



Explanatory Notes

Ordinary Business

Each resolution will be proposed as an Ordinary resolution.

Resolution 1 - To receive and adopt the Directors' Report and the financial statements for 2004

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

Resolution 2 - To approve the 2004 Remuneration Report

In accordance with the Directors Remuneration Report Regulations 2002, shareholders are invited to vote on the Remuneration Report, which may be found on pages 43 to 58 of the 2004 Annual Report or a summary of which can be found on pages 20 to 22 of the 2004 Annual Review.

Resolution 3 - 9 - Election and Re-election of Directors

The company's Articles of Association require any Director newly appointed by the Board to retire at the first Meeting after his appointment. You are therefore asked to elect as Directors Sir Christopher Gent, Sir Deryck Maughan and Mr Julian Heslop, who have all been appointed by the Board since last year's Meeting. The Board considers that Sir Christopher Gent and Sir Deryck Maughan will each bring a wealth of experience in globally competitive industries and will make a valuable contribution to the Board in its role of ensuring the company is appropriately managed and achieves its strategic objectives.

The Articles of Association also require one-third of the current Directors to retire at each AGM. All of the Directors are eligible to seek re-election by shareholders at the Meeting, if they so wish.

Dr Jean-Pierre Garnier, Sir Ian Prosser, Dr Ronaldo Schmitz and Dr Lucy Shapiro are all retiring by rotation. They last sought re-election at the AGM in 2003 and, under the Articles of Association, they offer themselves for re-election at the AGM. The Chairman is satisfied that Sir Ian Prosser, Dr Ronaldo Schmitz and Dr Lucy Shapiro each continue to perform effectively and demonstrate commitment to their role including commitment of time for Board and committee meetings and their other duties.

Sir Christopher Gent, Sir Deryck Maughan, Sir Ian Prosser, Dr Schmitz and Dr Shapiro are all Non-Executive Directors and have letters of appointment rather than service contracts. Dr Garnier and Mr Heslop both have service contracts with a notice period of 12 months. The Non-Executive Directors' letters of appointment and Dr Garnier and Mr Heslop's service contracts are available for inspection as specified in Note (v) above.

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

Resolutions 10 and 11 - To authorise the Audit Committee to re-appoint PricewaterhouseCoopers LLP as Auditors to the company and to determine their remuneration.

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

Special Business Resolution 12 - Donations to EU Political Organisations and EU Political Expenditure (Ordinary resolution)

The Political Parties, Elections and Referendums Act 2000 ("the Act") requires companies to seek shareholder approval for donations to organisations within the European Community which are, or could be, categorised as an EU Political Organisation.

Although the company does not make and does not intend to make donations to political parties, within the normal meaning of that expression, the definition in the legislation of "EU Political Organisations" is wide. It can extend to bodies such as those concerned with policy review, law reform, the representation of the business community and special interest groups such as those concerned with the environment, which the company and its subsidiaries might wish to support.

No payments have ever been made under this authority.

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

This resolution gives the Directors authority to allot Ordinary Shares (including any Ordinary Shares which the company has purchased and elected to hold as treasury stock) for cash without first offering them to existing shareholders in proportion to their existing shareholdings and is limited to allotments in connection with rights issues, or otherwise up to a maximum nominal amount of £73,301,955 representing just less than 5 per cent of the company's issued share capital.

This authority is granted under section 95 of the Companies Act 1985 and is a standard resolution for most UK companies each year.

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

This resolution seeks authority for the company to make market purchases of its own Ordinary Shares. Purchases of the company's own shares will be made only after considering the effects on earnings per share and the benefits for shareholders generally. You are asked to consent to the purchase by the company of up to a maximum of 586,415,642 Ordinary Shares, which represents 10% of the company's issued share capital. This authority will expire at the end of the next Annual General Meeting or, if earlier, on 24th November 2006.

The maximum price which may be paid for an Ordinary Share is 105% of the average middle market quotations for the five business days preceding the purchase and the minimum price which may be paid for an Ordinary Share is its nominal value of 25p.

The Companies (Acquisition of Own Shares) (Treasury Shares) Regulations 2003 came into force on 1st December 2003 and the Companies (Acquisition of Own Shares) (Treasury Shares) No. 2 Regulations 2003 on 18th December 2003 (together, the "Regulations"). The Regulations enable companies to retain any of their own shares they have purchased as treasury stock with a view to possible re-issue at a future date, rather than cancelling them in accordance with current legislation. The company would consider holding any of its own shares that it purchases pursuant to the authority conferred by this resolution as treasury stock. This would give the company the ability to re-issue treasury shares quickly and cost-effectively, and would provide the company with additional flexibility in the management of its capital base. The company held 75,498,000 Ordinary Shares as treasury stock as at 25th February 2005.

