name:	5549 - Comprehensive Cancer Centers, Inc - Kansas City		Subsidiary Undertaking	100
Country of Incorporation:	United States of America			
Country of Registration	United States of America			
Full Name:	5547 - Comprehensive Cancer Centers, Inc - Philadelphia	Common	Subsidiary Undertaking	100
Country of Incorporation:	United States of America			
Country of Registration	United States of America			
Full Name:	5036 - Comprehensive Cancer Corporation of New York Inc	Common	Subsidiary Undertaking	100
Country of Incorporation:	United States of America			

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Country of Registration	United States of America			
Full Name:	6989 - Cophorne Insurance Company		Subsidiary Undertaking	100
Country of Incorporation:	Switzerland			
Country of Registration	Switzerland			
Full Name:	5530 - Corpus Christi Holdings Inc.	Common	Subsidiary Undertaking	100
Country of Incorporation:	United States of America			
Country of Registration	United States of America			
Full Name:	6903 - Crafon Aktiebolag		Subsidiary Undertaking	100
Country of Incorporation:	Sweden			
Country of Registration	Sweden			
Full Name:	5546 - Day Care Hospitals, Inc.		Subsidiary Undertaking	100
Country of Incorporation:	United States of America			
Country of Registration	United States of America			
Full Name:	5548 - Desert Dialysis Clinic, Inc.		Subsidiary Undertaking	100
Country of Incorporation:	United States of America			
Country of Registration	United States of America			
Full Name:	6922 - Draco Lakemedel Aktiebolag		Subsidiary Undertaking	100
Country of Incorporation:	Sweden			
Country of Registration	Sweden			
Full Name:	6996 - DuraNor AS,		Subsidiary Undertaking	100
Country of Incorporation:	Norway			
Country of Registration	Norway			
Full Name:	6906 - Durapharm Aktiebolag		Subsidiary Undertaking	100
Country of Incorporation:	Sweden			
Country of Registration	Sweden			
Full Name:	5506 - GB BIOSCIENCES CORPORATION	Common Stock	Subsidiary Undertaking	100
Country of Incorporation:	United States of America			
Country of Registration	United States of America			
Full Name:	5505 - GB BIOSCIENCES HOLDINGS INC.	Common	Subsidiary Undertaking	100
Country of Incorporation:	United States of America			
Country of Registration	United States of America			
Full Name:	6920 - Hassle Lakemedel Aktiebolag		Subsidiary Undertaking	100
Country of Incorporation:	Sweden			
Country of Registration	Sweden			

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Full Name:	6894 - Hassle Research Aktiebolag		Subsidiary Undertaking	100
Country of Incorporation:	Sweden			
Country of Registration				
Full Name:	8035 - I.C. Insurance Holdings Limited	Ordinary	Subsidiary Undertaking	51
Country of Incorporation:	United Kingdom			
Country of Registration	England			
Full Name:	3330 - IC Insurance Limited	Ordinary	Subsidiary Undertaking	51
Country of Incorporation:	United Kingdom			
Country of Registration	England			
Full Name:	6904 - Imeco Aktiebolag		Subsidiary Undertaking	100
Country of Incorporation:	Sweden			
Country of Registration	Sweden			
Full Name:	5551 - Infucare California, Inc.		Subsidiary Undertaking	100
Country of Incorporation:	United States of America			
Country of Registration	United States of America			
Full Name:	5550 - Infusx, Inc.		Subsidiary Undertaking	100
Country of Incorporation:	United States of America			
Country of Registration	United States of America			
Full Name:	5542 - Intercenter Cancer Research Group		Subsidiary Undertaking	100
Country of Incorporation:	United States of America			
Country of Registration	United States of America			
Full Name:	7137 - IPR Pharmaceuticals, Inc.	Common	Subsidiary Undertaking	100
Country of Incorporation:	Puerto Rico			
Country of Registration	Puerto Rico			
Full Name:	7131 - ISK BIOCIENCIAS, S.A.	Common	Subsidiary Undertaking	100
Country of Incorporation:	Guatemala			
Country of Registration	Guatemala			
Full Name:	7134 - ISK BIOSCIENCES AGROEX, S.A.	Common	Subsidiary Undertaking	100
Country of Incorporation:	Honduras			
Country of Registration	Honduras			
Full Name:	7171 - ISK BIOSCIENCES C.A.	Common	Subsidiary Undertaking	100
Country of Incorporation:	Ecuador			
Country of Registration	Ecuador			
Full Name:	7150 - ISK BIOSCIENCES COMERCIAL LTDA	Quotas	Subsidiary Undertaking	100

