



Q2 Results 2009
Presentation to Investors & Analysts
22nd July 2009

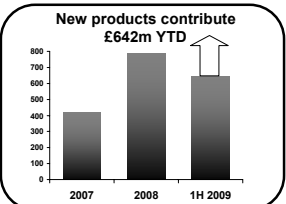
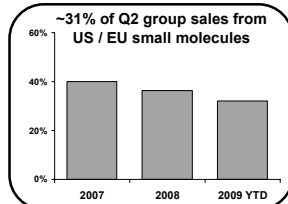


Andrew Witty
Chief Executive Officer

GSK Strategy

- Grow a diversified global business**
- Deliver more products of value**
- Simplify the operating model**

GSK Strategy – one year on



~30 assets maintained in late-stage development

Transactions announced will deliver ~£1bn of additional sales

Expanded restructuring programme on track to deliver £1.7bn by 2011



Julian Heslop
Chief Financial Officer

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Performance overview

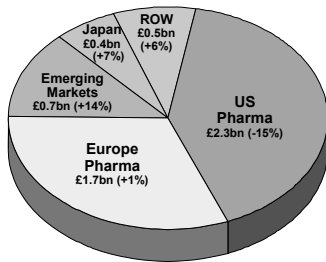
Before restructuring costs

	Q2 09 £m	H1 09 £m
Turnover	6,747 -2%	13,516 -3%
Operating profit	2,381 -6%	4,357 -18%
EPS	31.0p -4%	57.3p -16%

CER growth rates

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Q2 geographic pharmaceutical turnover



CER growth rates
US pharma excluding products subject to generic competition +10%

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Q2 pharmaceutical turnover analysis

	Q2 09 £ million	Q2 08 £ million	% Change CER
Core	4,769	3,769	+7%
Influenza*	105	42	+121%
Avandia	198	194	-14%
Products impacted by generics**	510	918	-53%
Total	5,582	4,923	-4%

* Influenza includes Relenza and vaccines related to annual influenza and pre-pandemic.
** Products impacted by generics comprises Coreg, Flonase, Imitrex, Lamictal, Paxil, Requip, Wellbutrin and Zofran sales.

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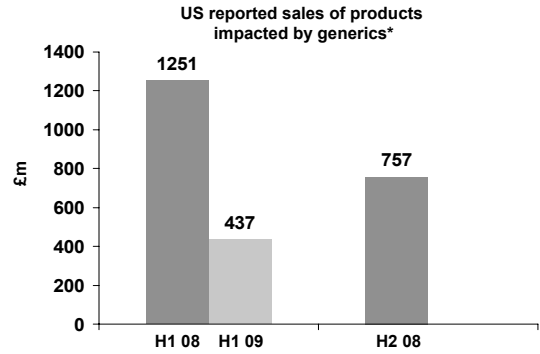
Q2 09 Pharmaceutical key growth drivers

Advair	£1,245m	+9%
Vaccines*	£711m	+15%
Valtrex	£379m	+9%
Avodart	£134m	+21%
Ventolin	£112m	+23%
Lovaza	£104m	+22%
Arixtra	£61m	+39%
Veramyst	£47m	>100%
Tykerb	£41m	+64%
Total	£2,834m	+14%

CER growth rates
* Excludes £45m of annual and pre-pandemic influenza vaccines.

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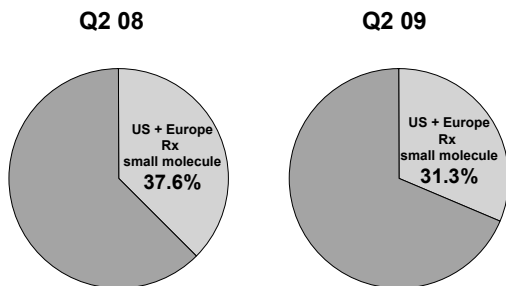
H2 09 generic impact in US to be lower



* US Products impacted by generics include Coreg, Flonase, Imitrex, Lamictal, Paxil, Requip, Wellbutrin and Zofran.

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US + Europe small molecule portion of total turnover getting smaller



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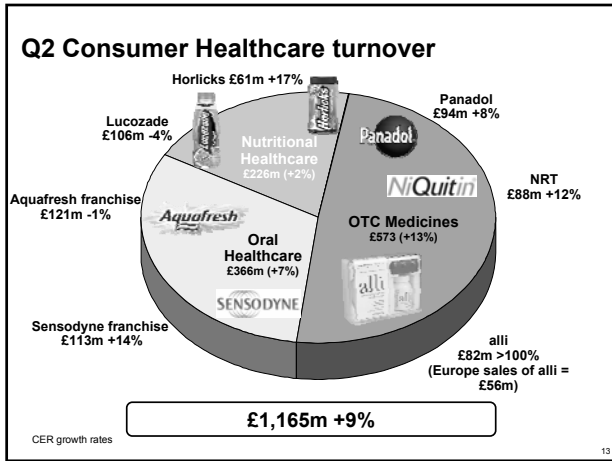
New Products ('07 - '09 launches)



2Q09 sales
£377m +81%

CER growth rates

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Q2 performance summary

Before restructuring costs

	2009 £m	2008 £m	% Change	
			CER	£
Turnover	6,747	5,874	(2)	15
Cost of goods	(1,621) 24.0%	(1,375) 23.4%	6	18

