



2Q Results 2007

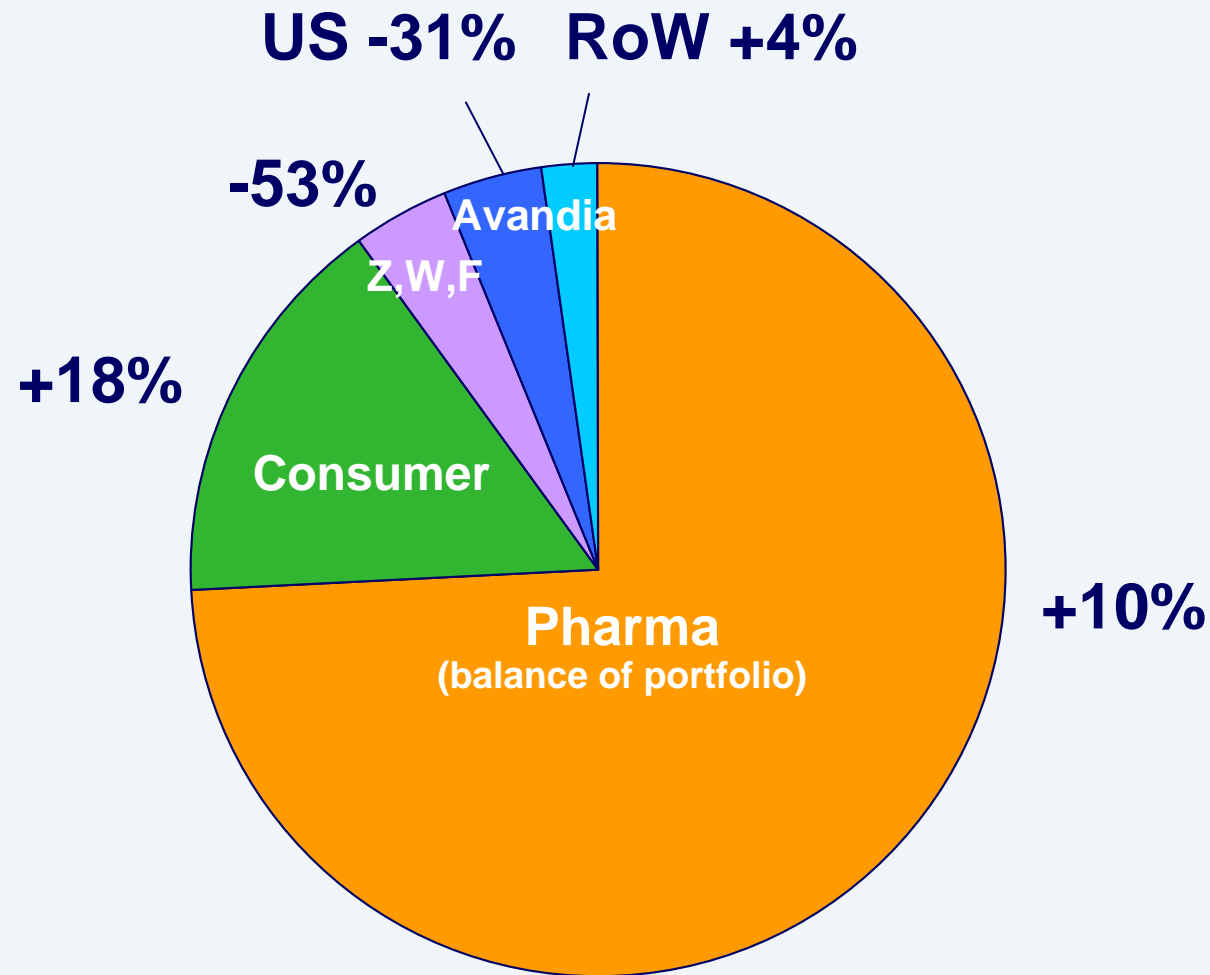
Presentation to Analysts & Investors

25th July 2007

Strong Q2 performance – despite significant challenges

- **EPS +11%**
- **Pharma sales level despite generics and Avandia**
 - **GSK stands firmly behind Avandia**
- **Consumer growth acceleration (+18%)**
- **Pipeline momentum remains strong**
- **Accelerating returns to shareholders**

