

Investing in UK PLC

A summary of *The Economic Contribution of AstraZeneca to the UK and its Regions: an independent economic impact study*
by Regeneris Consulting



AstraZeneca 
life inspiring ideas

AstraZeneca is a leader in the global pharmaceuticals industry. It researches, develops, manufactures and sells medicines to combat serious diseases and conditions, ranging from cancer to schizophrenia.

It operates across the world ethically and responsibly, improving patients' lives and delivering employment, wealth, innovation and knowledge.

One of the hubs of its worldwide operations is the UK, where it maintains its global, corporate headquarters, two of its largest R&D centres, its second largest manufacturing site and numerous other facilities and business support functions.

AstraZeneca:

- Pioneering innovative new medicines
- Creating employment and wealth around the world
- Working and investing in the UK
- Contributing to the UK knowledge economy
- Delivering competitive advantage for the UK

The impact of AstraZeneca



* GVA (Gross Value Added) is a standard measure of the wealth created by an organisation, sector or country. It takes into account employment costs, taxes, profits to shareholders and the costs of investment.

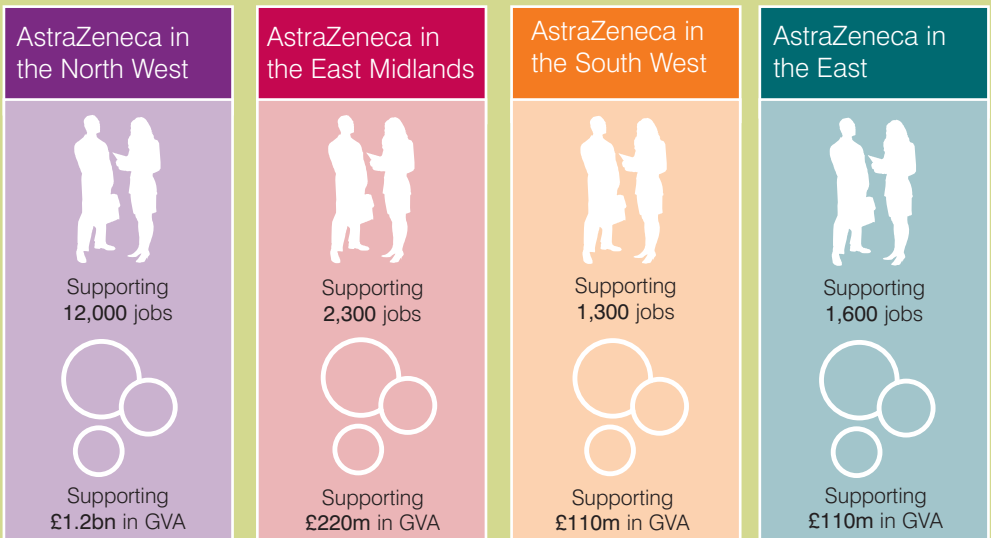
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a at a glance

NB: Facts and figures published in this summary, and the full Regeneris Consulting report, relate to the 2004 UK economy.

AstraZeneca in the Regions



AstraZeneca: Contributing to the UK and its Regions

AstraZeneca is a world class pharmaceutical company. The business – formed in 1999 from the merger of Astra in Sweden and UK-based Zeneca – maintains 11 research and development centres and 30 manufacturing sites around the world.

At the heart of this global network, which sells medicines to over 100 countries, is the UK – home to the company's corporate headquarters, major research and development facilities, manufacturing sites, and overseas and UK-dedicated business support functions.

The following pages – summarised from an economic impact study by Regeneris Consulting – highlight the scope of AstraZeneca's activities in the UK and its contribution to the lives

of its patients, employees and customers. The independent study – entitled *The Economic Contribution of AstraZeneca to the UK and its Regions* – takes into account:

- **AstraZeneca's contribution to science and medicine in the UK**
- **The investment made within the UK by the company**
- **The wealth and employment it generates**
- **The knock-on effects of its UK supply chain**
- **The spending power of its employees and those of its suppliers**
- **The contribution it makes to the UK's intellectual knowledge bank**

Copies of the full report are available on the AstraZeneca website:
www.astrazeneca.co.uk

AstraZeneca worldwide

AstraZeneca - the seventh largest pharmaceutical company in the world – is a global wealth creator, which benefits the countries, regions and communities where it operates.

