



GlaxoSmithKline



## GlaxoSmithKline Capital Inc.

*(incorporated in the State of Delaware with limited liability under registered number 22383-62)*

## GlaxoSmithKline Capital plc

*(incorporated in England and Wales with limited liability under registered number 2258699)*

**£5,000,000,000**

### Euro Medium Term Note Programme

**unconditionally and irrevocably guaranteed by**

## GlaxoSmithKline plc

*(incorporated in England and Wales with limited liability under registered number 3888792)*

Under this £5,000,000,000 Euro Medium Term Note Programme (the "Programme"), each of GlaxoSmithKline Capital Inc. ("GSK Capital Inc.") and GlaxoSmithKline Capital plc ("GSK Capital plc" and, together with GSK Capital Inc., the "Issuers" and each an "Issuer") may from time to time issue notes (the "Notes") denominated in any currency agreed between the relevant Issuer and the relevant Dealer (as defined below).

The payments of all amounts owing in respect of the Notes will be unconditionally and irrevocably guaranteed by GlaxoSmithKline plc (the "Guarantor").

The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed £5,000,000,000 (or its equivalent in other currencies calculated as described herein), subject to increase in accordance with the listing rules of the UK Listing Authority (as defined below).

The Notes may be issued on a continuing basis to one or more of the Dealers specified under "Summary of the Programme" and any additional Dealer appointed under the Programme from time to time by the relevant Issuer (each a "Dealer" and together the "Dealers"), which appointment may be for a specific issue or on an ongoing basis. References in this Offering Circular to the "relevant Dealer" shall, in the case of an issue of Notes being (or intended to be) purchased by more than one Dealer, be to all Dealers agreeing to purchase such Notes.

Application has been made to the Financial Services Authority in its capacity as competent authority under the Financial Services and Markets Act 2000 (the "UK Listing Authority") for Notes issued under the Programme during the period of 12 months from the date of this Offering Circular to be admitted to the official list of the UK Listing Authority (the "Official List") and to the London Stock Exchange plc (the "London Stock Exchange") for such Notes to be admitted to trading on the London Stock Exchange's market for listed securities. Admission to the Official List together with admission to trading on the London Stock Exchange's market for listed securities constitute official listing on the London Stock Exchange. Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and any other terms and conditions not contained herein which are applicable to each Tranche (as defined under "Terms and Conditions of the Notes") of Notes will be set out in a pricing supplement (the "Pricing Supplement") which, with respect to Notes to be admitted to the Official List and admitted to trading on the London Stock Exchange's market for listed securities, will be delivered to the UK Listing Authority and the London Stock Exchange on or before the date of issue of the Notes of such Tranche.

The Programme provides that Notes may be listed on such other or further stock exchange(s) as may be agreed between the relevant Issuer, the Guarantor and the relevant Dealer. The Issuers may also issue unlisted Notes.

The Programme is, as of 7th June, 2002, rated by Moody's Investors Service Limited ("Moody's") and by Standard & Poor's Ratings Services, a Division of the McGraw-Hill Companies Inc. ("Standard & Poor's"). Notes issued under the Programme may be rated or unrated. Where an issue of Notes is rated, its rating will not necessarily be the same as the rating applicable to the Programme. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.

The relevant Issuer, the Guarantor and the Trustee (as defined herein) may agree with any Dealer that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes herein, in which event (in the case of Notes admitted to the Official List only) supplementary listing particulars or further listing particulars, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes.

Arranger

## Schroder Salomon Smith Barney

Dealers

ABN AMRO  
Deutsche Bank  
JPMorgan  
Mizuho International plc  
Schroder Salomon Smith Barney

Credit Suisse First Boston  
HSBC  
Lehman Brothers  
The Royal Bank of Scotland

Each Issuer and the Guarantor accepts responsibility for the information contained in this Offering Circular. To the best of the knowledge and belief of each Issuer and the Guarantor (each having taken all reasonable care to ensure that such is the case) the information contained in this Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information. Any reference in this Offering Circular to Listing Particulars (as defined below) means this Offering Circular excluding all information incorporated by reference. Each Issuer and the Guarantor have confirmed that any information incorporated by reference, including any such information to which readers of this Offering Circular are expressly referred, has not been and does not need to be included in the Listing Particulars to satisfy the requirements of the Financial Services and Markets Act 2000 or the listing rules of the UK Listing Authority. Each Issuer and the Guarantor believe that none of the information incorporated herein by reference conflicts in any material respect with the information included in the Listing Particulars.

A copy of this Offering Circular, which comprises the listing particulars approved by the UK Listing Authority as required by the Financial Services and Markets Act 2000, as amended (the "Listing Particulars") in relation to Notes admitted to the Official List and admitted to trading on the London Stock Exchange's market for listed securities and issued during the period of 12 months from the date of this Offering Circular, has been delivered for registration to the Registrar of Companies in England and Wales as required by section 83 of that Act. Copies of each Pricing Supplement (in the case of Notes to be admitted to the Official List) will be available from FT Business Research Centre, operated by FT Electronic Publishing at Fitzroy House, 13-15 Epworth Street, London EC2A 4DL and from the specified office set out below of each of the Paying Agents (as defined below).

This Offering Circular is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see "Documents Incorporated by Reference" below) (provided, however, that such incorporated documents do not form part of the Listing Particulars). This Offering Circular shall, save as specified herein, be read and construed on the basis that such documents are so incorporated and form part of this Offering Circular but not part of the Listing Particulars.

The Trustee and the Dealers have not independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Trustee or the Dealers as to the accuracy or completeness of the information contained or incorporated in this Offering Circular or any other information provided in connection with the Programme. Neither the Trustee nor any Dealer accepts any liability in relation to the information contained or incorporated by reference in this Offering Circular or any other information provided in connection with the Programme.

No person is or has been authorised by the relevant Issuer, Guarantor or the Trustee to give any information or to make any representation not contained in or not consistent with this Offering Circular or any other information supplied in connection with the Programme or the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by either Issuer, the Guarantor, the Trustee or any of the Dealers.

Neither this Offering Circular nor any other information supplied in connection with the Programme or any Notes (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation by either Issuer, the Guarantor, the Trustee or any of the Dealers that any recipient of this Offering Circular or any other information supplied in connection with the Programme or any Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the relevant Issuer and/or the Guarantor. Neither this Offering Circular nor any other information supplied in connection with the Programme or the issue of any Notes constitutes an offer or invitation by or on behalf of either Issuer and/or the Guarantor, the Trustee or any of the Dealers to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Offering Circular nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning either Issuer and/or the Guarantor is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Trustee and the Dealers expressly do not

undertake to review the financial condition or affairs of either Issuer or the Guarantor during the life of the Programme or to advise any investor in the Notes of any information coming to their attention.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended, (the "Securities Act") and are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons (see "Subscription and Sale").

This Offering Circular does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Offering Circular and the offer or sale of Notes may be restricted by law in certain jurisdictions. Each Issuer, the Guarantor, the Trustee and the Dealers do not represent that this Offering Circular may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by either Issuer, the Guarantor, the Trustee or the Dealers (save, in the case of the Issuers and the Guarantor for the approval of this Offering Circular as listing particulars by the UK Listing Authority and delivery of copies of this Offering Circular to the Registrar of Companies in England and Wales) which would permit a public offering of any Notes or distribution of this Offering Circular in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Offering Circular nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Offering Circular or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Offering Circular and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Offering Circular and the offer or sale of Notes in the United States, the United Kingdom, Japan, The Netherlands and Germany, (see "Subscription and Sale").

All references in this document to "Sterling" and "£" refer to pounds sterling and to "euro" and "€" refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended.

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**In connection with the issue and distribution of any Tranche of Notes, the Dealer (if any) disclosed as the stabilising manager in the applicable Pricing Supplement or any person acting for him may over-allot or effect transactions with a view to supporting the market price of the Notes of the Series (as defined below) of which such Tranche forms part at a level higher than that which might otherwise prevail for a limited period. However, there may be no obligation on the stabilising manager or any agent of his to do this. Such stabilising, if commenced, may be discontinued at any time and must be brought to an end after a limited period.**

## DOCUMENTS INCORPORATED BY REFERENCE

The following documents published or issued from time to time after the date hereof shall be deemed to be incorporated in, and to form part of, this Offering Circular (provided, however, that such incorporated documents do not form a part of the Listing Particulars):

- (a) the most recently published audited consolidated annual financial statements and, if published later, the most recently published interim consolidated financial statements (if any) of the Guarantor and its subsidiaries and associated undertakings (the "Group")—see "General Information" for a description of the financial statements currently published by the Guarantor; and
- (b) all supplements or amendments to this Offering Circular circulated by either Issuer and/or the Guarantor from time to time,

save that any statement contained herein or in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Offering Circular (but not the Listing Particulars) to the extent that a statement contained in any such subsequent document which is deemed to be incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Offering Circular.

Each Issuer and the Guarantor will provide, without charge, to each person to whom a copy of this Offering Circular has been delivered, upon the request of such person, a copy of any or all of the documents deemed to be incorporated herein by reference unless such documents have been modified or superseded as specified above. Requests for such documents should be directed to either Issuer at their respective offices set out at the end of this Offering Circular. In addition, such documents will be available from the principal office in England of Salomon Brothers International Limited (the "Authorised Adviser") for Notes admitted to the Official List.

Each Issuer and the Guarantor have undertaken to the Dealers in the Programme Agreement (as defined in "Subscription and Sale") to comply with sections 81 and 83 of the Financial Services and Markets Act 2000.

If the terms of the Programme are modified or amended in a manner which would make this Offering Circular, as so modified or amended, inaccurate or misleading, a new offering circular will be prepared.

## GENERAL DESCRIPTION OF THE PROGRAMME

Under the Programme, each Issuer may from time to time issue Notes denominated in any currency, subject as set out herein. A summary of the terms and conditions of the Programme and the Notes appears below. The applicable terms of any Notes will be agreed between the relevant Issuer and the relevant Dealer prior to the issue of the Notes and will be set out in the Terms and Conditions of the Notes endorsed on, attached to, or incorporated by reference into, the Notes, as modified and supplemented by the applicable Pricing Supplement attached to, or endorsed on, such Notes, as more fully described under "Form of the Notes".

The Notes issued by GSK Capital Inc. will not constitute direct obligations of GSK Capital plc and *vice versa*.

This Offering Circular and any supplement will only be valid for listing Notes on the Official List during the period of 12 months from the date of this Offering Circular in an aggregate nominal amount which, when added to the aggregate nominal amount then outstanding of all Notes previously or simultaneously issued under the Programme, does not exceed £5,000,000,000 or its equivalent in other currencies. For the purpose of calculating the sterling equivalent of the aggregate nominal amount of Notes issued under the Programme from time to time:

- (a) the sterling equivalent of Notes denominated in another Specified Currency (as specified in the applicable Pricing Supplement in relation to the relevant Notes and described under "Form of the Notes") shall be determined, at the discretion of the relevant Issuer, either as of the date on which agreement is reached for the issue of such Notes or on the preceding day on which commercial banks and foreign exchange markets are open for business in London, in each case on the basis of the spot rate for the sale of the sterling against the purchase of such Specified Currency in the London foreign exchange market quoted by any leading international bank selected by the relevant Issuer on the relevant day of calculation;
- (b) the sterling equivalent of Dual Currency Notes, Index Linked Notes and Partly Paid Notes (each as specified in the applicable Pricing Supplement in relation to the relevant Notes and described under "Form of the Notes") shall be calculated in the manner specified above by reference to the original nominal amount on issue of such Notes (in the case of Partly Paid Notes regardless of the subscription price paid); and
- (c) the sterling equivalent of Zero Coupon Notes (as specified in the applicable Pricing Supplement in relation to the relevant Notes and described under "Form of the Notes") and other Notes issued at a discount or a premium shall be calculated in the manner specified above by reference to the net proceeds received by the relevant Issuer for the relevant issue.

## SUMMARY OF THE PROGRAMME

*The following summary does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Offering Circular and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Pricing Supplement. Words and expressions defined in "Form of the Notes" and "Terms and Conditions of the Notes" shall have the same meanings in this summary.*

Issuers: .....	GlaxoSmithKline Capital Inc. or GlaxoSmithKline Capital plc (each an "Issuer" and together the "Issuers")
Guarantor: .....	GlaxoSmithKline plc
Description: .....	Euro Medium Term Note Programme
Arranger: .....	Salomon Brothers International Limited
Dealers: .....	ABN AMRO Bank N.V. Credit Suisse First Boston (Europe) Limited Deutsche Bank AG London HSBC Bank plc J.P. Morgan Securities Ltd. Lehman Brothers International (Europe) Mizuho International plc The Royal Bank of Scotland plc Salomon Brothers International Limited  and any other Dealers appointed in accordance with the Programme Agreement.
Certain Restrictions: .....	Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see "Subscription and Sale") including the following restrictions applicable at the date of this Offering Circular.

### Swiss Francs

Issues of Notes denominated in Swiss francs or carrying a Swiss franc-related element with a maturity of more than one year (other than Notes privately placed with a single investor with no publicity) will be effected in compliance with the relevant regulations of the Swiss National Bank based on article 7 of the Federal Law on Banks and Savings Banks of 8th November, 1934 (as amended) and article 15 of the Federal Law on Stock Exchanges and Securities Trading of 24th March, 1995 in connection with article 2, paragraph 2 of the Ordinance of the Federal Banking Commission on Stock Exchanges and Securities Trading of 2nd December, 1996. Under the said regulations, the relevant Dealer or, in the case of a syndicated issue, the lead manager (the "Swiss Dealer"), must be a bank domiciled in Switzerland (which includes branches or subsidiaries of a foreign bank located in Switzerland) or a securities dealer duly licensed by the Swiss Federal Banking Commission pursuant to the Federal Law on Stock Exchanges and Securities Trading of 24th March, 1995. The Swiss Dealer must report certain details of the relevant transaction to the Swiss National Bank no later than the Issue Date of the relevant Notes.

#### Notes with a maturity of less than one year

Notes issued on terms that they must be redeemed before their first anniversary will constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the Financial Services and Markets Act 2000 unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent, see "Subscription and Sale".

Trustee: .....	The Law Debenture Trust Corporation p.l.c.
Issuing and Principal Paying Agent: .....	Citibank, N.A.
Programme Size: .....	Up to £5,000,000,000 (or its equivalent in other currencies calculated as described under "General Description of the Programme") outstanding at any time. The Issuers and the Guarantor may increase the amount of the Programme in accordance with the listing rules of the UK Listing Authority. Further restrictions relating to the increase of the amount of the Programme are contained in the Programme Agreement.
Distribution: .....	Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.
Currencies: .....	Subject to any applicable legal or regulatory restrictions, any currency agreed between the relevant Issuer and the relevant Dealer.
Maturities: .....	Such maturities as may be agreed between the relevant Issuer and the relevant Dealer, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Issuer or the relevant Specified Currency.
Issue Price: .....	Notes may be issued on a fully-paid or a partly-paid basis and at an issue price which is at par or at a discount to, or premium over, par.
Form of Notes: .....	The Notes will be issued in bearer form as described in "Form of the Notes".
Fixed Rate Notes: .....	Fixed interest will be payable on such date or dates as may be agreed between the relevant Issuer and the relevant Dealer and on redemption, and will be calculated on the basis of such Day Count Fraction as may be agreed between the relevant Issuer and the relevant Dealer.
Floating Rate Notes: .....	Floating Rate Notes will bear interest at a rate determined: <ul style="list-style-type: none"><li>(i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2000 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series); or</li><li>(ii) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service; or</li></ul>



- (iii) on such other basis as may be agreed between the relevant Issuer and the relevant Dealer.

The margin (if any) relating to such floating rate will be agreed between the relevant Issuer and the relevant Dealer for each Series of Floating Rate Notes.

Index Linked Notes: . . . . . Payments of principal in respect of Index Linked Redemption Notes or of interest in respect of Index Linked Interest Notes will be calculated by reference to such index and/or formula or to changes in the prices of securities or commodities or to such other factors as the relevant Issuer and the relevant Dealer may agree.

Other provisions in relation to Floating Rate Notes and Index

Linked Interest Note: . . . . . Floating Rate Notes and Index Linked Interest Notes may also have a maximum interest rate, a minimum interest rate or both.

Interest on Floating Rate Notes and Index Linked Interest Notes in respect of each Interest Period, as agreed prior to issue by the relevant Issuer and the relevant Dealer, will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed between the relevant Issuer and the relevant Dealer.

Dual Currency Notes: . . . . . Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies, and based on such rates of exchange, as the relevant Issuer and the relevant Dealer may agree.

Zero Coupon Notes: . . . . . Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest.

Redemption: . . . . . The applicable Pricing Supplement will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than in specified instalments, if applicable, or for taxation reasons or following an Event of Default) or that such Notes will be redeemable at the option of the relevant Issuer and/or the Noteholders upon giving notice to the Noteholders or the relevant Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed between the relevant Issuer and the relevant Dealer.

The applicable Pricing Supplement may provide that Notes may be redeemable in two or more instalments of such amounts and on such dates as are indicated in the applicable Pricing Supplement.

Notes issued on terms that they must be redeemed before their first anniversary may be subject to restrictions on their denomination and distribution, see "Certain Restrictions — Notes with a maturity of less than one year" above.