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Country of Incorporation:	Brazil			
Country of Registration	Brazil			
Full Name:	5205 - ISK BIOSCIENCES LIMITED	Common	Subsidiary Undertaking	100
Country of Incorporation:	Canada			
Country of Registration	Canada			
Full Name:	7172 - ISK BIOSCIENCES LTDA	Common	Subsidiary Undertaking	100
Country of Incorporation:	Colombia			
Country of Registration	Colombia			
Full Name:	7162 - ISK BIOSCIENCES, C.A.	Ordinary	Subsidiary Undertaking	100
Country of Incorporation:	Venezuela			
Country of Registration	Venezuela			
Full Name:	7140 - ISK BIOSCIENCES, S.A.		Subsidiary Undertaking	100
Country of Incorporation:	Costa Rica			
Country of Registration	Costa Rica			
Full Name:	7182 - ISK BIOSCIENCES, S.A.	Nominal Shares	Subsidiary Undertaking	100
Country of Incorporation:	Peru			
Country of Registration	Peru			
Full Name:	6105 - Ivnamed GmbH	Ordinary	Subsidiary Undertaking	100
Country of Incorporation:	Germany			
Country of Registration	Germany			
Full Name:	4183 - J Glover Distributors Pty Limited		Subsidiary Undertaking	100
Country of Incorporation:	Australia			
Country of Registration	Australia			
Full Name:	4171 - J Glover Laboratories Pty Limited		Subsidiary Undertaking	100
Country of Incorporation:	Australia			
Country of Registration	Australia			
Full Name:	6981 - Laboratoires Astra France		Subsidiary Undertaking	100
Country of Incorporation:	France			
Country of Registration	France			
Full Name:	6973 - Laboratorios Astra Espana, S.A.		Subsidiary Undertaking	100
Country of Incorporation:	Spain			
Country of Registration				
Full Name:	7194 - Laboratorios Astra SA		Subsidiary Undertaking	100
Country of Incorporation:	Uruguay			

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Country of Registration			
Full Name: 8062 - Marlow Foods Ltd	Ordinary	Subsidiary Undertaking	100
Country of Incorporation: United Kingdom			
Country of Registration England			
Full Name: 6216 - Mogen Beheer B.V.		Subsidiary Undertaking	100
Country of Incorporation: HOLLAND			
Country of Registration HOLLAND			
Full Name: 6215 - Mogen Licensing B.V.		Subsidiary Undertaking	100
Country of Incorporation: HOLLAND			
Country of Registration HOLLAND			
Full Name: 5557 - Multi-Organ Transplant Hospitals, Inc.		Subsidiary Undertaking	100
Country of Incorporation: United States of America			
Country of Registration United States of America			
Full Name: 6978 - N.V. Astra Pharmaceuticals S.A.		Subsidiary Undertaking	100
Country of Incorporation: Belgium			
Country of Registration Belgium			
Full Name: 6977 - N.V. Vitalpharma Astra S.A.		Subsidiary Undertaking	100
Country of Incorporation: Belgium			
Country of Registration Belgium			
Full Name: 8094 - Novacote Flexpack Ltd	Ordinary	Subsidiary Undertaking	100
Country of Incorporation: United Kingdom			
Country of Registration England			
Full Name: 6332 - Novastra		Subsidiary Undertaking	100
Country of Incorporation: Portugal			
Country of Registration			
Full Name: 7336 - P.T. AstraZeneca Indonesia	Ordinary	Subsidiary Undertaking	95
Country of Incorporation: Indonesia			
Country of Registration Indonesia			
Full Name: 7338 - P.T. Zeneca Agri Products Indonesia	Ordinary Stock	Subsidiary Undertaking	100
Country of Incorporation: Indonesia			
Country of Registration Indonesia			
Full Name: 7376 - P.T. Zeneca Colours Indonesia	Ordinary	Subsidiary Undertaking	100
Country of Incorporation: Indonesia			
Country of Registration Indonesia			

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Full Name:	6108 - Pharma-Stern GmbH		Subsidiary Undertaking	100
Country of Incorporation:	Germany			
Country of Registration				
Full Name:	4170 - Pharmaceutical Manufacturing Co Pty Limited		Subsidiary Undertaking	100
Country of Incorporation:	Australia			
Country of Registration	Australia			
Full Name:	6991 - Pharmastra AG		Subsidiary Undertaking	100
Country of Incorporation:	Switzerland			
Country of Registration				
Full Name:	3151 - Plant Protection Ltd	Ordinary	Subsidiary Undertaking	100
Country of Incorporation:	United Kingdom			
Country of Registration	England			
Full Name:	3392 - Plant Science Ltd	Deferred Ordinary	Subsidiary Undertaking	100
Country of Incorporation:	United Kingdom	Ordinary		
Country of Registration	England			
Full Name:	6109 - Promed Arzneimittel GmbH		Subsidiary Undertaking	100
Country of Incorporation:	Germany			
Country of Registration				
Full Name:	6104 - Rhein-Pharma GmbH	Ordinary Stock 'A'	Subsidiary Undertaking	100
Country of Incorporation:	Germany			
Country of Registration	Germany			
Full Name:	5403 - Salick Health Care Holdings Inc.	Common	Subsidiary Undertaking	100
Country of Incorporation:	United States of America			
Country of Registration	United States of America			
Full Name:	5560 - Salick Health Care, Inc.	Callable Puttable		
Country of Incorporation:	United States of America	Common Stock	Subsidiary Undertaking	100
Country of Registration	United States of America	Common		
Full Name:	5556 - Salicknet Inc.		Subsidiary Undertaking	100
Country of Incorporation:	United States of America			
Country of Registration	United States of America			
Full Name:	5545 - SHC Laboratories, Inc.			
Country of Incorporation:	United States of America	Common Stock	Subsidiary Undertaking	100

