



GlaxoSmithKline

2Q Results 2006

Presentation to Analysts & Investors

26th July 2006



GlaxoSmithKline

JP Garnier

Chief Executive Officer

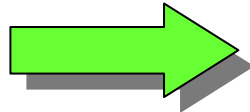
Strong Financials

- Sales
 - Pharmaceuticals sales +10%
 - Consumer sales +5%
- EPS +15%
- Raised EPS guidance for 2006: 'Around 12% growth'

Q2 Pipeline Highlights

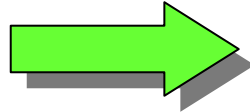
Filings

Entereg¹



Launch targeted for year end

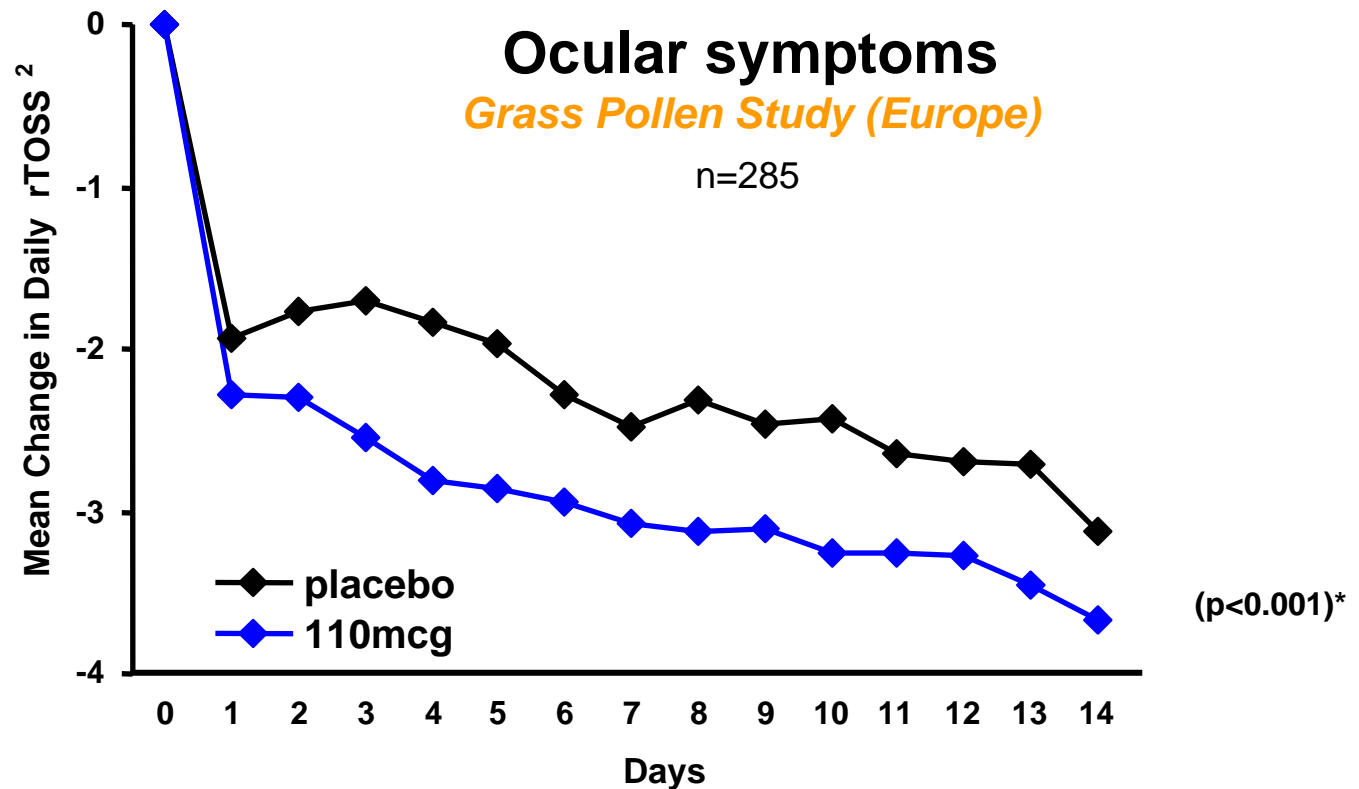
Allermist



Now filed in US & Europe

Allermist

Phase III ocular data in SAR¹



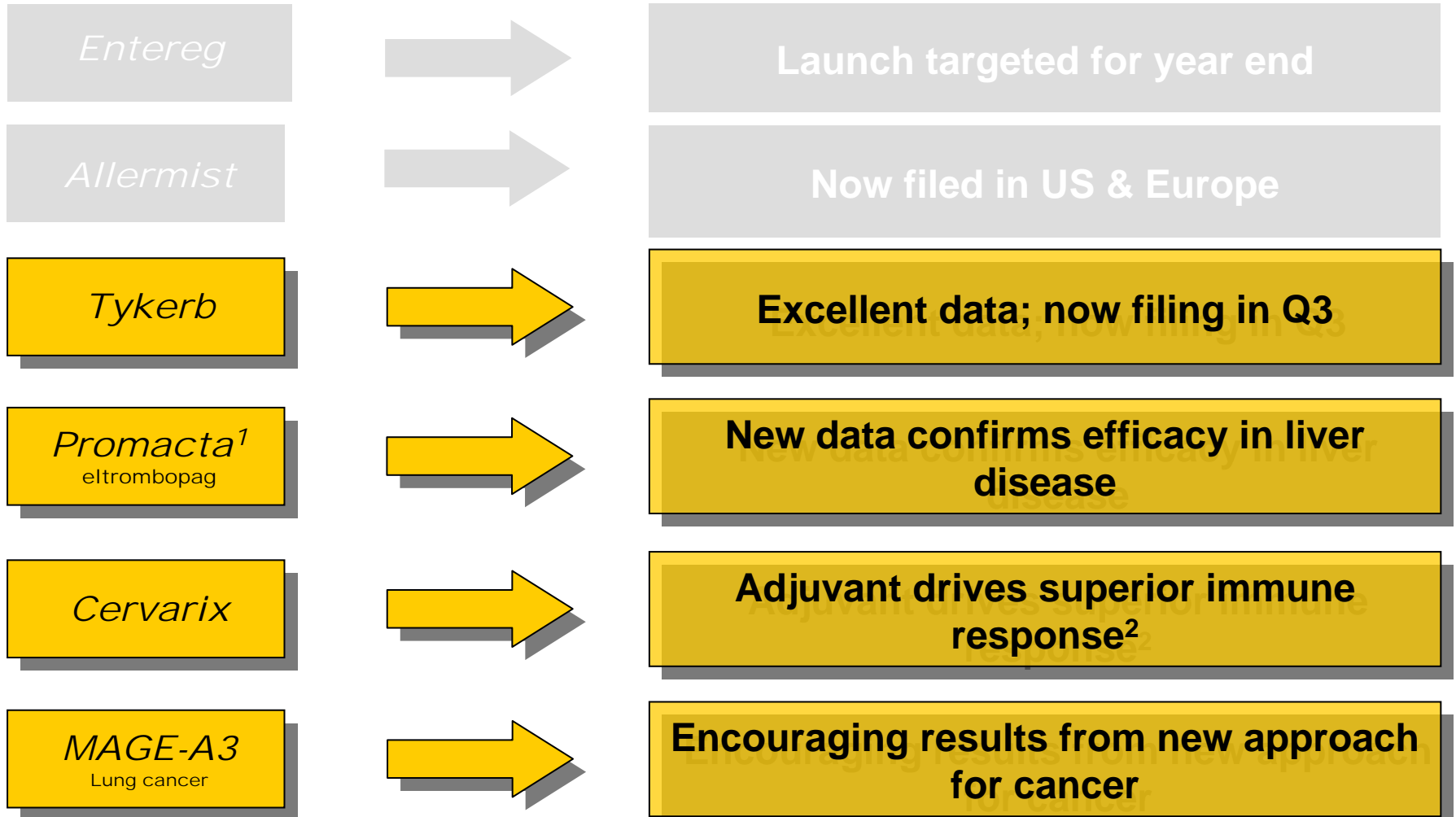
1 = Seasonal Allergic Rhinitis