Denomination of Notes: . . . . . Notes will be issued in such denominations as may be agreed between the relevant Issuer and the relevant Dealer save that the minimum denomination of each Note will be such as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency, see "Certain

	<p>Restrictions — Notes with a maturity of less than one year" above.</p> <p>Notwithstanding the above, Notes with a maturity of 183 days or less shall have a denomination of at least USD500,000 or the equivalent amount in any other currency.</p>
Taxation: .....	<p>All payments in respect of the Notes will be made without withholding or deduction for or on account of taxes to the extent provided in Condition 7. In the event that any such deduction is made, the relevant Issuer or, as the case may be, the Guarantor will, save in certain limited circumstances provided in Condition 7, be required to pay additional amounts to cover the amounts so deducted.</p>
Negative Pledge: .....	<p>The terms of the Notes will contain a negative pledge provision as further described in Condition 3.</p>
Cross Default: .....	<p>The terms of the Notes will contain a cross default provision as further described in Condition 9.</p>
Status of the Notes: .....	<p>The Notes will constitute direct, unconditional, unsubordinated and, (subject to the provisions of Condition 3), unsecured obligations of the relevant Issuer and will rank <i>pari passu</i> among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the relevant Issuer, from time to time outstanding.</p>
Guarantee: .....	<p>The Notes will be unconditionally and irrevocably guaranteed by the Guarantor. The obligations of the Guarantor under such guarantee will be direct, unconditional and, (subject to the provisions of Condition 3), unsecured obligations of the Guarantor and will rank <i>pari passu</i> and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Guarantor, from time to time outstanding.</p>
Rating: .....	<p>The Programme is, as of 7th June, 2002, rated by Moody's and by Standard &amp; Poor's.</p> <p>Notes issued under the Programme may be rated or unrated. Where an issue of Notes is rated, its rating will not necessarily be the same as the rating applicable to the Programme. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.</p>
Listing: .....	<p>Application has been made to admit Notes issued under the Programme to the Official List and to admit them to trading on the London Stock Exchange's market for listed securities. The Notes may also be listed on such other or further stock exchange(s) as may be agreed between the relevant Issuer and the relevant Dealer in relation to each Series.</p> <p>Unlisted Notes may also be issued.</p> <p>The applicable Pricing Supplement will state whether or not the relevant Notes are to be listed and, if so, on which stock exchange(s).</p>
Governing Law: .....	<p>The Notes will be governed by, and construed in accordance with, English law.</p>

Selling Restrictions: . . . . . There are restrictions on the offer, sale and transfer of the Notes in the United States, the United Kingdom, Japan and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes, (see "Subscription and Sale").

## FORM OF THE NOTES

Each Tranche of Notes will be in bearer form and will be initially issued in the form of a temporary global note (a "Temporary Global Note") which will be delivered on or prior to the original issue date of the Tranche to a common depositary (the "Common Depositary") for Euroclear Bank S.A./N.V., as operator of the Euroclear System ("Euroclear") and Clearstream Banking, société anonyme ("Clearstream, Luxembourg"). Whilst any Note is represented by a Temporary Global Note, payments of principal, interest (if any) and any other amount payable in respect of the Notes due prior to the Exchange Date (as defined below) will be made against presentation of the Temporary Global Note only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in such Note are not U.S. persons or persons who have purchased for resale to any U.S. person or any person within the United States or its possessions, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg and Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Agent.

On and after the date (the "Exchange Date") which is 40 days after the Temporary Global Note is issued, interests in such Temporary Global Note will be exchangeable (free of charge) upon a request as described therein for either (i) interests in a Permanent Global Note (a "Permanent Global Note") of the same Series or (ii) definitive Notes of the same Series with, where applicable, receipts, interest coupons and talons attached (as indicated in the applicable Pricing Supplement and subject, in the case of definitive Notes, to such notice period as is specified in the applicable Pricing Supplement), in each case against certification of beneficial ownership as described above unless such certification has already been given. The holder of a Temporary Global Note will not be entitled to collect any payment of interest (if any), principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Global Note for an interest in a Permanent Global Note or for definitive Notes is improperly withheld or refused.

Payments of principal, interest (if any) or any other amounts on a Permanent Global Note will be made through Euroclear and/or Clearstream, Luxembourg against presentation or surrender (as the case may be) of the Permanent Global Note without any requirement for certification.

The applicable Pricing Supplement will specify that a Permanent Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Notes with, where applicable, receipts, interest coupons and talons attached upon either (i) not less than 60 days' written notice from Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Note) to the Agent as described therein or (ii) only upon the occurrence of an Exchange Event. For these purposes, "Exchange Event" means that (i) an Event of Default (as defined in Condition 9) has occurred and is continuing, (ii) the relevant Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system satisfactory to the Trustee is available or (iii) the relevant Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Permanent Global Note in definitive form and a certificate to such effect signed by two Directors of the relevant Issuer has been given to the Trustee. The relevant Issuer will promptly give notice to the Noteholders in accordance with Condition 15 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Note) or the Trustee may give notice to the Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the relevant Issuer may also give notice to the Agent requesting exchange. Any such exchange shall occur not more than 45 days after the date of receipt of the first relevant notice by the Agent.

The following legend will appear on all Notes which have an original maturity of more than 183 days and on all receipts and interest coupons relating to such Notes:

"ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE."

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Notes, receipts or interest coupons and will not be entitled to capital gains treatment of any gain on any sale, disposition, redemption or payment of principal in respect of such Notes, receipts or interest coupons.

The following legend will appear on all Notes which have an original maturity of 183 days or less and on all receipts and interest coupons relating to such Notes:

"BY ACCEPTING THIS OBLIGATION, THE HOLDER REPRESENTS AND WARRANTS THAT IT IS NOT A UNITED STATES PERSON (OTHER THAN AN EXEMPT RECIPIENT DESCRIBED IN SECTION 6049(b)(4) OF THE INTERNAL REVENUE CODE AND THE REGULATIONS THEREUNDER) AND THAT IT IS NOT ACTING FOR OR ON BEHALF OF A UNITED STATES PERSON (OTHER THAN AN EXEMPT RECIPIENT DESCRIBED IN SECTION 6049(b)(4) OF THE INTERNAL REVENUE CODE AND THE REGULATIONS THEREUNDER)."

Notes with a maturity of 183 days or less are required to be issued in minimum denominations of U.S.\$500,000 (or the equivalent amount in the relevant Specified Currency determined by reference to the spot rate on the date of issuance). Notes which are represented by a Global Note will only be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be.

Pursuant to the Agency Agreement (as defined under "Terms and Conditions of the Notes"), the Agent shall arrange that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes, the Notes of such further Tranche shall be assigned a common code and ISIN which are different from the common code and ISIN assigned to Notes of any other Tranche of the same Series until at least the expiry of the distribution compliance period (as defined in Regulation S under the Securities Act) applicable to the Notes of such Tranche.

For so long as any of the Notes is represented by a Temporary Global Note or a Permanent Global Note held on behalf of Euroclear and/or Clearstream, Luxembourg each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the relevant Issuer, the Guarantor and their agents and the Trustee as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest (if any) on such nominal amount of such Notes, for which purpose the bearer of the relevant Global Note shall be treated by the relevant Issuer, the Guarantor and their agents and the Trustee as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note; and the expressions "Noteholder" and "holder of Notes" and related expressions shall be construed accordingly.

Any reference herein to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Pricing Supplement or as may otherwise be approved by the relevant Issuer, the Agent and the Trustee.

No Noteholder, Receiptholder or Couponholder shall be entitled to proceed directly against the relevant Issuer or the Guarantor unless the Trustee, having become bound so to proceed, fails so to do within a reasonable period and the failure shall be continuing.

## Form of Pricing Supplement

Set out below is the form of Pricing Supplement which will be completed for each Tranche of Notes issued under the Programme.

[Date]

[GlaxoSmithKline Capital Inc./  
GlaxoSmithKline Capital plc]

**Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]  
Guaranteed by GlaxoSmithKline plc  
under the £5,000,000,000  
Euro Medium Term Note Programme**

This document constitutes the Pricing Supplement relating to the issue of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Offering Circular dated 7th June, 2002 and any supplement thereto. This Pricing Supplement is supplemental to and must be read in conjunction with such Offering Circular.

*[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs.]*

*[If the Notes must be redeemed before the first anniversary of their date of issue, the minimum denomination must be £100,000 or its equivalent in any other currency.]*

*[If the Notes have an original term to maturity of 183 days or less, the minimum denomination must be USD 500,000 or the equivalent in any other currency.]*

1. Issuer: [GlaxoSmithKline Capital Inc./  
GlaxoSmithKline Capital plc]
2. (i) Series Number: [            ]  
(ii) Tranche Number: [            ]  
*(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible)*
3. Specified Currency or Currencies: [            ]
4. Aggregate Nominal Amount:  
(i) Series: [            ]  
(ii) Tranche: [            ]
5. (i) Issue Price: [    ] per cent. of the Aggregate Nominal Amount [plus accrued interest from *[insert date]* (in the case of fungible issues only, if applicable)]  
(ii) Net proceeds: [            ]
6. Specified Denominations: [            ]
7. (i) Issue Date [and Interest Commencement Date]: [            ]  
(ii) Interest Commencement Date (if different from the Issue Date): [            ]
8. Maturity Date: *[Fixed rate specify date/  
Floating rate—Interest Payment Date falling in or nearest to [specify month]]*

9. Interest Basis: [[ ] per cent. Fixed Rate]  
[[LIBOR/EURIBOR] +/- [ ] per cent.  
Floating Rate]  
[Zero Coupon]  
[Index Linked Interest]  
[Dual Currency Interest]  
[specify other]  
(further particulars specified below)
10. Redemption/Payment Basis: [Redemption at par]  
[Index Linked Redemption]  
[Dual Currency Redemption]  
[Partly Paid]  
[Instalment]  
[specify other]
11. Change of Interest Basis or Redemption/  
Payment Basis: [Specify details of any provision for change  
of Notes into another Interest Basis or  
Redemption/ Payment Basis]
12. Put/Call Options: [Investor Put]  
[Issuer Call]  
[(further particulars specified below)]
13. (i) Status of the Notes: Senior
- (ii) Status of the Guarantee: Senior
14. Listing: [London/specify other/None]
15. Method of distribution: [Syndicated/Non-syndicated]

#### PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

16. Fixed Rate Note Provisions [Applicable/Not Applicable]  
(If not applicable, delete the remaining sub-  
paragraphs of this paragraph)
- (i) Rate(s) of Interest: [ ] per cent. per annum [payable  
[annually/semi-annually/quarterly] in arrear]  
(If payable other than annually, consider  
amending Condition 4)
- (ii) Interest Payment Date(s): [[ ] in each year up to and including  
the Maturity Date]/[specify other]  
(NB: This will need to be amended in the  
case of long or short coupons)
- (iii) Fixed Coupon Amount(s): [ ] per [ ] in nominal amount
- (iv) Broken Amount(s): [Insert particulars of any initial or final  
broken interest amounts which do not  
correspond with the Fixed Coupon Amount]
- (v) Day Count Fraction: [30/360 or Actual/Actual (ISMA) or specify  
other]
- (vi) Determination Date(s): [ ] in each year  
[Insert regular interest payment dates,  
ignoring issue date or maturity date in the  
case of a long or short first or last coupon]  
(NB: This will need to be amended in the  
case of regular interest payment dates  
which are not of equal duration)  
(NB: Only relevant where Day Count  
Fraction is Actual/Actual (ISMA))

- (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [None/Give details]
- 17. Floating Rate Note Provisions** [Applicable/Not Applicable]  
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Specified Period(s)/Specified Interest Payment Dates: [ ]
- (ii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/[specify other]]
- (iii) Additional Business Centre(s): [ ]
- (iv) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination/specify other]
- (v) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent): [ ]
- (vi) Screen Rate Determination:  
— Reference Rate: [ ]  
(Either LIBOR, EURIBOR or other, although additional information is required if other including fallback provisions in the Agency Agreement)
- Interest Determination Date(s): [ ]  
(Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)
- Relevant Screen Page: [ ]  
(In the case of EURIBOR, if not Telerate 248 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)
- (vii) ISDA Determination:  
— Floating Rate Option: [ ]  
— Designated Maturity: [ ]  
— Reset Date: [ ]
- (viii) Margin(s): [+/-] [ ] per cent. per annum
- (ix) Minimum Rate of Interest: [ ] per cent. per annum
- (x) Maximum Rate of Interest: [ ] per cent. per annum



- (xi) Day Count Fraction: [Actual/365  
Actual/365 (Fixed)  
Actual/365 (Sterling)  
Actual/360  
30/360  
30E/360  
Other](See Condition 4 for alternatives)
- (xii) Fall back provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: [       ]
- 18. Zero Coupon Note Provisions** [Applicable/Not Applicable]  
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) Accrual Yield: [       ] per cent. per annum
- (ii) Reference Price: [       ]
- (iii) Any other formula/basis of determining amount payable: [       ]
- (iv) Day Count Fraction in relation to Early Redemption Amounts and late payment: [Conditions 6(e)(iii) and 6(j) apply/specify other]  
(Consider applicable day count fraction if not U.S. dollar denominated)
- 19. Index Linked Interest Note Provisions** [Applicable/Not Applicable]  
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) Index/Formula: [give or annex details]
- (ii) Calculation Agent responsible for calculating the principal and/or interest due: [       ]
- (iii) Provisions for determining coupon where calculation by reference to Index and/or Formula is impossible or impracticable: [       ]
- (iv) Specified Period(s)/Specified Interest Payment Dates: [       ]
- (v) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/specify other]
- (vi) Additional Business Centre(s): [       ]
- (vii) Minimum Rate of Interest: [       ] per cent. per annum
- (viii) Maximum Rate of Interest: [       ] per cent. per annum
- (ix) Day Count Fraction: [       ]
- 20. Dual Currency Note Provisions** [Applicable/Not Applicable]  
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) Rate of Exchange/method of calculating Rate of Exchange: [give details]

- (ii) Calculation Agent, if any, responsible for calculating the principal and/or interest payable: [       ]
- (iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: [       ]
- (iv) Person at whose option Specified Currency(ies) is/are payable: [       ]

#### PROVISIONS RELATING TO REDEMPTION

21. Issuer Call: [Applicable/Not Applicable]  
(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- (i) Optional Redemption Date(s): [       ]
- (ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s): [       ]
- (iii) If redeemable in part:
  - (a) Minimum Redemption Amount: [       ]
  - (b) Higher Redemption Amount: [       ]
- (iv) Notice period (if other than as set out in the Conditions): [       ]

22. Investor Put: [Applicable/Not Applicable]  
(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- (i) Optional Redemption Date(s): [       ]
- (ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s): [       ]
- (iii) Notice period (if other than as set out in the Conditions): [       ]

23. Final Redemption Amount: [Nominal Amount/specify other/see Appendix]

24. Early Redemption Amount(s) payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in Condition 6(e)): [       ]

#### GENERAL PROVISIONS APPLICABLE TO THE NOTES

25. Form of Notes: [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes on 60 days' notice given at any time/only upon an Exchange Event]  
[Temporary Global Note exchangeable for Definitive Notes on and after the Exchange Date]

26. Additional Financial Centre(s) or other special provisions relating to Payment Dates: [Not Applicable/give details]  
(Note that this item relates to the place of payment and not Interest Period end dates to which items 17(iii) and 19(vi) relate)
27. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): [Yes/No. If yes, give details]
28. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment: [Not Applicable/give details. NB: a new form of Temporary Global Note and/or Permanent Global Note may be required for Partly Paid issues]
29. Details relating to Instalment Notes:
- (i) Instalment Amount(s): [Not Applicable/give details]
- (ii) Instalment Date(s): [Not Applicable/give details]
30. Redenomination applicable: Redenomination [not] applicable  
[(If Redenomination is applicable, specify the terms of the redenomination in an Annex to the Pricing Supplement)]
31. Other terms or special conditions: [Not Applicable/give details]

#### DISTRIBUTION

32. (i) If syndicated, names of Managers: [Not Applicable/give names]  
(ii) Stabilising Manager (if any): [Not Applicable/give name]
33. If non-syndicated, name of relevant Dealer: [ ]
34. Whether TEFRA D or TEFRA C rules applicable or TEFRA rules not applicable: [TEFRA D/TEFRA C/TEFRA not applicable]
35. Additional selling restrictions: [Not Applicable/give details]

#### OPERATIONAL INFORMATION

36. Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): [Not Applicable/give name(s) and number(s)]
37. Delivery: Delivery [against/free of] payment
38. Additional Paying Agent(s) (if any): [ ]

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ISIN:	[ ]
Common Code:	[ ]

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#### [LISTING APPLICATION

This Pricing Supplement comprises the details required to list the issue of Notes described herein pursuant to the listing of the £5,000,000,000 Euro Medium Term Note Programme of GlaxoSmithKline Capital Inc./GlaxoSmithKline Capital plc.]

#### [STABILISING

In connection with this issue [Stabilising Manager] or any person acting for him may over-allot or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail for a limited period. However, there may be no obligation on

[*Stabilising Manager*] or any agent of his to do this. Such stabilising, if commenced, may be discontinued at any time and must be brought to an end after a limited period.]

## RESPONSIBILITY

The Issuer and the Guarantor accept responsibility for the information contained in this Pricing Supplement.

Signed on behalf of the Issuer:

Signed on behalf of the Guarantor:

By: .....  
*Duly authorised*

By: .....  
*Duly authorised*

If the applicable Pricing Supplement specifies any modification to the Terms and Conditions of the Notes as described herein, it is envisaged that, to the extent that such modification relates only to Conditions 1, 4, 5, 6 (except Condition 6(b)), 10, 13, 14, 15 (insofar as such Notes are not listed or admitted to trade on any stock exchange) or 17, they will not necessitate the preparation of supplementary Listing Particulars. If the Terms and Conditions of the Notes of any Series are to be modified in any other respect, supplementary Listing Particulars will be prepared, if appropriate.

## TERMS AND CONDITIONS OF THE NOTES

*The following are the Terms and Conditions of the Notes which will be incorporated by reference into each Global Note (as defined below) and each Definitive Note, in the latter case only if permitted by the relevant stock exchange or other relevant authority (if any) and agreed by the relevant Issuer and the relevant Dealer at the time of issue but, if not so permitted and agreed, such definitive Note will have endorsed thereon or attached thereto such Terms and Conditions. The applicable Pricing Supplement in relation to any Tranche of Notes may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such Notes. The applicable Pricing Supplement (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Note and definitive Note. Reference should be made to "Form of the Notes" for a description of the content of Pricing Supplements which will specify which of such terms are to apply in relation to the relevant Notes.*

This Note is one of a Series (as defined below) of Notes issued by GlaxoSmithKline Capital Inc. or GlaxoSmithKline Capital plc (each an "Issuer" and together the "Issuers") constituted by a Trust Deed (such Trust Deed as modified and/or supplemented and/or restated from time to time, the "Trust Deed") dated 4th December, 2001 and made between the Issuers, GlaxoSmithKline plc (the "Guarantor") as guarantor and The Law Debenture Trust Corporation p.l.c. (the "Trustee", which expression shall include any successor trustee) as Trustee of the Noteholders (as defined below).

