

DIRECTORS' REMUNERATION REPORT



"Our role in the Remuneration Committee is to provide governance and strategic oversight of remuneration on behalf of

the Board. Our objective is to ensure that our compensation policies and practices support the generation of growth, and facilitate thereby the generation of value for shareholders. Meeting those objectives dominated our agenda during 2007. This included creating the appropriate compensation structures for the new MedImmune business."

JOHN VARLEY
Chairman of the Remuneration Committee

At the request of the Remuneration Committee, the Chief Executive Officer and certain senior managers were invited to attend meetings of the Remuneration Committee throughout the year. Accordingly, the following attended meetings of the Remuneration Committee in 2007, except where their own remuneration was being discussed: David Brennan (Chief Executive Officer); Tony Bloxham (formerly Executive Vice-President, Human Resources) and, following his retirement, Lynn Tetrault (Executive Vice-President, Human Resources and Corporate Affairs); Peter Brown (formerly Vice-President, Global Compensation and Benefits) and, following his retirement, Simon Appleby (Vice President, Performance and Reward); and (prior to his becoming a Remuneration Committee member and when the business of the meeting was better served by his attendance) Louis Schweitzer. These individuals provided advice and services that materially assisted the Remuneration Committee during the year. In so doing, Mr Brown (and following his retirement, Mr Appleby) drew on various sources of data concerning directors' and executives' salaries, bonus levels and other incentives including general pharmaceutical industry reports and surveys, as well as surveys specifically carried out for the Company, such as those prepared by Towers Perrin.

During 2007, Carol Arrowsmith of Deloitte & Touche LLP (Deloitte) was appointed by the Remuneration Committee to provide it with independent advice on all matters being considered by it. Deloitte also provided taxation advice and other non-audit services to the Company.

REMUNERATION COMMITTEE REMIT AND KEY ACTIVITIES DURING THE YEAR

Remit

During 2007, the Remuneration Committee undertook a review of its own remit. This led to a proposal to adopt a revised remit, building on the model remit prepared by the Institute of Chartered Secretaries and Administrators (ICSA), which was subsequently approved by the Board. This revised remit reflects AstraZeneca's commitment to operate in a way which is consistent with the highest standards of corporate governance.

The revised Remuneration Committee remit covers, amongst other things:

- > The requirement that the Remuneration Committee takes into account all factors which it deems necessary in order to achieve a competitive and fair remuneration structure which operates in the interests

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This Directors' Remuneration Report has been prepared in accordance with the Directors' Remuneration Report Regulations 2002 (the Regulations) and meets the relevant requirements of the Financial Services Authority's (FSA) Listing Rules. As required by the Regulations, a resolution to approve the report will be proposed at the Annual General Meeting (AGM) on Thursday 24 April 2008.

The following sections of the Directors' Remuneration Report up to and including the section titled 'Non-Executive Directors' page 105 were not subject to audit by KPMG Audit Plc.

REMUNERATION COMMITTEE MEMBERSHIP AND MEETINGS

The members of the Remuneration Committee are John Varley (who became the Chairman of the Committee on 26 April 2007), John Buchanan, Louis Schweitzer (since 12 September 2007) and Nancy Rothwell (since 26 April 2007). They are all Non-Executive Directors. The Board considers them all to be independent with the exception of Louis Schweitzer who was considered independent upon his appointment as Chairman of the Board. (The independence of the Non-Executive Directors is discussed in more detail in the Directors' Report on page 43). During 2007, three members resigned from the Remuneration Committee because they retired or resigned from the Board, namely Peter Bonfield (following his retirement from the Board on 26 April 2007), Erna Möller (following her retirement from the Board on 26 April 2007) and Joe Jimenez (following his resignation from the Board on 12 April 2007). The Company Secretary acts as the secretary to the Remuneration Committee.

The Remuneration Committee met six times in 2007. Each meeting was attended by all of its members, except that other commitments prevented John Varley (prior to his appointment as Chairman of the Committee) and John Buchanan from each attending one meeting. Nancy Rothwell and Louis Schweitzer joined the Committee on 26 April 2007 and 12 September 2007 respectively and have attended all meetings from these dates, except that both Nancy Rothwell and Louis Schweitzer were unable to attend the meeting on 3 December 2007 as this was set up with short notice as it was an urgent meeting.

of shareholders and to the benefit of the financial and commercial health of the Company.

