Year End Results 2008
Presentation to Investors & Analysts

5th February 2009

Julian Heslop
Chief Financial Officer

2008 Performance summary

Before restructuring costs

	2008	2007	% Change	
	£m	£m	CER	£
Turnover	24,352	22,716	(3)	7
EPS	104.7p	99.1p	(9)	6
Free Cash Flow	4,785	3,857		24

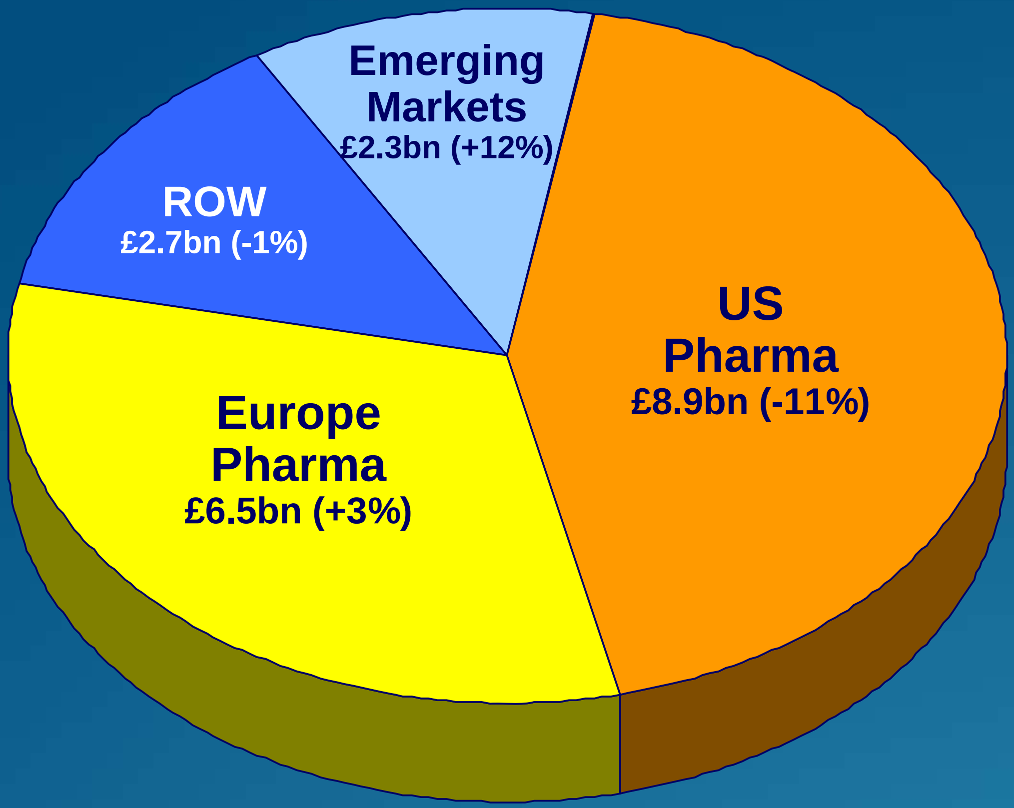
Excluding previously announced Q4 legal charge of £278m, 2008 EPS would have been 109.3p (-6% CER).

2008 Turnover summary

Before restructuring costs

	2008	2007	% Change	
	£m	£m	CER	£
Pharmaceuticals	20,381	19,163	**(3)**	**6**
Consumer	3,971	3,553	**3**	**12**
Total	24,352	22,716	**(3)**	**7**

2008 Pharmaceutical turnover by geography



£20.4bn -3%

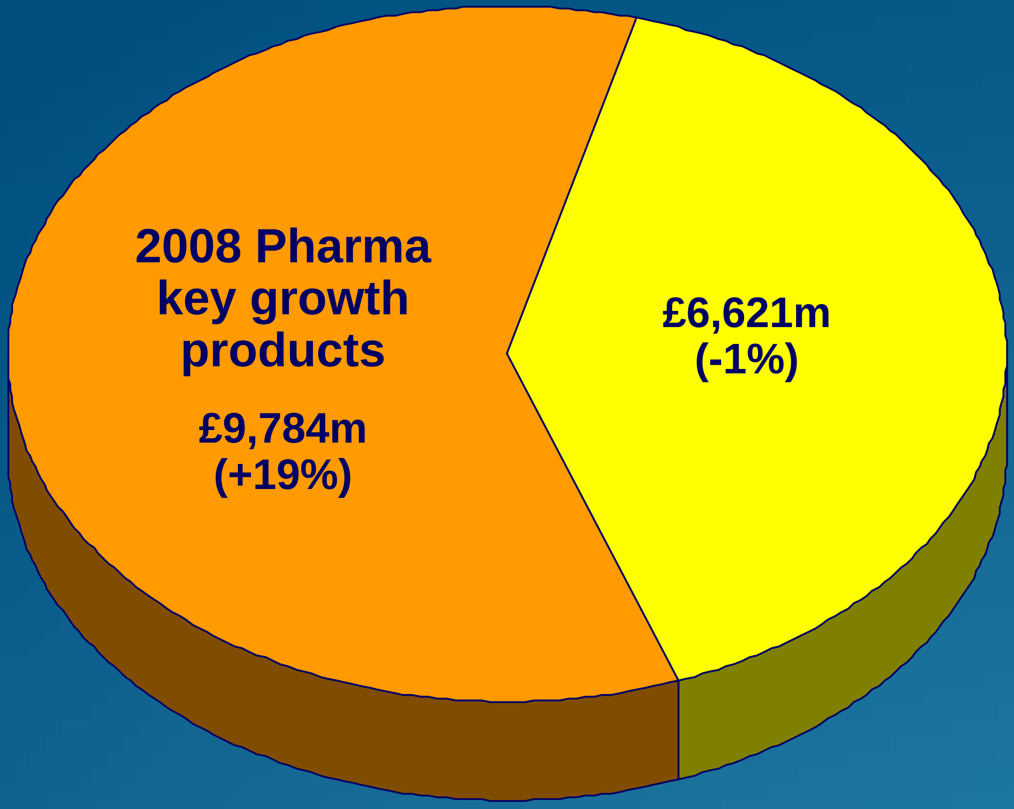
CER growth rates
US pharma excluding Avandia and products subject to generic competition +10%

Pharmaceutical turnover analysis

	2008 £m	2007 £m	% Change CER
"Core"	16,405	13,543	+10%
Products impacted by generics*	3,048	3,993	-31%
Avandia	805	1,219	-40%
Pandemic preparations**	123	408	-71%
Total	20,381	19,163	-3%

*Products impacted by generics comprises Coreg, Imitrex, Lamictal, Paxil, Requip, Wellbutrin and Zofran sales.
** Products sold for pandemic preparations include Relenza and prepandemic vaccine.

Pharmaceutical turnover – analysis of ‘Core’



£16.4bn +10%

CER growth rates

2008 Pharmaceutical key growth products

Advair	£4,137m	+8%
Vaccines*	£2,473m	+20%
Valtrex	£1,195m	+16%
Epzicom	£442m	+23%
Avodart	£399m	+27%
Ventolin	£339m	+9%
Lovaza	£290m	+71%**
Boniva	£237m	+34%
Arixtra	£170m	+53%
Tykerb	£102m	+80%
Total	**£9,784m**	**+19%**

CER growth rates
*Excludes Flu Pre-Pandemic **pro forma

New Products ('07 & '08)

Tykerb™
lapatinib ditosylate

Cervarix®

ENTEREG™
(alvimopan)

REQUIP® XL™
(ropinirole
extended-release tablets)

Veramyst™
(fluticasone furoate)
Nasal Spray

Prepandrix™

Rotarix™
Rotavirus Vaccine,
Live, Oral

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

Kinrix™

Treximet™
sumatriptan/
naproxen sodium

ALTABAX™
retapamulin ointment, 1%

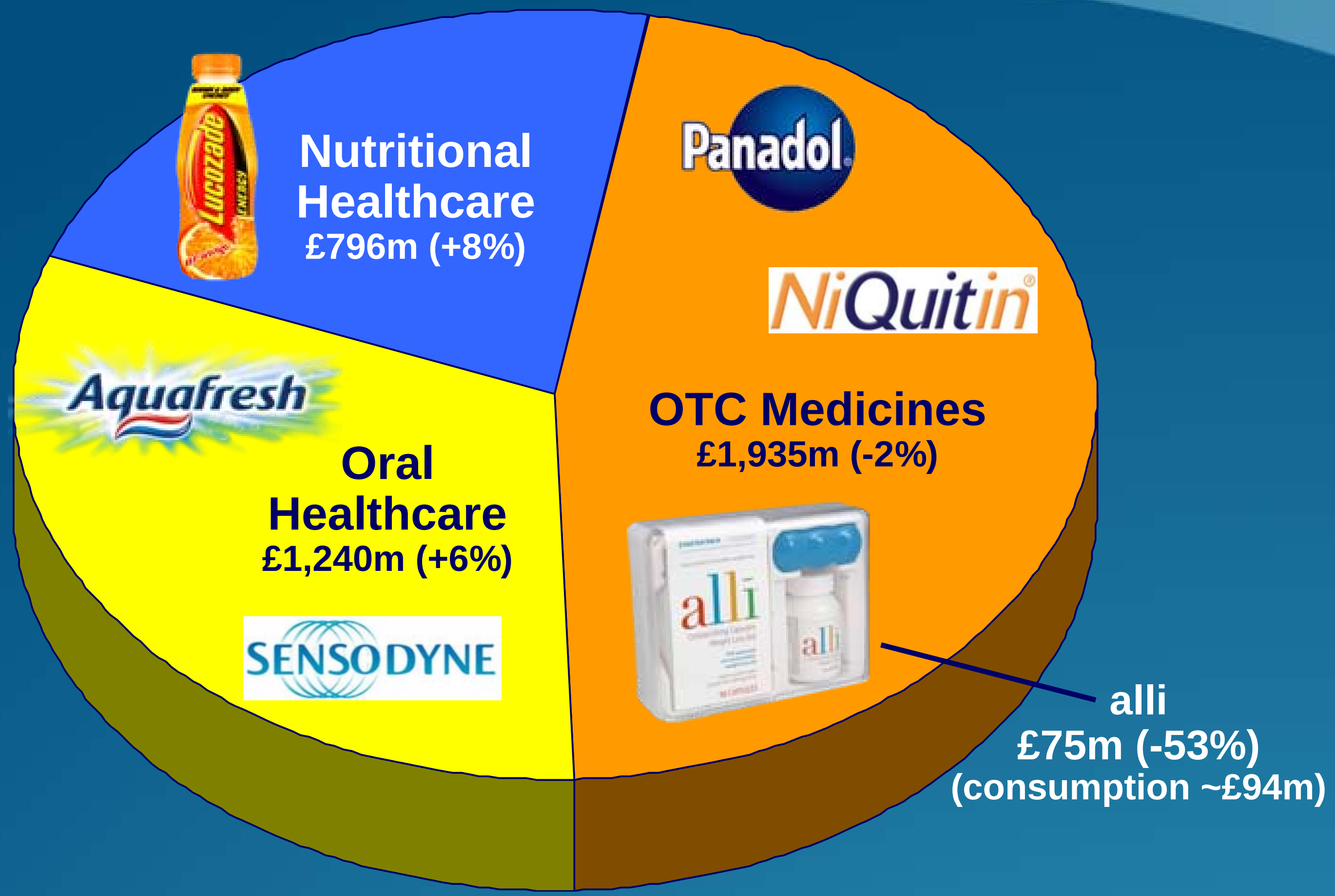
NEW Volibris™
ambrisentan

PROMACTA®
(eltrombopag)
25mg, 50mg tablets

2008 sales
£784m +74%

CER growth rates

2008 Consumer Healthcare turnover



£3,971m +3%

CER growth rates

2008 Performance summary

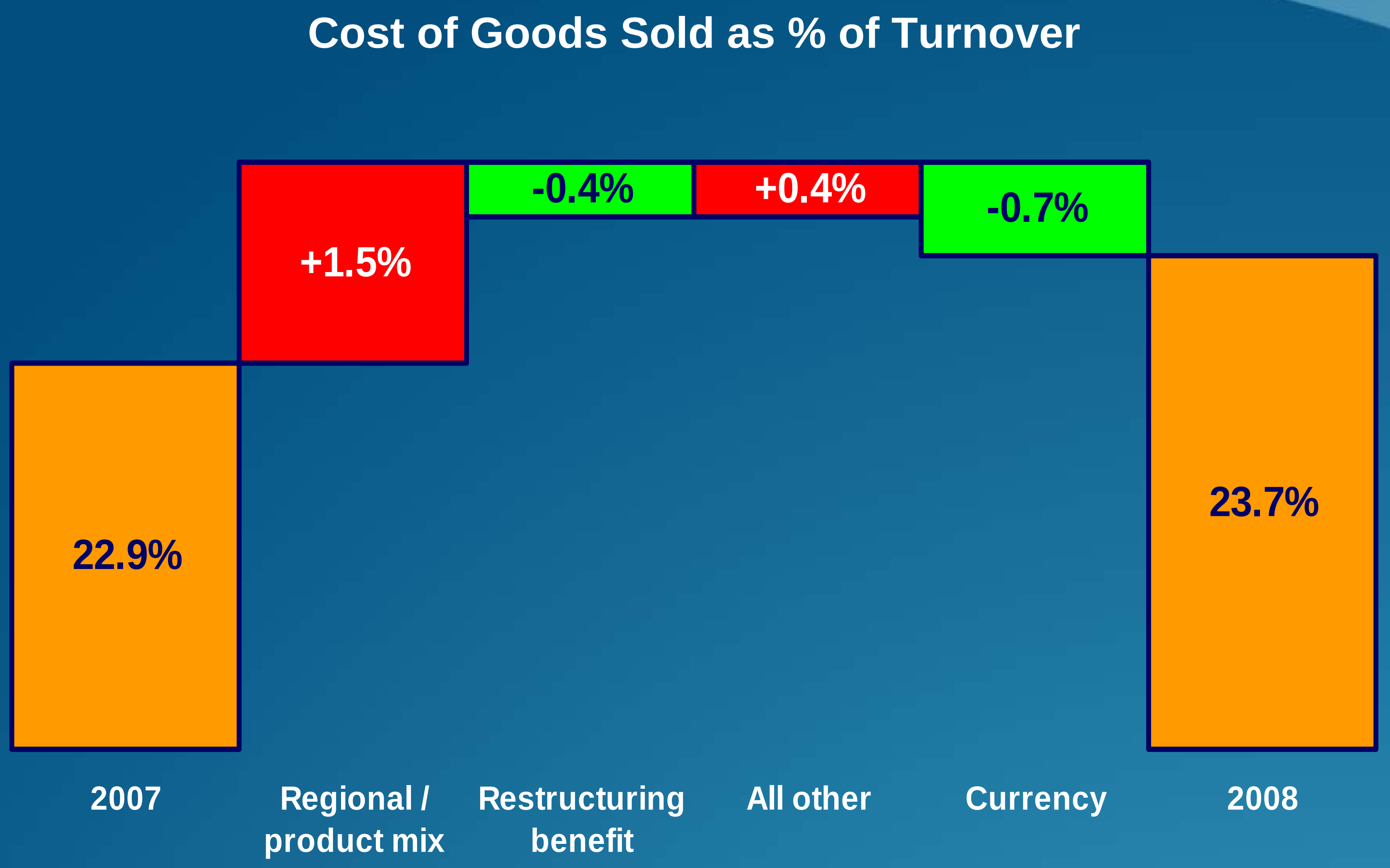
Before restructuring costs

	2008 £m	2007 £m	% Change CER	% Change £
Turnover	24,352	22,716	(3)	7
Cost of goods	(5,776) *23.7%*	(5,206) *22.9%*	4	11

