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 amended and/or supplemented by a document setting out the final terms of such Tranche (the "**Final Terms**") or 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 amended and restated on 4 September 2009 (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 4 September 2009 (the "**Agency Agreement**") between the Issuer and Deutsche Bank AG, London Branch as principal paying agent (the "**Principal Paying Agent**").

This Base Prospectus has been approved by the United Kingdom Financial Services Authority (the "**FSA**"), which is the United Kingdom competent authority for the purposes of Directive 2003/71/EC (the "**Prospectus Directive**") and 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 FSA 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 Programme also permits Notes to be issued on the basis that they will not be admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system or to be admitted to listing, trading and/or quotation by such other or further competent authorities, stock exchanges and/or quotation systems as may be agreed with the Issuer.

Notes which are to be admitted to trading on a market which is a regulated market for the purposes of Directive 2004/39/EC (each a "**Regulated Market**") or offered to the public in any Member State of the European Economic Area may only be issued under the Programme in minimum denominations of at least EUR 50,000 (or its equivalent in another currency).

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

Arranger

CITI

Dealers

BARCLAYS CAPITAL

BNP PARIBAS

BOFA MERRILL LYNCH

CITI

DEUTSCHE BANK

GOLDMAN SACHS INTERNATIONAL

HSBC

J.P. MORGAN CAZENOVE

MORGAN STANLEY

THE ROYAL BANK OF SCOTLAND

The date of this Base Prospectus is 4 September 2009

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

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

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

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

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

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

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

DESCRIPTION OF THE PROGRAMME

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

Issuer:	AstraZeneca PLC
Risk Factors:	Investing in Notes issued under the Programme involves certain risks. The principal risk factors that may affect the ability of the Issuer to fulfil their respective obligations under the Notes are discussed under "*Risk Factors*" below.
Arranger:	Citigroup Global Markets Limited.
Dealers:	Barclays Bank PLC, BNP Paribas, Citigroup Global Markets Limited, Deutsche Bank AG, London Branch, Goldman Sachs International, HSBC Bank plc, J.P. Morgan Securities Ltd., Merrill Lynch International, Morgan Stanley & Co. International plc, The Royal Bank of Scotland 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.
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 supplemented, amended and/or replaced to the extent described in the relevant Final Terms or, as the case may be 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 FSA and to trading on the Regulated Market of the London Stock Exchange. The Programme also permits Notes to be issued on the basis that they will not be admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system or to be admitted to listing, trading and/or quotation by such other or further competent authorities, stock exchanges and/or quotation systems as may be agreed with the Issuer.
Clearing Systems:	Euroclear and/or Clearstream, Luxembourg and/or, in relation to any Tranche of Notes, any other clearing system as may be specified in the relevant Final Terms.
Initial Programme Amount:	Up to U.S.$5,000,000,000 (or its equivalent in other currencies) aggregate principal amount of Notes outstanding at any one time. The Issuer may increase the amount of the Programme at any time, subject to compliance with the relevant provisions of the Dealer Agreement as defined under "*Subscription and Sale*".
Issuance in Series:	Notes will be issued in Series. Each Series may comprise one or more Tranches issued on different issue dates. The Notes of

each Series will all be subject to identical terms, except that the issue date, issue price and the amount of the first payment of interest may be different in respect of different Tranches.

Forms of Notes: Notes may only be issued in bearer form. Each Tranche of Notes will initially be in the form of either a Temporary Global Note or a Permanent Global Note, in each case as specified in the relevant Final Terms. Each Global Note which is not intended to be issued in new global note form (a "**Classic Global Note**" or "**CGN**"), as specified in the relevant Final Terms, will be deposited on or around the relevant issue date with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and each Global Note which is intended to be issued in new global note form (a "**New Global Note**" or "**NGN**"), as specified in the relevant Final Terms, will be deposited on or around the relevant issue date with a common safekeeper for Euroclear and/or Clearstream, Luxembourg. Each Temporary Global Note will be exchangeable for a Permanent Global Note or, if so specified in the relevant Final Terms, for Definitive Notes. If the TEFRA D Rules are specified in the relevant Final Terms as applicable, certification as to non-U.S. beneficial ownership will be a condition precedent to any exchange of an interest in a Temporary Global Note or receipt of any payment of interest in respect of a Temporary Global Note. Each Permanent Global Note will be exchangeable for Definitive Notes in accordance with its terms. Definitive Notes will, if interest-bearing, have Coupons attached and, if appropriate, a Talon for further Coupons.

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

Status of the Notes: Notes will be issued on an unsubordinated basis.

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

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

Any Notes having a maturity of less than one year must (a) have a minimum redemption value of £100,000 (or its equivalent in other currencies) and be issued only to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses or (b) be issued in other circumstances which do not constitute a contravention of section 19 of 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 (detailed in a formula, index or otherwise) as may be specified in the relevant Final Terms. Notes may also be redeemable in two or more instalments on such dates and in such manner as may be specified in the relevant Final Terms.
Optional Redemption:	Notes may be redeemed before their stated maturity at the option of the Issuer (either in whole or in part) and/or at the option of the Noteholders to the extent (if at all) specified in the relevant Final Terms.
Tax Redemption:	Except as described in "*Optional Redemption*" above, early redemption will only be permitted for tax reasons as described in Condition 10(b) (*Redemption and Purchase — Redemption for tax reasons*).
Interest:	Notes may be interest-bearing or non-interest bearing. Interest (if any) may accrue at a fixed rate or a floating rate or other variable rate or be index-linked and the method of calculating interest may vary between the issue date and the maturity date of the relevant Series.
Denominations:	Notes will be issued in such denominations as may be specified in the relevant Final Terms, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements, **provided that** Notes which are to be admitted to trading on a Regulated Market or offered to the public in any Member State will only be issued in minimum denominations of at least EUR 50,000 (or its equivalent in another currency). Notes may be issued under the Programme in minimum Specified Denominations and integral multiples in excess thereof of another smaller amount.
Negative Pledge:	The Notes will have the benefit of a negative pledge as described in Condition 5 (*Negative Pledge*).
Taxation:	All payments in respect of Notes will be made free and clear of withholding taxes of the United Kingdom, unless the withholding is required by law. In that event, the Issuer will (subject as provided in Condition 12 (*Taxation*)) pay such additional amounts as will result in the Noteholders receiving such amounts as they would have received in respect of such Notes had no such withholding been required.
Governing Law:	The Notes and the Trust Deed and any non contractual obligations arising out of or in connection with the Notes and the Trust Deed are governed by English law.
Ratings:	Notes issued under the Programme may be rated or unrated. A rating is not a recommendation to buy, hold or sell securities and may be subject to suspension, or withdrawal at any time.
Selling Restrictions:	For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of offering material in the United States of America, the European Economic Area, the United Kingdom and Japan, see "*Subscription and Sale*" below.

RISK FACTORS

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

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

RISKS RELATING TO FORWARD-LOOKING STATEMENTS

This Base Prospectus contains certain forward-looking statements about the Issuer. 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 Industry and Economic Environment Risks; Legal, Compliance and Regulatory Risks; and Business Execution 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.

Industry and Economic Environment Risks

Expiration of patents or marketing exclusivity

Pharmaceutical products and diagnostic or medical devices are normally only protected from being copied during the period of patent protection or marketing exclusivity. Following the expiry of patent protection or marketing exclusivity the product is generally open to competition from generic copies. Products under patent protection or having marketing exclusivity generally generate significantly higher revenues than those not protected by patents or marketing exclusivity.

Patent litigation and early loss of patents, marketing exclusivity or trademarks

Generic drug manufacturers are seeking to market generic versions of many of the Issuer's more important products, prior to the expiration of its patents and marketing exclusivity periods. For example, the Issuer is currently facing challenges from multiple generic manufacturers to certain of its patents for *Nexium*, *Seroquel* and *Crestor*, some of its best-selling products in the US, its largest market. If such challenges are successful and generic products are launched, or launched 'at risk' on the expectation that challenges to the Issuer's intellectual property will be successful, this may have a material adverse effect on the Issuer's financial condition and results of operations. US sales for *Nexium* in 2008 were U.S.$3,101m, for *Seroquel* were U.S.$3,015m and for *Crestor* were U.S.$1,678m. In addition, the research-based pharmaceutical industry may exert intellectual property rights against other research-based companies and there continues to be examples of this. In the case of litigation both with generic manufacturers and other research-based companies, the Issuer expects that the greatest challenges will be focused on the most valuable products. Although the Issuer vigorously defends its intellectual property rights it cannot be certain that it will be successful.

There is the risk that the Issuer may be found to infringe the patents of others, and managing such disputes can be costly. The Issuer may be liable for damages or royalties, have to obtain costly licences or stop manufacturing, using or selling its products. This risk may be greater in respect of biologics and vaccines where intellectual property protection is sometimes not so clear. In the event of such risks arising the Issuer may mitigate them through, for example, acquiring licences or making modifications to cease the infringement and permit commercialisation of the Issuer's products.

Any of the Issuer's currently patented products may be the subject of intellectual property litigation or other disputes involving patent offices, anti-trust authorities, other government or law enforcement

agencies. Despite its efforts to establish and defend robust patent protection, the Issuer may not succeed in such litigation or disputes or be able to mitigate the risk through, for example: obtaining a licence to any third party patent on commercially reasonable terms; successfully developing non-infringing alternatives on a timely basis; or licensing alternative non-infringing technology, if any exists, on commercially reasonable terms. If it were not successful during the patent protection or data exclusivity periods in maintaining exclusive rights to market one or more of its major products, particularly in the US where it has its highest revenue and margins, the Issuer's revenue and margins would be significantly adversely affected.

In addition to the challenges to the Issuer's patented products from manufacturers of generic or other patented pharmaceutical products, there is a risk that some countries, particularly some of those in the developing world, may seek to impose limitations on the availability of patent protection for pharmaceutical products, or on the extent to which such protection may be obtained and/or enforced, within their jurisdictions. As a result, generic manufacturers in these countries may be increasingly and more easily able to introduce competing products to the market earlier than they would have been able to, had the patent protection been available.

Combined with patent protection and other types of marketing exclusivity, products protected by a valid trademark usually generate higher revenues than those without a trademark. The Issuer believes that it has robust trademark protection for its products but cannot be certain that it would be able to defend any challenge successfully.

Expiration or earlier loss of patents covering competing products

The expiration or earlier loss of patents covering others' branded products may lead to the availability of generic products earlier than anticipated, which could have a material adverse effect on the Issuer's financial condition and results of operations. For example, the loss/expiry of patent rights covering major products in the US, such as Lipitor™ or Advair Diskus™ after 2012 may adversely affect growth of the Issuer's still patented products in that market.

Failure to obtain patent protection

The Issuer's policy is to protect its investment in research and development by applying for appropriate intellectual property protection in respect of its inventions and innovations and this is a key business priority. The Issuer's ability to obtain patents and other proprietary rights in relation to its products is, therefore, an important element of its ability to create long-term value for the business.

Many of the different countries in which the Issuer operates are developing their patent laws for pharmaceuticals and there is more uncertainty regarding the patent protection available now and in the future than in countries with well developed intellectual property regimes. Limitations on the availability of patent protection in certain developing countries could have an adverse effect on the pricing and sales of the Issuer's products and, consequently, could adversely affect its revenues from them.

Impact of fluctuations in exchange rates

As a global business, currency fluctuations can significantly affect the Issuer's results of operations, which are accounted for in U.S. dollars. Approximately 47 per cent. of the Issuer's 2008 sales were in North America (US and Canada) with a significant proportion of that figure being in respect of US sales, which is expected to remain the Issuer's largest single market. Sales in certain other countries are also in U.S. dollars, or in currencies whose exchange rates are linked to the US dollar. Major components of the Issuer's cost base are, however, located in Europe, where an aggregate of approximately 51 per cent. of its employees are based. Movements in the exchange rates used to translate foreign currencies into U.S. dollars may, therefore, have a material adverse effect on the Issuer's financial condition and results of operations.

Certain of the Issuer's subsidiaries import and export goods and services in currencies other than their own working currency. The results of such subsidiaries could, therefore, be affected by currency fluctuations arising between the transaction dates and the settlement dates for those transactions. These exposures are hedged through financial instruments. The fair value of financial instruments used to hedge these exposures, principally forward foreign exchange contracts, at 31 December 2008 was U.S.$95 million.

The Issuer has policies that seek to mitigate the effect of exchange rate fluctuations on the value of foreign currency cash flows and in turn their effects on the results of the Issuer and its consolidated subsidiaries (the "**Group**"), but the Issuer does not seek to remove all such risks. In general, a unilateral strengthening of the US dollar adversely affects the Issuer's reported results whereas a weakening of the US dollar is generally favourable.

Debt-funding arrangements

The Issuer incurred substantial debt in connection with the acquisition of MedImmune, Inc. The Issuer's debt levels could affect its business flexibility and requires it to devote cash resources to service interest and principal payments. The Issuer's current debt level may limit its ability to engage in transactions beyond a certain size or incur additional indebtedness and in adverse business conditions may potentially affect its investment grade credit rating.

Bad debts

The Group sells to a large number of customers, across many countries, ranging from government backed agencies and large private wholesalers to privately owned pharmacies. An economic slowdown may impact the ability of some of these customers to continue to trade, which in turn may result in losses from writing these debts off. Although risk management processes are in place to manage this risk, and provisions are established for debts that may not be recoverable the Issuer cannot be certain that there will not be further losses above those already provided for.

Adverse impact of a sustained economic downturn

A variety of significant risks may arise from a sustained global economic downturn including those referred to here. Additional pressure from governments and other healthcare payers on medicine prices and volume of sales in response to recessionary pressures on budgets may cause a slow down or decline in growth in some markets. In addition, suppliers of some of the key goods and services the Issuer relies upon may cease to trade. The consequence of this may be significant delays and/or difficulties obtaining goods and services on commercially acceptable terms or even at all.