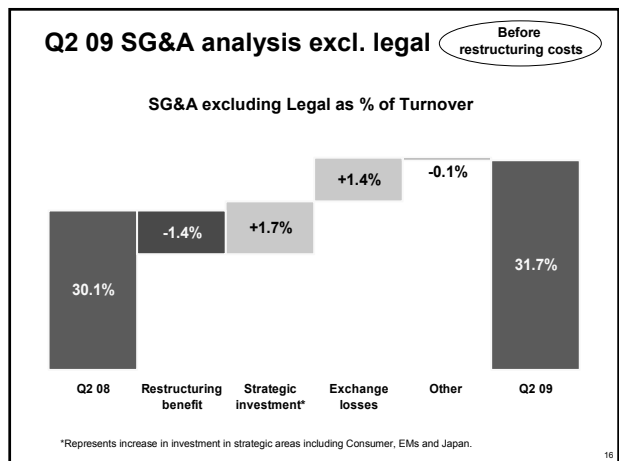
% in italics are % of turnover

Q2 performance summary

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SG&A: Core	(2,142) 31.7%	(1,768) 30.1%	(1)	21

% in italics are % of turnover



Q2 performance summary

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Cost of goods	(1,621) 24.0%	(1,375) 23.4%	6	18
SG&A: Core	(2,142) 31.7%	(1,768) 30.1%	(1)	21
Legal costs	(85)	3		
Total SG&A	(2,227) 33.0%	(1,765) 30.0%	3	26

% in italics are % of turnover

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Q2 performance summary

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Cost of goods	(1,621) 24.0%	(1,375) 23.4%	6	18
SG&A	(2,227) 33.0%	(1,765) 30.0%	3	26
R&D	(923) 13.7%	(802) 13.7%	-	15
Other oper. income	405	194		
Operating profit	2,381 35.3%	2,126 36.2%	(6)	12

% in italics are % of turnover

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Q2 performance summary

Before restructuring costs

	2009 £m	2008 £m	% Change	
			CER	£
Operating profit	2,381	2,126	(6)	12
Interest	148	118		
Profit before tax	2,250	2,023	(6)	11
Tax rate	29.0%	28.5%		
EPS	31.0p	27.2p	(4)	14

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Q2 results after restructuring

	Q2 2009		Q2 2008	
	Results before restructuring £m	Restructuring £m	Total results £m	Total results £m
Turnover	6,747	-	6,747	5,874
Operating profit	2,381	(186)	2,195	1,939
EPS	31.0p	(2.7)p	28.3p	24.6p

Results before restructuring exclude charges relating to the Operational Excellence programme and significant acquisitions

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Free cash flow

	H1 09 £m	H1 08 £m
Total operating profit	3,907	3,902
Depreciation & other non-cash items	767	598
Decrease / (incr.) in working capital	228	(13)
Increase / (decr.) in other net liabilities	(488)	(274)
Cash generated from operations	4,414	4,213
Taxation paid	(915)	(1,039)
Capital expenditure: Fixed Assets	(655)	(599)
Intangible assets	(195)	(182)
Interest and other items	(397)	(157)
Free cash flow	2,252	2,236

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Free cash flow to net debt reconciliation

	H1 09 £m	H1 08 £m
Free cash flow	2,252	2,236
Dividends	(1,586)	(1,567)
Share repurchases	-	(2,376)
Purchase of businesses / equities	(717)	(341)
Sale of intangibles / equities	533	16
Employee share option exercises	19	43
Exchange	1,337	(301)
Other	(281)	(13)
Net decrease (increase) in debt	1,557	(2,303)
Net debt at 30th June	(8,616)	

