AstraZeneca PLC
Full Year Results 1999

'Profit growth and market share gains follow successful merger'

Full Year Financial Highlights

Operations before Exceptional Items

	Actual 1999 $m	**Pro Forma§ 1998 $m**	**Constant Currency %**
Sales:			
Continuing (excl. Specialties)	17,791	15,823	+ 13
Group	18,445	17,117	+ 9
Operating Profit:			
Continuing (excl. Specialties)	3,837	3,361	+ 15
Group	3,908	3,507	+ 12
Earnings per Share:			
Continuing (excl. Specialties)	$1.51	$1.30	+ 17
Group	$1.54	$1.36	+ 14
Group (Statutory FRS3)	$0.64	$1.47	

Following the announcement on 2 December 1999 of the proposed spin-off and merger of Agrochemicals with the agrochemicals and seeds activities of Novartis to form Syngenta AG, the results for AstraZeneca on an 'ongoing' basis, ie excluding the results of Agrochemicals and Specialties, are shown and described below:

Ongoing Operations before Exceptional Items

	Actual 1999 $m	**Pro Forma§ 1998 $m**	**Constant Currency %**
Sales	**15,134**	**13,033**	**+ 17**
Operating Profit	**3,570**	**3,002**	**+ 20**
Earnings per Share	**$1.41**	**$1.17**	**+ 22**

§ Pro forma Basis: see basis of calculation description on page 19.

All narrative in this section refers to pro forma growth rates for ongoing operations at constant exchange rates.

Tom McKillop, Chief Executive, said: "These results are testimony to the success of the AstraZeneca merger which has delivered profit and market share gains. Decisive actions have been taken to focus on our Healthcare operations ensuring AstraZeneca's position as a leading, global Pharmaceuticals company. All key development projects are on track and continued investment in our strong portfolio will deliver excellent returns for shareholders."

- **Sales up 17 per cent; Pharmaceuticals sales up 18 per cent**
- **US Pharmaceuticals sales up 23 per cent**
- **Operating profit up 20 per cent; Pharmaceuticals operating profit up 19 per cent to $3,603 million**
- **Operating margin increased to 23.6 per cent; Pharmaceuticals operating margin increased to 24.3 per cent**

London, 24 February 2000

AstraZeneca PLC
Fourth Quarter Results 1999

Fourth Quarter Financial Highlights

Operations before Exceptional Items

	Actual 4th Quarter 1999 $m	Pro Forma§ 4th Quarter 1998 $m	Constant Currency %
Sales:			
Ongoing	**3,916**	**3,692**	**+ 9**
Group	4,493	4,544	+ 1
Operating Profit:			
Ongoing	**796**	**794**	**+ 1**
Group	789	829	- 3
Earnings per Share:			
Ongoing	**$0.32**	**$0.31**	**+ 5**
Group	$0.32	$0.32	+ 2

Ongoing operations excludes the results of Agrochemicals (to be discontinued) and Specialties (discontinued). The following narrative refers to the growth rates for ongoing operations at constant exchange rates.

- **Ongoing sales up 9 per cent; Pharmaceuticals sales up 10 per cent**
- **Stocking patterns, particularly by US wholesalers, strongly influenced the third and fourth quarter Pharmaceuticals sales: 3rd Quarter, up 31 per cent; 4th Quarter, up 10 per cent; 2nd Half, up 19 per cent**
- **Prescription demand in the USA remained strong throughout the fourth quarter**
- **Operating profit up 1 per cent; Pharmaceuticals operating profit was influenced by third and fourth quarter sales trends; 3rd Quarter, up 58 per cent; 4th Quarter, flat; 2nd Half up 25 per cent**

Group Statutory Basis (including Discontinued Operations and Exceptional Items)

	4th Quarter 1999	4th Quarter 1998
Earnings per Share (FRS3)	$(0.10)	$0.40

§ Pro forma Basis: see basis of calculation description on page 19.

London, 24 February 2000

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Chief Executive Officer's Review of Operations

All narrative in this section refers to pro forma growth rates at constant exchange rates (CER).

1999 has been an exciting year. AstraZeneca was formed on 6 April and since then we have restructured the group. The sale of Specialties in June was followed by the announcement in December of the intent to create the first dedicated, global agribusiness, Syngenta, by spinning off and merging our agrochemicals business with the agrochemicals and seeds interests of Novartis. Thus AstraZeneca is now a leading, global healthcare company focused on Pharmaceuticals.

Close attention to running the business, even during the intense merger activity, has delivered an increased market share for ethical pharmaceuticals. To the best of our knowledge, this is the first time that a major pharmaceutical company merger has produced an increase in market share. As a result, AstraZeneca has consolidated its position as the largest ethical pharmaceutical company in the world in terms of sales with a global market share of 4.3 per cent. *(Source IMS Health: MIDAS MAT Q3 99 - includes pharmacy and hospital sales as audited by IMS Health, excludes US mail order).*

The core pharmaceutical business delivered full year sales and profits growth of 18 per cent and 19 per cent respectively. A particularly strong performance was registered in the USA with growth of 23 per cent. Importantly this growth has not only come from the continued success of Losec®/Prilosec® and Zestril® but also by excellent performances from a range of newer products including Casodex® ($340 million), Seroquel® ($232 million) and Atacand® ($171 million).

Integration has proceeded quickly and well with the 1999 synergy benefits of $130 million being slightly ahead of forecast. Further details on this programme are provided on page eight of this report.

Earnings per Share for AstraZeneca's core ongoing business focused on Healthcare (mainly Pharmaceuticals) was $1.41, a growth of 22 per cent, which provides further evidence of the achievements and focus of 1999.

In accordance with the new dividend policy, as described in the Interim Report in August, the Board has recommended a second interim dividend of $0.47 (29.1 pence, SEK4.01) which will be paid on 17 April 2000. Together with the first interim dividend this gives a total dividend for the year of $0.70 (43.3 pence, SEK5.90) per share.

Our cash position is strong and in December we commenced the share re-purchase programme announced in August. By the end of the year we had purchased for cancellation 4,338,444 of the Ordinary Shares (nominal value $0.25 each) for an aggregate sum of $183 million. This represents 0.24 per cent of the total issued share capital of AstraZeneca.

Turning to some of the highlights and issues of the fourth quarter . . .

Wholesaler buying patterns in the USA significantly distorted the balance of third and fourth quarter results, particularly for Prilosec®, Seloken®, Pulmicort® and Rhinocort® which all experienced higher than normal levels of buying during the third quarter. The underlying performance in the fourth quarter was strong with continued prescription volume growth across the product range. Some Year 2000 advance buying was experienced principally in some European and Asian markets, estimated at around $70 million.

We continue to make good progress in the defence of Losec®/Prilosec® patents. In particular, we welcome the decision by the German Supreme Court to refer the Losec® Supplementary Protection Certificate (SPC) case to the European Court of Justice. The referral means that the German interpretation of the applicability of SPCs will be judged in the context of the EU as a whole which should better reflect the original intention of SPCs as a mechanism for patent term restoration.

