

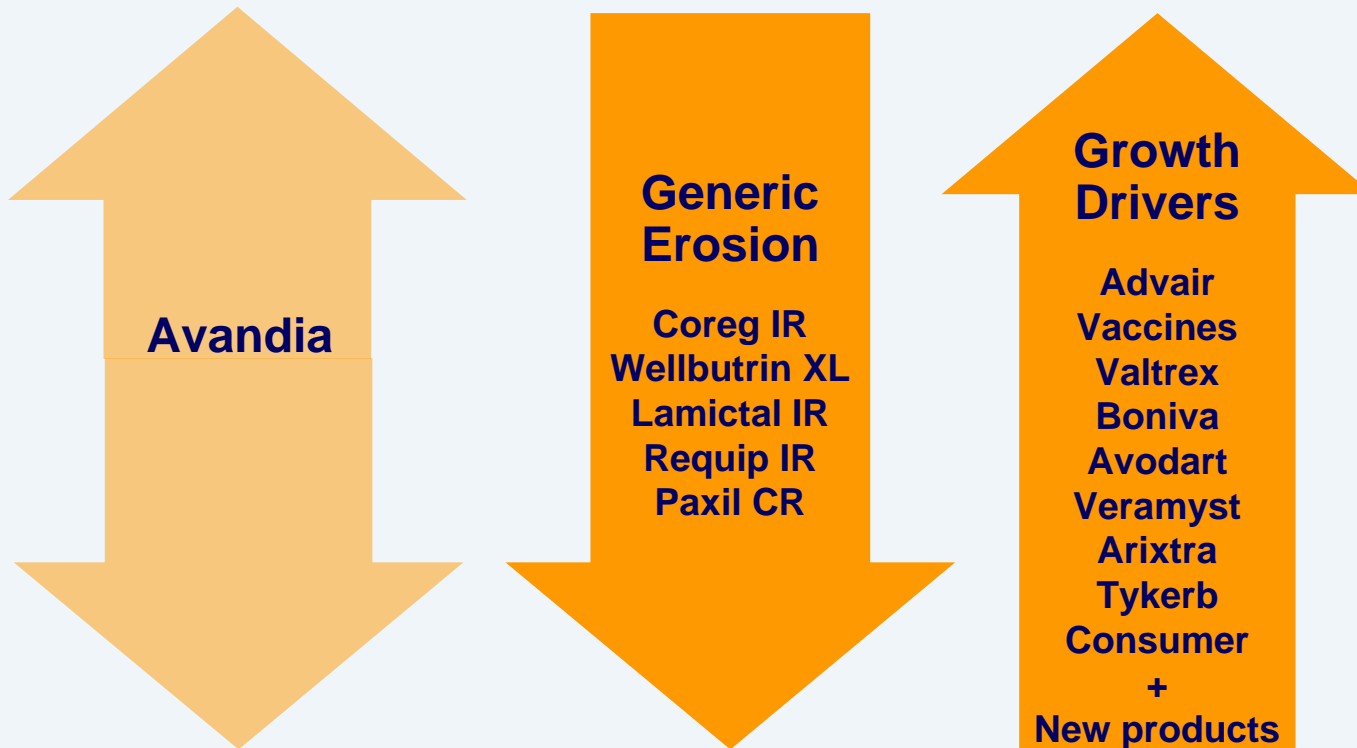


3Q Results 2007

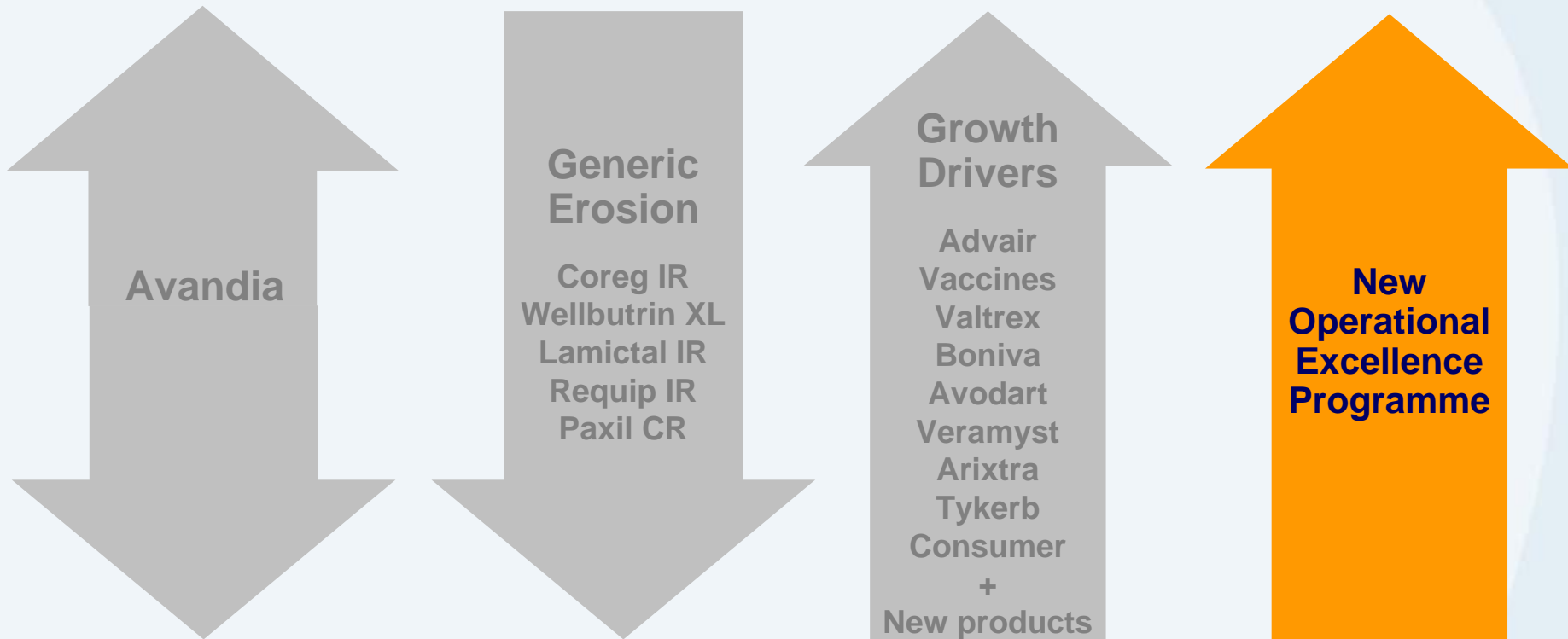
Presentation to Analysts & Investors

24th October 2007

2008: Pressures and Opportunities



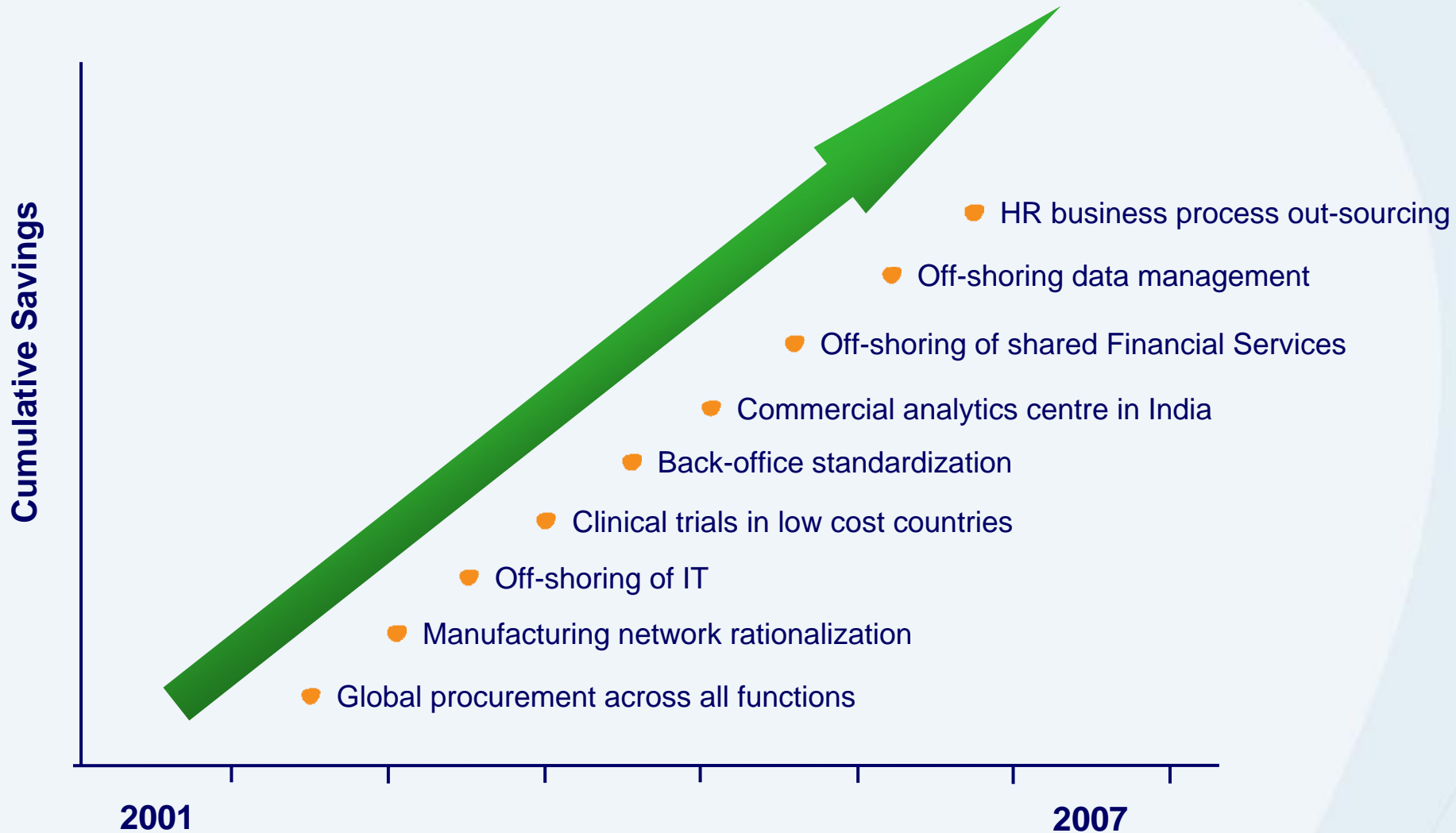
2008: Pressures and Opportunities



Culture of Operational Excellence

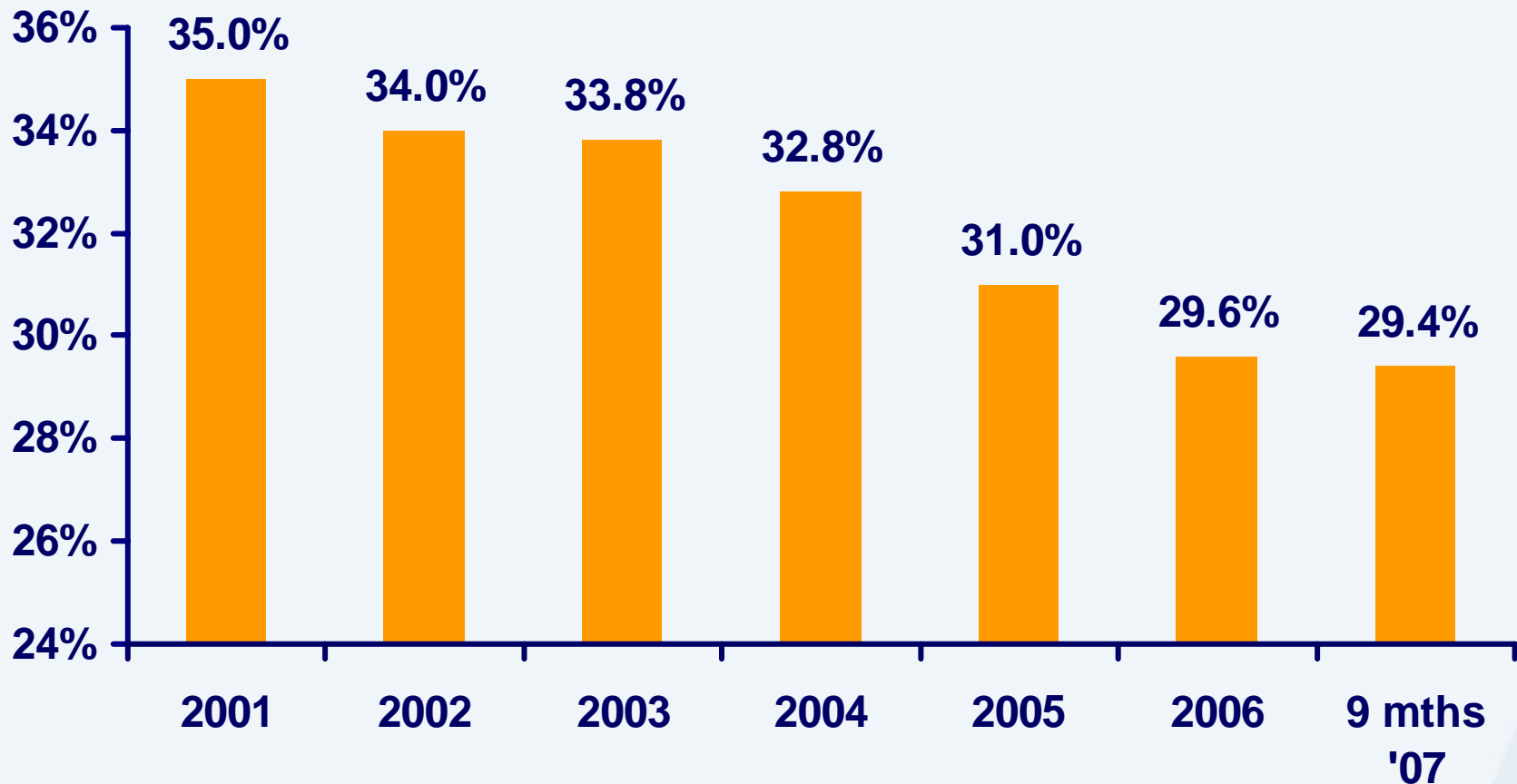
- Persistent focus across all functions
- Reduce complexity
 - Standardise ➡ Consolidate ➡ Outsource or Off-shore
- Exploit Global opportunities
 - Procurement
 - Skills
 - Labour cost arbitrage

Operational Excellence: Examples



Operational Excellence: Results

Continuous improvement in
SG&A* as a % of turnover



* Chart represents SG&A excluding legal and restructuring
2001-2002 estimated under IFRS

Accelerating Initiatives...

