

who are measured against objective criteria, and care is taken to ensure that appointees have enough time to devote to the job. Further details of the type of criteria used to select candidates are set out on page 42 (Nomination Committee). In accordance with the Company's Articles of Association, all Directors retire at each Annual General Meeting (AGM) and may offer themselves for re-election by shareholders (see below for more details). The Board reviews annually the status of succession to senior positions, including those at Board level, and ensures it has regular contact with, and access to, succession candidates.

During the 2007 financial year:

- > Joe Jimenez resigned from the Board on 12 April 2007 after agreeing to take up a full-time executive appointment with Novartis, the Swiss-based healthcare group. Mr Jimenez served the Company as a Non-Executive Director for approximately four years and was a member of the Remuneration Committee.
- > At the AGM on 26 April 2007, Sir Peter Bonfield and Erna Möller, both Non-Executive Directors, stepped down from the Board. Sir Peter Bonfield served the Company as a Non-Executive Director for 12 years and worked as a member of various Board committees including the Remuneration Committee (acting as Chairman) and the Nomination Committee. Erna Möller served the Company as a Non-Executive Director for eight years (having formerly served as a Director of Astra AB for four years) and also worked as a member of various Board committees including the Remuneration Committee and, most recently, the Science Committee.
- > In accordance with Article 70 of the Company's Articles of Association, which gives the Directors the power to appoint a new Director nominated by the Nomination Committee who can then hold office until the next AGM (at which they will be eligible for re-election), Bo Angelin was appointed as a Non-Executive Director on 25 July 2007.
- > Jonathan Symonds resigned from the Board with effect from 31 July 2007 to pursue his career outside AstraZeneca.
- > Also under Article 70 of the Company's Articles of Association, Simon Lowth was appointed as a Director and the Chief Financial Officer of the Company with effect from 5 November 2007.

On joining the Board, new Directors are provided with comprehensive documentation, which sets out their obligations and duties as Directors. New Directors also typically attend tailored induction programmes designed to take into account their individual skills and experience. In order to develop an understanding of the views of major shareholders about the Company, the Non-Executive Directors (together with the rest of the Board) regularly receive reports and presentations from the Company's brokers and meet with senior managers throughout the year. Moreover, at the AGM, the Directors actively encourage the attendance of shareholders and their asking questions.

Election and re-election of Directors

Under Article 65 of the Company's Articles of Association, all of the Directors are required to retire at the AGM in April 2008. The Notice of AGM will give details of those Directors presenting themselves for election or re-election at the AGM.

Insurance, indemnities and professional advice

The Company maintained Directors' and Officers' liability insurance cover throughout 2007.

The Directors are also able to obtain independent legal advice at the expense of the Company, as necessary in their capacity as Directors.

In early 2006, and subsequently in the case of new Directors joining the Board, the Company entered into a deed of indemnity in favour of each Board member. Under Article 134 of the Company's Articles of Association, the current Directors and officers were already indemnified in accordance with the Companies Act 1985. However, consistent with recent changes to the Companies Act 1985, and in the interests of retaining high-quality, skilled individuals, current market practice is for companies to enter into a separate deed of indemnity in favour of each Director. As at the date of this report, these deeds of indemnity are still in force and provide that the Company shall indemnify the Directors to the fullest extent permitted by law and the Company's Articles of Association, in respect of all losses arising out of, or in connection with, the execution of their powers, duties and responsibilities, as Directors of the Company or any of its subsidiaries.

CORPORATE GOVERNANCE: OPERATION OF BOARD COMMITTEES

The Board has delegated certain responsibilities to the Audit, Remuneration and Nomination Committees. The Board has also established a Science Committee for the purpose of reviewing matters within its remit, further details of which are described below. The Board provides adequate resources to enable each committee to undertake its duties. Each of the Audit, Remuneration and Nomination Committees is made up of Non-Executive Directors, although Executive Directors may be invited to attend meetings. Members of the Science Committee include Executive Directors, Non-Executive Directors and certain senior managers. Further details of the role, membership and terms of reference for each committee are set out below.

