it’s about you
Driven by an awareness of urgent medical needs, GlaxoSmithKline scientists are committed to creating innovative medicines. Thanks to an historic scientific achievement—the sequencing of the human genome—our scientists have at their fingertips a complete dictionary of information to aid them as they probe the mysteries of disease and strive to combat it.

Genetic information enables the discovery of disease-related targets in the body. Until recent years, the number of such targets available to the whole pharmaceutical industry was approximately 500. Today, the search is on for targets numbering in the thousands. What is more, identifying subtle genetic variations among people helps to explain why they vary in their response to medicines. Genetic studies thus promise to enhance delivery of the right medicine to the right patient.

GlaxoSmithKline is in the forefront of the race to capture the opportunities presented by this revolution. Its scientists were among the first in the industry to recognise the potential of genetic research in pharmaceutical R&D. They have been quick to exploit this potential by adopting new technologies such as bioinformatics, which brings powerful computers to the task of sorting through genetic data; combinatorial chemistry, speeding the synthesis of vast libraries of drug compounds; and high-throughput screening, which rapidly identifies those compounds which may interact with targets to novel therapeutic effect.
Today’s healthcare consumers have better access to information about medicines than ever before, thanks in part, to the new and exciting web-based technologies. Improved knowledge means more informed choices can be made about treatments and gives consumers more power in the decisions made and the service they receive.

GlaxoSmithKline is committed to getting closer to the people who use its products through these new channels whilst also maintaining a direct dialogue with healthcare providers through the more traditional routes.

The company will build on the substantial e-Business capabilities already established within the Group to create awareness of its medicines, where appropriate, among the general public and healthcare professionals. In return, it will listen and respond to what consumers are saying.

The organisation will benefit in this area from the skills and experience of its Consumer Healthcare division which is one of the world’s leading consumer healthcare businesses. Its expertise in direct-to-consumer advertising and relationship marketing has not only driven GlaxoSmithKline to a leadership position in many key markets, it also has the potential to be transferred to the pharmaceutical arena.

New technology will never replace the traditional methods of reaching health professionals and patients. So GlaxoSmithKline will also continue to maintain and strengthen its extensive global sales and marketing networks, striving to attain an unmatched position within the industry when it comes to providing the new kinds of service required by the consumers of today.
GlaxoSmithKline’s global mission is to improve the quality of human life by enabling people to do more, feel better and live longer. In doing so, the company also seeks to become the indisputable leader in its industry.

The key to achieving both goals is a team of over 100,000 highly skilled and dedicated employees. These are people who have a genuine desire to win and an unquenchable passion about their work, who set about their tasks with entrepreneurial enthusiasm, excited by a constant search for innovation, with an unmatched sense of urgency to meet the needs of the rapidly changing market environment.

They have a strong sense of teamwork and each and every member of staff also makes an important individual contribution. Crucially, they are committed to delivering performance with integrity.

But GlaxoSmithKline is not just about goals, ambitions and performance. It is also about character, spirit and culture. Creating a unified culture, developing common understanding, expectations and language with new colleagues and leaders will improve the company’s speed and effectiveness so that best use can be made of resources and the talent of its people maximised.

Progress on developing the desired culture, as well as performance against key operational goals, will be measured periodically. In that way, everyone will be able to define how they deliver added value to the company within their individual and team roles, then look for ways in which it can be improved.

You: a key member of a team of over 100,000 people working in a truly global organisation

Human red blood cells magnified more than 300 times. Like GlaxoSmithKline employees, each makes an individual contribution but together they form a strong and powerful team to keep the body healthy.
Several elements combine to make GlaxoSmithKline a winning investment proposition for both individuals and institutions – the company’s market strength, its history of providing innovative products to meet patient needs, its new product pipeline, not to mention its unrivalled R&D capability and the knowledge and skills of its people.

GlaxoSmithKline currently has a market value of approximately £110 billion and represents around nine per cent of the FTSE100 index. In terms of sales, it is the largest pharmaceutical company in Europe and one of the largest in the world.

The company is a market leader in four of the five largest therapeutic categories in the pharmaceutical industry. No other company has such a strong leadership position across such a wide range of major therapy areas. This means GlaxoSmithKline is well placed to capitalise on medical advances in these areas and is an attractive partner for the in-licensing of new products.

GlaxoSmithKline has one of the largest sales and marketing operations in the pharmaceutical industry. This enables the company to make the most of the sales potential of existing products and reach the market quickly with new products.

The company’s consumer product strengths mean it is also exceptionally well placed in the rapidly growing market for non-prescription medicines. The acquisition of Block Drug, completed in January 2001, will further enhance the sales and performance of the Consumer Healthcare business.

The company is committed to achieving financial growth with earnings per share forecast to increase by around 13 per cent in 2001, despite the six per cent adverse impact of product divestments as a result of the merger. In 2002, earnings per share growth is expected to accelerate to mid-teens growth. Sales growth in pharmaceuticals is a key driver of this business performance and the company will also benefit from the delivery of at least £1.6 billion in cost savings as a result of the merger and on-going manufacturing restructuring.
GlaxoSmithKline takes its responsibilities as a global citizen extremely seriously. After all, people have every right to expect a company that aims to improve the quality of human life to also strive to make the world a better place in which to enjoy life.

So, in the discovery, development, manufacture and commercialisation of our medicines, we pledge that we will not adversely impact the world in which we live. We will also make responsible and efficient use of the Earth’s resources and people’s efforts in making our products, integrating environment, health and safety activities into all aspects of our business.

We are committed to making our medicines available to everyone who would benefit from them, helping to tackle diseases such as HIV/AIDS, lymphatic filariasis and malaria in areas that lack comprehensive healthcare infrastructures and empowering communities to improve their own social systems. Most importantly, we will treat all people with dignity and respect and, with our support, help them achieve a healthier, more fulfilling life.

A responsible and creative approach to global citizenship will be an important part of what defines GlaxoSmithKline as an indisputable leader in our industry. We want to continue to contribute to a better quality of life, not just for this generation but for all generations to come and our code of conduct reinforces our commitment to all citizens of the world.
From the Chairman and Chief Executive Officer

Welcome to the very first GlaxoSmithKline annual review.

Welcome to a new kind of healthcare company. A global business employing the unique talents of over 100,000 people to seek causes and remedies for diseases all over the world: with a sense of hope, and also with a sense of urgency.

Welcome to GlaxoSmithKline: a company that is all about you.

This past year has been momentous for everyone at GlaxoSmithKline. Our big event during the Millennium year was the announcement on 17th January 2000 of our intention to merge Glaxo Wellcome and SmithKline Beecham to create one of the world’s leading research-based healthcare companies.

Following regulatory and shareholder approval, the two companies became one on 27th December 2000. Throughout the year, our employees worked hard to achieve two objectives: maintain the momentum of both existing businesses and plan the merger of two strong companies, each with a rich heritage of pharmaceutical discovery and development and a proven record of success in the marketplace. They have succeeded in doing both.

Delivering results Despite all the uncertainty of the integration planning process, we were able to turn in a strong set of results for the year 2000. Sales for the combined Group reached £18 billion with growth of nine per cent (at constant exchange rates, excluding Healthcare Services). Pharmaceuticals had a great year, with particularly good results in the United States – our largest market – which reported sales of £7.7 billion, up 15 per cent. New products – those launched in a major market within the last five years – contributed £2.6 billion of sales, representing 17 per cent of our total pharmaceutical sales, and grew at 60 per cent in 2000.

The business climate in Europe remains demanding but our growth there of six per cent in 2000 was broadly in line with the market. In the rest of the world, sales grew by eight per cent reflecting double-digit growth in Asia Pacific, the Middle East and Africa and Canada. Zeffix and Paxil were launched in Japan in late 2000 and both products are off to a strong start.

Our Consumer Healthcare business performance was affected by competition in the smoking cessation area. We are confident that the business performance will improve in 2001 and we will also be realising the benefits from our acquisition of Block Drug, completed in January 2001. Block Drug, with sales in more than 100 countries, adds approximately £600 million to GlaxoSmithKline’s Consumer Healthcare business and some well-known brands such as Sensodyne.

Our vaccines business continues to do well with double-digit growth (11 per cent) resulting from new products such as our combination vaccine, Infanrix, which grew by 47 per cent. Continued strength in the near term is expected to be driven by our new vaccines, including the launch in 2001 of five new vaccines.
Financial outlook  Pharmaceutical sales growth is a key driver of GlaxoSmithKline’s current strong business performance. The company will also benefit from the delivery of at least £1.6 billion in cost savings by 2003 as a result of both the merger and the manufacturing restructuring plans already in place. These benefits and the performance of the business have led the company to forecast earnings per share growth (excluding merger and restructuring costs and the effects of currency) for 2001 of around 13 per cent. This is despite the impact of product divestments required by regulatory bodies in order to complete the merger which will have the effect of reducing the company’s earnings per share expectation for the year by six per cent.

