

ASTRAZENECA PLC  
Form 6-K  
March 14, 2006

**FORM 6-K**

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

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

For February 2006

Commission File Number: 001-11960

**AstraZeneca PLC**

15 Stanhope Gate, London W1K 1LN, England

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

Form 20-F  Form 40-F

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

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

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

Yes  No

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

**AstraZeneca PLC**

INDEX TO EXHIBITS

1. Annual Review 2005 dated 2 February 2006.
  2. Corporate Responsibility Summary Report 2005 dated February 2006.
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SIGNATURES

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

AstraZeneca PLC

Date: March 13, 2006

By: /s/ A C N Kemp

\_\_\_\_\_  
Name: A C N Kemp

Title: Assistant Secretary

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**Item 1**

Annual Review 2005

**MAKING**

**MEDICINES**

**THE  
PRIORITY**



**ASTRAZENECA IS ONE OF THE WORLD'S LEADING PHARMACEUTICAL COMPANIES, WITH A BROAD RANGE OF MEDICINES DESIGNED TO FIGHT DISEASE IN IMPORTANT AREAS OF HEALTHCARE. BACKED BY STRONG SCIENCE AND WIDE-RANGING COMMERCIAL SKILLS, WE ARE COMMITTED TO SUSTAINABLE DEVELOPMENT OF OUR BUSINESS AND THE DELIVERY OF A FLOW OF NEW MEDICINES THAT BRING BENEFIT FOR PATIENTS AND ADD VALUE FOR WIDER SOCIETY.**

## **ASTRAZENECA IN BRIEF**

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**> WE DISCOVER, DEVELOP, MANUFACTURE AND MARKET PRESCRIPTION PHARMACEUTICALS FOR IMPORTANT AREAS OF MEDICAL NEED: CANCER, CARDIOVASCULAR, GASTROINTESTINAL, INFECTION, NEUROSCIENCE, AND RESPIRATORY AND INFLAMMATION**

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<hr/>	<b><u>Our strategy</u></b>	<b><u>9</u></b>
<b>&gt; WE HAVE A BROAD PRODUCT RANGE, INCLUDING</b>	<b><u>Delivering our strategy</u></b>	<b><u>10</u></b>
<b>MANY WORLD LEADERS AND A RANGE OF HIGH POTENTIAL GROWTH PRODUCTS: <i>ARIMIDEX, CRESTOR, NEXIUM, SEROQUEL AND SYMBICORT</i></b>	<b><u>Measuring our performance</u></b>	<b><u>11</u></b>
<hr/>	<b><u>Research and development</u></b>	<b><u>14</u></b>
<b>&gt; WE ARE ACTIVE IN OVER 100 COUNTRIES; CORPORATE OFFICE IN LONDON, UK; R&amp;D HQ IN SÖDERTÄLJE, SWEDEN; A MAJOR PRESENCE IN THE US AND A GROWING PRESENCE IN IMPORTANT EMERGING MARKETS</b>	<b><u>Development pipeline</u></b>	<b><u>15</u></b>
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<b>&gt; WE EMPLOY OVER 65,000 PEOPLE WORLDWIDE</b>	<b><u>Sales and marketing</u></b>	<b><u>17</u></b>
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<b>&gt; 11,900 PEOPLE WORK AT OUR 11 R&amp;D CENTRES IN 7 COUNTRIES (SWEDEN, THE UK, THE US, FRANCE, CANADA, JAPAN AND INDIA)</b>	<b><u>Commercialisation and portfolio management</u></b>	<b><u>19</u></b>
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1

## OUR YEAR

### IN BRIEF

- 
- > **GROUP SALES UP 10% AT CONSTANT EXCHANGE RATES TO \$24 BILLION**

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  - > **OPERATING PROFIT UP 39% TO \$6.5 BILLION, REFLECTING STRONG SALES GROWTH AND ONGOING PRODUCTIVITY GAINS. OPERATING MARGIN FOR THE YEAR INCREASED TO 27.2%**

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  - > **EPS BEFORE EXCEPTIONAL ITEMS UP 41%**

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  - > **DIVIDEND INCREASED BY 38% TO \$1.30 FOR THE FULL YEAR**

