

BRITISH COLUMBIA, ALBERTA, MANITOBA, ONTARIO
AND NOVA SCOTIA

AND

IN THE MATTER OF THE MUTUAL RELIANCE REVIEW
SYSTEM FOR EXEMPTIVE RELIEF APPLICATIONS

AND

IN THE MATTER OF
GLAXO WELLCOME PLC, SMITHKLINE BEECHAM PLC
AND GLAXOSMITHKLINE PLC

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker"), in each of British Columbia, Alberta, Manitoba, Ontario and Nova Scotia (collectively, the "Jurisdictions") has received an application from Glaxo Wellcome plc ("Glaxo Wellcome"), SmithKline Beecham plc ("SmithKline Beecham") and GlaxoSmithKline plc ("GlaxoSmithKline") (collectively, the "Filer") for a decision pursuant to the securities legislation, regulations, rules and/or policies of the Jurisdictions (the "Legislation") that certain trades and/or distributions of securities in connection with the proposed merger (the "Merger") of Glaxo Wellcome and SmithKline Beecham, to be effected by way of a scheme of arrangement (the "Scheme") under section 425 of the *Companies Act* 1985 of the U.K., shall be exempt from the requirements contained in the Legislation to be registered to trade in a security and to file a preliminary prospectus and a prospectus and receive receipts therefor prior to distributing a security (the "Registration and Prospectus Requirements");

AND WHEREAS pursuant to the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), the Ontario Securities Commission is the principal regulator for this application;

AND WHEREAS the Filer has represented to the Decision Makers that:

1. Glaxo Wellcome is a public limited company incorporated under the laws of England and Wales the ordinary shares of which are listed on the London Stock Exchange ("LSE") and Paris stock exchange and the american depository shares ("ADRs") of which are listed on the New York Stock Exchange ("NYSE").
2. Glaxo Wellcome is currently subject to the reporting requirements of the LSE and the NYSE and is not a "reporting issuer", or the equivalent, under the securities legislation of any province or territory of Canada.
3. The authorised share capital of Glaxo Wellcome as of July 5, 2000 was 1,107,750,000 divided into 4,431,000,000 ordinary shares of 25 pence each (the "Glaxo Wellcome Shares"), of which,

as at June 21, 2000, 3,646,751,891 ordinary shares had been issued and were fully paid or credited as fully paid. The remaining ordinary shares were unissued.

4. SmithKline Beecham is a public limited company incorporated under the laws of England and Wales the ordinary shares of which are listed on the LSE and the ADRs of which are listed on the NYSE.

5. SmithKline Beecham is currently subject to the reporting requirements of the LSE and the NYSE and is not a "reporting issuer", or the equivalent, under the securities legislation of any province or territory of Canada.

6. The authorised share capital of SmithKline Beecham as of July 5, 2000 was 500,000,000 divided into 8,000,000,000 ordinary shares of 6.25 pence each (the "SmithKline Beecham Shares"), of which, as at June 21, 2000, 5,628,944,757 ordinary shares had been issued and were fully paid or credited as fully paid. The remaining ordinary shares were unissued.

7. GlaxoSmithKline is incorporated under the laws of England and Wales as a public limited company. At June 21, 2000, the authorised share capital of GlaxoSmithKline was 2,500,000,000 divided into 9,999,800,000 ordinary shares of 25 pence each ("GlaxoSmithKline Shares"), of which 8 GlaxoSmithKline Shares were issued and fully paid and the remaining GlaxoSmithKline Shares were unissued, and 50,000 redeemable preference shares of 1 each, all of which were issued and fully paid.

8. Applications have been made to the UK Listing Authority to admit the GlaxoSmithKline Shares to the Official List of the LSE, and to the LSE for the GlaxoSmithKline Shares to be admitted to trading on the LSE's market for listed securities. It is not intended that the GlaxoSmithKline Shares be listed on any other stock exchange. GlaxoSmithKline ADRs will be listed on the NYSE. It is not intended that GlaxoSmithKline become a reporting issuer, or the equivalent, in the Jurisdictions. There is no market for the GlaxoSmithKline Shares or ADRs in the Jurisdictions.

9. The Merger is to be effected by way of a scheme of arrangement under section 425 of the *Companies Act* 1985 of England and Wales. Under the Scheme, Glaxo Wellcome and SmithKline Beecham will become wholly owned subsidiaries of GlaxoSmithKline. The Merger is subject to a number of conditions including the approval of the Scheme by the High Court of Justice of England and Wales ("Court") and regulatory clearance in the United States. Subject to the satisfaction (or waiver) of these conditions, the Merger is expected to become effective on or about December 31, 2000 (the "Effective Date"). The shareholders of Glaxo Wellcome and SmithKline Beecham approved the Scheme and resolutions relating to the merger at shareholders' meetings held on July 31, 2000.