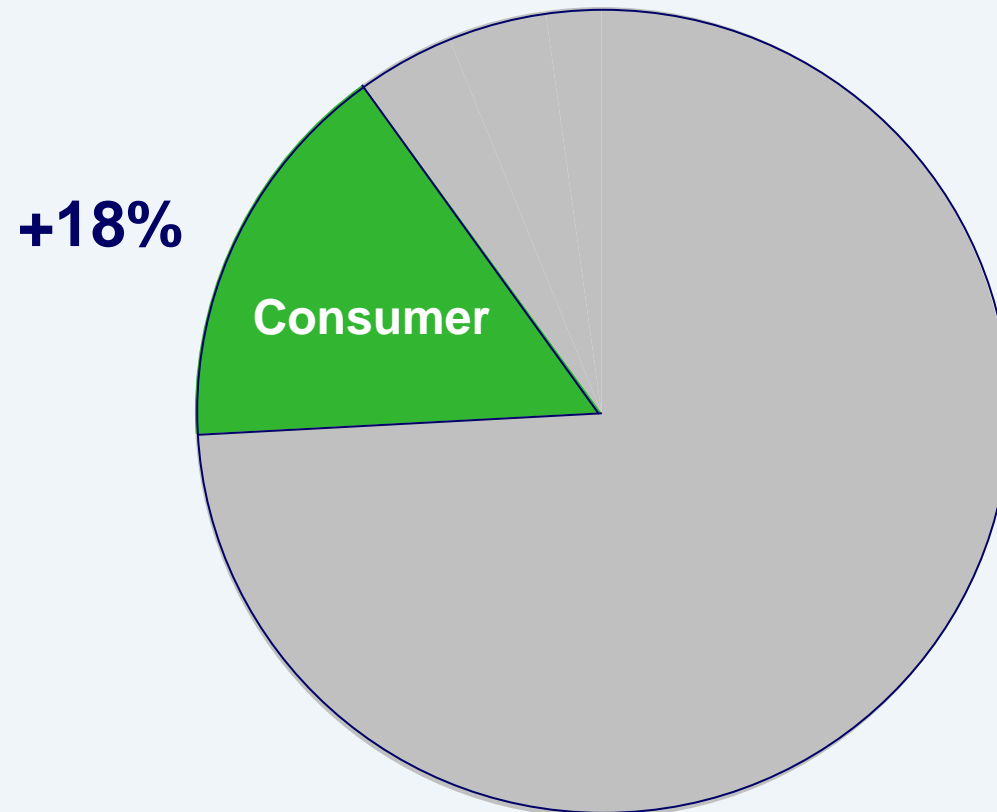
Broad portfolio offsets impact from generics and Avandia



■ Zofran,
Wellbutrin XL,
Flonase

2Q07 sales £5.7 billion +3%

Broad portfolio offsets impact from generics and Avandia



Note: CER % growth

Dynamic and expanding OTC market

- **Healthcare increasingly “consumer-centric”**
 - Growing patient knowledge and autonomy
 - OTC increasingly 1st destination for everyday health
- **Healthcare financing issues**
 - Cost shifting to consumer
 - Active de-reimbursement & switch
- **OTC is foundation of healthcare in new economies**
 - International markets: 60% of OTC growth in next 5 years*

Strong synergies between Consumer & Pharma

Innovation

Patient / Pharmacist insight

Regulatory expertise

**Complementary &
transferable marketing**

Salesforce competencies

**Common distribution
channels**

**Shared services and
infrastructure**

Procurement power

GSK CHC: Highly profitable and well positioned for growth

- **Second most profitable in the CH industry**
- **Positioned for growth**
 - **Powerful brand portfolio**
 - **Strong pipeline**
 - **Global infrastructure**
 - **Market leadership in leading causes of preventable death: smoking and obesity**
 - **Leverage-able cost base: synergies with Pharmaceuticals**
- **Sustainable growth: indefinite brand life**

Continued focus on delivery

Drive **new launches** to
maximise portfolio



Long term
value
creation

6 launches so far this year...

Tykerb[®]
(lapatinib)

ONCE-A-DAY
COREG CR[™]
Carvedilol Phosphate
extended-release capsules

Veramyst[™]
(fluticasone furoate)
Nasal Spray

Cervarix[®] 

ALTABAX[™]
retapamulin ointment, 1%

alli

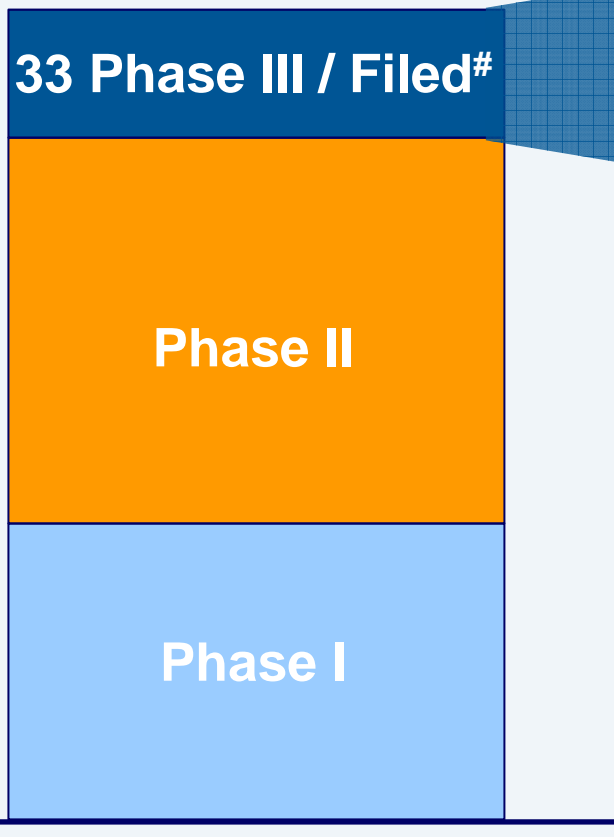
Continued focus on delivery

Drive new launches to
maximise portfolio

Long term
value
creation

**Pipeline momentum
with fast reloadability**

Pipeline is delivering



Up to 25 potential launches 2007-2009*

10 NCEs
9 PLEs
6 Vaccines

Key projects in Phase III/Filed (MenACWY and MAGE-A3 entered Phase III in Q2)