Audit Committee

"In recent years, the Audit Committee agenda has been shaped by the requirements to monitor the implementation of the Group's compliance with various new developments in the external regulatory environment, including the Sarbanes-Oxley Act, International Financial Reporting Standards, changes to the UK Combined Code and the Smith Report. In 2007, the Committee sought to ensure that the amended systems of compliance and governance have become embedded effectively within the business, supporting the Group's strategic objectives as well as providing assurance to the Directors and shareholders. Regular reviews of key accounting judgements and financial results continued as well as the risk-based review of key issues."

JOHN BUCHANAN Chairman of the Audit Committee

The current members of the Audit Committee are John Buchanan (who chairs the committee), Jane Henney and Michele Hooper. They are all Non-Executive Directors. The Board considers each member to be independent under the UK Combined Code and under the general guidance and specific criteria of the New York Stock Exchange's (NYSE) corporate governance listing standards concerning the composition of audit committees applicable to non-US companies. In May 2007, the Company submitted the required annual written affirmation to the NYSE confirming its full compliance with those standards. For the purposes of the UK Combined Code, the Board remains satisfied that at least one member of the Audit Committee has recent and relevant financial experience. At its meeting in December 2007, the Board determined that Michele Hooper is an audit committee financial expert for the purposes of the US Sarbanes-

CORPORATE GOVERNANCE AND MANAGING RISK CONTINUED

Oxley Act of 2002. The Deputy Company Secretary acts as secretary to this committee.

The core remit of the Audit Committee includes, among other things, reviewing and reporting to the Board on:

- > Matters relating to the audit plans of the external auditor and Group Internal Audit.
- > The Company's overall framework for internal control over financial reporting and for other internal controls and processes.
- > The Company's overall framework for risk management with particular emphasis on financial risks.
- > The accounting policies and practices of the Company.
- > The annual and quarterly financial reporting carried out by the Company.

The Audit Committee is charged with promptly bringing to the attention of the Board any significant concerns of the external auditor or the Vice-President, Group Internal Audit about the conduct, results or overall outcome of their audit work, any matters which may significantly affect or impair the independence of the external auditor, any significant deficiencies or material weaknesses in the design or operation of the Company's internal control over financial reporting or other internal controls and any serious issues of non-compliance.

The Audit Committee oversees the establishment, implementation and maintenance of the Company's Code of Conduct and other related policies. It establishes procedures for the receipt and handling of complaints concerning accounting or audit matters. It recommends to the Board the appointment of the external auditor, subject to the approval of the Company's shareholders at a general meeting. Shareholders in a general meeting authorise the Directors to fix the remuneration of the external auditor. The Audit Committee reviews and approves the appointment and any dismissal of the Vice-President, Group Internal Audit.

The Audit Committee maintains policies and procedures for the pre-approval of all audit services and permitted non-audit services undertaken by the external auditor. The principal purpose of these policies and procedures is to ensure that the independence of the external auditor is not impaired. The policies and procedures cover three categories of work – audit services, audit-

related services and tax services. The policies define the type of work that falls within each of these categories, as well as those non-audit services that the external auditor is prohibited from performing under the rules of the US Securities and Exchange Commission and other relevant UK professional and regulatory requirements. The pre-approval procedures permit certain audit, audit-related and tax services to be performed by the external auditor during the year, subject to fee limits agreed with the Audit Committee in advance. The Chief Financial Officer (supported by the Group Financial Controller and the Director of Group Tax) monitors the status of all services being provided by the external auditor. The procedures also deal with the placing of non-audit work out for tender, where appropriate. Authority to approve work in excess of the pre-agreed fee limits is delegated to the Chairman of the Audit Committee in the first instance. Regular reports to the full Audit Committee are also provided for and, in practice, a standing agenda item at Audit Committee meetings covers the operation of the pre-approval procedures.

The Audit Committee's remit is available on the Company's website, astrazeneca.com.

The Audit Committee held five scheduled meetings during 2007. Four of these meetings were held in London, UK and one meeting was held in Boston, US. All Audit Committee members participated in all meetings either in person or by telephone.

Following each Audit Committee meeting, the Chairman of the committee (or the Senior Non-Executive Director in the absence of the Chairman of the committee) reported to the Board on the principal matters covered at the meeting. The minutes of Audit Committee meetings were also circulated to all Board members.

