

Remuneration report

The Remuneration report sets out, prospectively, the remuneration policies to be operated by GlaxoSmithKline plc from completion of the merger on 27th December 2000 and, historically, the remuneration earned by Directors of Glaxo Wellcome plc and SmithKline Beecham plc in 2000 in accordance with the remuneration policies and programmes operated by Glaxo Wellcome and SmithKline Beecham as independent companies.

38 Remuneration policy – GlaxoSmithKline

This describes the processes, policies and programmes which took effect from completion of the merger on 27th December 2000.

40 Remuneration 2000 – GlaxoSmithKline Directors

This sets out the remuneration earned in 2000 by Directors of Glaxo Wellcome and SmithKline Beecham who have been appointed as Directors of GlaxoSmithKline, together with their interests in share options and share incentive plans.

44 Remuneration 2000 – Glaxo Wellcome and SmithKline Beecham Directors

This sets out the remuneration earned in 2000 by Directors of Glaxo Wellcome and SmithKline Beecham who were not appointed as Directors of GlaxoSmithKline.

46 Directors and Senior Management – GlaxoSmithKline

This sets out the interests of Directors of GlaxoSmithKline plc in shares of GlaxoSmithKline plc and in contracts. Information is also provided on the aggregate remuneration and interests of Directors and Senior Management of GlaxoSmithKline.

Additional disclosures in accordance with statutory requirements are included in Note 36 to the Financial statements.

References to GlaxoSmithKline shares and ADSs mean, respectively, an Ordinary Share of GlaxoSmithKline plc of 25p and an ADS of GlaxoSmithKline plc. Each ADS represents two GlaxoSmithKline shares. Throughout the Remuneration report, shares and ADSs of Glaxo Wellcome plc and SmithKline Beecham plc at 31st December 1999 and at dates prior to the merger on 27th December 2000, including options, awards and participations over shares and ADSs, have been restated, both as regards number and price, in terms of shares and ADSs of GlaxoSmithKline, as follows:

- for 1 Glaxo Wellcome share – 1 GlaxoSmithKline share
- for 1 SmithKline Beecham share – 0.4552 GlaxoSmithKline shares
- for 1 Glaxo Wellcome ADS – 1 GlaxoSmithKline ADS
- for 1 SmithKline Beecham ADS – 1.138 GlaxoSmithKline ADSs

Remuneration policy – GlaxoSmithKline

GlaxoSmithKline remuneration policy

As a leading global healthcare company, GlaxoSmithKline aims to have remuneration policies and programmes that will enable it to recruit, retain and motivate the top calibre executive talent which it needs and for which it competes in an international market place.

GlaxoSmithKline believes that its remuneration policies and programmes represent a competitive advantage and best practice through a heavy emphasis on pay for performance and 'at risk' compensation for its top executives. Long-term incentive plans have been designed to align executive reward with shareholders' interests, in particular, the creation of enhanced shareholder value.

The Remuneration & Nominations Committee

GlaxoSmithKline has established a committee of the Board called the Remuneration & Nominations (R&N) Committee to develop the company's policy on Executive Directors' remuneration for approval by the Board and to determine the remuneration package of each Executive Director. The R&N Committee consists exclusively of independent Non-Executive Directors. The current members of the Committee are Mr John Young (Chairman), Mr Paul Allaire, Dr Michèle Barzach, Sir Roger Hurn, Mr John McArthur and Mr Donald McHenry.

Remuneration of the company's Non-Executive Directors is determined by the GlaxoSmithKline Board itself, upon receipt of advice from external consultants.

Policy on remuneration of Executive Directors

The R&N Committee, with advice from a leading firm of compensation and benefit consultants, aims to provide a package of incentives and rewards which will be competitive by reference to other global healthcare companies as well as other multinational companies considered similar to GlaxoSmithKline in terms of size, geographical spread and complexity of business.

In constructing and reviewing remuneration packages, the emphasis is on linking pay to performance by rewarding effective management as well as individual achievement. The mix within a package is designed to align personal reward with enhanced shareholder value over both the short and the long term. The Executive Directors' remuneration consists of four components:

- Salary
- Performance bonus
- Long-term incentives
- Benefits

Salary

This reflects an Executive Director's experience, responsibility and market value.

Performance bonus

This is based on annual performance by business teams against demanding financial targets and individual accomplishments against objectives. Bonuses are subject to upper limits. On target business performance brings total compensation into line with the competitor panel. Pay rises if the target performance is exceeded but the executives' total compensation falls well below the level of compensation of competitors if these targets are not achieved. There is an option to invest the bonus in GlaxoSmithKline shares, in which case the bonus is enhanced by ten per cent but the shares must be held for a minimum of three years.

