



AstraZeneca PLC
(incorporated with limited liability in England)

U.S.\$5,000,000,000
Euro Medium Term Note Programme

AstraZeneca PLC (the “**Issuer**”) has established a Euro Medium Term Note Programme (the “**Programme**”) described in this Base Prospectus. Pursuant to the Programme, the Issuer may from time to time issue notes (“**Notes**”) up to the maximum aggregate principal amount of U.S.\$5,000,000,000.

Notes will be issued in series (each a “**Series**”) in bearer form. Each Series may comprise one or more tranches (each a “**Tranche**”) issued on different issue dates. Each Tranche of Notes will be issued on the terms set out herein under “Terms and Conditions of the Notes” (the “**Conditions**”) as amended and/or supplemented by a document setting out the final terms of such Tranche (the “**Final Terms**”). This Base Prospectus must be read and construed together with all documents incorporated by reference herein, any amendments or supplements hereto and, in relation to any Tranche of Notes, must be read and construed together with the relevant Final Terms.

The Notes are constituted by, have the benefit of and are in all respects subject to a trust deed dated 10 September 2007 (the “**Trust Deed**”) between the Issuer and Deutsche Trustee Company Limited (the “**Trustee**”, which expression shall include all persons appointed for the time being as trustee or trustees under the Trust Deed) as trustee for the holders of the Notes (the “**Noteholders**”). The Notes also have the benefit of an agency agreement dated 10 September 2007 (the “**Agency Agreement**”) between the Issuer and Deutsche Bank AG, London Branch as principal paying agent (the “**Principal Paying Agent**”).

This Base Prospectus has been approved by the United Kingdom Financial Services Authority (the “**FSA**”), which is the United Kingdom competent authority for the purposes of Directive 2003/71/EC (the “**Prospectus Directive**”) and the Financial Services and Markets Act 2000 (“**FSMA**”), as a base prospectus issued in compliance with the Prospectus Directive and FSMA. Applications have been made for the Notes to be admitted to listing on the Official List of the FSA and to trading on the Gilt-Edged and Fixed Interest Market of the London Stock Exchange plc (the “**London Stock Exchange**”) during the period of twelve months after the date hereof. The Programme also permits Notes to be issued on the basis that they will not be admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system or to be admitted to listing, trading and/or quotation by such other or further competent authorities, stock exchanges and/or quotation systems as may be agreed with the Issuer.

Notes which are to be admitted to trading on a market which is a regulated market for the purposes of Directive 93/22/EEC (each a “**Regulated Market**”) or offered to the public in any Member State of the European Economic Area may only be issued under the Programme in minimum denominations of at least EUR 50,000 (or its equivalent in another currency).

Investing in Notes issued under the Programme involves certain risks. The principal risk factors that may affect the ability of the Issuer to fulfil its obligations under the Notes are discussed under “Risk Factors” below.

Arranger
CITI

Dealers

CITI
GOLDMAN SACHS INTERNATIONAL
JPMORGAN CAZENOVE

DEUTSCHE BANK
HSBC

TABLE OF CONTENTS

IMPORTANT NOTICES	ii
DESCRIPTION OF THE PROGRAMME	1
RISK FACTORS	4
DOCUMENTS INCORPORATED BY REFERENCE	15
FORMS OF NOTES	16
TERMS AND CONDITIONS OF THE NOTES	19
FORM OF FINAL TERMS	39
SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM ..	50
USE OF PROCEEDS	52
DESCRIPTION OF THE ISSUER	53
TAXATION	77
SUBSCRIPTION AND SALE	79
GENERAL INFORMATION	82

IMPORTANT NOTICES

The Issuer accepts responsibility for the information contained in this Base Prospectus and declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Base Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any other document entered into in relation to the Programme or any information supplied by the Issuer or such other information as is in the public domain and, if given or made, such information or representation should not be relied upon as having been authorised by the Issuer, the Trustee or any Dealer.

Neither the Dealers nor any of their respective affiliates nor the Trustee have authorised the whole or any part of this Base Prospectus and none of them makes any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained in this Base Prospectus. Neither the delivery of this Base Prospectus or any Final Terms nor the offering, sale or delivery of any Note shall, in any circumstances, create any implication that the information contained in this Base Prospectus is true subsequent to the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the prospects or financial or trading position of the Issuer since the date thereof or, the date upon which this Base Prospectus has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The distribution of this Base Prospectus and any Final Terms and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus or any Final Terms comes are required by the Issuer and the Dealers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of this Base Prospectus or any Final Terms and other offering material relating to the Notes, see “Subscription and Sale”. In particular, Notes have not been and will not be registered under the United States Securities Act of 1933 (as amended) (the “**Securities Act**”) and are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons.

Neither this Base Prospectus nor any Final Terms constitutes an offer or an invitation to subscribe for or purchase any Notes and should not be considered as a recommendation by the Issuer, the Dealers or any of them that any recipient of this Base Prospectus or any Final Terms should subscribe for or purchase any Notes. Each recipient of this Base Prospectus or any Final Terms shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer.

The maximum aggregate principal amount of Notes outstanding at any one time under the Programme will not exceed U.S.\$5,000,000,000 (and for this purpose, any Notes denominated in another currency shall be translated into U.S. dollars at the date of the agreement to issue such Notes (calculated in accordance with the provisions of the Dealer Agreement). The maximum aggregate principal amount of Notes which may be outstanding at any one time under the Programme may be increased from time to time, subject to compliance with the relevant provisions of the Dealer Agreement as defined under “Subscription and Sale”.

In this Base Prospectus, unless otherwise specified, references to a “**Member State**” are references to a Member State of the European Economic Area, references to “**U.S.\$**”, “**U.S. dollars**” or “**dollars**” are to United States dollars, references to “**EUR**” or “**euro**” are to the single currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty establishing the European Community, as amended and references to “**£**” or “**sterling**” are to the lawful currency for the time being of the United Kingdom.

Certain figures included in this Base Prospectus have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over allot Notes or effect transactions with a view to supporting the market price of the Notes at

a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

DESCRIPTION OF THE PROGRAMME

This description of the Programme must be read as an introduction to this Base Prospectus, and any decision to invest in the Notes should be based on a consideration of the Base Prospectus as a whole, including all documents incorporated by reference. Words and expressions defined in the “Terms and Conditions of the Notes” below or elsewhere in this Base Prospectus have the same meanings in this summary.

Issuer:	AstraZeneca PLC
Risk Factors:	Investing in Notes issued under the Programme involves certain risks. The principal risk factors that may affect the ability of the Issuer to fulfil their respective obligations under the Notes are discussed under “Risk Factors” below.
Arranger:	Citigroup Global Markets Limited.
Dealers:	Citigroup Global Markets Limited, Deutsche Bank AG, London Branch, Goldman Sachs International, HSBC Bank plc, J.P. Morgan Securities Ltd. and any other Dealer appointed from time to time by the Issuer either generally in respect of the Programme or in relation to a particular Tranche of Notes.
Trustee:	Deutsche Trustee Company Limited.
Principal Paying Agent:	Deutsche Bank AG, London Branch.
Listing and Trading:	Application has been made for Notes to be admitted during the period of twelve months after the date hereof to listing on the Official List of the FSA and to trading on the Gilt-Edged and Fixed Interest Market of the London Stock Exchange. The Programme also permits Notes to be issued on the basis that they will not be admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system or to be admitted to listing, trading and/or quotation by such other or further competent authorities, stock exchanges and/or quotation systems as may be agreed with the Issuer.
Clearing Systems:	Euroclear and/or Clearstream, Luxembourg and/or, in relation to any Tranche of Notes, any other clearing system as may be specified in the relevant Final Terms.
Initial Programme Amount:	Up to U.S.\$5,000,000,000 (or its equivalent in other currencies) aggregate principal amount of Notes outstanding at any one time. The Issuer may increase the amount of the Programme at any time, subject to compliance with the relevant provisions of the Dealer Agreement as defined under “Subscription and Sale”.
Issuance in Series:	Notes will be issued in Series. Each Series may comprise one or more Tranches issued on different issue dates. The Notes of each Series will all be subject to identical terms, except that the issue date, issue price and the amount of the first payment of interest may be different in respect of different Tranches.
Forms of Notes:	Notes may only be issued in bearer form. Each Tranche of Notes will initially be in the form of either a Temporary Global Note or a Permanent Global Note, in each case as specified in the relevant Final Terms. Each Global Note which is not intended to be issued in new global note form (a “ Classic Global Note ” or “ CGN ”), as specified in the relevant Final Terms, will be deposited on or around the relevant issue date with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and each Global Note which is intended to be issued in new global note form (a “ New Global Note ” or “ NGN ”), as specified in the relevant Final Terms, will be deposited on or around the relevant issue date with a common safekeeper for Euroclear and/or Clearstream, Luxembourg. Each Temporary Global Note will be exchangeable for a Permanent Global Note or, if so specified in the relevant Final Terms, for

Definitive Notes. If the TEFRA D Rules are specified in the relevant Final Terms as applicable, certification as to non-U.S. beneficial ownership will be a condition precedent to any exchange of an interest in a Temporary Global Note or receipt of any payment of interest in respect of a Temporary Global Note. Each Permanent Global Note will be exchangeable for Definitive Notes in accordance with its terms. Definitive Notes will, if interest-bearing, have Coupons attached and, if appropriate, a Talon for further Coupons.

Currencies:

Notes may be denominated in any currency or currencies, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements. Payments in respect of Notes may, subject to such compliance, be made in and/or linked to, any currency or currencies other than the currency in which such Notes are denominated.

Status of the Notes:

Notes will be issued on an unsubordinated basis.

Issue Price:

Notes may be issued at any price and either on a fully or partly paid basis, as specified in the relevant Final Terms. The price and amount of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer(s) at the time of issue in accordance with prevailing market conditions.

Maturities:

Such maturity as may be agreed between the Issuer and the relevant Dealer(s), subject to such minimum or maximum maturities as may be allowed or required from time to time by the Bank of England (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant currency.

Any Notes having a maturity of less than one year must (a) have a minimum redemption value of £100,000 (or its equivalent in other currencies) and be issued only to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses or (b) be issued in other circumstances which do not constitute a contravention of section 19 of FSMA by the Issuer.

Redemption:

Notes may be redeemable at par or at such other redemption amount (detailed in a formula, index or otherwise) as may be specified in the relevant Final Terms. Notes may also be redeemable in two or more instalments on such dates and in such manner as may be specified in the relevant Final Terms.

Optional Redemption:

Notes may be redeemed before their stated maturity at the option of the Issuer (either in whole or in part) and/or at the option of the Noteholders to the extent (if at all) specified in the relevant Final Terms.

Change of Control Redemption:

Notes may be redeemed before their stated maturity at the option of the Noteholders to the extent (if at all) specified in the relevant Final Terms following the occurrence of a Change of Control Put Event (as defined in the Conditions).

Tax Redemption:

Except as described in "Optional Redemption" above, early redemption will only be permitted for tax reasons as described in Condition 10(b) (*Redemption and Purchase — Redemption for tax reasons*).

Interest:

Notes may be interest-bearing or non-interest bearing. Interest (if any) may accrue at a fixed rate or a floating rate or other variable rate or be index-linked and the method of calculating interest may

vary between the issue date and the maturity date of the relevant Series.

Denominations:

Notes will be issued in such denominations as may be specified in the relevant Final Terms, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements, provided that Notes which are to be admitted to trading on a Regulated Market or offered to the public in any Member State will only be issued in minimum denominations of at least EUR 50,000 (or its equivalent in another currency). Notes may be issued under the Programme in minimum Specified Denominations and integral multiples in excess thereof of another smaller amount.

Negative Pledge:

The Notes will have the benefit of a negative pledge as described in Condition 5 (*Negative Pledge*).

Taxation:

All payments in respect of Notes will be made free and clear of withholding taxes of the United Kingdom, unless the withholding is required by law. In that event, the Issuer will (subject as provided in Condition 12 (*Taxation*)) pay such additional amounts as will result in the Noteholders receiving such amounts as they would have received in respect of such Notes had no such withholding been required.

Governing Law:

The Notes and the Trust Deed are governed by English law.

Ratings:

Notes issued under the Programme may be rated or unrated. A rating is not a recommendation to buy, hold or sell securities and may be subject to suspension, or withdrawal at any time.

Selling Restrictions:

For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of offering material in the United States of America, the European Economic Area, the United Kingdom and Japan, see "Subscription and Sale" below.

RISK FACTORS

Prospective investors should read the entire Base Prospectus. Words and expressions defined in the “Terms and Conditions of the Notes” below or elsewhere in this Base Prospectus have the same meanings in this section.

Investing in Notes issued under the Programme involves certain risks. Set forth below are risk factors that the Issuer believes are the principal risks involved in an investment in the Notes. Prospective investors should consider carefully the following:

Risks Relating to Forward-Looking Statements

This Base Prospectus contains certain forward-looking statements about the Issuer. Although the Issuer believes its expectations are based on reasonable assumptions, any forward-looking statements may be influenced by factors that could cause actual outcomes and results to be materially different from those predicted. Forward-looking statements are identified in this Base Prospectus by using the words ‘anticipates’, ‘believes’, ‘expects’, ‘intends’ and similar expressions. These forward-looking statements are subject to numerous risks and uncertainties. Important factors that could cause actual results to differ materially from those in forward-looking statements, certain of which are beyond the Issuer’s control, include, among other things: the loss or expiration of patents, marketing exclusivity or trade marks; the risk of substantial adverse litigation/government investigation claims and insufficient insurance coverage; exchange rate fluctuations; the risk that research and development undertaken by the Issuer will not yield new products that achieve commercial success; the risk that strategic alliances will be unsuccessful; the impact of competition, price controls and price reductions; taxation risks; the risk of substantial product liability claims; the impact of any failure by third parties to supply materials or services; the risk of failure to manage a crisis; the risk of delay to new product launches; the difficulties of obtaining and maintaining regulatory approvals for products; the risk of failure to observe ongoing regulatory oversight; the risk that new products do not perform as the Issuer expects; the risk of environmental liabilities; the risks associated with conducting business in emerging markets; the risk of reputational damage; and the risk of product counterfeiting.

Risks Relating to the Issuer and its Business

Risk of expiration of patents, marketing exclusivity or trade marks

Scientific development and technological innovation are crucial if the Issuer is to deliver long-term market success. In the pharmaceutical market, a drug, diagnostic or medical device is normally only subject to competition from alternative products, for the same use, during the period of patent protection or other types of marketing exclusivity. Once patent protection or other types of marketing exclusivity have expired the product is generally open to competition from generic copy products. Products under patent protection or other types of marketing exclusivity usually generate significantly higher revenues than those not protected by patents or other types of marketing exclusivity.

For example, during 2004 compared to 2003 and, to a lesser extent, during 2005 compared to 2004, sales in the United States of Losec/Prilosec, Plendil, Zestril and Nolvadex fell significantly following anticipated patent expiries or the end of marketing exclusivity.

The Issuer believes that it has robust patent protection for many of its most important products.

Trade mark protection for the Issuer’s products is also an important element of its overall product marketing programmes. Combined with patent protection or other types of marketing exclusivity, products protected by a valid trade mark usually generate higher revenues than those not protected by a trade mark. The Issuer believes that it has trade mark protection for many of its most important products. However, trade mark protection may be challenged by third parties.

Risk of patent litigation and early loss of patents, marketing exclusivity or trade marks

Over the last few years there has been a marked increase in intellectual property litigation. Increasingly, manufacturers of generic pharmaceutical products, whether based in developing countries, such as those in Asia, or elsewhere in the world, seek to challenge the Issuer’s patents or other types of marketing exclusivity in order to gain access to the market for their own generic products. Furthermore, in addition to generic manufacturers, the research-based industry has become more aggressive in recent years in using intellectual property rights offensively as an additional basis for commercial competition between patented products. This has included the use of patent litigation directed at relatively young products and, in the case of litigation both by generic manufacturers and other research-based companies, it is to be expected that the greatest challenges will be focused on the most valuable products.

Parts of the Issuer's technology, techniques and proprietary compounds and potential candidate drugs, including those which are in-licensed, may be found to infringe patents owned by or granted to others. This risk may increase as the Issuer's focus on biopharmaceuticals increases, as intellectual property questions related to biological medicines can be extremely complex. If the Issuer cannot resolve any intellectual property disputes, it may be liable for damages, be required to obtain costly licences or be stopped from manufacturing, using or selling its products. During the course of its activities, the Issuer may become aware of broad patents owned by others relating to some of its intellectual property and, in some instances, may receive notices from the owners of patents claiming that their patents may be infringed by the development, manufacture or sale of some of the Issuer's products and candidate drugs. In response, the Issuer may obtain licences, determine that its products do not infringe the patents or that the patents are not valid, or it may make various modifications that it believe should not infringe the patents and that should permit commercialisation of the Issuer's products.

There can be no assurance that any of the Issuer's currently patented products will not be the subject of intellectual property litigation in the future, despite the Issuer's efforts to establish and defend the most robust patent protection. There can be no assurance that the Issuer would prevail in a patent infringement action; will be able to obtain a licence to any third party patent on commercially reasonable terms; successfully develop non-infringing alternatives on a timely basis; license alternative non-infringing technology, if any exists, on commercially reasonable terms; or whether patent protection is available at all. If the Issuer is not successful during the patent protection or data exclusivity periods in maintaining exclusive rights to market one or more of its major products, particularly in the United States where the Issuer has its highest revenue and margins, the revenue and margins of the Issuer would be adversely affected.

For example, the Issuer was involved in litigation in the United States and elsewhere during 2005 relating to omeprazole, the active ingredient in Losec/Prilosec, and in the United States, relating to metoprolol succinate, the active ingredient in Toprol — XL, concerning the infringement of certain patents, including formulation patents, by generic manufacturers. In January 2006, the United States District Court for the Eastern District of Missouri issued a decision holding that certain of the Issuer's United States compound and composition patents relating to metoprolol succinate are unenforceable and invalid. The Issuer appealed the District Court decision to the United States Court of Appeals for the Federal Circuit. Also, during 2005, certain generic manufacturers filed Abbreviated New Drug Applications (“ANDAs”) with the United States Food and Drug Administration containing paragraph IV certifications alleging invalidity and non-infringement in respect of certain of the Issuer's patents relating to Nexium, Pulmicort Respules and Seroquel. Following filing of the ANDAs, the Issuer commenced patent infringement proceedings against such manufacturers.

In addition to challenges to patented products of the Issuer from manufacturers of generic or other patented pharmaceutical products, there is a risk that some countries, particularly those in the developing world, may seek to impose limitations on the availability of patent protection for pharmaceutical products, or on the extent to which such protection may be obtained, within their jurisdictions.

Limitations on the availability of patent protection in developing countries or the expiration or loss of certain patents, marketing exclusivity or trade marks would have an adverse effect on pricing and sales with respect to these products and, consequently, could result in a material adverse effect on the Issuer's financial condition and results of operations.

Risk of substantial adverse outcomes of litigation and government investigations and insufficient insurance coverage

The Issuer and its consolidated subsidiaries (the “Group”) are currently involved in various legal proceedings considered typical to its businesses, including litigation relating to employment, product liability, commercial disputes, infringement of intellectual property rights, the validity of certain patents, antitrust and securities law. Unfavourable resolution of these and similar future proceedings, including government investigations and securities class action law suits, may have a material adverse effect on the Group's financial results, not least because the Group may be required to make significant provisions in its accounts related to legal proceedings and/or governmental investigations, which would reduce earnings. In many cases, the practice of the plaintiff bar is to claim damages — compensatory, punitive and statutory — in amounts that may not bear any relation to the underlying harm. Accordingly, potential exposure to claims in such proceedings cannot be quantified. Recent insurance loss experience, including pharmaceutical product liability exposures, has increased the cost of, and narrowed the coverage afforded by, pharmaceutical companies' insurance generally. In order to contain insurance costs in recent years, the Group has continued to adjust its coverage profile, accepting a greater degree of uninsured exposure. In addition, where claims are made under insurance policies, insurers may reserve the right to deny coverage on various grounds. If denial of coverage is ultimately upheld on these claims, this could result in material additional charges to the Group's earnings.

Impact of fluctuations in exchange rates

The results of operations of the Issuer are accounted for in U.S. dollars. Approximately 51% of the 2006 sales of the Issuer were in North America (comprised of the United States and Canada) with a significant proportion of that figure being in respect of United States sales. The United States is, and is expected to remain, the Issuer's largest market. Sales in certain other countries are also in U.S. dollars, or in currencies whose exchange rates are linked to the U.S. dollar. Major components of the Issuer's cost base are, however, located in Europe, where an aggregate of approximately 58% of the Issuer's employees are based. Movements in the exchange rates used to translate foreign currencies into U.S. dollars may therefore have a material adverse effect on the Issuer's financial condition and results of operations.

Certain subsidiaries of the Issuer import and export goods and services in currencies other than their own functional currency. The results of such subsidiaries could, therefore, be affected by currency fluctuations arising between the transaction dates and the settlement dates for those transactions. The Issuer hedges these exposures through financial instruments. The fair value of financial instruments used to hedge these exposures, principally forward foreign exchange contracts and purchased currency options, at 31 December 2006 was U.S.\$45 million. The Issuer has policies that seek to mitigate the effect of exchange rate fluctuations on the value of foreign currency cash flows and in turn their effects on the results of the various subsidiaries, but it does not seek to remove all such risks. In general, a unilateral strengthening of the U.S. dollar adversely affects reported results of the Issuer whereas a weakening of the U.S. dollar is generally favourable. The Issuer cannot ensure that exchange rate fluctuations will not have a material adverse effect on its financial condition and results of operations in the future.

Risk that research and development will not yield new products that achieve commercial success

The development of new products involves the commitment by the Issuer of substantial effort, funds and other resources to research and development activities, and also involves a high degree of risk and can take many years. The product development efforts of the Issuer with respect to any product candidate may fail, and the Issuer may ultimately be unable to achieve commercial success for any number of reasons, including:

- difficulty enrolling patients in clinical trials;
- failure to obtain the required regulatory approvals for the product candidate or the facilities in which it is manufactured;
- adverse reactions to the product candidate or indications of other safety concerns;
- inability to manufacture sufficient quantities of the product candidate for development or commercialisation activities in a timely and cost-efficient manner; and
- strategic collaborations that the Issuer has entered into may not be successful.

As a result of these complexities and uncertainties associated with pharmaceutical research, it cannot be ensured that compounds currently under development will achieve success. For example, in 2006, late-stage development of Galida (a potential diabetes therapy) and NXY-059 (a potential treatment for stroke) were discontinued due to failure to meet their target product profiles.

Strategic alliances formed as part of the Issuer's externalisation strategy may be unsuccessful

The Issuer may pursue acquisitions of complementary businesses, technology licensing arrangements and strategic alliances to expand its product portfolio and geographic presence as part of its business strategy. Examples of recent such strategic alliances include:

- collaboration with Bristol-Myers Squibb Company to develop and commercialise two investigational compounds being studied for the treatment of Type 2 diabetes;
- collaboration with Pozen Inc. to co-develop fixed dose combinations of naproxen and esomeprazole for chronic pain, utilising Pozen's proprietary formulation technology;
- agreement with AtheroGenics, Inc. to develop and commercialise their anti-inflammatory cardiovascular product candidate for the treatment of atherosclerosis; and
- acquisition of MedImmune, Inc. ("**Medimmune**"), Cambridge Antibody Technology Group plc ("**CAT**") and KuDOS Pharmaceuticals Limited.

The Issuer may not complete these types of transactions in a timely manner, on a cost-effective basis, or at all, and may not realise the expected benefits of any acquisition, licensing arrangement or strategic alliance. Other companies may also compete with the Issuer for these strategic opportunities. When the Issuer is able to complete these transactions, the success of these types of arrangements (whether already existing or to be

entered into in the future) is largely dependent on the technology and other intellectual property acquired from a business or contributed from the Issuer's strategic partners and the resources, efforts and skills of the Issuer's partners. Disputes and difficulties in such relationships are common, often due to conflicting priorities or conflicts of interest. The benefits of these alliances would be reduced or eliminated should strategic partners terminate the agreements, fail to devote sufficient financial or other resources to the alliances or suffer negative outcomes in intellectual property disputes.

If these types of transactions are unsuccessful, the operating results of the Issuer will be negatively impacted. In addition, integration of an acquired business could result in the incurrence of significant debt and unknown or contingent liabilities, as well as the negative effects on the Issuer's reported results of operations from acquisition-related charges, amortisation of expenses related to intangibles and charges for impairment of long-term assets. These effects, individually or in combination, could cause a deterioration of the credit rating of the Issuer and result in increased borrowing costs and interest expense. The Issuer could also experience difficulties in integrating geographically separated organisations, systems and facilities, and personnel with diverse backgrounds. Integration of an acquired business may also require management resources that would otherwise be available for ongoing development of the Issuer's existing business.

For example, the Issuer expects that the ongoing process of integrating the MedImmune business into its existing business will be complex and time-consuming, and it is difficult to predict how long the integration process will last. The process may result in business disruptions, the loss of key employees, slower execution of various work processes, compliance failures due to a change in applicable regulatory requirements and other issues. In addition, the operating model for MedImmune has potential strategic benefits; however, it may not be the most efficient structure for realising efficiencies. As a result, there can be no assurances that the Issuer will not encounter difficulties in integrating the operations for MedImmune as contemplated or that the benefits expected, including anticipated synergies, will be realised.

Under many of its strategic alliances the Issuer makes milestone payments well in advance of commercialisation of products, with no assurance that it will ever recoup those payments, in which case the Issuer's operating results may be negatively affected.

Risks related to biologics products

The acquisition of MedImmune has significantly accelerated the Issuer's biologics strategy and, combined with its wholly-owned subsidiary, CAT, significantly increased the importance of biologics to the Group. As a result, certain risks related to the biologics businesses will become more important to the Group, including:

- there may be limited access to and supply of biological materials, such as cells or animal products or by-products. In addition, government regulations in multiple jurisdictions, such as the United States and European states within the European Union could result in restricted access to, or transport or use of, such materials. If the Issuer loses access to sufficient sources of such materials, or if tighter restrictions are imposed on the use of such materials, it may not be able to conduct research activities as planned and may incur additional development costs;
- the development, manufacturing and marketing of biologics are subject to regulation by the FDA, the European Medicines Agency and other regulatory bodies. These regulations are often more complex and extensive than the regulations applicable to other pharmaceutical products. As a result, the regulatory review and oversight process may affect production and release schedules for biologics to a greater extent than for other products. In addition, various legislative and regulatory authorities are considering whether an abbreviated approval process is appropriate for "follow-on" biological products. It is uncertain as to when, or if, any such process may be adopted or how such a process would relate to the intellectual property rights in connection with the marketed or pipeline biopharmaceutical products, but any such process could have a material effect on the prospects of the patented biological products; and
- manufacturing biologics, especially in large quantities, is sometimes complex and may require the use of innovative technologies to handle living micro-organisms. Manufacturing biologics requires facilities specifically designed and validated for this purpose, and sophisticated quality assurance and quality control procedures are necessary. Slight deviations anywhere in the manufacturing process may result in lot failure, product recalls or spoilage due to contamination or otherwise.

Competition, price controls and price reductions

The principal markets for the pharmaceutical products of the Issuer are the Americas, the countries of the European Union ("EU"), Asia Pacific and Japan. These markets are highly competitive. The Issuer competes in all of them, and elsewhere in the world, against major prescription pharmaceutical companies

which, in many cases, are able to match or exceed the resources that the Issuer has available to it, particularly in the areas of research and development and marketing spend. Industry consolidation has resulted in the formation of a small number of very large companies. Some of the Issuer's most important products for future growth, such as Crestor, Seroquel and Symbicort, compete directly with similar products marketed by some of these companies. Increasingly, the Issuer also competes directly with biotechnology companies and companies that manufacture generic versions of the Issuer's products following the expiry or loss of patent protection or other marketing exclusivity. In addition, some of the Issuer's patented products, including Nexium, are subject to pricing pressure from competition from generic products in the same class.

In most of the principal markets in which the Issuer sells its products, there is continued economic, regulatory and political pressure to limit the cost of pharmaceutical products. Certain groups have been involved in exerting price pressure on pharmaceutical companies to ensure medicines are affordable to those who need them.

Currently, there is no direct government control of prices for non-government sales in the United States. In 1990, however, federal legislation was enacted which required drug manufacturers to agree to substantial rebates in order for the manufacturer's drugs to be reimbursed by state Medicaid programmes, and an additional rebate if manufacturer price increases after 1990 exceed the increase in inflation. In addition, certain states have taken action to require further manufacturer rebates on Medicaid drug utilisation and for other state pharmaceutical assistance programmes. For example, some states permit or require the dispensing pharmacist to substitute a less expensive generic drug instead of an original branded drug. Congress has also enacted statutes that place a ceiling on the price manufacturers may charge United States government agencies, thereby causing a substantial discount, as well as establishing a minimum discount (comparable to the Medicaid rebate) on manufacturers' sales to certain clinics and hospitals that serve the poor and other populations with special needs. These government initiatives, together with competitive market pressures, have contributed to restraints on realised prices in the United States.

In addition, realised prices are being depressed by pressure from managed care organisations and institutional purchasers, who use cost considerations to restrict the sale of preferred drugs that their physicians may prescribe, as well as other competitive activity. Such limited lists or formularies may force manufacturers either to reduce prices or be excluded from the list, thereby losing all the sales revenue from patients covered by that formulary. In addition, private health insurance companies and employers that self-insure have been raising co-payments required from beneficiaries, particularly for branded pharmaceuticals and biotechnology products, among other reasons, to encourage beneficiaries to utilise generic products. The increased use of strict formularies by institutional customers in response to the current cost-containment environment and increasingly restrictive reimbursement policies could negatively impact the net revenue of the Issuer.