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  - > **OUR PRODUCT PORTFOLIO NOW INCLUDES 10 MEDICINES EACH WITH ANNUAL SALES OF MORE THAN \$1 BILLION**

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  - > **STRONG PERFORMANCE OF KEY GROWTH PRODUCTS *ARIMIDEX, CRESTOR, NEXIUM, SEROQUEL* AND *SYMBICORT*, WITH COMBINED SALES OF \$10.8 BILLION, UP 27%**

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  - > **GOOD SALES GROWTH IN ALL REGIONS, WITH THE US UP 12%, EUROPE 8%, JAPAN 8% AND REST OF WORLD 15%**

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  - > **NEW PRODUCT PIPELINE STRENGTHENED: FOUR NEW CHEMICAL ENTITIES ENTERED PHASE 3 DEVELOPMENT**

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  - > **PIPELINE FURTHER ENHANCED BY THREE IN-LICENCES (ONE PHASE 3 AND TWO PHASE 2 COMPOUNDS) AND ACQUISITION OF KUDOS PHARMACEUTICALS ANNOUNCED IN DECEMBER**

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  - > **SIR TOM MCKILLOP RETIRED AS CHIEF EXECUTIVE AT THE END OF THE YEAR AND WAS SUCCEEDED BY DAVID BRENNAN**
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AstraZeneca Annual Review 2005

## CHAIRMAN'S STATEMENT

AstraZeneca delivered an outstanding financial performance in 2005 with good growth in sales of recently introduced products and good market performance in all continents. Productivity improvements made an important contribution. We have made progress in meeting the challenge of rebuilding our late stage development pipeline. High levels of investment in research were maintained throughout 2005 with new facilities and projects in Sweden, the UK, the US, China and India.

AstraZeneca's share price performance was strong during 2005 with a 50% increase in absolute terms compared to a rise in the FTSE 100 index of 16.7%. On page 28, there are two graphs: one plots our five year Total Shareholder Return (TSR) against the FTSE 100 index. The other shows the Company's TSR compared to the TSR of a selected peer group of 12 other pharmaceutical companies.

The Board re-affirmed its policy to increase dividends in line with earnings while maintaining dividend cover in the 2-3 times range. Following a strong earnings performance in 2005, the Board has recommended a second interim dividend of \$0.92, £0.518, SEK7.02 per Ordinary Share bringing the total dividend for the year to \$1.30, £0.737, SEK10.01 per Ordinary Share, an increase in dollar terms of 38%.

Share buy-back programmes approved by shareholders at our AGM, under which we return cash to shareholders in excess of our anticipated requirements for future investment, amounted to \$3,001 million in 2005.

The Board conducted a regular strategy review during the year which confirmed the long term attractiveness of the pharmaceutical industry, with demand for improved healthcare continuing to be driven by an ageing population, undiagnosed and unmet medical needs, technological advances and increased affluence in many emerging markets.

The Board also concluded that the environment in which we operate remains difficult with challenges to the prices of medicines, increasingly high regulatory hurdles for products and greater demands on the accountability of the industry, all combining to impact the introduction and use of medicines. We remain focused on meeting the challenges and maximising the opportunities to deliver sustainable profit growth.

Changes to the composition of the Board were made in 2005. I became Chairman in January and John Patterson joined the Board at the same time as Executive Director responsible for Development.

In March, David Brennan was appointed an Executive Director and in July the Board appointed him as Chief Executive Officer with effect from 1 January 2006 on the retirement of Sir Tom McKillop.

David Brennan has more than 30 years' experience in the pharmaceutical industry with a strong record of management achievement in the leadership of our North American business. The Board is confident that he will lead the Company and our strong Senior Executive Team with distinction.

On behalf of the Board, I wish to thank Sir Tom McKillop for his outstanding achievement and dedication as AstraZeneca's first Chief Executive and throughout his whole career at the Company. Through his inspirational leadership, commitment and drive, AstraZeneca has become one of the world's leading pharmaceutical companies making an important contribution to better healthcare for patients worldwide.

