

Corporate governance

Merger of Glaxo Wellcome and SmithKline Beecham

GlaxoSmithKline plc acquired Glaxo Wellcome plc and SmithKline Beecham plc by way of a scheme of arrangement for the merger of the two companies that became effective on 27th December 2000. Until that date, Glaxo Wellcome and SmithKline Beecham operated as separate companies under the management of their respective Boards of Directors.

The Directors of Glaxo Wellcome and SmithKline Beecham during the year 2000 were:

Glaxo Wellcome plc

Sir Richard Sykes, Chairman
 Sir Roger Hurn, Non-Executive Deputy Chairman
 Robert Ingram, Chief Executive
 Dr Michèle Barzach, Non-Executive
 Derek Bonham, Non-Executive
 James Cochrane
 John Coombe
 Peter Job, Non-Executive
 Professor Arthur Li, Non-Executive
 John McArthur, Non-Executive
 Dr James Niedel
 Dr Ronaldo Schmitz, Non-Executive
 Jeremy Strachan

SmithKline Beecham plc

Sir Peter Walters, Non-Executive Chairman
 Jan Leschly, Chief Executive. Retired 28th April 2000
 Jean-Pierre Garnier, Chief Executive from 28th April 2000
 Paul Allaire, Non-Executive
 Andrew Bonfield
 Sir Christopher Hogg, Non-Executive
 Baroness Hooper, Non-Executive
 Donald McHenry, Non-Executive
 Sir Ian Prosser, Non-Executive
 Dr Lucy Shapiro, Non-Executive
 Dr Tadataka Yamada
 John Young, Non-Executive

Incorporation of GlaxoSmithKline

The company was incorporated as a limited company on 6th December 1999 and subsequently changed its name to GlaxoSmithKline plc. It converted to a public limited company on 23rd May 2000. The company did not itself trade from incorporation until 27th December 2000 when it acquired Glaxo Wellcome and SmithKline Beecham. The first report and financial statements of the company cover the period from incorporation to 31st December 2000 and include the results of the separate Glaxo Wellcome and SmithKline Beecham businesses for the year 2000.

Directors of GlaxoSmithKline

During the period from incorporation to 23rd May 2000, the following served as Directors of the company:

Drusilla Rowe	6th December 1999 to 13th January 2000
Eleanor Zuercher	6th December 1999 to 13th January 2000
Antonia Rees	13th January 2000 to 28th January 2000
Hackwood Directors Limited	28th January 2000 to 15th May 2000
Robert Stern	13th January 2000 to 15th May 2000
Rupert Bondy	16th May 2000 to 23rd May 2000
Stephen Cowden	16th May 2000 to 23rd May 2000

The Directors listed opposite under 'The Board' were appointed on 23rd May 2000 and have served since that date.

The Board and executive

Board

The Board of GlaxoSmithKline plc is responsible for the Group's system of corporate governance and is ultimately accountable for the Group's activities, strategy and financial performance. The Board comprises Executive and Non-Executive Directors. The role of Non-Executive Directors is to bring independent judgement to Board deliberations and decisions.

Sir Richard Sykes is Non-Executive Chairman and Dr Jean-Pierre Garnier is Chief Executive.

Sir Roger Hurn and Sir Peter Walters are Non-Executive Deputy Chairmen.

Sir Richard Sykes was employed by Glaxo Wellcome plc as Executive Chairman. All of the other Non-Executive Directors are considered to be independent. Given that two Non-Executive Deputy Chairmen have been appointed, each independent, the company does not consider it necessary to appoint either one as senior independent Director.

The Board meets regularly throughout the year. It has a formal schedule of matters reserved to it for decision but otherwise delegates specific responsibilities to Board committees, as described below. The Board works to an agreed agenda in reviewing the key activities of the business and receives papers and presentations to enable it to do so effectively. Minutes of Board committees are placed on the agenda of the Board. The Company Secretary is responsible to the Board and is available to individual Directors in respect of Board procedures.

The Company Secretary is Simon Bicknell.

Board committees

The Audit Committee reviews the financial reporting process, the system of internal control and management of risks and the external and internal audit process. The committee consists entirely of Non-Executive Directors. It meets four times a year with the Chief Executive Officer, the Chief Financial Officer, the heads of internal audit and corporate compliance and the external auditors in attendance.

The Finance Committee reviews and approves the major financial and securities transactions of the company as well as dividends, results announcements and the business of the Annual General Meeting.

The Remuneration & Nominations Committee determines the terms of service and remuneration of the Executive Directors and Corporate Officers and considers appointments of Directors and Corporate Officers. The committee consists entirely of Non-Executive Directors. The Chief Executive Officer attends meetings except when his own remuneration is being considered.

Remuneration of Directors

Summary information on the remuneration of Directors is given in the Summary remuneration report on page 22.

Corporate Executive Team

The executive management of the Group is the responsibility of the Chief Executive Officer and other senior managers who form the Corporate Executive Team. The members and responsibilities of the Corporate Executive Team are given on pages 18 and 19.