



**Full Year Results 2010
Presentation to Investors & Analysts**

3rd February 2011



Andrew Witty
Chief Executive Officer

GSK is built around portfolios that drive highest returns in the current market environment

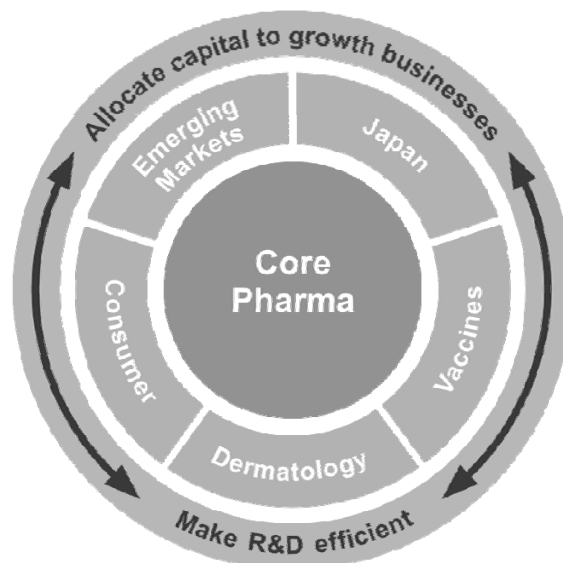
Differentiated pharmaceutical products which meet payer and patient criteria in developed markets

Portfolio of right price products to drive volume in emerging markets

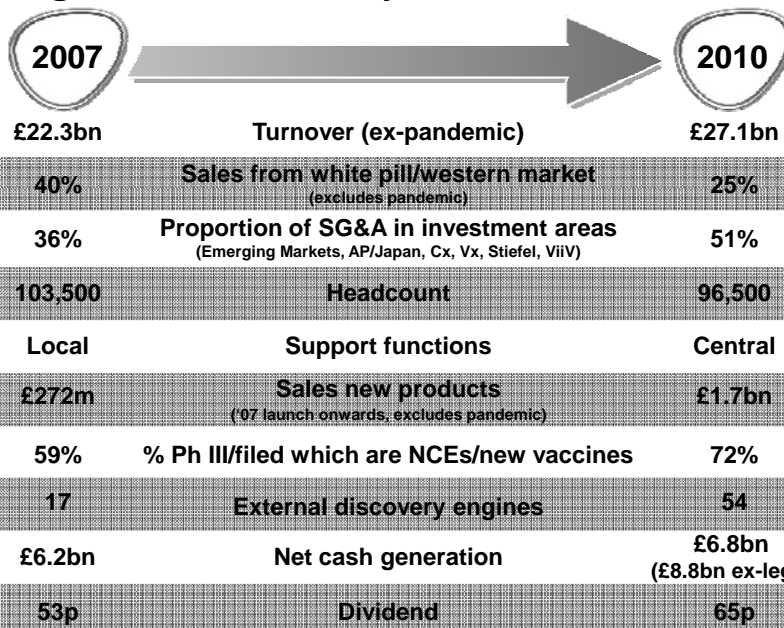
Broad vaccines portfolio which addresses the majority of the vaccines schedules globally

Science led, expert endorsed Consumer brands

Balanced and synergistic business with portfolio of growth engines and optionality on R&D upside