2 = rTOSS = Daily Reflective Total Ocular Symptom Score (secondary endpoint).

* p value relates to whole study period.

Q2 Pipeline Highlights

Key Data

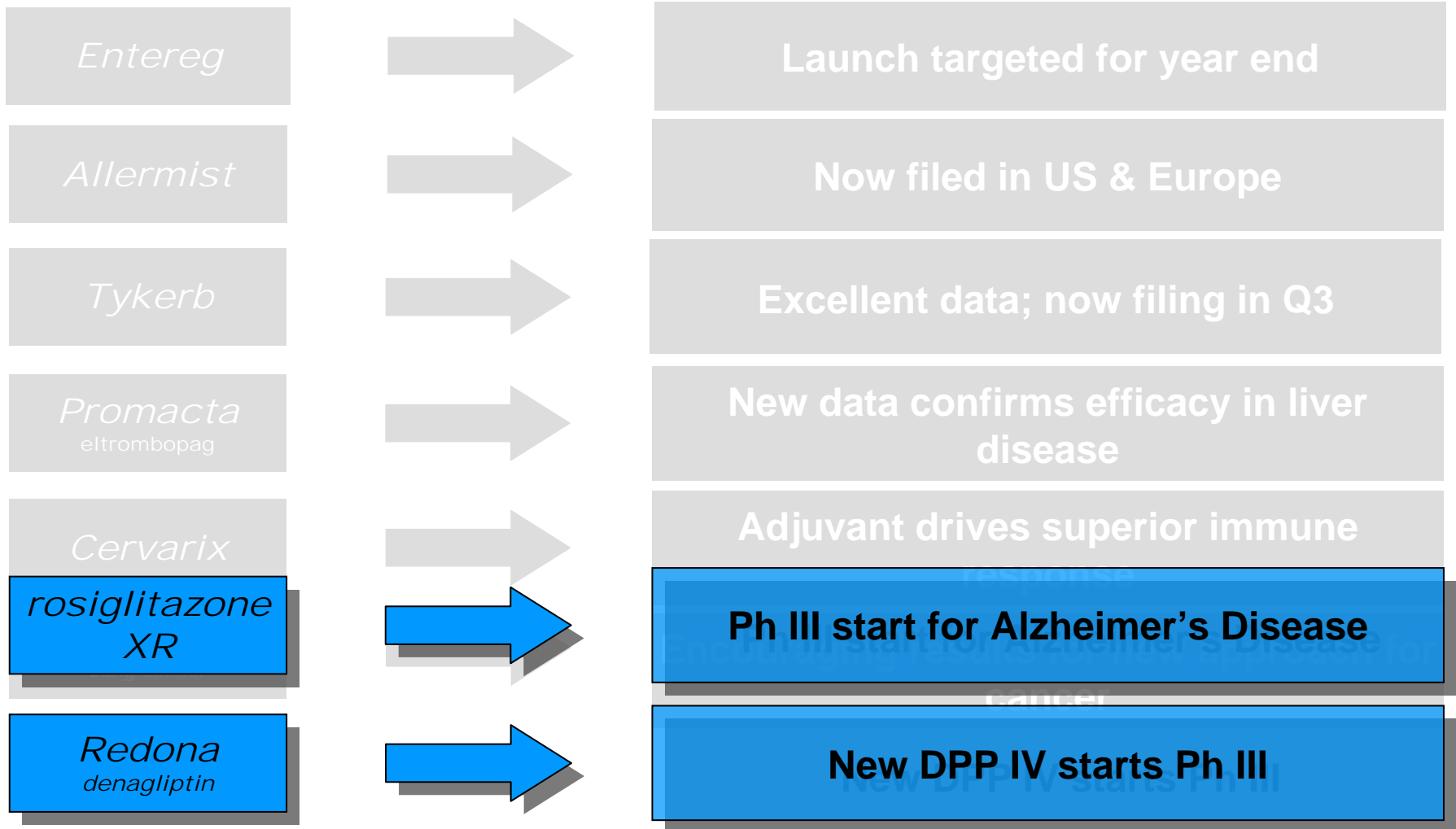


1 = Collaboration with Ligand Pharmaceuticals

2 = Superior to Alum

Q2 Pipeline Highlights

Phase III starts



H5N1 Pandemic Vaccine

Significant Steps Against Global Threat



Headline Data

- ⊙ New data shows very high immune response
 - Over 80% seroprotection
- ⊙ Response seen at very low doses
 - Only 3.8 μ g of antigen needed

H5N1 Pandemic Vaccine

Significant Steps Against Global Threat



What does this mean?

