

IN THE HIGH COURT OF JUSTICE

No. 003018 of 2000

CHANCERY DIVISION

1047315

COMPANIES COURT

MR. JUSTICE LLOYD

WEDNESDAY THE 20TH DAY OF DECEMBER 2000



IN THE MATTER OF GLAXO WELLCOME PLC

-and-

IN THE MATTER OF THE COMPANIES ACT 1985

UPON THE PETITION of the above-named Glaxo Wellcome PLC (hereinafter called "the Company") whose registered office is situated at Glaxo Wellcome House, Berkeley Avenue, Greenford, Middlesex UB6 0NN preferred unto this Court on 5th September, 2000.

AND UPON HEARING Counsel for the Company.

AND UPON READING the said Petition and the evidence.

AND GlaxoSmithKline plc by Counsel for the Company being its Counsel for this purpose undertaking to be bound by the Scheme of Arrangement hereinafter mentioned and to execute and do or procure to be executed and done all such documents, acts and things as may be necessary or desirable to be executed or done by it for the purpose of giving effect to the said Scheme of Arrangement.

THIS COURT HEREBY SANCTIONS the Scheme of Arrangement as set forth in the First Schedule hereto with the manuscript amendment to Clause 6.

AND THIS COURT ORDERS THAT the reduction of capital of the Company from £1,107,750,000 to £194,391,086 resolved on and effected by a Special Resolution passed at an Extraordinary General Meeting of the Company held on 31st July, 2000, be and the same is hereby confirmed in accordance with the provisions of the above-mentioned Act.



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AND THE COURT APPROVES the Minute set forth in the Second Schedule hereto.

AND IT IS ORDERED

- (1) that this order be produced by the Company to the Registrar of Companies and that it deliver an office copy to him together with a copy of the said Minute;
- (2) that notice of the registration by the Registrar of Companies of this order (so far as it confirms the reduction of the capital of the Company) and of the said Minute be published by the Company once in "The Times" newspaper within 21 days after such registration;

AND THIS COURT DIRECTS pursuant to section 139(2) of the said Act that the Registrar of Companies do register the said order confirming the said reduction of capital of the Company under section 138(1) of the said Act notwithstanding that the said order has the effect of bringing the nominal value of the allotted share capital of the Company below the authorised minimum.

PART IV: THE SCHEME OF ARRANGEMENT

THE SCHEME OF ARRANGEMENT

IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
COMPANIES COURT

No. 003018 of 2000
and
No. 003028 of 2000

IN THE MATTER OF GLAXO WELLCOME PLC

and

IN THE MATTER OF SMITHKLINE BEECHAM PLC

and

IN THE MATTER OF THE COMPANIES ACT 1985

SCHEME OF ARRANGEMENT

(under section 425 of the Companies Act 1985)

between

GLAXO WELLCOME PLC

and

THE HOLDERS OF THE GLAXO WELLCOME SCHEME SHARES
(as hereinafter defined)

and between

SMITHKLINE BEECHAM PLC

and

THE HOLDERS OF SMITHKLINE BEECHAM SCHEME SHARES
(as hereinafter defined)

PRELIMINARY

- (a) In this Scheme, unless inconsistent with the subject or context, the following expressions bear the following meanings:

"business day"	a day on which London Stock Exchange Limited is open for the transaction of business;
"certificated" or "in certificated form"	a share or other security which is not in uncertificated form (that is, not in CREST);
"Court"	the High Court of Justice in England and Wales;
"Court Meetings"	the Glaxo Wellcome Court Meeting and the SmithKline Beecham Court Meeting;