*Already launched: Altabax, Cervarix, Coreg CR, Tykerb, Veramyst

Continued focus on delivery

Drive new launches to maximise portfolio

Long term value creation

Accelerate returns to shareholders

Pipeline momentum with fast reloadability



Julian Heslop

Chief Financial Officer

25th July 2007

Q2 performance summary

	2Q 07 £m	2Q 06 £m	% Change £	CER
Turnover	5,674	5,811	(2)	3
Cost of goods	(1,212) <i>21.4%</i>	(1,209) <i>20.8%</i>	–	3
SG&A	(1,841) <i>32.4%</i>	(1,883) <i>32.4%</i>	(2)	3
R&D	(789) <i>13.9%</i>	(853) <i>14.7%</i>	(8)	(4)
Other oper. income	97	45		
Operating profit	1,929 <i>34.0%</i>	1,911 <i>32.9%</i>	1	9

Q2 performance summary

	2Q 07 £m	2Q 06 £m	% Change £	CER
Operating profit	1,929	1,911	1	9
Interest	(44)	(26)		
Profit before tax	1.896	1,897	-	8
Earnings per share	24.0p	23.3p	3	11
<i>Tax rate</i>	28.5%	29.5%		

Cash flow

	2Q 07	2Q 06
	£m	£m
Cash generated from operations	2,108	2,081
Taxation paid	(723)	(959)
Capital Expenditure	(401)	(342)
Interest and other items	(81)	(21)
Free cash flow	<u>903</u>	<u>759</u>
Dividends	(785)	(791)
Purchase of own shares	(642)	(305)
Employee share option exercises	161	145
Other	<u>82</u>	<u>(91)</u>
Net increase in debt	<u>(281)</u>	<u>(283)</u>
	30 th June'07	30 th June'06
Net Debt	(3,282)	(655)

Share Repurchases

	Previous £6bn Over 3yrs	New £12bn Over 2yrs	Incremental
H2 2007	0.8	2.5	1.7
2008	2.0	6.0	4.0
2009 (part year)	1.5*	3.5**	2.0
Total	<u>£4.3</u>	<u>£12.0</u>	<u>£7.7</u>
	*To October	**To July	

£ billions



David Stout
President, Pharmaceutical Operations

2Q07 Pharma sales £4.8 billion, level with a year ago


***Growth drivers offset losses
to generics and Avandia decline***

	<u>Sales Growth* £m</u>
Key Growth Products Advair, Vaccines, Coreg, Lamictal, Valtrex, Requip, Avodart, Boniva + Tykerb, Veramyst, Altabax	+348
Zofran	(173)
Wellbutrin XL	(84)
Avandia	(107)

Q2 Key growth products

2Q07 Sales

Advair	£871m	+12%
Vaccines	£398m	+6%
Lamictal	£271m	+18%
Valtrex	£226m	+14%
Coreg + Coreg CR	£202m	+37%
Requip	£84m	+41%
Avodart	£67m	+39%
Boniva*	£36m	>100%



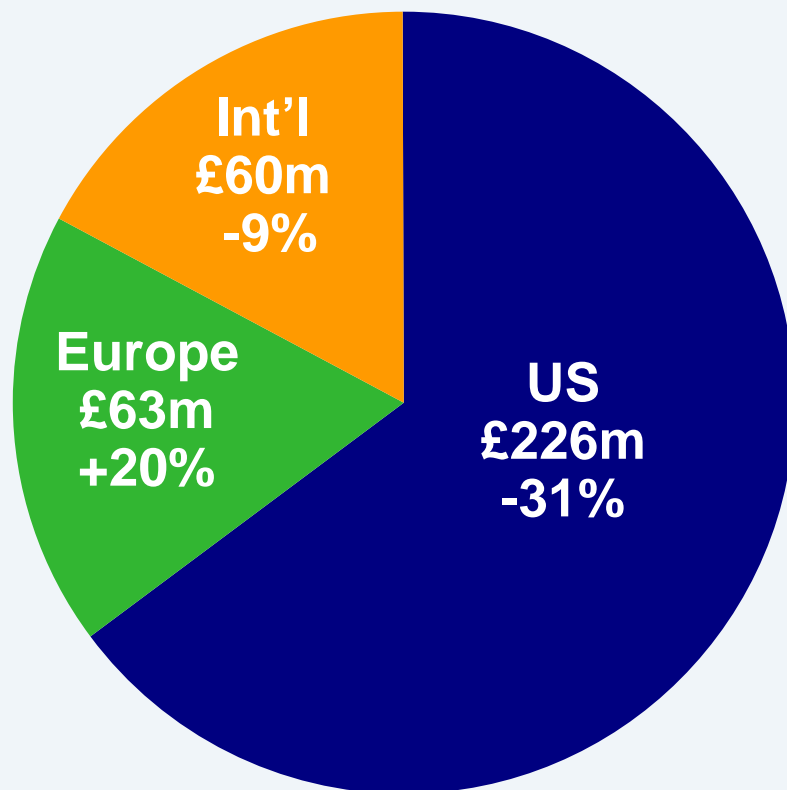
Total
£2.2bn
+16%

Note: CER % growth

*Total 2Q07 sales for Boniva in US and Europe were £78m.