Some governments in Europe, such as Italy and Spain, set price controls having regard to the medical, economic and social impact of the product. In other European countries, primarily Germany, the United Kingdom, The Netherlands and, more recently, France, governments have exerted a strong downward pressure on prices by incentives and sanctions to encourage doctors to prescribe cost-effectively. For example, in Germany, jumbo reference price groups are formed around broad drug classes, such as statins and proton pump inhibitors, which include branded as well as generic products, resulting in significant decreases in reimbursed prices for some patented drugs. In other countries, such as Italy and Belgium, clawbacks or price cuts have been imposed to recover budget overruns from the industry and this is a trend that is likely to continue. Efforts by the European Commission to harmonise the disparate national systems have met with little immediate success. The industry is, therefore, exposed to ad hoc national cost-containment measures on prices and the consequent cross-border movement of products from markets with prices depressed by governments into those where higher prices prevail.

The importation of pharmaceutical products from countries where prices are low due to government price controls or other market dynamics (including production of counterfeit products), to countries where prices for those products are higher may increase. The accession of additional countries from Central and Eastern Europe to the EU could result in significant increases in the parallel trading of pharmaceutical products. Movements of pharmaceutical products into the United States, in particular from Canada into the United States, may increase despite the need to meet current or future safety requirements imposed by regulatory authorities. The effects of any increase in the volume of this cross-border movement of products could result in a material adverse effect on the financial condition and results of operations of the Issuer.

There is formal central government control of prices in Japan. New product prices are determined primarily by comparison with existing products for the same medical condition. All existing products are subject to a price review at least every two years. Regulations introduced in 2000 included provisions allowing a drug's price to be set according to the average price of the product in four major countries (the United States, the United Kingdom, Germany and France).

The Issuer expects that pressures on pricing will continue and may increase. Because of these pressures, there can be no certainty that in every instance the Issuer will be able to charge prices for a product that, in a particular country or in the aggregate, enable it to earn an adequate return on its investment in that product.

Taxation

The integrated nature of the worldwide operations of the Issuer can produce conflicting claims from revenue authorities as to the profits to be taxed in individual territories. The resolution of these disputes can result in a reallocation of profits between jurisdictions and an increase or decrease in related tax costs. This is a continuing risk for the Issuer which is unlikely to change in the foreseeable future.

The Issuer operates in many jurisdictions, the majority of which have double tax treaties with other foreign jurisdictions, which enable the revenues and capital gains of the Issuer to escape a double tax charge. If any of these double tax treaties should be withdrawn or amended, in a territory where a member of the Group is involved in a taxation dispute with a tax authority in relation to cross-border transactions, such withdrawal, amendment or a negative outcome of such disputes could have a material adverse effect on the financial condition and results of operations of the Issuer.

Risk of substantial product liability claims

Given the widespread impact prescription drugs may have on the health of large patient populations, pharmaceutical and medical device companies have, historically, been subject to large product liability damages claims, settlements and awards for injuries allegedly caused by the use of their products. Product liability claims, regardless of their merits or their outcome, are costly, divert management attention, and may adversely affect the Issuer's reputation and demand for the Issuer's products. In addition, substantial product liability claims that are not covered by insurance could have a material adverse effect on the financial condition and results of operations of the Issuer. The Issuer is currently subject to extensive product liability litigation, particularly in relation to Seroquel.

Risk of reliance on third parties for supplies of materials and services

Like most, if not all, major prescription pharmaceutical companies, in some of its key business operations, such as the manufacture, formulation and packaging of products, the Issuer relies on third parties for the timely supply of specified raw materials, equipment, contract manufacturing, formulation or packaging services and maintenance services. Although the Issuer actively manages these third party relationships to ensure continuity of supplies on time and to the Issuer's required specifications, some events beyond the Issuer's control could result in the complete or partial failure of supplies or in supplies not being delivered on time. Any such failure could have a material adverse effect on the financial condition and results of operations of the Issuer.

Risk of failure to manage a crisis

The Issuer handles toxic materials, runs manufacturing plants and distributes products worldwide. Major disruption to business and damage to reputation may be triggered by an operational incident or actions by third parties. In these circumstances, a well-trying and tested plan for addressing operational and other issues should ensure a timely response and the ability to resume business as usual. Failure to institute proper communication to internal and external stakeholders and mobilise a rapid operational response could have a material adverse effect on the financial condition and results of operations of the Issuer.

Risk of delay to new product launches

The Issuer's continued success depends on the development and successful launch of innovative new drugs. The anticipated launch dates of major new products have a significant impact on a number of areas of the Issuer's business, including investment in large clinical trials, the manufacture of pre-launch stocks of the products and the timing of anticipated future revenue streams from commercial sales of the products. These launch dates are primarily driven by the development programmes that the Issuer runs and the demands of the regulatory authorities in the approvals process, as well as pricing negotiation in some countries. Delays in anticipated launch dates can arise as a result of adverse findings in pre-clinical or clinical studies, regulatory demands, competitor activity and technology transfer. Any delay to the anticipated launch dates may therefore impact the business and operations of the Issuer in a number of ways. In 2004, for example, the Issuer made provisions of U.S.\$236 million following setbacks suffered by Exanta and Iressa. Significant delay to the anticipated launch dates of new products could have a material adverse effect on the financial condition and results of operations of the Issuer.

Difficulties of obtaining and maintaining regulatory approvals for new products

The Issuer is subject to strict controls on the manufacture, labelling, distribution and marketing of pharmaceutical products. The requirement to obtain regulatory approval based on safety, efficacy and quality, before such products may be marketed in a particular country, and to maintain and to comply with licences and other regulations relating to their manufacture, are particularly important. The submission of an application to a regulatory authority does not guarantee that approval to market the products will be granted. The countries that constitute material markets for the Issuer's pharmaceutical products include the United States, the EU and Japan. Approval of such products is required by the relevant regulatory authority in each country, although a single pan-EU, marketing authorisation approval can be obtained through a centralised mutual recognition procedure. In addition, each jurisdiction has very high standards of regulatory approval and, consequently, in most cases, a lengthy approval process. In recent years, the public and various governments appear to apply more conservative benefit/risk criteria in relation to pharmaceutical products of the type sold by companies such as ours than in the past. This apparent trend could in the future result in even more stringent requirements, including more difficult approval processes for the Issuer's products. Furthermore, each regulatory authority may impose its own requirements and may refuse to grant, or may require additional data before granting or as a condition to granting, an approval, even though the relevant product has been approved in another country. Post-marketing studies involving the Issuer's marketed products (whether conducted by the Issuer or by others, and whether or not mandated by regulatory agencies), as well as other emerging data about marketed products such as adverse event reports, could lead to a loss of approval, changes in product labelling or concerns about the side effects or efficacy of a product wherever it is marketed. For example, in February 2006 the Issuer decided to withdraw Exanta from the market and terminate its development as a result of new patient safety data from a clinical trial, which involved the use of Exanta for a longer duration of therapy than was then approved for marketing. In addition, although the Japanese regulatory authority granted approval for Crestor, this was conditional on a post-marketing surveillance programme being carried out. New data about the Issuer's products, or products similar to the Issuer's products, could negatively impact demand for the Issuer's products and the Issuer's net profit due to real or perceived safety or efficacy concerns.

Risk of failure to observe ongoing regulatory oversight

The Issuer's products are only licensed following exhaustive regulatory approval processes and only for a specified therapeutic indication or indications. Once a product is licensed, it is subject to ongoing control and regulation, such as the manner of its manufacture, distribution, marketing and safety surveillance. In addition, facilities in which products are produced are subject to ongoing inspections, and minor changes in manufacturing processes may require additional regulatory approvals, either of which could cause the Issuer to incur significant additional costs and lose revenue. Regulatory authorities have wide-ranging administrative powers to deal with any failure to comply with their ongoing regulatory oversight (whether such failure is by the Issuer or third parties with which the Issuer has relationships). These powers include withdrawal of a licence approval previously granted, product recalls, seizure of products and other sanctions for non-compliance. Regulatory sanction, following a failure to comply with such ongoing regulatory oversight, could have a material adverse effect on the financial condition and results of operations of the Issuer. In addition, because the Issuer's products are intended to promote the health of patients, any supply interruption could lead to allegations that the public health has been endangered, and could subject the Issuer to lawsuits.

Performance of new products

Although the Issuer carries out numerous and extensive clinical trials on all its products before they are launched, for a new product it can be difficult, for a period following its launch, to establish from available data a complete assessment of its eventual efficacy and/or safety in broader clinical use on the market. Due to the relatively short time that a product has been tested and the relatively small number of patients who have taken the product, the available data may be immature. Simple extrapolation of the data may not be accurate and could lead to a misleading interpretation of a new product's likely future commercial performance.

The successful launch of a new pharmaceutical product involves a substantial investment in sales and marketing costs, launch stocks and other items. If a new product does not succeed as anticipated or its rate of sales growth is slower than anticipated, there is a risk that the costs incurred in launching it could have a material adverse effect on the financial condition and results of operations of the Issuer.

Environmental/occupational health and safety liabilities

The Issuer has environmental liabilities at some currently or formerly owned, leased and third party sites in the United States. The Issuer does not believe that associated current and expected expenditure and risks are likely to have a material adverse effect on its financial condition and results of operations as a general

matter, although they could, to the extent that they exceed applicable provisions, have a material adverse effect on the financial condition and results of operations of the Issuer for the relevant period. In addition, a change in circumstances (including a change in applicable laws or regulations) may result in such a material adverse effect. Although the Issuer takes great care to ensure that it maintains compliance with all applicable environmental, health and safety laws, regulations, licences and permits at each of its operating facilities, a significant non-compliance or incident for which the Issuer is responsible could result in the Issuer being liable to pay compensation, fines or remediation costs. In some circumstances, such liability could have a material adverse effect on the financial condition and results of operations of the Issuer. In addition, the Issuer's financial provisions for any obligations that it may have relating to environmental liabilities may be insufficient if the assumptions underlying the provisions, including the Issuer's assumptions regarding the portion of waste at a site for which it is responsible, prove incorrect, or if the Issuer is held responsible for additional contamination.

Emerging markets

Growing the business of the Issuer in emerging markets may be a critical factor in determining the Issuer's future ability to sustain or increase the level of its global product revenues. Challenges that arise in relation to the development of the business in emerging markets include, but are not limited to, competition from companies that are already present in the market, the need to correctly identify and leverage appropriate opportunities for sales and marketing, poor protection over intellectual property, inadequate protection against crime (including counterfeiting, corruption and fraud), inadvertent breaches of local law/regulation and not being able to recruit sufficient personnel with appropriate skills and experience. The failure to exploit potential opportunities appropriately in emerging markets may have a material adverse effect on the financial condition and results of operations of the Issuer.

Reputation strategy

There is considerable public sentiment against the pharmaceuticals industry, and the industry is under the close scrutiny of the public, the media and other stakeholders. Rising expectations are especially noteworthy in the areas of improving access to medicines for the underprivileged, both in the established markets and in less-developed nations; business conduct in the supply chain; fair marketing practices; bio-ethical challenges; working conditions; human rights; and animal rights. Whilst the Issuer seeks to manage these risks through various pro-active measures, there can be no assurance that in the future such risks will not cause the financial condition or results of operations of the Issuer to be materially affected.

Product counterfeiting

Counterfeit medicines are a danger to patients all over the world, as they may contain harmful excipients or the wrong dose of the active ingredient or none at all. Recent authoritative surveys have estimated that approximately 10% of medicines in emerging economies are counterfeit, and this rises to over 20% in many of the former Soviet republics and as high as 30% in parts of Latin America, Asia and Africa. By contrast, in developed countries with effective regulatory systems, counterfeit medicines represent less than 1% of the market.

It is in the public interest that patients are made properly aware of the risks of counterfeit medicines and of the industry's determination to work closely with national and international authorities to combat the problem. Undue or misplaced fear or anxiety about the issue might induce some patients to stop taking their medicines, with consequential risks to their health. In addition, public loss of confidence in the integrity of pharmaceutical products as a result of counterfeiting could have an adverse impact on AstraZeneca's reputation and financial performance.

AstraZeneca uses a range of measures to protect against counterfeit medicines, and continues to develop its capability in this area:

- AstraZeneca is introducing technologies that make copying its products more difficult for counterfeiters.
- AstraZeneca conducts market surveillance and monitor the supply chain to identify potential counterfeiting operations.
- AstraZeneca responds rapidly to any reports of counterfeit AstraZeneca medicines, working with regulators, healthcare professionals, distributors, law enforcement agencies and other organisations to ensure patient interests are protected.

- AstraZeneca participates in a variety of anti-counterfeiting forums in the public and private sector, including the World Health Organization’s International Medical Products Anti-Counterfeiting Task Force (IMPACT) Working Group.

Risk Relating To The Notes

The Notes may not be a suitable investment for all investors

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Base Prospectus or any applicable supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor’s currency;
- understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor’s overall investment portfolio.

Index Linked Notes and Dual Currency Notes

The Issuer may issue Notes with principal or interest determined by reference to an index or formula, to changes in the prices of securities or commodities, to movements in currency exchange rates or other factors (each, a “**Relevant Factor**”). In addition, the Issuer may issue Notes with principal or interest payable in one or more currencies which may be different from the currency in which the Notes are denominated. Potential investors should be aware that:

- the market price of such Notes may be volatile;
- they may receive no interest;
- payment of principal or interest may occur at a different time or in a different currency than expected;
- they may lose all or a substantial portion of their principal;
- a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
- if a Relevant Factor is applied to Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable likely will be magnified; and
- the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

The historical experience of an index should not be viewed as an indication of the future performance of such index during the term of any Index Linked Notes. Accordingly, each potential investor should consult its own financial and legal advisers about the risk entailed by an investment in any Index Linked Notes and the suitability of such Notes in light of its particular circumstances.

There is no active trading market for the Notes

Notes issued under the Programme will be new securities which may not be widely distributed and for which there is currently no active trading market (unless in the case of any particular Tranche, such Tranche is to be consolidated with and form a single series with a Tranche of Notes which is already issued). If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer. Although applications have been made for the Notes issued under the Programme to be admitted to the Official List of the FSA and to trading on the London Stock Exchange, there is no assurance that such applications will be accepted, that any particular Tranche of Notes will be so admitted or that an active trading market will develop. Accordingly, there is no assurance as to the development or liquidity of any trading market for any particular Tranche of Notes.

The Notes may be redeemed prior to maturity

In the event that the Issuer would be obliged to increase the amounts payable in respect of any Notes due to any withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the United Kingdom or any political subdivision thereof or any authority therein or thereof having power to tax, the Issuer may redeem all outstanding Notes in accordance with the Conditions.

In addition, if in the case of any particular Tranche of Notes the relevant Final Terms specify that the Notes are redeemable at the Issuer's option in certain other circumstances the Issuer may choose to redeem the Notes at times when prevailing interest rates may be relatively low. In such circumstances an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the relevant Notes.

Because the Global Notes are held by or on behalf of Euroclear and Clearstream, Luxembourg, investors will have to rely on their procedures for transfers, payments and communications with the Issuer

Notes issued under the Programme may be represented by one or more Global Notes. Such Global Notes will be deposited with a common depository or, as the case may be, common safekeeper for Euroclear and Clearstream, Luxembourg. Except in the circumstances described in the relevant Global Note, investors will not be entitled to receive Definitive Notes. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Notes. While the Notes are represented by one or more Global Notes, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg.

While the Notes are represented by one or more Global Notes the Issuer will discharge its payment obligations under the Notes by making payments to the common depository for Euroclear and Clearstream, Luxembourg for distribution to their account holders. A holder of a beneficial interest in a Global Note must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the relevant Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes.

Holder of beneficial interests in the Global Notes will not have a direct right to vote in respect of the relevant Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear and Clearstream, Luxembourg to appoint appropriate proxies.

Modification, waivers and substitution

The Conditions contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The Conditions also provide that the Trustee may, without the consent of Noteholders, agree to (i) any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of Notes or (ii) determine without the consent of the Noteholders that any Event of Default or potential Event of Default shall not be treated as such.

Notes with integral multiples

In relation to any issue of Notes which have a denomination consisting of the minimum Specified Denomination plus a higher integral multiple of another smaller amount, it is possible that the Notes may be traded in amounts in excess of the Specified Denomination that are not integral multiples of the Specified Denomination. Noteholders who, as a result of trading such amounts, hold a principal amount of Notes other than a multiple of the minimum Specified Denomination will receive definitive Notes in respect of their holding (provided that the aggregate amount of Notes they hold is in excess of the minimum Specified Denomination), however, any such definitive Notes which are printed in denominations other than the minimum Specified Denomination may be illiquid and difficult to trade. Furthermore, a Noteholder who, as a result of trading such amounts, holds a principal amount of less than the minimum Specified Denomination may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to a Specified Denomination.

Credit ratings

Notes issued under the Programme may be rated or unrated. A credit rating is not a recommendation to buy, hold or sell securities and may be subject to suspension, or withdrawal at any time. A reduction in any of the credit ratings of the Issuer may reduce the market value and liquidity of the Notes.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents shall be deemed to be incorporated in, and to form part of, this Base Prospectus:

- annual report of the Issuer on Form 20-F in respect of the year ended 31 December 2006 and filed by the Issuer with the U.S. Securities and Exchange Commission (“SEC”) on 27 March 2007 (for the avoidance of doubt, all information incorporated by reference in such Form 20-F which has not been specifically incorporated by reference below does not form part of this Base Prospectus);
- the report of the Issuer on Form 6-K in respect of the period ended 30 June 2007 and furnished by the Issuer with the SEC on 31 August 2007 (the “Form 6-K”) (other than the pro forma information for the six months ended 30 June 2007 set out on page 44 thereof which does not form part of this Base Prospectus);
- the “Annual Report and Form 20-F Information 2006” of the Issuer (including the audited consolidated financial statements of the Issuer as at and for the years ended 31 December 2006 and 2005 together with the notes thereto);
- Report of Independent Registered Public Accounting Firm dated 1 February 2007 to the members of the Issuer by KPMG Audit Plc in respect of the consolidated financial statements of the Issuer as at and for the years ended 31 December 2006, 2005 and 2004;
- financial statements as of and for the year ended 31 December 2006 and related footnotes and the Report of Independent Registered Public Accounting Firm, each included in Part II, Item 8, “Consolidated Financial Statements and Supplementary Data” included in MedImmune, Inc.’s Form 10-K (the “Form 10-K”) for the fiscal year ended 31 December 2006 and filed with the SEC on 27 February 2007 (for the avoidance of doubt, all other financial or other information included in the Form 10-K does not form part of this Base Prospectus).

Copies of the documents incorporated by reference in this Base Prospectus may be inspected, free of charge, at the specified office in London of the Principal Paying Agent.

FORMS OF NOTES

Each Tranche of Notes will initially be in the form of either a temporary global note (the “**Temporary Global Note**”), without interest coupons, or a permanent global note (the “**Permanent Global Note**”), without interest coupons, in each case as specified in the relevant Final Terms. Each Temporary Global Note or, as the case may be, Permanent Global Note (each a “**Global Note**”) which is not intended to be issued in new global note (“**NGN**”) form, as specified in the relevant Final Terms, will be deposited on or around the issue date of the relevant Tranche of the Notes with a depositary or a common depositary for Euroclear Bank SA/NV (“**Euroclear**”) and/or Clearstream Banking, société anonyme (“**Clearstream, Luxembourg**”) and/or any other relevant clearing system and each Global Note which is intended to be issued in NGN form, as specified in the relevant Final Terms, will be deposited on or around the issue date of the relevant Tranche of the Notes with a common safekeeper for Euroclear and/or Clearstream, Luxembourg.

On 13 June 2006, the European Central Bank (the “**ECB**”) announced that Notes in NGN form are in compliance with the “Standards for the use of EU securities settlement systems in ESCB credit operations” of the central banking system for the euro (the “**Eurosystem**”), provided that certain other criteria are fulfilled. At the same time the ECB also announced that arrangements for Notes in NGN form will be offered by Euroclear and Clearstream, Luxembourg as of 30 June 2006 and that debt securities in global bearer form issued through Euroclear and Clearstream, Luxembourg after 31 December 2006 will only be eligible as collateral for Eurosystem operations if the NGN form is used.

The relevant Final Terms will also specify whether United States Treasury Regulation §1.163-5(c)(2)(i)(C) (the “**TEFRA C Rules**”) or United States Treasury Regulation §1.163-5(c)(2)(i)(D) (the “**TEFRA D Rules**”) are applicable in relation to the Notes or, if the Notes do not have a maturity of more than 365 days, that neither the TEFRA C Rules nor the TEFRA D Rules are applicable.

Temporary Global Note exchangeable for Permanent Global Note

If the relevant Final Terms specifies the form of Notes as being “Temporary Global Note exchangeable for a Permanent Global Note”, then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole or in part, for interests in a Permanent Global Note, without interest coupons, from the 40th day after the issue date of the relevant Tranche of the Notes upon certification as to non-U.S. beneficial ownership. No payments will be made under the Temporary Global Note unless exchange for interests in the Permanent Global Note is improperly withheld or refused. In addition, interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

Whenever any interest in the Temporary Global Note is to be exchanged for an interest in a Permanent Global Note, the Issuer shall procure (in the case of first exchange) the prompt delivery (free of charge to the bearer) of such Permanent Global Note to the bearer of the Temporary Global Note or (in the case of any subsequent exchange) an increase in the principal amount of the Permanent Global Note in accordance with its terms against:

- (i) presentation and (in the case of final exchange) surrender of the Temporary Global Note to or to the order of the Principal Paying Agent; and
- (ii) receipt by the Principal Paying Agent of a certificate or certificates of non-U.S. beneficial ownership,

within 7 days of the bearer requesting such exchange.

The principal amount of the Permanent Global Note shall be equal to the aggregate of the principal amounts specified in the certificates of non-U.S. beneficial ownership; *provided, however, that* in no circumstances shall the principal amount of the Permanent Global Note exceed the initial principal amount of the Temporary Global Note.

The Permanent Global Note will be exchangeable in whole, but not in part, for Notes in definitive form (“**Definitive Notes**”):

(i) on the expiry of such period of notice as may be specified in the relevant Final Terms; or

(ii) at any time, if so specified in the relevant Final Terms; or

(iii) if the relevant Final Terms specifies “in the limited circumstances described in the Permanent Global Note”, then if (a) Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or (b) any of the circumstances described in Condition 13 (*Events of Default*) occurs.

For the avoidance of doubt, Notes will only be issued with a minimum Specified Denomination and in integral multiples of another smaller amount in excess thereof if the relevant Final Terms specifies “in the limited circumstances described in the Permanent Global Note” in accordance with paragraph (iii) above.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note to or to the order of the Principal Paying Agent within 30 days of the bearer requesting such exchange.

Temporary Global Note exchangeable for Definitive Notes

If the relevant Final Terms specifies the form of Notes as being “Temporary Global Note exchangeable for Definitive Notes” and also specifies that the TEFRA C Rules are applicable or that neither the TEFRA C Rules or the TEFRA D Rules are applicable, then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole but not in part, for Definitive Notes from the 40th day after the issue date of the relevant Tranche of the Notes.

If the relevant Final Terms specifies the form of Notes as being “Temporary Global Note exchangeable for Definitive Notes” and also specifies that the TEFRA D Rules are applicable, then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole or in part, for Definitive Notes from the 40th day after the issue date of the relevant Tranche of the Notes upon certification as to non-U.S. beneficial ownership. Interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

Whenever the Temporary Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of the Temporary Global Note to the bearer of the Temporary Global Note against the surrender of the Temporary Global Note to or to the order of the Principal Paying Agent within 30 days of the bearer requesting such exchange

Permanent Global Note exchangeable for Definitive Notes

If the relevant Final Terms specifies the form of Notes as being “Permanent Global Note exchangeable for Definitive Notes”, then the Notes will initially be in the form of a Permanent Global Note which will be exchangeable in whole, but not in part, for Definitive Notes:

(i) on the expiry of such period of notice as may be specified in the relevant Final Terms; or

(ii) at any time, if so specified in the relevant Final Terms; or

(iii) if the relevant Final Terms specifies “in the limited circumstances described in the Permanent Global Note”, then if (a) Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or does in fact do so and no other clearing system

acceptable to the Trustee is then in existence or (b) any of the circumstances described in Condition 13 (*Events of Default*) occurs.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note to or to the order of the Principal Paying Agent within 30 days of the bearer requesting such exchange.

Terms and Conditions applicable to the Notes

The terms and conditions applicable to any Definitive Note will be endorsed on that Note and will consist of the terms and conditions set out under “Terms and Conditions of the Notes” below and the provisions of the relevant Final Terms which supplement, amend and/or replace those terms and conditions.

The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under “Summary of Provisions Relating to the Notes while in Global Form” below.

Legend concerning United States persons

In the case of any Tranche of Notes having a maturity of more than 365 days, the Notes in global form, the Notes in definitive form and any Coupons and Talons appertaining thereto will bear the following legend:

“Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code.”

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions which, as supplemented, amended and/or replaced by the relevant Final Terms, will be endorsed on each Note in definitive form issued under the Programme. The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under "Summary of Provisions Relating to the Notes while in Global Form" below.

1. Introduction

(a) *Programme:* AstraZeneca PLC (the "**Issuer**") has established a Euro Medium Term Note Programme (the "**Programme**") for the issuance of up to U.S.\$5,000,000,000 in aggregate principal amount of notes (the "**Notes**").

(b) *Final Terms:* Notes issued under the Programme are issued in series (each a "**Series**") and each Series may comprise one or more tranches (each a "**Tranche**") of Notes. Each Tranche is the subject of a final terms (the "**Final Terms**") which supplements these terms and conditions (the "**Conditions**"). The terms and conditions applicable to any particular Tranche of Notes are these Conditions as supplemented, amended and/or replaced by the relevant Final Terms. In the event of any inconsistency between these Conditions and the relevant Final Terms, the relevant Final Terms shall prevail.

(c) *Trust Deed:* The Notes are constituted by, have the benefit of and are in all respects subject to a trust deed dated 10 September 2007 (the "**Trust Deed**") between the Issuer and Deutsche Trustee Company Limited (the "**Trustee**", which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the Noteholders (as defined below).

(d) *Agency Agreement:* The Notes are the subject of an issue and paying agency agreement dated 10 September 2007 (the "**Agency Agreement**") between the Issuer and Deutsche Bank AG, London Branch as principal paying agent (the "**Principal Paying Agent**", which expression includes any successor principal paying agent appointed from time to time in connection with the Notes).

(e) *The Notes:* All subsequent references in these Conditions to "Notes" are to the Notes which are the subject of the relevant Final Terms. Copies of the relevant Final Terms are available for viewing during normal business hours and copies may be obtained from the Specified Office(s) of the Paying Agent(s), the initial Specified Office of Principal Paying Agent being set out at the end of these Conditions.

(f) *Summaries:* Certain provisions of these Conditions are summaries of the Trust Deed and the Agency Agreement and are subject to their detailed provisions. The holders of the Notes (the "**Noteholders**") and the holders of the related interest coupons, if any, (the "**Couponholders**" and the "**Coupons**", respectively) are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Agency Agreement applicable to them. Copies of the Trust Deed and the Agency Agreement are available for inspection by Noteholders during normal business hours at the Specified Office(s) of the Paying Agent(s).

