

Connecting...

Contents

Introducing GlaxoSmithKline	1
From the Chairman and the Chief Executive Officer	10
Business operating review	13
Corporate citizenship & community partnerships	15
Product portfolio	16
Corporate executive team	18
Summary financial statements	20
Summary remuneration report	22
Responsibility statements	23
Corporate governance	24
The Board	25
Shareholder return	26
Shareholder information	28
Contact details	29

Connecting our

Front Cover

Hands reaching out to touch each other and connect
– a parallel for our corporate mission

A coloured scanning electron micrograph of two hair strands. Seen up close, every hair has its own unique properties and appearance – just like every person's individual genetic make-up.

science to *you*

GlaxoSmithKline invested £2.6 billion in 2001 in a research organisation dedicated to delivering medicines to meet the needs of individuals throughout the world.

In the field of innovative products, we are aiming to bring patients new medicines to help fight diseases including asthma and chronic obstructive pulmonary disease, diabetes, cancer, Alzheimer's disease, psychiatric illness and HIV/AIDS as well as vaccines to help prevent diseases.

Our research programme is capitalising on the exploration of the human genome to identify new drug targets, the first step towards creating novel medicines. We are working as well to understand the genetic basis for varying individual responses to medicines.

At the other end of a pharmaceutical product's life, we are creating programmes to "switch" products from prescription to over-the-counter, thus boosting the opportunities to extend a product's effectiveness and availability. Our product pipeline is robust, full of

potential and currently contains 56 new chemical entities and 21 new vaccines. We are committed to building the best new product portfolio in the industry by building the greatest possible value into our late-stage pipeline, by delivering our rich, early-stage pipeline and by serving as the partner of choice for other companies who will benefit from our drug development capabilities.

Our research and development programme is reinforcing existing areas of therapeutic leadership as well as allowing the Group to expand further into areas of unmet medical need.

At the same time, our R&D organisation is adding value to important marketed products by developing a range of convenient formulations and by demonstrating the value of these products in additional uses.



Connecting health a world of *choice*

With consumers becoming more and more informed about healthcare and medicines, dialogue and the willingness to listen to each consumer's views are vital. We are committed to giving consumers their own voice, providing them with the means to make choices.

care consumers with and *information*

Technology will never completely replace the traditional channels to health professionals and patients but there is no doubt that today's consumers have access to and also demand far more information about medicines and treatments.

Today's healthcare consumers want to know more about their healthcare concerns and take more control of their therapies. It is our challenge to respond to this growth in demand for knowledge. In the USA, in particular, the decision-taking process regarding an individual's healthcare is moving much closer to the patient.

The growth in information and knowledge is being fuelled by the dramatic rise of the internet and associated technologies and the increase in direct-to-consumer advertising in the USA.

Our Consumer Healthcare division has a wealth of experience in these marketing areas and we are ensuring that the expertise is transferred into the pharmaceutical arena.

We are aiming to build a dialogue with the world's healthcare consumers, creating greater knowledge and awareness of our products and listening to what consumers are saying about us and our products.

Only in this way will we become the most trusted source of information and the leading supplier of medicines.



**Connecting over
together**

This is a network of nerve fibres which rapidly relay signals between the central nervous system and muscles and organs in the body, allowing the body to react quickly to any situation. This is a powerful, interconnected system, just like the GlaxoSmithKline team.

100,000 people into *one team*

GlaxoSmithKline is a globally-aligned organisation which values individual contribution within the context of global teamwork.

Our employees value the opportunity to be working in a fast-moving, ambitious environment where their contributions, both individual and collective, are crucial to our success.

GlaxoSmithKline supports, empowers and values people. Whilst working as part of a team, each individual should view the Group's corporate mission as their personal quest.

This mission is to improve the quality of human life by enabling people to do more, feel better and live longer. At the heart of this is the GSK Spirit,

a new culture we are creating, which will guide employees, keep them focused and will differentiate us from our competitors. We aim to be a global team of creative people, intent on always looking for and delivering new and better ways of doing things.

We will focus on performance but we recognise there is no achievement without integrity.

GlaxoSmithKline's success is driven by over 100,000 individuals dedicated to the mission of improving people's lives.



Connecting with

A detail showing heart pulse rate traces. Communicating with investors, enabling them to see trends and understand our underlying performance and activity, is central to our operations.

our *investors*

The fundamental issues at stake in investment decisions are transparency, trust and performance.

GlaxoSmithKline has delivered and will continue to deliver the performance benefits that we promised would result from the merger of our previous two businesses.

During 2001, we increased our expected annual pre-tax merger savings to be delivered by 2003 from £1.0 billion to £1.2 billion. These, together with savings from the pre-existing manufacturing plans, will result in total annual merger and manufacturing savings of £1.8 billion by 2003.

Strong sales from our key products together with cost savings led to business performance earnings per share growth of 14 per cent at constant exchange rates, which was in line with our forecast. Business performance earnings per share is expected to grow at a mid-teens percentage rate in 2002 and low teens or better in 2003. These forecasts assume GlaxoSmithKline successfully defends its intellectual property rights

to *Augmentin* and *Paxil* in the USA. GlaxoSmithKline has a market value of approximately £105 billion – this represents around nine per cent of the FTSE 100 index.

GlaxoSmithKline has market strength, a track record of providing innovative products to meet patient needs, a strong and still improving new product pipeline and a research and development programme funded by £2.6 billion in 2001.

We are a market leader in four of the five largest therapeutic categories in the industry and our recently launched respiratory product, *Advair*, has become one of the most successful pharmaceutical product launches ever in the USA.

Our focus is on delivering medicines that patients need. By doing this, we also expect to deliver excellent returns for our investors.

Connecting our business to our



Medicines and vaccines of all types have the power to improve the quality of human life by enabling people to do more, feel better and live longer – indeed this is GlaxoSmithKline's mission. But the world has every right to expect more from global businesses – commitment, integrity and transparency are all required from corporations seeking to gain the trust of the world's consumers.

ess *activities* corporate *citizenship*

Our role as a corporate citizen is inseparable from every action we take. So the Spirit of GSK is reflected in our commitment to sustainability in terms of our economic, social and environmental impact.

As a global business, we have to consider carefully our effect on the communities in which we operate. We are also mindful of our impact in areas such as contributions to scientific advancement and as a global employer. Our aim is to be a valued corporate citizen wherever we operate.

A vital part of creating our new company has been to establish the values and operating principles that we follow while working towards our mission. One of our key values is to recognise performance achieved with integrity. We take seriously the impact our business operations can have on the environments in which we work and the social implications of our presence.

For example, as a major pharmaceutical company, we know we can have a positive impact on healthcare through our medicines and vaccines. We also recognise that not everyone has access to the standard of organised healthcare that exists in the developed world. We are therefore committed to doing what we can to make our medicines and vaccines available to everyone who would benefit from them, helping to tackle diseases such as HIV/AIDS, lymphatic filariasis and malaria.

The company has created a Corporate Social Responsibility Committee to advise the Board on social, ethical and environmental issues. In May 2002 we will be publishing a review of issues that are significant for the company as part of our ongoing commitment to corporate citizenship.

From the Chairman and the Chief Executive Officer

10

Richard B Sykes

Sir Richard Sykes
Chairman



JP Garnier
Chief Executive Officer



Our first year as a merged company was completed successfully, connecting over 100,000 employees together in what is now the world's second largest pharmaceutical company, the largest pharmaceutical company in Europe and one of the fastest growing pharmaceutical companies in the key US market.

