BASE PROSPECTUS

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 completed by a document setting out the final terms of such Tranche (the "**Final Terms**") or as amended, supplemented and/or replaced in a separate prospectus specific to such Tranche (the "**Drawdown Prospectus**") as described under "Final Terms and Drawdown Prospectuses" below. In the case of a Tranche of Notes which is the subject of a Drawdown Prospectus, each reference in this Base Prospectus to information being specified or identified in the relevant Final Terms shall be read and construed as a reference to such information being specified or identified in the relevant Drawdown Prospectus unless the context requires otherwise. 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 which is the subject of Final Terms, 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 and amended and restated on 28 June 2013 (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 amended and restated agency agreement dated 28 June 2013 (the "**Agency Agreement**") between the Issuer, Deutsche Bank AG, London Branch as principal paying agent (the "**Principal Paying Agent**") and Deutsche Bank AG, Hong Kong Branch as CMU lodging and paying agent (the "**CMU Lodging and Paying Agent**").

This Base Prospectus has been approved by the United Kingdom Financial Conduct Authority (the "**FCA**"), which is the United Kingdom competent authority for the purposes of Directive 2003/71/EC, as amended (the "**Prospectus Directive**") and relevant implementing measures in the United Kingdom, as a base prospectus issued in compliance with the Prospectus Directive and relevant implementing measures in the United Kingdom for the purpose of giving information with regard to the issue of Notes issued under the Programme described in this Base Prospectus during the period of twelve months after the date hereof. Applications have been made for the Notes to be admitted to listing on the Official List of the FCA and to trading on the Regulated Market of the London Stock Exchange plc (the "**London Stock Exchange**") during the period of twelve months after the date hereof. The Regulated Market of the London Stock Exchange is a regulated market for the purposes of Directive 2004/39/EC on markets in financial instruments.

The Notes are to be admitted to trading on a market which is a regulated market for the purposes of Directive 2004/39/EC (each a "**Regulated Market**") and offered to the public in any Member State of the European Economic Area and may only be issued under the Programme in minimum denominations of at least EUR 100,000 (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

CITIGROUP

Dealers

BARCLAYS	**BOFA MERRILL LYNCH**
CITIGROUP	**DEUTSCHE BANK**
GOLDMAN SACHS INTERNATIONAL	**HSBC**
J.P. MORGAN CAZENOVE	**MORGAN STANLEY**

The date of this Base Prospectus is 28 June 2013

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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 Agents or 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.

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*".

The Programme has been rated by Standard & Poor's Credit Market Services Europe Limited ("**Standard & Poor's**") and by Moody's France SAS ("**Moody's**"), as more fully set out in "*Description of the Programme*" below, which are established in the European Union and registered under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**"). Tranches of Notes issued under the Programme may be rated or unrated. Where a Tranche of Notes is rated, such rating will not necessarily be the same as the ratings assigned to the Programme as described above or the rating(s) assigned to Notes already issued. Where a Tranche of Notes is rated, the applicable rating(s) will be specified in the relevant Final Terms.

In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the European Union and registered under the CRA Regulation unless (1) the rating is provided by a credit rating agency operating in the European

Union before 7 June 2010 which has submitted an application for registration in accordance with the CRA Regulation and such registration has not been refused, or (2) the rating is provided by a credit rating agency not established in the European Union but is endorsed by a credit rating agency established in the European Union and registered under the CRA Regulation or (3) the rating is provided by a credit rating agency not established in the European Union which is certified under the CRA Regulation.

A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

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:

(a) have sufficient knowledge and experience to make a meaningful evaluation of the Notes and the merits and risks of investing in the Notes on the basis of the information contained or incorporated by reference in this Base Prospectus or any applicable supplement;

(b) 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;

(c) 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;

(d) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and

(e) 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.

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

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, and as defined in Article 2 of Council Regulation (EC) No. 974/98 of 3 May 1998 on the introduction of the euro, as amended, references to "**£**" or "**sterling**" are to the lawful currency for the time being of the United Kingdom and references to "**Renminbi**", "**Chinese Yuan**", "**CNY**" and "**RMB**" are to the lawful currency of the People's Republic of China (excluding the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan) ("**PRC**").

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)) 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:	Barclays Bank PLC, Citigroup Global Markets Limited, Deutsche Bank AG, London Branch, Goldman Sachs International, HSBC Bank plc, J.P. Morgan Securities plc, Merrill Lynch International, Morgan Stanley & Co. International plc 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.
CMU Lodging and Paying Agent:	Deutsche Bank AG, Hong Kong Branch
Final Terms or Drawdown Prospectus:	Notes issued under the Programme may be issued either (1) pursuant to this Base Prospectus and associated Final Terms or (2) pursuant to a Drawdown Prospectus. The terms and conditions applicable to any particular Tranche of Notes will be the Terms and Conditions of the Notes as completed by the relevant Final Terms or, as the case may be, as supplemented, amended and/or replaced to the extent described in the relevant Drawdown Prospectus.
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 FCA and to trading on the Regulated Market of the London Stock Exchange.
Clearing Systems:	Euroclear and/or Clearstream, Luxembourg or CMU, in relation to any Tranche of Notes.
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 lodged with a sub-custodian for CMU 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 the Financial Services and Markets Act 2000 (the "**FSMA**") by the Issuer.

Redemption:	Notes may be redeemable at par or at such other redemption amount 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.
Tax Redemption:	Except as described in "*Optional Redemption*" above, early redemption will only be permitted for tax reasons as described in Condition 9(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 and the method of calculating interest may vary between the issue date and the maturity date of the relevant Series.
Denominations:	No Notes may be issued under the Programme with a minimum denomination of less than EUR 100,000. 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.
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 11 (*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 and any non contractual obligations arising out of or in connection with the Notes and the Trust Deed are governed by English law.
Ratings:	The Programme has been rated as follows by Standard & Poor's and by Moody's which are established in the European Union and registered under the CRA Regulation: Standard & Poor's Credit Market Services Europe Limited: AA- Moody's France SAS: A2 Notes issued under the Programme may be rated or unrated. Where an issue of Notes is rated, its rating will not necessarily be the same as the rating assigned to the Programme as described above or the rating(s) assigned to Notes already issued. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency. In general, European regulated investors are restricted from

	using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the European Union and registered under the CRA Regulation unless (1) the rating is provided by a credit rating agency operating in the European Union before 7 June 2010 which has submitted an application for registration in accordance with the CRA Regulation and such registration has not been refused, or (2) the rating is provided by a credit rating agency not established in the European Union but is endorsed by a credit rating agency established in the European Union and registered under the CRA Regulation or (3) the rating is provided by a credit rating agency not established in the European Union which is certified under the CRA Regulation.
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, Japan and Hong Kong see "*Subscription and Sale*" section on page 90.

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 but other factors may exist which the Issuer may not consider to be significant based on information currently available to it or which it may not currently be able to anticipate. The Issuer believes that the following may affect its ability to fulfil its obligations under the Notes issued under the Programme. If any of these risks materialise, the price of the Notes may decline and the investors could lose all or part of their investment. Prospective investors should read the detailed information set out elsewhere in this Base Prospectus and reach their own views regarding the risks inherent in investing in Notes issued under the Programme prior to making any investment decision. Except as otherwise indicated, these factors may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such factor occurring:

Risks relating to forward-looking statements

This Base Prospectus contains certain forward-looking statements about the Issuer. The Issuer believes such forward-looking statements, identified by words such as 'anticipates', 'believes', 'expects' and 'intends', are based on reasonable assumptions. However, forward-looking statements involve inherent risks and uncertainties such as those summarised below, and may be influenced by factors beyond the Issuer's control and/or may have actual outcomes materially different from the Issuer's expectations.

Risks relating to the Issuer and its business

The pharmaceutical sector is inherently risky and a variety of risks and uncertainties may affect the Issuer's business. Here the Issuer summarises, under the headings Product Pipeline Risks; Commercialisation and Business Execution Risks; Supply Chain and Delivery Risks; Legal, Regulatory and Compliance Risks; and Economic and Financial Risks, the principal risks and uncertainties that it currently considers may have a significant effect on its financial condition, results of operations and/or reputation. These risks are not listed in any assumed order of priority. Other risks, unknown or not currently considered material, could have a similar effect.

Product Pipeline Risks

Failure to meet development targets

The development of any pharmaceutical product candidate is a complex, risky and lengthy process involving significant financial, research and development ("**R&D**") and other resources, which may fail at any stage of the process due to a number of factors. These include: failure to obtain the required regulatory or marketing approvals for the product candidate or its manufacturing facilities; unfavourable clinical efficacy data; safety concerns; failure of R&D to develop new product candidates; and failure to demonstrate adequate cost effective benefits to regulators and the emergence of competing products.

Production and release schedules for biologics may be more significantly impacted by regulatory processes than other products. This is due to more complex and stringent regulation on the manufacturing of biologics and their supply chain.

A succession of negative drug project results and a failure to reduce development timelines effectively or produce new products that achieve commercial success could adversely affect the reputation of the Issuer's R&D capabilities and is likely to materially adversely affect its financial condition and results of operations.

Difficulties of obtaining and maintaining regulatory approvals for new products

The Issuer is subject to strict controls on the commercialisation processes for its pharmaceutical products, including their development, manufacture, distribution and marketing. The requirements to obtain regulatory approval based on a product's safety, efficacy and quality before it can be marketed in a particular country, as well as to maintain and comply with licences and other regulations relating to its manufacture and marketing, are particularly important. The submission of an application to regulatory authorities (which vary, with different requirements, in each region or country) may or may not lead to the grant of marketing approval. Regulators can refuse to grant approval or may require additional data before approval is given, even though the medicine may already be launched in other countries. The approval of a product is required by the relevant regulatory authority in each country, although a single pan-EU market authorisation application can be obtained through a centralised procedure.

In recent years, companies sponsoring new drug applications and regulatory authorities have been under increased public pressure to apply more conservative benefit/risk criteria. In some instances, regulatory authorities require a company to develop plans to ensure safe use of a marketed product before a pharmaceutical product is approved, or after approval, if a new and significant safety issue is established. In addition, third party interpretation of publicly available data on the Issuer's marketed products has the potential to influence the approval status or labelling of a currently approved and marketed product.

The predictability of the outcome and timing of review processes remains challenging, particularly in the U.S., due to competing regulatory priorities and a continuing sentiment of risk aversion on the part of regulatory reviewers and management.

Delays in regulatory reviews and approvals could impact the timing of a new product launch. In addition, the drive for public transparency of the review processes through the more extensive use of public advisory committees increases the unpredictability of the process.

Failure to obtain and enforce effective IP protection

The Issuer's ability to obtain and enforce patents and other intellectual property ("**IP**") rights in relation to its products is an important element of its ability to protect its investment in R&D and create long-term value for the business. A number of the countries in which it operates are still developing their IP laws or may even be limiting the applicability of these laws to pharmaceutical inventions. Adverse political perspectives on the desirability of strong IP protection for pharmaceuticals in certain emerging and even developed markets may limit the scope for the Issuer to obtain effective IP protection for its products. As a result, certain countries may seek to limit or deny effective IP protection for pharmaceuticals.

Limitations on the availability of patent protection or the use of compulsory licensing in certain countries in which the Issuer operates could have a material adverse effect on the pricing and sales of its products and, consequently, could materially adversely affect its revenues from those products.

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 its business, including investment in large clinical studies, the manufacture of pre-launch product stocks, investment in marketing materials pre-launch, sales force training and the timing of anticipated future revenue streams from new product sales. 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 negotiations. Delays to anticipated launch dates can result from a number of factors including adverse findings in preclinical or clinical studies, regulatory demands, competitor activity and technology transfer.

Significant delays to anticipated launch dates of new products could have a material adverse effect on the Issuer's financial condition and results of operations. For example, for the launch of products that are seasonal in nature, delays in regulatory approvals or manufacturing difficulties may delay launch to the next season which, in turn, may significantly reduce the return on costs incurred in preparing for the launch for that season. In addition, a delay in the launch may lead to increased costs if, for example, marketing and sales efforts need to be rescheduled or protracted for longer than expected.

Strategic alliances and acquisitions may be unsuccessful

The Issuer seeks technology licensing arrangements and strategic collaborations to expand its product portfolio and geographical presence as part of the Issuer's business strategy. Such licensing arrangements and strategic collaborations are key, enabling the Issuer to grow and strengthen the business. The success of such arrangements is largely dependent on the technology and other IP it acquires and the resources, efforts and skills of its partners. Also, under many of the Issuer's strategic alliances, it makes milestone payments well in advance of the commercialisation of the products, with no assurance that it will recoup these payments.

Furthermore, the Issuer experiences strong competition from other pharmaceutical companies in respect of licensing arrangements and strategic collaborations, and therefore may be unsuccessful in establishing some of its intended projects.

The Issuer may also seek to acquire complementary businesses as part of its business strategy. The integration of an acquired business could involve incurring significant debt and unknown or contingent liabilities, as well as having a negative effect on its reported results of operations from acquisition related charges, amortisation of expenses related to intangibles and charges for the implementation of long-term assets. The Issuer may also experience difficulties in integrating geographically separated organisations, systems and facilities, and personnel with different organisational cultures.

If it fails to complete these types of collaborative projects in a timely manner, on a cost effective basis, or at all, this may limit the Issuer's ability to access a greater portfolio of products, IP, technology and shared expertise. Additionally, disputes or difficulties in the Issuer's relationship with its collaborators or partners may arise, often due to conflicting priorities or conflicts of interest between parties, which may erode or eliminate the benefits of these alliances. The incurrence of significant debt or liabilities as a result of integration of an acquired business could cause deterioration in the Issuer's credit rating and result in increased borrowing costs and interest expense.

Further, if, following an acquisition, liabilities are uncovered in the acquired business, the Issuer and its subsidiaries (collectively the "**Group**") may suffer losses and may not have remedies against the seller or third parties. The integration process may also result in business disruption, diversion of management resources, the loss of key employees, and other issues such as a failure to integrate information technology ("**IT**") and other systems.

Commercialisation and Business Execution Risks

Challenges to achieving commercial success of new products

The successful launch of a new pharmaceutical product involves substantial investment in sales and marketing activities, launch stocks and other items. The commercial success of the Issuer's new medicines is of particular importance to it in order to replace lost sales following patent expiry. The Issuer may ultimately be unable to achieve commercial success for any number of reasons. These include difficulties in manufacturing sufficient quantities of the product candidate for development or commercialisation in a timely manner, the impact of price control measures imposed by governments and healthcare authorities, erosion of IP rights including infringement by third parties and failure to show a differentiated product profile.

As a result, the Issuer cannot be certain that compounds currently under development will achieve success, and its ability to accurately assess, prior to launch, the eventual efficacy or safety of a new product once in broader clinical use can only be based on data available at that time, which is inherently limited due to relatively short periods of product testing and small clinical study patient samples.

The commercialisation of biologics is often more complex than for small molecule pharmaceutical products, primarily due to differences in the mode of administration, technical aspects of the product and rapidly changing distribution and reimbursement environments.

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 Issuer is unable to fully recoup the costs incurred in launching it, which could materially adversely affect its financial condition and results of operations.

Due to the complexity of the commercialisation process for biologics, the methods of distributing and marketing biologics could materially adversely impact the Issuer's revenues from the sales of products such as Synagis and FluMist/Fluenz.

Illegal trade in the Issuer's products

Illegal trade covers the theft, illegal diversion and counterfeiting of the Issuer's products. Illegal trade in pharmaceutical products is estimated to exceed US$75 billion per year and is generally considered by the industry, non-governmental organisations and governmental authorities to be increasing. The Issuer suffers a commensurate financial exposure to illegal trade, but in many cases, due to the nature of its portfolio, this exposure has a greater impact on public health. Regulators and the public expect the Issuer to secure the integrity of its supply chain and to actively cooperate in the reduction of illegal trade in AstraZeneca products, through surveillance, investigation and legal action against others engaged in illegal trade.

Public loss of confidence in the integrity of pharmaceutical products as a result of counterfeiting could materially adversely affect the Issuer's reputation and financial performance. In addition, undue or misplaced concern about the issue may induce some patients to stop taking their medicines, with consequential risks to their health. There is also a direct financial loss where counterfeit medicines replace sales of genuine products and where genuine products are recalled following discovery of counterfeit, stolen and/or illegally traded products in an effort to regain control of the integrity of the supply chain.

Developing the Issuer's business in emerging markets

The development of the Issuer's business in emerging markets is a critical factor in determining its future ability to sustain or increase its global product revenues. This poses various challenges including: more volatile economic conditions; competition from companies with existing market presence; the need to identify correctly and to leverage appropriate opportunities for sales and marketing; poor IP protection; inadequate protection against crime (including counterfeiting, corruption and fraud); the need to impose developed market compliance standards; inadvertent breaches of local and international law; not being able to recruit appropriately skilled and experienced personnel; identification of the most effective sales channels and route to market; and interventions by national governments or regulators restricting access to market and/or introducing adverse price controls.

The failure to exploit potential opportunities appropriately in emerging markets may materially adversely affect the Issuer's reputation, financial condition and results of operations.

Expiry or loss of, or limitations on, IP rights

Pharmaceutical products are only protected from being copied during the limited period of protection under patent rights and/or related IP rights such as regulatory data protection or orphan drug status. Expiry or loss of these rights typically leads to the immediate launch of generic copies of the product in the country where the rights have expired or been lost.

Additionally, the expiry or loss of patents covering other innovator companies' products may also lead to increased competition for the Issuer's own, still-patented, products in the same product class due to the availability of generic products in that product class. Further, there may be increased pricing pressure on our still-patented products as a result of the lower prices of generic entrants.

Products under patent protection or within the period of regulatory data protection typically generate significantly higher revenues than those not protected by such rights. The Issuer's revenues, financial condition and results of operations may be materially adversely affected upon expiry or early loss of its IP rights, due to generic entrants into the market for the applicable product. Additionally, the loss of patent rights covering major products of other pharmaceutical companies, such as Plavix^{TM} in May 2012, may adversely affect sales of the Issuer's still-patented products in the same product class (Brilinta/Brilique) in that market.

Pressures resulting from generic competition

The Issuer's products compete not only with other products approved for the same condition, marketed by research-based pharmaceutical companies, but also with generic drugs marketed by generic pharmaceutical manufacturers. These competitors may invest more of their resources into the marketing of their products than the Issuer does depending on the relative priority of these competitor products within their company's portfolio. Generic versions of products are often sold at lower prices than branded products as the manufacturer does not have to recoup the significant cost of R&D investment and market development. All of the Issuer's patented products, including Nexium, Crestor and Seroquel XR are subject to price pressures as a result of competition from generic copies of these products and from generic forms of other drugs in the same product class (for example, generic forms of Lipitor^{TM} and Plavix^{TM} and generic forms of Seroquel IR).