2. Interpretation

(a) *Definitions:* In these Conditions the following expressions have the following meanings:

"**Accrual Yield**" has the meaning given in the relevant Final Terms;

"**Additional Business Centre(s)**" means the city or cities specified as such in the relevant Final Terms;

"**Additional Financial Centre(s)**" means the city or cities specified as such in the relevant Final Terms;

"**Business Day**" means:

(i) in relation to any sum payable in euro, a TARGET Settlement Day and a day on which commercial banks and foreign exchange markets settle payments generally in each (if any) Additional Business Centre; and

(ii) in relation to any sum payable in a currency other than euro, a day on which commercial banks and foreign exchange markets settle payments generally in London, in the Principal Financial Centre of the relevant currency and in each (if any) Additional Business Centre;

“Business Day Convention”, in relation to any particular date, has the meaning given in the relevant Final Terms and, if so specified in the relevant Final Terms, may have different meanings in relation to different dates and, in this context, the following expressions shall have the following meanings:

(i) **“Following Business Day Convention”** means that the relevant date shall be postponed to the first following day that is a Business Day;

(ii) **“Modified Following Business Day Convention”** or **“Modified Business Day Convention”** means that the relevant date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day;

(iii) **“Preceding Business Day Convention”** means that the relevant date shall be brought forward to the first preceding day that is a Business Day;

(iv) **“FRN Convention”**, **“Floating Rate Convention”** or **“Eurodollar Convention”** means that each relevant date shall be the date which numerically corresponds to the preceding such date in the calendar month which is the number of months specified in the relevant Final Terms as the Specified Period after the calendar month in which the preceding such date occurred, *provided, however, that:*

(A) if there is no such numerically corresponding day in the calendar month in which any such date should occur, then such date will be the last day which is a Business Day in that calendar month;

(B) if any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and

(C) if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred; and

(v) **“No Adjustment”** means that the relevant date shall not be adjusted in accordance with any Business Day Convention;

“Calculation Agent” means the Principal Paying Agent or such other Person specified in the relevant Final Terms as the party responsible for calculating the Rate(s) of Interest and Interest Amount(s) and/or such other amount(s) as may be specified in the relevant Final Terms;

“Calculation Amount” has the meaning given in the relevant Final Terms;

a **“Change of Control”** will be deemed to have occurred if:

(i) any person or any persons acting in concert (as defined in the City Code on Takeovers and Mergers), other than a holding company (as defined in Section 736 of the Companies Act 1985 as amended) whose shareholders are or are to be substantially similar to the pre-existing shareholders of any direct or indirect holding company of the Issuer, shall become interested (within the meaning of Part 22 of the Companies Act 2006) in (A) more than 50 per cent. of the issued or allotted ordinary share capital of the Issuer or (B) shares in the capital of the Issuer carrying more than 50 per cent. of the voting rights normally exercisable at a general meeting of the Issuer; or

(ii) any person or any persons acting in concert (as defined in the City Code on Takeovers and Mergers), other than a holding company (as defined in Section 736 of the Companies Act 1985 as amended) whose shareholders are or are to be substantially similar to the pre-existing shareholders of any direct or indirect holding company of the Issuer, shall become interested (within the meaning of Part 22 of the Companies Act 2006) in (A) more than 50 per cent. of the issued or allotted ordinary share capital of any direct or indirect holding company of the Issuer or (B) shares in the capital of any direct or indirect holding company of the Issuer carrying more than 50 per cent. of the voting rights normally exercisable at a general meeting of the any such direct or indirect holding company of the Issuer;

a **“Change of Control Put Event”** will be deemed to occur if a Change of Control has occurred and

(a) on the Relevant Announcement Date, the Notes carry from any Rating Agency:

(i) an investment grade credit rating (Baa3/BBB–, or equivalent, or better), and such rating from any Rating Agency is, within the Change of Control Period, either downgraded to a Non-Investment Grade Rating or withdrawn and is not, within the Change of Control Period, subse-

quently (in the case of a downgrade) upgraded or (in the case of a withdrawal) reinstated to an investment grade credit rating by such Rating Agency; or

(ii) a Non-Investment Grade Rating and such rating from any Rating Agency is, within the Change of Control Period, either downgraded by one or more notches (by way of example, Baa2 being one notch) or withdrawn and is not, within the Change of Control Period, subsequently (in the case of a downgrade) upgraded or (in the case of a withdrawal) reinstated to its earlier credit rating or better by such Rating Agency; or

(iii) no credit rating and a Negative Rating Event also occurs within the Change of Control Period, provided that if, at the time of the occurrence of the Change of Control, the Notes carry a credit rating from more than one Rating Agency, at least one of which is investment grade, then subparagraph (i) will apply; and

(b) in making any decision to downgrade or withdraw a credit rating pursuant to paragraphs (i) and (ii) above or not to award a credit rating of at least investment grade as described in paragraph (ii) of the definition of “Negative Rating Event”, the relevant Rating Agency announces publicly or confirms in writing to the Issuer or the Trustee that such decision(s) resulted, in whole or in part, from the occurrence of the Change of Control or the Relevant Potential Change of Control Announcement;

“**Change of Control Optional Redemption Amount**” means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms;

“**Change of Control Optional Redemption Date**” has the meaning given in the relevant Final Terms;

“**Change of Control Period**” means the period commencing on the Relevant Announcement Date and ending 90 days after the Change of Control (or such longer period for which the Notes are under consideration (such consideration having been announced publicly within the period ending 90 days after the Change of Control) for rating review or, as the case may be, rating by a Rating Agency, such period not to exceed 60 days after the public announcement of such consideration);

“**Change of Control Put Event Notice**” means the notice to be given pursuant to Condition 10(f) (*Change of control redemption*) by the Issuer or, as the case may be, the Trustee to the Noteholders in accordance with Condition 19 (*Notices*) specifying the nature of the Change of Control Put Event and the procedure for exercising the Change of Control Put Option;

“**Change of Control Put Option**” means the option of the Noteholders exercisable pursuant to Condition 10(f) (*Change of control redemption*);

“**Change of Control Put Period**” means the period of 45 days after a Change of Control Put Event Notice is given;

“**Consolidated Net Tangible Assets**” means the aggregate amount of consolidated total assets of the Issuer, after deducting therefrom (a) all liabilities due within one year (other than (x) short-term borrowings and (y) long-term debt due within one year) and (b) all goodwill, trade names, trademarks, patents and other like intangibles, as shown on the audited consolidated balance sheet contained in the last annual report to shareholders of the Issuer;

“**Coupon Sheet**” means, in respect of a Note, a coupon sheet relating to the Note;

“**Day Count Fraction**” means, in respect of the calculation of an amount for any period of time (the “**Calculation Period**”), such day count fraction as may be specified in these Conditions or the relevant Final Terms and:

(i) if “**Actual/Actual (ICMA)**” is so specified, means:

(a) where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and

(b) where the Calculation Period is longer than one Regular Period, the sum of:

(A) the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and

(B) the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (a) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year;

(ii) if “**Actual/365**” or “**Actual/Actual (ISDA)**” is so specified, means the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);

(iii) if “**Actual/365 (Fixed)**” is so specified, means the actual number of days in the Calculation Period divided by 365;

(iv) if “**Actual/360**” is so specified, means the actual number of days in the Calculation Period divided by 360;

(v) if “**30/360**” or “**Bond Basis**” is so specified, means the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (i) the last day of the Calculation Period is the 31st day of a month but the first day of the Calculation Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (ii) the last day of the Calculation Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month)); and

(vi) if “**30E/360**” or “**Eurobond Basis**” is so specified means, the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months, without regard to the date of the first day or last day of the Calculation Period unless, in the case of the final Calculation Period, the date of final maturity is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month);

“**Early Redemption Amount (Tax)**” means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms;

“**Early Termination Amount**” means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, these Conditions or the relevant Final Terms;

“**Extraordinary Resolution**” has the meaning given in the Trust Deed;

“**Final Redemption Amount**” means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms;

“**First Interest Payment Date**” means the date specified in the relevant Final Terms;

“**Fixed Coupon Amount**” has the meaning given in the relevant Final Terms;

“**Indebtedness**” means any indebtedness (whether being principal, premium, interest or other amounts) for or in respect of any notes, bonds, debentures, debenture stock, loan stock or other securities or any borrowed money or any liability under or in respect of any acceptance or acceptance credit;

“**Interest Amount**” means, in relation to a Note and an Interest Period, the amount of interest payable in respect of that Note for that Interest Period;

“**Interest Commencement Date**” means the Issue Date of the Notes or such other date as may be specified as the Interest Commencement Date in the relevant Final Terms;

“**Interest Determination Date**” has the meaning given in the relevant Final Terms;

“**Interest Payment Date**” means the First Interest Payment Date and any date or dates specified as such in, or determined in accordance with the provisions of, the relevant Final Terms and, if a Business Day Convention is specified in the relevant Final Terms:

(i) as the same may be adjusted in accordance with the relevant Business Day Convention; or

(ii) if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention and an interval of a number of calendar months is specified in the relevant Final Terms as being the Specified Period, each of such dates as may occur in accordance with the FRN Convention, Floating Rate Convention or Eurodollar Convention at such Specified Period of calendar months following the Interest Commencement Date (in the case of the first Interest Payment Date) or the previous Interest Payment Date (in any other case);

“Interest Period” means each period beginning on (and including) the Interest Commencement Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date;

“ISDA Definitions” means the 2000 ISDA Definitions (as amended and updated as at the date of issue of the first Tranche of the Notes of the relevant Series (as specified in the relevant Final Terms) as published by the International Swaps and Derivatives Association, Inc.) or, if so specified in the relevant Final Terms, the 2006 ISDA Definitions (as amended and updated as at the date of issue of the first Tranche of the Notes of the relevant Series (as specified in the relevant Final Terms) as published by the International Swaps and Derivatives Association, Inc.);

“Issue Date” has the meaning given in the relevant Final Terms;

“Margin” has the meaning given in the relevant Final Terms;

“Maturity Date” has the meaning given in the relevant Final Terms;

“Maximum Redemption Amount” has the meaning given in the relevant Final Terms;

“Minimum Redemption Amount” has the meaning given in the relevant Final Terms;

“Moody’s” means Moody’s Investors Service, Inc.;

a **“Negative Rating Event”** shall be deemed to have occurred if at such time as there is no rating assigned to the Notes by a Rating Agency (i) the Issuer does not, either prior to, or not later than 21 days after, the occurrence of the Change of Control seek, and thereafter throughout the Change of Control Period use all reasonable endeavours to obtain, a rating of the Notes, or any other unsecured and unsubordinated debt of the Issuer or (ii) if the Issuer does so seek and use such endeavours, it is unable to obtain such a rating of at least investment grade by the end of the Change of Control Period;

“Non-Investment Grade Rating” means a non-investment grade credit rating (Ba1/BB+, or equivalent, or worse);

“Optional Redemption Amount (Call)” means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms;

“Optional Redemption Amount (Put)” means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms;

“Optional Redemption Date (Call)” has the meaning given in the relevant Final Terms;

“Optional Redemption Date (Put)” has the meaning given in the relevant Final Terms;

“Participating Member State” means a Member State of the European Communities which adopts the euro as its lawful currency in accordance with the Treaty;

“Paying Agents” means the Principal Paying Agent and any substitute or additional paying agents appointed in accordance with the Agency Agreement and a **“Paying Agent”** means any of them;

“Payment Business Day” means:

(i) if the currency of payment is euro, any day which is:

(A) a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and

(B) in the case of payment by transfer to an account, a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or

(ii) if the currency of payment is not euro, any day which is:

(A) a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and

(B) in the case of payment by transfer to an account, a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre;

“Permitted Security Interest” means:

(a) any Security Interest over Relevant Assets and the shares of stock or Indebtedness of the Issuer and its Restricted Subsidiaries securing Indebtedness of the Issuer and its Restricted Subsidiaries the principal amount of which (when aggregated with the principal amount of any other Indebtedness which has the benefit of any Security Interest over Relevant Assets and the shares of stock or Indebtedness of

the Issuer and its Restricted Subsidiaries) does not at the time exceed 15 per cent. of the Consolidated Net Tangible Assets;

(b) any Security Interest on property, shares of stock or Indebtedness of any Person existing at the time such Person becomes a Restricted Subsidiary;

(c) any Security Interest on property or shares of stock existing at the time of acquisition of that property or those shares of stock, or to secure the payment of all or any part of the purchase price of that property or those shares of stock, or to secure any debt incurred before, at the time of, or within twelve months after, in the case of shares of stock, the acquisition of such shares of stock and, in the case of property, the later of the acquisition, completion of construction (including any improvements on an existing property) or commencement of the commercial operation of the property, where the debt is incurred to finance all or any part of the purchase price thereof;

(d) any Security Interest securing Indebtedness owed to the Issuer or to any of its Restricted Subsidiaries by the Issuer or any of its Restricted Subsidiaries;

(e) any Security Interest existing at the Issue Date of the Notes;

(f) any Security Interest on a Relevant Asset to secure Indebtedness incurred to finance all or part of the cost of improving, constructing, altering or repairing any building, equipment or facilities or of any other improvements on all or any part of that Relevant Asset, if such Indebtedness is incurred before, during, or within twelve months after completing the improvement, construction, alteration or repair;

(g) any Security Interest on property owned or held by any Person or on shares of stock or Indebtedness of any Person, where the Security Interest existed either at the time the corporation is merged, consolidated or amalgamated with either the Issuer or a Restricted Subsidiary or at the time of a sale, lease or other disposition of all or substantially all of the property of a Person to the Issuer or a Restricted Subsidiary;

(h) any Security Interest arising by operation of law and not securing amounts more than 90 days overdue or otherwise being contested in good faith;

(i) any Security Interest arising by operation of law over any credit balance or cash held in any account with a financial institution;

(j) any rights of financial institutions to offset credit balances in connection with the operation of cash management programs established for the benefit of the Issuer and/or the benefit of any Restricted Subsidiary;

(k) any Security Interest incurred or deposits made in the ordinary course of business, including but not limited to:

(i) any mechanics', materialmen's, carriers', workmen's, vendors' or other similar Security Interests;

(ii) any Security Interests securing amounts in connection with workers' compensation, unemployment insurance and other types of social security; or

(iii) any easements, rights-of-way, restrictions and other similar charges;

(l) any Security Interest incurred or deposit made securing the performance of tenders, bids, leases, statutory obligations, surety and appeal bonds, government contracts, performance and return of money bonds and other obligations of a similar nature incurred in the ordinary course of business;

(m) any Security Interest securing taxes or assessments or other applicable governmental charges or levies;

(n) any extension, renewal or replacement or successive extensions, renewals or replacements, in whole or in part, of any Security Interest described in paragraphs (a) to (m) above or of any Indebtedness secured by a Security Interest described in paragraphs (a) to (m) above, so long as the principal amount of Indebtedness secured does not exceed the principal amount of Indebtedness secured at the time of the extension, renewal or replacement, and that the extension, renewal or replacement Security Interest is limited to all or any part of the same property or shares of stock that secured the Security Interest extended, renewed or replaced (including improvements on that property), or property received or shares of stock issued in substitution or exchange;

(o) any Security Interest in favour of the Issuer or any of its Subsidiaries; and

(p) any Security Interest on property of the Issuer or a Restricted Subsidiary in favour of the United States or any State of the United States, or the United Kingdom, or any other country, or any

political subdivision of, or any department, agency or instrumentality of, these countries or states, to secure partial, progress, advance or other payments under provisions of any contract or statute including, but not limited to, Security Interests to secure Indebtedness of pollution control or industrial revenue bond type, or to secure any Indebtedness incurred for the purpose of financing all or any part of the purchase price or cost of construction of the property subject to these Security Interests;

“**Person**” means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

“**Principal Financial Centre**” means, in relation to any currency, the principal financial centre for that currency, *provided, however, that:*

(i) in relation to euro, it means the principal financial centre of such Member State of the European Communities as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent; and

“**Put Option Notice**” means a notice which must be delivered to a Paying Agent by any Noteholder wanting to exercise a right to redeem a Note at the option of the Noteholder pursuant to Condition 10(e) (*Redemption at the option of Noteholders*) or, as the case may be Condition 10(f) (*Change of Control redemption*);

“**Put Option Receipt**” means a receipt issued by a Paying Agent to a depositing Noteholder upon deposit of a Note with such Paying Agent by any Noteholder wanting to exercise a right to redeem a Note at the option of the Noteholder;

“**Rate of Interest**” means the rate or rates (expressed as a percentage per annum) of interest payable in respect of the Notes specified in the relevant Final Terms or calculated or determined in accordance with the provisions of these Conditions and/or the relevant Final Terms;

“**Rating Agency**” means Moody’s or S&P or any of their respective successors or any Substitute Rating Agency; and

“**Redemption Amount**” means, as appropriate, the Final Redemption Amount, the Early Redemption Amount (Tax), the Optional Redemption Amount (Call), the Optional Redemption Amount (Put), the Early Termination Amount or such other amount in the nature of a redemption amount as may be specified in, or determined in accordance with the provisions of, the relevant Final Terms;

“**Reference Banks**” has the meaning given in the relevant Final Terms or, if none, four major banks selected by the Calculation Agent in the market that is most closely connected with the Reference Rate;

“**Reference Price**” has the meaning given in the relevant Final Terms;

“**Reference Rate**” has the meaning given in the relevant Final Terms;

“**Regular Period**” means:

(i) in the case of Notes where interest is scheduled to be paid only by means of regular payments, each period from and including the Interest Commencement Date to but excluding the first Interest Payment Date and each successive period from and including one Interest Payment Date to but excluding the next Interest Payment Date;

(ii) in the case of Notes where, apart from the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where “**Regular Date**” means the day and month (but not the year) on which any Interest Payment Date falls; and

(iii) in the case of Notes where, apart from one Interest Period other than the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where “**Regular Date**” means the day and month (but not the year) on which any Interest Payment Date falls other than the Interest Payment Date falling at the end of the irregular Interest Period.

“**Relevant Announcement Date**” means the date that is the earlier of (a) the date of the first public announcement of the relevant Change of Control and (b) the date of the earliest Relevant Potential Change of Control Announcement (if any);

“**Relevant Asset**” means any manufacturing plant or facility or any research facility owned by the Issuer or any of its Restricted Subsidiaries which is located within the United States or the United Kingdom and having a gross book value (before deducting any depreciation reserve), as of the date of determination, exceeding 2 per cent. of the Issuer’s Consolidated Net Tangible Assets other than:

(i) any plant or facility or research facility which, in the opinion of the board of directors of the Issuer, is not materially important to the total business conducted by the Issuer and its subsidiaries considered as a whole; or

(ii) any portion of a property described above which, in the opinion of the board of directors of the Issuer, is not materially important to the use or operation of such property;

“Relevant Date” means, in relation to any payment, whichever is the later of (a) the date on which the payment in question first becomes due and (b) if the full amount payable has not been received in the Principal Financial Centre of the currency of payment by the Principal Paying Agent on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders;

“Relevant Financial Centre” has the meaning given in the relevant Final Terms;

“Relevant Potential Change of Control Announcement” means any public announcement or statement by or on behalf of the Issuer, any actual or potential bidder or any adviser acting on behalf of any actual or potential bidder relating to any potential Change of Control where within 180 days following the date of such announcement or statement, a Change of Control occurs;

“Relevant Screen Page” means the page, section or other part of a particular information service (including, without limitation, Reuters) specified as the Relevant Screen Page in the relevant Final Terms, or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the Person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate;

“Relevant Time” has the meaning given in the relevant Final Terms;

“Reserved Matter” means any proposal:

(a) to change any date fixed for payment of principal or interest in respect of the Notes, to reduce the amount of principal or interest payable on any date in respect of the Notes or to alter the method of calculating the amount of any payment in respect of the Notes on redemption or maturity;

(b) to effect the exchange or substitution of the Notes for, or the conversion of the Notes into, shares, bonds or other obligations or securities of the Issuer or any other person or body corporate formed or to be formed (other than as permitted under Clause 7.3 of the Trust Deed);

(c) to change the currency in which amounts due in respect of the Notes are payable;

(d) to change the quorum required at any meeting of Noteholders or the majority required to pass an Extraordinary Resolution; or

(e) to amend this definition;

“Restricted Subsidiary” means any Wholly-Owned Subsidiary of the Issuer other than a Wholly-Owned Subsidiary principally engaged in leasing or financing instalment receivables or principally engaged in financing the operations of the Issuer and its consolidated subsidiaries:

(f) with substantially all of its property located within the United Kingdom or the United States; and

(g) which owns a Relevant Asset;

“S&P” means Standard & Poor’s Rating Services, a division of The McGraw-Hill Companies Inc.;

“Security Interest” means any mortgage, charge, pledge, lien or other security interest including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction;

“Specified Currency” has the meaning given in the relevant Final Terms;

“Specified Denomination(s)” has the meaning given in the relevant Final Terms;

“Specified Office” has the meaning given in the Agency Agreement;

“Specified Period” has the meaning given in the relevant Final Terms;

“**Subsidiary**” means, in relation to any Person (the “**first Person**”) at any particular time, any other Person (the “**second Person**”):

(i) whose affairs and policies the first Person controls or has the power to control, whether by ownership of share capital, contract, the power to appoint or remove members of the governing body of the second Person or otherwise; or

(ii) whose financial statements are, in accordance with applicable law and generally accepted accounting principles, consolidated with those of the first Person;

“**Substitute Rating Agency**” means any rating agency substituted for any Rating Agency by the Issuer from time to time with the prior written approval of the Trustee;

“**Talon**” means a talon for further Coupons;

“**TARGET Settlement Day**” means any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System is open;

“**Treaty**” means the Treaty establishing the European Communities, as amended;

“**Wholly-Owned Subsidiary**” means any Person in which the Issuer, and/or one or more of its Wholly-Owned Subsidiaries, controls, directly or indirectly, all of the stock with ordinary voting power to elect the board of directors of that Person; and

“**Zero Coupon Note**” means a Note specified as such in the relevant Final Terms.

(b) *Interpretation:* In these Conditions:

(i) if the Notes are Zero Coupon Notes, references to Coupons and Couponholders are not applicable;

(ii) if Talons are specified in the relevant Final Terms as being attached to the Notes at the time of issue, references to Coupons shall be deemed to include references to Talons;

(iii) if Talons are not specified in the relevant Final Terms as being attached to the Notes at the time of issue, references to Talons are not applicable;

(iv) any reference to principal shall be deemed to include the Redemption Amount, any additional amounts in respect of principal which may be payable under Condition 12 (*Taxation*), any premium payable in respect of a Note and any other amount in the nature of principal payable pursuant to these Conditions;

(v) any reference to interest shall be deemed to include any additional amounts in respect of interest which may be payable under Condition 12 (*Taxation*) and any other amount in the nature of interest payable pursuant to these Conditions;

(vi) references to Notes being “outstanding” shall be construed in accordance with the Trust Deed;

(vii) if an expression is stated in Condition 2(a) (*Definitions*) to have the meaning given in the relevant Final Terms, but the relevant Final Terms gives no such meaning or specifies that such expression is “not applicable” then such expression is not applicable to the Notes; and

(viii) any reference to the Agency Agreement or the Trust Deed shall be construed as a reference to the Agency Agreement or the Trust Deed, as the case may be, as amended and/or supplemented up to and including the Issue Date of the Notes.

3. Form, Denomination and Title

The Notes are in bearer form in the Specified Denomination(s) with Coupons and, if specified in the relevant Final Terms, Talons attached at the time of issue. In the case of a Series of Notes with more than one Specified Denomination, Notes of one Specified Denomination will not be exchangeable for Notes of another Specified Denomination. Title to the Notes and the Coupons will pass by delivery. The holder of any Note or Coupon shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or any notice of any previous loss or theft thereof) and no Person shall be liable for so treating such holder. No person shall have any right to enforce any term or condition of any Note or the Trust Deed under the Contracts (Rights of Third Parties) Act 1999.

4. Status

The Notes constitute direct, general and unconditional obligations of the Issuer which will at all times rank *pari passu* among themselves and at least *pari passu* with all other present and future unsecured

obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

5. Negative Pledge

So long as any Note remains outstanding, the Issuer shall not, and shall procure that none of its Restricted Subsidiaries will, create or permit to subsist any Security Interest other than a Permitted Security Interest over any Relevant Asset or any shares of stock or Indebtedness of any Restricted Subsidiary without at the same time or prior thereto securing the Notes equally and rateably therewith.

6. Fixed Rate Note Provisions

(a) *Application:* This Condition 6 is applicable to the Notes only if the Fixed Rate Note provisions are specified in the relevant Final Terms as being applicable.

(b) *Accrual of interest:* The Notes bear interest from the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 11 (*Payments*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 6 (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Principal Paying Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

(c) *Fixed Coupon Amount:* The amount of interest payable in respect of each Note for any Interest Period shall be the relevant Fixed Coupon Amount and, if the Notes are in more than one Specified Denomination, shall be the relevant Fixed Coupon Amount in respect of the relevant Specified Denomination.

(d) *Calculation of interest amount:* The amount of interest payable in respect of each Note for any period for which a Fixed Coupon Amount is not specified shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of such Note divided by the Calculation Amount. For this purpose a “sub-unit” means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.

7. Floating Rate Note and Index-Linked Interest Note Provisions

(a) *Application:* This Condition 7 is applicable to the Notes only if the Floating Rate Note provisions or the Index-Linked Interest Note provisions are specified in the relevant Final Terms as being applicable.

(b) *Accrual of interest:* The Notes bear interest from the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 11 (*Payments*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 7 (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Principal Paying Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

(c) *Screen Rate Determination:* If Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be determined by the Calculation Agent on the following basis:

(i) if the Reference Rate is a composite quotation or customarily supplied by one entity, the Calculation Agent will determine the Reference Rate which appears on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;

(ii) in any other case, the Calculation Agent will determine the arithmetic mean of the Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;

(iii) if, in the case of (i) above, such rate does not appear on that page or, in the case of (ii) above, fewer than two such rates appear on that page or if, in either case, the Relevant Screen Page is unavailable, the Calculation Agent will:

(A) request the principal Relevant Financial Centre office of each of the Reference Banks to provide a quotation of the Reference Rate at approximately the Relevant Time on the Interest Determination Date to prime banks in the Relevant Financial Centre interbank market in an amount that is representative for a single transaction in that market at that time; and

(B) determine the arithmetic mean of such quotations; and

(iv) if fewer than two such quotations are provided as requested, the Calculation Agent will determine the arithmetic mean of the rates (being the nearest to the Reference Rate, as determined by the Calculation Agent) quoted by major banks in the Principal Financial Centre of the Specified Currency, selected by the Calculation Agent, at approximately 11.00 a.m. (local time in the Principal Financial Centre of the Specified Currency) on the first day of the relevant Interest Period for loans in the Specified Currency to leading European banks for a period equal to the relevant Interest Period and in an amount that is representative for a single transaction in that market at that time,

and the Rate of Interest for such Interest Period shall be the sum of the Margin and the rate or (as the case may be) the arithmetic mean so determined; *provided, however, that* if the Calculation Agent is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Interest Period, the Rate of Interest applicable to the Notes during such Interest Period will be the sum of the Margin and the rate or (as the case may be) the arithmetic mean last determined in relation to the Notes in respect of a preceding Interest Period.

(d) *ISDA Determination:* If ISDA Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be the sum of the Margin and the relevant ISDA Rate where “ISDA Rate” in relation to any Interest Period means a rate equal to the Floating Rate (as defined in the ISDA Definitions) that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as Calculation Agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

(i) the Floating Rate Option (as defined in the ISDA Definitions) is as specified in the relevant Final Terms;

(ii) the Designated Maturity (as defined in the ISDA Definitions) is a period specified in the relevant Final Terms; and

(iii) the relevant Reset Date (as defined in the ISDA Definitions) is either (A) if the relevant Floating Rate Option is based on the London inter-bank offered rate (LIBOR) for a currency, the first day of that Interest Period or (B) in any other case, as specified in the relevant Final Terms.

(e) *Index-Linked Interest:* If the Index-Linked Interest Note provisions are specified in the relevant Final Terms as being applicable, the Rate(s) of Interest applicable to the Notes for each Interest Period will be determined in the manner specified in the relevant Final Terms.

(f) *Maximum or Minimum Rate of Interest:* If any Maximum Rate of Interest or Minimum Rate of Interest is specified in the relevant Final Terms, then the Rate of Interest shall in no event be greater than the maximum or be less than the minimum so specified.

(g) *Calculation of Interest Amount:* The Calculation Agent will, as soon as practicable after the time at which the Rate of Interest is to be determined in relation to each Interest Period, calculate the Interest Amount payable in respect of each Note for such Interest Period. The Interest Amount will be calculated by applying the Rate of Interest for such Interest Period to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of the relevant Note divided by the Calculation Amount. For this purpose a “**sub-unit**” means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.

(h) *Calculation of other amounts:* If the relevant Final Terms specifies that any other amount is to be calculated by the Calculation Agent, the Calculation Agent will, as soon as practicable after the time or times at which any such amount is to be determined, calculate the relevant amount. The relevant amount will be calculated by the Calculation Agent in the manner specified in the relevant Final Terms.

(i) *Publication:* The Calculation Agent will cause each Rate of Interest and Interest Amount determined by it, together with the relevant Interest Payment Date, and any other amount(s) required to be determined by it together with any relevant payment date(s) to be notified to the Paying Agents and each competent authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation as soon as practicable after such determination but (in the case of each Rate of Interest, Interest Amount and Interest Payment Date) in any event not later than the first day of the relevant Interest Period. Notice thereof shall also promptly be given to the Noteholders. The Calculation Agent will be entitled to recalculate any Interest Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Interest Period. If the Calculation Amount is less than the minimum Specified Denomination the Calculation Agent shall not be obliged to publish each Interest Amount but instead may publish only the Calculation Amount and the Interest Amount in respect of a Note having the minimum Specified Denomination.

(j) *Notifications etc:* All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 7 by the Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Trustee, the Paying Agents, the Noteholders and the Couponholders and (subject as aforesaid) no liability to any such Person will attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

(k) *Determination or Calculation by Trustee:* If the Calculation Agent fails at any time to determine a Rate of Interest or to calculate an Interest Amount, the Trustee will determine such Rate of Interest and make such determination or calculation which shall be deemed to have been made by the Calculation Agent. In doing so, the Trustee shall apply all of the provisions of these Conditions with any necessary consequential amendments to the extent that, in its sole opinion and with absolute discretion, it can do so and in all other respects it shall do so in such manner as it shall deem fair and reasonable in all the circumstances and will not be liable for any loss, liability, cost, charge or expense which may arise as a result thereof. Any such determination or calculation made by the Trustee shall be binding on the Issuer, the Noteholders and the Couponholders.

8. Zero Coupon Note Provisions

(a) *Application:* This Condition 8 is applicable to the Notes only if the Zero Coupon Note provisions are specified in the relevant Final Terms as being applicable.

(b) *Late payment on Zero Coupon Notes:* If the Redemption Amount payable in respect of any Zero Coupon Note is improperly withheld or refused, the Redemption Amount shall thereafter be an amount equal to the sum of:

(i) the Reference Price; and

(ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price on the basis of the relevant Day Count Fraction from (and including) the Issue Date to (but excluding) whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Principal Paying Agent or, as the case may be, the Trustee has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

9. Dual Currency Note Provisions

(a) *Application:* This Condition 9 is applicable to the Notes only if the Dual Currency Note provisions are specified in the relevant Final Terms as being applicable.

(b) *Rate of Interest:* If the rate or amount of interest falls to be determined by reference to an exchange rate, the rate or amount of interest payable shall be determined in the manner specified in the relevant Final Terms.

10. Redemption and Purchase

(a) *Scheduled redemption:* Unless previously redeemed, or purchased and cancelled in accordance with Condition 10(j) (*Cancellation*), the Notes will be redeemed at their Final Redemption Amount on the Maturity Date, subject as provided in Condition 11 (*Payments*).