- > The constitution of the Remuneration Committee, including membership criteria and the process for the appointment of independent Non-Executive Directors to the Remuneration Committee.
- > The operation of the Remuneration Committee, by ensuring compliance to the fullest extent appropriate and practicable with the best practice principles contained within the UK Combined Code on Corporate Governance (annexed to the FSA's Listing Rules).
- > The remuneration policy of the Group. This includes the Remuneration Committee's responsibility, after appropriate consultation with the Chairman and the Chief Executive Officer, to make recommendations to the Board in respect of the Company's policy for Executive Director and senior executive remuneration; to make decisions, on an individual basis, regarding each element of remuneration, including the terms and conditions of employment and the retirement/severance provisions for the Chairman, the Deputy Chairman, the Chief Executive Officer, the Executive Directors, the Company Secretary and those within the wider senior executive population that fall within the Remuneration Committee's remit.

In formulating its proposals, the Remuneration Committee seeks to provide key executives every encouragement to enhance the Company's performance and to ensure that individuals are fairly, but responsibly, rewarded for their contribution to the creation of shareholder value.

- > The duties of the Remuneration Committee, including a description of the routine or annual matters that fall to the Remuneration Committee to consider.
- > The responsibility of the members of the Remuneration Committee to report to shareholders annually, and to be available at the AGM to address questions arising.
- > The duty of the Remuneration Committee to review its own performance, constitution and remit at least once a year in order to ensure that it is operating effectively.

A copy of the Remuneration Committee's remit is available on the Company's website, astrazeneca.com.

Key activities during the year

The Remuneration Committee considered the following matters, amongst other things, during 2007:

- > The terms of senior executive packages on appointment and termination.
- > The remuneration principles relating to the newly enlarged biologics business operating under the MedImmune name, in order to ensure that the dynamic and entrepreneurial ethos of a biotechnology company is maintained, whilst ensuring that there is proper alignment with the strategic objectives of the Group as a whole to deliver shareholder value.
- > As described above, a review of its own remit and the development of a revised remit which has been adopted by the Board.

ASTRAZENECA'S OVERALL REMUNERATION POLICY AND PURPOSE

The Board is committed to maintaining a dynamic performance culture, in which the Group can compete strongly by employing and developing the best talent and where every employee is clear about the Company's objectives, how their work will impact on those objectives and how they will benefit from achieving high levels of performance.

To underpin these objectives, in addition to fixed remuneration (basic pay, pension and certain other benefits) benchmarked against appropriate external comparators, the majority of employees are eligible to receive an annual cash incentive, with a component based on corporate financial performance in the form of earnings per share (EPS) and/or individual performance. Whilst details of bonus plans differ from country to country, the EPS component ensures that all eligible employees receive an element of reward based on the Company's overall financial performance. In addition, long-term incentive awards are provided to selected employees in order to align their interests closely with those of the shareholders.

These pay-for-performance principles apply throughout the Group, and provide a consistent framework within which executive remuneration decisions are made. The Remuneration Committee seeks to ensure that the overall proportion of variable pay (bonuses and share-based awards) to which Directors and members of the Senior Executive Team (SET) may become entitled makes up a significant proportion of their overall remuneration package. The Remuneration Committee's objective is to ensure that such variable pay

is linked to a range of measures designed to promote both individual and team behaviour and performance that genuinely contributes to the success of AstraZeneca and which ultimately creates value for shareholders. Such measures are designed to be stretching and challenging.

Consistent with its approach during the year, the Board has confirmed that the Company's overall remuneration policy and purpose going forward will continue to be to:

- > Attract and retain people of the quality necessary to sustain the Company as one of the best pharmaceutical companies in the world.
- > Motivate these people in order to achieve the level of performance necessary to create sustained growth in shareholder value.

In order to achieve this, the remuneration policy and practice are designed to:

- > Closely align individual and team reward with business performance at each level.
- > Encourage employees to perform to their fullest capacity.
- > Encourage employees to align their interests with those of shareholders.
- > Support managers' responsibility to achieve improvements in business performance through people and to recognise superior performance, in the short and longer term.
- > Be internally consistent, as far as practicable and beneficial, but taking due account of local market needs and permitting flexibility where this is beneficial.
- > Be competitive and cost-effective in each of the relevant employment markets.

The cost and value of the components of the remuneration package are considered as a whole and are designed to:

- > Ensure a proper balance of fixed pay and variable performance-related pay (linked to short- and long-term objectives).
- > Reflect market competitiveness.

During 2008, the Remuneration Committee intends to review the current remuneration policy for members of the SET with a view to benchmarking reward against the companies and markets with which AstraZeneca should