As well as facing generic competition upon expiry or loss of IP rights, the Issuer also faces the risk that generic drug manufacturers seek to market generic versions of its products prior to expiries of its patents and/or the Regulatory Exclusivity periods. For example, the Issuer is currently facing challenges in the U.S. from numerous generic drug manufacturers regarding its patents for Seroquel XR, Nexium, Crestor and Pulmicort, four of its key products. Generic manufacturers may also take advantage of the failure of certain countries to properly enforce regulatory data protection and may launch generics during this protected period. This is a particular risk in some emerging markets where appropriate patent protection may be difficult to obtain or enforce.

If challenges to the Issuer's patents by generic drug manufacturers succeed and generic products are launched, or generic products are launched 'at risk' on the expectation that challenges to its IP will be successful, this may materially adversely affect the Issuer's financial condition and results of operations. In 2012, U.S. sales for Seroquel XR, Nexium and Crestor were US$811 million, US$2,272 million, and US$3,164 million respectively. Furthermore, if limitations on the availability, scope or enforceability of patent protection are implemented in jurisdictions in which the Issuer operates, generic manufacturers in these countries may be increasingly able to introduce competing products to the market earlier than they would have been able to, had more robust patent or regulatory data protection been available.

Effects of patent litigation in respect of IP rights

Any of the IP rights protecting the Issuer's products may be asserted or challenged in IP litigation initiated against or by external parties. Such IP rights may be affected by validity challenges in patent offices. The Issuer expects its most valuable products to receive the greater number of challenges. Despite the Issuer's efforts to establish and defend robust patent protection for its products, it may not succeed in protecting its patents from such litigation or other challenges. Despite the Issuer's efforts to establish and defend robust patent protection for its products, it may not succeed in protecting its patents from such litigation or other challenges.

The Issuer also bears the risk that it may be found to infringe patents owned or licensed exclusively by third parties, including research-based and generic pharmaceutical companies and individuals. Infringement accusations may implicate, for example, the Issuer's manufacturing processes, product intermediates or use of research tools.

If the Issuer is not successful in maintaining exclusive rights to market one or more of its major products, particularly in the U.S. where it achieves its highest revenue, its revenue and margins could be materially adversely affected.

Managing or litigating infringement disputes over so-called 'freedom to operate' can be costly. The Issuer may be subject to injunctions against its products or processes and be liable for damages or royalties. The Issuer may need to obtain costly licences. These risks may be greater in respect of biologics and vaccines, where patent infringement claims may relate to research tools, methods and biological materials. While the Issuer seeks to manage such risks by, for example, acquiring licences, foregoing certain activities or uses, or modifying processes to avoid infringement claims and permit commercialisation of its products, such steps entail significant cost and there is no guarantee that they will be successful.

Price controls and reductions

Most of the Issuer's key markets have experienced the implementation of various cost control or reimbursement mechanisms in respect of pharmaceutical products. For example, in the U.S., realised prices are being depressed through restrictive reimbursement policies and cost-control tools such as restricted lists and formularies, which employ "generic first" strategies and require physicians to obtain prior approval for the use of a branded medicine where a generic alternative exists. These mechanisms can be used by payers to limit the use of branded products and put pressure on manufacturers to reduce net prices. Many of these mechanisms shift a greater proportion of the cost of medicines to the patient via out-of-pocket payments at the pharmacy counter. The patient out-of-pocket spend is generally in the form of a co-payment or, in some cases, a co-insurance, which is designed, principally, to encourage patients to use generic medicines.

Due to these pressures on the pricing of the Issuer's products, there can be no certainty that it 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 product investment. These pressures, including the increasingly restrictive reimbursement policies to which the Issuer is subject and the potential adoption of new legislation expanding the scope of permitted commercial importation of medicines into the U.S., could materially adversely affect its financial condition and results of operations.

The Issuer expects that these pressures on pricing will continue, and may increase.

Economic, regulatory and political pressures

The Issuer faces continued economic, regulatory and political pressures to limit or reduce the cost of its products.

In 2010, the U.S. passed the Affordable Care Act, a comprehensive health reform package with provisions taking effect between 2010 and 2014. The law expands insurance coverage, establishes health insurance exchanges and establishes new national entities focused on health system reforms. In terms of specific provisions impacting the Issuer's industry, the law mandates higher rebates and discounts on branded drugs for certain Medicare and Medicaid patients as well as an industry-wide excise fee. Implementation of several health system delivery reforms included in the law has commenced and will continue over the next two years. For example, a new comparative effectiveness research organisation, the Patient-Centred Outcomes Research Institute, has been established and an Independent Payment Advisory Board, with broad authority to propose to cut Medicare expenditures, is scheduled to commence in 2014.

The Affordable Care Act expands the patient population eligible for Medicaid and will provide new insurance coverage for individuals through state-operated and federal-operated health insurance exchanges from 2014. Large employers have typically offered generous health insurance benefits, but many are struggling with increasing health insurance premiums and may, therefore, opt to shift employee coverage into the health insurance exchanges, which will be operational by 2014. The pharmaceutical industry could be adversely impacted by such shifts if the health insurance exchanges do not offer a prescription drug benefit that is as robust as benefits historically provided by large employers.

The Issuer anticipates further government intervention in the U.S. in connection with the recent initiative to contain federal spending.

In the EU, efforts by the European Commission to reduce inconsistencies and to improve standards in the disparate national regulatory systems have met with little immediate success. The industry continues to be exposed in Europe to a range of disparate pricing systems, *ad hoc* cost-containment measures and reference pricing mechanisms, which impact prices.

Concurrently, many markets are adopting the use of Health Technology Assessment (HTA) to provide a rigorous evaluation of the clinical efficacy of a product, at or post launch. HTA evaluations are also increasingly being used to assess the clinical as well as cost-effectiveness of products in a particular health system. This comes as payers and policymakers attempt to drive increased efficiencies in the use and choice of pharmaceutical products.

It is not possible to accurately estimate the financial impact of the potential consequences resulting from the Affordable Care Act or related legislative changes when taken together with the number of other market and industry related factors that can also result in similar impacts. While the overall reduction in the Issuer's profit before tax for the year due to higher minimum Medicaid rebates on prescription drugs, discounts on branded pharmaceutical sales to Medicare Part D beneficiaries and an industry-wide excise fee was US$858 million, this reflects only the limited number of known, quantifiable and isolatable effects of these legislative developments. Other potential indirect or associated consequences of these legislative developments, which continue to evolve and which cannot be estimated could have similar impacts. These include broader changes in access to, or eligibility for, coverage under Medicare, Medicaid or similar governmental programmes, such as the recent proposals to limit Medicare benefits, which could indirectly impact the Issuer's pricing or sales of prescription products within the private sector.

These continued disparities in pricing systems could lead to marked price differentials between markets, which, by way of the implementation of existing or new reference pricing mechanisms, increases the pricing pressure affecting the industry. The importation of pharmaceutical products from countries where prices are low due to government price controls, or other market dynamics, to countries where prices for those products are higher, is already prevalent and may increase. In particular, Germany, Portugal and

Spain have all introduced a number of short-term measures to lower healthcare spending, including mandatory discounts, clawbacks and price referencing rules, which could have a material adverse effect on the Issuer's business and results of operations.

Biosimilars

Various regulatory authorities are implementing or considering abbreviated approval processes for biosimilars (similar versions of existing biologics, also referred to as 'similar biological medicinal products', 'follow-on biologics' and 'follow-on protein products') that would compete with patented biologics.

For example, in 2010, the U.S. enacted the Biologics Price Competition and Innovation Act within the Affordable Care Act, which contains general directives for biosimilar applications. The FDA issued draft guidance in February 2012 on implementing an abbreviated biosimilar approval pathway. However, significant questions remain, including standards for designation of interchangeabilty. In 2012, the FDA also implemented user fee programmes to support biosimilar product review and policy development. In Europe, the EMA published final guidelines on similar biological medicinal products containing monoclonal antibodies (MAbs) and in May, the first MAb biosimilar application was made. Notably, a number of jurisdictions have adopted either the EMA guidelines or those recently set forth by the WHO to enable biosimilars to enter the market after discrete periods of data exclusivity.

The extent to which biosimilars would be differentiated from patented biologics on price is unclear. However, due to their complex nature, it is uncertain whether biosimilars would have the same impact on patented biologics that generic products have had on patented small molecule products.

In addition, it is uncertain when any such abbreviated approval processes may be fully realised, particularly for more complex protein molecules such as MAbs. Any such processes may materially adversely affect the future commercial prospects for patented biologics, such as the ones that we produce.

Changes in senior management, failure to attract and retain key personnel and failure to successfully engage with its employees

The success of the Issuer's business is guided by its Senior Executive Team ("**SET**") and their direct reports. The departure of senior leaders can introduce uncertainty in the business.

The Issuer relies heavily on recruiting and retaining talented employees with a diverse range of skills and capabilities to meet its strategic objectives. For example, the success of the Issuer's R&D activities is particularly dependent on its ability to attract and retain sufficient numbers of high-quality researchers and development specialists. The Issuer faces intense competition for qualified individuals, as the supply of people with specific skills and significant leadership potential or in specific geographic regions may be limited.

The Issuer's ability to achieve high levels of employee engagement in the workforce, and hence benefit from strong commitment and motivation, is key to the successful delivery of its business objectives.

In 2012, the Issuer appointed a new CEO and in January 2013 changed the composition of its SET. Senior management transitions can introduce uncertainty and could materially adversely impact the Issuer's business or results of operations.

The inability to attract and/or retain highly skilled personnel, in particular those in key scientific and leadership positions, may weaken the Issuer's succession plans for critical positions in the medium term, may materially adversely affect the implementation of the Issuer's strategic objectives and could ultimately impact the Issuer's business or results of operations.

Failure to engage effectively with its employees could lead to business disruption in the Issuer's day-to-day operations, reduce levels of productivity and/or increase levels of voluntary turnover, all of which could ultimately adversely impact the Issuer's business or results of operations.

While the Issuer is committed to working on improving drivers of engagement, such as increasing its employees' understanding of its new management, strategy and its ongoing efforts to reduce organisational complexity, the Issuer's efforts may be unsuccessful.

Increasing implementation and enforcement of more stringent anti-bribery and anti-corruption legislation

There is an increasing focus globally on the implementation and enforcement of anti-bribery and anti-corruption legislation. For example, the UK Bribery Act came into force in July 2011. This act has extensive extra-territorial application, implements significant changes to existing UK anti-bribery legislation and broadens the scope of statutory offences and the potential applicable penalties, including, organisational liability for any bribe paid by persons or entities associated with an organisation where the organisation failed to have adequate preventative procedures in place at the time of the offence. There is also an increase in the maximum applicable penalties for bribery, including up to 10 years' imprisonment and unlimited fines. There have also been increased enforcement efforts in the UK by the Serious Fraud Office and, in the U.S., there has been significant enforcement activity in respect of the Foreign Corrupt Practices Act by the U.S. Securities and Exchange Commission and U.S. Department of Justice against U.S. companies and non-U.S. companies listed in the U.S..

The Issuer is the subject of current anti-corruption investigations and there can be no assurance that it will not, from time to time, continue to be subject to informal inquiries and formal investigations from governmental agencies. In the context of the Issuer's business, governmental officials interact with it in a variety of roles that are important to its operations, such as in the capacity of a regulator, partner or healthcare payer, reimburser or prescriber, among others.

The Issuer devotes significant resources to the considerable challenge of compliance with this legislation, including in emerging and developing markets, at considerable cost. Investigations from governmental agencies require additional resources. Despite taking significant measures to prevent breaches of applicable anti-bribery and anti-corruption laws by its personnel, breaches may result in the imposition of significant penalties, such as fines, the requirement to comply with monitoring or self-reporting obligations or debarment or exclusion from government sales or reimbursement programmes, any of which could materially adversely affect the Issuer's reputation, business or results of operations.

Any expected gains from productivity initiatives are uncertain

The Issuer continues to implement various productivity initiatives and restructuring programmes with the aim of enhancing the long-term efficiency of the business. However, anticipated cost savings and other benefits from these programmes are based on estimates and the actual savings may vary significantly. In particular, these cost reduction measures are based on current conditions and do not take into account any future changes to the pharmaceutical industry or the Issuer's operations, including new business developments, wage or price increases.

If inappropriately managed, the expected value of these initiatives could be lost through low employee engagement and reduced productivity, increased absence and attrition levels, and industrial action.

The Issuer's failure to successfully implement these planned cost reduction measures, either through the successful conclusion of employee relations processes (including consultation, engagement, talent management, recruitment and retention), or the possibility that these efforts do not generate the level of cost savings it anticipates, could materially adversely affect its business or results of operations.

Failure of information technology

The Issuer is dependent on effective IT systems. These systems support key business functions such as its R&D, manufacturing, supply chain and sales capabilities, and are an important means of safeguarding and communicating data. Any significant disruption of these IT systems, including breaches of data centre security or cybersecurity, or failure to integrate new and existing IT systems, could harm the Issuer's reputation materially adversely affect its financial condition and results of operations.

Failure of outsourcing

The Issuer has outsourced a number of business critical operations to third party providers. This includes certain R&D processes, IT systems, human resources, finance and accounting services.

A failure to successfully manage and effect the integration of IT infrastructure services provided by its outsourcing providers could create disruption which could materially adversely affect the Issuer's financial condition and results of operations.

Failure of outsource providers to deliver timely services and to the required level of quality and failure of outsource providers to co-operate with each other could materially adversely affect the Issuer's financial condition and results of operations and adversely impact its ability to meet business targets and maintain a good reputation within the industry and with stakeholders. It may also result in non-compliance with applicable laws and regulations.

Supply Chain and Delivery Risks

Manufacturing biologics

Manufacturing biologics, especially in large quantities, is complex and may require the use of innovative technologies to handle living micro-organisms and facilities specifically designed and validated for this purpose, with sophisticated quality assurance and control procedures. Slight deviations in any part of the manufacturing process may result in lot failure, product recalls or spoilage, for example due to contamination.

Difficulties and delays in the manufacturing, distribution and sale of products

The Issuer may experience difficulties and delays in manufacturing its products, such as (i) supply chain continuity, including as a result of disruptions such as a natural or man-made disaster at one of its facilities or at a critical supplier or vendor; (ii) delays related to the construction of new facilities or the expansion of existing facilities, including those intended to support future demand for its products; (iii) seizure or recalls of products or shutdown of manufacturing plants; and (iv) other manufacturing or distribution problems including changes in manufacturing production sites, limits to manufacturing capacity due to regulatory requirements, changes in the types of products produced, or physical limitations or other business interruptions that could impact continuous supply.

Manufacturing distribution and sales difficulties may result in product shortages and significant delays, which may lead to lost sales. In 2012, supply from the Issuer's site in India was disrupted for a period of time, following a voluntary recall of products that it determined did not meet its global quality standards. A failure of the implementation of an IT interface in an enterprise resource planning IT system in its facility in Sweden (Södertälje) caused a disruption to its supply chain resulting in an estimated negative revenue impact of 1 per cent.

Reliance on third parties for goods

The Issuer increasingly relies on third parties for the timely supply of goods, such as specified raw materials (for example, the active pharmaceutical ingredient in some of its medicines), equipment, formulated drugs and packaging, all of which are key to its operations.

Unexpected events and/or events beyond the Issuer's control could result in the failure of the supply of goods. For example, suppliers of key goods it relies on may cease to trade. In addition, the Issuer may have limited supply of biological materials, such as cells, animal products or by-products. Furthermore, government regulations in multiple jurisdictions could result in restricted access to, use or transport of, such materials.

Third party supply failure could materially adversely affect the Issuer's financial condition and results of operations. This may lead to significant delays and/or difficulties in obtaining goods and services on commercially acceptable terms.

Loss of access to sufficient sources of such materials may interrupt or prevent the Issuer's research activities as planned and/or increase the Issuer's costs.

Legal, Regulatory and Compliance Risks

Adverse outcome of litigation and/or governmental investigations

The Issuer may be subject to legal proceedings and governmental investigations. Litigation, particularly in the U.S., is inherently unpredictable and unexpectedly high awards for damages can result from an adverse verdict. In many cases, plaintiffs may claim compensatory, punitive and statutory damages in extremely high amounts. In particular, the marketing, promotional, clinical and pricing practices of pharmaceutical manufacturers, as well as the manner in which manufacturers interact with purchasers, prescribers, and patients, are subject to extensive regulation, litigation and governmental investigation. Many companies, including the Issuer have been subject to claims related to these practices asserted by federal and state governmental authorities and private payers and consumers which have resulted in substantial expense and other significant consequences. Investigations or legal proceedings, regardless of their outcome, could be costly, divert management attention, or damage the Issuer's reputation and demand for its products. Unfavourable resolution of current and similar future proceedings against the Issuer could subject it to criminal liability, fines, penalties or other monetary or non-monetary remedies; require it to make significant provisions in the Issuer's accounts relating to legal proceedings; and could materially adversely affect its financial condition and results of operations.

Substantial product liability claims

Pharmaceutical companies have, historically, been subject to large product liability damages claims, settlements and awards for injuries allegedly caused by the use of their products. Adverse publicity relating to the safety of a product or of other competing products may increase the risk of product liability claims.

Substantial product liability claims that result in court decisions against the Issuer or in the settlement of proceedings could materially adversely affect its financial condition and results of operations, particularly where such circumstances are not covered by insurance.

Failure to adhere to applicable laws, rules and regulations

Any failure to comply with laws, rules and regulations including those relating to anti-competitive behaviour may result in civil and/or criminal legal proceedings being filed against the Issuer, or in the Issuer being exposed to regulatory sanctions or lawsuits from private, non-governmental entities.

Regulatory authorities have wide-ranging administrative powers to deal with any failure to comply with continuing regulatory oversight and this could affect the Issuer, whether such failure is its own or that of its contractors or external partners.

Failure to comply with applicable laws, including ongoing control and regulation, could materially adversely affect the Issuer's business or results of operations. For example, once a product has been approved for marketing by the regulatory authorities, it is subject to continuing control and regulation, such as the manner of its manufacture, distribution, marketing and safety surveillance. In addition any changes that are made to the manufacturing, distribution, marketing and safety surveillance processes of the Issuer's products may require additional regulatory approvals, which could result in significant additional costs and/or disruption to these processes. Such changes may be imposed on the Issuer by regulatory authorities as a result of continuing inspections to which we are subject or may be made at the Issuer's discretion. For example, if regulatory issues concerning compliance with good manufacturing practice or safety monitoring regulations for pharmaceutical products (often referred to as pharmacovigilance) arise, this could lead to loss of product approvals, product recalls and seizures, and interruption of production, which could create product shortages and delays in new product approvals.

Certain of the Issuer's commercial arrangements with generics companies, which have sought to settle patent challenges on terms acceptable to both innovator and generics manufacturer, may be subject to challenge by competition authorities. An example of such a challenge is the Federal Trade Commission inquiry.

Where a government authority investigates the Issuer's adherence to competition laws, or the Issuer becomes subject to private party lawsuits, this may result in inspections of the Issuer's sites or requests for documents and other information. Competition investigations or legal proceedings could be costly, divert management attention, or damage the Issuer's reputation.

