



it's about you

Front cover: A highly magnified human eye, symbolising the vision of our new company.

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.

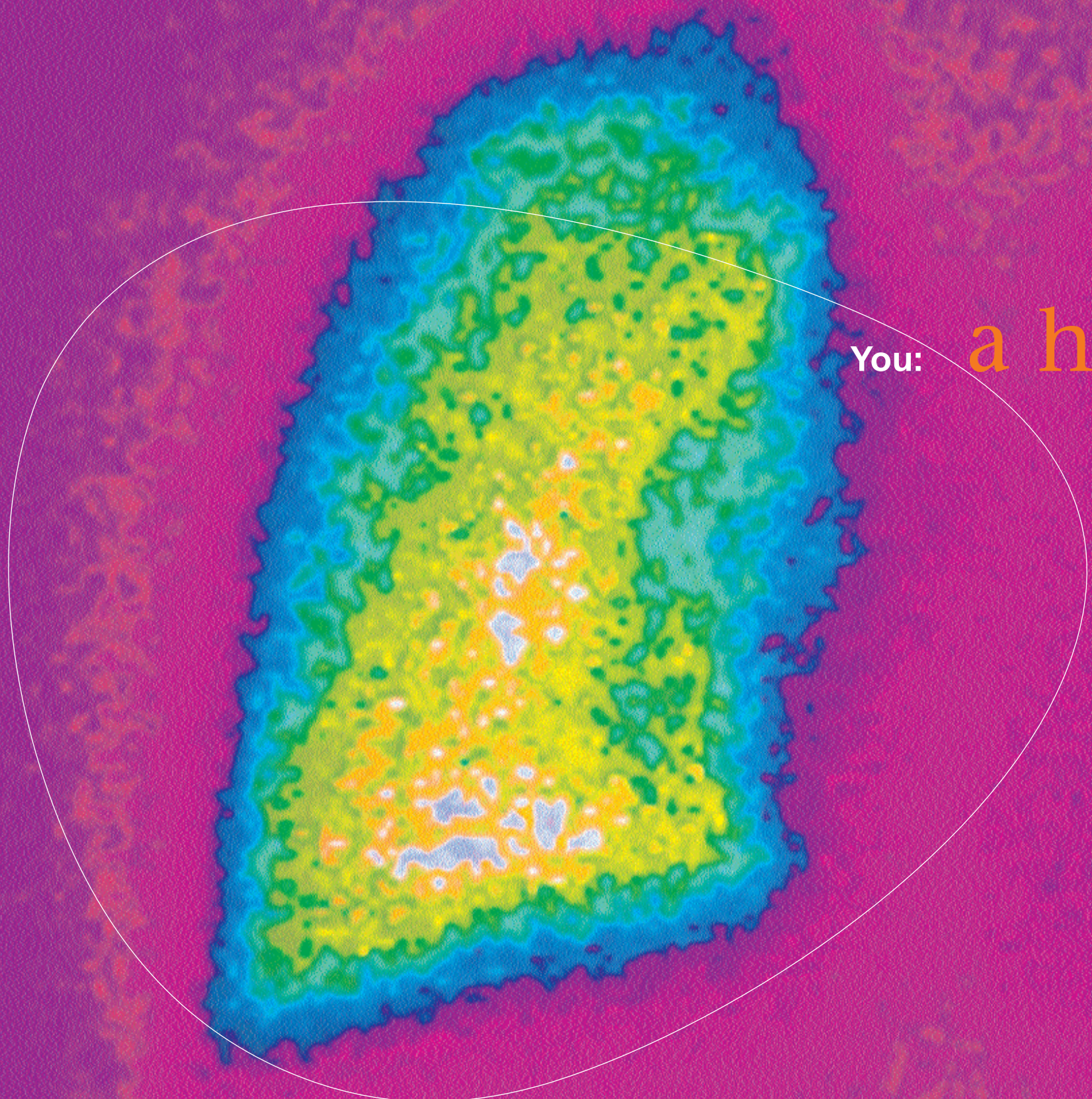
GlaxoSmithKline is in the forefront of the race to capture the opportunities presented by this revolution. Its scientists were among the first in the industry to recognise the potential of genetic research in pharmaceutical R&D. They have been quick to exploit this potential by adopting new technologies 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.