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Conclusion

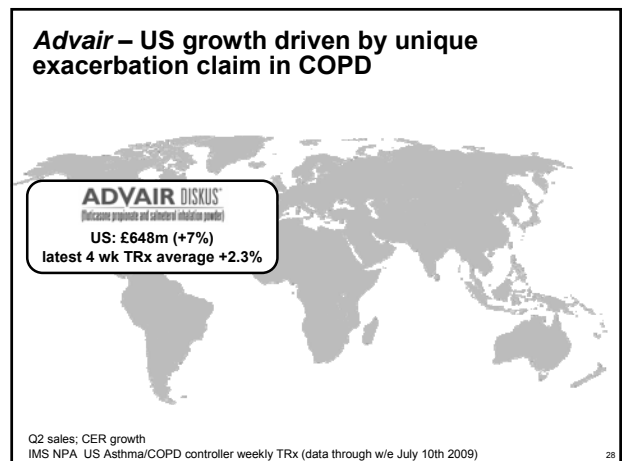
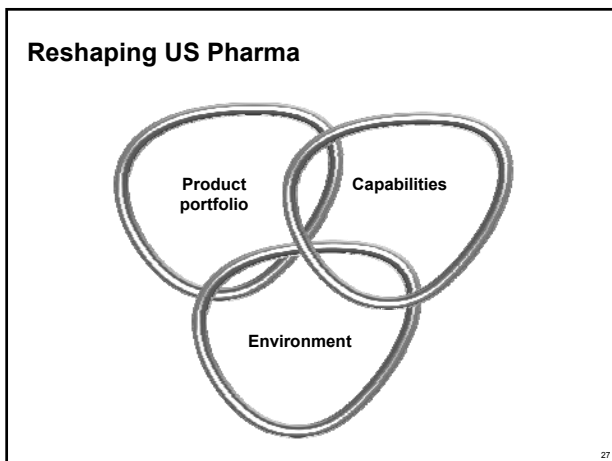
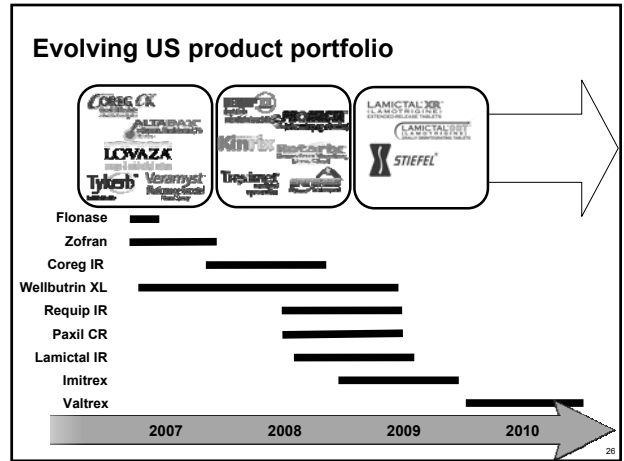
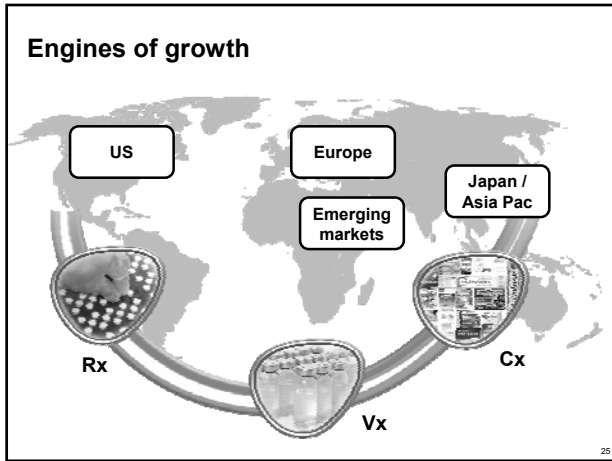
- 1st half performance significantly impacted by generics in the US
- Impact of generics expected to be significantly lower during 2nd half
- Contributions from new products and pandemic also expected to be higher in 2nd half of '09
- Strong cash flow generation continued in 1H09 with £4.4bn (+5%) cash generated from operations
- Continued investments to support strategic initiatives expected
- Q2 dividend of 14p (+8%)

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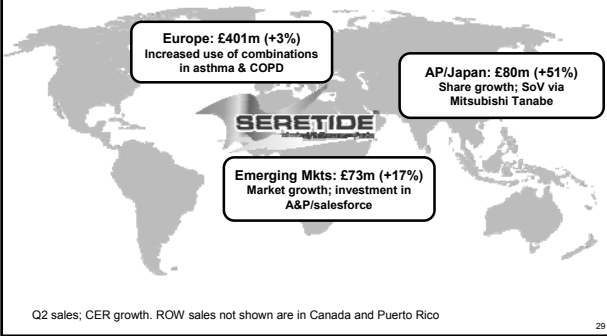


Andrew Witty
Chief Executive Officer

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Advair – an increasingly global brand
Global Q2 sales £1.24bn +9%



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Re-energising GSK's dermatology business – Stiefel acquisition

- #7 dermatology company
- \$550m revenues in 2008
- Global footprint
- Fragmented approach
- No R&D pipeline

- #4 dermatology company
- \$900m revenues in 2008
- Highly regarded sales force
- Fragmented back office
- 15 projects in late-stage development

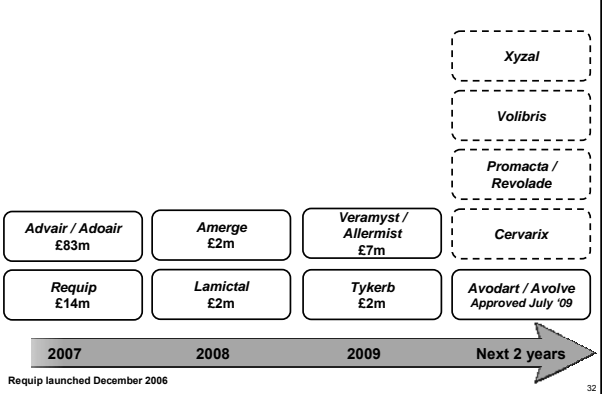
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Re-energising GSK's dermatology business – Stiefel acquisition

- Strong brand
- Global presence
- Combined 2008 global sales \$1.5bn
- #1 dermatology company
- Expert management team in place
- Cost synergies from manufacturing and admin
- R&D and lifecycle management

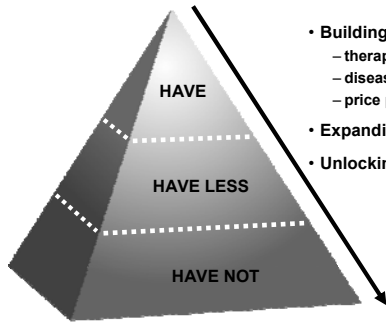
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Japan new products contribute >£100m YTD



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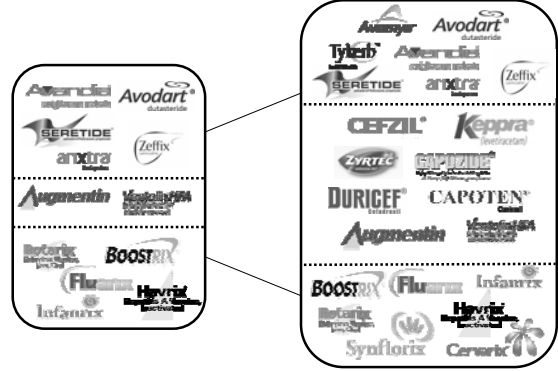
Focus on accessing the wealth pyramid in Emerging Markets