At the R & D presentations in London and New York in December, we presented information on our exciting pipeline; Nexium™ - our next generation Proton Pump Inhibitor (PPI), ZD4522 - the super-statin, H376/95 - our oral thrombin inhibitor, the respiratory drug Viozan™ and fast-tracking of the novel anti-cancer agent Iressa™ were all highlighted. All are progressing well through development towards the market.

Good progress is being made in Europe and the USA with the regulatory review of Nexium™. The European filing was completed for Symbicort®, which is expected to be a significant addition to our respiratory portfolio.

Healthcare

Except where stated, all narrative in this section refers to the fourth quarter. Growth rates are on a pro forma basis at constant exchange rates.

	Fourth Quarter		CER %	Full Year		CER %
	1999	1998		1999	1998	
Sales	3,894	3,662	+ 9	15,042	12,938	+ 17
Sales (ex Losec®/Prilosec®)	2,372	2,296	+ 6	9,133	8,139	+ 13
Operating Profit	803	803	+ 1	3,595	3,029	+ 19
ROS	20.6%	21.9%	n/m	23.9%	23.4%	n/m

Gastrointestinal

	Fourth Quarter		CER %	Full Year		CER %
	1999	1998		1999	1998	
Losec®/Prilosec®	1,522	1,366	+ 14	5,909	4,799	+ 24
Total	1,534	1,379	+ 14	5,957	4,845	+ 24

- Prilosec® US prescription market share for December increased to 32.6 per cent (total) and 30.1 per cent (new); a good performance against a background of new product launches

- Proton Pump Inhibitors continued to expand their share of the US anti-secretory market; total prescription share was 62 per cent in December versus 54 per cent in December 1998

- Strong sales of Losec® in France, up 51 per cent, mainly due to co-prescribing with NSAIDs, more than offset the decline in Germany, down 27 per cent, due to generic competition

- During 1999 Losec® MUPS, the new tablet formulation, has been successfully launched in eleven countries

Cardiovascular

	Fourth Quarter		CER %	Full Year		CER %
	1999	1998		1999	1998	
Zestril®	297	347	- 12	1,221	1,126	+ 9
Atacand®	55	19	+ 215	171	43	+ 312
Seloken®	122	122	+ 3	531	450	+ 19
Plendil®	124	99	+ 28	452	367	+ 24
Total	870	872	+ 3	3,416	3,017	+ 14

- Strong market share growth continued in cardiovascular; Zestril®, Atacand®, Seloken® and Plendil® all outpaced their respective classes mainly due to new indications and the publication of new clinical data

- Zestril® fourth quarter sales declined against an extremely strong comparative quarter in 1998

- US prescription growth for Zestril® remains strong with total prescription share standing at 24.6 per cent at the end of December; annualised total prescription volume growth for Zestril® at 16.3 per cent to end December continues to outstrip the ACEi class (5.3 per cent for the same period)

- Atacand® sales grew strongly in all markets with US prescription share standing at 6.2 per cent (total) and 7 per cent (new) at the end of December

- A price increase in November for Seloken® in the USA resulted in high wholesaler stock levels from the third quarter being carried through into the fourth quarter with a consequent lower level of sales being achieved

- Seloken® US prescription growth continues to be strong with a total market share of 13.2 per cent at the end of December

- Plendil® sales were strong due to the securing of new guaranteed volume contracts with US healthcare providers

Respiratory

	Fourth Quarter		CER %	Full Year		CER %
	1999	1998		1999	1998	
Pulmicort®	191	197	+ 4	730	691	+ 9
Accolate®	47	28	+ 72	156	152	+ 4
Rhinocort®	30	39	- 18	167	158	+ 8
Oxis®	24	16	+ 69	87	44	+ 107
Total	347	338	+ 10	1,339	1,256	+ 10

- Prescription demand for Pulmicort® in the USA, the fastest growing market for the product, remains strong and supply constraints as previously indicated (which are now easing) adversely affected the quarter

- The launch of Accolate® for paediatric indications in the USA resulted in higher fourth quarter sales

- Accolate® US total prescription market share stood at 6.8 per cent at the end of December with new prescription share at 5.1 per cent

- The launch of Rhinocort® Aqua™ in the USA early in 2000 will stimulate further sales growth

- A new indication for Oxis® Turbuhaler®, for ‘as needed’ treatment of asthma symptoms, was approved by the European regulators in December and will stimulate further growth

- The first European filing for Symbicort® was made in December; Symbicort® combines the proven benefits of Pulmicort® with those of Oxis® in a single inhaler to provide compliance and convenience benefits to patients

Oncology

	Fourth Quarter		CER %	Full Year		CER %
	1999	1998		1999	1998	
Casodex®	95	74	+ 31	340	245	+ 41
Arimidex®	40	35	+ 20	140	121	+ 19
Nolvadex®	144	136	+ 4	573	526	+ 7
Zoladex®	194	168	+ 14	686	626	+ 9
Total	480	421	+ 14	1,764	1,538	+ 15

- Demand for Casodex® remains strong in all markets with leadership consolidated; first approvals were received for monotherapy which should continue to promote future sales growth

- Arimidex® continues to grow strongly maintaining its number one position; impressive clinical results in first line breast cancer were announced late in the year and will provide a strong basis for future growth

- The growth of Nolvadex® sales represents increased prescribing in the USA following the publication of positive data across a range of indications, including reduction of risk of developing breast cancer

- Zoladex® continues to grow well despite a highly competitive pricing environment, particularly in the USA

- Significant new survival data in both early breast and prostate cancer for Zoladex® was published during the year

Specialist/Hospital

	Fourth Quarter		CER %	Full Year		CER %
	1999	1998		1999	1998	
Seroquel®	71	22	+ 223	232	66	+ 254
Zomig®	54	40	+ 40	189	102	+ 88
Merrem®	39	32	+ 31	153	128	+ 29
Diprivan®	144	196	- 25	608	653	- 6
Xylocaine®	65	66	- 4	249	240	+ 2
Marcaine®	25	21	+ 24	88	80	+ 11
Astra Tech	29	28	+ 15	111	100	+ 15
Total	619	597	+ 6	2,358	2,074	+ 15

- Seroquel® continues to gain market share in the USA as a result of increasing acceptance of the benefits of the product; total prescription market share was 7.4 per cent at the end of December with new prescription share increasing to 8.5 per cent

- Seroquel® was the leading brand in the USA in gaining 'switch' business within the atypical class of antipsychotics

- Following the approval of Seroquel® through the European mutual recognition process in December, the launch of Seroquel® in Germany and Italy is scheduled for the first quarter of 2000; further global roll-out is expected during the rest of the year

- Zomig® continues to capitalise on the steady move to triptan therapy in the USA and France and will benefit from the launch of new formulations

- Demand for Merrem® remained strong in all markets; supply constraints in the USA due to manufacturing difficulties earlier in the year have adversely affected sales growth and, while the situation is now improving, may continue to do so during the first quarter of 2000

- The decline in Diprivan® sales is due to the increased penetration of a generic formulation in the US market compounded by a strong comparative period when there was a high level of wholesaler speculative stocking

- Diprivan® sales growth in Europe continues in double digits, even in Germany where generics have been on the market since 1997; sales in Japan grew by 75 per cent benefiting from the launch of new indications and the ongoing expansion and acceptance of intravenous anaesthesia

Salick Health Care

	Fourth Quarter		CER %	Full Year		CER %
	1999	1998		1999	1998	
Sales	44	55	- 20	208	208	-

- An exceptional charge of $145 million was made against operating profit following the decision to refocus the business on a smaller base of profitable centres and to recognise the impairment of certain asset carrying values. Cash costs included in the provision amounted to approximately $50 million

All narrative in the remainder of this section refers to Pharmaceuticals only.