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A human fingerprint, an everyday symbol of an individual's identity but one that highlights the distinctive differences between us.

You: **a unique and complex**
individual living your life your own way

This nuclear scan reveals cancer in one of the lung lobes. Today's healthcare consumers are more informed about such conditions than ever before, so they form a new and important part of GlaxoSmithKline's marketing efforts.



You: a healthcare consumer
with access to a world of choices

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.

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

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.

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.

You: **an investor**
in a new global healthcare business

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.

A human spine. The strength and flexibility that nature has given humans through the backbone are the same qualities that make GlaxoSmithKline a winning investment proposition.

You: a global **citizen**
with real concerns about the world

A human foetus develops in the protective environment of its mother's womb. Soon it will become another global citizen, with the right to expect the future of the world in which it will live to be protected.

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 *Ziagen* 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

business operating review

Business performance	£m	\$m	Growth%
Sales	£18,079	\$27,480	+9
Pharmaceuticals	£15,429	\$23,452	+10
Consumer Healthcare	£2,650	\$4,028	+3
Trading profit	£5,026	\$7,640	+12
Earnings	£3,697	\$5,619	+13
Earnings per share/ADR	61pence	\$1.85	+14

Growth is at constant exchange rates. Sales and trading profit growth exclude Healthcare Services.

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. *Zeffix* 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.

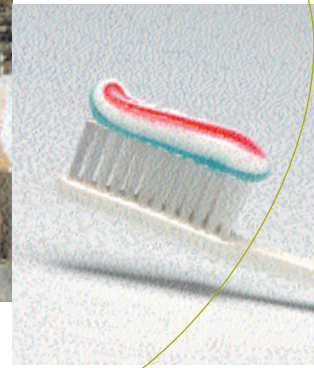
In vaccines, GlaxoSmithKline has a global market share of more than 25 per cent. Major products include hepatitis A and B vaccines and *Infanrix*, a range of paediatric combination vaccines.



Research & Development – Committed to creating innovative medicines.



Consumer Healthcare – Focused on becoming the world's leading science-driven consumer healthcare business.



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.

Global Manufacturing & Supply - Delivering quality products to markets around the world.



corporate citizenship & community partnerships

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.



Seroxat/Paxil
£1.55bn/\$2.36bn
 CENTRAL NERVOUS SYSTEM (CNS)

A selective serotonin reuptake inhibitor (SSRI) for the treatment of depression and anxiety disorders.



Augmentin
£1.22bn/\$1.85bn
 ANTI-BACTERIALS

An antibiotic for the treatment of most common respiratory tract infections.



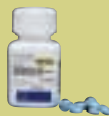
Flixotide/Flovent
£880m/\$1.34bn
 RESPIRATORY

An inhaled steroid for the treatment of inflammation associated with respiratory diseases.



Imigran/Imitrex
£705m/\$1.07bn
 CNS

A 5-HT¹ receptor agonist for the treatment of severe or frequent migraine and cluster headache.



Wellbutrin
£452m/\$687m
 CNS

An anti-depressant available in the USA in normal tablet or sustained release tablet formulations.



Zinnat/Ceftin
£430m/\$654m
 ANTI-BACTERIALS

An oral antibiotic used primarily for community-acquired infections of the lower respiratory tract.



Flixonase/Flonase
£408m/\$620m
 RESPIRATORY

An intra-nasal preparation for the treatment of perennial and seasonal rhinitis.



Zovirax
£374m/\$568m
 ANTI-VIRALS

Used for the treatment of herpes infections such as chickenpox, genital herpes, shingles and cold sores.



Seretide/Advair
£208m/\$316m
 RESPIRATORY

A combination of Serevent and Flixotide that offers a long-acting bronchodilator and an anti-inflammatory in a single inhaler.