Successful first year for GlaxoSmithKline

In line with our commitment to shareholders, we are pleased to report that we delivered business performance earnings per share growth for 2001 of 19 per cent, or 14 per cent at constant exchange rates.

Our confidence in the continued performance of our company has led us to expect business performance earnings per share growth in the mid-teens in 2002 and low-teens or better in 2003. This guidance assumes that GlaxoSmithKline successfully defends its intellectual property surrounding *Augmentin* and *Paxil* in the USA.

Our mission is to improve the quality of human life by enabling people to do more, feel better and live longer

Delivering merger benefits

When we announced the merger, we informed shareholders that we expected to create a company with significant financial strength, enhanced marketing power and improved R&D productivity. We have made great progress during 2001 in turning these expectations into reality.

GlaxoSmithKline is in strong financial shape. In 2001, business performance profit before tax was up 12 per cent at constant exchange rates to £6.2 billion while net operating cashflow was £6.5 billion, nearly £1.1 billion more than the previous year. We also achieved merger and manufacturing restructuring savings in excess of £750 million. During the year we increased our estimate of the annual savings from the merger by £200 million and we remain on track to deliver total annual merger and manufacturing restructuring savings of £1.8 billion by 2003.

This financial strength has enabled us to announce in 2001 a £4 billion share buy-back programme which at the year end was half way towards completion. The Group has the financial power to undertake this programme whilst retaining the flexibility to consider other investment opportunities that may arise.

At the same time, the enhanced marketing power made possible through our combined salesforces has given us the size, quality and flexibility to achieve a rapid uptake and acceptance of GlaxoSmithKline's products. For example, *Seretide/Advair*, our newest asthma treatment, has enjoyed

remarkable success around the world. It is now our fourth largest product globally and is number one in Europe, achieving £850 million in worldwide sales in 2001. In the USA, the *Advair* launch was one of the most successful ever in the US pharmaceutical industry.

The merger has helped to position GlaxoSmithKline – with our marketing power and development expertise – as the partner of choice for companies seeking a large pharmaceutical company to maximise the value of their new products. Our active in-licensing programme during 2001 delivered ten new products into clinical development. These agreements include exciting compounds such as vardenafil for erectile dysfunction, which we expect to launch with our partner Bayer in 2002. Further innovative agreements will provide access to the pipelines of two of the largest pharmaceutical companies in Japan, Shionogi and Tanabe.

We have reorganised and rejuvenated the entire R&D organisation, taking advantage of our size while still maintaining flexibility and efficiency through smaller, entrepreneurial Centres of Excellence for Drug Discovery (CEDDs). The current R&D expenditure of £2.6 billion is one of the largest in the industry and the merger will also enable us to save and reinvest a further £250 million in R&D by 2003.

It was disappointing to lose tranilast for the prevention of restenosis, and compound '570' for the treatment of diabetes, from the phase III pipeline in 2001.

We currently have one of the strongest early-stage pipelines in the industry with 118 projects in clinical development, including 56 new chemical entities, 21 new vaccines and 41 line extensions.

Our discovery and development programme, together with our in-licensing activities, has given GlaxoSmithKline a strong start in achieving our ambition to build one of the best pipelines in the industry by 2005.

Block Drug has been successfully integrated into our Consumer Healthcare business which achieved sales of £3.3 billion last year. This acquisition added *Sensodyne*, *Polident* and *Poligrip* to our Oral care business and a number of significant brands to our over-the-counter medicines. As a result of the acquisition, GlaxoSmithKline has become the number two company globally in oral care and further critical mass has been added in the USA, Europe and the Rest of the World.

Positioned for success

As we begin our second year as GlaxoSmithKline, the company is in excellent shape and we are well positioned to realise continued future success. Our strong portfolio is built on six core products of over \$1 billion in global sales: *Seroxat/Paxil* for depression, *Augmentin*, an antibiotic, *Flixotide/Flovent* for asthma, *Seretide/Advair* for asthma, *Imigran/Imitrex* for migraine and *Avandia* for diabetes.

New products represent 22 per cent of total pharmaceutical sales and grew at

A message from Sir Richard Sykes

You will have seen the recent announcement that I have decided to retire from the Board of Directors with effect from this year's Annual General Meeting on 20th May. At that time, Sir Christopher Hogg, currently a Non-Executive Director of GlaxoSmithKline, will become Chairman.

I feel now is the right time to depart having overseen the successful merger of GlaxoSmithKline and as I approach my 60th birthday in August. I wish to devote my time and energy to my role as Rector of Imperial College and leave GlaxoSmithKline in great shape for the future.

I would like to record my thanks to the company's employees for all their dedication and hard work and also to thank shareholders for their support over many years.

A message from JP Garnier

On behalf of the Board I would like to pay tribute to Sir Richard, who has made a tremendous contribution to Glaxo, Glaxo Wellcome and GlaxoSmithKline.

He is a strong and committed ambassador for the pharmaceutical industry and a great champion of the UK science base. I wish him well for the future.

At the same time, we welcome Sir Christopher as our new Chairman and look forward to benefiting from his wide-ranging experience and knowledge.

48 per cent at constant exchange rates to over £3.7 billion in 2001. GlaxoSmithKline is the global leader in three key therapy areas, anti-infectives, respiratory and central nervous system products.

We expect several new product indications will further contribute to future growth. In 2001, we received US approval of *Seroxat/Paxil* indications for generalised anxiety disorder and post-traumatic stress disorder, *Coreg* for severe heart failure, *Augmentin ES* for ear infections in children, and *Twinrix*, the first combination hepatitis A and B vaccine. In January 2002, a US FDA Advisory Committee recommended approval of *Seretide/Advair* for the treatment of chronic obstructive pulmonary disease (COPD) associated with bronchitis.

GlaxoSmithKline is planning to make several key regulatory filings in 2002: compound '908' for HIV, *Ariflo* for COPD, ibandronate for post-menopausal osteoporosis, which will be filed with our development partner Roche, *Lamictal* for bipolar disorder and *Wellbutrin XL* for depression.

GlaxoSmithKline is involved in legal challenges in the USA and Europe regarding infringement of its patents relating to some of its major products. We will continue to defend our intellectual property rights in these and other countries.

Commitment to communities

The Group is delivering on its commitment to support communities globally. During 2001, GlaxoSmithKline continued to play an international leadership role for

increasing access to HIV/AIDS treatments in developing countries. We maintained our commitment to reduce prices to governments through the United Nations AIDS Accelerating Access Initiative which we announced in May 2000. We outlined the full range of our activities to improve the quality of healthcare in developing countries in a publication called 'Facing the Challenge'. This included extending our preferential pricing to more products, countries and customers, including global funds. All our anti-retrovirals and anti-malarials are now offered at fixed, not-for-profit prices to public sector customers and non-profit organisations in the least developed countries and sub-Saharan Africa.

Additionally, because of the gravity of the HIV/AIDS problem in sub-Saharan Africa, we offer these preferential prices for anti-retrovirals to employers who provide HIV/AIDS treatment to their staff through workplace clinics.

We have also reconfirmed our commitment to a global programme to eliminate lymphatic filariasis with what will become the industry's largest donation programme. In addition to drug donation, GlaxoSmithKline provides an extensive programme of support to other partners working to prevent this disfiguring tropical disease.