In 2002, the company expects earnings per share growth to accelerate to the mid teens, reflecting strong business performance boosted by cost savings.

Becoming the industry leader  We have started life as a new company at a rapid pace, implementing many of the plans we worked on last year.

Our mission is nothing less than to improve the quality of human life by enabling people to do more, feel better and live longer. That mission gives us purpose. Our size gives us opportunity. But it is our spirit as a company – our passion for innovation and achievement, coupled with an unmatched sense of urgency – that we believe will enable us to attain success as a world class leader.

Bringing two companies together is complex and full of challenge. We must complete the integration quickly to realise the full benefits of the merger, with proper respect for our employees. That will be done. Beyond integration, our priorities are to improve R&D productivity, achieve excellence in product commercialisation, be the partner of choice for in-licensing and work in partnership with governments, agencies and charities to expand access to our medicines.

Building our new product portfolio  In 2000 we invested £2.5 billion in R&D. That, and our previous investment in key technologies – now fully integrated into our business – have yielded a formidable early stage pipeline of promising compounds that offer great hope for better medicines against diseases such as cancer, obesity, diabetes and heart disease.

We have also radically redesigned our R&D organisation to achieve the benefits of scale without sacrificing the advantages of a small, flexible working environment. The strong link between research and commercial operations built into the new structure will also enable us to maximise the value of our medicines through excellence in product commercialisation – another key driver of our business. As a current market leader in four of the five top therapeutic areas – central nervous system (CNS), respiratory, metabolic/gastro-intestinal (GI) and anti-infectives – we are in a strong position to achieve that goal.

CNS is our largest product sales category, led by Seroxat/Paxil which became number one in the US selective serotonin reuptake inhibitor market for new retail prescriptions in 2000. We expect to expand its value in 2001 from approvals to market the product to treat general anxiety disorder and post traumatic stress disorder.

In respiratory, Flixotide/Flovent remains the world’s leading asthma medicine. Seretide has enjoyed strong launches in Europe and will be launched in the USA as Advair in April 2001 where we have high hopes for its success.

We are also the industry leaders in medicines that treat HIV/AIDS with Combivir and Zidane both growing well. In December 2000, we launched the first triple combination medicine to fight HIV/AIDS – Trizivir – in the USA and will be launching it across Europe in 2001.

Our metabolic/GI business suffered a blow in 2000 with the withdrawal of our recently launched medicine, Lotronex – the first effective treatment for irritable bowel syndrome – as a result of the US Food and Drug Administration concerns over side effects. However, in the same therapeutic category, Avandia, our new diabetes treatment, had an exceptional year and was the single biggest contributor to the company’s growth in 2000. This market has great growth potential, and we will be expanding the treatment options for Avandia in order to provide its benefits to even more patients.

So, we have strong products growing in the marketplace and many promising compounds coming through early stage R&D. Meanwhile, we will add new compounds to the portfolio through intelligent in-licensing. We have already announced an unprecedented nine licensing agreements in the last 12 months, most recently E Merck’s partial agonist for depression and Sepsicure’s endotoxin binder for sepsis, both in Phase II of clinical trials.

Meeting society’s challenges  Leadership and size bring visibility and accountability. We recognise our responsibility to society wherever we operate, and we will listen to and address legitimate concerns as they affect our business. Shareholders will be aware that the creation of GlaxoSmithKline has coincided with an upsurge of public comment and concern on two issues in particular: the use of animals in the discovery and testing of medicines and access to medicines in the developing world.

GlaxoSmithKline is required by governmental regulatory agencies to submit data on the safety and efficacy of new
medicines derived from animal models. We make every effort to reduce the number of animals used in our research through computer modelling and other techniques. However, those methods cannot yet replicate the complex physiological processes in living creatures which can influence whether a drug substance is safe or toxic to different organs. So, while we must continue to use animals to discover and develop new medicines, we ensure that they are well cared for, beyond the high standards set by regulators. We unreservedly condemn the use of threats and intimidation against any individual engaged in legitimate and lawful activity – in our case, employees engaged in the discovery and development of medicines with the potential to save or prolong human life.

The devastating impact of the HIV/AIDS epidemic on the populations and economies of developing countries, particularly in sub-Saharan Africa, has thrown the role and responsibilities of the pharmaceutical industry – as providers of medicines effective in the treatment of the disease – into sharp relief. GlaxoSmithKline has moved quickly to build on the leadership exhibited by our two previous companies, which included in May 2000 a groundbreaking pledge to supply three HIV/AIDS medicines to developing country governments at price reductions of around 90 per cent. In February 2001, we extended our commitment by offering to supply these same deep discounts to non-governmental organisations, UN agencies and also to employers in Africa that have direct access to patients through their own clinics and hospitals.

As the world leader in the discovery and development of medicines that effectively treat HIV/AIDS, GlaxoSmithKline is determined to play its full part in dealing with this desperate humanitarian crisis which is blighting and destroying the lives of so many millions of people. Yet it disappoints our employees and our other stakeholders that much of the public comment has so far failed to convey the immense complexity of the issue or give due credit for the substantial contribution your company is already making.

Real progress in increasing the number of patients treated will only come through concerted action whereby companies such as GlaxoSmithKline work actively in partnership with governments that have the political will to develop real solutions; donor funders who can help buy medicines; and organisations on the ground working to provide medical facilities, establish reliable drug distribution systems, and provide patients with proper care and treatment. We will keep shareholders updated on our progress.

Acknowledgements Despite the merger activity, both companies were honoured with awards, recognising excellence in a wide range of activities. Our first award as GlaxoSmithKline came even before the merger was completed, when we were voted Britain’s Most Admired Company in the annual Management Today awards, an accolade we are determined to live up to.

We are deeply indebted to all our employees for their commitment and are proud of what they achieved this year. Their success has laid the strong foundations on which we are now building GlaxoSmithKline.

We wish to thank those former Directors of Glaxo Wellcome and SmithKline Beecham who have left the company as a consequence of the merger. Executive Directors Andrew Bonfield, James Cochrane and Jeremy Strachan all made extremely valuable contributions to the success of the former businesses and in helping bring about the merger. Arthur Li and Baroness Hooper departed after giving valuable service as Non-Executive Directors. Derek Bonham has decided not to seek election as a Non-Executive Director at the forthcoming Annual General Meeting and he too is thanked for his services to Glaxo Wellcome and to GlaxoSmithKline.

On behalf of your Board and Corporate Executive Team, we also thank shareholders for their support towards the creation of GlaxoSmithKline. We are committed to achieving the best return, not only for the shareholders but for all the stakeholders depicted in this first Annual Review of our vibrant new company.

Sir Richard Sykes
Chairman

JP Garnier
Chief Executive Officer
GlaxoSmithKline’s 2000 results provide compelling evidence that the promise of the merger will be fulfilled.

**Pharmaceuticals** GlaxoSmithKline markets products in ten principal therapeutic areas.

In central nervous system, the anti-depressant products, Seroxat/Paxil and Wellbutrin, performed strongly, reflecting increasing market demand in this sector. Seroxat/Paxil benefited from approvals for its new indication for social anxiety disorder. In the migraine sector, sales of Imigran/Imitrex and Naramig, returned to growth. This reflects the success of education programmes and, in the USA, television advertising targeted at consumers and physicians to improve diagnosis of an under-diagnosed, under-treated condition.

In respiratory, strong sales growth of Flixotide/Flovent, the anti-inflammatory, demonstrate increasing acceptance by physicians of an inhaled steroid as a treatment for asthma, particularly in the USA. Seretide/Advair, a combination of Serevent and Flixotide, offering a long-acting bronchodilator and an anti-inflammatory in a single inhaler, has been successfully launched in many European and Rest of World markets and is planned for launch in the USA in 2001.

In anti-virals, CombiVIR, a combination of Retrovir and Epivir, has consolidated the position of these two reverse transcriptase inhibitors as the cornerstone of multiple anti-HIV treatments. Trizivir, a combination of CombiVIR and Ziagen, GlaxoSmithKline’s newest transcriptase inhibitor, brings together three therapies in one tablet reducing the pill burden faced by patients. Zefix for hepatitis B, first launched in Asia Pacific markets, the area of greatest potential demand, performed strongly and was launched towards the end of 2000 in Japan.

In the anti-bacterial sector, Augmentin continued to achieve good sales growth, notably in the USA, reflecting physician awareness of its effectiveness against a wide range of bacteria, including those resistant to other antibiotics.