Becotide/Beclovent
£205m/\$312m
 RESPIRATORY

An inhaled steroid for the treatment of inflammation associated with bronchial asthma and chronic bronchitis.



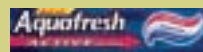
Amoxil
£199m/\$302m
 ANTI-BACTERIALS

A broad-spectrum semi-synthetic penicillin.



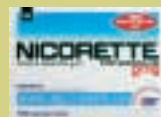
Infanrix
£171m/\$260m
 VACCINES

A range of vaccines for diphtheria, tetanus and whooping cough.



Aquafresh
£406m/\$617m
 CONSUMER HEALTHCARE

One of the fastest growing oral healthcare brands that continues to show wide customer acceptance across a portfolio of established and innovative products.



Nicorette
£203m/\$309m
 CONSUMER HEALTHCARE

A smoking cessation gum.



Ribena
£177m/\$269m
 CONSUMER HEALTHCARE

A line of juice drinks rich in vitamin C, which are a favourite in many parts of the world.



Lucozade
£167m/\$254m
 CONSUMER HEALTHCARE

The glucose energy drink that provides nutrients that complement a healthy lifestyle.



Serevent
£622m/\$945m
RESPIRATORY

A long-acting bronchodilator for the treatment of respiratory diseases.



Zantac
£575m/\$874m
METABOLIC &
GASTRO-INTESTINAL

For the treatment of peptic ulcer disease and a range of gastric acid related disorders.



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.



Zofran
£491m/\$746m
ONCOLOGY & EMESIS

Used to prevent nausea and vomiting associated with chemotherapy and radiotherapy for cancer.



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.



Avandia
£462m/\$702m
METABOLIC &
GASTRO-INTESTINAL

A member of a new class of medicines for the treatment of type 2 diabetes.



Ventolin
£343m/\$521m
RESPIRATORY

A selective short-acting bronchodilator for the treatment of asthma.



Epivir
£309m/\$470m
ANTI-VIRALS

Also known as 3TC, *Epivir* is a nucleoside analogue reverse transcriptase inhibitor active against HIV.



Lamictal
£289m/\$439m
CNS

A treatment for epilepsy that can be used alone or in combination with other products.



Valtrex
£242m/\$368m
ANTI-VIRALS

A treatment for shingles and the episodic and long-term suppression of genital herpes.



Fortum/Fortaz
£213m/\$324m
ANTI-BACTERIALS

A third generation cephalosporin with a broad spectrum of antibacterial activity. Used in the hospital-based injectable antibiotics market.



Relifex/Relafen
£210m/\$319m
OTHER

A non-steroidal anti-inflammatory treatment for arthritis.



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.



Hycamtin
£95m/\$144m
ONCOLOGY & EMESIS

For the second line treatment of ovarian cancer and small cell lung cancer.



Naramig/Amerge
£77m/\$117m
CNS

A long-acting 5HT1 receptor agonist for the treatment of migraine.



Zeffix
£70m/\$106m
ANTI-VIRALS

An oral anti-viral treatment for chronic hepatitis B, one of the most common infectious diseases in the world.



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.



NicoDerm CQ/NiQuitin CQ/Nicabate
£154m/\$234m
CONSUMER HEALTHCARE

A smoking cessation patch.



Panadol
£133m/\$228m
CONSUMER HEALTHCARE

An analgesic to combat pain and fever.



Tums
£133m/\$202m
CONSUMER HEALTHCARE

A calcium-rich antacid.



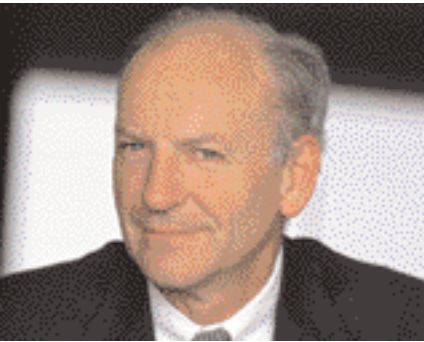
Odol
£95m/\$144m
CONSUMER HEALTHCARE

A line of oral care products sold in Germany.