References herein to the "Notes" shall be references to the Notes of this Series and shall mean:

- (i) in relation to any Notes represented by a global Note (a "Global Note"), units of the lowest Specified Denomination in the Specified Currency;
- (ii) any Global Note; and
- (iii) any definitive Notes issued in exchange for a Global Note.

The Notes, the Receipts (as defined below) and the Coupons (as defined below) also have the benefit of an Agency Agreement (such Agency Agreement as amended and/or supplemented and/or restated from time to time, the "Agency Agreement") dated 4th December, 2001, and made between the Issuers, the Guarantor, the Trustee, Citibank, N.A. as issuing and principal paying agent and agent bank (the "Agent", which expression shall include any successor agent) and the other paying agents named therein (together with the Agent, the "Paying Agents", which expression shall include any additional or successor paying agents).

Interest bearing definitive Notes have interest coupons ("Coupons") and, if indicated in the applicable Pricing Supplement, talons for further Coupons ("Talons") attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Definitive Notes repayable in instalments have receipts ("Receipts") for the payment of the instalments of principal (other than the final instalment) attached on issue. Global Notes do not have Receipts, Coupons or Talons attached on issue.

The Pricing Supplement for this Note (or the relevant provisions thereof) is attached to or endorsed on this Note and supplements these Terms and Conditions and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Terms and Conditions, replace or modify these Terms and Conditions for the purposes of this Note. References to the "applicable Pricing Supplement" are to the Pricing Supplement (or the relevant provisions thereof) attached to or endorsed on this Note.

The Trustee acts for the benefit of the holders of the Notes (the "Noteholders", which expression shall, in relation to any Notes represented by a Global Note, be construed as provided below), the holders of the Receipts (the "Receiptholders") and the holders of the Coupons (the "Couponholders", which expression shall, unless the context otherwise requires, include the holders of the Talons in accordance with the provisions of the Trust Deed).

As used herein, "Tranche" means Notes which are identical in all respects (including as to listing) and "Series" means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (i) expressed to be consolidated and form a single series and (ii) identical in all

respects (including as to listing) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

Copies of the Trust Deed and the Agency Agreement are available for inspection during normal business hours at the registered office for the time being of the Trustee (being at 7th June, 2002 at Fifth Floor, 100 Wood Street, London EC2V 7EX) and at the specified office of each of the Paying Agents. Copies of the applicable Pricing Supplement are obtainable during normal business hours at the specified office of each of the Paying Agents save that, if this Note is an unlisted Note of any Tranche, the applicable Pricing Supplement will only be obtainable by a Noteholder holding one or more unlisted Notes of that Tranche and such Noteholder must produce evidence satisfactory to the relevant Issuer and the Trustee or as the case may be, relevant Paying Agent as to its holding of such Notes and identity. The Noteholders, the Receiptholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Trust Deed, the Agency Agreement and the applicable Pricing Supplement which are applicable to them. The statements in these Terms and Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed.

Words and expressions defined in the Trust Deed or the Agency Agreement or used in the applicable Pricing Supplement shall have the same meanings where used in these Terms and Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Agency Agreement and the Trust Deed, the Trust Deed will prevail and, in the event of inconsistency between the Agency Agreement or the Trust Deed and the applicable Pricing Supplement, the applicable Pricing Supplement will prevail.

## **1. FORM, DENOMINATION AND TITLE**

The Notes are in bearer form and, in the case of definitive Notes, serially numbered, in the Specified Currency and the Specified Denomination(s). Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination.

This Note may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Index Linked Interest Note, a Dual Currency Interest Note or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Pricing Supplement.

This Note may be an Index Linked Redemption Note, an Instalment Note, a Dual Currency Redemption Note, a Partly Paid Note or a combination of any of the foregoing, depending on the Redemption/Payment Basis shown in the applicable Pricing Supplement.

Definitive Notes are issued with Coupons attached, unless they are Zero Coupon Notes in which case references to Coupons and Couponholders in these Terms and Conditions are not applicable.

Subject as set out below, title to the Notes, Receipts and Coupons will pass by delivery. The relevant Issuer, the Guarantor, the Trustee and the Paying Agents will (except as otherwise required by law) deem and treat the bearer of any Note, Receipt or Coupon as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Note, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear Bank S.A./N.V., as operator of the Euroclear System ("Euroclear") and/or Clearstream Banking, société anonyme ("Clearstream, Luxembourg"), each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the relevant Issuer, the Guarantor, the Trustee and the Paying Agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest (if any) on such nominal amount of such Notes, for which purpose the bearer of the relevant Global Note shall be treated by the relevant Issuer, the Guarantor, the Trustee and the Paying Agents as the holder of such nominal amount of such Notes in

accordance with and subject to the terms of the relevant Global Note and the Trust Deed and the expressions "Noteholder" and "holder of Notes" and related expressions shall be construed accordingly. In determining whether a particular person is entitled to a particular nominal amount of Notes as aforesaid, the Trustee may rely on such evidence and/or information and/or certification it shall, in its absolute discretion, think fit and, if it does so rely, such evidence and/or information and/or certification shall in the absence of manifest error, be conclusive and binding on all concerned. Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear and Clearstream, Luxembourg, as the case may be.

References to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Pricing Supplement or as may otherwise be approved by the relevant Issuer, the Agent and the Trustee.

## **2. STATUS OF THE NOTES AND THE GUARANTEE**

### **(a) Status of the Notes**

The Notes and any relative Receipts and Coupons are direct, unconditional, unsubordinated and (subject to the provisions of Condition 3) unsecured obligations of the relevant Issuer and rank *pari passu* among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the relevant Issuer, from time to time outstanding.

### **(b) Status of the Guarantee**

The payment of principal and interest (if any) together with all other sums payable by the relevant Issuer under the Trust Deed in respect of the Notes has been unconditionally and irrevocably guaranteed by the Guarantor in the Trust Deed. The obligations of the Guarantor are direct, unconditional, unsubordinated and (subject to the provisions of Condition 3) unsecured obligations of the Guarantor and (save for certain obligations required to be preferred by law) rank equally with all other unsecured obligations (other than subordinated obligations, if any) of the Guarantor, from time to time outstanding.

## **3. NEGATIVE PLEDGE**

So long as any of the Notes remains outstanding (as defined in the Trust Deed):

- (a) the relevant Issuer will not create or permit to subsist any mortgage, charge, pledge or lien (other than a lien arising by operation of law) upon the whole or any part of its property, assets or revenues, present or future, to secure (i) payment of any Relevant Indebtedness or (ii) any payment under any guarantee or indemnity granted by the relevant Issuer in respect of any Relevant Indebtedness (as defined below); and
- (b) the Guarantor will not and will procure that no Subsidiary (as defined below) of the Guarantor will create or permit to subsist any mortgage, charge, pledge or lien (other than a lien arising by operation of law) upon the whole or any part of its property, assets or revenues, present or future, to secure (i) payment of any Relevant Indebtedness or (ii) any payment under any guarantee or indemnity granted by the Guarantor or any Principal Subsidiary (as defined below) in respect of any Relevant Indebtedness

without in any such case at the same time according to the Notes (unless it has already been so accorded) to the satisfaction of the Trustee either the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or such other arrangement (whether or not comprising security) as the Trustee shall in its absolute discretion deem not materially less beneficial to the Noteholders or as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders.

For the purposes of this Condition, "Relevant Indebtedness" means any indebtedness which (a) is in the form of or represented by bonds, notes, loan stock, depositary receipts or other securities issued otherwise than to constitute or represent advances made by banks and/or other lending institutions; (b) is denominated, or confers any right to payment of principal,

premium and/or interest, in or by reference to any currency other than the currency of the country in which the issuer of the indebtedness has its principal place of business, or is denominated in or by reference to the currency of such country but is placed or offered for subscription or sale by or on behalf of, or by agreement with, the issuer as to over 20 per cent. outside such country; and (c) at its date of issue is, or is intended by the issuer to become, quoted, listed, traded or dealt in on any stock exchange, over-the-counter market or other securities market.

In these Terms and Conditions, "Subsidiary" means a subsidiary within the meaning of section 736 of the Companies Act 1985 of Great Britain.

#### 4. INTEREST

##### (a) *Interest on Fixed Rate Notes*

Each Fixed Rate Note bears interest on its outstanding nominal amount (or, if it is a Partly Paid Note, the amount paid up) from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

Except as provided in the applicable Pricing Supplement, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Pricing Supplement, amount to the Broken Amount so specified.

As used in these Terms and Conditions, "**Fixed Interest Period**" means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

If interest is required to be calculated for a period other than a Fixed Interest Period, such interest shall be calculated by applying the Rate of Interest to each Specified Denomination, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

"**Day Count Fraction**" means, in respect of the calculation of an amount of interest in accordance with this Condition 4(a):

(i) if "Actual/Actual (ISMA)" is specified in the applicable Pricing Supplement:

- (a) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the "Accrual Period") is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the applicable Pricing Supplement) that would occur in one calendar year; or
- (b) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
  - (1) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates (as specified in the applicable Pricing Supplement) that would occur in one calendar year; and
  - (2) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and



- (ii) if "30/360" is specified in the applicable Pricing Supplement, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360.

In these Terms and Conditions:

**"Determination Period"** means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date); and

**"sub-unit"** means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, means one cent.

(b) *Interest on Floating Rate Notes and Index Linked Interest Notes*

(i) *Interest Payment Dates*

Each Floating Rate Note and Index Linked Interest Note bears interest on its outstanding nominal amount (or, if it is a Partly Paid Note, the amount paid up) from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

- (A) the Specified Interest Payment Date(s) in each year specified in the applicable Pricing Supplement; or
- (B) if no Specified Interest Payment Date(s) is/are specified in the applicable Pricing Supplement, each date (each such date, together with each Specified Interest Payment Date, an "Interest Payment Date") which falls the number of months or other period specified as the Specified Period in the applicable Pricing Supplement after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period (which expression shall, in these Terms and Conditions, mean the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date).

If a Business Day Convention is specified in the applicable Pricing Supplement and (x) if there is no numerically corresponding day on the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

- (A) in any case where Specified Periods are specified in accordance with Condition 4(b)(i)(B) above, the Floating Rate Convention, such Interest Payment Date (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (B) below shall apply *mutatis mutandis* or (ii) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (A) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (B) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or
- (B) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (C) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or

- (D) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In these Terms and Conditions, "**Business Day**" means a day which is both:

- (A) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and any Additional Business Centre specified in the applicable Pricing Supplement; and
- (B) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than London and any Additional Business Centre and which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Melbourne and Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System (the "TARGET System") is open.

(ii) *Rate of Interest*

The Rate of Interest payable from time to time in respect of Floating Rate Notes and Index Linked Interest Notes will be determined in the manner specified in the applicable Pricing Supplement.

(A) *ISDA Determination for Floating Rate Notes*

Where ISDA Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any). For the purposes of this sub-paragraph (A), "ISDA Rate" for an Interest Period means a rate equal to the Floating Rate that would be determined by the Agent under an interest rate swap transaction if the Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2000 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes (the "ISDA Definitions") and under which:

- (1) the Floating Rate Option is as specified in the applicable Pricing Supplement;
- (2) the Designated Maturity is a period specified in the applicable Pricing Supplement; and
- (3) the relevant Reset Date is either (i) if the applicable Floating Rate Option is based on the London inter-bank offered rate ("LIBOR") or on the Euro-zone inter-bank offered rate ("EURIBOR"), the first day of that Interest Period or (ii) in any other case, as specified in the applicable Pricing Supplement.

For the purposes of this sub-paragraph (A), "**Floating Rate**", "**Calculation Agent**", "**Floating Rate Option**", "**Designated Maturity**" and "**Reset Date**" have the meanings given to those terms in the ISDA Definitions.

(B) *Screen Rate Determination for Floating Rate Notes*

Where Screen Rate Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

- (1) the offered quotation; or
- (2) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at 11.00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR) on the Interest Determination Date in question plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any), all as determined by the Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

The Agency Agreement contains provisions for determining the Rate of Interest in the event that the Relevant Screen Page is not available or if, in the case of (1) above, no such offered quotation appears or, in the case of (2) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph.

If the Reference Rate from time to time in respect of Floating Rate Notes is specified in the applicable Pricing Supplement as being other than LIBOR or EURIBOR, the Rate of Interest in respect of such Notes will be determined as provided in the applicable Pricing Supplement.

(iii) *Minimum Rate of Interest and/or Maximum Rate of Interest*

If the applicable Pricing Supplement specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (ii) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Pricing Supplement specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (ii) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(iv) *Determination of Rate of Interest and calculation of Interest Amounts*

The Agent, in the case of Floating Rate Notes, and the Calculation Agent, in the case of Index Linked Interest Notes, will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period. In the case of Index Linked Interest Notes, the Calculation Agent will notify the Agent of the Rate of Interest for the relevant Interest Period as soon as practicable after calculating the same.

The Agent will calculate the amount of interest (the "Interest Amount") payable on the Floating Rate Notes or Index Linked Interest Notes in respect of each Specified Denomination for the relevant Interest Period. Each Interest Amount shall be calculated by applying the Rate of Interest to each Specified Denomination, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

**"Day Count Fraction"** means, in respect of the calculation of an amount of interest in accordance with this Condition 4(b):

- (A) if "Actual/365" or "Actual/Actual" is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);

- (B) if "Actual/365 (Fixed)" is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365;
- (C) if "Actual/365 (Sterling)" is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (D) if "Actual/360" is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 360;
- (E) if "30/360", "360/360" or "Bond Basis" is specified in the applicable Pricing Supplement, the number of days in the Interest Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (a) the last day of the Interest Period is the 31st day of a month but the first day of the Interest Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (b) the last day of the Interest Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month)); and
- (F) if "30E/360" or "Eurobond Basis" is specified in the applicable Pricing Supplement, the number of days in the Interest Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months, without regard to the date of the first day or last day of the Interest Period unless, in the case of the final Interest Period, the Maturity Date is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month).

(v) *Notification of Rate of Interest and Interest Amounts*

The Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the relevant Issuer, Trustee and any stock exchange or other relevant authority on which the relevant Floating Rate Notes or Index Linked Interest Notes are for the time being listed or by which they have been admitted to listing and notice thereof to be given in accordance with Condition 15 as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange or other relevant authority on which the relevant Floating Rate Notes or Index Linked Interest Notes are for the time being listed or by which they have been admitted to listing and to the Noteholders in accordance with Condition 15. For the purposes of this paragraph, the expression "**London Business Day**" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in London.

(vi) *Determination or calculation by Trustee*

If for any reason the Agent or the Calculation Agent at any time after the Issue Date defaults in its obligation to determine the Rate of Interest or calculate any Interest Amount in accordance with sub-paragraph (ii) or (iv), as the case may be, above, the Trustee shall determine the Rate of Interest at such rate as, in its absolute discretion (having such regard as it shall think fit to the foregoing provisions in this Condition but subject always to any Minimum or Maximum Rate of Interest specified in the applicable Pricing Supplement), it shall deem fair and reasonable in all the circumstances or, as the case may be, the Trustee shall calculate the Interest Amount(s) in such manner as it shall deem fair and reasonable in all the circumstances and each such determination or calculation shall be deemed to have been made by the Agent or, as the case may be, the Calculation Agent.

(vii) *Certificates to be final*

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 4(b), whether by the Agent or, if applicable, the Calculation Agent or the Trustee, shall (in the absence of wilful default, bad faith or manifest error) be binding on the relevant Issuer, the Guarantor, the Agent, the Trustee, the Calculation Agent (if applicable), the other Paying Agents and all Noteholders, Receiptholders and Couponholders and (in the absence as aforesaid) no liability to the relevant Issuer, the Guarantor, the Noteholders, the Receiptholders or the Couponholders shall attach to the Agent or, if applicable, the Calculation Agent or the Trustee in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(c) *Interest on Dual Currency Interest Notes*

The rate or amount of interest payable in respect of Dual Currency Interest Notes shall be determined in the manner specified in the applicable Pricing Supplement.

(d) *Interest on Partly Paid Notes*

In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified in the applicable Pricing Supplement.

(e) *Accrual of interest*

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue as provided in the Trust Deed.

**5. PAYMENTS**

(a) *Method of payment*

Subject as provided below:

- (i) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency (which, in the case of a payment in Japanese yen to a non-resident of Japan, shall be a non-resident account) maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Melbourne and Auckland, respectively provided however that no payment may be made by transfer of funds to an account maintained in the United States or by cheque mailed to an address in the United States); and
- (ii) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque.

Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 7.

(b) *Presentation of definitive Notes, Receipts and Coupons*

Payments of principal in respect of definitive Notes will (subject as provided below) be made in the manner provided in paragraph (a) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of definitive Notes, and payments of interest (if any) in respect of definitive Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction)).

Payments of instalments of principal (if any) in respect of definitive Notes, other than the final instalment, will (subject as provided below) be made in the manner provided in paragraph (a) above against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Receipt in accordance with the preceding paragraph. Payment of the final instalment will be made in the manner provided in paragraph (a) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant definitive Note in accordance with the preceding paragraph. Each Receipt must be presented for payment of the relevant instalment together with the definitive Note to which it appertains. Receipts presented without the definitive Note to which they appertain do not constitute valid obligations of the relevant Issuer. Upon the date on which any definitive Note becomes due and repayable, unmatured Receipts (if any) relating thereto (whether or not attached) shall become void and no payment shall be made in respect thereof.

Fixed Rate Notes in definitive form (other than Floating Rate Notes, Dual Currency Notes, Index Linked Notes or Long Maturity Notes (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned in paragraph (a) above against surrender of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 7) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 8) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Note in definitive form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note, Dual Currency Note, Index Linked Note or Long Maturity Note in definitive form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. A "Long Maturity Note" is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note.

If the due date for redemption of any definitive Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant definitive Note.

(c) *Payments in respect of Global Notes*

Payments of principal and interest (if any) in respect of Notes represented by any Global Note will (subject as provided below) be made in the manner specified above in relation to definitive Notes and otherwise in the manner specified in the relevant Global Note against presentation or surrender, as the case may be, of such Global Note at the specified office of any Paying Agent outside the United States. A record of each payment made against presentation or surrender of any Global Note, distinguishing between any payment of principal and any payment of interest, will be made on such Global Note by the Paying Agent to which it was presented and such record shall be *prima facie* evidence that the payment in question has been made.