Our Deputy Chairman, Håkan Mogren was appointed a Knight Commander of the British Empire during the year for services to the pharmaceutical industry and to UK-Sweden trade relations. I congratulate him most warmly for this honour.

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In addition to our comprehensive review of the Company's strategy, the Board at its regular meetings conducted financial and functional reviews of the business, with particular attention being paid this year to corporate governance and compliance, safety, health, environment and risk assessment, as well as a review of all group policies and an examination of the performance of the Board itself.

Following an undertaking given to shareholders in 2000 to review the Company's Executive Remuneration policies after five years, proposals to establish the AstraZeneca Performance Share Plan were tabled and approved at the 2005 Annual General Meeting. The Plan introduces longer term incentive opportunities for Senior Executives of the Company accompanied by demanding measures of performance and is designed to support the Company's objective of delivering superior value to shareholders.

In 2006, we will continue to focus on the top line sales growth of our key products; on delivering the pipeline; on reinforcing it with innovative products both from our own science and from outside the Company when appropriate; and on maintaining the momentum of our productivity improvements. I am confident that we will continue to deliver benefits for patients, rewards for shareholders and value for wider society

**LOUIS SCHWEITZER**

Chairman

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## CHIEF EXECUTIVE'S REVIEW

In 2005 the Company delivered excellent results, substantially ahead of market expectations at the beginning of the year as strong sales growth was enhanced by productivity gains to yield very strong earnings growth. This was especially gratifying given the challenges and uncertainty we faced following some disappointments in 2004. AstraZeneca was put to the test in 2005 and these results show how well we responded. Such an experience will prove of great value in preparing the Company to face new challenges in the future.

AstraZeneca's strength derives from its outstanding portfolio of products, its global reach and, above all, the creativity and commitment of its employees.

Our marketed product range continues to develop in both strength and depth. AstraZeneca now has ten products each with global sales of over \$1 billion. Several of these, products such as *Nexium*, *Seroquel*, *Crestor*, *Arimidex* and *Symbicort*, are still enjoying very strong sales evolution and will continue to be the engines for growth in the medium term.

*Nexium* achieved sales of \$4.6 billion in 2005 benefiting from good clinical differentiation and strong branding. In this large and highly competitive market, it was no surprise when we were notified that a manufacturer of generic drugs, Ranbaxy Laboratories Limited, had submitted an Abbreviated New Drug Application (ANDA) for esomeprazole magnesium (the active ingredient in *Nexium*) in the US. We have full confidence in our intellectual property, which we will continue to defend vigorously and we have filed a lawsuit in the US District Court of New Jersey against Ranbaxy Laboratories for wilful patent infringement.

*Seroquel*, with \$2.8 billion sales in 2005, further strengthened its position as the most prescribed atypical anti-psychotic therapy in the US and continued to grow strongly in other markets. A second phase 3 clinical trial has confirmed earlier results and enabled a supplemental submission to the US Food and Drug Administration (FDA) in December seeking approval for the treatment of bipolar depression. Approval for use in this significant area of unmet medical need would provide a new opportunity for further sales growth. Late in the year *Seroquel* was also the subject of a patent challenge in the US, from Teva Pharmaceuticals USA. Once again we will vigorously defend and enforce our intellectual property rights and have filed suit in the US for wilful infringement of the substance patent protecting *Seroquel*.

Sales in Oncology grew by 12% to \$3.8 billion led by sales of *Arimidex* (\$1.2 billion), which became the new gold standard for adjuvant treatment of breast cancer in post-menopausal women. A recent analysis reported at the San Antonio Breast Cancer Symposium in December found *Arimidex* to be the first aromatase inhibitor to provide a disease-free survival benefit compared with tamoxifen, in the treatment of hormone-sensitive early breast cancer.

*Crestor*, a highly effective treatment for lowering lipids, achieved sales of \$1.3 billion in 2005, an increase of 38%, despite the residual effects of the earlier unfounded allegations in the US about the product's safety. Patient wellbeing is always our highest priority and we have continued to work with the clinical community and regulators throughout the world to monitor any potential risks associated with the product's use. In March 2005, after a thorough review, the FDA confirmed that the cholesterol-lowering benefits of *Crestor* are achieved with a safety profile in line with that of the other marketed members of the statin class. Market share growth has now resumed and in 2006 we look forward to the publication of some important new studies that we hope will help further establish *Crestor*'s rightful position in cardiovascular medicine.