% in italics are % of turnover

2008 Cost of goods analysis

Before restructuring costs



2008 Performance summary

Before restructuring costs

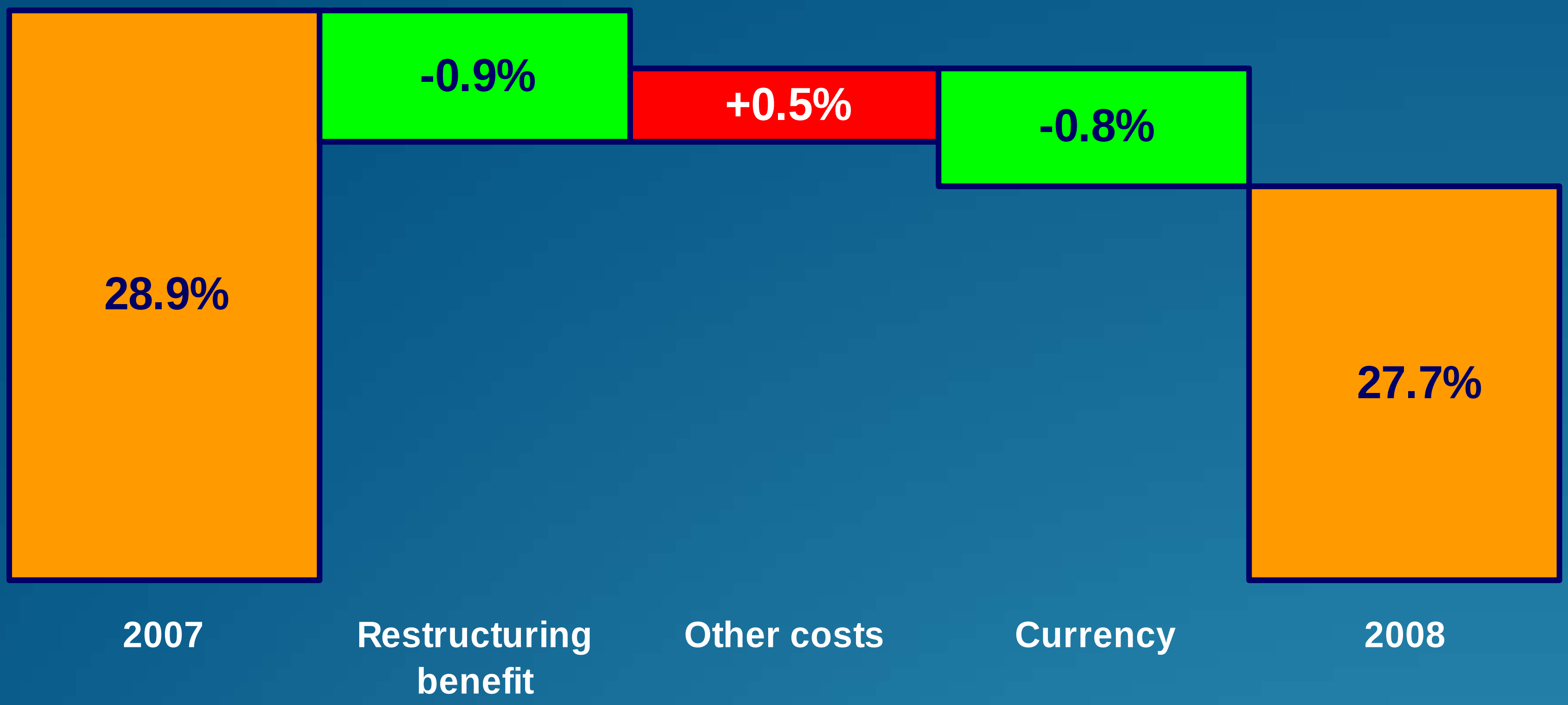
	2008 £m	2007 £m	% Change CER	% Change £
Turnover	24,352	22,716	(3)	7
Cost of goods	(5,776) *23.7%*	(5,206) *22.9%*	4	11
SG&A: Core	(6,741) *27.7%*	(6,562) *28.9%*	**(4)**	**3**
Legal costs	(611)	(255)		
Total SG&A	(7,352) *30.2%*	(6,817) *30.0%*	**(-)**	**8**

% in italics are % of turnover

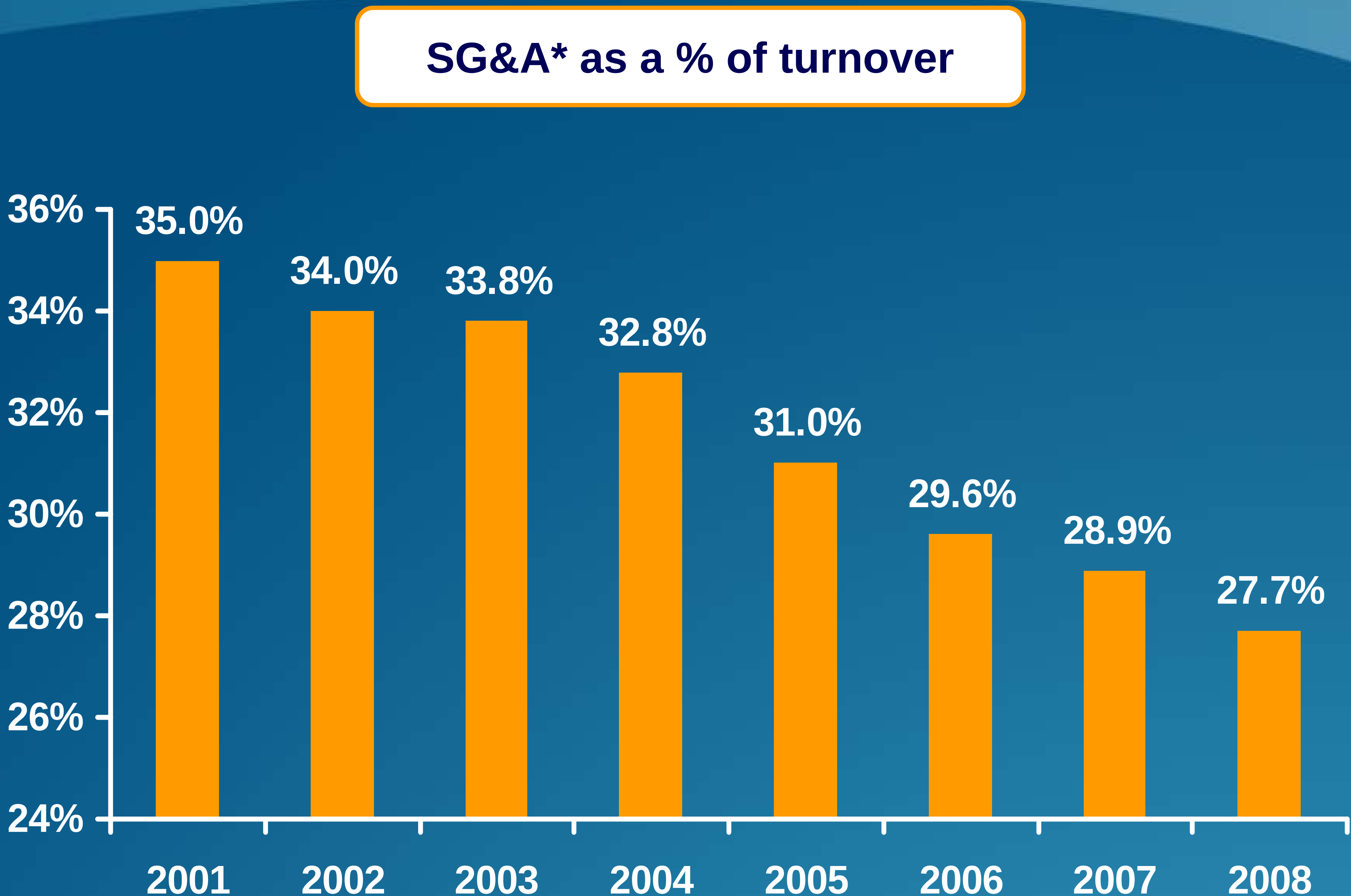
2008 SG&A analysis excl. legal

Before restructuring costs

SG&A excluding Legal as % of Turnover



SG&A savings continued in 2008…



* Chart represents SG&A excluding legal and restructuring (only major restructuring excluded in ’07 & ’08)
2001-2002 estimated under IFRS

2008 Performance summary

Before restructuring costs

	2008 £m	2007 £m	% Change CER	% Change £
Turnover	24,352	22,716	(3)	7
Cost of goods	(5,776) *23.7%*	(5,206) *22.9%*	4	11
SG&A	(7,352) *30.2%*	(6,817) *30.0%*	(-)	8
R&D	(3,506) *14.4%*	(3,237) *14.3%*	2	8
Other oper. income	541	475		
Operating profit	8,259 *33.9%*	7,931 *34.9%*	(10)	4