Geographic Sales

	Fourth Quarter		CER %	Full Year		CER %
	1999	1998		1999	1998	
USA	1,749	1,666	+ 5	7,156	5,834	+ 23
Europe	1,421	1,333	+ 17	5,310	4,793	+ 15
Japan	242	181	+ 13	710	568	+ 8
RoW	438	427	+ 5	1,658	1,535	+ 13

- As already highlighted, sales growth in the USA was affected by wholesaler stocking patterns for a number of products and generic competition for Diprivan®

- Continued strong sales growth in most European markets was led by France where sales were up 31 per cent

- Sales growth in Japan continued to outperform market growth driven by new indications for key products

Research and Development

Total Pharmaceutical R & D expenditure in 1999 was $2,454 million, up 13 per cent, representing 16.5 per cent of sales. Through the consolidation of the two R & D functions, synergy benefits of $20 million have been realised in 1999 and further benefits should accrue in the next two years. A thorough review has been completed of all R & D activities leading to a more focused development portfolio which comprised 57 new chemical entities and 159 projects described at the time of the R & D presentations in December. Since then licensing agreements on MUSE, mosapride and seratrodast have been terminated. All major projects continue to make good progress towards their defined profiles and against clear milestones.

Operating Margin

- Pharmaceuticals' operating margin, before exceptional items, for 1999 increased to 24.3 per cent. The benefits from the synergy programme are beginning to flow through but the full benefit was offset by an increased proportion of contingent payments to Merck and the cost of terminating license agreements

- In the fourth quarter, the margin of 20.9 per cent was affected by the phasing of sales and license agreement terminations

- In 2000 further benefits are anticipated from the synergy programmes. At least a further one per cent will fall through to improved margins in 2000 with further improvement dependant on the scale of resources required to maximise the full potential of Nexium™ and the other late-stage projects nearing the market.

Exceptional Items

Exceptional charges against 1999 operating profits totalled $892 million, comprising:

- $864 million for the AstraZeneca integration and synergy programme

- $28 million to complete the work commenced in 1998 to rationalise Astra's US operations following the Astra Merck restructuring

In addition, charges against profit before tax comprised:

- Merger costs of $1,013 million, including the $809 million R & D related payment to Merck. The latter amount reflects the recent outcome of the arbitration hearing and includes interest and legal fees

Synergies

- The programme is being fully implemented and detailed plans are in place throughout the organisation

- On track to deliver synergy benefits of $500 million in 2000 and $1.1 billion in 2002

- $130 million of synergy benefits were delivered in 1999; $100 million through S,G&A, $20 million through R & D and $10 million through production and distribution

- Job reductions in excess of 2,800 were made in 1999 and detailed plans are in place to deliver the overall target of 6,000

- Approximately half of the target savings are expected to be realised in Europe, around 30 per cent in North America and the balance in Rest of World. For 1999 the split was: 50 per cent Europe, 25 per cent North America and 25 per cent Rest of World

- As highlighted at the nine months, approximately two thirds of the total benefits are expected to be realised from S,G&A, around 25 per cent from R & D and the balance from production and distribution

- A restructuring charge of $864 million was taken in 1999. Detailed plans now indicate that the total programme cost is expected to be $1.3 billion. Of the total 1999 charge, $316 million relates to integration activities and $548 million to synergy plans

Agrochemicals

All growth rates in this section are at constant exchange rates.

Strong sales performances in Europe and Asia Pacific during the fourth quarter more than offset the impact of continuing adverse trading conditions in the Americas, highlighted in earlier results reports for 1999. For the full year, however, sales decreased by five per cent; operating profit decreased by 21 per cent, and excluding the ISK integration costs charged in 1998, by 29 per cent.

Products

	Fourth Quarter		CER %	Full Year		CER %
	1999	1998		1999	1998	
Non Selective Herbicides	138	120	+ 13	671	670	-
Selective Herbicides	163	139	+ 21	753	874	- 13
Total Herbicides	*301*	*259*	*+ 17*	*1,424*	*1,544*	*- 8*
Insecticides	76	121	- 35	406	504	- 19
Fungicides	154	129	+ 24	744	651	+ 14
Total	553	532	+ 6	2,657	2,790	- 5

- Increasing demand for Touchdown® and advanced stocking of Surpass® associated with Year 2000 in North America were the major contributors to fourth quarter sales growth in herbicides; Touchdown® sustained volume growth of over 20 per cent for the full year; selective herbicide sales were affected by further penetration of genetically modified crops in addition to generally adverse conditions

- The impact in the Americas of low farm incomes and low insect infestation in many crops depressed insecticide sales; Karate® sales were down 13 per cent for the full year

- Amistar®, with 1999 sales of $415 million three years following launch, is now the world's leading proprietary fungicide; sales grew by over 40 per cent in 1999 with growth continuing in all markets

Geographic

	Fourth Quarter		CER %	Full Year		CER %
	1999	1998		1999	1998	
North America	95	108	- 10	822	933	- 12
Europe	174	154	+ 25	929	899	+ 5
Latin America	151	154	- 5	453	550	- 18
RoW	133	116	+ 12	453	408	+ 8
Total	553	532	+ 6	2,657	2,790	- 5

- Adverse trading conditions, already highlighted earlier in 1999, continued to depress overall demand in both North and Latin America; tight credit policies were maintained in Argentina and Brazil in difficult economic conditions

- Growth in Europe for the full year, driven largely by Amistar®, resulted in share gains in a contracting market with little recovery in Eastern Europe

- The business took advantage of a steady recovery in the markets of Asia Pacific to achieve full year sales growth of 12 per cent

Research and Development

Significant progress was made during 1999 in R & D; investments in new manufacturing plants were approved for two late stage development compounds, the corn herbicide 1296 and the second generation strobilurin fungicide 1963. R & D expenditure increased to $297 million (1998: $286 million); the increase is largely associated with new collaborations in biotechnology research.

Operating Margin (Pre Exceptional Items)

The 1999 operating margin reduced from 12.9 per cent to 10.0 per cent; in addition to the impact of lower sales, research costs increased as a result of the expanding biotechnology programme and there were additional fixed manufacturing costs following Amistar® and Touchdown® plant capacity increases.