- ✓ Validates GSK's approach to H5N1 vaccine
- ✓ Confirms potency of adjuvant
- ✓ Advances regulatory filings
- ✓ Supports discussions with governments



GlaxoSmithKline

Julian Heslop

Chief Financial Officer

Q2 Performance Summary


	2Q 06	2Q 05	%Change	
	£m	£m	CER	£
Turnover	5,811	5,246	9	11
Cost of Goods	(1,209)	(1,155)	3	5
	<i>20.8%</i>	<i>22.0%</i>		
SG&A	(1,883)	(1,681)	8	12
	<i>32.4%</i>	<i>32.0%</i>		
R&D	(853)	(702)	20	22
	<i>14.7%</i>	<i>13.4%</i>		
Other Oper. Income	45	3		
Operating Profit	1,911	1,711	13	12
	<i>32.9%</i>	<i>32.6%</i>		

% In Italics are % of Turnover

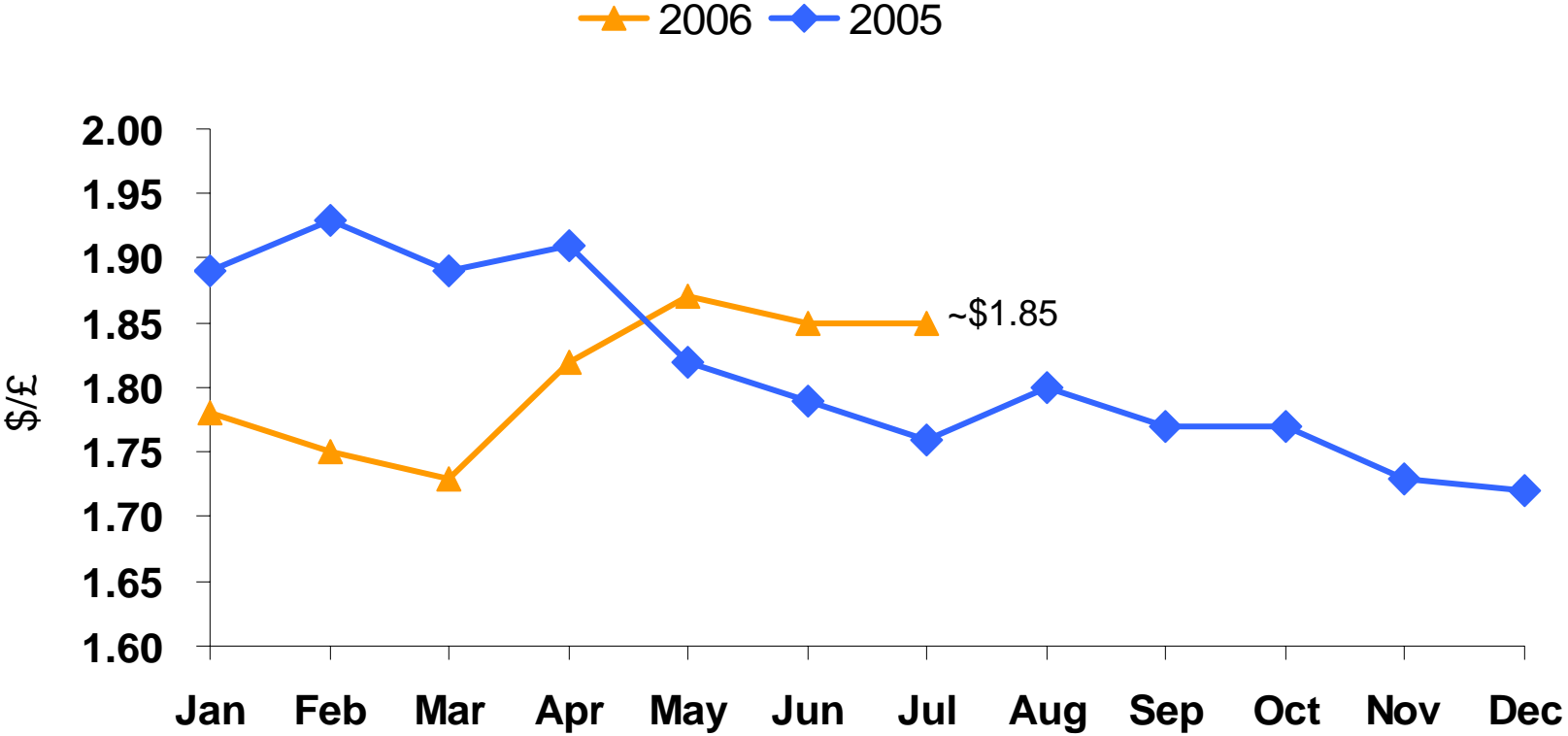
Q2 Performance Summary

	2Q 06	2Q 05	%Change	
	£m	£m	CER	£
Operating Profit	1,911	1,711	13	12
Interest	(26)	(59)		
Profit Before Tax	1,897	1,662	15	14
Earnings Per Share	23.3p	20.4p	15	14
<i>Tax Rate</i>	29.5%	28.5%		

Legal & Restructuring Costs and Asset Sale Profits

	2Q 06	2Q 05
	£m	£m
Legal Costs	(123)	(33)
Restructuring Costs	4	(24)
Asset Sale Profits	91	10
Theravance & Quest	(69)	(9)
	<u>(97)</u>	<u>(56)</u>
		
	- £41 million	

US Dollar Trends



Cash Flow

	2Q 06	2Q 05
	£m	£m
Cash Generated From Operations	2,081	2,073
Taxation Paid	(959)	(543)
Capex, Interest and Other	<u>(363)</u>	<u>(332)</u>
Free Cash Flow	759	1,198
Dividends	(791)	(684)
Purchase of Own Shares	(305)	(214)
Share Option Exercises	145	33
Other	<u>(91)</u>	<u>(89)</u>
Net (Increase)/Decrease in Debt	<u>(283)</u>	<u>244</u>
	30 th June 06	31 st Dec 05
Net Debt	(655)	(1,237)