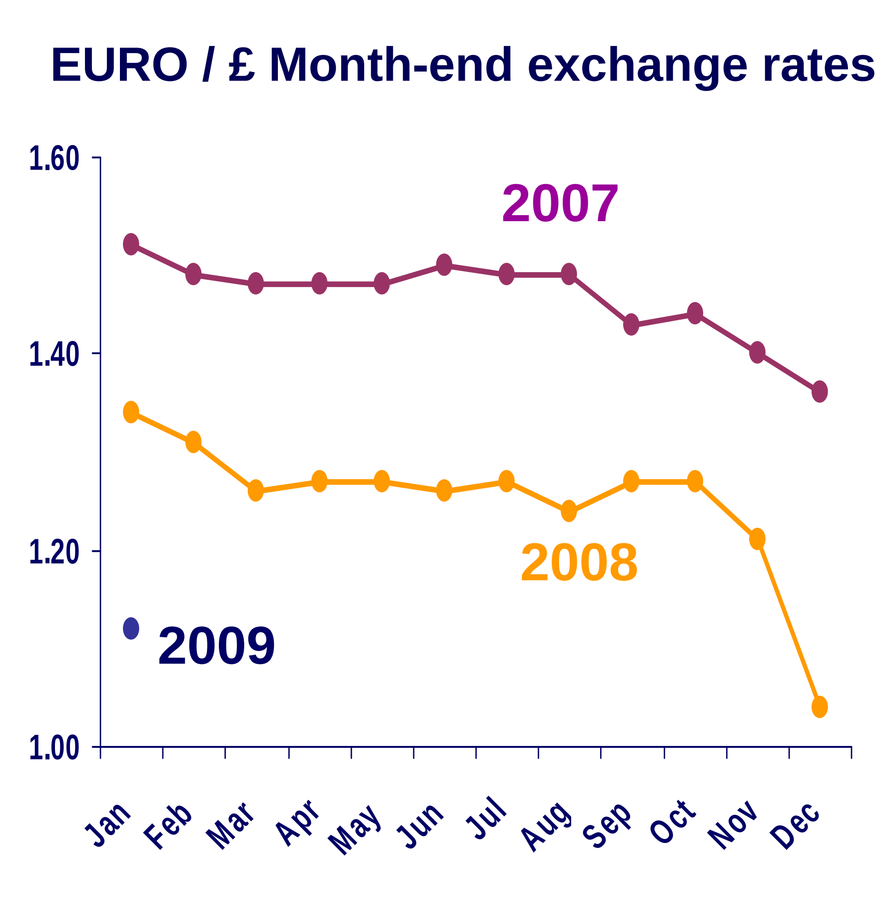
% in italics are % of turnover

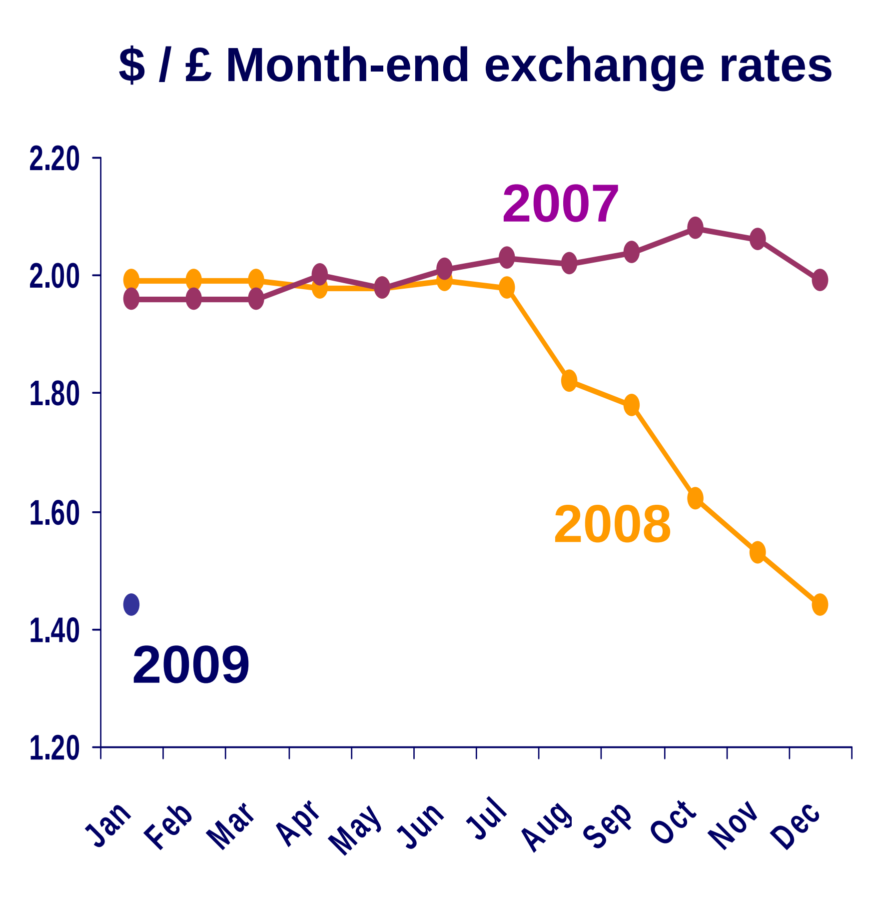
2008 Performance summary

Before restructuring costs

	2008 £m	2007 £m	% Change CER	% Change £
Operating profit	8,259	7,931	(10)	4
Interest	525	191		
Profit before tax	7,782	7,790	(14)	-
Tax rate	*28.7%*	*28.5%*		
EPS	104.7p	99.1p	(9)	6

Strong currency benefits in 2008





Exchange rate impact: full year 2009

Before restructuring costs

Movement		EPS Impact
£/$ Movement	10 Cent	+/- 3.5%
£/Euro Movement	10 Cent	+/- 2.5%
£/Yen Movement	20 Yen	+/- 1%

If exchange rates held at YE ’08 rates (e.g., $1.44/€1.04/¥131) for ‘09: the estimated positive impact on 2009 EPS growth would be around 25%

Q4 Performance summary

Before restructuring costs

	2008	2007	% Change	
	£m	£m	CER	£
Turnover	6,910	5,974	(3)	16
EPS	26.7p	24.4p	(23)	9

Excluding previously announced Q4 legal charge of £278m, Q4 ‘08 EPS would have been 31.4p (-9% CER).

Full year results after restructuring

	2008			2007
	Results before restructuring £m	Restructuring £m	Total results £m	Total results £m
Turnover	24,352	-	24,352	22,716
Operating profit	8,259	(1,118)	7,141	7,593
EPS	104.7p	(16.1)p	88.6p	94.4p

Free cash flow

	2008 £m	2007 £m
Total operating profit	7,141	7,593
Depreciation & other non-cash items	1,543	1,333
Decrease / (incr.) in working capital	69	(538)
Increase / (decr.) in other net liabilities	408	(308)
Cash generated from operations	9,161	8,080
Taxation paid	(1,850)	(1,919)
Capital expenditure: Fixed Assets	(1,437)	(1,516)
Intangible assets	(632)	(627)
Interest and other items	(457)	(161)
Free cash flow	4,785	3,857

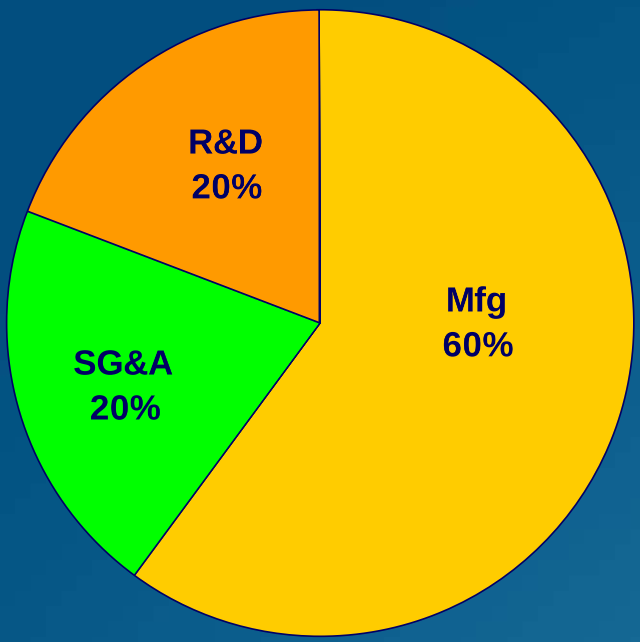
Free cash flow to net debt reconciliation

	2008 £m	2007 £m
Free cash flow	4,785	3,857
Dividends	(2,929)	(2,793)
Share repurchases	(3,706)	(3,751)
Purchase of businesses / equities	(541)	(1,213)
Sale of intangibles / equities	195	54
Employee share option exercises	52	507
Exchange and other movements	(1,990)	(250)
Net increase in debt	(4,134)	(3,589)

Net debt at 31st December	(10,173)

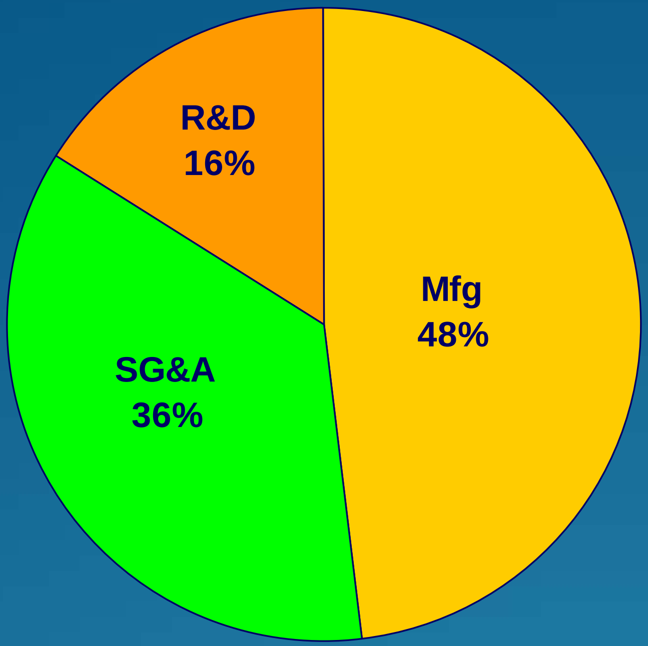
Major restructuring costs

Previously announced



Total cost £1.5bn

Current plan



Total cost £3.6bn*

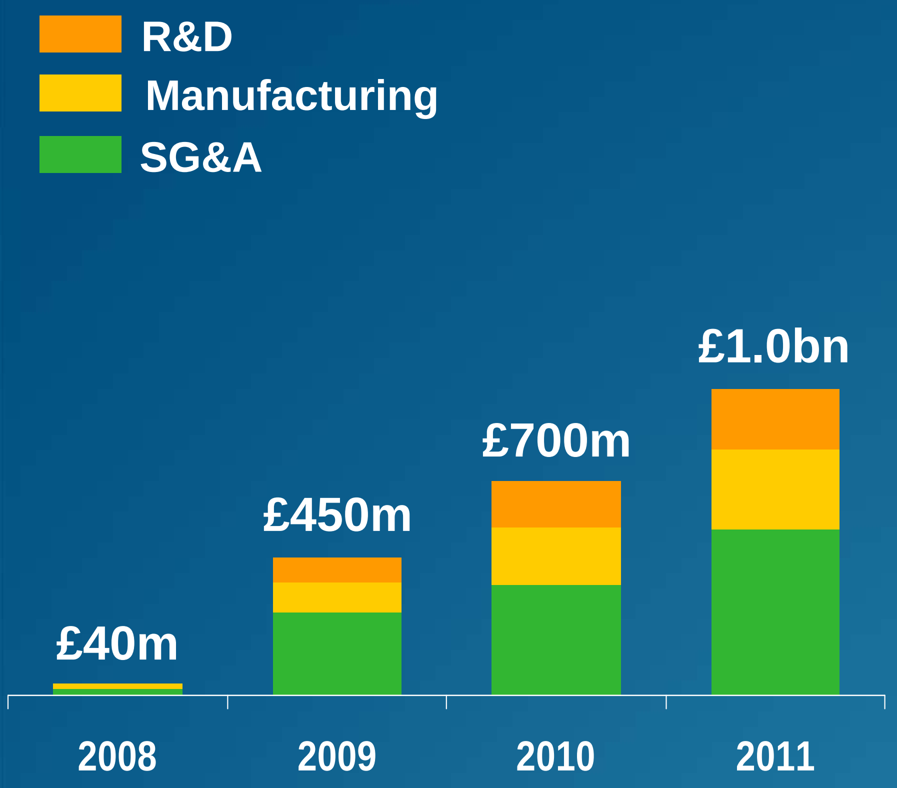
(£1.5bn already charged through YE '08)

* Approximate total cost figure, of which ~25% is for non-cash write-offs.

Major restructuring costs – expected phasing

Savings expected from major restructuring

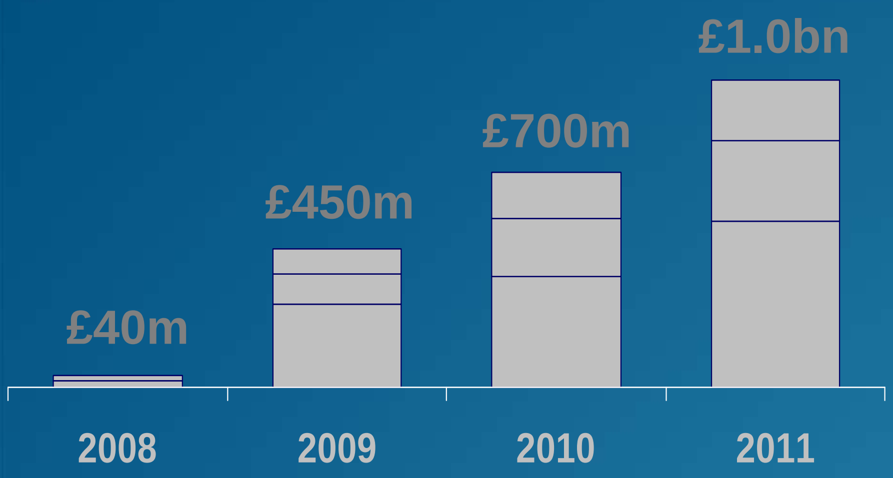
Incremental savings
from expanding programme



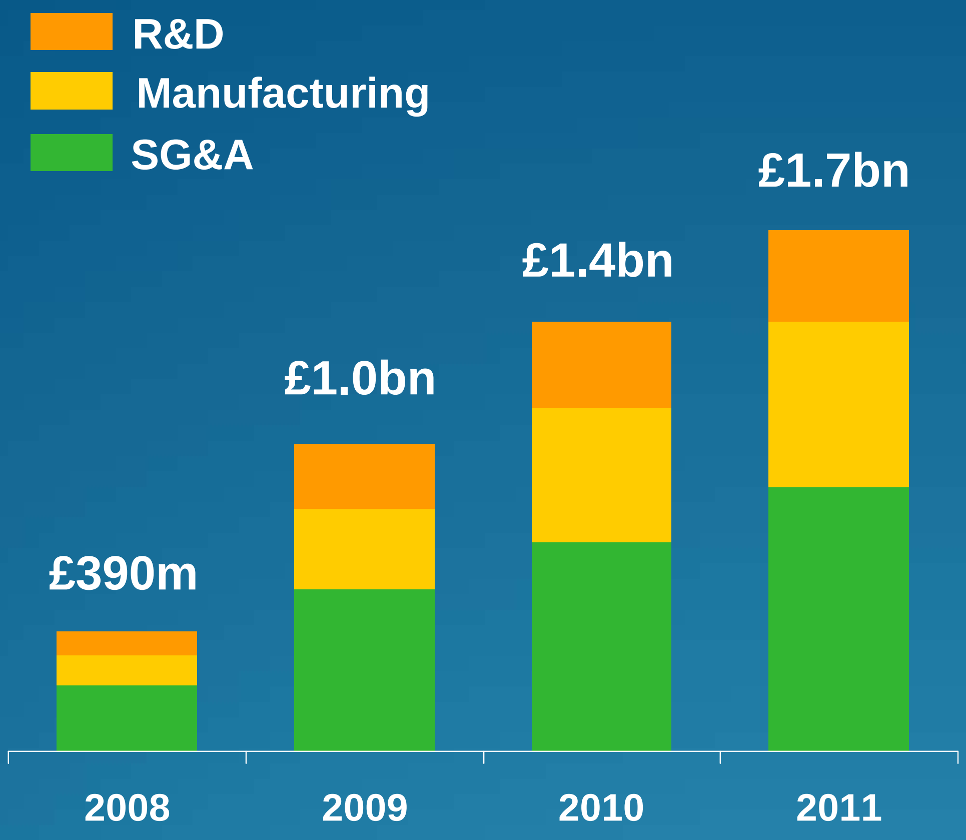
* Savings figures and their respective phasing are approximate.