- Building the right portfolio
 - therapeutics and vaccines
 - diseases
 - price points
- Expanding the footprint
- Unlocking price elasticity

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Building the right portfolio

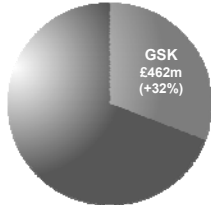


Plus access to over 1,200 Aspen brands and 100 Dr Reddy's brands

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Leveraging the vaccines portfolio in Emerging Markets

GSK 28% market share... growing faster than the market



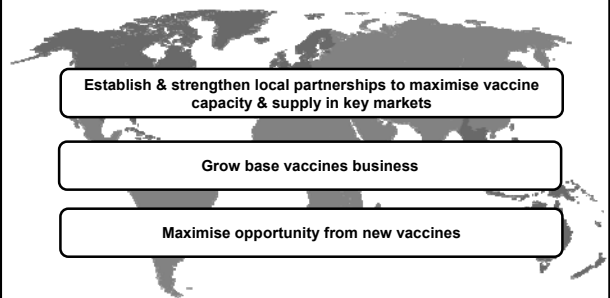
£1.6bn (+25%)
EM vaccines market 2008

Source: GSK internal estimates

- Established global player with > 60 years experience in vaccine manufacture
- Broad portfolio of established paediatric vaccines
- New vaccines to prevent rotavirus, pneumococcal diseases and HPV
- Seasonal and pandemic flu vaccines
- Adjuvant technology
- Significant global manufacturing capacity
- Established partnership with GAVI

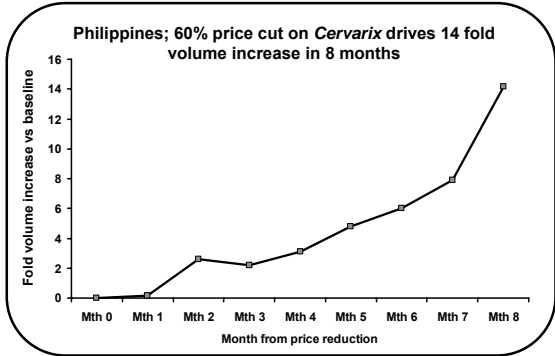
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Leveraging the vaccines portfolio in Emerging Markets



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Unlocking price elasticity



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Executing against each aspect of the strategy in MENA

- Broadening portfolio via acquisition**
 - CEPIL
 - DURICEF
 - KEPPRA XR
 - CAPOTEN
- Maximising existing and future GSK portfolio**
 - Avanafil ES launch
 - Tyleb
 - SEBETIDE
 - Avanafil
- Increased footprint**
 - increasing presence in hard to access markets (eg Syria, Libya, Iraq) via partners
 - ~160 reps added in Saudi, Turkey, Gulf & Near East
 - a further ~340 added via acquisition (Egypt, Pakistan)
- Leveraging vaccines**
 - Added to UMV 2008/09
 - Strong launch in Turkey
 - Varilrix, Havrix & Mencevax double digit growth

Present in 9 of top 10 TAs (IMS)

Market leader; increase market share by estimated 1 share point in 2009

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New vaccines contribute ~£200m in Q2

- MenHibrix (HibMenCY)**
- Cervarix** (US / Japan)
- Synflorix**
- Rotarix** (Rotavirus Vaccine, Live Oral)
- Hiberix (monovalent Hib)**
- Cervarix** (EU / EM / AP)
- BOOSTRIX** (New adult indication)

Timeline: Phase III complete → Filed → First launches → Launched

Includes Rotarix, Cervarix, Synflorix, Boostrix US and pandemic flu (adjuvant, H5N1, H1N1 in development)

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Integrated GSK response to flu pandemic

- Adjuvanted vaccine offers potential for antigen sparing and increased immune response
- Production started June '09; first deliveries planned September onwards
- Contracts for 195m doses; in discussions with >50 governments
- Contracts to supply *Relenza* to >60 governments
- Annual production capacity of 190m treatment courses by end '09
- Increasing production of Diskhaler; building new capacity for Rotacaps
- Actiprotect* – new disposable respirator mask with an antiviral coating
- Inactivates all influenza virus strains tested, including previous strains of H1N1 and H5N1
- Approved in EU / some int'l markets and for occupational use in the US
- Working to increase manufacturing capacity
- Agreement with Enigma Diagnostics to develop and supply the first point-of-care diagnostic influenza tests
- Pilot study planned 2009; potential launch 2011

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Biopharm R&D unit established and starting to deliver

biopharm&d

1 year old

900 staff

3 sites

5 late-stage assets

4 Biopharm Discovery units

- *Arzerra* – filed in US and EU; positive ODAC
- *Benlysta* – positive results from first Phase III study in Lupus
- *Syncria* – 5 Phase III studies up and running
- *Bosatria* – severe asthma Phase IIB study planned start 2H 2009
- otelixizumab – Phase III ongoing
- Mid term pipeline starting to flow
- Active in-licensing programme

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Delivering growth in Consumer Healthcare