Unfavourable resolution of such challenges, investigations or legal proceedings against the Issuer could require the Issuer to make changes to its commercial practice and could subject the Issuer to fines and penalties and other sanctions. These could materially adversely affect the Issuer's business or results of operations.

Environmental/occupational health and safety liabilities

The Issuer has environmental and/or occupational health and safety related liabilities at some currently or formerly owned, leased and third party sites. While the Issuer carefully manages these liabilities, if a significant non-compliance issue, environmental, occupational health or safety incident for which it is responsible were to arise, this could result in it being liable to pay compensation, fines or remediation costs. In some circumstances, such liability could materially adversely affect the Issuer's financial condition and results of operations. In addition, its financial provisions for any obligations that it may have relating to environmental or occupational health and safety liabilities may be insufficient if the assumptions underlying the provisions, including its 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 or occupational health and safety related claims.

Misuse of social media platforms and new technology

The Issuer increasingly uses the internet, social media, mobile applications and other forms of new technology to communicate internally and externally. The accessibility and instantaneous nature of interactions with such media may facilitate or exacerbate the risk of data leakages from within the Issuer which may be damaging for its reputation. As social media platforms expand, it becomes increasingly challenging to identify new points of entry and to put structures in place to secure and protect information.

Inappropriate use of certain media vehicles could lead to misuse including public disclosure of sensitive information (such as personally identifiable information on employees, healthcare professionals or patients, for example, those enrolled in the Issuers clinical trials), which may damage the Issuer's reputation and expose it to certain legal risks as well as additional legal obligations. Similarly, the involuntary public disclosure of commercially sensitive information such as trade secrets through external media channels, or an information loss, could materially adversely affect the Issuer's business or results of operations. In addition, negative posts or comments on social media websites about the Issuer or, for example, the safety of any of its products, could harm its reputation.

Economic and Financial Risks

Adverse impact of a sustained economic downturn

A variety of significant risks may arise from a sustained global economic downturn. Additional pressure from governments and other healthcare payers on medicine prices and volumes of sales in response to recessionary pressures on budgets may cause a slowdown or a decline in growth in some markets. In some cases, those governments most severely impacted by the economic downturn may seek alternative ways to settle their debts through, for example, the issuance of government bonds which might trade at a discount to the value of the debt. In addition, the Issuer's customers may cease to trade, which may result in losses from writing off debts.

In addition, the Issuer's customers may cease to trade, which may result in losses from writing off debts. The Issuer is highly dependent on being able to access a sustainable flow of liquid funds due to the high fixed costs of operating its business and the long and uncertain development cycles of its products. In a sustained economic downturn, financial institutions with whom it deals may cease to trade and there can be no guarantee that it will be able to access monies owed to it without a protracted, expensive and uncertain process, if at all.

More than 95 per cent. of the Issuer's cash investments are managed centrally and are invested in AAA credit rated institutional money market funds backed by institutions in the U.S. and the EU, which, in turn, invest in other funds, including sovereign funds. This means the Issuer's credit exposure is a mix of U.S. sovereign default risk and financial institution default risk.

While the Issuer has adopted cash management and treasury policies to manage this risk, it cannot be certain that these will be completely effective in particular in the event of a global liquidity crisis. In addition, open positions where the Issuer is owed money and deposits with financial institutions cannot be guaranteed to be recoverable. Additionally, if the Issuer needs access to external sources of financing to sustain and/or grow its business, such as the debt or equity capital financial markets, this may not be available on commercially acceptable terms, if at all, in the event of a severe and/or sustained economic downturn. This may, for instance, be the case in the event of any default by the Group on its debt obligations, which may materially adversely affect the Issuer's ability to secure debt funding in the future or generally on its financial condition.

Political and socio-economic conditions

The Issuer operates in over 100 countries across the world, some of which may be subject to political and social instability. There may be disruption to its business if there is instability in a particular geographic region, including as a result of war, terrorism, riot, unstable governments, civil insurrection or social unrest.

Deterioration of, or failure to improve, socio-economic conditions, and situations and/or events resulting therefrom, depending on their severity, could adversely affect the Issuer's supply and/or distribution chain in the affected countries and the ability of customers or ultimate payers to purchase its medicines. This could materially adversely affect the Issuer's operations.

Risks relating to the Euro-zone crisis

Recent developments in the Eurozone have exacerbated the global economic crisis. Financial markets and the supply of credit are likely to continue to be negatively impacted by ongoing fears surrounding the sovereign debts and/or fiscal deficits of several countries in Europe (primarily Greece, Ireland, Italy, Portugal and Spain), the possibility of further credit rating downgrades of or defaults on sovereign debt, concerns about a slowdown in growth in certain economies and uncertainties regarding the stability and overall standing of the European Monetary Union (the "**Euro-zone debt crisis**"). Governments and regulators have implemented austerity programmes and other remedial measures to respond to the Euro-zone debt crisis and stabilise the financial system but the actual impact of such programmes and measures are difficult to predict.

If the Eurozone debt crisis is not resolved, it may be the case that one or more countries may default and/or leave the European Monetary Union and re-establish their own national currency or that the European Monetary Union collapses. In such an event, there could be significant, extended and generalised market dislocation with unpredictable and materially adverse effects on the Issuer's business, results of operations and financial condition. In addition, the departure of one or more countries from the European Monetary Union may result in the imposition of, inter alia, exchange control and mandatory payment laws. Any one or more of the factors outlined above could result in investors of Notes denominated in Euro receiving less interest or principal than expected and could also adversely affect the price of Notes on the secondary market.

The exact nature of the risks that the Issuer faces is difficult to predict and guard against in light of (i) the inter-related nature of the risks involved, (ii) difficulties in predicting the outcomes of austerity programmes and other remedial measures in Europe, (iii) the extent to which the Eurozone debt crisis, slowdown in growth or recession in Europe and elsewhere and loss of consumer confidence will impact on the global economy and (iv) the fact that the risks are outside of the Issuer's control.

Impact of fluctuations in exchange rates

As a global business, currency fluctuations can significantly affect the Issuer's results of operations, which are reported in U.S.$. Approximately 38 per cent. of the Issuer's global 2012 sales were in the U.S., which is expected to remain its largest single market for the foreseeable future. Sales in other countries are predominantly in currencies other than the U.S.$, including the euro, Japanese yen, Australian dollar and Canadian dollar. The Issuer has a growing exposure to emerging market currencies, where some have exchange controls in place, but for others the exchange rates are also linked to the U.S.$. Major components of its cost base are located in the UK and Sweden, where an aggregate of approximately 25.9 per cent. of its employees are based.

Movements in the exchange rates used to translate foreign currencies into U.S.$ may materially adversely affect the Issuer's financial condition and results of operations. Additionally, some of its subsidiaries import and export goods and services in currencies other than their own functional currency and so the results of such subsidiaries could be affected by currency fluctuations arising between the transaction dates and the settlement dates for these transactions.

Limited third party insurance coverage

In recent years, the costs associated with product liability litigation have increased the cost of, and narrowed the coverage afforded by, pharmaceutical companies' product liability insurance. To contain insurance costs in recent years, the Issuer has continued to adjust its coverage profile, accepting a greater degree of uninsured exposure. The Group has not held material limits for product liability insurance since February 2006. In addition, where claims are made under insurance policies, insurers may reserve the right to deny coverage on various grounds. If such denial of coverage is ultimately upheld, this could result in material additional charges to the Issuer's earnings.

Taxation

The integrated nature of the Issuer's worldwide operations 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, and has the potential to affect the Issuer's cash flows and earnings per share. Claims, regardless of their merits or their outcome, are costly, divert management attention and may adversely affect the Issuer's reputation.

The majority of the jurisdictions in which the Issuer operates have double tax treaties with other foreign jurisdictions, which enable it to ensure that its revenues and capital gains do not incur a double tax charge. If any of these double tax treaties should be withdrawn or amended, especially 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 or amendment could materially adversely affect the Issuer's financial condition and results of operations, as could a negative outcome of a tax dispute or a failure by the tax authorities to agree through competent authority proceedings.

Pensions

The Issuer's pension obligations are backed by assets invested across the broad investment market. Its most significant obligations relate to the UK pension fund.

Sustained falls in these asset values will put a strain on funding which may result in requirements for additional cash, restricting cash available for strategic business growth. Similarly, if the liabilities rise as a result of a sustained low interest rate environment, there will be a strain on funding from the business. The likely increase in the IAS 19 accounting deficit generated by any of these factors may cause the ratings agencies to review the Issuer's credit rating, with the potential to negatively affect its ability to raise debt.

Risk relating to the Notes

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 FCA and to trading on the Regulated Market of 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.

Global economic conditions

Holders of Notes should be aware that adverse changes in the global credit markets may adversely affect the borrowing capacity and the cost of borrowing of the Issuer. In addition, holders of Notes should be aware that, in view of the prevailing and widely reported global credit market conditions (which continue at the date hereof), the secondary market for Notes and instruments of this kind may be illiquid. The Issuer cannot predict when these circumstances will change.

Interest rate risks

Investment in fixed rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of fixed rate 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, or lodged with a sub-custodian for CMU, 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 depositary or, as the case may be, common safekeeper for Euroclear and Clearstream, Luxembourg or lodged with a sub-custodian for CMU. Except in the circumstances described in the relevant Global Note, investors will not be entitled to receive Definitive Notes. The relevant clearing system(s) 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 the clearing system(s).

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 depositary or, as the case may be, a common safe-keeper for Euroclear and Clearstream, Luxembourg or, as the case may be, a sub-custodian for CMU, 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 or, as the case may be, CMU 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.

Holders 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 the relevant clearing system(s) 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.

Notes denominated in Renminbi are subject to additional risks

Set out below is a description of the principal risks which may be relevant to an investor in Notes denominated in Renminbi:

Renminbi is not freely convertible and may adversely affect the liquidity of the Notes

Renminbi is not freely convertible at present. The PRC government continues to regulate conversion between Renminbi and foreign currencies despite the significant reduction over the years by the PRC government of control over routine foreign exchange transactions under current accounts. Participating banks in Hong Kong have been permitted to engage in the settlement of Renminbi trade transactions under a pilot scheme introduced in July 2009. This represents a current account activity. The pilot scheme was extended in August 2011 to cover all provinces and cities in the PRC and to make Renminbi trade and other current account item settlement available in all countries worldwide. New PRC regulations were promulgated in October 2011, liberalising the control over the remittance of Renminbi into the PRC for settlement of certain capital account items. However, restrictions still apply to the remittance of offshore Renminbi into the PRC in certain circumstances.

As a result of restrictions imposed by the PRC government on cross-border Renminbi fund flows, the availability of Renminbi outside the PRC may be limited. Since February 2004, in accordance with arrangements between the PRC government and the Hong Kong government, licensed banks in Hong Kong may offer limited Renminbi -denominated banking services to Hong Kong residents and specified business customers. The People's Bank of China (the "**PBOC**") has also established a Renminbi clearing and settlement system for participating banks in Hong Kong pursuant to a Settlement Agreement relating to the clearing of Renminbi business between PBOC and Bank of China (Hong Kong) Limited (the "**RMB Clearing Bank**"). Participating banks are required by the Hong Kong Monetary Authority to maintain a total amount of Renminbi (in the form of cash and its settlement account balance with the RMB Clearing Bank) of no less than 25 per cent. of their Renminbi deposits, which further limits the availability of Renminbi that participating banks can utilise for conversion services for their customers. Renminbi business participating banks do not have direct Renminbi liquidity support from PBOC. The RMB Clearing Bank only has access to onshore liquidity support from PBOC to square open positions of participating banks for limited types of transactions, including open positions resulting from conversion services for corporations relating to cross-border trade settlement and for individual customers of up to Renminbi 20,000 per person per day. The RMB Clearing Bank is not obliged to square for participating banks any open positions resulting from other foreign exchange transactions or conversion services and the participating banks will need to source Renminbi from the offshore market to square such open positions. Although it is expected that the offshore Renminbi market will continue to grow in depth and size, the current size of Renminbi and Renminbi -denominated financial assets outside the PRC is limited, and its growth is subject to many constraints which are directly affected by PRC laws and regulations on foreign exchange, and may adversely affect the liquidity of the Notes.

Renminbi currency risk

Except in limited circumstances, all payments of Renminbi under the Notes will be made solely by transfer to a Renminbi bank account maintained in Hong Kong in accordance with the prevailing rules and regulations for such transfer and in accordance with the terms and conditions of the Notes. The Issuer cannot be required to make payment by any other means (including by transfer to a bank account in the

PRC or anywhere else outside Hong Kong). Noteholders may be required to provide certifications and other information (including Renminbi account information) in order to be allowed to receive payments in Renminbi in accordance with the Renminbi clearing and settlement system for participating banks in Hong Kong. Renminbi is not freely convertible at present, and conversion of Renminbi into other currencies through banks in Hong Kong is subject to restrictions.

In addition, there can be no assurance that access to Renminbi for the purposes of making payments under the Notes by the Issuer or generally will remain, that the PRC government will continue to gradually liberalise the control over cross border Renminbi remittances in the future, that the pilot scheme introduced in July 2009 will not be discontinued or that new PRC regulations will not be promulgated which have the effect of restricting availability or eliminating the remittance of Renminbi outside of the PRC. To the extent the Issuer is required to source Renminbi outside the PRC to service payments of Renminbi under the Notes, there is no assurance that the Issuer will be able to source such Renminbi on satisfactory terms, if at all. If it becomes impossible to convert Renminbi from/to another freely convertible currency, or transfer Renminbi between accounts in Hong Kong, or the general Renminbi exchange market in Hong Kong becomes illiquid, or any Renminbi clearing and settlement system for participating banks in Hong Kong is disrupted or suspended, the Issuer may make payment in U.S. dollars using the prevailing spot rate of exchange determined by the Calculation Agent.

Renminbi exchange rate risk

The value of Renminbi against the U.S. dollar and other foreign currencies fluctuates and is affected by changes in the PRC and international political and economic conditions and by many other factors. The Issuer will make all Renminbi payments under the Notes in Renminbi unless otherwise specified. As a result, the value of such payments in Renminbi (in U.S. dollars or other applicable foreign currency terms) may vary with the prevailing exchange rates in the marketplace. If the value of Renminbi depreciates against the U.S. dollar or other foreign currencies, the value of a Noteholder's investment in U.S. dollars or other applicable foreign currency terms will decline.

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 and Luxembourg may instead apply a withholding system in relation to such payments, deducting tax at a rate of 35 per cent, unless during that transitional period they elect to provide information in accordance with the Directive. 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.

Luxembourg has announced that it will no longer apply the withholding tax system as from 1 January 2015 and will provide details of payments of interest (or similar income) as from this date.

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 or certain limited types or entity established in one of those territories.

The European Commission has proposed certain amendments to the Directive which may, if implemented, amend or broaden the scope of the requirements described above. At a meeting on 22 May 2013, the European Council called for the adoption of an amended Directive before the end of 2013. Investors who are in any doubt as to their position should consult their professional advisers.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents (excluding all information incorporated by reference in any such documents either expressly or implicitly and excluding any information or statements included in any such documents either expressly or implicitly that is or might be considered to be forward looking) shall be deemed to be incorporated in, and to form part of, this Base Prospectus:

- pages 12 to 21 of the "Unaudited First Quarter Results" of the Issuer as at and for the 3 months ended 31 March 2013;
- the "Annual Report and Form 20-F Information 2012" of the Issuer (including the audited consolidated financial statements of the Issuer as at and for the years ended 31 December 2012 together with the notes thereto and the independent auditor's report to the members of AstraZeneca PLC (Group)); and
- the "Annual Report and Form 20-F Information 2011" of the Issuer (including the audited consolidated financial statements of the Issuer as at and for the years ended 31 December 2011 together with the notes thereto and the independent auditor's report to the members of AstraZeneca PLC (Group)).

Any non-incorporated parts of a document referred to herein are either deemed not relevant for an investor or are otherwise covered elsewhere in 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 and will be available to the public on the Issuer's website (www.astrazeneca.com/Investors).

FINAL TERMS AND DRAWDOWN PROSPECTUSES

In this section the expression "**necessary information**" means, in relation to any Tranche of Notes, the information necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and of the rights attaching to the Notes. In relation to the different types of Notes which may be issued under the Programme the Issuer has included in this Base Prospectus all of the necessary information except for information relating to the Notes which is not known at the date of this Base Prospectus and which can only be determined at the time of an individual issue of a Tranche of Notes.

Any information relating to the Notes which is not included in this Base Prospectus and which is required in order to complete the necessary information in relation to a Tranche of Notes will be contained either in the relevant Final Terms or in a Drawdown Prospectus. Such information will be contained in the relevant Final Terms unless any of such information constitutes a significant new factor relating to the information contained in this Base Prospectus in which case such information, together with all of the other necessary information in relation to the relevant series of Notes, may be contained in a Drawdown Prospectus.

For a Tranche of Notes which is the subject of Final Terms, those Final Terms will, for the purposes of that Tranche only, complete this Base Prospectus and must be read in conjunction with this Base Prospectus. The terms and conditions applicable to any particular Tranche of Notes which is the subject of Final Terms are the Conditions as completed to the extent described in the relevant Final Terms.

The terms and conditions applicable to any particular Tranche of Notes which is the subject of a Drawdown Prospectus will be the Conditions as supplemented, amended and/or replaced to the extent described in the relevant Drawdown Prospectus. In the case of a Tranche of Notes which is the subject of a Drawdown Prospectus, each reference in this Base Prospectus to information being specified or identified in the relevant Final Terms shall be read and construed as a reference to such information being specified or identified in the relevant Drawdown Prospectus unless the context requires otherwise.

The Issuer will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Base Prospectus which is capable of affecting the assessment of any Notes, prepare a supplement to this Base Prospectus or publish a new Base Prospectus for use in connection with any subsequent issue of Notes.

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, on or around the issue date of the relevant Tranche of the Notes, be deposited with a depositary or a common depositary for Euroclear Bank SA/NV ("**Euroclear**") and/or Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**") or lodged with a sub-custodian for the Central Moneymarkets Unit Service operated by the Hong Kong Monetary Authority ("**CMU**", and together with Euroclear and Clearstream, Luxembourg, the "**Clearing Systems**") 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, on or around the issue date of the relevant Tranche of the Notes, be deposited 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 or, as the case may be, the CMU Lodging and Paying Agent; and

(ii) receipt by the Principal Paying Agent or, as the case may be, the CMU Lodging and 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, Clearstream, Luxembourg or CMU 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 12 (*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 or, as the case may be, the CMU Lodging and 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 or, as the case may be, the CMU Lodging and Paying Agent within 30 days of the bearer requesting such exchange.

For the avoidance of doubt, if Notes are to be issued with a minimum Specified Denomination and in integral multiples of another smaller amount in excess thereof as specified in the relevant Final Terms, the Notes cannot be represented on issue by a Temporary Global Note exchangeable for Definitive Notes.

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, Clearstream, Luxembourg or CMU 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 12 (*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 or, as the case may be, the CMU Lodging and Paying Agent within 30 days of the bearer requesting such exchange.