Long-term incentives

These comprise share options and participation in a Performance Share Plan that link reward to shareholder value over the long and medium term respectively, as described below.

Share options

Share options allow the holder to buy shares at a future date at a price determined by reference to the open market price of shares at the time of grant. It is intended that share options will be granted to more than 10,000 managers at GlaxoSmithKline including Executive Directors.

Vesting of options granted to Executive Directors will be subject to the performance condition that earnings per share growth, excluding currency and exceptional items, should be at least nine per cent more than the increase in the UK Retail Price Index over any three-year measurement period. With respect to future grants, the R&N Committee will regularly review performance conditions against market conditions.

Performance Share Plan

Participations in the Performance Share Plan will be granted to approximately 700 top executives in the company, including Executive Directors, designating a target number of shares for each participant. Vesting of awards under the plan will be subject to a performance condition which applies during a three year measurement period. The performance condition consists of two parts, each of which applies to 50 per cent of the award.

The first part of the condition will compare GlaxoSmithKline's Total Shareholder Returns (TSR) over the period with the TSR of companies in the UK FTSE 100 Index over the same period. If GlaxoSmithKline is ranked in the top 20 of the FTSE 100 in relation to TSR performance, then 100 per cent of the shares subject to this part of the performance condition will vest. If the ranking is at the 50th position in the FTSE 100, 40 per cent of the shares will vest. If GlaxoSmithKline is ranked below 50th position, none of the shares subject to this part of the performance condition will vest. Between the 20th and 50th positions, vesting will occur on a sliding scale.

The second part of the performance condition requires GlaxoSmithKline earnings per share growth, excluding currency and exceptional items, to be at least nine per cent more than the increase in the UK Retail Price Index over the three-year performance period. If this condition is met, then all of the shares subject to this part of the performance condition will vest. If this condition is not met, then none of the shares subject to this part of the performance condition will vest.

Benefits

Executive Directors participate in Glaxo Wellcome's or SmithKline Beecham's senior executive pension plans. These are defined benefit plans in the UK and cash balance plans in the USA. Benefits are payable at age 60. The US cash balance plans provide a pension payable from a fund to which contributions of up to ten per cent of earnings are paid and interest accrues based on Treasury Bill rates. Bonuses are pensionable for all participating employees in the US plans, including Executive Directors.

Executive Directors participate in Glaxo Wellcome and SmithKline Beecham all employee share plans in either the UK or USA. This enables Glaxo Wellcome and SmithKline Beecham employees in the UK and SmithKline Beecham employees in the USA to contribute up to four per cent of pay to the plan with the company paying a maximum of four per cent of pay to purchase an interest in GlaxoSmithKline shares.

Other benefits, such as healthcare, are provided in line with the practice in the market where the executive is employed.

Executive Directors will also participate on the same basis as other senior employees in new GlaxoSmithKline benefit plans when these are established.

Share ownership guidelines

To align executive interest with that of shareholders, Executive Directors are required to hold shares in the company. The Chief Executive Officer is required to hold shares to the value of four times base pay. Other Executive Directors of GlaxoSmithKline are required to hold shares to the value of three times base pay.

For purposes of these requirements shares and ADSs held in SmithKline Beecham's bonus deferral plans and vested but deferred awards under long-term incentive plans are included. As at the year-end Dr Garnier's total shareholding on this basis was 109,098 ADSs and for Mr Coombe it was 109,820 shares and as a result both Directors exceeded the share ownership guidelines.

Directors' service contracts

Executive Directors are employed on service contracts under which GlaxoSmithKline is required to give two years' notice of termination and the Executive Directors are required to give 12 months' notice.

Dr Garnier's contract specifies the compensation to be paid by the company on termination of his employment, including an immediate payment of two years salary and bonus. Dr Garnier is also entitled to continue to participate in the company's long-term incentive plans for the first 12 months following notice of termination by the company. As agreed at the time, Dr Garnier's notice period was reduced to two years from three years in 1998. Dr Garnier will also receive three years' pension accrual on termination and, in certain circumstances, a further three years' accrual.

Mr Coombe's contract specifies compensation to be paid in the event of redundancy. In the event that notice of termination is given, other than in the case of redundancy, Mr Coombe is required to mitigate any loss of earnings resulting thereafter.