Savings expected from major restructuring

Incremental savings
from expanding programme



Total savings
£1.7bn annually by 2011



* Savings figures and their respective phasing are approximate.

Conclusion

- 2008 was a challenging year with impact of generics, Avandia and legal costs leading to an EPS decline
- Restructuring resulted in significant cost savings (£390m)
- Strong cash generation continued in ‘08
  - Cash flow from operations of £9.2bn (+13%)
  - Free cash flow of £4.8bn (+24%)
- Strong liquidity with £4.7bn of liquid assets
  - Debt maturities over ’09 and ’10 total £1.7bn
- Dividend growth continues (+8% to 57 pence)

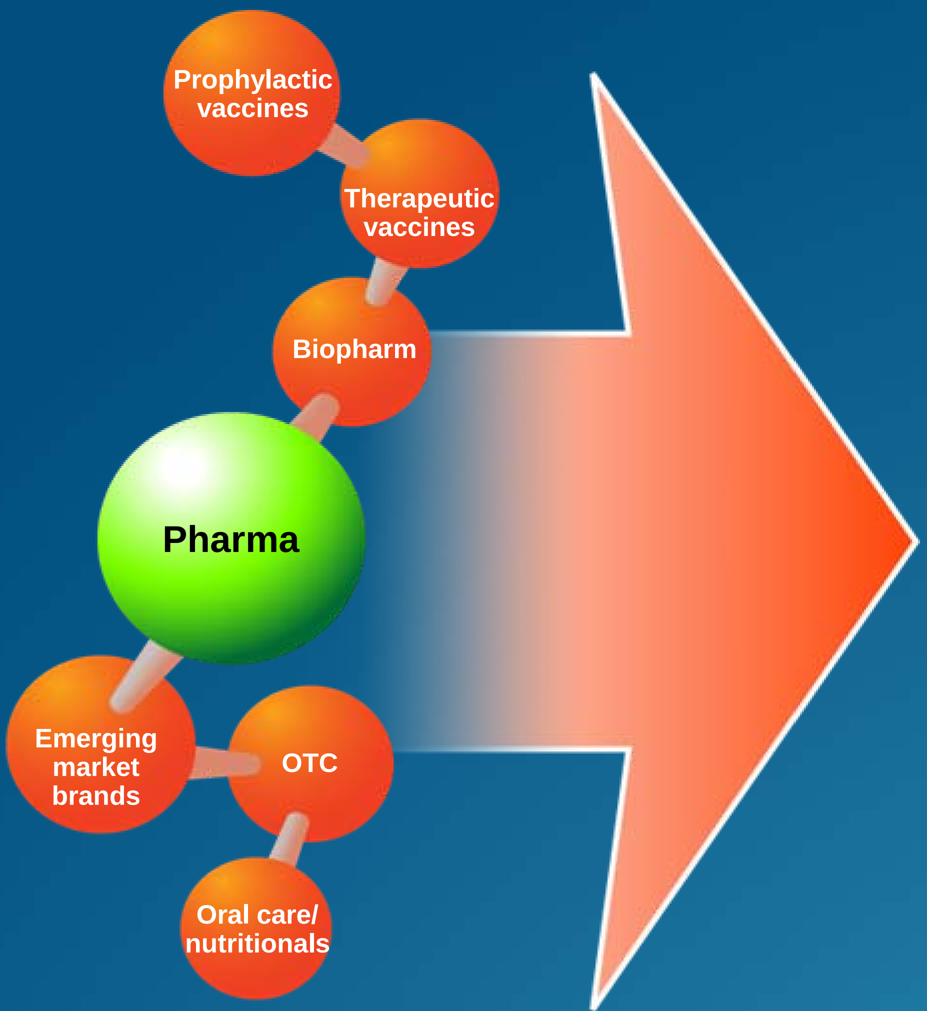
Andrew Witty

Chief Executive Officer

GSK's strategic priorities

1. Grow a diversified global business
2. Deliver more products of value
3. Simplify the operating model

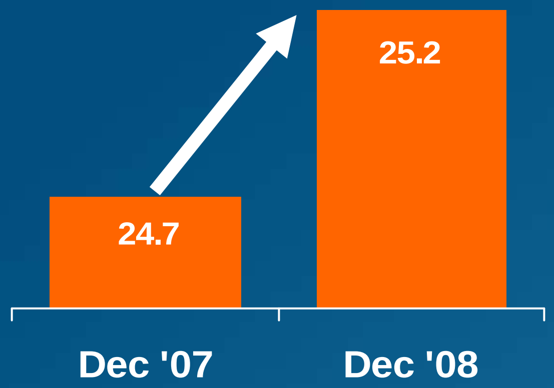
Grow a diversified global business



- Driving the base business

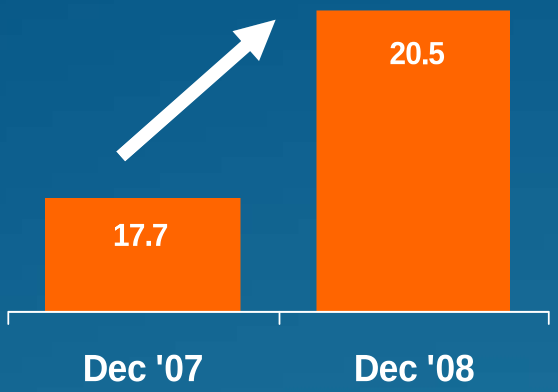
Driving the base pharma business

Advair US TRx Mkt Share



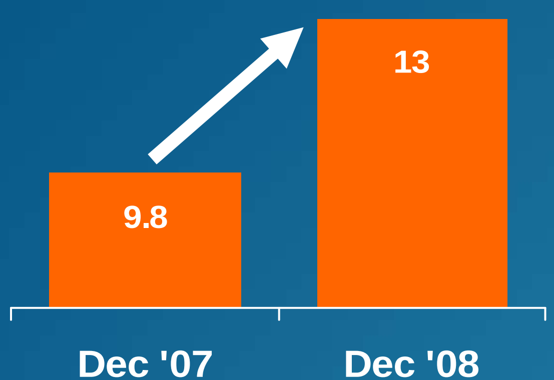
Source: SDI VONA retail mkt:
Asthma and COPD controllers

#1 in Japan Respiratory Mkt Share by Value



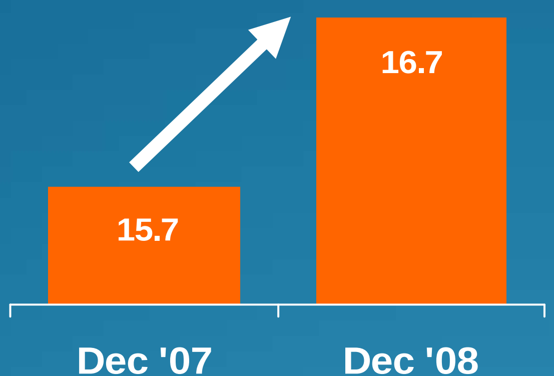
Source: IMS

Lovaza US TRx Mkt Share



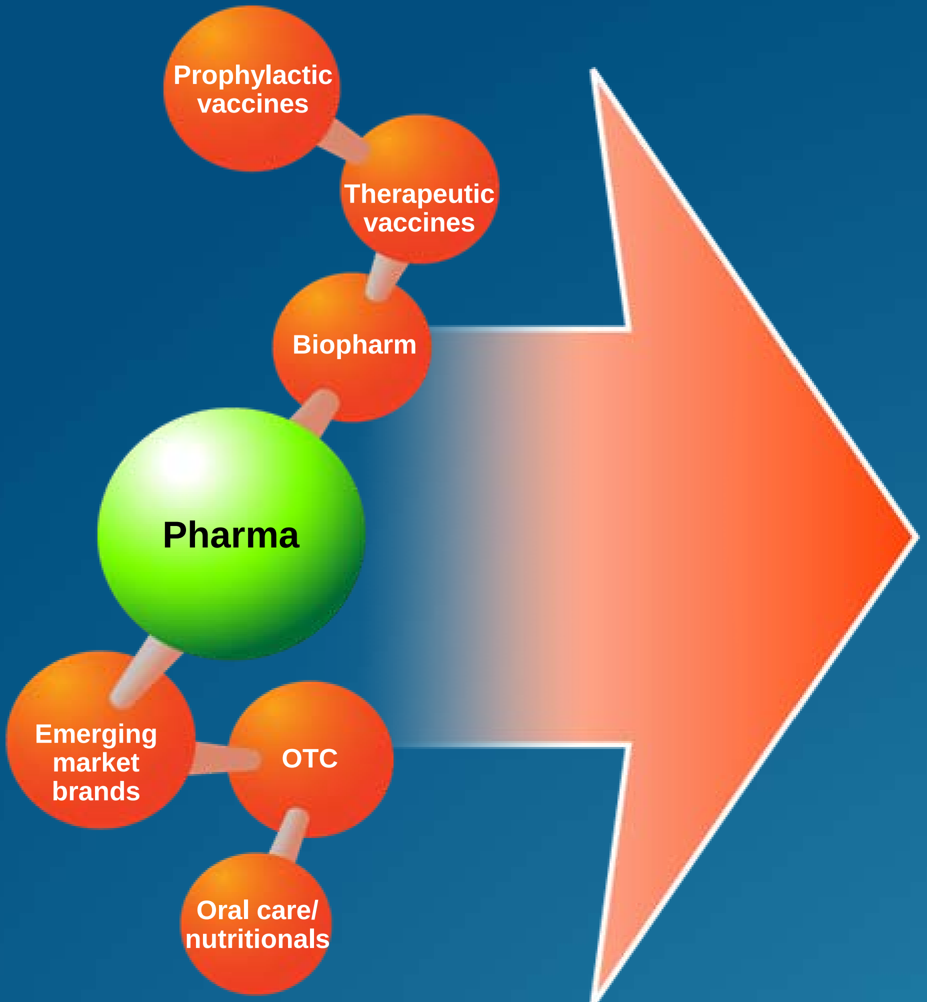
Source: SDI VONA retail mkt:
Non-statin dyslipidaemia

Avodart US TRx Mkt Share



Source: SDI VONA retail mkt:
Enlarged Prostate

Grow a diversified global business



- Reshaping US Pharma
- New vaccines launches
- Consumer investments
- Emerging markets expansion

Reshaping US Pharma

- Rescaled and redeployed salesforce
  - Dedicated therapy area aligned teams
  - 1800 reductions in primary care
  - 350 increase in vaccines and specialty pharma
- Back office simplification
- Rethinking marketing mix
  - Targeted use of DTC – 20% reduction in 2009
- Improved value propositions including alternative pricing
- Finding new volume opportunities
- US Pharma President appointed

Innovative approach to drive volume

Available at Walmart for $9.

Walmart Partnership with GSK

- ReliOn® Ventolin® HFA launched Dec. ’08
- Provides accessible, affordable medications to those who need it most

New business for GSK

- Shipped 750,000 units
- Mkt share at Walmart increased from 10% to 30% in 4wks

Launching new vaccines portfolio

Phase III

File

Reimbursed/ tender wins

Paediatric

HibMenCY US

MenACWY EU/US

Rotarix
Rotavirus Vaccine, Live, Oral US

Synflorix EU

Kinrix US

Adolescent/ Adult

Cervarix US

Japan

EU

Pre/pandemic US/Japan

Prepandrix EU

Boostrix adult US

New gen flu

Tx

MAGE-A3

Market share growth in Emerging Markets

ucb
Emerging markets

Bristol-Myers Squibb
Egypt / Pakistan

aspen HOLDINGS

ucb
Emerging markets

Bristol-Myers Squibb
Egypt / Pakistan

Neptunus

aspen HOLDINGS

New pricing strategies

A&P investment

Salesforce expansion

Portfolio diversity | **Broader access** | **Brand leverage**

Market share growth in Emerging Markets

Portfolio Expansion (MENA)

- **Acquisitions increase market share by estimated 1 share point in 2009 (from 8.3%)**
- **Increases presence to 9 of top 10 MENA therapy areas (from 4)**
- **Expands product offering across a broader range of price points**

Geographic Expansion

- **Increased salesforce in China (+25%) and Russia (+12%) in 2008**
- **Increases planned in Brazil and India in 2009**
- **Plan to significantly increase presence in previously hard to access markets in 2009 (eg Libya, Iraq and other markets in the Middle East)**

Investing in Consumer Healthcare

Marketing Excellence	Innovation	Geographic expansion	Acquisition	Switch

Alvedon acquisition is subject to Regulatory approval of GSK's acquisition of AZ Nordic OTC business

Innovative, scientific claims drive appeal

Releases 5 times faster than generics

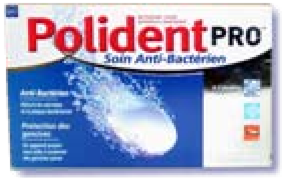
29% hip fracture reduction

8 hour action preferred vs paracetamol

Releases 4 times faster than gum

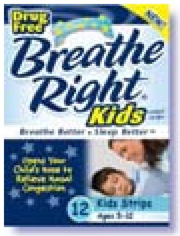
50% more weight loss

25% stronger enamel



Doesn’t scratch like regular toothpaste

Boosts mental energy



Drug-free better breathing

Investing in Consumer Healthcare

OTC; £1.9bn -2%

- Panadol: +12%; #1 int'l analgesic, 2008 growth twice global average
- Breathe Right: +17%; now marketed in 57 countries

Oral Care; £1.2bn +6%

- Sensodyne: +12%; 35% of world toothpaste growth[1] in 2008
- Aquafresh: +3%; driven by new claims and marketing campaign

Nutritionals; £0.8bn +8%

- Horlicks: +13%; India building from 500k to 700k consumer outlets
- Lucozade: +7%; International markets up 25%, driving growth

