



## **Explanatory Notes**

### **Ordinary Business**

Each resolution will be proposed as an ordinary resolution.

### **Resolution 1 - To receive and adopt the Directors' Report and the Financial Statements for 2006**

For each financial year, the Directors must present the Directors' Report, the audited Financial Statements and the independent auditors' report to shareholders at a General Meeting.

### **Resolution 2 - To approve the 2006 Remuneration Report**

In accordance with the Directors Remuneration Report Regulations 2002, shareholders are invited to vote on the Remuneration Report, which may be found on pages 65 to 82 of the 2006 Annual Report or a summary of which can be found on pages 20 to 22 of the 2006 Annual Review.

### **Resolutions 3 - 8 - Election and Re-election of Directors**

The company's Articles of Association require any Director newly appointed by the Board to retire at the first Meeting after appointment. You are therefore asked to elect as Directors Dr Daniel Podolsky and Dr Stephanie Burns, who have been appointed by the Board since last year's Meeting. The Board considers that Dr Podolsky and Dr Burns each bring a wealth of experience to the Board. In addition to fulfilling the usual responsibilities of a Non-Executive Director, Dr Podolsky spends time within the company's research and development organisation and provides valuable insights into scientific developments outside the company. Dr Burns is a recognised business leader of a global organisation with a strong scientific background and is a staunch advocate for science education.

The Articles of Association also require one-third of the current Directors to retire at each AGM. All of the Directors are eligible to seek re-election by shareholders at the Meeting, if they so wish. Mr Julian Heslop, Sir Deryck Maughan, Dr Ronaldo Schmitz and Sir Robert Wilson are all retiring by rotation. Sir Robert was elected to the Board in 2004. Mr Heslop and Sir Deryck were elected to the Board in 2005. Dr Schmitz was elected to the Board of Glaxo Wellcome plc in January 1997 and last sought re-election in 2006.

Mr Heslop, Sir Deryck, Dr Schmitz and Sir Robert each offer themselves for re-election at the AGM. The Chairman is satisfied that they each continue to perform effectively and demonstrate commitment to their role including commitment of time for Board and committee meetings and their other duties. The Board and Dr Schmitz agreed in 2005 that he should stand for a further three year term. The Board is also satisfied that, following its review of Board and Director effectiveness in December 2006, Dr Schmitz remains independent in character and judgement. He continues to demonstrate the characteristics of independence, such as objectively challenging management and taking part in rigorous debate, while at the same time possessing an outstanding knowledge of the company's business and affairs, together with his experience gained as Chairman of the Audit Committee. In a long cycle investment business, such as GSK, it is considered to be particularly important to have experienced members on the Board.

Dr Podolsky, Dr Burns, Sir Deryck, Dr Schmitz and Sir Robert are all Non-Executive Directors and have letters of appointment rather than service contracts. Mr Heslop has a service contract with a notice period of 12 months. The Non-Executive Directors' letters of appointment and Mr Heslop's service contract are available for inspection as specified in Note (vi) above.

Biographical details for each of the Directors standing for election or re-election to the Board at the Meeting are given in the company's 2006 Annual Report and 2006 Annual Review. In addition, current biographical details for each Director are maintained on [www.gsk.com](http://www.gsk.com)

### **Resolutions 9 & 10 - To authorise the Audit Committee to re-appoint PricewaterhouseCoopers LLP as Auditors to the company and to determine their remuneration**

At every General Meeting at which accounts are presented to shareholders, the company is required to appoint auditors to serve until the next such meeting. PricewaterhouseCoopers LLP have indicated that they are willing to continue as the company's auditors for another year. You are asked to reappoint them and, following normal practice, to authorise the Audit Committee to determine their remuneration. Details of the company's policy with regard to non-audit work and details of work undertaken by the Auditors and their remuneration are given in the company's Annual Report which can be viewed on [www.gsk.com](http://www.gsk.com).

### **Special Business**

#### **Resolution 11 - Donations to EU Political Organisations & EU Political Expenditure (Ordinary resolution)**

The Political Parties, Elections and Referendums Act 2000 requires companies to seek shareholder approval for donations to organisations within the European Community which are, or could be, categorised as EU Political Organisations. Although the company does not make and does not intend to make donations to political parties, within the normal meaning of that expression, the definition in the legislation of "EU Political Organisations" is wide. It can extend to bodies such as those concerned with policy review, law reform, the representation of the business community and special interest groups such as those concerned with the environment, which the company and its subsidiaries might wish to support.

No payments have ever been made under this authority.

#### **Resolution 12 – Authority to Allot Shares (Ordinary resolution)**

This resolution gives the Directors authority to allot unissued share capital with a nominal value of up to £479,400,814 which, as at 23rd February 2007, being the last practicable date prior to the publication of this Notice, represented just less than one-third of the issued share capital of the company. The Directors have no intention at present to exercise this authority to allot unissued shares of the company.