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Country of Registration	United States of America			
Full Name:	6129 - Solplant S.p.A.	Ordinary	Subsidiary Undertaking	100
Country of Incorporation:	Italy			
Country of Registration	Italy			
Full Name:	6128 - SOPRA S.A.	Ordinary Stock	Subsidiary Undertaking	100
Country of Incorporation:	France			
Country of Registration	France			
Full Name:	5554 - Specialty Hospitals Inc.		Subsidiary Undertaking	100
Country of Incorporation:	United States of America			
Country of Registration	United States of America			
Full Name:	3395 - Stahl GB Ltd	Ordinary	Subsidiary Undertaking	100
Country of Incorporation:	United Kingdom			
Country of Registration	England			
Full Name:	6171 - Stahl Polyvinyl International B.V.	Ordinary Stock 'A'	Subsidiary Undertaking	100
Country of Incorporation:	HOLLAND			
Country of Registration	HOLLAND			
Full Name:	6335 - Stauffer Chemical B.V.	Ordinary	Subsidiary Undertaking	100
Country of Incorporation:	HOLLAND			
Country of Registration	HOLLAND			
Full Name:	5332 - Stauffer Chemical Co. Canada Limited	Common	Subsidiary Undertaking	100
Country of Incorporation:	Canada			
Country of Registration	Canada			
Full Name:	8915 - Stauffer Chemical Company Trust		Subsidiary Undertaking	100
Country of Incorporation:	United States of America			
Country of Registration	United States of America			
Full Name:	5320 - Stauffer Management Company Inc.	Common	Subsidiary Undertaking	100
Country of Incorporation:	United States of America			
Country of Registration	United States of America			
Full Name:	6078 - STUART - PRODUTOS FARMACEUTICOS, LDA	Quotas	Subsidiary Undertaking	100
Country of Incorporation:	Portugal			
Country of Registration	Portugal			
Full Name:	5307 - Stuart Disease Management Services Inc	Common	Subsidiary Undertaking	100
Country of Incorporation:	United States of America			

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Country of Registration	United States of America			
Full Name:	6218 - Stuart Pharma AB	Ordinary	Subsidiary Undertaking	100
Country of Incorporation:	Sweden			
Country of Registration	Sweden			
Full Name:	7421 - Stuart Pharmaceuticals (South Africa) (Pty) Ltd	Ordinary	Subsidiary Undertaking	100
Country of Incorporation:	South Africa			
Country of Registration	South Africa			
Full Name:	3303 - Stuart Pharmaceuticals Ltd	Ordinary	Subsidiary Undertaking	100
Country of Incorporation:	United Kingdom			
Country of Registration	England			
Full Name:	6900 - Swedish Graft Technique Aktiebolag		Subsidiary Undertaking	100
Country of Incorporation:	Sweden			
Country of Registration	Sweden			
Full Name:	6925 - Symbicom Aktiebolag		Subsidiary Undertaking	100
Country of Incorporation:	Sweden			
Country of Registration	Sweden			
Full Name:	5308 - The Breast Center, Inc	Common	Subsidiary Undertaking	100
Country of Incorporation:	United States of America			
Country of Registration	United States of America			
Full Name:	6921 - Tika Lakemedel Aktiebolag		Subsidiary Undertaking	100
Country of Incorporation:	Sweden			
Country of Registration	Sweden			
Full Name:	5512 - Ushawi Inc.		Subsidiary Undertaking	100
Country of Incorporation:	United States of America			
Country of Registration	United States of America			
Full Name:	1007 - Wilmington Pharmaceuticals Limited		Subsidiary Undertaking	100
Country of Incorporation:	England			
Country of Registration	United Kingdom			
Full Name:	5502 - Z-Mont Insurance Company	Common	Subsidiary Undertaking	100
Country of Incorporation:	United States of America			
Country of Registration	United States of America			
Full Name:	6281 - ZAO Zeneca	Registered Common Shares	Subsidiary Undertaking	100

