

News Release from AstraZeneca

Södertälje, Sweden, May 12, 1999

ASTRAZENECA SELLS SPECIALTY CHEMICALS BUSINESS IN \$2.1 BILLION (£1.3 BN) DEAL

AstraZeneca today announced it has agreed to sell Zeneca Specialties for a cash amount of \$2.1 billion (£1.3 bn) in a buyout jointly financed by Cinven and Investcorp.

In 1998, the Zeneca Specialties businesses now being sold had sales of \$1.1 bn (£686m), a net asset value of \$765m (£460m) and operating profits of \$150m (£90m).

The transaction involves the worldwide business of Zeneca Specialties, including Resins and Novacote, and is expected to be completed by the end of June when all employees will transfer.

Zeneca Specialties will be re-named after completion of the deal and Jeremy Scudamore, currently Chief Executive of Zeneca Specialties, will become Chief Executive of the new company.

Dr. Tom McKillop, Chief Executive of AstraZeneca, said: "This is an excellent outcome for our customers, employees and shareholders and meets the criteria we set last November for the sale of the business. The deal represents the largest ever buyout in the chemicals sector and gives Specialties' management the opportunity to drive for further growth within their own sector.

"The Zeneca Specialties team has worked hard to place the business among the best performers in the sector. We are delighted to have concluded this transaction with Cinven and Investcorp."

Jeremy Scudamore, said: "The business has been performing particularly well as a result of recent restructuring. Cinven's and Investcorp's financial backing to this buyout, will provide a platform from which we can continue the rapid development of the business."

It is expected that the disposal of Zeneca Specialties will be accounted for in the half year results of AstraZeneca. After write back of goodwill attaching to acquired businesses in the portfolio of approximately \$400m (£250m) and costs of achieving separation from other AstraZeneca businesses, including providing for pension liabilities, an after tax profit of \$150m (£90m) is anticipated. The sale will result in a post tax positive cash flow of approximately \$1.5 bn (£900m) and will leave AstraZeneca with an even stronger and ungeared balance sheet, well positioned to take advantage of opportunities in its faster-growing pharmaceutical and agrochemical businesses.

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Zeneca Specialties' manufacturing operations at Grangemouth in Scotland and Huddersfield in Yorkshire will transfer with the business. Zeneca Agrochemicals plants at these sites will remain part of AstraZeneca.

NOTE TO NEWS EDITORS: Zeneca Specialties, based in Blackley, Manchester, comprises a range of high quality businesses which includes Biocides, Industrial Colours, LifeScience Molecules, Performance & Intermediate Chemicals, Resins and Stahl leather products. The business operates across 28 sites worldwide in such countries as the UK, the USA, and the Netherlands with approximately 4,700 employees.

Marlow Foods, which manufactures and markets 'Quorn' - the UK's leading meat alternative - will remain part of AstraZeneca.

AstraZeneca was formed as a result of the completion in April of the merger of the pharmaceutical businesses of Astra, of Sweden, and Zeneca Group, of the UK. In 1998, AstraZeneca had pro forma sales of \$17.2bn. and a pro forma pre-tax profit of \$3.5bn. Zeneca Agrochemicals is part of the AstraZeneca Group.

Cinven is one of Europe's leading private equity firms having led transactions of some £9 billion in the last six years. Its objective is to invest in profitable businesses with established, market leading positions, and with strong prospects for growth through further investment and focused management. Wholly owned by its executive directors, Cinven is a totally independent business.

Investcorp is a global investment group with offices in London, New York and Bahrain. It focuses on three lines of business, corporate investment, real estate investment and asset management. The firm has completed 50 corporate acquisitions with an aggregate value of approximately US\$11.5 billion. In addition to its available capital of more than US\$2.0 billion and total assets of US\$2.2 billion, Investcorp has access to capital from institutional and individual investors in the Arabian Gulf. This unique funding structure enables it to arrange large transactions quickly and effectively.

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