The company also recognises that, even in the USA, some of the poorest citizens may not be able to afford the medicines they need. GlaxoSmithKline took a leadership position and launched the

Orange Card programme in January 2002 to help people on low incomes who do not have public or private prescription drug coverage.

These programmes reflect our fundamental commitment to improving the quality of life for patients across the globe and connecting with the needs of those communities where our employees live and work.

In May 2002 we will publish a review of GlaxoSmithKline's commitment to society entitled 'Performance with Integrity' which will incorporate information about the most pressing social and environmental issues that are core to our business.

Acknowledgements

We want to thank our Board members and our employees for their support during this first year of our newly merged company. In particular, we would like to thank Sir Peter Walters and Mr John Young, who will retire as Non-Executive Directors of GlaxoSmithKline at the conclusion of the company's Annual General Meeting in May for the invaluable service they have given to the Boards of both SmithKline Beecham and GlaxoSmithKline.

On behalf of the Board and the Corporate Executive Team, we also thank our shareholders for their support of our company. We hope you are as proud of our people and their achievements as we are and that you share our enthusiasm for the tremendous future prospects of GlaxoSmithKline.



Global Manufacturing & Supply

A single global network delivering quality products to markets around the world.



Consumer Healthcare

Focused on becoming the leader in science-based consumer healthcare.

GlaxoSmithKline is in an exceptionally strong position. The results for 2001 clearly demonstrate the breadth and strength of the product portfolio with new products contributing £3.7 billion in sales, 22 per cent of total pharmaceutical sales.

Business *operating* review

Business performance	£m	\$m	CER Growth	£ Growth
Total sales	£20,489	\$29,504	11%	13%
• Pharmaceutical sales	£17,205	\$24,775	9%	12%
• Consumer Healthcare sales	£3,284	\$4,729	22%	24%
Trading profit	£6,053	\$8,716	16%	20%
Earnings	£4,391	\$6,323	14%	19%
Earnings per share/ADS	72.4 pence	\$2.09	14%	19%

Business performance, which is the primary performance measure used by management, is presented after excluding merger items, integration and restructuring costs and the disposal of subsidiaries. Management believes that exclusion of these non-recurring items provides a better comparison of business performance for the periods presented. CER growth represents growth at constant exchange rates. £ growth represents growth at actual exchange rates.

Pharmaceuticals

Total pharmaceutical sales in 2001 increased by nine per cent to £17.2 billion. Excluding products divested in 2000 as part of the regulatory approval for the merger of Glaxo Wellcome and SmithKline Beecham, sales grew 12 per cent.

In central nervous system, the anti-depressant products, *Seroxat/Paxil* and *Wellbutrin* continued to grow strongly, particularly in the USA where sales grew 13 per cent and 37 per cent respectively. During the year *Paxil* was approved by the US Food and Drug Administration (FDA) for the treatment of both generalised anxiety disorder and post-traumatic stress disorder. In the migraine sector sales of *Imigran/Imitrex* continued to grow helped

by the successful launch in Japan of *Imigran Tablets 50*.

In respiratory, *Seretide/Advair* sales exceeded \$1 billion following its successful launch in the USA. The speed at which patients have adopted *Seretide/Advair* in the USA makes it one of the most successful launches ever. In January 2002, an FDA Advisory Committee recommended approval of *Advair* and *Flovent* for the treatment of chronic obstructive pulmonary disease associated with bronchitis.

In the anti-bacterials sector, *Augmentin* continued to be one of the highest selling products in the Group's portfolio achieving 13 per cent growth worldwide.



Research & Development

Committed to creating innovative medicines.



Vaccines

The world leader in the manufacture of vaccines for all the family.

In anti-virals, *Trizivir*, GlaxoSmithKline's new triple combination medicine for HIV/AIDS, was launched in Canada and much of Europe and was a key driver of growth in this area. The Group continues to expand its leadership in HIV/AIDS with a current global market share of 40 per cent.

In metabolic and gastro-intestinal, *Avandia*, a treatment for type 2 diabetes, was the key driver of growth, particularly in the USA where increased acceptance of this revolutionary class of drugs led to growth of 37 per cent.

In vaccines, *Infanrix*, GlaxoSmithKline's combination vaccine for diphtheria, tetanus and pertussis (whooping cough), drove total vaccines sales growth of ten per cent.

In oncology and emesis, *Zofran* continued to drive the sales growth.

In addition, the Group markets products in the cardiovascular and arthritis sectors.

In 2001, sales of new products, those launched in a major market in the last five years, grew at 48 per cent at constant exchange rates to over £3.7 billion, representing 22 per cent of total pharmaceutical sales.

GlaxoSmithKline is the largest pharmaceutical company in Europe and the world's second largest pharmaceutical company with a seven per cent market share.

GlaxoSmithKline has eight products in the world's Top 50 products; *Avandia*, *Augmentin*, *Flixotide*, *Imigran*, *Serevent*, *Seroxat/Paxil*, *Wellbutrin* and *Zofran*.

Consumer Healthcare

The acquisition of Block Drug added a number of significant brands to the Oral care business, principally *Sensodyne*, *Polident* and *Poligrip*. As a result of the integration of Block Drug, GlaxoSmithKline is now the number two company globally in oral care. In Nutritional healthcare, *Lucozade* and *Horlicks* continued to grow strongly. *NiQuitin* Lozenge was launched in France and the UK, the most effective over-the-counter product yet to help smokers quit.

Manufacturing

GlaxoSmithKline operates a global network to manufacture and deliver its products to the point-of-sale. In 2001, GlaxoSmithKline had a large portfolio of products, ranging from tablets and toothpaste to inhalers and complex capsules, in over 36,000 different pack sizes and presentations.

Selling

GlaxoSmithKline's investment in selling continues to grow with particular focus on new product launches. The salesforces have provided the size, quality and flexibility to achieve a quick uptake and acceptance of GlaxoSmithKline's products as evidenced by the remarkable launch of *Seretide/Advair* around the world.

Research and Development

In 2001, GlaxoSmithKline invested £2.6 billion in research and development. Costs will continue to increase as merger savings of £250 million are reinvested in this area. The company has 161 projects in development of which 118 are in clinical development including 56 new chemical entities, 21 new vaccines and 41 line extensions.

Earnings per share

Growth in business performance trading profit continues to exceed the growth in sales reflecting improved trading margins generated through cost savings arising from the merger integration. After other items, interest and tax, business performance earnings and earnings per share both increased by 14 per cent at constant exchange rates. GlaxoSmithKline expects business performance to deliver earnings per share growth in the mid-teens in 2002 and low-teens or better in 2003.

This guidance assumes that GlaxoSmithKline successfully defends its intellectual property surrounding *Augmentin* and *Paxil* in the USA. GlaxoSmithKline is engaged in legal proceedings regarding validity and infringement of the Group's patents relating to *Augmentin* and *Paxil/Seroxat*.



GlaxoSmithKline is a key member of the Global Alliance to eliminate lymphatic filariasis.

GlaxoSmithKline's corporate citizenship activities represent a commitment that will continue to recognise the challenges of leadership and the strength of partnership.

Citizenship & community partnerships

By creating a blend of traditional philanthropy and new partnerships, the company is working harder and more creatively than ever to enable people to do more, feel better and live longer.