Q2 Sales +9% CER

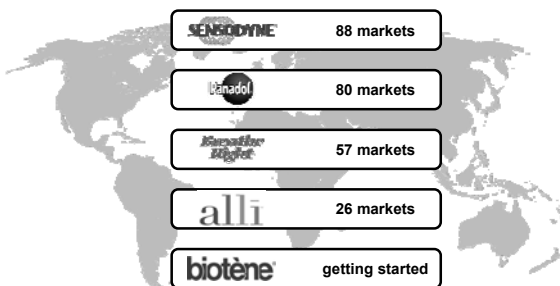
Market share gains in OTC and Oral Care

Strong growth in all regions

Marketing Excellence Innovation Geographic expansion Acquisition Switch

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A truly global Consumer Healthcare business



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alli – 1st pan-European launch of an OTC medicine

alli

“Driving interested consumers into well-prepared pharmacies”

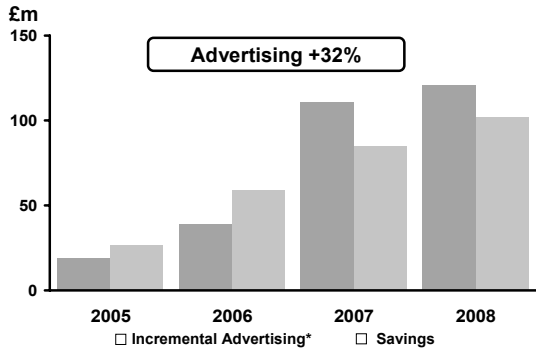
- 28 TV ads produced
- 24 websites launched; 690,000 unique visitors
- 10 diet books published
- 180,000 pharmacy staff trained



- Reached consumers in 24 markets in 8 weeks
- From zero sales to No1 OTC in France and UK in its first month
- Boots: “Most Innovative Product Launch 2009”
- “Best New Product Launch” at the Tesco Healthcare Awards
- Sales of £56m in Q2

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Incremental investment in Consumer Healthcare A&P funded by restructuring



* Incremental Base Business Advertising (excludes alli & CNS)

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Innovation contributes >£100m in Q2 (excluding alli)

- Roll-out of Iso-Active technology continues, helping drive growth in *Aquafresh* & *Sensodyne*
- Rollout of *Sensodyne* Pronamel continues
- Mini nicotine lozenge launched in Australia; UK & US to follow in H2
- Innovations typically pay back their R&D investment in <3 years

Lucozade Sports Nutrition launched April

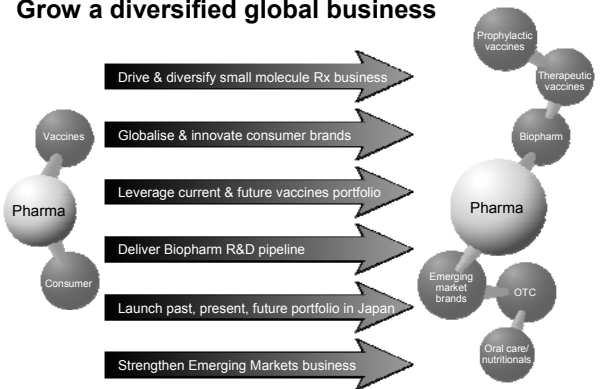
- Extending *Lucozade Sport* beyond carbohydrate drinks into a wider area of Sport and Exercise Nutrition
- 34 new products across the five need states; Hydration, Fuel, Focus, Recovery and Strength



*Innovation refers to products launched in the prior 3 years, including alli, innovation contributed £173m

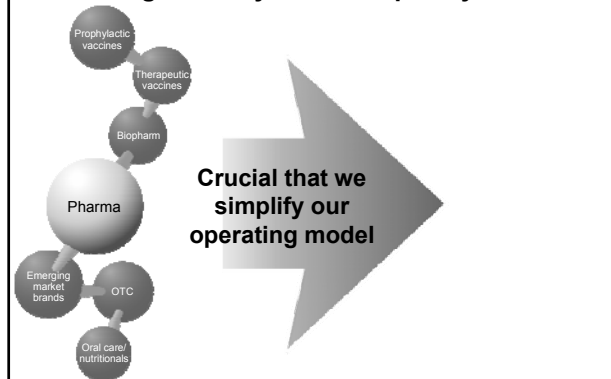
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Grow a diversified global business

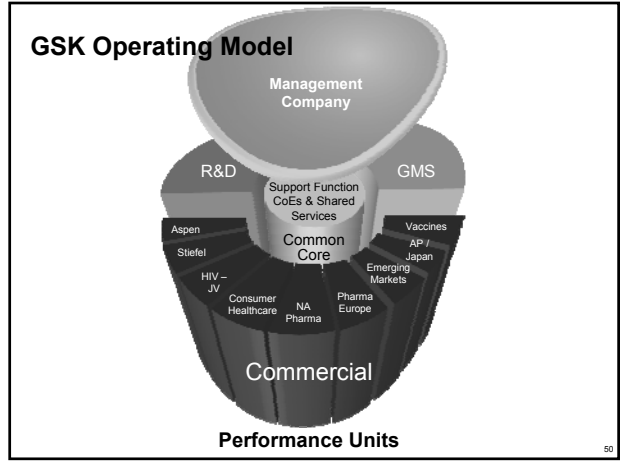
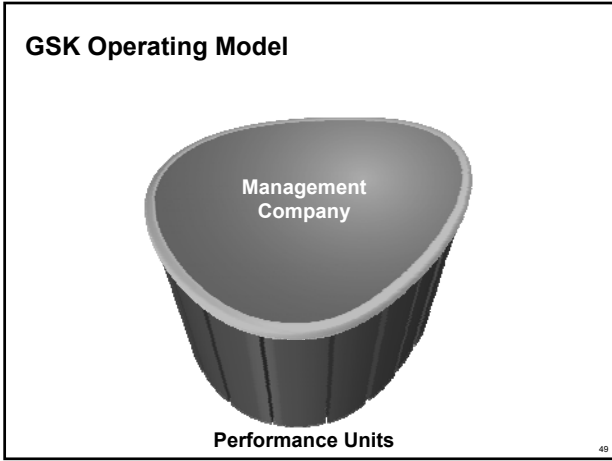


