GSK’s strategic priorities

Grow a diversified global business

Deliver more products of value

Simplify the operating model
Turnover and EPS progression 2005-09

Turnover 2005-09 (£bn)

- 2005: 15
- 2006: 20
- 2007: 23
- 2008: 27
- 2009: 30

CER growth rates:
- 2005-2009: +3%

EPS before major restructuring 2005-09 (pence)

- 2005: 100
- 2006: 120
- 2007: 120
- 2008: 110
- 2009: 120

CER growth rates:
- 2005-2009: +2%
Increasing free cash flow and progressive dividend

Free cash flow 2005-09 (£bn)

Dividend payment in year

CER growth rates

Dividend 2005-09 (pence)
H1 2010 Turnover of £14.4bn (+7%)

- **US Pharma**: £3.8bn (-7%)
- **Europe Pharma**: £3.5bn (+9%)
- **ROW**: £0.5bn (+21%)
- **Emerging Markets**: £1.7bn (+30%)
- **Consumer**: £2.5bn (+6%)
- **ViiV**: £0.8bn (-3%)

Excluding pandemic sales £13.3bn (+1%)

CER growth rates
## Financial summary

<table>
<thead>
<tr>
<th></th>
<th>Q2 10</th>
<th>H1 10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turnover (£m)</td>
<td>7,025</td>
<td>14,382</td>
</tr>
<tr>
<td>Operating profit*</td>
<td>641</td>
<td>3,036</td>
</tr>
<tr>
<td>EPS (p)</td>
<td>2.6p</td>
<td>33.3p</td>
</tr>
<tr>
<td>Free cash flow</td>
<td>1,477</td>
<td>3,204</td>
</tr>
</tbody>
</table>

* Reported growth of operating profit and EPS is impacted by higher legal costs in ‘10 and higher other operating income in ‘09 from sales of non-core assets.

** CER growth rates, except rates for FCF are actual growth.
<table>
<thead>
<tr>
<th></th>
<th>Q2 10 £m</th>
<th>Q2 09 £m</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trading profit before legal</td>
<td>2,138</td>
<td>2,061</td>
<td>(5)</td>
</tr>
<tr>
<td>Legal</td>
<td>(1,578)</td>
<td>(85)</td>
<td></td>
</tr>
<tr>
<td>Other operating income</td>
<td>81</td>
<td>405</td>
<td></td>
</tr>
<tr>
<td>Operating profit</td>
<td>641</td>
<td>2,381</td>
<td>(80)</td>
</tr>
</tbody>
</table>

Before Restructuring costs
# Q2 Pharmaceutical turnover analysis

<table>
<thead>
<tr>
<th></th>
<th>Q2 10 £ million</th>
<th>Q2 09 £ million</th>
<th>% Change CER</th>
</tr>
</thead>
<tbody>
<tr>
<td>Core*</td>
<td>4,984</td>
<td>4,672</td>
<td>+3%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>+7%</td>
</tr>
<tr>
<td>Influenza**</td>
<td>283</td>
<td>105</td>
<td>&gt;100%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>&gt;100%</td>
</tr>
<tr>
<td>Avandia</td>
<td>152</td>
<td>198</td>
<td>-26%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>-18%</td>
</tr>
<tr>
<td>Products impacted by generics***</td>
<td>354</td>
<td>603</td>
<td>-43%</td>
</tr>
<tr>
<td>Total</td>
<td>5,773</td>
<td>5,578</td>
<td>0%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>+7%</td>
</tr>
</tbody>
</table>

* Core includes ~£90m CER growth related to net of bolt-on acquisitions (e.g. Stiefel and transactions in EMs) and divestments.

** Influenza includes Relenza and vaccines related to annual influenza, H5N1 pre-pandemic and H1N1 pandemic.

*** Products impacted by generics comprises US sales of Coreg, Imitrex, Lamictal, Paxil, Valtrex, Wellbutrin and Zofran plus Europe sales of Imitrex, Lamictal, Paxil, Valtrex and Zofran.
### Core pharmaceutical analysis

<table>
<thead>
<tr>
<th></th>
<th>Q2 2010</th>
<th>H1 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Turnover</td>
<td>% Change</td>
</tr>
<tr>
<td>Advair</td>
<td>£1,286m</td>
<td>0%</td>
</tr>
<tr>
<td>Vaccines*</td>
<td>£664m</td>
<td>-9%</td>
</tr>
<tr>
<td>Avodart</td>
<td>£157m</td>
<td>+14%</td>
</tr>
<tr>
<td>Epzicom</td>
<td>£140m</td>
<td>+8%</td>
</tr>
<tr>
<td>Lovaza</td>
<td>£138m</td>
<td>+29%</td>
</tr>
<tr>
<td>Ventolin</td>
<td>£134m</td>
<td>+16%</td>
</tr>
<tr>
<td>Arixtra</td>
<td>£79m</td>
<td>+28%</td>
</tr>
<tr>
<td>Veramyst</td>
<td>£57m</td>
<td>+19%</td>
</tr>
<tr>
<td>Tykerb</td>
<td>£56m</td>
<td>+32%</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>£2,711m</td>
<td>+2%</td>
</tr>
<tr>
<td><strong>All others</strong></td>
<td>£2,273m</td>
<td>+5%</td>
</tr>
<tr>
<td><strong>Core</strong></td>
<td>£4,984m</td>
<td>+3%</td>
</tr>
</tbody>
</table>