PART IV: THE SCHEME OF ARRANGEMENT

"CREST"	the system for the paperless settlement of trades in securities and the holding of uncertificated securities operated by CRESTCo in accordance with the Regulations;
"CRESTCo"	CRESTCo Limited;
"CREST Manual"	the CREST manual referred to in agreements entered into by CRESTCo;
"Effective Date"	the date on which this Scheme becomes effective in accordance with its terms;
"GlaxoSmithKline"	GlaxoSmithKline plc incorporated in England and Wales with registered number 3888792;
"GlaxoSmithKline Shares"	ordinary shares of 25 pence each in the capital of GlaxoSmithKline;
"Glaxo Wellcome"	Glaxo Wellcome plc incorporated in England and Wales with registered number 1047315;
"Glaxo Wellcome Court Meeting"	the meeting of holders of Glaxo Wellcome Shares convened by direction of the Court pursuant to section 425 of the Companies Act 1985 to consider and, if thought fit, to approve this Scheme, including any adjournment thereof;
"Glaxo Wellcome Directors"	the directors of Glaxo Wellcome from time to time;
"Glaxo Wellcome Scheme Shares"	<ul style="list-style-type: none">(i) the Glaxo Wellcome Shares in issue at the date of this Scheme; and(ii) any Glaxo Wellcome Shares issued after the date of this Scheme and prior to the Glaxo Wellcome Voting Record Time; and(iii) any Glaxo Wellcome Shares issued at or after the Glaxo Wellcome Voting Record Time and prior to 6.00 p.m. on the day before the Order Date in respect of which the original or any subsequent holder thereof is bound by this Scheme, or shall by such time have agreed in writing to be bound by this Scheme;
"Glaxo Wellcome Shares"	ordinary shares of 25 pence each in the capital of Glaxo Wellcome;
"Glaxo Wellcome Voting Record Time"	6.00 p.m. on the day which is two days before the Glaxo Wellcome Court Meeting or, if the Glaxo Wellcome Court Meeting is adjourned, 48 hours before the time fixed for any such adjournment;
"holder"	a registered holder and includes any person(s) entitled by transmission;
"Order"	the order of the Court sanctioning this Scheme;
"Order Date"	the date on which the Order is made or, if later, the date on which the Order is expressed to take effect;
"Regulations"	the Uncertificated Securities Regulations 1995 (SI 1995 No. 95/3272);
"Relevant Holders"	holders of Scheme Shares whose names appear in the register of members of Glaxo Wellcome or SmithKline Beecham, as the case may be, at the Scheme Record Time;
"Scheme"	this scheme of arrangement in its present form or with or subject to any modification, addition or condition approved or imposed by the Court;
"Scheme Record Time"	6.00 p.m. on the business day before the Effective Date;