Advanta

Contribution for the full year from Advanta was reduced due to poor trading conditions in the seeds sector.

Exceptional Items

During 1999 Zeneca Agrochemicals undertook a number of restructuring projects designed to improve profitability. These measures resulted in a charge of $125 million in the fourth quarter including some 600 job reductions, equivalent to eight per cent of total employees, yielding annual savings of approximately $50 million per annum from 2000.

Syngenta

- The implementation of the spin-off and merger of the Agrochemicals business with the agrochemicals and seeds activities of Novartis to form Syngenta AG, announced on 2 December 1999, is progressing well

- Detailed work on the formation of Syngenta is proceeding to plan. The Agrochemicals teams from AstraZeneca and Novartis are working effectively in planning for Syngenta in relevant permitted areas

- Both companies are working together with relevant competition authorities particularly in the EU and US. As previously announced, in the EU the notification for regulatory approval has been filed and the regulatory review commenced on 21 February 2000. In the US the Federal Trade Commission has requested certain additional information on the proposed transaction which the parties are working actively to provide

- Completion of the transaction is expected in the second half of 2000

Currency

- Sales were reduced by three per cent and profits by one per cent due to currency movements in the fourth quarter
- In the fourth quarter the dollar strengthened against the Euro by 12 per cent, sterling by two per cent and the krona by four per cent but weakened against the Yen by 16 per cent
- The impact on profits was partially mitigated by the offsetting effect of the UK and Swedish cost bases against the European profit contribution

Business Disposals

The sale of Specialties was completed on 30 June 1999 for $2 billion. The exceptional gain on the disposal of Specialties was $237 million and generated net cash of $1.6 billion after related separation costs.

Year 2000

- As anticipated, the sales patterns at the end of 1999 were not significantly affected by Year 2000
- AstraZeneca’s operations were largely unaffected by date-related problems at the Millennium roll over
- There were only a small number of instances where contingency plans were invoked to resolve problems
- Total spend on Year 2000 was $170 million over more than three years which ensured that material issues were avoided and business continuity was maintained
- The programme included provision to test for date-related risks associated with 29 February 2000 and therefore little impact is expected on the occurrence of this date

Taxation

- The effective tax rate for 1999 for ongoing operations before exceptional items was 29.5 per cent
- Tax relief on exceptional items within continuing operations was limited to an effective rate of 20 per cent due to the element of asset write-offs and disallowable costs within the provisions
- The tax charge for the year attributed to the ‘to be discontinued’ Agrochemicals business was $93 million (an effective rate of 34.6 per cent)

Cash Flow

- For the full year $4.7 billion of net cash was generated from operations, before exceptional items
- Capital expenditure for the fourth quarter totalled $0.6 billion
- $183 million was spent on the share repurchase programme in the fourth quarter included as Financing on the Cash Flow Statement
- $1.5 billion of net cash was generated from operations, before exceptional items, in the fourth quarter
- The outlays on exceptional items were $1.6 billion for the year
- The cash outflow for the year was $0.3 billion
- At year end, cash and short-term investments exceeded borrowings by $2.2 billion

Company Advisors

- Auditors: the Board will recommend to shareholders at the Annual General Meeting in May that KPMG Audit Plc be appointed Auditors for the company's 2000 Financial Statements. This supersedes the arrangement for 1999 when Deloitte & Touche and KPMG Audit Plc were joint auditors

- Stockbrokers: in addition to Credit Suisse First Boston the Board has appointed Merrill Lynch International to act as Brokers to the company

Future Prospects

AstraZeneca's strategy is focused on Pharmaceuticals. We aim to create enduring shareholder value growth matching the peer group of leading pharmaceutical companies. Aspirational targets have been set for each therapeutic area. Clear business priorities have been coupled with the implementation of performance management throughout the company to drive value creation.

We enter 2000 with a strengthened business and a growing confidence in the potential of the products nearing launch. Over the remainder of the integration period, delivery of synergy benefits and reduction of tax rates will enable us to make the major investments necessary to realise their full sales potential, whilst at the same time improving ongoing business margins to a targeted 27 per cent and a three per cent reduction in the tax rate.

No significant improvements are expected in the trading conditions for Agrochemicals although the self-help initiatives undertaken in the second half of last year should underpin its financial performance. Good progress is being made with the formation of Syngenta and we are looking forward to the launch of an industry leader in the second half of the year.

Based on current market assumptions and exchange rates we expect to see further strengthening of the business with double digit growth in sales of the ongoing business in 2000, although the flow through of Year 2000 advance purchases will dampen first quarter growth in some markets. This sales growth, together with the improvement in margin, should translate into good double digit growth in earnings per share.

Tom McKillop
Chief Executive Officer

Consolidated Profit & Loss Account For Ongoing Operations Before Exceptional Items

	4th Quarter 1999 $m	4th Quarter 1998 $m	Year 1999 $m	Year 1998 $m
Sales	3,916	3,692	15,134	11,318
Cost of sales	(1,045)	(939)	(4,087)	(2,651)
Distribution costs	(57)	(57)	(230)	(201)
Research and development	(711)	(632)	(2,472)	(2,103)
Selling, general and administrative expenses	(1,349)	(1,319)	(4,915)	(3,936)
Other operating income	42	61	140	119
Group operating profit	796	806	3,570	2,546
Share of joint ventures' and associates' operating profits	(14)	(15)	(10)	534
Net interest	20	6	(4)	47
Profit on ordinary activities before taxation	802	797	3,556	3,127
Taxation	(240)	(212)	(1,048)	(903)
Profit on ordinary activities after taxation	562	585	2,508	2,224
Attributable to minorities	2	(2)	-	(3)
Net profit for the period	564	583	2,508	2,221
Earnings per Ordinary Share	$0.32	$0.33	$1.41	$1.25
Diluted earnings per Ordinary Share	$0.32	$0.33	$1.41	$1.24
Weighted average number of Ordinary Shares in issue (millions)	1,777	1,779	1,776	1,779
Diluted average number of Ordinary Shares in issue (millions)		1,779	1,783	1,779

Statutory Consolidated Profit and Loss Accounts including operations to be discontinued, discontinued operations and exceptional items for the years ended 31 December 1999 and 1998 are provided on pages 13 and 14, respectively. For the year ended 31 December 1998, a Pro Forma Consolidated Profit and Loss Account is provided on Page 15.