FY 2008 sales, CER growth %

[1] In the markets where GSK competes, which account for approx 80% of total market

GSK's strategic priorities

1. Grow a diversified global business
2. Simplify the operating model
3. Deliver more products of value

Releasing resources to invest in growth

Manufacturing / Selling / R&D	Corporate / Admin
Simplifying manufacturing network; announced closure of 12 sites since 2006	> £500m cash flow benefit from working capital programme in 2008
50% reduction in COGS for Syncria via new, internal manufacturing approach	Innovative partnership with Microsoft Online: 30% decrease in collaborative tool costs
US salesforce restructure results in 1,450 head net reduction in 2008	Expense process simplification reduces number of sign-offs by > 250,000 per year
Reducing infrastructure in R&D; announced planned closure of 3 UK R&D sites in the past 2 years	Reduced budget planning process by 12 weeks

Releasing resources to invest in growth

A good start

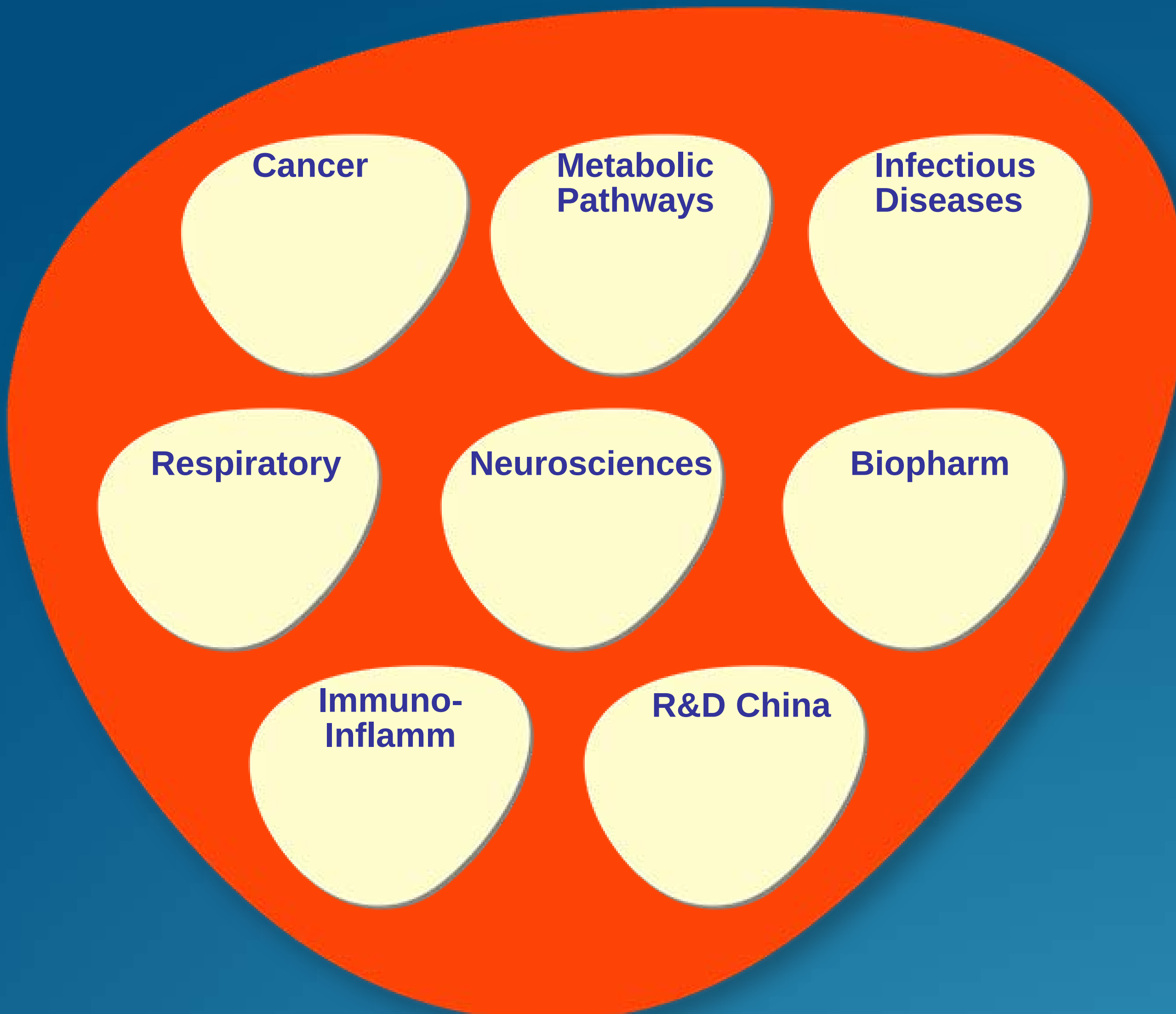
GSK's strategic priorities

1. Grow a diversified global business

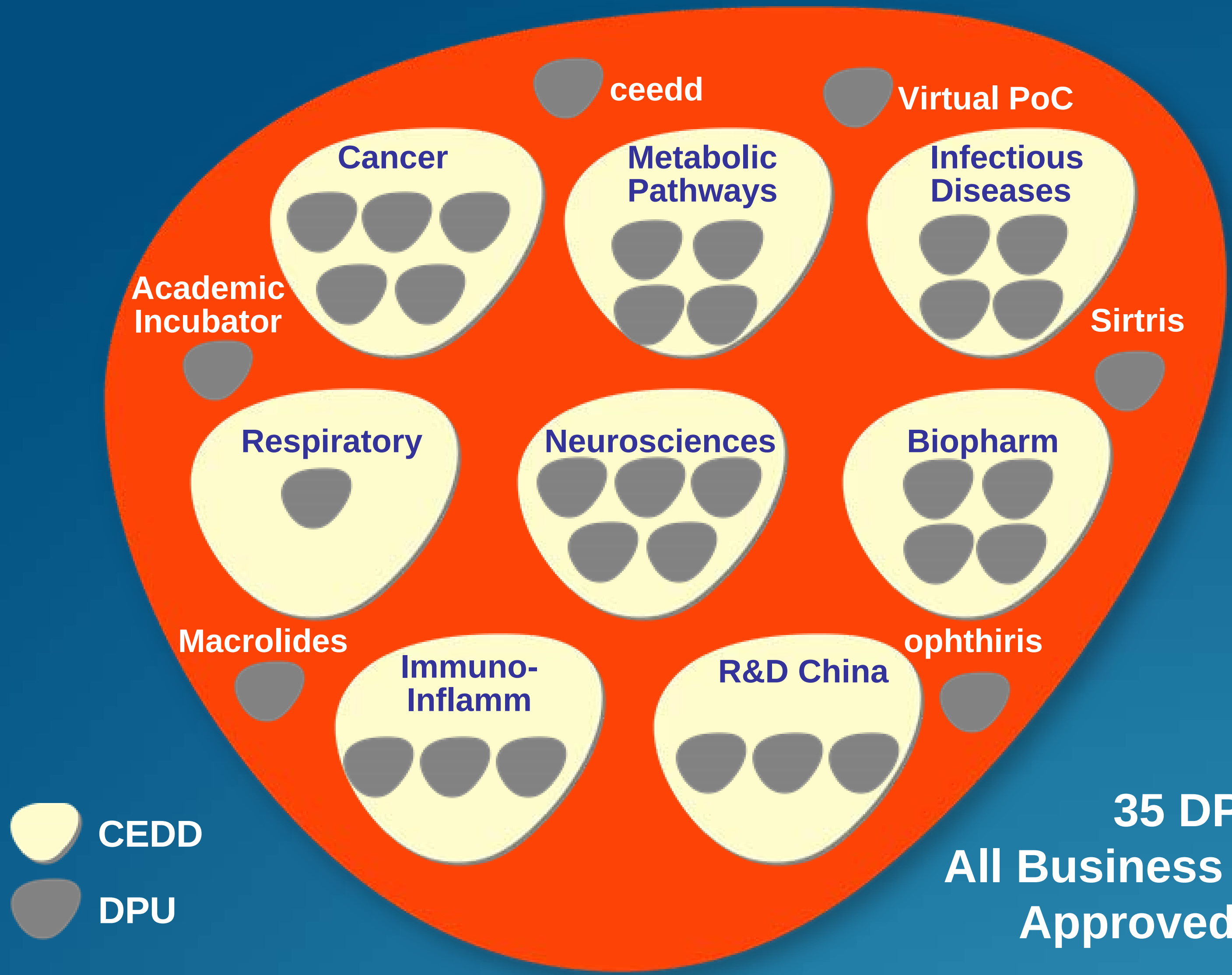
2. Simplify the operating model

3. **Deliver more products of value**

Re-personalisation of drug discovery



Re-personalisation of drug discovery



35 DPUs
All Business Plans Now Approved by DIB

Diversify and de-risk through externalisation

35 internal engines

35 external engines

New/expanded in 2008/2009 YTD

Corporate Venture Fund

Pharmacopeia
Anacor
Theravance
NeuroSearch
Ranbaxy Laboratories Limited
Sirna Therapeutics
EPIX Pharmaceuticals
BioFocus DPI
Targacept
Exelixis
OncoMed Pharmaceuticals
Cytokinetics
ChemoCentryx
Santaris Pharma

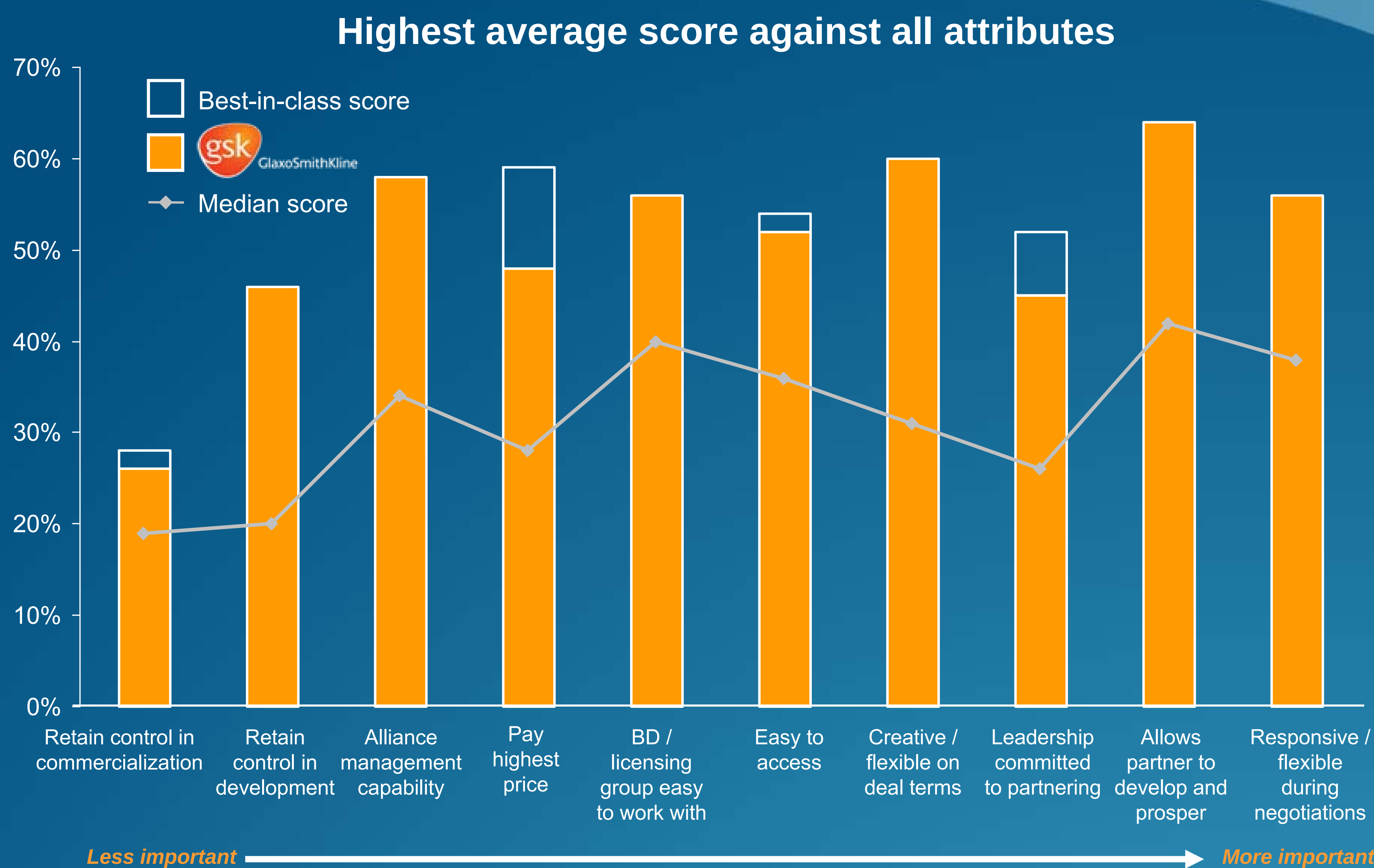
University of Cambridge
Archemix
MRC Medical Research Council
Dynavax Technologies
Regulus Therapeutics
HSCI Harvard Stem Cell Institute
Mpex Pharmaceuticals
amira pharmaceuticals
biotica
cellzome
Genelabs Technologies, Inc.
Manchester 1824
AFFiRiS
Galápagos
IDI Immune Disease Institute
EPSRC
Medicines for Malaria Venture
University of Dundee
University of Oxford SGC
Trinity College Dublin
TB Alliance Global Alliance for TB Drug Development

Scynexis
Syntaxin
Protez Pharmaceuticals
CalciMedica
CoNCERT Pharmaceuticals Inc.
Trinity Biosystems
Novalar