PART IV: THE SCHEME OF ARRANGEMENT

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| “Scheme Shares” | the Glaxo Wellcome Scheme Shares and the SmithKline Beecham Scheme Shares; |
| “SmithKline Beecham” | SmithKline Beecham plc incorporated in England and Wales with registered number 2337959; |
| “SmithKline Beecham Court Meeting” | the meeting of holders of SmithKline Beecham Shares convened by direction of the Court pursuant to section 425 of the Companies Act 1985 to consider and, if thought fit, approve this Scheme, including any adjournment thereof; |
| “SmithKline Beecham Directors” | the directors of SmithKline Beecham from time to time; |
| “SmithKline Beecham Scheme Shares” | <ul style="list-style-type: none"> (i) the SmithKline Beecham Shares in issue at the date of this document; and (ii) any SmithKline Beecham Shares issued after the date of this document and prior to the SmithKline Beecham Voting Record Time; and (iii) any SmithKline Beecham Shares issued at or after the SmithKline Beecham Voting Record Time and prior to 6.00 p.m. on the day before the Order Date in respect of which the original or any subsequent holder thereof is bound by this Scheme, or shall by such time have agreed in writing to be bound by this Scheme; |
| “SmithKline Beecham Shares” | ordinary shares of 6.25 pence each in the capital of SmithKline Beecham; |
| “SmithKline Beecham Voting Record Time” | 6.00 p.m. on the day which is two days before the SmithKline Beecham Court Meeting or, if the SmithKline Beecham Court Meeting is adjourned, 48 hours before the time fixed for any such adjournment; and |
| “uncertificated” or “in uncertificated form” | a share or other security recorded on the relevant register as being held in uncertificated form in CREST, and title to which, by virtue of the Regulations, may be transferred by means of CREST. |
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- (b) The authorised share capital of Glaxo Wellcome at the date of this Scheme is £1,107,750,000 divided into 4,431,000,000 ordinary shares of 25 pence each, of which, as at 21st June 2000, 3,646,751,891 had been issued and the remaining ordinary shares were unissued.
 - (c) The authorised share capital of SmithKline Beecham at the date of this Scheme is £500,000,000 divided into 8,000,000,000 ordinary shares of 6.25 pence each, of which, as at 21st June 2000, 5,628,944,757 had been issued and the remaining ordinary shares were unissued.
 - (d) GlaxoSmithKline was incorporated on 6th December 1999 under the Companies Act 1985 as a private company limited by shares.
 - (e) On 22nd May 2000 GlaxoSmithKline was converted into a public limited company.
 - (f) The authorised share capital of GlaxoSmithKline at the date of this Scheme is £2,500,000,000 divided into 9,999,800,000 ordinary shares of 25 pence each and 50,000 redeemable preference shares of £1 each, of which, as at 21st June 2000, 8 ordinary shares of 25 pence each had been issued and were fully paid and the remaining ordinary shares were unissued and 50,000 redeemable preference shares of £1 each had been issued and were fully paid.

PART IV: THE SCHEME OF ARRANGEMENT

- (g) GlaxoSmithKline has agreed to appear by Counsel on the hearing of the petition to sanction this Scheme and to undertake to the Court to be bound by the provisions of this Scheme and to execute and do or procure to be executed and done all such documents, acts and things as may be necessary or desirable to be executed or done by it for the purpose of giving effect to this Scheme.

The Scheme

1 Cancellation of the Glaxo Wellcome Scheme Shares

- (a) The share capital of Glaxo Wellcome shall be reduced by cancelling and extinguishing the Glaxo Wellcome Scheme Shares.
- (b) Forthwith and contingently upon the reduction of capital referred to in sub-clause (a) of this clause 1 taking effect:
- (i) the share capital of Glaxo Wellcome shall be increased to its former amount by the creation of such number of new Glaxo Wellcome Shares as shall be equal to the number of Glaxo Wellcome Scheme Shares cancelled as aforesaid; and
 - (ii) Glaxo Wellcome shall apply the reserve arising as a result of such reduction of capital in paying up in full at par the new Glaxo Wellcome Shares created pursuant to sub-clause (b)(i) of this clause 1 which shall be allotted and issued credited as fully paid to GlaxoSmithKline and/or its nominee(s).

2 Cancellation of the SmithKline Beecham Scheme Shares

- (a) The share capital of SmithKline Beecham shall be reduced by cancelling and extinguishing the SmithKline Beecham Scheme Shares.
- (b) Forthwith and contingently upon the reduction of capital referred to in sub-clause (a) of this clause 2 taking effect:
- (i) the share capital of SmithKline Beecham shall be increased to its former amount by the creation of such number of new SmithKline Beecham Shares as shall be equal to the number of SmithKline Beecham Scheme Shares cancelled as aforesaid; and
 - (ii) SmithKline Beecham shall apply the reserve arising as a result of such reduction of capital in paying up in full at par the new SmithKline Beecham Shares created pursuant to sub-clause (b)(i) of this clause 2 which shall be allotted and issued credited as fully paid to GlaxoSmithKline and/or its nominee(s).