Provisions on termination of employment and compensation in the event of termination were previously approved by SmithKline Beecham and Glaxo Wellcome for Dr Garnier and Mr Coombe, respectively, and did not change upon the merger becoming effective. The R&N Committee of GlaxoSmithKline will keep under review contractual terms for Executive Directors of GlaxoSmithKline.

Executive Directors' service contracts contain garden leave, non-competition, non-solicitation and confidentiality clauses.

The R&N Committee believes that one year contracts would not be in the best interest of GlaxoSmithKline with regard to offering a globally competitive overall remuneration package and securing maximum protection for its intellectual property rights.

Non-Executive Directors of GlaxoSmithKline do not have service contracts.

Payment of Non-Executive Directors in GlaxoSmithKline shares

To enhance the link between Directors and shareholders, GlaxoSmithKline requires Non-Executive Directors to receive a significant part of their fees in the form of shares allocated to a share account and offers the opportunity to invest part or all of the balance of fees in a share account. These shares are not paid out until the Director's retirement from the Board, or at a later date, on the basis of dividends being reinvested in the interim.

Remuneration 2000 – GlaxoSmithKline Directors

Annual compensation

		2000				1999			
Note	Salary and fees £000	Other emoluments and benefits £000	Bonus £000	Total £000	Salary and fees £000	Other emoluments and benefits £000	Bonus £000	Total £000	
Executive Directors									
Dr J P Garnier	a	820	111	1,151	2,082	586	57	821	1,464
Mr J D Coombe	b	468	2	321	791	445	2	90	537
Total		1,288	113	1,472	2,873	1,031	59	911	2,001
Non-Executive Directors									
Sir Richard Sykes	c	1,034	3	708	1,745	983	2	198	1,183
Sir Roger Hurn	d	60	–	–	60	60	–	–	60
Sir Peter Walters	e,f,g	324	285	–	609	276	10	–	286
Mr P A Allaire	e	63	–	–	63	44	–	–	44
Dr M Barzach	d	35	37	–	72	35	37	–	72
Mr D C Bonham	d	35	–	–	35	35	–	–	35
Sir Christopher Hogg	e	65	–	–	65	51	–	–	51
Mr P J D Job	d	35	–	–	35	35	–	–	35
Mr J H McArthur	d	35	13	–	48	35	12	–	47
Mr D F McHenry	e	60	–	–	60	41	–	–	41
Sir Ian Prosser	e,h	53	–	–	53	19	–	–	19
Dr R Schmitz	d	35	–	–	35	35	–	–	35
Dr L Shapiro	e,f,i	63	–	–	63	43	–	–	43
Mr J A Young	e,f	66	–	–	66	54	–	–	54
Total		1,963	338	708	3,009	1,746	61	198	2,005
Total compensation		3,251	451	2,180	5,882	2,777	120	1,109	4,006

- a Dr Garnier was an Executive Director of SmithKline Beecham during 1999 and 2000. He was appointed Chief Executive Officer of SmithKline Beecham on 28th April 2000, at which time his salary increased from £586,420 to £771,605. His salary and fees also include the company match on compensation that is deferred.
- b Mr Coombe was an Executive Director of Glaxo Wellcome during 1999 and 2000.
- c Sir Richard Sykes was Executive Chairman of Glaxo Wellcome during 1999 and 2000. He was remunerated as an Executive Director and received an annual performance bonus. From 1st January 2001 he has been remunerated as Non-Executive Chairman of GlaxoSmithKline. He receives fees consisting of a cash element of £300,000 and a share element of 6,000 GlaxoSmithKline shares. In addition the company has agreed to procure that Sir Richard's pension from the age of 60 will be calculated on the basis of his salary as at 31st December 2000 and as if he had remained in full-time employment until his 60th birthday.
- d Non-Executive Director of Glaxo Wellcome during 1999 and 2000.
- e Non-Executive Director of SmithKline Beecham during 1999 and 2000. In December 1999 the Board of SmithKline Beecham approved additional remuneration for Non-Executive Directors to be paid annually from 2000 entirely in the form of shares, comprising 6,000 SmithKline Beecham shares for the Chairman and 2,000 SmithKline Beecham shares or 400 SmithKline Beecham ADSs for the other Non-Executive Directors, allocated to share accounts on 30th March each year. On 30th March 2000, the SmithKline Beecham share price was £8.06 per share and \$64.19 per ADS. The value of these shares and ADSs allocated on that date has been included in the figures for Salary and fees shown above at the market value of the shares and ADSs on the date of allocation. These shares are also included in Directors' interests (page 46).
- f Sir Peter Walters, Dr Shapiro and Mr Young elected to receive £25,000, \$10,000 and \$40,000 respectively of their fees above in the form of shares in both 2000 and 1999. The shares allocated to their accounts are included in Directors' interests (page 46).
- g Sir Peter Walters' Other emoluments and benefits include a payment of £274,667, representing the difference between his remuneration under his arrangements as Non-Executive Deputy Chairman of GlaxoSmithKline and those which applied under his previous arrangements as Non-Executive Chairman of SmithKline Beecham for the balance of the period to April 2002. Under his arrangements with SmithKline Beecham, Sir Peter Walters received annual fees and benefits totalling £286,000 together with a share allocation of 6,000 SmithKline Beecham shares.
- h Sir Ian Prosser became a Director of SmithKline Beecham on 1st August 1999. Payment in 1999 was for five months only.
- i Dr Shapiro was a member of SmithKline Beecham's Scientific Advisory Board (SAB) until completion of the merger with Glaxo Wellcome. She received fees of \$155,400 in 2000 which included Directors' fees of \$70,400 and \$85,000 for services on SmithKline Beecham's SAB. Dr Shapiro elected to receive \$30,000 of her SAB fees in the form of ADSs.