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Increasing diversity adds complexity

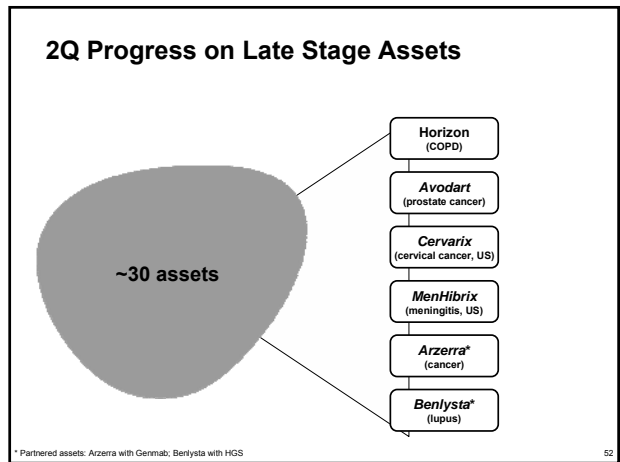


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Moncef Slaoui
Chairman R&D

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Horizon Programme

A combination of an inhaled corticosteroid and a long acting beta agonist for the treatment of asthma and COPD

Decision to progress to Ph III in COPD



Ph IIB studies in ~3,000 patients support efficacy, safety and once-daily dosing for 444 and 5698 in asthma and COPD

Successful end of Phase II meeting with FDA
Phase III studies planned to start in COPD in October
Includes active comparators to demonstrate superiority

Waiting for FDA feedback (development of LABAs in asthma) before finalising asthma development plans

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AVODART
(dutasteride)

A dual 5 α -reductase inhibitor (dutasteride) for the treatment of moderate to severe symptoms of benign prostatic hyperplasia (BPH)

Positive REDUCE results at AJA

Reduction by DUtasteride of prostate Cancer Events an 8,231 patient study

Highly significant 23% risk reduction in biopsy-detectable prostate cancer over 4 yrs

No significant increase in high-grade tumours over 4 years
Numerical difference in very high grade tumours*

BPH symptoms improved

AEs generally consistent with previously reported data

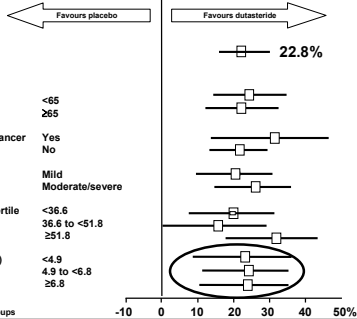
FDA filing planned for 2H09

* High grade tumours = Gleason scores 7-10; very high grade tumours = Gleason scores 8-10

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REDUCE: Highly significant 23% risk reduction in biopsy-detectable prostate cancer overall

Relative risk reduction (95% C.I.)



Primary endpoint and pre-specified subgroups

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REDUCE: AE profile

Drug-related adverse events occurring in ≥1% subjects in either treatment group

	Placebo (n=4126)	Dutasteride (n=4105)
Decreased libido*	1.6%	3.3%
Loss of libido*	1.3%	1.9%
Erectile dysfunction*	5.7%	9.0%
Decreased semen volume*	0.2%	1.4%
Gynecomastia*	1.0%	1.9%

Cardiovascular AEs

All cardiovascular AEs	5.1%	5.4%
Composite heart failure*	0.4%	0.7%

* p<0.05 for between-treatment group comparisons

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Cervarix
Human Papillomavirus Vaccine Types 16 and 18
(Recombinant, AS04 adjuvanted)

Vaccine for the prevention of cervical cancer caused by infections by the Human Papillomavirus (HPV) types 16 and 18

Significant new data presented and published

Study-008	High efficacy against HPV-16/18 confirmed & significant protection <u>beyond</u> HPV-16/18	IPvC, May 09 <i>The Lancet</i> , July 09
Study-010	Superior immune profile	IPvC, May 09 <i>Human Vaccines</i> , Oct 09
Study-007	Continued efficacy: 6.4 yrs so far	EUROGIN, Nov 08
Study-023	Sustained immune response: 7.3 yrs so far	IPvC, May 09
All studies	Long-term safety	<i>The Lancet</i> , Jul 09 (and references above)
	Registered in 96 countries FDA PDUFA Sept '09	

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Superior immune profile and long-term data

HPV-010: HPV 16 & 18 neutralizing antibody responses 2 to 9-fold higher for Cervarix than quadrivalent vaccine