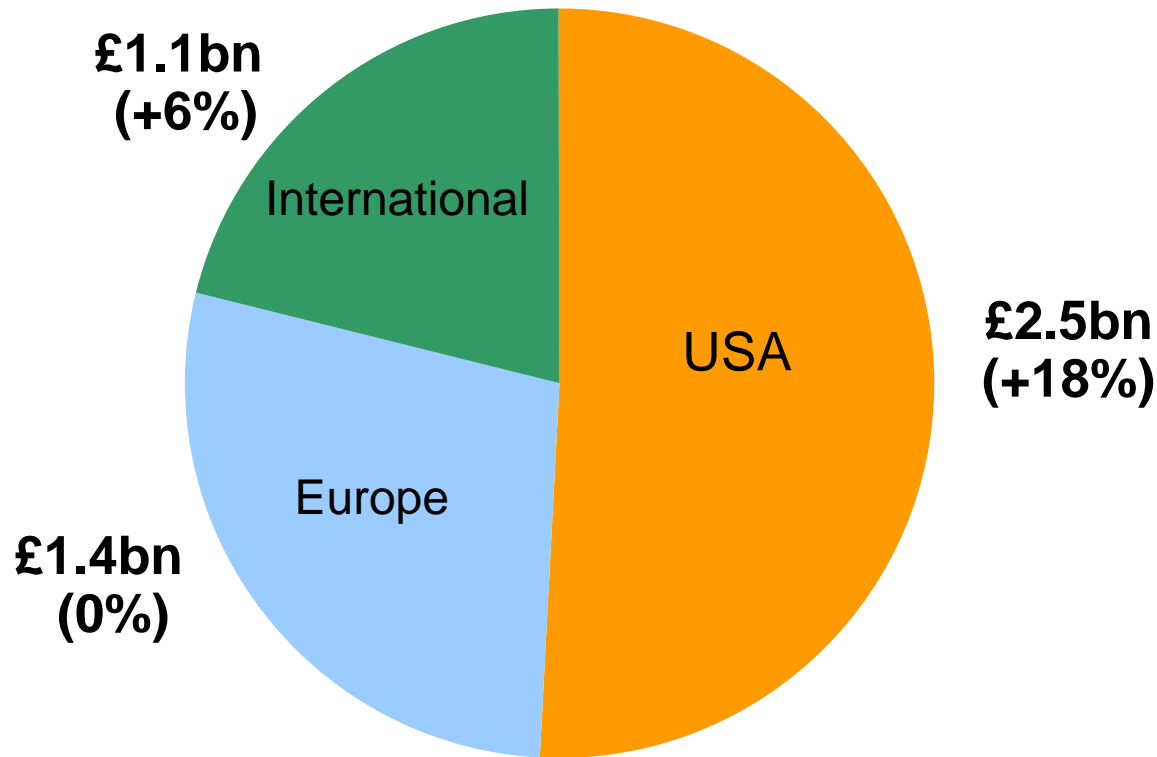
GlaxoSmithKline

David Stout

President, Pharmaceuticals

Pharmaceuticals – Q2 2006

Total Sales £5.0bn +10%



US Pharma Environment Benefiting From Successful Medicare Part D Rollout

- Over 38 million people with Medicare have Rx coverage
- 3.5 million Part D prescriptions filled each day
- Average premium ~40% lower than original estimates (\$24 vs. \$37)
- On average, beneficiaries saving \$1,100 a year

GSK Japan

10 Launches in Next Three Years

2007

Seretide

Lamictal

Requip

Arixtra

Amerge

2008 + 2009

Allermist ('08)

Tykerb ('08)

Avandia ('09)

Cervarix ('09)

Entereg ('09)

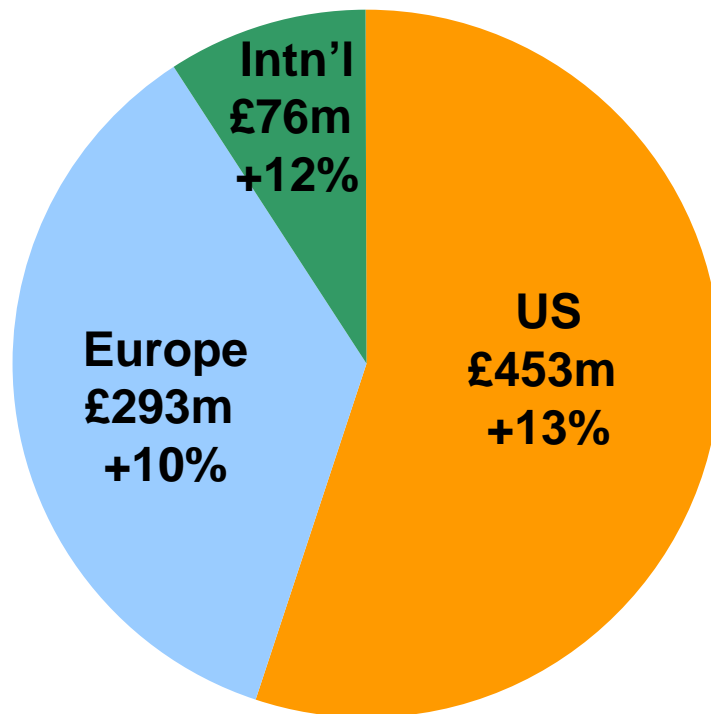
Key Growth Drivers

Total Sales £2.3bn (+19%)

Respiratory	Diabetes	CNS	Anti-Viral	CV	Vaccines
Advair £822m +12%	Avandia¹ £477m +32%	Lamictal £245m +12%	Valtrex £214m +30%	Coreg £160m +29%	Vaccines £387m +17%