(d) *General provisions applicable to payments*

The holder of a Global Note (or, as provided in the Trust Deed, the Trustee) shall be the only person entitled to receive payments in respect of Notes represented by such Global Note and the relevant Issuer or, as the case may be, the Guarantor will be discharged by payment to, or

to the order of, the holder of such Global Note (or the Trustee, as the case may be) in respect of each amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for his share of each payment so made by the relevant Issuer or, as the case may be, the Guarantor to, or to the order of, the holder of such Global Note (or the Trustee, as the case may be). No person other than the holder of the relevant Global Note (or, as provided in the Trust Deed, the Trustee) shall have any claim against the relevant Issuer or, as the case may be, the Guarantor in respect of any payments due on such Global Note.

Notwithstanding the foregoing provisions of this Condition, if any amount of principal and/or interest (if any) in respect of Notes is payable in U.S. dollars, such U.S. dollar payments of principal and/or interest (if any) in respect of such Notes will be made at the specified office of a Paying Agent in the United States if:

- (i) the relevant Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest (if any) on the Notes in the manner provided above when due;
- (ii) payment of the full amount of such principal and interest (if any) at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest (if any) in U.S. dollars; and
- (iii) such payment is then permitted under United States law without involving, in the opinion of the relevant Issuer, adverse tax consequences to the relevant Issuer.

(e) *Payment Day*

If the date for payment of any amount in respect of any Note, Receipt or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, "**Payment Day**" means any day which (subject to Condition 8) is:

- (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:
  - (A) the relevant place of presentation;
  - (B) London;
  - (C) any Additional Financial Centre specified in the applicable Pricing Supplement; and
- (ii) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than the place of presentation, London and any Additional Financial Centre and which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Melbourne and Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the TARGET System is open.

(f) *Interpretation of principal and interest*

Any reference in these Terms and Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

- (i) any additional amounts which may be payable with respect to principal under Condition 7 or under any undertaking given in addition thereto, or in substitution therefor, pursuant to the Trust Deed;

- (ii) the Final Redemption Amount of the Notes;
- (iii) the Early Redemption Amount of the Notes;
- (iv) the Optional Redemption Amount(s) (if any) of the Notes;
- (v) in relation to Notes redeemable in instalments, the Instalment Amounts;
- (vi) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 6(e)); and
- (vii) any premium and any other amounts (other than interest) which may be payable by the relevant Issuer under or in respect of the Notes.

Any reference in these Terms and Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 7 or under any undertaking given in addition thereto, or in substitution therefor, pursuant to the Trust Deed.

## 6. REDEMPTION AND PURCHASE

### (a) *Redemption at maturity*

Unless previously redeemed or purchased and cancelled as specified below, each Note (including each Index Linked Redemption Note and Dual Currency Redemption Note) will be redeemed by the relevant Issuer at its Final Redemption Amount specified in, or determined in the manner specified in, the applicable Pricing Supplement in the relevant Specified Currency on the Maturity Date.

### (b) *Redemption for tax reasons*

#### (i) *Where the Issuer is GlaxoSmithKline Capital Inc.*

The provisions of this paragraph shall apply where the Issuer is GlaxoSmithKline Capital Inc.

The Notes may be redeemed in whole but not in part, at the option of the Issuer, at any time or, if the Notes are Floating Rate Notes or Index Linked Interest Notes, on any Interest Payment Date, upon not more than 30 nor less than 15 days' prior notice to the Agent and the Trustee and (in accordance with Condition 15) to the Noteholders (which notice will be irrevocable), at their Early Redemption Amount referred to in paragraph (e) below, together, if applicable, with interest accrued to (but excluding) the date fixed for redemption, but without reduction for applicable United States withholding taxes (as described in Condition 7(A)), if, as a result of any amendment to, or change in, the laws or regulations of the United States or any political subdivision or taxing authority thereof or therein affecting taxation, or any amendment to or change in an official application or interpretation of such laws or regulations, which amendment or change is effective on or after the Issue Date of the first Tranche of the Notes, the Issuer will become obliged to pay any Additional Amounts (as defined in Condition 7(A)) on the next succeeding Interest Payment Date in respect of the Notes; provided, however, that (1) no such notice of redemption will be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such Additional Amounts in respect of the Notes were a payment in respect of the Notes then due and (2) at the time such notice of redemption is given, such obligation to pay such Additional Amounts remains in effect.

Immediately prior to the giving of any notice of redemption pursuant to this paragraph the Issuer will deliver to the Trustee a certificate signed by two Directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and the Trustee shall be entitled to accept the certificate as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Noteholders, Receiptholders and the Couponholders.

The Issuer at its election will either (x) redeem the Notes, in whole but not in part, at any time or, if the Notes are Floating Rate Notes or Index Linked Interest Notes, on any Interest Payment Date upon not more than 30 nor less than 15 days' prior notice to the Agent and



the Trustee and (in accordance with Condition 15) to the Noteholders, at their Early Redemption Amount, together, if applicable, with interest accrued to (but excluding) the date fixed for redemption, or (y) if and so long as the conditions of the final paragraph of Condition 7(i) are satisfied, pay the Additional Amounts specified in such paragraph (notwithstanding clause (d) of the first paragraph of Condition 7(i)), after determining, based on a written opinion of independent counsel chosen by the Issuer, that any payment made outside the United States by the Issuer or any of its Paying Agents of principal or interest due (if any) with respect to any Note, Receipt or Coupon would, under any present or future laws or regulations of the United States, be subject to any certification, information, documentation or other reporting requirement of any kind the effect of which requirement is the disclosure to the Issuer, any Paying Agent or any United States governmental authority of the nationality, residence or identity of a beneficial owner of such Note, Receipt or Coupon who is a United States Alien (as defined in Condition 7(i)) (other than such a requirement (a) which would not be applicable to a payment made by the Issuer or any one of its Paying Agents (i) directly to the beneficial owner or (ii) to any custodian, nominee or other agent of the beneficial owner, or (b) which could be satisfied by the custodian, nominee or other agent certifying that the beneficial owner is a United States Alien, provided that in each case referred to in clauses (a)(ii) and (b) payment by such custodian, nominee or other agent of such beneficial owner would not otherwise be subject to any such requirement, or (c) which would not have been applicable but for the presentation by the holder of such Note, Receipt or Coupon for payment on a date more than 15 days after the Relevant Date (as defined in Condition 7(i)), or (d) which would be applicable only to a payment on a Note, Receipt or Coupon the holder or beneficial owner of which is owned 10 per cent. or more directly or indirectly by, or owns actually or constructively 10 per cent. or more of, the Issuer). The Issuer will make such determination and election and notify the Trustee thereof as soon as practicable, and the Issuer will promptly give notice of such determination (the "Determination Notice") in accordance with Condition 15 in each case stating the effective date of such certification, information, documentation or other reporting requirement, whether the Issuer will redeem the Notes or will pay the Additional Amounts specified in such paragraph and (if applicable) the last date by which the redemption of the Notes must take place. If the Issuer elects to redeem the Notes, such redemption will take place on such date (being, in the case of Floating Rate Notes, an Interest Payment Date), not later than one year after publication of the Determination Notice, as the Issuer elects by notice to the Trustee at least 30 days before such date, unless shorter notice is acceptable to the Trustee. Notwithstanding the foregoing, the Issuer will not so redeem the Notes if the Issuer, based on an opinion of independent counsel chosen by the Issuer subsequently determines, not less than 15 days prior to the date fixed for redemption, that subsequent payments would not be subject to any such requirement in which case the Issuer will notify the Trustee, which will give prompt notice of that determination in accordance with Condition 15, and any earlier notice of redemption shall thereupon be revoked and of no further effect.

If the Issuer elects as provided in (y) above to pay Additional Amounts, and as long as the Issuer is obligated to pay such Additional Amounts, the Issuer may subsequently redeem the Notes, at any time or, if the Notes are Floating Rate Notes, on any Interest Payment Date, in whole but not in part, upon not more than 30 nor less than 15 days' prior notice given to the Agent and the Trustee and (in accordance with Condition 15) to the Noteholders, at their Early Redemption Amount, together, if applicable, with interest accrued to (but excluding) the date fixed for redemption. Upon any such redemption, the Issuer will pay as Additional Amounts such amounts as may be necessary so that every net payment made outside the United States by the Issuer or any of its Paying Agents in respect of any Note, Receipt or Coupon of which the beneficial owner is a United States Alien (but without any requirement that the nationality, residence or identity of such beneficial owner be disclosed to the Issuer, any Paying Agent or any United States governmental authority), after deduction or withholding for or on account of a backup withholding tax or similar charge (other than a backup withholding tax or similar charge which would be applicable solely by reason of the failure to comply with one or more of the requirements described in the third parenthetical clause of the preceding paragraph) but before deduction or withholding for or on account of any tax, assessment or other

governmental charge described in clauses (a), (b), (c), (e), (f) or (g) of the first paragraph of Condition 7(i), would not be less than the amount provided for in such Note, Receipt or Coupon to be then due and payable.

(ii) *Where the Issuer is GlaxoSmithKline Capital plc*

The provisions of this paragraph shall apply where the Issuer is GlaxoSmithKline Capital plc.

The Notes may be redeemed in whole but not in part, at the option of the Issuer, at any time or, if the Notes are Floating Rate Notes or Index Linked Interest Notes, on any Interest Payment Date, upon not more than 30 nor less than 15 days' prior notice given in accordance with Condition 15 (which notice will be irrevocable), at their Early Redemption Amount, together, if applicable, with interest accrued to (but excluding) the date fixed for redemption, if, as a result of any amendment to, or change in, the laws or regulations of the United Kingdom or any political subdivision or taxing authority thereof or therein affecting taxation, or any amendment to or change in an official application or interpretation of such laws or regulations, which amendment or change is effective on or after the Issue Date of the first Tranche of the Notes, the Issuer will become obligated to pay any additional amounts pursuant to Condition 7(ii) on the next succeeding Interest Payment Date in respect of the Notes; provided, however, that (1) no such notice of redemption will be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such Additional Amounts were a payment in respect of the Notes then due and (2) at the time such notice of redemption is given, such obligation to pay such Additional Amounts remains in effect. Immediately prior to the giving of any notice of redemption pursuant to this paragraph the Issuer will deliver to the Trustee a certificate signed by two Directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred.

(c) *Redemption at the option of the relevant Issuer (Issuer Call)*

If Issuer Call is specified in the applicable Pricing Supplement, the relevant Issuer may, having given:

- (i) not less than 15 nor more than 30 days' notice to the Noteholders in accordance with Condition 15; and
- (ii) not less than 15 days before the giving of the notice referred to in (i), notice to the Agent and the Trustee;

(which notices shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the applicable Pricing Supplement together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any partial redemption must be of a nominal amount not less than the Minimum Redemption Amount or not more than the Higher Redemption Amount, in each case as may be specified in the applicable Pricing Supplement. In the case of a partial redemption of Notes, the Notes to be redeemed ("Redeemed Notes") will be selected individually by lot, in the case of Redeemed Notes represented by definitive Notes, and in accordance with the rules of Euroclear and/or Clearstream, Luxembourg, in the case of Redeemed Notes represented by a Global Note, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the "Selection Date"). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be notified to Noteholders in accordance with Condition 15 not less than 15 days prior to the date fixed for redemption. The aggregate nominal amount of Redeemed Notes represented by definitive Notes shall bear the same proportion to the aggregate nominal amount of all Redeemed Notes as the aggregate nominal amount of definitive Notes outstanding bears to the aggregate nominal amount of the Notes outstanding, in each case on the Selection Date, provided that such first mentioned nominal amount shall, if necessary, be rounded downwards to the nearest integral multiple of the Specified Denomination, and the aggregate nominal amount of Redeemed Notes represented by a Global Note shall be equal to

the balance of the Redeemed Notes. No exchange of the relevant Global Note will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this paragraph (d) and notice to that effect shall be given by the relevant Issuer to the Noteholders in accordance with Condition 15 at least five days prior to the Selection Date.

(d) *Redemption at the option of the Noteholders (Investor Put)*

If Investor Put is specified in the applicable Pricing Supplement, upon the holder of any Note giving to the relevant Issuer in accordance with Condition 15 not less than 15 nor more than 30 days' notice (which notice shall be irrevocable) the relevant Issuer will, upon the expiry of such notice, redeem, subject to, and in accordance with, the terms specified in the applicable Pricing Supplement, such Note on the Optional Redemption Date and at the Optional Redemption Amount together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date.

To exercise the right to require redemption of this Note the holder of this Note must deliver, at the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the notice period, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent (a "Put Notice") and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition accompanied by, if this Note is in definitive form, this Note or evidence satisfactory to the Paying Agent concerned that this Note will, following delivery of the Put Notice, be held to its order or under its control.

(e) *Early Redemption Amounts*

For the purpose of paragraph (b) above and Condition 9, each Note will be redeemed at the Early Redemption Amount calculated as follows:

- (i) in the case of a Note with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof;
- (ii) in the case of a Note (other than a Zero Coupon Note but including an Instalment Note and a Partly Paid Note) with a Final Redemption Amount which is or may be less or greater than the Issue Price or which is payable in a Specified Currency other than that in which the Note is denominated, at the amount specified in, or determined in the manner specified in, the applicable Pricing Supplement or, if no such amount or manner is so specified in the applicable Pricing Supplement, at its nominal amount; or
- (iii) in the case of a Zero Coupon Note, at an amount (the "Amortised Face Amount") calculated in accordance with the following formula:

$$\text{Early Redemption Amount} = \text{RP} \times (1 + \text{AY})^y$$

where:

"RP" means the Reference Price;

"AY" means the Accrual Yield expressed as a decimal; and

"y" is a fraction the numerator of which is equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator of which is 360,

or on such other calculation basis as may be specified in the applicable Pricing Supplement.

(f) *Instalments*

Instalment Notes will be redeemed in the Instalment Amounts and on the Instalment Dates. In the case of early redemption, the Early Redemption Amount will be determined pursuant to paragraph (e) above.

(g) *Partly Paid Notes*

Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition and the applicable Pricing Supplement.

(h) *Purchases*

The relevant Issuer, the Guarantor or any other Subsidiary of the Guarantor may at any time purchase Notes (provided that, in the case of definitive Notes, all unmatured Receipts, Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. If purchases are made by tender, tenders must be available to all Noteholders alike. Such Notes may be held, reissued, resold or, at the option of the relevant Issuer, the Guarantor or the relevant Subsidiary of the Guarantor, surrendered to any Paying Agent for cancellation.

(i) *Cancellation*

All Notes which are redeemed will forthwith be cancelled (together with all unmatured Receipts, Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and Notes purchased and cancelled pursuant to paragraph (g) above (together with all unmatured Receipts, Coupons and Talons cancelled therewith) shall be forwarded to the Agent and cannot be reissued or resold.

(j) *Late payment on Zero Coupon Notes*

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to paragraph (a), (b), (c) or (d) above or upon its becoming due and repayable as provided in Condition 9 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in paragraph (e)(iii) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

- (A) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and
- (B) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Notes has been received by the Agent or the Trustee and notice to that effect has been given to the Noteholders in accordance with Condition 15.

**7. TAXATION**

(i) *Where the Issuer is GlaxoSmithKline Capital Inc.*

The provisions of this paragraph shall apply where the Issuer is GlaxoSmithKline Capital Inc.

All payments of principal and interest (if any) by the Issuer or the Guarantor will be made without withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges (together, "Taxes") of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the United States or any political subdivision thereof or any authority thereof or therein having power to levy the same unless such withholding or deduction is required by law. In that event, the Issuer or the Guarantor (as the case may be) will pay such amounts (the "Additional Amounts") as will result in the receipt by the Noteholders, the Receiptholders and the Couponholders of such amounts as would have been received by them had no such Taxes been required to be withheld or deducted; provided that the foregoing obligations shall not apply to:

- (a) any such tax, duty, assessment or other governmental charge which would not have been so imposed but for (i) the existence of any present or former connection between such holder (or between a fiduciary, settlor, beneficiary, member or shareholder of or possessor of a power over such holder, if such holder is an estate, a trust, a partnership or a corporation) and the United States, including, without limitation, such holder (or such fiduciary, settlor, beneficiary, member, shareholder or possessor) being or having been a citizen or resident thereof, or being or having been engaged in a trade or business therein

or being or having been present therein, or having or having had a permanent establishment therein, or (ii) such holder's present or former status as a personal holding company or foreign personal holding company or a controlled foreign corporation for United States tax purposes or as a corporation which accumulates earnings to avoid United States federal income taxes;

- (b) any tax, duty, assessment or other governmental charge which would not have been so imposed but for the presentation by the holder of such Note, Receipt or Coupon for payment on a date more than 30 days after the date on which such payment became due and payable (assuming such day to have been a Payment Day (as defined in Condition 5(e))) or the date on which payment thereof was duly provided for, whichever occurs the later (the "Relevant Date");
- (c) any estate, inheritance, gift, sales, transfer or personal property tax or any similar tax, assessment or other governmental charge;
- (d) any tax, duty, assessment or other governmental charge which would not have been imposed but for the failure to comply with certification, information, documentation or other reporting requirements concerning the nationality, residence, identity or connection with the United States of the holder or beneficial owner of such Note, Receipt or Coupon, if such compliance is required by statute or by regulation of the United States Treasury Department as a precondition to relief or exemption from such tax, assessment or other governmental charge;
- (e) any tax, duty, assessment or other governmental charge which is payable otherwise than by deduction or withholding from payments of principal of or interest on such Note;
- (f) any tax, duty, assessment or other governmental charge imposed on interest received by a 10 per cent. shareholder of the Issuer within the meaning of Section 871(h)(3)(B) or Section 881(c)(3)(B) of the United States Internal Revenue Code of 1986, as amended;
- (g) any withholding or deduction where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to any European Union Directive on the taxation of savings implementing the conclusions of the ECOFIN Council meeting of 26th-27th November, 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive;
- (h) any Note, Receipt or Coupon presented for payment by or on behalf of a holder who would be able to avoid such withholding or deduction by presenting the relevant Note, Receipt or Coupon to another Paying Agent in a Member State of the European Union; or
- (i) any combination of clauses (a), (b), (c), (d), (e), (f), (g) and (h) above;

nor will any Additional Amounts be paid with respect to any payment of the principal of or interest (if any) on any Note, Receipt or Coupon to any United States Alien who is a fiduciary or partnership or other than the sole beneficial owner of any such payment, to the extent that a beneficiary or settlor with respect to such fiduciary, a member of such a partnership or the beneficial owner would not have been entitled to the Additional Amounts had such beneficiary, settlor, member or beneficial owner been the holder of such Note, Receipt or Coupon. The term "United States Alien" means any person who, for United States federal income tax purposes, is a foreign corporation, a non-resident alien individual, a non-resident alien fiduciary of a foreign estate or trust or a foreign partnership one or more of the members of which is for United States federal income tax purposes a foreign corporation, a non-resident alien individual, a non-resident alien fiduciary of a foreign estate or trust or a foreign partnership.