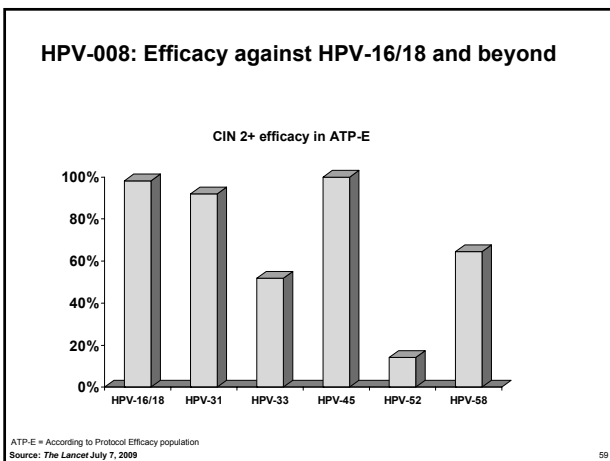
Age cohort	HPV-16	HPV-18	Cervarix [®]		Control		Vaccine efficacy	
			n	n	%	95% CI		
18-26 yrs	3.7 x	7.3 x						
27-35 yrs	4.8 x	9.1 x						
36-45 yrs	2.3 x	6.8 x						

HPV-007: 100% protection confirmed year after year against HPV 16/18 CIN2+ ...so far up to 6.4 years

	HPV 16/18 related CIN2+	Cervarix [®]		Control		Vaccine efficacy	
		n	n	%	95% CI		
Initial efficacy study	27 mths ¹	0	3	100%	NA		
Combined analysis initial efficacy study and extended follow-up	4.5 yrs ²	0	5	100%	-8-100		
	5.5 yrs ³	0	7	100%	33-100		
	6.4 yrs ⁴	0	9	100%	51-100		

1. Harper et al. Lancet. 2004; 364: 1757-65; 2. Harper et al. Lancet. 2006; 367: 1247-55; 3. Presentation Call 5, AACR, Los Angeles, April 14-18, 2007, abstract 4000; 4. Presentation Harper 2, ASCO, Tampa, Florida, March 9-12, 2008, Abstract 5008, 10011-158

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HPV-008: Efficacy against HPV-16/18 and beyond

CIN 2+ protection regardless of HPV type

70.2%
in TVC naive

This cohort approximated young girls prior to sexual debut

30.4%
in TVC

This cohort approximated a general population of sexually active young women

The total vaccinated naive cohort (TVC-naive) included women who received at least one vaccine dose, were evaluable for efficacy, ie had a baseline PCR or cytology sample and one further sample available, and at baseline had normal cytology, were DNA negative for all 14 oncogenic HPV types evaluated, and were seronegative for HPV 16 and 18. The control approximated young girls prior to sexual debut. The total vaccinated cohort (TVC) included all women who received at least one vaccine dose and were evaluable for efficacy regardless of other criteria, and was intended to represent a general population of sexually active young women.

Source: *The Lancet* July 7, 2009

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MenHibrix (HibMenCY)

An investigational combination vaccine for early protection against Haemophilus influenzae type b (Hib) and Meningococcal C&Y diseases

Positive pivotal Ph III results

Meningococcal disease causes permanent disability or death – Fatality rate 9-12%

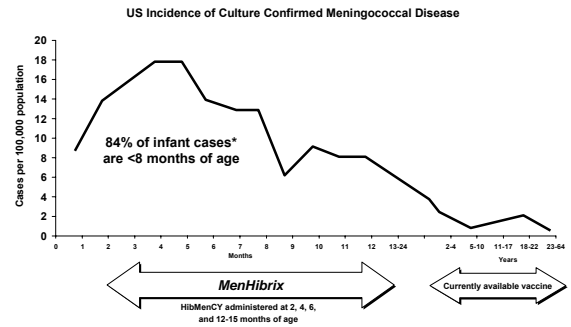
Protection for infants, where the need is greatest

New pivotal Phase 3 data shows positive results to support filing Data to be presented at a scientific congress H2 09

FDA filing in H2 09
Fast Track status granted

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We can uniquely address where the risk is greatest...in infants



*Infants defined as <12 months of age. Surveillance data from CDC sentinel sites (1997-2009). Cohn, A. et al. Presented at the 48th annual SCACAP/69th annual IDSA, Washington, DC, October 29-31, 2008. Presentation number: 01-113. Sheppard et al. Pediatric Infectious Diseases Journal 2009; 48:118-122. Longoria et al. Vaccine 2001; 19: 4566-4573.

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...with no additional shots

MenCY combined with monovalent Hib means no additional shots



and complements Pediarix and Rotarix to create a full GSK infant portfolio

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Azerra

A fully human anti-CD20 mAb with potential in haematological and autoimmune diseases

Positive ODAC
May 2009

Refractory CLL

Demonstrated strong efficacy in hard to treat patients (including those previously treated with Rituxan)

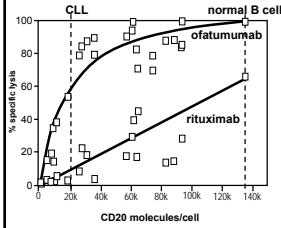
CLL PDUFA date end Oct 09

Partnership with Genmab

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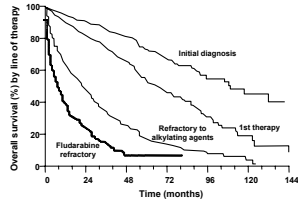
Arzerra in CLL: Two reasons to believe

Ofatumumab efficiently kills cells with low CD20 expression



Teeling et al. (2004) Blood 104; 1793-1800

Fludarabine refractory patients historically have the lowest overall survival outcomes



MDACC database; Keating et al. Leuk Lymph 2002; 43:1755

Partnership with Genmab

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Fludarabine-refractory CLL studies

	Salvage therapy		Arzerra Hx-CD20-406	
	Tam et al DR (N=54)	Published data BFR	DR (N=59)	BFR (N=79)
Response rate	20%	8-26%	42% (58% ¹)	35% (47% ¹)
Major infections	60%	45%	32%	23%
Median Overall Survival, months	8	9 - 14	13.7	15.4

DR = Double Refractory; BFR = Bulky fludarabine refractory

¹ The ORR determined by the independent review committee (50% DR, 47% BFR) was higher than the investigators (42% DR, 35% BFR).