Improving the Selling Model

Streamlining Global Manufacturing

Enhancing R&D Efficiency

Reducing Bureaucracy

Improving the selling model

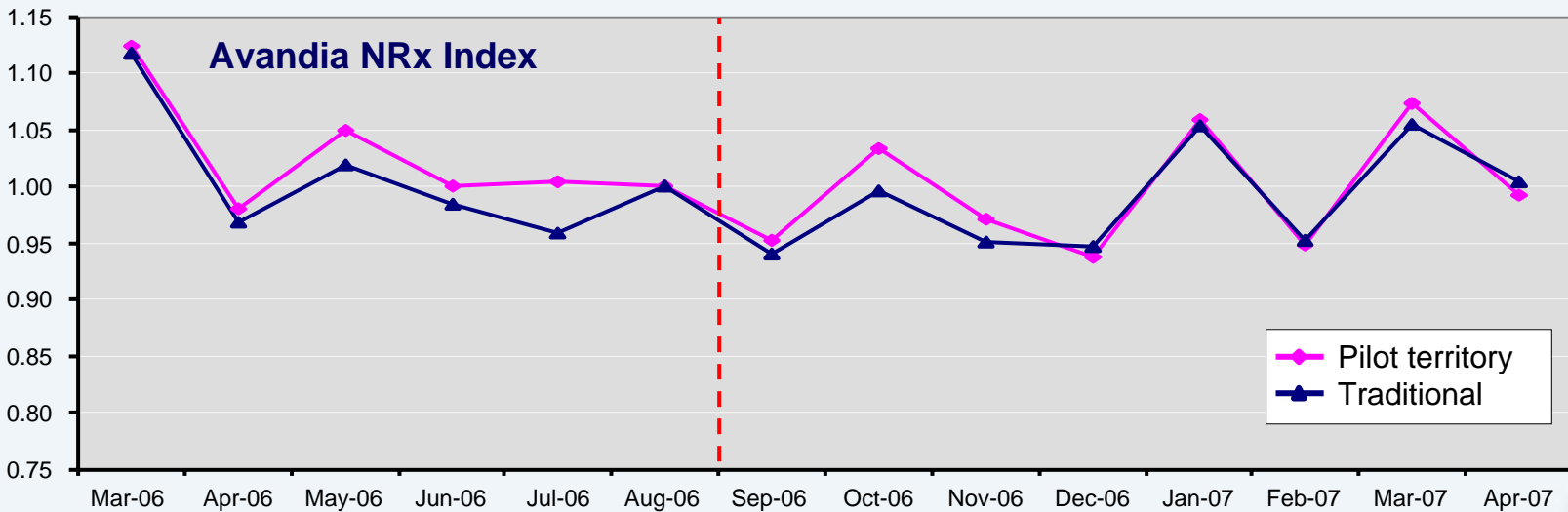
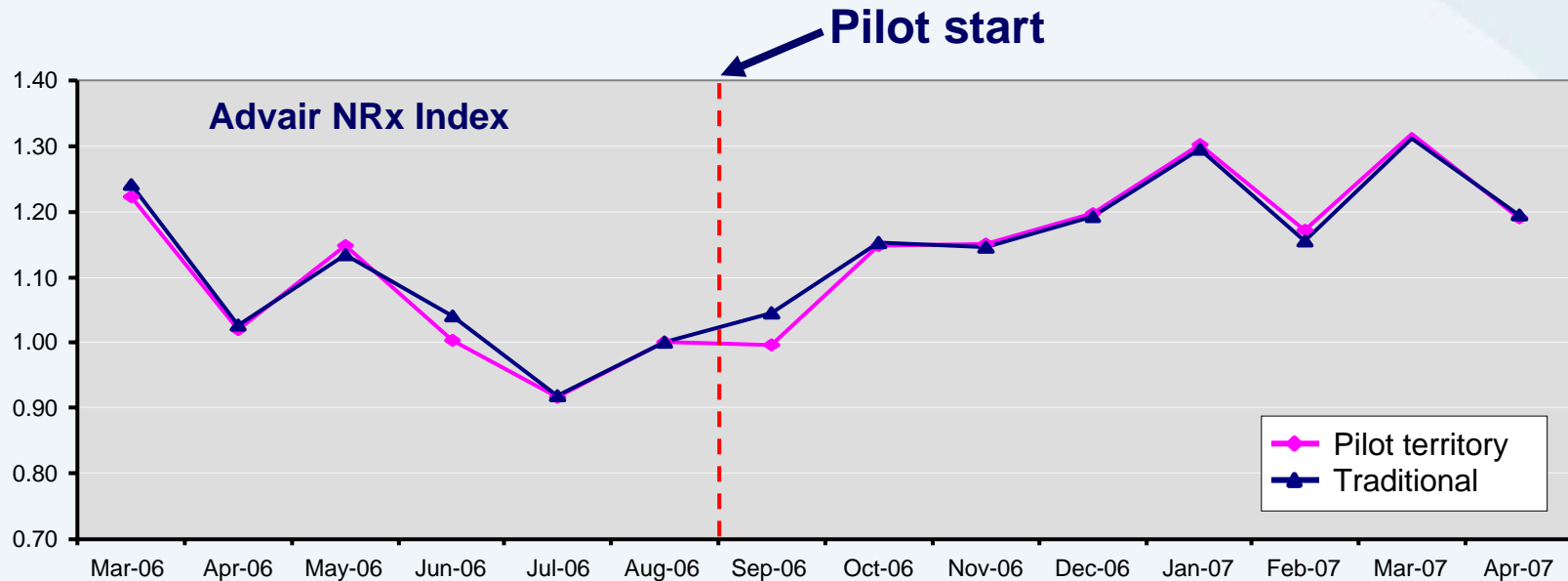
Strategy

- Expand specialty teams (e.g., Oncology, Vaccines)
- Invest in emerging markets (e.g., China)
- Test alternative selling models