It develops, manufactures and sells a range of innovative drugs and therapies to combat serious medical conditions such as cancer, cardiovascular disease, gastrointestinal infections, respiratory complaints, migraine and schizophrenia.

R&D is carried out at 11 research and development facilities located in seven countries. Manufacture takes place at 30 sites based in 20 countries.

Typically the development phase of each medicine costs over £500 million and takes 10 to 12 years to complete.

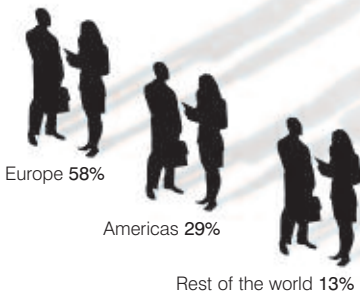
The treatments improve the quality of patients' lives around the world. In parallel, their development, production

and sale generates economic activity and wealth that benefits the prosperity of national, regional and local economies.

The scale of AstraZeneca's operations (which underpin the company's ability to deliver economic benefit) is evidenced by 2004 statistics which show that globally, AstraZeneca:

- Employed 64,000 people (58% in Europe, 29% in the Americas and 13% in the rest of the world)
- Invested some £2 billion in Research and Development
- Generated sales of £11.8 billion (45% within the USA, 36% in Europe, 6% in Japan and 13% from elsewhere in the world)
- Produced an operating profit of £2.6 billion

64,000 People employed



Sales £11.8 billion



AstraZeneca in the UK

AstraZeneca is the second largest pharmaceutical company within the UK. It invests heavily in its operations here and the UK plays a major role within the company's global network.

The location of its corporate headquarters in central London underpins AstraZeneca's contribution to the UK economy and public life. The Chief Executive Officer and his Senior Executive Team are based in the UK. Other functions and facilities maintained in the UK include:

- The company's largest R&D facility at Alderley Park in Cheshire (also home to numerous international business functions)
- Its second largest manufacturing site based at Macclesfield, Cheshire
- R&D facilities at Charnwood in Loughborough, Leicestershire, and Macclesfield
- A further manufacturing facility in Bristol
- An environmental laboratory at Brixham, Devon, with specialist capabilities in marine toxicology
- The AstraZeneca UK Marketing Company in Luton

Activities carried out by AstraZeneca in the UK cover the whole pharmaceuticals cycle from discovery and development to manufacture, marketing and sales. A number of important AstraZeneca support and regulatory functions are also undertaken within the UK.



AstraZeneca – one of the world's leading pharmaceutical companies – has developed a broad range of medicines to fight life-threatening diseases.

The medicines – many of which are recognised as world leading treatments – have delivered significant benefits to millions of patients, adding value to the communities in which these patients live.

The six key therapeutic areas in which AstraZeneca continues to research and develop treatments are:

Oncology

Cancer kills six million people a year around the world – 12% of all deaths worldwide. AstraZeneca's Alderley Park is the company's global headquarters for R&D into cancer. This complex plays a major role in the international battle against the disease, having researched and developed important oncology treatments.

Cardiovascular

Cardiovascular disease accounts for 17 million deaths a year worldwide. High cholesterol, hypertension, high blood pressure and angina can be classed as significant cardiovascular diseases.

Gastrointestinal

Some 40% of adults in the western world regularly experience digestive disorders, 10-20% suffering from gastro-oesophageal reflux disease (GERD).

Neuroscience

Health problems caused by malfunctions of the central nervous system afflict millions of people worldwide.

Respiratory and Inflammation

The World Health Organisation estimates 100 million people suffer from asthma while Chronic Obstructive Pulmonary Disease (COPD) is the world's fourth biggest killer.

Infection

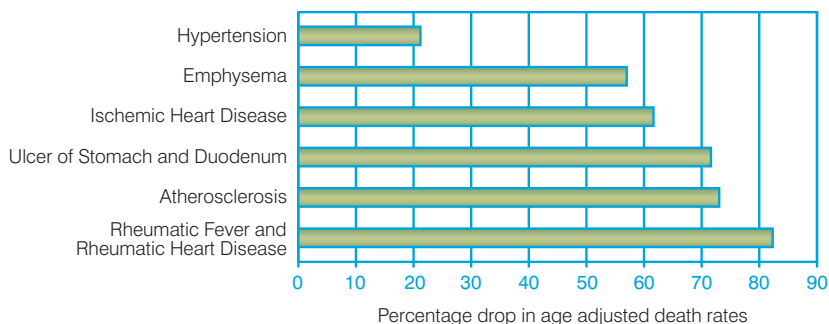
Infectious diseases cause more than 11 million deaths a year. Antibiotics remain the frontline weapon in the war on increasingly resistant infections.