Moreover, the high fixed costs of operating a global research-based pharmaceuticals business and the long and uncertain development cycles for its products mean that the Issuer is highly dependant on being able to access a sustainable flow of liquid funds. In a sustained and/or severe economic downturn financial institutions who hold the Issuer's cash and other short-term deposits may cease to trade and there can be no guarantee that depositors/investors will be able to access their assets without a protracted, expensive and uncertain process, if at all. Although the Issuer has adopted conservative cash management and treasury policies to mitigate this risk it cannot be certain that these will be completely effective should a number of major financial institutions cease to trade. Additionally, if the Issuer needs access to external sources of financing to sustain and/or grow its business, such as may be available via the debt or capital financial markets, this may not be available on commercially acceptable terms, or at all, in the event of a severe and/or sustained economic downturn.

A particular risk relates to the Group's pension obligations, the single largest of which is the UK Pension Fund. The obligations are backed by assets invested across the broad investment market. Sustained falls in these assets will put a strain on funding resulting in requirements for additional cash, which may restrict the Issuer's ability to grow the business in line with the Issuer's strategic objectives. Similarly, if the liabilities rise, for example due to continued, sustained improvements in longevity, or falls in the corporate bond spreads that drive discount rates for accounting valuations, there will be a strain on funding. The likely increase in the IAS19 accounting deficit generated by any of these may cause the ratings agencies to review the Issuer's credit rating, with the potential to impact its ability to raise debt to fund further externalisation.

Owning and operating a biologics and vaccines business

As the Issuer continues to expand its biologics capabilities, the risks related to owning and operating a biological products business are becoming more important to the Group. Some of the more significant of these risks are described below:

- The Issuer may have limited access to and/or supply of biological materials, such as cells or animal products or by-products. In addition, government regulations in multiple jurisdictions could result in restricted access to, use or transport of such materials. Loss of access to sufficient sources of such materials, or tighter restrictions on the use of such materials may interrupt or prevent the Issuer's research activities as planned and/or increase its costs.

- The development, manufacture and marketing of biological products are often subject to more complex and stringent regulations than those applicable to other pharmaceutical products. As a result, the production and release schedules for biological products may be more significantly affected by the regulatory process than for other products. In addition, various legislative and regulatory authorities are considering whether an abbreviated approval process is appropriate for biosimilars or follow-on biological products (similar versions of existing biological products). It is uncertain as to when, or if, any such process may be adopted or how such a process would relate to intellectual property rights in connection with marketed or pipeline biological products, but any such process could have a material effect on the future commercial prospects for patented biological products.

- Manufacturing biological products, especially in large quantities, is often complex and may require the use of innovative technologies to handle living micro-organisms. Manufacturing biological products requires facilities specifically designed and validated for this purpose, with sophisticated quality assurance and quality 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.

- The methods of distributing and marketing biological products could have a material impact on the revenue the Issuer is able to generate from the sales of products such as *Synagis* and *FluMist*. The commercialisation of biologic products is often more complex than for traditional pharmaceutical products. This is primarily due to differences in mode of administration, technical aspects of the product, and the rapidly changing distribution and reimbursement environments. The tools available to the commercial team can be more limited and time-consuming in that the target physicians who prescribe biologics are often hospital-based specialists who treat patients with rare diseases. Biologics sales forces are usually smaller, more targeted and typically are required to make a more detailed, data-driven sales call. Patient education and awareness also requires a more personalised approach in that broad-based awareness campaigns, such as direct-to-consumer advertising in the US, is often not an efficient means by which to reach a smaller target population.

Competition, price controls and price reductions

Some of the Issuer's most valuable products compete directly with other products marketed either by major research and development based prescription pharmaceutical companies or by generic pharmaceutical manufacturers. These competitors may invest greater resources in 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 because they do not have to recoup the significant cost of research and development investment, nor do they generally invest the same amounts in education services for healthcare professionals. Industry consolidation has resulted in a small number of very large companies, some of which have acquired generic businesses. This trend, if it continues, could adversely affect the Issuer's competitive position, whilst consolidation among the Issuer's customers may increase price pressures. Some of the Issuer's patented products, including *Nexium*, *Crestor*, *Seroquel* and *Symbicort* are subject to price pressure due to competition from generic products in the same product class.

In most of the Issuer's key markets there is continued economic, regulatory and political pressure to limit or reduce the cost of pharmaceutical products.

In the US realised prices are being depressed through limited lists, or formularies, that may force manufacturers either to reduce prices or be excluded from the list, and as a consequence lose sales revenue from patients covered by that formulary. In addition, private health insurance companies and employers that self-insure increasingly require co-payments from beneficiaries, particularly for branded

pharmaceuticals and biotechnology products, among other reasons, to encourage beneficiaries to use generic products. The increased use of strict formularies by institutional customers in response to the current cost-containment environment and increasingly restrictive reimbursement policies could result in a material adverse effect on the Issuer's financial condition and results of operations.

In the EU, efforts by the European Commission to reduce inconsistencies and improve standards and best practice in the disparate national regulatory systems have met with little immediate success. The industry is, therefore, exposed to greater application of reference pricing mechanisms and ad hoc national cost-containment measures on prices and the consequent cross-border movement of products. 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, may increase. The accession of additional countries from Central and Eastern Europe to the EU as well as economic changes within EU countries may result in significant increases in the parallel trading of pharmaceutical products. In the US, new legislation is possible that may allow the commercial importation of drugs into the US from selected countries. The adoption of such legislation could result in an increase in volume of cross-border product movements which could result in a material adverse effect on the Issuer's financial condition and results of operations.

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

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 have a material adverse effect on the Issuer's financial condition and results of operations, as could a negative outcome of a tax dispute or failure of tax authorities to agree through competent authority proceedings.

Substantial product liability claims

Given the widespread impact that prescription drugs may have on the health of large patient populations, pharmaceutical, biopharmaceutical and medical device companies have, historically, been subject to large product liability damages claims, settlements and awards for injuries allegedly caused by the use of their products. Product liability claims, regardless of their merits or their outcome, are costly, divert management attention, and may adversely affect the Issuer's reputation and demand for its products. Adverse publicity relating to the safety of a product or of other competing products may increase the risk of product liability claims. Litigation, particularly in the US, is inherently unpredictable and verdicts and/or unexpectedly high awards of damages can result. Substantial product liability claims that result in court decisions against the Issuer or in the settlement of proceedings could have a material adverse effect on the Issuer's financial condition and results of operations, particularly where such circumstances are not covered by insurance.

Performance of new products

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

The successful launch of a new pharmaceutical product involves a substantial investment in sales and marketing costs, launch stocks and other items. The commercial success of the Issuer's new medicines is of particular importance to it in order to replace sales lost as and when patent protection ceases in established markets. If a new product does not succeed as anticipated or its rate of sales growth is slower than anticipated, there is a risk that the costs incurred in launching it could have a material adverse effect on the Issuer's financial condition and results of operations. In addition, for launch of products that are seasonal in nature, delays for regulatory approval or manufacturing difficulties can have the effect of delaying launch to the next season and significantly reduce the value of costs spent in preparing for the launch for that season.

Environmental, occupational and health and safety liabilities

The Issuer has environmental liabilities relating to some currently or formerly owned, leased and third party sites. These liabilities are carefully managed by designated technical, legal and business personnel and there is no reason for us to believe that associated current and expected expenditure and/or risks are likely to have a material adverse effect on the Issuer's financial condition and results of operations as a general matter, although they could, to the extent that they exceed applicable provisions, have a material adverse effect on the Issuer's financial condition and results of operations for the relevant period. In addition, a change in circumstances (including a change in applicable laws or regulations) may result in such an effect.

Nonetheless, a significant non-compliance or incident for which the Issuer was responsible could result in the Issuer being liable to pay compensation, fines or remediation costs. In some circumstances, such liability could have a material adverse effect on the Issuer's financial condition, reputation and results of operations. In addition, the Issuer's financial provisions for any obligations that it may have relating to environmental liabilities may be insufficient if the assumptions underlying the provisions – including its assumptions regarding the portion of waste at a site for which it is responsible – prove incorrect, or if it is held responsible for additional contamination.

Developing the Issuer's business in emerging markets

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

Product counterfeiting

Counterfeit medicines may contain harmful substances, the wrong dose of the active pharmaceutical ingredient (API) or no API at all. Counterfeit medicines are a danger to patients in all parts of the world; the International Medical Products Anti-Counterfeiting Taskforce (IMPACT) of the World Health Organization (WHO) estimates that approximately 10 per cent. to 30 per cent. of medicines in emerging economies are counterfeit, with parts of Latin America, Asia and Africa having a greater percentage than that. By contrast, in developed countries with effective regulatory systems, counterfeits represent less than 1 per cent. of the market.

Public loss of confidence in the integrity of pharmaceutical products as a result of counterfeiting could adversely affect the Issuer's reputation and financial performance. In addition, undue or misplaced concern about the issue might induce some patients to stop taking their medicines, with consequential risks to their health.

The Issuer uses a range of measures against counterfeit medicines, and continues to develop its capabilities in this area. These include introducing technologies that make it more difficult for counterfeiters to copy its products; conducting market surveillance and monitoring the supply chain to identify potential counterfeiting operations; and responding rapidly to any reports of counterfeit

AstraZeneca medicines, working with regulators, healthcare professionals, distributors, law enforcement agencies and other organisations to protect patient interests. The Issuer also participates in a variety of anti-counterfeiting forums in the public and private sector, including the WHO's IMPACT working group and the Pharmaceutical Security Institute.

Legal, Compliance and Regulatory Risks

Adverse outcome of litigation and/or government investigations and insufficient insurance coverage

Unfavourable resolution of current or future legal proceedings, including government investigations, competition and anti-trust enquiries, investigations and litigation, product liability litigation and securities class action law suits, may have a material adverse effect on the Issuer's financial condition and results of operations, not least because the Issuer may be required to make significant provisions in its accounts related to legal proceedings and/or governmental investigations, which would reduce earnings. In many cases, particularly in the US, the practice of the plaintiff bar is to claim damages – compensatory, punitive and statutory – in extremely high amounts.

Recent insurance loss experience in the pharmaceutical industry, including product liability exposures, has increased the cost of, and narrowed the coverage afforded by, pharmaceutical companies' product liability insurance. In order 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 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.

Difficulties of obtaining and maintaining regulatory approvals for new products

The Issuer is subject to strict controls on the manufacture, labelling, distribution and marketing of pharmaceutical products. The requirement to obtain regulatory approval based on a product's safety, efficacy and quality before it may be marketed for a specified therapeutic indication or indications in a particular country, and to maintain and to comply with licences and other regulations relating to its manufacture, are particularly important. The submission of an application to regulatory authorities (which are different, with different requirements, in each region or country) may or may not lead to approval to market the product. 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 parts of the world. The countries that constitute key markets for the Issuer's pharmaceutical products include the US, the countries of the EU and Japan. The approval of a product is required by the relevant regulatory authority in each country, although a single pan-EU marketing authorisation approval can be obtained through a centralised procedure.

In recent years, regulatory authorities and sponsor companies have been under increased public pressure to apply more conservative benefit/risk criteria before a pharmaceutical product is approved. 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. Further, predicting when a product will be approved for marketing remains challenging. For example, a review of the United States Food and Drug Administration ("**FDA**") performance data indicates that for new drug and biologic applications approved in 2008, the average review time (i.e. the time from submission to approval) increased markedly from 2007, in part due to the FDA failing to meet the review time targets for new drug applications specified under the Prescription Drug User Fee Act IV. Delays in regulatory reviews could impact the timing of new product launch.

Failure to observe continuing regulatory oversight

Once a product has been approved for marketing by regulatory authorities, it is subject to continuing control and regulation in relation to the manner of its manufacture, distribution, marketing and safety surveillance. In addition, the facilities in which products are produced are subject to continuing inspections, and minor changes in manufacturing processes may require additional regulatory approvals, either of which could result in the Issuer having to incur significant additional costs. 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 third parties with which it has relationships). These powers include withdrawal of a marketing approval previously

granted, product recalls, seizure of products, closure of manufacturing sites and other sanctions for non-compliance. Regulatory sanction, following a failure to comply with such continuing regulatory oversight, could have a material adverse effect on the conduct of the Issuer's business, the Issuer's financial condition and results of operations. In addition, because the Issuer's products are intended to promote the health of patients, any supply interruption could lead to allegations that public health has been endangered, and could lead to legal proceedings being filed against it, damage to its reputation and loss of confidence in its products.

Business Execution Risks

Challenges to achieving commercial success of new products

The development of new products is complex and involves the commitment of substantial effort, funds and other research and development resources. It involves a high degree of risk and uncertainty and can take many years. New products are important to replace the declining sales of older products following expiry of intellectual property protection. The Issuer's development of any product candidate may fail at any stage of the process, and it may ultimately be unable to achieve commercial success for any number of reasons, including:

- Failure to obtain the required regulatory approvals for the product candidate or the facilities in which it is manufactured.
- Adverse reactions to the product candidate or indications of other safety concerns.
- Inability to manufacture sufficient quantities of the product candidate for development or commercialisation activities in a timely and cost-efficient manner.
- Unfavourable data from key studies.
- Excessive costs of, or difficulty in, manufacturing.
- Erosion of patent term and other intellectual property rights, and infringement of those rights and the intellectual property rights owned by third parties.
- Failure to show value or a differentiated profile for the Issuer's products.

As a result, the Issuer cannot be certain that compounds currently under development will achieve success. There can also be no guarantee that new products in the pipeline will achieve market success or come to market before the expiration of the Issuer's patents or the erosion of its current product brands. Furthermore, a succession of negative drug project results and a failure to reduce development timelines effectively could adversely affect the reputation of the Issuer's research and development capabilities. The failure of research and development to yield new products that achieve commercial success may have a material adverse effect on the Issuer's financial condition and results of operations.

Acquisitions and strategic alliances formed as part of the Issuer's externalisation strategy may be unsuccessful

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

- Acquisition of MedImmune to accelerate the Issuer's biologics capability.
- Collaboration with Bristol-Myers Squibb Company to develop and commercialise two investigational compounds being studied for the treatment of Type 2 diabetes, saxagliptin and dapagliflozin.
- Collaboration with POZEN Inc. to develop a fixed dose combination of enteric coated naproxen and immediate release esomeprazole for chronic pain (PN400), utilising POZEN's proprietary technology.