Consolidated Profit and Loss Account

For the year ended 31 December 1999	Continuing Operations: Ongoing operations $m	Continuing Operations: Operations to be discontinued $m	Continuing Operations: Exceptional items $m	Discontinued operations $m	Total $m
Sales	15,134	2,657	-	654	18,445
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)
Other operating income	140	46	-	3	189
Group operating profit	3,570	267	(1,162)	71	2,746
Share of joint ventures' and associates' operating profits	(10)	2	-	1	(7)
Profits less losses on sale and closure of operations	-	-	-	237	237
Merger costs	-	-	(1,013)	-	(1,013)
Net interest	(4)	-	-	-	(4)
Profit on ordinary activities before taxation	3,556	269	(2,175)	309	1,959
Taxation	(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					(1,242)
Loss retained for the financial year					(99)
Earnings per Ordinary Share before exceptional items	$1.41	$0.10	-	$0.03	$1.54
Earnings per Ordinary Share	$1.41	$0.10	($0.97)	$0.10	$0.64
Diluted earnings per Ordinary Share	$1.41	$0.10	($0.97)	$0.10	$0.64
Weighted average number of Ordinary Shares in issue (millions)					1,776
Diluted average number of Ordinary Shares in issue (millions)					1,779

Consolidated Profit and Loss Account

For the year ended 31 December 1998	Continuing Operations: Ongoing operations $m	Continuing Operations: Operations to be discontinued $m	Continuing Operations: Exceptional items $m	Discontinued operations $m	Total $m
Sales	11,318	2,790	-	1,294	15,402
Cost of sales	(2,651)	(1,511)	-	(799)	(4,961)
Distribution costs	(201)	(107)	-	(59)	(367)
Research and development	(2,103)	(286)	-	(84)	(2,473)
Selling, general and administrative expenses	(3,936)	(588)	(72)	(216)	(4,812)
Other operating income	119	61	163	10	353
Group operating profit	2,546	359	91	146	3,142
Share of joint ventures' and associates' operating profits	534	1	-	4	539
Profits less losses on sale and closure of operations	-	-	-	(46)	(46)
Profits on sale of fixed assets	-	-	17	-	17
Net interest	47	-	-	-	47
Profit on ordinary activities before taxation	3,127	360	108	104	3,699
Taxation	(903)	(126)	(16)	(41)	(1,086)
Profit on ordinary activities after taxation	2,224	234	92	63	2,613
Attributable to minorities	(3)	1	-	-	(2)
Net profit for the financial year	2,221	235	92	63	2,611
Dividends to Shareholders					(1,061)
Profit retained for the financial year					1,550
Earnings per Ordinary Share before exceptional items	$1.25	$0.13	-	$0.06	$1.44
Earnings per Ordinary Share	$1.25	$0.13	$0.05	$0.04	$1.47
Diluted earnings per Ordinary Share	$1.24	$0.13	$0.05	$0.04	$1.46
Weighted average number of Ordinary Shares in issue (millions)					1,779
Diluted average number of Ordinary Shares in issue (millions)					1,783

Pro Forma* Consolidated Profit and Loss Account

	Continuing Operations			Discontinued operations	Total
For the year ended 31 December 1998	Ongoing operations $m	Operations to be discontinued $m	Exceptional items $m	$m	$m
Sales	13,033	2,790	-	1,294	17,117
Cost of sales	(3,302)	(1,511)	-	(799)	(5,612)
Distribution costs	(209)	(107)	-	(59)	(375)
Research and development	(2,181)	(286)	-	(84)	(2,551)
Selling, general and administrative expenses	(4,458)	(588)	(72)	(216)	(5,334)
Other operating income	119	61	163	10	353
Group operating profit	3,002	359	91	146	3,598
Share of joint ventures' and associates' operating profits	(2)	1	-	4	3
Profits less losses on sale and closure of operations	-	-	-	(46)	(46)
Profits on sale of fixed assets	-	-	17	-	17
Net interest	(60)	-	-	-	(60)
Profit on ordinary activities before taxation	2,940	360	108	104	3,512
Taxation	(856)	(126)	(16)	(41)	(1,039)
Profit on ordinary activities after taxation	2,084	234	92	63	2,473
Attributable to minorities	(3)	1	-	-	(2)
Net profit for the financial year	2,081	235	92	63	2,471
Dividends to Shareholders					(1,061)
Profit retained for the financial year					1,410
Earnings per Ordinary Share before exceptional items	$1.17	$0.13	-	$0.06	$1.36
Earnings per Ordinary Share	$1.17	$0.13	$0.05	$0.04	$1.39
Diluted earnings per Ordinary Share	$1.17	$0.13	$0.05	$0.04	$1.39
Weighted average number of Ordinary Shares in issue (millions)					1,779
Diluted average number of Ordinary Shares in issue (millions)					1,783

* See Basis of Pro Forma Figures described in Note 2.

Consolidated Balance Sheet

At 31 December	1999 $m	1998 $m
Fixed assets		
Tangible fixed assets	5,981	6,281
Goodwill and intangible assets	3,736	2,440
Fixed asset investments	185	353
	9,902	9,074
Current assets		
Stocks	2,156	2,029
Debtors	4,470	3,963
Cash and short-term investments	3,288	3,412
	9,914	9,404
Total assets	19,816	18,478
Creditors due within one year		
Short-term borrowings and current instalments of loans	(378)	(377)
Other creditors	(6,641)	(5,273)
	(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	(739)	(761)
Other creditors	(463)	(40)
Provisions for liabilities and charges	(1,253)	(1,045)
	(2,455)	(1,846)
Net assets	10,342	10,982
Capital and reserves		
Shareholders’ funds - equity interests	10,302	10,929
Minority equity interests	40	53
Shareholders’ funds and minority interests	10,342	10,982

Consolidated Cash Flow Statement

	4th Quarter 1999 $m	4th Quarter 1998 $m	Year 1999 $m	Year 1998 $m
Cash flow from operating activities				
Operating profit before exceptional items	789	841	3,908	3,051
Depreciation	204	186	756	680
Amortisation	84	51	313	141
Decrease/(increase) in working capital	356	233	(219)	77
Other non-cash movements	27	7	(59)	(132)
Net cash inflow from operating activities before exceptional items	1,460	1,318	4,699	3,817
(Outflow)/inflow related to exceptional items	(475)	83	(1,586)	15
Net cash inflow from operating activities	985	1,401	3,113	3,832
Dividends received from joint ventures and associates	-	-	3	262
Returns on investments and servicing of finance	57	22	29	103
Tax paid	(335)	(255)	(1,020)	(775)
Capital expenditure and financial investment				
Net cash expenditure on fixed assets	(562)	(347)	(2,725)	(1,351)
New fixed asset investments	-	-	(6)	(18)
	(562)	(347)	(2,731)	(1,369)
Acquisitions and disposals	31	25	1,978	(2,013)
Equity dividends paid to Shareholders	(416)	(223)	(1,216)	(995)
Net cash (outflow)/inflow before management of liquid resources and financing	(240)	623	156	(955)
Management of liquid resources				
Movement in short-term investments and fixed deposits (net)			(254)	974
Financing			(182)	(205)
Decrease in cash in the period			(280)	(186)

Statement of Total Recognised Gains and Losses

For the year ended 31 December	1999 $m	1998 $m
Net profit for the financial year	1,143	2,611
Exchange adjustments on net assets	(740)	(178)
Translation differences on foreign currency borrowings	132	(7)
Tax on translation differences on foreign currency borrowings	(22)	2
Other movements	-	2
Total recognised gains and losses for the financial year	513	2,430

Notes to the Preliminary Announcement

1 BASIS OF PREPARATION AND ACCOUNTING POLICIES

This preliminary announcement has 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.