*Symbicort*, an inhaled therapy for asthma and chronic obstructive pulmonary disease, continues to win market share reaching sales of \$1.0 billion in 2005 based on its efficacy and flexibility in use. The product passed a significant milestone in September when we submitted a New Drug Application (NDA) in the US, the world's largest market. Approval would provide an excellent opportunity for further sales growth.

Continued success with these five products should provide the platform for future growth, so it is good to be able to report such excellent progress. The longer term future of a research-based company like AstraZeneca, however, has to be built on the quality

of its pipeline of development products.

The results of the SAINT I trial with NXY-059, a drug being studied for its ability to limit the disability associated with ischaemic stroke, were complex but encouraging. Stroke is a significant area of unmet medical need and these results were very heartening, as many drugs have failed to show clinical benefit in previous trials. Following discussions with regulators we have approximately doubled the size and made some other changes to the second pivotal study (SAINT II) to ensure the best chance of confirming the efficacy of NXY-059, but this will delay completion until 2007.

*Galida*, our new diabetes therapy, is approaching the end of a large phase 3 clinical programme. As the results from these studies become available during 2006, we will be better able to judge its potential.

In the second half of 2005, two new, targeted cancer therapies (*Zactima* and AZD2171) moved into late stage development after achieving good results in early clinical studies. In addition, encouraging results from a substantial phase 2 development programme with AZD6140, an anti-platelet agent for cardiovascular disease, led to this compound also moving into late stage development. We believe that AZD6140 has the potential to offer significant benefits over current therapy in this area.

As well as making good progress with the late stage development projects, we have also enjoyed one of our best years in terms of numbers of new projects entering development. This progress with our own projects is being complemented by a very active programme of in-licensing and research collaborations initiated earlier in 2005. This included important agreements entered into at the end of 2005 with Targacept Inc., AtheroGenics, Inc., and Protherics PLC and for the acquisition of KuDOS Pharmaceuticals Limited. These transactions represent the fruits of a long period of relationship-building with partners.

New products are our life-blood but growth can also be achieved through expanding our market presence geographically. The pharmaceutical market place is evolving in response to the changing shape of the world economy. The developing economies of the world are driving growth in healthcare provision as GDP rises, creating exciting new opportunities for the pharmaceutical industry. AstraZeneca is committed to meeting the needs of the

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AstraZeneca Annual Review 2005

## CHIEF EXECUTIVE'S REVIEW CONTINUED

populations in these emerging markets, and we made significant progress during 2005. For instance, we have become the number one, multi-national, prescription drug company in China and we have grown our business there by over 200% over the past five years. Strong growth is also being achieved in other Asian countries, in Latin America and in Eastern Europe.

In my introduction I mentioned AstraZeneca's three great sources of strength – our products, our global reach and our people. Every part of the business is being affected by changes that are more profound and are occurring faster than anything I have experienced previously in my career. The companies that win in this environment will be those who anticipate and deliver what will be needed for success and have the courage and ability to move ahead of their competitors. Throughout AstraZeneca we are blessed with outstanding people whose creativity, hard work, determination and teamwork have overcome significant obstacles and shaped the company we have today.

It has been a huge privilege to lead these colleagues and, as I retire from AstraZeneca, I offer all of them my sincere thanks for their magnificent contribution. I also offer my best wishes to the Board, my successor, David Brennan, and his executive team who, I am sure, will guide the Company to even greater success.

### **SIR TOM MCKILLOP**

Chief Executive\*

\*Retired from the Board on 31 December 2005

The strength of our current product range which now has ten medicines each with annual sales of over \$1 billion is not only an indication of the importance of our products to patients worldwide but is a fitting tribute to the performance of AstraZeneca employees under the passionate leadership of my predecessor, Sir Tom McKillop.

It is now my privilege to lead AstraZeneca and to build upon this record for the future. We are clear where our future lies. AstraZeneca's chosen path is to discover, develop and effectively commercialise differentiated prescription medicines that make a real contribution to human health and that create sustainable value for our stakeholders and society at large.