In metabolic/gastro-intestinal, Avandia, GlaxoSmithKline’s new treatment for type 2 diabetes, achieved sales approaching half a billion pounds in its first full financial year on the US market. Prescriptions for Avandia account for well over half the thiazolidinedione market in the USA and it has been prescribed to nearly two million patients. Avandia will be launched in Europe and other markets in 2001.

In vaccines, GlaxoSmithKline has a global market share of more than 25 per cent. Major products include hepatitis A and B vaccines and Infanrix, a range of paediatric combination vaccines.
Additionally the company has important products in oncology and emesis, cardiovascular, dermatologicals and arthritis.

New products are the life-blood of a pharmaceutical company. In 2000, sales of new products, those launched in a major market in the last five years, contributed nearly £1 billion of additional sales. Compared to other pharmaceutical companies, GlaxoSmithKline has a low exposure to patent expiries over the next several years.

GlaxoSmithKline has a market share of 6.8 per cent of the world market, ranking it in second position, and has six products in the world’s Top 50 pharmaceutical products – Seroxat/Paxil, Augmentin, Flixotide/Flovent, Imigran/Imitrex, Zantac and Serevent.

**Consumer Healthcare** In oral care, strong sales growth of the Aquafresh range consolidated GlaxoSmithKline’s position as market leader in Western Europe. The success of Lucozade Sport contributed to a strong performance in nutritional healthcare. Sales of over-the-counter-medicines were affected by competition in the US smoking control market and by the voluntary withdrawal of Panadol in Australia following a tampering threat.

**Manufacturing** GlaxoSmithKline operates a global network to manufacture and deliver its products to the point-of-sale. In 2000, Global Manufacturing & Supply manufactured over 1,000 different products, ranging from tablets and toothpaste to inhalers and complex capsules, in over 32,000 different pack sizes and presentations.

**Selling** GlaxoSmithKline has increased its investment in selling, particularly to support new product launches. The company had a global sales force in 2000 of some 36,000 medical representatives, including 8,000 in the USA.

**Research and Development** The revenue from the manufacture and sale of current products has to finance the investment in the development of new products. A research-based pharmaceuticals business must continually renew its product portfolio. In 2000, GlaxoSmithKline invested £2.5 billion in research and development. Approvals were received from regulatory authorities for a number of new medicines and vaccines, as well as new indications and formulations of existing products. The research and development pipeline for 2001 has 161 projects in development, of which 117 are in clinical development.

**Earnings per share** Trading profit increased more than the increase in sales, reflecting careful management of operating costs. After other items, interest and tax, earnings increased by 13 per cent and earnings per share by 14 per cent. The company has forecast growth in business performance earnings per share of 13 per cent in 2001, with growth expected to accelerate to mid-teens by 2002.
GlaxoSmithKline makes substantial investments in its community and corporate citizenship programmes with the aim of enabling people to enjoy a better, healthier, more fulfilling lifestyle.

The company aspires to sustainability and systematically manages environment, health and safety concerns by integrating them into all aspects of its business. The company wants to build on the rich ethical heritage established by its former businesses in the way it conducts its operations and how it contributes to the communities of which it is a part. This heritage is retained in the new company's identity which builds on the foundations of the previous companies whilst creating an identity and reputation worthy of a global leader.

Through its Global Community Partnerships, it will play a full and active part to meet some of society's greatest challenges. These partnerships include efforts to tackle diseases such as malaria, lymphatic filariasis and HIV/AIDS.

**HIV and AIDS** GlaxoSmithKline is working with the United Nations agencies and other pharmaceutical companies to accelerate access to HIV and AIDS treatment and care in developing countries such as Senegal, Uganda and Rwanda. It is also working on preferential pricing programmes for use in international partnership initiatives with not-for-profit organisations and employers in Africa who can offer HIV/AIDS care and treatment directly to their staff through their own workplace clinics.

**Vaccines** The company is the leading provider of vaccines to the developing world and for nearly 20 years has been offering substantial discounts to governments, charities and agencies for public health programmes.

**Lymphatic filariasis** GlaxoSmithKline is providing funding, people and product as part of a global partnership to help eliminate the mosquito-borne disease, lymphatic filariasis (also known as LF or elephantiasis). In 2001, the company will ship around 50 million donated tablets of albendazole to 40 countries. Over the next 20 years, it is estimated this will become the single largest drug donation in the history of the pharmaceutical industry.

**Malaria** The company is working with Roll Back Malaria and other partners to develop and implement innovative, sustainable plans to reduce malaria-related suffering and death. The company has been undertaking a pilot treatment programme in Kenya and Uganda using Malarone, as a second or third line anti-malarial.

**Community programmes** GlaxoSmithKline’s global programme of community investment helps communities improve their own social environments by working in partnership with not-for-profit organisations whose skills and resources complement the contributions of the company. The focus of the community programmes is on health education, children and improving access to healthcare.

**Corporate donations** As one of the largest companies in the UK, GlaxoSmithKline has a special commitment to the UK and will continue to support scientific education and medical research, healthcare charities, the environment and the arts. In 2001, the company will give £4.1 million to UK-based projects under its donation programme.

Children in nine countries will benefit from the company's donation to a Project HOPE education programme aimed at providing mothers in developing countries with the basic information they need to recognise the danger signs of killer diseases.
Every second, more than 30 doses of vaccines are distributed by GlaxoSmithKline.

Every minute, more than 1,100 prescriptions are written for GlaxoSmithKline products.

Every hour, GlaxoSmithKline spends more than £277,000 ($450,000) to find new medicines.

Every day, more than 200 million people around the world use a GlaxoSmithKline brand toothbrush or toothpaste.

The company has a leadership position in four major therapeutic areas – respiratory, anti-infectives, metabolic/gastro-intestinal and central nervous system.

The Consumer Healthcare portfolio comprises over-the-counter medicines, oral care products and nutritional healthcare drinks – many of which are market leaders.

The products on these pages, listed in order of sales achieved in 2000, are examples of the principal products in the Group’s Pharmaceuticals and Consumer Healthcare businesses.
ANTI-BACTERIALS
A third generation cephalosporin with a broad spectrum of antibacterial activity.
Used in the hospital-based injectable antibiotics market.

Zyban
£115m/$175m
CNS
A novel, nicotine-free prescription medicine available as a sustained-release tablet for treating the problems of smoking addiction.

Valtrex
£242m/$368m
ANTI-VIRALS
A treatment for shingles and the episodic and long-term suppression of genital herpes.

Hepatitis Vaccines
£462m/$702m
VACCINES
The range of hepatitis vaccines protects against hepatitis A (Havrix) and hepatitis B (Engerix-B). The first combined hepatitis A and B vaccine (Twinrix) protects against both diseases in one course of injections.

Combivir
£562m/$854m
ANTI-VIRALS
A combination of Retrovir and Epivir, first launched in 1998, which reduces the ‘pill burden’ faced by HIV patients with multiple anti-HIV regimens.

NicoDerm
£154m/$234m
CONSUMER HEALTHCARE
A smoking cessation patch.

Zantac
£575m/$874m
METABOLIC & GASTRO-INTESTINAL
For the treatment of peptic ulcer disease and a range of gastric acid related disorders.

Ventolin
£343m/$521m
RESPIRATORY
A selective short-acting bronchodilator for the treatment of asthma.

Odol
£95m/$144m
CONSUMER HEALTHCARE
A line of oral care products sold in Germany.

Horlicks
£159m/$242m
CONSUMER HEALTHCARE
A nutritional drink, rich in vitamins and nutrients which is popular as a food supplement in India and other countries around the world.

Epivir
£309m/$470m
ANTI-VIRALS
Also known as 3TC, Epivir is a nucleoside analogue reverse transcriptase inhibitor active against HIV.

Ziagen
£154m/$234m
ANTI-VIRALS
An oral nucleoside analogue reverse transcriptase inhibitor for the treatment of HIV that interrupts an essential step in the replication of the virus.

Coreg
£148m/$225m
CARDIOVASCULAR
A treatment for patients with congestive heart failure.

Zyban
£115m/$175m
CNS
A novel, nicotine-free prescription medicine available as a sustained-release tablet for treating the problems of smoking addiction.

Naramig/Amerge
£77m/$117m
CNS
A long-acting 5HT1 receptor agonist for the treatment of migraine.

Zofran
£491m/$746m
ANTI-VIRALS
An oral anti-viral treatment for chronic hepatitis B, one of the most common infectious diseases in the world.

Epivir
£309m/$470m
ANTI-VIRALS
Also known as 3TC, Epivir is a nucleoside analogue reverse transcriptase inhibitor active against HIV.