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".

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 complete 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 completed 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 completes these terms and conditions (the "**Conditions**"). The terms and conditions applicable to any particular Tranche of Notes are these Conditions as completed 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 made on 10 September 2007 and amended and restated on 28 June 2013 (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 amended and restated issue and paying agency agreement dated 28 June 2013 (the "**Agency Agreement**") between the Issuer, 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) and Deutsche Bank AG, Hong Kong Branch as CMU lodging and paying agent (the "**CMU Lodging and Paying Agent**", which expression includes any successor CMU lodging and 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;

"**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/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**" is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"$\mathbf{Y_1}$" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{Y_2}$" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"$\mathbf{M_1}$" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{M_2}$" is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

"$\mathbf{D_1}$" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D_1 will be 30; and

"$\mathbf{D_2}$" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D_1 is greater than 29, in which case D_2 will be 30";

(vi) if "**30E/360**" or "**Eurobond Basis**" is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"$\mathbf{Y_1}$" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{Y_2}$" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"$\mathbf{M_1}$" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{M_2}$" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"$\mathbf{D_1}$" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D_1 will be 30; and

"$\mathbf{D_2}$" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D_2 will be 30; and

(vii) if "**30E/360 (ISDA)**" is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"$\mathbf{Y_1}$" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{Y_2}$" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"$\mathbf{M_1}$" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{M_2}$" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"$\mathbf{D_1}$" is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D_1 will be 30; and

"$\mathbf{D_2}$" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D_2 will be 30,

provided, **however**, **that** in each such case the number of days in the Calculation Period is calculated from and including the first day of the Calculation Period to but excluding the last day of the Calculation Period;

"**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;

"**EURIBOR**" means, in respect of any specified currency and any specified period, the interest rate benchmark known as the Euro zone interbank offered rate which is calculated and published by a designated distributor (currently Thomson Reuters) in accordance with the requirements from time to time of the European Banking Federation based on estimated interbank borrowing rates for a number of designated currencies and maturities which are provided, in respect of each such currency, by a panel of contributor banks (details of historic EURIBOR rates can be obtained from the designated distributor);

"**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 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;

"**LIBOR**" means the interest rate benchmark known as the London interbank offered rate administered by the British Bankers Association (or any other person which takes over the administration of that rate) for the relevant currency and period displayed on pages LIBOR01 or LIBOR02 of the Reuters screen (or any replacement Reuters page which displays that rate) on the appropriate page of such other information service which publishes that rate from time to time in place of Reuters (details of historic LIBOR rates can be obtained from Reuters or the designated information service from time to time);

"**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;

"**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 or, as the case may be, the CMU Lodging and 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:

(i) 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;

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

(iii) 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;

(iv) 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;

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

(vi) 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;

(vii) 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;

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

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

(x) 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;

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

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

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

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

(xii) 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;

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

(xiv) 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;

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

(xvi) 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

(ii) in relation to Australian dollars, it means either Sydney or Melbourne and, in relation to New Zealand dollars, it means either Wellington or Auckland; in each case as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent;

"**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 9(e) (*Redemption at the option of Noteholders*);

"**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;

"**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 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 or, as the case may be, the CMU Lodging and 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 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:

(i) 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;

(ii) 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);

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

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

(v) 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:

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

(ii) which owns a Relevant Asset;

"**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;

"**Talon**" means a talon for further Coupons;

"**TARGET2**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007;

"**TARGET Settlement Day**" means any day on which TARGET2 is open for the settlement of payments in euro;

"**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 11 (*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 11 (*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 10 (*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 or, as the case may be, the CMU Lodging and 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 Provisions**

(a) ***Application***:

This Condition 7 is applicable to the Notes only if the Floating 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 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 or, as the case may be, the CMU Lodging and 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) ***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.

(f) ***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.

(g) ***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.

(h) ***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.

(i) ***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.

(j) ***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 CMU Lodging and 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. **Redemption and Purchase**

(a) ***Scheduled redemption***:

Unless previously redeemed, or purchased and cancelled in accordance with Condition 9(i) (*Cancellation*), the Notes will be redeemed at their Final Redemption Amount on the Maturity Date, subject as provided in Condition 10 (*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 the Floating Rate Note provisions are not specified in the relevant Final Terms as being applicable); or

(ii) on any Interest Payment Date (if the Floating Rate 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 11 (*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 9(b), the Issuer shall be bound to redeem the Notes in accordance with this Condition 9(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 9(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 9(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 9(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 9(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 9(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) ***No other redemption***:

The Issuer shall not be entitled to redeem the Notes otherwise than as provided in Conditions 9(a)) (*Scheduled redemption*) to 9(e) (*Redemption at the option of Noteholders*) above.

(g) ***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 9(g) or, if none is so specified, a Day Count Fraction of 30E/360.

(h) ***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.

(i) ***Cancellation***:

All Notes so redeemed 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. Any Notes purchased by the Issuer or any of its Subsidiaries may be cancelled, reissued or resold.

10. 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 11 (*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 10(f) is applicable or that the Floating Rate 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 9(b) (*Redemption for tax reasons*), Condition 9(e) (*Redemption at the option of Noteholders*), Condition 9(c)(*Redemption at the option of the Issuer*) or Condition 12 (*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 or, as the case may be, the CMU Lodging and 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 13 (*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.

(k) ***CMU Service:***

Notwithstanding the foregoing, all payments of principal and interest in respect of Notes held in the CMU Service will be made to the person(s) for whose account(s) interests in the relevant Note are credited as being held with the CMU Service in accordance with the CMU Rules (as defined in the Agency Agreement) at the relevant time as notified to the CMU Lodging Agent by the CMU Service in a relevant CMU Instrument Position Report (as defined in the Agency Agreement) or any other relevant notification by the CMU Service, which notification shall be conclusive evidence of the records of the CMU Service (save in the case of manifest or proven error) and payment made in accordance thereof shall discharge the obligations of the Issuer in respect of that payment.

(l) ***Payment of US Dollar Equivalent:***

The following provisions apply to Notes denominated in Renminbi only. Notwithstanding the foregoing, if by reason of Inconvertibility, Non-transferability or Illiquidity, the Issuer is not able to satisfy payments of principal or interest in respect of Notes denominated in Renminbi when due in Renminbi in Hong Kong, the Issuer may, on giving not less than 10 Hong Kong Banking Days' or more than 30 calendar days' irrevocable notice to the Noteholders prior to the due date for payment, settle any such payment in US Dollars on the due date at the US Dollar Equivalent of any such Renminbi denominated amount.

For the purposes of these Conditions:

"**CMU Service**" means the Central Moneymarkets Unit Service, operated by the Hong Kong Monetary Authority;

"**Renminbi Calculation Agent**" means Deutsche Bank AG, Hong Kong Branch;

"**Renminbi Dealer**" means an independent foreign exchange dealer of international repute active in the Renminbi exchange market in Hong Kong;

"**Determination Business Day**" means a day (other than a Saturday or Sunday) on which commercial banks are open for general business (including dealings in foreign exchange) in Hong Kong, Beijing and in New York City;

"**Determination Date**" means the day which is two Determination Business Days before the due date for any payment of the relevant amount under these Conditions;

"**Governmental Authority**" means any de facto or de jure government (or any agency or instrumentality thereof), court, tribunal, administrative or other governmental authority or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) of Hong Kong;

"**Hong Kong**" means the Hong Kong Special Administrative Region of the PRC;

"**Hong Kong Banking Day**" means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are generally open for business in Hong Kong for business and settlement of Renminbi.

"**Illiquidity**" means where the general Renminbi exchange market in Hong Kong becomes illiquid and, as a result of which, the Issuer cannot obtain sufficient Renminbi in order to satisfy its obligation to pay interest and principal (in whole or in part) in respect of the Notes as determined by the Issuer in good faith and in a commercially reasonable manner following consultation (if practicable) with two Renminbi Dealers;

"**Inconvertibility**" means the occurrence of any event that makes it impossible for the Issuer to convert any amount due in respect of the Notes in the general Renminbi exchange market in Hong Kong, other than where such impossibility is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after date of the relevant Final Terms and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation);

"**Non-transferability**" means the occurrence of any event that makes it impossible for the Issuer to transfer Renminbi between accounts inside Hong Kong or from an account inside Hong Kong to an account outside Hong Kong and outside the PRC or from an account outside Hong Kong and outside the PRC to an account inside Hong Kong, other than where such impossibility is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after date of the relevant Final Terms and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation);

"**PRC**" means the People's Republic of China which, for the purpose of these Conditions, shall exclude Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan;

"**Spot Rate**" means the spot CNY/US dollar exchange rate for the purchase of US dollars with Renminbi in the over-the-counter Renminbi exchange market in Hong Kong for settlement in two Determination Business Days, as determined by the Renminbi Calculation Agent at or around 11 a.m. (Hong Kong time) on the Determination Date, on a deliverable basis by reference to Reuters Screen Page TRADCNY3, or if no such rate is available, on a non-deliverable basis by reference to Reuters Screen Page TRADNDF.

If neither rate is available, the Renminbi Calculation Agent will determine the Spot Rate at or around 11 a.m. (Hong Kong time) on the Determination Date as the most recently available CNY/U.S. dollar official fixing rate for settlement in two Determination Business Days reported by The State Administration of Foreign Exchange of the PRC, which is reported on the Reuters Screen Page CNY=SAEC. Reference to a page on the Reuters Screen means the display page so designated on the Reuter Monitor Money Rates Service (or any successor service) or such other page as may replace that page for the purpose of displaying a comparable currency exchange rate;

"**US Dollar Equivalent**" means the Renminbi amount converted into US Dollars using the Spot Rate for the relevant Determination Date; and

"**US Dollars**" means the lawful currency of the United States of America.

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 10(l) by the Renminbi Calculation Agent, will (in the absence of its gross negligence or wilful misconduct) be binding on the Issuer, the Agents and all Noteholders.

11. 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;

(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; or

(v) where such withholding or deduction is imposed pursuant to the foreign account tax compliance provisions of the Hiring Incentives to Restore Employment Act of 2010 (commonly referred to as "**FATCA**"), including the intergovernmental agreement between the United States and the United Kingdom and any laws and regulations enacted pursuant to such agreement.

(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.

12. **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.

13. 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.

14. 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 or, as the case may be, the CMU Lodging and 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.

15. 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 the CMU Lodging and Paying Agent and their 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, CMU lodging and 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 a CMU Lodging and 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.

16. **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 18 (*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 11 (*Taxation*) (or any undertaking given in addition to or substitution for it pursuant to the provisions of the Trust Deed).

17. **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.

18. **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, in the case of Renminbi Notes cleared through the CMU, published in Asia or, if such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe or Asia (as the case may be). 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.

19. 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 per cent. being rounded up to 0.00001 per cent.), (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.

20. Governing Law

The Notes and the Trust Deed and any non-contractual obligations arising out of or in connection with the Notes and the Trust Deed are governed by English law.

FORM OF FINAL TERMS

Final Terms dated [•]

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 28 June 2013 [and the supplemental Base Prospectus dated [•]] 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]. The expression "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the relevant Member State) and includes any relevant implementing measures in the Relevant Member State and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU).

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 the website of the London Stock Exchange (www.londonstockexchange.com)] [and] during normal business hours at [•] [and copies may be obtained from [•]].

1.	Issuer:		AstraZeneca PLC
2.	[(i)]	Series Number:	[•]
	[(ii)	Tranche Number:	[•]]
3.	Specified Currency or Currencies:		[•]
4.	Aggregate Nominal Amount:		
	[(i)]	Series:	[•]
	[(ii)	[Tranche:	[•]]
5.	Issue Price:		[•] per cent. of the Aggregate Nominal Amount [plus accrued interest from [•]]
6.	(i)	Specified Denominations:	[•] [and integral multiples of EUR [•] in excess thereof up to and including EUR [•]. Definitive Notes will not be issued in denominations in excess of EUR [•].]
	(ii)	Calculation Amount:	[•]
7.	(i)	Issue Date:	[•]
	(ii)	Interest Commencement Date:	[•]
8.	Maturity Date:		[•]
9.	Interest Basis:		[• per cent. Fixed Rate] [[EURIBOR/LIBOR] +/— [•] per cent. Floating Rate] [Zero Coupon]

10.	Redemption/Payment Basis:		[Redemption at par]
11.	Change of Interest or Redemption/Payment Basis:		[[•]/Not Applicable]
12.	Put/Call Options:		[Investor Put] [Issuer Call] [Not Applicable]
13.	(i)	Status of the Notes:	[Senior/Subordinated]
	[(ii)]	[Date [Board] approval for issuance of Notes obtained:	[•]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14.	**Fixed Rate Note Provisions**		[Applicable/Not Applicable]
	(i)	Rate[(s)] of Interest:	[•] per cent. per annum payable on such Interest Payment Date
	(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)]
	[(vi)	Determination Dates:	[•] in each year [[•]]
15.	**Floating Rate Note Provisions**		[Applicable/Not Applicable]
	(i)	Interest Period(s) — see endnote	[•]
	[(ii)	Specified Period:	[[•]/[Not Applicable]]
	(iii)	Specified Interest Payment Dates:	[•]
	(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/No Adjustment]
	(vi)	Additional Business Centre(s):	[Not Applicable/[•]]
	(vii)	Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination/ISDA Determination]
	(viii)	Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the [Principal Paying Agent/ CMU Lodging and Paying Agent]):	[[•]/[Not Applicable]]
	(ix)	Screen Rate Determination:	
		• Reference Rate:	[EURIBOR/LIBOR]

		• Interest Determination Date(s)	[•]
		• Relevant Screen Page:	[•]
		• Relevant Time:	[•]
		• Relevant Financial Centre:	[•]
	(x)	ISDA Determination:	
		• Floating Rate Option:	[•]
		• Designated Maturity:	[•]
		• Reset Date:	[•]
	(xi)	Margin(s):	[+/—][•] per cent. per annum
	(xii)	Minimum Rate of Interest:	[•] per cent. per annum/[Not Applicable]
	(xiii)	Maximum Rate of Interest:	[•] per cent. per annum/[Not Applicable]
	(xiv)	Day Count Fraction:	[•]
16.	**Zero Coupon Note Provisions**		[Applicable/Not Applicable]
	(i)	[Amortisation/Accrual] Yield:	[•] per cent. per annum
	(ii)	Reference Price:	[•]
	(iii)	Any other formula/basis of determining amount payable:	[[•]]

PROVISIONS RELATING TO REDEMPTION

17.	**Call Option**		[Applicable/Not Applicable]
	(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:	
		(a) Minimum Redemption Amount:	[•] per Calculation Amount
		(b) Maximum Redemption Amount:	[•] per Calculation Amount
	(iv)	Notice period:	[•]
18.	**Put Option**		[Applicable/Not Applicable]
	(i)	Optional Redemption Date(s):	[•]
	(ii)	Notice period:	[•]
19.	**Final Redemption Amount of each Note**		[[•] per Calculation Amount/other/see Appendix]

20. **Early Termination Amount**

	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:	[•][Not Applicable]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

21.	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.] [Temporary Global Note exchangeable for Definitive Notes on [•] days' notice.] [Permanent Global Note exchangeable for Definitive Notes on [•] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note].
22.	New Global Note Form:	[Applicable/Not Applicable]
23.	Additional Financial Centre(s) or other special provisions relating to Payment Dates	[Not Applicable/[•]]
24.	Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):	[Yes/No.]
25.	[Consolidation provisions:	[Not Applicable]

Signed on behalf of the Issuer:

By: ....
Duly authorised

PART B — OTHER INFORMATION

1. **LISTING AND ADMISSION TO TRADING**

(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 Regulated Market of the London Stock Exchange with effect from [•].]
(ii)	Estimate of total expenses related to admission to trading:	[•]

2. **RATINGS**

Ratings:	The Notes to be issued have been rated: [Standard & Poor's Credit Market Services Europe Limited: [•]] [Moody's France SAS.: [•]] [Not Applicable]

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

[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.]/[•]/[Not Applicable]

4. [***Fixed Rate Notes Only* —YIELD**

Indication of yield:	[•]

5. **OPERATIONAL INFORMATION**

ISIN Code:	[•]
Common Code:	[•]
New Global Note intended to be held in a manner which would allow Eurosystem eligibility:	[Yes. 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.] No. Whilst the designation is specified as "**No**" at the date of this Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them, the Notes may then be deposited with Euroclear or Clearstream, Luxembourg as common safekeeper. Note that this does not necessarily means that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations

	by the Eurosystem at any time during their life. Such recognition will depend upon Eurosystem eligibility criteria.
Delivery:	Delivery [against/free of] payment
Names and addresses of additional paying agent(s) (if any):	[•]
TEFRA:	[Not Applicable/The [C/D] Rules are applicable

6. **[THIRD PARTY INFORMATION]**

[[•] has been extracted from [•]. 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 [•], no facts have been omitted which would render the reproduced inaccurate or misleading.

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 (i) in the case of a Global Note not lodged with CMU, 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, or (ii) in the case of a Global Note lodged with CMU, a sub-custodian for CMU.

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg and/or CMU 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, Clearstream, Luxembourg and/or CMU 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 the relevant Clearing System(s) 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 the relevant Clearing System(s) and/or any other relevant clearing system and received by the Principal Paying Agent or, as the case may be, the CMU Lodging and 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 or, as the case may be, the CMU Lodging and 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 or, as the case may be, the CMU Lodging and 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 or, in the case of Notes lodged with CMU, Hong Kong 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 or, in the case of Notes lodged with CMU, Hong Kong 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 or, in the case of Notes lodged with CMU, Hong Kong time) on such seventh day (in the case of (a) above) or at 5.00 p.m. (London time or, in the case of Notes lodged with CMU, Hong Kong time) on such thirtieth day (in the case of (b) above) or at 5.00 p.m. (London time or, as the case may be, Hong Kong 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 or, as the case may be, the CMU Lodging and 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 or, in the case of Notes lodged with CMU, Hong Kong 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 or, in the case of Notes lodged with CMU, Hong Kong time) on such thirtieth day (in the case of (a) above) or at 5.00 p.m. (London time or, in the case of Notes lodged with CMU, Hong Kong 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 9(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 or, as the case may be, the CMU Lodging and 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.

Payment Business Day

In the case of a Global Note, shall be: if the currency of payment is euro, any day which is 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, if the currency of payment is not euro, any day which is 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.

Partial exercise of call option*:*

In connection with an exercise of the option contained in Condition 9(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 the relevant Clearing System(s) (to be reflected in the records of the relevant Clearing System(s) as either a pool factor or a reduction in principal amount, at their discretion).

Notices*:*

Notwithstanding Condition 18 (*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 lodged with a sub-custodian for CMU and/or any other relevant clearing system or a common safekeeper (as the case may be), notices to Noteholders may be given by delivery of the relevant notice to Euroclear, Clearstream, Luxembourg and/or CMU and/or any other relevant clearing system (as the case may be) and, in any case, such notices shall be deemed to have been given to the Noteholders in accordance with Condition 18 (*Notices*) on the date of delivery to Euroclear, Clearstream, Luxembourg and/or CMU 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 2 Kingdom Street, Paddington, London W2 6BD, telephone number: +44 20 7604 8000, facsimile number: +44 20 7604 8151. The registered number of the Issuer is 2723534.