(b) *Redemption for tax reasons:* The Notes may be redeemed at the option of the Issuer in whole, but not in part:

(i) at any time (if neither the Floating Rate Note provisions or the Index-Linked Interest Note provisions are specified in the relevant Final Terms as being applicable); or

(ii) on any Interest Payment Date (if the Floating Rate Note provisions or the Index-Linked Interest Note provisions are specified in the relevant Final Terms as being applicable),

on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their Early Redemption Amount (Tax), together with interest accrued (if any) to the date fixed for redemption, if:

(A) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 12 (*Taxation*) as a result of any change in, or amendment to, the tax laws or regulations of the United Kingdom or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the date of issue of the first Tranche of the Notes; and

(B) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, *provided, however, that* no such notice of redemption shall be given earlier than:

(1) where the Notes may be redeemed at any time, 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the Notes were then due; or

(2) where the Notes may be redeemed only on an Interest Payment Date, 60 days prior to the Interest Payment Date occurring immediately before the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the Notes were then due.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Trustee (A) a certificate signed by two authorised officers of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and (B) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment. Upon the expiry of any such notice as is referred to in this Condition 10(b), the Issuer shall be bound to redeem the Notes in accordance with this Condition 10(b).

(c) *Redemption at the option of the Issuer:* If Call Option is specified in the relevant Final Terms as being applicable, the Notes may be redeemed at the option of the Issuer in whole or, if so specified in the relevant Final Terms, in part on any Optional Redemption Date (Call) at the relevant Optional Redemption Amount (Call) on the Issuer's giving not less than 30 nor more than 60 days' notice to the Noteholders and the Trustee (which notice shall be irrevocable and shall oblige the Issuer to redeem the Notes or, as the case may be, the Notes specified in such notice on the relevant Optional Redemption Date (Call) at the Optional Redemption Amount (Call) plus accrued interest (if any) to such date).

(d) *Partial redemption:* If the Notes are to be redeemed in part only on any date in accordance with Condition 10(c) (*Redemption at the option of the Issuer*), the Notes to be redeemed shall be selected by the drawing of lots in such place as the Trustee approves and in such manner as the Trustee considers appropriate, subject to compliance with applicable law, the rules of each competent authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation and the notice to Noteholders referred to in Condition 10(c) (*Redemption at the option of the Issuer*) shall specify the serial numbers of the Notes so to be redeemed. If any Maximum Redemption Amount or Minimum Redemption Amount is specified in the relevant Final Terms, then the Optional Redemption Amount (Call) shall in no event be greater than the maximum or be less than the minimum so specified.

(e) *Redemption at the option of Noteholders:* If Put Option is specified in the relevant Final Terms as being applicable, the Issuer shall, at the option of the holder of any Note redeem such Note on the Optional Redemption Date (Put) specified in the relevant Put Option Notice at the relevant Optional Redemption Amount (Put) together with interest (if any) accrued to such date. In order to exercise the option contained in this Condition 10(e), the holder of a Note must, not less than 30 nor more than 60 days before the relevant Optional Redemption Date (Put), deposit with any Paying Agent such Note together with all unmatured Coupons relating thereto and a duly completed Put Option Notice in the form obtainable from any Paying Agent. The Paying Agent with which such Note is so deposited shall deliver a duly completed Put Option Receipt to the depositing Noteholder. No Note, once deposited with a duly completed Put Option Notice in accordance with this Condition 10(e), may be withdrawn; *provided, however, that* if, prior to the

relevant Optional Redemption Date (Put), any such Note becomes immediately due and payable or, upon due presentation of any such Note on the relevant Optional Redemption Date (Put), payment of the redemption moneys is improperly withheld or refused, the relevant Paying Agent shall mail notification thereof to the depositing Noteholder at such address as may have been given by such Noteholder in the relevant Put Option Notice and shall hold such Note at its Specified Office for collection by the depositing Noteholder against surrender of the relevant Put Option Receipt. For so long as any outstanding Note is held by a Paying Agent in accordance with this Condition 10(e), the depositor of such Note and not such Paying Agent shall be deemed to be the holder of such Note for all purposes.

(f) *Change of control redemption:* If Change of Control Put Option is specified in the relevant Final Terms as being applicable and a Change of Control Put Event occurs, the holder of each Note will have the option (unless prior to the giving of the relevant Change of Control Put Event Notice the Issuer has given notice of redemption under Condition 10(b) (*Redemption for tax reasons*) or 10(c) (*Redemption at the option of the Issuer*), if applicable) to require the Issuer to redeem or, at the Issuer's option, purchase (or procure the purchase of) that Note on the Change of Control Optional Redemption Date at its Change of Control Optional Redemption Amount together with interest accrued to (but excluding) the Change of Control Optional Redemption Date.

Promptly upon the Issuer becoming aware that a Change of Control Put Event has occurred the Issuer shall, and at any time upon the Trustee becoming similarly so aware the Trustee may, and if so requested by the holders of at least one-quarter in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution of the Noteholders, shall, (subject in each case to the Trustee being indemnified and/or secured to its satisfaction) give the Change of Control Put Event Notice to the Noteholders.

To exercise the Change of Control Put Option, the holder of the Note must deliver such Note to the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the Change of Control Put Period, accompanied by a duly signed and completed notice of exercise in the form (for the time being current) obtainable from the specified office of any Paying Agent (an "**Exercise Notice**"). The Note should be delivered together with all Coupons appertaining thereto maturing after the Change of Control Optional Redemption Date, failing which the Paying Agent will require payment from or on behalf of the Noteholder of an amount equal to the face value of any such missing Coupon. Any amount so paid will be reimbursed by the Paying Agent to the Noteholder against presentation and surrender of the relevant missing Coupon (or any replacement issued therefor pursuant to Condition 15 (*Replacement of Notes and Coupons*)) at any time after such payment, but before the expiry of the period of ten years from the date on which such Coupon would have become due, but not thereafter. If this Note is represented by a Global Note or is in definitive form and held through Euroclear or Clearstream, Luxembourg, to exercise the right to require redemption or, as the case may be, purchase of a Note under this Condition 10(f) the holder of the Note must, within the Change of Control Put Period, give notice to the Principal Paying Agent of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on his instruction by Euroclear or Clearstream, Luxembourg or any common depositary for them to the Principal Paying Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time and, if this Note is represented by a Global Note, at the same time present or procure the presentation of the relevant Global Note to the Principal Paying Agent for notation accordingly. The Paying Agent to which such Note and Exercise Notice are delivered will issue to the Noteholder concerned a non-transferable receipt in respect of the Note so delivered or, in the case of a Note held through Euroclear and/or Clearstream, Luxembourg, notice received. Payment in respect of any Note so delivered will be made, if the holder duly specified a bank account in the Exercise Notice to which payment is to be made, on the Optional Redemption Date by transfer to that bank account and, in every other case, on or after the Optional Redemption Date against presentation and surrender or (as the case may be) endorsement of such receipt at the specified office of any Paying Agent. For the purposes of these Conditions, receipts issued pursuant to this Condition 10(f) shall be treated as if they were Notes. The Issuer shall redeem or purchase (or procure the purchase of) the Notes in respect of which the Change of Control Put Option has been validly exercised in accordance with the provisions of this Condition 10(f) on the Change of Control Optional Redemption Date unless previously redeemed (or purchased) and cancelled.

Any Exercise Notice, once given, shall be irrevocable except where prior to the Change of Control Optional Redemption Date an Event of Default shall have occurred and the Trustee shall have accelerated the Notes, in which event such holder, at its option, may elect by notice to the Issuer to withdraw the Exercise Notice and instead to treat its Notes as being forthwith due and payable pursuant to Condition 13.

If 80 per cent. or more in principal amount of the Notes then outstanding have been redeemed or purchased pursuant to this Condition 10(f), the Issuer may, on giving not less than 30 nor more than 60 days' notice to the Noteholders (such notice being given within 30 days after the Change of Control Optional Redemption Date), redeem or purchase (or procure the purchase of), at its option, all but not some only of

the remaining outstanding Notes at their principal amount, together with interest accrued to (but excluding) the date fixed for such redemption or purchase.

If the rating designations employed by any Rating Agency are changed from those which are described in paragraph (ii) of the definition of “Change of Control Put Event”, or if a rating is procured from a Substitute Rating Agency, the Issuer shall determine, with the agreement of the Trustee, the rating designations of such Rating Agency or such Substitute Rating Agency (as appropriate) as are most equivalent to the prior rating designations of the relevant Rating Agency and this Condition 10(f) shall be construed accordingly.

The Trustee is under no obligation to ascertain whether a Change of Control Put Event or Change of Control or any event which could lead to the occurrence of or could constitute a Change of Control Put Event or Change of Control has occurred, or to seek any confirmation from any Rating Agency pursuant to the definition of Negative Rating Event below, and, until it shall have actual knowledge or notice pursuant to the Trust Deed to the contrary, the Trustee may assume that no Change of Control Put Event or Change of Control or other such event has occurred.

(g) *No other redemption:* The Issuer shall not be entitled to redeem the Notes otherwise than as provided in Conditions 10(a) (*Scheduled redemption*) to 10(f) (*Change of control redemption*) above.

(h) *Early redemption of Zero Coupon Notes:* Unless otherwise specified in the relevant Final Terms, the Redemption Amount payable on redemption of a Zero Coupon Note at any time before the Maturity Date shall be an amount equal to the sum of:

(i) the Reference Price; and

(ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which the Note becomes due and payable.

Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year shall be made on the basis of such Day Count Fraction as may be specified in the Final Terms for the purposes of this Condition 10(h) or, if none is so specified, a Day Count Fraction of 30E/360.

(i) *Purchase:* The Issuer or any of its Subsidiaries may at any time purchase Notes in the open market or otherwise and at any price, provided that all unmatured Coupons are purchased therewith.

(j) *Cancellation:* All Notes so redeemed or purchased by the Issuer or any of its Subsidiaries and any unmatured Coupons attached to or surrendered with them shall be cancelled and may not be reissued or resold.

11. Payments

(a) *Principal:* Payments of principal shall be made only against presentation and (provided that payment is made in full) surrender of Notes at the Specified Office of any Paying Agent outside the United States by cheque drawn in the currency in which the payment is due on, or by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency (in the case of a sterling cheque, a town clearing branch of a bank in the City of London).

(b) *Interest:* Payments of interest shall, subject to paragraph (h) below, be made only against presentation and (provided that payment is made in full) surrender of the appropriate Coupons at the Specified Office of any Paying Agent outside the United States in the manner described in paragraph (a) above.

(c) *Payments in New York City:* Payments of principal or interest may be made at the Specified Office of a Paying Agent in New York City if (i) the Issuer has appointed Paying Agents outside the United States with the reasonable expectation that such Paying Agents will be able to make payment of the full amount of the interest on the Notes in the currency in which the payment is due when due, (ii) payment of the full amount of such interest at the offices of all such Paying Agents is illegal or effectively precluded by exchange controls or other similar restrictions and (iii) payment is permitted by applicable United States law.

(d) *Payments subject to fiscal laws:* All payments in respect of the Notes are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 12 (*Taxation*). No commissions or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(e) *Deductions for unmatured Coupons:* If the relevant Final Terms specifies that the Fixed Rate Note provisions are applicable and a Note is presented without all unmatured Coupons relating thereto:

(i) if the aggregate amount of the missing Coupons is less than or equal to the amount of principal due for payment, a sum equal to the aggregate amount of the missing Coupons will be deducted from the amount of principal due for payment; *provided, however, that* if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of such missing Coupons which the gross amount actually available for payment bears to the amount of principal due for payment;

(ii) if the aggregate amount of the missing Coupons is greater than the amount of principal due for payment:

(A) so many of such missing Coupons shall become void (in inverse order of maturity) as will result in the aggregate amount of the remainder of such missing Coupons (the “**Relevant Coupons**”) being equal to the amount of principal due for payment; *provided, however, that* where this sub-paragraph would otherwise require a fraction of a missing Coupon to become void, such missing Coupon shall become void in its entirety; and

(B) a sum equal to the aggregate amount of the Relevant Coupons (or, if less, the amount of principal due for payment) will be deducted from the amount of principal due for payment; *provided, however, that*, if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of the Relevant Coupons (or, as the case may be, the amount of principal due for payment) which the gross amount actually available for payment bears to the amount of principal due for payment.

Each sum of principal so deducted shall be paid in the manner provided in paragraph (a) above against presentation and (provided that payment is made in full) surrender of the relevant missing Coupons.

(f) *Unmatured Coupons void:* If the relevant Final Terms specifies that this Condition 11(f) is applicable or that the Floating Rate Note provisions or the Index-Linked Interest Note provisions are applicable, on the due date for final redemption of any Note or early redemption in whole of such Note pursuant to Condition 10(b) (*Redemption for tax reasons*), Condition 10(e) (*Redemption at the option of Noteholders*), Condition 10(c) (*Redemption at the option of the Issuer*) or Condition 13 (*Events of Default*), all unmatured Coupons relating thereto (whether or not still attached) shall become void and no payment will be made in respect thereof.

(g) *Payments on business days:* If the due date for payment of any amount in respect of any Note or Coupon is not a Payment Business Day in the place of presentation, the holder shall not be entitled to payment in such place of the amount due until the next succeeding Payment Business Day in such place and shall not be entitled to any further interest or other payment in respect of any such delay.

(h) *Payments other than in respect of matured Coupons:* Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Notes at the Specified Office of any Paying Agent outside the United States (or in New York City if permitted by paragraph (c) above).

(i) *Partial payments:* If a Paying Agent makes a partial payment in respect of any Note or Coupon presented to it for payment, such Paying Agent will endorse thereon a statement indicating the amount and date of such payment.

(j) *Exchange of Talons:* On or after the maturity date of the final Coupon which is (or was at the time of issue) part of a Coupon Sheet relating to the Notes, the Talon forming part of such Coupon Sheet may be exchanged at the Specified Office of the Principal Paying Agent for a further Coupon Sheet (including, if appropriate, a further Talon but excluding any Coupons in respect of which claims have already become void pursuant to Condition 14 (*Prescription*)). Upon the due date for redemption of any Note, any unexchanged Talon relating to such Note shall become void and no Coupon will be delivered in respect of such Talon.

12. Taxation

(a) *Gross up:* All payments of principal and interest in respect of the Notes and the Coupons by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the United Kingdom or any political subdivision therein or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments, or governmental charges is required by law. In that event, the Issuer shall pay such additional amounts as will result in receipt by the Noteholders and the Couponholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been

required, except that no such additional amounts shall be payable in respect of any Note or Coupon presented for payment:

(i) by or on behalf of a holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of its having some connection with the jurisdiction by which such taxes, duties, assessments or charges have been imposed, levied, collected, withheld or assessed other than the mere holding of the Note or Coupon; or

(ii) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or

(iii) by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note or Coupon to another Paying Agent (if any) in a Member State of the EU; or

(iv) more than 30 days after the Relevant Date except to the extent that the holder of such Note or Coupon would have been entitled to such additional amounts on presenting such Note or Coupon for payment on the last day of such period of 30 days.

(b) *Taxing jurisdiction:* If the Issuer becomes subject at any time to any taxing jurisdiction other than the United Kingdom, references in these Conditions to the United Kingdom shall be construed as references to the United Kingdom and/or such other jurisdiction.

13. Events of Default

If any of the following events occurs and is continuing:

(a) *Non-payment:* the Issuer fails to pay any amount of principal in respect of the Notes within seven days of the due date for payment thereof or any amount of interest in respect of the Notes within fourteen days of the due date for payment thereof; or

(b) *Breach of other obligations:* the Issuer does not comply in all material respects with any of its other obligations under or in respect of the Notes or the Trust Deed and (except in any case where, in the opinion of the Trustee, such failure is incapable of remedy in which case no continuation or notice as is hereinafter provided will be required) such failure to comply continues unremedied for 30 days (or such longer period as the Trustee may permit) after written notice thereof has been delivered by the Trustee to the Issuer; or

(c) *Security enforced:* a secured party takes possession, or a receiver, manager or other similar officer is appointed, of all or substantially all of the undertaking, assets and revenues of the Issuer or any of its Restricted Subsidiaries; or

(d) *Insolvency etc:* (i) the Issuer or any of its Restricted Subsidiaries becomes insolvent or is unable to pay its debts as they fall due, (ii) an administrator or liquidator of the Issuer or any of its Restricted Subsidiaries or all or substantially all of the undertaking, assets and revenues of the Issuer or any of its Restricted Subsidiaries is appointed, (iii) the Issuer or any of its Restricted Subsidiaries or makes a general assignment or an arrangement or composition with or for the benefit of its creditors generally or declares a moratorium in respect of any of its Indebtedness given by it or (iv) the Issuer or any of its Restricted Subsidiaries ceases or threatens to cease to carry on all or any substantial part of its business (otherwise than, in the case of a Subsidiary of the Issuer, for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent); or

(e) *Winding up etc:* an order is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer (otherwise than for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent on terms previously approved in writing by the Trustee or by an Extraordinary Resolution); or

(f) *Failure to take action etc:* any action, condition or thing at any time required to be taken, fulfilled or done in order (i) to enable the Issuer lawfully to enter into, exercise their respective rights and perform and comply with their respective obligations under and in respect of the Notes, the Coupons and the Trust Deed, (ii) to ensure that those obligations are legal, valid, binding and enforceable and (iii) to make the Notes, the Coupons and the Trust Deed admissible in evidence in the courts of England is not taken, fulfilled or done; or

(g) *Unlawfulness*: it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Notes; or

then the Trustee may at its discretion and shall, if so requested in writing by the holders of at least one quarter of the aggregate principal amount of the outstanding Notes, or if so directed by an Extraordinary Resolution (subject to the Trustee having been indemnified or provided with security to its satisfaction) by written notice addressed and delivered to the Issuer, declare the Notes to be immediately due and payable, whereupon they shall become immediately due and payable at their Early Termination Amount together with accrued interest (if any) without further action or formality. Notice of any such declaration shall promptly be given to the Noteholders.

14. Prescription

Claims for principal shall become void unless the relevant Notes are presented for payment within ten years of the appropriate Relevant Date. Claims for interest shall become void unless the relevant Coupons are presented for payment within five years of the appropriate Relevant Date.

15. Replacement of Notes and Coupons

If any Note or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Principal Paying Agent (and, if the Notes are then admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent in any particular place, a Paying Agent having its Specified Office in the place required by such competent authority, stock exchange and/or quotation system), subject to all applicable laws and competent authority, stock exchange and/or quotation system requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

16. Trustee and Agents

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from any obligation to take proceedings to enforce repayment unless indemnified and/or secured to its satisfaction and to be paid its costs and expenses in priority to the claims of Noteholders. The Trust Deed also contains provisions pursuant to which the Trustee is entitled, *inter alia*, (i) to enter into business transactions with the Issuer and/or any of its Subsidiaries and/or any related entity thereof and to act as trustee for the holders of any other securities issued or guaranteed by or relating to the Issuer or any of its Subsidiaries, (ii) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Noteholders or Couponholders, and (iii) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

In the exercise of its powers and discretions under these Conditions and/or the Trust Deed, the Trustee will have regard to the interests of the Noteholders as a class and will not be responsible for any consequences for individual holders of Notes, Coupons or Talons as a result of such holders being connected in any way with a particular territory or taxing jurisdiction.

In acting under the Agency Agreement and in connection with the Notes and the Coupons, the Paying Agents and the Calculation Agent (if any) act solely as agents of the Issuer or, following the occurrence of an Event of Default, the Trustee and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders or Couponholders.

The Principal Paying Agent and its initial Specified Office is set out below. The initial Calculation Agent (if any) is specified in the relevant Final Terms. The Issuer reserves the right at any time, with the prior written consent of the Trustee, to vary or terminate the appointment of any Paying Agent or Calculation Agent and to appoint a successor principal paying agent or calculation agent and additional or successor paying agents; *provided, however, that*:

(a) the Issuer shall at all times maintain a Principal Paying Agent; and

(b) the Issuer shall at all times maintain a paying agent in an EU member state that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000; and

(c) if a Calculation Agent is specified in the relevant Final Terms, the Issuer shall at all times maintain a Calculation Agent; and

(d) if and for so long as the Notes are admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent in any particular place, the Issuer shall maintain a Paying Agent having its Specified Office in the place required by such competent authority, stock exchange and/or quotation system.

Notice of any appointment of, or change in, any of the Paying Agents or in their Specified Offices shall promptly be given to the Noteholders.

17. Meetings of Noteholders; Modification and Waiver

(a) *Meetings of Noteholders:* The Trust Deed contains provisions for convening meetings of Noteholders to consider matters relating to the Notes, including the modification of any provision of these Conditions or the Trust Deed. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by the Issuer or the Trustee and shall be convened by the Trustee upon the request in writing of Noteholders holding not less than one-tenth of the aggregate principal amount of the outstanding Notes. The quorum at any meeting convened to vote on an Extraordinary Resolution will be two or more Persons holding or representing one more than half of the aggregate principal amount of the outstanding Notes or, at any adjourned meeting, two or more Persons being or representing Noteholders whatever the principal amount of the Notes held or represented; *provided, however, that* Reserved Matters may only be sanctioned by an Extraordinary Resolution passed at a meeting of Noteholders at which two or more Persons holding or representing not less than three-quarters or, at any adjourned meeting, not less than one quarter of the aggregate principal amount of the outstanding Notes form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders and Couponholders, whether present or not.

In addition, a resolution in writing signed by or on behalf of at least 90 per cent. of the Noteholders who for the time being are entitled to receive notice of a meeting of Noteholders under the Trust Deed will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

(b) *Modification and waiver:* The Trustee may agree, without the consent of the Noteholders or Couponholders, to (i) any modification to or of these Conditions or the Trust Deed (other than in respect of a Reserved Matter) which is, in the opinion of the Trustee, proper to make if, in the opinion of the Trustee, such modification will not be materially prejudicial to the interests of Noteholders, (ii) any modification of these Conditions and the Notes or the Trust Deed that is of a formal, minor or technical nature or is made to correct a manifest error, and (iii) any waiver or authorisation of any breach or proposed breach, of any of the provisions of these Conditions or the Trust Deed (other than a proposed breach or breach relating to the subject of a Reserved Matter) that is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders. Any such modification, authorisation or waiver shall be binding on the Noteholders and the Couponholders and, if the Trustee so requires, such modification, authorisation or waiver shall be notified to the Noteholders as soon as practicable in accordance with Condition 19 (*Notices*).

(c) *Substitution:* The Trust Deed contains provisions under which any Subsidiary of the Issuer may, without the consent of the Noteholders or Couponholders assume the obligations of the Issuer as principal debtor under the Trust Deed and the Notes provided that certain conditions specified in the Trust Deed are fulfilled.

No Noteholder or Couponholder shall, in connection with any substitution, be entitled to claim any indemnification or payment in respect of any tax consequence thereof for such Noteholder or (as the case may be) Couponholder except to the extent provided for in Condition 12 (*Taxation*) (or any undertaking given in addition to or substitution for it pursuant to the provisions of the Trust Deed).

18. Enforcement

The Trustee may, at any time, at its discretion and without further notice, institute such proceedings against the Issuer as it thinks fit to enforce any obligation, condition or provision binding on the Issuer under these Conditions or under the Trust Deed in respect of the Notes, but shall not be bound to do so unless:

(a) it has been so directed by an Extraordinary Resolution or it has been so requested in writing by the holders of at least one quarter of the nominal amount of the Notes outstanding; and

(b) it has been indemnified and/or secured to its satisfaction.

No Noteholder or Couponholder shall be entitled to institute proceedings directly against the Issuer unless the Trustee, having become bound to proceed as aforesaid, fails to do so within a reasonable time and such failure is continuing.

19. Notices

(a) *Valid Notices:* Notices to the Noteholders shall be valid if published in a leading English language daily newspaper published in London (which is expected to be the *Financial Times*) or, if such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe. Any such notice shall be deemed to have been given on the date of first publication (or if required to be published in more than one newspaper, on the first date on which publication shall have been made in all the required newspapers).

(b) *Other Methods:* Notwithstanding paragraph (a) above, the Trustee may approve some other method of giving notice to the Noteholders if, in its opinion, that other method is reasonable having regard to market practice then prevailing and to the requirements of any stock exchange on which Notes are then listed and provided that notice of that other method is given to the Noteholders in the manner required by the Trustee.

(c) *Couponholders:* Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the Noteholders.

20. Rounding

For the purposes of any calculations referred to in these Conditions (unless otherwise specified in these Conditions or the relevant Final Terms), (a) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005% being rounded up to 0.00001%), (b) all United States dollar amounts used in or resulting from such calculations will be rounded to the nearest cent (with one half cent being rounded up), (c) all Japanese Yen amounts used in or resulting from such calculations will be rounded downwards to the next lower whole Japanese Yen amount, and (d) all amounts denominated in any other currency used in or resulting from such calculations will be rounded to the nearest two decimal places in such currency, with 0.005 being rounded upwards.

21. Governing Law

The Notes and the Trust Deed and all matters arising from or in connection with the Notes and the Trust Deed are governed by, and shall be construed in accordance with, English law.

FORM OF FINAL TERMS

The Final Terms in respect of each Tranche of Notes will be substantially in the following form, duly supplemented (if necessary), amended (if necessary) and completed to reflect the particular terms of the relevant Notes and their issue. Text in this section appearing in italics does not form part of the form of the Final Terms but denotes directions for completing the Final Terms.

Final Terms dated [date]

AstraZeneca PLC
Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
under the U.S.\$5,000,000,000
Euro Medium Term Note Programme

PART A — CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “**Conditions**”) set forth in the Base Prospectus dated 10 September 2007 [and the supplemental Base Prospectus dated [date]] which [together] constitute[s] a base prospectus (the “**Base Prospectus**”) for the purposes of Directive 2003/71/EC (the “**Prospectus Directive**”). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive. These Final Terms contain the final terms of the Notes and must be read in conjunction with such Base Prospectus [as so supplemented].

Full information on the Issuer and the offer of the Notes described herein is only available on the basis of the combination of these Final Terms and the Base Prospectus [as so supplemented]. The Base Prospectus [and the supplemental Base Prospectus] [is] [are] available for viewing [at [website]] [and] during normal business hours at [address] [and copies may be obtained from [address]].

The following alternative language applies if the first tranche of an issue which is being increased was issued under a base prospectus with an earlier date.

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “**Conditions**”) set forth in the base prospectus dated [original date]. These Final Terms contain the final terms of the Notes and must be read in conjunction with the Base Prospectus dated 10 September 2007 [and the supplemental Base Prospectus dated [date]] which [together] constitute[s] a base prospectus (the “**Base Prospectus**”) for the purposes of Directive 2003/71/EC (the “**Prospectus Directive**”), save in respect of the Conditions which are extracted from the base prospectus dated [original date] and are attached hereto. This document constitutes the Final Terms relating to the issue of Notes described herein for the purposes of Article 5.4 of the Prospectus Directive.

Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectuses dated [original date] and [current date] [and the supplemental Base Prospectus dated [date]]. The Base Prospectuses [and the supplemental Base Prospectus] are available for viewing [at [website]] [and] during normal business hours at [address] [and copies may be obtained from [address]].

[Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or sub-paragraphs. Italics denote guidance for completing the Final Terms.]

[When completing any final terms, or adding any other final terms or information, consideration should be given as to whether such terms or information constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive].

1. Issuer: AstraZeneca PLC
2. [(i)] Series Number: []
[(ii)] Tranche Number: []
(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible).]