Seretide/Advair

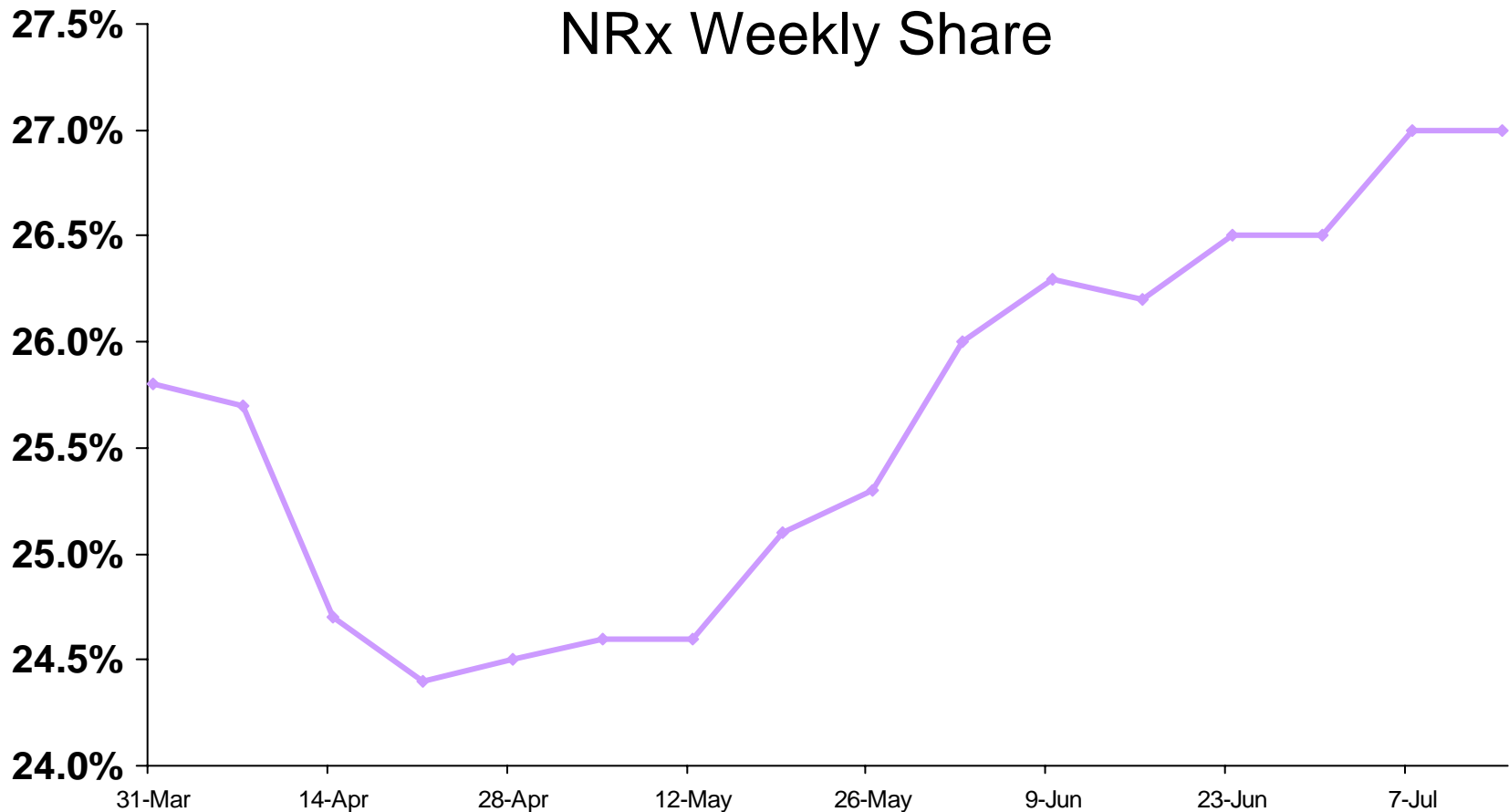
Growth In All Regions



Sales £822m +12%

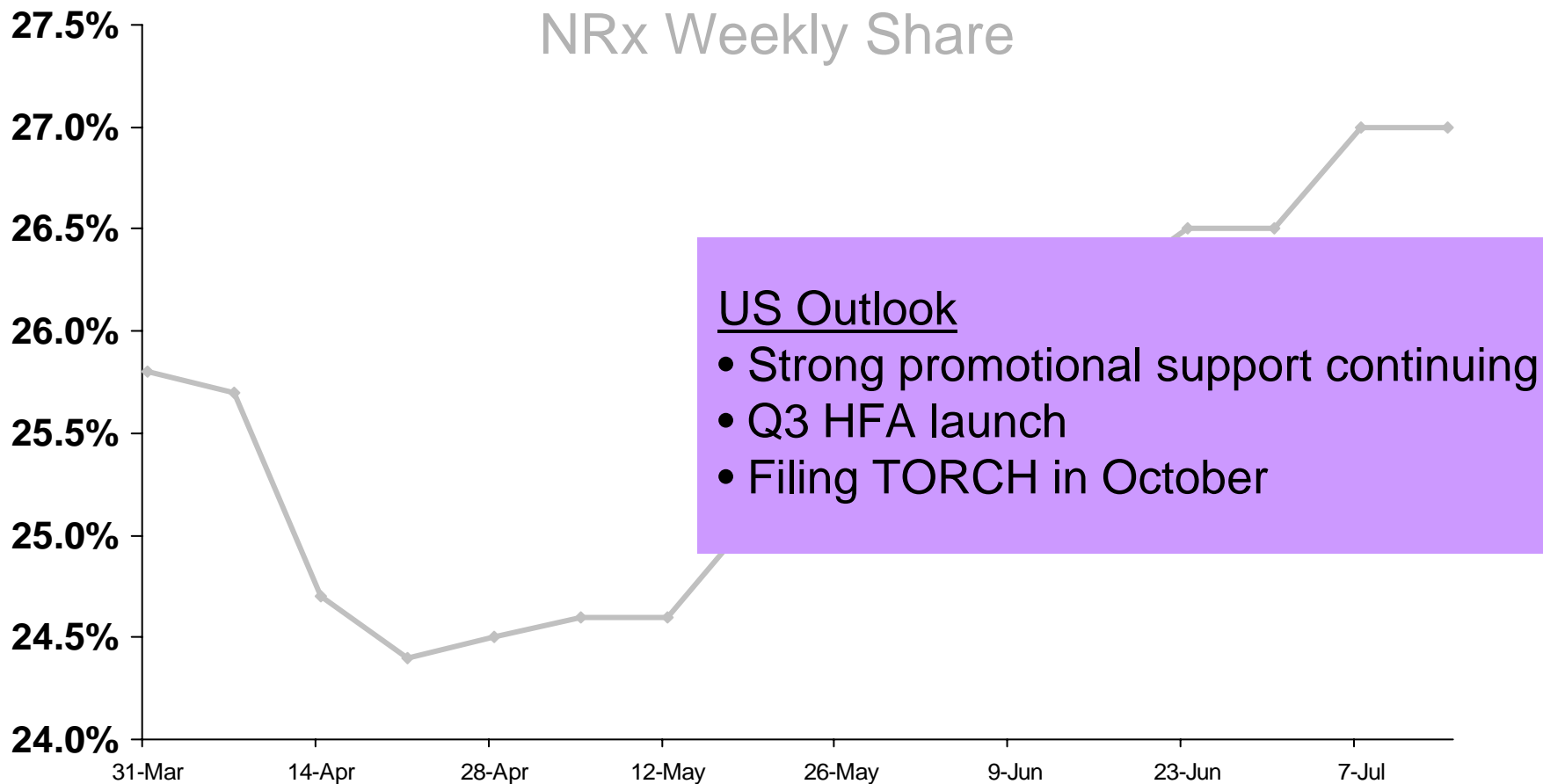
Advair

Improving Prescription Share Trend in Q2



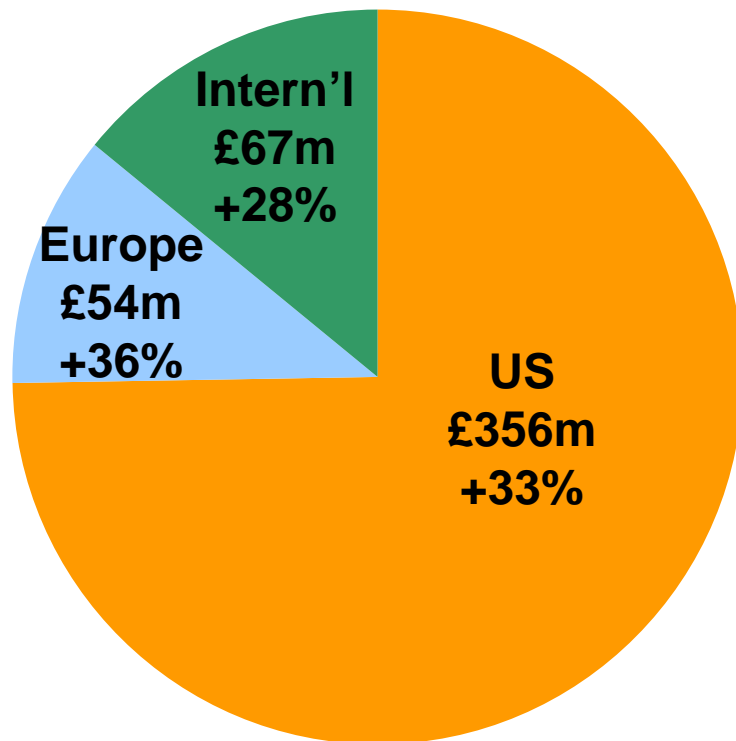
Advair

Improving Prescription Share Trend in Q2



Avandia Family

Sales £477m +32%



- US: Avandia and Avandamet
 - Capacity restored May/June
 - Promotions re-started June/July