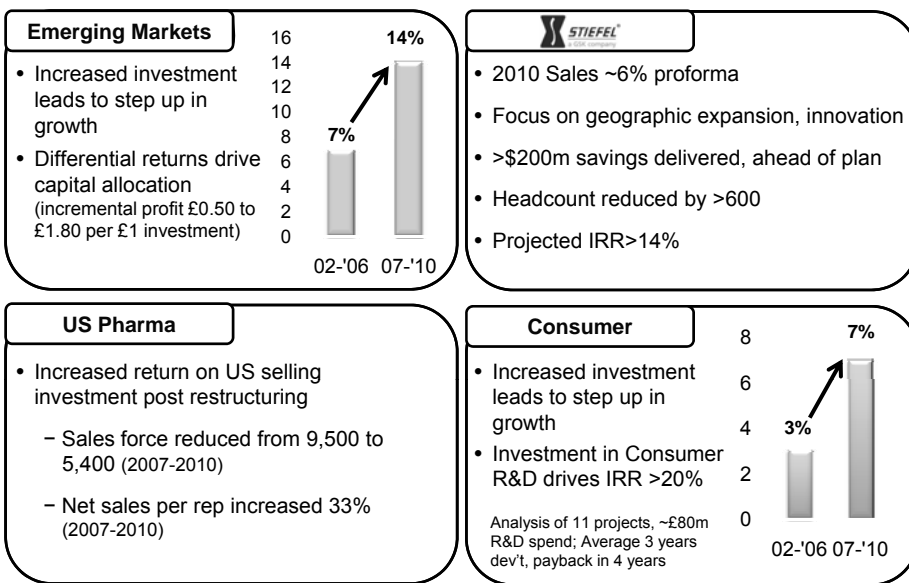


Change executed in 2.5 years



2007 used as comparator as is the last full year prior to launch of the new strategic priorities

Investment shifts are delivering significant returns



Average CER growth, excludes pandemic

Accelerating growth in Consumer Healthcare

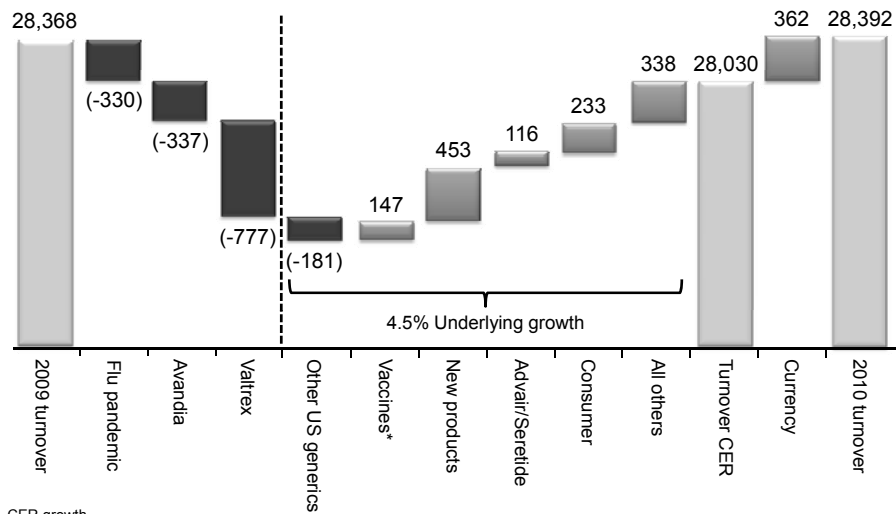
Consumer Healthcare +5%



- Increased focus to drive higher growth
- Globalisation and innovation of priority brands
- Portfolio of EM brands across multiple price points; maximise synergy with pharma
- Divestment to release cash for shareholders

2010 sales; CER growth

Remodelled business drives 2010 underlying sales growth of +4.5%



CER growth

* Vaccines excludes flu pandemic and new product vaccines (Rotarix, Cervarix & Synflorix)

Global underlying pharmaceutical sales growth

All sales and growth are underlying (ex pandemic, Avandia, Valtrex)

£7.1bn (+3%)

Promoted products (~80% of total) grew 8% in 2010
Strong early launches for Arzerra, Jalyn and Votrient



£5.9bn (flat); includes -2.5% price (50% EU austerity, 50% regular)

Strong portfolio of new product launches
Sales force reduced from 9,350 to 6,170 (2007 to 2010)



£3.3bn (+20%); growing ahead of market

Strong growth from annualised bolt-ons BMS / UCB +28% in Q4
Pricing for volume; strong vaccines performance



£1.4bn (+6%)

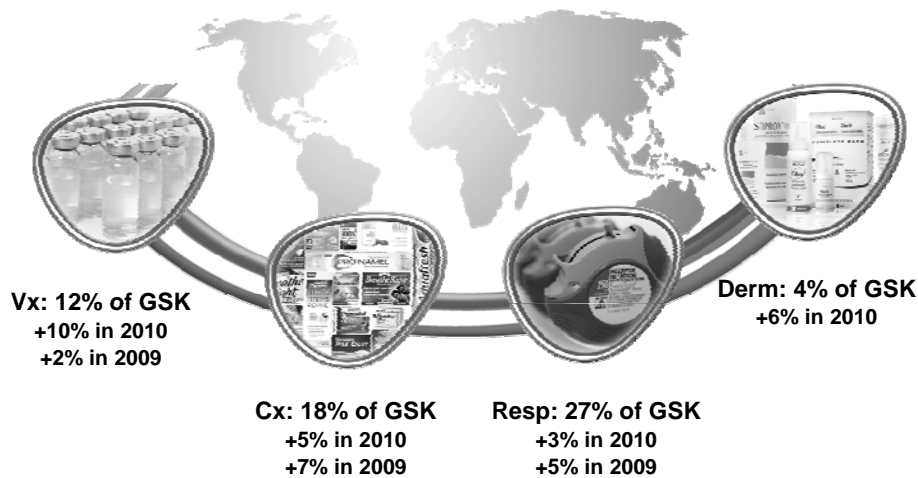
Launches since 2007 >£450m in 2010; inc Adoair and Cervarix
Allermist, Avolve, Lamictal, Xyzal significant market share gains