If and so long as a certification, information, documentation or other reporting requirement referred to in the penultimate paragraph of Condition 6(b)(i) would be fully satisfied by payment of a backup withholding tax or similar charge, the Issuer may elect, by so stating in the Determination Notice, to have the provisions of this paragraph apply in lieu of the provisions of such paragraph. In such event, the Issuer will pay as Additional Amounts (regardless of clause (d) above) such amounts as may be necessary so that every net payment made outside the United States following the effective date of such requirements by the Issuer or any of its Paying Agents of principal or interest (if any) due in respect of any Note, Receipt or Coupon of which the beneficial owner is a United States Alien (but without any requirement that the

nationality, residence or identity of such beneficial owner be disclosed to the Issuer, any Paying Agent or any United States governmental authority), after deduction or withholding for or on account of such backup withholding tax or similar charge (other than a backup withholding tax or similar charge which would be applicable solely by reason of the failure to comply with one or more of the requirements described in the third paragraph of Condition 6(b)(i)) but before deduction or withholding for or on account of any tax, assessment or other governmental charge described in clause (a), (b), (c), (e), (f), (g), (h) or (i) of the preceding paragraph, will not be less than the amount provided for in such Note, Receipt or Coupon to be then due and payable.

(ii) *Where the Issuer is GlaxoSmithKline Capital plc*

The provisions of this paragraph shall apply where the Issuer is GlaxoSmithKline Capital plc.

All payments of principal and interest (if any) by the Issuer or the Guarantor will be made without withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges (together, "Taxes") of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the United Kingdom or any political subdivision thereof or any authority thereof or therein having power to levy the same unless such withholding or deduction is required by law. In that event, the Issuer or the Guarantor (as the case may be) shall pay such additional amounts as will result in the receipt by the Noteholders, the Receiptholders and the Couponholders of such amounts as would have been received by them had no such Taxes been required to be withheld or deducted; provided that no such additional amounts will be payable in respect of Notes, Receipts or Coupons:

- (i) presented for payment by or on behalf of a Noteholder, Receiptholder or Couponholder who is liable for such withheld or deducted Taxes by reason of his having some connection with the United Kingdom other than the mere holding of a Note, Receipt or Coupon; or
- (ii) to, or to a third party on behalf of, a Noteholder, Receiptholder or Couponholder if such withholding or deduction may be avoided by the Noteholder, Receiptholder or Couponholder complying with any statutory requirement or by making a declaration of non-residence or other similar claim for exemption to any authority of or in the United Kingdom, unless such Noteholder, Receiptholder or Couponholder proves that he is not entitled so to comply or to make such declaration or claim; or
- (iii) presented for payment in the United Kingdom; or
- (iv) presented for payment more than 30 days after the Relevant Date except to the extent that a Noteholder, Receiptholder or Couponholder would have been entitled to payment of such additional amounts if he had presented his Note, Receipt or Coupon for payment on the thirtieth day after the Relevant Date (assuming that day to have been a Payment Day (as defined in Condition 5(e))); or
- (v) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to any European Union Directive on the taxation of savings implementing the conclusions of the ECOFIN Council meeting of 26th-27th November, 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (vi) presented for payment by or on behalf of a holder who would be able to avoid such withholding or deduction by presenting the relevant Note, Receipt or Coupon to another Paying Agent in a Member State of the European Union (other than in the United Kingdom).

For this purpose, "**Relevant Date**" means, in respect of any payment, the date on which such payment first becomes due and payable, if the full amount of such money has not been received by the Agent or the Trustee prior to such date, or the date on which the full amount of such money having been so received by the Agent or Trustee, notice to that effect shall have been given in accordance with Condition 15.

## 8. PRESCRIPTION

The Notes, Receipts and Coupons will become void unless presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 7) therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 5(b) or any Talon which would be void pursuant to Condition 5(b).

## 9. EVENTS OF DEFAULT

The Trustee at its discretion may, and if so requested in writing by Noteholders holding at least one-quarter in nominal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall (subject in each case to being indemnified to its satisfaction), (provided that, except in the case of the happening of the event mentioned in paragraph (i) below, the Trustee shall have certified that in its opinion such event is materially prejudicial to the interests of the Noteholders) give notice to the relevant Issuer and the Guarantor that the Notes are, and they shall thereby immediately become, due and repayable at their Early Redemption Amount (as described in Condition 6(e)) together with accrued interest as provided in the Trust Deed (except in the case of Zero Coupon Notes to which the provisions of Condition 6(j) apply), if any of the following events shall occur (each, following certification as aforesaid, an "Event of Default") and be continuing:

- (i) the relevant Issuer, failing whom the Guarantor, fails to pay the principal of any Notes within seven business days of the due date or fails to pay any interest (if any) in respect of the Notes within 14 business days of the due date and for the purposes of this paragraph (i) "**business day**" shall mean a day (other than a Saturday or a Sunday) on which commercial banks are open for business in London; or
- (ii) the relevant Issuer defaults in performance or observance of or compliance with any of its other undertakings set out in the Notes or the Trust Deed or the Guarantor defaults in performance or observance of or compliance with any of its obligations under the Notes or the Trust Deed, which default is incapable of remedy or which, if capable of remedy, is not remedied to the Trustee's satisfaction within 30 days (or such longer period as the Trustee may permit) after written notice requiring remedy of such default shall have been given to the relevant Issuer and the Guarantor by the Trustee; or
- (iii) any indebtedness for borrowed moneys of either the Issuer, the Guarantor or any Principal Subsidiary, having in any particular case an outstanding principal amount of at least £10,000,000 (or its equivalent, from time to time, in any other currency), becomes due and payable prior to its stated maturity by reason of an event of default in relation thereto or is not paid on its due date or after any applicable period of grace; or
- (iv) a distress or execution or other legal process is levied or enforced against, or an encumbrancer takes possession of, or an administrative or other receiver or an administrator is appointed of, the whole or any part (which is substantial in relation to the Guarantor and its Subsidiaries taken as a whole) of the assets or undertakings of the relevant Issuer, the Guarantor or any Principal Subsidiary and is not stayed, removed, discharged or paid out within 30 days; or
- (v) the relevant Issuer, the Guarantor or any Principal Subsidiary is unable to pay its debts generally as they fall due or makes or enters into a general assignment or an arrangement or composition with or for the benefit of its creditors generally or an effective resolution is passed or an order is made for the winding up of the relevant Issuer, the Guarantor or any Principal Subsidiary or the relevant Issuer, the Guarantor or any Principal Subsidiary stops payment of its obligations generally or ceases to carry on its business or a part thereof which is substantial in relation to the Guarantor and its Subsidiaries taken as a whole (except in any case for the purpose of a reconstruction, union, transfer, merger or amalgamation effected with the consent of the Trustee and except, in the case of a Principal Subsidiary, for the purpose of a reconstruction, union, transfer, merger or amalgamation pursuant to which all of its property, assets and undertaking are transferred to either the relevant Issuer, the Guarantor or another Principal Subsidiary).

**"Principal Subsidiary"** is defined in the Trust Deed to mean a Subsidiary of the Guarantor whose total assets or total profits before interest payable and tax ("Gross Profits") (attributable to the Guarantor) represent 10 per cent. or more of the consolidated total assets or consolidated Gross Profits (as the case may be) of the Guarantor and its Subsidiaries as reflected in the latest published audited consolidated financial statements of the Guarantor and its Subsidiaries (all as more particularly described in the Trust Deed). Total assets and total Gross Profits will, for this purpose, exclude assets and profits eliminated in the consolidation referred to in the previous sentence.

A certificate signed by any two Directors of the Guarantor or by any one Director and the Secretary of the Guarantor to the effect that in their opinion a Subsidiary of the Issuer is or is not or was or was not at any particular time or throughout any specified period a Principal Subsidiary shall, in the absence of a manifest error, be conclusive and binding on all parties.

#### **10. REPLACEMENT OF NOTES, RECEIPTS, COUPONS AND TALONS**

Should any Note, Receipt, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Agent upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the relevant Issuer may reasonably require. Mutilated or defaced Notes, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

#### **11. ENFORCEMENT**

The Trustee may, at its discretion and without further notice, institute such proceedings against the relevant Issuer or the Guarantor as it may think fit to enforce any obligation, condition or provision binding on the relevant Issuer or the Guarantor under the Notes, Receipts or Coupons or under the Trust Deed, but shall not be bound to do so unless:

- (a) It has been so directed by an Extraordinary Resolution or in writing by the holders of at least one-quarter of the nominal amount of the Notes outstanding; and
- (b) It has been indemnified to its satisfaction.

No Noteholder, Receiptholder or Couponholder shall be entitled to institute proceedings directly against the relevant Issuer or the Guarantor unless the Trustee, having become bound to proceed as aforesaid, fails to do so within a reasonable time and such failure is continuing.

#### **12. INDEMNIFICATION OF TRUSTEE**

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from any obligation to take proceedings to enforce repayment unless indemnified to its satisfaction. The Trust Deed also contains provisions pursuant to which the Trustee is entitled *inter alia*, (i) to enter into business transactions with each Issuer, the Guarantor and/or any Subsidiary of the Guarantor and to act as trustee for the holders of any other securities issued or guaranteed by or relating to either Issuer, the Guarantor or any Subsidiary of the Guarantor, (ii) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Noteholders, Receiptholders or Couponholders, and (iii) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

#### **13. PAYING AGENTS**

The names of the initial Paying Agents and their initial specified offices are set out below.

The relevant Issuer is entitled, with the prior written approval of the Trustee, to vary or terminate the appointment of any Paying Agent and/or appoint additional or other Paying Agents and/or approve any change in the specified office through which any Paying Agent acts, provided that:

- (a) there will at all times be an Agent; and



- (b) so long as the Notes are listed on any stock exchange or admitted to listing by another relevant authority, there will at all times be a Paying Agent with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or such other relevant authority; and
- (c) if any European Union Directive on the taxation of savings implementing the conclusions of the ECOFIN Council meeting of 26th-27th November, 2000 or any law implementing or complying with, or introduced in order to conform to such Directive is introduced, the relevant Issuer will ensure that it maintains a Paying Agent in a Member State (other than in the United Kingdom) that will not be obliged to withhold or deduct tax pursuant to any such Directive of the European Union.

In addition, the relevant Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 5(d). Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Noteholders in accordance with Condition 15.

In acting under the Agency Agreement, the Paying Agents act solely as agents of the relevant Issuer and the Guarantor and, in certain limited circumstances, of the Trustee and do not assume any obligation to, or relationship of agency or trust with, any Noteholders, Receiptholders or Couponholders. The Agency Agreement contains provisions permitting any entity into which any Paying Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor paying agent.

#### **14. EXCHANGE OF TALONS**

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 8.

#### **15. NOTICES**

All notices regarding the Notes will be deemed to be validly given if published in a leading English language daily newspaper of general circulation in London. It is expected that such publication will be made in the *Financial Times* in London. The relevant Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Notes are for the time being listed or by which they have been admitted to listing. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers.

Until such time as any definitive Notes are issued, there may, so long as any Global Notes representing the Notes are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg, be substituted for such publication in such newspaper(s) the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg for communication by them to the holders of the Notes and, in addition, for so long as any Notes are listed on a stock exchange or admitted to listing by another relevant authority and the rules of that stock exchange or other relevant authority so require, such notice will be published in a daily newspaper of general circulation in the place or places required by that stock exchange or any relevant authority. Any such notice shall be deemed to have been given to the holders of the Notes on the second day after the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative definitive Note or definitive Notes, with the Agent. Whilst any of the Notes are represented by a Global Note, such notice may be given by any holder of a Note to the Agent through Euroclear and/or Clearstream,

Luxembourg, as the case may be, in such manner as the Agent, the Trustee and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

#### **16. MEETINGS OF NOTEHOLDERS, MODIFICATION, WAIVER AND SUBSTITUTION**

The Trust Deed contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including proposals to modify by Extraordinary Resolution these Terms and Conditions or the provisions of the Trust Deed. The quorum at any such meeting for passing an Extraordinary Resolution will be one or more persons holding or representing a clear majority in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that, at any meeting the business of which includes the modification of certain material terms and conditions of the Notes and provisions of the Trust Deed (as set out therein), the necessary quorum for passing an Extraordinary Resolution will be one or more persons holding or representing not less than three-quarters, or at any adjourned such meeting not less than one-quarter, of the nominal amount of the Notes for the time being outstanding. Any Extraordinary Resolution passed at any meeting of Noteholders will be binding on all Noteholders, whether or not they are present at the meeting, and on all Receiptholders and Couponholders. An Extraordinary Resolution may also be effected in writing executed by or on behalf of the persons holding or representing not less than 90 per cent. of the nominal amount of the Notes for the time being outstanding. The Trust Deed contains provisions for convening a single meeting of the Noteholders and the holders of notes of other Series in certain circumstances where the Trustee so decides.

The Trustee may agree, without the consent of the Noteholders, Receiptholders or Couponholders, to any modification (subject as provided above) of, or to any waiver or authorisation of any breach or proposed breach of any provision of, the Notes or the Trust Deed or determine without any such consent as aforesaid, that any Event of Default or Potential Event of Default shall not be treated as such, where, in any such case, it is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders or to any modification to correct a manifest or proven error or a formal, minor or technical error.

Any such modification, waiver, authorisation or determination shall be binding on the Noteholders, the Receiptholders and the Couponholders and, unless the Trustee agrees otherwise, any such modification shall be notified to the Noteholders as soon as practicable thereafter.

The Trustee may agree, without the consent of the Noteholders, Receiptholders or Couponholders, to the substitution at any time or times of (i) the Guarantor or any Successor in Business (as defined in the Trust Deed) or Holding Company (as defined in the Trust Deed) of the Guarantor, or (ii) subject to the Notes, Receipts and Coupons remaining unconditionally and irrevocably guaranteed by the Guarantor or a Successor in Business or Holding Company of the Guarantor, any other company which is controlled by such guarantor, as the principal debtor under the Trust Deed and the Notes or (iii) any Successor in Business or Holding Company of the Guarantor, as guarantor under the Trust Deed and the Notes. Such agreement shall also be subject to the relevant provisions of the Trust Deed, such amendments thereof and such other conditions as the Trustee may approve or require. In the case of any proposed substitution, the Trustee may agree, without the consent of the Noteholders, Receiptholders or Couponholders, to a change of the law governing the Notes, the Receipts, the Coupons and/or the Trust Deed, provided that such change would not, in the opinion of the Trustee, be materially prejudicial to the interests of the Noteholders.

In connection with the exercise of its powers, trusts, authorities and discretions (including but not limited to those in relation to any proposed modification, waiver, authorisation, determination, substitution or change of law as aforesaid), the Trustee shall have regard to the general interests of the Noteholders as a class but shall not have regard to any interests arising from circumstances particular to individual Noteholders, Receiptholders or Couponholders (whatever their number) and, in particular but without limitation shall not have regard to the consequences of such exercise for individual Noteholders, Receiptholders or Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory, and the

Trustee shall not be entitled to require, nor shall any Noteholder, Receiptholder or Couponholder be entitled to claim, from the relevant Issuer, the Guarantor, the Trustee or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders, Receiptholders or Couponholders except to the extent already provided in Condition 7 or any undertaking given in addition thereto or in substitution therefor pursuant to the Trust Deed.

#### **17. FURTHER ISSUES**

The relevant Issuer shall be at liberty from time to time without the consent of the Noteholders, the Receiptholders or the Couponholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and so that the same shall be consolidated and form a single Series with the outstanding Notes.

#### **18. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999**

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the Notes, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

#### **19. GOVERNING LAW AND SUBMISSION TO JURISDICTION**

##### **(a) Governing law**

The Trust Deed, the Agency Agreement, the Notes, the Receipts and the Coupons are governed by, and shall be construed in accordance with, English law.

##### **(b) Submission to jurisdiction**

GlaxoSmithKline Capital Inc. has irrevocably agreed in the Trust Deed for the benefit of the Trustee, the Noteholders, the Receiptholders and the Couponholders, that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Trust Deed, the Notes, the Receipts and/or the Coupons and that accordingly any suit, action or proceedings (together referred to as "Proceedings") arising out of or in connection with the Trust Deed, the Notes, the Receipts and the Coupons may be brought in such courts.

GlaxoSmithKline Capital Inc. has in the Trust Deed irrevocably and unconditionally waived any objection which it may have now or hereafter to the laying of the venue of any such Proceedings in any such court and any claim that any such Proceedings have been brought in an inconvenient forum and hereby further irrevocably agrees that a judgment in any such Proceedings brought in the English courts shall be conclusive and binding upon it and may be enforced in the courts of any other jurisdiction.

Nothing contained in this Condition shall limit any right to take Proceedings against GlaxoSmithKline Capital Inc. in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not.

##### **(c) Appointment of Process Agent**

GlaxoSmithKline Capital Inc. has in the Trust Deed irrevocably and unconditionally appointed the Guarantor at its registered office for the time being as its agent for service of process, and undertakes that, in the event of its ceasing so to act or ceasing to be registered in England, it will appoint another person approved by the Trustee as its agent for service of process in England in respect of any Proceedings. Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.

#### **USE OF PROCEEDS**

The net proceeds from each issue of Notes will be used for the general purposes of the Group and such specific purposes as may be determined from time to time.

### **GLAXOSMITHKLINE CAPITAL INC.**

GlaxoSmithKline Capital Inc. was incorporated with limited liability under the laws of the State of Delaware on 9th August, 1990.

GlaxoSmithKline Capital Inc. is a wholly owned indirect subsidiary of the Guarantor, and acts as a United States resident financing company of the Group.