10. Under the Scheme as currently proposed, each Glaxo Wellcome Share and SmithKline Beecham Share in issue at 6:00 p.m. (London time) on the business day immediately following the day on which the Scheme is sanctioned by the Court (the "Scheme Record Time") will be cancelled and the share capitals of Glaxo Wellcome and SmithKline Beecham will be reduced accordingly. The share capitals of Glaxo Wellcome and SmithKline Beecham will then be

increased to their former amount by creating the same number of new Glaxo Wellcome Shares and new SmithKline Beecham Shares as were cancelled. These new shares will be allotted and issued, by capitalisation of the reserves arising from such cancellations, to GlaxoSmithKline.

11. Pursuant to the Scheme, GlaxoSmithKline will issue to the former holders of the Glaxo Wellcome ordinary shares and SmithKline Beecham ordinary shares, GlaxoSmithKline Shares on the basis of 1 GlaxoSmithKline Share for each Glaxo Wellcome Share held at the Scheme Record Time and 0.4552 GlaxoSmithKline Shares for each SmithKline Beecham Share held at the Scheme Record Time. Fractions of GlaxoSmithKline Shares and ADRs will not be issued; all fractions to which former shareholders and ADR holders of SmithKline Beecham would have been entitled will be aggregated and sold in the market, with the net proceeds being distributed to those shareholders and ADR holders in proportion to their entitlement.

12. In regards to holders of Glaxo Wellcome ADRs, upon the Scheme becoming effective (i) the Glaxo Wellcome Shares underlying each Glaxo Wellcome ADR will be cancelled and an equal number of GlaxoSmithKline Shares will be issued to the Depositary; (ii) the Glaxo Wellcome ADR facility will become a GlaxoSmithKline ADR facility; and (iii) holders of Glaxo Wellcome ADRs will thereafter be deemed to hold one GlaxoSmithKline ADR for each Glaxo Wellcome ADR held by them.

13. In regards to holders of SmithKline Beecham ADRs, upon the Scheme becoming effective (i) the SmithKline Beecham Shares underlying each SmithKline Beecham ADR will be cancelled and GlaxoSmithKline Shares will be issued to the Depositary based on the exchange ratio of 0.4552 GlaxoSmithKline Shares for each SmithKline Beecham Share; (ii) the SmithKline Beecham ADR facility will become a GlaxoSmithKline ADR facility; and (iii) each holder of SmithKline Beecham ADRs will be required to exchange their SmithKline Beecham ADRs for GlaxoSmithKline ADRs based on the exchange ratio of 1.138 GlaxoSmithKline ADRs for each SmithKline Beecham ADR.

14. A circular containing, among other things, the terms of the Merger, the details of the shareholder meetings and listing particulars for the GlaxoSmithKline Shares, has been mailed to all shareholders of Glaxo Wellcome and SmithKline Beecham.

15. Certain Canadian employees of Glaxo Wellcome and its subsidiaries participate in a series of share option schemes (collectively, the "Glaxo Wellcome Employee Option Schemes") that is intended to permit those employees to obtain an interest in Glaxo Wellcome through the purchase of Glaxo Wellcome Shares. Certain former employees continue to hold options ("Glaxo Wellcome Options") acquired through the Glaxo Wellcome Employee Option Schemes.

16. As at June 21, 2000, options granted for nil consideration to acquire Glaxo Wellcome Shares under the Glaxo Wellcome Employee Option Schemes were exercisable at prices from 270.1349 pence to 1,901 pence per Glaxo Wellcome Share up to April 3, 2010.

17. In conjunction with the Merger, but not pursuant to the Scheme, holders of Glaxo Wellcome Options will be entitled to exercise their options, on the Effective Date, and receive GlaxoSmithKline Shares.

18. Holders of Glaxo Wellcome Options acquired under certain Glaxo Wellcome Employee Option Schemes will also be entitled to retain their options until the lapse date, which will be six months after the Effective Date, and exercise those options for GlaxoSmithKline Shares.

19. Alternatively, if GlaxoSmithKline receives certain regulatory and taxation approvals, these Glaxo Wellcome Options may be exchanged for GlaxoSmithKline Options. The GlaxoSmithKline Options received in exchange for Glaxo Wellcome Options will entitle the holder to acquire the same number of shares at the same exercise price as the Glaxo Wellcome Options for which they were exchanged. Certain employees who opt to exchange their options may also be eligible to receive a cash payment equal to ten percent of the option price of their options when exercised.

20. The applications that have been made to the UK Listing Authority and the LSE to list the GlaxoSmithKline Shares applies to the new GlaxoSmithKline Shares to be issued on the exercise of the Glaxo Wellcome Options. These new GlaxoSmithKline Shares will rank equally with existing GlaxoSmithKline Shares except for rights determined by reference to a record date preceding the date of allotment of such new GlaxoSmithKline Shares.

21. Certain Canadian employees of SmithKline Beecham and its subsidiaries participate in a series of share option schemes (collectively, the "SmithKline Beecham Option Schemes") that is intended to permit those employees to obtain an interest in SmithKline Beecham through the purchase of SmithKline Beecham Shares. Certain former employees continue to hold options ("SmithKline Beecham Options") acquired through the SmithKline Beecham Option Schemes.