Experimenting with Alternative Selling Models

- 15 pilots
- 13 countries
- Over 1000 sales representatives
- Over 12 months

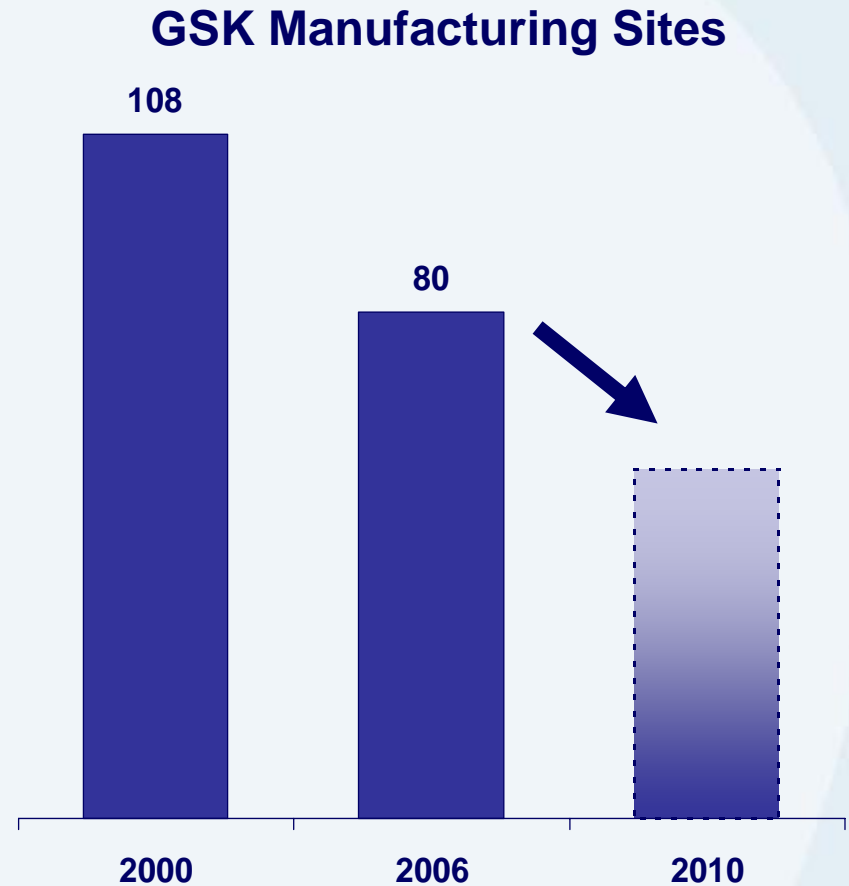
ASMs show no difference in NRx trends



Streamlining global manufacturing

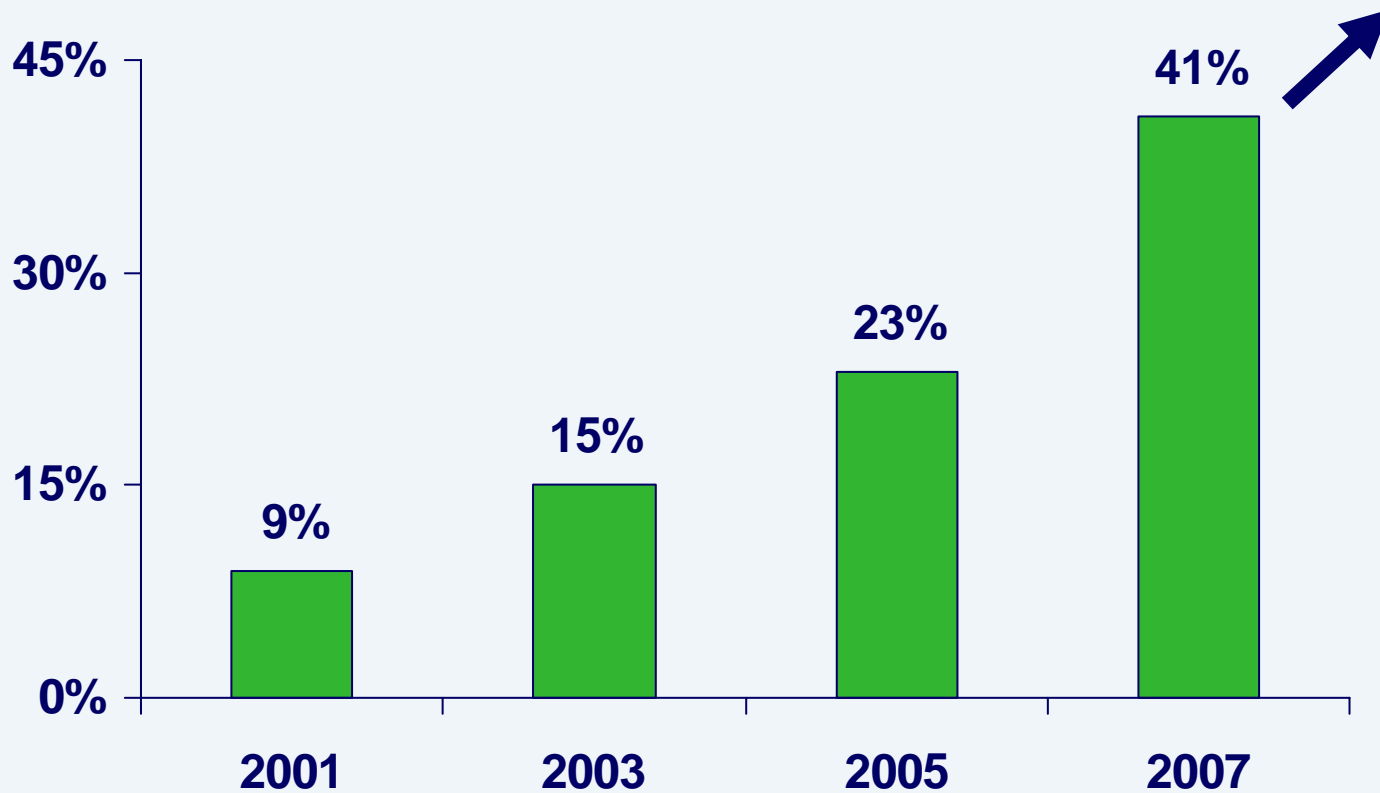
Strategy

- Tailor network to evolving portfolio
- Expand new product capability
- Outsource multi-sourced actives
- Globalise procurement



Low cost sourcing

% of Total Primary* Costs Outsourced



*Active Pharma Ingredients.

Enhancing R&D Efficiency

Investment Strategy

- Deliver late-stage pipeline (e.g., oncology, neurosciences)
- Continue Vaccines expansion
- Build Biologics
 - ofatumumab (Genmab)
 - Domantis
 - Tolerx
- Globalise R&D (e.g., China)

Enhancing R&D Efficiency

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New Operational Excellence

- Harness new technology (Praecis)
- Reduce management complexity, speed up decision making
- Overhaul support functions

Regulatory progress

'07 Launches

Tykerb[®]
(lapatinib)

**ONCE-A-DAY
COREG CR**[™]
(carvedilol phosphate)
Extended-release Capsules

ALTABAX[™]
retapamulin ointment, 1%

Veramyst[™]
(fluticasone furoate)
Nasal Spray

Advair in Japan

Cervarix[®]
-- in Europe --

Filed

Avodart
(CombAT study)

Cervarix (US)

Entereg POI

gepirone ER

Kinrix (US)

Requip 24hr (US)

Rotarix (US)

Trexima

Tyverb (EU)

Approvable

Arixtra ACS

Lamictal XR

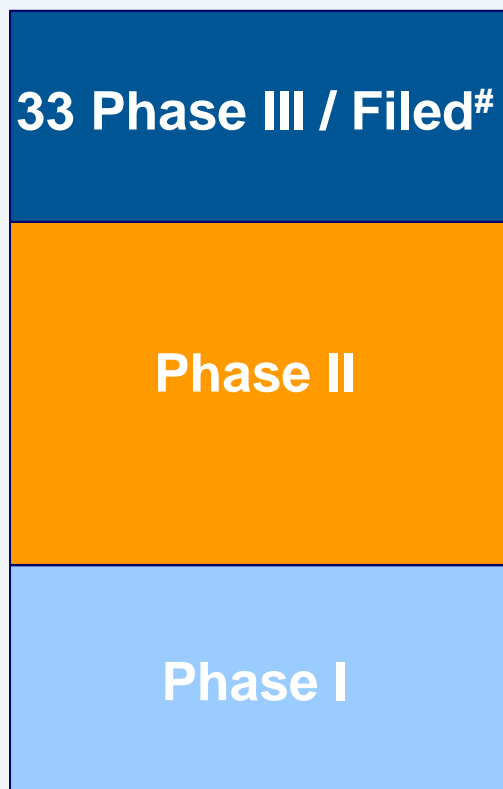
Requip 14hr

New filings by year-end

Promacta
4Q07/early '08

Synflorix
(EU+Int'l)

Pipeline is delivering



Up to 25 potential launches 2007-2009*

11 NCEs
9 PLEs
5 Vaccines

Key projects in Phase III/Filed (STA-4783 (Synta) and Lunivia entered Phase III/Filed in Q3)