We recognise that if we are to succeed in our mission of providing medicines that improve the quality and length of life of people around the world, we must access the innovation potential not only of our own employees but also that from outside the Company. We routinely seek to strengthen our early stage discovery through alliances with external partners. Throughout 2005, strengthening the pipeline has been our number one priority, and more recent licence and business development activities reflect a greater focus on strengthening our later stage pipeline. I am determined that we should continue to utilise our strong financial position to further strengthen our portfolio of medicines with projects that are not only exciting clinical treatments but are commercially viable and offer the opportunity to create sustainable value for our shareholders.

### **DAVID R BRENNAN**

Chief Executive Officer\*

\* Appointed as Chief Executive Officer with effect from 1 January 2006

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## FINANCIAL HIGHLIGHTS

### Dividend for 2005

	\$	Pence	SEK	Payment date
First interim dividend	0.38	21.9	2.99	19 September 2005
Second interim dividend	0.92	51.8	7.02	20 March 2006
<b>Total</b>	<b>1.30</b>	<b>73.7</b>	<b>10.01</b>	

1 Growth rates represent underlying performance, which shows growth at constant exchange rates by excluding the effects of exchange rate movements.

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



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AstraZeneca Annual Review 2005

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## **DELIVERING STRATEGY BRINGING BENEFITS**

**THE DISCOVERY, DEVELOPMENT,  
MANUFACTURING AND MARKETING OF  
MEDICINES IS A DYNAMIC AND EXCITING  
BUSINESS AND A DEMANDING ONE**

We are focused on meeting patient needs with medicines that improve health and quality of life and on fulfilling our duty as a publicly owned company to deliver value for our shareholders.

Our resources, skills and capabilities worldwide are aligned to achieving these twin goals backed by a clear strategy for driving success in an ever more challenging business environment, together with a framework for consistently monitoring and measuring

our progress.

High quality leadership is critical to ensuring that we use our resources effectively. We therefore aim to make sure that our leaders and their teams are clear about their roles and responsibilities, and where the accountabilities lie.

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AstraZeneca Annual Review 2005

## OUR BUSINESS ENVIRONMENT

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> **THERE IS A GROWING DEMAND FOR HEALTHCARE PEOPLE ARE LIVING LONGER, POPULATIONS ARE INCREASING AND MANY DISEASES ARE STILL NOT WELL MANAGED**

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> **WE ALSO FACE REAL CHALLENGES, INCLUDING PRICING PRESSURES, HIGHER REGULATORY HURDLES AND FIERCE COMPETITION**

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As a global research-based pharmaceutical company, we operate in an ever-changing environment that presents both opportunities and challenges for our business.

### Growing demand for healthcare

There is a growing demand for healthcare, driven by increasing populations and improved life expectancy. In addition, many diseases continue to be under-diagnosed, not effectively managed or there are no medicines available to treat them.

The demand for healthcare will be met not only by today's therapies, but also by new ones arising from improved understanding of the biology of disease and the application of new technologies. In addition, fast developing economies such as China are expanding the number of patients who can benefit from medicines.

### World markets

In 2005, the value of the world pharmaceuticals market was \$536 billion. The US is still by far the largest pharmaceutical market, accounting for almost half (47%) of total sales during the year. Japan is the second largest individual market, with 11% of total sales and European countries together account for 29%. Among the emerging markets, there was notable sales growth in 2005 in China (up 24%), Brazil (up 32%) and Mexico (up 11%).

### Therapy areas

AstraZeneca's skills, experience and resources are focused on six therapy areas, which together represent the majority of the worldwide burden of disease:

**Cancer:** More than 11 million people are diagnosed with cancer every year worldwide; by 2020 this is forecast to reach 16 million. Seven million people die from cancer every year representing 12.5% of deaths worldwide. Breast cancer is the most prevalent cancer in the world and lung cancer is the most common cause of cancer death.

**Cardiovascular:** Cardiovascular disease accounts for 17 million deaths globally each year, making it the greatest risk to life for most adults.