- Agreement with Abbott for the development of Abbott's next-generation fenofibrate (ABT-335) and Crestor in a single pill, fixed-dose combination treatment to target all three major blood lipids – LDL-C 'bad cholesterol', HDL-C 'good cholesterol' and triglycerides.

- Collaboration deals with Columbia University and Newcastle University to support the Issuer's early stage discovery activities.

The Issuer may not complete these types of transactions or collaborative projects in a timely manner, on a cost-effective basis, or at all, and may not realise the expected benefits of any acquisition, licensing arrangement or strategic alliance. Other companies may also compete with the Issuer for these opportunities. The success of such current and future arrangements is largely dependent on the technology and other intellectual property it acquires and the resources, efforts and skills of its partners. Disputes and difficulties in such relationships may arise, often due to conflicting priorities or conflicts of interest which may erode or eliminate the benefits of these alliances if, for example, the agreements are terminated; insufficient financial or other resources are made available to the alliances; intellectual property is negatively impacted; obligations are not performed as expected; controls and commercial limitations are imposed over the marketing and promotion of products to be co-developed; or challenges in achieving commercial success of the product are encountered during the development process. Also, under many of its strategic alliances, the Issuer makes milestone payments well in advance of commercialisation of products, with no assurance that it will ever recoup those payments. If these types of transactions are unsuccessful, this may have an adverse effect on the Issuer's financial condition and results of operations.

In addition, integration of an acquired business could involve incurring significant debt and unknown or contingent liabilities, as well as having a negative effect on the Issuer's reported results of operations from acquisition-related charges, amortisation of expenses related to intangibles and charges for impairment of long-term assets. These effects, individually or in combination, could cause a deterioration of the Issuer's credit rating, increased borrowing costs and interest expense. The Issuer could also experience difficulties in integrating geographically separated organisations, systems and facilities, and personnel with different organisational cultures. Integration of an acquired business may also divert management resources that would otherwise be available for continuing development of the Issuer's existing business. The integration process may result in business disruption, the loss of key employees, slower execution of various work processes, compliance failures due to a change in applicable regulatory requirements and other issues such as a failure to integrate information technology and other systems (further details of the risks associated with information technology and outsourcing can be found below).

Reliance on third parties for supplies of materials and services

Like most, if not all, major research-based pharmaceutical companies the Issuer increasingly relies on third parties for the timely supply of specified raw materials, equipment, contract manufacturing, formulation or packaging services and maintenance services that are key to its operations. The Issuer actively manages these third party relationships to ensure continuity of supplies on time and to its required specifications. However, events beyond its control could result in delayed, incomplete, or the failure of supplies, which could have a material adverse effect on its financial condition and results of operations. Recently, the Issuer has established sourcing centres in China and India to identify high quality suppliers in those regions.

Failure to manage a crisis

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

Delay to new product launches

Our continued success depends on the development and successful launch of innovative new drugs. The anticipated launch dates of major new products have a significant impact on a number of areas of the Issuer's business, including investment in large clinical trials, the manufacture of pre-launch stocks of the

products, investment in marketing materials ahead of a product launch, sales force training and the timing of anticipated future revenue streams from commercial sales of new products. These launch dates are primarily driven by the development programmes that the Issuer runs and the demands of the regulatory authorities in the approvals process, as well as pricing negotiation in some countries. Delays in anticipated launch dates can arise as a result of adverse findings in pre-clinical or clinical studies, regulatory demands, competitor activity and technology transfer. Any delay to the anticipated launch dates may therefore impact the Issuer's business and operations in a number of ways. Significant delay to the anticipated launch dates of new products could have a material adverse effect on the Issuer's financial condition and results of operations.

Failure of information technology and outsourcing

The Issuer is dependent on effective information technology (IT) systems. These systems support key business functions such as its research and development and manufacturing capabilities, and are an important means of internal communication and communication with customers and suppliers. Any significant disruption of these IT systems or the failure of new IT systems to integrate with existing IT systems could materially and adversely affect the Issuer's operations. The Issuer also has a number of outsourcing arrangements in respect of critical processes, services and the support of its IT infrastructure and its increasing dependency on these outsource providers could impact on its ability to deliver on business targets and to maintain its compliance status and reputation. Risk associated with outsource providers is mitigated by its contracting approach which enables it to monitor closely any degradation in services and enact staged remedies. The Issuer's engagement of multiple outsource providers mitigates against risk of over-reliance on any one outsource provider.

Productivity initiatives

The Issuer is implementing various productivity initiatives and restructuring programmes, with the aim of enhancing the long-term efficiency of the business. However, the anticipated cost savings and other benefits are based on preliminary 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 and price increases and other factors. If inappropriately managed the expected value of the initiative can be lost through low employee morale and hence productivity, increased absence levels and industrial action. The Issuer's failure to implement successfully these planned cost reduction measures, either through the successful conclusion of employee relations processes (including consultation and engagement, talent management and recruitment and retention), or the possibility that these efforts do not generate the level of cost savings the Issuer anticipates, could have a material adverse effect on the Issuer's financial condition, results of operations and reputation.

RISK RELATING TO THE NOTES

The Notes may not be a suitable investment for all investors

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

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

(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.

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

Index Linked Notes and Dual Currency Notes

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

(a) the market price of such Notes may be volatile;

(b) they may receive no interest;

(c) payment of principal or interest may occur at a different time or in a different currency than expected;

(d) they may lose all or a substantial portion of their principal;

(e) a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;

(f) if a Relevant Factor is applied to Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable likely will be magnified; and

(g) the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

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

There is no active trading market for the Notes

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

Since mid-2007, and particularly during the second half of 2008, the financial services industry and the securities markets generally were materially and adversely affected by significant declines in the values of nearly all asset classes and by a serious lack of liquidity. The global markets have been characterised by substantially increased volatility and short-selling and an overall loss of investor confidence, initially in financial institutions, but more recently in companies in a number of other industries and in the broader markets. Declining asset values, defaults on mortgages and consumer loans, the lack of market and investor confidence and other factors have all combined to increase credit default swap rates, to cause rating agencies to lower credit ratings, and to otherwise increase the cost and to decrease the availability of credit, despite very significant declines in central bank borrowing rates and other government actions. Banks and other lenders have suffered significant losses and have become reluctant to lend, even on a secured basis, due to the increased risk of default and the impact of declining asset values on the value of collateral. In 2008 and 2009, governments and regulators worldwide have taken numerous steps to increase liquidity and to restore investor confidence, but access to credit continues to be limited. 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.

Loss of Investment

If, in the case of any particular Tranche of Notes, the relevant Final Terms specify that the Notes are Index or Credit Linked, there is a risk that any investor may lose the value of their entire investment or part of it.

The Notes may be redeemed prior to maturity

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

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

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

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

While the Notes are represented by one or more Global Notes the Issuer will discharge its payment obligations under the Notes by making payments to the common depositary or, as the case may be, a common safe-keeper for Euroclear and Clearstream, Luxembourg for distribution to their account

holders. A holder of a beneficial interest in a Global Note must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the relevant Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes.

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 Euroclear and Clearstream, Luxembourg to appoint appropriate proxies.

Modification, waivers and substitution

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

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

Notes with integral multiples

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

Credit ratings

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

EU Savings Directive

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

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

On 13 November 2008 the European Commission published a proposal for amendments to the Directive, which included a number of suggested changes which, if implemented, would broaden the scope of the requirements described above. The European Parliament approved an amended version of the proposal on 24 April 2009. 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:

- the "Annual Report and Form 20-F Information 2007" of the Issuer (including the audited consolidated financial statements of the Issuer as at and for the years ended 31 December 2007 together with the notes thereto and the independent auditor's report to the members of Astra Zeneca PLC (Group));

- the "Annual Report and Form 20-F Information 2008" of the Issuer (including the audited consolidated financial statements of the Issuer as at and for the years ended 31 December 2008 together with the notes thereto and the independent auditor's report to the members of Astra Zeneca PLC (Group));

- the "Second Quarter and Half Year Results 2009" of the Issuer (including the unaudited consolidated interim financial statements of the Issuer in respect of the six months ended 30 June 2009 together with the notes thereto and the independent auditor's independent review report to Astra Zeneca PLC);

- RNS announcement "FDA approves 'Onglyza' for the treatment of Type 2 Diabetes in the US", dated 3 August 2009, RNS Number: 7356W; and

- RNS announcement "Phase III Head to Head Trial Showed Ticagrelor Reduced Cardiovascular Death and Heart Attacks Over Clopidogrel in Acute Coronary Syndromes Patients" dated 30 August 2009, RNS Number: 2609Y.

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.

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 endeavoured to include 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, supplement 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 supplemented, amended and/or replaced 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.

Each Drawdown Prospectus will be constituted either (1) by a single document containing the necessary information relating to the Issuer and the relevant Notes or (2) by a registration document (the "**Registration Document**") containing the necessary information relating to the Issuer, a securities note (the "**Securities Note**") containing the necessary information relating to the relevant Notes and, if necessary, a summary note. In addition, if the Drawdown Prospectus is constituted by a Registration Document and a Securities Note, any significant new factor, material mistake or inaccuracy relating to the information included in the Registration Document which arises or is noted between the date of the Registration Document and the date of the Securities Note which is capable of affecting the assessment of the relevant Notes will be included in the Securities Note.

FORMS OF NOTES

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

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

The relevant Final Terms will also specify whether United States Treasury Regulation Û1.163-5(c)(2)(i)(C) (the "**TEFRA C Rules**") or United States Treasury Regulation Û1.163-5(c)(2)(i)(D) (the "**TEFRA D Rules**") are applicable in relation to the Notes or, if the Notes do not have a maturity of more than 365 days, that neither the TEFRA C Rules nor the TEFRA D Rules are applicable.

Temporary Global Note exchangeable for Permanent Global Note

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

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

(i) presentation and (in the case of final exchange) surrender of the Temporary Global Note to or to the order of the Principal Paying Agent; and

(ii) receipt by the Principal Paying Agent of a certificate or certificates of non-U.S. beneficial ownership,

within 7 days of the bearer requesting such exchange.

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

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

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

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

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

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

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

Temporary Global Note exchangeable for Definitive Notes

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

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

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

Permanent Global Note exchangeable for Definitive Notes

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

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

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

(iii) if the relevant Final Terms specifies "in the limited circumstances described in the Permanent Global Note", then if (a) Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or does in fact do so and no other clearing system acceptable to the Trustee is then in existence or (b) any of the circumstances described in Condition 13 (*Events of Default*) occurs.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of the Permanent Global Note to the bearer of the Permanent Global

Note against the surrender of the Permanent Global Note to or to the order of the Principal Paying Agent within 30 days of the bearer requesting such exchange.

Terms and Conditions applicable to the Notes

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

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

Legend concerning United States persons

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

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

TERMS AND CONDITIONS OF THE NOTES

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

1. **Introduction**

(a) ***Programme***:

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

(b) ***Final Terms***:

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

(c) ***Trust Deed***:

The Notes are constituted by, have the benefit of and are in all respects subject to a trust deed dated 10 September 2007 amended and restated on 4 September 2009 (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 4 September 2009 (the "**Agency Agreement**") between the Issuer and Deutsche Bank AG, London Branch as principal paying agent (the "**Principal Paying Agent**", which expression includes any successor principal paying agent appointed from time to time in connection with the Notes).

(e) ***The Notes***:

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

(f) ***Summaries***:

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

2. **Interpretation**

(a) ***Definitions***:

In these Conditions the following expressions have the following meanings:

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

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

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

"**Business Day**" means:

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

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

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

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

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

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

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

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

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

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

specified number of months after the calendar month in which the preceding such date occurred; and

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

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

"**Calculation Amount**" has the meaning given in the relevant Final Terms;

"**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:

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

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:

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

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:

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

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;

"**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;

"**Margin**" has the meaning given in the relevant Final Terms;

"**Maturity Date**" has the meaning given in the relevant Final Terms;

"**Maximum Redemption Amount**" has the meaning given in the relevant Final Terms;

"**Minimum Redemption Amount**" has the meaning given in the relevant Final Terms;

"**Moody's**" means Moody's Investors Service, Inc.;

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

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

"**Optional Redemption Date (Call)**" has the meaning given in the relevant Final Terms;

"**Optional Redemption Date (Put)**" has the meaning given in the relevant Final Terms;

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

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

"**Payment Business Day**" means:

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

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

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

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

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

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

"**Permitted Security Interest**" means:

(a) any Security Interest over Relevant Assets and the shares of stock or Indebtedness of the Issuer and its Restricted Subsidiaries securing Indebtedness of the Issuer and its Restricted Subsidiaries the principal amount of which (when aggregated with the principal amount of any other Indebtedness which has the benefit of any Security Interest over Relevant Assets and the shares of stock or Indebtedness of the Issuer and its Restricted Subsidiaries) does not at the time exceed 15 per cent. of the Consolidated Net Tangible Assets;

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

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

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

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

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

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

disposition of all or substantially all of the property of a Person to the Issuer or a Restricted Subsidiary;

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

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

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

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

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

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

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

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

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

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

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

(p) any Security Interest on property of the Issuer or a Restricted Subsidiary in favour of the United States or any State of the United States, or the United Kingdom, or any other country, or any political subdivision of, or any department, agency or instrumentality of, these countries or states, to secure partial, progress, advance or other payments under provisions of any contract or statute including, but not limited to, Security Interests to secure Indebtedness of pollution control or industrial revenue bond type, or to secure any Indebtedness incurred for the purpose of financing all or any part of the purchase price or cost of construction of the property subject to these Security Interests;

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

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

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

(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 10(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 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:

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

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

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

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

(e) to amend this definition;

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

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

(b) which owns a Relevant Asset;

"**S&P**" means Standard & Poor's Rating Services, a division of The McGraw-Hill Companies Inc.;

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

"**Specified Currency**" has the meaning given in the relevant Final Terms;

"**Specified Denomination(s)**" has the meaning given in the relevant Final Terms;

"**Specified Office**" has the meaning given in the Agency Agreement;

"**Specified Period**" has the meaning given in the relevant Final Terms;

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

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

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

"**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 12 (*Taxation*), any premium payable in respect of a Note and any other amount in the nature of principal payable pursuant to these Conditions;

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

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

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

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

3. **Form, Denomination and Title**

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

4. **Status**

The Notes constitute direct, general and unconditional obligations of the Issuer which will at all times rank *pari passu* among themselves and at least *pari passu* with all other present and future unsecured obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

5. **Negative Pledge**

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

6. **Fixed Rate Note Provisions**

(a) ***Application***:

This Condition 6 is applicable to the Notes only if the Fixed Rate Note provisions are specified in the relevant Final Terms as being applicable.