3. Specified Currency or Currencies: []
4. Aggregate Nominal Amount:
 [(i)] Series: []
 [(ii)] [Tranche: []]
5. Issue Price: []% of the Aggregate Nominal Amount
 [plus accrued interest from *[insert date]* (*in the case of fungible issues only, if applicable*)]
6. (i) Specified Denominations: []
[Notes which are to be admitted to trading on a Regulated Market or offered to the public in any Member State must be issued in minimum denominations of at least EUR 50,000 (or its equivalent in another currency).]
[If Notes are to be issued with a minimum Specified Denomination and integral multiples in excess thereof, the following sample wording should be used:
 EUR 50,000 and integral multiples of EUR 1,000 in excess thereof up to and including EUR 99,000. Definitive Notes will not be issued in denominations in excess of EUR 99,000.]
- (ii) Calculation Amount: []
7. (i) Issue Date: []
 (ii) Interest Commencement Date: [Specify/Issue Date/Not Applicable]
8. Maturity Date: *[Specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year]*
[If the Maturity Date is less than one year from the Issue Date, the Notes must have a minimum redemption value of £100,000 (or its equivalent in other currencies) and be sold only to "professional investors" (or another applicable exemption from section 19 of the FSMA must be available).]
9. Interest Basis: [● % Fixed Rate]
 [[specify reference rate] +/- ● % Floating Rate]
 [Zero Coupon]
 [Index-Linked Interest]
 [Other (specify)]
 (further particulars specified below)
10. Redemption/Payment Basis: [Redemption at par]
 [Index-Linked Redemption]
 [Dual Currency]
 [Partly Paid]
 [Instalment]
 [Other (specify)]
11. Change of Interest or Redemption/Payment Basis: *[Specify details of any provision for convertibility of Notes into another interest or redemption/payment basis]*
12. Put/Call Options: [Investor Put]
 [Issuer Call]
 [(further particulars specified below)]

13. (i) Status of the Notes: [Senior/[Dated/Perpetual]/Subordinated]
- [(ii)] [Date [Board] approval for issuance of Notes obtained: [] [and [], respectively]]
(N.B Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes)]

14. Method of distribution: [Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15. **Fixed Rate Note Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Rate[(s)] of Interest: []% per annum [payable [annually/semi-annually/quarterly/monthly/other (*specify*)] in arrear]
- (ii) Interest Payment Date(s): [] in each year
- (iii) Fixed Coupon Amount[(s)]: [] per Calculation Amount
- (iv) Broken Amount(s): [] per Calculation Amount payable on the Interest Payment Date falling [in/on] []
- (v) Day Count Fraction: [30/360/Actual/Actual (ICMA/ISDA)/other]
- [(vi)] Determination Dates: [] in each year *[Insert regular interest payment dates, ignoring Issue Date or Maturity Date in the case of a long or short first or last coupon. N.B. only relevant where Day Count Fraction is Actual/Actual ([ICMA])]*
- (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not Applicable/*give details*]
16. **Floating Rate Note Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph.)
- [(i)] Interest Period(s) — see endnote]
- (ii) Specified Period: []
(Specified Period and Specified Interest Payment Dates are alternatives. A Specified Period, rather than Specified Interest Payment Dates, will only be relevant if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention. Otherwise, insert “Not Applicable”)
- (iii) Specified Interest Payment Dates: []
(Specified Period and Specified Interest Payment Dates are alternatives. If the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention, insert “Not Applicable”)
- (iv) First Interest Payment Date: []
- (v) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (*give details*)]
- (vi) Additional Business Centre(s): [Not Applicable/*give details*]
- (vii) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination/other (*give details*)]

- (viii) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Principal Paying Agent): *[[Name] shall be the Calculation Agent (no need to specify if the Principal Paying Agent is to perform this function)]*
- (ix) Screen Rate Determination:
- Reference Rate: *[For example, LIBOR or EURIBOR]*
 - Interest Determination Date(s): *[]*
 - Relevant Screen Page: *[For example, Reuters LIBOR 01/EURIBOR 01]*
 - Relevant Time: *[For example, 11.00 a.m. London time/Brussels time]*
 - Relevant Financial Centre: *[For example, London/Euro-zone (where Euro-zone means the region comprised of the countries whose lawful currency is the euro)]*
- (x) ISDA Determination:
- Floating Rate Option: *[]*
 - Designated Maturity: *[]*
 - Reset Date: *[]*
- (xi) Margin(s): *[+/-][]% per annum*
- (xii) Minimum Rate of Interest: *[]% per annum*
- (xiii) Maximum Rate of Interest: *[]% per annum*
- (xiv) Day Count Fraction: *[]*
- (xv) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: *[]*
- 17. Zero Coupon Note Provisions** *[Applicable/Not Applicable]*
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) [Amortisation/Accrual] Yield: *[]% per annum*
 - (ii) Reference Price: *[]*
 - (iii) Any other formula/basis of determining amount payable: *[Consider whether it is necessary to specify a Day Count Fraction for the purposes of Condition 10(h) (Early redemption of Zero Coupon Notes)]*
- 18. Index-Linked Interest Note Provisions** *[Applicable/Not Applicable]*
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) Index/Formula: *[Give or annex details]*
 - (ii) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the Principal Paying Agent): *[]*
 - (iii) Provisions for determining Coupon where calculation by reference to Index and/or Formula is impossible or impracticable: *[]*

- (iv) Specified Period: []
(Specified Period and Specified Interest Payment Dates are alternatives. A Specified Period, rather than Specified Interest Payment Dates, will only be relevant if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention. Otherwise, insert "Not Applicable".)
- (v) Specified Interest Payment Dates: []
(Specified Period and Specified Interest Payment Dates are alternatives. If the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention, insert "Not Applicable".)
- (vi) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (give details)]
- (vii) Additional Business Centre(s): []
- (viii) Minimum Rate of Interest: []% per annum
- (ix) Maximum Rate of Interest: []% per annum
- (x) Day Count Fraction: []
19. **Dual Currency Note Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) Rate of Exchange/method of calculating Rate of Exchange: [Give details]
- (ii) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the Principal Paying Agent): []
- (iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: []
- (iv) Person at whose option Specified Currency(ies) is/are payable: []

PROVISIONS RELATING TO REDEMPTION

20. **Call Option** [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) Optional Redemption Date(s): []
- (ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [] per Calculation Amount
- (iii) If redeemable in part:
- (d) Minimum Redemption Amount: [] per Calculation Amount
- (e) Maximum Redemption Amount: [] per Calculation Amount
- (iv) Notice period: []
21. **Put Option** [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) Optional Redemption Date(s): []

- (ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s): [] per Calculation Amount
- (iii) Notice period: []
22. **Change of Control Put Option** [Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
- (i) Change of Control Optional Redemption Date: [number of days] after the expiration of Change of Control Put Period
- (ii) Change of Control Optional Redemption Amount and method, if any, of calculation of such amount, if different from that set out in the Conditions: [As set out in the Conditions/[] per Calculation Amount]
23. **Final Redemption Amount of each Note** [[] per Calculation Amount/other/see Appendix]
[give or annex details]
- In cases where the Final Redemption Amount is Index-Linked or other variable-linked:
- (i) Index/Formula/variable:
- (ii) Calculation Agent responsible for calculating the Final Redemption Amount:
- (iii) Provisions for determining Final Redemption Amount where calculated by reference to Index and/or Formula and/or other variable:
- (iv) Determination Date(s):
- (v) Provisions for determining Final Redemption Amount where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted:
- (vi) Payment Date:
- (vii) Minimum Final Redemption Amount: [] per Calculation Amount
- (viii) Maximum Final Redemption Amount: [] per Calculation Amount
24. **Early Termination Amount** [Not Applicable (*if both the Early Redemption Amount (Tax) and the Early Termination Amount are the principal amount of the Notes/ specify the Early Redemption Amount (Tax) and/or the Early Termination Amount if different from the principal amount of the Notes*)]
- Early Redemption Amount (Tax) and Early Termination Amount per Calculation Amount payable on redemption for taxation reasons or, as the case may be, on event of default and/or the method of calculating the same (if required or if different from that set out in the Conditions):

GENERAL PROVISIONS APPLICABLE TO THE NOTES

25. Form of Notes: [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes on [] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note.]

[If Notes are to be issued with a minimum Specified Denomination and integral multiples in excess thereof “in the limited circumstances specified in the Permanent Global Note” must be specified]

[Temporary Global Note exchangeable for Definitive Notes on [] days’ notice.]

[This option cannot apply to Notes which are to be issued with a minimum Specified Denomination and integral multiples in excess thereof]

[Permanent Global Note exchangeable for Definitive Notes on [] days’ notice/at any time/in the limited circumstances specified in the Permanent Global Note].

[If Notes are to be issued with a minimum Specified Denomination and integral multiples in excess thereof “in the limited circumstances specified in the Permanent Global Note” must be specified]

26. New Global Note Form:

[Applicable/Not Applicable]

27. Additional Financial Centre(s) or other special provisions relating to Payment Dates:

[Not Applicable/give details. Note that this item relates to the date and place of payment, and not interest period end dates, to which items 16(ii), 17(iv) and 19(vii) relate]

28. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):

[Yes/No. If yes, give details]

29. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment:

[Not Applicable/give details]

30. Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made:

[Not Applicable/give details]

31. [Consolidation provisions:

[Not Applicable/The provisions [annexed to this Final Terms] apply]]

32. Other terms or special conditions:

[Not Applicable/give details]

(When adding any other final terms consideration should be given as to whether such terms constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)

DISTRIBUTION

33. (i) If syndicated, names and addresses and underwriting commitments of Managers:

[Not Applicable/give names]

(Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a “best efforts” basis if such entities are not the same as the Managers.)

- (ii) Date of [Subscription Agreement] []
- (iii) Stabilising Manager (if any): [Not Applicable/*give name*]
34. If non-syndicated, name and address of Dealer: [Not Applicable/*give name and address*]
35. TEFRA: [Not Applicable/The [C/D] Rules are applicable]
36. Total commission and concession: []% of the Aggregate nominal amount
37. Additional selling restrictions: [Not Applicable/*give details*]

[PURPOSE OF FINAL TERMS

These Final Terms comprise the final terms required for the Notes described herein to be admitted to trading on the [Gilt-Edged And Fixed Interest Market of the London Stock Exchange] pursuant to the U.S.\$5,000,000,000 Euro Medium Term Note Programme of AstraZeneca PLC.]

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms [*relevant third party information*] has been extracted from [*specify source*]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [*source*], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of the Issuer:

By: _____
Duly authorised

PART B — OTHER INFORMATION

1. LISTING

- (i) Admission to trading: [Application [has been/is expected to be] made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the Gilt-Edged and Fixed Interest Market of the London Stock Exchange/[other (*specify*)] with effect from [].]/[Not Applicable.]

(Where documenting a fungible issue need to indicate that original securities are already admitted to trading.)

- (ii) Estimate of total expenses related to admission to trading: []

2. RATINGS

Ratings: The Notes to be issued have been rated:

[S & P: []]
[Moody's: []]
[Fitch: []]
[[Other]: []]

[Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.]

(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)

3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE [ISSUE/OFFER]

Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:

“Save as discussed in [“Subscription and Sale”] in the Base Prospectus, so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer.”

[When adding any other description, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.]

4. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

- (i) Reasons for the offer []

(See [“Use of Proceeds”] wording in Prospectus — if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.)

- [(ii)] Estimated net proceeds: []

(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)

- [(iii)] Estimated total expenses: []

[If the Notes are derivative securities for which Annex XII of the Prospectus Directive Regulation applies it is only necessary to include disclosure of net proceeds and total expenses at (ii) and (iii) above where disclosure is included at (i) above.]

5. [Fixed Rate Notes Only — YIELD

Indication of yield: []

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]

6. [Floating Rate Notes Only — HISTORIC INTEREST RATES

Details of historic [LIBOR/EURIBOR/other] rates can be obtained from [Reuters].]

**7. [Index-Linked Or Other Variable-Linked Notes Only — PERFORMANCE OF INDEX/
FORMULA/OTHER VARIABLE AND OTHER INFORMATION CONCERNING THE
UNDERLYING**

Need to include details of where past and future performance and volatility of the index/formula/other variable can be obtained. Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained. Where the underlying is not an index need to include equivalent information. Include other information concerning the underlying required by Paragraph 4.2 of Annex XII of the Prospectus Directive Regulation.]

[When completing this paragraph, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.]

[Include a clear and comprehensive explanation to help investors understand how the value of their investment is affected by the value of the underlying instrument(s).]

The Issuer [intends to provide post-issuance information [specify what information will be reported and where it can be obtained]]/[does not intend to provide post-issuance information].]

8. [Dual Currency Notes Only — PERFORMANCE OF RATE[S] OF EXCHANGE

Need to include details of where past and future performance and volatility of the relevant rate[s] can be obtained.]

[When completing this paragraph, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.]

9. OPERATIONAL INFORMATION

ISIN Code: []

Common Code: []

New Global Note intended to be held in a manner which would allow

Eurosystem eligibility: [Not Applicable/Yes/No]

Note that the designation “Yes” simply means that the Notes are intended upon issue to be deposited with Euroclear or Clearstream, Luxembourg as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.][Include this text if “Yes” selected in which case the Notes must be issued in NGN form]

Any clearing system(s) other than
Euroclear Bank SA/NV and
Clearstream Banking, société anonyme
and the relevant identification
number(s):

[Not Applicable/*give name(s) and number(s)*]

Delivery:

Delivery [against/free of] payment

Names and addresses of additional
paying agent(s) (if any):

[]

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

Clearing System Accountholders

Each Global Note will be in bearer form. Consequently, in relation to any Tranche of Notes represented by a Global Note, references in the Terms and Conditions of the Notes to “Noteholder” are references to the bearer of the relevant Global Note which, for so long as the Global Note is held by a depositary or a common depositary, in the case of a CGN, or a common safekeeper, in the case of an NGN for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, will be that depositary or common depositary or, as the case may be, common safekeeper.

Each of the persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Global Note (each an “**Accountholder**”) must look solely to Euroclear and/or Clearstream, Luxembourg and/or such other relevant clearing system (as the case may be) for such Accountholder’s share of each payment made by the Issuer to the bearer of such Global Note and in relation to all other rights arising under the Global Note. The extent to which, and the manner in which, Accountholders may exercise any rights arising under the Global Note will be determined by the respective rules and procedures of Euroclear and Clearstream, Luxembourg and any other relevant clearing system from time to time. For so long as the relevant Notes are represented by the Global Note, Accountholders shall have no claim directly against the Issuer in respect of payments due under the Notes and such obligations of the Issuer will be discharged by payment to the bearer of the Global Note.

Exchange of Temporary Global Notes

Whenever any interest in a Temporary Global Note is to be exchanged for an interest in a Permanent Global Note, the Issuer shall procure:

(a) in the case of first exchange, the prompt delivery (free of charge to the bearer) of such Permanent Global Note, duly authenticated and, in the case of an NGN, effectuated, to the bearer of the Temporary Global Note; or

(b) in the case of any subsequent exchange, an increase in the principal amount of such Permanent Global Note in accordance with its terms,

in each case in an aggregate principal amount equal to the aggregate of the principal amounts specified in the certificates issued by Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and received by the Principal Paying Agent against presentation and (in the case of final exchange) surrender of the Temporary Global Note to or to the order of the Principal Paying Agent within 7 days of the bearer requesting such exchange.

Whenever a Temporary Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of the Temporary Global Note to the bearer of the Temporary Global Note against the surrender of the Temporary Global Note to or to the order of the Principal Paying Agent within 30 days of the bearer requesting such exchange.

If:

(a) a Permanent Global Note has not been delivered or the principal amount thereof increased by 5.00 p.m. (London time) on the seventh day after the bearer of a Temporary Global Note has requested exchange of an interest in the Temporary Global Note for an interest in a Permanent Global Note; or

(b) Definitive Notes have not been delivered by 5.00 p.m. (London time) on the thirtieth day after the bearer of a Temporary Global Note has requested exchange of the Temporary Global Note for Definitive Notes; or

(c) a Temporary Global Note (or any part thereof) has become due and payable in accordance with the Terms and Conditions of the Notes or the date for final redemption of a Temporary Global Note has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer of the Temporary Global Note in accordance with the terms of the Temporary Global Note on the due date for payment,

then the Temporary Global Note (including the obligation to deliver a Permanent Global Note or increase the principal amount thereof or deliver Definitive Notes, as the case may be) will become void at 5.00 p.m. (London time) on such seventh day (in the case of (a) above) or at 5.00 p.m. (London time) on such

thirtieth day (in the case of (b) above) or at 5.00 p.m. (London time) on such due date (in the case of (c) above) and the bearer of the Temporary Global Note will have no further rights thereunder.

Exchange of Permanent Global Notes

Whenever a Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note to or to the order of the Principal Paying Agent within 30 days of the bearer requesting such exchange.

If:

(a) Definitive Notes have not been delivered by 5.00 p.m. (London time) on the thirtieth day after the bearer of a Permanent Global Note has duly requested exchange of the Permanent Global Note for Definitive Notes; or

(b) a Permanent Global Note (or any part of it) has become due and payable in accordance with the Terms and Conditions of the Notes or the date for final redemption of the Notes has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer of the Permanent Global Note in accordance with the terms of the Permanent Global Note on the due date for payment,

then the Permanent Global Note (including the obligation to deliver Definitive Notes) will become void at 5.00 p.m. (London time) on such thirtieth day (in the case of (a) above) or at 5.00 p.m. (London time) on such due date (in the case of (b) above) and the bearer of the Permanent Global Note will have no further rights thereunder.

Conditions applicable to Global Notes

Each Global Note will contain provisions which modify the Terms and Conditions of the Notes as they apply to the Global Note. The following is a summary of certain of those provisions:

Payments: All payments in respect of the Global Note will be made against presentation and (in the case of payment of principal in full with all interest accrued thereon) surrender of the Global Note to or to the order of any Paying Agent and will be effective to satisfy and discharge the corresponding liabilities of the Issuer in respect of the Notes. On each occasion on which a payment of principal or interest is made in respect of the Global Note, the Issuer shall procure that in respect of a CGN the payment is noted in a schedule thereto and in respect of an NGN the payment is entered pro rata in the records of Euroclear and Clearstream, Luxembourg.

Exercise of put option: In order to exercise the option contained in Condition 10(e) (*Redemption at the option of Noteholders*) the bearer of the Permanent Global Note must, within the period specified in the Conditions for the deposit of the relevant Note and put notice, give written notice of such exercise to the Principal Paying Agent specifying the principal amount of Notes in respect of which such option is being exercised. Any such notice will be irrevocable and may not be withdrawn.

Partial exercise of call option: In connection with an exercise of the option contained in Condition 10(c) (*Redemption at the option of the Issuer*) in relation to some only of the Notes, the Permanent Global Note may be redeemed in part in the principal amount specified by the Issuer in accordance with the Conditions and the Notes to be redeemed will not be selected as provided in the Conditions but in accordance with the rules and procedures of Euroclear and Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in principal amount, at their discretion).

Notices: Notwithstanding Condition 19 (*Notices*), while all the Notes are represented by a Permanent Global Note (or by a Permanent Global Note and/or a Temporary Global Note) and the Permanent Global Note is (or the Permanent Global Note and/or the Temporary Global Note are) deposited with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system or a common safekeeper, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and, in any case, such notices shall be deemed to have been given to the Noteholders in accordance with Condition 19 (*Notices*) on the date of delivery to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

USE OF PROCEEDS

The net proceeds from the issue of each Tranche of Notes will be used for the general corporate purposes of the Issuer's business which may include the repayment of debt.

DESCRIPTION OF THE ISSUER

Introduction

AstraZeneca PLC (the “**Issuer**” or “**AstraZeneca**”) was formed on 6 April 1999 from the merger of Astra AB of Sweden and Zeneca Group PLC of the United Kingdom. The Issuer’s registered office is situated at 15 Stanhope Gate, London W1K 1LN, telephone number: +44 20 7304 5000, facsimile number: +44 20 7304 5151. The registered number of the Issuer is 2723534.

This business description set out on pages [77] to [91] (inclusive) of this Base Prospectus is an overview of, and is qualified in its entirety by, and should be read in conjunction with, the information incorporated by reference into this Base Prospectus (see “Information incorporated by reference” on page 25 of this Base Prospectus).

Principal Activities

The Issuer is a research-based, prescription bio-pharmaceutical business involved in the discovery, development, manufacture and marketing of prescription pharmaceuticals for important areas of healthcare: cardiovascular, gastrointestinal, neuroscience, oncology, respiratory and inflammation, and infection. The Issuer has activities in over 100 countries worldwide, with major research and development centres in 8 countries, including Sweden, the United Kingdom and United States, and manufacturing facilities in 19 countries. It employs around 69,000 people (approximately 58% in Europe, 27% in the Americas and 15% in Asia, Africa and Australasia) and has a growing presence in important emerging markets. In 2006 more than U.S.\$16,000,000 were spent each working day by the Issuer on discovering and developing new medicines.

Key Products

Cardiovascular (CV) Medicines. AstraZeneca’s cardiovascular products include: Crestor, for the treatment of dyslipidaemia, which has now been approved in over 80 countries, including the United States, Canada, Japan and the majority of the EU; Atacand, for the treatment of hypertension; and Seloken/Toprol-XL, the world’s leading product by sales in 2006 in the beta-blocker (plain and combinations with diuretic) class. AstraZeneca’s pipeline includes life-cycle management initiatives for approved products mentioned above, as well as development compounds across the whole discovery and development cycle.

Gastrointestinal (GI) Medicines. AstraZeneca’s gastrointestinal products include: Nexium (esomeprazole), the first proton pump inhibitor (“**PPI**”) for the treatment of acid-related diseases to offer clinical improvements over other PPIs and other treatments; Losec/Prilosec (omeprazole), which was the first PPI and is used for the short-term and long-term treatment of acid-related diseases; and Entocort (budesonide) is a locally acting corticosteroid for the treatment of inflammatory bowel disease (“**IBD**”) with better tolerability than other corticosteroids and greater efficacy than aminosalicyclic acid medicines. AstraZeneca’s pipeline includes life-cycle management initiatives for approved products mentioned above, as well as development compounds across the whole discovery and development cycle.

Neuroscience Medicines. AstraZeneca’s neuroscience products include: Seroquel (quetiapine fumarate), an atypical anti-psychotic drug, which is indicated for schizophrenia in over 80 markets and bipolar mania in over 70 markets and in the United States has the additional indication for bipolar depression; Zomig (zolmitriptan), for the treatment of migraine with or without aura; Diprivan (propofol), an intravenous general anaesthetic; Naropin (ropivacaine), the world’s bestselling long-acting local anaesthetic in 2006; and Zyllocaine (lidocaine), which in 2006 continued to be the world’s most widely used short-acting local anaesthetic after more than 50 years on the market. AstraZeneca’s pipeline includes life-cycle management initiatives for approved products mentioned above, as well as development compounds across the whole discovery and development cycle.

Oncology Medicine. AstraZeneca’s oncology products include: Arimidex (anastrozole), the world’s leading aromatase inhibitor by value and volume for the treatment of breast cancer in 2006; Faslodex (fulvestrant), an oestrogen receptor antagonist for the treatment of breast cancer; Casodex (bicalutamide), the world’s leading anti-androgen therapy by value and volume for the treatment of prostate cancer in 2006; Zoladex (goserelin acetate implant), for the treatment of prostate cancer, breast cancer and certain benign gynaecological disorders; Iressa (gefitinib), an epidermal growth factor receptor-tyrosine kinase inhibitor that acts to block signals for cancer cell growth; Nolvadex (tamoxifen citrate), a widely prescribed breast cancer treatment; Abraxane (paclitaxel protein-bound particles for injectable suspension) (albumin-bound), owned by Abraxis BioScience, Inc., a novel, albumin-bound formulation of paclitaxel for the treatment of breast

cancer; and Ethyol (amifostine), a selective cytoprotective agent used to reduce toxicities associated with certain cancer chemotherapy and radiotherapy. AstraZeneca's pipeline includes life-cycle management initiatives for approved products mentioned above, as well as development compounds across the whole discovery and development cycle.

Respiratory and Inflammation Medicines. AstraZeneca's respiratory and inflammation ("R&I") products include: Symbicort (budesonide/formoterol), an asthma treatment; Pulmicort (budesonide), a corticosteroid anti-inflammatory inhalation drug that helps prevent symptoms and improves the control of asthma and chronic obstructive pulmonary disease (COPD); Pulmicort Respules (budesonide inhalation suspension), a nebulised corticosteroid for children as young as 12 months; Oxis (formoterol), a fast- and long-acting beta-agonist therapy for asthma and COPD, Rhinocort (budesonide), a nasal steroid treatment for allergic rhinitis, perennial rhinitis and nasal polyps; Accolate (zafirlukast), an oral leukotriene receptor antagonist for the treatment of asthma; Synagis (palivizumab), a monoclonal antibody that helps to prevent serious respiratory syncytial virus infection in babies and young children; and FluMist (Influenza Virus Vaccine Live, Intranasal), a nasal flu vaccine. AstraZeneca's pipeline includes life-cycle management initiatives for approved products mentioned above, as well as development compounds across the whole discovery and development cycle.

Infection Medicines. AstraZeneca's infection product, Merrem/Meronem (meropenem) is an intravenous carbapenem anti-bacterial for the treatment of serious, hospital-acquired infections. Continued progress has been made in the discovery work at AstraZeneca's research and development facility in Boston, United States. Focused on anti-bacterial agents with a novel mechanism of action, the programme is now delivering clinical candidates for initial human phase testing.

Business Environment

There remains a strong fundamental demand for healthcare that underpins the pharmaceutical industry's future growth prospects. Specific elements that contribute to this include:

- the growing number of people who expect high standards of healthcare, especially among the elderly, who represent a rising proportion of developed nations' populations; and
- many diseases are under diagnosed, sub-optimally treated or do not have effective therapies.

The growing demand for healthcare will be met not only by existing therapies but also by new ones originating from advances in the understanding of the biology of disease and the application of new technologies. Innovative new products have been launched by the industry in recent years, which are changing therapeutic approaches and are improving quality of life for patients. In addition, fast developing economies such as China and India are expanding the number of patients who can benefit from medicines. This represents a significant opportunity for the industry.

The world pharmaceutical market in 2006 was valued at U.S.\$574 billion. This represents an increase in constant U.S. dollar terms of 6% over the previous year, which is lower than in 2005 (when growth was 7%). The United States is by far the largest pharmaceutical market in the world, accounting for U.S.\$267 billion of sales (47% of the worldwide total). United States growth rose to 7% in 2006 (from 5% in 2005), despite continuing cost-containment pressures and the growing use of generic pharmaceuticals. This rise was largely due to the increased uptake of products following implementation of the Medicare prescription drug benefit scheme in 2006.

During 2006 Japan was the second largest country for pharmaceutical sales at U.S.\$57 billion (10% of worldwide sales), with growth of 1% declining from 7% growth in 2005. This was largely due to the biennial price revisions enforced by the Japanese Ministry of Health, Labour and Welfare. Europe accounts for 29% of the world market and growth slowed to 5% in 2006 (from 6% in 2005). Growth among major markets within Europe ranged from 0% in Belgium to 7% in Spain, with large countries such as Germany, France and the United Kingdom showing growth of 3%, 4% and 3%, respectively. Asia Pacific and Latin America account for 7% and 4%, respectively, of worldwide sales. Notable growth from countries in these regions in 2006 came from China (sales of U.S.\$10.4 billion, growth of 13%), Brazil (sales of U.S.\$8.6 billion, growth of 14%), Korea (sales of U.S.\$8.3 billion, growth of 13%) and India (sales of U.S.\$5.4 billion, growth of 13%), which ranked 9th, 10th, 11th and 15th respectively in world markets.

Growing Challenges for the Pharmaceutical Industry

Whilst the fundamentals of the world pharmaceuticals market remain robust, the industry is facing real challenges.

Expenditure on healthcare typically represents between 6% and 15% of a country's Gross Domestic Product (GDP), with developed countries towards the top end of that range and developing countries spending less. As a proportion of this, pharmaceutical expenditure is usually between 10% and 20% and is therefore still less than 2% of GDP in most countries.

Nevertheless, healthcare systems, whether based on public or private funding, have a finite ability to pay for treatments. Cost-containment remains an ever present constraint on industry growth. During 2006, further pricing pressures were placed on the industry through legislation and other means, not only in major established markets, but also in China and India. Doctors remain the principal decision makers regarding which of the available treatments should be prescribed for their patients, but as the economic burden of funding therapies increases, payers, including governments, health insurers, managed care organisations and employers are increasing their efforts to influence the choices doctors make.

Demonstrating economic benefit. Research-based pharmaceutical companies increasingly have to demonstrate the economic as well as the therapeutic value of their medicines to those who pay for healthcare. This requires investment, throughout the life-cycle of a medicine, in studies to demonstrate added medical benefit, cost-effectiveness, cost-benefit and medical outcomes (such as survival and quality of life improvements) in addition to traditional clinical trials designed to establish safety and efficacy. These research efforts also help to ensure that AstraZeneca can target its treatments at those patients who will benefit most, a growing expectation of payers and of society in general.

Research and Development Productivity. Successful companies will be those that enhance their productivity in the discovery and development of new and differentiated medicines designed to meet the growing demand. The industry is working to improve research productivity through the application of new technologies. At the same time, regulators are also setting increasingly high hurdles for the approval of medicines.

Drug safety. Decisions on acceptable benefit/risk profiles for medicines have the potential to be positively or negatively affected by a number of factors. These include pre-clinical data, pre and post-marketing clinical data and regulatory decisions reflecting society's concerns and aspirations.

Competition. AstraZeneca's principal competitors are other international, research-based pharmaceutical and biotechnology companies that also sell branded, patent-protected, prescription medicines. In common with those other companies, following patent expiry, AstraZeneca's products also compete with generic pharmaceuticals — mainly on price, since generic manufacturers do not bear the high costs of research and development. Nor do they typically invest in safety monitoring or marketing to create the demand that companies such as AstraZeneca do. The industry's intellectual property base is increasingly being challenged by generic companies seeking an early entry into large markets, which puts pressure on product life-cycles.

Industry Regulation. The pharmaceutical industry is one of the most strictly regulated of all industries. Prescription pharmaceutical products are subject to significant legislation and regulation, the amount and impact of which are still growing, concerning the requirements for establishing safety, efficacy and quality. The degree and scope of these regulations vary according to national and regional demands concerning the development and commercialisation of drug products. The processes for regulatory approval for products are complex, time-consuming and involve significant expenditure. In addition to safety and efficacy, regulation covers every aspect of the product including the chemical composition, manufacturing, quality controls, handling, packaging, labelling, distribution, promotion and marketing. After launch of new medicines, regulatory agencies require numerous conditions to be met in the safety surveillance, risk management, clinical, manufacturing and marketing areas.

Reputation. The reputation of the pharmaceutical industry has been in decline. Contributory factors include heightened public concern about issues such as drug safety (exacerbated by some high-profile withdrawals of marketed medicines in recent years), transparency of information, sales and marketing practices, and the cost of medicines.

Strategy

AstraZeneca's strategy for ensuring that it continues to make its best contribution to healthcare and deliver sustained, industry-leading, responsibly managed growth centres on three key priorities:

- strengthening its pipeline of new medicines, from its own research laboratories and by accessing scientific innovation that resides outside AstraZeneca;
- delivering the full potential of all its marketed medicines, through rigorous life-cycle management and excellent customer support; and
- challenging its cost structure to make room for the further investment necessary in these critical activities.

Across all of its activities, AstraZeneca will continue to work closely with all its stakeholders to provide medicines that meet patient needs and add value for society, within the scope of its existing therapy areas and beyond. AstraZeneca has a clear set of objectives for delivering this strategy. Through the professionalism and commitment of AstraZeneca's people, it is determined to deliver a performance that will place AstraZeneca among the best in the industry.

Objectives

The objectives that AstraZeneca identified as critical drivers of success in delivering its strategy are focused on four core areas:

Patients

- Gaining and using insight effectively by working closely with patients and their healthcare providers to understand what they need and what they value and incorporating this insight into all aspects of its business decision-making (from discovery to marketing and beyond) to ensure AstraZeneca remains focused on those healthcare needs that are most relevant. This includes targeting its medicines at those patients for whom they are most effective.
- Providing superior customer support through innovative practices that enable patients and their caregivers to better understand their disease and treatment options, and to get the medicines they need and the best possible value from them.