22. Participants in the SmithKline Beecham Option Schemes receive options to acquire SmithKline Beecham Shares at an exercise price stated at the date of grant which generally become exercisable at the end of a 3 year period.

23. In conjunction with the Merger, but not pursuant to the Scheme, holders of SmithKline Beecham Options were entitled to exercise their options, until 12 noon on July 30, 2000 (the day immediately preceding the date of the SmithKline Beecham Court meeting), and receive SmithKline Beecham Shares. These SmithKline Beecham Shares will be automatically converted to GlaxoSmithKline Shares pursuant to the Scheme such that, on the Effective Date, option holders will receive GlaxoSmithKline Shares.

24. Options acquired under the SmithKline Beecham Option Schemes (except for the SmithKline Beecham UK Executive Share Option Plan 1989 Plan), to the extent they had not been exercised or conditionally exchanged, lapsed at 12 noon on July 30, 2000. As an alternative to exercise, holders of SmithKline Beecham Options have been invited to elect to exchange their options for GlaxoSmithKline Options, subject to receipt of certain regulatory and taxation approvals.

25. The GlaxoSmithKline Options received in exchange for SmithKline Beecham Options will entitle the holder to acquire GlaxoSmithKline Shares in the same ratio as applicable to SmithKline Beecham shareholders under the Scheme and at substantially the same aggregate exercise price as that of their SmithKline Beecham Options.

26. The applications that have been made to the UK Listing Authority and the LSE in relation to the listing of the GlaxoSmithKline Shares applies to the new GlaxoSmithKline Shares to be issued in connection with the exercise of SmithKline Beecham Options. GlaxoSmithKline Shares issued on the exercise of these options will rank equally with existing GlaxoSmithKline Shares except for rights determined by reference to a record date preceding the date of allotment of such GlaxoSmithKline shares.

27. As at June 21, 2000, holders of Glaxo Wellcome Shares and ADRs whose registered address was in the Jurisdictions represented less than 1% of the total issued and outstanding Glaxo Wellcome Shares (including Glaxo Wellcome Shares underlying the ADRs) and holders of Glaxo Wellcome Options whose registered address was in the Jurisdictions represented less than 1% of the total issued and outstanding Glaxo Wellcome Options. As at February 29, 2000 holders of SmithKline Beecham Shares and ADRs whose registered address was in the Jurisdictions represented less than 1% of the total issued and outstanding SmithKline Beecham Shares (including SmithKline Beecham Shares underlying the ADRs) and holders of SmithKline Beecham Options whose registered address was in the Jurisdictions represented less than 1% of the total issued and outstanding SmithKline Beecham Options.

28. Following the Merger, holders of GlaxoSmithKline Shares and ADR's with an address in one or more of the Jurisdictions will receive the same disclosure materials that are sent to holders of such securities who are residents of the UK or the United States.

AND WHEREAS pursuant to the Scheme, this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the "Decision");

AND WHEREAS each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;

THE DECISION of the Decision Maker pursuant to the Legislation is that:

1. the distribution of GlaxoSmithKline Options by GlaxoSmithKline to former employees of Glaxo Wellcome and its affiliates and to former employees of SmithKline Beecham and its affiliates is not subject to the Registration and Prospectus Requirements; and

2. (i) first trades of GlaxoSmithKline Shares to be issued by GlaxoSmithKline under the Scheme to holders of ordinary shares of Glaxo Wellcome and to holders of ordinary shares of SmithKline Beecham;

(ii) first trades of GlaxoSmithKline ADRs to be issued by GlaxoSmithKline under the Scheme to holders of Glaxo Wellcome ADRs and SmithKline Beecham ADRs;

(iii) first trades of GlaxoSmithKline Shares to be issued by GlaxoSmithKline upon the exercise of Glaxo Wellcome Options, SmithKline Beecham Options and

GlaxoSmithKline Options by current employees of Glaxo Wellcome and SmithKline Beecham; and

(iv) first trades of GlaxoSmithKline Shares to be issued by GlaxoSmithKline upon the exercise of Glaxo Wellcome Options, SmithKline Beecham Options and GlaxoSmithKline Options by former employees of Glaxo Wellcome and SmithKline Beecham;

are not subject to the Registration and Prospectus Requirements contained in the Legislation, provided that such trades are executed through the facilities of a stock exchange or market outside of Canada and such trades are made in accordance with all laws and the rules applicable to such stock exchange or market.

DATED at Toronto this 14th day of December, 2000.

"J. A. Geller" "Robert W. Korthals"

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - relief from prospectus and registration requirements in connection with two public U.K. companies - de minimus presence in Canada - no policy issues.

Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c.S.5, as am., s.25, 53, and 74(1).

Regulations Cited

Regulation made under the Securities Act, R.R.O. 1990, Reg. 1015, as am.