#### **Resolution 13 - Disapplication of pre-emption rights (Special resolution)**

This resolution gives the Directors authority to allot Ordinary Shares (including any Ordinary Shares which the company has purchased and elected to hold as treasury shares) for cash without first offering them to existing shareholders in proportion to their existing shareholdings and is limited to allotments in connection with rights issues, or otherwise up to a maximum nominal amount of £71,910,122 representing just less than 5% of the company's issued share capital. This authority is granted under section 95 of the Companies Act 1985 and is a standard resolution for most UK companies each year.

#### **Resolution 14 - Purchase of own shares by the company (Special resolution)**

This resolution seeks authority for the company to make market purchases of its own Ordinary Shares. Purchases of the company's own shares will be made only after considering the effects on earnings per share and the benefits for shareholders generally. You are asked to consent to the purchase by the company of up to a maximum of 575,280,977 Ordinary Shares, which represents just less than 10% of the company's issued share capital. This authority will expire at the end of the next Annual General Meeting or, if earlier, on 22nd November 2008. The maximum price which may be paid for an Ordinary Share will be the higher of (i) 105% of the average middle market quotations for the five business days preceding the purchase and (ii) the higher of the price of the last independent

trade and the highest current independent bid at the time the purchase is carried out. The minimum price which may be paid for an Ordinary Share is its nominal value of 25p. The company may either retain any of its own shares which it has purchased as treasury shares with a view to possible re-issue at a future date, or cancel them. The company would consider holding any of its own shares that it purchases pursuant to the authority conferred by this resolution as treasury shares. This would give the company the ability to re-issue treasury shares quickly and cost-effectively, and would provide the company with additional flexibility in the management of its capital base.

The total number of options over Ordinary Shares outstanding as at 23rd February 2007, being the last practicable date prior to the publication of this Notice, was approximately 346 million representing approximately 6.02% of the issued share capital. If the authority to buy back shares under this resolution were exercised in full, the total number of options to subscribe for Ordinary Shares outstanding as at 23rd February 2007 would, assuming no further Ordinary Shares are issued, represent 6.69% of the issued share capital. The total number of options as set out above includes options granted by the company and legacy companies, Glaxo Wellcome plc and SmithKline Beecham plc. The obligations of the company in respect of Ordinary Shares issuable under options outstanding are partly hedged by Ordinary Shares held by the Group's employee share ownership trusts, details of which can be found in the 2006 Annual Report which is available on the company's website at [www.gsk.com](http://www.gsk.com). The company's current intention is to satisfy the exercise of outstanding options over approximately 133 million Ordinary Shares, representing approximately 2.32% of the issued share capital of the company, by the release of Ordinary Shares from the Group's employee share ownership trusts, which on 23rd February 2007 held approximately 149 million Ordinary Shares, and the remainder by the issue of new Ordinary Shares.

#### **Resolution 15 - Amendments to the Articles of Association (Special resolution)**

This resolution seeks approval for the amendment of certain provisions of the company's Articles of Association relating to electronic communication.

The proposed amendment is to the definition relating to communication by electronic means which is being deleted and replaced with a broader definition. There are also consequential amendments to other Articles relating to electronic communications. The proposed amendments will allow the company to take advantage of new provisions in the Companies Act 2006 that allow communications with shareholders via publication of documents on a website. The company believes that there are potential advantages to electronic communications including significant cost savings and environmental benefits. Shareholders should note, however, that the proposed amendments are permissive only and that shareholders will be contacted by letter prior to communications being made electronically and will be entitled to elect to continue to receive communications in hard copy form.

#### **Issued share capital**

All references to the company's 'issued share capital' in the Explanatory Notes above are to the company's issued share capital as at 23rd February 2007, which was 5,752,809,777 Ordinary Shares, excluding any Ordinary Shares held as treasury shares. As at 23rd February 2007, the company held 255,887,678 Ordinary Shares as treasury shares, representing 4.45% of the company's issued share capital (excluding treasury shares) as at that date. As at 23rd February 2007, the total number of voting rights in the company was 5,752,809,777.

#### **Voting using Shareview**

If you have a Shareview portfolio, you may register your vote electronically by visiting [www.shareview.co.uk](http://www.shareview.co.uk), logging into your account and following the instructions provided.

#### **Voting using Sharevote**

You may register your vote electronically by visiting [www.shareview.co.uk](http://www.shareview.co.uk) and following the instructions provided.

## **Voting using CREST's electronic proxy appointment service**

If you hold your shares in uncertificated form in CREST you may use the electronic proxy appointment service operated by CREST to appoint a proxy and register your vote.

CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the Annual General Meeting to be held on Wednesday, 23rd May 2007 and any adjournment(s) thereof by utilising the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

## **Receipt of your vote**

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with CRESTCo's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an instruction to a previously appointed proxy, must be transmitted so as to be received by the issuer's agent, Lloyds TSB Registrars (ID 7RA01) by 2.30pm on Monday, 21st May 2007.

For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that CRESTCo does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions.

It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.