- Avandamet 1st line indication approved by FDA in Q2
- Avandamet US NRx share: 1.3% for w/e July 14th

Three Rising Stars

Q2 Combined Sales £134m >100%



£51m +79%



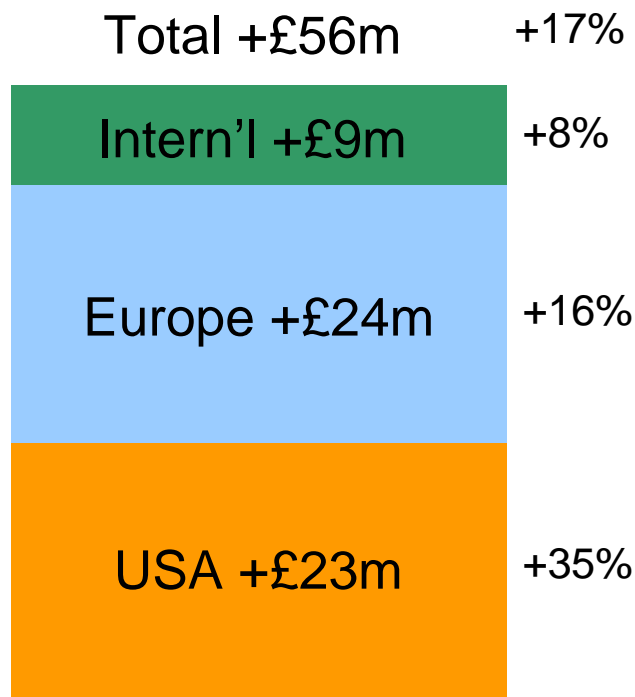
£64m +85%



£39m¹ >100%
(GSK share: £19m)

Vaccines

Strong Q2 Performance; Excellent Outlook



Growth by Region

- Sales £387m +17%
 - Infanrix/Pediarix +38%
 - UMV¹ recommendation in US for Havrix

