

**Notice to Employees of AstraZeneca
Pharmaceuticals LP and AstraZeneca LP of
Application for Authorization Under Prohibited Transaction
Exemption 96-62, as Amended**

You are hereby notified that AstraZeneca Pharmaceuticals LP and AstraZeneca LP (collectively, "AstraZeneca") and AZ-Mont Insurance Company ("AZ-Mont"), a captive insurance company wholly owned by an affiliate of AstraZeneca, have applied to the U.S. Department of Labor ("DOL") for authorization of a reinsurance transaction. The transaction involves the reinsurance of risks and the receipt of premiums by AZ-Mont from insurance contracts currently funding basic life insurance and accidental death and dismemberment ("AD&D") benefits offered under the AstraZeneca Life and AD&D Plan (the "Plan"). The purpose of the authorization is to exempt the transaction from certain of the prohibited transaction rules of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). The authorization is necessary because AZ-Mont is an affiliate of AstraZeneca. Because of the relationship between AZ-Mont and AstraZeneca, such reinsurance might otherwise constitute a prohibited transaction under ERISA. This notice informs you of the application to the DOL and certain changes to the basic and supplemental life insurance benefits offered under the Plan, and describes your right to comment to the DOL about the proposed transaction.

Overview

The Plan, which covers active employees, will be insured with the Prudential Insurance Company of America ("Prudential"). Prudential will reinsure the risks with AZ-Mont. The Plan Administrator of the Plan has determined that the transaction is in the best interest of the participants and beneficiaries of the Plan because of benefit improvements that will be provided to them if the transaction is authorized by the DOL. The authorization by the DOL will be subject to the conditions described below and set forth in more detail in Exhibit A.

The reinsurance arrangement is simply an internal arrangement between AZ-Mont and Prudential. Prudential will insure the benefits provided to you under the Plan.

Parties to the Proposed Reinsurance Transaction

AstraZeneca

AstraZeneca is one of the world's leading pharmaceutical companies. AstraZeneca Pharmaceuticals LP and AstraZeneca LP are U.S. affiliates of AstraZeneca PLC, headquartered in London, England, United Kingdom. In the U.S., AstraZeneca is headquartered in Wilmington, Delaware. AstraZeneca has a full range of products in five therapeutic areas (including cardiovascular, gastrointestinal, neuroscience, oncology, and

respiratory) which treat conditions and diseases ranging from asthma to gastroesophageal reflux disease to heart disease. AstraZeneca is also one of the top investors in pharmaceutical research and development in the world. Last year, the company spent \$3.8 billion on R&D. The AstraZeneca family of companies employs over 64,000 people worldwide, with over 12,000 employees in the U.S. In 2004, AstraZeneca's global sales exceeded \$21.4 billion.

AZ-Mont

AZ-Mont is a captive insurance and reinsurance corporation wholly-owned by AstraZeneca UK Ltd. AZ-Mont was established in Vermont on June 23, 1994 (under the name Z-Mont Insurance Company), to provide direct coverage to AstraZeneca and affiliates for various exposures. AZ-Mont was issued a Certificate of Authority permitting it to transact the business of a captive insurance company by the State of Vermont Department of Banking, Insurance, Securities and Health Care Administration on December 12, 1994. The Certificate of Authority permits AZ-Mont to provide reinsurance of the type that is the subject of the request for authorization of the DOL.

AZ-Mont provides the following coverage to AstraZeneca and its subsidiaries in the U.S. and Canada: Auto Liability; General and Product Liability; Workers' Compensation; Property; and Contingent Life. As of June 30, 2005, total capital and surplus of AZ-Mont was \$644,650.05 and gross written premium was \$15,189,147.13.

The Plan

AstraZeneca maintains the Plan for the benefit of its eligible U.S. employees. Under the Plan, AstraZeneca provides employer-paid basic life insurance in an amount equal to 100% of annual salary. The Plan also provides optional employee-paid accidental death and dismemberment ("AD&D") coverage for employees, spouses, domestic partners, and dependent children. The basic life and AD&D benefits provided under the Plan are treated as one integrated employee benefit plan for insurance, reporting and disclosure purposes and have the plan number 502. The official name of the Plan is: AstraZeneca Life and AD&D Plan. The federal employer identification number of AstraZeneca Pharmaceuticals LP, the plan sponsor, is 23-2967016.

Changes to the Plan

AstraZeneca recently formulated a plan to utilize AZ-Mont for the reinsurance of benefits and will make improvements, described below, to the Plan if the DOL authorization is granted. Prudential will insure the Plan with the new enhanced benefits. However, Prudential will reinsure the Plan risk with AZ-Mont. The changes will be effective within thirty days after the transaction has been approved by DOL.