Contac
£64m/\$97m
CONSUMER HEALTHCARE

A medicine to combat colds, available in over 40 markets.



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 Coombe

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.

corporate executive team

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.





Jim Nidel

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.



James Palmer

SENIOR VICE PRESIDENT
NEW PRODUCT DEVELOPMENT
PHARMACEUTICALS R&D

James was responsible for all Glaxo Wellcome's medical, regulatory and product strategy activities worldwide and in this role was a member of the Glaxo Wellcome Executive Committee. A physician by training, James joined Glaxo in 1985.



Dan Phelan

SENIOR VICE PRESIDENT
HUMAN RESOURCES

Appointed Senior Vice President and Director, Human Resources, SmithKline Beecham, in 1994. Before that he was Senior Vice President and Director, Operations and Administration, Research and Development. In 1989, he was appointed Vice President and Director, Personnel – US, Pharmaceuticals. He joined SmithKline Beecham as Manager of Labour Relations in 1981.

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.

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.



Summary financial statements

For the year to 31st December 2000

	Business performance			Merger, restructuring and disposal of subsidiaries		Total	
	2000 £m	1999 £m	CER %	2000 £m	1999 £m	2000 £m	1999 £m
Summary profit and loss account							
Sales							
Retained businesses							
• Pharmaceuticals	15,429	13,618	10	–	–	15,429	13,618
• Consumer Healthcare	2,650	2,546	3	–	–	2,650	2,546
	18,079	16,164	9	–	–	18,079	16,164
• Healthcare Services	–	632		–	–	–	632
Total sales	18,079	16,796		–	–	18,079	16,796
Manufacturing, selling and administration	(10,543)	(9,501)	(9)	(555)	(443)	(11,098)	(9,944)
Research and development	(2,510)	(2,285)	(7)	(16)	–	(2,526)	(2,285)
Healthcare Services	–	(607)		–	(30)	–	(637)
Trading profit	5,026	4,403	12	(571)	(473)	4,455	3,930
Other operating income	274	413		–	–	274	413
Income from associates	209	54		(8)	(8)	201	46
Divestments	–	–		1,402	9	1,402	9
Merger transaction costs	–	–		(121)	–	(121)	–
Net interest payable	(182)	(162)		–	–	(182)	(162)
Profit before taxation	5,327	4,708	11	702	(472)	6,029	4,236
Taxation	(1,454)	(1,327)		(245)	109	(1,699)	(1,218)
Profit after taxation	3,873	3,381	12	457	(363)	4,330	3,018
Minority interests and preference share dividends	(176)	(159)		–	–	(176)	(159)
Earnings	3,697	3,222	13	457	(363)	4,154	2,859
Earnings per share	61.0p	52.7p	14			68.5p	46.7p
Dividends						2,097	2,005

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.

	2000 £m	1999 £m
Summary balance sheet		
Fixed assets	10,322	9,292
Current assets	11,268	9,482
Creditors: amounts due within one year	(9,084)	(8,448)
Net current assets	2,184	1,034
Total assets less current liabilities	12,506	10,326
Creditors: amounts due after one year	(1,894)	(2,044)
Provision for liabilities and charges	(1,657)	(1,675)
Net assets	8,955	6,607
Equity shareholders' funds	7,711	5,464
Minority interests	1,244	1,143
Capital employed	8,955	6,607

Summary information under US GAAP

Reduction in earnings/net income under US GAAP	(9,382)	(1,946)
Increase in shareholders' funds/equity under US GAAP	37,284	1,766
Net (loss)/income	(5,228)	913
Net (loss)/income per Ordinary Share	(145.6p)	25.2p
Shareholders' equity	44,995	7,230