(b) ***Accrual of interest***:

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

(c) ***Fixed Coupon Amount***:

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

(d) ***Calculation of interest amount***:

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

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

(a) ***Application***:

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

(b) ***Accrual of interest***:

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

(c) ***Screen Rate Determination***:

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

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

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

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

(A) request the principal Relevant Financial Centre office of each of the Reference Banks to provide a quotation of the Reference Rate at approximately the Relevant Time on the Interest Determination Date to

prime banks in the Relevant Financial Centre interbank market in an amount that is representative for a single transaction in that market at that time; and

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

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

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

(d) ***ISDA Determination***:

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

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

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

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

(e) ***Index-Linked Interest***:

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

(f) ***Maximum or Minimum Rate of Interest***

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

(g) ***Calculation of Interest Amount***:

The Calculation Agent will, as soon as practicable after the time at which the Rate of Interest is to be determined in relation to each Interest Period, calculate the Interest

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

(h) ***Calculation of other amounts***:

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

(i) ***Publication***:

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

(j) ***Notifications etc***:

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

(k) ***Determination or Calculation by Trustee***:

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

8. **Zero Coupon Note Provisions**

(a) ***Application***:

This Condition 8 is applicable to the Notes only if the Zero Coupon Note provisions are specified in the relevant Final Terms as being applicable.

(b) ***Late payment on Zero Coupon Notes***:

If the Redemption Amount payable in respect of any Zero Coupon Note is improperly withheld or refused, the Redemption Amount shall thereafter be an amount equal to the sum of:

(i) the Reference Price; and

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

9. **Dual Currency Note Provisions**

(a) ***Application***:

This Condition 9 is applicable to the Notes only if the Dual Currency Note provisions are specified in the relevant Final Terms as being applicable.

(b) ***Rate of Interest***:

If the rate or amount of interest falls to be determined by reference to an exchange rate, the rate or amount of interest payable shall be determined in the manner specified in the relevant Final Terms.

10. **Redemption and Purchase**

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

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

(b) ***Redemption for tax reasons***:

The Notes may be redeemed at the option of the Issuer in whole, but not in part:

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

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

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

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

(B) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

provided, **however**, **that** no such notice of redemption shall be given earlier than:

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

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

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

(c) ***Redemption at the option of the Issuer***:

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

(d) ***Partial redemption***:

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

(e) ***Redemption at the option of Noteholders***:

If Put Option is specified in the relevant Final Terms as being applicable, the Issuer shall, at the option of the holder of any Note redeem such Note on the Optional Redemption Date (Put) specified in the relevant Put Option Notice at the relevant Optional Redemption Amount (Put) together with interest (if any) accrued to such date. In order to exercise the option contained in this Condition 10(e), the holder of a Note must, not less than 30 nor more than 60 days before the relevant Optional Redemption Date (Put), deposit with any Paying Agent such Note together with all unmatured Coupons relating thereto and a duly completed Put Option Notice in the form obtainable from any Paying Agent. The Paying Agent with which such Note is so deposited shall deliver a duly completed Put Option Receipt to the depositing Noteholder. No Note, once deposited with a duly completed Put Option Notice in accordance with this Condition 10(e), may be withdrawn; **provided**, **however**, **that** if, prior to the relevant Optional Redemption Date (Put), any such Note becomes immediately due and payable or, upon due presentation of any such Note on the relevant Optional Redemption Date (Put), payment of the redemption moneys is improperly withheld or refused, the relevant Paying Agent shall mail notification thereof to the depositing Noteholder at such address as may have been given by such Noteholder in the relevant Put Option Notice and shall hold such Note at its Specified Office for collection by the depositing Noteholder against surrender of the relevant Put Option Receipt. For so long as any outstanding Note is held by a Paying Agent in accordance with this Condition 10(e), the depositor of such Note and not such Paying Agent shall be deemed to be the holder of such Note for all purposes.

(f) ***No other redemption***:

The Issuer shall not be entitled to redeem the Notes otherwise than as provided in Conditions 10(a) (*Scheduled redemption*) to 10(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 10(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 or purchased by the Issuer or any of its Subsidiaries and any unmatured Coupons attached to or surrendered with them shall be cancelled and may not be reissued or resold.

11. **Payments**

(a) ***Principal***:

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

(b) ***Interest***:

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

(c) ***Payments in New York City***:

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

(d) ***Payments subject to fiscal laws***:

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

(e) ***Deductions for unmatured Coupons***:

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

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

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

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

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

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

(f) ***Unmatured Coupons void***

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

(g) ***Payments on business days***:

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

(h) ***Payments other than in respect of matured Coupons***:

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

(i) ***Partial payments***:

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

(j) ***Exchange of Talons***:

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

12. **Taxation**

(a) ***Gross up***:

All payments of principal and interest in respect of the Notes and the Coupons by or on behalf of the Issuer shall be made free and clear of, and without withholding or

deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the United Kingdom or any political subdivision therein or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments, or governmental charges is required by law. In that event, the Issuer shall pay such additional amounts as will result in receipt by the Noteholders and the Couponholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Note or Coupon presented for payment:

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

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

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

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

(b) ***Taxing jurisdiction***:

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

13. **Events of Default**

If any of the following events occurs and is continuing:

(a) ***Non-payment***:

the Issuer fails to pay any amount of principal in respect of the Notes within seven days of the due date for payment thereof or any amount of interest in respect of the Notes within fourteen days of the due date for payment thereof; or

(b) ***Breach of other obligations***:

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

(c) ***Security enforced***:

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

(d) ***Insolvency etc***:

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

(e) ***Winding up etc***:

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

(f) ***Failure to take action etc***:

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

(g) ***Unlawfulness***:

it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Notes; or

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

14. **Prescription**

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

15. **Replacement of Notes and Coupons**

If any Note or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Principal Paying Agent (and, if the Notes are then admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent in any particular place, a Paying Agent having

its Specified Office in the place required by such competent authority, stock exchange and/or quotation system), subject to all applicable laws and competent authority, stock exchange and/or quotation system requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

16. **Trustee and Agents**

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

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

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

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

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

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

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

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

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

17. **Meetings of Noteholders; Modification and Waiver**

(a) ***Meetings of Noteholders***:

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

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

(b) ***Modification and waiver***:

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

(c) ***Substitution***:

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

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

18. **Enforcement**

The Trustee may, at any time, at its discretion and without further notice, institute such proceedings against the Issuer as it thinks fit to enforce any obligation, condition or provision

binding on the Issuer under these Conditions or under the Trust Deed in respect of the Notes, but shall not be bound to do so unless:

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

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

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

19. **Notices**

(a) ***Valid Notices***:

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

(b) ***Other Methods***:

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

(c) ***Couponholders***:

Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the Noteholders.

20. **Rounding**

For the purposes of any calculations referred to in these Conditions (unless otherwise specified in these Conditions or the relevant Final Terms), (a) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 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.

21. **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

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

Final Terms dated [*date*]

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

PART A — CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the Base Prospectus dated 4 September 2009 [and the supplemental Base Prospectus dated [*date*]] which [together] constitute[s] a base prospectus (the "**Base Prospectus**") for the purposes of Directive 2003/71/EC (the "**Prospectus Directive**"). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive. These Final Terms contain the final terms of the Notes and must be read in conjunction with such Base Prospectus [as so supplemented].

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

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

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the base prospectus dated [original date]. These Final Terms contain the final terms of the Notes and must be read in conjunction with the Base Prospectus dated 4 September 2009 [and the supplemental Base Prospectus dated [*date*]] which [together] constitute[s] a base prospectus (the "**Base Prospectus**") for the purposes of Directive 2003/71/EC (the "**Prospectus Directive**"), save in respect of the Conditions which are extracted from the base prospectus dated [*original date*] and are attached hereto. This document constitutes the Final Terms relating to the issue of Notes described herein for the purposes of Article 5.4 of the Prospectus Directive.

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

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

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

1.	Issuer:		AstraZeneca PLC
2.	[(i)]	Series Number:	[•]

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

10.	Redemption/Payment Basis:		[Redemption at par] [Index-Linked Redemption] [Dual Currency] [Partly Paid] [Instalment] [Other (*specify*)]
11.	Change of Interest or Redemption/Payment Basis:		[*Specify details of any provision for convertibility of Notes into another interest or redemption/payment basis*]
12.	Put/Call Options:		[Investor Put] [Issuer Call] [(further particulars specified below)]
13.	(i)	Status of the Notes:	[Senior/[Dated/Perpetual]/Subordinated]
	[(ii)]	[Date [Board] approval for issuance of Notes obtained:	[•] [and [•], respectively]] *(N.B Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes)*]
14.	Method of distribution:		[Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15.	**Fixed Rate Note Provisions**		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i)	Rate[(s)] of Interest:	[•] per cent. per annum [payable [annually/semi-annually/quarterly/monthly/other (*specify*)] in arrear]
	(ii)	Interest Payment Date(s):	[•] in each year
	(iii)	Fixed Coupon Amount[(s)]:	[•] per Calculation Amount
	(iv)	Broken Amount(s):	[•] per Calculation Amount payable on the Interest Payment Date falling [in/on] [•]
	(v)	Day Count Fraction:	[30/360/Actual/Actual (ICMA/ISDA)/other]
	[(vi)	Determination Dates:	[•] in each year [*Insert regular interest payment dates, ignoring Issue Date or Maturity Date in the case of a long or short first or last coupon. N.B. only relevant where Day Count Fraction is Actual/Actual ([ICMA])*]
	(vii)	Other terms relating to the method of calculating interest for Fixed Rate Notes:	[Not Applicable/give details]
16.	**Floating Rate Note Provisions**		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*.)

[(i)	Interest Period(s) — see endnote]	
(ii)	Specified Period:	[•] (*Specified Period and Specified Interest Payment Dates are alternatives. A Specified Period, rather than Specified Interest Payment Dates, will only be relevant if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention. Otherwise, insert "Not Applicable"*)
(iii)	Specified Interest Payment Dates:	[•] (*Specified Period and Specified Interest Payment Dates are alternatives. If the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention, insert "Not Applicable"*)
(iv)	First Interest Payment Date:	[•]
(v)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (*give details*)]
(vi)	Additional Business Centre(s):	[Not Applicable/*give details*]
(vii)	Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination/ISDA Determination/other (*give details*)]
(viii)	Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Principal Paying Agent):	[[*Name*] shall be the Calculation Agent (*no need to specify if the Principal Paying Agent is to perform this function*)]
(ix)	Screen Rate Determination:	
	• Reference Rate:	[*For example, LIBOR or EURIBOR*]
	• Interest Determination Date(s)	[•]
	• Relevant Screen Page:	[*For example, Reuters LIBOR 01/EURIBOR 01*]
	• Relevant Time:	[*For example, 11.00 a.m. London time/Brussels time*]
	• Relevant Financial Centre:	[*For example, London/Euro-zone (where Euro-zone means the region comprised of the countries whose lawful currency is the euro)*]
(x)	ISDA Determination:	

		• Floating Rate Option:	[•]
		• Designated Maturity:	[•]
		• Reset Date:	[•]
	(xi)	Margin(s):	[+/—][•] per cent. per annum
	(xii)	Minimum Rate of Interest:	[•] per cent. per annum
	(xiii)	Maximum Rate of Interest:	[•] per cent. per annum
	(xiv)	Day Count Fraction:	[•]
	(xv)	Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions:	[•]
17.	**Zero Coupon Note Provisions**		[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(i)	[Amortisation/Accrual] Yield:	[•] per cent. per annum
	(ii)	Reference Price:	[•]
	(iii)	Any other formula/basis of determining amount payable:	[*Consider whether it is necessary to specify a Day Count Fraction for the purposes of Condition 10(g)(Early redemption of Zero Coupon Notes)*]
18.	**Index-Linked Interest Note Provisions**		[Applicable/Not Applicable] *(If not applicable, delete the remaining subparagraphs of this paragraph*)
	(i)	Index/Formula:	[*Give or annex details*]
	(ii)	Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the Principal Paying Agent):	[•]
	(iii)	Provisions for determining Coupon where calculation by reference to Index and/or Formula is impossible or impracticable:	[•]

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

PROVISIONS RELATING TO REDEMPTION

20.	**Call Option**	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs*

			of this paragraph)
	(i)	Optional Redemption Date(s):	[•]
	(ii)	Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s):	[•] per Calculation Amount
	(iii)	If redeemable in part:	
		(a) Minimum Redemption Amount:	[•] per Calculation Amount
		(b) Maximum Redemption Amount:	[•] per Calculation Amount
	(iv)	Notice period:	[•]
21.	**Put Option**		[Applicable/Not Applicable]
			(*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i)	Optional Redemption Date(s):	[•]
	(ii)	Optional Redemption Amount(s) and method, if any, of calculation of such amount(s):	[•] per Calculation Amount
	(iii)	Notice period:	[•]
22.	**Final Redemption Amount of each Note**		[[•] per Calculation Amount/other/see Appendix]
	In cases where the Final Redemption Amount is Index-Linked or other variable-linked:		[*give or annex details*]
	(i)	Index/Formula/variable:	
	(ii)	Calculation Agent responsible for calculating the Final Redemption Amount:	
	(iii)	Provisions for determining Final Redemption Amount where calculated by reference to Index and/or Formula and/or other variable:	
	(iv)	Determination Date(s):	

	(v)	Provisions for determining Final Redemption Amount where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted:	
	(vi)	Payment Date:	
	(vii)	Minimum Final Redemption Amount:	[•] per Calculation Amount
	(viii)	Maximum Final Redemption Amount:	[•] per Calculation Amount
23.	**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 and/or the method of calculating the same (if required or if different from that set out in the Conditions):		[Not Applicable (*if both the Early Redemption Amount (Tax) and the Early Termination Amount are the principal amount of the Notes/ specify the Early Redemption Amount (Tax) and/or the Early Termination Amount if different from the principal amount of the Notes*)]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

24.	Form of Notes:	[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes on [•] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note.] [*If Notes are to be issued with a minimum Specified Denomination and integral multiples in excess thereof "in the limited circumstances specified in the Permanent Global Note" must be specified*] [Temporary Global Note exchangeable for Definitive Notes on [•] days' notice.] [*This option cannot apply to Notes which are to be issued with a minimum Specified Denomination and integral multiples in excess thereof*] [Permanent Global Note exchangeable for Definitive Notes on [•] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note]. [*If Notes are to be issued with a minimum Specified Denomination and integral multiples in excess thereof "in the limited circumstances specified in the Permanent Global Note" must be specified*]
25.	New Global Note Form:	[Applicable/Not Applicable]
26.	Additional Financial Centre(s) or other special provisions relating to	[Not Applicable/*give details. Note that this item: relates to the date and place of payment, and not interest period end dates, to which items 16(ii), 17(iv)*

	Payment Dates	*and 19(vii) relate*]
27.	Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):	[Yes/No. *If yes, give details*]
28.	Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment:	[Not Applicable/*give details*]
29.	Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made:	[Not Applicable/*give details*]
30.	[Consolidation provisions:	[Not Applicable/The provisions [annexed to this Final Terms] apply]]
31.	Other terms or special conditions:	[Not Applicable/*give details*] (*When adding any other final terms consideration should be given as to whether such terms constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive*.)