Following completion of the merger, AstraZeneca PLC's share capital has been redenominated from sterling into US dollars and AstraZeneca has elected to report its results in US dollars. Convenience translations of key information into sterling and Swedish kronor are provided on page 25.

The results for the year ended 31 December 1999 have been prepared in accordance with UK generally accepted accounting principles. The accounting policies applied are those set out in AstraZeneca PLC's (formerly Zeneca Group PLC) 1998 Annual Report and Form 20-F, except that during the current period AstraZeneca adopted Financial Reporting Standard No. 12 "Provisions, Contingent Liabilities and Contingent Assets" (FRS 12). The adoption of FRS 12 had no impact on the group's net assets at 1 January 1999.

The results for the year ended 1999 presented in this preliminary announcement are extracted from, and are consistent with, those in the group's audited financial statements for the year ended 31 December 1999 and those financial statements will be delivered to the Registrar of Companies following the Company's annual general meeting. The information in this preliminary announcement does not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985. Statutory accounts for the year ended 31 December 1998 have been filed with the Registrar of Companies. The auditors' report on those accounts was unqualified and did not contain any statement under Section 237 of the Companies Act 1985.

2 BASIS OF 1998 PRO FORMA FIGURES

In addition to presenting the comparative information for 1998 on a statutory basis, pro forma profit and loss and pro forma sales information have been provided. The unaudited pro forma profit and loss figures for 1998 reflect two adjustments to the statutory figures to illustrate the effect on the sales and profits as if the Astra Merck Restructuring and the merger related payments to Merck had occurred at the beginning of 1998 (rather than July 1998 and April 1999 respectively).

The pro forma figures incorporate sales of $1,715m for 1998 related to the Astra Merck joint venture which are excluded from the statutory consolidation. Changes in the cost base which arise from the Astra Merck Restructuring have also been back dated to 1 January 1998. The net effect of these pro forma adjustments is to reduce 1998 reported profits by $55m, before tax relief of $23m.

A pro forma amortisation cost of $12m per quarter and notional interest cost of $21m per quarter on the payments due to Merck on completion of the merger have also been provided for 1998. These charges are offset by tax relief of $6m per quarter. Pro forma adjustments of this size would also apply to quarter one 1999, but because of their immaterial amount, in the context of the year as a whole, no pro forma figures have been presented for 1999.

Further details on the basis of the pro forma adjustments are included in the Merger Document and AstraZeneca's Circular to Shareholders relating to the merger, both dated 21 January 1999, and in AstraZeneca's Registration Statement on Form F-4 filed with the US Securities and Exchange Commission.

3 JOINT VENTURES AND ASSOCIATES

The group's share of joint ventures' sales for the year ended 31 December 1999 amounted to $208m and $1,080m for the comparative period. Share of joint ventures' and associates' operating (loss)/profits for the year to 31 December 1999 amounted to ($9)m and $2m respectively, and for the comparative period $538m and $1m, respectively. Prior to 1 July 1998, the operations of Astra Merck, Inc. were accounted for as a joint venture.

4 EXCEPTIONAL ITEMS

Exceptional items included in the profit and loss account	4th Quarter 1999 $m	4th Quarter 1998 $m	Year 1999 $m	Year 1998 $m
Integration and synergy costs	(532)	-	(864)	-
Astra Pharmaceuticals L.P. restructuring costs	(4)	(63)	(28)	(72)
Salick Health Care impairment and rationalisation costs	(145)	-	(145)	-
Agrochemicals restructuring costs	(125)	-	(125)	-
Granting of US Imdur marketing rights	-	163	-	163
Exceptional items included in operating profits	(806)	100	(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)
Profit on sale of fixed assets	-	17	-	17
Profit/(loss) on sale and closure of operations and assets	-	17	237	(29)
Merck ‘Trigger Event’ payment and related costs	(96)	-	(809)	-
Other merger costs	-	-	(204)	-
Merger costs	(96)	**-**	(1,013)	**-**
Total exceptional items before taxation	(902)	117	(1,938)	62
Net taxation credit	166	(20)	351	(4)
	(736)	97	(1,587)	58

Current period cash flow related to exceptional items and merger related payments, before associated tax charge/relief	4th Quarter 1999 $m	Year 1999 $m
Merck ‘Trigger Event’ payment	-	(713)
Pharmaceuticals other merger, integration and synergy costs	(129)	(527)
Salick Health Care rationalisation	12	12
Agrochemicals restructuring	(20)	(20)
Costs relating to the disposal of Specialties business	(338)	(338)
Outflow related to exceptional charges	(475)	(1,586)
Proceeds from the disposal of Specialties business (included in ‘Acquisitions and disposals’)	19	1,956
Exceptional item cash flow	(456)	370
'First Option' payment to Merck (included in 'Net cash expenditure on fixed assets')	-	(967)
Exceptional and merger related cash outflow	(456)	(597)

5 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1999 $m	1998 $m
Shareholders' funds at beginning of year	10,929	9,552
Net profit for the financial year	1,143	2,611
Dividends	(1,242)	(1,061)
	(99)	1,550
Issues of AstraZeneca PLC Ordinary Shares	19	12
Repurchase of AstraZeneca PLC Ordinary Shares	(183)	-
Astra AB minority interest buy out	(142)	-
Foreign currency adjustments	(630)	(183)
Goodwill written back	410	-
Other movements	(2)	(2)
Net (reduction in)/addition to Shareholders' funds	(627)	1,377
Shareholders' funds at end of year	10,302	10,929

6 NET CASH FUNDS

The table below provides an analysis of net cash funds and a reconciliation of net cash flow to movement in net cash funds.

	At 1 Jan 1999 $m	Cash flow $m	Acquisitions & disposals $m	Other non-cash movements $m	Exchange movements $m	At 31 Dec 1999 $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 cash funds	2,254	(5)	12	-	(92)	2,169
Net purchase of shares		164				
Issue of shares by subsidiaries to minorities		(3)				
Net cash inflow before management of liquid resources and financing		156				