* Includes launches which have taken place during 2007

Pipeline progress in CNS diseases

**Neurosciences
R&D Seminar
announced**

Dec 13th – New York

Alzheimer's disease

Anxiety disorders

Bipolar disorder

Depression

Drug dependence

Multiple sclerosis

Neuronal repair

Pain and migraine

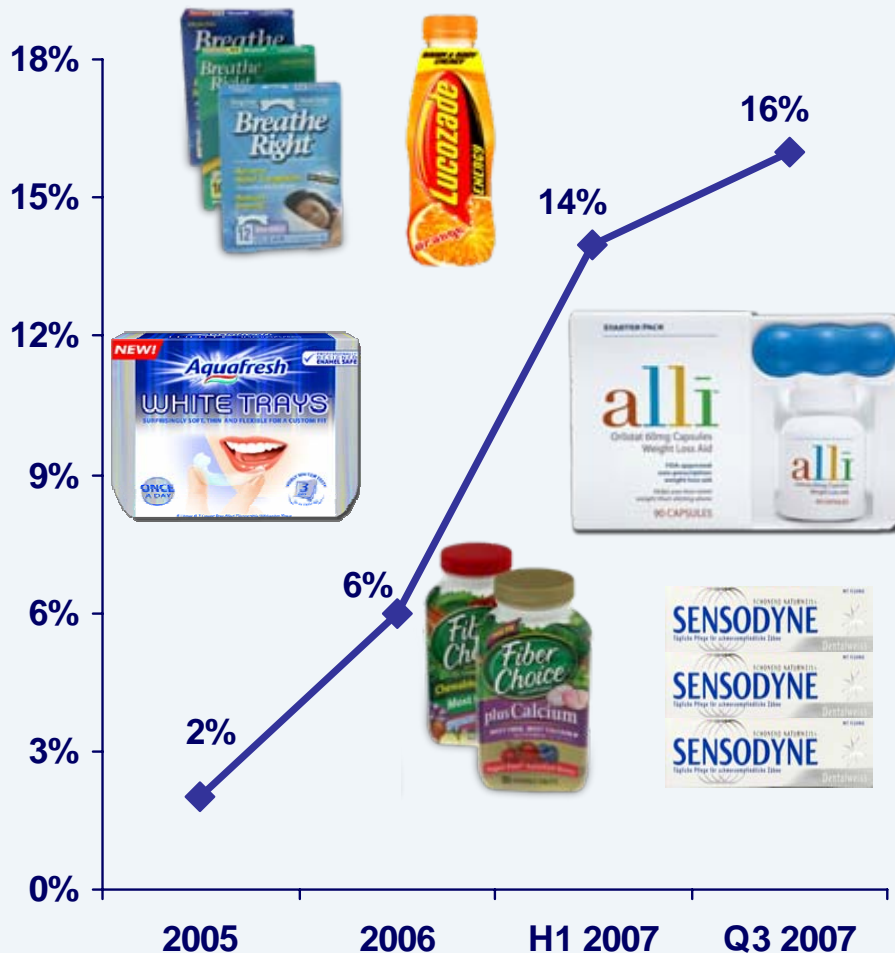
RLS

Schizophrenia

Sleep disorders

Consumer Healthcare – Another strong quarter

3Q07 £0.9 billion +16%



- all i
 - 3Q = £34m; YTD £110m
 - Filed in Europe in Sept '07
- Breathe Right and Fiber Choice £22m (+24% proforma)
- New launches grow key brands e.g.,
 - Abreva +50%
 - Sensodyne +23%
 - Aquafresh +12%
 - Lucozade +12%

Prepared for the future

- Strength in large, diversified, global portfolio
- Extensive pipeline with fast reloadability
- New 3-year operational excellence programme
- New CEO-designate: Andrew Witty



Julian Heslop

Chief Financial Officer

24th October 2007

Q3 performance summary

	3Q 07 £m	3Q 06 £m	% Change £	CER
Turnover	5,476	5,642	(3)	1
Cost of goods	(1,232) <i>22.5%</i>	(1,222) <i>21.7%</i>	1	2
SG&A	(1,617) <i>29.5%</i>	(1,617) <i>28.6%</i>	-	3
R&D	(769) <i>14.0%</i>	(871) <i>15.4%</i>	(12)	(9)
Other oper. income	52	91		
Operating profit	1,910 <i>34.9%</i>	2,023 <i>35.9%</i>	(6)	(1)

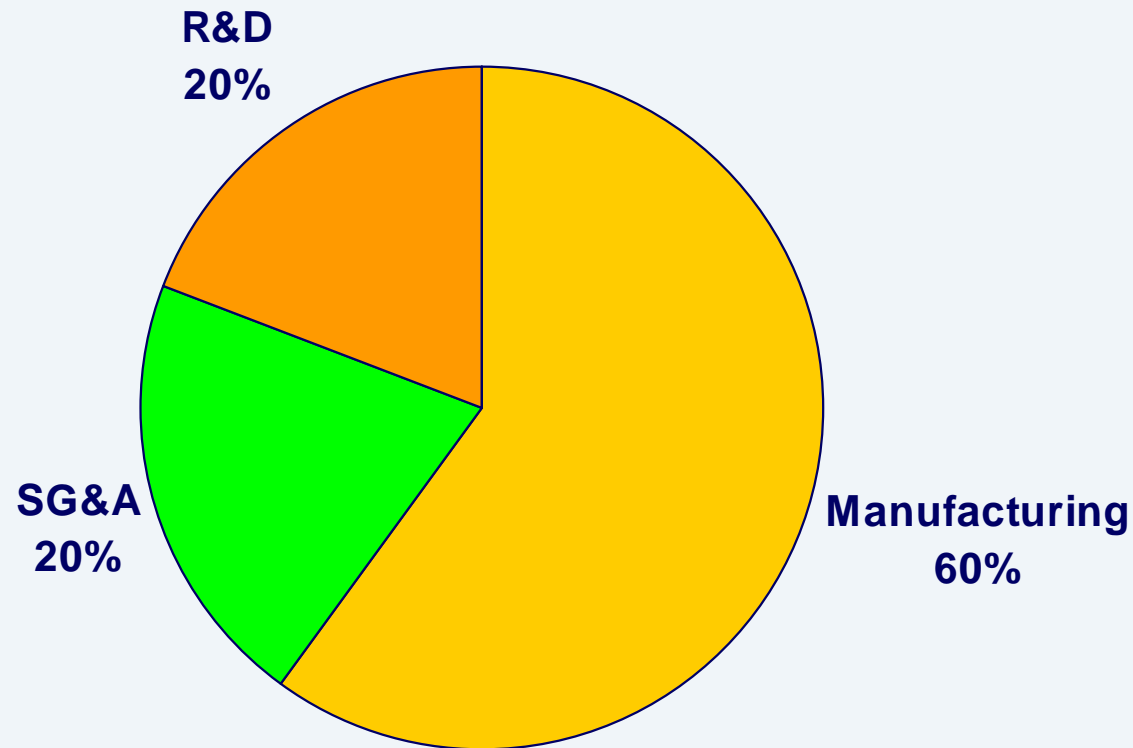
Q3 performance summary

	3Q 07 £m	3Q 06 £m	% Change £	CER
Operating profit	1,910	2,023	(6)	(1)
Interest	(42)	(17)		
Profit before tax	1,882	2,022	(7)	(2)
Earnings per share	23.7p	24.7p	(4)	1
<i>Tax rate</i>	28.5%	29.5%		