**Gastrointestinal:** In the western world, 10-20% of adults have been diagnosed with gastro-oesophageal reflux disease (GERD). The prevalence rate of GERD in Asia is lower but increasing. Irritable bowel syndrome is a common gastrointestinal disease that is inadequately treated and inflammatory bowel disease is an area of significant unmet medical need.

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

**Neuroscience** (comprising psychiatry, neurology, analgesia and anaesthesia): Around 1% of the population develops schizophrenia at some time in their life and 17 million people suffer from bipolar disorder in the major markets. Stroke is the second leading cause

of death and the leading cause of adult long term disability in industrialised countries. Pain management is the most common reason for seeking medical care.

**Respiratory & Inflammation:** The World Health Organization estimates that 100 million people worldwide suffer from asthma and more than twice that from chronic obstructive pulmonary disease, which is estimated to be the fourth greatest cause of death globally.

Rheumatoid arthritis is another area of significant need, representing an estimated 40% of the total inflammatory market.

You can read about the medicines we have in our range, or are developing for treating these diseases, and our 2005 product performance on pages 20-21 of this Review.

### **Growing challenges for industry**

Alongside the opportunities of our business environment, our industry is also facing real challenges.

#### **Pressure on costs**

Medicines usually represent only between 10% and 20% of a country's total expenditure on healthcare. Nevertheless, the growing demand worldwide means more and more pressure on budgets for those who pay for healthcare. Doctors are still the principal decision makers about which of the available treatments should be prescribed for their patients, but as the cost of funding therapies increases, payers – including governments, health insurers, managed care organisations, employers and patients – are increasing their efforts to influence the choices doctors make. During 2005, further pricing pressures were placed on the industry through legislation not only in major established markets, but also in China and India.

#### **Demonstrating economic benefit**

Research-based pharmaceutical companies

increasingly have to demonstrate the economic as well as the therapeutic value of their medicines to those who pay for healthcare. This requires investment, throughout the development of a medicine, in studies to demonstrate cost-effectiveness, cost-benefit and outcomes (such as survival and quality of life improvements) in addition to traditional trials designed to establish safety and efficacy.

#### **Productivity**

Successful companies will be those who enhance their productivity in the discovery and development of new and differentiated medicines designed to meet the growing demand. As the industry works to enhance its productivity, our regulators are also setting increasingly high hurdles for the approval of medicines.

#### **Drug safety**

Decisions on acceptable benefit/risk profiles for medicines have the potential to be positively or negatively affected by a number of factors. These include pre- and post-marketing clinical data and regulatory judgements that reflect society's concerns and aspirations.

#### **Competition**

AstraZeneca's principal competitors are other international, research-based pharmaceutical and biotechnology companies that also sell branded, patent-protected, prescription medicines. In common with these other companies, following patent expiry, our products also compete with generic pharmaceuticals – mainly on price, since generic manufacturers do not bear the high costs of research that companies such as AstraZeneca do. The industry's intellectual property base is increasingly being challenged by generic manufacturers looking to make an early entry into large markets, which puts pressure on product lifecycles.

#### **Reputation**

The reputation of the pharmaceutical industry has been in decline in recent years. Contributory factors include heightened public concern about issues such as drug safety (exacerbated by some high profile drug withdrawals in recent years), transparency of information, sales and marketing practices and the cost of medicines.

#### **Regulation**

The pharmaceutical industry is one of the most strictly regulated of all industries. Prescription pharmaceuticals are subject to significant and increasing regulation regarding their safety, efficacy and quality. These regulations vary from country to country, and

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a medicine must be approved by the different regulatory authorities in each of the markets in which it will potentially be sold. The processes for approval of a new medicine are complex, time-consuming and expensive. Even after launch of new medicines, regulatory agencies continue to require numerous conditions to be met

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## OUR STRATEGY

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### > OUR STRATEGY SETS OUT OUR OBJECTIVES AND PRIORITIES FOR DELIVERING PATIENT BENEFIT AND SUSTAINABLE, PROFITABLE GROWTH

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The people of AstraZeneca are dedicated to the discovery, development, manufacturing and marketing of high quality, effective prescription medicines that bring benefit for patients and add value for shareholders and wider society.