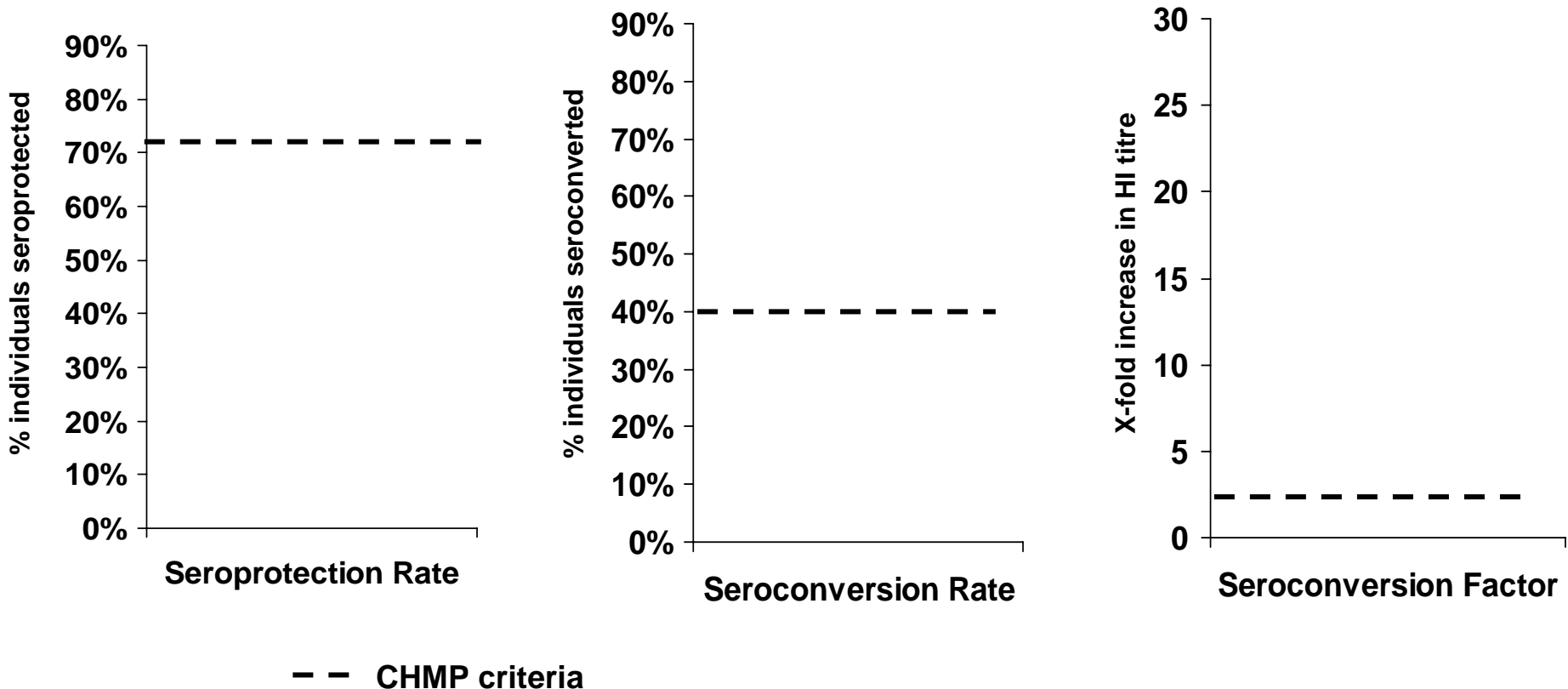
H5N1 Pandemic Vaccine

Pivotal Trial Design

- 400 healthy adults aged 18-60
- 4 doses of H5N1 split antigen: 3.8 μ g, 7.5 μ g, 15 μ g, 30 μ g
- Half given vaccine with novel adjuvant and half without
- Two doses given 21 days apart
- Immunogenicity endpoints at day 42

H5N1 Vaccine Headline Results

CHMP requires a pandemic vaccine to meet 3 criteria



Preliminary results from H5N1 pivotal trial (at Day 42, i.e. after 2 doses).

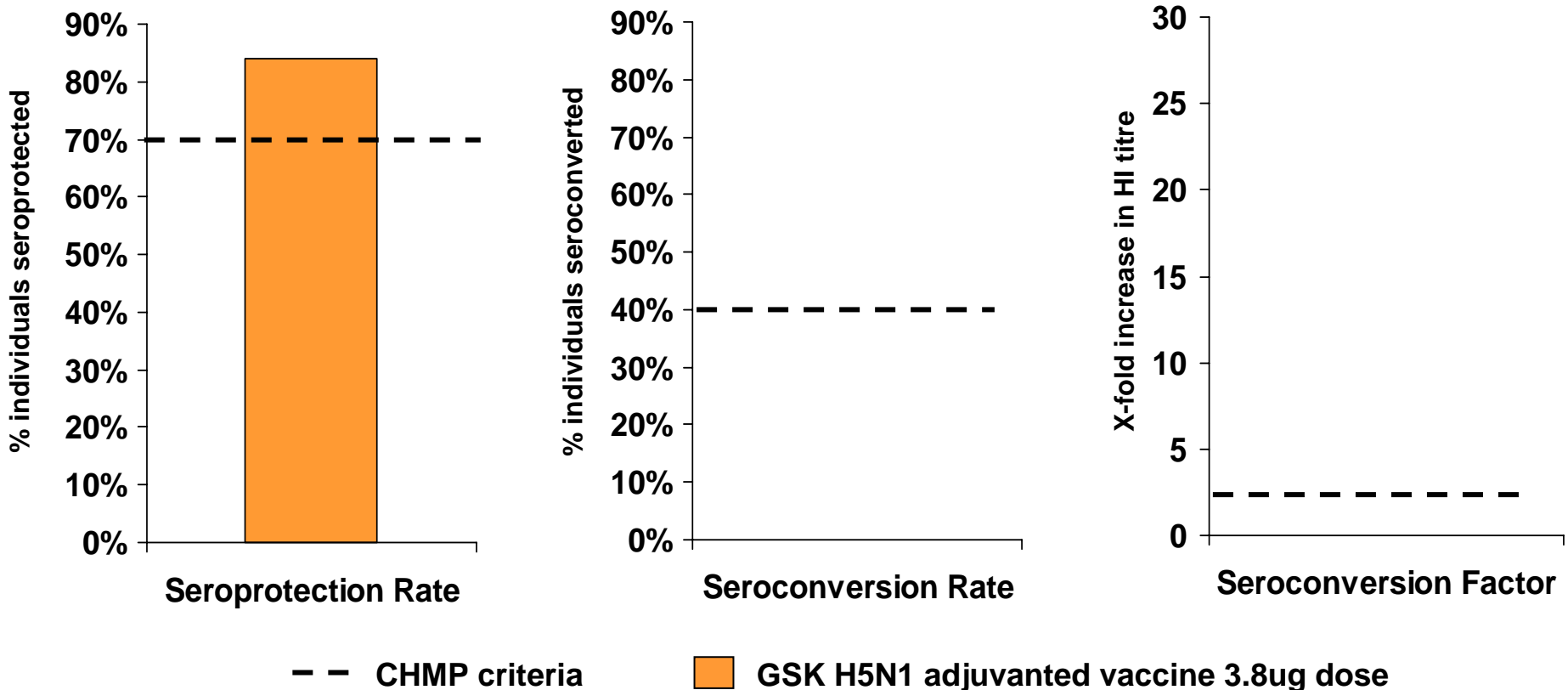
Seroprotection rate = % of people with HI titer above 40

Seroconversion rate = % of people with 4-fold increase in HI titer post-vaccination

Seroconversion factor = Ratio of HI level post to pre-vaccination (i.e. geometric mean ratio of HI titer, pre to post vacc.)