Zerviate
£242m/$368m
ANTI-VIRALS
A treatment for shingles and the episodic and long-term suppression of genital herpes.

Zantac
£575m/$874m
METABOLIC & GASTRO-INTESTINAL
For the treatment of peptic ulcer disease and a range of gastric acid related disorders.

Zofran
£491m/$746m
ANTI-VIRALS
Used to prevent nausea and vomiting associated with chemotherapy and radiotherapy for cancer.

Avandia
£462m/$702m
METABOLIC & Gastro-intestinal
A member of a new class of medicines for the treatment of type 2 diabetes.

Relifex/Relafen
£70m/$106m
OTHER
A non-steroidal anti-inflammatory treatment for arthritis.

Zerviate
£242m/$368m
ANTI-VIRALS
A combination of Zidovudine (AZT) and lamivudine (3TC), Zerviate is an oral nucleoside reverse transcriptase inhibitor for the treatment of HIV.

Nimotop
£150m/$228m
CONSUMER HEALTHCARE
A smoking cessation patch.
JP Garnier
CHIEF EXECUTIVE OFFICER

JP was the Chief Executive Officer of SmithKline Beecham. He joined SmithKline Beecham in 1990 as President of its pharmaceutical business in North America and served as Chairman, Pharmaceuticals, from 1994 until his appointment as Chief Operating Officer in 1995. JP was elected to SmithKline Beecham’s Board of Directors in 1992.

Jim Beery
SENIOR VICE PRESIDENT & GENERAL COUNSEL

Jim was the Senior Vice President, General Counsel and Corporate Secretary, for SmithKline Beecham, having joined the company in 1994. Jim is responsible for legal matters across the group. Jim will retire from GlaxoSmithKline in June 2001.

John Coome
CHIEF FINANCIAL OFFICER

John was the Group Finance Director of Glaxo Wellcome plc. He joined Glaxo in 1986 as Group Financial Controller and was appointed to the Board in 1992 as the Executive Director responsible for finance. He subsequently added responsibility for Investor Relations.

Bob Ingram
CHIEF OPERATING OFFICER & PRESIDENT PHARMACEUTICAL OPERATIONS

Bob was Chief Executive of Glaxo Wellcome plc and Chairman of its US subsidiary, Glaxo Wellcome Inc. He joined Glaxo Inc in 1990 from Merck, and was appointed to the Board of Glaxo Wellcome in 1995. In 1997 he became Chief Executive of Glaxo Wellcome, responsible for global business operations.

Howard Pien
PRESIDENT
PHARMACEUTICALS INTERNATIONAL

With responsibility for the commercial operations of the worldwide Pharmaceuticals business, Howard became President, Pharmaceuticals, SmithKline Beecham, in 1998. He has held key positions in the USA, the UK and North Asia. He joined SmithKline Beecham in 1991 having worked at Abbott Laboratories and Merck.

David Stout
PRESIDENT
US PHARMACEUTICALS

Appointed President, Pharmaceuticals, North America, SmithKline Beecham, in 1998. He joined SmithKline Beecham in 1996 as Senior Vice President and Director, Sales and Marketing – US. Before that he was President of Schering Laboratories with responsibilities including US pharmaceutical operations and worldwide manufacturing.

Tim Tyson
PRESIDENT
GLOBAL MANUFACTURING & SUPPLY

Tim was appointed Senior Vice President and Director, Worldwide Manufacturing & Supply, Glaxo Wellcome, in 1998. He was previously Vice President and General Manager of Business Operations and Marketing for Glaxo Wellcome Inc. He joined the company in 1988. He was a member of the Glaxo Wellcome Executive Committee.

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corporate executive team
Jack Ziegler
PRESIDENT
CONSUMER HEALTHCARE

Appointed as President of Consumer Healthcare, SmithKline Beecham, in 1998, Jack was responsible for the company's global Consumer Healthcare operations. He joined SmithKline Beecham in 1991 as head of the North American Consumer Healthcare division, became President of the North America Division and in 1996 was appointed Executive Vice President.

Chris Viehbacher
PRESIDENT
PHARMACEUTICALS EUROPE

As Regional Director for Europe, Chris was a member of the Glaxo Wellcome Executive Committee. He became Director, Continental Europe, in January 1999 in addition to his role as Chairman and Chief Executive (President Directeur General) of Glaxo Wellcome France. He joined Glaxo Wellcome in 1988.

Tachi Yamada
CHAIRMAN
RESEARCH & DEVELOPMENT

Tachi was appointed Chairman, Research and Development, Pharmaceuticals, in 1999. Previously he was President, SmithKline Beecham Healthcare Services. He was a member of SmithKline Beecham's Board. He was formerly Chairman of the Department of Internal Medicine at the University of Michigan Medical School and Physician-in-Chief of the University of Michigan Medical Center.

Jim Niedel
CHIEF SCIENCE & TECHNOLOGY OFFICER

Jim was the Glaxo Wellcome Executive Director responsible for Science & Technology. He was appointed to the Glaxo Wellcome Board in 1995 with responsibility for Group Research and Development and Information Technology. Before he joined Glaxo Wellcome in 1988, Jim was Professor of Medicine and Chief of the Division of Clinical Pharmacology at Duke University Medical Center.

Jack Ziegler
PRESIDENT
CONSUMER HEALTHCARE

Appointed as President of Consumer Healthcare, SmithKline Beecham, in 1998, Jack was responsible for the company's global Consumer Healthcare operations. He joined SmithKline Beecham in 1991 as head of the North American Consumer Healthcare division, became President of the North America Division and in 1996 was appointed Executive Vice President.

Chris Viehbacher
PRESIDENT
PHARMACEUTICALS EUROPE

As Regional Director for Europe, Chris was a member of the Glaxo Wellcome Executive Committee. He became Director, Continental Europe, in January 1999 in addition to his role as Chairman and Chief Executive (President Directeur General) of Glaxo Wellcome France. He joined Glaxo Wellcome in 1988.

Tachi Yamada
CHAIRMAN
RESEARCH & DEVELOPMENT

Tachi was appointed Chairman, Research and Development, Pharmaceuticals, in 1999. Previously he was President, SmithKline Beecham Healthcare Services. He was a member of SmithKline Beecham's Board. He was formerly Chairman of the Department of Internal Medicine at the University of Michigan Medical School and Physician-in-Chief of the University of Michigan Medical Center.

Jim Niedel
CHIEF SCIENCE & TECHNOLOGY OFFICER

Jim was the Glaxo Wellcome Executive Director responsible for Science & Technology. He was appointed to the Glaxo Wellcome Board in 1995 with responsibility for Group Research and Development and Information Technology. Before he joined Glaxo Wellcome in 1988, Jim was Professor of Medicine and Chief of the Division of Clinical Pharmacology at Duke University Medical Center.
Summary financial statements
For the year to 31st December 2000

<table>
<thead>
<tr>
<th>Summary profit and loss account</th>
<th>2000 £m</th>
<th>1999 £m</th>
<th>CER %</th>
<th>2000 £m</th>
<th>1999 £m</th>
<th>Total £m</th>
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<tbody>
<tr>
<td>Sales</td>
<td></td>
<td></td>
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<td>Retained businesses</td>
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<td>(9,501)</td>
<td>(9)</td>
<td>(555)</td>
<td>(443)</td>
<td>(11,098)</td>
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<td>(2,285)</td>
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<td>(16)</td>
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<td>(2,526)</td>
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<td>(473)</td>
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<td>Income from associates</td>
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<td>(8)</td>
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<td>(182)</td>
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<td>702</td>
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<td>6,029</td>
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<td>(1,699)</td>
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<td>(176)</td>
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<td>52.7p</td>
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<td></td>
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<td>2,005</td>
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To illustrate “Business performance”, merger items and restructuring costs in 2000 and restructuring costs and disposal of subsidiaries in 1999 have been excluded and an adjusted EPS presented. Business performance growth is at constant exchange rates.