We are committed to managing effectively the challenges of our business environment and to maximising the opportunities to deliver sustainable, profitable growth that will place AstraZeneca among the best in the industry.

Our efforts are focused on five main strategic priorities that we have identified as critical drivers for continued success, backed by clear business objectives in each:

#### Products

Maximise sales growth by:

- > Releasing the full potential of our marketed brands throughout their lifecycle.
- > Growing our position in existing markets.
- > Expanding our presence in key emerging markets.
- > Vigorously defending our legitimate intellectual property rights.

#### Pipeline

Deliver a portfolio of differentiated medicines that meet patient needs by:

- > Successfully delivering the next wave of products in development.
- > Further improving the productivity and efficiency of our drug discovery and development.
- > Strengthening the pipeline through appropriate external targeted acquisition, licensing and partnership opportunities.
- > Rigorous management of our portfolio of products in development, to mitigate risks associated with new innovative products.

#### Productive use of resources

**Effective leadership:** Make optimal use of our resources by effectively managing all opportunities and associated risks to our business, whilst monitoring our performance and learning from our experience.

**Best practice:** Deliver operational excellence in all aspects of our business by:

- > Continuing to strengthen our commercial skills in sales force effectiveness, marketing excellence and understanding customer needs.
- > Increasing cost-effectiveness and operational efficiency of the supply chain.
- > Harmonising and standardising core processes and services.

**New practice:** Develop new business approaches that meet the needs of customers and stakeholders by:

- > Exploring new ways of working within our existing business model.
- > Assessing new models for using our resources and skills to create value for customers and profitable business for AstraZeneca.

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- > Making strategic investments in promising new areas of healthcare.

### People

Within our performance-driven culture, we aim to encourage and support all our people in delivering their best by:

- > Providing an environment in which people feel positive and enthusiastic, with a clear understanding of our goals and their role in achieving them.
- > Effectively managing and developing all our talent.
- > Improving leadership capability to enhance effective decision-making.
- > Creating a culture in which people are held accountable not only for what they accomplish, but how they get there.

### Reputation

We aim to maintain the trust and confidence of patients, customers, employees, shareholders, regulators and wider society by:

- > Understanding their needs.
  - > Ensuring that we deliver on our business promises.
  - > Living up to our core values and publicly stated standards of ethical behaviour, wherever we have a presence or an impact
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## DELIVERING OUR STRATEGY

### > SUCCESS IN DELIVERING OUR STRATEGY DEPENDS CRITICALLY ON EFFECTIVE DECISION-MAKING AND APPROPRIATE USE OF RESOURCES

We have wide-ranging skills, capabilities and resources aligned to creating value by delivering our strategy.

The illustration to the right maps our approach to creating value through achievement of our strategic objectives. Details about our products and pipeline, together with our performance in 2005, are included throughout this Review. Here we describe the skills and resources upon which our continued success depends.

#### Productive use of resources

Effective leadership is key to the productive use of resources – ensuring that we have the right resources, in the right place, appropriately aligned to drive delivery of our strategic objectives.

**The AstraZeneca Board** Our Board comprises Executive Directors, with direct responsibility for business operations, and Non-Executive Directors, who have responsibility to bring independent, objective judgement to bear on Board decisions. The Board sets Company strategy and policies and monitors progress towards meeting objectives. It conducts an in-depth strategy review annually. It also assesses whether obligations to shareholders and others are understood and met, which includes regular reviews of financial performance and critical business issues. See pages 24 and 25 for more information.

**The Senior Executive Team (SET)** The SET is a cross-functional, cross-territorial group, established and led by the Chief Executive Officer. It focuses on the day-to-day running of business operations and on Company development. It regularly reviews and makes decisions on all major business issues. The SET comprises the three Executive Board Directors and six Executive Vice-Presidents, each of whom has a specific area of responsibility in line with our business structure. Photographs of the SET members appear throughout this Review.