CER growth rates; Asia Pac, Canada, Puerto Rico, Viiv and other £3.4bn +2.5%

>60% of global business is "non-white pill"

2010 sales from Vx, Cx, Resp and Derm



CER growth rates
 % of GSK excluding pandemic vaccine; vaccines growth excludes pandemic vaccine, dermatology growth rate is proforma
 75% is "non-white pill/western market"

Pipeline potential increasing

10 new NCE / vaccine
Ph III starts 2010 / early 2011

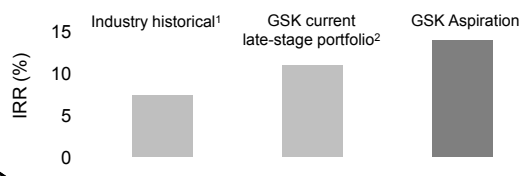
- '212 (MEK)
- '273 (Telethon)
- '436 (Braf)
- '786 (CCX282)
- '968 (DMD)
- Integrase /
Integrase + Kivexa
- IPX066
- LABA / LAMA
- migalastat HCl
- Zoster



~ 15 assets with Phase III
data by end 2012

Committed to improving returns in R&D

GSK assessment of R&D IRR, Feb 2010



~28% decrease in Pharma R&D headcount since 2006 (15,600 to 11,300)

29% decrease in m² since 2006

Late stage development accounts for 60% of Pharma R&D spend

37 internal discovery groups; 54 external discovery engines

Biopharm >20% of clinical projects

1. McKinsey, *Nature Reviews, Drug Discovery* (Aug 09) for small molecules. 13% for biopharms.

2. Projected rate of return based on the investment made to create late stage pipeline and expectations on future sales. Late-stage portfolio includes pharma assets and vaccines launched from 2007 onwards plus phase IIb & III pipeline.

Driving shareholder returns

Sales growth

- Underlying sales momentum to continue in 2011 and translate to reported growth in 2012

Operating and financial leverage

- £1.7bn cost savings delivered; £2.2bn by end 2012
- Strong cash generation (£8.8bn excluding legal)
- £1.3bn working capital reduction
- Divestment of non-core assets

Dividend

- 65p (+7%) in 2010
- Commitment to grow dividend

Share buy back

- New long term share buy back programme
- £1 billion to £2 billion in 2011

Driving shareholder returns

Sales growth

+

Operating and financial leverage

+

Dividend

+

Share buy back

Cash generation

Total shareholder return



Julian Heslop
Chief Financial Officer

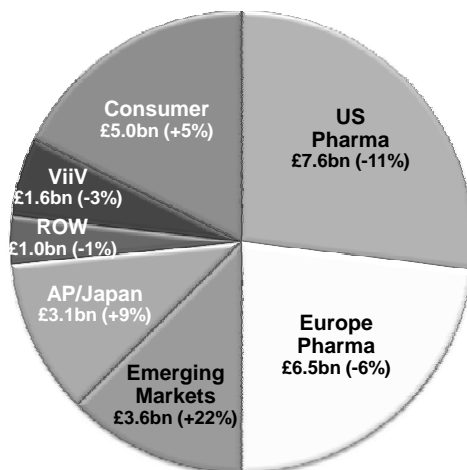
2010 Performance summary

Before restructuring costs

	2010	2009	% Change	
	£m	£m	CER	£
Turnover	28,392	28,368	(1)	-
EPS	53.9p	121.2p	(59)	(56)
EPS excluding legal charges	120.7p	131.2p	(11)	(8)
Free Cash Flow (FCF)	4,486	5,254		(15)
FCF excl legal settlements	6,533	5,508		19