DISTRIBUTION

32.	(i)	If syndicated, names and addresses and underwriting commitments of Managers:	[Not Applicable/give names] (*Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a "best efforts" basis if such entities are not the same as the Managers*.)
	(ii)	Date of [Subscription Agreement]	[•]
	(iii)	Stabilising Manager (if any):	[Not Applicable/*give name*]
33.	If non-syndicated, name and address of Dealer		[Not Applicable/*give name and address*]
34.	TEFRA:		[Not Applicable/The [C/D] Rules are applicable
35.	Total commission and concession:		[•] per cent. of the Aggregate nominal amount
36.	Additional selling restrictions		[Not Applicable/*give details*]

[PURPOSE OF FINAL TERMS

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

RESPONSIBILITY

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

Signed on behalf of the Issuer:

By: .....
Duly authorised

PART B — OTHER INFORMATION

1. **LISTING**

(i)	Admission to trading:	[Application [has been/is expected to be] made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the Regulated Market of the London Stock Exchange/[other (*specify*)] with effect from [•].]/[Not Applicable.] (*Where documenting a fungible issue need to indicate that original securities are already admitted to trading*.)
(ii)	Estimate of total expenses related to admission to trading:	[•]

2. **RATINGS**

Ratings:	The Notes to be issued have been rated: [S & P: [•]] [Moody's: [•]] [Fitch: [•]] [[Other]: [•]] [*Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider*.] (*The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating*.)

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

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

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

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

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

(i)	Reasons for the offer	[•] (*See ["Use of Proceeds"] wording in Prospectus — if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here*.)]
[(ii)]	Estimated net proceeds:	[•]

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

[(iii)] Estimated total expenses: [•]

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

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

Indication of yield: [•]

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

6. [***Floating Rate Notes Only* — HISTORIC INTEREST RATES**

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

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

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

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

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

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

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

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

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

9. **OPERATIONAL INFORMATION**

ISIN Code: [•]

Common Code:	[•]
New Global Note intended to be held in a manner which would allow Eurosystem eligibility:	[Not Applicable/Yes/No] Note that the designation "**Yes**" simply means that the Notes are intended upon issue to be deposited with Euroclear or Clearstream, Luxembourg as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.][*Include this text if "Yes" selected in which case the Notes must be issued in NGN form*]
Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking, société anonyme and the relevant identification number(s):	[Not Applicable/*give name(s) and number(s)*]
Delivery:	Delivery [against/free of] payment
Names and addresses of additional paying agent(s) (if any):	[•]

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

Clearing System Accountholders

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

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

Exchange of Temporary Global Notes

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

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

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

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

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

If:

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

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

(c) a Temporary Global Note (or any part thereof) has become due and payable in accordance with the Terms and Conditions of the Notes or the date for final redemption of a Temporary Global Note has occurred and, in either case, payment in full of the amount of principal falling due with

all accrued interest thereon has not been made to the bearer of the Temporary Global Note in accordance with the terms of the Temporary Global Note on the due date for payment,

then the Temporary Global Note (including the obligation to deliver a Permanent Global Note or increase the principal amount thereof or deliver Definitive Notes, as the case may be) will become void at 5.00 p.m. (London time) on such seventh day (in the case of (a) above) or at 5.00 p.m. (London time) on such thirtieth day (in the case of (b) above) or at 5.00 p.m. (London time) on such due date (in the case of (c) above) and the bearer of the Temporary Global Note will have no further rights thereunder.

Exchange of Permanent Global Notes

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

If:

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

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

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

Conditions applicable to Global Notes

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

Payments*:*

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

Exercise of put option*:*

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

Partial exercise of call option*:*

In connection with an exercise of the option contained in Condition 10(c) (*Redemption at the option of the Issuer*) in relation to some only of the Notes, the Permanent Global Note may be redeemed in part in the

principal amount specified by the Issuer in accordance with the Conditions and the Notes to be redeemed will not be selected as provided in the Conditions but in accordance with the rules and procedures of Euroclear and Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in principal amount, at their discretion).

***Notices**:*

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

USE OF PROCEEDS

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

DESCRIPTION OF THE ISSUER

Introduction

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

This business description set out on pages 67 to 83 (inclusive) of this Base Prospectus is an overview of, and is qualified in its entirety by, and should be read in conjunction with, the information incorporated by reference into this Base Prospectus (see "Information incorporated by reference" on page 20 of this Base Prospectus).

Principal Activities

The Issuer is a research-based, prescription bio-pharmaceutical business involved in the discovery, development, manufacture and marketing of prescription pharmaceuticals for important areas of healthcare: cardiovascular, gastrointestinal, infection, neuroscience, oncology, respiratory and inflammation. The Issuer has activities in over 100 countries worldwide, with major research and development centres in 8 countries, including Sweden, the United Kingdom and the United States, and manufacturing facilities in 18 countries. It employs approximately 65,000 people (approximately 51 per cent. in Europe, 32 per cent. in the Americas and 17 per cent. in Asia, Africa and Australasia) and has a growing presence in important emerging markets, including China.

Key Products

Cardiovascular (CV) Medicines

AstraZeneca's cardiovascular products include: *Crestor*, for the treatment of dyslipidaemia and hypercholesterolemia, and to slow the progression of atherosclerosis, which has now been approved in over 90 countries, including the United States, Canada, Japan and all of the EU; *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; and *Plendil*, a calcium antagonist for the treatment of hypertension and angina. AstraZeneca's pipeline includes life-cycle management initiatives for approved products mentioned above, as well as development compounds across the whole discovery and development cycle.

Gastrointestinal (GI) Medicines

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

Infection Medicines

AstraZeneca's infection products include: *Synagis* (palivizumab), a humanised monoclonal antibody used for the prevention of serious lower respiratory tract disease; *Merrem/Meronem* (meropenem) is an intravenous carabapenem anti-bacterial for the treatment of serious, hospital-acquired infections; and *FluMist* (Influenca Virus Vaccine Live, Intranasal), a vaccine licensed in the US for active immunisation of people 2 to 49 years of age against influenza disease caused by influenza subtypes A and type B contained in the vaccine.

Neuroscience Medicines

AstraZeneca's neuroscience products include: *Seroquel* (quetiapine fumarate), an atypical anti-psychotic drug approved for the treatment of adult schizophrenia and bipolar disorder (mania, depression and maintenance). *Seroquel* has also been approved for Major Depressive Disorder in Canada and Australia; *Zomig* (zolmitriptan), for the treatment of migraine with or without aura; *Diprivan* (propofol), an intravenous general anaesthetic used in the induction and maintenance of anaesthesia, light sedation for diagnostic procedures and for intensive care sedation; *Naropin* (ropivaricaine), a long-acting local anaesthetic, replacing the previous standard treatment of bupivacaine; *Xylocaine* (lidocaine), a widely used short-acting local anaesthetic ; and *EMLA* (lidocaine and prilocaine), a local anaesthetic for topical application. AstraZeneca's pipeline includes life-cycle management initiatives for approved products mentioned above, as well as development compounds across the whole discovery and development cycle.

Oncology Medicine

AstraZeneca's oncology products include: *Arimidex* (anastrozole), an aromatase inhibitor for the treatment of breast cancer; *Faslodex* (fulvestrant), an 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 US; and *Ethyol* (amifostine), a selective cytoprotective agent used to reduce toxicities associated with certain cancer chemotherapy and radiotherapy that are used to treat head and neck and ovarian cancer. AstraZeneca's pipeline includes life-cycle management initiatives for approved products mentioned above, as well as development compounds across the whole discovery and development cycle.

Respiratory and Inflammation Medicines

AstraZeneca's respiratory and inflammation ("R&I") products include: *Symbicort Turbuhaler*, (budesonide/formoterol in a dry powder inhaler) for the treatment of asthma and chronic obstruction pulmonary disease ("COPD"): *Symbicort SMART*, for maintenance and reliever therapy in persistent asthma; Pulmicort (budesonide), a corticosteroid anti-inflammatory inhalation drug that helps prevent symptoms and improves the control of asthma and COPD; *Pulmicort Respules* (budesonide inhalation suspension), a nebulised corticosteroid for children as young as 12 months; Oxis (formoterol), a fast- and long-acting beta-agonist therapy for asthma and COPD, *Rhinocort* (budesonide), a nasal steroid treatment for allergic rhinitis, perennial rhinitis and nasal polyps; and *Accolate* (zafirlukast), an oral leukotriene receptor antagonist for the treatment of asthma. AstraZeneca's pipeline includes life-cycle management initiatives for approved products mentioned above, as well as development compounds across the whole discovery and development cycle.

Business Environment

AstraZeneca operates in a dynamic and rapidly changing business environment that presents both opportunities and challenges for its industry. The most successful pharmaceutical companies will be those that are able to manage effectively the risks and maximise the opportunities through timely and efficient investment, full use of intellectual property and constructive engagement with stakeholders.

The fundamentals of the world pharmaceutical market remain robust. Although industry revenue growth is slowing, mainly due to ever-greater pressure on healthcare costs, pricing and increased generic competition, the demand for healthcare that underpins the industry's future growth remains strong.

The pharmaceutical industry is arguably less exposed than other sectors to the current global economic downturn, although some impact may result from increased constraints on payers, suppliers and distributors. At the same time, there may also be opportunities, such as strategic partnerships with smaller companies seeking funding.

World Markets

The world pharmaceutical market in 2008 was valued at U.S.$689 billion – an increase of 5 per cent. (at constant exchange rates) (2007: 7 per cent.) (Source: IMS Health). Overall growth during 2008 was

constrained by a significant slow-down in the US even though growth in other established markets was maintained and growth in emerging markets, in particular in the Asia Pacific region, was strong.

Despite its slower growth during 2008, the US remains the largest pharmaceutical market in the world, representing 42 per cent. of the global sales total in 2008 (2007: 46 per cent.). The order of the top ten countries ranked by market size did not change in 2008 but, Poland, Australia and Turkey moved up the overall top 20 rankings (Source: IMS Health).

The Growth Drivers

- Increasing and ageing populations in established markets.
- Emergence of expanded patient populations in new markets.
- Continued unmet medical need.
- Continued scientific and technological advance.

Expanding Patient Populations

The world population has doubled in the last 50 years from three billion to over six billion and is expected to reach nine billion by 2050.

There are an increasing number of people who can access the highest standards of healthcare, especially among the elderly, who represent a rising proportion of developed nations' populations. In addition, the fast-developing economies, such as China and Brazil, continue to offer new opportunities for the industry to gain access to an expanding number of patients who can benefit from medicines.

Unmet Medical Need

In most established markets, ageing populations, more sedentary lifestyles and the availability of improved detection techniques are leading to an increased incidence and diagnosis of chronic diseases, such as cancer and diabetes, which require long-term management. Chronic disease is on the increase in middle-income countries too, and is also beginning to have an impact in the least developed countries.

Many diseases remain under-diagnosed, sub-optimally treated or do not have effective therapies. Projections indicate that global mortality and the burden of disease will continue to increase over the next 20 years, mainly in non-communicable disease areas. The leading causes of death globally in 2030 are predicted to include ischaemic heart disease, cerebrovascular disease, chronic obstructive pulmonary disease (COPD), lower respiratory infections, lung cancer and diabetes.

AstraZeneca focuses on six therapy areas: Cardiovascular, Gastrointestinal, Infection, Neuroscience, Oncology, and Respiratory and Inflammation, which together represent a significant proportion of the worldwide burden of disease.

Science and Technology Advances

The demand for healthcare will be met not only by existing therapies, but also by innovation resulting from advances in both the understanding of disease and the application of new technologies. Small molecule research and development remains a significant aspect of the pharmaceutical business, although the importance of large molecules or biologics is increasing. Advances in science are paying back in increased understanding of the key processes involved in the initiation and progression of disease. Together with advances in the technologies for the design and testing of novel compounds, this is enabling new opportunities for the delivery of innovative small molecules as therapeutic agents.

It has been predicted that within the world's top 100 products, 44 per cent. of sales will come from products produced using biotechnology, based on forecasts for 2012 (Source: IMS Health). This compares to only 25 per cent. in 2007 and 11 per cent. in 2000. The rate of growth for biologics has been faster than the small molecule segment in recent years and this trend is forecast to continue in the immediate future.