Products

- Strengthening AstraZeneca's research platform and pipeline to deliver a flow of innovative, new products by improving further the quality, speed and productivity of AstraZeneca's internal discovery and development through the use of leading-edge science, alongside a continued focus on driving effective risk management, decision-making and efficiency across all its processes. Accessing attractive external opportunities to enhance AstraZeneca's internal innovation through partnerships, alliances and acquisitions that further strengthen AstraZeneca's pipeline of new products. Making a strategic move into biologicals to build a major presence in the fast-growing biopharmaceuticals sector.
- Realising the full potential of AstraZeneca's marketed products by actively managing the lifecycles of each of its brands to leverage the full therapeutic and commercial potential of the range. Driving high standards of sales force effectiveness and marketing excellence. Building on AstraZeneca's leadership positions in existing markets and expanding its presence in important emerging ones.

People

- Getting the best from AstraZeneca's global workforce by providing effective leadership with clear objectives and accountabilities. Effectively managing and developing all of AstraZeneca's talent. Promoting a culture of diversity and inclusion in which people feel valued and rewarded for their individual and team contribution.
- Making every interaction count by ensuring people understand that how AstraZeneca does business is just as important as what it does, and that everyone has a responsibility for integrating AstraZeneca's core values into their everyday business activity.

Performance

Delivering a performance that will place AstraZeneca among the best in the industry, with a reputation as one of the most forward-thinking and responsible companies by meeting its promises in all aspects of its business, focusing on its core priorities and on how it delivers them, effectively managing the opportunities and risks associated with all its business activities, rigorously challenging its cost structure to improve cost-effectiveness and operational excellence and ensuring a continuous focus on corporate governance and compliance.

Medicines

AstraZeneca has a powerful range of medicines targeted at meeting patient needs in the important areas of healthcare discussed earlier. All of them are designed to be innovative and more effective and/or to offer added patient benefits such as reduced side effects or better ways of taking the treatment. Even after a new medicine is launched, AstraZeneca continues to explore all the ways it can be used to get the most benefit for patients. Underpinning all AstraZeneca's activities is a commitment to developing and/or maintaining a continuous dialogue with patients and other stakeholders to help ensure AstraZeneca gains the insight necessary to maintain a flow of new medicines that make a difference in healthcare. AstraZeneca's portfolio of marketed medicines is highly competitive, with growth in the short to medium term being driven by five key growth products, Arimidex, Crestor, Nexium, Seroquel and Symbicort, all launched over the last 12 years. Backed by AstraZeneca's successful mature brands such as Pulmicort, Zoladex, Seloken/Toprol-XL, Diprovan and Merrem, these five key growth products provide the platform for AstraZeneca's continued success whilst it enhances the pipeline for the future by improving internal innovation and productivity and accessing external innovation potential. AstraZeneca has clearly defined life-cycle management programmes for its marketed products designed to maximise the benefit they bring to patients' lives and their commercial potential within the timeframe that patent protection is available to AstraZeneca.

Intellectual property

Patents enable information on inventions to be made widely available and are important incentives for the continued innovation that drives society's progress. Patents do not create a monopoly for treating a disease — other manufacturers are able to develop a different medicine to treat the same condition. Also, patents are limited in time and after their expiry, competitors (both innovative and generic) can legitimately market the same product. Because patents require the disclosure and publication of information about the patented medicine, they can stimulate competition to innovate improved alternatives that expand the range of treatment options — which is important because patients respond differently to different medicines in the same class. AstraZeneca's policy is to apply for appropriate intellectual property protection for all of the inventions and innovations that arise from its drug discovery, development, manufacturing and other business activities. This policy is designed to provide each of its products with an effective portfolio of valid, enforceable patent and other intellectual property rights in all significant markets to protect against unauthorised competition during commercialisation. This shield of intellectual property rights extends to research technologies, for discovering, manufacturing and delivering products, in which AstraZeneca invests significant resources. The adequacy of the patent, design, trademark and domain name portfolio for individual products is kept under review during product development, clinical evaluation and marketing so that, wherever possible, additional protection may be sought for new applications and other developments. AstraZeneca's research operating model allows appropriate intellectual property strategies to be formulated and regularly updated from an early stage in product development.

When a new medicine is launched, AstraZeneca may typically have between eight and 15 years of patent or data protection in which to generate the income needed to recoup the investment required to maintain a flow of new medicines for important areas of healthcare. AstraZeneca rigorously manages its patent portfolio through a team of intellectual property professionals dedicated to the cost-effective management and enforcement of intellectual property rights for the optimal global protection of, and legitimate reward from, AstraZeneca's innovations and commercial products. AstraZeneca vigorously defends its intellectual property rights, including taking appropriate infringement action in various courts throughout the world.

Sales and marketing

Active in over 100 countries, AstraZeneca has an extensive worldwide sales and marketing network. In the majority of key markets, it sells through wholly-owned local marketing companies. Elsewhere, it sells through distributors or local representative offices. Global brand strategy is built and led by AstraZeneca's

Global Marketing (GM) function (formerly known as Global Marketing and Business Development) working in partnership with AstraZeneca's largest marketing companies. This shared approach creates a consistent platform on which all of AstraZeneca's local marketing companies can build according to individual market needs. AstraZeneca's products are marketed primarily to physicians (both primary care and specialist) as well as to other healthcare professionals. Marketing efforts are also directed towards explaining the economic as well as the therapeutic benefits of AstraZeneca's products to governments and healthcare buying groups. Face-to-face contact is still the single most effective marketing method, but increasingly the efforts of AstraZeneca's sales forces are being complemented by its usage of the internet to facilitate and enhance AstraZeneca's commercial activities. For a few products AstraZeneca also uses direct-to-consumer television advertising campaigns in the United States. A specific focus on sales and marketing innovation is driving us to explore new ideas, including implementation of learning from other industries, to ensure AstraZeneca is at the forefront in responding to the rapidly changing external environment.

As well as building on AstraZeneca's leading positions in existing key markets such as the United States, Japan and Europe, AstraZeneca continues to increase its strength through strategic investment in the fast-growing markets of the future, of which China offers the most outstanding opportunity.

Supply and manufacturing

AstraZeneca operates manufacturing sites in 19 countries, dedicated to delivering a secure, high quality, cost-effective supply of its product range worldwide. AstraZeneca also operates a small number of sites for the manufacture of active ingredients, complemented by efficient use of outsourcing. AstraZeneca has active ingredient sites in the United Kingdom, Sweden and France and a bulk drug purification plant in Germany. Principal formulation sites for tablets and capsules are located in the United Kingdom, Sweden, Puerto Rico, France, Germany and the United States. There are also major formulation sites for the global supply of parenteral and inhalation products in Sweden, France and the United Kingdom. Packaging is undertaken at a large number of locations, both at AstraZeneca sites and at contractors' facilities, located close to AstraZeneca's marketing companies to ensure rapid and responsive product supply.

Research and Development

AstraZeneca's global research and development organisation is therapy area-led with scientific, medical, technical input and control provided by large multi-skilled Discovery and Development functions. This offers a number of advantages including sharing of best practice and efficient use of resources across a multi-site, global organisation. During 2006, AstraZeneca continued to improve its focus on speed and quality of project delivery and to ensure it fully exploits promising new projects and technology platforms across and outside the main therapy areas. AstraZeneca has joint Discovery and Development facilities in the United Kingdom, United States, Sweden and a new Innovation Centre that will be built in China; there are further sites in the United Kingdom, United States, Canada, India and France that focus only on Discovery; and a facility in Japan for drug development only.

Development Portfolio

A core priority is ensuring that AstraZeneca's growing range of candidate drugs (compounds with the potential to become new medicines) are developed effectively to meet the future needs of patients. AstraZeneca has a wide range of compounds in early development. Whilst the majority of projects are small molecule candidate drugs, an increasing proportion of AstraZeneca's early development compounds are biopharmaceuticals. The pipeline has been significantly enhanced by the addition of the MedImmune portfolio which includes 14 products in clinical development and a further 28 products. The overall pipeline now includes 157 projects.

Externalisation

In today's world of rapid scientific and technological advance, no company can rely exclusively on its own discovery and development. Where appropriate AstraZeneca seeks to improve its internal capabilities through acquisitions and alliances with external partners whose skills and resources complement those of AstraZeneca and which broaden AstraZeneca's base for disease research. AstraZeneca continuously monitors new and emerging sciences for opportunities that will help us to develop the next generation of medicines that offer better results for patients. One such opportunity is biopharmaceuticals — medicines derived from biological molecules, which are often based on proteins produced naturally by living organisms in response to disease, for example antibodies. New technologies have opened up the possibility of producing effective, potent antibodies

in large supply that can be used to fight disease. As part of AstraZeneca's expansion into this fast-growing area, and building on a successful alliance, during 2006 AstraZeneca acquired Cambridge Antibody Technology Group plc (CAT) — a leading United Kingdom-based biotechnology company. CAT's skills in biological therapeutics complement AstraZeneca's expertise and strength in small molecule science, and provide a foundation for building a future pipeline of new products from both areas of research.

AstraZeneca's expansion into the field of biopharmaceuticals was accelerated when, in June 2007, it successfully completed its acquisition of MedImmune. MedImmune is a world-leading, profitable, biotechnology company with a record of proven success with revenue in 2006 of U.S.\$1.3 billion, profit before tax of U.S.\$75 million and gross assets of U.S.\$3.0 billion. The combination of MedImmune with Cambridge Antibody Technology ("CAT") will create a world-class, fully integrated biologics and vaccines business within the Group with critical mass in research, development, regulatory, manufacturing and global sales and marketing reach.

Since the start of 2007, AstraZeneca has also acquired Arrow Therapeutics Ltd., a privately owned United Kingdom biotechnology company, focused on the discovery and development of anti-viral therapies.

One of the greatest challenges facing any pharmaceutical company is maintaining the quality of its product portfolio. AstraZeneca works to ensure that it effectively prioritises emerging research opportunities (whether from its own discovery activities or from external sources), develop them to meet market needs and maximise the potential of its marketed brands.

During 2005 to 2006, to further strengthen AstraZeneca's effort in these areas, it reviewed and refined the way the relevant teams across its business work together. The refinements aim to improve the connectivity, co-ordination and focus of all the various activities, both internally and externally focused, that contribute to maintaining a high quality range of differentiated products that meet patient needs and add value for AstraZeneca's stakeholders.

AstraZeneca's People

AstraZeneca's most important resource are its people. With around 69,000 employees, it values the diversity of skills and abilities that a global workforce brings to its business. Within its performance-driven culture, AstraZeneca aims to give its employees the support they need to develop their full potential and to provide a working environment in which they are energised and informed. Optimising individual and team performance, effectively managing and developing all its talent, communicating and fostering its core values and improving AstraZeneca's leadership capability are core priorities, alongside a commitment to ensuring the safety, health and wellbeing of all its employees worldwide.

Restructuring

In April 2007, AstraZeneca announced its intention to bring forward productivity initiatives, in addition to the programme to improve asset utilisation within its global supply chain, to enhance the long-term efficiency of the business.

Implementation of a Global Supply Chain productivity initiative has been expanded to add new opportunities to further strengthen gross margin going forward. The total costs of restructuring have been estimated at U.S.\$750 million with U.S.\$350 million to be charged in 2007.

AstraZeneca has undertaken a strategic review of the sales and marketing resources required in Europe for the next three years. This review has identified a number of different programmes, which will reduce total headcount by around 1,800 positions. The total costs of restructuring have been estimated at approximately U.S.\$300 million, with around U.S.\$200 million to be charged in 2007. The improvement in the cost base following restructuring should ensure that benefits begin to be realised in 2007 with a full payback by 2009.

Within AstraZeneca's IS and Business Support infrastructure, programmes to focus on improved productivity and strategic sourcing as AstraZeneca better uses its global scale are anticipated to reduce headcount by approximately 1,800 positions. Total costs of these programmes are expected to amount to around U.S.\$450 million, with approximately U.S.\$250 million to be charged in 2007. Full payback is expected by 2009.

Research and development restructuring activity and costs include implementing the previously announced Disease Area Strategy, streamlining the Global Regulatory function, and an intention to create a substantially more efficient clinical data management capability. Headcount reductions of approximately 700

are expected. In aggregate, research and development restructuring costs of around U.S.\$100 million are expected over the next two years, with the majority being charged in 2007. Full payback is expected by 2009.

Leadership

Good leadership and effective risk management are key to ensuring AstraZeneca's resources and capabilities continue to be focused on meeting the challenges, and maximising the opportunities, of its business environment. The Board of Directors comprises Executive Directors, with direct responsibility for business operations, and Non-Executive Directors, who have responsibility to bring independent, objective judgement to bear on Board decisions.

The Board sets AstraZeneca's strategy and policies and monitors progress towards meeting objectives. It conducts an in-depth strategy review annually. It also assesses whether or not obligations to shareholders and others are understood and met, which includes regular reviews of financial performance and critical business issues.

The Senior Executive Team ("SET") is a cross-functional, cross-territorial group, established and led by the Chief Executive Officer. It focuses on the day-to-day running of business operations and on AstraZeneca's development. It regularly reviews and makes decisions on all major business issues, save those which have been specifically reserved for the Board. The SET comprises the two Executive Directors and seven executive vice-presidents, each of whom has a specific area of responsibility in line with AstraZeneca's business structure.

Risk Management

AstraZeneca's ability to effectively identify and manage the risks to its business is also key to its continued success. AstraZeneca's Risk Advisory Group ("RAG"), led by the Chief Financial Officer and consisting of representatives from each business function, assists senior management in identifying and assessing its main business risks in a co-ordinated manner. It focuses in particular on cross-functional risks, linking risk management to business performance reporting and sharing best practice across the organisation to drive continuous improvement. The RAG reports twice a year to the SET and its reports on AstraZeneca's risk profile are reviewed annually by the Board and the Audit Committee.

Litigation

AstraZeneca (including the recently acquired MedImmune) is involved in various legal proceedings considered typical to its businesses, including litigation relating to employment, product liability, commercial disputes, infringement of intellectual property rights, the validity of certain patents, antitrust and securities law. The matters discussed below are considered by the Issuer to be significant in the context of the Programme. No provisions have been established for any of the claims discussed below (other than the European Union fine which has been paid) and the potential exposure to claims in such proceedings cannot be quantified.

Abraxane® (paclitaxel protein-bound particles for injectable suspension) (albumin-bound)

In July 2006, Elan Pharmaceutical ("Elan") filed a lawsuit in the United States District Court for the District of Delaware against Abraxis Bioscience, Inc. ("Abraxis"). Elan essentially alleges that Abraxis infringes two United States patents in connection with the marketing, use and sale of Abraxane®. AstraZeneca is not named as a party in the lawsuit. AstraZeneca is party to an agreement with Abraxis to co-promote Abraxane®.

Atacand (candesartan cilexetil)

In April 2007, AstraZeneca (the New Drug Application holder) and Takeda (the patent holder) received notice from Sandoz Inc. ("Sandoz") that Sandoz had filed an Abbreviated New Drug Application ("ANDA") with the United States Food and Drug Administration ("FDA"), seeking approval to market a generic version of Atacand, candesartan cilexetil, in the 4, 8, 16 and 32 mg doses, prior to the expiration in July 2013 of United States Patent No. 5534534 (the "534 Patent"). The notification claims that the Sandoz product does not infringe the 534 Patent. Sandoz did not challenge the compound patents listed in the FDA Orange Book with reference to Atacand the latter of which expires in June 2012. As a result Sandoz cannot market candesartan cilexetil until the end of the exclusivity period afforded by these patents. AstraZeneca and Takeda have decided not to bring an action for patent infringement at this time.

Crestor (rosuvastatin)

AstraZeneca Pharmaceuticals LP and/or AstraZeneca LP in the United States were served with seven individual lawsuits in 2004 and 2005 involving alleged injury in association with the use of Crestor. Five of these lawsuits have now been dismissed. In addition, a motion for authorisation to institute a class action and to be a representative was filed in Quebec, Canada against the Issuer and AstraZeneca Canada Inc. The petitioner claimed alleged injury as a result of the use of Crestor. This matter was dismissed in March 2007. During 2006, AstraZeneca was served with six additional individual lawsuits in the United States, all six of which have since been dismissed. AstraZeneca is vigorously defending all the remaining actions.

Exanta (ximelagatran)

Four putative and essentially similar securities class actions were filed in the United States against the Issuer, Håkan Mogren, Sir Tom McKillop, Jonathan Symonds and Percy Barnevik between January and March 2005. These actions were subsequently consolidated into a single action pending in the United States District Court for the Southern District of New York. The Consolidated Amended Complaint alleges that the defendants made materially false and misleading statements regarding Exanta clinical trials and the status of the Exanta New Drug Application in the United States. The plaintiffs purport to assert claims on behalf of purchasers of AstraZeneca publicly traded securities during the period 2 April 2003 to 10 September 2004 under sections 10(b) and 20(a) of the Securities Exchange Act of 1934 and SEC Rule 10b-5.

The defendants deny the allegations made in the lawsuit and will vigorously defend the action. They have filed a motion to dismiss the action, and that motion is pending before the Court.

Iressa (gefitinib)

During 2004, 2005 and 2006, six claims were filed against AstraZeneca KK in Japan, in the Osaka and Tokyo District Courts. In five of the claims, it is alleged that Iressa caused a fatal incidence of interstitial lung disease (“ILD”) in a Japanese patient. In the sixth claim, it is alleged that Iressa caused a non-fatal incidence of ILD. AstraZeneca KK, following consultation with external legal advisers, believes the claims are without merit and is defending all the cases. ILD is a known complication of lung disease, including advanced lung cancer, regardless of treatment.

Losec/Prilosec (omeprazole)

In 2001, AstraZeneca filed a suit in the United States against Andrx Pharmaceuticals, Inc. (“Andrx”) for infringement of a patent directed to a process for making an omeprazole formulation (the “281 patent”). Andrx filed counterclaims of non-infringement, invalidity and unenforceability for inequitable conduct during prosecution of the 281 patent. Andrx also asserted that in addition to the 281 patent, two other formulation patents, the ’505 and ’230 patents, were unenforceable for alleged litigation misconduct by AstraZeneca. Both parties sought attorneys’ fees. In May 2004, the United States District Court for the Southern District of New York ruled that the 281 patent was infringed, but also ruled that the 281 patent was invalid.

The court dismissed Andrx’s litigation misconduct and other counterclaims and affirmative defences, leaving intact the court’s October 2002 decision finding the ’230 and ’505 patents not invalid and infringed by Andrx. The October 2002 decision was affirmed in all respects on appeal in December 2003. The court entered final judgment regarding the 281 patent in July 2004, after determining to stay the attorneys’ fees claims pending any appeals. Andrx appealed the judgment and AstraZeneca cross-appealed. The appeal was argued to the United States Court of Appeals for the Federal Circuit in August 2006. The Court of Appeals affirmed that the asserted claims of the ’281 were invalid. The Court also concluded that AstraZeneca’s formulation patents remain enforceable and that AstraZeneca was the prevailing party against Andrx in the lower court.

During 2000 and 2001, AstraZeneca had filed suits against Lek Pharmaceutical and Chemical Company d.d. and Lek Services USA, Inc., Impax Laboratories Inc., Eon Labs Manufacturing Inc., Mylan Pharmaceuticals Inc., Apotex Corp, Apotex, Inc., Torpharm, Inc. and Zenith Goldline Pharmaceuticals, Inc. (now known as IVAX Pharmaceuticals, Inc.). These suits followed the filing of ANDAs by these companies with the FDA concerning the companies’ intention to market generic omeprazole products in the United States. The basis for the proceedings is that the actions of all the companies infringe the ’505 and ’230 formulation patents relating to omeprazole. The cases are proceeding under the United States Hatch-Waxman legislation. The case against IVAX was dismissed without prejudice shortly after it was filed, after IVAX withdrew its application to market generic omeprazole. During 2003, after Mylan commenced commercial

sale of its product, AstraZeneca filed suit against Laboratorios Esteve, SA and Esteve Quimica, SA, manufacturers of the omeprazole product to be distributed in the United States by Mylan. In 2003 and 2004, Lek, Apotex and Impax all began commercial sales of their generic omeprazole products. In July 2004, Lek filed a motion for summary judgment of non-infringement. In January 2005, AstraZeneca filed suit against Teva Pharmaceutical Industries Ltd. and Teva Pharmaceuticals USA, Inc., which are marketing and selling Impax's omeprazole products. The Teva case was stayed in June 2005 until liability issues in the Impax action are resolved. AstraZeneca made claims for damages against each of the selling defendants. Anti-trust and non-infringement counterclaims were filed by Andrx, Apotex/Torpharm, Impax, Eon and Lek. All defendants except Lek have also raised invalidity and unenforceability counterclaims. The anti-trust counterclaims, as well as AstraZeneca's claims for damages, have been stayed pending resolution of the patent liability issues.

The cases were consolidated for discovery before, or are directly assigned to, Judge Jones in the United States District Court for the Southern District of New York. All discovery in these cases was completed in February 2005. Briefing on the summary judgment motion filed by Lek and 14 additional motions for summary judgment was completed in July 2005. All of the defendants' motions for summary judgment were denied in January 2006. In February 2006, the Eon suit was dismissed after it announced it would not commence sales until after the '505 and '230 patents expired. In July 2005, AstraZeneca filed suit against Ranbaxy Laboratories Ltd., Ranbaxy Inc. and Ranbaxy Pharmaceuticals, Inc. for infringement of the '505 and '230 formulation patents. The Ranbaxy case was consolidated with the other omeprazole patent cases for pre-trial purposes. In March 2006, the Ranbaxy case was dismissed when it announced it would not commence sales until after the '505 and '230 patents expired.

In January 2006, AstraZeneca dismissed its claims for damages against Impax, and as a result the Court struck Impax's jury demand. Impax appealed this decision on an interlocutory basis to the United States Court of Appeals for the Federal Circuit, which denied the appeal, and then to the United States Supreme Court, which also denied the appeal. From April to June 2006, Judge Jones conducted a consolidated bench trial on patent liability issues involving the remaining defendants, Mylan/Esteve, Lek, Apotex and Impax. Post-trial briefing was completed in July 2006.

In May 2007, the United States District Court for the Southern District of New York upheld both AstraZeneca formulation patents covering Prilosec (omeprazole), a ruling consistent with the previously disclosed decision in the first wave case in October 2002. The Court found that the generic omeprazole formulations of Impax Laboratories Inc. and Apotex (Apotex Corp. and Apotex Inc.) infringed both patents in suit. AstraZeneca is seeking appropriate relief, including damages. The Court also found that the generic omeprazole products sold by Lek Pharmaceutical and Chemical Company d.d. and Mylan Pharmaceuticals Inc./Esteve did not infringe. AstraZeneca has appealed the Mylan/Esteve decision to the United States Court of Appeals for the Federal Circuit.

In April 2006, AstraZeneca received a notice from Dexcel Pharma Technologies ("**Dexcel**") that Dexcel had submitted a New Drug Application seeking FDA approval to market a 20mg omeprazole tablet for the over-the-counter ("**OTC**") market. Dexcel seeks approval to market a generic omeprazole OTC product before the expiration of the patents listed in the FDA Orange Book in reference to AstraZeneca's Prilosec product and the Prilosec OTC that is marketed by Procter & Gamble. In May, AstraZeneca filed suit in the United States District Courts for the District of Delaware and the Eastern District of Virginia charging Dexcel with infringement of the '505 and '230 patents and United States Patent No. 6,150,380 which expires in 2019. The Virginia case is stayed pending resolution of Dexcel's objection to jurisdiction in Delaware. Discovery is ongoing, and no trial date has yet been set.

In June 2007, AstraZeneca received a notice from Dr. Reddy's Laboratories, Ltd. and from Dr. Reddy's Laboratories, Inc. ("**Dr. Reddy's**") that Dr. Reddy's had submitted an ANDA seeking FDA approval to market a 20mg delayed release omeprazole magnesium capsule for the OTC market. Dr. Reddy's seeks approval to market a generic omeprazole OTC product before the expiration of the patents listed in the FDA Orange Book in reference to the Prilosec OTC product that is marketed by Procter & Gamble. In July 2007, AstraZeneca and Merck commenced patent infringement litigation in the United States District Court for the Southern District of New York against Dr. Reddy's in response to Dr. Reddy's paragraph IV certifications regarding Prilosec OTC. No trial date has been set.

In June and July 2004, AstraZeneca applied in France for injunctions based on its omeprazole formulation patent against six companies for marketing generic omeprazole. In August 2004, the applications were rejected at first instance. AstraZeneca appealed this decision and in March 2005 the applications were rejected on appeal. In May 2004, AstraZeneca also started legal proceedings against the same companies for infringement of its omeprazole formulation patent in France. These proceedings have been consolidated with a

case challenging the validity of the patent, brought by one of the companies against AstraZeneca. No date has yet been set for a hearing.

In addition, in 2001 AstraZeneca was granted an interlocutory injunction based on AstraZeneca's omeprazole formulation patents against the generic company A/S Gea Farmaceutiske Fabrik (now Sandoz A/S), which was prevented from selling the omeprazole product in Denmark pending the outcome of the main action until the patent expired.

An interlocutory injunction against Biochemie Novartis Healthcare A/S (now Sandoz A/S) was granted in Denmark during 2003, based on AstraZeneca's omeprazole formulation patent and the main action is still pending.

In December 2004, an interlocutory injunction against Nomeco A/S, a Danish distributor of a generic omeprazole product from ratiopharm, was granted in Denmark based on AstraZeneca's omeprazole formulation patent. The case was heard on appeal in November and December 2005 and, in February 2006, the High Court repealed the interlocutory injunction. The main action on the merits is still pending.

During 2003 and 2004, AstraZeneca was denied interlocutory injunctions based on certain of its omeprazole patents against Novartis Sverige AB and ratiopharm AB in Sweden and Novartis Finland Oy and ratiopharm Oy in Finland. In 2002 and 2003, Novartis Sverige AB, ratiopharm AB and Arrow Läkemedel AB initiated cases to invalidate AstraZeneca's omeprazole formulation patent. These cases have been consolidated and are currently pending before the Stockholm District Court AstraZeneca-initiated infringement cases against Novartis Sverige AB and ratiopharm AB in Sweden, in 2003. These infringement cases have been stayed pending the outcome of the invalidity cases. The case initiated by Arrow Läkemedel AB has been settled.

In Finland, the separate infringement proceedings against ratiopharm Oy and Novartis Finland Oy based on infringement of AstraZeneca's omeprazole formulation patent had been stayed in 2005, as Novartis Finland Oy had initiated an invalidation action against the formulation patent. In May 2006, AstraZeneca and Novartis Finland Oy settled their disputes, as a result of which the invalidation action against the formulation patent and the infringement action against Novartis Finland Oy were withdrawn. During the autumn of 2006, the infringement action against ratiopharm Oy, which had been stayed pending the outcome of the invalidation action by Novartis Finland Oy, was resumed and is currently pending.

AstraZeneca continues to be involved in numerous proceedings in Canada involving various generics and patents, including under the Patented Medicines (Notice of Compliance) Regulations, relating to omeprazole capsules or omeprazole magnesium tablets. Apotex Inc. launched a generic omeprazole capsule product in Canada in January 2004. Following this launch, AstraZeneca commenced judicial review proceedings seeking to quash Apotex's notice of compliance (marketing approval) and AstraZeneca sued Apotex in July 2004 alleging infringement of its formulation patents by Apotex's omeprazole capsules. In May 2005, the Canadian Federal Court of Appeal quashed Apotex's notice of compliance (marketing approval), overruling the first instance decision in September 2004, which went against AstraZeneca. In June 2005, the Canadian Federal Court of Appeal granted Apotex's motion for a stay of the Court's decision to quash the notice of compliance, pending an application by Apotex for leave to appeal to the Supreme Court of Canada. The Supreme Court of Canada granted Apotex leave to appeal and also continued the stay granted by the Federal Court of Appeal, thereby allowing Apotex to continue selling its omeprazole capsules pending a decision by the Supreme Court on Apotex's appeal. The appeal was heard in May 2006 and allowed in November 2006, with the result that Apotex can continue to sell omeprazole capsules pending the outcome of the patent infringement action.

In February 2006, the Federal Court of Appeal upheld a lower court decision which prohibited Apotex from obtaining a notice of compliance (marketing approval) for omeprazole magnesium tablets until the expiry of a relevant formulation patent in December 2008.

In January 2006, AstraZeneca Canada Inc. was served with a claim in the Federal Court of Canada for payment of an undetermined sum based on damages allegedly suffered by Apotex due to the delay from January 2002 to January 2004 in the issuance to Apotex of a notice of compliance (marketing approval) in Canada for its 20mg omeprazole capsule product. The claim was held in abeyance pending Apotex's appeal to the Supreme Court of Canada, and following the November 2006 allowance of that appeal Apotex has indicated it will be advancing the damages claim. AstraZeneca believes the claim is without merit and intends to defend it and to pursue its already pending patent infringement actions against Apotex vigorously.

AstraZeneca Canada initiated proceedings in the Federal Court of Canada against Novopharm Limited in connection with certain patents related to omeprazole magnesium tablets, on the basis that Novopharm was

seeking a notice of compliance (marketing approval) in Canada based on a comparison with AstraZeneca's Losec tablets.

AstraZeneca Canada initiated proceedings in the Federal Court of Canada against Sandoz Canada Inc. in connection with certain patents related to omeprazole capsules, on the basis that Sandoz was seeking a notice of compliance (marketing approval) in Canada based on a comparison with AstraZeneca's Losec capsules.

In January 2007, AstraZeneca Canada Inc. discontinued long pending proceedings against Reddy-Cheminor Inc. in respect of patents relating to omeprazole capsules, following Reddy-Cheminor's withdrawal of its allegations.

