CLSA Emerging Markets Healthcare Forum

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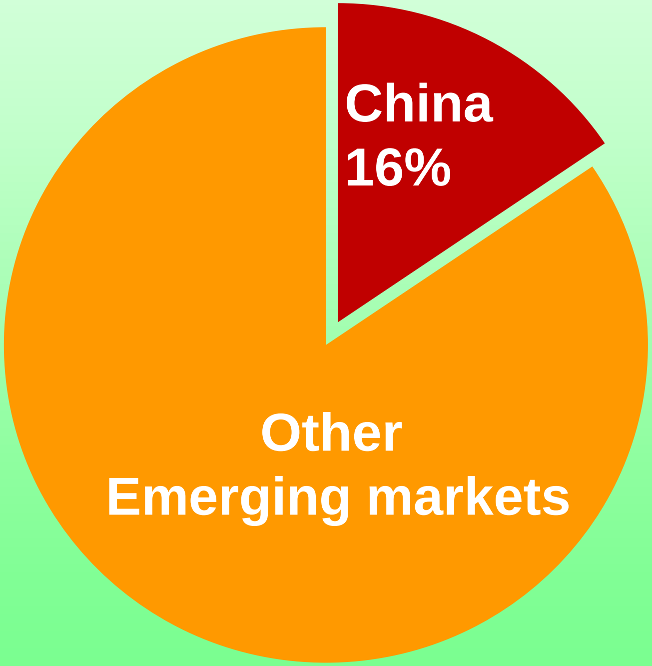
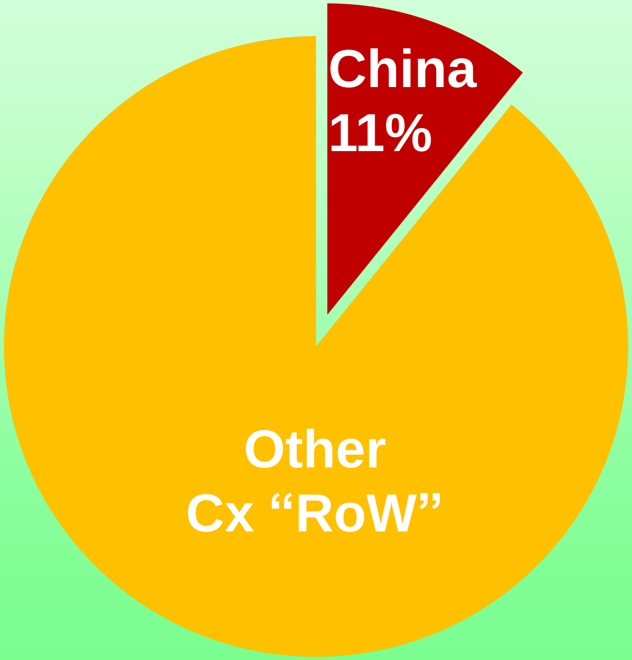
Establishing a comprehensive presence in China

China – A significant GSK market with both Rx and Consumer presence

Rx China/HK sales 2010 Q3
£422m (+23%)
Mainland £374m (+25%)



Cx China/HK sales 2010 Q3
£166m (+14%)
Mainland £128m (+17%)



CER growth; China includes HK for charts
RoW Consumer is all markets excluding US and Europe

Healthcare reform impacts

Today

- Branded generics
- Originator product price premium
- Weak IP protection
- Central government control
- Local manufacturing important
- Clinical development important
- Complex drug approval process