Summary balance sheet

<table>
<thead>
<tr>
<th></th>
<th>2000 £m</th>
<th>1999 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed assets</td>
<td>10,322</td>
<td>9,292</td>
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<tr>
<td>Current assets</td>
<td>11,268</td>
<td>9,482</td>
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<td>Creditors: amounts due within one year</td>
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<td>(8,448)</td>
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<td>Net current assets</td>
<td>2,184</td>
<td>1,034</td>
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<td>Total assets less current liabilities</td>
<td>12,506</td>
<td>10,326</td>
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<td>Creditors: amounts due after one year</td>
<td>(1,894)</td>
<td>(2,044)</td>
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<td>Provision for liabilities and charges</td>
<td>(1,657)</td>
<td>(1,675)</td>
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<td>Net assets</td>
<td>8,955</td>
<td>6,607</td>
</tr>
<tr>
<td>Equity shareholders’ funds</td>
<td>7,711</td>
<td>5,464</td>
</tr>
<tr>
<td>Minority interests</td>
<td>1,244</td>
<td>1,143</td>
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<tr>
<td>Capital employed</td>
<td>8,955</td>
<td>6,607</td>
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</table>

Summary information under US GAAP

<table>
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<tr>
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<th>2000 £m</th>
<th>1999 £m</th>
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</thead>
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<tr>
<td>Reduction in earnings/net income under US GAAP</td>
<td>(9,382)</td>
<td>(1,946)</td>
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<tr>
<td>Increase in shareholders’ funds/equity under US GAAP</td>
<td>37,284</td>
<td>37,284</td>
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<tr>
<td>Net (loss)/income</td>
<td>(5,228)</td>
<td>913</td>
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<tr>
<td>Net (loss)/income per Ordinary Share</td>
<td>(145.6p)</td>
<td>25.2p</td>
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<td>Shareholders’ equity</td>
<td>44,995</td>
<td>7,230</td>
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</table>
### Summary financial statements in US Dollars

For the year to 31st December 2000

#### Summary profit and loss account

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<tr>
<th></th>
<th>2000 $m</th>
<th>1999 $m</th>
<th>CER %</th>
<th>2000 $m</th>
<th>1999 $m</th>
<th>Total</th>
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</thead>
<tbody>
<tr>
<td><strong>Sales</strong> Retained businesses</td>
<td></td>
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<td></td>
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<td></td>
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<tr>
<td>• Pharmaceuticals</td>
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<td>22,061</td>
<td>10</td>
<td>–</td>
<td>–</td>
<td>23,452</td>
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<tr>
<td>• Consumer Healthcare</td>
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<td>4,125</td>
<td>3</td>
<td>–</td>
<td>–</td>
<td>4,028</td>
</tr>
<tr>
<td>• Healthcare Services</td>
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<td>1,024</td>
<td>9</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
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<td><strong>Total sales</strong></td>
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<td>27,210</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>27,480</td>
</tr>
<tr>
<td>Manufacturing, selling and administration</td>
<td>(16,025)</td>
<td>(15,392)</td>
<td>(9)</td>
<td>(844)</td>
<td>(717)</td>
<td>(16,869)</td>
</tr>
<tr>
<td>Research and development</td>
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<td>(3,702)</td>
<td>(7)</td>
<td>(24)</td>
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<td>(3,839)</td>
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<tr>
<td>Healthcare Services</td>
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<td>(983)</td>
<td>–</td>
<td>–</td>
<td>(49)</td>
<td>–</td>
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<tr>
<td><strong>Trading profit</strong></td>
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<td>7,133</td>
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<td>(868)</td>
<td>(766)</td>
<td>6,772</td>
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<tr>
<td>Other operating income</td>
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<td>669</td>
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<td>416</td>
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<tr>
<td>Income from associates</td>
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<td>(12)</td>
<td>(13)</td>
<td>306</td>
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<td>Divestments</td>
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<td>–</td>
<td>–</td>
<td>2,131</td>
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<td>2,146</td>
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<tr>
<td>Merger transaction costs</td>
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<td>(184)</td>
<td>–</td>
<td>(184)</td>
<td>–</td>
<td>(368)</td>
</tr>
<tr>
<td>Net interest payable</td>
<td>(277)</td>
<td>(262)</td>
<td>–</td>
<td>–</td>
<td>(277)</td>
<td>–</td>
</tr>
<tr>
<td><strong>Profit before taxation</strong></td>
<td>8,097</td>
<td>7,627</td>
<td>11</td>
<td>1,067</td>
<td>(764)</td>
<td>9,164</td>
</tr>
<tr>
<td>Taxation</td>
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<td>(2,150)</td>
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<td>(372)</td>
<td>176</td>
<td>(2,582)</td>
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<td><strong>Profit after taxation</strong></td>
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<td>5,477</td>
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<td>695</td>
<td>(588)</td>
<td>6,582</td>
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<tr>
<td>Minority interests and preference share dividends</td>
<td>(268)</td>
<td>(257)</td>
<td>–</td>
<td>–</td>
<td>(268)</td>
<td>(257)</td>
</tr>
<tr>
<td><strong>Earnings</strong></td>
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<td>5,220</td>
<td>13</td>
<td>695</td>
<td>(588)</td>
<td>6,314</td>
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<tr>
<td><strong>Earnings per ADS</strong></td>
<td>$1.85</td>
<td>$1.71</td>
<td>14</td>
<td>$2.08</td>
<td>$1.51</td>
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#### Dividends

3,187 3,248

To illustrate “Business performance”, merger items and restructuring costs in 2000 and restructuring costs and disposal of subsidiaries in 1999 have been excluded and an adjusted EPS presented. Business performance growth is at constant exchange rates.

#### Summary balance sheet

<table>
<thead>
<tr>
<th></th>
<th>2000 $m</th>
<th>1999 $m</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fixed assets</strong></td>
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<td><strong>Current assets</strong></td>
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<td><strong>Creditors: amounts due within one year</strong></td>
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<td>(13,601)</td>
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<tr>
<td><strong>Net current assets</strong></td>
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<td>1,665</td>
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<tr>
<td><strong>Total assets less current liabilities</strong></td>
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<td>16,625</td>
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<tr>
<td><strong>Creditors: amounts due after one year</strong></td>
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<td><strong>Provision for liabilities and charges</strong></td>
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<td><strong>Net assets</strong></td>
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<td><strong>Minority interests</strong></td>
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<td><strong>Capital employed</strong></td>
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<td>10,637</td>
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</table>

The financial statements above have been provided in US$ for the convenience of US shareholders. The profit and loss account has been translated at average exchange rates and the balance sheet at period end exchange rates.
Summary remuneration report
To 31st December 2000

<table>
<thead>
<tr>
<th>Directors of GlaxoSmithKline</th>
<th>Fees and salary (£000)</th>
<th>Other emoluments and benefits (£000)</th>
<th>Bonus (£000)</th>
<th>Contractual termination payments (£000)</th>
<th>Total annual compensation (£000)</th>
<th>Pension entitlement earned (£000)</th>
<th>Total annual compensation (£000)</th>
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<td>537</td>
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<td>Sir Peter Walters</td>
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<td>Mr D F McHenry</td>
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<td></td>
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<td>Sir Ian Prosser</td>
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<td>Dr L Shapiro</td>
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<td>Mr J A Young</td>
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<td>708</td>
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<table>
<thead>
<tr>
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<td>1,906</td>
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<td>482</td>
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<td>Dr J E Niedel</td>
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<td>27</td>
<td>321</td>
<td></td>
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<td>816</td>
<td>37</td>
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<tr>
<td>Mr J A W Strachan</td>
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<td>1,265</td>
<td>1,999</td>
<td>37</td>
<td>498</td>
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<tr>
<td>Executive Directors</td>
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<td>1,384</td>
<td>2,463</td>
<td>6,031</td>
<td></td>
<td>2,409</td>
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<td>Professor A Li (Non-Executive)</td>
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<td>–</td>
<td></td>
<td>35</td>
<td></td>
<td>35</td>
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<tr>
<td></td>
<td>2,057</td>
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<td>1,384</td>
<td>2,463</td>
<td>6,066</td>
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<td>2,444</td>
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<table>
<thead>
<tr>
<th>Directors of SmithKline Beecham</th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr J Leschly (until retirement on 28th April 2000)</td>
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<td>26</td>
<td>435</td>
<td></td>
<td>–</td>
<td>800</td>
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<tr>
<td>Mr A R J Bonfield</td>
<td>288</td>
<td>47</td>
<td>340</td>
<td>1,052</td>
<td>1,727</td>
<td>14</td>
<td>482</td>
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<tr>
<td>Dr T Yamada</td>
<td>372</td>
<td>150</td>
<td>340</td>
<td></td>
<td>862</td>
<td>16</td>
<td>718</td>
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<tr>
<td>Executive Directors</td>
<td>999</td>
<td>223</td>
<td>1,115</td>
<td>1,052</td>
<td>3,389</td>
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<td>3,388</td>
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<tr>
<td>Baroness Hooper (Non-Executive)</td>
<td>61</td>
<td>–</td>
<td>–</td>
<td></td>
<td>61</td>
<td></td>
<td>53</td>
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<tr>
<td></td>
<td>1,060</td>
<td>223</td>
<td>1,115</td>
<td>1,052</td>
<td>3,450</td>
<td></td>
<td>3,441</td>
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<tr>
<td>Former Directors of Glaxo Wellcome</td>
<td></td>
<td></td>
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</tr>
<tr>
<td></td>
<td>249</td>
<td>–</td>
<td>–</td>
<td></td>
<td></td>
<td></td>
<td>455</td>
</tr>
<tr>
<td>Former Directors of SmithKline Beecham</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>3,318</td>
<td>–</td>
<td>–</td>
<td></td>
<td></td>
<td></td>
<td>3,737</td>
</tr>
</tbody>
</table>

Pension contributions to money purchase schemes of £67,000 (1999 – £38,000) were made in respect of one Glaxo Wellcome Director.