In February 2000, the European Commission commenced an investigation relating to certain omeprazole intellectual property rights, and associated regulatory and patent infringement litigation. The investigation is pursuant to Article 82 of the EC Treaty, which prohibits an abuse of a dominant position. The investigation was precipitated by a complaint by a party to a number of patent and other proceedings involving AstraZeneca. AstraZeneca has, in accordance with its corporate policy, co-operated with the Commission. In July 2003, the Commission served a Statement of Objections on AstraZeneca, referring to alleged infringements regarding the obtaining of supplementary protection certificates for omeprazole in certain European countries; and regarding AstraZeneca's replacement of omeprazole capsules by omeprazole MUPS (tablets) and withdrawal of capsule marketing authorisations in three European countries. AstraZeneca replied fully to the Commission, explaining why its actions were, in AstraZeneca's view, lawful. An oral hearing took place in February 2004. In June 2005, the European Commission notified AstraZeneca PLC and AstraZeneca AB of its Decision to impose fines totalling €60m on the companies for infringement of European competition law (Article 82 of the EC Treaty and Article 54 of the EEA Agreement). The Commission alleges that the companies abused their dominant positions in the periods between 1993 and 2000 by making a pattern of misleading representations before the patent offices and/or courts in Belgium, Denmark, Germany, the Netherlands, Norway and the UK in regard to obtaining supplementary protection certificates for omeprazole; and by requesting the surrender of market authorisations for omeprazole capsules in Denmark, Norway and Sweden, combined with withdrawal from these countries of omeprazole capsules and the launch of omeprazole MUPS (tablets). AstraZeneca does not accept the Commission's Decision and has appealed it to the Court of First Instance. AstraZeneca denies that it had a dominant position or that it was engaged in the behaviours as characterised by the Commission. In the meantime, the fine was fully provided for in the half year results in 2005 through a charge to operating profit of U.S.\$75m. It is alleged by the Commission that these activities had the effect of hindering the entry of the generic version of Losec and parallel trade. It is possible that third parties could seek damages for alleged losses arising from this matter. Any such claims would be vigorously resisted.

Nexium (esomeprazole)

AstraZeneca entities have been sued in various state and federal courts in the United States in purported representative and class actions involving the marketing of Nexium (esomeprazole magnesium). These actions generally allege that AstraZeneca's promotion and advertising of Nexium to physicians and consumers is unfair, unlawful and deceptive conduct, particularly as the promotion relates to comparisons of Nexium with Prilosec. They also allege that AstraZeneca's conduct relating to the pricing of Nexium was unfair, unlawful and deceptive. The plaintiffs allege claims under various state consumer protection, unfair practices and false advertising laws. The plaintiffs in these cases seek remedies that include restitution, disgorgement of profits, damages, punitive damages, injunctive relief, attorneys' fees and costs of suit.

The first action was brought in 2004 in the Superior Court of the State of California for the County of Los Angeles by the AFL-CIO, two unincorporated associations and an individual on behalf of themselves, the general public and a class of California consumers, third party payers, cash payers and those making a co-payment. A second action was filed in the same court on behalf of a similar putative class of consumers. Actions making substantially similar allegations were filed in 2004 and 2005 on behalf of putative classes of consumers, third party payers, purchasers and labour management trust funds in the Circuit Court of Searcy County, Arkansas; in the Superior Court of the State of Delaware in and for New Castle County; in the Superior Court of Massachusetts in Boston; in the United States District Court for the District of Delaware (three consolidated cases); and in the Circuit Court of the 11th Judicial Court in and for Miami-Dade County, Florida.

In September 2005, the court in California issued a ruling on AstraZeneca's demurrer and motion to strike in the two California actions. The court granted AstraZeneca's motion with respect to the associational plaintiffs and denied the motion with respect to the individual plaintiffs, allowing the cases of the individuals

to proceed. In October 2005, the court in Massachusetts denied AstraZeneca's motion to dismiss. Discovery in the California and Massachusetts cases is proceeding, and plaintiffs' motions for class certification are expected to be filed in mid-2007.

In November 2005, the United States District Court for the District of Delaware granted AstraZeneca's motion to dismiss the consolidated class action complaint. In August 2007, the United States Court of Appeals for the Third Circuit affirmed the dismissal. The plaintiffs are expected to seek rehearing en banc. The Delaware state case has been stayed pending the outcome of the Delaware federal cases.

In May 2006, the Arkansas state court granted AstraZeneca's motion to dismiss the plaintiffs' complaint. The plaintiffs filed additional motions and pleadings, including an amended complaint. AstraZeneca filed a motion to dismiss the amended complaint.

In October 2006, the Florida court dismissed the plaintiff's complaint with prejudice and without leave to amend. The plaintiff appealed the dismissal but it was affirmed in June 2007 by Florida's appellate court. The plaintiff has filed a petition in the Florida Supreme Court for discretionary review.

In December 2006 and January 2007, several lawsuits against AstraZeneca entities, including putative class actions, were filed in United States District Court for the District of Columbia alleging claims of unlawful monopolisation relating to Prilosec and Nexium. Individual actions were filed on 7 December 2006 by Walgreen Co., Eckerd Corporation, Maxi Drug, Inc. d/b/a Brooks Pharmacy, The Kroger Co., New Albertson's Inc., Safeway, Inc., Hy-Vee, Inc., and American Sales Company, Inc. and on 8 December 2006 by Rite Aid Corporation, and Rite Aid Headquarters Corp. Putative class actions brought on behalf of direct purchasers were filed on 18 December 2006 by Meijer, Inc. and Meijer Distribution, Inc., on 19 December 2006 by Louisiana Wholesale Drug Co., Inc., and on 8 January 2007 by Burlington Drug Co., Inc., Dik Drug Co., Inc. and King Drug Co. of Florence, Inc. The plaintiffs seek treble damages, injunctive relief, and attorney fees. AstraZeneca denies the allegations and has filed motions to dismiss each of the complaints.

In November 2003, the European Patent Office ("EPO") ruled that the European substance patent covering magnesium esomeprazole, the active pharmaceutical ingredient in Nexium, was valid. The patent, which expires in May 2014, was challenged by the generic manufacturer ratiopharm. The EPO ruling was appealed by ratiopharm. In December 2006, the Board of Appeals of the EPO ruled that the patent is invalid.

While disappointed with the EPO decision, AstraZeneca has confidence in the intellectual property portfolio protecting Nexium. This portfolio includes process, method of use and additional substance patents with expiration dates ranging from 2009 through to 2019. The process patent is under opposition with the EPO and an Opposition Division oral hearing is scheduled for October 2007 (postponed from the original hearing date in March 2007). In addition to these patents, Nexium has data exclusivity valid to 2010 in major European markets.

The revocation of the AstraZeneca European substance patent relating to Nexium should not have any substantive impact on AstraZeneca's ability to uphold and enforce its Nexium patents in the United States. AstraZeneca has several United States patents covering Nexium, all of which can be differentiated from the European patent found to be invalid.

The European patent protecting the formulation of the Nexium MUPS product is under opposition with the EPO and an Opposition Division oral hearing is scheduled for November 2007. The patent is opposed by the generic companies ratiopharm, Hexal, Teva and Krka d.d., Novo mesto.

In October 2004, AstraZeneca LP filed suit in the United States District Court for the District of Delaware seeking declaratory judgment that its 'Better is Better' campaign for Nexium was not false or misleading advertising in violation of section 43(a) of the Lanham Act, a federal statute governing false advertising claims. The action was taken in response to a letter from TAP Pharmaceuticals, Inc. demanding that AstraZeneca immediately withdraw the television commercial and other components of the direct-to-consumer advertising campaign for Nexium on the basis that they allegedly violated the statute. In November 2004, TAP requested expedited consideration of the case by filing a motion for a preliminary injunction, which the court denied in December 2004. In May and June 2006, the court dismissed all of the claims for damages asserted by TAP in its counterclaims and dismissed most of TAP's claims for injunctive relief. In August 2006, the parties entered into a settlement agreement, and the case has been dismissed in its entirety.

In October 2005, AstraZeneca received a notice from Ranbaxy Pharmaceuticals, Inc. that Ranbaxy Laboratories Limited had submitted an ANDA to the United States FDA for esomeprazole magnesium delayed-release capsules, 20mg and 40mg. The ANDA contained paragraph IV certifications of invalidity and/or non-infringement in respect of certain AstraZeneca United States patents listed in the FDA's Orange

Book with reference to Nexium. In November 2005, AstraZeneca commenced wilful infringement patent litigation in the United States District Court for the District of New Jersey against Ranbaxy Pharmaceuticals, Inc. and its affiliates in response to Ranbaxy's paragraph IV certifications regarding Nexium.

In January 2006, AstraZeneca received a notice from IVAX Pharmaceuticals Inc. that IVAX Corporation had submitted an ANDA to the FDA for esomeprazole magnesium delayed-release capsules, 20mg and 40mg. The ANDA contained paragraph IV certifications of invalidity and/or non-infringement in respect of certain AstraZeneca United States patents listed in the FDA's Orange Book with reference to Nexium. IVAX also certified in respect of certain other AstraZeneca United States patents listed in the Orange Book with reference to Nexium that IVAX will not launch its product prior to the expiry of those patents, the latter of which expires in October 2007. In March 2006, AstraZeneca commenced wilful patent infringement litigation in the United States District Court for the District of New Jersey against IVAX, its parent Teva Pharmaceuticals, and their affiliates. The Ranbaxy and Teva/IVAX matters have been consolidated.

In August 2006, AstraZeneca received a notice from Dr. Reddy's that Dr. Reddy's had submitted an ANDA to the FDA for esomeprazole magnesium delayed-release capsules, 20mg and 40mg. Dr. Reddy's was seeking FDA approval to market a generic esomeprazole magnesium product prior to the expiration of some but not all of the patents listed in the FDA Orange Book with reference to Nexium.

Dr. Reddy's notice did not challenge three Orange Book-listed patents claiming esomeprazole magnesium (United States Patent Nos. 5,714,504, 5,877,192 and 6,875,872). AstraZeneca's exclusivity relating to these three patents expires on 3 August 2015, 27 November 2014 and 27 November 2014, respectively. Because AstraZeneca has not received notice from Dr. Reddy's as to these three United States patents, Dr. Reddy's cannot market generic esomeprazole magnesium until the end of the exclusivity afforded by these patents. As a result, AstraZeneca did not bring a lawsuit at this time. AstraZeneca reserves the right to enforce all patents related to Nexium, including those listed in the FDA Orange Book.

In July 2007, AstraZeneca received a notice from Matrix Laboratories, Inc. (Matrix) that Matrix had submitted an ANDA to the FDA for esomeprazole magnesium delayed-release capsules, 20 and 40mg. Matrix was seeking FDA approval to market a generic esomeprazole magnesium product prior to the expiration of some but not all of the patents listed in the FDA Orange Book with reference to Nexium. Matrix's notice did not challenge three Orange Book-listed patents claiming esomeprazole magnesium (United States Patent Nos. 5,714,504, 5,877,192 and 6,875,872). AstraZeneca's exclusivity relating to these three patents expires on 3 August 2015, 27 November 2014 and 27 November 2014, respectively. Because AstraZeneca has not received notice from Matrix as to these three United States patents, Matrix cannot market generic esomeprazole magnesium until the end of the exclusivity afforded by these patents. AstraZeneca is evaluating Matrix's notice.

AstraZeneca continues to have full confidence in and will vigorously defend and enforce its intellectual property protecting Nexium.

Nolvadex (tamoxifen)

AstraZeneca is a co-defendant with Barr Laboratories, Inc. in numerous purported class actions filed in federal and state courts throughout the United States. All of the state court actions were removed to federal court and have been consolidated, along with all of the cases originally filed in the federal courts, in a federal multi-district litigation proceeding pending in the United States District Court for the Eastern District of New York. Some of the cases were filed by plaintiffs representing a putative class of consumers who purchased tamoxifen. The other cases were filed on behalf of a putative class of 'third party payers' (including health maintenance organisations, insurers and other managed care providers and health plans) that have reimbursed or otherwise paid for prescriptions of tamoxifen. The plaintiffs allege that they paid 'supra-competitive and monopolistic prices' for tamoxifen as a result of the settlement of patent litigation between Zeneca and Barr in 1993. The plaintiffs seek injunctive relief, treble damages under the anti-trust laws, disgorgement and restitution. In April 2002, AstraZeneca filed a motion to dismiss the cases for failure to state a cause of action. In May 2003, the United States District Court for the Eastern District of New York granted AstraZeneca's motion to dismiss. The plaintiffs appealed the decision.

In November 2005, the United States Court of Appeals for the Second Circuit affirmed the District Court's decision. The plaintiffs thereafter moved for re-hearing by the original panel of judges in the case and re-hearing by a panel of all of the judges on the United States Court of Appeals for the Second Circuit. The plaintiffs' requests for re-hearing were denied in September 2006. In December 2006, the plaintiffs filed a

petition for a writ of certiorari to the United States Supreme Court seeking to have the Court hear an appeal of the Second Circuit's decision. In June 2007, the United States Supreme Court denied the plaintiffs' writ.

Pulmicort Respules (budesonide inhalation suspension)

In September 2005, AstraZeneca received a notice from IVAX Pharmaceuticals Inc. that IVAX had submitted an ANDA to the FDA for a budesonide inhalation suspension containing a paragraph IV certification and alleging invalidity and non-infringement in respect of certain of AstraZeneca's patents relating to budesonide inhalation suspension. In October 2005, AstraZeneca filed a patent infringement action against IVAX in the United States District Court for the District of New Jersey. In December 2005, IVAX responded and filed counterclaims alleging non-infringement and invalidity. In January 2006, AstraZeneca filed an amended complaint, withdrawing averments as to the infringement of one of the patents-in-suit. Discovery in the litigation is ongoing.

AstraZeneca continues to have full confidence in and will vigorously defend and enforce its intellectual property protecting Pulmicort Respules.

Seroquel (quetiapine fumarate)

In August 2003, Susan Zehel-Miller filed a putative class action against AstraZeneca PLC and AstraZeneca Pharmaceuticals LP on behalf of "all persons in the US who purchased and/or used Seroquel". Among other things, the class action alleged that AstraZeneca failed to provide adequate warnings in connection with an alleged association between Seroquel and the onset of diabetes. In 2004, the United States District Court for the Middle District of Florida denied class certification and the case was ultimately dismissed. Two additional putative class actions raising similar allegations have likewise been dismissed. There are no other United States class actions relating to Seroquel; however, four putative class actions raising substantially similar allegations have been filed in Canada.

Additionally, AstraZeneca Pharmaceuticals LP, either alone or in conjunction with one or more affiliates, has been sued in numerous individual personal injury actions involving Seroquel. In the overwhelming majority of these cases, the nature of the plaintiffs' alleged injuries is not clearly alleged in the complaints. Although some plaintiffs contend that they developed diabetes or other related injuries as a result of taking Seroquel and/or other atypical anti-psychotic medications, in most instances, neither the nature nor extent of the alleged injury, nor the timing nor existence of Seroquel usage, if any, have been confirmed. As of 17 August 2007, AstraZeneca was defending 8,154 served or answered lawsuits involving approximately 10,100 plaintiff groups. To date, approximately 805 cases have been dismissed. The majority of the Seroquel cases are pending in federal court with clusters of state court activity in Delaware, New Jersey, New York and Missouri. AstraZeneca is also aware of approximately 2,200 additional cases that have been filed but not yet served. Some of the cases also include claims against other pharmaceutical manufacturers such as Eli Lilly, Janssen Pharmaceutica and/or Bristol-Myers Squibb. Discovery directed to all parties is ongoing in these Seroquel matters. AstraZeneca intends to vigorously defend all of the I cases.

In September 2005, AstraZeneca received a notice from Teva Pharmaceuticals USA that Teva had submitted an Abbreviated New Drug Application ("ANDA") for quetiapine fumarate 25mg tablets containing a paragraph IV certification alleging invalidity, unenforceability, or non-infringement respecting AstraZeneca's United States patent listed in the FDA's Orange Book with reference to Seroquel. In November 2005, AstraZeneca filed a lawsuit directed to Teva's 25mg tablets ANDA in the United States District Court for the District of New Jersey for wilful patent infringement.

In February 2006, AstraZeneca received another notice from Teva Pharmaceuticals USA that Teva had amended its previously submitted ANDA for quetiapine fumarate 25mg tablets and added 100, 200 and 300mg tablets to its application to the FDA. The amended ANDA submission contained a similar paragraph IV certification alleging invalidity, unenforceability, or non-infringement in respect of AstraZeneca's United States patent listed in the FDA's Orange Book with reference to Seroquel. In March 2006, in response to Teva's amended ANDA and Teva's intent to market additional strengths of a generic version of Seroquel in the United States prior to the expiration of AstraZeneca's patent, AstraZeneca filed an additional lawsuit against Teva in the United States District Court for the District of New Jersey for patent infringement.

The two lawsuits were consolidated in April 2006. However in March 2006, the United States District Court had granted Teva's motion to strike AstraZeneca's added allegation of wilfulness in its patent infringement claim in the first complaint directed to Teva's 25mg tablets. Therefore, in the consolidated

action, in response to AstraZeneca's combined allegations of patent infringement directed to Teva's 25, 100, 200 and 300mg ANDA tablets, Teva alleges non-infringement and patent invalidity. In January 2007, Teva filed a motion seeking leave to amend its pleadings in the consolidated action to add allegations, defences, and counter-claims directed to alleged inequitable conduct in the procurement of AstraZeneca's patent. AstraZeneca did not object to the Court granting leave to amend and, in March 2007, the Court allowed Teva to amend its pleadings. Later, in March 2007, AstraZeneca filed a responsive pleading denying or contesting Teva's amended pleadings.

In June 2007, AstraZeneca received a Paragraph IV certification notice from Teva that it had supplemented its currently pending ANDA with a request for FDA approval to additionally market generic 50, 150 and 400 mg quetiapine fumarate tablets. In June 2007, AstraZeneca filed a patent infringement lawsuit in respect of Teva's ANDA supplementation for 50, 150 and 400 mg tablets in United States Federal District Court, District of New Jersey. In July 2007, Teva filed a responsive pleading including counterclaims for declaratory judgements of invalidity and unenforceability due to alleged inequitable conduct. AstraZeneca replied to Teva's counterclaims in August 2007.

In March 2007, AstraZeneca received a notice from Sandoz, Inc. that Sandoz had submitted an ANDA for quetiapine fumarate 25mg tablets. AstraZeneca's patent covering Seroquel tablets is listed in the FDA's Orange Book. The Sandoz notice contained a Paragraph IV certification alleging non-infringement and patent invalidity in respect of AstraZeneca's listed patent covering Seroquel. In April 2007, AstraZeneca filed a patent infringement lawsuit in the U.S. Federal District Court, District of New Jersey, against Sandoz for patent infringement in respect of its 25mg ANDA product. In May 2007, Sandoz, Inc. filed responsive pleadings in AstraZeneca's patent infringement action in respect of Sandoz's 25 mg quetiapine fumarate tablets. In June 2007, AstraZeneca filed its reply pleadings answering Sandoz's counterclaims.

In August 2007, the Court consolidated the first two Teva actions, directed collectively to 25, 100, 200 and 300mg tablets, with the Sandoz action, for the purposes of discovery. The Court issued a revised scheduling order and discovery in the consolidated case is proceeding.

In May 2007, the New Jersey Ironworkers Local Union No. 68 filed a class action suit against AstraZeneca on behalf of all individuals and non-governmental entities that paid for Seroquel from January 2000 to date. The lawsuit is filed in the Federal District Court in New Jersey and alleges that AstraZeneca promoted Seroquel for off-label uses and misled class members into believing that Seroquel was superior to other, lower-cost alternative medicines. Two similar class action lawsuits were filed in June in New Jersey and Pennsylvania Federal Courts. The Company believes these suits to be without merit and intends to vigorously defend the claims.

In February 2007, the Commonwealth of Pennsylvania filed suit against AstraZeneca, Eli Lilly & Co. and Janssen Pharmaceutica Inc. claiming damages incurred by the Commonwealth as a result of alleged off-label promotion of atypical antipsychotics by the three manufacturers. The lawsuit is filed in state court in Philadelphia and seeks to recover the cost to the Pennsylvania Medicaid program and other state-funded health insurance programmes for prescriptions written as a result of the alleged off-label promotion. Although no other similar lawsuits have been brought by states other than Pennsylvania, the Company has been informed that the Attorney General's Offices of multiple other states have investigations looking into similar Seroquel off-label issues. AstraZeneca has signed agreements with the states of South Carolina and Ohio tolling the statutes of limitations on potential claims, and has been approached by additional states for similar tolling agreements. The Company believes these claims to be without merit and intends to vigorously defend the Pennsylvania lawsuit.

AstraZeneca continues to have full confidence in and will vigorously defend and enforce its intellectual property protecting Seroquel.

Symbicort (budesonide/formoterol)

In March 2005, the European Patent Office ruled that the European patent covering the combination of formoterol and budesonide in Symbicort is valid. The patent, which expires in 2012 (Supplementary Patent Certificate expires 2015), was challenged by the generic manufacturers Yamanouchi Europe BV, Miat SpA, Licons, Chiesi Farmaceutici SpA, Zambon Group SpA, Generics (UK) Limited and Norton Healthcare Ltd. In May 2005, the European Patent Office ruled that the European patent for Symbicort in the treatment of chronic obstructive pulmonary disease ("**COPD**") is valid. The patent, which expires in 2018, was challenged by the generic manufacturers Chiesi Farmaceutici SpA, Norton Healthcare Ltd and Generics (UK) Limited.

The European Patent Office rulings relating to both the combination and the COPD European patents for Symbicort have been appealed by Norton Healthcare Ltd, Miat Spa, Generics (UK) Ltd and Liconsa SA. A Board of Appeal Hearing is scheduled for October 2007.

In February 2004, IVAX Pharmaceuticals (UK) Limited initiated proceedings against AstraZeneca AB claiming that the UK parts of the two European patents related to Symbicort were invalid. In May 2004, the court granted AstraZeneca's application for a stay of the proceedings pending the determination of the parallel opposition proceedings before the European Patent Office, described above. In April 2004, IVAX initiated proceedings against AstraZeneca AB in relation to the Republic of Ireland claiming that the Irish parts of the two European patents related to Symbicort were invalid. In October 2004, the court granted AstraZeneca's application for a stay of proceedings pending the final decision of the European Patent Office and its Boards of Appeal in the opposition proceedings.

Toprol-XL (metoprolol succinate)

In May 2003, AstraZeneca filed a patent infringement action against KV Pharmaceutical Company in the United States District Court for the Eastern District of Missouri in response to KV's notification of its intention to market a generic version of Toprol-XL tablets in the 200mg dose prior to the expiration of AstraZeneca's patents covering the substance and its formulation. In response to later similar notices from KV related to the 25, 50 and 100mg doses, AstraZeneca filed further actions. KV responded in each instance and filed counterclaims alleging non-infringement, invalidity and unenforceability of the listed patents.

In February 2004, AstraZeneca filed a patent infringement action against Andrx Pharmaceuticals LLC in the United States District Court for the District of Delaware in response to Andrx's notification of its intention to market a generic version of Toprol-XL tablets in the 50mg dose prior to the expiration of AstraZeneca's patents. In response to two later similar notices from Andrx related to the 25, 100 and 200mg doses, AstraZeneca filed two additional patent infringement actions in the same court. In each instance, Andrx claimed that each of the listed patents is invalid, not infringed and unenforceable.

In April 2004, AstraZeneca filed a patent infringement action against Eon Labs Manufacturing Inc. in the United States District Court for the District of Delaware in response to Eon's notification of its intention to market generic versions of Toprol-XL tablets in the 25, 50, 100 and 200mg doses prior to the expiration of AstraZeneca's patents. In its response, Eon alleged that each of the listed patents is invalid, not infringed and unenforceable. Eon also alleged that the filing of the infringement complaints, as well as other actions by AstraZeneca, constitutes anti-competitive conduct in violation of United States anti-trust laws. Pursuant to a joint motion of AstraZeneca and Eon these anti-trust counts were severed from the case and stayed, for possible consideration depending on the outcome of the trial of the patent claims. Eon was subsequently acquired by Sandoz, Inc. and the ANDA for metoprolol succinate was assigned to Sandoz.

All of the patent litigation relating to Toprol-XL against KV, Andrx and Eon was consolidated for pre-trial discovery purposes and motion practice in the United States District Court for the Eastern District of Missouri. The defendants filed a motion for summary judgment in December 2004 alleging that the Toprol-XL patents are invalid due to double patenting. A summary judgment motion of unenforceability was filed by the defendants in 2005 and AstraZeneca filed summary judgment motions on infringement and validity in 2005. In January 2006, the United States District Court for the Eastern District of Missouri issued a ruling finding that the two patents-in-suit are unenforceable (based on the Company's inequitable conduct in the prosecution of these patents in the United States Patent and Trademark Office) and invalid. AstraZeneca appealed the District Court decision to the United States Court of Appeals for the Federal Circuit. The appeal was fully briefed in 2006 and was argued on 8 December 2006.

In July 2007, a three-judge panel of the Court of Appeals for the Federal Circuit responded to AstraZeneca's appeal of the January 2006 ruling from the United States District court for the Eastern District of Missouri. The appeals court reversed the District Court's finding that the patents were unenforceable due to inequitable conduct, finding that the District Court erred in finding inequitable conduct on summary judgment where there were material facts in dispute. However, the Federal Circuit, in a 2-1 decision, affirmed the District Court's finding of invalidity of the '154 patent due to double patenting. In August 2007, AstraZeneca filed a petition with the Federal Circuit requesting reconsideration of the holding of invalidity by the panel or by the Federal Circuit en banc.

In August 2006, Sandoz (formerly Eon) received final approval from the FDA on the 25mg dose of metoprolol succinate and tentative approval on the 50, 100 and 200mg doses. On 21 November 2006, Sandoz

launched its 25mg metoprolol succinate product, which was followed by Par Pharmaceuticals' launch of a 25mg generic metoprolol succinate under a distribution agreement by AstraZeneca.

In May 2007, the FDA issued a final approval for KV's ANDA for the 100 and 200mg metoprolol succinate products, and in July 2007 KV launched the 100 and 200mg doses. In May 2007, Sandoz received final approval for its 50mg metoprolol succinate product after it entered into an agreement with Andrx under which Andrx waived its 180-day exclusivity for the 50mg dose of metoprolol succinate. In August 2007, Sandoz launched its 50mg metoprolol succinate product.

In the first quarter of 2006, AstraZeneca was served with 14 complaints filed in the United States District Courts in Delaware, Massachusetts, and Florida against AstraZeneca Pharmaceuticals LP, AstraZeneca LP, AstraZeneca AB and Aktiebolaget Hässle. The complaints were putative class actions filed on behalf of both direct purchasers and indirect purchasers that allege that the AstraZeneca defendants attempted to illegally maintain monopoly power in the United States over Toprol-XL in violation of the Sherman Act through the listing of invalid and unenforceable patents in the FDA's Orange Book and the enforcement of such patents through litigation against generic manufacturers seeking to market metoprolol succinate. The complaints seek treble damages based on alleged overcharges to the putative classes of plaintiffs. The lawsuit is based upon the finding described above by the United States District Court for the Eastern District of Missouri in the consolidated litigation against KV, Andrx and Eon that the AstraZeneca patents relating to Toprol-XL are invalid and unenforceable. As noted above, AstraZeneca appealed the ruling in the patent litigation. These 14 complaints were consolidated into two amended complaints, one on behalf of direct purchasers, and one on behalf of indirect purchasers. AstraZeneca has filed a motion seeking to dismiss or in the alternative stay the consolidated complaint in both cases. AstraZeneca denies the allegations of the anti-trust complaints and will vigorously defend the lawsuits.

In June 2007, AstraZeneca received a notice from Dr. Reddy's that it had submitted an ANDA to the FDA for metoprolol succinate extended-release tablets, 100mg and 200mg (KV Pharmaceuticals previously submitted an ANDA on the same dose forms which has received final approval by FDA). Dr. Reddy's is seeking FDA approval to market a generic metoprolol succinate product prior to the expiration of some but not all of the patents listed in the FDA Orange Book in reference to Toprol-XL. AstraZeneca is currently evaluating Dr. Reddy's ANDA to determine whether or not to file a complaint for patent infringement.

Dr. Reddy's notice did not challenge the '154 patent. AstraZeneca's exclusivity relating to this patent expires in March 2008, unless it is terminated earlier as a result of the outcome of the above-referenced appeal. Because AstraZeneca has not received notice from Dr. Reddy's as to this United States patent, Dr. Reddy's cannot market generic metoprolol succinate until the end of the exclusivity afforded this patent. AstraZeneca reserves the right to enforce all patents related to Toprol-XL.

AstraZeneca continues to maintain that its patents for Toprol-XL are valid, enforceable and infringed by the actual and proposed generic products of KV, Andrx and Eon and that its enforcement of its patents did not violate anti-trust laws.

Zestril (lisinopril)

In 1996, two of AstraZeneca's predecessor companies, Zeneca Limited and Zeneca Pharma Inc. (as licensees), Merck & Co., Inc. and Merck Frosst Canada Inc. commenced a patent infringement action in the Federal Court of Canada against Apotex Inc., alleging infringement of Merck's lisinopril patent. Apotex sold a generic version of AstraZeneca's Zestril and Merck's PrinivilTM tablets. Apotex admitted infringement but raised positive defences to infringement, including that it acquired certain quantities of lisinopril prior to issuance of the patent and that certain quantities were licensed under a compulsory licence. Apotex also alleged invalidity of the patent. Following a trial in early 2006, in April 2006 the Federal Court of Canada ruled in favour of AstraZeneca and Merck on the key issues and Apotex stopped selling lisinopril in May 2006. In October 2006, the Federal Court of Appeal in Canada upheld the lower court's decision and dismissed Apotex's appeal. In December 2006 Apotex sought leave to appeal to the Supreme Court of Canada, who dismissed Apotex leave to appeal in May 2007. Further court proceedings will take place to establish the quantum of damage suffered by AstraZeneca and Merck due to Apotex's infringement.