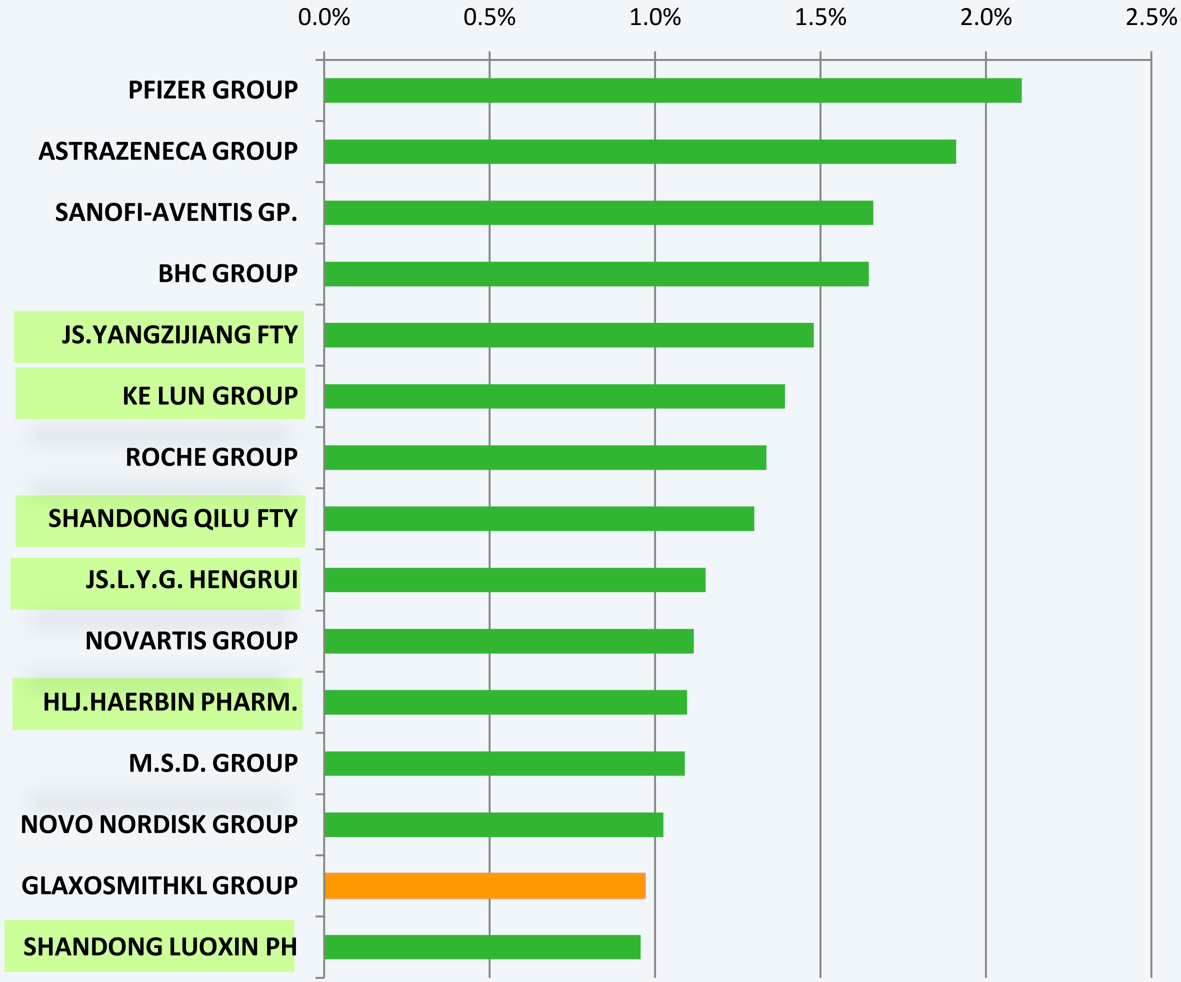
Future ~2020

- R&D driven market, premium price for innovation
- Harmonisation of generic prices
- Stronger IP protection
- Greater decision making in the provinces
- Local manufacturing a requirement for EDL products
- Local R&D key driver for access and acceleration
- Chinese data important for drug approvals