This business description set out on pages 66 to 88 (inclusive) of this Base Prospectus is an overview of, is qualified in its entirety by, and should be read in conjunction with, the information incorporated by reference into this Base Prospectus (see "Documents incorporated by reference" on page 23 of this Base Prospectus).

Principal Activities

The Issuer is a global, innovation-driven, prescription-based biopharmaceutical business involved in the discovery, development, manufacture and marketing of prescription pharmaceuticals for important areas of healthcare: cardiovascular, gastrointestinal, infection, neuroscience, oncology, respiratory and inflammation. As at 31 December 2012 the Issuer's range of medicines included eight products, each with annual sales of over U.S.$1,000 million. The Issuer has activities in over 100 countries worldwide, with major research and development centres in six countries, including Sweden, the United Kingdom and the United States, and manufacturing facilities in 16 countries. It employs approximately 51,700 people (approximately 46 per cent. in Europe, the Middle East and Africa ("**EMEA**"), 28 per cent. in the Americas and 26 per cent. in Asia-Pacific) and has a growing presence in important emerging markets, including China.

Key Products

Backed by its track record of pharmaceutical innovation over more than 70 years, AstraZeneca has a broad range of marketed medicines that continue to make a positive difference in healthcare. In addition to its pipeline of products in the discovery and development phases, the Issuer's pipeline includes life-cycle management initiatives for approved products to bring further benefit for patients and maximise their commercial potential.

Cardiovascular Medicines

AstraZeneca's cardiovascular products include: Crestor, for the treatment of dyslipidaemia and hypercholesterolemia; Atacand, for the treatment of hypertension and symptomatic heart failure; Seloken/Toprol-XL, a once-daily tablet for 24 hour control of hypertension and for use in heart failure and angina; Tenormin, a cardioselective beta-blocker for hypertension, angina pectoris and other cardiovascular disorders; Zestril, an angiotensin converting enzyme (ACE) inhibitor, which is used for the treatment of a wide range of cardiovascular diseases, including hypertension; Plendil, a calcium antagonist for the treatment of hypertension and angina; Brilinta/Brilique, an oral antiplatelet for the treatment of acute coronary syndromes; and Axanum, a fixed-dose combination indicated for prevention of cardiovascular events in high risk cardiovascular patients in need of daily low-dose acetylsalicylic treatments and who are at risk of gastric ulcers.

AstraZeneca continues its strong worldwide collaboration with Bristol-Myers Squibb Company ("**BMS**") to co-develop and co-commercialise two compounds discovered by BMS (Onglyza and Forxiga) for the treatment of Type 2 diabetes. In August 2012, AstraZeneca and BMS confirmed that following the completion of BMS's acquisition of Amylin, AstraZeneca and BMS had expanded their worldwide diabetes alliance to include the co-development and co-commercialisation of Amylin's portfolio of products related to diabetes (and other metabolic diseases), including Byetta, Bydureon and Symlin.

Gastrointestinal Medicines

AstraZeneca's gastrointestinal products include: Nexium (esomeprazole magnesium), 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), used for the short-term and long-term treatment of acid-related diseases; and Entocort (budesonide), a locally acting corticosteroid for the treatment of inflammatory bowel disease.

Infection Medicines

AstraZeneca's infection products include: Synagis (palivizumab), a humanised monoclonal antibody used for the prevention of serious lower respiratory tract disease; Zinforo (ceftaroline fosamil), a novel injectable cephalosporin used in community-acquired pneumonia and complicated skin and soft tissue infections; Merrem/Meronem (meropenem), an intravenous carabapenem anti-bacterial for the treatment of serious infections in hospitalised patients; Cubicin, a cyclic lipopeptide anti-bacterial for the treatment of serious infections in hospitalised patients; and FluMist/Fluenz (influenza virus vaccine live, intranasal), an intranasal live, attenuated, trivalent influenza vaccine.

Neuroscience Medicines

AstraZeneca's neuroscience products include: Seroquel IR (quetiapine fumarate), an atypical anti-psychotic drug approved for the treatment of adult schizophrenia and bipolar disorder (mania, depression and maintenance); Seroquel XR (an extended release formulation of quetiapine fumarate), generally approved for the treatment of schizophrenia, bipolar disorder, major depressive disorder and, in some countries for generalised anxiety disorder; Zomig (zolmitriptan), for the treatment of migraine with or without aura, and Zomig Nasal Spray, indicated for the acute treatment of cluster headache in some territories; Diprivan (propofol), an intravenous general anaesthetic used in the induction and maintenance of general anaesthesia, for use in intensive care sedation and conscious sedation for surgical as well as diagnostic procedures; and Vimovo (naproxen/esomeprazole magnesium), a delayed release tablet generally approved for symptomatic relief in the treatment of rheumatoid arthritis, osteoarthritis and ankylosing spondylitis. AstraZeneca also has a portfolio of marketed products for general and local anaesthesia, including Naropin (ropivaricaine), Xylocaine (lidocaine), and EMLA (lidocaine and prilocaine).

Oncology Medicine

AstraZeneca's oncology products include: Arimidex (anastrozole), an aromatase inhibitor for the treatment of breast cancer; Faslodex (fulvestrant), an injectable oestrogen receptor antagonist for the treatment of breast cancer; Casodex (bicalutamide), an anti-androgen therapy for the treatment of prostate cancer; 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 and survival in non-small cell lung cancer; Nolvadex (tamoxifen citrate), a widely prescribed breast cancer treatment outside the U.S.; and Caprelsa (vandetanib), a kinase inhibitor indicated for the treatment of symptomatic or progressive medullary thyroid cancer in patients with unresectable (non-operable) locally advanced or metastatic disease.

Respiratory and Inflammation Medicines

AstraZeneca's respiratory and inflammation ("**R&I**") products include: Symbicort pMDI (budesonide/ formoterol in a pressurised metered-dose inhaler) and Symbicort Turbuhaler, (budesonide/formoterol in a dry powder inhaler) for the treatment of asthma and chronic obstruction pulmonary disease ("**COPD**"); Pulmicort Turbuhaler (budesonide in a dry powder inhaler), an inhaled corticosteroid used for maintenance treatment of asthma; Pulmicort Respules (budesonide inhalation suspension), is a corticosteroid administered via a nebuliser for the treatment of asthma in both children and adults; Oxis Turbuhaler (formoterol), a fast onset, long-acting beta-agonist for the treatment of bronchial-obstructive symptoms in asthma and COPD; Rhinocort (budesonide), a nasal steroid treatment for allergic rhinitis (hayfever), perennial rhinitis and nasal polyps; and Accolate (zafirlukast), an oral leukotriene receptor antagonist for the treatment of asthma.

Business Environment

Although the world pharmaceutical market continued to grow in 2012, research-based pharmaceutical companies faced a challenging marketplace. Industry returns are under pressure from declining research and development productivity and intensifying pricing pressures, particularly in mature and established markets facing rising healthcare costs. AstraZeneca also faces increased competition from generic medicines as some of the world's most successful drugs come off patent. In addition, greater regulatory constraints are being placed on the pharmaceutical industry by governments and those who pay for medicines.

The industry remains highly competitive. Competitors are other large research-based pharmaceutical companies that discover, develop and sell innovative, patent-protected prescription medicines and vaccines, as well as smaller biotechnology and vaccine companies, and companies that produce generic medicines. While many of AstraZeneca's peers are confronting similar challenges, strategically these challenges are being met in different ways. For example, while some companies have pursued a focused strategy, others have chosen to diversify by acquiring or building branded generics businesses or consumer portfolios, arguing that this enables them to better meet changing customer needs and smooth risk for shareholders.

World Markets

The world pharmaceutical market in 2012 was valued at U.S.$839,000 million – an increase of 2.5 per cent. (at constant exchange rates) (2011: 4.5 per cent) (Source: IMS Health).

Average revenue growth in established markets in 2012 was 1.5 per cent., while average revenue growth in emerging markets in 2012 was over seven times higher at 11.1 per cent. The top five pharmaceutical markets in the world remained the U.S., Japan, Germany, France and China, with the U.S. representing 39.3 per cent. of global prescription pharmaceutical sales (2011: 38.1 per cent.).

The Growth Drivers

- Expanding patient populations.
- Continued unmet medical need.
- Continued scientific and technological advance.

Expanding Patient Populations

The world population is expected to rise from its current level of around seven thousand million and reach nine thousand million by 2050.

In addition, the number of people who can access healthcare continues to increase, particularly among the elderly. Globally, it is estimated that between 2000 and 2050 the number of people aged 60 years and over will increase from 605 million to two thousand million. In addition, the faster-developing economies, such as China, India and Brazil, continue to offer new opportunities for the industry to gain access to an expanding number of patients who can benefit from innovative medicines. Developing markets now represent approximately 85 per cent. of the world's population and over 22 per cent. of the world's pharmaceutical revenues.

Unmet Medical Need

In most developed markets, ageing populations and certain lifestyle choices such as smoking, a poor diet and lack of exercise drive an increased incidence of non-communicable diseases ("**NCDs**") such as cancer, cardiovascular/metabolic and respiratory diseases which require long-term management. In 2008, almost two-thirds of deaths globally were from NCDs and 80 per cent. of those were in lower and middle income countries. For example, in South Asia it is estimated that deaths from NCDs will increase from half to almost three-quarters of all deaths between 2008 and 2030. It is also estimated that nearly one-third of the world's diabetes patients will come from India and China by 2030, by which date its prevalence in Brazil is expected to have increased by two-thirds.

Advances in Science and Technology

Innovation leading to new drugs is critical if AstraZeneca is to address unmet medical need. Existing drugs will continue to be important in meeting the growing demand for healthcare, particularly with the increasing use of generic medication. At the same time, advances in disease understanding and the application of new technologies will be required to ensure the delivery of new medicines. Such approaches include personalised healthcare and predictive science, as well as new types of therapy. With advances in the technologies for the design and testing of novel compounds, new opportunities exist for the use of innovative small molecules as new medicines. The use of large molecules, or biologics, has also become an important source of innovation, with biologics among the most commercially successful new products. Forecasts for 2018 predict that of the world's top 100 pharmaceutical products, 49 per cent. of sales will come from biologics. This compares with only 34 per cent. in 2011 and 17 per cent. in 2004. Most pharmaceutical companies now pursue R&D in both small molecules and biologics.

The Challenges

- R&D productivity.
- Regulatory requirements.
- Pricing pressure.
- Patent expiries and genericisation.
- Building trust.

R&D Productivity

Improving R&D productivity is a critical challenge for the pharmaceutical industry. Global investment in pharmaceutical R&D reached an estimated U.S.$134,000 million in 2012, a 94 per cent. increase from U.S.$69,000 million in 2002. However, the annual growth in R&D spend has slowed in recent years.

The number of new drugs approved by the FDA rose from 30 in 2011 to 39 in 2012. This marks the greatest increase in annual approvals since 2004. However, the average forecast sales for these products in the five years post-launch is lower than the forecasts for products approved in 2010, reflecting the shift away from broad primary care indications to more specialist drugs.

To ensure it delivers a sustainable return on its R&D investment, the industry is working to increase its probability of success in developing commercially viable new drugs and is moving to a lower, more flexible cost base. It does so at a time when regulators and payers are demanding more and better evidence of comparative effectiveness of compounds, which lengthens development times and increases development costs.

The industry is using the full range of innovative technologies to achieve and accelerate product approvals. Additionally, greater emphasis has been placed on demonstrating "Proof of Concept", which delivers candidate drugs with supporting data demonstrating that the drug results in a clinical change with an acceptable endpoint or surrogate in patients with the disease.

Organisationally, companies are addressing productivity challenges in a variety of ways.

These include:

- focusing on a defined set of therapeutic areas and exiting those where success has been poor;
- restructuring R&D organisations to create clearer accountabilities and smaller, more entrepreneurial units;
- revamping decision making and governance, so that unsuccessful compounds are identified early, before significant costs have been incurred;
- reducing costs and improving process efficiency, using lean business improvement tools such as "Six Sigma" (a rigorous and disciplined methodology that uses data and statistical analysis to measure and improve a company's operational performance by identifying and eliminating defects) and outsourcing;
- a collaboration-centric business model that includes academic collaborations and co-development agreements that provide for the sharing of development risks and costs with external partners; and

- looking externally for high quality science, technologies, targets, drug candidates, and/or entire drug pipelines.

Regulatory Requirements

The pharmaceutical industry continues to be highly regulated. This reflects public interest in ensuring access to safe, effective and high quality medicines that are responsibly tested, manufactured and commercialised. Given the nature and geographic scope of its business, the Issuer maintains important relationships with health authorities worldwide as they assess the safety, efficacy and quality of medicines. These include the Food and Drug Administration ("FDA") in the US, the European Medicines Agency in the EU, the Japan Pharmaceuticals and Medical Device Agency in Japan and the State Food and Drug Administration in China.

In 2012, the U.S. re-authorised the Prescription Drug User Fee Act and the EU continued to implement pharmacovigilance legislation. These measures share the common goals of protecting patient safety, creating greater transparency in the regulatory process throughout a product's life-cycle and taking greater account of the patient perspective in the regulatory process. There is also a global trend, led by the EU, to increase public access to the documentation companies submit to health authorities in support of marketing authorisations.

So far as the development of biosimilars is concerned, health authorities continue to face the challenge of developing robust standards to ensure their safety, effectiveness and quality.

Efforts to harmonise regulations globally continue, yet the number of regulations and their impact continue to multiply. Clinical trials that support the registration of products in a given regulatory jurisdiction must be relevant to a variety of patient demographics. Programmes using foreign clinical trial data also need to meet each individual health authority's requirements and be relevant to their population. Health authorities continue to redefine patient safety assessment processes. In addition, in emerging pharmaceutical markets, health authorities are developing their own individual requirements and safety initiatives.

One impact of the growing complexity and globalisation of clinical studies, and the pressure on industry and healthcare budgets, has been an increase in industry collaborations with health authorities. These are driving innovation and streamlining regulatory processes, as well as defining and clarifying approval requirements for new technology and approaches such as personalised healthcare. They are also accelerating the development of treatments that address public health priorities.

In another trend, health technology assessors and payers are increasingly assessing not only the safety of products but also their relative effectiveness and value. Consequently, there is a heightened interest by health authorities in both comparative clinical effectiveness and the ongoing benefit/risk assessment of medicines after they have been approved. This is resulting in a greater focus on incorporating validated health outcome measures into clinical trials and the development of clinical comparative evidence.

However, it remains the case that when applications are supported by strong data and compelling benefit/risk propositions, regulators are approving drugs that address unmet medical need.

Pricing Pressure

The pricing and reimbursement environment in many markets continues to be highly challenging. Most pharmaceutical sales are generated in highly regulated markets where governments and private payers, such as insurance companies, exert various levels of control on pricing and reimbursement. Cost-containment, including containment of spending on pharmaceuticals, continues to be a focus. A wave of austerity programmes following the current global economic downturn further constrain healthcare providers and tougher economic conditions constrain those patients who pay directly for their medicines. Additional challenges may arise if suppliers and distributors face credit-related difficulties. At the same time, significant extra resources are required by pharmaceutical companies to demonstrate to payers the economic as well as therapeutic value of medicines. In 2012, pressures on pricing included the implementation of a variety of drug price control mechanisms and other regulatory reforms, as well as the introduction of fixed hospital tariffs which can act as a method of controlling drug costs by incentivising hospitals to choose cheaper generic alternatives over patent-protected medicines.

In the US, the Affordable Care Act has already had a direct impact on healthcare activities despite the fact that many of the healthcare coverage expansion provisions of the Affordable Care Act do not take effect until 2014. For example, in 2010 there was an increase in the mandatory Medicaid rebates. In addition, the pharmaceutical industry, including AstraZeneca, is making prescription drugs more affordable to senior citizens through, for example, helping to close the coverage gap in the Medicare Part D prescription drug programme. The industry continues to work with policymakers and regulators with a view to ensuring that they strike a balance between containing costs, improving outcomes and promoting an environment that fosters medical innovation.

In August 2011, as part of the bipartisan agreement to raise the federal debt ceiling, the U.S. Congress created the Joint Select Committee on Deficit Reduction (the "Committee"). The Committee was empowered to recommend a package of U.S.$1.2 trillion in cost savings with the requirement that, if the Committee failed to reach an agreement, the savings would be achieved through across the board spending cuts (sequestration). The Committee discussions ended without reaching an agreement and, barring future action by Congress, sequestration was to take effect on 2 January 2013. Sequestration would have impacted most the U.S. federal government healthcare programmes with broad reductions in federal government spending. On 3 January 2013, President Barack Obama signed a bill that avoided sequestration. The bill allowed the U.S. Congress and the President an additional two months to address the sequestration challenge. As Congress and the President continue to discuss how to reduce government expenditure, some policymakers may look to the pharmaceutical industry to help achieve the cost savings they seek.

In Europe, governments have issued new legislation on mandatory discounts, clawbacks and referencing rules, driving prices down, especially in the distressed economies of Greece, Portugal and Spain. It has been estimated that in Greece, Ireland, Italy, Portugal and Spain the pharmaceutical industry accommodated price cuts and discounts of more than €7,000 million in 2010 and 2011, which amounted to 8 per cent. of the pharmaceutical industry's annual turnover in these countries. In Germany, Europe's largest pharmaceutical market, manufacturers are now required to prove the additional benefit of their drugs over existing alternatives. Only by showing additional benefit can the drug avoid being transferred to the German reference pricing system, where, for each drug group, a single reimbursement level or reference price is set.

Elsewhere, in China, the triennial maximum retail drug price review took place in 2012, with more stringent rules being imposed compared with previous rounds of cuts, while in Japan biennial cuts are expected to continue. In Latin America, pricing is increasingly controlled by governments, for example in Colombia and Venezuela.

Patent expiries and genericisation

The pharmaceutical industry is in the middle of a period in which some of the biggest selling drugs the industry has ever produced face patent expiry. As a consequence, payers, physicians and patients in established markets will have access to low price, generic alternatives in many important classes of primary care drugs. For example, in the U.S. in 2012, generics constituted 84 per cent. of the market by volume.

Patents only protect pharmaceutical products for a finite period and the expiry or early loss of patents often leads to the availability of generics. Generic versions of drugs are very competitive with significantly lower pricing than the innovator equivalents. This is partly due to lower investment by generic manufacturers in R&D and market development. While generic competition has traditionally occurred when patents expire, it can also occur where the validity of patents is disputed or successfully challenged before expiry. Such early challenges by generics have increased with generics companies increasingly willing to launch products 'at risk', for example, prior to resolution of the relevant patent litigation. This trend is likely to continue, resulting in significant market presence for the generic version during the period in which litigation remains unresolved, even though the courts may subsequently rule that the innovative product is properly protected by a valid patent. The unpredictable nature of patent litigation has led innovators to seek to settle such challenges on terms acceptable to both innovator and generic manufacturer. However, some competition authorities have sought to challenge the scope and/or availability of this type of settlement agreement.