Avandia products

2Q07 sales £349 million -22%

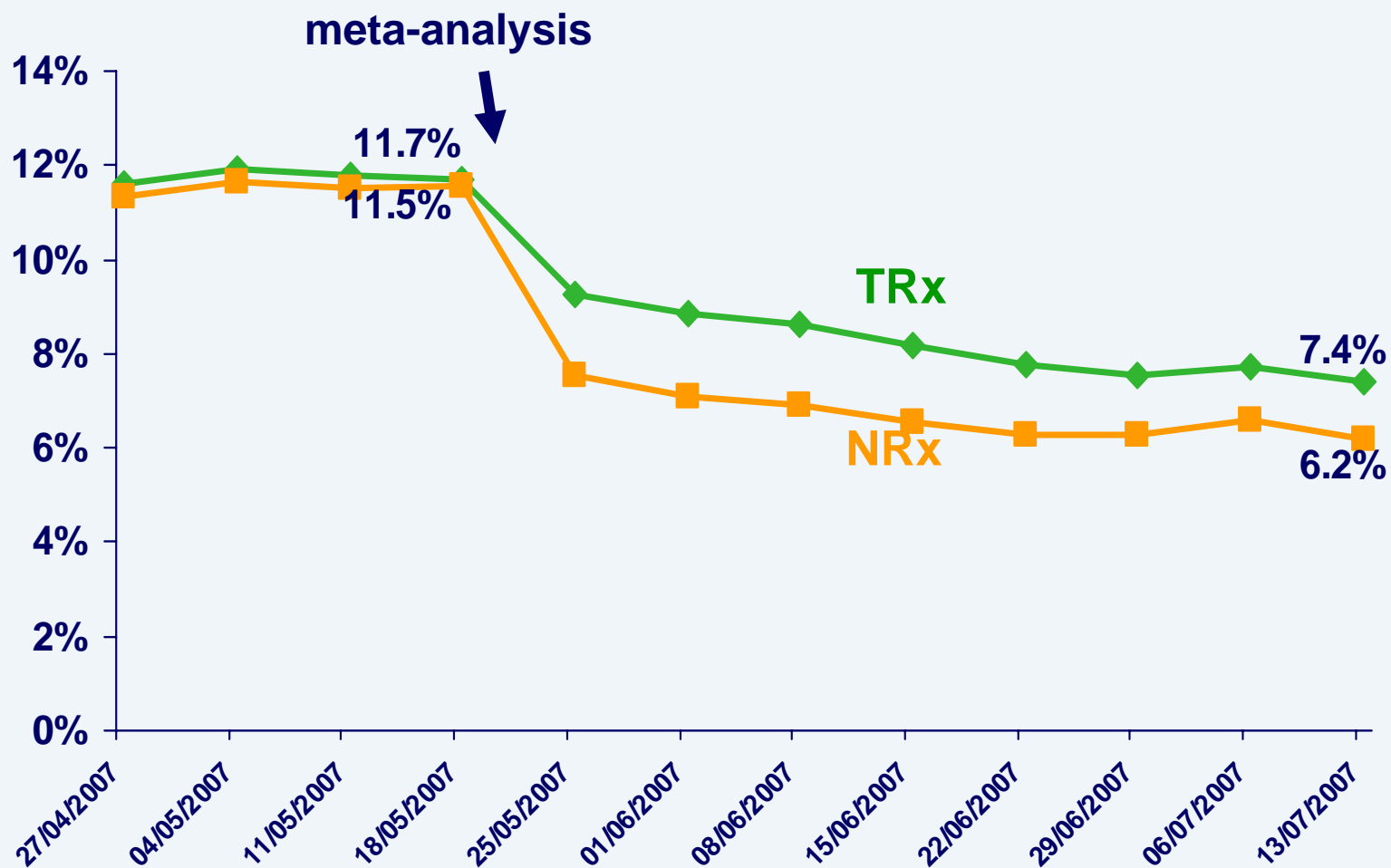


- FDA Ad Com mtg – July 30th
- GSK strongly supports Avandia
- Many US physicians waiting to hear from FDA before starting new patients