Focussed and cost-effective development

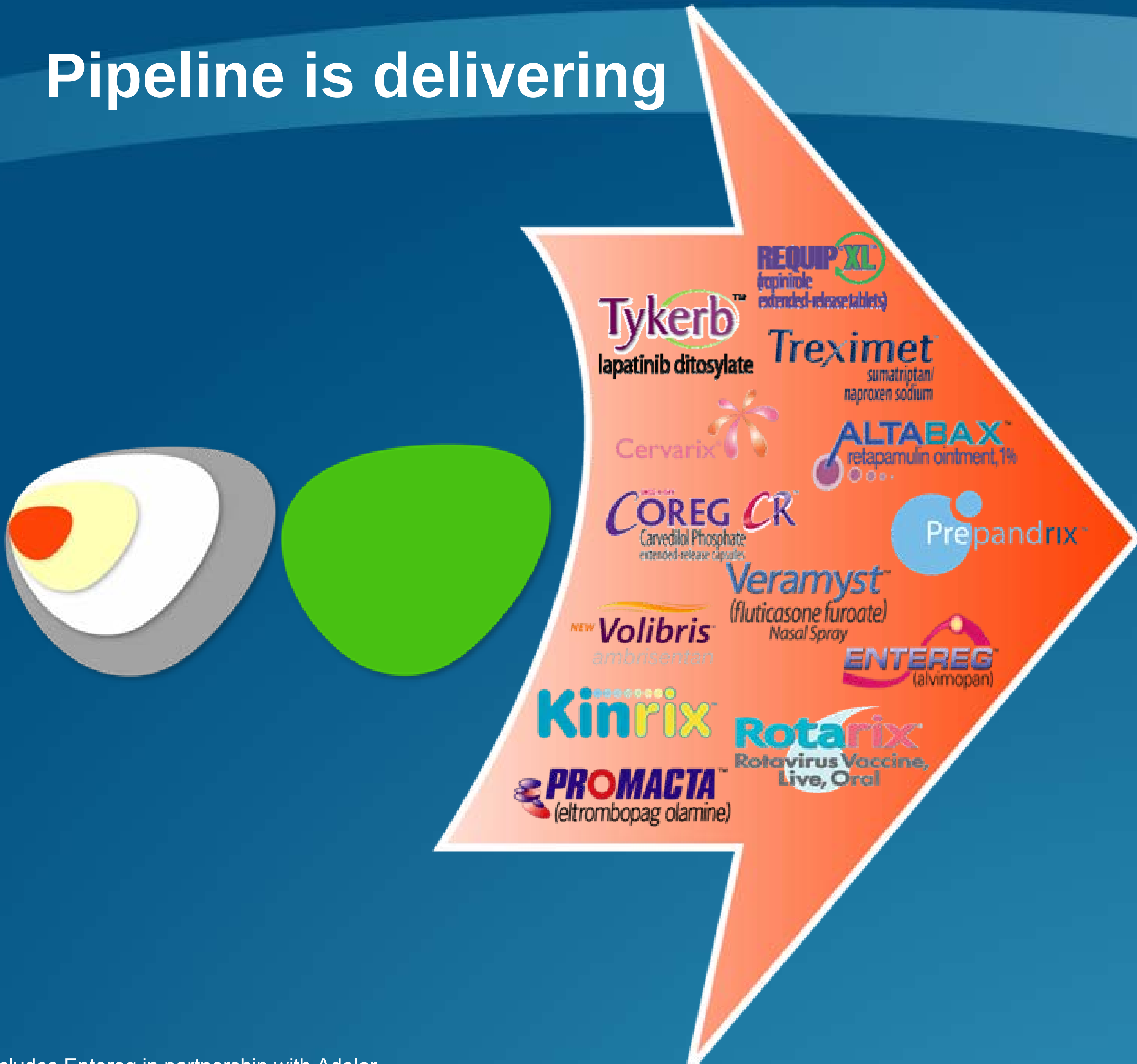
~30 assets
in Phase III / registration

Leading partnering capability



Source: BCG Survey 2008. Note: scores calculated as % respondents who agree with statements associated with each company; Median, high and low scores calculated across core set of companies only

Pipeline is delivering



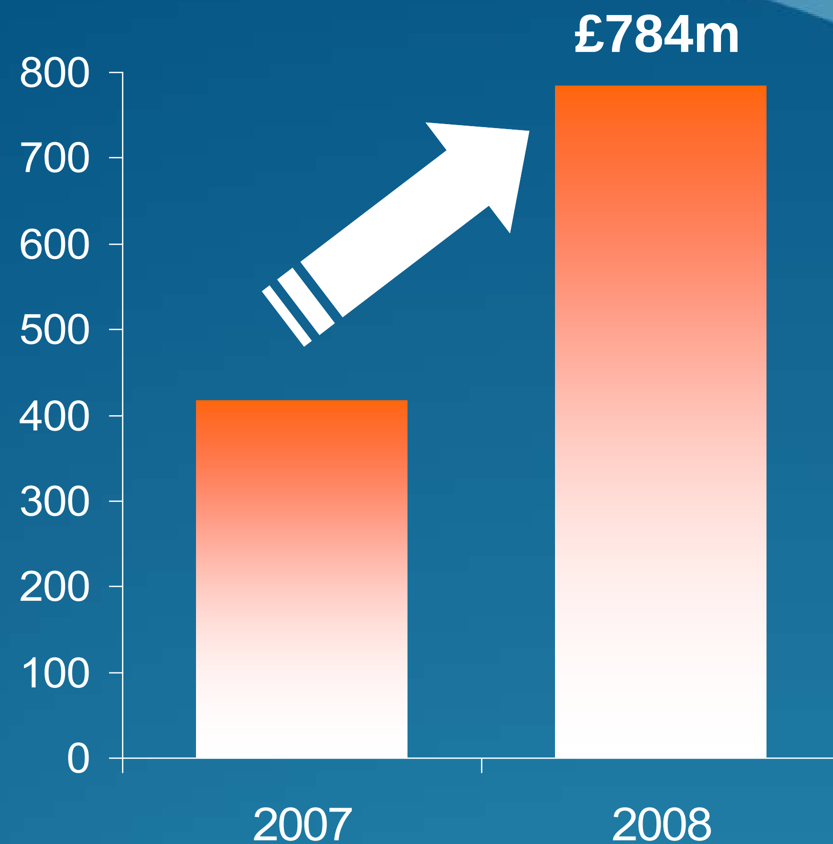
GSK % FDA approvals NCEs/new vaccines

10% in 2007

17% in 2008[1]

[1] includes Entereg in partnership with Adolor

Pipeline is delivering

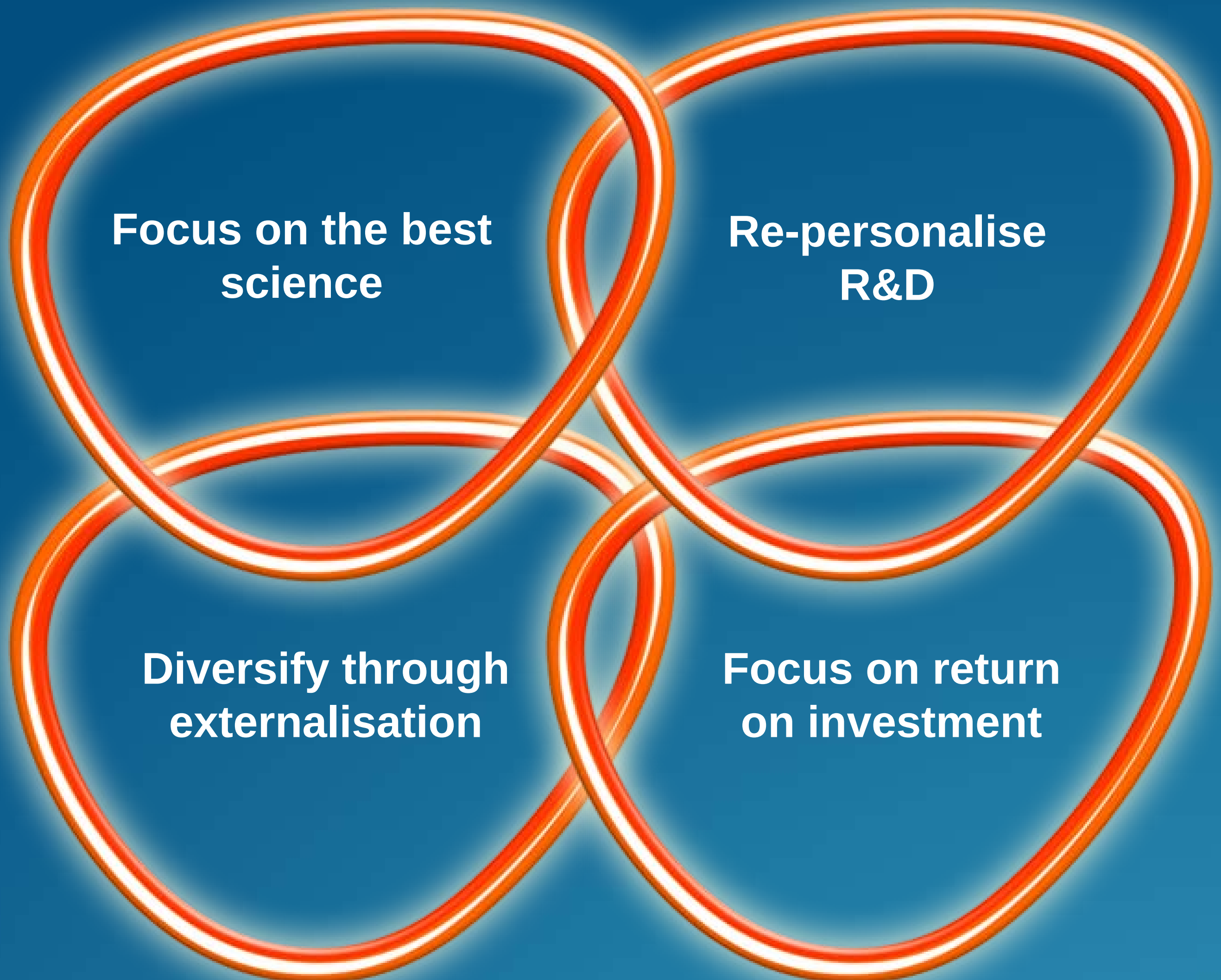


Sales from products launched since 2007 (£m)