Cash flow

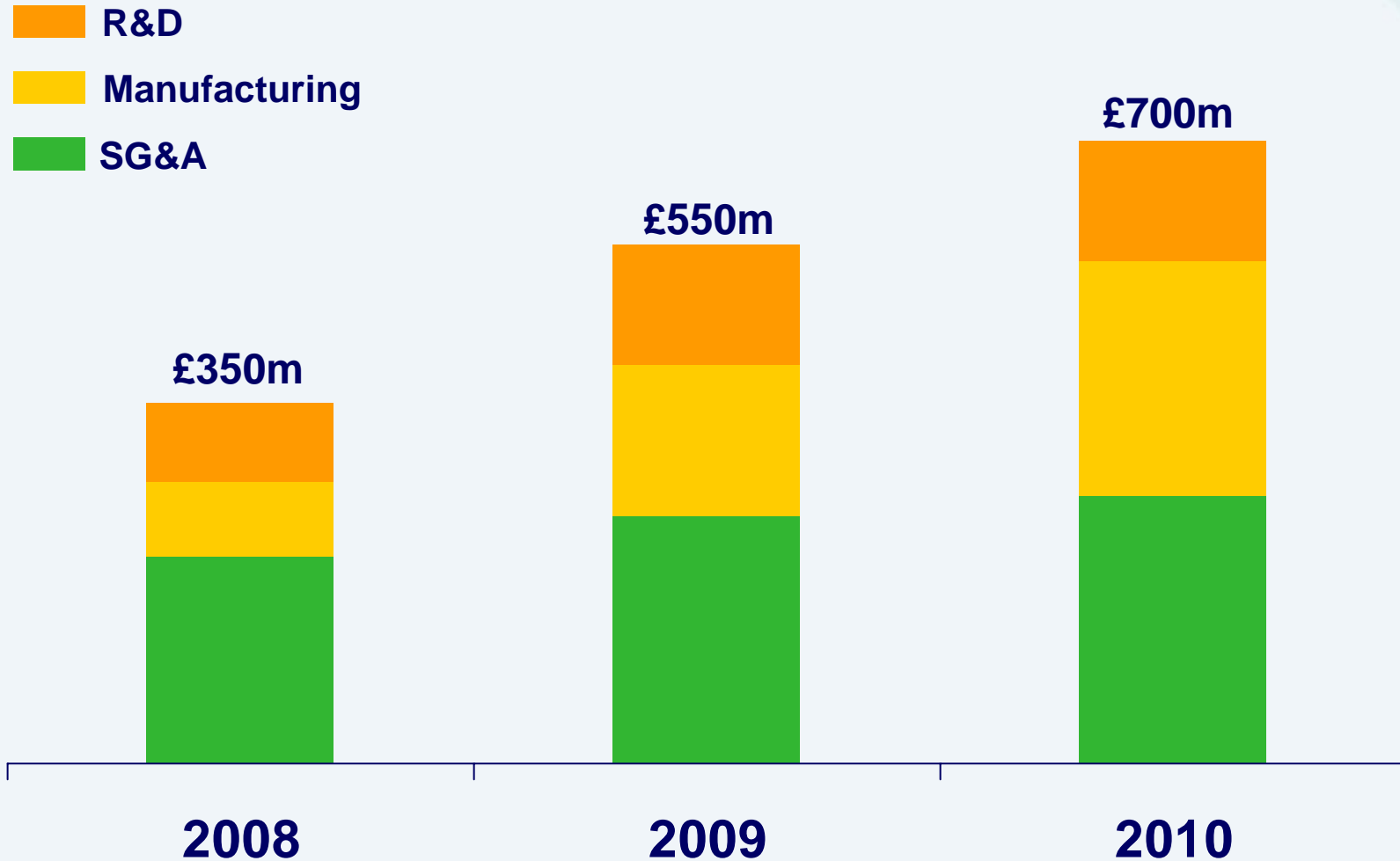
	3Q 07	3Q 06
	£m	£m
Cash generated from operations	2,238	2,114
Taxation paid	(396)	(2,166)
Capital expenditure	(420)	(427)
Interest and other items	(31)	(25)
Free cash flow	<u>1,391</u>	<u>(504)</u>
Dividends	(670)	(619)
Purchase of own shares	(1,113)	(309)
Share option exercises	56	54
Other	(127)	(85)
Net increase in debt	<u>(463)</u>	<u>(1,463)</u>
	30 th Sept.'07	31 st Dec.'06
Net Debt	(3,745)	(2,450)

New £1.5 billion* operational excellence programme costs



* Approximate total cost figure, of which ~30% is for non-cash write-offs.

Savings of £700m* annually by 2010



* Savings figures and their respective phasing are approximate.

New Programme - Accounting and Guidance

- From Q4 2007, GSK will introduce a 3-column approach to the Income Statement.
- 'Business performance' will show GSK's underlying results excluding the one-off costs of the new ~£1.5bn restructuring programme. This will be a 'Non-GAAP measure'.
- The middle column will show the one-off costs from the new programme and the third 'Total' column the full IFRS statutory results.
- Earnings guidance will be given on a 'Business performance' basis, excluding the costs of the new operational excellence programme.

Financial outlook

- 2007 EPS growth of 8% to 10% at constant exchange, excluding one-off charges for new operational excellence programme
- £12 billion share buyback programme on track
 - £1.7 billion (August to the 23rd October)
- Expected 2007 dividend increased 10% to 53p (2006: 48p)