In addition to attendance at Audit Committee meetings, members of the Audit Committee met individual managers or groups of managers from the Company on a number of occasions during 2007. This direct contact with other managers helped the Audit Committee members gain a deeper insight into areas relevant to the Audit Committee's work and provided an opportunity to discuss specific areas of interest.

During the year, in line with its normal practice, the Audit Committee also held a number of private meetings, without management present, with both the Company's Vice-President, Group Internal Audit and the lead partners from the Company's external audit

firm. The purpose of these meetings was to facilitate free and open discussions between the Audit Committee members and those individuals, separately from the main sessions of the Audit Committee, which were attended by the Chief Financial Officer and the Group Financial Controller. (From July 2007 until the appointment of Simon Lowth on 5 November 2007, the Group Financial Controller acted as Chief Financial Officer.)

During 2007 and January 2008, the business considered and discussed by the Audit Committee included the matters referred to below:

- > The Company's financial disclosures were reviewed and various accounting matters considered.
- > Reports were received from the external auditor concerning its audit of the financial statements of the Group and from management, Group Internal Audit and the external auditor on the effectiveness of the Company's system of internal controls and, in particular, its internal control over financial reporting. This included review and discussion of the results of the Company's 'continuous assurance' and annual 'letter of assurance' processes. These processes are described on pages 42 to 43. The Audit Committee also reviewed quarterly activity reports of audit work carried out by Group Internal Audit and the status of follow-up actions with management.
- > The Audit Committee reviewed the Company's continuing work to comply with the applicable provisions of the US Sarbanes-Oxley Act (the 2002 Act). In particular, it regularly reviewed the status of compliance with the programme of internal controls over financial reporting implemented pursuant to section 404 of the Act. Further information about the implementation of section 404 of the Act is set out in the Financial Review on page 92.
- > The Audit Committee reviewed data about calls made by employees to the Company's Code of Conduct whistleblowing helpline either seeking guidance on issues, or raising concerns, together with the results of enquiries into these matters. No material issues were reported through this route during the year.
- > The Audit Committee reviewed the Company's new Code of Conduct.
- > The Audit Committee reviewed both the accounting matters relating to the

BOARD COMMITTEE MEMBERSHIP

Name	Audit Committee	Remuneration Committee	Nomination Committee	Science Committee	Independent ¹
Bo Angelin	x	x	x	✓	✓
David Brennan	x	x	x	x	x
John Buchanan	Chair	✓	x	x	✓
Jane Henney	✓	x	✓	✓	✓
Michele Hooper ²	✓	x	✓	x	✓
Simon Lowth	x	x	x	x	x
Håkan Mogren	x	x	✓	x	x
John Patterson	x	x	x	✓	x
Dame Nancy Rothwell	x	✓	x	Chair	✓
Louis Schweitzer	x	✓	Chair	x	n/a ³
John Varley	x	Chair	✓	x	✓
Marcus Wallenberg	x	x	x	x	x

¹ As determined by the Board for UK Combined Code purposes.

² Michele Hooper is the Senior Non-Executive Director.

³ For the purposes of the UK Combined Code (although determined by the Board to be independent on appointment).

- Company's arrangements with Merck & Co., Inc. resulting from the restructuring in 1998 of the joint venture between Astra AB and Merck & Co., Inc. and the contractual arrangements which will begin to affect the Company in 2008.
- > The Audit Committee reviewed reports relating to certain taxation matters, including the Company's continuing dialogue with tax authorities around the world and considered these matters, where relevant, in the light of accounting judgements.
 - > The Audit Committee heard reports concerning the internal audit, global compliance and global finance functions, including the internal audit plan and progress and plans of the Global Compliance Officer.
 - > The Audit Committee reviewed the amount of audit and non-audit fees of the external auditor throughout 2007. The Audit Committee was satisfied throughout the year that the objectivity and independence of the external auditor were not in any way impaired by either the nature of the non-audit work undertaken by the external auditor during the year, the level of non-audit fees charged for such work or any other facts or circumstances. Further information about the audit and non-audit fees for the year is disclosed in Note 29 to the Financial Statements on page 175.
 - > A review and assessment of the Audit Committee's performance and terms of reference was carried out. It was concluded

that the Audit Committee's terms of reference remain satisfactory and fit for purpose, and therefore no changes were recommended for approval by the Board.