The principal executive office of GlaxoSmithKline Capital Inc. is located at 1403 Foulk Road, Wilmington, Delaware 19803 U.S.A.

#### **Board of Directors of GlaxoSmithKline Capital Inc.**

The members of the Board of Directors of GlaxoSmithKline Capital Inc., none of whom have activities outside the Group significant with respect to the Group, are as follows:

<u>Name of Director</u>	<u>Function in GlaxoSmithKline Capital Inc.</u>
Thomas M. Strauss	<b>Director</b>
Robert A. Ingram	<b>Director</b>
John D. Coombe	<b>Director</b>

The business address of each of the above directors is 1403 Foulk Road, Wilmington, Delaware 19803 USA.

## CAPITALISATION OF GLAXOSMITHKLINE CAPITAL INC.

The following table sets out the un-audited capital and reserves and borrowings of GlaxoSmithKline Capital Inc. at 31st December, 2001 and 31st December, 2000.

	31st December, 2001 \$000's	31st December, 2000 \$000's
<b>Capital and Reserves</b>		
Authorised share capital <sup>(1)</sup> . . . . .	1	1
Issued share capital <sup>(1)</sup> . . . . .	1	1
Additional paid-in capital . . . . .	6,168,063	5,731,971
Profit and loss account . . . . .	267,532	382,091
Total capital and reserves . . . . .	<u>6,435,596</u>	<u>6,114,063</u>
<b>Borrowings</b>		
Total borrowings . . . . .	<u>—</u>	<u>—</u>

**Notes:**

- (1) 1,000 ordinary and fully paid up shares with a nominal value of U.S.\$0.01 (rounded up to the nearest one thousand dollars).
- (2) There has been no material change in the capital and reserves since 31st December, 2001.
- (3) GlaxoSmithKline Capital Inc. has no contingent liabilities or guarantees.
- (4) There has been no material change in the borrowings of GlaxoSmithKline Capital Inc. since 31st December, 2001.

### **GLAXOSMITHKLINE CAPITAL PLC**

GlaxoSmithKline Capital plc was incorporated with limited liability in England and Wales pursuant to the Companies Act 1985 on 16th May, 1988.

GlaxoSmithKline Capital plc is a wholly owned subsidiary of SmithKline Beecham plc which is a wholly owned subsidiary of the Guarantor, and acts as a United Kingdom resident financing company of the Group.

The principal executive and registered office of GlaxoSmithKline Capital plc is located at 980 Great West Road, Brentford, Middlesex TW8 9GS.

#### **Board of Directors of GlaxoSmithKline Capital plc**

The members of the Board of Directors and Secretary of GlaxoSmithKline plc, none of whom have activities outside the Group which are significant with respect to the Group, are as follows:

<u>Name of Director</u>	<u>Function in GlaxoSmithKline Capital Inc.</u>
Glaxo Group Limited	<b>Director</b>
Edinburgh Pharmaceutical Industries Limited	<b>Director</b>
Victoria Llewellyn	<b>Secretary</b>

The business address of each of the corporate Directors above and the Secretary is 980 Great West Road, Brentford, Middlesex TW8 9GS.

## CAPITALISATION OF GLAXOSMITHKLINE CAPITAL PLC

The following table sets out the un-audited capital and reserves and the borrowings of GlaxoSmithKline Capital plc at 31st December, 2001 and the capital and reserves and the borrowings extracted from the audited financial statements of GlaxoSmithKline Capital plc at 31st December, 2000.

	31st December, 2001	31st December, 2000
	£000's	£000's
<b>Capital and Reserves</b>		
Authorised share capital <sup>(1)</sup> .....	100	100
Issued share capital <sup>(1)</sup> .....	100	100
Profit and loss account .....	1,615	1,396
<b>Total capital and reserves</b> .....	<u>1,715</u>	<u>1,496</u>
<b>Borrowings<sup>(2)(3)</sup></b>		
GBP1,000,000,000 fixed rate 5.25% EMTN due 2033 <sup>(4)</sup> .....	972,704	—
U.S.\$200,000,000 fixed rate 6.75% EMTN due 2001 <sup>(5)</sup> .....	—	134,228
U.S.\$200,000,000 fixed rate 6.625% EMTN due 2002 <sup>(8)</sup> .....	137,931	134,228
JPY 3,000,000,000 fixed rate 1.38% EMTN due 2001 <sup>(5)</sup> .....	—	17,913
JPY 10,000,000,000 fixed rate 1.96% EMTN due 2002 <sup>(5)</sup> .....	61,467	59,817
	<u>1,172,102</u>	<u>346,186</u>

### Notes:

- (1) 100,000 ordinary and fully paid up shares with a nominal value of £1.
- (2) The interest rates shown on these fixed rate borrowings in the table above are those contracted on the borrowings before taking into account any interest rate swaps.
- (3) On 28th March, 2002, GlaxoSmithKline Capital plc was substituted for GlaxoSmithKline Services plc (a wholly owned subsidiary of GlaxoSmithKline plc) as issuer of the following fixed rate borrowings:  
 U.S.\$500,000,000 fixed rate 6.125% Notes due 2006;  
 GBP500,000,000 fixed rate 8.75% Bonds due 2005.
- (4) Guaranteed by GlaxoSmithKline plc.
- (5) Guaranteed by SmithKline Beecham plc.
- (6) GlaxoSmithKline Capital plc has no contingent liabilities or guarantees provided other than as part of the Group's United Kingdom cash pooling arrangements. As at 31st December, 2001, GlaxoSmithKline Capital plc's exposure under these cash pooling arrangements was £1,900,000. As at the date of this Offering Circular, there has been no change to such exposure since 31st December, 2001.
- (7) Except as set out above, borrowings are unsecured and unguaranteed.
- (8) Matured 28th January, 2002, otherwise there has been no material change in the borrowings or the authorised and issued share capital and reserves of GlaxoSmithKline Capital plc since 31st December, 2001, except as stated in Note (3).



## **GLAXOSMITHKLINE PLC**

The Guarantor is the parent company of the Group which had sales of £20.5<sup>(1)</sup> billion from continuing operations in 2001.

The Group is a global healthcare group engaged in the creation, discovery, development, manufacture and marketing of pharmaceutical products, vaccines, over-the-counter medicines and health-related consumer products.

In 2001 the Group manufactured its products in 40 countries and sold them in over 140 countries. At year end it had over 107,000 employees, of these over 44,000 were in sales and marketing.

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(1) This figure has been extracted from the audited financial statements of the Group at 31st December, 2001.

## BOARD OF DIRECTORS OF GLAXOSMITHKLINE PLC

The members of the Board of Directors of the Guarantor and their activities outside the Group (if any) which are significant with respect to the Group, are as follows:

<u>Name of Director</u>	<u>Age</u>	<u>Executive/ Non-Executive</u>	<u>Function in Group</u>
<b>Executive</b>			
Garnier, Dr. Jean-Pierre	54	Executive	<b>Chief Executive Officer</b>
Coombe, Mr. John David	57	Executive	<b>Chief Financial Officer</b>
<b>Non-Executive</b>			
Allaire, Mr. Paul Arthur	63	Non-Executive	<b>Non-Executive Director</b> and Chairman of the Remuneration and Nominations Committee
Barzach, Dr. Michele	58	Non-Executive	<b>Non-Executive Director</b>
Hogg, Sir Christopher Anthony	65	Non-Executive	<b>Non-Executive Chairman</b> and Chairman of the Finance Committee and the Corporate and Social Responsibility Committee
Hurn, Sir Francis Roger	63	Non-Executive	<b>Non-Executive Deputy Chairman</b>
Job, Sir Peter James Denton	60	Non-Executive	<b>Non-Executive Director</b>
McArthur, Mr. John Hector	68	Non-Executive	<b>Non-Executive Director</b>
McHenry, Mr. Donald Franchot	65	Non-Executive	<b>Non-Executive Director</b>
Prosser, Sir Ian Maurice Gray	58	Non-Executive	<b>Non-Executive Director</b>
Schmitz, Dr. Ronaldo Hermann	63	Non-Executive	<b>Non-Executive Director</b> and Chairman of the Audit Committee
Shapiro, Dr. Lucy	61	Non-Executive	<b>Non-Executive Director</b>

The business address for each of the above is 980 Great West Road, Brentford, Middlesex TW8 9GS.

## CAPITALISATION OF THE GUARANTOR

The following table sets out the consolidated capital and reserves and the borrowings extracted from the audited financial statements of the Group at 31st December, 2001 and 31st December, 2000.

	31st December, 2001	31st December, 2000
	£m	£m
<b>Capital and Reserves</b>		
Issued (fully paid) share capital <sup>(1)</sup> . . . . .	1,543	1,556
Share premium account . . . . .	170	30
Other reserves . . . . .	5,804	6,125
<b>Shareholders' funds—equity interests</b> . . . . .	<u>7,517</u>	<u>7,711</u>
<b>Non-equity minority interest</b>		
Preference Shares issued by subsidiaries <sup>(2)</sup> . . . . .	621	1,039
<b>Equity minority interests</b> . . . . .	<u>241</u>	<u>205</u>
<b>Total capital employed</b> . . . . .	8,379	8,955
<b>Borrowings<sup>(3)(8)(9)</sup></b>		
2.0% to 8.75% Eurobonds 2002–2006 . . . . .	(1,181)	(1,209)
5.25% Sterling Notes 2033 . . . . .	(973)	—
1.38% to 1.96% Japanese Yen Euro Medium-Term Notes 2001–2002 . . . . .	(61)	(78)
2.5% to 7.375% U.S. Dollar U.S./Euro Medium-Term Notes 2001–2005 . . . . .	(386)	(577)
Bank and other loans due after more than one year . . . . .	(49)	(107)
Short term bank loans, overdrafts and commercial paper . . . . .	<u>(1,582)</u>	<u>(2,061)</u>
	<u>(4,232)</u>	<u>(4,032)</u>

### Notes:

- (1) At 31st December, 2001 and 31st December, 2000, the authorised and issued share capital of GlaxoSmithKline plc was:

	Authorised	Issued
	(000's of shares)	(000's of shares)
<b>The Guarantor</b>		
Ordinary Shares of 25p each at 31st December, 2000 . . . . .	9,999,800	6,225,662
Ordinary Shares of 25p each at 31st December, 2001 . . . . .	10,000,000	6,172,966

- (2) SB Holdings Corporation ("SBH Corp"), a subsidiary incorporated in Delaware, USA, has issued U.S.\$500 million of Flexible Auction Market Preferred Stock ("FAMPS"), comprising 5,000 shares of U.S.\$100,000 each, issued in six series. The dividend on half of these shares was fixed on issuance in 1996 for a seven year period. The dividend on the other half varies (predominately with prevailing interest rates) and is set every seven weeks at an auction at which the shares are also traded.

SBH Corp also has in issue U.S.\$400 million of Auction Rate Preference Stock ("ARPS"), comprising 4,000 shares of U.S.\$100,000 each, issued in five series, the dividend on which also varies under similar conditions as the Flex ARPS described above.

SmithKline Beecham plc ("SB plc") in certain circumstances guarantees payment of dividends declared on the preference shares. SB plc has also agreed with SBH Corp that in certain circumstances it will provide support to SBH Corp in relation to the principal. However, any guarantee or support is limited so that in no circumstances could the holder of preference shares be in a more favourable position than had they been a holder of a preference share in SB plc. The preference shares represent a long-term non-equity minority interest in the Group balance sheet in accordance with FRS 4 "Capital Instruments".

- (3) Balances in foreign currencies have been translated into sterling at rates ruling at the relevant balance sheet date as follows:

	<u>31st December, 2001</u>	<u>31st December, 2000</u>
£/U.S.\$ .....	1.45	1.49
£/euro .....	1.64	1.61
£/yen .....	190.00	171.00

- (4) Save as disclosed above (and, as regards contingent liabilities, save as disclosed under the heading "Litigation" on page 62 of this Offering Circular, the Group did not have at 31st December, 2001, any borrowings or indebtedness in the nature of borrowing, loan capital, issued or created but unissued, term loans, bank overdrafts, liabilities under acceptances or acceptance credits, mortgages, charges, hire purchase commitments, obligations under finance leases, guarantees or other material contingent liabilities. The contingent liabilities referred to above, although unquantifiable, are not considered material in the context of the Programme.
- (5) On 23rd October, 2001 GSK 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 and purchases by the company of shares for cancellation. Under this programme, as at the close of business on 27th May, 2002 a total of approximately 154.8 million shares had been bought at a cost of approximately £2.7 billion. Of this £2.0 billion was spent prior to 31st December, 2001 and the remaining £0.7 billion has been spent since that date. Of the 154.8 million shares, 41.1 million were bought by the company's employee trusts and 113.7 million by the company for cancellation.
- In addition dividend payments of £0.5 billion and £0.7 billion were made in January 2002 and April 2002 respectively.
- (6) Except as set out in Note 5 above, there has been no material change in the authorised and issued share capital and reserves of the Group since 31st December, 2001.
- (7) All the Medium Term Notes referred to in the capitalisation table above have been swapped into floating rate borrowings. The interest rates shown on these fixed rate borrowings in the capitalisation table above are those contracted on the borrowings before taking into account any interest rate swaps. The net effect of these agreements is to convert fixed rate liabilities with the interest rates shown above to floating rate liabilities with interest rates at a margin to LIBOR.
- (8) All the Eurobonds referred to in the Capitalisation table above are fixed rate borrowings. The interest rates shown on these fixed rate borrowings in the capitalisation table above are those contracted in the borrowings before taking into account any currency swaps.
- (9) The borrowings are unsecured and unguaranteed.
- (10) GSK has implemented the new Financial Reporting Standard, FRS19 "Deferred Tax" in 2002, which requires deferred tax to be accounted for on a full provision basis rather than a partial provision basis as before. If the financial information for the year ended 31st December, 2001 had been restated, the impact would have been to increase the business performance tax charge by £8 million, and the total tax charge by £6 million. The net deferred tax asset as at 31st December, 2001 would have been reduced by £127 million.
- (11) In March 2002, the Group entered into a U.S.\$500 million loan which converted short-term commercial paper to long-term floating rate debt.
- (12) Since 31st December, 2001, the following indebtedness has been repaid:

<u>Date</u>	<u>Principal</u>	<u>Rate/Description</u>
28th January, 2002 .....	U.S.\$200,000,000	6.625% U.S.\$ Notes

- (13) Except as noted above, there has been no material change in the net borrowings or indebtedness in the nature of borrowings of the Group since 31st December, 2001.

## SUMMARY FINANCIAL INFORMATION OF THE GROUP

The following summary financial information, set out on pages 52 and 53 inclusive, is extracted from the audited consolidated Report and Accounts of the Guarantor, for the years ended 31st December, 2001 and 31st December, 2000, which are available as specified under the heading "Documents Available for Inspection" on page 61.

### Consolidated Profit and Loss Account Years ended 31st December, 2001 and 2000

	Year ended 31st December,	
	2001	2000
	£m	£m
Sales .....	20,489	18,079
Trading Profit .....	4,697	4,455
Profit before interest and taxation .....	4,605	6,211
Interest .....	(88)	(182)
Profit on ordinary activities before taxation .....	4,517	6,029
Tax on profit on ordinary activities .....	(1,327)	(1,699)
Profit on ordinary activities after taxation .....	3,190	4,330
Equity minority interests .....	(97)	(120)
Preference Share dividends .....	(34)	(56)
Profit attributable to shareholders .....	3,059	4,154
Dividends payable on equity interests .....	(2,356)	(2,097)
Profit retained .....	703	2,057
Earnings per Ordinary Share .....	50.4p	68.5p

**Consolidated Balance Sheet**  
**As at 31st December, 2001 and 2000**

	31st December,	
	2001	2000
	£m	£m
Fixed assets:		
Intangible assets . . . . .	1,847	1,136
Tangible assets and investments . . . . .	10,073	9,186
Total fixed assets . . . . .	<u>11,920</u>	<u>10,322</u>
Current assets:		
Cash and investments . . . . .	2,131	3,421
Other . . . . .	7,866	7,847
	<u>9,997</u>	<u>11,268</u>
Creditors—within one year:		
Loans and overdrafts . . . . .	(2,124)	(2,281)
Other . . . . .	(7,306)	(6,803)
	<u>(9,430)</u>	<u>(9,084)</u>
Net current assets . . . . .	567	2,184
Total assets less current liabilities . . . . .	12,487	12,506
Creditors due after more than one year . . . . .	(2,298)	(1,894)
Provision for liabilities and charges . . . . .	(1,810)	(1,657)
Net assets . . . . .	<u>8,379</u>	<u>8,955</u>
Shareholders' Equity . . . . .	7,517	7,711
Non-equity minority interest Preference Shares . . . . .	621	1,039
Equity minority interests . . . . .	241	205
Total capital employed . . . . .	<u>8,379</u>	<u>8,955</u>

## TAXATION

### United Kingdom Taxation

The following is only a summary of the Issuers' understanding of current United Kingdom tax law and Inland Revenue practice as at the date of this Offering Circular relating to certain United Kingdom tax implications of investing in the Notes as they affect most investors (other than dealers in securities). It does not deal with situations where the Noteholder is not the beneficial owner of the Notes. Persons who are unsure of their tax positions are strongly advised to consult their own professional advisers.

#### Interest on the Notes

##### 1. *Notes issued by GlaxoSmithKline Capital plc*

For so long as interest bearing Notes are and continue to be listed on a "recognised stock exchange" within the meaning of section 841 of the Income and Corporation Taxes Act 1988 (the London Stock Exchange is such a "recognised stock exchange" for this purpose) interest payments on each of the Notes will be treated as a "payment of interest on a quoted Eurobond" within the meaning of section 349 of the Income and Corporation Taxes Act 1988. In these circumstances, payments of interest on the Notes may be made without withholding or deduction for or on account of United Kingdom income tax irrespective of whether the Notes are in global form or in definitive form.

Interest on the Notes may also be paid without withholding or deduction for or on account of United Kingdom tax where interest on the Notes is paid to a person who belongs in the United Kingdom and the Issuer reasonably believes (and any person by or through whom interest on the Notes is paid reasonably believes) that the beneficial owner is within the charge to United Kingdom corporation tax as regards the payment of interest at the time the payment is made, provided that the Inland Revenue has not given a direction (in circumstances where it has reasonable grounds to believe that it is likely that the beneficial owner is not within the charge to United Kingdom corporation tax in respect of such payment of interest at the time the payment is made) that the interest should be paid under deduction of tax.