HIV and AIDS

GlaxoSmithKline is working with United Nations agencies and other pharmaceutical companies to accelerate access to HIV/AIDS treatment and care in developing countries. We are a leader in developing preferential pricing programmes for use in international partnership initiatives with governments, 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, not-for-profit organisations and international agencies for public health programmes.

In 2001, we supplied 1.5 billion vaccine doses to 177 countries across the world, helping to protect against diseases such as polio and measles and preventing the death and disablement of millions of children.

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 provided approximately 45 million preventative treatments of albendazole to 30 countries and also gave about \$1million in support grants to partners in the LF Global Alliance.

Malaria

The company is working to develop a new malaria community partnership programme.

Community programmes and corporate donations

In 2001, GlaxoSmithKline's worldwide community investment and charitable donations totalled £72 million. Our global programme of community investment helps improve social environments by working with not-for-profit organisations whose skills and resources complement the contributions of the company.

We have a special commitment as one of the largest companies in the UK and we continue to support science education and medical research, healthcare charities, the environment and the arts through our corporate donations programme.

Product *portfolio*



Combivir
£606m/\$872m
Anti-virals
A combination of *Retrovir* and *Epidur* which reduces the "pill burden" faced by HIV patients with multiple anti-HIV regimens.



Zofran
£601m/\$865m
Oncology & Emesis
Used to prevent nausea and vomiting associated with chemotherapy and radiation for cancer.



Zantac
£505m/\$727m
Metabolic & Gastro-Intestinal
For the treatment of peptic ulcer disease and a range of gastric acid related disorders.



Flixonase/Flonase
£504m/\$726m
Respiratory
An intra-nasal preparation for the treatment of perennial and seasonal rhinitis.



Seroxat/Paxil
£1.86bn/\$2.67bn
Central Nervous System (CNS)
A selective serotonin re-uptake inhibitor for the treatment of depression and anxiety disorders.



Augmentin
£1.42bn/\$2.05bn
Anti-bacterials
An antibiotic for the treatment of most common respiratory tract infections.



Hepatitis Vaccines
£445m/\$641m
Vaccines
A range of vaccines protecting against hepatitis A (*Havrix*) and hepatitis B (*Engerix-B*). The first combined hepatitis A and B vaccine (*Twinnix*) protects against both diseases in one course of injections.



Zinnat/Ceftin
£409m/\$589m
Anti-Bacterials
An oral antibiotic used primarily for community-acquired infections of the lower respiratory tract.



Infanrix
£238m/\$343m
Vaccines
A range of vaccines for diphtheria, tetanus and whooping cough.



Fortum/Fortaz
£209m/\$300m
Anti-bacterials
A third generation cephalosporin with a broad spectrum of antibiotic activity. Used in the hospital-based injectable antibiotics market.



Ziagen
£167m/\$240m
Anti-virals
An oral reverse transcriptase inhibitor for the treatment of HIV.



Trizivir
£167m/\$241m
Anti-virals
A combination of three reverse transcriptase inhibitors in one tablet.



Becotide/Beclovent
£161m/\$232m
Respiratory
An inhaled steroid for the treatment of inflammation associated with bronchial asthma and chronic bronchitis.



Relifex/Relafen
£156m/\$225m
Arthritis
A non-steroidal anti-inflammatory treatment for arthritis.



Aquafresh
£401m/\$578m
Consumer Healthcare
One of the fastest growing oral healthcare brands of toothpaste.



Lucozade
£188m/\$271m
Consumer Healthcare
The glucose energy drink that provides nutrients to complement a healthy lifestyle.



Nicorette
£187m/\$269m
Consumer Healthcare
A smoking control gum.



Ribena
£182m/\$262m
Consumer Healthcare
A range of juice drinks rich in vitamin C.



Horlicks
£174m/\$251m
Consumer Healthcare
A nutritional drink, rich in vitamins and nutrients.



Sensodyne
£173m/\$249m
Consumer Healthcare
A toothpaste that addresses dental sensitivity and pain.

Six of our core products, *Seroxat/Paxil* for depression, *Flixotide/Flovent* for asthma, *Avandia* for diabetes, *Seretide/Advair* for asthma, *Imigran/Imitrex* for migraine and the antibiotic *Augmentin*, exceeded sales of \$1 billion each.

Our new products grew at 48 per cent to £3.7 billion.

GlaxoSmithKline is the global leader in three key therapy areas, anti-infectives, respiratory and central nervous system.



Flixotide/Flovent
£915m/\$1.32bn
Respiratory
An inhaled steroid for the treatment of inflammation associated with respiratory diseases.



Seretide/Advair
£850m/\$1.22bn
Respiratory
A combination of *Serevent* and *Flixotide* that offers a long-acting bronchodilator and an anti-inflammatory in a single inhaler.



Imigran/Imitrex
£758m/\$1.09bn
CNS
A 5HT¹ receptor agonist for the treatment of severe or frequent migraine and cluster headache.



Avandia
£707m/\$1.02bn
Metabolic & Gastro-Intestinal
A member of a new class of medicines for the treatment of type 2 diabetes.



Wellbutrin
£647m/\$932m
CNS
An anti-depressant available in the USA in normal tablet or sustained release tablet formulations.



Lamictal
£355m/\$511m
CNS
A treatment for epilepsy that can be used alone or in combination with other products.



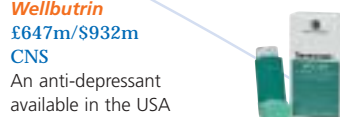
Valtrex
£350m/\$503m
Anti-virals
A treatment for shingles and the episodic and long-term suppression of genital herpes.



Ventolin
£306m/\$441m
Respiratory
A selective, short-acting bronchodilator for the treatment of asthma.



Epiriv
£302m/\$434m
Anti-virals
Also known as 3TC, *Epiriv* is a reverse transcriptase inhibitor active against HIV.



Serevent
£645m/\$929m
Respiratory
A long-acting bronchodilator for the treatment of respiratory diseases.



Amoxil
£149m/\$215m
Anti-bacterials
A broad-spectrum semi-synthetic penicillin.



Zyban
£129m/\$186m
CNS
A novel, nicotine-free prescription medicine available as a sustained-release tablet for smoking addiction.



Zeffix
£103m/\$148m
Anti-virals
An oral anti-viral treatment for chronic hepatitis B.



Zovirax
£296m/\$427m
Anti-virals
Used for the treatment of herpes infections such as chickenpox, genital herpes, shingles and cold sores.



Coreg
£251m/\$361m
Cardiovascular
A treatment for patients with congestive heart failure.



Naramig/Amerge
£91m/\$131m
CNS
A long-acting 5HT¹ receptor agonist for the treatment of migraine.



Hycamtin
£90m/\$130m
Oncology & Emesis
For the second line treatment of ovarian cancer and small cell lung cancer.



Panadol
£171m/\$246m
Consumer Healthcare
An analgesic to combat fever and pain.