- > A review of the Group's liquidity and financing strategy in respect of the acquisition of MedImmune, Inc. was also carried out.
- > The Audit Committee reviewed aspects of the Company's risk management processes as well as the Group risk profile and risk management plans ahead of scrutiny by the Board.
- > In the context of the Company's accelerated internal change programme, the Audit Committee considered the potential impact on the Group's system of internal control and, in conjunction with Group Internal Audit, identified areas within the business most likely to be impacted by this change programme for the purposes of being able to ensure management maintained the effectiveness of these controls.

Following discussions at a meeting in January 2008, the Audit Committee unanimously recommended to the Board that a resolution for the re-appointment of KPMG Audit Plc as the Company's external auditor be proposed to shareholders at the AGM in April 2008.

At the same meeting, the Chief Executive Officer and the Chief Financial Officer presented to the Audit Committee their conclusions following the evaluation of the

effectiveness of the Company's disclosure controls and procedures required by Item 15(a) of Form 20-F as at 31 December 2007. Based on their evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that, as at that date, the Company maintains an effective system of disclosure controls and procedures.

There was no change in the Company's internal control over financial reporting that occurred during the period covered by this Annual Report and Form 20-F Information 2007 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

The Audit Committee is currently scheduled to meet four times in 2008 and will meet at such other times as may be required to conduct business.

Remuneration Committee

The remit and role of the Remuneration Committee is to consider, on behalf of the Board, the remuneration (including pension rights and compensation payments) of Executive Directors, the Chairman and senior executives, more information on which is set out on pages 100 to 105.

The information contained in the Directors' Remuneration Report on pages 98 to 114 relating to the remit and members of the Remuneration Committee during 2007, as well as the independence of those members and the number of meetings they attended throughout the year, is incorporated into this Directors' Report.

Nomination Committee

"During the year, a considerable amount of time was spent both within and outside the framework of formal meetings considering potential successor candidates for the role of Chief Financial Officer and also the need to strengthen the Board following the retirements of Erna Möller and Sir Peter Bonfield and the resignation of Joe Jimenez that took place during the year. I am confident that the resulting appointments of Simon Lowth and Bo Angelin have significantly added to the range of skills and experience reflected on the Board. In 2008, the Committee will continue to review the composition of the Board."

LOUIS SCHWEITZER

Chairman of the Nomination Committee

CORPORATE GOVERNANCE AND MANAGING RISK CONTINUED

The remit of the Nomination Committee is, after appropriate consultation with the Chairman and Chief Executive Officer, to make proposals and recommendations to the Board for any new appointments as Directors of the Company. However, any decisions relating to the appointment of a Director are made by the entire Board and not the Nomination Committee.

The members of the Nomination Committee during 2007 were Louis Schweitzer (who chairs the committee), Håkan Mogren, Peter Bonfield, Jane Henney and, since 25 April 2007, Michele Hooper and John Varley. As part of the succession planning of the Company, Peter Bonfield stepped down as a Director and member of the Nomination Committee on 26 April 2007. All the current members of the Nomination Committee are Non-Executive Directors. With the exception of the Chairman and Håkan Mogren (for the reasons explained on page 43 below), the Board considers them all to be independent for the purposes of the UK Combined Code and applicable corporate governance listing standards of the NYSE. The Company Secretary acts as secretary to this committee.