**Risk management** Our ability to identify and effectively manage the risks to our business is key to our continued success. Our Risk Advisory Group (RAG), led by the Chief Financial Officer and consisting of representatives from each business function, facilitates much of our work in this area. The RAG assists senior management in identifying and assessing our main business risks in a co-ordinated manner. It focuses in particular on cross-functional risks, linking risk

management to business performance reporting and sharing best practice across the organisation to drive continuous improvement. The RAG reports twice a year to the SET and its reports on the Company's risk profile are reviewed annually by the Board.

**Leadership development** We aim to ensure that our leaders are given the support they need to effectively manage the business and its associated risks, and to stimulate the levels of performance required to succeed in a changing and increasingly challenging environment. We have a range of global programmes designed to strengthen leadership capabilities, enhance core management skills and help leaders develop good working relationships across the

We want everyone at AstraZeneca to have clear, measurable and prioritised objectives aligned with the current business priorities. We have recently introduced a set of core principles and common processes, together with a range of appropriate tools, to support managers in a globally aligned approach to the management and development of our people.

To help them deliver their best, we encourage and support our people in developing their capabilities to the full with a range of high quality learning and development opportunities, backed by management responsibility for ensuring that individually-tailored development plans are in place for each member of their team. Equal opportunity for all is a cornerstone of our culture in which personal success is based

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organisation. These programmes are complemented by local initiatives, which include functional or country specific aspects of leadership development.

To deliver a flow of world-class leaders in the future, we are adopting a consistent approach to identifying and developing people with leadership potential across the Company.

### People

Our most important resource is our people. We are very proud of our 65,000 employees worldwide and value the diversity of skills and abilities that a global workforce offers. Our future success will be built on their efforts.

Within our performance driven culture, we aim to help people develop their full potential and to provide a working environment in which they feel energised and informed, and that their welfare is protected. Optimising individual and team performance, effectively managing and developing all our talent and improving our leadership capability are core priorities, alongside a commitment to ensuring the safety, health and wellbeing of all our employees worldwide.

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solely on individual ability and contribution.

We use a range of communications media, as well as face-to-face meetings, to ensure our people are kept up to date with business developments and are clear about their

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## MEASURING OUR PERFORMANCE

individual and team roles and targets. We also encourage the sharing of knowledge and ideas across functional and territorial boundaries to stimulate creativity and best practice within the Company. Feedback is very important to us and opportunities for giving feedback are built in to our communications. We also use a two yearly global employee survey to identify areas of both satisfaction and concern. Priority attention is given to areas for improvement highlighted by these surveys.

### Intellectual property

Patents enable information on inventions to be made widely available and are important incentives for the continued innovation that drives society's progress. Patent protection and other types of marketing exclusivity for our medicines allow us time to generate the revenue we need to continue our research, development, manufacturing and marketing of new medicines. We therefore vigorously defend our legitimate intellectual property rights.

### Cash and physical assets

We believe our cash resources will be sufficient for our present requirements and include sufficient cash for our existing capital programme, share re-purchases and the costs of developing and launching new products.

We own and operate numerous production, marketing and research and development facilities worldwide. We continually review our physical assets such as laboratories, factories and equipment to ensure that they are appropriate to meeting the needs of our business.

### Reputation

Our reputation rests on delivering our promises in all aspects of our business. We focus on bringing new medicines to market that make a difference for patients. Only by doing so are we able to deliver the value for our shareholders, which, as a publicly owned company, we have a duty to do.

We know that how we do business, as well as what we do, is also important to our reputation among stakeholders and wider society. Maintaining their trust and confidence in AstraZeneca as a responsible company means ensuring that wherever we have a presence or an impact, we live up to our publicly stated standards of ethical behaviour. More information about our approach to managing our corporate responsibility and about our performance, policies and principles, can be found in the separate Corporate Responsibility Summary Report 2005, or on our website

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### > MEASURING PERFORMANCE IS ESSENTIAL TO UNDERSTANDING THE PROGRESS WE ARE MAKING AND TO IDENTIFYING AREAS FOR IMPROVEMENT

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We use a range of financial and non-financial performance measures to assess our progress in delivering our strategic objectives.

The Board and SET use a regular business performance report to measure our performance, concentrating on product performance, pipeline, productivity and profitability, shareholder returns, reputation and governance. The means of measuring performance in these areas range from quantitative, comparative performance measur