Biologics have, to date, sustained longer life-cycles than traditional small molecule pharmaceuticals and have faced less generic competition. This is due to a more complex manufacturing process for biologics compared with small molecule medicines. It is also due to the inherent difficulties in producing a biosimilar which, as a biological equivalent, rather than an exact chemical copy, could require additional clinical trials. However, with regulatory authorities in Europe and the U.S. continuing to implement abbreviated approvals pathways for biosimilar versions, innovative biologics are likely to become increasingly subject to competition from biosimilars.

Building trust

The pharmaceutical industry faces a challenge in building and maintaining trust, particularly with governments and regulators. The last 10 years have seen a significant increase in the number of settlements between innovator companies and governmental and regulatory authorities for violations of a variety of laws. These include breaches of sales and marketing practices, inducements of physicians to administer a company's products and breaches of anti-trust legislation. For some audiences, there is a perception that pharmaceutical companies place their commercial goals above the interests of patients, physicians and payers. Companies are taking steps to change this perception by embedding a culture of ethics and integrity, adopting higher standards of governance and improving relationships with employees, shareholders and other stakeholders.

AstraZeneca's Strategy

AstraZeneca's mission is to make a difference to healthcare through medicines.

AstraZeneca's recent strategic update confirmed its belief that biopharmaceuticals remain an attractive business, with strong underlying drivers of demand: expanding and ageing populations, a growing chronic disease burden, and increasing wealth through economic growth, especially in emerging markets. While the hurdles to adopting new products have been raised, there remains a willingness to pay for differentiated, innovative medicines.

AstraZeneca further believes that it has the skills and capabilities to take advantage of these opportunities and turn them into long-term value. AstraZeneca will do this by further developing its competitive advantage: science-led innovation, small molecules, immunotherapies and antibody engineering.

AstraZeneca's mission is to be a global biopharmaceutical business delivering medicines to patients through innovative science and excellence in development and commercialisation:

- global – in that AstraZeneca believes it combines global reach with local customer relationships and has the ability to meet healthcare needs in both developed and developing markets efficiently and effectively;

- biopharmaceutical – in that AstraZeneca will develop both chemical (small molecule) and biological (large molecule) medicines available by prescription, targeting those product categories where medical innovation or brand equity will continue to enable AstraZeneca to make acceptable levels of return on its investments;

- innovative science – in that AstraZeneca believes that innovative science must be the foundation for procuring differentiated, novel medicines that benefit patients and for which payers will pay; and

- excellence in development and commercialisation – in that AstraZeneca believes it has strong commercial franchises and capability in developing, marketing and selling primary care, specialty care-led and specialty care products.

AstraZeneca recently completed the strategic review that it began in 2012. AstraZeneca held an Investor Day in March 2013 to provide a more detailed exposition of its strategic priorities, during which it outlined the following strategic priorities:

- **To achieve scientific leadership** – delivering the full potential of AstraZeneca's unique combination of discovery and development strengths in small molecule and biologics, immunotherapies and protein engineering technologies. This includes:

- Prioritising investment in three core therapy areas: cancer, cardiovascular/metabolic disease and respiratory/inflammation/autoimmunity. Alongside this, AstraZeneca remains active in infection and neuroscience with targeted investments in opportunities and collaborations.

- Progressing its Phase II pipeline (which has the potential to double the Phase III pipeline by 2016), and working to deliver on the promise of the biologics portfolio.

- Aiming to launch a steady flow of specialty care products, balancing an historic strength in primary care.

- Re-building the R&D engine through innovation and distinctive science, supported by co-location of teams and better access to globally recognised bioscience hotspots.

- **To return to growth** – focusing AstraZeneca's commercial expertise on key disease franchises and high potential marketplaces. This includes:

  - *Brilinta*: delivering the full potential of the treatment for acute coronary syndromes.

  - Diabetes: achieving a leading position in the non-insulin market through the alliance with BMS.

  - Respiratory: building on the continued growth of the respiratory portfolio in key markets.

  - Emerging markets: investing to drive growth across emerging markets, including building on the Issuer's strength in China.

  - Japan: capturing the potential from AstraZeneca's established brands and new portfolio.

- **To be a great place to work** – building a culture that is science-led and patient-focused, agile and high-performing, which retains and attracts people. This includes simplifying the organisation and improving productivity while creating a vibrant, collaborative work environment.

Strategic partnering and business development is a key accelerator of strategy. AstraZeneca has been active in building early stage biotech and academic alliances in recent years and plans more of these, alongside in-licensing and acquisitions to strengthen its pipeline and broaden the range of treatment options for physicians and patients.

Also in March AstraZeneca announced plans to invest in three strategic research and development centres in Cambridge, UK, Gaithersburg, U.S. and Mölndal, Sweden to improve pipeline productivity and to establish the company as a global leader in biopharmaceutical innovation. The proposals are designed to locate more of the company's scientists close to globally recognised bioscience clusters; bring teams together to improve collaboration and to create a more vibrant environment that puts science and the patient at the heart of everything the company does; and simplify the company's footprint to reduce complexity and eliminate unnecessary cost. The proposals are expected to be fully implemented by 2016.

The consolidation of AstraZeneca's global R&D footprint and the creation of a new headquarters in Cambridge will impact on other sites over the next three years, particularly in the UK and US. Under the proposals, research and development work will no longer be carried out at Alderley Park Cheshire, UK and Wilmington, Delaware, US. In addition, the majority of corporate and global commercial roles based in London are expected to move to the new centre in Cambridge.

Globally, over the 2013-2016 period, the proposed investment and associated changes will lead to the relocation of nearly 2,500 roles and an overall estimated reduction in headcount in the region of 1,600 roles. The vast majority of these will be in the UK and the US. The programme is expected to incur U.S.$1,400 million in one-time restructuring charges, of which U.S.$800 million are likely to be cash costs. In addition, the company will invest approximately U.S.$500 million in establishing the new centre in Cambridge. Annualised benefits of approximately U.S.$190 million are expected by 2016 for the programme.

Changes to the Senior Executive Team

In January 2013, AstraZeneca unveiled changes to its Senior Executive Team ("**SET**") that came into immediate effect. Membership of the SET has been expanded to include increased representation of AstraZeneca's scientific expertise, key products and key markets.

Changes included the creation of:

- three senior R&D roles responsible for discovery and early-stage development in small molecules; discovery and early-stage development in biologics; and late-stage development
- three roles representing the commercial regions: North America; Europe; and International
- a further role responsible for global portfolio and product strategy, bridging the R&D and sales organisations.

The new SET structure is designed to provide sharper management focus on AstraZeneca's key pipeline assets, product portfolio and key regions, as well as devolving and accelerating decision making. It draws heavily from the leadership talent within AstraZeneca, with six new members being internal appointments.

Restructuring

Since 2007, AstraZeneca has undertaken significant efforts to restructure and reshape its business to improve long-term competitiveness. The first phase was completed in 2009. The second phase, which featured a significant change programme in R&D, began in 2010. The restructuring actions for this phase of the programme were completed in 2011, at a total programme cost of U.S.$2,100 million. Headcount changes associated with this phase, involving an estimated 9,000 positions, were also completed. Total annual benefits of U.S.$1,900 million were to be delivered by the end of 2014 in connection with this phase of the programme, of which U.S.$1,500 million had been achieved by the end of 2012. A third phase of restructuring was announced in February 2012. This phase, comprising initiatives across the supply chain, selling, general and administrative ("**SG&A**") and R&D, carries an estimated programme cost of U.S.$2,100 million (approximately U.S.$1,700 million in cash costs). Restructuring costs of U.S.$1,558 million associated with this third phase were taken in 2012, together with U.S.$261 million that was charged in the fourth quarter of 2011. Most of the remaining costs of approximately U.S.$300 million will be taken in 2013. To date, actions involving around 6,300 of the estimated 7,300 positions to be impacted in connection with this phase of the programme have been completed. When completed, this phase is expected to deliver an estimated U.S.$1,600 million in annual benefits by the end of 2014, of which approximately U.S.$350 million was realised by the end of 2012.

Subsequently, at its Investor Day in March 2013, AstraZeneca announced the restructuring of its SG&A activities that will lead to a global reduction in headcount of approximately 2,300. The majority of this headcount impact is related to programmes under way or already communicated to affected employees. At the same time, this SG&A restructuring was combined with two previously announced programmes: the headcount reduction of 1,600 related to the proposed R&D footprint changes, announced in March 2013, and the balance of the Phase 3 restructuring programme announced in February 2012, amounting to 1,150 roles. The total combined Phase 4 programme entails an estimated global headcount reduction of about 5,050 over the 2013-2016 period. The combined programme of changes is estimated to incur U.S.$2,300 million in one-time restructuring charges to the P&L, of which U.S.$1,700 million are expected to be cash costs. Benefits of approximately U.S.$800 million per annum are expected by 2016.

Medium-term planning assumptions

AstraZeneca believes challenging market conditions will persist in 2013, including continued government interventions in price. The revenue impact from the loss of exclusivity will also continue to affect AstraZeneca's performance. In the context of the update to its strategy, AstraZeneca has withdrawn the planning assumptions for revenue and margin evolution for the period 2010 to 2014 that it had outlined in January 2010.

AstraZeneca's performance

Within AstraZeneca, each business function is subject to an annual budget and target-setting process that includes developing financial and business forecasts, conducting sensitivity and risk analyses, and setting relevant objectives. Regular reviews are undertaken in order to monitor and assess progress against business and budget targets. During 2012 AstraZeneca also sought to manage the business appropriately, both to optimise its opportunities and to assess key risks and mitigating actions. Quarterly reports provide the SET and the Board with insight into progress against current year objectives and milestones for longer-term strategic goals. AstraZeneca assesses performance using quantitative, comparative market, operational and financial measures, and qualitative analysis.

AstraZeneca has developed Key Performance Indicators by which it measures its success in delivering its strategy.

Research and Development

AstraZeneca is committed to deploying the best science and technology to invent and acquire, produce and distribute innovative medicines that make a meaningful difference to people's health around the world. This commitment is at the core of its R&D strategy and continues to drive its focus to create valuable medicines for patients that recognise the needs of healthcare practitioners, governments, payers and external stakeholders throughout the healthcare system. AstraZeneca's R&D organisation continues to evolve to meet the challenges facing its industry by investing in high quality science and harnessing the innovation of its people. AstraZeneca is continuously improving its understanding of mechanisms and targets that will become the foundation for developing and delivering tomorrow's new medicines. These efforts are undertaken with the highest ethical standards, as it is committed to delivering innovative medicines responsibly.

Focused R&D portfolio

AstraZeneca continues to prioritise its resources and focus discovery activities on those diseases within its existing therapy areas where it believes there is the greatest potential to meet patient need through the application of novel science. This continual process of prioritisation is designed to ensure that the projects it has in its pipeline constitute the programmes which it believes are most likely to deliver technical and commercial success. In 2012, AstraZeneca continued its core research focus on six therapy areas: Cardiovascular, Gastrointestinal, Neuroscience, Infection, Oncology and Respiratory & Inflammation. AstraZeneca's R&D efforts are conducted by its small molecules (Innovative Medicines) and biologics R&D groups, which are responsible for discovery and development up to and including proof of concept. AstraZeneca's Global Medicines Development ("**GMD**") organisation progresses products through late-stage development, registration and ongoing post-launch development activities. The GMD organisation provides a consistent, global platform dedicated to conducting trials for small molecules and biologics. The GMD is accountable for delivering the regulatory packages to support launches of new medicines that have a positive benefit/risk profile that are commercially attractive and reimbursable. In addition to its defined disease areas, AstraZeneca continuously assesses opportunities to acquire, through purchase or partnership, development and commercialisation rights to compounds, targets and technologies.

In February 2012, as part of its accelerated R&D strategy, AstraZeneca created a virtual neuroscience innovative medicines unit ("**Virtual iMed**") made up of a team of approximately 40 scientists conducting discovery and development externally through a network of partners in academia and industry. The team is based in AstraZeneca's major neuroscience hubs, in U.S. (Cambridge, Massachusetts) and the UK (Cambridge), and works closely with partners such as the Karolinska Institute in Sweden (Stockholm). The implementation of the Virtual iMed has resulted in the end of R&D activity at two sites that focused on neuroscience: in Sweden (Södertälje) and in Canada (Montreal).

Development pipeline

AstraZeneca's pipeline includes 84 projects of which 71 are in the clinical phase of development. AstraZeneca now has a total of 29 projects in Phase I, 25 projects in Phase II, 11 projects in late-stage development, either in Phase III or under regulatory review, and is running 19 significant life-cycle management projects.

Development projects

During 2012, across the clinical portfolio, 36 projects successfully progressed to their next phase (including 12 projects entering first human testing). Ten projects have successfully completed development activities and have now been launched in all relevant major markets. Nineteen projects were withdrawn in 2012. One project was withdrawn following failure to obtain the required regulatory or marketing approvals for the product candidate or the facilities in which it is manufactured and 17 projects were withdrawn following poorer than anticipated safety or efficacy results. One project was withdrawn due to the anticipated completion of the collaboration which supported that project.

Portfolio quality

AstraZeneca's focus continues to be on identifying key candidate medicines that have the highest potential to deliver technical and commercial success. This includes an annual assessment of AstraZeneca's early portfolio projects. By continuing to apply a rigorous quality approach to AstraZeneca's candidate selection process, AstraZeneca expects to increase the likelihood that its most promising medicines progress into Phase III development. AstraZeneca's quality approach focuses on ensuring that every project in its pipeline has been assessed against a valid biological target, has sufficient exposure to demonstrate an effect on the disease, and has a strong efficacy and safety profile in the intended patient population.

AstraZeneca's R&D approach

AstraZeneca's R&D activities span the entire life-cycle of a medicine. AstraZeneca's approach brings together drug discoverers and developers within each therapy area to focus and collaborate in specific disease areas, while continuing to leverage its expertise in late-stage development, product registration and life-cycle management. This model is designed to promote accountability and scientific knowledge-sharing within therapeutic areas. In addition, AstraZeneca's R&D strategy enables more effective and efficient delivery of AstraZeneca's research objectives across the therapeutic portfolio, regardless of geography, disease area or stage of development.

Partnering to improve health

AstraZeneca knows that it cannot address the challenges of healthcare alone and scientific innovation does not exist solely within its own research laboratories. By engaging with partners across the healthcare delivery spectrum, it can stimulate more creativity and better develop medicines and solutions for patients. AstraZeneca's collaboration efforts have resulted in a combination of internally and externally sourced compounds throughout AstraZeneca's portfolio, which include development partnerships with biotechnology firms, research institutions and other pharmaceutical companies. AstraZeneca aims to source at least 40 per cent. of its pipeline from outside its laboratories and continues to deliver against this key performance indicator ("**KPI**") in 2012 with external partnerships positively impacting its pipeline including:

- A collaboration with Amgen to jointly develop and commercialise five monoclonal antibodies from Amgen's clinical inflammation portfolio including brodalumab.

- The acquisition of Ardea and their Phase III development product candidate, lesinurad, as a potential treatment for the chronic management of hyperuricaemia in patients with gout.

- An expansion of the diabetes alliance with BMS in connection with BMS's acquisition of Amylin and the potential development and commercialisation of Amylin's portfolio of products related to diabetes and other metabolic diseases, with a primary focus on a franchise of glucagon-like peptide 1 agonists (GLP-1 agonists) for the treatment of Type 2 diabetes. This includes Byetta (exenatide injection) and Bydureon (exenatide extended release for injectable suspension), both of which are approved for use in the US, Europe and Japan, and Symlin (pramlintide acetate), an injected amylin analogue, which is approved in the US.

- An innovative research alliance that brings four leading academic research laboratories together with AstraZeneca to study a major risk factor for Alzheimer's disease, the apolipoprotein E4 genotype (ApoE).

- The acquisition of a portfolio of neuroscience assets from Link Medicine Corporation, a privately held biopharmaceutical company developing potential new treatments for a range of neurodegenerative diseases.

- A collaboration with the diagnostics division of Roche to develop companion diagnostics for selected products in development across all AstraZeneca Therapy Areas.

- A worldwide exclusive licensing agreement with Ardelyx in respect of their NHE3 inhibitor programme for the treatment of complications associated with end-stage renal disease (ESRD) and chronic kidney disease (CKD).

- A collaboration with Ironwood to co-develop and co-commercialise linaclotide in China. Linaclotide is a guanylate cyclase-C (GC-C) agonist for the treatment of irritable bowel syndrome with constipation (IBS-C) and chronic idiopathic constipation (CIC).

- A collaboration in China with WuXi AppTec to develop and commercialise MEDI5117, a biologic for autoimmune and inflammatory diseases.

- A collaboration with the Cancer Research Institute and the Ludwig Institute for Cancer Research to advance the research of immunotherapy in cancer. Specifically, the research will focus on clinical trials to test novel combinations of immunotherapies, including three investigational MAbs.

- A strategic alliance with Isis Pharmaceuticals, Inc. (Isis) for the discovery and development of novel generation antisense therapeutics against five cancer targets, which includes a licence to develop and commercialise ISIS-STAT3RX, a drug Isis is currently evaluating in an early clinical trial in patients with advanced lymphomas.

AstraZeneca continues to search for opportunities to advance science and public health through research collaborations and partnerships. Initiatives that it announced in 2012 include the following:

- A collaboration with other pharmaceutical and biotechnology companies working alongside public partners in the NewDrugs4BadBugs research programme (part of the European Commission's Action Plan Against the Rising Threats from Antimicrobial Resistance) which is intended to boost the current industry-wide faltering discovery and development of new antibiotics.

- A collaboration along with six other pharmaceutical companies and four research institutions, working with the Bill & Melinda Gates Foundation, with a goal to speed the discovery of essential new treatments for tuberculosis (TB).

- Formation of a non-profit organisation called TransCelerate BioPharma Inc., along with nine other major pharmaceutical companies, to accelerate the development of new medicines by solving common challenges (initially) related to clinical study execution.

- Continued activities to meet AstraZeneca's commitment to health research through its ongoing efforts with organisations such as the European Innovative Medicines Initiative aimed at improving tools, technologies and methodologies. AstraZeneca has actively shared knowledge through collaborations with the UK Medical Research Council and the World Intellectual Property Organisation (WIPO) for Neglected Tropical Diseases (NTDs).

Investing in capabilities

A component of AstraZeneca's R&D strategy is strengthening four core capabilities. In 2010, it announced an investment of more than U.S.$200 million over five years to develop capabilities in the areas of payer partnering, personalised healthcare, predictive science and clinical design. AstraZeneca has made significant progress in building these skills both internally and through external collaborations, and they are now fully integrated into most of its development programmes.

