

AstraZeneca 2013 AGM

REMUNERATION UPDATE

25 April 2013



Chairman of the Remuneration Committee's remarks

Good afternoon ladies and gentlemen.

As described by Leif and Pascal today, AstraZeneca and its new leadership team has embarked on a new business strategy which seeks to achieve scientific leadership and return the Company to growth. The Remuneration Committee's core responsibility is to develop and execute a remuneration strategy that supports the successful implementation of the business strategy.

Pascal Soriot has just stated that the progress and success of AstraZeneca's strategy will, going forward, be measured in three key areas: Scientific Leadership, Return to Growth and strong financials. When the Board determined the new strategy, it asked the Remuneration Committee to ensure that the remuneration policy, and, in particular, the Company's short- and long-term performance incentive plans support the delivery of our new corporate goals.

For the Short Term Incentive plan, the Committee developed new performance measures aligned with our three strategic priority areas. We consulted with our major shareholders on these proposals and have adopted them for 2013.

The Committee also undertook a comprehensive review of the Long Term Incentive plan framework. As a result, we are proposing changes to some of the performance conditions associated with the Performance Share Plan (PSP) and the AstraZeneca Investment Plan (AZIP). Otherwise, we consider that the provisions of both these plans remain fit for purpose and require no change, including for example:

- The Rules of the Plans
- The size of individual or aggregate awards;
- The number of participants;
- The length of the performance periods; and

- The payout curves associated with the TSR and cash flow measures under the PSP.

There will be no change in any of those areas.

Although no changes are proposed which would necessitate a shareholder vote, shareholders will have an opportunity to vote on these changes, and on AstraZeneca's remuneration policy in general, in 2014 following the introduction of the new Department for Business, Innovation and Skills voting regulations.

However, we have sought input from our major shareholders on the proposed changes to the performance measures and, in addition, I wanted to lay out our thinking today to all of you attending this AGM as well, so that we can answer any questions you have and hear your comments, before the Remuneration Committee makes its final decisions.

So, let me turn to the specifics and show my first slide.

The PSP currently has two equally-weighted performance measures: Total Shareholder Return (TSR) and free cash flow. The Company believes that the newly articulated strategy will best be supported by a broader assessment of performance. So we propose adding two new measures. Consistent with the new strategy, these new measures will cover "Return to Growth" and "Achieve Scientific Leadership". Going forward, each of the then *four* PSP performance measures (TSR, free cash flow, Return to Growth and Achieve Scientific Leadership) will have an equal weighting.

The proposed "Return to Growth" measures are based on quantitative, medium term, sales targets relating to the five growth platforms which Pascal has just described: Brilinta, diabetes, respiratory, emerging markets, and Japan.

The "Achieve Scientific Leadership" measures will cover five areas: a New Molecular Entity target, which reflects the Company's ability to deliver innovation to the market. Major Life Cycle Management approvals, which represent a good proxy for near-to-mid term growth. The volume of New Molecular Entities in Phase 3 and their registration. A target for Peak Year Sales, to track the value of pipeline output. And delivery from our research and early development organisation, which will be assessed by Phase 2 starts.

The Remuneration Committee has also considered the AZIP performance measures. For grant year 2013 and thereafter, we propose to adopt two adjusted measures to bring the measures into line with the dividend policy articulated by Pascal Soriot at our recent Investor Day. My next slide shows the intended adjustments.

The first performance measure, articulated at the Investor Day, will be a dividend per share floor at \$2.80, such that the dividend in each performance period must be maintained at this level, or increased, for the performance test to be satisfied.

The second performance measure, relating to dividend cover, will now be calculated on the basis of Core earnings per share (EPS), rather than on the basis of reported EPS, less restructuring costs. We believe that Core EPS provides the best indicator of cash cover for the dividend and it has been adopted as a critical performance indicator for management and the Company. The dividend cover floor will remain unchanged at 1.5 times, so, dividend cover must remain above 1.5 times over the performance period for this test to be satisfied.

In the case of the adjustments to both the PSP and AZIP performance measures, the Remuneration Committee has taken care to ensure that the new performance tests are at least as stretching as their predecessors in the context of the new strategy and taking into account the medium to long term business outlook.

With regard to Executive Director Remuneration, there are three key matters I would like to share with you today.

1. When Pascal Soriot joined AZ he forfeited awards made to him by his previous employer. The Remuneration Committee took the decision that it was appropriate, if it was to be successful in attracting Pascal Soriot to be our new Chief Executive Officer, to compensate him for the value of those forfeited awards. We received an independent assessment of their value. The equivalent value awards made to Mr Soriot in the fourth quarter of 2012 included an award under the AstraZeneca Investment Plan.

The dividend per share and dividend cover performance measures attached to that award were based on the old corporate strategy. The Remuneration Committee

considers that it is in the interests of shareholders that the new Chief Executive Officer's LTI arrangements are closely aligned to the new strategy.

Therefore, the Committee will ask Mr Soriot to forfeit his 2012 AZIP award and will make a substitute AZIP award in 2013, based on the new performance measures I have described. The 2013 award will be over the same number of shares as the original award, but it will vest a year later.

2. At the time of publishing our 2012 Report and Accounts, the Remuneration Committee was consulting with major shareholders on proposals relating to Simon Lowth's remuneration. That consultation has recently concluded.

Mr Lowth is an exceptionally talented CFO and is highly regarded both within AZ and externally. He performed strongly as interim CEO during a period of considerable change for the Company. His portfolio since he reverted to his CFO role has been expanded to include responsibility for our business in Japan, a key growth market for the Company and the future.