Biotechnology techniques are used to modify an organism's genetic material at the cellular or molecular level to produce biotechnology-derived products, which include monoclonal antibodies and vaccines, and are often referred to as large molecules in comparison to chemical compounds that are referenced as small molecules. Biologics are often more complex to manufacture than small molecule therapies because they are made by generating biological material from cells. The regulatory regimes for 'biosimilars' (similar versions of existing biological products or vaccines) are less well established than those for generic pharmaceuticals, although regulatory authorities in Europe and the US are currently reviewing approval processes. Difficulties producing an identical copy of a biological drug mean that, for biologics, generic competition has been less prevalent. These factors can help to deliver longer product life-cycles for biologics compared to traditional pharmaceuticals.

The Challenges

- Continued pressure on the price of medicines.
- Higher regulatory hurdles for new medicines and new indications.
- Competition from research-based and, increasingly, generic pharmaceutical companies.

Pricing Pressure

The growing demand for healthcare means ever-increasing pressure on healthcare budgets and, whilst payers recognise the need to reward innovation, they have a duty to spend their limited financial resources wisely. Cost-containment, including pharmaceutical spending, therefore continues to be a fundamental consideration. The current global economic downturn is likely to further constrain healthcare providers and those patients who pay directly for their medicines, and additional challenges may arise if suppliers and distributors face credit-related difficulties.

The research-based pharmaceutical industry's challenge is to manage the associated downward pressure on the price of its products, whilst continuing to invest in the discovery, development, manufacturing and marketing of new medicines.

Most of AstraZeneca's sales are generated in highly regulated markets where governments exert various levels of control on price and reimbursement. The network of pricing systems creates a complex matrix that must be managed to optimise revenues. This may be further complicated by currency fluctuations within regions.

Payers also increasingly require demonstration of the economic as well as therapeutic value of medicines. Meeting these needs across a diverse range of national and local reimbursement systems requires significant additional resources.

Regulatory Requirements

The pharmaceutical industry is one of the most regulated of all industries and, whilst efforts to harmonise regulations globally are increasing, the number and impact of these regulations continue to grow. Regulatory drug review and approval is a complex and time consuming process, typically taking between six months and two years. In recent years, regulatory processes have become subject to more conditions including patient risk management plans, patient registries, post-marketing requirements, and conditional and limited approvals.

Traditional clinical trials designed to establish safety and efficacy remain a core component of drug development programmes but regulators are increasingly requiring that programmes also clearly demonstrate the benefits and risks of new medicine in the context of other available therapies, as well as demonstrating long-term medical outcomes, such as survival and quality of life improvements.

In addition to safety and efficacy, pre-approval regulation covers every aspect of the product including the chemical composition, manufacturing, quality controls, handling, packaging, labelling, distribution, promotion and marketing. Post approval and launch, all aspects relating to a product's safety, efficacy and quality must continue to meet regulatory requirements.

Competition

AstraZeneca's main competitors are other international, research-based pharmaceutical companies that sell innovative, patent-protected, prescription medicines. Following patent expiry, AstraZeneca's products also compete with generic pharmaceuticals. Since generic manufacturers do not bear the same high costs of research and development, nor do they typically invest as significantly in safety monitoring or marketing, they typically adopt lower prices for their products.

The generic industry is increasingly challenging innovators' patents and in the US, the world's largest pharmaceutical market, many leading medicines have faced or are facing patent challenges from generic manufacturers. The research-based industry is also experiencing increased challenges elsewhere in the world, for example in Europe, Canada, Asia and Latin America. It is increasingly complex to enforce patent rights and other intellectual property in certain markets, especially those where practices are in place to encourage broad access to medicines. While there are few established regulatory systems for biosimilars of biological products, several markets, including the US, are considering regulatory structures that might allow for an abbreviated marketing approval mechanism akin to that for generic pharmaceuticals.

Competition also comes from collaborations and partnerships between traditional pharmaceutical companies and smaller biotechnology and vaccine companies. Increasingly, as pharmaceutical companies seek to expand their pipeline, they are able to gain access to promising new product candidates by partnering with these smaller companies that may lack some of the infrastructure for growth that a larger company can provide. Competition for high quality collaborations is increasingly fierce as the major pharmaceutical companies frequently focus on the same opportunities to enhance their in-house capabilities.

Strategy

AstraZeneca's strategy centres on four main priorities:

- strengthening the pipeline
- growing the business
- re-shaping the business
- promoting a culture of responsibility and accountability.

Measuring AstraZeneca's Performance

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 performance measures. Reviews are undertaken in each part of the business in order to monitor and assess progress against business and budget targets, and to assess key risks and mitigating actions. Longer-term, 10-year forecasts are developed as part of AstraZeneca's annual strategy review.

Quarterly internal reports provide the Board and Senior Executive Team (SET) members with shared insight into current progress against short-term financial and non-financial objectives and current year milestones for longer-term strategic goals.

Performance is assessed using quantitative, comparative market, operational and financial measures and more qualitative analysis. These measures align with the four main priorities of AstraZeneca's strategy and together they provide the framework for consistently monitoring and reporting our progress towards achieving AstraZeneca's objectives and ultimately delivering enduring shareholder value.

Specific measures that AstraZeneca's Board and SET use when assessing business performance, or that are otherwise judged to be helpful in enabling shareholders to better understand and evaluate AstraZeneca's business, are described and illustrated throughout this Report.

In relation to AstraZeneca's overall goal of creating enduring value for shareholders by being one of the best-performing pharmaceutical companies, AstraZeneca tracks shareholder value using the following financial performance metrics: sales growth, operating profit and margins; core and reported earnings per

share growth; net operating cash flow (before debt repayment and shareholder distributions); shareholder distributions through dividends and share re-purchases; and total shareholder returns.

Resources, Skills and Capabilities

AstraZeneca's continued success depends on focused delivery of our strategy, responding effectively to the challenges of AstraZeneca's rapidly changing business environment and successfully identifying and harnessing opportunities to strengthen the value of AstraZeneca's contribution to healthcare and society.

This section describes the resources, skills and capabilities that AstraZeneca has in place to drive delivery of its strategic goals and keep AstraZeneca at the forefront of positive change within the industry.

Underpinning all of AstraZeneca's activity is AstraZeneca's commitment to innovative collaboration, focused on a common goal: better health. This means engaging and working with AstraZeneca's stakeholders to gain the insights AstraZeneca needs to maintain a flow of new, targeted and valued medicines. It means working in effective teams internally and in external partnerships that complement and strengthen AstraZeneca's own capabilities. It also means active participation in the debate on issues that impact AstraZeneca's business and shape AstraZeneca's operating environment.

Medicines

Backed by its 70-year track record of pharmaceutical innovation, AstraZeneca has a broad range of marketed medicines that continue to make a positive difference in important areas of healthcare. AstraZeneca actively and rigorously develops its brands to bring further benefit for patients and maximise their commercial potential.

AstraZeneca's range of medicines is highly competitive and as at 31 December 2008 included 11 products each with annual sales of over U.S.$1 billion. AstraZeneca's business growth in the short to medium term is being driven by *Arimidex, Crestor,Seroquel* and *Symbicort*. Together with *Nexium*, these five key products provide the platform for AstraZeneca's continued success whilst AstraZeneca enhances its pipeline for the future.

AstraZeneca's medicines are testament to the skills of its scientists and its commitment to working closely with physicians, patients and other stakeholders to understand what they need and what they value. Such relationships have helped it develop families of medicines – generation by generation – such as the hormone-based cancer treatments AstraZeneca has discovered since the 1970s, including *Nolvadex* (tamoxifen), *Zoladex, Casodex, Arimidex* and *Faslodex*. Among other benefits, these have played a part in increasing the five year survival rate for women with breast cancer from under 70 per cent. 50 years ago to around 90 per cent. today.

AstraZeneca introduced the world's first proton pump inhibitor, *Losec/Prilosec* in 1988 – a breakthrough in the treatment of gastro-oesophageal reflux disease – and AstraZeneca has since developed an improved therapy, *Nexium*, which provides healing and symptom relief in more patients in a shorter time.

Even after a new medicine is launched, AstraZeneca continues to explore all the ways which can be used to maximise patient benefit. AstraZeneca has clearly defined development management programmes for its marketed products designed to optimise both the benefit they bring to patients' lives and their commercial potential within the timeframe that patent protection is available to AstraZeneca.

For example, *Crestor*, AstraZeneca's statin for lowering cholesterol levels has been used to treat over 17 million people since its launch in 2003. Studies in recent years have shown that not only does *Crestor* reduce LDL-cholesterol, it also slows the progress of atherosclerosis, or "hardening of the arteries". In 2008, a major study reported that Crestor led to a 44 per cent. relative risk reduction compared to placebo of major cardiovascular events in patients with normal LDL-cholesterol levels but with other risk factors.

Similarly, AstraZeneca first introduced *Seroquel* as a treatment for schizophrenia, and AstraZeneca's subsequent studies have shown that it is also effective in treating both the manic and depressive dimensions of bipolar disorder. Recent clinical development has also been undertaken for the use of *Seroquel* in treating major depressive disorder and general anxiety disorder. Launched in 1997, *Seroquel* is now a very commonly prescribed atypical anti-psychotic in the US.

AstraZeneca also continues to develop better ways in which AstraZeneca's medicines can be used. AstraZeneca's *Symbicort* Maintenance and Reliever Therapy (*Symbicort SMART*) is the first asthma treatment regime to combine both regular maintenance and as-needed reliever therapies – allowing patients to control daily symptoms and reduce asthma attacks using one inhaler, instead of the usual two or more. In another development, *Symbicort* is also now used to treat chronic obstructive pulmonary disease (COPD).

AstraZeneca's acquisition of MedImmune in 2007 brought some significant biological products into AstraZeneca's portfolio. *Synagis* is the standard of care for preventing respiratory syncytial virus (RSV) infection and has been administered to over one million premature babies around the world to help protect them from serious RSV disease. *FluMist*, the first intranasal influenza vaccine to be approved in the US, represents the first innovation in flu vaccination in more than 60 years.

Research and Development Strategy

AstraZeneca's research and development strategy is geared to maintaining a flow of new products that will deliver sustained business growth in the short, medium and long-term.

Notable successes in the life-cycle management ("LCM") of AstraZeneca's key marketed products during the year included eight significant submissions and three approvals in the US and/or the EU.

In the medium-term, AstraZeneca will continue to drive its pre-clinical and clinical Phase I and II projects towards proof of concept as rapidly as possible. In line with its ongoing externalisation strategy, AstraZeneca continues to look beyond its own laboratories, and actively seek alliances and acquisitions with external partners to gain access to leading drug projects or technology platforms.

The progress AstraZeneca is making in its drive to increase productivity is reflected in the delivery of projects from discovery and the growth of its early development portfolio. AstraZeneca has introduced a more rigorous and consistent measure for the number of compounds reaching development and now record additions to the pipeline from the first pre-clinical study conducted for regulatory approval purposes (First Good Laboratory Practice ("FGLP")) instead of when a candidate drug is simply nominated for development. During 2008, 32 FGLPs were selected for development (compared with 36 in 2007).

Disease Area Strategies

AstraZeneca's disease area strategies are established using a regular review process that centres on the evaluation of research opportunities against a set of consistent criteria, including unmet medical need, commercial and scientific opportunity, competitive position and alignment with AstraZeneca's capabilities. AstraZeneca's Research and Development Executive Committee uses the reviews to determine the levels of investment it will make in different disease areas. The process also enables AstraZeneca to deploy its resources in the best way to meet its commercial and scientific objectives.

AstraZeneca's New Opportunities Team, operating from pre-clinical through development, generates more value from disease mechanisms and compounds through both internal efforts and external alliances with the aim to transform them into profitable, innovative therapies. In addition, the New Opportunities Team will consider a broad range of pre-clinical to late stage development opportunities. This includes identification of compounds that help address side effects and complications in disease areas AstraZeneca has prioritised, and of opportunities that enable rapid entry into breaking new disease areas via strategic alliances, in order to provide additional assets for its pipeline and the delivery of profitable growth.

AstraZeneca's Resources

AstraZeneca's research effort spans a range of different disciplines and locations, but its scientific community shares a common goal: to deliver new and innovative medicines to patients as quickly, efficiently and safely as possible. They work together across national boundaries and sites to exchange ideas, promote best practice and maximise the scientific potential offered by AstraZeneca's size and global reach.

AstraZeneca has a global research and development organisation, with around 12,000 people at 17 principal centres in eight countries. AstraZeneca's main small molecule facilities are in the UK (Alderley Park, Macclesfield and Loughborough); Sweden (Lund, Mölndal and Södertälje); and the US (Boston,

Massachusetts and Wilmington, Delaware). Other sites which have a focus on discovery research are in Canada (Montreal, Quebec); France (Reims); India (Bangalore); China (Shanghai); and the UK (KuDOS and Arrow Therapeutics' sites). AstraZeneca has a clinical development facility in Osaka, Japan. AstraZeneca's principal sites for biologics and vaccines are in the US (Gaithersburg, Maryland and Mountain View, California) and the UK (Cambridge). Substantially all of its properties are held freehold, free of material encumbrances and AstraZeneca believes such properties are fit for their purposes.

In 2008, AstraZeneca invested U.S.$5.2 billion in research and development (2007: U.S.$5.2 billion; 2006: U.S.$3.9 billion), U.S.$101 million on externalisation and approved U.S.$308 million of research and development capital investment to strengthen its resources in line with its strategic objectives. Major capital commitments made in previous years continue to progress as planned. In Boston (US), AstraZeneca has continued to enhance its infection research capability, and at Macclesfield (UK) ongoing work is focused on expanding and improving AstraZeneca's Process research and development laboratories. New investments in 2008 included the replacement and consolidation of Pharmaceutical & Analytical research and development's high potents manufacturing facilities at Charnwood (UK), and a major construction project to provide a new biologics services facility at Alderley Park (UK).

As part of its strategic expansion in important emerging markets, AstraZeneca continues to strengthen its research capabilities in Asia. Investment continued during 2008 at AstraZeneca's 'Innovation Centre China' research facility in Shanghai, which opened in 2007. The Centre is focused on translational medicine in cancer, a major cause of death in China. In addition, Process research and development has further expanded its capability in Bangalore as it moves to optimise the capital investment at this site in recent years.

