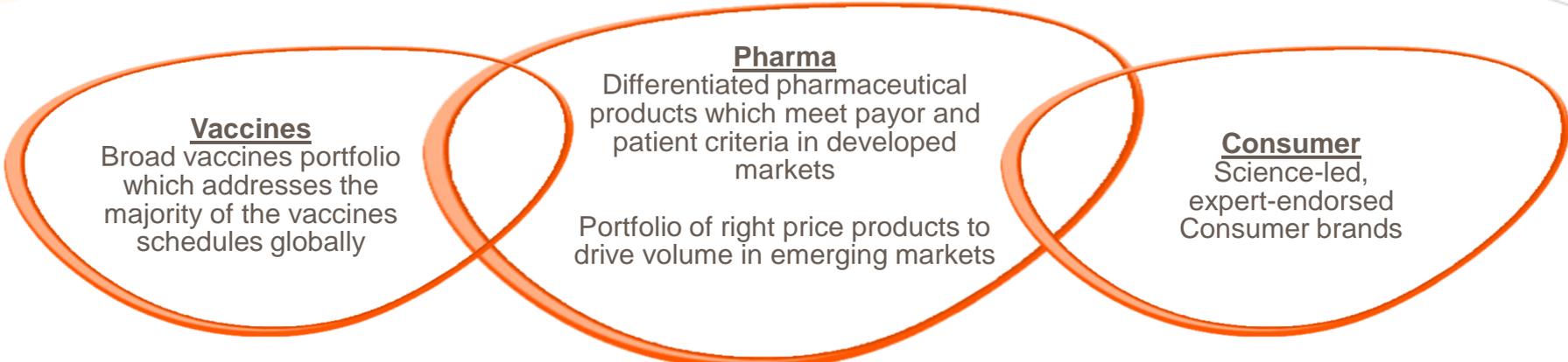




Nomura 2011 Healthcare Conference

David Redfern, Chief Strategy Officer
1 July 2011

GSK today is an integrated group based on science



Sharing Common Platforms

Complimentary Science

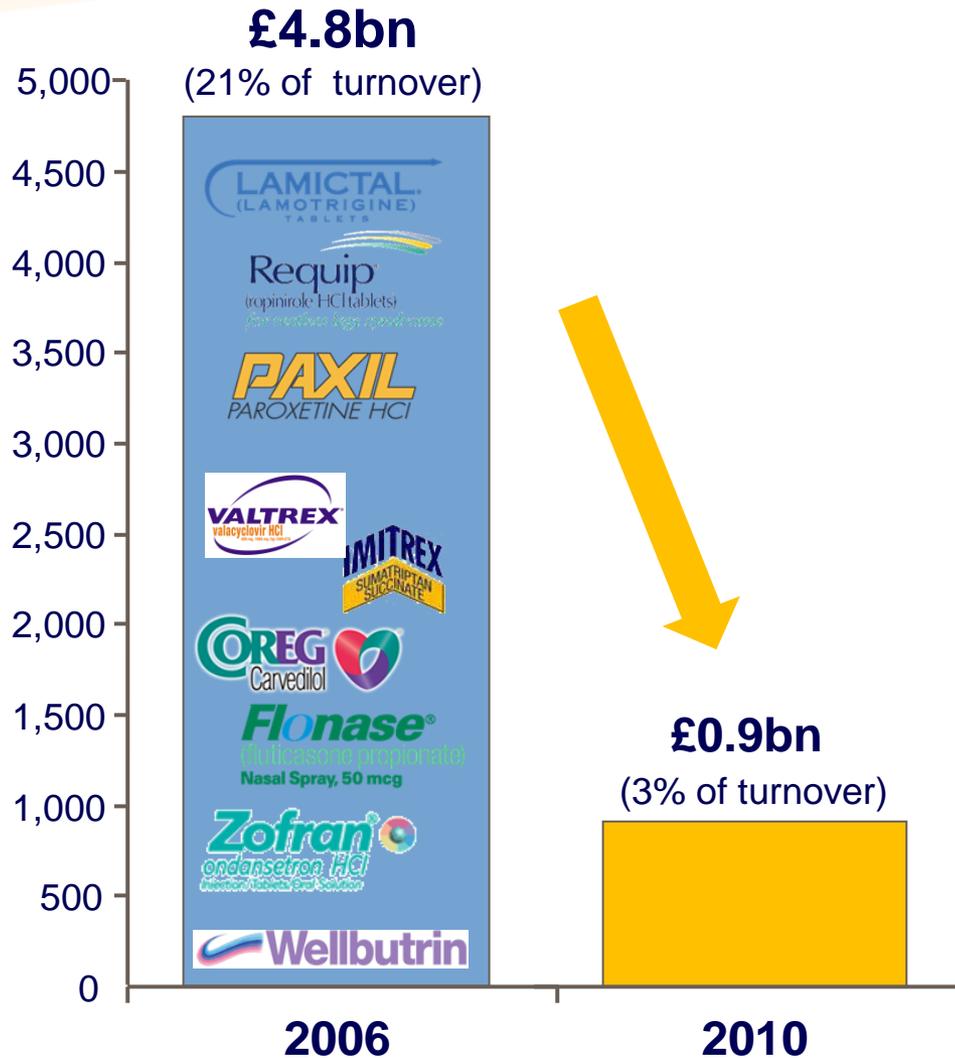
Consistent Geography

Central Infrastructure

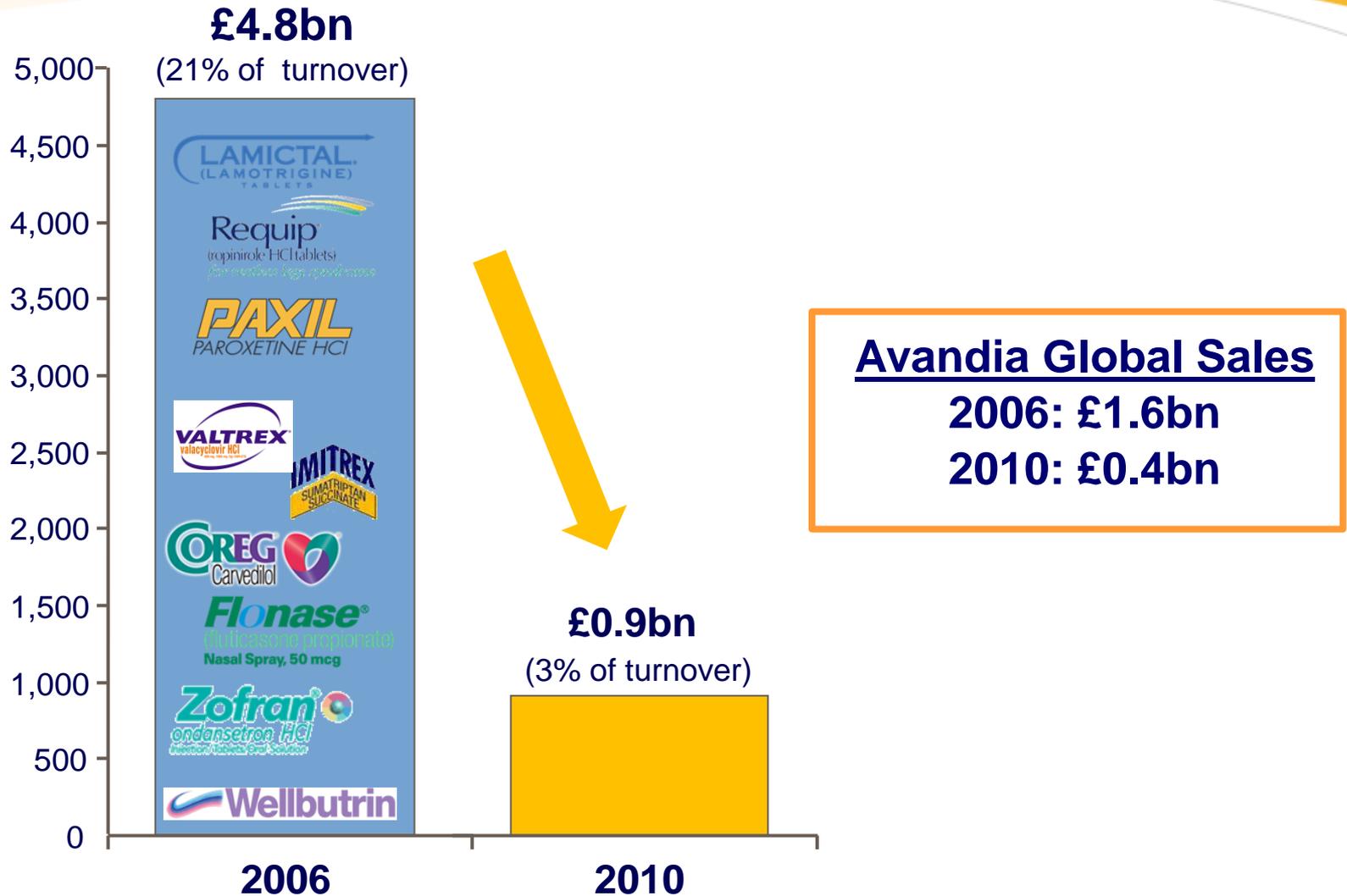