3 Consideration for the cancellation of Scheme Shares

In consideration for the cancellation of the Scheme Shares and the issue of the new Glaxo Wellcome Shares and SmithKline Beecham Shares to GlaxoSmithKline and/or its nominee(s) referred to in clauses 1 and 2, GlaxoSmithKline shall, subject to clause 4(d), allot and issue new GlaxoSmithKline Shares credited as fully paid to and amongst Relevant Holders on the following basis:

for each Glaxo Wellcome Share	1 GlaxoSmithKline Share
for each SmithKline Beecham Share	0.4552 GlaxoSmithKline Shares

PROVIDED that no fraction of a GlaxoSmithKline Share shall be allotted to any holder of SmithKline Beecham Scheme Shares but all fractions to which, but for this proviso, holders of SmithKline Beecham Scheme Shares would have been entitled shall be aggregated and sold in the market as soon as practicable after the Effective Date and the net proceeds of sale shall be paid to the holders of SmithKline Beecham Scheme Shares entitled thereto in due proportions by cheque in sterling drawn on a UK clearing bank despatched by post.

PART IV: THE SCHEME OF ARRANGEMENT

4 Allotment and issue of GlaxoSmithKline Shares

- (a) The GlaxoSmithKline Shares to be issued pursuant to clause 3 shall rank pari passu with all other GlaxoSmithKline Shares in issue on the Effective Date and shall rank in full for all dividends or distributions made, paid or declared after the Effective Date on the ordinary share capital of GlaxoSmithKline.
- (b) Immediately after the Scheme becomes effective, GlaxoSmithKline shall make all such allotments of and shall issue such GlaxoSmithKline Shares as are required to be issued to give effect to this Scheme to the persons respectively entitled thereto, such consideration to be settled as set out in sub-clause (c), but subject to sub-clause (d), of this clause 4.
- (c) Settlement of the consideration shall be effected as follows:
 - (i) In respect of a holding of Scheme Shares in uncertificated form at the Scheme Record Time, the GlaxoSmithKline Shares to which the Relevant Holder is entitled shall be issued in uncertificated form. GlaxoSmithKline shall procure that CRESTCo is instructed to credit the appropriate stock account in CREST of the Relevant Holder with such Relevant Holder's entitlement to GlaxoSmithKline Shares. GlaxoSmithKline reserves the right to settle all or any part of the consideration referred to in this sub-clause (c)(i) for all or any Relevant Holders in the manner referred to in sub-clause (c)(ii) of this clause 4 if, for any reason, it wishes to do so.
 - (ii) In respect of a holding of Scheme Shares in certificated form at the Scheme Record Time, the GlaxoSmithKline Shares to which the Relevant Holder is entitled shall be issued in certificated form and a share certificate for those shares shall be issued by the fourteenth day following the Effective Date.
- (d) (i) The provisions of this clause 4 shall be subject to any prohibition or condition imposed by law. Without prejudice to the generality of the foregoing, if, in respect of any holder of Scheme Shares with a registered address in a jurisdiction outside the United Kingdom, GlaxoSmithKline is advised that the allotment and/or issue of GlaxoSmithKline Shares pursuant to this clause 4 would or may infringe the laws of such jurisdiction or would or may require GlaxoSmithKline to observe any governmental or other consent or any registration, filing or other formality with which GlaxoSmithKline is unable to comply or which GlaxoSmithKline regards as unduly onerous to comply with, GlaxoSmithKline may, in its sole discretion, either:
 - (A) determine that GlaxoSmithKline Shares shall not be allotted and issued to such holder under this clause 4 but shall instead be allotted and issued to a nominee appointed by GlaxoSmithKline as trustee for such holder on terms that the nominee shall, as soon as practicable following the Effective Date, sell the GlaxoSmithKline Shares so allotted and issued at the best price which can reasonably be obtained and account for the net proceeds of such sale (after the deduction of all expenses and commissions, including any amounts in respect of value added tax payable thereon) by sending a cheque or creating an assured payment obligation in accordance with the provisions of sub-clause (d)(ii) of this clause 4. In the absence of bad faith or wilful default, none of Glaxo Wellcome, SmithKline Beecham, GlaxoSmithKline or the nominee shall have any liability for any loss or damage arising as a result of the timing or terms of such sale; or
 - (B) determine that such GlaxoSmithKline Shares shall be sold, in which event the GlaxoSmithKline Shares shall be issued to such holder and GlaxoSmithKline shall appoint a person to act pursuant to this sub-clause (d)(i)(B) and such person shall be authorised on behalf of such holder to procure that any shares in respect of which GlaxoSmithKline has made such determination shall as soon as practicable following the Effective Date be sold at