Evolution vs revolution:
current market exists for foreseeable future

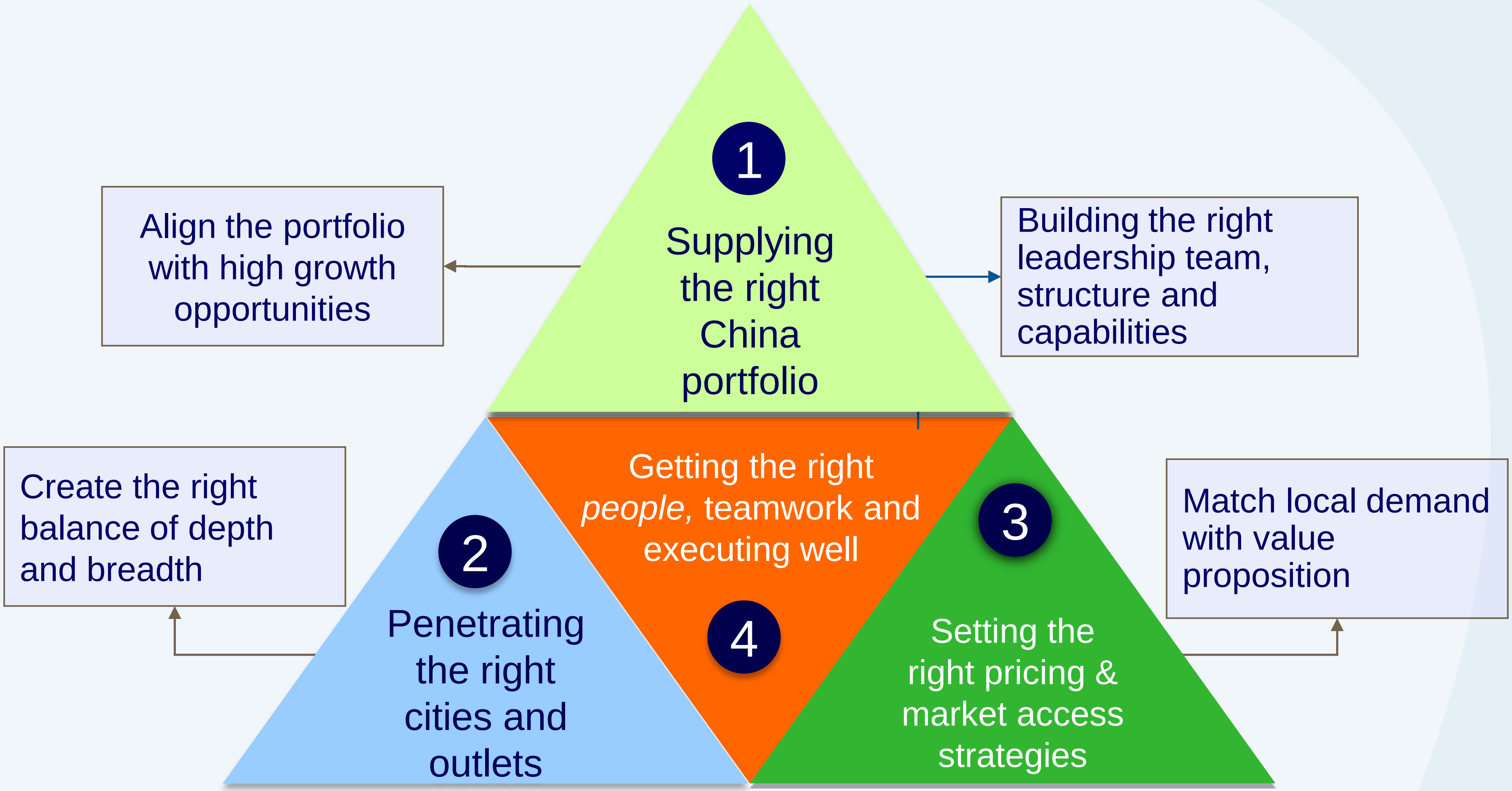
GSK ranked #14 in highly fragmented market

Market share MAT Q2 2010



MAT GR%		
1Q2008	2Q2009	2Q2010
28%	30%	27%
32%	30%	30%
49%	26%	32%
38%	25%	20%
19%	23%	26%
47%	53%	53%
25%	15%	26%
54%	27%	26%
24%	26%	18%
20%	22%	23%
32%	24%	15%
31%	12%	14%
31%	38%	30%
15%	27%	28%
69%	37%	34%