In addition to annual compensation and pension arrangements, both Glaxo Wellcome plc and SmithKline Beecham plc operated share-based schemes to provide incentives to Executive Directors to achieve longer-term growth in shareholder value. Gains under such schemes are recognised on exercise or award, but reflect value earned over a period of years. The timing of exercise is normally at the discretion of the Director. Directors of Glaxo Wellcome realised gains in 2000 on exercise of options under share option schemes of £3,220,000 (1999 – £294,000), under the annual incentive plan of £459,000 (1999 – £nil) and under the long-term incentive plan of £3,860,000 (1999 – £6,377,000). The total gain of each Director was Mr Coombe £599,000, Sir Richard Sykes £1,727,000, Mr Ingram £965,000, Mr Cochrane £581,000, Dr Niedel £3,129,000, Mr Strachan £538,000. Directors of SmithKline Beecham realised gains in 2000 on exercise of options under share option schemes of £3,706,000 (1999 – £2,240,000) and awards under stock appreciation rights of £3,779,000 (1999 – £440,000) and were awarded shares and ADSs of GlaxoSmithKline plc under the mid-term incentive plan of 27,375 shares at a market price of £15.59, 19,665 shares at £19.00 and 95,374 ADSs at £49.42. The total gain and award of each Director was Dr Garnier £462,000 and 36,649 ADSs, Dr Shapiro £19,000, Mr Leschly £6,855,000 together with 24,726 shares and 49,453 ADSs, Mr Bonfield £149,000 together with 2,649 and 19,665 shares and Dr Yamada 9,272 ADSs.

Under the terms of Mr Leschly’s retirement, he was remunerated until his contractual retirement date in September 2000. Payments made after his retirement in April 2000 are included in payments to former Directors.

The following additional information is provided in accordance with statutory disclosure requirements. The proportion of the aggregate remuneration of Directors of GlaxoSmithKline plc earned from Glaxo Wellcome plc or SmithKline Beecham plc attributable to the period from completion of the merger on 27th December 2000 to 31st December 2000 was £351,000.
Responsibility statements

Annual Review

The Annual Review is a summary report and does not contain sufficient information to allow as full an understanding of the results and state of affairs of the Group as is provided by the full Annual Report. Shareholders requiring more detailed information may obtain, free of charge, a copy of the Annual Report for 2000 and may also elect to receive a copy of the Annual Report in future years – refer to Shareholder information.

The auditors’ report on the full financial statements of the Group for the year ended 31st December 2000 is unqualified and does not contain any statement concerning inadequate accounting records or failure to obtain necessary information and explanations.

Summary financial statements

Under UK generally accepted accounting principles (GAAP), the financial statements of GlaxoSmithKline plc for the period to 31st December 2000 have been prepared as a merger of Glaxo Wellcome plc and SmithKline Beecham plc. The results of Glaxo Wellcome plc and SmithKline Beecham plc for the year to 31st December 2000 have been combined, with comparative figures for the year to 31st December 1999 on a similar basis.

A columnar presentation has been adopted in the Summary profit and loss account in order to illustrate business performance. For this purpose certain items are identified separately and are excluded from business performance. These comprise: merger items, including product divestments; costs relating to previously announced manufacturing and other restructurings; the effect of business disposals in prior years. Business performance is discussed in the business operating review.

Information is provided for US shareholders in accordance with the requirements of the New York Stock Exchange. The summary financial statements under UK GAAP are presented in US$ as well as in sterling. Earnings and shareholders’ funds are restated in accordance with US GAAP.

Under US GAAP, the financial statements of GlaxoSmithKline plc for the period to 31st December 2000 have been prepared as an acquisition of SmithKline Beecham plc by Glaxo Wellcome plc at 27th December 2000. Accordingly, the results of SmithKline Beecham prior to that date are not included. The effect of acquisition accounting adjustments produces a net loss for 2000, as indicated in the summary US GAAP information presented.

Summary remuneration report

The Directors of Glaxo Wellcome plc and SmithKline Beecham plc received remuneration in 2000 in accordance with the remuneration policies operated by the respective companies. The Summary remuneration report sets out the annual compensation and annual pension entitlement earned in 2000, together with the gains under long-term incentive arrangements.

Cautionary statement

Under the ‘safe harbor’ provisions of the US Private Securities Litigation Reform Act of 1995, the company cautions investors that any forward-looking statements or projections made by the company, including those made in this Annual Review, are subject to risks and uncertainties that may cause actual results to differ materially from those projected. Factors that may affect the Group’s operations are described under Risk Factors in the Operating and Financial Review in the company’s Annual Report on Form 20-F for 2000, filed with the US Securities and Exchange Commission.

Statement by the Directors


The Business operating review, the Summary financial statements, the Summary remuneration report and the statement on corporate governance are summaries of information in the Annual Report.

Corporate governance

The Combined Code – Principles of Good Governance and Code of Best Practice is issued by the London Stock Exchange for the guidance of listed companies.

The Board considers that throughout 2000, the company applied the principles of the Combined Code and, with the exception of matters where the company’s position is described in the Annual Report, complied with the provisions of the Combined Code.

Annual Review

The Annual Review, including Summary financial statements, has been approved by the Board of Directors and signed on its behalf by

Sir Richard Sykes,
Chairman
22nd March 2001

Statement by the Auditors to the members of GlaxoSmithKline plc

We have examined the Summary financial statements and the amounts disclosed relating to the aggregate emoluments of the Directors which form part of the Summary remuneration report.

Respective responsibilities of Directors and auditors

The Summary financial statements are the responsibility of the Directors. Our responsibility is to report to you our opinion on their preparation and consistency with the Annual financial statements and the Directors’ Report.

Basis of opinion

We conducted our work in accordance with the auditing guideline “The auditors’ statement on the Summary financial statement” adopted by the Auditing Practices Board.

Opinion

In our opinion the Summary financial statements are consistent with the Annual financial statements and the Directors’ Report of Glaxo Wellcome plc for the year ended 31st December 2000 and comply with the requirements of Section 251 of the Companies Act 1985 and the regulations made thereunder.

PricewaterhouseCoopers
Chartered accountants and registered auditors
London
22nd March 2001
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.
The Board

Sir Richard Sykes\(^a\) (Aged 58)
Non-Executive Chairman. Sir Richard was Chairman of Glaxo Wellcome plc from 1997 until the completion of the merger to form GlaxoSmithKline plc. He is Rector of Imperial College of Science, Technology & Medicine. He has a Doctorate in Microbial Biochemistry from Bristol University and a Doctor of Science degree from the University of London. A Fellow of the Royal Society, he sits on a number of government and scientific committees. He received his knighthood for services to the pharmaceutical industry. He is also a Non-Executive Director of Rio Tinto plc.

Sir Roger Hurn\(^d\) (Aged 62)
Non-Executive Deputy Chairman. Sir Roger was appointed a Non-Executive Director of Glaxo Wellcome plc in 1996 and Deputy Chairman in 1997. He is Non-Executive Chairman of Marconi plc and Prudential public limited company and a Non-Executive Director of ICI plc. He is also Chairman of the Court of Governors of the Henley Management Centre.

Sir Peter Walters\(^bd\) (Aged 70)
Non-Executive Deputy Chairman. Sir Peter had been a Non-Executive Director of SmithKline Beecham plc since 1989 and Chairman from 1994 until completion of the merger. His other appointments include those of Non-Executive Deputy Chairman of HSBC Holdings PLC and Chairman of the Institute of Economic Affairs. He was a Non-Executive Director of Saatchi & Saatchi PLC.

Dr Jean-Pierre Garnier\(^d\) (Aged 53)
Chief Executive Officer. Dr Garnier was appointed an Executive Director of SmithKline Beecham plc in 1992. He served as Chairman, Pharmaceuticals from 1994 until his appointment as Chief Operating Officer in 1995 and became Chief Executive Officer in April 2000. He is a Non-Executive Director of United Technologies Corporation and a member of the Board of Trustees of the Eisenhower Exchange Fellowships. He holds a PhD in Pharmacology from the University of Louis Pasteur in France and an MBA from Stanford University in the USA.