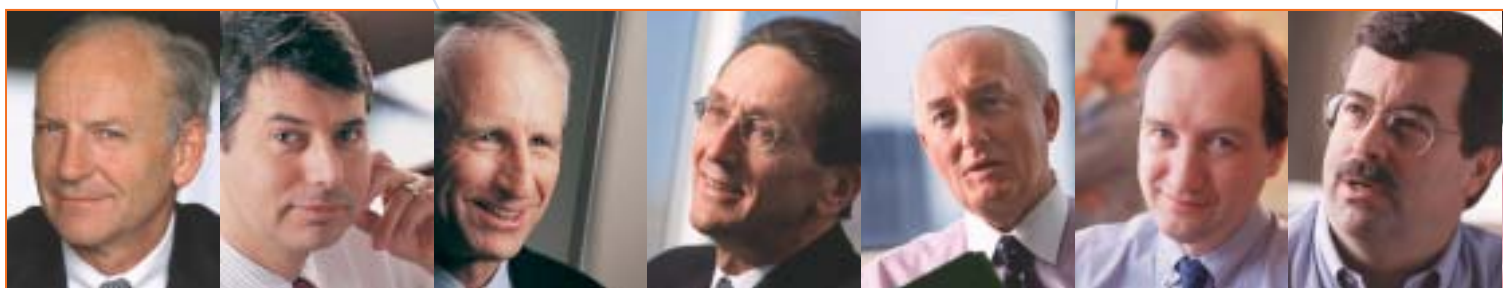
NicoDerm CQ/NiQuitin CQ/Nicabate
£150m/\$216m
Consumer Healthcare
A smoking control patch.



Tums
£135m/\$194m
Consumer Healthcare
A calcium-rich antacid.



Odol
£110m/\$159m
Consumer Healthcare
A line of oral care products sold in Germany.



1

2

3

4

5

6

7

Corporate *executive* team

1 JP Garnier

Chief Executive Officer

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

2 Rupert Bondy

Senior Vice President & General Counsel

Rupert joined SmithKline Beecham in 1995 as Senior Counsel for Corporate and in 1998 was appointed head of the Corporate Legal and Secretarial group. Before joining SmithKline Beecham, he was a lawyer in private practice. Rupert is responsible for legal matters across GlaxoSmithKline.

3 Ford Calhoun

Senior Vice President
Information Technology

Ford joined SmithKline & French in 1984 from the faculty of Mount Sinai School of Medicine. He has doctoral training in Microbial Genetics and post-doctoral training in Biomathematics and Computer Science. Notable accomplishments at SmithKline Beecham were in bioinformatics, drug development processes, collaborative computing, healthcare information products and internet products and services.

4 John Coombe

Chief Financial Officer

Joining Glaxo in 1986 as Group Financial Controller, John was appointed to the Board in 1992 as Executive Director responsible for Finance. Investor Relations was later added to his responsibilities. He was Group Finance Director for Glaxo Wellcome plc.

5 Bob Ingram

Chief Operating Officer
& President Pharmaceutical Operations

Bob was Chief Executive of Glaxo Wellcome plc and Chairman of Glaxo Wellcome Inc, the US subsidiary. He joined Glaxo Inc in 1990 from Merck and was appointed to the Board of Glaxo Wellcome in 1995. He became Chief Executive of Glaxo Wellcome in 1997.



8

9

10

11

12

13

14

6 James Palmer

Senior Vice President
New Product Development
Pharmaceuticals R&D

James is responsible for GlaxoSmithKline's New Product Development including worldwide responsibility for Medical, Regulatory and Product Strategy. He held a similar position in Glaxo Wellcome and was a member of the Glaxo Wellcome Executive Committee. A physician by training, he joined Glaxo in 1985.

7 Dan Phelan

Senior Vice President
Human Resources

Dan joined SmithKline Beecham in 1981 as Manager of Labour Relations and in 1989 became Vice President and Director, Personnel – US, Pharmaceuticals. In 1994, he was appointed Senior Vice President and Director, Human Resources.

8 Howard Pien

President
Pharmaceuticals International

Having worked at Abbott Laboratories and Merck, Howard joined SmithKline Beecham in 1991, held commercial positions in the USA, UK and Asia, and in 1998 he became President, Pharmaceuticals, with responsibility for the commercial operations of the worldwide pharmaceuticals and vaccines business.

9 David Stout

President
US Pharmaceuticals

David became President, Pharmaceuticals, North America, at SmithKline Beecham in 1998, having joined in 1996 as Senior Vice President and Director, Sales and Marketing – USA. Before that he was President of Schering Laboratories with responsibilities that included US pharmaceutical operations and worldwide manufacturing.

10 Tim Tyson

President
Global Manufacturing & Supply

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

11 Chris Viehbacher

President
Pharmaceuticals Europe

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

12 Tachi Yamada

Chairman
Research & Development

At SmithKline Beecham, Tachi was appointed Chairman, Research and Development, Pharmaceuticals, in 1999. Previously he was President, SmithKline Beecham Healthcare Services. He joined SmithKline Beecham as a Non-Executive member of the Board of Directors in 1994.

13 Jennie Younger

Senior Vice President
Corporate Communications
& Community Partnerships

Jennie was appointed to her current post in December 2001. She joined Glaxo Wellcome in 1996 as Director of Investor Relations after three years at British Gas as Head of Investor Relations. Before that Jennie was a financial analyst with Kleinwort Benson and Barclays de Zoete Wedd.

14 Jack Ziegler

President
Consumer Healthcare

Jack was appointed President of Consumer Healthcare, SmithKline Beecham, in 1998. 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 2001

20

	Business performance			Merger, restructuring and disposal of subsidiaries		Total	
	2001 £m	2000 £m	CER %	2001 £m	2000 £m	2001 £m	2000 £m
Summary consolidated profit and loss account							
Sales							
• Pharmaceuticals	17,205	15,429	9	–	–	17,205	15,429
• Consumer Healthcare	3,284	2,650	22	–	–	3,284	2,650
Total sales	20,489	18,079	11	–	–	20,489	18,079
Manufacturing, selling and administration	(11,881)	(10,543)	(11)	(1,260)	(555)	(13,141)	(11,098)
Research and development	(2,555)	(2,510)	1	(96)	(16)	(2,651)	(2,526)
Trading profit	6,053	5,026	16	(1,356)	(571)	4,697	4,455
Other operating income	37	274		–	–	37	274
Income from associates	167	209		–	(8)	167	201
Business disposals and other divestments	–	–		(296)	1,402	(296)	1,402
Merger transaction costs	–	–		–	(121)	–	(121)
Net interest payable	(88)	(182)		–	–	(88)	(182)
Profit before taxation	6,169	5,327	12	(1,652)	702	4,517	6,029
Taxation	(1,647)	(1,454)		320	(245)	(1,327)	(1,699)
Profit after taxation	4,522	3,873		(1,332)	457	3,190	4,330
Minority interests and preference share dividends	(131)	(176)		–	–	(131)	(176)
Earnings	4,391	3,697	14	(1,332)	457	3,059	4,154
Earnings per share	72.4p	61.0p	14			50.4p	68.5p
Dividends						2,356	2,097

To illustrate "Business performance", which is the primary measure used by management, merger items, integration and restructuring costs and disposal of subsidiaries have been excluded and an adjusted EPS presented. Business performance growth is at constant exchange rates.

The profit and loss account for 2001 includes turnover of £594 million and operating profit of £131 million in respect of Block Drug Inc.