Note: CER % growth

Avandia products: US market share

US retail oral anti-diabetic weekly volume - market share



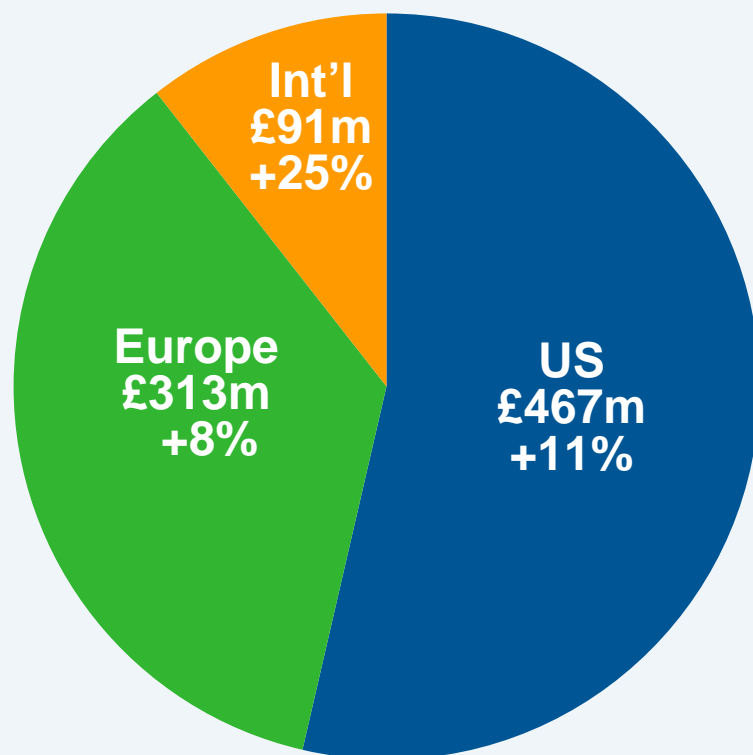
Avandia: GSK's position

- Totality of evidence indicates Avandia's CV safety profile is comparable to other OAD medicines -- apart from CHF which is a well known risk for TZDs
- Avandia is proven more effective than metformin or glyburide in long-term blood sugar control
 - In **ADOPT**, Avandia reduced the risk of monotherapy failure* by 32% vs. metformin and 63% vs glyburide
- Avandia is the most studied diabetes drug ever
 - Large scale, long-term clinical trials **ADOPT, DREAM, RECORD**
 - Epidemiological studies

*Over five years.

Seretide/Advair

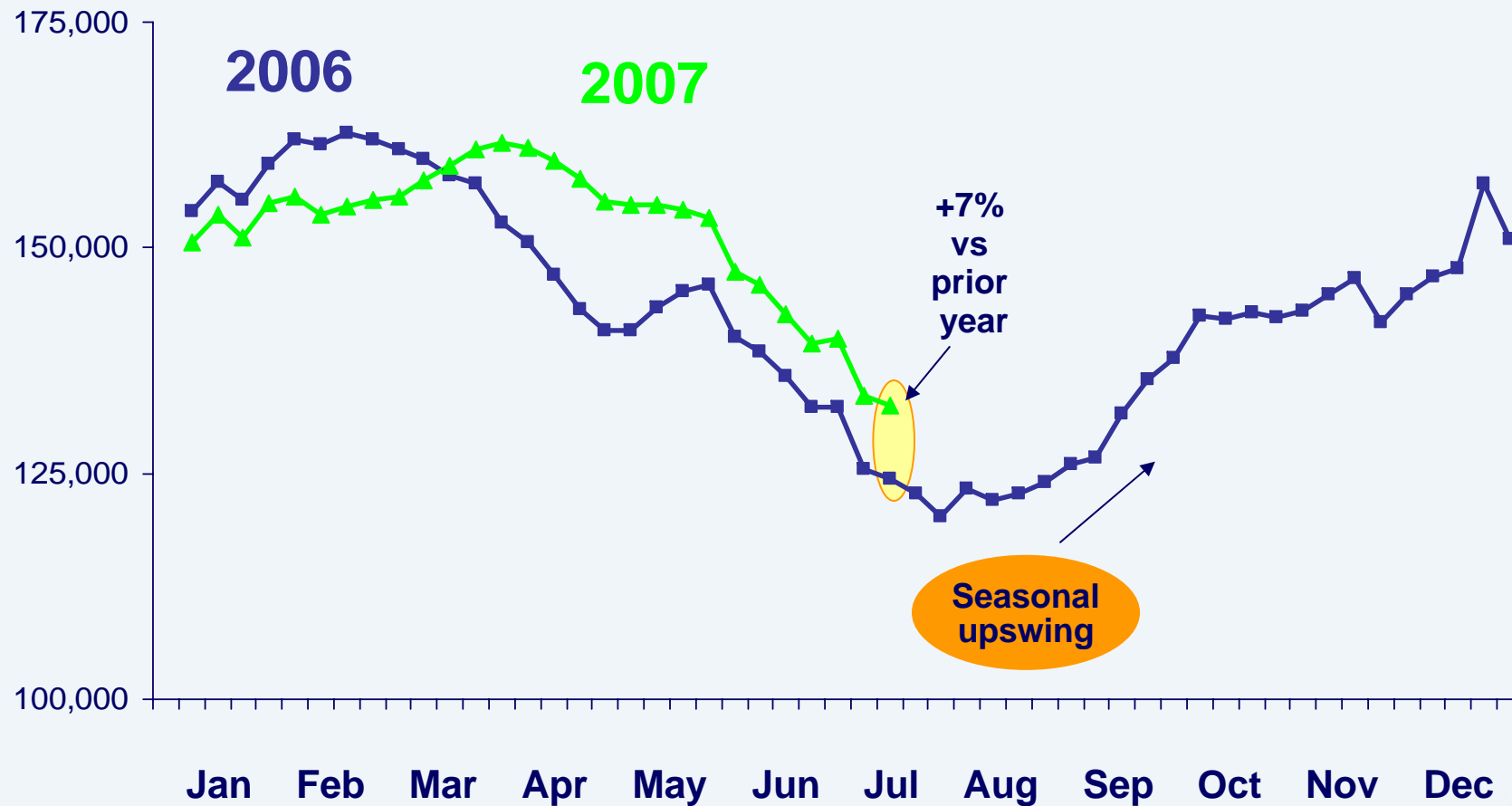
2Q07 sales £871 million +12%



- Japan launch began June '07
- Growth opportunity: COPD
 - EU label expanded for **TORCH**: July '07
 - Positive FDA Ad Com mtg; PDUFA August 10th

