

R&D GOVERNANCE AND PORTFOLIO MANAGEMENT

We work across functional boundaries to ensure that we effectively identify and (consistent with any contractual obligations) prioritise emerging research opportunities (whether from our own R&D activities or from external sources), develop them to meet market needs and maximise the potential of our marketed brands. In 2007, we gave careful consideration to the way in which our projects, and in particular those for biological drugs, would be governed following the acquisition of MedImmune, Inc., and the creation of a new biologics and vaccines organisation under MedImmune leadership, which resulted in the establishment of our new R&D Executive Committee.

This new governance body will ensure that disease area strategies and the selection of small and large molecule projects are aligned through the work of joint teams, leaving individual projects to be pursued, from discovery through to development, in two parallel streams, one for biologics and

vaccines and the other for small molecules. There is also provision for collaboration and co-operation between the two parts of the organisation where there is significant overlap or joint working.

The R&D Executive Committee is charged with developing a single cohesive corporate R&D strategy and product portfolio through consideration of factors such as therapeutic need, market opportunity and emerging science. It has the following accountabilities:

- > To establish a series of disease area strategies through joint therapy area strategy teams and to bring them together into a single AstraZeneca portfolio across small and large molecules and vaccines.
- > To develop enabling strategies to ensure the optimal delivery of the disease area strategic targets, including technology strategies, capital expenditure, capability mix, shape and size and geographic footprint of the R&D organisation.

- > To work with the Chief Executive Officer and Chief Financial Officer to agree an overall R&D budget for AstraZeneca and, within the R&D Executive Committee, agree an allocation of that budget to discovery, small molecule development and biologics and vaccines.
- > To establish a portfolio review process to evaluate all potential new medicines within the business to ensure resource prioritisation and delivery in line with that process. In particular, this process is intended to ensure that internal and external opportunities are reviewed using the same criteria and that there is a clear externalisation strategy, aligned with and complementary to, the disease area strategies, the internal portfolio and local market needs.

Further information on the composition of our R&D Executive Committee can be found on page 17.