	2001 £m	2000 £m
Summary consolidated balance sheet		
Fixed assets	11,920	10,322
Current assets	9,997	11,268
Creditors: amounts due within one year	(9,430)	(9,084)
Net current assets	567	2,184
Total assets less current liabilities	12,487	12,506
Creditors: amounts due after one year	(2,298)	(1,894)
Provision for liabilities and charges	(1,810)	(1,657)
Net assets	8,379	8,955
Equity shareholders' funds	7,517	7,711
Minority interests	862	1,244
Capital employed	8,379	8,955
Summary consolidated cash flow statement		
Net cash inflow from operating activities	6,507	5,441
Dividends from joint ventures and associated undertakings	–	1
Returns on investments and servicing of finance	(191)	(322)
Taxation paid	(1,717)	(1,240)
Capital expenditure and financial investment	(1,779)	(327)
Acquisitions and disposals	(657)	66
Equity dividends paid	(2,325)	(2,028)
Management of liquid resources and financing	(450)	(769)
(Decrease)/increase in cash in the year	(612)	822

Summary financial statements in US Dollars

For the year to 31st December 2001

21

Summary consolidated profit and loss account	Business performance			Merger, restructuring and disposal of subsidiaries		Total	
	2001 \$m	2000 \$m	CER %	2001 \$m	2000 \$m	2001 \$m	2000 \$m
Sales							
• Pharmaceuticals	24,775	23,452	9	–	–	24,775	23,452
• Consumer Healthcare	4,729	4,028	22	–	–	4,729	4,028
Total sales	29,504	27,480	11	–	–	29,504	27,480
Manufacturing, selling and administration	(17,109)	(16,025)	(11)	(1,815)	(844)	(18,924)	(16,869)
Research and development	(3,679)	(3,815)	1	(138)	(24)	(3,817)	(3,839)
Trading profit	8,716	7,640	16	(1,953)	(868)	6,763	6,772
Other operating income	54	416		–	–	54	416
Income from associates	240	318		–	(12)	240	306
Business disposals and other divestments	–	–		(426)	2,131	(426)	2,131
Merger transaction costs	–	–		–	(184)	–	(184)
Net interest payable	(127)	(277)		–	–	(127)	(277)
Profit before taxation	8,883	8,097	12	(2,379)	1,067	6,504	9,164
Taxation	(2,371)	(2,210)		461	(372)	(1,910)	(2,582)
Profit after taxation	6,512	5,887		(1,918)	695	4,594	6,582
Minority interests and preference share dividends	(189)	(268)		–	–	(189)	(268)
Earnings	6,323	5,619	14	(1,918)	695	4,405	6,314
Earnings per ADS	\$2.09	\$1.85	14			\$1.45	\$2.08
Dividends						3,393	3,187

To illustrate "Business performance", which is the primary measure used by management, merger items, integration and restructuring costs and disposal of subsidiaries have been excluded and an adjusted EPS presented. Business performance growth is at constant exchange rates.

The profit and loss account for 2001 includes turnover of \$855 million and trading profit of \$189 million in respect of Block Drug Inc.

Summary consolidated balance sheet	2001 \$m	2000 \$m
Fixed assets	17,284	15,380
Current assets	14,496	16,790
Creditors: amounts due within one year	(13,674)	(13,536)
Net current assets	822	3,254
Total assets less current liabilities	18,106	18,634
Creditors: amounts due after one year	(3,332)	(2,822)
Provision for liabilities and charges	(2,624)	(2,469)
Net assets	12,150	13,343
Equity shareholders' funds	10,900	11,489
Minority interests	1,250	1,854
Capital employed	12,150	13,343

Summary consolidated cashflow statement	2001 \$m	2000 \$m
Net cash inflow from operating activities	9,370	8,271
Dividends from joint ventures and associated undertakings	–	2
Returns on investments and servicing of finance	(275)	(490)
Taxation paid	(2,472)	(1,885)
Capital expenditure and financial investment	(2,562)	(497)
Acquisitions and disposals	(946)	100
Equity dividends paid	(3,348)	(3,083)
Management of liquid resources and financing	(648)	(1,169)
(Decrease)/increase in cash in the year	(881)	1,249

The financial statements above have been provided in US\$ for the convenience of US shareholders. The profit and loss account and cash flow statement have been translated at average exchange rates (£1/US\$1.44) and the balance sheet at year end exchange rates (£1/US\$1.45).

Summary information under US GAAP

For the year to 31st December 2001

22

	2001 £m	2000 £m
Reduction in earnings/net income under US GAAP	(3,202)	(9,382)
Increase in shareholders' funds/equity under US GAAP	32,590	37,284
Net loss	(143)	(5,228)
Net loss per Ordinary Share	(2.4p)	(145.6p)
Shareholders' equity	40,107	44,995

Summary remuneration report

For the year to 31st December 2001

Directors of GlaxoSmithKline				2001	2000
	Fees and salary £000	Other emoluments and benefits £000	Annual and deferred bonus £000	Total annual compensation £000	Total annual compensation £000
Dr J P Garnier	991	101	2,417	3,509	2,082
Mr J D Coombe	475	3	848	1,326	791
Executive Directors	1,466	104	3,265	4,835	2,873
Sir Richard Sykes	411	3	–	414	1,745
Sir Roger Hurn	135	–	–	135	60
Sir Peter Walters	135	1	–	136	609
Mr P A Allaire	68	–	–	68	63
Dr M Barzach	63	39	–	102	72
Mr D C Bonham	29	–	–	29	35
Sir Christopher Hogg	63	–	–	63	65
Sir Peter Job	63	–	–	63	35
Mr J H McArthur	68	5	–	73	48
Mr D F McHenry	68	–	–	68	60
Sir Ian Prosser	63	–	–	63	53
Dr R Schmitz	70	–	–	70	35
Dr L Shapiro	68	–	–	68	63
Mr J A Young	80	–	–	80	66
Non-Executive Directors	1,384	48	–	1,432	3,009
Total compensation	2,850	152	3,265	6,267	5,882

Special deferred bonuses were awarded to members of the Corporate Executive Team (CET) in recognition of their extraordinary effort in successfully integrating the two legacy companies, while at the same time delivering improved business performance. The amount awarded is equivalent to the salary on 31st December 2001 of each CET member. The bonuses payable are indexed to movements in GlaxoSmithKline's share price and payment is deferred until 2005. As members of the CET, both Dr J P Garnier and Mr J D Coombe were awarded such bonuses. The amounts awarded are included in the table above.

In addition to the bonuses shown above Mr Coombe received £142,500 and Sir Richard Sykes £314,700, awarded in respect of the second half of 2000 but not paid until 2001.

In addition to annual compensation, GlaxoSmithKline operates 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. Realised gains in 2001 on exercise of options were: share option schemes £2,408,992 (2000 - £936,315); annual incentive plan £nil (2000 - £198,546); long-term incentive plan £3,307,203 (2000 - £1,652,953); stock appreciation rights £nil (2000 - £18,517).

During the year the following pension benefits accrued under the defined benefit schemes operated by the Group: Dr J P Garnier £78,472; Mr J D Coombe £8,170; Sir Richard Sykes £21,812. In addition, Dr J P Garnier is also a member of a money purchase scheme into which contributions of £4,722 were paid.

Mr Bonham resigned as a Non-Executive Director of GlaxoSmithKline on 21st May 2001.

The following statutory disclosure is in respect of Directors' remuneration attributable to Directors of GlaxoSmithKline plc in 2000. 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 2001 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 2001 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 were prepared as a merger of Glaxo Wellcome plc and SmithKline Beecham plc. The comparative figures for the year to 31st December 2000 therefore include the results of Glaxo Wellcome plc and SmithKline Beecham plc.