Diversified global business

2010 Turnover: £28.4bn (-1%)



CER growth rates

2010 Total turnover analysis

	2010	2009	Change
	£m	£m	CER
Total reported	28,302	28,368	-1%
Pandemic*	1,313	1,603	-21%
Valtrex	532	1,294	-60%
Avandia	440	771	-44%
Total excl. pandemic, Valtrex and Avandia**	26,107	24,700	+4.5%

* Pandemic includes Relenza and vaccines related to H5N1 pre-pandemic and H1N1 pandemic

** Acquisitions, net of divestments, contributed approximately 1% of 4.5% growth

2010 Pharmaceuticals key growth drivers

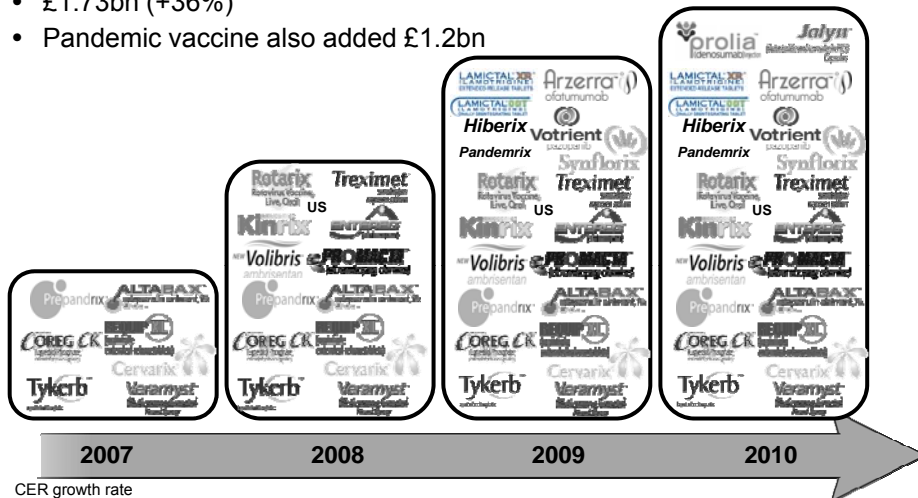
Advair	£5,139m	+2%
Vaccines (excl. pandemic)	£3,134m	+10%
Dermatologicals	£1,087m	+6%*
Flovent	£804m	+2%
Avodart	£629m	+18%
Lovaza	£530m	+17%
Ventolin	£522m	+8%
Arixtra	£301m	+19%
Tykerb	£227m	+34%
Veramyst	£193m	+33%
Subtotal	£12,566m	+10%
All others	£8,531m	-3%
Total excl. pandemic, Valtrex and Avandia	£21,097m	+4%

CER growth rates
* Pro forma growth

Creating a broader portfolio of potential high value assets as generic exposure declines