Share options

Options – ADSs	Average grant price	At 31.12.00	Exercised	Lapsed		Granted		At 31.12.99
				Number	Grant price	Number	Grant price	
Dr J P Garnier	\$43.26	2,074,813	15,523	–	–	–	–	2,090,336

No options were granted to Dr Garnier during 2000.

Options – shares	Average grant price	At 31.12.00	Exercised	Lapsed		Granted		At 31.12.99
				Number	Grant price	Number	Grant price	
Mr J D Coombe	£14.81	287,948	–	–	–	245,479	£14.60	42,469
Sir Richard Sykes	£14.82	634,949	34,965	482	£13.27	542,465	£14.60	127,931

None of the other Directors had an interest in any option over the company's shares.

As a consequence of the merger all options listed above have become exercisable, with the exception of the options granted to Mr Coombe during 2000, which will become exercisable from February 2003. In connection with the merger, a circular and listing particulars were sent to shareholders in July 2000, at which time holders of options over Glaxo Wellcome and SmithKline Beecham shares and ADSs were offered the opportunity to exchange those options for options over GlaxoSmithKline shares. Each of the Directors above elected to exchange all of their then outstanding Glaxo Wellcome or SmithKline Beecham options, as applicable, into new options over GlaxoSmithKline shares and, along with all other Glaxo Wellcome and SmithKline Beecham share option plan participants who elected to exchange their options, will receive an additional benefit of a cash sum equal to ten per cent of the exercise price of the original option. This additional benefit will be given when the new option is exercised, provided the exercise is on or after the second anniversary of the effective date of the merger (or, as in the case of Sir Richard Sykes, on cessation of executive employment, if earlier).

The Directors held these options under the Glaxo Wellcome and SmithKline Beecham share option plans referred to in Note 33 to the financial statements. The options under the Glaxo Wellcome share option plans are exercisable from August 2002 to February 2010. The options under the SmithKline Beecham share option plans are exercisable from November 1996 to November 2009. The share price on 15th March 2001 was £18.00 per GlaxoSmithKline Share and \$51.80 per GlaxoSmithKline ADS.

The highest and lowest share prices during the year ended 31st December 2000 for GlaxoSmithKline shares were £21.10 and £14.40, respectively. The highest and lowest prices for GlaxoSmithKline ADSs during the year to 31st December 2000 were \$63.75 and \$46.00, respectively. The market prices for GlaxoSmithKline shares and GlaxoSmithKline ADSs on 31st December 2000 were £18.90 and \$56.00, respectively.

Options exercised – ADSs

	Date	Number	Grant price	Market price
Dr J P Garnier	12.05.00	15,523	\$12.88	\$58.69

Options exercised – shares

	Date	Number	Grant price	Market price
Sir Richard Sykes	18.09.00	34,965	£5.72	£19.29

The gain on options exercised by Directors during the year to 31st December 2000 was £936,315, comprising £461,840 relating to Dr Garnier and £474,475 relating to Sir Richard Sykes. This compares to a gain on exercise of options during the year to 31st December 1999 of £1,084,540, comprising £945,226 relating to Dr Garnier, £123,529 relating to Mr Coombe and £15,785 relating to Sir Richard Sykes.