Summary financial statements in US Dollars

For the year to 31st December 2000

	Business performance			Merger, restructuring and disposal of subsidiaries		Total	
	2000 \$m	1999 \$m	CER %	2000 \$m	1999 \$m	2000 \$m	1999 \$m
Summary profit and loss account							
Sales							
Retained businesses							
• Pharmaceuticals	23,452	22,061	10	–	–	23,452	22,061
• Consumer Healthcare	4,028	4,125	3	–	–	4,028	4,125
	27,480	26,186	9	–	–	27,480	26,186
• Healthcare Services	–	1,024		–	–	–	1,024
Total sales	27,480	27,210		–	–	27,480	27,210
Manufacturing, selling and administration	(16,025)	(15,392)	(9)	(844)	(717)	(16,869)	(16,109)
Research and development	(3,815)	(3,702)	(7)	(24)	–	(3,839)	(3,702)
Healthcare Services	–	(983)		–	(49)	–	(1,032)
Trading profit	7,640	7,133	12	(868)	(766)	6,772	6,367
Other operating income	416	669		–	–	416	669
Income from associates	318	87		(12)	(13)	306	74
Divestments	–	–		2,131	15	2,131	15
Merger transaction costs	–	–		(184)	–	(184)	–
Net interest payable	(277)	(262)		–	–	(277)	(262)
Profit before taxation	8,097	7,627	11	1,067	(764)	9,164	6,863
Taxation	(2,210)	(2,150)		(372)	176	(2,582)	(1,974)
Profit after taxation	5,887	5,477	12	695	(588)	6,582	4,889
Minority interests and preference share dividends	(268)	(257)		–	–	(268)	(257)
Earnings	5,619	5,220	13	695	(588)	6,314	4,632
Earnings per ADS	\$1.85	\$1.71	14			\$2.08	\$1.51
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.

	2000 \$m	1999 \$m
Summary balance sheet		
Fixed assets	15,380	14,960
Current assets	16,790	15,266
Creditors: amounts due within one year	(13,536)	(13,601)
Net current assets	3,254	1,665
Total assets less current liabilities	18,634	16,625
Creditors: amounts due after one year	(2,822)	(3,291)
Provision for liabilities and charges	(2,469)	(2,697)
Net assets	13,343	10,637
Equity shareholders' funds	11,489	8,797
Minority interests	1,854	1,840
Capital employed	13,343	10,637

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

					2000	1999
	Fees and salary £000	Other emoluments and benefits £000	Bonus £000	Contractual termination payments £000	Total annual compensation £000	Total annual compensation £000
Directors of GlaxoSmithKline						
Dr J P Garnier	820	111	1,151		2,082	1,464
Mr J D Coombe	468	2	321		791	537
Executive Directors	1,288	113	1,472		2,873	2,001
Sir Richard Sykes	1,034	3	708		1,745	1,183
Sir Roger Hurn	60	–	–		60	60
Sir Peter Walters	324	285	–		609	286
Mr P A Allaire	63	–	–		63	44
Dr M Barzach	35	37	–		72	72
Mr D C Bonham	35	–	–		35	35
Sir Christopher Hogg	65	–	–		65	51
Mr P J D Job	35	–	–		35	35
Mr J H McArthur	35	13	–		48	47
Mr D F McHenry	60	–	–		60	41
Sir Ian Prosser	53	–	–		53	19
Dr R Schmitz	35	–	–		35	35
Dr L Shapiro	63	–	–		63	43
Mr J A Young	66	–	–		66	54
Non-Executive Directors	1,963	338	708		3,009	2,005
	3,251	451	2,180		5,882	4,006

Directors of Glaxo Wellcome

Mr R A Ingram	708	118	484	–	1,310	91	861
Mr J M T Cochrane	412	14	282	1,198	1,906	38	482
Dr J E Niedel	468	27	321	–	816	37	568
Mr J A W Strachan	434	3	297	1,265	1,999	37	498
Executive Directors	2,022	162	1,384	2,463	6,031		2,409
Professor A Li (Non-Executive)	35	–	–	–	35		35
	2,057	162	1,384	2,463	6,066		2,444