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Country of Incorporation:	Russian Federation			
Country of Registration	Russian Federation			
Full Name:	1019 - Zenco (No 10) Ltd	Ordinary	Subsidiary Undertaking	100
Country of Incorporation:	United Kingdom			
Country of Registration	United Kingdom			
Full Name:	1004 - Zenco (No 5) Ltd	Ordinary	Subsidiary Undertaking	100
Country of Incorporation:	United Kingdom			
Country of Registration	United Kingdom			
Full Name:	1017 - Zenco (No 8) Ltd	Ordinary	Subsidiary Undertaking	100
Country of Incorporation:	United Kingdom			
Country of Registration	United Kingdom			
Full Name:	1018 - Zenco (No 9) Ltd	Ordinary	Subsidiary Undertaking	100
Country of Incorporation:	United Kingdom			
Country of Registration	United Kingdom			
Full Name:	5508 - ZENECA BIOSCIENCES HOLDING			
Country of Incorporation:	COMPANY	Common NPV	Subsidiary Undertaking	100
Country of Incorporation:	United States of America			
Country of Registration	United States of America			
Full Name:	7360 - Zeneca (China) Investment Company Limited	Ordinary	Subsidiary Undertaking	100
Country of Incorporation:	China - People's Republic of China			
Country of Registration	China - People's Republic of China			
Full Name:	6280 - Zeneca (CZ) s.r.o.	Ordinary	Subsidiary Undertaking	100
Country of Incorporation:	Czech-Republic			
Country of Registration	Czech-Republic			
Full Name:	7166 - Zeneca (Malaysia) SDN BHD	Ordinary	Subsidiary Undertaking	100
Country of Incorporation:	Malaysia			
Country of Registration	Malaysia			
Full Name:	6315 - Zeneca A.G.	Ordinary	Subsidiary Undertaking	100
Country of Incorporation:	Switzerland			
Country of Registration	Switzerland			
Full Name:	6142 - Zeneca A/S	Ordinary	Subsidiary Undertaking	100
Country of Incorporation:	Norway			
Country of Registration	Norway			

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Full Name:	6143 - Zeneca AB	Ordinary	Subsidiary Undertaking	100
Country of Incorporation:	Sweden			
Country of Registration	Sweden			
Full Name:	5311 - Zeneca Ag Products Holdings Inc.	Common	Subsidiary Undertaking	100
Country of Incorporation:	United States of America			
Country of Registration	United States of America			
Full Name:	5312 - Zeneca Ag Products Inc.	Common	Subsidiary Undertaking	100
Country of Incorporation:	United States of America			
Country of Registration	United States of America			
Full Name:	7325 - Zeneca Agro Asiatic Limited	Series A	Subsidiary Undertaking	51
Country of Incorporation:	Thailand	Series B		
Country of Registration	Thailand			
Full Name:	6087 - Zeneca Agro Austria GmbH	Nominal Shares	Subsidiary Undertaking	100
Country of Incorporation:	Germany			
Country of Registration	Germany			
Full Name:	6006 - ZENECA Agro B. V.	Ordinary	Subsidiary Undertaking	100
Country of Incorporation:	HOLLAND			
Country of Registration	HOLLAND			
Full Name:	6090 - Zeneca Agro GmbH	Nominal Shares	Subsidiary Undertaking	100
Country of Incorporation:	Germany			
Country of Registration	Germany			
Full Name:	6026 - Zeneca Agro Holding GmbH	Ordinary	Subsidiary Undertaking	100
Country of Incorporation:	Germany			
Country of Registration	Germany			
Full Name:	6154 - Zeneca Agro N.V.	Ordinary	Subsidiary Undertaking	100
Country of Incorporation:	Belgium			
Country of Registration	Belgium			
Full Name:	6518 - Zeneca Agro, S.A.	Ordinary	Subsidiary Undertaking	100
Country of Incorporation:	Spain			
Country of Registration	Spain			
Full Name:	6506 - Zeneca Agro-Produtos para a Agricultura, Limitada	Ordinary	Subsidiary Undertaking	100
Country of Incorporation:	Portugal			
Country of Registration	Portugal			

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Full Name: Country of Incorporation: Country of Registration	7418 - ZENECA AGROCHEMICALS (PTY) LIMITED South Africa South Africa	Ordinary	Subsidiary Undertaking	100
Full Name: Country of Incorporation: Country of Registration	6007 - Zeneca Agrochemicals Alpha B.V. HOLLAND HOLLAND	Ordinary	Subsidiary Undertaking	100
Full Name: Country of Incorporation: Country of Registration	6008 - Zeneca Agrochemicals Beta B.V. HOLLAND HOLLAND	Ordinary	Subsidiary Undertaking	100
Full Name: Country of Incorporation: Country of Registration	6009 - Zeneca Agrochemicals International Holdings B.V. HOLLAND HOLLAND	Ordinary	Subsidiary Undertaking	100
Full Name: Country of Incorporation: Country of Registration	7260 - Zeneca Agrochemicals Limited India India	Ordinary	Subsidiary Undertaking	100
Full Name: Country of Incorporation: Country of Registration	7408 - Zeneca Agrochemicals SA (PTY) Limited South Africa South Africa	Ordinary	Subsidiary Undertaking	100
Full Name: Country of Incorporation: Country of Registration	6111 - Zeneca AS Denmark Denmark	Ordinary	Subsidiary Undertaking	100
Full Name: Country of Incorporation: Country of Registration	7301 - Zeneca Asia Pacific Limited Hong Kong Hong Kong	Non-Voting Deferred Share Ordinary	Subsidiary Undertaking	100
Full Name: Country of Incorporation: Country of Registration	4184 - Zeneca Australia Superannuation Pty Limited Australia Australia		Subsidiary Undertaking	100
Full Name: Country of Incorporation: Country of Registration	6309 - ZENECA Austria GmbH Austria Austria	Ordinary	Subsidiary Undertaking	100