SmithKline Beecham incentive plans

Mid-Term Incentive Plan – GSK ADSs	Vested and deferred participations at 31.12.00	Unvested participations at 31.12.00	Participations lapsed in 2000	Participations awarded in 2000	Participations granted in 2000	Unvested participations at 31.12.99
Dr J P Garnier	56,231	92,861	1,133	36,649	–	130,643

No Mid-Term Incentive Plan (MTIP) participations were granted to Dr Garnier in 2000.

Where a final award of shares is made, receipt of the award may be deferred by a Director. Dr Garnier deferred receipt of the full amount awarded in 1999 and 2000. The deferred awards, together with any additional ADSs subsequently received through dividend reinvestment, are not included as Directors' interests (page 46) since technically they are retained in the MTIP until paid out.

Under the terms of the MTIP the number of shares or ADSs actually awarded was determined following the end of the relevant measurement period and depended on SmithKline Beecham's relative performance during that period. The measurement period, relating to participations granted in November 1996 and March 1997 ended on 31st December 1999 and an award equivalent to 97 per cent of the participations then granted was made on 9th March 2000, when the market price of a GlaxoSmithKline share and a GlaxoSmithKline ADS (restated to reflect the merger) was £15.59 and \$49.42 respectively.

In connection with the merger, the performance conditions in respect of grants made in 1997 (after March 1997), 1998 and 1999 have been waived, although the final award will not be made to employees who resign before the end of the relevant measurement period. The measurement period relating to participations granted in November 1997 ended on 31st December 2000 and a final award of 100 per cent of the target number of shares in that grant was confirmed on 8th February 2001. At that time the market price of a GlaxoSmithKline share and a GlaxoSmithKline ADS was £18.38 and \$53.52 respectively.

Stock Appreciation Rights (SARs) – GSK ADSs

	Average grant price	At 31.12.00	Exercised	Granted	At 31.12.99
Dr L Shapiro	\$50.34	1,487	887	–	2,374

Dr Shapiro was a member of SmithKline Beecham's Scientific Advisory Board (SAB) from 1993 until the completion of the merger with Glaxo Wellcome. Along with other members of the SAB, she received annual grants of SmithKline Beecham SARs that, in general, vested three years from the date of grant. Grants of SARs to SAB members ceased in 1999.

SARs entitle the holder to a cash sum at a future date based on share price growth between the date of grant and the date of exercise. Full provision is made in the accounts for accrued gains on SARs from the date of granting them. In connection with the merger, all previously granted SARs became immediately exercisable.

The market price of a GlaxoSmithKline ADS on 31st December 2000 was \$56.00.

SARs exercised

	Date	Number	Grant Price	Market Price
Dr L Shapiro	24.04.00	887	\$28.16	\$59.86

The gain on the SARs exercised by Dr Shapiro during 2000 amounted to £18,517.

Glaxo Wellcome incentive plans

Annual Incentive Plan – GSK shares	Shares at 31.12.00	Number	Shares exercised		Shares granted	Shares at 31.12.99
			Average market price on exercise £	Gain on exercise £		
Mr J D Coombe	–	32,656	18.29	82,766	–	32,656
Sir Richard Sykes	–	72,893	18.37	115,780	–	72,893

Sir Richard Sykes and Mr Coombe exercised their options on shares awarded under the Annual Incentive Plan that was operated by Glaxo Wellcome between 1996 and 1998. The awards were released to Directors in March 2000 in respect of the award in 1996 and on completion of the merger in respect of the awards in 1997 and 1998. The gain on exercise in the table above represents the difference between the money value on exercise and the amount included as remuneration in the year to which the award related.

Long-Term Incentive Plan – GSK shares	Shares at 31.12.00	Number	Shares exercised		Shares not vesting	Shares granted	Shares at 31.12.99
			Average market price on exercise £	Money value on exercise £			
Mr J D Coombe	66,220	29,712	17.36	515,800	7,428	23,013	80,347
Sir Richard Sykes	147,344	66,852	17.01	1,137,153	16,713	50,856	180,053

The awards made in March 1997 vested on 27th March 2000; based on the performance of Glaxo Wellcome over the three-year period ended on that date the awards vested as to 80 per cent. Both Mr Coombe and Sir Richard Sykes exercised these awards during the year.

The awards made in March 1998, March 1999 and February 2000 vest in March 2001, March 2002 and February 2003 respectively. Performance conditions lapsed upon completion of the merger. Shares under the Glaxo Wellcome Long-Term Incentive Plan are awarded at nil cost.