The benefit improvements AstraZeneca will institute are as follows. The Accelerated Benefit Option ("ABO") under the life insurance program, which allows terminally ill participants to receive a portion of their death benefit prior to death, is being improved in two ways. First, in anticipation of the proposed transaction, AstraZeneca increased the level of the ABO from 50% of the death benefit (up to \$125,000) to 75% of the death benefit (up to \$187,500), effective January 1, 2005. Second, effective January 1, 2006, participants will be eligible for the ABO if they have a diagnosed terminal illness with a life expectancy of twenty-four months (as opposed to six months at present). AD&D benefits will also be improved. First, in anticipation of the proposed transaction, premiums for the voluntary AD&D plan (paid 100% by participants) were reduced by approximately 25%, effective January 1, 2005. Other improvements to the AD&D benefits will be made effective January 1, 2006. A bereavement and trauma counseling benefit will be added, providing the lesser of the actual charge for counseling sessions or \$50 per counseling session for up to twenty-five sessions during the twelve months following a covered accident. Finally, a home alteration and vehicle modification benefit will be added, covering the cost of home alteration or vehicle modifications necessitated by a covered accident, up to the lesser of the actual cost, 10% of the principal AD&D coverage, or \$25,000.

As stated above, the reinsurance arrangement is simply an internal arrangement between AZ-Mont and Prudential. Prudential will insure the benefits provided under the Plan, including the improved benefits.

Independent Fiduciary

In connection with the application to the DOL, AstraZeneca has retained, at its sole expense, the U.S. Trust Company, N.A. ("U.S. Trust") which provides specialized fiduciary services on behalf of employee benefit plans. U.S. Trust, as the Independent Fiduciary for the Plan, has analyzed the transaction and rendered an opinion that the requirements of subsections (a) through (f) of the draft requested authorization, attached as Exhibit A, have been complied with. In addition, U.S. Trust will represent the interests of the Plan as the Independent Fiduciary at all times with respect to the proposed transaction. U.S. Trust will monitor compliance by the parties with the terms and conditions of the proposed transaction, and will take whatever action is necessary and appropriate to safeguard the interests of the Plan and its participants and beneficiaries with respect thereto, and to insure that the proposed transaction remains in the interest of the Plan and its participants and beneficiaries.

Overview of Exemption Conditions

The following is a summary of the principal conditions that would be imposed by the DOL authorization (a full version of which is attached as Exhibit A):

- The Plan will pay no more than adequate consideration for the insurance contracts.
- No commissions will be paid by the Plan with respect to the direct sale of such contracts or the reinsurance thereof;
- In the initial year of any such contract involving AZ-Mont, there will be an immediate and objectively determined benefit to the participants and beneficiaries of the Plan in form of increased benefits.
- AstraZeneca has retained an independent fiduciary, at its sole expense, to analyze the transaction and render an opinion that the requirements of subsections (a) through (f) of Exhibit A have been complied with.

Tentative Authorization of Proposed Transaction

Authorization of the DOL was requested under a procedure, Prohibited Transaction Exemption ("PTE") 96-62, which requires that at least two prior exemptions that are substantially similar to the proposed transaction have been granted by the DOL. A description of these transactions and the DOL's comments relating thereto may be found in the Federal Register as Prohibited Transaction Exemptions 2004-12 (Svenska Cellulosa Akiebolaget) ("SCA"), 69 Fed. Reg. 40978 (July 7, 2004) and 2003-07 (Archer Daniels Midland Company) ("ADM"), 68 Fed. Reg. 23764 (May 5, 2003). Like the proposed transaction, the exemptions granted to SCA and ADM involved the reinsurance of life insurance and AD&D insurance with a captive reinsurer. (The SCA exemption also involved the reinsurance of SCA's long-term disability insurance). Each of the exemptions involved an improvement to benefits, and in each case an independent fiduciary was appointed to review the transaction on behalf of the plan and its participants.

The proposed transaction described in this notice has met the requirements for tentative authorization from the DOL under PTE 96-62. Unless the DOL otherwise notifies AstraZeneca, a final authorization would be effective January 5, 2006.

Your Right to Comment on Tentative Authorization

As an interested party, you have the right to submit comments to the DOL on the tentative authorization. If you decide to do so, you should submit your comments to the following address:

Employee Benefits Security Administration
Office of Exemption Determinations, Division of Individual Exemptions
U.S. Department of Labor
200 Constitution Avenue, N.W.

Room N-5649
Washington, D.C. 20210

Attn: Gary Lefkowitz – Re: E-00503

Be sure to refer to the submission number, which is E-00503. Comments must be received by the DOL no later than December 31, 2005.

Comments may be faxed or e-mailed to the DOL. The fax number is (202) 219-0204 and the e-mail address is lefkowitz.gary@dol.gov. If you have questions regarding your right to comment on this tentative authorization, you may call Gary Lefkowitz at (202) 693-8546.

We expect to implement the benefit improvements and the reinsurance program within 30 days of the date of final authorization.

If you have any questions about any information in this notice, including the terms of your benefits under the plans maintained by AstraZeneca, please contact Kathleen Brooke, Senior Manager of Benefits Strategy and Planning, via telephone ((302) 885-4322) or e-mail (Kathleen.Brooke@astrazeneca.com).