Directors of SmithKline Beecham

Mr J Leschly (until retirement on 28th April 2000)	339	26	435	–	800	69	2,188
Mr A R J Bonfield	288	47	340	1,052	1,727	14	482
Dr T Yamada	372	150	340	–	862	16	718
Executive Directors	999	223	1,115	1,052	3,389		3,388
Baroness Hooper (Non-Executive)	61	–	–	–	61		53
	1,060	223	1,115	1,052	3,450		3,441
Former Directors of Glaxo Wellcome					249		455
Former Directors of SmithKline Beecham					3,318		3,737

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 ADRs 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 ADRs at \$49.42. The total gain and award of each Director was Dr Garnier £462,000 and 36,649 ADRs, Dr Shapiro £19,000, Mr Leschly £6,855,000 together with 24,726 shares and 49,453 ADRs, Mr Bonfield £149,000 together with 2,649 and 19,665 shares and Dr Yamada 9,272 ADRs.

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 Annual Review 2000 is the summary Directors' Report and includes the summary Financial Statements of GlaxoSmithKline plc for the period ended 31st December 2000.

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^c (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^{df} (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^d (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^f (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 Michèle 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 Domecq PLC and a Non-Executive Director of Air Liquide S.A. He is also Chairman of The Royal National Theatre Board.

Peter Job^b (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^f (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 Prosser^b (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 (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^e (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:

	Chairman	Member
Audit	a	b
Finance	c	d
Remuneration & Nominations	e	f

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 ADRs and holders of SmithKline Beecham ADRs received:

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

GlaxoSmithKline shares commenced trading on the London Stock Exchange and GlaxoSmithKline ADSs commenced trading on the New York Stock Exchange on 27th December 2000.

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.

Glaxo Wellcome	2000 pence	1999 pence
Interim	15	15
Second interim	23	–
Final	–	22
Total dividend per Glaxo Wellcome share	38	37

The equivalent dividend per GlaxoSmithKline share is the same as the dividend per Glaxo Wellcome share.

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.

SmithKline Beecham	2000 pence	1999 pence
First interim	3.0	2.7
Second interim	3.0	2.7
Third interim	3.0	2.7
Fourth interim	4.5	4.05
Total dividend per SmithKline Beecham share	13.5	12.15
Total equivalent dividend per GSK share	29.66	26.69

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 (ADSs)

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.

Year	Glaxo Wellcome \$	SmithKline Beecham \$
2000	1.10	0.99
1999	1.14	0.98
1998	1.19	0.92
1997	1.17	0.85
1996	1.16	0.74

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
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Share price

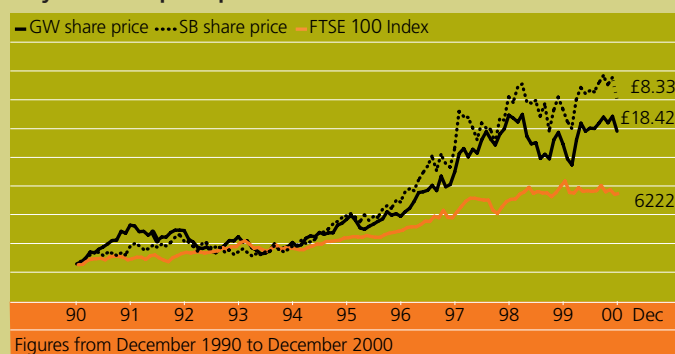
Share price 2000	GSK(£)	GW(£)	SB(£)	FTSE
At 1st January 2000	–	17.50	7.90	6930
High during the year	–	21.10	9.55	6930
Low during the year	–	14.40	6.71	6142
At 26th December 2000	–	18.42	8.33	6098
At 31st December 2000	18.90	–	–	6222
Increase/(decrease) over year		5%	5%	(10%)

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 Depository Shares

The company's shares are listed on the New York Stock Exchange in the form of American Depository Shares (ADSs) and these are evidenced by American Depository 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
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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

Announcement of 1st Quarter Results	24th April 2001
Announcement of 2nd Quarter Results	24th July 2001
Publication of Half-Year Report/Review	August 2001
Announcement of 3rd Quarter Results	23rd October 2001
Preliminary Announcement of Annual Results	14th February 2002
Publication of Annual Report/Review	March 2002

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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