H5N1 Vaccine Headline Results

Lowest dose of GSK's adjuvanted vaccine



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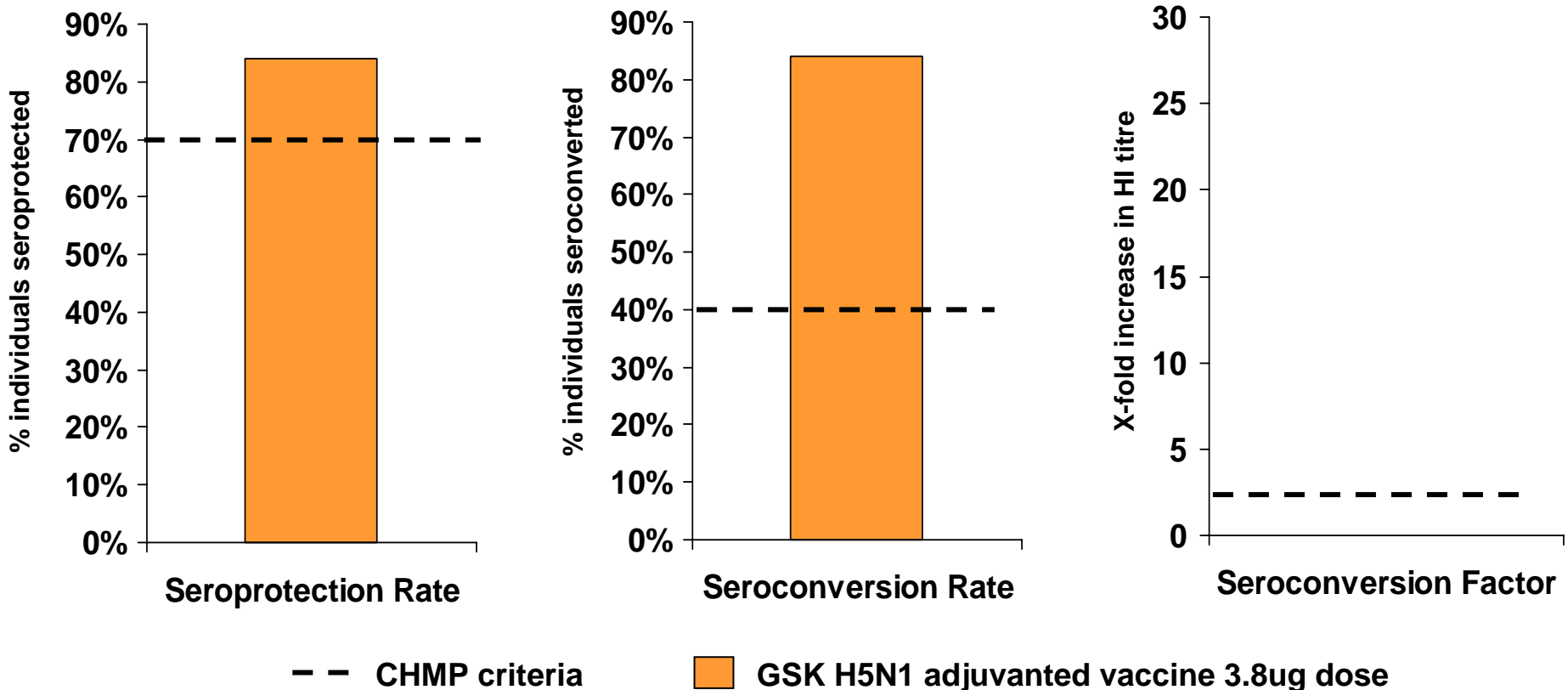
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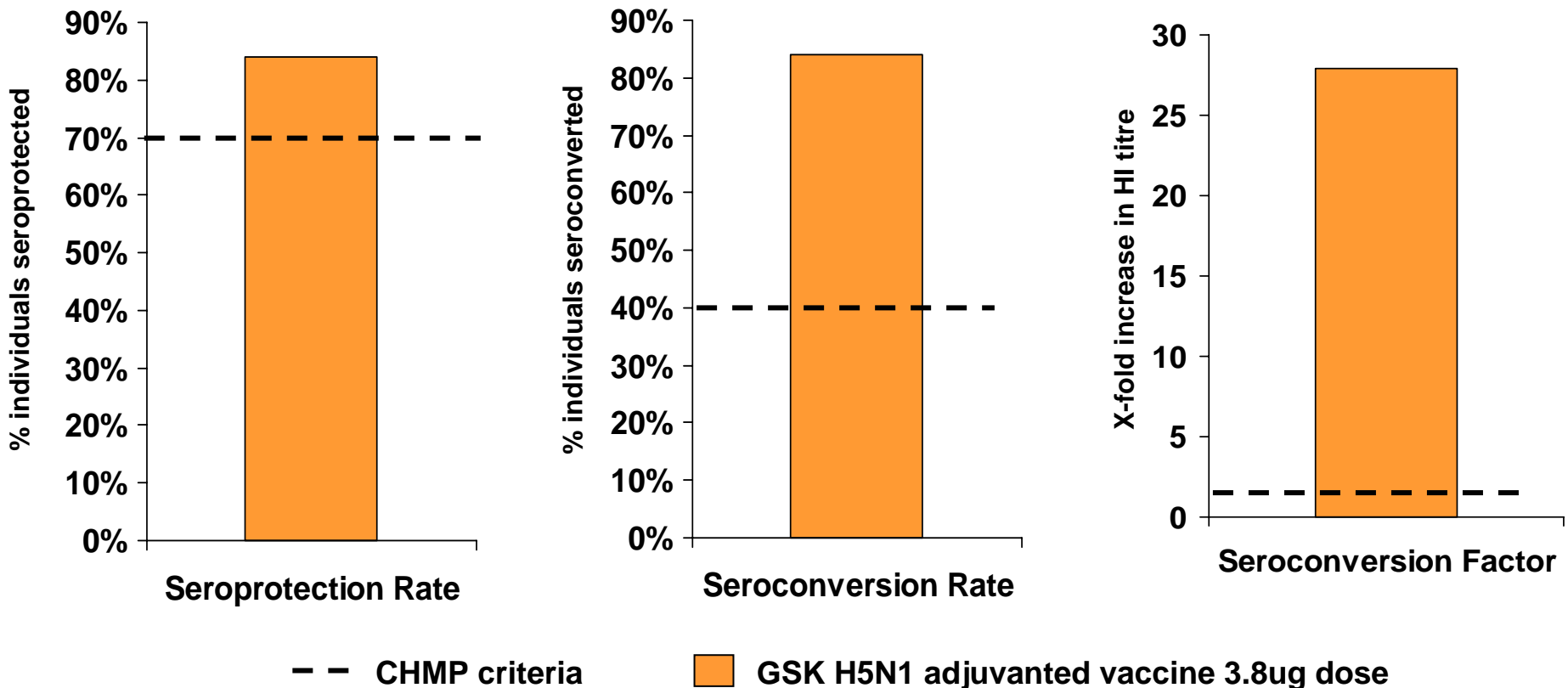
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H5N1 Vaccine Headline Results

Lowest dose of GSK's adjuvanted vaccine exceeds all CHMP criteria



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