7 SEGMENT ANALYSIS

	4th Quarter 1999 $m	4th Quarter 1998 $m	Year 1999 $m	Year 1998 $m
Sales by class of business				
Healthcare	3,894	3,662	15,042	11,223
Pharmaceuticals	3,850	3,607	14,834	11,015
Salick Health Care	44	55	208	208
Other trading	22	30	92	95
Ongoing operations	3,916	3,692	15,134	11,318
Agrochemicals (to be discontinued)	553	532	2,657	2,790
Continuing operations	4,469	4,224	17,791	14,108
Specialties (discontinued)	24	320	654	1,294
Total Operations	4,493	4,544	18,445	15,402
Operating profit/(loss) before exceptional items				
Healthcare	803	815	3,595	2,573
Pharmaceuticals	805	823	3,603	2,587
Salick Health Care	(2)	(8)	(8)	(14)
Other trading	(7)	(9)	(25)	(27)
Ongoing operations	796	806	3,570	2,546
Agrochemicals (to be discontinued)	(11)	(5)	267	359
Continuing operations	785	801	3,837	2,905
Specialties (discontinued)	4	40	71	146
Total Operations	789	841	3,908	3,051
Operating profit/(loss) before exceptional items as a percentage of sales	%	%	%	%
Healthcare	20.6	22.3	23.9	22.9
Pharmaceuticals	20.9	22.8	24.3	23.5
Salick Health Care	(4.5)	(14.5)	(3.8)	(6.7)
Ongoing operations	20.3	21.9	23.6	22.5
Agrochemicals (to be discontinued)	(2.0)	(0.9)	10.0	12.9
Continuing operations	17.6	19.0	21.6	20.6
Specialties (discontinued)	16.7	12.5	10.9	11.2
Total Operations	17.6	18.5	21.2	19.8

8 PRODUCT AND TERRITORIAL SEGMENT SALES ANALYSIS

	4th Quarter 1999 $m	4th Quarter 1998 $m	% Growth Constant Currency	Year 1999 $m	Pro Forma Year 1998 $m	Pro Forma % Growth Constant Currency
Gastrointestinal:						
Losec	1,522	1,366	14%	5,909	4,799	24%
Others	12	13	0%	48	46	11%
Total Gastrointestinal	1,534	1,379	14%	5,957	4,845	24%
Cardiovascular:						
Zestril	297	347	-12%	1,221	1,126	9%
Tenormin	141	141	2%	509	502	2%
Seloken	122	122	3%	531	450	19%
Plendil	124	99	28%	452	367	24%
Imdur	24	37	-30%	109	121	-8%
Ramace	17	17	12%	68	64	9%
Atacand	55	19	215%	171	43	312%
Others	90	90	3%	355	344	4%
Total Cardiovascular	870	872	3%	3,416	3,017	14%
Respiratory:						
Pulmicort	191	197	4%	730	691	9%
Accolate	47	28	72%	156	152	4%
Rhinocort	30	39	-18%	167	158	8%
Bricanyl	39	42	-2%	142	154	-5%
Oxis	24	16	69%	87	44	107%
Others	16	16	6%	57	57	-
Total Respiratory	347	338	10%	1,339	1,256	10%
Oncology:						
Zoladex	194	168	14%	686	626	9%
Nolvadex	144	136	4%	573	526	7%
Casodex	95	74	31%	340	245	41%
Arimidex	40	35	20%	140	121	19%
Others	7	8	0%	25	20	30%
Total Oncology	480	421	14%	1,764	1,538	15%
Specialist/Hospital:						
Diprivan	144	196	-25%	608	653	-6%
Xylocaine	65	66	-4%	249	240	2%
Marcaine	25	21	24%	88	80	11%
Naropin	12	10	20%	45	31	48%
Zomig	54	40	40%	189	102	88%
Seroquel	71	22	223%	232	66	254%
Merrem	39	32	31%	153	128	29%
Other Products	180	182	0%	683	674	1%
Astra Tech	29	28	15%	111	100	15%
Total Specialist/Hospital	619	597	6%	2,358	2,074	15%
Total Pharmaceuticals	3,850	3,607	10%	14,834	12,730	18%
Salick Health Care	44	55	-20%	208	208	-

Total Healthcare	3,894	3,662	9%	15,042	12,938	17%

8 PRODUCT AND TERRITORIAL SEGMENT SALES ANALYSIS (CONTINUED)

	4th Quarter 1999 $m	4th Quarter 1998 $m	% Growth Constant Currency	Year 1999 $m	Pro Forma Year 1998 $m	Pro Forma % Growth Constant Currency
Territorial Analysis						
USA:						
Pharmaceuticals	1,749	1,666	5%	7,156	5,834	23%
Salick Health Care	44	55	-20%	208	208	-
Total USA	1,793	1,721	4%	7,364	6,042	22%
Japan	242	181	13%	710	568	8%
France	246	211	31%	870	714	27%
Germany	207	232	-	850	861	2%
Italy	141	135	18%	579	512	17%
Sweden	96	92	13%	359	348	8%
UK	229	238	-1%	819	808	3%
Rest of World	940	852	19%	3,491	3,085	18%
Total Healthcare	3,894	3,662	9%	15,042	12,938	17%

Pro Forma constant currency % growth has been calculated as if the Astra Merck Restructuring had occurred on 1 January 1998 and excluding the effects arising from exchange rate movements.

Agrochemicals	4th Quarter 1999 $m	4th Quarter 1998 $m	% Growth Constant Currency	Year 1999 $m	Year 1998 $m	% Growth Constant Currency
Product Analysis						
Herbicides:						
Non-Selective	138	120	13%	671	670	-
Selective	163	139	21%	753	874	-13%
Total Herbicides	301	259	17%	1,424	1,544	-8%
Insecticides	76	121	-35%	406	504	-19%
Fungicides	154	129	24%	744	651	14%
Others	22	23	-	83	91	-9%
Total Agrochemicals	553	532	6%	2,657	2,790	-5%
Territorial Analysis						
North America	95	108	-10%	822	933	-12%
Latin America	151	154	-5%	453	550	-18%
Europe	174	154	25%	929	899	5%
Asia, Africa, Australasia	133	116	12%	453	408	8%
Total Agrochemicals	553	532	6%	2,657	2,790	-5%

Constant currency % growth has been calculated excluding the effects arising from exchange rate movements.

Convenience Translation of key financial information

For the three months ended 31 December	1999 $m	1998 $m	1999 £m	1998 £m	1999 SEKm	1998 SEKm
Total Sales	4,493	4,544	2,776	2,808	38,249	38,683
Ongoing operations	3,916	3,692	2,420	2,281	33,337	31,430
Healthcare	3,894	3,662	2,406	2,263	33,150	31,175
Operating profit before exceptional items (EI)	789	841	487	520	6,717	7,159
Ongoing operations before EI	796	806	492	498	6,776	6,861
Healthcare before EI	803	815	496	504	6,836	6,938
Profit before tax on ongoing operations before EI	802	797	496	492	6,827	6,785
Net (loss)/profit for the period	(173)	700	(107)	432	(1,473)	5,959
Earnings per Ordinary Share pre EI	$0.32	$0.34	£0.20	£0.21	SEK2.72	SEK2.89