Development

In development, AstraZeneca focuses on ensuring that its expanding range of potential medicines is developed effectively to meet the needs of patients and regulators. Project teams bring together all the relevant skills and experience needed for the rapid progress of new medicines, the management of development risks, and ensuring that quality and safety remain fundamental considerations at every stage.

AstraZeneca has a wide range of compounds in early development, and a total of 38 projects in Phase I, 29 projects in Phase II and 10 projects in Phase III development and are running 21 life-cycle management projects.

AstraZeneca continues to focus on improving quality and speeding the progression of early phase projects along the development pipeline to market. Backed by reduced timelines across the whole small molecule development process, Phase I cycle times have halved since 2006 and over the last three years the composite product development cycle time has now been reduced by approximately two years.

With the adoption of Lean Sigma™ methodology and the implementation of best practice solutions, AstraZeneca has eliminated the lost time between key steps in the development process. AstraZeneca believes that it is well placed to achieve its target of median composite development cycle times of eight years by 2010, based on the projects currently in development. Importantly, AstraZeneca has in recent years established a culture of continuous improvement that should sustain the momentum behind its initiatives for increased speed, with better quality, and with improved efficiency.

The initiatives AstraZeneca has in place to deliver significant productivity improvements by 2011 are making excellent progress and all are on track. These include:

- The change programme that resulted from AstraZeneca's disease area strategy review during 2007 was completed in 2008 with anticipated financial benefits of over U.S.$100 million to be delivered by the end of 2009.

- During 2008, AstraZeneca centralised and outsourced its clinical data handling to its external partner, Cognizant. This has enabled AstraZeneca to simplify AstraZeneca's processes, promote consistency and drive resource efficiencies across its data management. These improvements are also helping to speed AstraZeneca's internal data interpretation and decision-making.

- AstraZeneca's re-organisation of the Pharmaceutical and Analytical research and development function aims to improve productivity and meet the demands of an increasingly strengthened

pipeline better by changing working processes, while retaining its focus on innovation. For example, AstraZeneca has been able to progress a larger number of early projects by reducing the resource per project by more than 50 per cent. since 2004. As of 31 December 2008 the function has also downsized by 10 per cent. while introducing these productivity improvements.

- Streamlining of AstraZeneca's regulatory function exceeded the target 18 per cent. reduction in headcount achieving a 21 per cent. reduction by June 2008.

Biological Products

AstraZeneca has a significant biologics business with proven end-to-end capabilities from discovery to commercialisation brought together in 2007 under the brand name of MedImmune. As is the case for small molecules, the discovery and development strategy for AstraZeneca's biologics business is determined by the Research and Development Executive Committee, as is the funding allocation from the overall research and development budget.

AstraZeneca has around 30 biological product candidates in its development pipeline, backed by leading-edge technologies and research and development capabilities that cover a broad range of approaches to targeting disease across a range of therapy areas. These include antibodies, antibody derivatives, therapeutic proteins, peptides, RNA interference technologies and various types of live attenuated and sub-unit vaccines.

AstraZeneca also has a world-leading drug discovery platform, based on advanced technology for rapidly isolating human monoclonal antibodies using phage and ribosome display and a significant in-house manufacturing capacity and capability, including expertise in high-yield purification process and analytical development resources.

AstraZeneca's strategic objective is to generate eight compounds entering pre-clinical phase per year, on a steady-state basis, which AstraZeneca anticipates will translate into six new investigational drugs per year.

Externalisation

AstraZeneca's externalisation strategy continues to focus on enhancing its internal innovation through investment, external partnerships, alliances and acquisitions that further strengthen its pipeline of new products and AstraZeneca's Strategic Planning and Business Development (SPBD) team works closely with research and development, global marketing and finance teams to deliver these objectives.

In the period 2006 to 2008 AstraZeneca completed over 40 major externalisation deals including the acquisitions of MedImmune and Arrow Therapeutics in 2007, as well as numerous smaller deals to enhance and strengthen the overall health of the portfolio.

AstraZeneca believes that every collaboration is unique, and AstraZeneca works with potential partners to structure deals that leverage each party's capabilities and assets. Major transactions in the last three years have included the in-license of rights to Cubicin™ (an antibiotic) from Cubist in certain geographies and a co-development and co-commercialisation agreement with Abbott for Certriad, a combination of Crestor and Trilipix™. In 2008 AstraZeneca extended it's co-development and co-commercialisation agreement with Bristol-Myers Squibb Company regarding saxagliptin (Onglyza™) and dapagliflozin (two products for the treatment of Type 2 diabetes) to include dapagliflozin in Japan.

Important early stage collaborations have included deals with Argenta and Silence Therapeutics and more recently with Columbia University in the US regarding both cardiovascular and neurology opportunities. Additionally, AstraZeneca has also formed a significant number of early stage partnerships to ensure that AstraZeneca has access to the latest science and technology.

AstraZeneca's externalisation strategy is not restricted to securing in-licensing deals and research or commercial collaborations. It represents an important component of its efforts to maximise value from its portfolio and incorporates value creation through disposal. To that end during 2008, AstraZeneca completed a number of out-licensing transactions and disposals, including the transfer out of assets relating to certain gastrointestinal projects to create a new entity, Albireo. AstraZeneca also concluded a fostering agreement with Cancer Research UK under which they will conduct the early development of an

Src Kinase Inhibitor at their own cost with AstraZeneca retaining options on the product upon completion of certain development milestones.

AstraZeneca continues to strengthen its biologics capability through externalisation and completed a number of significant transactions during 2008 including deals with Direvo Biotech and SBI Biotech Co.

During 2008 AstraZeneca broadened the scope of activity by MedImmune Ventures, a captive venture capital fund, set up to access leading-edge technology emerging within the biotechnology world. MedImmune Ventures will now seek opportunities on a more global basis to stay at the forefront of novel science accessing the most innovative start-ups in biotechnology.

Sales and Marketing

Active in over 100 countries, AstraZeneca has an extensive sales and marketing network focused on growing its business and driving the levels of commercial excellence that will maintain its position among the industry world leaders.

AstraZeneca's Global Marketing (GM) function is responsible for developing and leading its global brand strategy, to ensure strong customer focus and commercial direction in the management of its research and development and brand development activity, across the full range of pipeline and marketed products.

AstraZeneca defines at an early stage of the drug discovery process what it believes the profile of a medicine needs to be to work most effectively in combating a particular disease. These disease target product profiles (TPPs) are based on the insights that GM gains through its relationships with healthcare professionals, patients and others for whom the medicine must add value, including regulators and payers. The attitudes and needs of these groups are key drivers of the development of the TPPs which are used throughout the life-cycle of a medicine to guide AstraZeneca's research and development activity and help shape the therapy area and marketing strategies. Early in the development of new products, AstraZeneca also considers how best to demonstrate the value of its medicines to payers.

As well as building on its leading positions in established markets such as the US, Japan and Europe, AstraZeneca continues to increase its strength through strategic investment in emerging markets, where ongoing GDP growth and changing disease demographics present significant opportunities for its business.

In these markets, AstraZeneca is applying the same strategic approach that has delivered its continued success in established markets– a focus on adapting to local customer needs, backed by global capability and scale. As part of this, it is strengthening its in-country sales and marketing presence to support swift and effective response to local customer needs. AstraZeneca continues to deliver strong, profitable growth in its emerging markets business, alongside its ongoing investment in these countries.

Intellectual Property

Patents are important incentives for the continued innovation that drives society's progress. AstraZeneca continues to commit significant resources to establishing effective patent protection for its intellectual property, and to vigorously defending its patents if they are challenged.

The discovery and development of a new medicine requires a significant investment of time, resource and money by research-based pharmaceutical companies over a period of 10 or more years. For this to be a viable investment, the results – new medicines – must be safeguarded from copying with a reasonable amount of certainty for a reasonable period of time. The principal safeguard in AstraZeneca's industry is a well-functioning patent system that recognises its effort and rewards its innovation with appropriate protection allowing time to generate the revenue it needs to re-invest in new pharmaceutical innovation.

AstraZeneca's first level of protection is typically the patent to the new molecular entity, either a new chemical entity or a biological product. However, further innovations such as new medical uses or different ways of taking the treatment are often made during the research and development process and beyond. Each of these developments also requires significant resource investment to obtain marketing approval from regulatory authorities around the world. AstraZeneca's policy is to protect all the innovations that result from the investment it makes in leading-edge science to deliver new and improved medicines.

AstraZeneca applies for patent protection relatively early in the research and development process to safeguard its increasing investment. It pursues these patents as appropriate through patent offices around the world, responding to questions and challenges from patent office examiners. 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 process and throughout the life of the patent, until the patent expires some 20 to 25 years later (patent expiry is typically ten to 15 years after the first marketing approval is granted). 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 taking place in patent offices or the courts.

Worldwide experience of biotechnology patent procurement and enforcement is, like the technology itself, relatively young and still developing. As a result, there can be some uncertainty about the validity and effective scope of biotechnology patent claims in the biotechnology arena. The investment in bringing biotechnology innovations to the market is huge and a well-functioning, predictable patent system is vital.

The generic industry is increasingly challenging innovators' patents, and almost all leading pharmaceutical products in the US have faced or are facing patent challenges from generic manufacturers. The research-based industry is also experiencing increased challenges elsewhere in the world, for example in Europe, Canada, Asia and Latin America. AstraZeneca is confident of the value of its innovations and, through close collaboration between its intellectual property experts and research and development scientists, it will continue to seek to obtain patents and defend them vigorously, if challenged.

Compulsory licensing (the over-ruling of patent rights to allow patented medicines to be manufactured 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 Organization's TRIPS (Trade-Related Aspects of Intellectual Property Rights) Agreement (including the Doha amendment) in certain limited 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 to prevent diversion are in place to ensure that the medicines reach those who need them.

Supply and Manufacturing

Core to AstraZeneca's continued business success is its ability to provide a secure, high quality, cost-effective supply of its products worldwide.

AstraZeneca continues to drive operational excellence, make adjustments to its manufacturing base and make effective use of strategic outsourcing to maximise the efficiency of its supply chain whilst maintaining the highest standards of quality and security of supply at every stage.

AstraZeneca's supply chains are structured to be flexible and responsive to the changing needs in its local markets. During 2008 AstraZeneca maintained its focus on driving continuous improvement to its supply system, as part of a wide-ranging cost and efficiency programme. This has delivered significant benefits in recent years, including reduced manufacturing lead times and lower stock levels, which have been achieved without compromising high levels of customer service and quality. Further improvements are planned using principles that focus on what adds value for its customers and patients, whilst also eliminating waste. In line with its commitment to strategic outsourcing to maximise supply chain efficiency, AstraZeneca plans to outsource all of its active pharmaceutical ingredient (API) manufacturing within five to 10 years.

AstraZeneca continuously reviews its manufacturing assets to make sure that they are being used in the most effective way, whilst preserving the flexibility it needs to respond to fluctuations in demand. During 2008, it completed the sale of facilities in Germany and it closed its packaging site in Canada. Capital expenditure on supply and manufacturing facilities totalled approximately U.S.$179 million in 2008 (2007: U.S.$191 million; 2006: U.S.$201 million) across a range of projects. It also recently announced the establishment of regional offices to optimise further its supply chain activity. This includes sourcing centres in Shanghai, China and Bangalore, India, established to identify high quality suppliers in those regions to support the growing market demand there. AstraZeneca will also establish a regional packing strategy, to improve its ability to respond to customer requirements, while equipping the business for emerging markets growth.

The introduction of new manufacturing processes has brought further opportunities to drive efficiencies across the global supply chain.

AstraZeneca's drive for efficiency and effectiveness resulted in announcements in 2008 of planned workforce reductions in AstraZeneca's Supply organisation, which includes the closure of three sites, Porriño in Spain, Destelbergen in Belgium and Umeå in Sweden. Its facilities in Macclesfield (UK) and Södertälje (Sweden) will also be affected. Subject to local consultation, AstraZeneca expects these moves to result in headcount reductions of approximately 1,400 across the business by 2013. It recognises the impact that significant business change can have on AstraZeneca's employees' morale and productivity and the increased risk of industrial action. AstraZeneca aims to manage these risks by ensuring that throughout the implementation of these changes it continues to consult fully with staff representatives and act in line with local labour laws. AstraZeneca's Human Resources policies and processes are also focused on ensuring that the people affected are treated with respect, sensitivity, fairness and integrity at all times.

Supply Capability

AstraZeneca has approximately 10,600 people at 25 manufacturing sites in 18 countries working on the supply of its products.

Its principal small molecule manufacturing facilities are in the UK (Avlon and Macclesfield); Sweden (Snäckviken and Gärtuna, Södertälje); the US (Newark, Delaware and Westborough, Massachusetts); Australia (North Ryde, New South Wales); France (Dunkerque and Reims); Italy (Caponago); Japan (Maihara); China (Wuxi) and Puerto Rico (Canovanas). Approximately 1,400 people work in active pharmaceutical ingredient supply and 8,800 in formulation and packaging. It operates a small number of sites for the manufacture of active ingredients in the UK, Sweden and France, complemented by efficient use of outsourcing. Its principal tablet and capsule formulation sites are in the UK, Sweden, Puerto Rico, France and the US, and it also has major formulation sites for the global supply of parenteral and/or inhalation products in Sweden, France, Italy and the UK.

Packaging is undertaken in a large number of locations, both at its own sites and at contractors' facilities, which are situated close to AstraZeneca's marketing companies to ensure rapid and responsive product supply.

Approximately 600 people are employed at AstraZeneca's five principal biologics commercial manufacturing and distribution facilities in the US (Frederick, Maryland; Philadelphia, Pennsylvania and Louisville, Kentucky); the UK (Speke); and The Netherlands (Nijmegen) with capabilities in process development, manufacturing and distribution of biologics, including worldwide supply of monoclonal antibodies and influenza vaccines. In addition to AstraZeneca's own capabilities, Boehringer Ingelheim in Biberach, Germany serves as its manufacturing partner for certain monoclonal antibodies. AstraZeneca's biologics production capabilities are scalable, which enables efficient management of its combined small and large molecule pipeline. Substantially all of its properties are held freehold, free of material encumbrances and it believes such properties are fit for their purposes.