The total number of options over Ordinary Shares outstanding as at 25th February 2005 was approximately 421 million representing approximately 7.18% of the issued share capital. If the authority to buy back shares under this resolution were exercised in full, the total number of options to subscribe for Ordinary Shares outstanding as at 25th February 2005 would, assuming no further Ordinary Shares are issued, represent 7.98% of the issued share capital. The total number of options as set out above includes options granted by the company and legacy companies, Glaxo Wellcome plc and SmithKline Beecham plc.

The obligations of the company in respect of Ordinary Shares issuable under options outstanding are partly hedged by Ordinary Shares held by the Group's employee share ownership trusts, details of which can be found in the Annual Report which is available on the company's website at www.gsk.com. The company's current intention is to satisfy the exercise of outstanding options over approximately 149 million Ordinary Shares, representing approximately 2.54% of the issued share capital of the company, by the release of Ordinary Shares from the Group's employee share ownership trusts, which on 25th February 2005 held approximately 172 million Ordinary Shares, and the remainder by the issue of new Ordinary Shares.

Resolution 15 - Insertion of new Article 48A into the Articles of Association (Special resolution)

This resolution seeks authority for the company to amend its Articles of Association in the manner proposed by the resolution.

This new Article will mean that shareholders who give notice (in accordance with section 376 of the Companies Act 1985) requiring a resolution to be proposed at the company's AGM, will not have to pay a deposit to cover the company's costs of complying with that notice if the company receives such notice on or before 31st January in the year in which the relevant AGM is held. Further details on how to go about requisitioning a resolution at an AGM can be found at www.gsk.com.

Resolution 16 - Deletion of Article 154.2 of the Articles of Association (Special resolution)

Pursuant to Article 154.1 the company provides the directors and other officers of the company with an indemnity in respect of certain liabilities that they may incur in connection with the performance of their duties. This indemnity is expressed to be subject to any applicable legal limitations.

The Companies Act 1985 (as amended) currently prohibits the company from indemnifying the directors and other officers against liability to the company. It also prevents the payment of their defence costs, save in circumstances where the director or officer has received judgment in his or her favour or has been acquitted. The scope of indemnities for directors and other officers was the subject of a Department of Trade and Industry review in 2003 which resulted in new legislation which is due to come into effect in April 2005. Whilst the basic prohibition of indemnities against liability to the company will remain, the prohibition on payment of defence costs will be relaxed to allow companies to pay defence costs (subject to an obligation for those costs to be repaid in certain circumstances, including in the case of a successful action by the company).

Article 154.2 provides a non-exhaustive list of liabilities covered by the indemnity in Article 154.1 which was drawn up by reference to the original Companies Act prohibitions. Although as a legal matter the list does not restrict the scope of Article 154.1, its inclusion following the change of law will serve no purpose and is potentially misleading to the casual reader of the Articles of Association.

The full text of Article 154.2 is as follows:

"The liabilities covered by Article 154.1 include, for example, any liability incurred by him in defending any proceedings, civil or criminal, which relate to anything done or omitted or claimed to have been done or omitted by him as an officer or employee of the Company:

(a) in which judgment is given in his favour; or

(b) in which the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his part; or

(c) in which he is acquitted; or

(d) in connection with any application under any legislation for relief from liability in respect of any such act or omission where relief is granted to him by the Court."

Resolution 17 - Amendment to Article 81 of the Articles of Association (Special resolution)

This resolution seeks authority for the company to amend its Articles of Association in the manner proposed by the resolution.

This amendment will allow proxies, including those who have been appointed by holders of ADRs through approved depositories, to speak at company meetings.

Issued share capital

All references to the company's 'issued share capital' in the Explanatory Notes above are to the company's issued share capital as at 25th February 2005, which was 5,864,156,420 Ordinary Shares, excluding 75,498,000 Ordinary Shares held as treasury shares.

Information on How to Vote Voting using Shareview

If you have a Shareview portfolio, you may register your vote electronically by visiting www.shareview.co.uk, logging into your account and following the instructions provided.

Voting using Sharevote

You may register your vote electronically by visiting www.sharevote.co.uk and following the instructions provided.

Voting using CREST's electronic proxy appointment service

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

CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the Annual General Meeting to be held on Wednesday, 25th May 2005 and any adjournment(s) thereof by utilising the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

Receipt of your vote

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with CRESTCo's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an instruction to a previously appointed proxy, must be transmitted so as to be received by the issuer's agent, Lloyds TSB Registrars (ID 7RA01) by 2.30pm on Monday, 23rd May 2005.

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

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

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

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