The impact of medicines, in terms of the patients' health, on the UK economy was outside the remit of the Regeneris Consulting report. Nevertheless the consultants point to compelling evidence that demonstrates the beneficial effects of pharmaceuticals on the health and wealth of the nation. Above and beyond saving lives, they include:

- Disease prevention
- The reduction of disease symptoms
- Quality of life improvements for patients

While not quantified in the report, the benefits impact on the economic well being of the nation.

Fall in death rates for diseases treated with pharmaceuticals, 1965-96



Source: PhRMA 1998 based on BCG 1993 and US National Centre for Health Statistics 1998. (US data)

The quantified contributions to the UK economy are derived from the company's operations in the UK. In 2004, investment by AstraZeneca in UK-based operations:

- Sustained nearly 38,000 jobs (the majority of which were highly-skilled, professional appointments). AstraZeneca employees: 11,500
- Invested almost £750 million in R&D in the UK
- Created around £1.5 billion in GVA* directly for the UK economy (plus a further £1 billion indirectly)
- Generated £3 billion worth of exports (net value: £2.1 billion when direct and indirect imports were taken into account)
- Produced £293 million in tax revenues (plus a further £255 million indirectly) for the UK Exchequer.

* GVA (Gross Value Added) is a standard measure of the wealth created by an organisation, sector or country. It takes into account employment costs, taxes, profits to shareholders and the costs of investment.

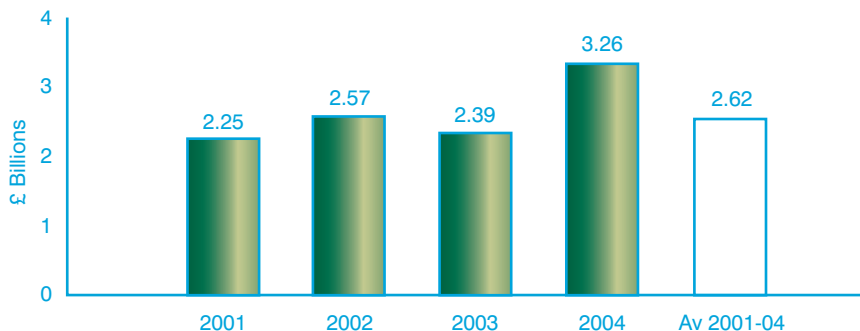
AstraZeneca is also a key driver and champion of the UK pharmaceutical sector. In 2004 it accounted for:

- Around 22% of the sector's capital investment
- Some 21% of the sector's financial turnover and 22% of GVA
- Just under 20% of the sector's total direct employment

As a major manufacturer – AstraZeneca employs 2,700 highly-skilled people in manufacturing in the UK – its two main sites act as a significant link in the company's global supply chain. Its UK activities account for £440 million worth of UK manufacturing output, which has a beneficial impact on UK employment levels.

AstraZeneca in the UK Regions

AstraZeneca's UK Financial Turnover, 2001-04, £ billions



The main concentrations of AstraZeneca's UK R&D, manufacturing, and sales and marketing activities are located in the North West, East Midlands, East and South West.

North West

Major facilities within the North West include Alderley Park and Macclesfield in Cheshire.

The Alderley Park complex accommodates AstraZeneca's largest R&D facility worldwide, international sales and marketing teams, global marketing and business development personnel and other key business activities. It is the headquarters for several global functions - operations, purchasing, engineering and safety, health and environment.

Macclesfield is the location of the company's major UK manufacturing site and R&D facilities.

Information services, human resources, purchasing, finance and the international sales and marketing

support functions are based nearby at satellite sites in Tytherington, Macclesfield and Wilmslow.

The company's European Business Services office is also located in the North West at Chorlton-cum-Hardy, close to the centre of Manchester. This provides business and financial services across Europe.

The combined facilities:

- Generate around £1.2 billion of GVA in the region (directly generated GVA: £990 million)
- Employ over 7,000 people directly (and support indirectly a further 5,000 full time equivalent jobs)

In 2004, an estimated £560 million (approximately 75% of the company's overall R&D expenditure in the UK) was invested in North West. Around £1 in every £3 that is spent on R&D by businesses in the region is provided by AstraZeneca. Around £172 million is spent annually on buying goods and services in the region.