David Stout
President, Pharmaceutical Operations

24th October 2007

3Q07 Pharma sales

£4.6 billion -2%

**Sales
Growth* £m**

Zofran, Wellbutrin XL, Coreg

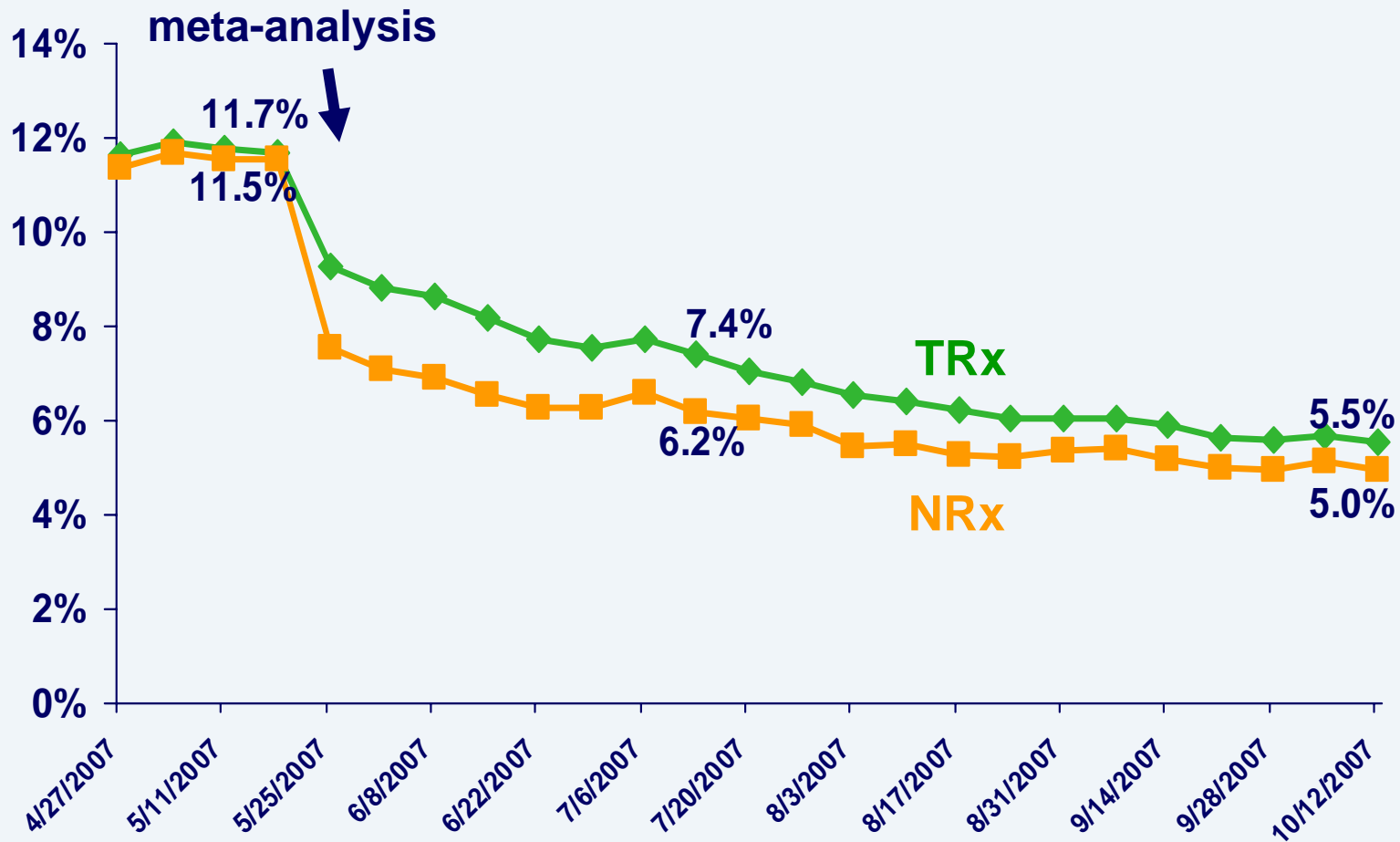
(315)

Avandia

(145)

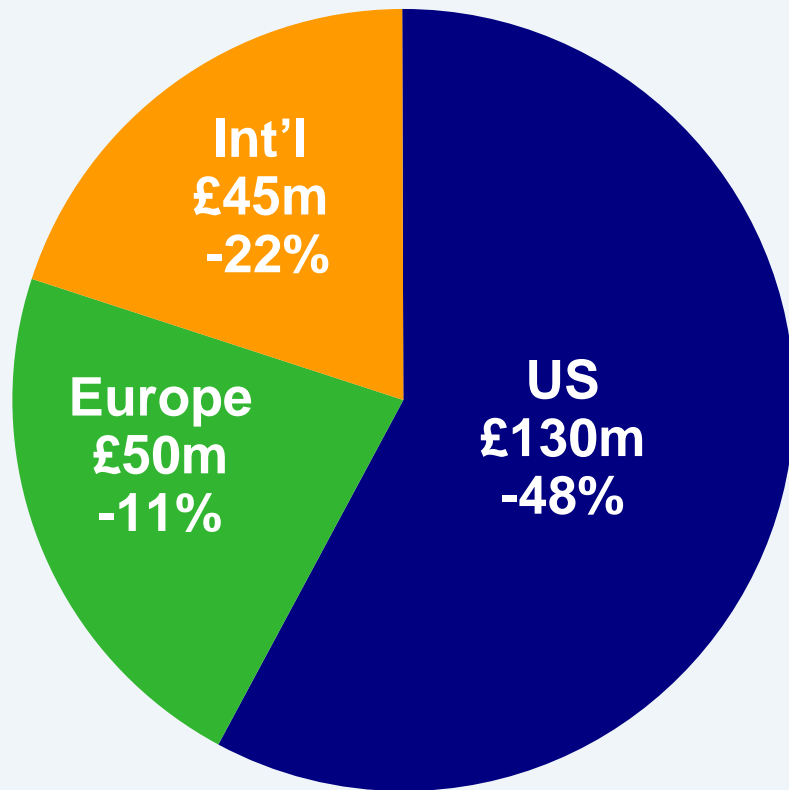
Avandia products: US market share

US retail oral anti-diabetic weekly volume - market share



Avandia products

3Q07 sales £225 million -38%



- Awaiting FDA label
- Europe includes £8m charge related to prior period discounts (excl. charge, growth = +4%)


3Q07 Pharma sales

£4.6 billion -2%

	<u>Sales Growth* £m</u>	
Zofran, Wellbutrin XL, Coreg	(315)	}
Avandia	(145)	
Key Growth Products Advair, Vaccines, Lamictal, Valtrex, Requip, Avodart, Boniva, Tykerb	+397	(63)

Q3 Key growth products

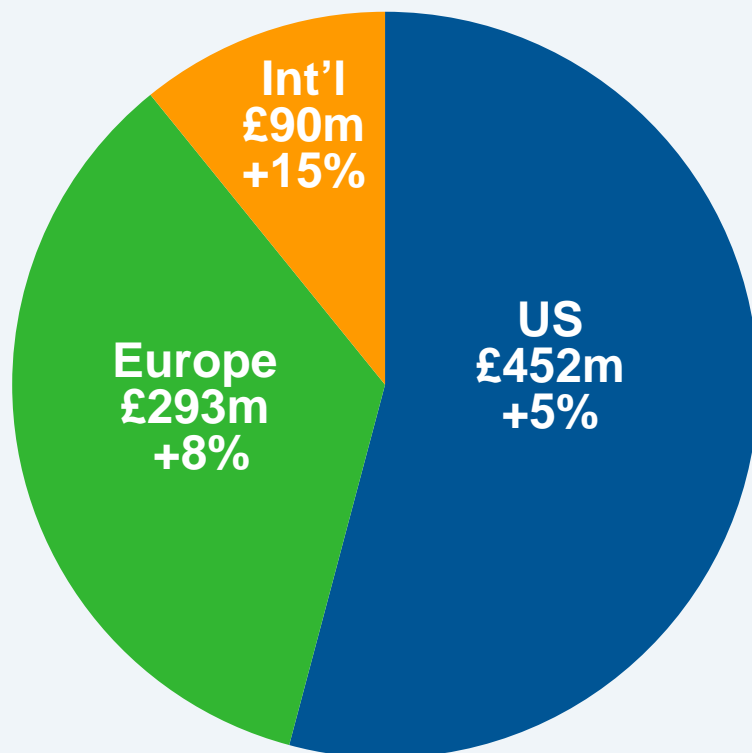
3Q07 Sales

Advair	£835m	+7%	
Vaccines	£593m	+49%	
Lamictal	£275m	+14%	
Valtrex	£229m	+13%	
Requip	£87m	+31%	
Avodart	£72m	+33%	
Boniva*	£41m	+56%	
Tykerb	£16m	>100%	

Total
£2.1bn
+21%

Seretide/Advair

3Q07 sales £835 million +7%



- Est. US underlying growth ~ +8%
- **COPD**: Key driver of current growth
- **Asthma**: New NIH guidelines (Aug. 29th) positive for Advair

New NIH Asthma Guidelines

- Guidelines first published 1991; full update in 1997; partial update 2002
 - Led to ICS becoming foundation of asthma therapy for all physician specialties
- Full update completed by Expert Panel August 2007
 - Supports use of Advair as initial therapy in moderate or severe asthma patients
 - Focused on maintaining control
 - Evaluation of control aligned with Asthma Control Test

Initial Therapy/Severity

NEW 2007 NIH ASTHMA GUIDELINES

NIH asthma guidelines make it easy to identify the appropriate initial therapy based on asthma severity.