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Full Name:	6020 - Zeneca B.V.	Ordinary	Subsidiary Undertaking	100
Country of Incorporation:	HOLLAND			
Country of Registration	HOLLAND			
Full Name:	8914 - Zeneca Bioscience Ltd	Ordinary	Subsidiary Undertaking	100
Country of Incorporation:	United Kingdom			
Country of Registration	United Kingdom			
Full Name:	5503 - ZENECA BIOSCIENCES AMERICAS CORPORATION	Common NPV	Subsidiary Undertaking	100
Country of Incorporation:	United States of America			
Country of Registration	United States of America			
Full Name:	7185 - Zeneca Biosciences de Mexico SA de CV	Series B	Subsidiary Undertaking	100
Country of Incorporation:	Mexico			
Country of Registration	Mexico			
Full Name:	5504 - ZENECA BIOSCIENCES INTERNATIONAL CORPORATION	Common NPV	Subsidiary Undertaking	100
Country of Incorporation:	United States of America			
Country of Registration	United States of America			
Full Name:	7263 - Zeneca Biosciences Private Limited	Equity Shares	Subsidiary Undertaking	100
Country of Incorporation:	India			
Country of Registration	India			
Full Name:	5507 - ZENECA BIOSCIENCES PRODUCTS INC.	Common NPV	Subsidiary Undertaking	100
Country of Incorporation:	United States of America			
Country of Registration	United States of America			
Full Name:	7164 - ZENECA BRASIL LTDA	Quotas	Subsidiary Undertaking	100
Country of Incorporation:	Brazil			
Country of Registration	Brazil			
Full Name:	7165 - Zeneca Chile S.A.	Ordinary	Subsidiary Undertaking	100
Country of Incorporation:	Chile			
Country of Registration	Chile			
Full Name:	5024 - ZENECA CORP.	Common NPV	Subsidiary Undertaking	100
Country of Incorporation:	Canada			
Country of Registration	Canada			
Full Name:	7148 - Zeneca Costa Rica S.A.	Common	Subsidiary Undertaking	100
Country of Incorporation:	Costa Rica			

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Country of Registration	Costa Rica			
Full Name:	5283 - Zeneca Delaware Holdings Inc.	Common	Subsidiary Undertaking	100
Country of Incorporation:	United States of America			
Country of Registration	United States of America			
Full Name:	7139 - Zeneca Dominicana, S.A.	Common	Subsidiary Undertaking	99.96
Country of Incorporation:	Dominican Republic			
Country of Registration	Dominican Republic			
Full Name:	1012 - Zeneca Employee Share Trust Ltd	Ordinary	Subsidiary Undertaking	100
Country of Incorporation:	United Kingdom			
Country of Registration	England			
Full Name:	6071 - Zeneca Especialidades S.A.	Ordinary	Subsidiary Undertaking	100
Country of Incorporation:	Spain			
Country of Registration	Spain			
Full Name:	6219 - Zeneca Farma S.A.	Ordinary	Subsidiary Undertaking	100
Country of Incorporation:	Spain			
Country of Registration	Spain			
Full Name:	7161 - Zeneca Farmaceutica y Agroquimica Chile Ltda	Unclassified	Subsidiary Undertaking	100
Country of Incorporation:	Chile			
Country of Registration	Chile			
Full Name:	8910 - Zeneca Finance (Netherlands) Company	Ordinary	Subsidiary Undertaking	100
Country of Incorporation:	United Kingdom			
Country of Registration	England			
Full Name:	8911 - Zeneca Finance Ltd	Ordinary	Subsidiary Undertaking	100
Country of Incorporation:	United Kingdom			
Country of Registration	England			
Full Name:	5338 - Zeneca Foreign Sales Corporation	Common	Subsidiary Undertaking	100
Country of Incorporation:	Barbados			
Country of Registration	Barbados			
Full Name:	6103 - Zeneca GmbH	Ordinary	Subsidiary Undertaking	100
Country of Incorporation:	Germany			
Country of Registration	Germany			
Full Name:	6504 - Zeneca Hellas A.E.	Ordinary	Subsidiary Undertaking	100
Country of Incorporation:	Greece			