China - four elements for success



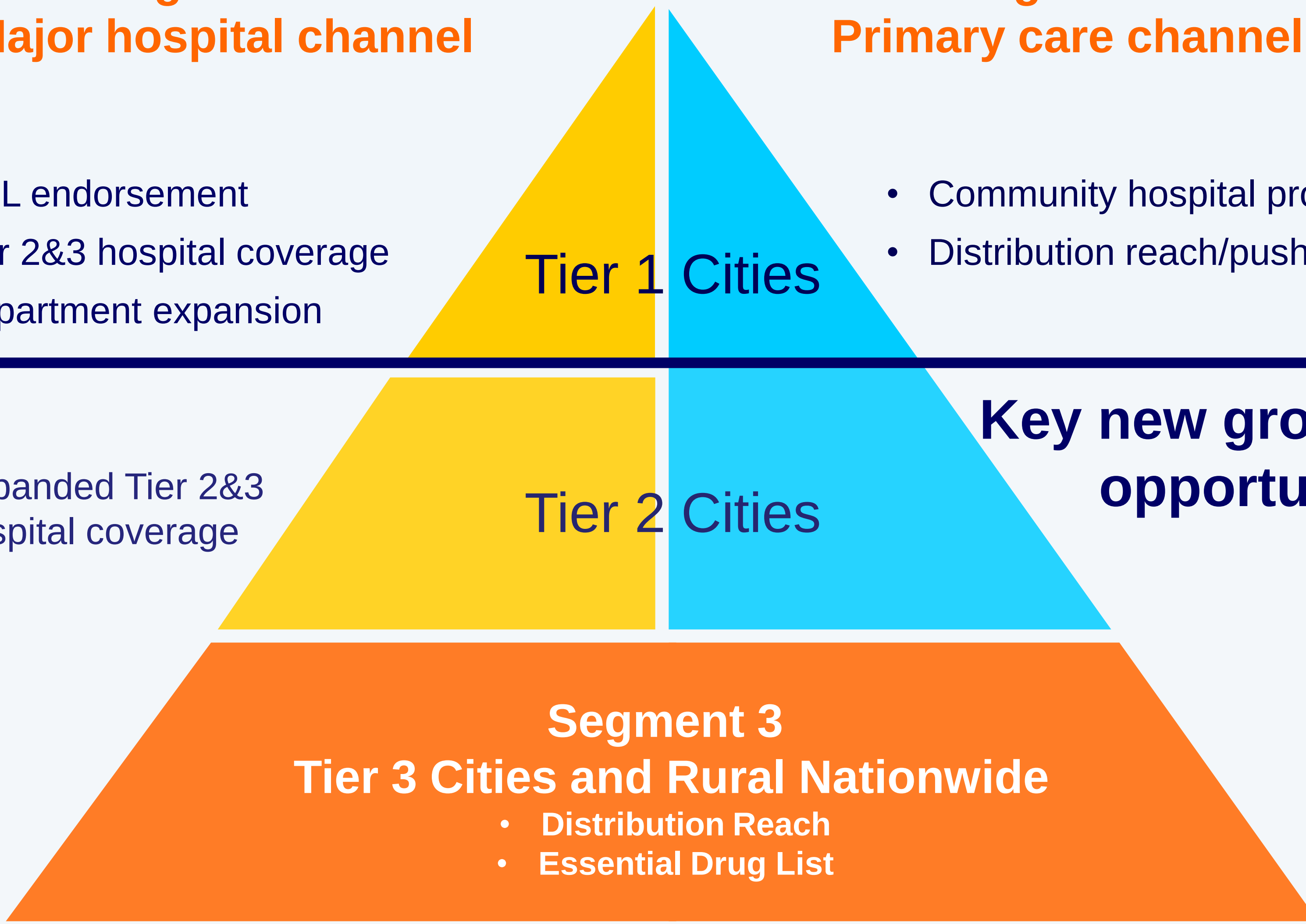
New segments / channels provide opportunity for growth