Moncef Slaoui

Chairman, R&D

Focus on continuously improving quality, novelty and cost-efficiency



Focus on the best science

Overall reduction of 36% internal discovery projects

Exited

- Urology
- GI
- Hypertension

Re-focussed

- Metabolic Pathways
- Neurosciences
- Infectious Disease
- Cancer Research

Rebuilding portfolios internally and externally

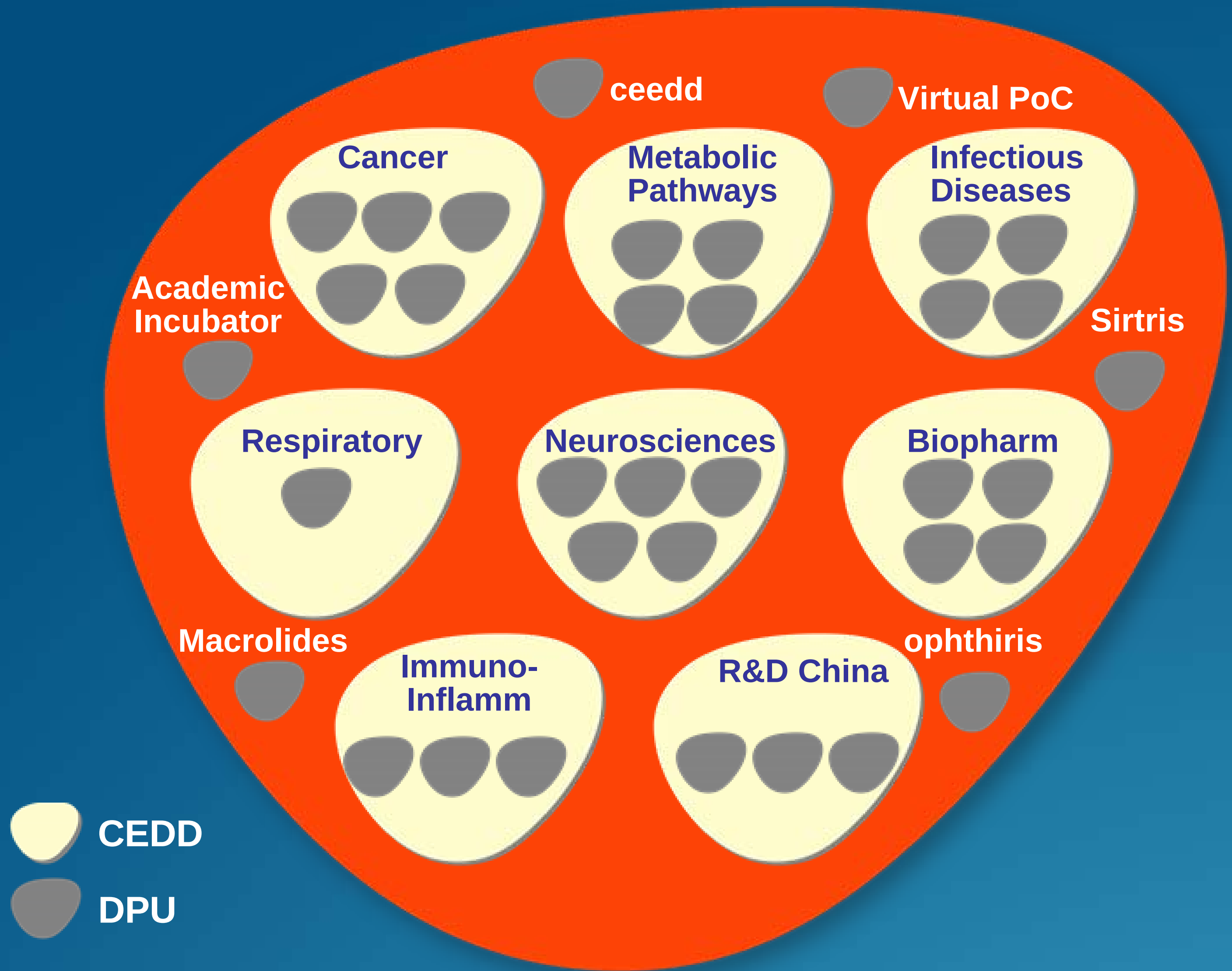
Entered

- Ophthalmology
- Sirtuins

Grew

- Biopharmaceuticals
- Immuno-Inflammation
- Neurodegeneration

Re-personalise R&D



Diversify through externalisation

Platform technology

- ANACOR PHARMACEUTICALS
- REGULUS THERAPEUTICS
- Archemix

Scientific field

- OncoMed PHARMACEUTICALS
- ChemoCentryx
- HSCI HARVARD STEM CELL INSTITUTE

Assets

- amira pharmaceuticals
- DYNAVAX DYNAVAX TECHNOLOGIES
- Theravance

Academic approach

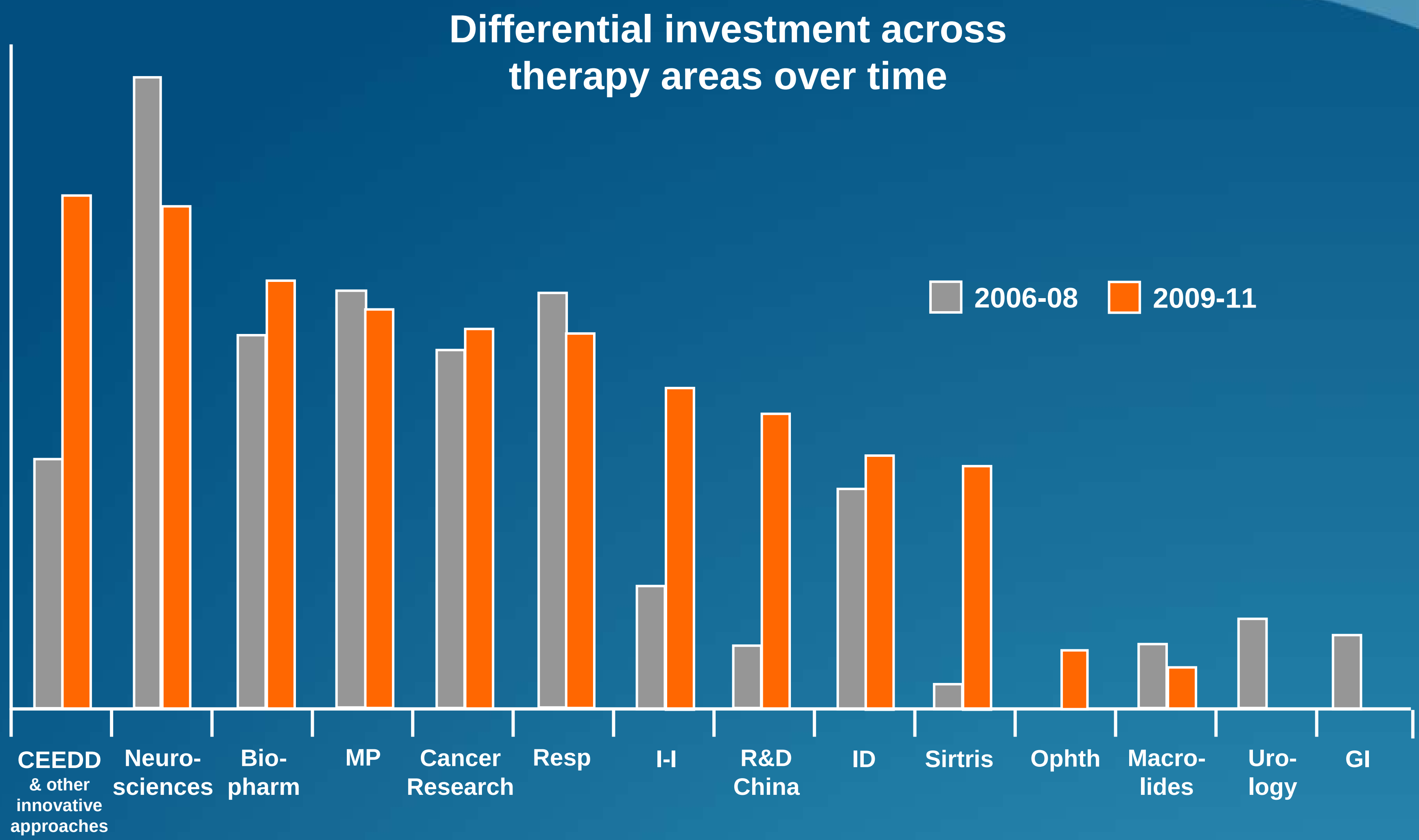
- UNIVERSITY OF CAMBRIDGE
- MANCHESTER 1824

Focus on return on investment

Infrastructure

Drug Projects

Focus on return on investment



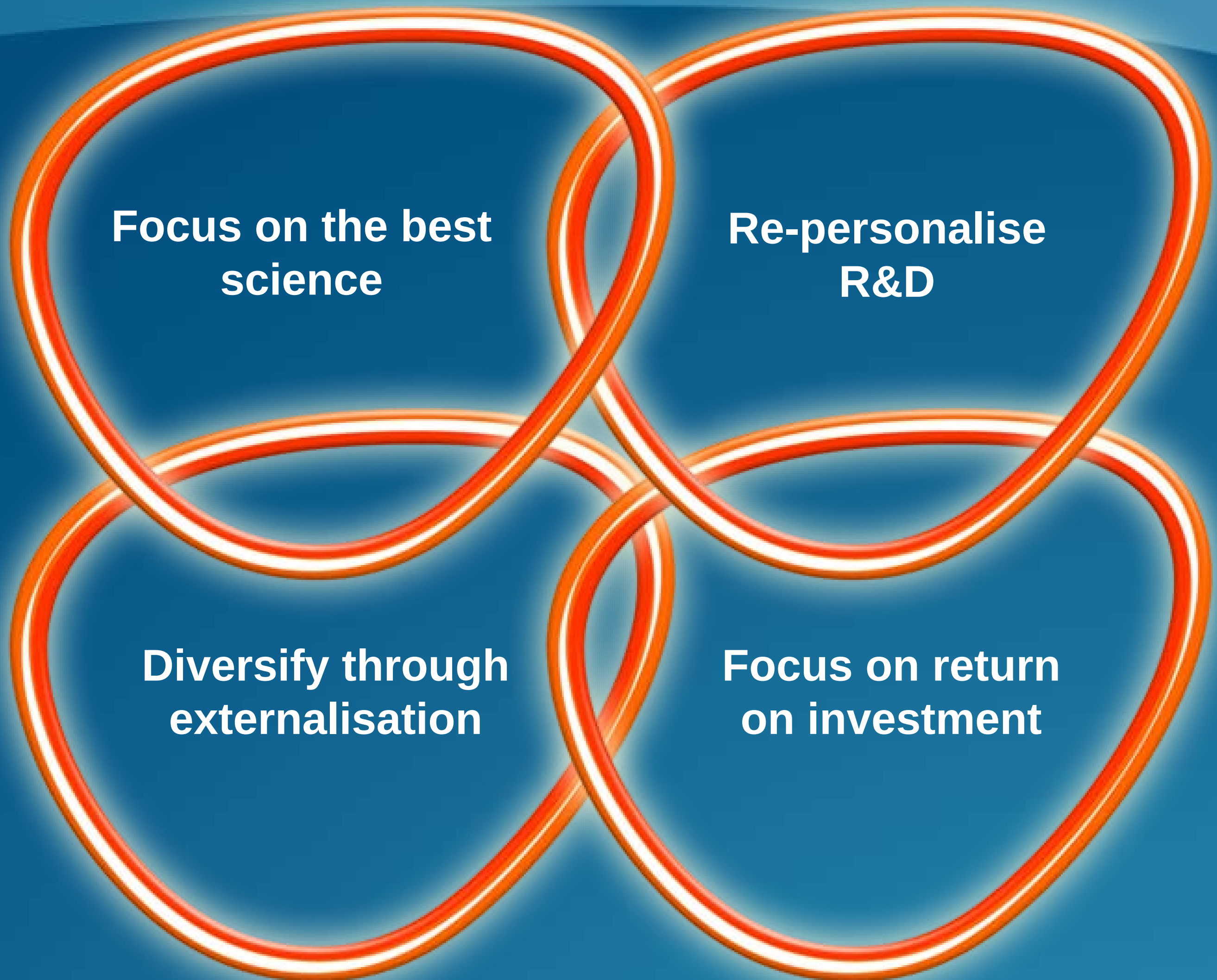
Discovery spend allocated over 2006-08 and 2009-11.
CEEDD and other innovation approaches includes Academic DPU, Virtual DPU, Innovation Fund
MP = Metabolic Pathways; ID = Infectious Diseases; I-I = Immuno-Inflammation; R&D China = Neurodegeneration
MP CEDD was combined from Metabolic and CV CEDDs. Neurosciences CEDD was combined from Neurology and Psychiatry CEDDs.

Focus on return on investment

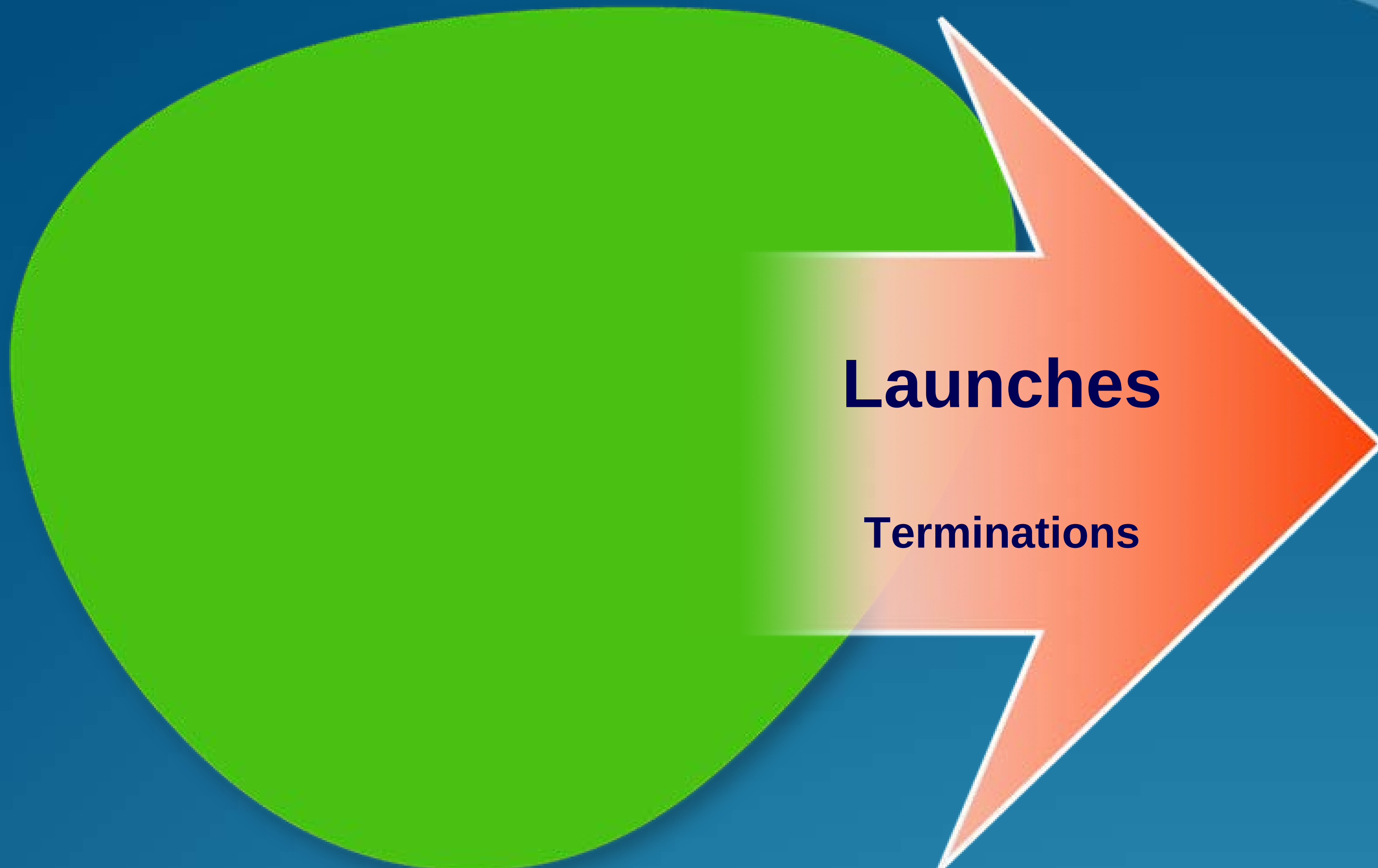
solabegron, Factor Xa
Seeking out-license due to low priority for GSK