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Country of Registration	Greece			
Full Name:	6013 - Zeneca Holding GmbH	Ordinary	Subsidiary Undertaking	100
Country of Incorporation:	Germany			
Country of Registration	Germany			
Full Name:	6159 - Zeneca Holding Spain S.A.	Ordinary	Subsidiary Undertaking	100
Country of Incorporation:	Spain			
Country of Registration	Spain			
Full Name:	4190 - ZENECA HOLDINGS AUSTRALIA PTY LTD	Ordinary	Subsidiary Undertaking	100
Country of Incorporation:	Australia			
Country of Registration	Australia			
Full Name:	5406 - Zeneca Holdings Financial Corp.	Common	Subsidiary Undertaking	100
Country of Incorporation:	United States of America			
Country of Registration	United States of America			
Full Name:	5500 - Zeneca Holdings Inc.	Common	Subsidiary Undertaking	100
Country of Incorporation:	United States of America			
Country of Registration	United States of America			
Full Name:	8913 - Zeneca Holdings Ltd	Ordinary	Subsidiary Undertaking	100
Country of Incorporation:	United Kingdom			
Country of Registration	United Kingdom			
Full Name:	6341 - Zeneca Hungary KFT	Ordinary	Subsidiary Undertaking	100
Country of Incorporation:	Hungary			
Country of Registration	Hungary			
Full Name:	7357 - Zeneca llac Sanayi Ve Ticaret A.S.	Registered Common Shares	Subsidiary Undertaking	100
Country of Incorporation:	Turkey			
Country of Registration	Turkey			
Full Name:	5501 - Zeneca Inc.	Common	Subsidiary Undertaking	100
Country of Incorporation:	United States of America			
Country of Registration	United States of America			
Full Name:	5304 - Zeneca International Inc.	Common	Subsidiary Undertaking	100
Country of Incorporation:	United States of America			
Country of Registration	United States of America			
Full Name:	7500 - Zeneca International Ltd	Ordinary	Subsidiary Undertaking	100
Country of Incorporation:	United Kingdom			

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Country of Registration	England			
Full Name:	8097 - Zeneca Investments Ltd	Ordinary	Subsidiary Undertaking	100
Country of Incorporation:	United Kingdom			
Country of Registration	England			
Full Name:	6122 - Zeneca Ireland Limited	Ordinary	Subsidiary Undertaking	100
Country of Incorporation:	Republic of Ireland			
Country of Registration	Republic of Ireland			
Full Name:	6030 - Zeneca Italia S.r.l.	Ordinary	Subsidiary Undertaking	100
Country of Incorporation:	Italy			
Country of Registration	Italy			
Full Name:	6208 - Zeneca Jota B.V.	Ordinary	Subsidiary Undertaking	100
Country of Incorporation:	HOLLAND			
Country of Registration	HOLLAND			
Full Name:	7342 - Zeneca K.K.	Common	Subsidiary Undertaking	100
Country of Incorporation:	Japan			
Country of Registration	Japan			
Full Name:	7337 - Zeneca K.K.	Common Stock	Subsidiary Undertaking	100
Country of Incorporation:	Japan			
Country of Registration	Japan			
Full Name:	6212 - Zeneca Kappa B.V.	Ordinary	Subsidiary Undertaking	100
Country of Incorporation:	HOLLAND			
Country of Registration	HOLLAND			
Full Name:	7320 - Zeneca Korea Limited	Common	Subsidiary Undertaking	100
Country of Incorporation:	South Korea	Redeemable Preference		
Country of Registration	South Korea			
Full Name:	1003 - Zeneca Limited	Ordinary	Parent	100
Country of Incorporation:	United Kingdom			
Country of Registration	England			
Full Name:	6287 - Zeneca LLC	Ordinary	Subsidiary Undertaking	100
Country of Incorporation:	Russian Federation			
Country of Registration	Russian Federation			
Full Name:	5539 - Zeneca Metalex Inc.	Common	Subsidiary Undertaking	100
Country of Incorporation:	United States of America			
Country of Registration	United States of America			