Competition for Capital

Higher quality, higher growth and increased returns

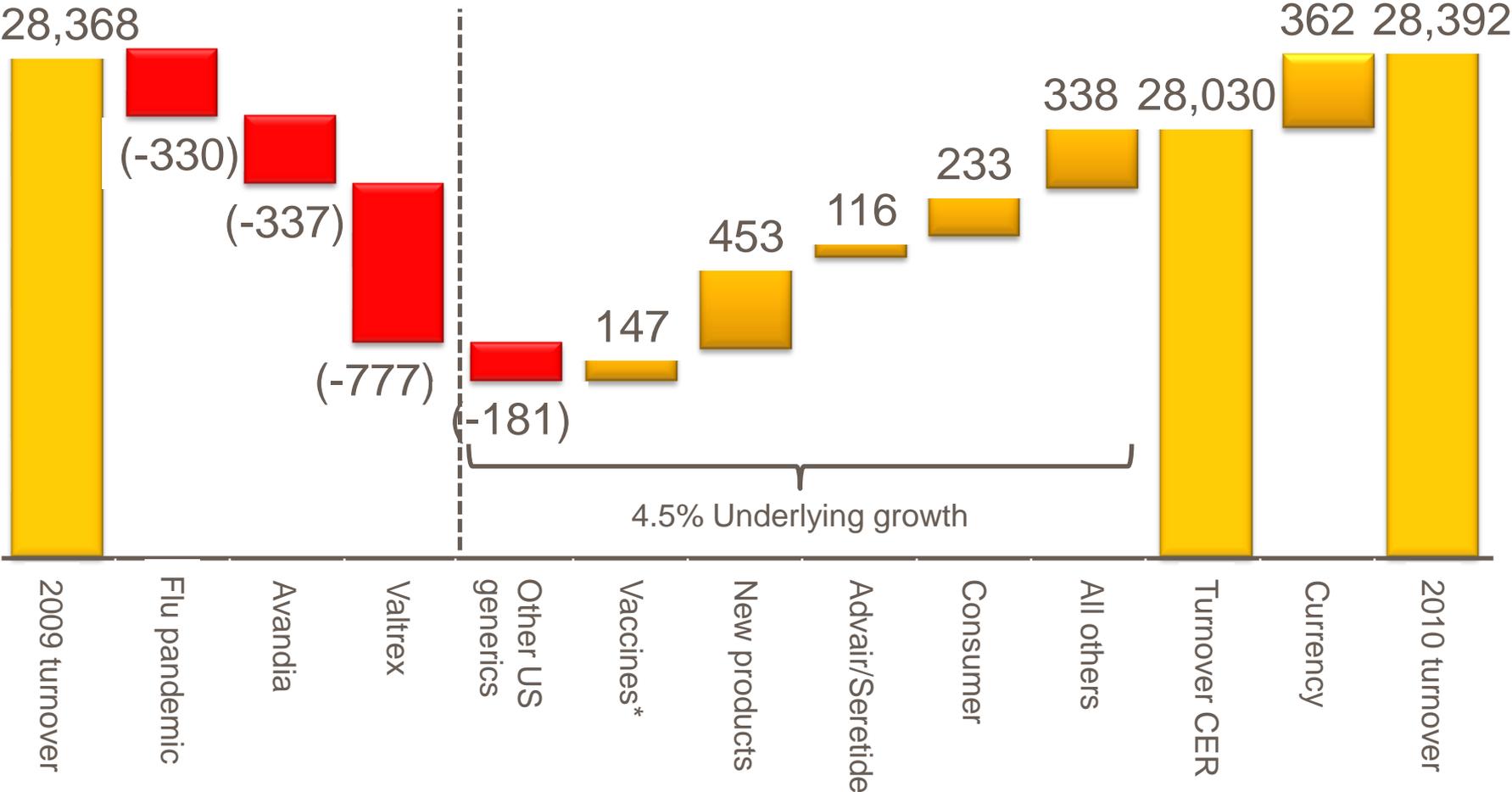
GSK patent cliff 2006 - 2010



GSK patent cliff 2006 - 2010 + Avandia



Remodelled business drives underlying sales growth of +4.5% in 2010 & +4.0% in 1Q2011



CER growth

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

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

>60% of global business is “non-white pill”

2010 sales from Vx, Cx, Resp and Derm



**Vx: 12% of GSK
+10% in 2010
+2% in 2009**



**Cx: 18% of GSK
+5% in 2010
+7% in 2009**



**Resp: 27% of GSK
+3% in 2010
+5% in 2009**



**Derm: 4% of GSK
+6% in 2010**

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”