John Coombe\(^c\) (Aged 56)
Chief Financial Officer. Mr Coombe was formerly an Executive Director of Glaxo Wellcome plc where he was responsible for Finance and Investor Relations. He is a member of the UK Accounting Standards Board and Chairman of The Hundred Group.

Paul Allaire\(^e\) (Aged 62)
Non-Executive Director. Mr Allaire was formerly a Non-Executive Director of SmithKline Beecham plc. He is Chairman of Xerox Corporation and a Non-Executive Director of J P Morgan & Co. Inc, Lucent Technologies Inc, Sara Lee Corporation and priceline.com Inc.

Dr Michele Barzach\(^f\) (Aged 57)
Non-Executive Director. Dr Barzach was formerly a Non-Executive Director of Glaxo Wellcome plc. She is Chairman of the External Advisory Panel for Health, Nutrition and Population for the World Bank and Director of the Board of International AIDS Vaccine Initiative. A consultant on health strategy, she was formerly French Minister of Health and the Family.

Derek Bonham\(^a\) (Aged 57)
Non-Executive Director and Chairman of GlaxoSmithKline’s Audit Committee. Mr Bonham was formerly a Non-Executive Director of Glaxo Wellcome plc. He is Non-Executive Chairman of Cadbury Schweppes plc, Imperial Tobacco Group plc and Fieldens plc and a Non-executive Director of TXU Corporation. Mr Bonham will not be seeking election to the Board at the Annual General Meeting in May 2001.

Sir Christopher Hogg\(^bd\) (Aged 64)
Non-Executive Director. Sir Christopher was formerly a Non-Executive Director of SmithKline Beecham plc. He is Non-Executive Chairman of Reuters Group PLC and Allied Domeq PLC and a Non-Executive Director of Air Liquide S.A. He is also Chairman of The Royal National Theatre Board.

Peter Job\(^d\) (Aged 59)
Non-Executive Director. Mr Job was formerly a Non-Executive Director of Glaxo Wellcome plc. He is the Chief Executive of Reuters Group PLC and is a Non-Executive Director of Schroders plc.

John McArthur\(^f\) (Aged 66)
Non-Executive Director. Mr McArthur was formerly a Non-Executive Director of Glaxo Wellcome plc. He is a former Dean of the Harvard Business School, and is a Non-Executive Director of BCE Inc., Cabot Corporation, Rohm and Haas Company, Springs Industries Inc. and The AES Corporation.

Donald McHenry\(^a\) (Aged 64)
Non-Executive Director. Mr McHenry was formerly a Non-Executive Director of SmithKline Beecham plc. He is a Distinguished Professor in the Practice of Diplomacy at the School of Foreign Service at Georgetown University and President of the IRC Group, LLC. His other Non-Executive Directorships include Coca-Cola Company, FleetBoston Financial Corporation and AT&T Corporation. He previously served as Ambassador and US Permanent Representative to the United Nations.

Sir Ian Provster\(^d\) (Aged 57)
Non-Executive Director. Sir Ian was formerly a Non-Executive Director of SmithKline Beecham plc. He is Chairman of Bass PLC and Non-Executive Deputy Chairman of BP Amoco plc. He is also a member of the World Travel & Tourism Council and the CBI President’s Committee.

Dr Ronaldo Schmitz\(^b\) (Aged 62)
Non-Executive Director. Dr Schmitz was formerly a Non-Executive Director of Glaxo Wellcome plc. He is a Non-Executive Director of Legal & General Group plc and a member of the Board of Directors of Rohm and Haas Company and Cabot Corporation. He was formerly a member of the Board of Executive Directors of Deutsche Bank AG.

Dr Lucy Shapiro\(^a\) (Aged 60)
Non-Executive Director. Dr Shapiro was formerly a Non-Executive Director of SmithKline Beecham plc. She is Professor in the Department of Developmental Biology and Director of the Beckman Centre at the Stanford University School of Medicine. She holds a PhD in Molecular Biology from Albert Einstein College of Medicine.

John Young\(^a\) (Aged 68)
Non-Executive Director and Chairman of GlaxoSmithKline’s Remuneration & Nominations Committee. Mr Young was formerly Non-Executive Vice Chairman of SmithKline Beecham plc. His other non-executive appointments include directorships of Chevron Corporation, Lucent Technologies Inc, Affymetrix Inc, Perlegen Sciences Inc and the Vice-Chairmanship of Novell Inc.

Membership of committees is indicated as follows:

<table>
<thead>
<tr>
<th>Committee</th>
<th>Chairman</th>
<th>Member</th>
</tr>
</thead>
<tbody>
<tr>
<td>Audit</td>
<td>a</td>
<td>b</td>
</tr>
<tr>
<td>Finance</td>
<td>c</td>
<td>d</td>
</tr>
<tr>
<td>Remuneration &amp; Nominations</td>
<td>e</td>
<td>f</td>
</tr>
</tbody>
</table>
Shareholder return

Merger of Glaxo Wellcome and SmithKline Beecham

The Boards of Glaxo Wellcome plc and SmithKline Beecham plc announced on 17th January 2000 that they had agreed the terms of a proposed merger of equals of the two companies, subject to shareholder approval and regulatory clearance. Based on the relative stock market valuations of Glaxo Wellcome and SmithKline Beecham in the months preceding the announcement of the merger, shareholders of Glaxo Wellcome would hold approximately 58.75 per cent and shareholders of SmithKline Beecham approximately 41.25 per cent of the combined group.

Following shareholder approvals and clearance from regulatory authorities, the merger became effective on 27th December 2000. The merger was implemented by way of a scheme of arrangement. A new holding company, GlaxoSmithKline plc, acquired Glaxo Wellcome and SmithKline Beecham. In accordance with the agreed merger terms, shareholders of Glaxo Wellcome and SmithKline Beecham received, in exchange for their existing shares, shares in GlaxoSmithKline as follows:

for each Glaxo Wellcome ordinary share – 1 GlaxoSmithKline ordinary share
for each SmithKline Beecham ordinary share – 0.4552 GlaxoSmithKline ordinary shares.

In the case of shares held as American Depositary Shares (ADSs), evidenced by American Depositary Receipts (ADRs), each Glaxo Wellcome ADS represented two Glaxo Wellcome ordinary shares and each SmithKline Beecham ADS represented five SmithKline Beecham ordinary shares. Each GlaxoSmithKline ADS represents two GlaxoSmithKline ordinary shares. Accordingly holders of Glaxo Wellcome ADSs and holders of SmithKline Beecham ADSs received:

for each Glaxo Wellcome ADS – 1 GlaxoSmithKline ADS
for each SmithKline Beecham ADS – 1.138 GlaxoSmithKline ADSs


Taxation

As a general guide to shareholders, GlaxoSmithKline has received advice that the merger should not have any direct effect on the tax position of UK resident shareholders or US resident shareholders. Further information is contained in the Scheme Document issued to shareholders on 5th July 2000. Shareholders who are in any doubt about their taxation position should consult their own professional advisers.

Dividends - Glaxo Wellcome and SmithKline Beecham

Dividends 2000

Both Glaxo Wellcome and SmithKline Beecham announced dividends in respect of the year 2000 prior to the effective date of the merger on 27th December 2000.

<table>
<thead>
<tr>
<th>Year</th>
<th>Glaxo Wellcome</th>
<th>SmithKline Beecham</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>1.10</td>
<td>0.99</td>
</tr>
<tr>
<td>1999</td>
<td>1.14</td>
<td>0.98</td>
</tr>
<tr>
<td>1998</td>
<td>1.19</td>
<td>0.92</td>
</tr>
<tr>
<td>1997</td>
<td>1.17</td>
<td>0.85</td>
</tr>
<tr>
<td>1996</td>
<td>1.16</td>
<td>0.74</td>
</tr>
</tbody>
</table>

The record date for the second interim dividend was 22nd December 2000 in relation to Glaxo Wellcome shares and 26th December 2000 in relation to Glaxo Wellcome ADSs. The second interim dividend will be paid on 17th April 2001 to shareholders of Glaxo Wellcome at the record date and on 27th April 2001 to ADR holders of Glaxo Wellcome at the record date.

The record date for the fourth interim dividend was 22nd December 2000 in relation to SmithKline Beecham shares and 26th December 2000 in relation to SmithKline Beecham ADSs. The fourth interim dividend will be paid on 17th April 2001 to shareholders and ADR holders of SmithKline Beecham at the record date.

Dividends (ADRs)

As a guide to holders of ADRs, the table below sets out the dividends paid per ADS in US dollars in the last five years. The dividends are adjusted for UK tax credit less withholding tax, where applicable, and are translated into US dollars at applicable exchange rates.