East Midlands

AstraZeneca's presence in the East Midlands is located at Charnwood on the outskirts of Loughborough, where it maintains a substantial R&D facility. It is one of three AstraZeneca world centres for process R&D and one of six sites tasked with pharmaceutical and analytical R&D.

It is AstraZeneca's global centre of excellence for the development of pressurised metered dose inhalers (PMDIs) and has benefited from substantial investment over the last decade, including around £70 million expended over the last three years.

The facility:

- Generates around £220 million of GVA in the region (directly generated GVA: £180 million)
- Supports around 2,300 jobs (around 1,300 directly employed)

Operational expenditure with East Midlands-based suppliers in 2004 was estimated at £26 million. A further £100 million was spent on R&D at Charnwood, the equivalent of £1 in every £6 of business R&D in the region.

South West

In the South West, AstraZeneca maintains a manufacturing facility at Avlon, on the outskirts of Bristol, and an environmental laboratory in Brixham in Devon.

The 200 acre Avlon complex comprises a batch chemical processing plant, warehousing and logistics facilities. Some process R&D is also carried out on-site. Over the last four years, around £130 million has been invested at Avlon.

The Brixham laboratory tests medicines and manufacturing processes to ensure they meet stringent environmental safety and regulatory requirements. Pharmaceutical treatments and potential new drugs from all AstraZeneca's global R&D centres are tested at the site.

The laboratory – one of only a handful of centres in Europe capable of conducting toxicology and environmental testing – also provides a commercial testing service for third parties.

The two sites:

- Generate around £110 million of GVA in the region (£80 million generated directly by AstraZeneca)
- Support some 1,300 FTE jobs (550 of which are directly employed at Avlon and Brixham)

Operational expenditure with suppliers in the region in 2004 was around £16 million. Capital expenditure was in the region of £2 million.

East

AstraZeneca's UK sales and marketing base is located at Luton in the East of England. Economic statistics show the company:

- Generates £110 million of GVA in the region (directly generated GVA: £60 million)
- Supports 1,600 FTE jobs (around 470 are direct employees of AstraZeneca)

Operational expenditure with external suppliers in the region in 2004 was £41 million. Capital expenditure was around £6 million.

AstraZeneca and the UK's Knowledge Economy

AstraZeneca is an innovative, knowledge-based company that adds value to the UK and regional economies.

It is one of the most R&D-intensive companies in the country. As a world leader in pharmaceuticals, it employs large numbers of scientists and researchers. It also supports the development of science in the UK through extensive links with education.

Its innovation-based focus is a valuable asset, providing the regions from which it operates - and UK plc as a whole - with significant competitive advantage.

This unremitting focus on innovation is evidenced by its actions and track record:

- In 2004, it invested £749 million in R&D (just short of 20% of turnover)
- The investment accounted for £1 in every £20 of all UK business R&D, ranking it the second largest R&D

investor among businesses headquartered in the country

- One in every 10 of its employees has a PhD, while one in 20 holds a Masters Degree
- It is an active sponsor of graduate and postgraduate studies
- It funded 110 graduate studentships in 2004
- It also funded PhD students either individually or through strategic partnerships with Research Councils
- It contributes to the Integrative Pharmacology Fund to support established researchers, new lecturers and Fellows
- It plays an active role in the development of UK science and education policy
- It supports the teaching of science, technology, engineering and mathematics in primary and secondary schools

AstraZeneca and Its Responsibilities

As a world class company AstraZeneca takes its responsibilities towards its stakeholders seriously. It strives to embed corporate responsibility throughout its operations and functions.

In 2004 the company donated £2.1 million to local communities in the UK via charitable donations, sponsorships and other initiatives.

It also invested – and continues to invest – considerable resources in developing good employment policies and relations. As a consequence, it is ranked consistently as a good employer. Awards have recognised it as one of 'the top 50 best places to work' (Financial Times and Great Places to Work survey) and as 'Healthiest Large Employer' (BBC's 'Working Lunch' Big Challenge Awards).

Registered office and corporate headquarters:

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To obtain a copy of the full Regeneris Consulting report (The Economic Contribution of AstraZeneca to the UK and its Regions) please visit the AstraZeneca website:
www.astrazeneca.co.uk

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