A columnar presentation has been adopted in the Summary consolidated profit and loss account in order to illustrate business performance which is the primary measure used by management. For this purpose certain items are identified separately and are excluded from business performance. These comprise merger items, including merger related product divestments, costs relating to previously announced manufacturing and other restructurings, and disposal of subsidiaries. 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 were prepared as an acquisition of SmithKline Beecham plc by Glaxo Wellcome plc at 27th December 2000. Accordingly, the results of SmithKline Beecham for all periods prior to that date are not consolidated.

Summary remuneration report

The Directors of GlaxoSmithKline plc received remuneration in 2001 in accordance with the remuneration policies. The Summary remuneration report sets out the annual compensation and annual pension entitlement earned in 2001, 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 2001, filed with the US Securities and Exchange Commission.

Statement by the Directors

23

The Annual Review 2001 is the summary Directors' Report and includes the Summary financial statements of GlaxoSmithKline plc for the year ended 31st December 2001. 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 Listing Rules of the Financial Services Authority for the guidance of listed companies. The Board considers that throughout 2001 and up to the date of approval of this review, 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, and the guidance on internal control issued by the Turnbull Committee.

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
12th March 2002

Independent auditors' statement to the members of GlaxoSmithKline plc

We have examined the Summary financial statements which comprises the Summary consolidated profit and loss account, balance sheet and cash flow statement and the summarised Directors' report including the summarised remuneration report.

Respective responsibilities of Directors and auditors

The Directors are responsible for preparing the Annual Review in accordance with applicable law. Our responsibility is to report to you our opinion on the consistency of the Summary financial statements within the Annual Review with the Annual financial statements and Directors' report and their compliance with the relevant requirements of section 251 of the United Kingdom Companies Act 1985 and the regulations made thereunder. We also read the other information contained in the Annual Review and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Summary financial statements.

Basis of opinion

We conducted our work in accordance with Bulletin 1999/6, "The auditors' statement on the Summary financial statement" issued by the Auditing Practices Board for use in the United Kingdom.

Opinion

In our opinion the Summary financial statements are consistent with the Annual financial statements and the Directors' report of GlaxoSmithKline plc for the year ended 31st December 2001 and comply with the applicable requirements of Section 251 of the Companies Act 1985, and the regulations made thereunder.

PricewaterhouseCoopers

Chartered Accountants and Registered Auditors
Southwark Towers, London, England. 12th March 2002

24 Governance and policy

The Board and Executive

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

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 Officer.

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

Sir Richard Sykes was employed by GlaxoSmithKline Services plc (formerly Glaxo Wellcome plc) as Executive Chairman until completion of the merger. All of the other Non-Executive Directors are considered by the Board 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.

Board process

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, except the Remuneration & Nominations Committee, 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 and internal 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 General Counsel, the heads of internal audit and corporate compliance with 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 committee consists of the Chief Executive Officer, the Chief Financial Officer and four Non-Executive Directors. It meets four times a year and additional meetings may be held at any time.

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. It meets four times a year and otherwise as necessary. The Chief Executive Officer attends meetings except when his own remuneration is being considered.

The Corporate Social Responsibility Committee consists entirely of Non-Executive Directors and provides a Board level forum for the regular review of external issues that have the potential for serious impact upon the Group's business and reputation. It meets twice a year and otherwise as necessary.

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 which meets 11 times a year. The members of the Corporate Executive Team and their responsibilities are given on pages 18 and 19.

Remuneration of Directors

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

Share buy-back programme

In October 2001, the company announced plans to invest up to £4 billion buying its shares in the market. The programme covers purchases by the company's employee trusts relating to share option grants and other share based incentives. It also covers purchases by the company of shares for cancellation, in accordance with the authority given by shareholders at the company's Annual General Meeting in 2001. In total, £2 billion was spent in 2001.

The company was authorised to purchase a maximum of 623 million shares and 70.6 million shares were purchased for cancellation during 2001. The exact amount and timing of future purchases will be determined by the company and is dependent on market conditions and other factors.

Sir Richard Sykes^{cg} (Aged 59)

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 the 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 63)

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 Prudential plc and a Non-Executive Director of Cazenove Group plc. He is also Chairman of the Court of Governors of Henley Management Centre.

Sir Peter Walters^{bd} (Aged 71)

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. He is also Chairman of the Institute of Economic Affairs.

Dr Jean-Pierre Garnier^d (Aged 54)

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 the Code Committee of the UK Takeover Panel.

Paul Allaire^f (Aged 63)

Non-Executive Director. Mr Allaire was formerly a Non-Executive Director of SmithKline Beecham plc. He is a Non-Executive Director of Lucent Technologies Inc., Sara Lee Corporation and priceline.com Inc. He is Chairman of The Ford Foundation and was Chairman of Xerox Corporation. Mr Allaire will succeed Mr Young as Chairman of the Remunerations & Nominations Committee.

Dr Michèle Barzach^{fh} (Aged 58)

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.

Sir Christopher Hogg^{bd} (Aged 65)

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, until 31st March 2002, Allied Domecq PLC and a Non-Executive Director of Air Liquide S.A. and Chairman of The Royal National Theatre Board.

Sir Peter Job^b (Aged 60)

Non-Executive Director. Sir Peter was formerly a Non-Executive Director of Glaxo Wellcome plc. He is the former Chief Executive of Reuters Group PLC and is a Non-Executive Director of Schroders plc, Shell Transport and Trading Company plc, TIBCO Software Inc and Instinet Group LLC.

John McArthur^f (Aged 67)

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^{fh} (Aged 65)

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 58)

Non-Executive Director. Sir Ian was formerly a Non-Executive Director of SmithKline Beecham plc. He is Chairman of Six Continents PLC and Non-Executive Deputy Chairman of BP plc. He is also Chairman of the Executive Committee of the World Travel & Tourism Council and a member of the CBI President's Committee.

Dr Ronaldo Schmitz^a (Aged 63)

Non-Executive Director and Chairman of the Audit Committee. 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^h (Aged 61)

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 69)

Non-Executive Director and Chairman of the Remuneration & Nominations Committee. Mr Young was formerly Non-Executive Vice Chairman of SmithKline Beecham plc. His other Non-Executive appointments include directorships of ChevronTexaco Corp., Lucent Technologies Inc., Affymetrix Inc., Perlegen Sciences Inc., Ciphergen Biosystems, Fluidigm, Grassroots Enterprise and Agere Systems.

Sir Richard Sykes, Sir Peter Walters and Mr Young will be retiring from the Board at the Annual General Meeting in May 2002.

Membership of Board committees is indicated by the following symbols:

	Chairman	Member
Audit	a	b
Finance	c	d
Remuneration & Nominations	e	f
Corporate Social Responsibility	g	h

26 Merger of Glaxo Wellcome and SmithKline Beecham

The Boards of Glaxo Wellcome and SmithKline Beecham 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 – GlaxoSmithKline

GlaxoSmithKline pays dividends quarterly. At present it is expected that there will be a level dividend for each of the first three quarters, with a higher dividend in the fourth quarter. Each quarter's dividend is announced at the time of the quarterly Results Announcement.

GlaxoSmithKline's dividend payout policy was set out in the documents for the Glaxo Wellcome/SmithKline Beecham merger issued to shareholders during 2000. Assuming earnings continue to grow, GlaxoSmithKline will at least maintain an annual dividend of 38 pence per share, in line with Glaxo Wellcome's 2000 dividend of 38 pence per Glaxo Wellcome share, whilst building towards higher dividend cover (the ratio between distributable profits and dividends).