Exhibit A

Pending Authorization

[AstraZeneca Pharmaceuticals, LP]

The restrictions of sections 406(a) and 406(b) of the Employee Retirement Income Security Act of 1974, as amended (the "Act") shall not apply to the reinsurance of risks and the receipt of premiums therefrom by AZ-Mont Insurance Company ("AZ-Mont") in connection with an insurance contract sold by the Prudential Insurance Company of America ("Prudential"), or any successor insurance company to Prudential which is unrelated to AstraZeneca Pharmaceuticals, LP and AstraZeneca, LP. (collectively, "AstraZeneca"), to provide life insurance and accidental death and dismemberment ("AD&D") benefits to participants in the AstraZeneca Life & AD&D Plan (the "Plan"), provided that the following conditions are met:

(a) AZ-Mont –

(1) Is a party in interest with respect to the Plan by reason of a stock or partnership affiliation with AstraZeneca that is described in section 3(14)(E) or (G) of the Act;

(2) Is licensed to sell insurance or conduct reinsurance operations in at least one State as defined in section 3(10) of the Act;

(3) Has obtained a Certificate of Authority from the Insurance Commissioner of its domiciliary state that has neither been revoked nor suspended;

(4)(A) Has undergone an examination by an independent certified public accountant for its last completed taxable year immediately prior to the taxable year of the reinsurance transaction; or

(B) Has undergone a financial examination (within the meaning of the law of its domiciliary State) by the Insurance Commissioner of the State within 5 years prior to the end of the year preceding the year in which the reinsurance transaction occurred; and

(5) Is licensed to conduct reinsurance transactions by a State whose law requires that an actuarial review of reserves be conducted annually by an independent firm of actuaries and reported to the appropriate regulatory authority; and

(b) The Plan pays no more than adequate consideration for the insurance contracts;

(c) No commissions are paid by the Plan with respect to the direct sale of such contracts or the reinsurance thereof;

(d) In the initial year of any contract involving AZ-Mont, there will be an immediate and objectively determined benefit to the Plan's participants and beneficiaries in the form of increased benefits and decreased premium cost;

(e) In subsequent years, the formula used to calculate premiums by Prudential or any successor insurer will be similar to formulae used by other insurers providing comparable life and AD&D coverage under similar programs. Furthermore, the premium charge calculated in accordance with the formula will be reasonable and will be comparable to the premium charged by the insurer and its competitors with the same or a better rating providing the same coverage under comparable programs;

(f) The Plan only contracts with insurers with a rating of A or better from A.M. Best Company (Best's). The reinsurance arrangement between the insurers and AZ-Mont will be indemnity only, *i.e.*, the insurer will not be relieved of liability to the Plan should AZ-Mont be unable or unwilling to cover any liability arising from the reinsurance arrangement;

(g) AZ-Mont retains an independent fiduciary (the "Independent Fiduciary") at AstraZeneca's expense, to analyze the transactions and render an opinion that the requirements of sections (a) through (f) have been complied with. For purposes of this exemption, the Independent Fiduciary is a person who:

(1) Is not directly or indirectly, through one or more intermediaries, controlling, controlled by, or under common control with AstraZeneca or AZ-Mont (this relationship hereinafter referred to as an "Affiliate");

(2) Is not an officer, director, employee of, or partner in AstraZeneca or AZ-Mont (or any Affiliate of either);

(3) Is not a corporation or partnership in which AstraZeneca or AZ-Mont has an ownership interest or is a partner;

(4) Does not have an ownership interest in AstraZeneca, AZ-Mont, or any of either's Affiliates;

(5) Is not a fiduciary with respect to the Plan prior to the appointment; and

(6) Has acknowledged in writing acceptance of fiduciary responsibility and has agreed not to participate in any decision with respect to any transaction in which the Independent Fiduciary has an interest that might affect its best judgment as a fiduciary.

For purposes of this definition of an “Independent Fiduciary”, no organization or individual may serve as an Independent Fiduciary for any fiscal year if the gross income received by such organization or individual (or partnership or corporation of which such individual is an officer, director, or 10 percent or more partner or shareholder) from AstraZeneca, AZ-Mont, or their Affiliates (including amounts received for services as Independent Fiduciary under any prohibited transaction exemption granted by the Department) for the fiscal year exceeds 5 percent of that organization or individual’s annual gross income from all sources for such fiscal year.

In addition, no organization or individual who is an Independent Fiduciary, and no partnership or corporation of which such organization or individual is an officer, director, or 10 percent or more partner or shareholder, may acquire any property from, sell any property to, or borrow funds from AstraZeneca, AZ-Mont, or their Affiliates during the period that such organization or individual serves as Independent Fiduciary, and continuing for a period of six months after such organization or individual ceases to be an Independent Fiduciary, or negotiates any such transaction during the period that such organization or individual serves as Independent Fiduciary.