Pensions

Pension benefits are accruing to the following Directors under defined benefit schemes. The accrued annual benefits for individual Directors on retirement are set out below:

	Age	31.12.00 £000	Change over year net of inflation £000
Dr J P Garnier	53	833	48
Mr J D Coombe	56	258	39
Sir Richard Sykes	58	657	100

Dr Garnier is a member of the SmithKline Beecham all-employee US Pension Plans. He has no entitlement to a spouse's or children's pension other than by surrendering a part of his own pension. On early retirement, his pension will be reduced by the same factors, relating to age and service, that apply to all employees. However, in Dr Garnier's case, he receives an additional three years' service when he retires from GlaxoSmithKline. Pension increases may be granted on a discretionary basis. No transfer values are payable on leaving the Plans.

Mr Coombe and Sir Richard Sykes are members of the Glaxo Wellcome UK Pension Plan. Their spouses would be provided with a pension of two-thirds of the executive's pension in the event of their death. In the event that either decided to retire early, the pension would be reduced by three per cent for each year before the age of 60 that they retire. Pensions are guaranteed to increase in payment by the rate of increase in the UK Retail Price Index (RPI) up to a maximum of 12 per cent a year. Discretionary increases may be paid in addition. No allowance would be made for discretionary increases in the transfer values on leaving.

Remuneration 2000 – Glaxo Wellcome and SmithKline Beecham Directors

	Fees and salary £000	Other emoluments and benefits £000	Bonus £000	Contractual termination payments £000	Total 2000 £000	Total 1999 £000
Glaxo Wellcome Directors						
Mr R A Ingram	708	118	484	–	1,310	861
Mr J M T Cochrane	412	14	282	1,198	1,906	482
Dr J E Nidel	468	27	321	–	816	568
Mr J A W Strachan	434	3	297	1,265	1,999	498
Executive Directors	2,022	162	1,384	2,463	6,031	2,409
Professor A Li (Non-Executive)	35	–	–	–	35	35
Total compensation 2000	2,057	162	1,384	2,463	6,066	–
Total compensation 1999	1,915	150	379	–	–	2,444
Payments made to former Directors					249	455
Total					6,315	2,899

Executive Directors above exercised their options on shares awarded under the Annual Incentive Plan that was operated by Glaxo Wellcome between 1996 and 1998. The awards were released to Directors in March 2000 in respect of the award in 1996 and on completion of the merger in respect of the awards in 1997 and 1998. The gains on exercise, representing the difference between the money value on exercise and the amount included as remuneration in the year to which the award related, were £44,731 for Mr Ingram, £65,931 for Mr Cochrane, £78,628 for Dr Nidel, and £70,265 for Mr Strachan.

The awards made in March 1997 under the Long-Term Incentive Plan vested in March 2000; based on the performance of Glaxo Wellcome over the three-year period ended on that date the awards vested as to 80 per cent. The money value on exercise was £718,664 for Mr Ingram, £515,020 for Mr Cochrane, £505,401 for Dr Nidel, and £467,503 for Mr Strachan. Shares under the Long-Term Incentive Plan were awarded at nil cost.

The gains on options exercised during the year to 31st December 2000 were £200,940 for Mr Ingram and £2,544,502 for Dr Nidel. Mr Cochrane and Mr Strachan did not exercise any options.

In accordance with the terms of termination of his contract of employment in 1997, Mr S P Lance exercised in 2000 shares awarded to him under the cycle of the Long-Term Incentive Plan which vested in March 2000 and under the 1996 award of the Annual Incentive Plan. The gain arising was £249,287.

Pensions	Age	31st December 2000 £000	Change over year net of inflation £000
Mr R A Ingram	58	483	91
Mr J M T Cochrane	56	235	38
Dr J E Nidel	56	154	37
Mr J A W Strachan	56	243	37

Mr Ingram is a member of Glaxo Wellcome Inc's pension plan. He is entitled to a pension benefit of two-thirds of the highest three-year average earnings upon completion of 19 years of service, with a tapering reduction in entitlement in the event of completion of a shorter period of service. The unreduced benefit is payable at age 62. For retirement between ages 55 and 62 the benefit is reduced by three per cent per year. Upon retirement, the benefit is guaranteed to be paid for at least a 15-year period. There is no automatic increase in the benefit on account of inflation.

Mr Ingram is also a member of a money purchase scheme. Pension contributions of £67,000 (1999 – £38,000) were made to the scheme in respect of Mr Ingram.