AstraZeneca's R&D resources

At the end of 2012, AstraZeneca's R&D organisation comprised approximately 9,800 people at 10 principal centres in six countries. In February 2012, it announced an acceleration of its R&D transformation originally announced in 2010. This included initiatives to cease R&D activities at its site in Sweden (Södertälje), and close its laboratories in Canada (Montreal), France (Reims) and the U.S. (Mountain View, California) in 2012. These initiatives have impacted a total of approximately 2,200 positions across the R&D organisation.

AstraZeneca's current R&D geographic footprint includes four main small molecule facilities in: the UK (Alderley Park and Macclesfield); Sweden (MöIndal); and the U.S. (Waltham, Massachusetts). It also has a clinical development facility in Japan (Osaka). AstraZeneca's principal sites for biologics and vaccines are in the U.S. (Gaithersburg, Maryland) and in the UK (Cambridge). AstraZeneca's Wilmington, Delaware site in the U.S. focuses on late- stage development across the entire therapeutic portfolio. AstraZeneca's strategic expansion in emerging markets continues and includes the ongoing growth of its research facilities in China (Shanghai) and India (Bangalore).

In 2012, there was Core R&D expenditure of U.S.$4,452 million in AstraZeneca's R&D organisation (2011: U.S.$5,033 million; 2010: U.S.$4,219 million). In addition, U.S.$5,228 million was spent on acquiring product rights (such as in-licensing) (2011: U.S.$189 million; 2010: U.S.$1,017 million) and AstraZeneca invested approximately U.S.$791 million on the implementation of its R&D restructuring strategy.

Sales and Marketing

AstraZeneca's global sales and marketing organisation is active in over 100 countries and, at the end of 2012, comprised approximately 30,200 employees. As well as building on its leading positions in the U.S. and other established markets, it continues to increase its strength in emerging markets including China, Brazil, Mexico and Russia. AstraZeneca works to ensure success in individual markets by having highly accountable local leaders who understand their markets and have a strong focus on profitable business growth. This extensive network is supported by a single commercial organisation that develops global product strategies and drives commercial excellence, ensuring a strong customer focus and commercial direction in the management of its pipeline and marketed products. All of AstraZeneca's efforts are underpinned by a commitment to conducting its sales and marketing activity in accordance with its values and driving commercial success responsibly.

Driving commercial success

Delivering commercial success requires AstraZeneca to maximise the value of its portfolio across the whole life-cycle of a medicine. It does so by connecting its science with its customers' needs. From an early stage in the medicine discovery process AstraZeneca embeds customer insights into its R&D strategy based on AstraZeneca's interactions with healthcare providers, patients, regulators and payers. AstraZeneca builds on this with its local market expertise and knowledge. This approach helps AstraZeneca to prioritise resources and optimise its portfolio, thereby delivering medicines which customers value and which meet their needs. Activities in 2012 focused on ensuring continued commercial excellence of key products, such as Crestor, Seroquel XR and Symbicort, driving growth in new markets and accelerating the commercialisation of recently launched products. Brilinta/Brilique has now been approved for use in hospitalised ACS patients in 88 countries, is reimbursed in 29 countries, available in 33 patient pay markets and commercially launched in 82 countries. Other recently launched products include Caprelsa, Zinforo and Forxiga. In the US, AstraZeneca also started promotion of Bydureon, Byetta and Symlin, the Amylin diabetes products that are part of its expanded diabetes alliance with BMS.

Working in partnership

In August 2012, AstraZeneca entered into an agreement with Pfizer pursuant to which Pfizer acquired the exclusive global rights to market Nexium for approved over the counter ("**OTC**") indications. AstraZeneca will continue to manufacture and market the prescription product, as well as supply Pfizer with the OTC product.

Global strategies tailored to meet local needs

AstraZeneca focuses on developing global strategies tailored to meet local needs and recognises that its commercial capabilities must evolve to meet future market requirements. The pace and degree of change in global economies and intensifying regulatory and access challenges have led it to look at ways of better and more efficiently addressing the changing needs and preferences of payers, prescribers and patients. In 2012, this effort included completing the regional consolidation of its commercial organisation announced in 2011. AstraZeneca's streamlined operating model includes integrating its smaller local marketing companies into area clusters, allowing them to benefit from global resources while staying local and concentrating on meeting local customer needs.

All of AstraZeneca's markets have a role to play in delivering its commercial strategy. AstraZeneca continues to prioritise investment and allocate its resources in the most cost-effective way. This allows it to identify those markets of major significance to it, those that will become more important drivers of its business in the future and highlight those established markets where it needs to refocus its approach to deliver sustained success. AstraZeneca's footprint continues to evolve to reflect declining sales in established markets and increasing sales in emerging markets. For example, in 2012 it enhanced its presence in Asia with the opening of the Zhangjiang Park Regional Hub Headquarters in Shanghai.

Changing customer needs

In most countries, AstraZeneca's sales are made through wholly-owned local marketing companies. In other countries, it sells through distributors or local representative offices. AstraZeneca's products are marketed primarily to primary care and specialist doctors. AstraZeneca's efforts are directed towards explaining the therapeutic as well as the economic benefits of its products to doctors, governments and others who pay for healthcare.

Historically, AstraZeneca's commercial model has been based on the use of face-to-face marketing techniques. This is now changing to reflect the changing profile of the prescribers of its medicines. For example, primary care physicians tend to be younger on average than previously, a greater proportion is female, and more work part-time. Primary care physicians want to interact with pharmaceutical companies in different ways. Driven by experience from innovative approaches piloted and implemented in North America and Europe, AstraZeneca has changed its commercial model. Improvements include the introduction of office-based sales teams, which include physicians and dedicated customer service staff, and expanded use of digital channels. These selling channels have now been rolled out in more than 30 countries and across a range of products. Evidence to date suggests these channels are appreciated by those who use them and are an efficient and effective way of driving value for AstraZeneca's business. AstraZeneca is accelerating the roll-out and adoption of the new model in the majority of markets in which it operates.

Pricing AstraZeneca's medicines

AstraZeneca's challenge is to deliver innovative medicines that improve health for patients, bring benefits to society and provide an appropriate return on its investment. AstraZeneca's global pricing policy provides the framework to ensure appropriate patient access while optimising the profitability of all its products in a sustainable way. When setting the price of a medicine, AstraZeneca takes into consideration its full value to patients, to those who pay for healthcare and to society in general. AstraZeneca also pursues a flexible approach to the pricing of its medicines. For example, AstraZeneca supports the concept of differential pricing, provided that appropriate safeguards are in place to ensure that differentially priced products are not diverted from patients who need them to be sold and used in more affluent markets.

Delivering value for payers

AstraZeneca's medicines play an important role in treating unmet medical need. In doing so, they bring economic as well as therapeutic benefits. Effective treatments can help to lower healthcare costs by reducing the need for more expensive care, such as hospital stays or surgery, or through preventing patients from developing more serious or debilitating diseases that are costly to treat. They also contribute to increased productivity by reducing or preventing the incidence of diseases that keep people away from work.

There is continued downward pressure on drug pricing and, in the current difficult economic environment, payers expect AstraZeneca to be able to define the value its medicines create. AstraZeneca is acutely aware of the challenges facing those who pay for healthcare and are committed to delivering value, which will allow it to bring its medicines to the patients that need them. Therefore, AstraZeneca works with payers and healthcare providers to understand their priorities and requirements and generate evidence regarding how its products offer value and support cost-effective healthcare delivery.

Increasing access to healthcare

Sales of medicines in AstraZeneca's established markets enable it to generate the revenue it needs to provide its shareholders with a return, invest in continued innovation and pursue other opportunities to expand the availability of its medicines. Increasing that availability and increasing access to healthcare for under-served patient populations in a sustainable way is a significant global challenge and, in March 2012, AstraZeneca announced its access to healthcare strategy to help in that process. It seeks to take account of the different barriers to healthcare around the world and is tailored locally to meet the needs of different patient populations. AstraZeneca is pursuing a range of initiatives, including broadening affordability of its medicines, across these populations to understand what works best and in what context.

During 2012, AstraZeneca rolled out its access to healthcare framework within its Global Sales and Marketing Organisation to support further development of its existing approach and to enable it to capture ongoing 'broadening affordability' commercial initiatives. For example, its work to expand patient access to healthcare in countries such as Brazil, Romania and Ukraine continues with a range of different commercial approaches being adopted. In China, it is pursuing its strategy to reach patients in the broader market, beyond the big hospitals in the big cities, by developing new commercial channels for reaching emerging hospitals and community health centres. Best practice will be shared and replicated. In addition, in 2012, it acquired Guangdong BeiKang Pharmaceutical Company Limited, a generics manufacturing company in China which gave it access to a portfolio of injectable medicines used to treat infections. First launches are planned for 2013 and underscore AstraZeneca's intention to serve the health needs of Chinese patients through its innovative medicines and, increasingly, high quality branded generic treatments that are locally produced to global standards.

Sales and marketing ethics

During 2012, AstraZeneca continued to provide training for employees on its global standards that govern the way that it conducts its business around the world. AstraZeneca has comprehensive processes in place for monitoring compliance with its Code of Conduct and global policies, including dedicated compliance

professionals who support its line managers locally in monitoring their staff activities. AstraZeneca also has a network of nominated signatories who review its promotional materials against all applicable requirements. Additionally, in 2012, audit professionals have conducted compliance audits of a selection of its marketing companies.

Intellectual Property

The discovery and development of a new medicine requires a significant investment of resources by research-based pharmaceutical companies over a period of 10 or more years. For this to be a viable investment new medicines must be safeguarded from being copied with a reasonable amount of certainty for a reasonable period of time. The principal economic safeguard in the pharmaceutical industry is a well-functioning patent system that recognises AstraZeneca's effort and rewards its innovation with appropriate protection, allowing time to generate the revenue AstraZeneca needs to reinvest in new pharmaceutical innovation. Patent rights are limited by territory and duration, yet a significant period of this time can be spent on R&D of its products and before product launch. AstraZeneca therefore commits significant resources to establishing and defending its patent and related IP protections for these inventions.

Patent process

AstraZeneca files applications for patent protection for its inventions to safeguard the large subsequent investment required to obtain approval of potential new drugs for marketing. Further innovation means that it may seek additional patent protection as it develops a product and its uses. AstraZeneca applies for patents via patent offices around the world which assess whether its inventions meet the strict legal requirements for a patent to be granted. In some countries, its competitors can challenge its patents in the patent offices, and, in all countries, competitors can challenge its patents in the courts. AstraZeneca can face challenges early in the patent application process and throughout the life of the patent. These challenges can be to the validity of a patent and/or to the effective scope of a patent and are based on ever-evolving legal precedents. There can be no guarantee of success for either party in patent proceedings. The basic term of a patent is typically 20 years from the filing of the patent application with the relevant government patent office. However, the product protected by a pharmaceutical patent may not be marketed for several years after patent filing due to the time required for clinical trials and the regulatory approval process necessary to obtain marketing approval for the product. Patent Term Extensions (PTE) are available in certain major markets including the EU and U.S. to compensate for these delays. The term of the PTE can vary from zero to five years depending on the time taken to obtain any marketing approval. The maximum patent term, when including PTE, cannot exceed 15 years (EU) or 14 years (US) from the first marketing authorisation. The generics industry is increasingly challenging innovators' patents at earlier stages and almost all leading pharmaceutical products in the U.S. have faced or are facing patent challenges from generic manufacturers of generic alternatives. The result of patent challenges experienced by its competitors' products may lead to the availability of generic alternatives in the same product class as patented products AstraZeneca currently supplies, which may materially impact its business. AstraZeneca is also experiencing increased challenges elsewhere in the world, for example in Europe, Canada, Asia and Latin America.

Data exclusivity

In addition to patent protection, regulatory data protection or data exclusivity is an important IP right which arises in respect of data which is required to be submitted to regulatory authorities in order to obtain marketing approvals for AstraZeneca's medicines. Significant investment is required to generate such data (for example, through conducting global clinical trials) and the use of this proprietary data is protected from use by third parties (such as generic manufacturers) for a number of years in a limited number of countries. The period of such protection and the extent to which the right is respected differs significantly between these countries. AstraZeneca believes in enforcing its rights to regulatory data protection and considers it an important protection for its inventions, particularly as patent rights are increasingly being challenged. The period of regulatory data protection starts from the date of the first marketing approval from the relevant health authority and runs in parallel to any pending patent protection. Regulatory data protection would generally be expected to expire prior to patent expiry in all major markets. If a product takes an unusually long time to secure marketing approval or if patent protection has not been secured, expired or lost, then regulatory data protection may be the sole IP right protecting a product from copying as generic alternatives should not be approved and marketed until the regulatory data protection has expired.

Compulsory licensing

Compulsory licensing (the overruling of patent rights to allow patented medicines to be manufactured and sold by other parties) is increasingly being included in the access to medicines debate. AstraZeneca recognises the right of developing countries to use the flexibilities in the World Trade Organisation's Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) (including the Doha amendment) in certain circumstances, such as a public health emergency. It believes that this should apply only when all other ways of meeting the emergency needs have been considered and where healthcare frameworks and safeguards are in place to ensure that the medicines reach those who need them.

Supply and manufacturing

AstraZeneca's strategy is to balance innovative and efficient in-house manufacturing capabilities with external manufacturing resources, particularly in relation to the early stages of its production process. Where efficiencies can be achieved, it continues to consider using outsourced production but its strategy is to retain the final stages of the production cycle in-house. This balance is designed to give it product integrity and quality assurance while affording it cost efficiency and volume flexibility.

AstraZeneca progressed two key production facilities during 2012 in China (Taizhou) and Russia (Vorsino), which will enable it to supply its products to both markets locally. These sites are intended to commence phased commercial production in 2014. The work is led by AstraZeneca's global engineering group who put a strong focus on carrying out these projects fully in line with its ethical and safety standards. This work was recognised externally in 2012 with the Shell health, safety, security and environment (HSSE) award for embedding an HSSE culture in its emerging markets projects.

Product quality and supply chain

AstraZeneca is committed to delivering product quality that underpins the safety and efficacy of its medicines. AstraZeneca has a comprehensive quality management system in place designed to assure the quality of its products in compliance with relevant regulations.

Notwithstanding its efforts, during 2012 AstraZeneca experienced disruptions to its supply chain resulting from the implementation in February 2012 of an enterprise resource planning IT system in its facilities in Sweden (Södertälje and Gärtuna). This change was necessary, due to the legacy systems reaching the end of their life-cycle. At launch the implementation encountered some unexpected difficulties and AstraZeneca put in place a team with representatives from different parts of the organisation to manage the situation so that impact on patients would be minimised and markets were kept informed. The underlying problems have now been resolved and production levels returned to normal in September 2012. AstraZeneca estimates that the negative revenue impact for 2012 resulting from this disruption was approximately 1 per cent.

Supply from AstraZeneca's site in India (Bangalore) was also disrupted for a period of time following a voluntary recall of products that it determined did not meet its global quality standards. Remediation actions have been implemented.

Continuous improvement

Lessons learned from the supply chain disruptions in 2012 have been shared across the Group as part of its continuous improvement programme. This programme allows AstraZeneca to improve its systems and minimise the impact of its activities on the environment. AstraZeneca focuses on what adds value to its customers and patients, as well as waste elimination. The programme has delivered significant benefits in recent years, including reduced manufacturing lead times and lower average stock levels, both of which improve its ability to respond to customer needs and reduce inventory costs. All improvements are designed to ensure AstraZeneca maintains product quality, safety and customer service.

AstraZeneca has applied lean production business improvement tools and ways of working to improve the efficiency of its manufacturing plants for a number of years and, in recent years, has applied them to the whole of its supply chain. This has led to improvements in quality, lead times and overall equipment effectiveness. In 2012, AstraZeneca continued to establish more efficient processes, with experts from its global supply chain organisation providing cross-functional support throughout the business.

Regulation and compliance

Facilities and processes for manufacturing medicines must observe rigorous standards of quality. They are subject to inspections by regulatory authorities to ensure compliance with prescribed standards. Regulatory authorities have the power to require improvements to facilities and processes, halt production and impose conditions that must be satisfied before production can resume. Regulatory standards are not harmonised globally and evolve over time.

AstraZeneca hosted 44 independent inspections from 22 different regulatory authorities in 2012. All observations from such inspections are reviewed along with the outcomes of internal inspections and subsequent improvement actions are put in place as required to ensure ongoing compliance. The knowledge obtained from all inspections is shared across the Group.

AstraZeneca is actively involved in providing input into new product manufacturing regulations and approaches to product registration, both at national and international levels, through its membership of industry associations. For example, in the EU AstraZeneca continues to provide input into the Falsified Medicines Directive, which came into force in January 2013 and starts to take effect in stages from July 2013. AstraZeneca has taken steps to ensure that its supply chains can comply with the Falsified Medicines Directive. In the US, AstraZeneca contributed to debates concerning Supply Chain Security and the prevention of Drug Shortages.

AstraZeneca's supply and manufacturing strategy is based on its commitment to maintaining the highest ethical standards while complying with internal policies and laws and regulations. AstraZeneca achieves this by placing compliance responsibility with line managers who are supported by dedicated compliance teams. Independent assurance is provided by GIA (an independent assurance and advisory function that reports to, and is accountable to, the Audit Committee).

Managing risk

Given AstraZeneca's strategy to outsource all API manufacturing, it places particular importance on its global procurement policies and integrated risk management processes to ensure uninterrupted supply of high quality raw materials. Supplies are purchased from a range of suppliers. AstraZeneca factors in a wide range of potential risks to global supply, such as disasters that remove supply capability or the unavailability of key raw materials, and work to ensure that these risks are effectively mitigated. Contingency plans include the appropriate use of dual or multiple suppliers and maintaining appropriate stock levels. Although the price of raw materials may fluctuate, AstraZeneca's global purchasing policies seek to avoid such fluctuations becoming material to its business.

AstraZeneca also takes into account reputational risk associated with its use of suppliers and are committed to working only with suppliers that embrace standards of ethical behaviour that are consistent with its own.

As part of its overall risk management, AstraZeneca carefully considers the timing of investment with a view to ensuring that secure supply chains are in place for its products. AstraZeneca also has a programme in place to provide appropriate supply capabilities for its new products.

AstraZeneca's supply and manufacturing resources

Capital expenditure on supply and manufacturing facilities totalled approximately U.S.$417 million in 2012 (2011: U.S.$388 million; 2010: U.S.$333 million). This included expenditure on two production facilities, in China (Taizhou) and Russia (Vorsino), which will enable AstraZeneca to supply its products to both markets locally. In addition to these two facilities, AstraZeneca's principal small molecule manufacturing facilities are in the UK (Avlon and Macclesfield), Sweden (Snäckviken, Gärtuna, Södertälje), the U.S. (Newark, Delaware and Westborough, Massachusetts), France (Reims and Dunkerque), Japan (Maihara), Australia (North Ryde), China (Wuxi), Indonesia (Jakarta), Egypt (Cairo), India (Bangalore), Puerto Rico (Canovanas), Germany (Wedel), Mexico (Lomas Verdes), Brazil (Cotia) and Argentina (Buenos Aires). AstraZeneca currently operates sites for the manufacture of APIs in the UK and Sweden complemented by the efficient use of external sourcing. Its principal tablet and capsule formulation sites are in the UK, Sweden, Puerto Rico and the US. It also has major formulation sites for the global supply of parenteral and/or inhalation products in Sweden, France, Australia and the UK.