For the year ended 31 December	1999 $m	1998 $m	1999 £m	1998 £m	1999 SEKm	1998 SEKm
Total Sales	18,445	15,402	11,397	9,517	157,022	131,117
Ongoing operations	15,134	11,318	9,351	6,993	128,836	96,350
Healthcare	15,042	11,223	9,294	6,935	128,053	95,541
Operating profit before exceptional items (EI)	3,908	3,051	2,415	1,885	33,269	25,973
Ongoing operations before EI	3,570	2,546	2,206	1,573	30,391	21,674
Healthcare before EI	3,595	2,573	2,221	1,590	30,604	21,904
Profit before tax on ongoing operations before EI	3,556	3,127	2,197	1,932	30,272	26,620
Net profit for the period	1,143	2,611	706	1,613	9,730	22,227
Basic earnings per Ordinary Share	$0.64	$1.47	£0.40	£0.91	SEK 5.45	SEK12.51
Earnings per Ordinary Share pre EI	$1.54	$1.44	£0.95	£0.89	SEK13.11	SEK12.26
Dividend per Ordinary Share	$0.70	n/a	43.3p	n/a	SEK5.90	n/a
Net cash inflow from operating activities	3,113	3,832	1,923	2,368	26,501	32,622
Decrease in cash	(280)	(186)	(173)	(115)	(2,384)	(1,583)
Shareholders' funds - equity 31 December	10,302	10,929	6,366	6,753	87,701	93,039

Sterling (£) and Swedish Kronor equivalents are shown for convenience and have been calculated using the current period end rates of $1=£0.6179 and $1=SEK 8.5130, respectively. Dividend per Ordinary Share is shown as the actual amount payable using the rates at the date of declaration of the dividend.

Information for US Investors

RECONCILIATION TO UNITED STATES ACCOUNTING PRINCIPLES

The group profit and loss account and group balance sheet set out on pages 13, 14 and 16 are prepared in accordance with generally accepted accounting principles in the United Kingdom (UK GAAP) which differ in certain material respects from those generally accepted in the United States (US GAAP). For the purposes of US GAAP, the merger has been regarded as a purchase accounting acquisition of Astra by Zeneca. 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 in-process research and development and inventory step up have been taken as a one off charge to net income, together with additional amortisation and depreciation arising as a result of the fair value exercise. Pre-acquisition results of Astra are excluded from net income. Other differences as they apply to AstraZeneca PLC (formerly Zeneca Group PLC) are explained in the group's 1999 Annual Report and Form 20-F. The approximate effects on group income and shareholders' equity of the GAAP differences are shown below.

Income attributable to Shareholders	**1999 $m**	**1998 $m**
Net income for the period under UK GAAP	1,143	2,611
Pre-acquisition results of Astra	(413)	(1,427)
	730	1,184
Adjustments to conform to US GAAP		
Purchase accounting adjustments,		
(including goodwill and intangibles):		
- deemed acquisition of Astra		
- in-process research and development	(3,315)	-
- inventory step-up	(826)	-
- amortisation and other acquisition adjustments	(759)	-
- others	(61)	(80)
Divestment of Specialties business	284	-
Impairment of Salick Health Care goodwill	(308)	-
Capitalisation, less disposals and amortisation of interest	5	8
Deferred taxation		
- on fair value of Astra	547	-
- others	117	(28)
Pension expense	(103)	(53)
Post-retirement benefits/plan amendment	4	5
Software costs capitalised	29	-
Restructuring costs	119	-
Unrealised losses on foreign exchange	(2)	-
Net (loss) income in accordance with US GAAP	(3,539)	1,036
Net (loss) income from continuing operations	(4,071)	796
Net income from discontinued operations	108	240
Gain on disposal of Specialties business	424	-
Net (loss) income per Ordinary Share under US GAAP (basic)	(2.26)	1.09
Net (loss) income per Ordinary Share under US GAAP (diluted)	(2.25)	1.09

In addition to the pre-acquisition results of Astra, net income from continuing operations in accordance with US GAAP is depressed by one off charges of $3,315m to write off acquired in-process research and development and $826m for the step up in inventory values at acquisition ($3,800m in total after tax relief of $341m).

RECONCILIATION TO UNITED STATES ACCOUNTING PRINCIPLES (CONTINUED)

Shareholders' equity	**31 Dec 1999 $m**	**31 Dec 1998 $m**
Shareholders' equity under UK GAAP	10,302	10,929
Net 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 captialised	29	-
Restructuring costs	119	-
Others	56	-
Shareholders' equity in accordance with US GAAP	33,735	5,558

Shareholder Information

ANNOUNCEMENTS AND MEETINGS

Announcement of first quarter results	3 May 2000
Annual General Meeting	26 May 2000

DIVIDENDS

The record date for the second interim dividend payable on 17 April 2000 (in the UK, Sweden and the US) is 10 March 2000. Ordinary Shares will trade ex-dividend on the London Stock Exchange from 6 March 2000 and on the Stockholm Stock Exchange from 8 March 2000. ADSs will trade ex-dividend on the New York Stock Exchange from 8 March 2000.

Future dividends will normally be paid as follows:

First interim	Announced in early August and paid in late October.
Second interim	Announced in February and paid in April.

TRADEMARKS

All product or brand names included in Note 8 of this Preliminary Announcement and the following names are trademarks of, or licensed to, AstraZeneca PLC or its subsidiary companies:

Amistar Iressa Karate Nexium Prilosec Rhinocort Aqua Surpass Symbicort Touchdown Turbuhaler Viozan

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

ADDRESSES FOR CORRESPONDENCE

Registrar and Transfer Office	Depositary for ADRs	Registered Office	Swedish Securities Register Centre
The AstraZeneca Registrar Lloyds TSB Registrars The Causeway Worthing West Sussex BN99 6DA	Morgan Guaranty Trust Company of New York 60 Wall Street New York New York 10260	15 Stanhope Gate London W1Y 6LN	Vardepapperscentralen VPC AB Box 7822 S-103 97 Stockholm Sweden
Tel: (01903) 502 541	Tel: (212) 648 3208	Tel: (0171) 304 5000	Tel: (8) 402 9000

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

In order to utilise the “Safe Harbour” provisions of the United States Private Securities Litigation Reform Act of 1995, AstraZeneca is providing the following cautionary statement. This Preliminary Announcement contains certain forward-looking statements about AstraZeneca. We intend to identify the forward-looking statements in this Preliminary Announcement, by using the words “anticipates,” “believes,” “expects,” “intends,” and similar expressions in such statements. Although we believe our expectations are based on reasonable assumptions, our forward-looking statements are subject to numerous risks and uncertainties and factors that could cause actual outcomes and results to be materially different from those projected or implied. Important factors that could cause actual results to differ materially from those in our forward-looking statements, certain of which are beyond our control, include, among other things: risk of loss or expiration of patents or trademarks (in particular, the expiration in the near future of patents covering Losec and Zestril); the difficulty of completing the integration of Zeneca’s and Astra’s large and complex businesses on a timely basis and realizing synergies; the risk that R&D will not yield new products that achieve commercial success; the impact of competition, price controls and price reductions; the difficulties of obtaining governmental regulatory approvals for new products; the risk of substantial product liability claims;

exposure to fluctuations in exchange rates for foreign currencies; exposure to US environmental liabilities and the impact on the Agrochemicals business from the growing importance to agriculture of biotechnology and the use of genetically modified crops. No assurances can be given that any of the events anticipated by our forward-looking statements will transpire or occur, or if any of them do so, what impact they will have on the results of operations and financial condition of AstraZeneca.