In all other cases, an amount must be withheld from payments of interest on the Notes on account of United Kingdom income tax at the lower rate (currently 20%), (except in the case of a payment of interest which is not "yearly interest" where interest can be paid without withholding or deduction for or on account of United Kingdom income tax) subject to any direction to the contrary by the Inland Revenue under an applicable double taxation treaty.

Noteholders who are individuals may wish to note that the Inland Revenue has power to obtain information (including the name and address of the beneficial owner of the interest or the amount payable on redemption) from any person in the United Kingdom who either pays interest to or receives interest for the benefit of an individual, or who either pays amounts payable on the redemption of Notes which are relevant discounted securities for the purposes of the Finance Act 1996 to or receives such amounts for the benefit of an individual. However, in relation to amounts payable on the redemption of Notes, Inland Revenue published practice indicates that the Inland Revenue will not exercise its power to obtain information where such amounts are paid or received on or before 5th April, 2003. Information so obtained may, in certain circumstances, be exchanged by the Inland Revenue with the tax authorities of other jurisdictions.

##### *Notes issued by GlaxoSmithKline Capital Inc.*

Payments of interest on Notes issued by GlaxoSmithKline Capital Inc. may be made without withholding or deduction for or on account of United Kingdom income tax.

Noteholders who are individuals may wish to note that the Inland Revenue has power to obtain information (including the name and address of the beneficial owner of the interest or the amount payable on redemption) from any person in the United Kingdom who either pays interest to or receives interest for the benefit of an individual, or who either pays amounts payable on the redemption of Notes which are relevant discounted securities for the purposes of the Finance Act 1996 to or receives such amounts for the benefit of an individual. However, in relation to amounts payable on the redemption of Notes, Inland Revenue published practice

indicates that the Inland Revenue will not exercise its power to obtain information where such amounts are paid or received on or before 5th April, 2003. Information so obtained may, in certain circumstances, be exchanged by the Inland Revenue with the tax authorities of other jurisdictions.

*Further United Kingdom income tax issues for interest on Notes issued by GlaxoSmithKline Capital plc*

2. Interest on the GSK Capital plc Notes constitutes United Kingdom source income for tax purposes and, as such, may be subject to income tax by direct assessment even when paid without withholding subject to any direction to the contrary from the Inland Revenue in respect of such relief as may be available pursuant to the provisions of an applicable double taxation treaty.

However, interest with a United Kingdom source received without deduction or withholding on account of United Kingdom tax will not be chargeable to United Kingdom tax in the hands of a Noteholder (other than certain trustees) who is not resident for tax purposes in the United Kingdom unless that Noteholder carries on a trade, profession or vocation in the United Kingdom through a United Kingdom branch or agency in connection with which the interest is received or to which the Notes are attributable. There are exemptions for interest received by certain categories of agent (such as some brokers and investment managers).

Where interest has been paid under deduction of United Kingdom income tax, Noteholders who are not resident in the United Kingdom may be able to recover all or part of the tax deducted if there is an appropriate provision under an applicable double taxation treaty.

**United Kingdom Corporation Tax Payers**

3. In general Noteholders which are within the charge to United Kingdom corporation tax in respect of Notes will be charged to tax and obtain relief as income on all returns, profits or gains on and fluctuations in value of the Notes (whether attributable to currency fluctuations or otherwise) broadly in accordance with their statutory accounting treatment. Such Noteholders (where they account on an accruals basis) will generally be charged to tax in each accounting period by reference to interest accrued in that period.

**Other United Kingdom Tax Payers**

*Taxation of Chargeable Gains*

4. A disposal of Notes by an individual Noteholder who is resident or ordinarily resident in the United Kingdom or who carries on a trade, profession or vocation in the United Kingdom through a branch or agency to which the Notes are attributable, may give rise to a chargeable gain or allowable loss for the purposes of the United Kingdom taxation of chargeable gains, unless the Notes constitute "qualifying corporate bonds" within the meaning of section 117 of the Taxation of Chargeable Gains Act 1992.

*Accrued Income Scheme*

5. On a disposal of Notes by a Noteholder, any interest which has accrued since the last interest payment date may be chargeable to tax as income under the rules of the "accrued income scheme" if that Noteholder is resident or ordinarily resident in the United Kingdom or carries on a trade in the United Kingdom through a branch or agency to which the Notes are attributable.

*Taxation of discount*

6. If the Notes constitute "relevant discounted securities" for the purposes of Schedule 13 of the Finance Act 1996, individual Noteholders who are within the scope of United Kingdom income tax (as described in above) will be liable to United Kingdom income tax on any gain made on the sale or other disposal (including redemption) of the Notes.

**Proposed EU Savings Directive**

On 13 December 2001, the council of the European Union published a revised draft directive regarding the taxation of savings income. Under the proposed EU Savings Directive, subject to a



number of important conditions being met, EU Member States are required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by an entity/person within its jurisdiction to an individual resident in another Member State, except that Belgium, Luxembourg and Austria will instead operate a withholding system during a specified transitional period in relation to such payments. The text of the proposed EU Savings Directive is not yet final, and may be subject to further amendment.

## **U.S. Taxation**

The following summary describes the material federal income and estate tax consequences of the ownership of Notes by a United States Alien (as defined below). This summary does not discuss all of the tax consequences that may be relevant to a United States Alien in light of his or her particular circumstances. Under present United States federal income and estate tax law, and subject to the discussion below concerning information reporting and backup withholding:

- (a) payments of principal of and interest in respect of the Notes by GlaxoSmithKline Capital Inc. or any of its Paying Agents to any United States Alien (as defined in Condition 7(A) of the Notes) holder will not be subject to United States income tax or withholding, provided, however, that in the case of interest (1) the holder does not actually or constructively own 10 per cent. or more of the total combined voting power of all classes of stock of GlaxoSmithKline Capital Inc. entitled to vote; (2) the holder is not a controlled foreign corporation for United States tax purposes that is related to GlaxoSmithKline Capital Inc. through stock ownership; and (3) the holder is not a bank receiving interest described in section 881(c)(3)(A) of the U.S. Internal Revenue code;
- (b) a holder of a Note or Coupon who is a United States Alien will not be subject to United States federal income tax on any gain realised on the sale, exchange or redemption of a Note or Coupon unless (i) such gain is effectively connected with a trade or business of such holder in the United States or (ii) in the case of certain United States Aliens who are non-resident alien individuals and hold the Note or Coupon as a capital asset, such individual is present in the United States for 183 or more days in the taxable year of such sale, exchange or redemption; and
- (c) a Note or Coupon held by an individual who at the time of death is not a citizen or resident of the United States will not be subject to United States federal estate tax as a result of such individual's death, if at the time of death the individual did not actually or constructively own 10 per cent. or more of the total combined voting power of all classes of stock of GlaxoSmithKline Capital Inc. entitled to vote, unless such individual held the Note or Coupon in connection with a United States trade or business.

The conclusions expressed in sections (a) through (c) above may not apply to certain Notes providing for the payment of contingent interest described in section 871(h)(4) of the code (relating primarily to interest based on or determined by reference to income, profits, cash flow and other comparable attributes of the obligor or a party related to the obligor) or to certain Index Linked Redemption Notes. The Pricing Supplement issued in respect of any Notes providing for the payment of contingent interest as defined in section 871(h)(4) of the code or in respect of Index Linked Redemption Notes to which the conclusions set forth in (a) through (c) above do not apply will describe the principal United States federal income tax consequences arising from holding an interest in such Notes.

A holder of Notes that is a United States Alien and whose income is effectively connected with such holder's conduct of a United States trade or business will generally be taxed in the same manner as a United States Person.

Certain payments to non-corporate persons of interest on and principal of obligations, and of the proceeds of the sale of obligations, are subject to information reporting and may be subject to a backup withholding. Under current United States federal income tax laws and regulations, payments of interest on a Note made outside the United States by GlaxoSmithKline Capital Inc. or any of its Paying Agents will not be subject to information reporting or backup withholding. In addition, backup withholding and information reporting will not apply to principal payments upon the redemption or retirement of the Notes, or proceeds from the sale of the Notes or Coupons, provided that (a) such redemption, retirement or sale was effected at an office outside the United

States, and (b) such payment was made, or collected on behalf of another person, by a person (including a nominee, agent, or custodian of the beneficial owner) that is not a U.S. payor or U.S. middleman. For these purposes, a person will not be a "U.S. payor" or "U.S. middleman" unless such person is (i) a United States person, (ii) a foreign branch of a United States person, (iii) a controlled foreign corporation as to the United States, (iv) a foreign partnership, if at any time during its tax year, one or more of its partners are U.S. persons (as defined in Treasury regulations) who in the aggregate hold more than 50 per cent. of the income or capital interest in the partnership or if, at any time during its tax year, such foreign partnership is engaged in a United States trade or business, (v) a United States Alien if 50 per cent. or more of its gross income from all sources for the three-year period preceding payment was effectively connected with the conduct of a United States trade or business, or (vi) a U.S. branch of a foreign bank or a foreign insurance company. Moreover, backup withholding and information reporting will not apply to payments in redemption or retirement of a Note if the redemption or retirement is effected by the issuer or its paying or transfer agent at the foreign office of a person that is not acting as a custodian, nominee or other agent of the holder of Note.

Information reporting and backup withholding generally will apply to payments of proceeds from the sale of a Note or Coupon that is not described in the preceding paragraph unless the payor has documentary evidence, generally on IRS Form W-8BEN, in its records that the beneficial owner is not a United States Person and certain conditions are met, or the beneficial owner otherwise establishes an exemption.

The accuracy of the above statement depends on GlaxoSmithKline Capital Inc. having in effect procedures reasonably designed to ensure that their employees or agents who are directly engaged in selling the Notes are aware that the Notes cannot be offered or sold during the restricted period to a person who is within the United States or who is a United States person. As used in this section, "United States" means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction; "United States person" means any citizen or resident of the United States, a corporation, partnership or other entity organized in or under the laws of the United States or any political subdivision and an estate the income of which is subject to United States federal income taxation regardless of its source and a trust if (x) a court within the United States is able to exercise primary supervision over the administration of the trust and (y) one or more United States persons have the authority to control all substantial decisions of the trust; and a "United States Alien" means any person other than a United States Person.

For purposes of applying the rules set forth under this heading "U.S. Taxation" to an entity that is treated as fiscally transparent (e.g. a partnership) for U.S. federal income tax purposes, the beneficial owner means each of the ultimate beneficial owners of the entity.

## **SUBSCRIPTION AND SALE**

The Dealers have, in a programme agreement dated 4th December, 2001, as supplemented by a first supplemental programme agreement dated 7th June, 2002 (together, the "Programme Agreement") agreed with each Issuer and the Guarantor a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under "Form of the Notes" and "Terms and Conditions of the Notes". In the Programme Agreement, the Issuers (failing which, the Guarantor) has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment of the Programme and the issue of Notes under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

### ***United States***

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer, sell or deliver Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution, as determined and certified by the relevant Dealer or, in the case of an issue of Notes on a syndicated basis, the relevant lead manager, of all Notes of the Tranche of which such Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons or persons within the U.S. or its possessions. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells any Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons or persons within the U.S. or its possessions. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Each issuance of Index Linked Notes or Dual Currency Notes shall be subject to such additional U.S. selling restrictions as the relevant Issuer and the relevant Dealer may agree as a term of the issuance and purchase of such Notes, which additional selling restrictions shall be set out in the applicable Pricing Supplement.

### ***United Kingdom***

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (i) in relation to Notes which have a maturity of one year or more and which are to be admitted to the Official List, it has not offered or sold and will not offer or sell any Notes to persons in the United Kingdom prior to admission of such Notes to listing in accordance with Part VI of the Financial Services and Markets Act 2000 (the "FSMA") except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995 (as amended) or the FSMA;
- (ii) in relation to Notes which have a maturity of one year or more and which are not to be admitted to the Official List, it has not offered or sold and, prior to the expiry of the period of six months from the issue date of such Notes, will not offer or sell any such Notes to persons

in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995 (as amended);

- (iii) in relation to any Notes which must be redeemed before the first anniversary of the date of their issue, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;
- (iv) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and
- (v) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

#### **Japan**

The Notes have not been and will not be registered under the Securities and Exchange Law of Japan (the "Securities and Exchange Law") and each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Securities and Exchange Law and any other applicable laws and regulations of Japan.

#### **General**

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Offering Circular and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither of the Issuers, the Guarantor nor any of the other Dealers shall have any responsibility therefor.

None of the Issuers, the Guarantor and the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

With regard to each Tranche, the relevant Dealer will be required to comply with such other restrictions as the relevant Issuer and the relevant Dealer shall agree and as shall be set out in the applicable Pricing Supplement.

## GENERAL INFORMATION

### Authorisation

The establishment and update of the Programme and the issue of Notes have been duly authorised by a resolution of the Board of Directors of GSK Capital Inc. dated 20th November, 2001, a resolution of the Board of Directors of GSK Capital plc dated 15th November, 2001 and the giving of the Guarantee has been duly authorised by a resolution of the Board of Directors of the Guarantor dated 20th September, 2001.

### Listing of Notes

The listing of Notes on the Official List will be expressed as a percentage of their nominal amount (excluding accrued interest). It is expected that each Tranche of Notes which is to be admitted to the Official List and to trading on the London Stock Exchange will be admitted separately as and when issued, subject only to the issue of a Global Note or Notes initially representing the Notes of such Tranche. The listing of the Programme in respect of Notes is expected to be granted on or about 7th June, 2002.

### Documents Available for Inspection

So long as Notes are capable of being issued under the Programme, copies of the following documents will, when published, be available from the registered offices of the Issuers and from the specified office of the Paying Agent for the time being in London:

- (i) the constitutional documents of the Issuers and the Guarantor;
- (ii) the financial statements of GSK Capital plc in respect of the financial years ended 31st December, 1999, 31st December, 2000 and 31st December, 2001 (the financial statements in respect of the year ended 31st December, 2001 are unaudited) and the consolidated financial statements of the Group in respect of the financial years ended 31st December, 2000 and 31st December, 2001;
- (iii) the most recently available audited annual financial statements of GSK Capital plc and audited annual consolidated financial statements of the Guarantor and the most recently available interim financial statements (if any) of GSK Capital plc and the Guarantor;
- (iv) the Programme Agreement, the Trust Deed, the Agency Agreement and the forms of the Global Notes, the Notes in definitive form, the Receipts, the Coupons and the Talons;
- (v) a copy of this Offering Circular;
- (vi) any future offering circulars, prospectuses, information memoranda and supplements including Pricing Supplements (save that a Pricing Supplement relating to an unlisted Note will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the Paying Agent as to its holding of Notes and identity) to this Offering Circular and any other documents incorporated herein or therein by reference; and
- (vii) in the case of each issue of listed Notes subscribed pursuant to a subscription agreement, the subscription agreement (or equivalent document).

### Clearing Systems

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The appropriate Common Code and ISIN for each Tranche of Notes allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Pricing Supplement. If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Pricing Supplement.

### Significant or Material Change

Save as disclosed in this Offering Circular, there has been no significant change in the financial or trading position of GSK Capital Inc. and/or the Guarantor and/or the Group since 31st March, 2002 and there has been no material adverse change in the financial position or prospects of GSK Capital Inc. and/or the Guarantor and/or the Group since 31st December, 2001. Save as disclosed

in this Offering Circular, there has been no significant change in the financial or trading position of GSK Capital plc since 31st December, 2000 and there has been no material adverse change in the financial position or prospects of GSK Capital plc since 31st December, 2000.

### **Litigation**

Save as disclosed in this Offering Circular, there are no legal or arbitration proceedings, including any which are pending or threatened, of which either Issuer or the Guarantor is aware, which may have, or have had during the 12 months prior to the date of this Offering Circular, a significant effect on the financial position of either Issuer or the Guarantor and their respective subsidiaries.

The Group is involved in various legal and administrative proceedings considered normal to its business, principally intellectual property cases, product liability, and governmental investigations, the most significant of which are described below.

### **Intellectual property**

In the USA a number of distributors of generic drugs have filed applications with the US Food and Drug Administration ("FDA") to market generic versions of *Paxil/Seroxat* (paroxetine hydrochloride), prior to the expiration in 2006 of the Group's patent on paroxetine hydrochloride hemihydrate. In response, the Group has filed actions against all those distributors for infringement of various of the Group's patents.

In July 1998 GlaxoSmithKline plc filed an action against Apotex in the US District Court for the Northern District of Illinois for infringement of one of the Group's patents for paroxetine hydrochloride. Apotex had filed an Abbreviated New Drug Application ("ANDA") with the FDA seeking approval to introduce a generic form of *Paxil*. No trial date has been set.

In June 1999 the Group filed an action against Geneva Pharmaceuticals, a subsidiary of Novartis Pharmaceuticals, in the US District Court for the Eastern District of Pennsylvania for infringement of the Group's patents for paroxetine hydrochloride following notice of Geneva's ANDA filing. That case has been consolidated with similar infringement actions against other generic companies that subsequently filed ANDAs. Additional infringement actions have been brought based on patents issued subsequent to the original filing, and the cases have been consolidated. The Group also filed an action against Apotex relating to certain of those new patents in the Eastern District of Pennsylvania. The parties to this consolidated action are seeking agreement on a discovery schedule. In March 2000 GlaxoSmithKline plc filed an action against Pentech in the US District Court for the Northern District of Illinois for infringement of the Group's patents for paroxetine hydrochloride. Pentech filed an ANDA for a capsule version of *Paxil*, asserting that its compound and presentation do not infringe the Group's patents or that the patents are invalid. Even if the US FDA were to approve the Pentech ANDA, GlaxoSmithKline plc believes that the Pentech capsule would not be substitutable for *Paxil* tablets. Discovery is continuing in this case.

In October 2000 GlaxoSmithKline plc filed an action against Synthon in the US District Court for the Middle District of North Carolina for infringement of the Group's patents for paroxetine hydrochloride and paroxetine mesylate. Synthon had filed a 505(b)(2) application (a "paper NDA") with the US FDA using paroxetine mesylate, a different salt form of paroxetine than that used in the marketed form of *Paxil*. Even if the US FDA approves the Synthon application, GlaxoSmithKline plc believes the Synthon compound would not be substitutable for *Paxil*. No trial date has been set.

