**ASTRAZENECA’S NEW RESTRUCTURING INITIATIVES TO DRIVE PRODUCTIVITY AND SUPPORT INNOVATION**

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In conjunction with the publication of its full year 2011 results earlier today, AstraZeneca announced new restructuring initiatives designed to improve productivity and strengthen the company’s commercial, operations and research and development capabilities.

This new programme is expected to deliver an estimated $1.6 billion in annual benefits by the end of 2014, at an estimated total cost of $2.1 billion. AstraZeneca expects that this restructuring programme will affect approximately 7,300 positions. Final estimates for programme costs, benefits and headcount impact in all areas of the business are subject to completion of applicable consultation processes.

David Brennan, Chief Executive Officer, AstraZeneca said: “AstraZeneca remains fully committed to our long-term, focused, innovation-driven biopharmaceutical strategy. Since 2007, when we announced our first major restructuring programme, we have taken decisive steps to improve returns on investment, recognising that this demands concerted, enterprise-wide action. Today’s initiatives should be seen in this strategic context as we continue to reshape our business to improve productivity and innovation and with it our long-term ability to compete in a rapidly changing healthcare environment.

“We are acutely aware that these decisions will affect many employees and we will strive to support our people as we implement these changes.”

AstraZeneca is now providing further details of the company’s restructuring plans as follows:

**Selling, General and Administrative (SG&A)**

Within AstraZeneca’s SG&A category – which encompasses corporate and support functions as well as the commercial organisation – the company will continue to drive efficiencies, rationalise non-customer facing support groups and introduce new ways of meeting customer needs.

One change already under way is the simplification of the company’s global commercial organisation structure. The number of sales and marketing regions has been reduced from five to three and smaller countries are being clustered, a move that will optimise resources, increase shared services and reduce the cost base.

In parallel, AstraZeneca is accelerating its use of new customer channels providing innovative, high quality services that better meet the changing needs of healthcare professionals at lower unit costs. These new channels – which include digital technology and the use of call centres for sales and medical advice – have been successfully established in many developed markets and are now being deployed around the world.

The company currently estimates that approximately 3,750 positions will be affected by the programme spanning SG&A.

**Research and Development**

The R&D function will accelerate its transformation, which the company unveiled in January 2010. Under the new programme announced today, further changes will create a simpler and more innovative R&D organization with a lower and more flexible cost base. Excess capacity in certain R&D functions will be reduced, matching resources to AstraZeneca’s more focused R&D portfolio.

A focus for much of the change in R&D is the neuroscience therapy area. While the patient need for better medicines in neuroscience is huge and the science is promising, advances in treatments have proved elusive for the pharmaceutical industry in recent years, despite significant investment. AstraZeneca believes that it will have the best chance of success in future by combining the company’s internal expertise with innovative external science.

As a result, AstraZeneca will create a new “virtual” neuroscience Innovative Medicines unit (iMed) made up of a small team of around 40 to 50 AstraZeneca scientists conducting discovery and development externally, through a network of some of the most innovative partners in academia and industry globally. The team will be based in major neuroscience hubs – Boston (US) and Cambridge (UK) – and work closely with innovative partners such as the Karolinska Institute in Stockholm (Sweden).

Martin Mackay, President of Research and Development, AstraZeneca, said: “We’ve made an active choice to stay in neuroscience though we will work very differently to share cost, risk and reward with partners in this especially challenging but important field of medical research. The creation of a virtual neuroscience iMed will make us more agile scientifically and financially – we will be able to collaborate flexibly with the best scientific expertise, wherever it exists in the world.”

The implementation of this new model will lead to a significant reduction in employee numbers and the end of R&D activity at two sites that are focused on neuroscience: Södertälje in Sweden and Montreal in Canada. As the location of the company’s largest manufacturing site, and the base of the commercial business covering the Scandinavian markets, Södertälje remains an important part of the AstraZeneca network. The company’s Montreal facility will close.

The restructuring in R&D announced today will impact approximately 2,200 positions globally.

**Operations**

In recent years, AstraZeneca has made a number of strategic changes to improve the efficiency and effectiveness of its supply chain and outsource some manufacturing activity, particularly the production of active pharmaceutical ingredients. The new programme will drive further efficiency in the supply chain, with a particular focus on support functions in Operations.

Total positions affected within the company’s Operations function are estimated to be around 1,350.

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NOTES TO EDITORS

R&D change programme

In January 2010, the R&D function announced a transformational change programme. Under this programme R&D reduced the number of disease areas, created Innovative Medicines units (iMeds) and the Global Medicines Development group and increased investment to build critical capabilities in areas such as predictive science, personalised healthcare, clinical trial design and interpretation and payer evidence. It also led to the closure of some R&D sites.

AstraZeneca continues to invest in R&D in the following therapy areas: cardiovascular, gastrointestinal, infection, oncology, neuroscience and respiratory & inflammation.

About AstraZeneca

AstraZeneca is a global, innovation-driven biopharmaceutical business with a primary focus on the discovery, development and commercialisation of prescription medicines for gastrointestinal, cardiovascular, neuroscience, respiratory and inflammation, oncology and infectious disease. AstraZeneca operates in over 100 countries and its innovative medicines are used by millions of patients worldwide. For more information please visit: [www.astrazeneca.com](http://www.astrazeneca.com)

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