* Excludes Influenza. CER growth rates
GSK patent cliff from 2006 to 2009


- £4.2bn (18% of turnover) in 2006
- £0.8bn (3% of turnover) in 2009
New Products (’07 - ’10 launches)

1H2010 total sales: £798m +32%
Including pandemic vaccines: £1,771m

CER growth rates
Investment businesses reaching significant scale and delivering sustained growth

29% of GSK sales generated from expansion markets

CER growth rates
% of GSK based on 1H 2010 excluding pandemic vaccine; vaccines growth excludes pandemic vaccine; (including pandemic FY’09 +30%; 1H ’10 +70%) derm growth rate is proforma. Expansion markets = Emerging markets / Asia Pac / Japan & Central & Eastern Europe (Rx +Cx)

Vx: 10% of GSK
  +3% in 1H’10
  +2% in 2009

Cx: 18% of GSK
  +6% in 1H’10
  +7% in 2009

Resp: 25% of GSK
  +4% in 1H’10
  +5% in 2009

Derm: 4% of GSK
  +5% in 1H’10
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: -13,700

### SG&A by division

- **FY 2007 vs 1H 2010**
  - 64%: 36%
  - 50%: 50%

SG&A excludes legal.
Maintaining ~30 assets in Ph III/registration

-'212 MEKi (melanoma)
-'436 BRAFi (melanoma)
Herpes zoster (shingles)
MAGE-A3 (lung cancer)
MAGE-A3 (melanoma)
MenACWY (meningitis)
Menhibrix (meningitis)
Mosquirix (malaria)
Next gen flu (for elderly)

Benlysta (lupus)
Avodart (prostate Ca)
Duodart (Avodart + tams)
Avodart (prostate Ca)
Tykerb H&N/Gastric
Promacta (Hep C / liver)
Horizant (RLS)
Relovair (asthma/COPD)

ofatumumab (CLL/NHL)
Avandamet XR (T2DM)
Avandia+statin (T2DM)
Syncria (type 2 diabetes)
darapladib (atherosclerosis)

pazopanib (renal cancer)
almorexant (sleep)
retigabine (epilepsy)
Horizant (RLS)

ofatumumab (RA)
MAGE-A3 (melanoma)
MAGE-A3 (melanoma)

ofatumumab (type 1 diabetes)
pazopanib (sarcoma, ovarian)

MenACWY (meningitis)
Menhibrix (meningitis)
Mosquirix (malaria)

denosumab (osteoporosis)

Syncria (type 2 diabetes)
darapladib (atherosclerosis)

‘968 (Duchenne MD)
‘572 (HIV)

Biopharm CV/metabolic Oncology Neuro Respiratory Vaccines

5 assets announced at Q2 as due to progress into PhIII development.
(Herpes zoster vaccine PhIII study commenced Aug 2010)
Q2 Consumer Healthcare: £1,252m +3%*

Regional turnover

- International: £496m (+11%)
- Europe: £493m (-2%*)
- USA: £263m (0%)

Category turnover

- OTC Medicines: £593m (-2%*)
- Oral Care: £410m (+9%)
- Nutritional Healthcare: £249m (+6%)

* Excluding alli in Europe, growth was +6% overall; +5% in Europe and +5% in OTC Medicines. CER growth rates
US + Europe small molecule portion of turnover falls from 31% in Q2 09 to 26% in Q2 10

* Excludes impact of pandemic sales; Including pandemic = ~25%
Bolt-on acquisitions and partnerships

15 deals completed since May 2008

Emerging Markets

- Egypt / Pakistan
- Near East
- EM/AP
- Algeria
- Korea

Pharma

- Viiv Healthcare
- STIFEL

Vaccines

- Walvax
- AZ Tika
- Neptunus
- Intercell
- Dr Reddy’s (ex-India)
- Laboratoire Pharmaceutique Algérien (LPA Algeria)
- Walvax (Priorix in China)
- Neptunus (flu in China)
- Intercell (needle-free vaccine technology)
- AZ Tika (Alvedon)
- Uni-President (Lucozade in China)
- Novamin (specialty oral care technology)
## Free cash flow to net debt reconciliation

<table>
<thead>
<tr>
<th></th>
<th>H1 10 £m</th>
<th>H1 09 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Free cash flow</td>
<td>3,204</td>
<td>2,252</td>
</tr>
<tr>
<td>Sales of intangibles / equities</td>
<td>44</td>
<td>533</td>
</tr>
<tr>
<td></td>
<td>3,248</td>
<td>2,785</td>
</tr>
<tr>
<td>Dividends</td>
<td>(1,682)</td>
<td>(1,586)</td>
</tr>
<tr>
<td>Purchase of businesses / equities</td>
<td>(310)</td>
<td>(717)</td>
</tr>
<tr>
<td>Other</td>
<td>(343)</td>
<td>(262)</td>
</tr>
<tr>
<td>Net cash flow</td>
<td>913</td>
<td>220</td>
</tr>
<tr>
<td>Exchange movement on net debt</td>
<td>29</td>
<td>1,337</td>
</tr>
<tr>
<td>Decrease in net debt</td>
<td>942</td>
<td>1,557</td>
</tr>
<tr>
<td><strong>Net debt at 30th June</strong></td>
<td>(8,502)</td>
<td></td>
</tr>
</tbody>
</table>
H1 2010 underlying turnover growth (i.e., excluding pandemic related sales) of +1%.

Significant progress made in settling historical litigation.

H1 2010 Free Cash Flow up 42% to £3.2bn (£2.3bn in H1 2009).

Q2 dividend of 15p (+7%).

Progress in creating a more diversified business