PART IV: THE SCHEME OF ARRANGEMENT

the best price which can reasonably be obtained at the time of sale and the net proceeds of such sale (after the deduction of all expenses and commissions, including any amounts in respect of value added tax payable thereon) shall be paid to such holder by sending a cheque or creating an assured payment obligation in accordance with the provisions of sub-clause (d)(ii) of this clause 4. To give effect to any such sale, the person so appointed shall be authorised on behalf of such holder to execute and deliver a form of transfer and to give such instructions and to do all other things which he may consider necessary or expedient in connection with such sale. In the absence of bad faith or wilful default, none of Glaxo Wellcome, SmithKline Beecham, GlaxoSmithKline or the person so appointed shall have any liability for any loss or damage arising as a result of the timing or terms of such sale.

- (ii) (A) In the case of Scheme Shares in uncertificated form at the Scheme Record Time, GlaxoSmithKline shall on behalf of the nominee or person appointed pursuant to sub-clause (d)(i) of this clause 4 make any cash payment pursuant to sub-clause (d)(i) of this clause 4 by arranging for the creation of an assured payment obligation in favour of the payment bank of the Relevant Holders of such Scheme Shares in accordance with the CREST assured payment arrangements (as set out in the CREST Manual) provided that GlaxoSmithKline may (if, for any reason, it wishes to do so) determine that all or part of such consideration shall be paid by cheque in sterling drawn on a UK clearing bank despatched by post and in such case sub-clause (d)(ii)(B) of this clause 4 shall apply, to the extent it is appropriate; or
- (B) In the case of Scheme Shares in certificated form at the Scheme Record Time, GlaxoSmithKline shall on behalf of the nominee or person appointed pursuant to sub-clause (d)(i) of this clause 4 make any cash payment pursuant to sub-clause (d)(i) of this clause 4 by delivering to the persons respectively entitled thereto, or as they may direct, cheques in sterling drawn on a UK clearing bank by post by the fourteenth day following the Effective Date.
- (e) All deliveries of notices, documents of title and cheques required to be made by this clause or by clause 3 of this Scheme shall be effected by posting the same by first-class post in pre-paid envelopes addressed to the persons respectively entitled thereto at their respective addresses as appearing in the register of members of Glaxo Wellcome or, as the case may be, SmithKline Beecham (or, in the case of joint holders, to the address of that one of the joint holders whose name stands first in the register of members in respect of the joint holding) at the Scheme Record Time.
- (f) None of Glaxo Wellcome, SmithKline Beecham or GlaxoSmithKline shall be responsible for any loss or delay in the transmission of the documents of title or cheques posted in accordance with sub-clauses (c), (d) and (e) respectively of this clause 4 which shall be posted at the risk of the addressee.
- (g) All cheques and warrants shall be made payable to the holder or, in the case of joint holders, to the person to whom in accordance with the foregoing provisions of this clause 4 the envelope containing the same is addressed and the encashment of any such cheque or warrant or the creation of any such assured payment obligation as is referred to in sub-clause (d) of this clause 4 shall be a complete discharge to GlaxoSmithKline for the moneys represented thereby.
- (h) Prior to the issue of new GlaxoSmithKline Share certificates to Relevant Holders pursuant to sub-clause (c)(ii) of this clause 4, transfers of the new GlaxoSmithKline Shares issued to them pursuant to this Scheme shall be certified against the register of members of GlaxoSmithKline. Existing certificate(s) for Scheme Shares shall, on and from the Effective Date, cease to have effect as documents of title to the Scheme Shares comprised therein. In respect of those Relevant Holders holding their Glaxo Wellcome Shares or SmithKline Beecham Shares in uncertificated form, CRESTCo shall be instructed to cancel