Zestoretic (lisinopril/hydrochlorothiazide)

AstraZeneca (as licensee) had a case pending in the Federal Court of Canada against Apotex Inc., pertaining to Merck's lisinopril/hydrochlorothiazide combination patent, on the basis that Apotex was seeking a notice of compliance (marketing approval) in Canada based on a comparison with AstraZeneca's Zestoretic.

AstraZeneca is potentially liable for damages in the event that Apotex's market entry is held to have been improperly delayed.

The case against Apotex was discontinued by AstraZeneca in August 2006. Apotex's combination product will likely remain off the market until the expiry of a relevant patent in October 2007.

Average wholesale price class action litigation

In January 2002, AstraZeneca was named as a defendant along with 24 other pharmaceutical manufacturers in a class action suit, in Massachusetts, brought on behalf of a putative class of plaintiffs alleged to have overpaid for prescription drugs as a result of inflated wholesale list prices. Following the Massachusetts complaint, nearly identical class action suits were filed against AstraZeneca and various other pharmaceutical manufacturers in four other states. AstraZeneca and other manufacturers have since been sued in similar lawsuits filed by the state Attorneys General of Pennsylvania, Nevada, Montana, Wisconsin, Illinois, Alabama, Kentucky, Arizona, Mississippi, Hawaii, and Alaska, as well as by multiple individual counties in the State of New York. The Attorney General lawsuits seek to recover alleged overpayments under Medicaid and other state-funded healthcare programmes. In several cases, the states are also suing to recover alleged overpayments by state residents. Several of these suits have been consolidated with the Massachusetts action for pre-trial purposes, pursuant to federal multi-district litigation ("MDL") procedures.

In January 2006, the District Court in Boston certified three classes of plaintiffs against the "Track 1" manufacturer defendants, AstraZeneca, GlaxoSmithKline, Bristol-Myers Squibb, Schering-Plough, and Johnson & Johnson. The three certified classes are: (Class 1) a nationwide class of consumers who made co-payments for certain physician-administered drugs reimbursed under the Medicare Part B programme ("Part B drugs"); (Class 2) a Massachusetts-only class of third-party payers, including insurance companies, union health and welfare benefit plans, and self-insured employers, who covered consumer co-payments for Part B drugs; and (Class 3) a Massachusetts-only class of third-party payers and consumers who paid for Part B drugs outside of the Medicare programme. For all classes, the only AstraZeneca drug at issue is Zoladex (goserelin acetate implant).

A bench trial against four of the Track 1 defendants, including AstraZeneca, by Classes 2 and 3 began on 6 November 2006 and concluded on 26 January 2007.

In June 2007, the Court issued its decision on Classes 2 and 3. The Court found AstraZeneca liable under the Massachusetts consumer protection statute for engaging in unfair and deceptive conduct in connection with the pricing of Zoladex during the period 1998 through 2003. The Court awarded damages against AstraZeneca of U.S.\$4.5 million on Class 3, and requested additional information from plaintiffs before awarding damages on Class 2. Damages on Class 2 are likely to be in the region of U.S.\$2.2 million. However, these awards may be doubled or trebled by the Court. AstraZeneca believes the decision to be in error and intends to appeal.

A separate jury trial against AstraZeneca only, by Class 1, was scheduled to begin in June 2007. However, in May 2007, the parties reached a proposed settlement agreement resolving the Class 1 claims. The settlement, if approved by the Court, will involve payments of up to U.S.\$24 million, not including attorneys' fees, to reimburse individual class members submitting claims. AstraZeneca has agreed that U.S.\$10 million of any unclaimed amounts will be donated to charitable organisations funding cancer patient care and research. Provisions in respect of these costs have been made.

The multiple Attorney General lawsuits filed in state courts are proceeding independently of the Boston MDL proceeding. The first case scheduled to go to trial against AstraZeneca is the AWP lawsuit in Alabama. This case is set for trial in February 2008. In regard to the Alabama and Mississippi Attorney General lawsuits, trials that may involve AstraZeneca are scheduled for November 2007.

Separately, MedImmune is also involved in various lawsuits brought by various states and counties in the United States alleging manipulation of average wholesale prices by several defendants, including MedImmune. These were disclosed as part of MedImmune's Annual Report on Form 10-K for the fiscal year ended 31 December 2006 filed with the U.S. Securities and Exchange Commission. During the first half of 2007, there were no material changes to the status of these lawsuits, except that in April 2007 MedImmune was served with a complaint filed by the County of Orange, New York.

AstraZeneca denies the allegations made in all of the average wholesale price lawsuits and will vigorously defend the actions.

340B Class Action Litigation

In August 2004, AstraZeneca was named as a defendant along with multiple other pharmaceutical manufacturers in a class action suit filed in Alabama Federal Court on behalf of all so-called “disproportionate share” entities. These are the hospitals and clinics that treat a substantial portion of uninsured patients and thus qualify for preferential pricing under the Public Health Service Act drug discount programme (the “**340B Program**”). According to the complaint, the genesis of the suit was an audit report by the Department of Health and Human Services Office of Inspector General (“**OIG**”) in June 2004. The OIG later withdrew the audit report and in 2006, re-issued a revised audit report that substantially modified the previous audit findings. After the issuance of the revised OIG audit report, the named plaintiffs voluntarily dismissed their lawsuit against the defendants.

A similar class action suit was filed in August 2005 by the County of Santa Clara in California state court. The County of Santa Clara sued as a representative of a class of similarly situated counties and cities in California alleged to have overpaid for 340B-covered drugs. The case was removed to the United States District Court for the Northern District of California. In 2006, the United States District Court dismissed each of the allegations in the County’s complaint. The County appealed the dismissal to the United States Court of Appeals for the Ninth Circuit. AstraZeneca denies the allegations in the County’s complaint and intends to continue to defend them vigorously. The appeal has been briefed by the parties and AstraZeneca is awaiting an oral argument date and final decision from the Ninth Circuit.

Additional government investigations into drug marketing practices

As is true for most, if not all, major prescription pharmaceutical companies operating in the United States, AstraZeneca is currently involved in multiple United States federal and state criminal and civil investigations into drug marketing and pricing practices. The United States Attorney’s Office in Boston has been handling two investigations. The first investigation involves a subpoena for documents and information relating to sales and marketing interactions with a leading provider of pharmacy services to long-term care facilities. This investigation may be the subject of a sealed qui tam lawsuit filed under the False Claims Act. The second investigation involves an investigation relating to the sale and marketing of products to an individual physician in Worcester, Massachusetts and certain physicians and entities affiliated with that physician. These investigations may be the subject of sealed qui tam lawsuits filed under the False Claims Act.

The United States Attorney’s Office in Philadelphia is directing four additional, active investigations. The first two involve requests for documents and information relating to contracting and disease management programmes with two of the leading national Pharmacy Benefits Managers. The third involves a review of sales and marketing practices relating to Seroquel, including allegations that the Company promoted Seroquel for non-indicated (off-label) uses. The fourth also involves Seroquel and is focused on outside individuals who participated in clinical activities and who were alleged to be involved in regulatory or criminal misconduct, some of which is related to Seroquel. AstraZeneca understands that all of these investigations may be the subjects of sealed qui tam lawsuits filed under the False Claims Act.

There are a number of additional active investigations led by state Attorneys General. These include subpoenas received in September 2006 from the Alaska and California Attorney General’s Offices seeking information relating to Seroquel sales and marketing practices. In addition, the Nevada and Delaware Attorney General’s Offices have requested documents and information relating to the development of patient education and practice management materials for physicians.

AstraZeneca, along with several other manufacturers, has received a letter from the Committee on Oversight and Government Reform of the U.S. House of Representatives as part of the Committee’s ongoing oversight of the pharmaceutical industry’s research and marketing practices. The Committee has requested that AstraZeneca provide clinical and marketing information relating to Seroquel. AstraZeneca is cooperating with the Committee’s enquiry. AstraZeneca has also received a letter from Senator Charles Grassley, ranking member of the United States Senate Committee on Finance, requesting payment and prescribing information for 11 physicians, 10 of whom practice in Florida and one at the University of Cincinnati.

It is not possible to predict the outcome of any of these investigations, which could include the payment of damages and the imposition of fines, penalties and administrative remedies.

Informal SEC inquiry

In October 2006, AstraZeneca received from the SEC a letter requesting documents related to its business activities in Italy, Croatia, Russia and Slovakia for the period 1 October 2003 to the present. The SEC's request generally seeks documents concerning any payments to doctors or government officials and related internal accounting controls. The request also seeks policies, correspondence, audits and other documents concerning compliance with the Foreign Corrupt Practices Act, as well as any allegations or communications with prosecutors' offices relating to corruption or bribery of doctors or government officials. AstraZeneca is in the process of responding to the SEC's request. It is not currently possible to predict the outcome of this inquiry.

Drug importation anti-trust litigation

In August 2004, Californian retail pharmacy plaintiffs filed an action in the Superior Court of California alleging a conspiracy by approximately 15 pharmaceutical manufacturer defendants to prevent United States consumers from purchasing prescription drugs from Canada, and to maintain high non-competitive prices for pharmaceuticals sold in the United States. In July 2005, the court overruled in part and sustained in part, without leave to amend, the defendants' motion to dismiss the plaintiffs' third amended complaint in these proceedings. The Court overruled the defendants' motion in respect of conspiracy claims but sustained the motion in respect of the California Unfair Competition Law claims. On 15 December 2006, the court granted the defendants' motion for summary judgment. Plaintiffs have appealed the lower court's ruling to the Court of Appeal of the State of California. AstraZeneca denies the material allegations in the California action and is vigorously defending this matter.

Anti-trust

In July 2006, AstraZeneca Pharmaceuticals LP was named as a defendant, along with a number of other pharmaceutical manufacturers and wholesalers, in a complaint filed by RxUSA Wholesale, Inc. in the United States District Court for the Eastern District of New York. The complaint alleges that the defendants violated federal and state anti-trust laws by, among other things, allegedly refusing to deal with RxUSA and other "secondary wholesalers" in the wholesale pharmaceutical industry. The plaintiff alleges a conspiracy among the manufacturers and seeks an injunction and treble damages. AstraZeneca vigorously denies the allegations and in November 2006 filed a motion to dismiss the complaint.

For a description of other anti-trust-related litigation involving AstraZeneca, see the subsections entitled "Losec/Prilosec (omeprazole)", "Nolvadex (tamoxifen)" and "Toprol-XL (metoprolol succinate)".

General

With respect to each of the legal proceedings described above, other than those which have been disposed of, the Issuer is unable to make estimates of the possible loss or range of possible losses at this stage, other than where noted. The Issuer also does not believe that disclosure of the amount sought by plaintiffs, if that is known, would be meaningful with respect to those legal proceedings. This is due to a number of factors including: the stage of the proceedings (in many cases trial dates have not been set) and overall length and extent of legal discovery; the entitlement of the parties to an action to appeal a decision; clarity as to theories of liability; damages and governing law; uncertainties in timing of litigation; and the possible need for further legal proceedings to establish the appropriate amount of damages, if any. However, although there can be no assurance regarding the outcome of any of the legal proceedings or investigations referred to in this "Litigation" section, the Issuer does not expect them to have a materially adverse effect on its financial position or profitability.

Taxation

Where tax exposures can be quantified, a provision is made based on best estimates and management's judgement. Details of the movements in relation to material tax exposures are discussed below.

The Issuer faces a number of transfer pricing audits in jurisdictions around the world. The international tax environment presents increasingly challenging dynamics in terms of transfer pricing dispute settlements. The issues under audit are often complex and can require many years to resolve. Accruals for tax contingencies require management to make estimates and judgements with respect to the ultimate outcome of a tax audit, and actual results could vary from these estimates. The total net accrual at 30 June 2007 to cover the worldwide exposure to transfer pricing audits is U.S.\$1,130 million, an increase of U.S.\$135 million from

31 December 2006 due to a number of new audits and revisions of estimates relating to existing audits, offset by a number of negotiated settlements. The Issuer's balance sheet positions for transfer pricing matters reflect appropriate corresponding relief in the territories affected. The Issuer considers that at present such corresponding relief will be available but given the challenges in the international tax environment, will keep this aspect under careful review. For certain of the audits, the Issuer estimates the potential for additional losses above and beyond the amount provided to be up to U.S.\$350 million; however, the Issuer believes that it is unlikely that these additional losses will arise. Of the remaining tax exposures, the Issuer does not expect material additional losses. It is not possible to estimate the timing of tax cash flows in relation to each outcome. Included in the provision is an amount of interest of U.S.\$207 million. Interest is accrued as a tax expense.

Group Structure

The Issuer is the ultimate holding company of the Group. The Issuer operates through over 240 subsidiaries worldwide. The principal subsidiaries of the Issuer, being those whose results or financial position principally affected the figures shown in the consolidated financial statements of the Issuer as at 30 June 2007, are listed below.

<u>At 31 December 2006</u>	<u>Country</u>	<u>Percentage of Voting Share Capital Held (%)</u>	<u>Principal Activity</u>
United Kingdom			
AstraZeneca UK Limited	England	100	Research and development, manufacturing, marketing
AstraZeneca Reinsurance Limited . .	England	100	Insurance and reinsurance underwriting
AstraZeneca Treasury Limited	England	100	Treasury
Continental Europe			
NV AstraZeneca SA	Belgium	100	Manufacturing, marketing
AstraZeneca Dunkerque Production SCS	France	100	Manufacturing
AstraZeneca SAS	France	100	Research, manufacturing, marketing
AstraZeneca GmbH	Germany	100	Development, manufacturing, marketing
AstraZeneca Holding GmbH	Germany	100	Manufacturing, marketing
AstraZeneca SpA	Italy	100	Manufacturing, marketing
AstraZeneca Farmaceutica Spain SA	Spain	100	Manufacturing, marketing
AstraZeneca AB	Sweden	100	Research and development, manufacturing, marketing
AstraZenecaBV	The Netherlands	100	Marketing
The Americas			
AstraZeneca Canada Inc.	Canada	100	Research, manufacturing, marketing
IPR Pharmaceuticals Inc.	Puerto Rico	100	Development, manufacturing, marketing
AstraZeneca LP	United States	99	Research and development, manufacturing, marketing
AstraZeneca Pharmaceuticals LP . . .	United States	100	Research and development, manufacturing, marketing
MedImmune Inc.	United States		Research and development, manufacturing, marketing
Zeneca Holdings Inc.	United States	100	Manufacturing, marketing
AstraZeneca Pty Limited	Australia	100	Development, manufacturing, marketing
AstraZeneca KK	Japan	80	Manufacturing, marketing

The Issuer's assets are substantially comprised of shares in its subsidiaries and is to that extent accordingly dependent upon revenues received from certain of its subsidiaries for the purpose of meeting its payment obligations as and when they fall due.

Major Shareholdings

As at 30 June 2007 the following had disclosed an interest in the issued ordinary share capital of AstraZeneca in accordance with sections 198-208 of the Companies Act 1985 (repealed) or the United Kingdom Financial Services Authority Disclosure and Transparency Rules.

<u>Shareholder</u>	<u>Percentage of Issued Share Capital (%)</u>
AXA S.A.	5.06
Capital Research and Management Company	4.76
Investor AB	4.24
Barclays PLC.....	4.13
Wellington Management Co., LLP.....	4.05
Capital Group International, Inc.	3.99
Legal & General Investment Management Limited	3.74

Board of Directors

The Directors and Secretary of the Issuer, their functions in the Issuer and their principal outside activities (if any) of significance to the Issuer are as follows:

<u>Name</u>	<u>Function within the Issuer</u>	<u>Principal Outside Activity (if any) of Significance to the Issuer</u>
Louis Schweitzer	Non-executive Chairman	Non-executive Chairman, Renault SA Non-executive director of BNP Paribas, Electricité de France, Veolia Environnement, Volvo AB and L'Oréal. Vice-Chairman of the Supervisory Board of Philips Electronics NV
David Brennan	Chief Executive Officer	Member of the Executive Board of the Pharmaceutical Research and Manufacturers of America (PhRMA) Board member of the European Federation for Pharmaceutical Industries and Associations (EFPIA)
John Patterson FRCP	Executive director	Fellow of the Royal College of Physicians Director of the British Pharma Group Non-executive director of Cobham plc
Marcus Wallenberg	Non-executive director	Chairman of Skandinaviska Enskilda Banken AB Chairman of Saab AB Non-executive director of Electrolux AB, Stora Enso Oyj and the Knut and Alice Wallenberg Foundation. Chairman of the International Chamber of Commerce.

<u>Name</u>	<u>Function within the Issuer</u>	<u>Principal Outside Activity (if any) of Significance to the Issuer</u>
John Varley	Non-executive director	Group Chief Executive, Barclays Bank plc Director, Ascot Authority Holdings plc President of the Employers' Forum on Disability Member, International Advisory Panel, Monetary Authority of Singapore Trustee of St. Dunstan's Trustee of Thornton Smith Plevins Young People's Trust Chairman, Business Action on Homelessness
John Buchanan	Non-executive director	Senior Independent Director of BHP Billiton Plc Deputy Chairman of Vodafone Group Plc Chairman of Smith & Nephew plc
Håkan Mogren KBE	Non-Executive Deputy Chairman	Member of the Board of Directors of Investor AB, Rémy Cointreau SA, Groupe Danone and Norsk Hydro ASA Director of the Marianne and Marcus Wallenberg Foundation Member of the Royal Swedish Academy of Engineering Sciences
Michele Hooper	Senior non-executive director	Non-executive director of PPG Industries Inc. and Warner Music Group, Inc.
Professor Dame Nancy Rothwell	Non-executive director	MRC Research Professor and Vice-President of Research at the University of Manchester Trustee of Cancer Research UK and the Campaign for Medical Progress Chair of the Research Defence Society Chair of the Wellcome Trust Public Engagement Strategy Panel Council member of the Biotechnology and Biological Sciences Research Council
Jane Henney	Non-executive director	Senior Vice-President and Provost for Health Affairs, University of Cincinnati Medical Academic Health Center
Bo Angelin	Non-executive director	Professor of Clinical Metabolism at Karolinska Institutet. Head of the Department of Endocrinology, Metabolism and Diabetes at the Karolinska University Hospital in Stockholm, Sweden.
Graeme Musker	Company Secretary	

The business address of each of the Directors and the Company Secretary referred to above is 15 Stanhope Gate, London W1K 1LN.

There are no potential conflicts of interest between the duties to the Issuer of its Directors and the Company Secretary and their private interests and other duties.

TAXATION

United Kingdom Taxation

The following is a summary of the United Kingdom withholding taxation treatment at the date hereof in relation to payments of principal and interest in respect of the Notes. The comments do not deal with other United Kingdom tax aspects of acquiring, holding or disposing of Notes. The comments relate only to the position of persons who are absolute beneficial owners of the Notes. Prospective Noteholders should be aware that the particular terms of issue of any series of Notes as specified in the relevant Final Terms may affect the tax treatment of that and other series of Notes. The following is a general guide and should be treated with appropriate caution. Noteholders who are in any doubt as to their tax position should consult their professional advisers. Noteholders who may be liable to taxation in jurisdictions other than the United Kingdom in respect of their acquisition, holding or disposal of the Notes are particularly advised to consult their professional advisers as to whether they are so liable (and if so under the laws of which jurisdictions), since the following comments relate only to certain United Kingdom taxation aspects of payments in respect of the Notes. In particular, Noteholders should be aware that they may be liable to taxation under the laws of other jurisdictions in relation to payments in respect of the Notes even if such payments may be made without withholding or deduction for or on account of taxation under the laws of the United Kingdom.

United Kingdom Withholding Tax

Notes which carry a right to interest will constitute “quoted Eurobonds” within the meaning of section 987 of the Income Tax Act 2007 (the “Act”) as long as they are and continue to be listed on a “recognised stock exchange” within the meaning of section 1005 of the Act. In the case of Notes to be traded on the London Stock Exchange, which is a recognised stock exchange, the Notes will be treated as “listed” on a recognised stock exchange if the Notes are admitted to listing on the Official List of the UK Listing Authority and to trading on the London Stock Exchange. Notes to be traded on a recognised stock exchange outside the United Kingdom will be treated as “listed” on a recognised stock exchange if (and only if) they are admitted to trading on that exchange and they are officially listed, in accordance with provisions corresponding to those generally applicable in European Economic Area states, in a country outside the United Kingdom in which there is a recognised stock exchange. Whilst the Notes are and continue to be quoted Eurobonds, payments of interest on the Notes may be made without withholding or deduction for or on account of United Kingdom income tax.

In all cases falling outside the exemption described above, interest on the Notes may fall to be paid under deduction of United Kingdom income tax at the savings rate (currently 20%) subject to such relief as may be available under the provisions of any applicable double taxation treaty or to any other exemption which may apply. However, this withholding will not apply if the relevant interest is paid on Notes with a maturity date of less than one year from the date of issue and which are not issued under arrangements the effect of which is to render such Notes part of a borrowing with a total term of a year or more.

Other Rules Relating to United Kingdom Withholding Tax

1. Notes may be issued at an issue price of less than 100 per cent of their principal amount. Any discount element on any such Notes will not generally be subject to any United Kingdom withholding tax pursuant to the provisions mentioned above, but may be subject to reporting requirements as outlined below.

2. Where Notes are to be, or may fall to be, redeemed at a premium, as opposed to being issued at a discount, then any such element of premium may constitute a payment of interest. Payments of interest are subject to United Kingdom withholding tax as outlined above and reporting requirements as outlined below.

3. Where interest has been paid under deduction of United Kingdom income tax, Noteholders who are not resident in the United Kingdom may be able to recover all or part of the tax deducted if there is an appropriate provision in any applicable double taxation treaty.

4. The references to “interest” in this *United Kingdom Taxation section* mean “interest” as understood in United Kingdom tax law. The statements in above do not take any account of any different definitions of “interest” or “principal” which may prevail under any other law or which may be created by the terms and conditions of the Notes or any related documentation.

5. The above description of the United Kingdom withholding tax position assumes that there will be no substitution of the Issuer and does not consider the tax consequences of any such substitution.

Provision of Information

Noteholders should note that where any interest on Notes is paid to them (or to any person acting on their behalf) by the Issuer or any person in the United Kingdom acting on behalf of the Issuer (a “**paying agent**”), or is received by any person in the United Kingdom acting on behalf of the relevant Holder (other than, except where collection is purely passive, for example, solely by clearing or arranging the clearing of a cheque) (a “collecting agent”), then the Issuer, the paying agent or the collecting agent (as the case may be) may, in certain cases, be required to supply to HMRC details of the payment and certain details relating to the Holder (including the Holder’s name and address). These provisions will apply whether or not the interest has been paid subject to withholding or deduction for or on account of United Kingdom income tax and whether or not the Holder is resident in the United Kingdom for United Kingdom taxation purposes. In certain circumstances, the details provided to HMRC may be passed by HMRC to the tax authorities of certain other jurisdictions.

For the above purposes, “interest” should be taken, for practical purposes, as including payments made by a guarantor in respect of interest on Notes.

The provisions referred to above may apply, in certain circumstances, to payments made on redemption of any Notes where the amount payable on redemption is greater than the issue price of the Notes. However, HMRC’s published practice indicates that no information will be required to be provided in respect of such redemption amounts where such amounts are paid or received before 5 April 2008.

EU Savings Tax Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income, each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in that other Member State; however, for a transitional period, Austria, Belgium and Luxembourg may instead apply a withholding system in relation to such payments, deducting tax at rates rising over time to 35%. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

A number of non-EU countries, and certain dependent or associated territories of certain Member States, have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident in one of those territories.

SUBSCRIPTION AND SALE

Notes may be sold from time to time by the Issuer to any one or more of Citigroup Global Markets Limited, Deutsche Bank AG, London Branch, Goldman Sachs International, HSBC Bank plc and J.P. Morgan Securities Ltd. (the “**Dealers**”). The arrangements under which Notes may from time to time be agreed to be sold by the Issuer to, and purchased by, Dealers are set out in a dealer agreement dated 10 September 2007 (the “**Dealer Agreement**”) and made between the Issuer and the Dealers. Any such agreement will, *inter alia*, make provision for the form and terms and conditions of the relevant Notes, the price at which such Notes will be purchased by the Dealers and the commissions or other agreed deductibles (if any) payable or allowable by the Issuer in respect of such purchase. The Dealer Agreement makes provision for the resignation or termination of appointment of existing Dealers and for the appointment of additional or other Dealers either generally in respect of the Programme or in relation to a particular Tranche of Notes.

United States of America

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the United States Internal Revenue Code and regulations thereunder.

Each Dealer has agreed that, except as permitted by the Dealer Agreement, it will not offer, sell or deliver Notes, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of the Notes comprising the relevant Tranche, as certified to the Principal Paying Agent or the Issuer by such Dealer (or, in the case of a sale of a Tranche of Notes to or through more than one Dealer, by each of such Dealers as to the Notes of such Tranche purchased by or through it, in which case the Principal Paying Agent or the Issuer shall notify each such Dealer when all such Dealers have so certified) within the United States or to, or for the account or benefit of, U.S. persons, and such Dealer will have sent to each dealer to which it sells Notes during the distribution compliance period relating thereto a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after the commencement of the offering of Notes comprising any Tranche, any offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “**Relevant Implementation Date**”) it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (a) if the Final Terms in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a **Non-exempt Offer**), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the Final Terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable;

(b) at any time to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;

(c) at any time to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than EUR 43,000,000 and (3) an annual net turnover of more than EUR 50,000,000, all as shown in its last annual or consolidated accounts; or

(d) at any time to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(e) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive, *provided that* no such offer of Notes referred to in (b) to (e) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an “**offer of Notes to the public**” in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression “**Prospectus Directive**” means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

United Kingdom

Each Dealer has represented, warranted and agreed that:

(a) **No deposit-taking:** in relation to any Notes having a maturity of less than one year:

(i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and:

(ii) it has not offered or sold and will not offer or sell any Notes other than to persons:

(A) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or

(B) who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses,

where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;

(b) **Financial promotion:** it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and

(c) **General compliance:** it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Japan

The Notes have not been and will not be registered under the Securities and Exchange Law of Japan and, accordingly, each Dealer has undertaken that it will not offer or sell any Notes directly or indirectly, in Japan or to, or for the benefit of, any Japanese Person or to others for re-offering or resale, directly or indirectly, in Japan or to any Japanese Person except under circumstances which will result in compliance with all applicable laws, regulations and guidelines promulgated by the relevant Japanese governmental and regulatory authorities and in effect at the relevant time. For the purposes of this paragraph, “**Japanese Person**” shall mean any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

General

Each Dealer has represented, warranted and agreed that it has complied and will comply with all applicable laws and regulations in each country or jurisdiction in or from which it purchases, offers, sells or delivers Notes or possesses, distributes or publishes this Base Prospectus or any Final Terms or any related offering material, in all cases at its own expense. Other persons into whose hands this Base Prospectus or any Final Terms comes are required by the Issuer and the Dealers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Notes or possess, distribute or publish this Base Prospectus or any Final Terms or any related offering material, in all cases at their own expense.

The Dealer Agreement provides that the Dealers shall not be bound by any of the restrictions relating to any specific jurisdiction (set out above) to the extent that such restrictions shall, as a result of change(s) or change(s) in official interpretation, after the date hereof, of applicable laws and regulations, no longer be applicable but without prejudice to the obligations of the Dealers described in the paragraph headed “General” above.

Selling restrictions may be supplemented or modified with the agreement of the Issuer. Any such supplement or modification may be set out in the relevant Final Terms (in the case of a supplement or modification relevant only to a particular Tranche of Notes) or in a supplement to this Base Prospectus.

GENERAL INFORMATION

Authorisation

The establishment of the Programme was authorised by the Board of Directors of the Issuer on 24 July 2007. The Issuer has obtained or will obtain from time to time all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes.

Legal and Arbitration Proceedings

Save as disclosed in “Litigation” above (other than the first paragraph thereof), there are no governmental, legal or arbitration proceedings, (including any such proceedings which are pending or threatened, of which the Issuer is aware), which may have, or have had during the 12 months prior to the date of this Base Prospectus, a significant effect on the financial position or profitability of the Issuer and its Subsidiaries.

Significant/Material Change

Since 31 December 2006, there has been no material adverse change in the prospects of the Issuer nor, since 30 June 2007, has there been any significant change in the financial or trading position of the Issuer.

Auditors

The consolidated financial statements of the Issuer as at and for the years ended 31 December 2006 and 31 December 2005 have been audited without qualification by KPMG Audit Plc, independent registered public accounting firm.

Documents on Display

Copies of the following documents may be inspected during normal business hours at the specified offices of the Principal Paying Agent in London for 12 months from the date of this Base Prospectus:

- (a) the Memorandum and Articles of Association of the Issuer;
- (b) the audited consolidated financial statements of the Issuer as at and for the years ended 31 December 2006 and 31 December 2005;
- (c) the Agency Agreement;
- (d) the Trust Deed;
- (e) the Dealer Agreement;
- (f) the Programme Manual (which contains the forms of the Notes in global and definitive form); and
- (g) the Issuer-ICSDs Agreement.

Clearing of the Notes

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The appropriate common code and the International Securities Identification Number in relation to the Notes of each Tranche will be specified in the relevant Final Terms. The relevant Final Terms shall specify any other clearing system as shall have accepted the relevant Notes for clearance together with any further appropriate information.

ISSUER

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