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Full Name:	7101 - Zeneca Mexicana, S.A. de C.V.	Ordinary Class I	Subsidiary Undertaking	100
Country of Incorporation:	Mexico	Series A		
Country of Registration	Mexico	Series B		
Full Name:	7180 - Zeneca Mexico, S.A. de C.V.	Ordinary Class I	Subsidiary Undertaking	100
Country of Incorporation:	Mexico	Ordinary Class II		
Country of Registration	Mexico			
Full Name:	6214 - Zeneca Mogen B.V.	Ordinary	Subsidiary Undertaking	100
Country of Incorporation:	HOLLAND			
Country of Registration	HOLLAND			
Full Name:	6127 - Zeneca N.V.	Ordinary	Subsidiary Undertaking	100
Country of Incorporation:	Belgium			
Country of Registration	Belgium			
Full Name:	7365 - ZENECA NANTONG AGROCHEMICALS COMPANY LIMITED	Ordinary	Subsidiary Undertaking	88
Country of Incorporation:	China - People's Republic of China			
Country of Registration	China - People's Republic of China			
Full Name:	5596 - Zeneca Nicaragua, S.A.	Ordinary	Subsidiary Undertaking	100
Country of Incorporation:	Nicaragua			
Country of Registration	Nicaragua			
Full Name:	8098 - Zeneca Nominees Ltd	Ordinary	Subsidiary Undertaking	100
Country of Incorporation:	United Kingdom			
Country of Registration	England			
Full Name:	6213 - Zeneca Omega B.V.	Ordinary	Subsidiary Undertaking	100
Country of Incorporation:	HOLLAND			
Country of Registration	HOLLAND			
Full Name:	6503 - Zeneca OY	Ordinary	Subsidiary Undertaking	100
Country of Incorporation:	Finland			
Country of Registration	Finland			
Full Name:	7130 - Zeneca Panamericana, S.A.	Nominative	Subsidiary Undertaking	100
Country of Incorporation:	Guatemala			
Country of Registration	Guatemala			
Full Name:	7363 - Zeneca Pharma (Singapore) Pte Ltd	Ordinary	Subsidiary Undertaking	100
Country of Incorporation:	Singapore			
Country of Registration	Singapore			

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Full Name:	7348 - Zeneca Pharma Asiatic Limited	Ordinary A Preference	Subsidiary Undertaking	100
Country of Incorporation:	Thailand			
Country of Registration	Thailand			
Full Name:	5513 - Zeneca Pharma Inc.	Common NPV	Subsidiary Undertaking	100
Country of Incorporation:	Canada			
Country of Registration	Canada			
Full Name:	5603 - Zeneca Pharma Inc.	Common	Subsidiary Undertaking	100
Country of Incorporation:	United States of America			
Country of Registration	United States of America			
Full Name:	6119 - Zeneca Pharma S.A.	Ordinary	Subsidiary Undertaking	100
Country of Incorporation:	France			
Country of Registration	France			
Full Name:	8007 - Zeneca Pharmaceuticals (Number 2) Limited	Ordinary	Subsidiary Undertaking	100
Country of Incorporation:	United Kingdom			
Country of Registration	England			
Full Name:	4185 - ZENECA PHARMACEUTICALS AUSTRALIA PTY LTD	Ordinary	Subsidiary Undertaking	100
Country of Incorporation:	Australia			
Country of Registration	Australia			
Full Name:	4187 - ZENECA PHARMACEUTICALS NEW ZEALAND LTD	Ordinary	Subsidiary Undertaking	100
Country of Incorporation:	New Zealand			
Country of Registration	New Zealand			
Full Name:	6340 - Zeneca Polska S.p.z.o.o.	Ordinary	Subsidiary Undertaking	100
Country of Incorporation:	Poland			
Country of Registration	Poland			
Full Name:	6306 - Zeneca Produtos Biocincia, Limitada	Quotas	Subsidiary Undertaking	99.88
Country of Incorporation:	Portugal			
Country of Registration	Portugal			
Full Name:	1006 - Zeneca Quest Limited	Ordinary	Subsidiary Undertaking	100
Country of Incorporation:	United Kingdom			
Country of Registration	United Kingdom			
Full Name:	5418 - Zeneca Resins Holdings Inc.	Common	Subsidiary Undertaking	100

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Country of Incorporation:	United States of America			
Country of Registration	United States of America			
Full Name:	6209 - Zeneca Rho B.V.	Ordinary	Subsidiary Undertaking	100
Country of Incorporation:	HOLLAND			
Country of Registration	HOLLAND			
Full Name:	7179 - Zeneca S.A.	Ordinary	Subsidiary Undertaking	100
Country of Incorporation:	Chile			
Country of Registration	Chile			
Full Name:	7168 - Zeneca S.A.I.C.	Ordinary	Subsidiary Undertaking	100
Country of Incorporation:	Argentina			
Country of Registration	Argentina			
Full Name:	6125 - Zeneca S.p.A.	Ordinary	Subsidiary Undertaking	100
Country of Incorporation:	Italy			
Country of Registration	Italy			
Full Name:	1013 - Zeneca Share Trust Ltd	Ordinary	Subsidiary Undertaking	100
Country of Incorporation:	United Kingdom			
Country of Registration	England			
Full Name:	6210 - Zeneca Sigma B.V.	Ordinary	Subsidiary Undertaking	100
Country of Incorporation:	HOLLAND			
Country of Registration	HOLLAND			
Full Name:	7378 - Zeneca Sino-pharm Development Consulting Company Limited	Ordinary	Subsidiary Undertaking	75
Country of Incorporation:	China - People's Republic of China			
Country of Registration	China - People's Republic of China			
Full Name:	6344 - Zeneca Slovakia s.r.o.	'A' Shares	Subsidiary Undertaking	100
Country of Incorporation:	Slovakia			
Country of Registration	Slovakia			
Full Name:	7400 - Zeneca South Africa (PTY) Ltd	Ordinary	Subsidiary Undertaking	100
Country of Incorporation:	South Africa			
Country of Registration	South Africa			
Full Name:	1005 - Zeneca Toner Resins Ltd	Ordinary	Subsidiary Undertaking	100
Country of Incorporation:	United Kingdom			
Country of Registration	United Kingdom			
Full Name:	7334 - Zeneca Türkiye Ltd	Ordinary	Subsidiary Undertaking	100