Patients 12 years and older not on a controller are classified as having moderate asthma if they have ONE or more of the following:

- ▶ Daily albuterol use
- ▶ Daily asthma symptoms
- ▶ Nighttime awakenings more than once a week, but not nightly
- ▶ Some limitation of normal activity
- ▶ FEV₁ between 60%–80% predicted

▼ 2007 NIH Classification of Asthma Severity¹

The preferred initial therapy for patients with moderate asthma is either a low-dose ICS + LABA or a medium-dose ICS.

Initial Therapy/Severity

NEW 2007 NIH ASTHMA GUIDELINES

Evidence-based medicine was used to identify preferred initial therapies for patients 12 years and older with moderate asthma.¹

▼ 2007 NIH Asthma Guidelines¹

Preferred:
Low-Dose ICS + LABA
OR
Medium-Dose ICS

The guidelines recommend initiating treatment at Step 3 if your patient meets ONE or more of the following:

- ▶ Daily albuterol use
- ▶ Daily asthma symptoms
- ▶ Nighttime awakenings more than once a week, but not nightly
- ▶ Some limitation of normal activity
- ▶ FEV₁ between 60%–80% predicted

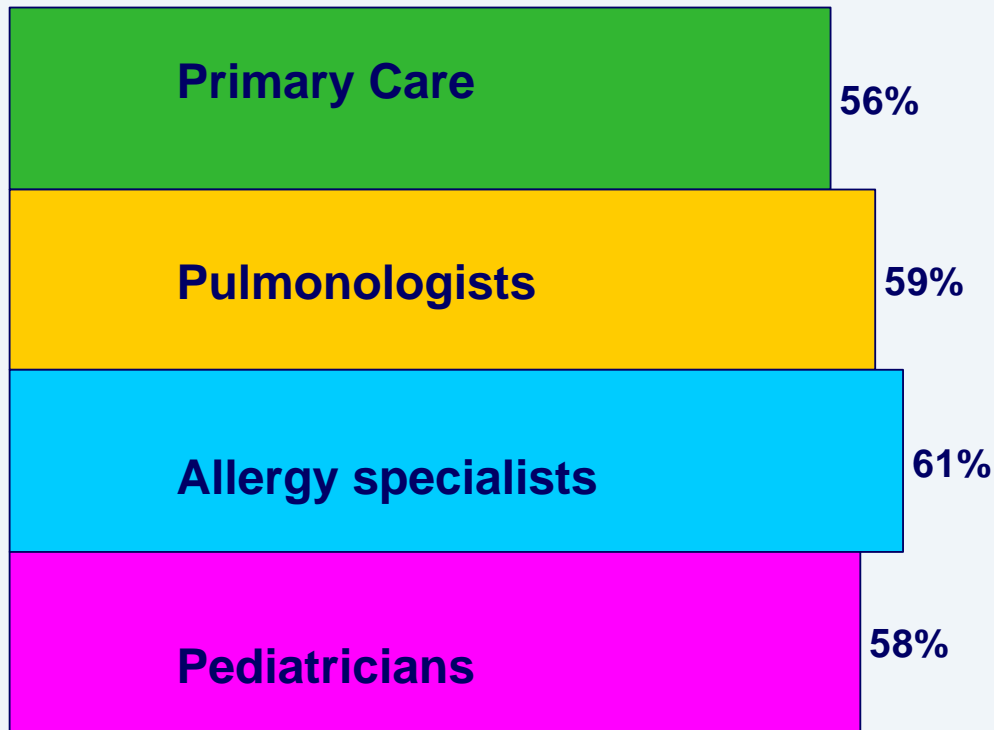
ICS + LABA = inhaled corticosteroid and long-acting beta₂-agonist
Reference: 1. US Department of Health and Human Services, National Institutes of Health, National Heart, Lung and Blood Institute, Expert Panel Report 2: Guidelines for the Diagnosis and Management of Asthma (2007) (http://www.nhlbi.nih.gov/docs/2007/asthma/asthma_2007.pdf).

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Asthma professionals refer to NIH guidelines

% of Physicians* 'Strongly Agreeing':

I refer to the NIH Asthma Guidelines when determining appropriate treatment for patients



For Patients Currently on Controller Therapy

NEW 2007 NIH ASTHMA GUIDELINES

The new 2007 NIH asthma guidelines now recognize tools like the **Asthma Control Test™** to quickly assess asthma control.¹

The Asthma Control Test aligns with criteria set by the NIH to help your patients meet their goals of therapy.

2007 NIH Classification of Asthma Control¹

Components of Control	Well Controlled	Not Well Controlled	Why Poorly Controlled?
Daytime symptoms	≤ 2 days/week	> 2 days/week	Exacerbated by triggers
Nighttime symptoms	≤ 2 times/month	> 2 times/month	Exacerbated by triggers
Rescue inhaler use	≤ 2 times/week	> 2 times/week	Exacerbated by triggers
Activity limitation	None	Some	Exacerbated by triggers
Exacerbations	None	≥ 1	Exacerbated by triggers
Medication use	As prescribed	As prescribed + additional	Exacerbated by triggers
Overall	Well Controlled	Not Well Controlled	Exacerbated by triggers

ACT
Asthma Control Test

- A simple, 5-question tool that is self-administered by the patient
- Clinically validated by specialist assessment and spirometry²
- Recognized by the National Institutes of Health
- Supported by the American Lung Association

The preferred therapy for patients uncontrolled on a low-dose ICS (eg, ACT score ≤ 19) is a low-dose ICS + LABA or a medium-dose ICS.

According to the 2007 NIH asthma guidelines:
Patients may not be in control of their asthma if they have one or more of the following: asthma symptoms >2 days/week, nighttime awakenings >1x/week, some limitation of normal activity, short-acting beta-agonist use for symptom control (not for prevention of EBB) >2 days/week, FEV₁ or peak flow <80% predicted personal best, or a score on a validated questionnaire indicating a lack of asthma control, for example, an ACT score ≤ 19.¹

* Based on GSK market research (June 2007); sample sizes for the respective physician groups ranged from 75 to 150.



Vaccines – Strong growing portfolio

3Q07 sales £593 million +49%

	<u>£m</u>	<u>Growth</u>
Hepatitis	141	+29%
Infanrix/Pediarix	137	+16%
Influenza	141	>100%
Boostrix	26	+56%
Rotarix	23	>100%
All Others (e.g., Priorix, Varilrix, Tritanrix, meningitis combos, Typherix)	<u>125</u>	<u>+32%</u>
Total	593	+49%

- 9 months YTD sales £1,359m +21%

GSK – A leader in flu protection

-  +  3Q07 sales of = £120m (>100%)
- Reported growth in 3Q07 reflects both:
 - Timing of shipments in 2006
 - Ongoing capacity expansion
- Pre-pandemic / Pandemic flu
 - First sales in 3Q07 £21m (primarily initial sales to HHS)
 - Sales to US HHS and Swiss government due in 4Q07
 - UK Advance Purchase Agreement announced August '07

Cervarix: Significant progress



- EU Marketing Authorisation received on 20 Sept
- Now launched in 12 European countries
- The first cervical cancer vaccine filed in Japan
- Submission to WHO for prequalification
- New cross-protection data to be presented at ACIP 25 Oct

Regulatory progress

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Approvable

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Promacta
4Q07/early '08

Synflorix
(EU+Int'l)



GlaxoSmithKline