Advair US new prescriptions trends

Advair 4-week rolling average US Retail New Rx volume



5 major product launches in 2007

Tykerb[®]
(lapatinib)

ONCE-A-DAY
COREG CR[™]
Carvedilol Phosphate
extended-release capsules

Cervarix[®] 


Veramyst[™]
(fluticasone furoate)
Nasal Spray 27.5 mcg

Trexima[™]
sumatriptan succinate/
naproxen sodium TABLETS

3 New NCE launches underway

Tykerb[®]
(lapatinib)

- Excellent managed care coverage; >7,200 TRx* in US (~16% 2nd line)
- Extensive clinical trial program

Veramyst[™]
(fluticasone furoate)
Nasal Spray 27.5 mcg



- 1st INS to treat both nasal and ocular symptoms in SAR; US INS market ~\$3bn
- Excellent uptake (3.0 NRx share after 6 wks)

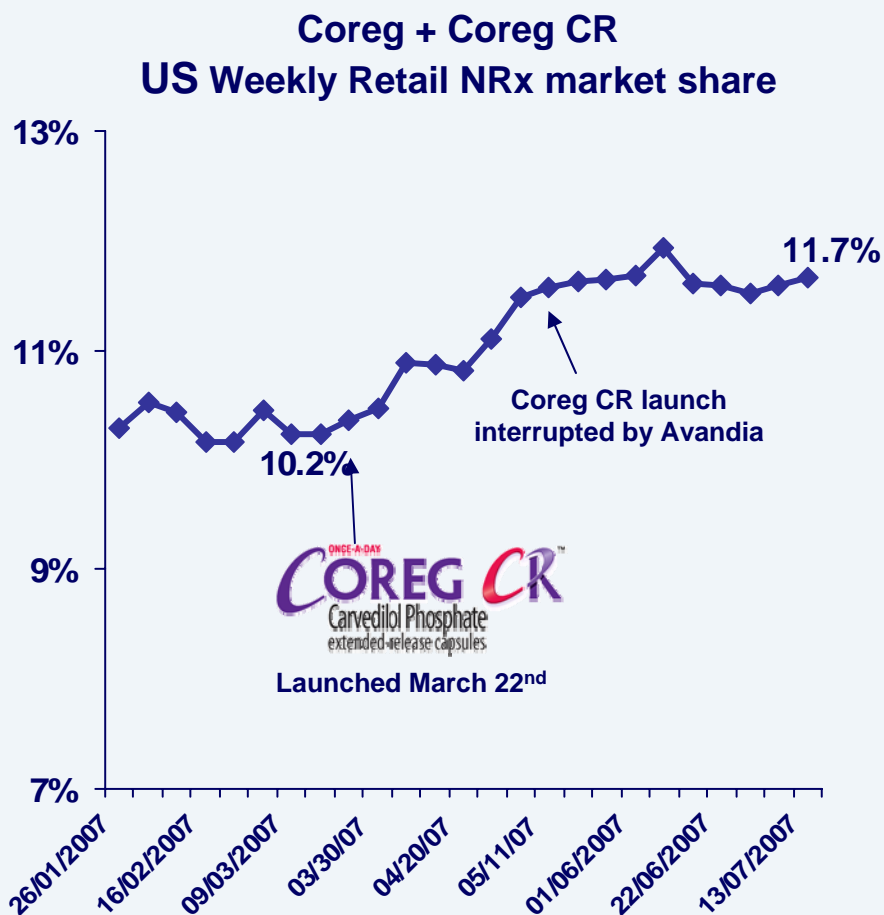
ALTABAX[™]
retapamulin ointment, 1%

- 1st new class of topical antibacterial approved by the FDA in ~2 decades

* Cumulative TRx volume through week ended July 13th per IMS plus GSK estimate for hospitals and clinics.