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Country of Incorporation:	United Kingdom			
Country of Registration	England			
Full Name:	7126 - Zeneca Uruguay S.A.	Bearer Shares UY\$1000	Subsidiary Undertaking	100
Country of Incorporation:	Uruguay			
Country of Registration	Uruguay			
Full Name:	7167 - Zeneca Venezuela S.A.	Registered Common	Subsidiary Undertaking	100
Country of Incorporation:	Venezuela			
Country of Registration	Venezuela			
Full Name:	8907 - Zeneca Wilmington Inc.	Common	Subsidiary Undertaking	100
Country of Incorporation:	United States of America			
Country of Registration	United States of America			
Full Name:	7339 - Zeneca Yakuhin K.K.	Common	Subsidiary Undertaking	60
Country of Incorporation:	Japan			
Country of Registration	Japan			
Full Name:	6342 - Zeneca Yugoslavia d.o.o.	Ordinary	Subsidiary Undertaking	100
Country of Incorporation:	Yugoslavia			
Country of Registration	Yugoslavia			
Full Name:	6206 - Zeneca Zeta B.V.	Ordinary	Subsidiary Undertaking	100
Country of Incorporation:	HOLLAND			
Country of Registration	HOLLAND			
Full Name:	7420 - Zeneca Zimbabwe (Private) Limited	Ordinary	Subsidiary Undertaking	100
Country of Incorporation:	Zimbabwe			
Country of Registration	Zimbabwe			

Corporate Shareholders Reports

Accounting Status: Associated Undertaking Non-Equity Accounted,Associated Undertaking Equity Accounted			
Operating Status: Active,Dormant,In Liquidation			
	Class of Capital	Held By	Held %
Full Name: 150 - ADVANTA B.V. Country of Incorporation: HOLLAND Country of Registration HOLLAND	Ordinary	Subsidiary Undertaking	50
Full Name: 718 - COLOMBIANA DE COLINA LTDA Country of Incorporation: Colombia Country of Registration Colombia	Quotas	Subsidiary Undertaking	49
Full Name: 658 - Corpus Christi Global Chemicals Company Country of Incorporation: United States of America Country of Registration United States of America		Subsidiary Undertaking	37.5
Full Name: 8031 - I.C. Insurance Services Limited Country of Incorporation: United Kingdom Country of Registration England	Ordinary	Subsidiary Undertaking	50
Full Name: 672 - IMAGE POLYMERS EUROPE Country of Incorporation: HOLLAND Country of Registration HOLLAND		Subsidiary Undertaking	50
Full Name: 780 - K.K. ORYNOVA Country of Incorporation: Japan Country of Registration Japan	Unclassified	Subsidiary Undertaking	50
Full Name: 656 - Montrose Chemical Corporation of California Country of Incorporation: United States of America Country of Registration United States of America	Common NPV	Subsidiary Undertaking	50
Full Name: 625 - Orynova B.V. Country of Incorporation: HOLLAND Country of Registration HOLLAND	Ordinary A Ordinary B	Subsidiary Undertaking	50
Full Name: 143 - TEIJIN AGROCHEMICALS LTD Country of Incorporation: Japan Country of Registration Japan	Ordinary	Subsidiary Undertaking	49.9

Corporate Shareholders Reports

Accounting Status: Other Fixed Asset Investment, Other Participating Interest				
Operating Status: Active, Dormant, In Liquidation				
	Class of Capital	Held By		Held %
Full Name: 503 - Alta CT Services				40
Country of Incorporation: United States of America				
Country of Registration: United States of America				
Full Name: 501 - Alta Imaging				25
Country of Incorporation: United States of America				
Country of Registration: United States of America				
Full Name: 550 - EXSEED GENETICS LLC	Common	Subsidiary Undertaking		20
Country of Incorporation: United States of America				
Country of Registration: United States of America				
Full Name: 6220 - PLANTZYME VOF		Subsidiary Undertaking		50
Country of Incorporation: HOLLAND				
Country of Registration: HOLLAND				
Full Name: 720 - UAP CROP CARE (PTY) LIMITED		Subsidiary Undertaking		20
Country of Incorporation: South Africa				
Country of Registration: South Africa				