Segment 1
Major hospital channel

- KOL endorsement
- Tier 2&3 hospital coverage
- Department expansion

Segment 2
Primary care channel

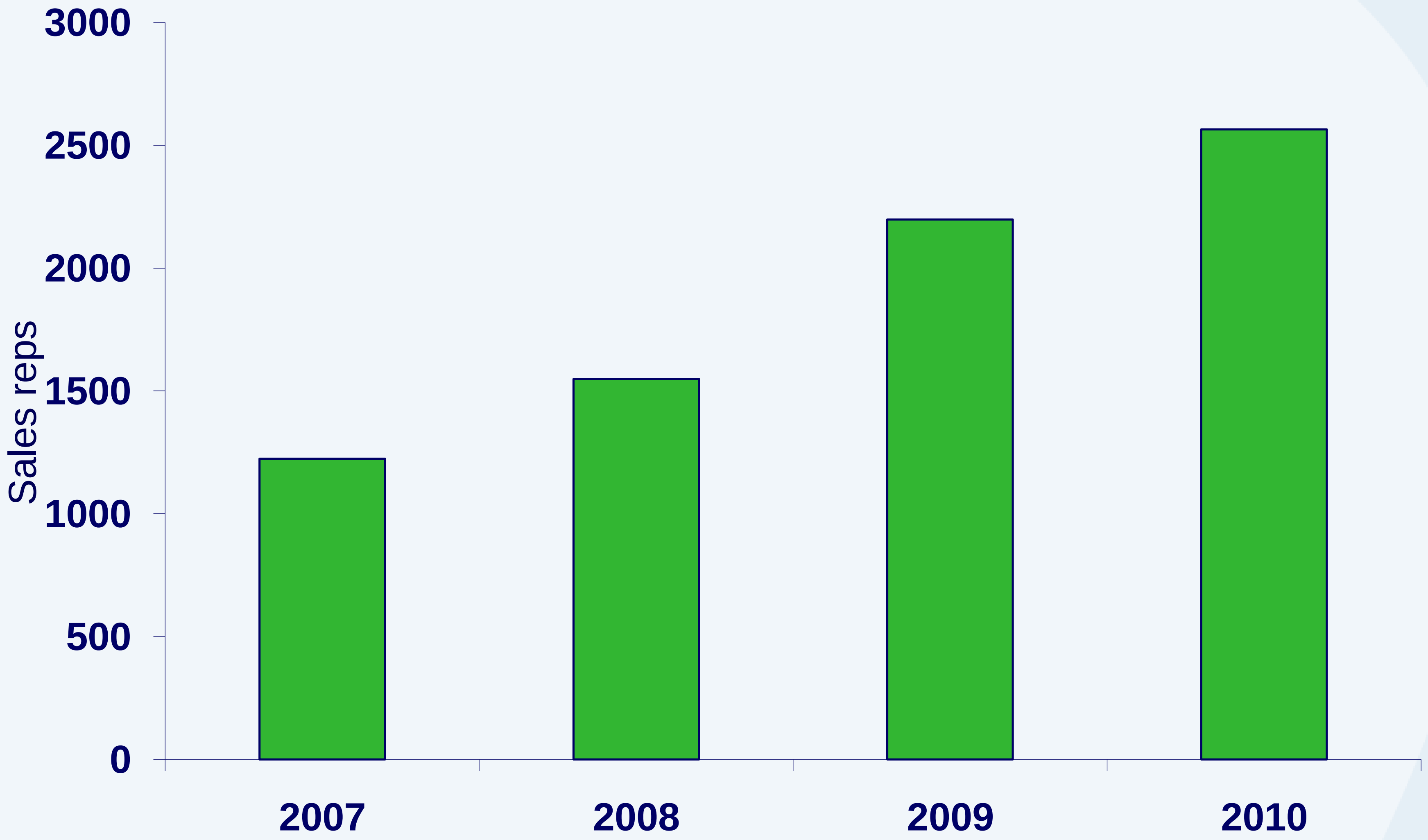
- Community hospital promotion
- Distribution reach/push