Coreg + Coreg CR

2Q07 sales £202m +37%



- Coreg CR represents 21% of NRx and 13% of TRx
- New sales force initiative implemented in July
- ~90% of cardiologists have prescribed Coreg CR and expect to increase their usage

Cervarix – Preparing for 2H07 launches



- **First major approval: Australia**
 - Indicated for females 10-45
 - Protection against persistent infections beyond HPV 16 and 18
- **Europe CHMP positive opinion**
 - Proposed indication based on data in females 10-25
- **US approval expected 1Q08**

Vaccines – Growth drivers

2H07+Beyond

2008 – 2010 +Beyond

Cervarix[®] 

Rotarix

Fluarix[™]

FluLaval
Influenza Virus
Vaccine

H5N1
pre-pandemic

Priorix-Tetra[™]

Kinrix
(DTaP-IPV combination)

Synflorix (EU)

BOOSTRIX[®] (adult)

New generation Flu

Hib-MenCY

Key milestones for 2H07

- Avandia AdCom meeting
- Trexima PDUFA August 1st
- TORCH label decision
- Cervarix launches
- Gepirone ER – PDUFA date Nov. 2nd
- Synflorix file by year-end in EU
- Promacta – potential first file (end '07/early '08)



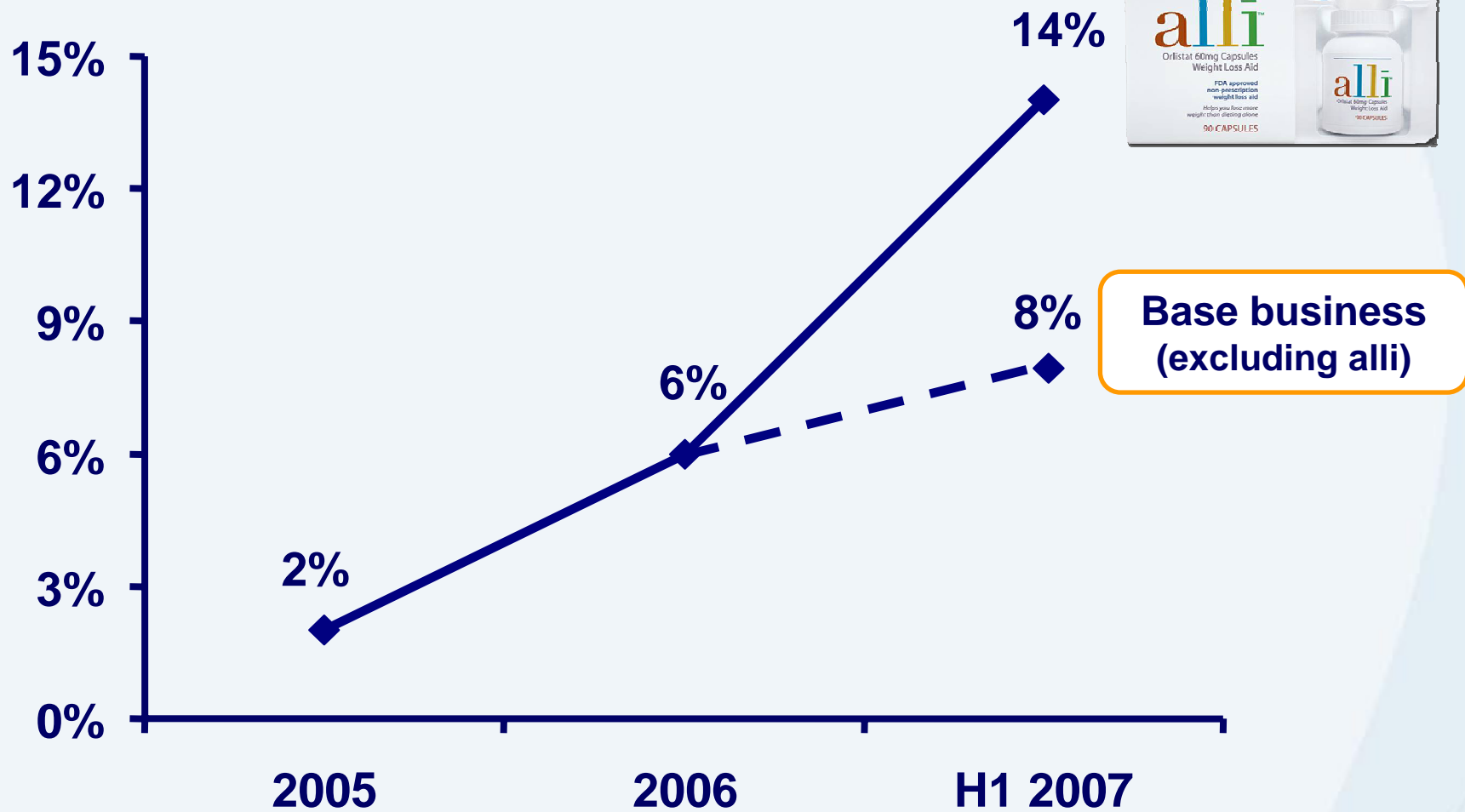
John Clarke
President, Consumer Healthcare

25th July 2007

Q2 strong growth momentum

- **18% sales growth**
- **New product innovation and International markets drive base business**
- **alli weight reduction product successfully launched**


Accelerating Cx sales growth



Q2 Key growth products

Q2 2007 Sales

Lucozade	£94m	+17%
Aquafresh	£80m	+20%
alli	£76m	> 100%
Sensodyne	£74m	+13%
Panadol	£65m	+14%
Horlicks	£42m	+14%



Total CHC
£899m
+18%

Note: CER % growth

alli strategy: transforming a pill into a programme

Only FDA approved OTC weight loss aid



- Works with diet to deliver 50% more weight loss
- Education and behavioural support offered on-line (myalli.com) and in pack
- Challenges people with straight talk to decide whether they are ready for alli