Following the expiration of the data exclusivity period in Europe, a marketing authorisation was issued to Synthon by regulatory authorities in Denmark for paroxetine mesylate, a different salt form of paroxetine hydrochloride than that used in the marketed form of *Seroxat/Paxil*. Authorisations have been granted in six other European countries under the mutual recognition process and are under assessment in others. The Group has initiated litigation challenging the approval by the Danish Medicines Agency on grounds that an authorisation should not have been granted under the abridged procedure as paroxetine mesylate is not essentially similar to *Seroxat*.

Marketing authorisations have also been issued in eight European countries for products containing paroxetine hydrochloride anhydrate, another variant of the Group's product. Generic products containing the anhydrate are now on the market in Germany, Austria and Denmark. GlaxoSmithKline plc believes that marketing of either a paroxetine hydrochloride anhydrate product

or a paroxetine mesylate product by third parties in European countries infringes its patents and is vigorously litigating its position in actions in many European countries.

In May 2001 Geneva Pharmaceuticals commenced an action in the US District Court for the Eastern District of Virginia over four patents recently issued to GlaxoSmithKline plc covering clavulanic acid, a key ingredient in *Augmentin* and *Timentin*. Geneva asked the court to declare invalid three new patents expiring in 2017 and one new patent expiring in 2018. In August Geneva extended its complaint to cover three additional patents which expire in June, July and December 2002. Geneva alleged in its suit that it was the holder of a pending ANDA filed in February 2000 by another Novartis subsidiary. In September 2001 Teva Pharmaceuticals filed a similar action challenging the four recently issued patents and a patent expiring in December 2002 that cover *Augmentin*. Ranbaxy Pharmaceuticals joined in the challenge to the four patents expiring in 2017/18 in December 2001. The actions brought by the three generic companies were consolidated. At a December 2001 hearing on a motion for summary judgement filed by Teva, the trial judge ruled from the bench, holding that the patent expiring December 2002 was not invalid as against the challenge raised on summary judgement, but that the Group's patent expiring in 2018 was invalid. Teva then filed a second motion for summary judgement for invalidity of the three patents expiring in 2017. On 13th March, 2002 the judge ruled on the summary judgement motion that the Group's patents expiring in 2017 were invalid. In May 2002, the trial took place in the Federal District Court for the Eastern District of Virginia concerning the validity of the three patents expiring in 2002. On 23rd May 2002 the trial judge ruled from the bench that these three patents, due to expire in June, July and December of 2002, were invalid. The Group continues to believe that the patents expiring in 2002, 2017 and 2018 are valid and is appealing both these rulings to the Court of Appeals of the Federal Circuit in Washington DC. A decision is expected within 12 to 18 months from the start of the appeal. The Group is unable to assess the likelihood or timing of a generic version of *Augmentin* entering the US market. If a generic version of *Augmentin* were to be launched prior to the outcome of the appeal and the Group is successful in its appeal, the Group would seek to recover damages for its lost profits. If generic competition were to occur prior to the resolution of the appeal, it may have a material impact on the Group's earnings guidance for 2002 and 2003.

Five distributors of generic pharmaceutical products have filed ANDAs for sustained release bupropion hydrochloride tablets (*Wellbutrin SR* and *Zyban*) in the USA, accompanied in each case with a certification of invalidity of the Group's patents. The Group has brought suit against each of the filing parties on grounds of patent infringement. The Group filed suit against ANDRx Pharmaceuticals, the first to file an ANDA, in the US District Court for the Southern District of Florida. In February 2002 the District Court Judge granted ANDRx's summary judgement motion and ruled that its product does not infringe the Group's patents. The Group is appealing that decision. Actions have also been filed against Watson Pharmaceuticals in the US District Court for the Southern District of Ohio, Eon Labs Manufacturing in the US District Court for the Eastern District of New York, Impax Laboratories in the US District Court for the Northern District of California and Excel in the US District Court for the New Jersey District. The Watson case has been settled. All the remaining cases are still in their early stages.

The Group filed an action for infringement of its patents for cefuroxime axetil, the active ingredient in the Group's *Ceftin* anti-infective product, against Ranbaxy Pharmaceuticals in the US District Court for New Jersey. A preliminary injunction was granted in favour of GlaxoSmithKline plc. In August 2001 the US Court of Appeals vacated that injunction and remanded the case to the District Court for a full trial on the merits. In January 2002 Ranbaxy announced that the US FDA has approved Ranbaxy's application for its generic version.

The Group has filed a similar action against Apotex, a second distributor of generic pharmaceutical products, in the US District Court for the Northern District of Illinois. That case is still in its early stages.

In August 2001 the Group commenced an action in the US District Court for New Jersey against Reddy-Cheminor and Dr. Reddy's Laboratories, alleging infringement of three patents for ondansetron, the active ingredient in *Zofran* tablets. The defendants have filed an ANDA with the US Food and Drug Administration. FDA approval of that ANDA is stayed until the earlier of January 2004 or resolution of the patent infringement litigation. The case is still in its early stages.

### **Product liability**

In 1997 the US Food and Drug Administration became aware of reports of cardiac valvular problems in individuals for whom fenfluramine or dexfenfluramine alone or in combination with phentermine was prescribed as part of a regimen of weight reduction, and requested the voluntary withdrawal of fenfluramine and dexfenfluramine from the market. The reports of cardiac valvular problems and the subsequent withdrawal of those products from the market spawned numerous product liability lawsuits filed against the manufacturers and distributors of fenfluramine, dexfenfluramine and phentermine. As one of a number of manufacturers of phentermine, the Group is a defendant in numerous lawsuits in various state and federal district courts in the USA, many of which have been filed as class actions. Most of the lawsuits seek relief including some combination of compensatory and punitive damages, medical monitoring, and refunds for purchases of drugs. In 1997 the Judicial Panel on Multidistrict Litigation issued an order consolidating and transferring all federal actions to the District Court for the Eastern District of Pennsylvania. That court approved a global settlement proposed by defendant Wyeth, which sold fenfluramine and dexfenfluramine. The settlement, subsequently confirmed by the Third Circuit Court of Appeals, does not include any of the phentermine defendants, including the Group. Individual plaintiffs may elect to opt out of the class settlement and pursue their claims individually. Wyeth continues to settle individual state court cases before trial and the Group continues to be dismissed from lawsuits as they are settled by Wyeth.

GlaxoSmithKline plc has received purported class action and other lawsuits filed in state and federal courts in the USA alleging that paroxetine (the active ingredient in *Paxil*) is addictive and causes dependency and withdrawal reactions. Plaintiffs seek remedies including compensatory and punitive damages and the cost of a fund for medical monitoring. The lawsuits are in their early stages and there has been no determination as to whether any of the lawsuits will be permitted to proceed as class actions. In the last decade there has been litigation against the manufacturers of Prozac and other SSRI products for homicidal or suicidal behaviour exhibited by users of their products. The Group has received some such claims and lawsuits with respect to *Paxil*. None of these are or purport to be class actions. Following a report from the Yale Haemorrhagic Stroke Project that suggested an association between first use of phenylpropanolamine ("PPA") decongestant and haemorrhagic stroke, the Group and most other manufacturers voluntarily withdrew consumer healthcare products in which PPA was an active ingredient. Since the PPA product withdrawal the Group has received numerous personal injury and class action lawsuits filed in state and federal courts alleging personal injury or increased risk of injury from use of products containing PPA and unfair and deceptive business practices. Plaintiffs seek remedies including compensatory and punitive damages, medical monitoring and refunds. The federal cases have been consolidated in a multidistrict litigation proceeding in the US District Court for the District of Washington. The lawsuits are in their early stages and there has been no determination as to whether any of the lawsuits will be permitted to proceed as class actions. In August 2001 Bayer AG withdrew *Baycol* (cerivastatin sodium) worldwide in light of reports of adverse events, including deaths, involving rhabdomyolysis. GlaxoSmithKline plc had participated in the marketing of *Baycol* in the USA pursuant to a co-promotion agreement with Bayer which was the licence holder and manufacturer of the product. Following the withdrawal, Bayer and GlaxoSmithKline plc have received numerous lawsuits filed in state and federal courts in the USA on behalf of both individual and putative classes of former *Baycol* users. A number of the suits allege that the plaintiffs suffered personal injuries, including rhabdomyolysis, from the use of *Baycol*. Others claim that persons who took *Baycol*, although not injured, may be at risk of future injury or may have suffered economic damages from purchasing and using *Baycol*. Plaintiffs seek remedies including compensatory, punitive and statutory damages and creation of funds for medical monitoring. The federal cases have been consolidated in a multidistrict litigation proceeding in the US District Court for the District of Minnesota. The lawsuits are in their very early stages and there has been no determination as to whether any of the lawsuits will be permitted to proceed as class actions.

Following the voluntary withdrawal of *Lotronex* in the USA in November 2000, a number of lawsuits have been filed against the Group in state and federal district courts, including individual personal injury actions and purported class actions asserting product liability and consumer fraud claims. Plaintiffs seek remedies including compensatory, punitive and statutory damages. Most of those actions are at their early stages although tentative trial dates for some cases have been set for 2002.



GlaxoSmithKline plc, along with a number of other pharmaceutical companies, has been named as a defendant in a number of purported class action and individual personal injury lawsuits in state and federal district courts in the USA alleging that thimerosal, a preservative used in vaccines, causes neurodevelopmental disorders and other injuries. Plaintiffs seek remedies including compensatory, punitive and statutory damages and the cost of a fund for medical monitoring and research. The lawsuits are in their very early stages and there has been no determination as to whether any of the purported class actions will be permitted to proceed as class actions.

### **Government investigations**

GlaxoSmithKline plc has received subpoenas from the US Attorney's office in Boston, Massachusetts, requesting production of documents for the period from 1991 to the present relating to any repackaging, relabelling or private label arrangements that GlaxoSmithKline plc has had or discussed with third-party customers during such period. At issue in this civil and criminal investigation is whether the prices charged to such third parties for GlaxoSmithKline plc products must be counted for Medicaid "best price" purposes. The Group is providing documents in response to the subpoenas.

GlaxoSmithKline plc has also received letters from the Centers for Medicare & Medicaid Services ("CMS") stating CMS's position that certain of those prices should have been included in Medicaid "best price" and requesting that GlaxoSmithKline plc retroactively adjust its "best price" reports for quarters prior to July 2000 to include those prices.

GlaxoSmithKline plc is responding to subpoenas from the Office of the Inspector General of the US Department of Health and Human Services, the US Department of Justice and the states of Texas and California in connection with allegations that pharmaceutical companies, including GlaxoSmithKline plc, have violated federal fraud and abuse laws such as the Federal False Claims Act (and, with respect to Texas and California, comparable state laws) as a result of the way certain drugs are priced and the way the Medicare and Medicaid programmes reimburse for those drugs. In the first quarter of 2002 the Nevada and Montana state attorneys general each filed a civil lawsuit in state court against GlaxoSmithKline plc and several other drug companies. Each action claims—on behalf of the state as a payer and on behalf of in-state patients as consumers—damages and restitution based on defendants' pricing for an undefined set of pharmaceutical products. In addition private payer class action lawsuits have been filed against GlaxoSmithKline plc in several federal district courts. Those actions are all in very early stages.

In November 2000 the US Federal Trade Commission ("FTC") staff advised the Group that the staff was conducting a non-public investigation to determine whether the Group was violating Section 5 of the Federal Trade Commission Act by "monopolizing or attempting to monopolize" the market for paroxetine hydrochloride by preventing generic competition to *Paxil* and requested the Group to submit certain information in connection with that investigation. The Group has cooperated with the staff's investigation.

Following public reference to the FTC investigation, four purported consumer class actions have been filed alleging that the Group has monopolised the market for *Paxil*. Treble damages are sought for alleged overcharges flowing from the conduct. The cases are at an early stage with no determination as to whether they will be permitted to proceed as class actions.

### **Antitrust**

Through the US pharmaceutical businesses of both SmithKline Beecham and Glaxo Wellcome, the Group is party to a number of antitrust suits, certain of which have been certified as class actions, instituted by most of the nation's retail pharmacies and consumers in several states, alleging conspiracies in restraint of trade and challenging the pricing practices of the Group. A significant number of other pharmaceutical companies and wholesalers have also been sued in the same or similar litigation. These actions, except for several actions pending in state courts, were consolidated for pre-trial purposes in the US District Court for the Northern District of Illinois. The federal class action component, which includes pharmacies representing approximately two-thirds of total US retail sales volume, was settled by both Glaxo Wellcome and SmithKline Beecham in 1996. Since that time, the Group has entered into other settlements on satisfactory terms. The

Group has not engaged in any conspiracy and no admission of wrongdoing was made nor was included in the final agreements.

In August 2001 the US District Court for the District of Massachusetts ruled the Group's patent for nabumetone (*Relafen*) invalid for anticipatory art and inequitable conduct. The Group filed its appeal from that decision in November 2001.

Following the District Court decision, antitrust claims alleging competitive injury and overcharges have been filed by Teva Pharmaceuticals, a generic manufacturer of nabumetone, and purported classes of direct purchasers and payers, respectively, resulting from alleged fraudulent procurement of a patent, wrongful listing of the patent in the FDA Orange Book and prosecution of sham patent infringement litigation. Those cases, filed in US District Courts for the District of Massachusetts and the Eastern District of Pennsylvania between December 2001 and January 2002, are in their early stages.

### **Commercial matters**

Otsuka Pharmaceutical Co., Ltd. initiated arbitration proceedings in December 2001 concerning the Group's unilateral withdrawal of grepafloxacin (*Raxar/Vaxar*) in October 1999 for safety reasons. Otsuka alleges that the product withdrawal and simultaneous public announcement constituted material breaches of the licence and supply agreements. The Group believes the underlying product withdrawal was consistent with the terms of the agreements and that valid defences exist to the claims. The initial briefing has now been concluded and each of the parties has successfully nominated an arbitrator. The next step is for the arbitrators to select the Chairman, after taking advice from the companies.

### **SBCL indemnities**

In connection with the sale of SmithKline Beecham Clinical Laboratories ("SBCL") to Quest Diagnostics, Inc., the Group has agreed to indemnify Quest Diagnostics, on an after-tax basis, with respect to certain liabilities arising from the conduct of the SBCL business prior to closing, including governmental and private claims arising from the US government's investigation into SBCL's billing and marketing practices.

### **Environmental matters**

GlaxoSmithKline plc has been notified of its potential responsibility relating to past operations and its past waste disposal practices at certain sites, primarily in the USA. Some of these matters are the subject of litigation, including proceedings initiated by the US federal or state governments for waste disposal site remediation costs and tort actions brought by private parties. GlaxoSmithKline plc has been advised that it may be a responsible party at approximately 25 sites, of which 13 appear on the National Priority List created by the Comprehensive Environmental Response Compensation and Liability Act ("Superfund").

These proceedings seek to require the operators of hazardous waste facilities, transporters of waste to the sites and generators of hazardous waste disposed of at the sites to clean up the sites or to reimburse the government for clean-up costs. In most instances, GlaxoSmithKline is involved as an alleged generator of hazardous waste although there are a few sites where GlaxoSmithKline plc is involved as a current or former operator of the facility. Although Superfund provides that the defendants are jointly and severally liable for clean-up costs, these proceedings are frequently resolved on the basis of the nature and quantity of waste disposed of at the site by the generator. GlaxoSmithKline plc's proportionate liability for clean-up costs has been substantially determined for about 20 of the sites referred to above.

GlaxoSmithKline plc's potential liability varies greatly from site to site. While the cost of investigation, study and remediation at such sites could, over time, be substantial, GlaxoSmithKline plc routinely accrues amounts related to its share of liability for such matters.

In the USA, for a number of years, GlaxoSmithKline plc has had significant open issues relating to transfer pricing. These issues affect all years from 1989 to the present and concern a number of products, although the most significant relates to the success of *Zantac*, in respect of which the claims of the US Internal Revenue Service ("IRS") substantially exceed the Group's estimation of its taxation liabilities. The IRS claims continue to be the subject of discussions between the United

States and United Kingdom tax authorities under the competent authority provisions of the double tax convention between the two countries. Within these discussions there is a wide variation between the views of the United States and United Kingdom tax authorities and, exceptionally, they may be unable to reach agreement to settle the dispute. In the event of the United Kingdom and United States tax authorities not reaching agreement, the matter may have to be resolved by litigation.

*Brand names appearing in italics throughout these Listing Particulars are trademarks of GlaxoSmithKline plc, its subsidiaries or associated companies, with the exception of Baycol which is a trademark of Bayer AG.*

#### **Auditors**

The auditors of the Guarantor and GSK Capital plc are PricewaterhouseCoopers, Southwark Towers, 32 London Bridge Street, London SE1 9SY (the "Auditors"), who have audited without qualification, in accordance with generally accepted auditing standards in the United Kingdom: (i) the accounts of GSK Capital plc for each of the two financial years ended 31st December, 1999 and 2000 (as at the date of this Offering Circular, the accounts of GSK Capital plc for the year ended 31st December, 2001 have not yet been audited); (ii) the accounts of the Guarantor for the financial years ended 31st December, 2000 and 2001; and (iii) the accounts of SmithKline Beecham plc and Glaxo Wellcome plc for the year ended 31st December, 1999. GSK Capital Inc. has not prepared any audited accounts.

The Trust Deed provides that the Trustee may rely on certificates or reports from the Auditors and/or any other expert in accordance with the provisions of the Trust Deed whether or not any such certificate or report or engagement letter or other document entered into by the Trustee and the Auditors or such other expert in connection therewith contains any limit on liability (monetary or otherwise) of the Auditors or such other expert .

The financial information included herein does not constitute statutory accounts of GSK Capital plc or the Guarantor within the meaning of section 240 of the Companies Act 1985 (the "Companies Act"). Statutory consolidated accounts relating to each financial year to which such financial information relates have been delivered to the Register of Companies in England and Wales. The Auditors have made reports under Section 235 of the Companies Act on such statutory accounts. No qualification has been made with respect to any such report nor has any statement been made under Section 273(2) or (3) of the Companies Act.

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