Andrew Witty
Chief Executive Officer

November 2010
GSK’s ‘07 – ’09 patent cliff

£4.2bn
(18% of turnover)

£0.8bn
(3% of turnover)

GSK’s ‘07 – ’09 patent cliff + Avandia


Avandia Global sales
2006: £1.6bn
2009: £0.8bn

£4.2bn (18% of turnover)

£0.8bn (3% of turnover)
Positive performance and dividend progression through the patent cliff + Avandia

**Turnover**
- 2005: +9%
- 2006: +2%
- 2007: -3%
- 2008: +3%
- 2009: +3%

**EPS**
- 2005: +19%
- 2006: +10%
- 2007: -9%
- 2008: +2%
- 2009: +2%

**Free cash flow generation**
- 2005: 4,400
- 2006: 4,800
- 2007: 5,300
- 2008: 5,700
- 2009: 6,100

**Progressive Dividend**
- 2005: 44p
- 2006: 48p
- 2007: 53p
- 2008: 57p
- 2009: 61p
GSK’s strategic priorities

1. Grow a diversified global business

2. Deliver more products of value

3. Simplify the operating model
Portfolio of growth businesses with optionality on R&D upside
Portfolio of growth businesses with optionality on R&D upside
Investment businesses reaching significant scale and delivering sustained growth

30% of GSK sales generated from expansion markets

Vx: 11% of GSK +7% in 9 mths ’10 +2% in 2009

Cx: 19% of GSK +5% in 9 mths ’10 +7% in 2009

Resp: 26% of GSK +4% in 9 mths ’10 +5% in 2009

Derm: 4% of GSK +5% in 9 mths ’10

CER growth rates
% of GSK based on 9 months YTD excluding pandemic products; vaccines growth excludes pandemic vaccine; (including pandemic FY’09 +30%; 9 months ’10 +51%); derm growth rate is proforma Expansion markets = Emerging markets / Asia Pac / Japan & Central & Eastern Europe (Rx +Cx)
## 2010 YTD Turnover analysis

<table>
<thead>
<tr>
<th></th>
<th>Q3 10 £ million</th>
<th>9 mths 10 £ million</th>
<th>% Change CER</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total reported</strong></td>
<td>6,813</td>
<td>21,195</td>
<td>-2%</td>
</tr>
<tr>
<td><strong>Avandia</strong></td>
<td>70</td>
<td>391</td>
<td>-65%</td>
</tr>
<tr>
<td><strong>Pandemic</strong></td>
<td>76</td>
<td>1,141</td>
<td>-69%</td>
</tr>
<tr>
<td><strong>Valtrex</strong></td>
<td>95</td>
<td>436</td>
<td>-75%</td>
</tr>
<tr>
<td><strong>Total excl. Pandemic, Avandia, Valtrex</strong></td>
<td>6,572</td>
<td>19,227</td>
<td>+6%</td>
</tr>
</tbody>
</table>

*Pandemic includes includes Relenza and vaccines related to H5N1 pre-pandemic and H1N1 pandemic.*
Creating a broader portfolio of potential high value assets as generic exposure declines

New products 9 months YTD ‘10

• £1.25bn +36% (+55% excluding Rotarix -27%)
• Pandemic vaccine also added £1.0bn

CER growth rates
Organic capital allocation and bolt-on strategy are fundamentally reshaping GSK.

Employees by division
Sept 2007 vs June 2010

- EM, AP/Japan, Cx, Vx, Stiefel, ViiV: +9,900
- US, EU R&D, Mfg, Corp: -13,700

SG&A by division
FY 2007 vs 1H 2010

- 2007: 64%
- 1H 2010: 50%

SG&A excludes legal
Bolt-on investments are on track to deliver target ROI

£7.8bn of deals assessed

- Mktd products licensing
- Acquisitions/JVs
- CAPEX
- R&D licensing

96% of deals on/ahead of track

- Terminated
- Under delivering
- On track but early
- On track/ahead

Analysis of 55 projects approved by the Board 2006 to 2009
R&D is becoming more efficient through better resource allocation and improving output.

- ~25% decrease in Pharma R&D headcount since 2006
- >15% decrease in m² since 2009
- Reduced from >30 global CROs and >100 providers to 2 (2010)
- > 5-fold increase in Biopharm spend since 2006
- Late-stage Pharma spend increased to ~58% (2009)

Profile of R&D Spend (~14% of sales)

- 5 new assets pass “Commit to Ph III” (MEK, BRAF, Prosensa, Zoster, Integrase)
Diverse geographic and business mix
Reducing product concentration
R&D pipeline optionality
Focus on cost reduction
Reducing legal exposure
Strong cash generation
Progressive dividend