- Expanded Tier 2&3 hospital coverage

Key new growth opportunity

Sales force expansion continuing

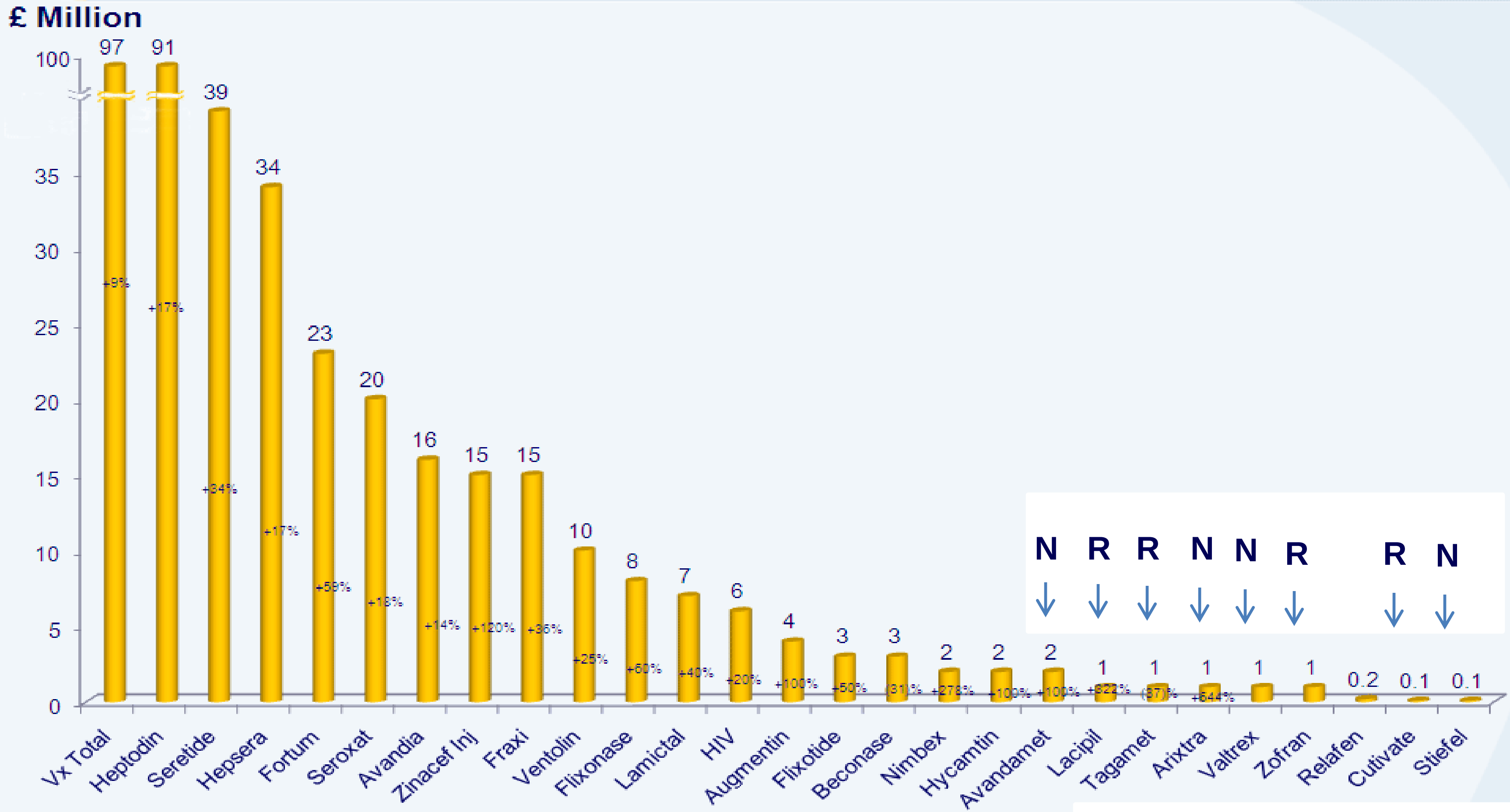


2010 numbers as at end March
Headcount numbers include Pharma and Vaccines reps in China