Communication offers straight talk

the question isn't
can this weight loss program
change your life,
but can you?

what is alli? alli is the only FDA approved over-the-counter weight loss product. It's a unique combination of a pill with a plan to help you lose weight in a healthy and gradual way. When you commit to a reduced calorie, low fat diet, alli can help you lose 50% more weight than with dieting alone. So instead of losing 10 pounds, you can lose 15.

how does it work? alli is safe and works in your digestive tract without affecting your brain or heart. It prevents the absorption of some of the fat in the foods you eat. If you eat too much fat, you may experience **treatment effects**, including loose or more frequent stools, an urgent need to go to the bathroom or gas with an oily discharge.

what's the plan? alli is there for you with an individualized online action plan. The plan provides guidance from health experts on how to adapt the alli program to your lifestyle.

am I ready? you can't just try alli, you have to commit to it. you have to challenge yourself, work hard, and change what you eat. If you think you're ready, go to myalli.com.

myalli.com
if you have the will, we have the power.™



I can succeed by getting support.



I can be smart about what I eat.



I can lose 50% more weight.



I can look for ways to burn more calories.



I can do it differently this time.



I can make changes that stick.



I can push myself further.



I can walk my dog around the block again.



I can prove myself to myself.

alli is for overweight adults. Individual results may vary. Read and follow the instructions. ©2017 GlaxoSmithKline Consumer Healthcare, LP

Communication offers straight talk

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can this
change
but can

what is alli? alli is the over-the-counter weight loss pill. It's a unique combination of ingredients that help you lose weight in a healthy way when you commit to a diet. alli can help you lose more weight than with dieting alone. For every 10 pounds you can lose.

how does it work? alli works in your digestive tract with your stomach or heart. It prevents the absorption of the fat in the foods you eat. When you eat fat, you may experience an urgent need to go to the bathroom, including loose or watery stools, or an oily discharge.

what's the plan? alli is part of an individualized online plan that provides guidance from a dietitian on how to adapt the alli plan to your lifestyle.

am I ready? you can't lose weight if you don't commit to it. you have to work hard, and change your habits. think you're ready, go to myalli.com

myalli.com
if you have the will, we have the power.™

what is alli? it's a unique combination of a pill with a plan to help you lose weight in a healthy and gradual way when you commit to a reduced calorie, low fat diet.



I can be smart about what I eat.



I can lose 50% more weight.



I can do it differently this time.



I can make changes that stick.



I can walk my dog around the block, again.



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all is for overweight adults only.

Communication offers straight talk

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how does it work? alli works in your digestive tract with your stomach and intestines or heart. It prevents the absorption of the fat in the foods you eat. If you eat too much fat, you may experience treatment effects, including loose or more frequent stools, an urgent need to go to the bathroom or gas with an oily discharge.

what's the plan? alli is an individualized online program that provides guidance from experts on how to adapt the alli plan to your lifestyle.

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myalli.com
if you have the will, we have the power™

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I can lose 50% more weight.



I do it differently this time.



I can make changes that stick.



I can walk my dog around the block, again.



I can prove myself to myself.



I can push myself further.



alli overview

what is alli?

how does it work?

am I ready?

Join myalliplan
your individually
tailored action plan

Today, feel different about weight loss.

Forget the fad diets and gimmicks. The miracle offers, the empty promises. If you're serious about weight loss, alli may be right for you. alli is the only **FDA approved, over-the-counter weight loss aid.**

And greater weight loss success is possible, 50% more than with dieting alone. If you could lose 10 pounds with dieting, you could lose 15 with alli. It's weight loss, and something more, a chance to prove yourself to yourself.

If you have the will, we have the power. What makes alli different? [Learn More](#)

Detailed
Readiness
Assessment



Users report that education is key

“During the two months I have been taking Alli I have experienced none of the treatment effects that the press likes to latch onto when discussing Alli. ...I did have to change my lifestyle a bit...”

Posted: June 11, 2007 at 02:54 PM by T.W.

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Posted: June 11, 2007 at 02:54 PM by T.W.

“Since partnering with alli, I have lost 16 lbs. I experienced some treatment effects in the beginning, but only when I wasn't informed about foods I was eating.

...get your Starter Pack and read it thoroughly before starting the program. Follow the guidelines and I wish you success!! I have been very satisfied with my alli experience.”

Posted: June 13, 2007 at 12:14 PM by C.C.

Users report that education is key

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"Since partnering with alli, I have lost 16 lbs. I experienced some treatment effects in the beginning, but only when I wasn't informed about foods I

 **myalli.com**

- 4.5 million visits
- ~10 minute visit time
- No 3 OTC/Pharma site

Posted: June 11, 2007 at 02:54 PM by T.W.

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Posted: June 13, 2007 at 12:14 PM by C.C.

all results to date

- Over 2.4 billion media impressions since approval - eclipsing recent OTC launches
- User experience group - 84% continued usage at week 10
- Initial sales exceeding expectations, but still early
- Early consumer satisfaction is positive





GlaxoSmithKline