At the end of 2012, approximately 10,300 people at 22 sites in 16 countries were working on the manufacture and supply of AstraZeneca's products. This total includes some 770 permanent and 110 seasonal people who are employed at its four principal biologics commercial manufacturing facilities in the U.S. (Frederick, Maryland and Philadelphia, Pennsylvania), the UK (Speke), and the Netherlands (Nijmegen) with capabilities in process development, manufacturing and distribution of biologics, including worldwide supply of MAbs and influenza vaccines. AstraZeneca's biologics capabilities are scalable, which enables efficient management of its combined small molecule and biologics pipeline.

People

With approximately 51,700 people in over 100 countries worldwide at the end of December 2012, AstraZeneca values the talents, skills and capabilities that a global workforce brings to its business. Its people strategy, which defines its approach to managing its workforce and supports the delivery of its business strategy, is built around four key priorities which it believes are critical: acquiring and retaining key capabilities and talent; further developing leadership and management capabilities; improving the strength and diversity of the talent pipeline; and improving employee engagement while building a high performance culture. Managing significant change in the organisation's workforce is also something to which considerable management attention is directed. AstraZeneca uses a range of metrics to track progress against these priorities, many of which are reported regularly to AstraZeneca's Senior Executive Team.

Legal and Arbitration Proceedings

Save as disclosed in Note 25 to the Issuer's consolidated financial statements for the year ended 31 December 2012 on pages 184 to 189 (inclusive) of the Issuer's Annual Report and Form 20-F Information 2012, which has been incorporated by reference into this Base Prospectus, and as updated in the Recent Developments (*Litigation*) section of this Base Prospectus on page 87, 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.

Group Structure

The Issuer is the ultimate holding company of the Group. The Issuer operates through 217 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 31 December 2012, are listed below.

At 31 December 2012	Country	Percentage of Voting Share Capital Held (%)	Principal Activity
United Kingdom			
AstraZeneca UK Limited	England	100	Research and development, manufacturing, marketing
AstraZeneca Treasury Limited	England	100	Treasury
Continental Europe			
AstraZeneca Dunkerque Production SCS	France	100	Manufacturing
AstraZeneca SAS	France	100	Research, manufacturing, marketing
Novexel SA	France	100	Research
AstraZeneca GmbH	Germany	100	Development, manufacturing, marketing
AstraZeneca Holding GmbH	Germany	100	Manufacturing, marketing
AstraZeneca SpA	Italy	100	Marketing
AstraZeneca Farmaceutica Spain SA	Spain	100	Marketing
AstraZeneca AB	Sweden	100	Research and development, manufacturing, marketing
AstraZeneca BV	The Netherlands	100	Marketing
LLC AstraZeneca Pharmaceuticals	Russia	100	Marketing
The Americas			
AstraZeneca do Brasil Limitada	Brazil	100	Manufacturing, marketing
AstraZeneca Canada Inc	Canada	100	Research, marketing
AZ Reinsurance Limited	Cayman Islands	100	Insurance and reinsurance underwriting
IPR Pharmaceuticals Inc	Puerto Rico	100	Development, manufacturing, marketing
Ardea Biosciences, Inc	United States	100	Research and development
AstraZeneca LP	United States	99	Research and development, manufacturing, marketing
AstraZeneca Pharmaceuticals LP	United States	100	Research and development, manufacturing, marketing
Zeneca Holdings Inc.	United States	100	Manufacturing, marketing
MedImmune LLC	United States	100	Research and development, manufacturing, marketing
Asia, Africa & Australasia			
AstraZeneca Pty Limited	Australia	100	Development, manufacturing, marketing
AstraZeneca Pharmaceuticals Co., Limited	China	100	Research and development, manufacturing, marketing

At 31 December 2012	Country	Percentage of Voting Share Capital Held (%)	Principal Activity
AZ (Wuxi) Trading Co., Ltd	China	100	Marketing
AstraZeneca KK	Japan	80	Manufacturing, marketing

Major Shareholdings

At 31 December 2012, the following had disclosed an interest in the issued ordinary share capital of the Issuer in accordance with the requirements of section 5.1.2 of the UK Listing Authority's Disclosure Rules and Transparency Rules:

Shareholder	Number of shares	Date of disclosure to AstraZeneca	Percentage of issued share capital
BlackRock, Inc.	100,885,181	8 Dec 2009	7.87%
Invesco Limited	72,776,277	6 Oct 2009	5.67%
Axa SA	56,991,117	3 Feb 2009	4.44%
Investor AB	51,587,810	2 Feb 2012	4.02%
Legal & General Investment Management Limited	57,675,232	5 Aug 2010	4.50%

Board of Directors

The Directors and Secretary of the Issuer as at the close of the Annual General Meeting held on 25 April 2013, their functions in the Issuer and their principal outside activities (if any) of significance to the Issuer are as follows:

Name	Function within the Issuer	Principal Outside Activity (if any) of Significance to the Issuer
Pascal Soriot	Executive Director and Chief Executive Officer	
Simon Lowth	Executive Director and Chief Financial Officer	Non-executive Director, Standard Chartered PLC
Leif Johansson	Non-Executive Chairman, Chairman of the Nomination and Governance Committee and Member of the Remuneration Committee	Chairman of LM Ericsson. Chairman of the European Round Table of Industrialists and the International advisory Board of the Nobel Foundation. Board member of Svenska Cellulosa Aktiebolaget SCA and Ecolean AB. Chairman of the Royal Swedish Academy of Engineering Sciences.
Geneviève Berger	Non-Executive Director and Member of the Science Committee	Chief Research & Development Officer at Unilever PLC and a member of the Unilever Leadership Executive. Professor of Medicine at Université Pierre et Marie Curie, Paris.
Bruce Burlington	Non-Executive Director and Member of the Science Committee and the Audit Committee	Non-executive board member of Cangene Corporation and the International Partnership for Microbicides. Member of the scientific advisory boards of the International Medical Foundation and H. Lundbeck A/S.
Graham Chipchase	Non-Executive Director and Member of the Audit Committee	Chief Executive of Rexam PLC. Fellow of the Institute of Chartered Accountants in England and Wales.
Jean-Philippe Courtois	Non-Executive Director and Member of the Audit Committee	President of Microsoft International since June 2005. Board member for PlaNet Finance.
Rudy Markham	Non-Executive Director, Chairman of the Audit Committee and Member of the Remuneration Committee and the Nomination and Governance Committee	Chairman and Non-Executive Director of Moorfields Eye Hospital NHS Foundation Trust. Non-Executive Director of United Parcel Services Inc., Standard Chartered PLC and Legal & General plc. Non-executive member of the board of the UK Foreign and Commonwealth Office, a member of the supervisory board of CSM NV, a Fellow of the Chartered Institute of

Name	Function within the Issuer	Principal Outside Activity (if any) of Significance to the Issuer
		Management Accountants and Fellow of the Association of Corporate Treasurers.
Professor Dame Nancy Rothwell ...	Non-Executive Director, Chairman of the Science Committee and Member of the Remuneration Committee and the Nomination and Governance Committee	President and Vice Chancellor at the University of Manchester. President of the Society of Biology and a member of the Prime Minister's Council for Science and Technology.
Baroness Shriti Vadera	Non-Executive Director and Member of the Audit Committee	Non-Executive Director of BHP Billiton Plc and BHP Billiton Limited.
John Varley....................................	Senior Independent Non-Executive Director, Chairman of the Remuneration Committee and Member of the Nomination and Governance Committee	Non-Executive Director of BlackRock, Inc., Rio Tinto plc and Rio Tinto Limited. Chairman of Business Action on Homelessness and of Marie Curie Cancer Care, President of Business Disability Forum. Honorary President of the UK Drug Policy Commission.
Marcus Wallenberg........................	Non-Executive Director and Member of the Science Committee	Chairman of Skandinaviska Enskilda Banken AB. Chairman of AB Electrolux. Chairman of SAAB AB and LKAB. Non-Executive Director of Investor AB, Stora Enso Oyj, the Knut and Alice Wallenberg Foundation and Temasek Holdings Ltd.
Adrian Kemp	Company Secretary	

The business address of each of the Directors and the Company Secretary referred to above is 2 Kingdom Street, London W2 6BD.

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.

Recent Developments

The following paragraphs update the information in the 'Annual Report and Form 20-F Information 2012' which has been incorporated by reference.

Mergers and Acquisitions

On or about 21 March 2013, the Issuer entered into an exclusive agreement with Moderna Therapeutics to discover, develop and commercialise pioneering messenger RNA Therapeutics for the treatment of serious cardiovascular, metabolic and renal diseases as well as cancer.

On or about 3 April 2013, MedImmune, the Issuer's global biologics research and development arm, acquired AlphaCore Pharma, a biotechnology company focused on the development of ACP-501, a recombinant human lecithin-cholesterol acyltransferase (LCAT) enzyme.

On or about 22 April 2013, the Issuer and BIND Therapeutics entered into a strategic collaboration to develop and commercialise an Accurin, a targeted and programmable cancer nanomedicine from BIND's Medicinal Nanoengineering platform, based on a molecularly targeted kinase inhibitor developed and owned by the Issuer.

On or about 28 May 2013, the Issuer entered into a definitive agreement to acquire Omthera Pharmaceuticals, a specialty pharmaceutical company focused on the development and commercialisation of new therapies for abnormal levels of lipid in the blood.

On 10 June 2013, the Issuer announced that it has entered into a definitive agreement to acquire Pearl Therapeutics, a privately held company focused on the development of inhaled small-molecule therapeutics for respiratory disease.

Litigation

On 14 February 2013, the U.S. Court of Appeals for the Federal Circuit summarily upheld a lower court ruling that had found the formulation patent of the Issuer protecting Seroquel XR (quetiapine fumarate) extended release tablets in the U.S. to be valid and infringed.

On or about 5 March 2013, the Federal Court of Australia found three patents of the Issuer protecting Crestor (rosuvastatin) to be invalid. The Federal Court decision is limited to Australia and has no impact on the validity of patents related to Crestor in other countries.

On or about 25 March 2013, the Issuer entered into a settlement agreement in its U.S. patent infringement litigation against Watson Laboratories, Inc., Actavis, Inc. (formerly known as Watson Pharmaceuticals, Inc.), and EGIS Pharmaceuticals regarding Watson Laboratories, Inc.'s proposed rosuvastatin zinc product. Watson Laboratories, Inc. also agreed not to further appeal a decision by the U.S. Court of Appeals for the Federal Circuit that upheld the validity and enforceability of the Crestor (rosuvastatin calcium) substance patent.

On or about 25 May 2013, the U.S. Court of Appeals for the Federal Circuit issued a temporary injunction blocking generic manufacturers from distributing generic versions of Pulmicort Respules in the U.S. until the Court rules on the Issuer's appeal of a District Court decision that found one patent protecting the product to be invalid and another patent not infringed. As a condition of the injunction, the Court has also ordered that the Issuer post a bond in the amount of U.S.$72 million.

On 3 June 2013 the Issuer announced it had entered into an agreement with Hanmi Pharmaceutical and affiliates ("Hanmi") and its U.S. marketing partner Amneal Pharmaceuticals to resolve certain issues and appeal others in U.S. Nexium patent litigation regarding Hanmi's Esomeprazole Strontium 505(b)2 NDA product. The agreement eliminates the need for a trial at the U.S. District Court for the District of New Jersey, thus avoiding considerable trial costs.

Pipeline Developments

On 4 June 2013 the Issuer announced top-line results from OSKIRA-2 and OSKIRA-3, the remaining pivotal Phase III clinical trials investigating fostamatinib, the first oral spleen tyrosine kinase (SYK) inhibitor in development as an oral treatment for rheumatoid arthritis (RA).

Based on the totality of results from the OSKIRA Phase III programme, including the data previously reported from OSKIRA-1, the Issuer has decided not to proceed with regulatory filings for fostamatinib. The Issuer will return the rights to the compound to Rigel Pharmaceuticals which will decide whether it will continue the ongoing studies and pursue regulatory filings.

First Quarter Results

On 25 April 2013, the Issuer announced its first quarter results which included the following:

- Revenue for the first quarter was U.S.$6,385 million, down 12 per cent. at constant exchange rates (CER) as compared to the first quarter of 2012. Emerging markets revenue increased by 9 per cent at CER in the quarter as compared to last year and growth for Symbicort, Brilinta, Iressa and the inclusion of the Amylin diabetes product delivered more than U.S.$250 million of revenue growth at CER in the quarter compared to last year. However, losses of exclusivity of Seroquel IR and Atacand in many markets, and for Crestor in Canada, were the main reasons for the revenue decline.

- Core operating profit was at U.S.$2,324 million, down 21 per cent. at CER as compared to the first quarter of 2012 due to lower revenue and lower core other income.

- Core EPS was U.S.$1.41, down 21 per cent. at CER compared to the first quarter of 2012 as a higher tax rate this year was broadly offset by a lower number of shares outstanding and lower net finance expense.

- Reported EPS was U.S.$0.81, down 31 per cent. at CER as compared to the first quarter of 2012.

Results of Phase IV trials of Onglyza (Saxagliptin)

On 19 June, 2013, AstraZeneca and Bristol-Myers Squibb announced the top-line results of the Phase IV SAVOR-TIMI-53 (Saxagliptin Assessment of Vascular Outcomes Recorded in Patients with Diabetes Mellitus) clinical trial of Onglyza (saxagliptin). In this study of adult patients with type 2 diabetes with either a history of established cardiovascular disease or multiple risk factors, Onglyza met the primary safety objective of non inferiority, and did not meet the primary efficacy objective of superiority, for a composite endpoint of cardiovascular death, non-fatal myocardial infarction or non-fatal ischaemic stroke, when added to a patient's current standard of care (with or without other anti-diabetic therapies), as compared to placebo. These preliminary SAVOR-TIMI-53 data are being analysed and the study results will be submitted to the European Society of Cardiology (ESC) for potential presentation at the ESC Congress in September.

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. It is based on current law and the practice of Her Majesty's Revenue and Customs ("**HMRC**"), which may be subject to change sometimes with retrospective effect. 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 for information purposes and should be treated with appropriate caution. It is not intended as tax advice and it does not purport to describe all of the tax considerations that may be relevant to a prospective purchaser. 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 basic rate (currently 20 per cent.) subject to such relief as may be available following a direction from HMRC pursuant to 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 this *United Kingdom Taxation* section 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 pursuant to Condition 16(c) Substitution of the Notes or otherwise and does not consider the tax consequences of any such substitution.

Provision of Information

Noteholders should note that, in certain circumstances, HMRC has power to obtain information (including the name and address of the beneficial owner of the interest) from any person in the United Kingdom who either pays or credits interest to or receives interest for the benefit of a Noteholder (whether resident in the UK or elsewhere). In certain circumstances, the information so obtained may be passed by HMRC to the tax authorities of certain other jurisdictions.

The provisions referred to above may also apply, in certain circumstances, to payments made on redemption of any Notes which constitute "deeply discounted securities" for the purposes of Schedule 23, Finance Act 2011 (although, in this regard, HMRC published guidance for the year 2013/2014 indicates that HMRC will not exercise its power to obtain information in relation to such payments in that year).

Information may also be required to be reported in accordance with regulations made pursuant to the EU Savings Directive (see below).

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 and Luxembourg may instead apply a withholding system in relation to such payments, deducting tax at a rate of 35 per cent, unless during that transitional period they elect to provide information in accordance with the Directive. 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.

Luxembourg has announced that it will no longer apply the withholding tax system as from 1 January 2015 and will provide details of payments of interest (or similar income) as from this date.

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 or certain limited types or entity established in one of those territories.

The European Commission has proposed certain amendments to the Directive which may, if implemented, amend or broaden the scope of the requirements described above. At a meeting on 22 May 2013, the European Council called for the adoption of an amended Directive before the end of 2013. Investors who are in any doubt as to their position should consult their professional advisers.

SUBSCRIPTION AND SALE

Notes may be sold from time to time by the Issuer to any one or more of Barclays Bank PLC, Citigroup Global Markets Limited, Deutsche Bank AG, London Branch, Goldman Sachs International, HSBC Bank plc, J.P. Morgan Securities plc, Merrill Lynch International and Morgan Stanley & Co. International plc (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 an amended and restated dealer agreement dated 28 June 2013 (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, as the case may be, the CMU Lodging and 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, as the case may be, the CMU Lodging and 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.

Public Offer Selling Restriction under the Prospectus Directive

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 (or are the subject of the offering contemplated by a Drawdown Prospectus, as the case may be) 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) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(b) at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, 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

(c) 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 (a) to (c) 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 amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU. (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State).

Selling Restrictions Addressing Additional United Kingdom Securities Laws

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 Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended) 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.

Hong Kong

Each of the Dealers has represented and agreed that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (i) to "**professional investors**" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (ii) in other circumstances which do not result in the document being a "**Prospectus**" as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and

(b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "**professional investors**" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

People's Republic of China

Each of the Dealers has represented and agreed that neither it nor any of its affiliates has offered or sold or will offer or sell any of the Notes in the People's Republic of China (excluding Hong Kong, Macau and Taiwan) as part of the initial distribution of the Notes.

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.

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Issuer and their affiliates in the ordinary course of business. In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or Issuer's affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such short positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

GENERAL INFORMATION

Authorisation

The establishment and update of the Programme was authorised by the Board of Directors of the Issuer on 24 July 2007 and 11 December 2008. 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 Note 25 to the Issuer's consolidated financial statements for the year ended 31 December 2012 on pages 184 to 189 (inclusive) of the Issuer's Annual Report and Form 20-F Information 2012, which has been incorporated by reference into this Base Prospectus, and as updated in the Recent Developments (*Litigation*) section of this Base Prospectus on page 87, 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 2012, there has been no material adverse change in the prospects of the Issuer and since 31 March 2013, there has been no significant change in the financial or trading position of the Group.

Auditors

The consolidated financial statements of the Issuer as at and for the years ended 31 December 2012 and 31 December 2011 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 unaudited interim financial statements of the Issuer for the 3 months ended 31 March 2013;

(c) the audited consolidated financial statements of the Issuer as at and for the years ended 31 December 2011 and 31 December 2012;

(d) the Agency Agreement;

(e) the Trust Deed;

(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 and, in the case of Renminbi Notes cleared through the CMU, the CMU. 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.

Yield

The yield of each Trade of Notes set out in the applicable Final Terms will be calculated as of the relevant issue date on an annual or semi-annual basis using the relevant issue price. It is not an indication of future yield.

ISSUER

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DEALERS

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London E14 5JP

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PRINCIPAL PAYING AGENT

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CMU LODGING AND PAYING AGENT

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To the Dealers as to English law:

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AUDITORS TO THE ISSUER

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