

We are focused on creating long term shareholder value, enabling us to grow and continue to invest in research and development aimed at treatments where there is a high unmet patient need for those with rare and debilitating diseases who may currently have little hope. We do this in a manner that aligns with our Code of Ethics.

Our business strategy determines the jurisdiction and nature of our global operations and our tax strategy. We apply the widely-established and available tax principles of the jurisdictions in which we operate. We consider effective and lawful management of our tax affairs to be an appropriate and responsible part of our drive for efficiency and re-investment into research and development of innovative medical treatments. We reinvested \$1400m in R&D in 2016.

We aim to comply fully with all our local and international tax obligations in jurisdictions in which we operate. We apply consistent global policies and principles, specifically related to transfer pricing, in conjunction with transparent and constructive relationships with tax authorities.

We do not use tax havens, as defined by the Organization for Economic Cooperation and Development (OECD), in managing our tax affairs.

We provide annual guidance on our expected effective tax rate on Non GAAP US earnings based on our business operations. Tax law is often changing and subject to variations in interpretation, and we regularly seek professional external advice which confirms our analysis and therefore mitigates risk. Our tax strategy, tax implications of significant business transactions and risks are assessed regularly as part of Shire's governance process and are reviewed by the Board of Directors, the Audit, Compliance and Risk Committee, and the Executive Committee. On a day-to-day basis the tax affairs of the group are managed by the Head of Tax with oversight by, and with the ultimate responsibility resting with the Chief Financial Officer.

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