As part of its overall risk management, AstraZeneca carefully considers the timing of investment to ensure that secure supply chains are in place for its products. AstraZeneca has a programme in place to provide appropriate supply capabilities for its new products, including an assessment of new technology needs.

Ensuring Product Quality

AstraZeneca is committed to delivering assured product quality that underpins both the safety and efficacy of its medicines.

The manufacturing processes for chemical products and biologics can be very complex and must be conducted under rigorous standards of quality. Manufacturing plants and processes are subject to periodic inspections by regulators to ensure that manufacturers are complying with prescribed standards of operation. Regulators have the power to require, if they believe action is warranted, changes and improvements, to halt production and impose conditions that must be satisfied before production can resume. Regulatory standards also evolve over time as the industry develops new manufacturing techniques, so a process that may have been acceptable at one time may subsequently require changes.

The outcomes of AstraZeneca's own routine internal inspections, as well as those conducted by regulatory authorities, are rigorously reviewed and, if required, actions are taken to improve quality and compliance consistently across the organisation. The results of all external inspections carried out during 2008 were generally satisfactory. All regulatory compliance observations that were raised during inspections at AstraZeneca's sites and at its partners' sites were resolved satisfactorily. Where appropriate, the experience and knowledge obtained as a result of these inspections is shared with other sites across the Group.

In March 2008, AstraZeneca Australia undertook a voluntary recall of four batches of Heparinised Saline 50IU/5ml because of the detection of a contaminant in the heparin raw material used in the manufacture of these batches. The heparin raw material was manufactured by a number of independent companies in China and sourced by AstraZeneca from an independent supplier. AstraZeneca communicated with all relevant stakeholders at the time of the recall. No adverse events were reported as a result of patients taking AstraZeneca's heparinised saline product. As a result of this incident, AstraZeneca has taken steps to reinforce the security of its incoming materials supply chain, including strengthening its audit programme.

AstraZeneca continues to be actively involved through its membership in industry associations in influencing new product manufacturing regulations, both at national and international levels, primarily in Europe, the US and Japan.

Management of Outsourcing Risk

AstraZeneca's global procurement policies and integrated risk management processes are aimed at ensuring uninterrupted supply of sufficiently high quality raw materials and other key supplies, all of which are purchased from a range of suppliers. AstraZeneca focuses on a range of 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 maintenance of appropriate stock levels. Although the price of raw materials may fluctuate from time to time, AstraZeneca's global purchasing policies seek to avoid such fluctuations becoming material to its business.

People

With over 65,000 employees worldwide, AstraZeneca values the diverse skills and capabilities that a global workforce brings to its business. Aligning these skills and capabilities with strategic and operational needs, improving leadership capability, optimising performance and maintaining high levels of employee engagement are top priorities, alongside the integration of responsible business thinking across all AstraZeneca's activities.

Legal proceedings

AstraZeneca is involved in various legal proceedings considered typical to its business, including litigation relating to product liability, commercial disputes, infringement of intellectual property rights, the validity of certain patents and anti-trust law. These are described on pages 147-162 of the Annual Report and Form 20-F Information 2008 and pages 22-30 of the Half-Yearly Financial Report 2009 which are incorporated into this Base Prospectus.

Group Structure

The Issuer is the ultimate holding company of the Group. The Issuer operates through 283 subsidiaries worldwide. The principal subsidiaries of the Issuer, being those whose results or financial position principally affected the figures shown in the consolidated financial statements of the Issuer as at 30 June 2009, are listed below.

At 30 June 2009	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			
NV AstraZeneca SA	Belgium	100	Manufacturing, marketing
AstraZeneca Dunkerque Production SCS	France	100	Manufacturing
AstraZeneca SAS	France	100	Research, manufacturing, marketing
AstraZeneca GmbH	Germany	100	Development, manufacturing, marketing
AstraZeneca Holding GmbH	Germany	100	Manufacturing, marketing
AstraZeneca SpA	Italy	100	Manufacturing, marketing
AstraZeneca Farmaceutica Spain SA	Spain	100	Manufacturing, marketing
AstraZeneca AB	Sweden	100	Research and development, manufacturing, marketing
AstraZenecaBV	The Netherlands	100	Marketing
The Americas			
AstraZeneca Canada Inc	Canada	100	Research, manufacturing, marketing
AZ Reinsurance Limited	Cayman Islands	100	Insurance and reinsurance underwriting
IPR Pharmaceuticals Inc	Puerto Rico	100	Development, manufacturing, marketing
AstraZeneca LP	United States	99	Research and development, manufacturing, marketing
AstraZeneca Pharmaceuticals LP	United States	100	Research and development, manufacturing, marketing
Zeneca Holdings Inc.	United States	100	Manufacturing, marketing
Medlmmmune Inc	United States	100	Research and development, manufacturing, marketing
Asia, Africa & Australasia			
AstraZeneca Pty Limited	Australia	100	Development, manufacturing, marketing
AstraZeneca KK	Japan	80	Manufacturing, marketing

Major Shareholdings

At 30 June 2009, 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 Astazeneca	Percentage of issued share capital
Capital Research and Management Company	71,261,060	25 Jun 2007	4.92%
Axa SA	70,934,559	20 Dec 2007	4.90%
Investor AB	63,465,810	11 Feb 2004	4.38%
Barclays PLC	61,721,820	18 Dec 2006	4.26%
Wellington Management Co., LLP	60,565,299	30 Oct 2006	4.18%
Legal & General Investment Management Limited	59,198,535	12 Sept 2007	4.09%

Board of Directors

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

Name	**Function within the Issuer**	**Principal Outside Activity (if any) of Significance to the Issuer**
Louis Schweitzer	Non-Executive Chairman, Chairman of the Nomination and Governance Committee and Member of the Remuneration Committee	Non-Executive Chairman of Renault SA since April 2005. Non-Executive Director of BNP-Paribas, Veolia Environnement, Volvo AB and L'Oréal.
David Brennan.....	Executive Director and Chief Executive Officer	Appointed Chief Executive Officer 1 January 2006. Chairman of the Executive Board of the Pharmaceutical Research and Manufacturers of America (PhRMA). Honorary Board Member of the US CEO Roundtable on Cancer, Board Member of the European Federation For Pharmaceutical Industries and Associations (EFPIA). Commissioner of the UK Commission for Employment and Skills (UKCES).
Simon Lowth	Executive Director and Chief Financial Officer	
Marcus Wallenberg	Non-Executive Director	Chairman of Skandinaviska Enskilda Banken AB. Chairman of AB Electrolux. Chairman of SAAB AB. Vice-Chairman of Telefonaktiebolaget L M Ericsson. Non-Executive Director of Stora Enso Oyj, the

Name	Function within the Issuer	Principal Outside Activity (if any) of Significance to the Issuer
		Knut and Alice Wallenberg Foundation and Temasek Holdings Ltd. Honorary Chairman of International Chamber of Commerce.
John Varley	Non-executive Director, Chairman of the Remuneration Committee and Member of the Nomination and Governance Committee	Executive Director of Barclays Bank plc and Barclays plc since 1998 and Group Chief Executive since 2004. Chairman of Business Action on Homelessness and President of the Employers' Forum on Disability and member of the International Advisory Panel of the Monetary Authority of Singapore. Honorary President of the UK Drug Policy Commission. Treasurer and Trustee of St. Dunstan's and Trustee of Thornton Smith & Plevins Young People's Trust.
John Buchanan	Non-executive Director, Chairman of the Audit Committee and Member of the Remuneration Committee	Senior Independent Director of BHP Billiton Plc. Deputy Chairman of Vodafone Group Plc. Chairman of Smith & Nephew plc. Chairman of International Chamber of Commerce (UK).
Michele Hooper.....	Senior Non-Executive Director, Member of the Audit Committee and the Nomination and Governance Committee	Non-Executive Director of UnitedHealth Group, PPG Industries, Inc. and Warner Music Group, Inc.
Professor Dame Nancy Rothwell.....	Non-Executive Director, Chairman of the Science Committee and Member of the Remuneration Committee	MRC Research Professor and Deputy President and Deputy Vice Chancellor at the University of Manchester. Council member of the Biotechnology and Biological Sciences Research Council, Vice-President and Council member of the Royal Society.
Jane Henney	Non-Executive Director, Member of the Audit Committee, the Nomination and Governance Committee and the Science Committee	Currently Professor of Medicine, University of Cincinnati. Other board appointments include The Commonwealth Fund and China Medical Board.
Bo Angelin	Non-Executive Director and Member of the Science Committee	Professor of Clinical Metabolism at Karolinska Institutet and Head of the Department of Endocrinology, Metabolism and Diabetes at the Karolinska University Hospital in Stockholm, Sweden. Member of the Nobel Assembly and of

Name	Function within the Issuer	Principal Outside Activity (if any) of Significance to the Issuer
		the Swedish Royal Academy of Sciences. Member of the Medical Nobel Institute.
Jean-Philippe Courtois	Non-Executive Director and Member of the Audit Committee	President of Microsoft International since June 2005. Administrator for PlaNet Finance and representative at the Institut Montaigne.
Rudy Markham.....	Non-Executive Director and Member of the Audit Committee	Chairman and Non-Executive Director of Moorfields Eye Hospital Foundation Trust. Non-Executive Director of United Parcel Services Inc., Financial Reporting Council, Standard Chartered PLC and Legal & General plc. Fellow of the Chartered Institute of Management Accountants and Fellow of the Association of Corporate Treasurers.
Adrian Kemp	Company Secretary	

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

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

TAXATION

United Kingdom Taxation

The following is a summary of the United Kingdom withholding taxation treatment at the date hereof in relation to payments of principal and interest in respect of the Notes. It is based on current law and the practice of Her Majesty's Revenue and Customs ("**HMRC**"), which may be subject to changes 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 12 of the Notes or otherwise and does not consider the tax consequences of any such substitution.

Provision of Information

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

The provisions referred to above may apply, in certain circumstances, to payments made on redemption of any Notes where the amount payable on redemption is greater than the issue price of the Notes. However, HMRC's published guidance for the year 2009/2010 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, Belgium and Luxembourg may instead apply a withholding system in relation to such payments, deducting tax at rates rising over time to 35 per cent.. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

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

On 13 November 2008 the European Commission published a proposal for amendments to the Directive, which included a number of suggested changes which, if implemented, would broaden the scope of the requirements described above. The European Parliament approved an amended version of this proposal on 24 April 2009. 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, BNP Paribas, Citigroup Global Markets Limited, Deutsche Bank AG, London Branch, Goldman Sachs International, HSBC Bank plc, J.P. Morgan Securities Ltd., Merrill Lynch International, Morgan Stanley & Co. International plc and The Royal Bank of Scotland 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 4 September 2009 (the "**Dealer Agreement**") and made between the Issuer and the Dealers. Any such agreement will, *inter alia*, make provision for the form and terms and conditions of the relevant Notes, the price at which such Notes will be purchased by the Dealers and the commissions or other agreed deductibles (if any) payable or allowable by the Issuer in respect of such purchase. The Dealer Agreement makes provision for the resignation or termination of appointment of existing Dealers and for the appointment of additional or other Dealers either generally in respect of the Programme or in relation to a particular Tranche of Notes.

United States of America

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

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

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

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

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

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

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

(d) 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 (d) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

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

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.

General

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

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

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

GENERAL INFORMATION

Authorisation

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

Legal and Arbitration Proceedings

Save as disclosed in Note 4 to the Second Quarter and Half Year Results 2009 of the Issuer which has been incorporated by reference into this Base Prospectus, 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 2008, there has been no material adverse change in the prospects of the Issuer nor, since 30 June 2009, has there been any significant change in the financial or trading position of the Issuer.

Auditors

The consolidated financial statements of the Issuer as at and for the years ended 31 December 2008 and 31 December 2007 have been audited without qualification by KPMG Audit Plc, independent registered public accounting firm.

Documents on Display

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

(a) the Memorandum and Articles of Association of the Issuer;

(b) the audited consolidated financial statements of the Issuer as at and for the years ended 31 December 2008 and 31 December 2007;

(c) the Agency Agreement;

(d) the Trust Deed;

(e) the Dealer Agreement;

(f) the Programme Manual (which contains the forms of the Notes in global and definitive form); and

(g) the Issuer-ICSDs Agreement.

Clearing of the Notes

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

ISSUER

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15 Stanhope Gate
London W1K 1LN

ARRANGER

Citigroup Global Markets Limited
Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB

DEALERS

Barclays Bank PLC
5 The North Colonnade
Canary Wharf
London E14 4BB

BNP PARIBAS
10 Harewood Avenue
London NW1 6AA

Citigroup Global Markets Limited
Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB

Deutsche Bank AG, London Branch
Winchester House
1 Great Winchester Street
London EC2N 2DB

Goldman Sachs International
Peterborough Court
133 Fleet Street
London EC4A 2BB

HSBC Bank plc
8 Canada Square
London E14 5HQ

J.P. Morgan Securities Ltd.
125 London Wall
London EC2Y 5AJ

Merrill Lynch International
Merrill Lynch Financial Centre
2 King Edward Street
London EC1A 1HQ

Morgan Stanley & Co. International plc
25 Cabot Square
Canary Wharf
London, E14 4QA

The Royal Bank of Scotland plc
135 Bishopsgate
London EC2M 3UR

TRUSTEE

Deutsche Trustee Company Limited
Winchester House
1 Great Winchester Street
London EC2N 2DB

PRINCIPAL PAYING AGENT

Deutsche Bank AG, London Branch
Winchester House
1 Great Winchester Street
London EC2N 2DB

LEGAL ADVISERS

To the Issuer as to English law:

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65 Fleet Street
London EC4Y 1HS

To the Dealers and the Trustee as to English law:

Clifford Chance LLP
10 Upper Bank Street
London E14 5JJ

AUDITORS TO THE ISSUER

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8 Salisbury Square
London EC4Y 8BB