Organic capital allocation is fundamentally reshaping GSK

Employees by division

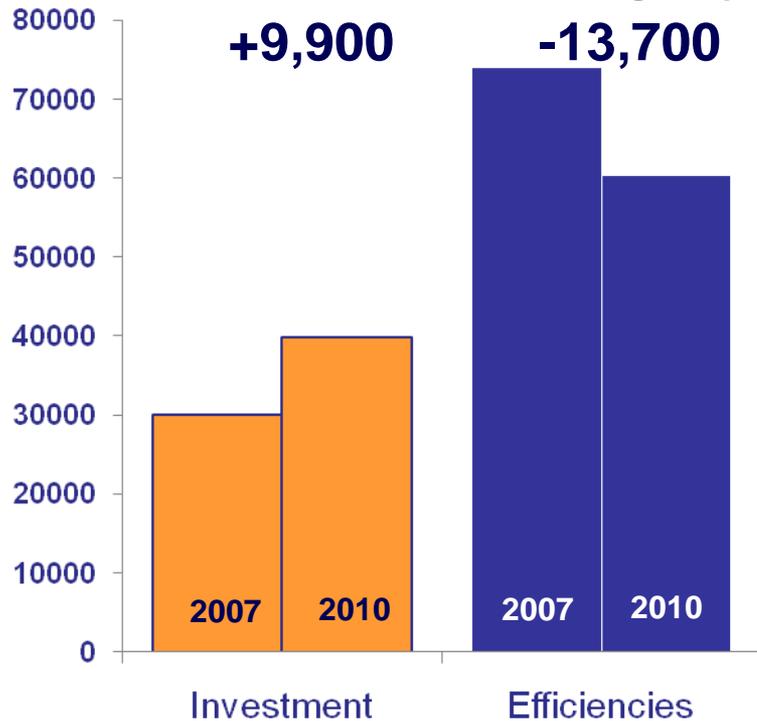
Sept 2007 vs June 2010

EM, AP/Japan,
Cx, Vx, Stiefel, ViiV

+9,900

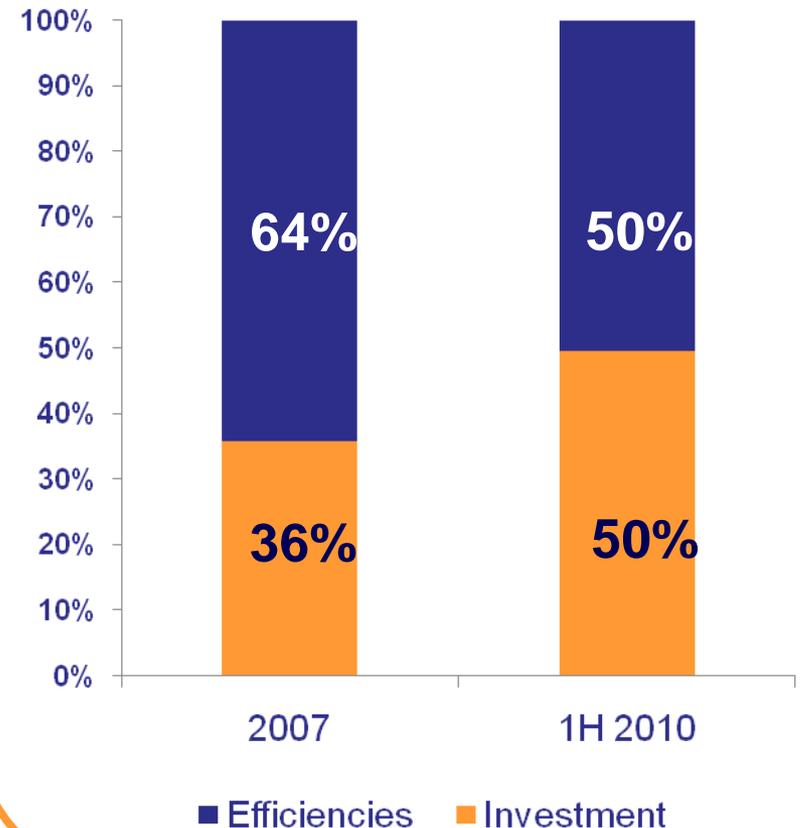
US, EU
R&D, Mfg, Corp

-13,700



SG&A by division

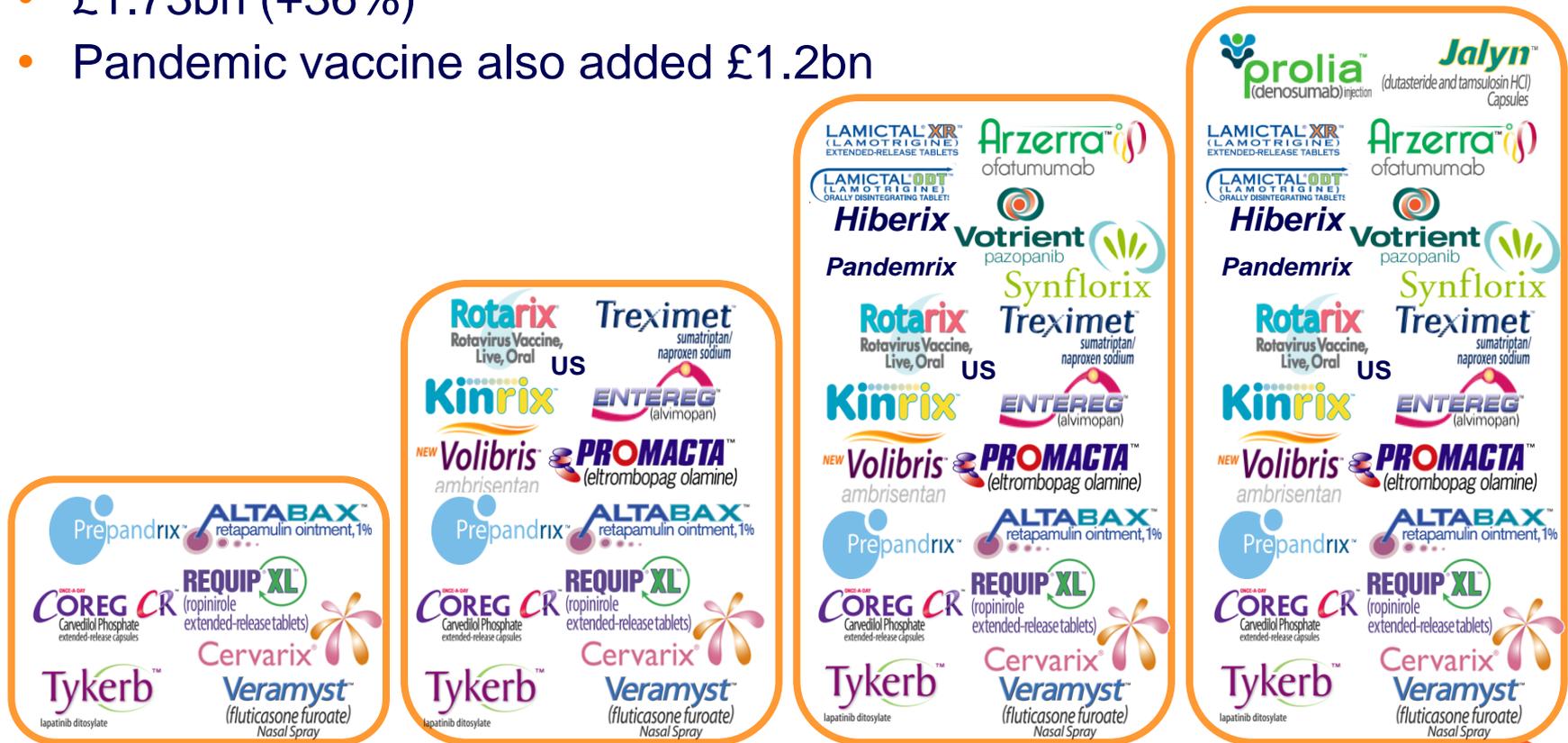
FY 2007 vs 1H 2010



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



2007

2008

2009

2010

Particular strength in late stage pipeline

10 NCE / vaccine Phase III starts
(2010 / early 2011)

1120212 (MEK)
(Melanoma)

1605786 (CCR9)
Crohns

2118436 (Braf)
(Melanoma)

2402968
Duchenne

2696273
ADA-SCID

642444/573719
LABA/LAMA (COPD)

Integrase
/Integrase + Kivexa FDC
(HIV)

IPX066
(PD)

migalastat HCl
Fabry

Zoster vaccine
(Shingles)

~ 30 in phase III
/ registration

15 assets with
Phase III data
by end 2012

Driving shareholder returns

Sales growth



Operating leverage



Cash generation
and conversion



Focus on Returns

- Underlying sales momentum to continue in 2011 and translate to reported growth in 2012
- £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
- 65p (+7%) in 2010
- Commitment to grow dividend
- New long term share buy back programme
- 2011 buy-back at top end of £1-2bn range (£317m purchased 1Q11)

Accelerating growth in Consumer Healthcare

Consumer Healthcare +5%

~15 Priority Brands



+ Emerging markets business



Non-core OTC brands in US and EU

~90%

~10%

“Scientifically driven, expert recommended and consumer preferred”