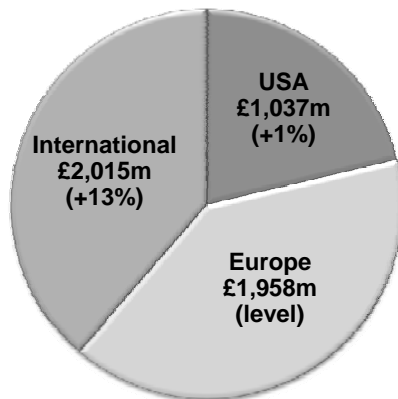
New products contributions in 2010

- £1.73bn (+36%)
- Pandemic vaccine also added £1.2bn

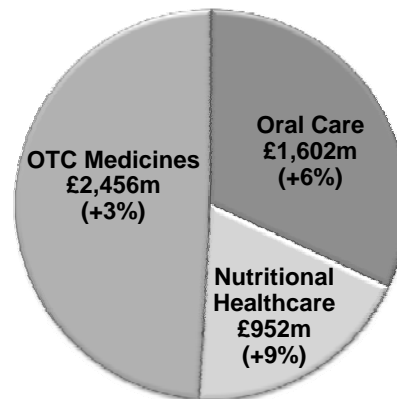


2010 Consumer Healthcare: £5,010m (+5%)

Regional turnover



Category turnover



CER growth rates

2010 Performance summary

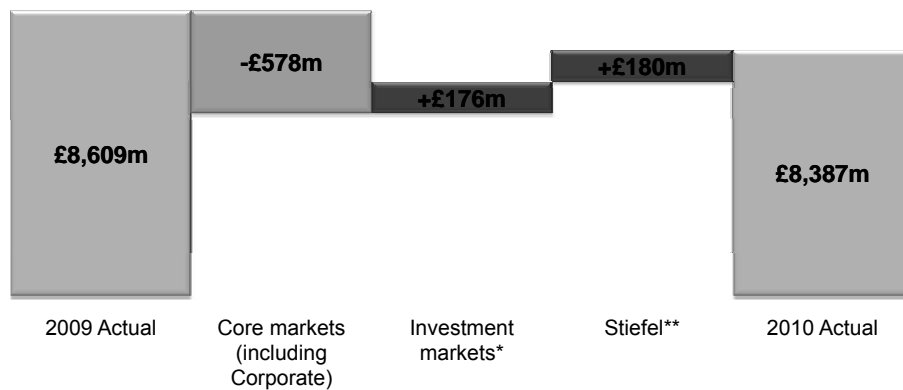
Before restructuring costs

	2010	2009	% Change	
	£m	£m	CER	£
Turnover	28,392	28,368	(1)	-
Cost of goods	(7,405) <i>26.1%</i>	(7,095) <i>25.0%</i>	4	4
SG&A: Core	(8,387) <i>29.5%</i>	(8,609) <i>30.3%</i>	(2)	(3)
Legal costs	(4,001)	(591)		
Total SG&A	(12,388)	(9,200)	35	35

% in italics are % of turnover

2010 SG&A analysis excl. legal

Before restructuring costs



* Investment markets include Emerging markets, Asia Pacific/Japan and Consumer healthcare.
 ** Reflects full year impact of Stiefel acquisition.

2010 Performance summary

Before restructuring costs

	2010	2009	% Change	
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Turnover	28,392	28,368	(1)	-
Cost of goods	(7,405) 26.1%	(7,095) 25.0%	4	4
SG&A	(12,388) 43.6%	(9,200) 32.4%	35	35
R&D	(3,964) 14.0%	(3,951) 13.9%	-	-
Other operating income	402	1,125		

% in italics are % of turnover

2010 Performance summary

Before
restructuring costs

	2010	2009	% Change	
	£m	£m	CER	£
Operating profit	5,128	9,257	(48)	(45)
Operating margin excl. legal and OOI	30.4%	30.7%		
Interest	(712)	(710)	-	-
Profit of disposal of interest in associate	8	115		

2010 Performance summary

Before
restructuring costs

	2010	2009	% Change	
	£m	£m	CER	£
Profit before tax	4,505	8,726	(52)	(48)
Tax rate	34.3%	28.0%		
EPS	53.9p	121.2p	(59)	(56)

Full year results after restructuring

	2010			2009
	Results before restructuring £m	Restructuring £m	Total results £m	Total results £m
Turnover	28,392	-	28,392	28,368
Operating profit	5,128	(1,345)	3,783	8,425
EPS	53.9p	(21.8)p	32.1p	109.1p

Restructuring Programme

Restructuring Costs*

2007- 2010 cumulative cost	£3.4bn
Remaining costs	£1.1bn
Total programme	<u>£4.5bn</u>

Annual Pre-tax Savings

- 2010 = £1.7bn
- On track to deliver £2.2bn by 2012

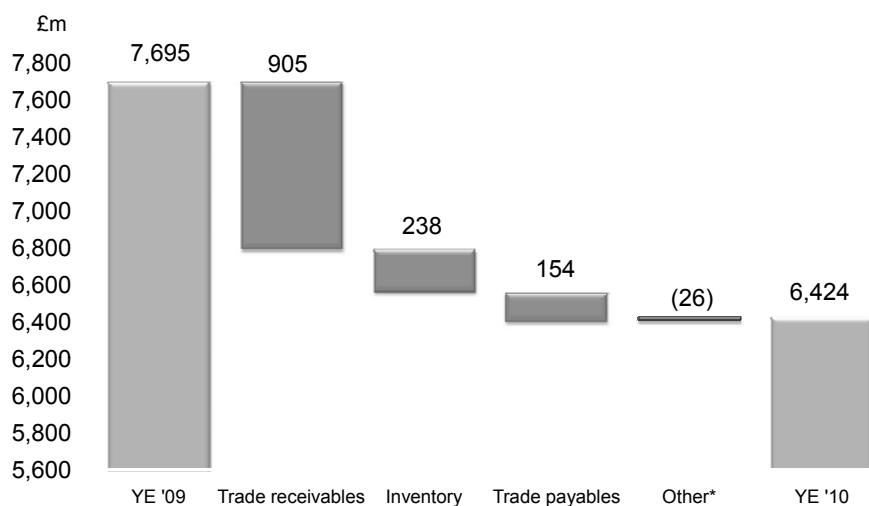
* Excludes integration costs related to business acquisitions which totalled £0.2bn for 2008-2010.