Mr Cochrane, Dr Nidel and Mr Strachan are members of the Glaxo Wellcome UK Pension Plan. Their spouses would be provided with a pension of two thirds of the executive's pension in the event of their death. In the event that any of the executives decided to retire early, the pension would be reduced by three per cent for each year before the age of 60 that they retire. Pensions are guaranteed to increase in payment by the rate of increase in UK RPI up to a maximum of 12 per cent a year. Discretionary increases may be paid in addition. No allowance would be made for discretionary increases in the transfer values on leaving.

SmithKline Beecham Directors	Salary and fees £000	Other emoluments and benefits £000	Bonus £000	Contractual termination payments £000	Total 2000 £000	Total 1999 £000
Mr J Leschly	339	26	435	–	800	2,188
Mr A R J Bonfield	288	47	340	1,052	1,727	482
Dr T Yamada	372	150	340	–	862	718
Executive Directors	999	223	1,115	1,052	3,389	3,388
Baroness Hooper (Non-Executive)	61	–	–	–	61	53
Total compensation 2000	1,060	223	1,115	1,052	3,450	–
Total compensation 1999	1,490	204	1,747	–	–	3,441
Payments made to former Directors					3,318	3,737
Total					6,768	7,178

The gains on options exercised during the year to 31st December 2000 were £3,094,973 for Mr Leschly and £149,490 for Mr Bonfield. Dr Yamada did not exercise any options.

On 9th March 2000 an award equivalent to 97 per cent of the MTIP participations granted in November 1996 and March 1997 was made to the following Directors: Mr Leschly 24,726 shares and 49,453 ADSs, Mr Bonfield 2,649 shares, Dr Yamada 9,272 ADSs. The market price of a share and an ADS on that date was £15.59 and \$49.42 respectively.

Mr Leschly realised a gain on exercise of SARs over SmithKline Beecham ADSs of £1,703,350 during the year to 31st December 2000. He realised a gain on exercise of SARs over SmithKline Beecham shares of £2,056,605.

Mr Leschly retired as Chief Executive Officer and a Director of SmithKline Beecham after the Annual General Meeting on 28th April 2000. Under the terms of his retirement arrangements, he continued to be remunerated under the terms of his contract until his contractual retirement date in September 2000 at which time his employment terminated. Payments made after April 2000 are included in the payments to former Directors figure above.

Mr Bonfield retired as a Director of SmithKline Beecham with effect from the completion of the merger on 27th December 2000. Under the terms of his contract, on completion of the merger, Mr Bonfield received a payment of two years' salary, benefits and bonus which is included in the table above. In addition, Mr Bonfield received an option over 109,248 GlaxoSmithKline shares under the SmithKline Beecham Employee Share Option Plan and an award of 19,665 GlaxoSmithKline shares under the SmithKline Beecham MTI Plan when the market price of a share was £19.00.

Dr Yamada's benefits for 2000 include £72,145 (1999 – £86,333) for accommodation in the UK up until August 2000, which was provided by the company to enable him to carry out his duties as Chairman, Research and Development.

Payments to former Directors in 2000 include £854,531 in pension payments and other payments of £2,463,248, including £818,000 in payment to Mr W R Grant under a deferred fees plan relating to the period during which Mr Grant was a Director of SmithKline Beckman prior to the merger with Beecham Group in 1989. The deferred fees are payable over five years following Mr Grant's retirement in 1998 and are fully provided for.

Pensions	Age	31st December 2000 £000	Change over year net of inflation £000
Mr J Leschly	60	604	69
Mr A R J Bonfield	38	63	14
Dr T Yamada	55	67	16

Executives are expected to retire at age 60. Mr Leschly ceased to be Chief Executive Officer and a Director of SmithKline Beecham after the SmithKline Beecham Annual General Meeting on 28th April 2000. Under the terms of his retirement arrangements, he continued to be remunerated under his contract until he reached his contractual retirement age of 60, in September 2000. At that time, he became entitled to a pension at a rate of two-thirds of his final year's base salary. Mr Leschly's spouse would be provided with a pension of 50 per cent of Mr Leschly's pension in the event of Mr Leschly's death. His pension is guaranteed to increase in payment by the rate of increase in UK RPI up to a maximum of five per cent a year. Discretionary increases may be paid in addition.