Following consultation with our major shareholders, the Committee has decided to increase Mr Lowth's base pay from £660,000 to £710,000 with effect from 1 April 2013; and his Long Term Incentive target award from 200% of base salary to 210%. No change is proposed to Mr Lowth's target short term incentive award. This is summarised on my third slide.

3. Because we were consulting with major shareholders about one Executive Director, Mr Lowth, and had not at the time of the release of our Report and Accounts yet determined his base pay for 2013, I did not want, in the Report and Accounts, to make reference to the base pay arrangements for 2013 for our other Executive Director, Mr Soriot. But I take this opportunity to do so. There will be no change to Mr Soriot's base pay this year.

Further details of all these arrangements will shortly be available on the Company web site.

Thank you ladies and gentlemen.

AstraZeneca PLC

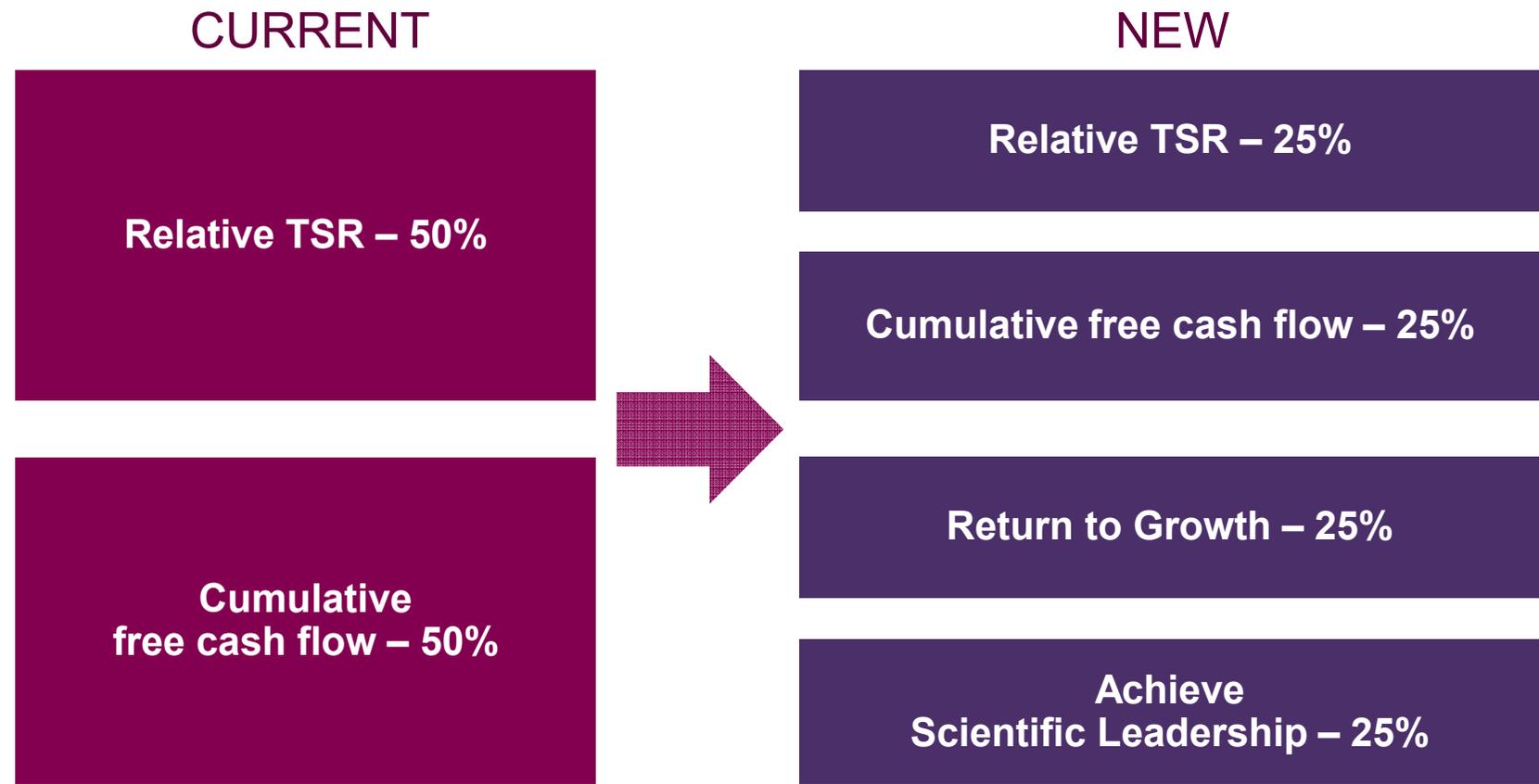
2013 Annual General Meeting

John Varley

Chairman of the Remuneration Committee



1. Proposed Performance Share Plan changes

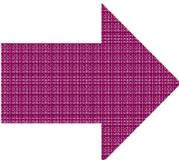


2. Proposed AstraZeneca Investment Plan changes

CURRENT

Dividend Per Share – 50%
Increased over performance period (\$2.80)

Dividend Cover – 50%
Not below 1.5 times over the performance period
Calculation: reported earnings before restructuring costs



NEW

Dividend Per Share – 50%
Floor of \$2.80

Dividend Cover – 50%
Not below 1.5 times over the performance period
Calculation: Core EPS



3. Executive Director remuneration for 2013

Pascal Soriot

- No base pay increase in 2013

Simon Lowth

- Base pay will increase from **£660,000** to **£710,000** (effective 1 April 2013)
- 2013 Long Term Incentive Plan target award will increase from **200%** of base salary to **210%**



AstraZeneca PLC

2013 Annual General Meeting