5HT1
Early focus on differentiation

Integrase inhibitor
Parallel molecule development to accelerate programme

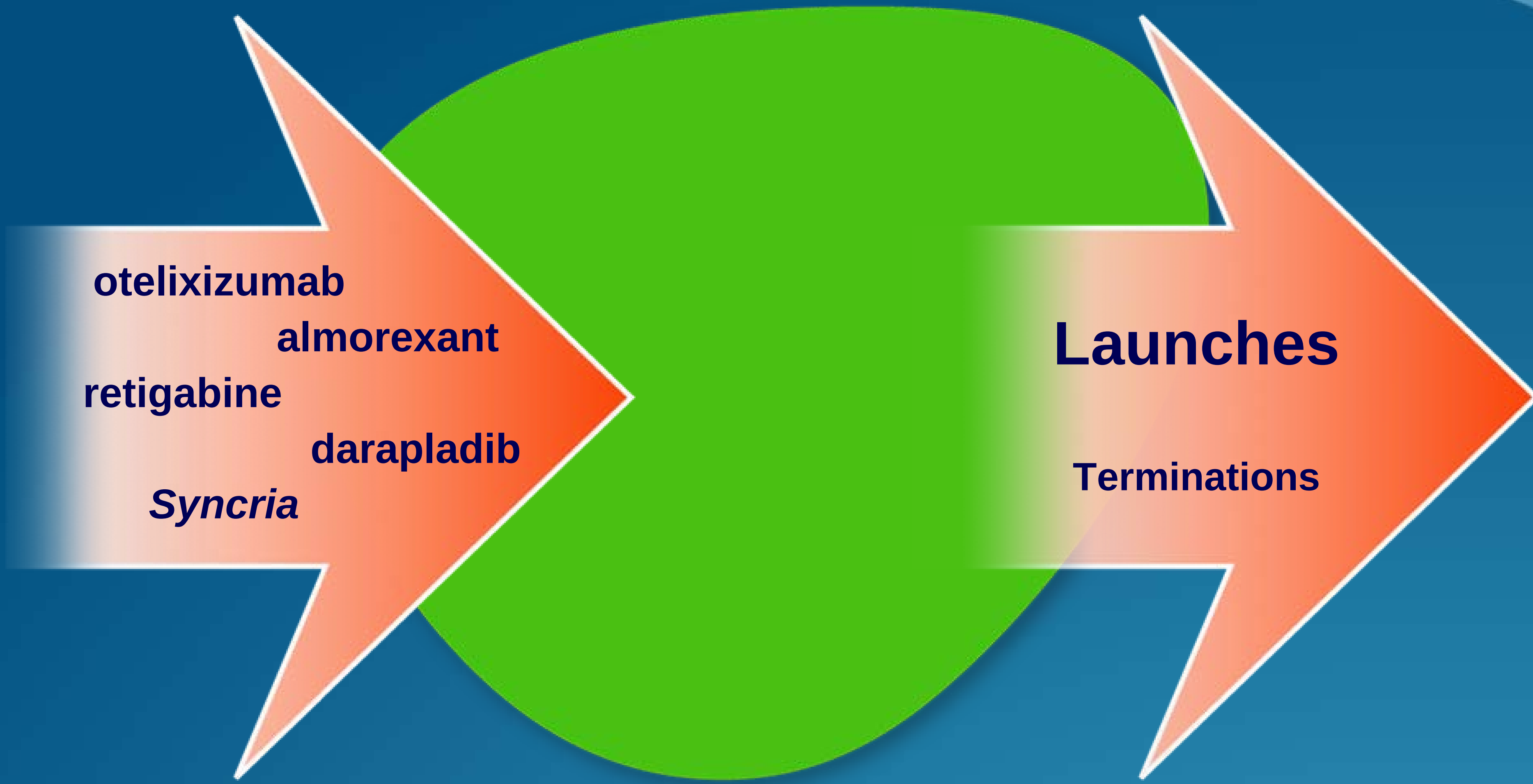

Focus on the best science
Re-personalise R&D
Diversify through externalisation
Focus on return on investment

Deliver consistent flow of reimbursable products to market fuelled by ~30 assets in Phase III/registration



Note: during 2008 Entereg OBD was returned to Adolor and Coreg CR +ACEi was terminated

Deliver consistent flow of reimbursable products to market fuelled by ~30 assets in Phase III/registration



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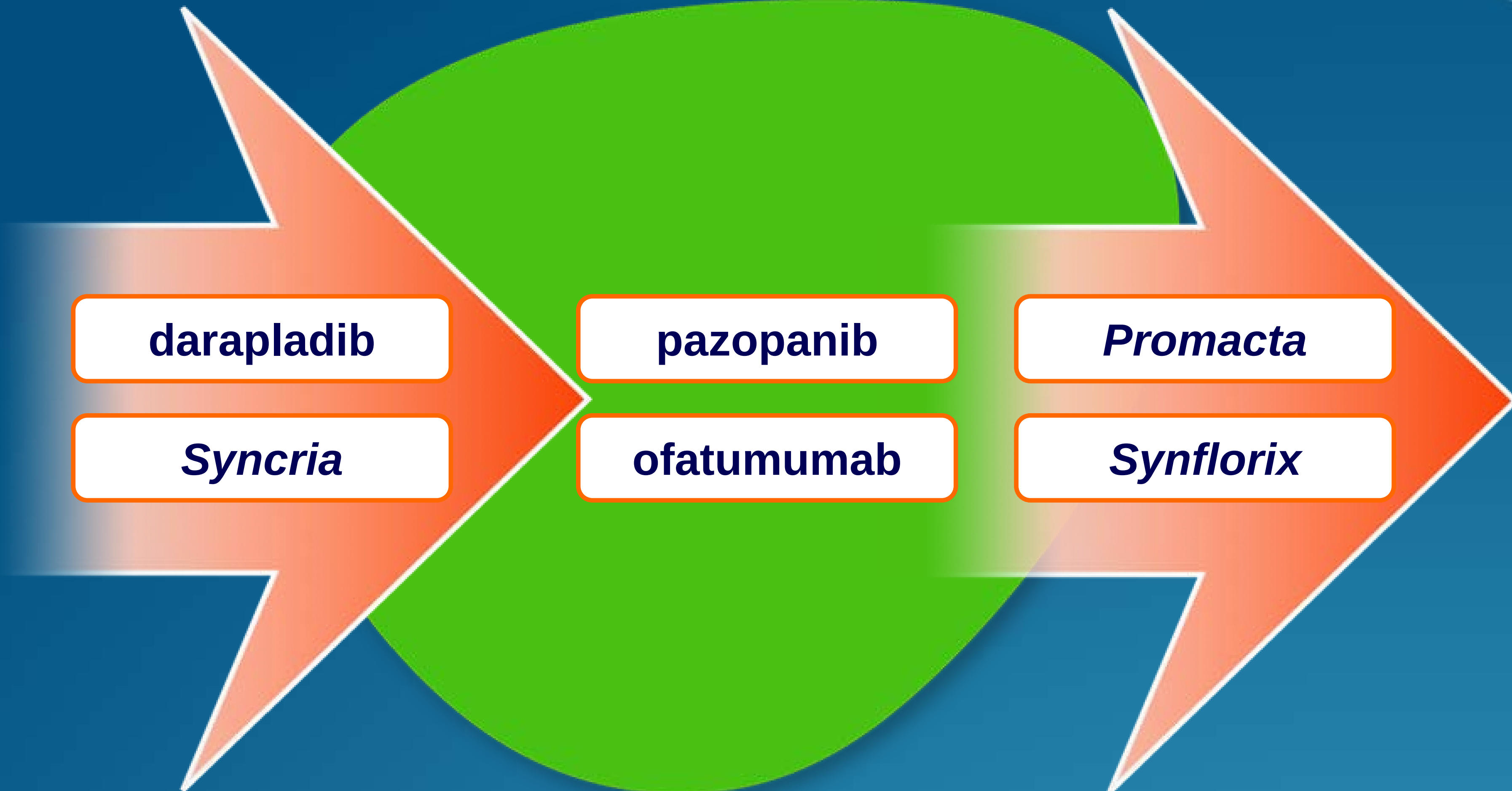


Promacta

First oral TPO agent for the treatment of ITP

FDA Approved Nov '08

PROMACTA™ (eltrombopag olamine)

Chronic ITP indication

- **Positive RAISE (6m) results presented at ASH**
- **Filed in Europe and International in Dec 2008**
- **Ph III studies in Hep C and chronic liver disease ongoing**
- **CIT study ongoing**

Patients prefer oral treatment

Reduced bleeding symptoms

Reduction in rescue medications

> 2,000 prescribers enrolled in Risk Management plan in 45 selling days

Synflorix

A potential paediatric vaccine against invasive pneumococcal disease and middle ear infections

CHMP positive opinion Jan '09

Synflorix

- **Large-scale Ph III studies ongoing to demonstrate efficacy against 2nd major pathogen, NTHi**

3 additional serotypes (1, 5 & 7F) are associated with severe disease and high potential to cause infectious epidemics

Potential to prevent up to 90 % of paediatric invasive pneumococcal disease in Europe

Uniquely designed to target <u>two</u> major pathogens with huge healthcare burden[1]

33.6% decrease in AOM cases in POET study (w/ 11-v vaccine prototype)[2]
PIII ongoing to demonstrate efficacy with Synflorix

[1] Pneumococcus and non-typeable Haemophilus influenzae (NTHi). NTHi responsible for 40% of otitis media which is the most frequent cause of antibiotics prescriptions in children and leads to the most common paediatric surgery (gromits)

[2] AOM = acute otitis media. POET was a European trial with an 11-valent prototype of Synflorix.

pazopanib

Oral angiogenesis inhibitor targeting VEGFR-1, -2, 3, PDGFR-α and β, c-Kit

Filed in US Dec '08

- **NDA for advanced RCC Dec 08**
- **European file planned Q1 2009**
- **Ph III monotherapy in patients with advanced RCC showed favorable benefit:risk ratio[2]**
- **Ph III ongoing in sarcoma and IBC[3]; planned in ovarian; early studies in lung and breast**

Clinical activity in several solid tumors[1]

General safety profile similar to other VEGFR inhibitors with common AEs: diarrhoea, hypertension, hepatotoxicity

Low incidence of severe fatigue, low blood counts, and hand-foot syndrome

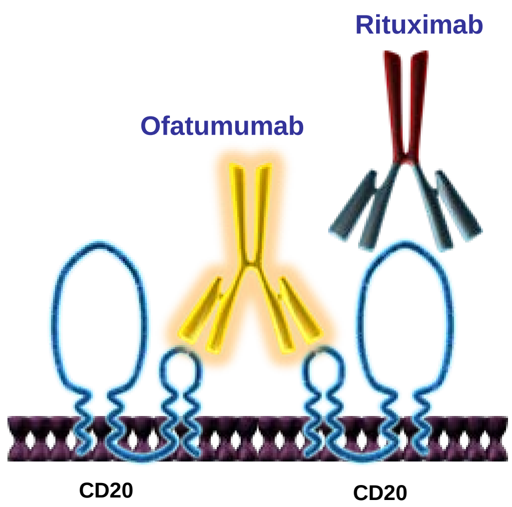
Ph III comparative study against sunitinib is ongoing

[1] renal cell cancer, refractory soft tissue sarcoma, ovarian and lung cancer as monotherapy, Her2Neu +ve breast cancer in comb w/ Tykerb
[2] with an overall significant reduction in the risk of disease progression or death compared to placebo.
[3] IBC: Inflammatory Breast Cancer, in comb with Tykerb

ofatumumab

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

Filed in US Jan '09



- **Ph III active comparator studies initiated in first line CLL and relapsed CLL[1]**
- **NHL study in rituximab refractory disease fully recruited**
- **Initial Ph III studies in RA ongoing**
- **Additional indications being explored**

Novel small loop epitope – binds closer to the cell

Good activity in low-CD20 expressing cells (CLL)

Unprecedented single agent response rate in highly refractory CLL population… *including rituximab treated patients*

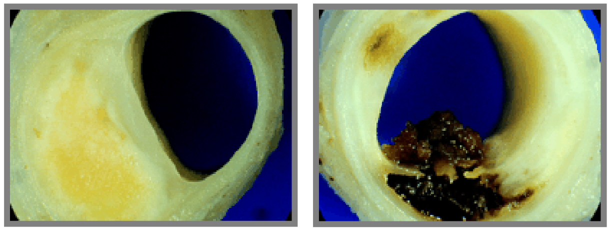
Human mAb with potential for low immunogenicity

[1]Phase III studies in first line CLL (chlorambucil + ofatumumab vs chlorambucil) and relapsed CLL (fludarabine + cyclophosphomide + ofatumumab vs fludarabine + cyclophosphomide)

darapladib

A novel, selective and orally active inhibitor of LpPLA2 and potential anti-atherosclerosis agent for reduction of major CV events in patients with CHD

Phase III start Dec '08



- **STABILITY Ph III study started**
  - **15,500 subjects with chronic CHD[1] and receiving standard of care**
  - **Composite primary endpoint MACE[2]**
  - **Event driven, expect ~ 3 yrs**
- **Second Ph III planned to start by end '09 in post-ACS[1] population**

Novel and unique mechanism

Strong imaging data demonstrated dramatic impact on plaque in arteries

Large market and unmet need

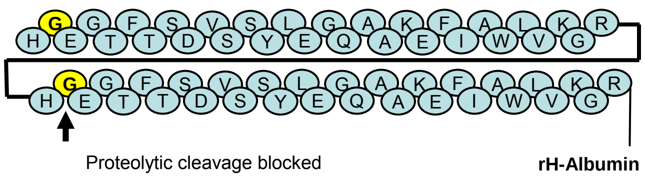
Staged investment – Ph III programme designed to manage risk associated with a new MOA

[1] CHD = Coronary Heart Disease, ACS = Acute Coronary Syndrome
[2] MACE = cardiovascular death, non-fatal myocardial infarction, non-fatal stroke

Syncria (albiglutide)

A human GLP-1 with a unique molecular structure

Phase III start planned Q1 '09



- **Ph III program to demonstrate durable efficacy, safety and tolerability, and long-term (2-3 year) CV safety profile in line with recent FDA guidelines**

DPPIV resistance and fusion to human albumin

Once-weekly or less frequent; subcutaneous injection using pen with small gauge needle

Safe and well-tolerated over a wide dose range[1]

Demonstrated effective glycemic control, trend to weight loss, low incidence of GI side effects and low immunogenicity[2]

[1] In Phase I and Phase II
[2] In Phase IIB

GlaxoSmithKline