Mr Bonfield is a deferred member of the SmithKline Beecham UK Senior Executive Pension Plan. Mr Bonfield's spouse would be provided with a pension of 50 per cent of Mr Bonfield's pension in the event of Mr Bonfield's death. In the event that he chooses to draw an early pension, the annual benefit would be reduced by four per cent for each year before the age of 60. His pension is guaranteed to increase in payment by the rate of increase in UK RPI up to the maximum of five per cent a year. Discretionary increases may be paid in addition. No allowance is made for discretionary increases in transfer values on leaving.

Dr Yamada is a member of the SmithKline Beecham all-employee US Pension Plans. He has no entitlement to a spouse's or children's pension other than by surrendering a part of his own pension. On early retirement, his pension will be reduced by the same factors, relating to age and service, that apply to all employees. Pension increases may be granted on a discretionary basis. No transfer values are payable on leaving the Plans.

Directors and Senior Management – GlaxoSmithKline

Directors' interests

Directors' interests at 31st December 1999 have been converted into GlaxoSmithKline shares and ADSs at the relevant merger ratios. The following beneficial interests of the Directors of the company are shown in the register maintained by the company in accordance with the Companies Act 1985:

	Note	Shares			ADSs		
		15 March 2001	31 December 2000	31 December 1999	15 March 2001	31 December 2000	31 December 1999
Dr J P Garnier		–	–	–	53,183	52,867	36,550
Mr J D Coombe	a,b	160,759	164,203	130,409	–	–	–
Sir Richard Sykes	a,c	492,365	538,665	535,982	–	–	–
Sir Roger Hurn		10,887	10,539	10,035	–	–	–
Sir Peter Walters		31,816	31,486	27,317	–	–	–
Mr P A Allaire		–	–	–	6,148	6,148	11,380
Dr M Barzach		986	812	560	–	–	–
Mr D C Bonham		8,619	8,445	8,193	–	–	–
Sir Christopher Hogg		5,128	5,128	4,172	–	–	–
Mr P J D Job		2,178	2,003	1,738	–	–	–
Mr J H McArthur		–	–	–	3,712	3,558	3,428
Mr D F McHenry	d	–	–	–	6,047	6,043	2,784
Sir Ian Prosser		2,321	2,321	1,161	–	–	–
Dr R Schmitz		–	–	–	3,840	3,752	1,540
Dr L Shapiro		1,490	1,372	1,006	1,174	1,174	455
Mr J A Young		5,269	5,144	3,694	7,286	7,286	6,828

A GlaxoSmithKline ADS represents two GlaxoSmithKline shares.

- a Figures for 1999 include deposited shares under the Glaxo Wellcome Annual Incentive Plan.
- b Includes a non-beneficial interest in trusts which hold 20,396 shares at 31st December 2000 (1999 – 24,012) and 16,901 shares at 15th March 2001.
- c Includes a non-beneficial interest in trusts which hold 36,612 shares at 31st December 2000 (1999 – 38,300) and at 15th March 2001.
- d In addition to the interests shown above, Mr McHenry has interests in a deferred fees plan relating to the period during which Mr McHenry was a Director of SmithKline Beckman prior to the merger with Beecham Group in 1989. The deferred fees are now indexed to the total return on GlaxoSmithKline shares and are payable over seven years following Mr McHenry's retirement. The total accumulated value of deferred fees on 31st December 2000 (restated to reflect the merger) was equivalent to 20,890 GlaxoSmithKline ADSs and has been fully provided for.

The interests of the above-mentioned Directors at 15th March 2001 reflect changes between the end of the financial year and 15th March 2001.

Directors' interests in contracts

Except as described, during or at the end of the financial year no Director or connected person had any material interest in any contract of significance in relation to the Group's business with a Group company.

Directors and Senior Management

For US reporting purposes, it is necessary to provide information on compensation and interests of Directors and Senior Management as a group ('the group'). For the purposes of this disclosure, the group is defined as the Directors, members of the Corporate Executive Team and the Company Secretary at 15th March 2001 (28 persons). In respect of the financial year 2000, the total compensation paid to the group was £13,915,000 and the aggregate increase in accrued pension benefits was £519,000. As of 15th March 2001, the group owned 1,028,116 shares and 166,356 ADSs, constituting less than one per cent of the outstanding share capital of the company. The group also held, as of that date, options to purchase 2,644,645 shares and 2,835,113 ADSs, all of which were issued pursuant to Glaxo Wellcome and SmithKline Beecham executive share option plans. The group may also be awarded shares and ADSs under SmithKline Beecham's Mid-Term Incentive Plan and had entitlements under Glaxo Wellcome's Long-Term Incentive Plan.