PART IV: THE SCHEME OF ARRANGEMENT

such Relevant Holders' entitlement to Glaxo Wellcome Shares or SmithKline Beecham Shares on and from the Effective Date.

5 Mandated payments

Each mandate relating to the payment of dividends on any Scheme Shares and other instructions given to Glaxo Wellcome or SmithKline Beecham by its shareholders in force at the Scheme Record Time shall, unless and until amended or revoked, be deemed as from the Effective Date to be an effective mandate or instruction to GlaxoSmithKline in respect of the corresponding GlaxoSmithKline Shares to be allotted and issued pursuant to this Scheme.

Fourth Supplementary listing particulars of
GlaxoSmithKline dated 12th December, 2000

6 Dividends

Each of Glaxo Wellcome and SmithKline Beecham may after this Scheme has become effective and notwithstanding the cancellation of the Scheme Shares pay dividends as explained in the ~~explanatory statement which was circulated with this Scheme~~ to the holders of Glaxo Wellcome Shares or SmithKline Beecham Shares respectively as appearing in the relevant register of members either at the Scheme Record Time or at such earlier record time or times as may be determined by the directors of the company paying the dividend concerned.

7 Operation of this Scheme

- (a) This Scheme shall become effective as soon as office copies of the Order under section 425 of the Companies Act 1985 and confirming under section 137 of the said Act the reductions of capital provided for by this Scheme shall have been duly delivered by Glaxo Wellcome and SmithKline Beecham to the Registrar of Companies in England and Wales for registration and, in the case of the reductions of capital, registered by him.
- (b) Unless this Scheme shall become effective on or before 31st December 2000 or such later date, if any, as Glaxo Wellcome and SmithKline Beecham may agree and the Court may allow, this Scheme shall never become effective.
- (c) Glaxo Wellcome, SmithKline Beecham and GlaxoSmithKline may jointly consent on behalf of all persons concerned to any modification of or addition to this Scheme or to any condition which the Court may approve or impose.

Dated 5th July 2000

THE SECOND SCHEDULE

"The capital of Glaxo Wellcome PLC was by virtue of a Special Resolution and with the sanction of an Order of the High Court of Justice dated the 20th December, 2000, reduced from £1,107,750,000 divided into 4,431,000,000 Ordinary Shares of 25 pence each to £194,391,086 divided into 777,564,344 Ordinary Shares of 25 pence each.

By virtue of a Scheme of Arrangement sanctioned by the said Order and of the said Special Resolution the capital of the Company at the date of registration of this Minute is £1,107,750,000 divided into 4,431,000,000 Ordinary Shares of 25 pence each none of which have been issued."

No. 003018 of 2000

IN THE HIGH COURT OF JUSTICE

CHANCERY DIVISION

COMPANIES COURT

MR. JUSTICE LLOYD

WEDNESDAY THE 20TH DAY OF
DECEMBER 2000

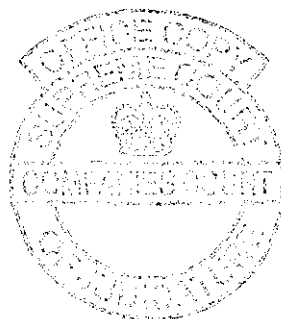
IN THE MATTER OF GLAXO
WELLCOME PLC

-and-

IN THE MATTER OF THE
COMPANIES ACT 1985

O R D E R

sanctioning Scheme of
Arrangement and confirming
Reduction of Capital



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