

David Brennan Analyst Conference Introduction

Good afternoon everyone, and welcome to our first quarter results call. Simon will take you through the financial results in just a moment.

But before that I wanted to make a few comments about my decision to retire as Chief Executive Officer which was announced this morning. After more than six years in one of the best jobs in this industry I feel that the time is now right to stand aside and pass the reins to a new leader.

The Board has decided to appoint Simon Lowth as interim Chief Executive Officer as of 1 June. I will hand over my responsibilities on that date too. Putting Simon in place as interim CEO has my full support. The Board believes that vesting authority in the team accountable for day-to-day running of the business into the future is the best way to ensure continuity and clear leadership during the transition... that makes perfect sense.

The company has an exceptionally strong executive team in place – something I personally feel very proud of – and under Simon's direction the team will provide strong collective leadership while the Board carries out a thorough internal and external search for my successor.

The pharmaceutical sector is experiencing pressures the likes of which I've not witnessed in my 36 years in the industry. Despite that, I remain very confident that AstraZeneca has the capabilities, courage and determination to be successful into the future. If we maintain our focus on meeting the needs of patients around the world I believe we can continue to deliver attractive and sustained returns for our shareholders.

The time for reflection on what has been a long and rewarding career with AstraZeneca will have to wait until I hand over responsibilities. For now, my attention remains 100% focused on delivering our strategy.

But for the record I do want to say that I am proud of what we have achieved over the last six years or so.

- We have built some of the world's leading products such as Nexium, Crestor, Seroquel and Symbicort which have made a meaningful difference to the lives of patients
- We have established a leading position in emerging markets
- We've re-shaped R&D; and we've taken the difficult but necessary decisions to reduce our cost base, allowing for increased investment where growth opportunities exist
- And we've returned considerable value to shareholders.

- We've led at a sector-level too... for example, leading the debate on restoring trust in pharmaceutical industry through the introduction of a bold policy on interactions with healthcare professionals.

It's been a genuine privilege to lead this company over the last six years or so. Now I am looking forward to a new chapter including spending more time with my family, something that is precious to me.

So, with that I'd like to turn to why we are here today... to talk about our first quarter results, which reflect a challenging revenue picture. In our announcement today we also highlighted that we have strengthened the pipeline:

Through our collaboration with Amgen to co-develop five clinical stage projects in the field of inflammation—this is a good opportunity to invest in innovative science wherever it originates.

Earlier this week we announced the agreement to acquire Ardea Biosciences Inc for \$1 billion in net cash, which brings with it a promising project in Phase III development for the chronic management of hyperuricaemia in patients with gout.

Lastly, we are very pleased that the CHMP has issued a positive opinion for European Union approval of FORXIGA, which is the brand name for dapagliflozin, our new diabetes medicine from the collaboration with Bristol-Myers Squibb. We look forward to bringing this new treatment to patients once it receives final approval from the European Commission.

Returning to the numbers, the revenue performance is in the context of the anticipated loss of exclusivity on several brands and challenging market conditions which have made for a difficult start to the year.

We are also determined to focus on what we can control. We are moving with pace to implement our third phase of restructuring, as you will have seen by the extent of the restructuring charge in the quarter. Delivery on these plans, continued discipline on our operating costs, and the benefits from a lower than projected tax rate, will only partially mitigate the downward pressure on revenue. As a result, we have lowered our Core EPS target for the full year to the range of \$5.85 to \$6.15.

And with that, I will hand over to Simon, who will cover the details of the quarter.