The Board has declared dividends for 2001 as follows:

Dividends per share	2001 pence	2000	
		GW pence	SB pence
First interim	9	–	6.59
Second interim	9	15	6.59
Third interim	9	–	6.59
Fourth interim	12	23	9.89
Total	39	38	29.66

The dividends paid in 2000 represent dividends paid to Glaxo Wellcome and SmithKline Beecham shareholders expressed as dividends per GlaxoSmithKline Share.

Dividends 2000

In respect of the financial year ended on 31st December 2000:

Glaxo Wellcome paid an interim dividend of 15p per ordinary share and a second interim dividend of 23p per ordinary share. The total dividend per Glaxo Wellcome share for the year was 38p. The total equivalent dividend per GlaxoSmithKline ordinary share was 38p.

SmithKline Beecham paid a first, second and third interim dividend of 3p per ordinary share and a fourth interim dividend of 4.5p per ordinary share. The total dividend per share for the year was 13.5p. The total equivalent dividend per GlaxoSmithKline ordinary share was 29.66p.

Dividends (ADSs)

As a guide to holders of ADRs, the tables below set 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	GSK(\$)	GW(\$)	SB(\$)
2001	1.11	–	–
2000	–	1.10	0.87
1999	–	1.14	0.86
1998	–	1.19	0.81
1997	–	1.17	0.75

Dividends paid to Glaxo Wellcome and SmithKline Beecham ADR holders are expressed as dividends per GlaxoSmithKline ADS.

Dividend Calendar

First quarter 2002

Results Announcement	24th April 2002
Ex-dividend date	1st May 2002
Record date	3rd May 2002
Payable	4th July 2002

Second quarter 2002

Results Announcement	24th July 2002
Ex-dividend date	31st July 2002
Record date	2nd August 2002
Payable	3rd October 2002

Third quarter 2002

Results Announcement	23rd October 2002
Ex-dividend date	30th October 2002
Record date	1st November 2002
Payable	3rd January 2003

Share price

Share price	2001		2000	
	GSK(£)	GSK(£)	GW(£)	SB(£)
At 1st January	18.90	–	17.50	7.90
High during the year	20.32	–	21.10	9.55
Low during the year	16.26	–	14.40	6.71
At 26th December	–	–	18.42	8.33
At 31st December	17.23	18.90	–	–
Increase/(decrease) over year	(9%)		5%	5%

The table sets out the middle market quotations for shares on the London Stock Exchange, as derived from its Daily Official List.

The company's share price declined by nine per cent in 2001 from a price of £18.90 at 1st January 2001 to £17.23 at 31st December 2001. This decline compares to a decrease in the FTSE 100 index of 16 per cent during the year. The relative outperformance of GlaxoSmithKline in 2001 was due to investor preference for the defensive growth characteristics of the pharmaceutical sector during an uncertain economic period, together with GlaxoSmithKline's strong business performance during the year.

Market capitalisation

The market capitalisation of GlaxoSmithKline at 31st December 2001 was £106 billion. At that date GlaxoSmithKline was the third largest company by market capitalisation on the FTSE index.

SmithKline Beecham plc Floating Rate Unsecured Loan Stock 1990/2010

The loan stock is not listed on any exchange but holders may require SmithKline Beecham plc to redeem their loan stock 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.

Shareholder information

28 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.
- **Shareview service**
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 offers 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 web site 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 (ADSs) 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 services:

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

Annual General Meeting 2002

The Queen Elizabeth II Conference Centre, 20th May 2002
Broad Sanctuary, Westminster,
London SW1P 3EE

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 2002

Announcement of 1st Quarter Results	24th April 2002
Announcement of 2nd Quarter Results	24th July 2002
Publication of Half-Year Report/Review	August 2002
Announcement of 3rd Quarter Results	23rd October 2002
Preliminary Announcement of Annual Results	February 2003
Publication of Annual Report/Review	March 2003

Results announcements

The Results announcements are issued to the London Stock Exchange (LSE), and made available on the LSE news service, and at the same time, or shortly afterwards, are issued to the media, are made available on the company's web site and are filed in the USA with the Securities and 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 sent to shareholders on the date of publication and are available from the same date on the company's web site. Shareholders are provided with the Review and may also elect to receive the Report.

Copies of previous, financial reports are available on the company's web site. Printed copies can be obtained from the company's registrar in the UK and from the company's Customer Response Center in the USA.

Publications

For the first time, GlaxoSmithKline is producing a social and environmental review entitled 'Performance with Integrity' which will incorporate information about core issues such as medicines for the developing world, community involvement and environmental health and safety. The publication will be available from the Secretariat at the company's head office and on the company web site at www.gsk.com in May. Information made available on the web site does not constitute part of this document.

Contact details

Internet

Information for investors and about the company is available on GlaxoSmithKline's corporate web site:

Visit 'Corporate Home' at www.gsk.com

Head Office and Registered Office

GlaxoSmithKline plc
980 Great West Road
Brentford
Middlesex TW8 9GS
Tel: +44 (0)20 8047 5000

United Kingdom

Investor Relations – Europe

GlaxoSmithKline plc
980 Great West Road
Brentford
Middlesex TW8 9GS
Tel: +44 (0)20 8047 5557 / 5558
Fax: +44 (0)20 8047 7807

Registrar

Lloyds TSB Registrars
The Causeway
Worthing
West Sussex BN99 6DA

General enquiries, Annual Report orderline and Corporate Nominee service

Tel: 0870 600 3991 inside the UK
Tel: +44 (0)121 433 8000 outside the UK

Shareholder Investment Plans

Dividend Re-investment queries
Tel: 0870 241 3018 inside the UK
Tel: +44 (0)1903 854 295 outside the UK

Monthly Savings Plan queries

Tel: 0870 606 0268 inside the UK
Tel: +44 (0)131 527 3555 outside the UK

ISA enquiries

Tel: 0870 242 4244 inside the UK
Tel: +44 (0)1903 604 594 outside the UK

Glaxo Wellcome and SmithKline Beecham corporate PEPs

The Share Centre Limited
Oxford House
Oxford Road
Aylesbury
Bucks HP21 8SZ
Tel: +44 (0)1296 414 144

Corporate share dealing facility

NatWest Stockbrokers
Corporate & Employee Service
55 Mansell Street
London E1 8AN
Tel: 0870 600 3080 inside the UK
Tel: +44 (0)20 7895 5923 outside the UK

United States of America

Investor Relations

One Franklin Plaza
PO Box 7929
Philadelphia
Tel: 1 215 751 7003
Fax: 1 215 751 3233

ADR programme administrator

The Bank of New York
Shareholder Relations
PO Box 11258
Church Street Station
New York NY 10286-1258
Tel: 1 877 353 1154 toll free
Tel: +(1) 610 312 5315 outside the USA

Customer Response Center

Tel: 1 888 825 5249 toll free

Produced by Corporate Communications, GlaxoSmithKline plc.

Design consultancy by salterbaxter.

Printed in the UK by Waddies. The paper used in the production of this document is made from pulps harvested from sustainable forests, also using sawmill residues and forest thinnings. It is elemental chlorine-free.

Product names throughout this publication are indicated in italics and are trade marks of GlaxoSmithKline plc, its subsidiaries or associated companies, with the exception of *Nicoderm* which is a trademark of Aventis SA, and *Coreg*, a trademark under licence from Roche Laboratories Inc.

www.gsk.com