Drivers of growth

GSK EM strategy	China specifics
Innovative brands	Long life cycle post patent expiry
Classic brands	Originator products and differentiated generics receive price premium
Vaccines	The most complete pipeline in the industry

Products:
Sales and growth 2010 Q3 YTD



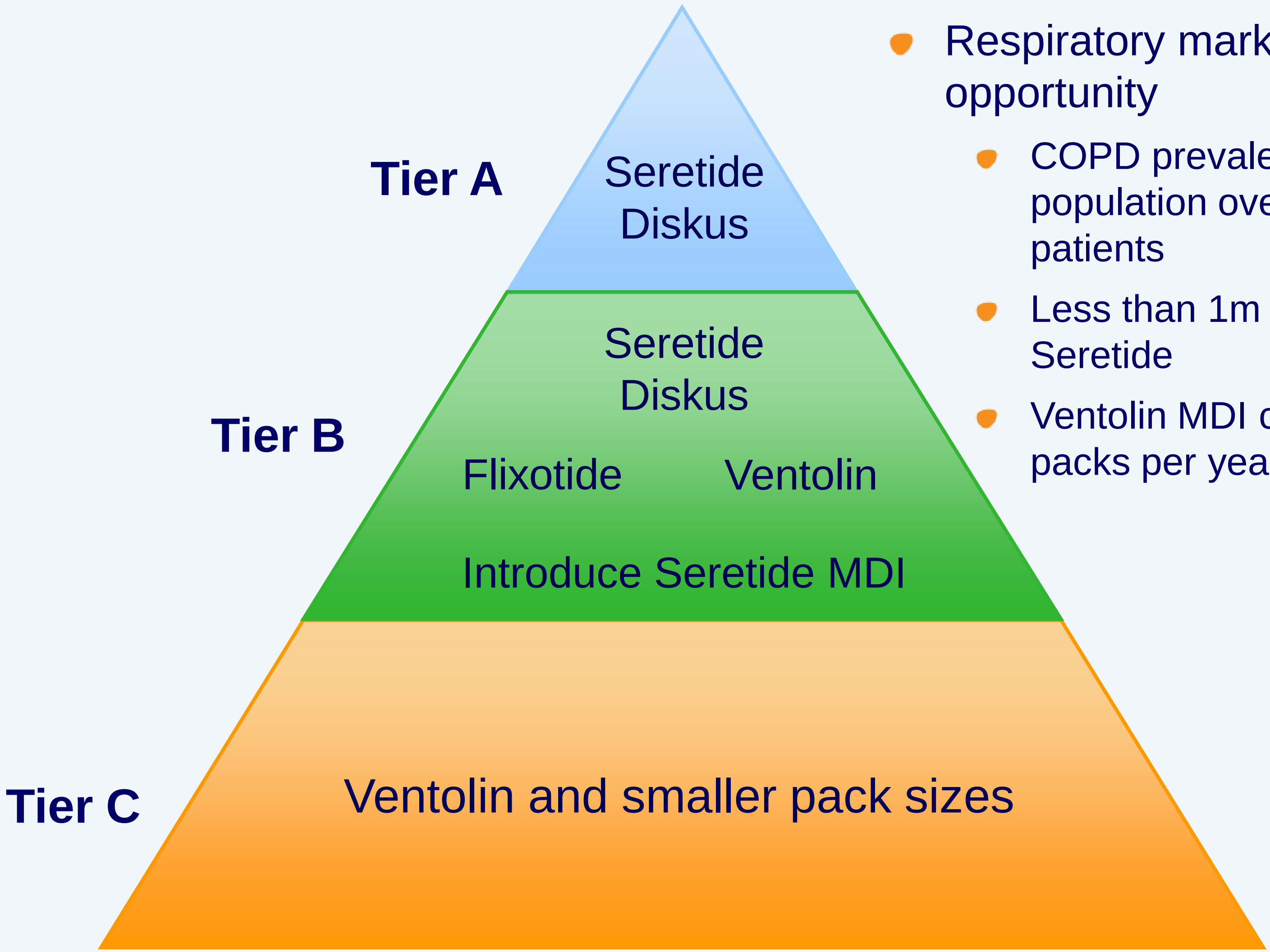
N = New Product Launch

R = Relaunched Product

Hepatitis B strategy for continued growth

- 1/3 of global Hep B cases are in China
- Invest to maintain competitiveness and share of voice in urban hospitals
- Expand distribution reach and access in rural areas
- Improve patient awareness and diagnosis （Project Rainbow)
- Reinforce presence in Hep B market through development & launch of tenofovir (Viread) – recently in-licensed from Gilead
- Leverage vaccines for prevention

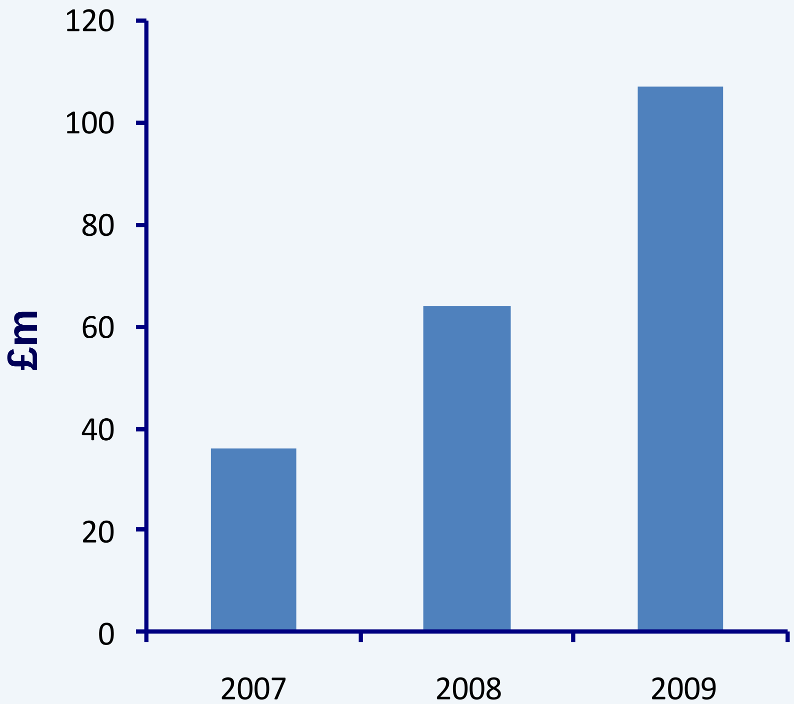
Respiratory – various offerings and pricing strategies improve access and drive volume growth



- Respiratory market is a major opportunity
  - COPD prevalence 8.2% among population over 40yrs, ~50m COPD patients
  - Less than 1m current patients on Seretide
  - Ventolin MDI currently selling ~3M packs per year

GSK #1 Vaccine MNC in China

GSK 2009 sales
£116m (+37%)



GSK's Position & Strategy

- Diversified & balanced portfolio
- Leadership among MNCs gained in 2009
- #1 Independent vaccine company
- Investing in people and awareness building (healthcare workers and general public)
- Investing in local mfg and partnerships:

Flu vaccines	Paediatric vaccines
GSKNB Neptunus	gsk GlaxoSmithKline WALVAX 沃森

- China specific R&D
- Extensive pipeline

CER growth rates; China mainland only (excludes Hong Kong)

Summary

- Sustainable growth achieved
- Investing for further growth
- Leveraging complete GSK portfolio
- Actively exploring portfolio diversification
- Lower exposure to government policy changes
- Capitalizing on market opportunities

gsk GlaxoSmithKline