Tam et al. Leuk Lymph 2007;48:1931-1939; Fiegl et al. Cancer 2006;107:2408; Moreton et al. J Clin Oncol 2005; 23:2971; Keating et al. Blood 2002; 99:3554

Partnership with Genmab

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Arzerra

A fully human anti-CD20 mAb with potential in haematological and autoimmune diseases

Positive
ODAC
May 2009

Refractory CLL

Demonstrated strong efficacy in hard to treat patients (including those previously treated with Rituxan)

Front-line CLL

Ph III study vs comparator ongoing

NHL

Ph II/III single arm study ongoing in refractory patients

RA / MS / DLBCL

Ph III RA studies ongoing ex-US
Ph II ongoing in DLBCL and MS

Partnership with Genmab

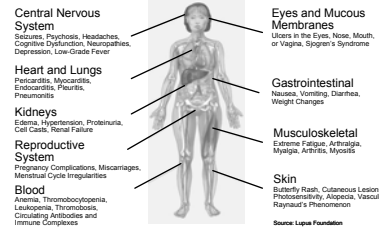
67

Benlysta (belimumab)

A fully human mAb that specifically recognises and inhibits the biological activity of B-lymphocyte stimulator (BLyS) for the treatment of Systemic Lupus Erythematosus (SLE)

Potential first new treatment for SLE in 50 years

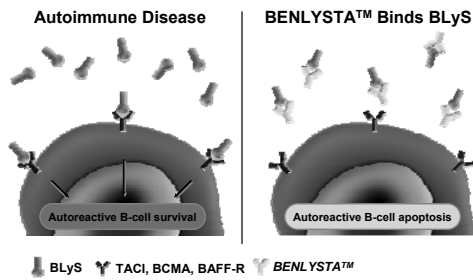
SLE Affects Multiple Organ Systems



Partnership with HGS

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By binding to BLYS, *Benlysta* inhibits B-Cell survival and induces apoptosis



Do RKG et al. *J Exp Med* 2000;192:953-964; Ammana et al. *J Immunol*. 2003;170:4593-4600.
Partnership with HGS

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BLISS-52 Study Design

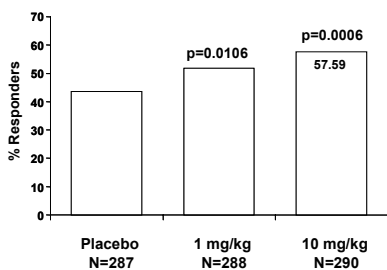
- 52 week, double blind placebo controlled SLE study conducted in Eastern Europe (11%), Latin America (50%), Asia Pacific (39%)
- Largest, successfully completed Phase 3 study in SLE to date
- Key entry criterion: seropositive with moderate to severe SLE activity
- Patients need to be stable and receive standard-of-care SLE therapy including: corticosteroids, immunosuppressives, anti-malarials, NSAIDS
- Patients randomised to one of 3 treatment groups (1:1:1 ratio)
 - 1 mg/kg belimumab
 - 10 mg/kg belimumab
 - Placebo
- Dosing schedule: Days 0, 14, 28, then every 28 days

serologically active = ANA or dsDNA Ab positive at screening

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BLISS-52: Primary endpoint met



Primary endpoint:

Patient response at Week 52 as defined by:

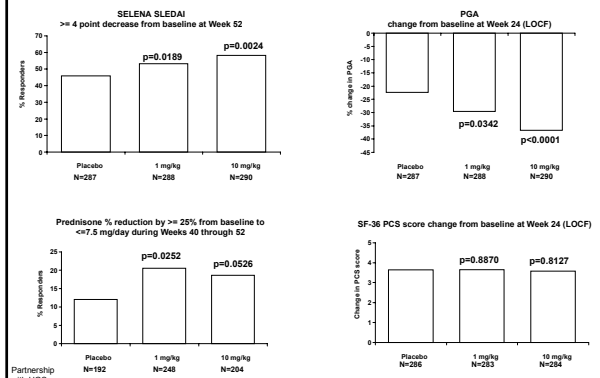
- ≥ 4 point reduction from baseline in SELENA-SLEDAI score
- AND
- No worsening (increase of <0.30 points from baseline) in Physician Global Assessment
- AND
- No new BILAG A organ domain score or less than 2 new BILAG B organ domain scores compared with baseline

All p values are for comparisons vs placebo

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BLISS-52: 3 of 4 major secondary endpoints met



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Benlysta (belimumab)

A fully human mAb that specifically recognises and inhibits the biological activity of B-lymphocyte stimulator (BLyS) for the treatment of Systemic Lupus Erythematosus

Positive
Phase III
results
just in

Potential first new treatment for SLE in 50 years

BLISS-52 PIII study met primary efficacy endpoint and
3 of 4 major secondary endpoints

Benlysta was generally well tolerated with rates of overall
AEs, SAEs, and infections similar to placebo

Data to be presented at a scientific meeting in Q4 2009
BLISS-76 data due Q4 2009

Regulatory filings expected to commence first half 2010
Fast Track status with the FDA
Special Protocol Agreement in place

Partnership with HGS

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