Free cash flow

	2010 £m	2009 £m
Total operating profit	3,783	8,425
Depreciation & other non-cash items	2,071	1,271
Decrease in working capital	1,297	(106)
Increase / (decr.) in other net liabilities	1,480	(45)
Cash generated from operations*	8,631	9,545
Taxation paid	(1,834)	(1,704)
Capital expenditure: Fixed assets	(1,077)	(1,418)
Intangible assets	(558)	(455)

* Expenditures for legal were £2,047m in '10 and £254m in '09

Working capital reduction update

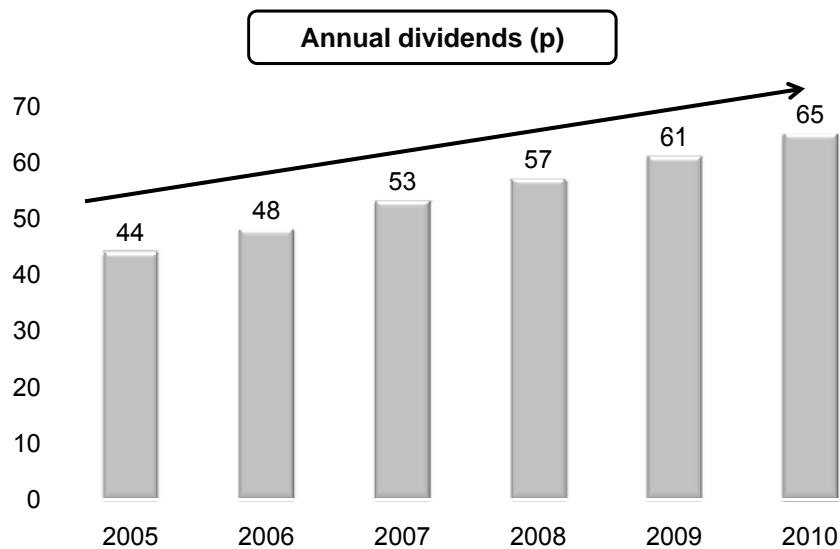


* 'Other' primarily includes impact of exchange and net impact of acquisitions and disposals.

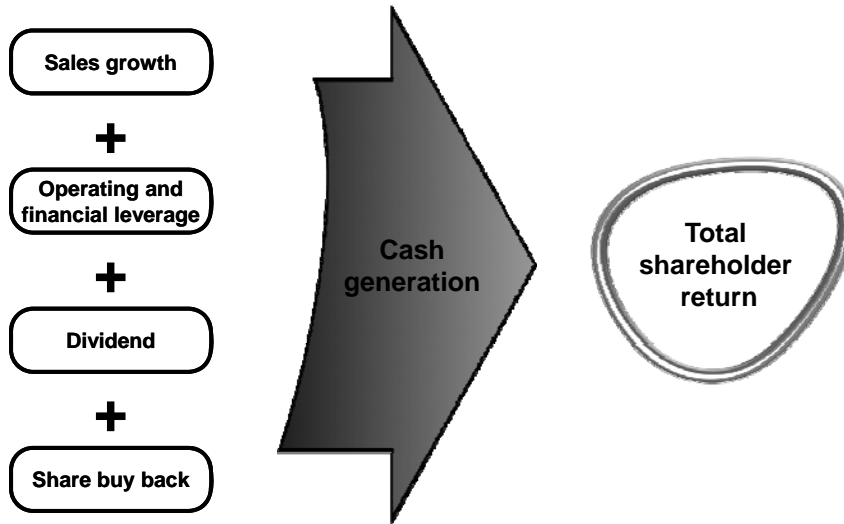
Free cash flow to net debt reconciliation

	2010 £m	2009 £m
Free cash flow	4,486	5,254
Dividends	(3,205)	(3,003)
Purchase of businesses / equities	(633)	(2,946)
Sale of intangibles / equities	126	356
Employee share option exercises / ESOT	63	(1)
Exchange	61	1,041
Net debt at 31st December	(8,359)	(9,444)
Decrease in net debt	585	729

Progressive dividend policy continues



Driving shareholder returns



GlaxoSmithKline