Transforming GSK’s US Pharmaceuticals Business

GSK Portfolio changes

GSK US Pharma business model

Environmental Realities
Changes in US Healthcare Environment

**Environmental Realities**

**Payers**
- Payer emerging as major decision maker, increasing demand for meaningful value
- Healthcare reform accelerating pay-for-value trend
- Payer environment remains complex

**Patients**
- More involved in treatment decisions (utilizing emerging media)
- Economic downturn impacts utilization of healthcare

**Providers**
- HCPs consolidating, leading account-level influence over prescribing
- HCPs desire better ways to engage with pharma
- HCR payment incentives increase interdependency between providers/payers

**Regulation**
- Increase regulatory and legal restrictions for sales and marketing
Strategic imperatives for US Pharma

- Transform commercial model to deliver customer value
- Remove barriers to enable execution
- Invest in people to enhance capabilities and build values based culture

Drive Growth
Transforming the Commercial Model to deliver customer value

From

- Multiple, uncoordinated customer interfaces
- Discounting for placement of products
- Ad hoc sales training
- Sales / volume-based incentives

To

- Customer-centric model:
  - Fewer GSK touch points
  - Account alignment
- Sophisticated analytics and predictive modeling optimize RAR spend
- Comprehensive customer-focused curriculum
- Competency & customer value-based incentives

Sophisticated analytics and predictive model
Broad US product portfolio to drive growth

Portfolio breadth across primary and specialist care

- Significant primary care franchises
  *Respiratory, Vaccines, Urology, Lovaza*

- Emerging strength in specialist areas
  *Urology, Oncology, Immunology*

- Significant pipeline potential
  *Respiratory, Diabetes, CNS, Oncology, Cardiovascular, Vaccines, Rare diseases*

New adaptive model in place to support pipeline successes
Performing while transforming – GSK is the clear leader in US Respiratory market

- **Core franchise for GSK based with portfolio of products**: £2.4bn YTD (-1%)
- **Continue to maintain market leadership**: ~50% share of controller mkt*
  ~55% share of ICS mkt* (FLOVENT)
  ~80% share of ICS/LABA mkt* (ADVAIR)
- **ADVAIR**: First ICS/LABA (launched 2001) + Strong product differentiation
  - Flexible dosing
  - Only ICS/LABA combo with indication to reduce exacerbations in COPD
- **Late-stage** pipeline with multiple mechanisms
  - LABA/ICS, LAMA/LABA, ICS, LABA, LAMA, MABA, anti-IL5, FLAIR, p38

* Based on Q3 2011 TRx IMS data. Controller market = LABA, ICS and anti-cholinergic products.
** Phase III and Iib
Emerging strength in specialist areas

### Urology
- **Jalyn**: only combo of 5ARI + alpha blocker
- **Full responsibility for Levitra; Staxyn new ODT**

### Oncology
- **Votrient**: uptake benefiting from tolerability profile
- **Arzerra**: new biological for refractory CLL; Ph.III program to expand indications

### Immunology
- **First new drug for systemic lupus in more than 50 years**
- **Vast majority of Rheumatologists already expect to prescribe**
- **Compelling anecdotal feedback from physicians**
GSK’s clear objective is to return US Pharma to growth

- YTD reported sales £5.2bn -6%
- YTD underlying sales* £5.1bn, flat
- YTD promoted products £4.0bn, +6%

CER growth rates
Chart is 9 months YTD actual US pharma sales
* Excludes pandemic products, Valtrex, Avandia  ** Derms decline includes sale of Zovirax in US; Oncology decline includes impact of generic Hycamtin; All others reflects lower sales of Avandia and Valtrex.
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Drive Growth
Customers starting to recognize differentiated approach
GSK Rankings 2010 / 2011

SDI Sales Force rankings
1. General Practice: #1
2. Neurologists: #1
3. Allergists/Immunologists: #1
4. Pulmonologists: #1
5. Pharmacists: #1
6. Pediatrics: #2
7. Urologists: #2
8. Nurse Practitioners: #2
9. Oncology #4, up from #8 in 2009

Health Strategies Group rankings
1. Field Professionals in hospitals
Also #1 in:
• Company approach
• Account management
• Contracting

HIRC Retail Chain Drug rankings
1. #1 in quality of Account Managers
2. #3 in most valued programs – up from #7 in 2010

1SDI: Pharmaceutical Sales Force Structures and Strategies, 2010
2Health Strategies Group: Health System-Company Relationships and Performance, March 2011
3HIRC: Retail Chain Drug Research, Spring 2011
Thank you