Since 6th April 1999, claims for refunds of tax credits or dividends from the UK tax authorities are of negligible benefit to US shareholders.
Dividends – GlaxoSmithKline

GlaxoSmithKline’s dividend policy was set out in the merger documents issued to shareholders during 2000.

GlaxoSmithKline will initially pay dividends in line with Glaxo Wellcome’s 2000 dividend of 38 pence per Glaxo Wellcome share, which is equivalent to 38 pence per GlaxoSmithKline share. Subsequently, assuming earnings continue to grow, GlaxoSmithKline will at least maintain an annual dividend of 38 pence per share, whilst building dividend cover (the ratio between distributable profits and dividends) towards the industry average, which is closer to SmithKline Beecham’s recent payout ratio of 40-50 per cent than to Glaxo Wellcome’s higher payout ratio. GlaxoSmithKline will pay dividends quarterly. It is expected that GlaxoSmithKline will normally follow the pattern established by SmithKline Beecham of a level dividend for each of the first three quarters, with a higher dividend in the fourth quarter.

Dividend Calendar

First quarter 2001

Results Announcement 24 April 2001
Ex-dividend date 2 May 2001
Record date 4 May 2001
Payable 5 July 2001

Second quarter 2001

Results Announcement 24 July 2001
Ex-dividend date 1 August 2001
Record date 3 August 2001
Payable 4 October 2001

Third quarter 2001

Results Announcement 23 October 2001
Ex-dividend date 31 October 2001
Record date 2 November 2001
Payable 3 January 2002

Fourth quarter 2001

Results Announcement 14 February 2002

Share price

<table>
<thead>
<tr>
<th>Share price 2000</th>
<th>GSK(£)</th>
<th>GW(£)</th>
<th>SB(£)</th>
<th>FTSE</th>
</tr>
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<tr>
<td>At 1st January 2000</td>
<td>–</td>
<td>17.50</td>
<td>7.90</td>
<td>6930</td>
</tr>
<tr>
<td>High during the year</td>
<td>–</td>
<td>21.10</td>
<td>9.55</td>
<td>6930</td>
</tr>
<tr>
<td>Low during the year</td>
<td>–</td>
<td>14.40</td>
<td>6.71</td>
<td>6142</td>
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<tr>
<td>At 26th December 2000</td>
<td>–</td>
<td>18.42</td>
<td>8.33</td>
<td>6098</td>
</tr>
<tr>
<td>At 31st December 2000</td>
<td>18.90</td>
<td>–</td>
<td>–</td>
<td>6222</td>
</tr>
</tbody>
</table>

Increase/(decrease) over year

| Increase/(decrease) over year | 5% | 5% | (10%) |

Following the announcement of the merger between Glaxo Wellcome and SmithKline Beecham in January 2000, the share prices of the two separate companies tracked closely together during 2000. Over the period from 1st January to 26th December 2000, the day before the merger was completed, both the Glaxo Wellcome share price and the SmithKline Beecham share price increased by five per cent. Whereas, over the year to 31st December 2000, the FTSE 100 index declined ten per cent.

The expected positive benefits of the merger and the strong operating performances from both companies during the year helped Glaxo Wellcome and SmithKline Beecham to achieve an improved share price performance relative to the UK stock market. In addition, investor sentiment shifted away from technology sectors towards more defensive sectors such as pharmaceuticals during 2000.

Shares in GlaxoSmithKline started trading on 27th December 2000. Between 27th December 2000 and 15th March 2001 the share price decreased by two per cent to £18.00 This compares to a decline in the FTSE 100 index of six per cent.

10 year share price performance

Over the ten years from 31st December 1990 to 26th December 2000:

- the Glaxo Wellcome share price increased from £4.24 to £18.42, an increase of 334 per cent
- the SmithKline Beecham share price increased from £1.55 to £8.33, an increase of 437 per cent

Over the ten years from 31st December 1990 to 31st December 2000:

- the FTSE 100 Index increased from 2143 to 6222, an increase of 190 per cent
Shareholder information

Ordinary shares
The company's shares are listed on the London Stock Exchange.

Registrar
The company's share register is administered by Lloyds TSB Registrars, who also provide the following services:

- **GlaxoSmithKline Investment Plan**
The plan enables shareholders to reinvest quarterly dividends and/or make monthly investments in the company's ordinary shares using a special dealing arrangement.

- **GlaxoSmithKline Individual Savings Account**
The GlaxoSmithKline Individual Savings Account (ISA) is a tax-efficient way to invest in the company's ordinary shares.

- **GlaxoSmithKline Corporate Sponsored Nominee**
The corporate sponsored nominee provides a facility for shareholders to hold shares without the need for share certificates. Shareholders' details will not be held on the main share register, and so will remain confidential.

- **www.shareview.co.uk**
The shareview portfolio service provides shareholders with information on their investment in the company. Shareholders may register for this service at www.shareview.co.uk.

Share dealing facility
NatWest Stockbrokers Limited offer a share-dealing service on behalf of the company to shareholders wishing to buy or sell the company's shares.

Share price information
Share price information is available on the company's website at www.gsk.com. Information is also available on Ceefax, Teletext, and from FT Cityline by calling 0906 003 5694 or 0906 843 5694 (calls charged at 60p a minute at all times).

American Depositary Shares
The company's shares are listed on the New York Stock Exchange in the form of American Depositary Shares (ADRs) and these are evidenced by American Depositary Receipts (ADRs), each one of which represents two ordinary shares.

ADR programme administrator
The ADR programme is administered by The Bank of New York, who also provide the following service:

- **Global BuyDIRECT**
Global BuyDIRECT is a direct ADS purchase/sale and dividend reinvestment plan for ADR holders.

SmithKline Beecham plc Floating Rate Unsecured Loan Stock 1990/2010
The loan stock is not listed on any exchange but holders may choose to have it redeemed by SmithKline Beecham plc at par, i.e. £1 for every £1 of loan stock held, on the first business day of March, June, September and December. Holders wishing to redeem all or part of their Loan Stock should complete the notice on the back of their loan stock certificate and return it to the registrar, to arrive at least 30 days before the relevant redemption date.

Annual General Meeting 2001
The Queen Elizabeth II Conference Centre, Broad Sanctuary, Westminster, London SW1P 3EE
21st May 2001

The AGM is the company's principal forum for communication with private shareholders. In addition to the formal resolutions to be put to the meeting, there will be a presentation by the Chief Executive Officer on the performance of the business and its future development. There will be opportunity for questions to the Board, and the Chairmen of the Board's committees will take questions on matters relating to those committees.

Investors holding shares in the company through a nominee service should arrange with that nominee service to be appointed a proxy in respect of their shareholding in order to attend and vote at the meeting. ADR holders wishing to attend the meeting must obtain a proxy from the Bank of New York which will enable them to attend the meeting and vote on the business to be transacted. ADR holders may instruct The Bank of New York as to how the ordinary shares represented by their ADRs should be voted by completing and returning the voting card provided by The Bank of New York in accordance with the instructions given.

Financial reporting

Financial reporting calendar 2001

<table>
<thead>
<tr>
<th>Event</th>
<th>Date</th>
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<tbody>
<tr>
<td>Announcement of 1st Quarter Results</td>
<td>24th April 2001</td>
</tr>
<tr>
<td>Announcement of 2nd Quarter Results</td>
<td>24th July 2001</td>
</tr>
<tr>
<td>Publication of Half-Year Report/Review</td>
<td>August 2001</td>
</tr>
<tr>
<td>Announcement of 3rd Quarter Results</td>
<td>23rd October 2001</td>
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<td>Preliminary Announcement of Annual Results</td>
<td>14th February 2002</td>
</tr>
<tr>
<td>Publication of Annual Report/Review</td>
<td>March 2002</td>
</tr>
</tbody>
</table>

Results announcements
The results announcements are issued to the London Stock Exchange (LSE), and made available on the LSE news service. At the same time, or shortly afterwards, they are issued to the media, are made available on the company's website and are filed in the USA with the Securities Exchange Commission (SEC) and the New York Stock Exchange.

Financial reports
The company publishes an Annual Report and, for the investor not needing the full detail of the Report, an Annual Review. An interim Report and Review are published at the half-year.

The financial reports are posted out to shareholders on the date of publication and are available from the same date on the company's website. Shareholders are provided with the Annual Review and may elect to receive also the Annual Report.

Copies in printed form of the most recent, and previous, financial reports are available in the UK from the company's registrar and in the USA from the company's Customer Response Center.

Publications
The Environmental, Health & Safety Review 2000 is available from the Secretariat at the company's head office.
Contact details

Internet
Information for investors and about the company is available on GlaxoSmithKline's corporate website:
Visit “Corporate Home” at www.gsk.com

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