The Nomination Committee formally met twice in 2007 and conducted other business in respect of the recruitment of Simon Lowth and Bo Angelin. Each member attended both of the formal meetings except for Peter Bonfield (who resigned on 26 April 2007), Michele Hooper and John Varley (who were appointed as members on 25 April 2007) and Jane Henney (due to a diary conflict). The principal tasks in relation to nomination matters in 2007 related to the appointment of Michele Hooper and John Varley as members of the Nomination Committee, the appointment of Bo Angelin to the Board following the resignations of Peter Bonfield and Erna Möller at the 2007 AGM, the recommendation of a replacement for Joe Jimenez and the appointment of Simon Lowth as successor to Jonathan Symonds as Chief Financial Officer. The Nomination Committee received advice from independent external consultants in respect of the appointment of Simon Lowth. Given the criteria used in respect of the appointment of Bo Angelin, neither an external search agency nor open advertising was used, as it was felt that AstraZeneca itself was best placed to identify candidates with relevant experience and expertise. The Nomination Committee also reviewed the knowledge, experience and balance of the Board and the requirements for future Non-Executive Directors in the light of the strategic and business objectives of the Company.

When recruiting Directors, the Nomination Committee typically works with the Board to consider the particular skills, knowledge, experience and calibre that would benefit the Board most significantly for each appointment, as well as the need for succession planning in relation to the reappointment of Directors who retire by rotation in accordance with the Company's Articles of Association. Typically, broad selection criteria are used which focus on achieving a balance between the representation of European, UK and US markets as well as focusing on medical and scientific expertise. For example, in respect of the recommendation of Bo Angelin as a Non-Executive Director, the Nomination Committee took the view that it would be advantageous to have on the Board another Director with relevant scientific experience, and who was able to offer good scientific and commercial skills. After consideration of their qualifications, candidates are short-listed for interview with members of the Committee and, if recommended by the Committee, are then considered by the full Board before appointment.

The Nomination Committee's remit is available on the Company's website, astrazeneca.com.

Science Committee

The Science Committee consists of people who are expected to have a knowledge of, or an interest in, life sciences. During 2007, its members were Nancy Rothwell (who chairs this committee), Jane Henney, Erna Möller (until 26 April 2007), Jan Lundberg, John Patterson and Bo Angelin (since 25 July 2007). They are all Non-Executive Directors, except Jan Lundberg and John Patterson. The Global Head Discovery, Strategy, Portfolio and Project Evaluation is also invited to attend all meetings and acts as secretary to this committee.

The Science Committee was established in late 2006 and its remit is:

- > To provide assurance to the Board regarding the quality, integrity and competitiveness of the Company's science-based R&D activities. The Committee aims to assure itself that the approaches and targets adopted throughout the R&D organisation are competitive and an appropriate use of shareholders' funds, but is not expected to review individual research or licensing projects.
- > To consider reports from or join any meeting with any relevant external advisory board when the Company is considering entry into new areas of science or medicine.

- > To review, from time to time, together with other external experts important bioethical issues faced by the Company and to assist in the formulation of, and to agree on behalf of the Board, appropriate policies in relation to such issues.

- > To consider with external experts, from time to time, future trends in medical science and technology.

The Science Committee's remit is available on the Company's website, astrazeneca.com.

The Science Committee met twice in 2007 to review and discuss its remit and method of operation, the Company's Cardiovascular R&D as well as its science policy. Each member participated in both meetings except for Erna Möller (who resigned on 26 April 2007) and Bo Angelin (who was appointed as a Non-Executive Director on 25 July 2007).

CORPORATE GOVERNANCE: PRINCIPAL UK AND US GOVERNANCE REQUIREMENTS UK Combined Code on Corporate Governance

The Board has prepared this report with reference to the UK Combined Code on Corporate Governance published in June 2006 by the Financial Reporting Council, and related guidance.

The Company is applying all the main and supporting principles of good governance in the UK Combined Code. The way in which these principles are being applied is described below.

The Company has complied throughout the accounting period and is also continuing to comply with all of the provisions of the UK Combined Code.

Internal controls, risk management and Turnbull Report guidance

The Board has overall responsibility for the Company's system of internal controls. Since the publication in September 1999 by the Institute of Chartered Accountants in England and Wales of the Turnbull Report, 'Internal Control: Guidance for Directors on the UK Combined Code', the Directors have continued to review the effectiveness of the Group's system of controls, risk management and the Group's high-level internal control arrangements. These reviews have included an assessment of internal controls, and in particular internal, financial, operational and compliance controls and risk management, supported by management assurance of the maintenance of control, reports from Group Internal Audit, as well as the external auditor on matters identified in the course of its