- 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

Strong track record on bolt-on acquisitions and partnerships

Emerging Markets

 Bristol-Myers Squibb
Egypt / Pakistan

 Bristol-Myers Squibb
Near East

 **ucb**
EM/AP

 **aspens**
HOLDINGS

 **DR. REDDY'S**

 **L P A**
Algeria

 **DONG-A PHARMACEUTICAL**
Korea

Pharma

 **ViiV**
Healthcare

 **STIEFEL**
a GSK company

Vaccines

 **NEPTUNUS** 海王
健康成就未来

 **intercell**
SMART VACCINES

Consumer

AZ Tika

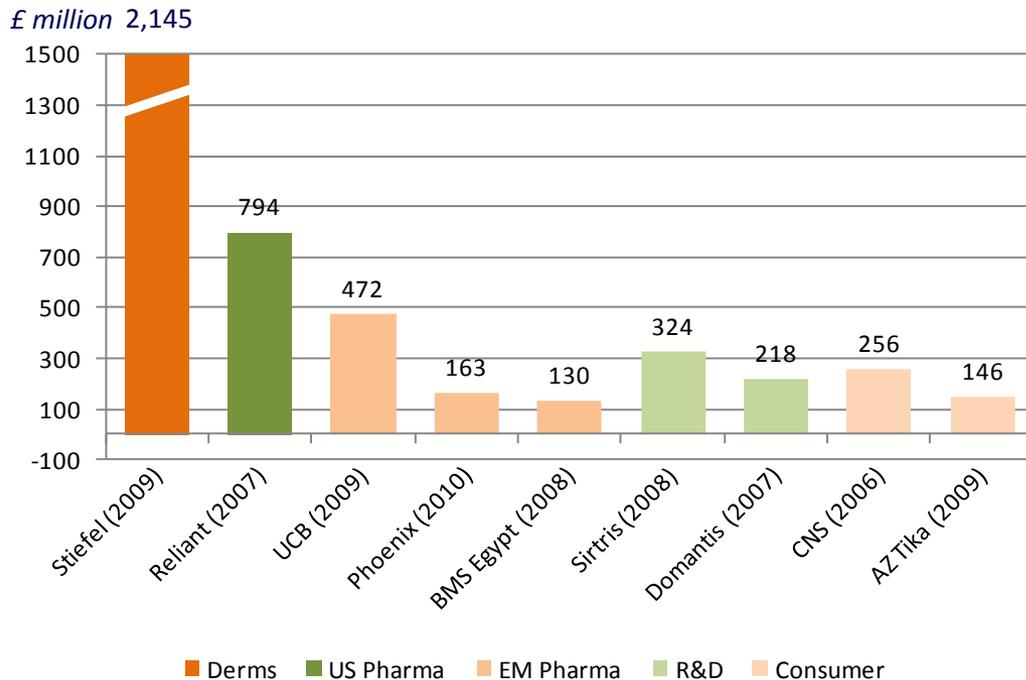
 **Lucozade**

 **maxinutrition**

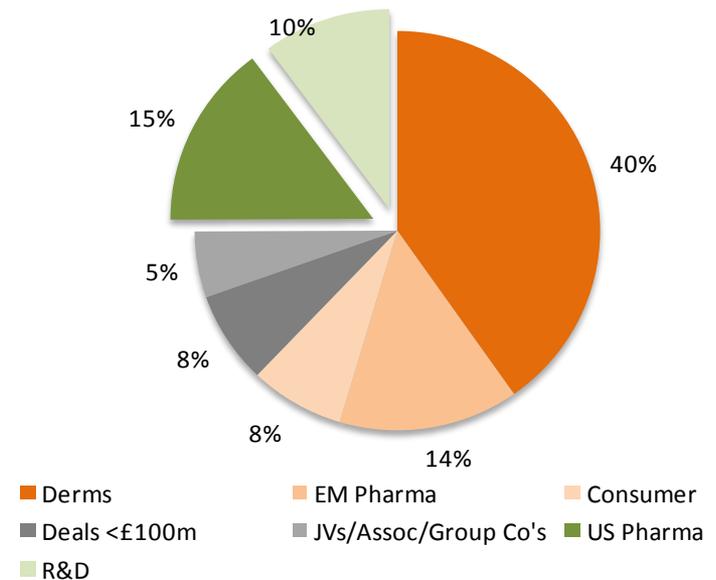
 **NovaMin**
Tooth Care Technology

M&A transactions 2006-10 – cash invested £5.3bn

Acquisitions >£100m



>75% of £5.3bn invested outside traditional US/EU pharma



Versus £23.3bn of buybacks and dividends 2006-10

Why we are successful with our bolt-on strategy

- Strong strategic alignment with key growth areas:
Emerging Markets, Vaccines, Consumer, Rare Diseases
- Rigorous financial metrics: IRR and ROIC
- Selective and choosy: majority of deals are not pursued
- Disciplined integration and strong governance:
 - ✓ Board focus and review of post-acquisition performance
 - ✓ GSK 'fusion' approach developed to manage integration

Maximising the potential of Stiefel acquisition

Globalisation

Globalising Stiefel products for global launch 2010-12

Focus on Emerging Markets

Duac, Physiogel and foam technologies

Strategic entry into Japan and China

Integration and Cost Reduction

Fully integrated in <6 months

\$207m in 2010

G&A to reduce by ~80%

#1 derm company



'10 sales ~£1bn

Synergies & interactions

Partner of choice in Global Community

Access to GSK compound library

Advancing 4 NCEs into Proof of Concept, 42 NCEs under additional evaluation

Dermatology as a GSK Consumer Brand Platform

Expand Stiefel Non-Prescription Dermatology into Direct Response Channel

Focus on dry skin, acne, sun-protection, anti-aging

New HIV company launched November 2009



- **10 marketed products**
- **Combined revenue >£1.5bn (FY2010)**
- **Integrase Inhibitor portfolio progressing well: '572 & Fixed Dose Combination '572-Trii in Phase III**
- **Significant pipeline opportunities; 4 in Phase II, FDC programme underway**
- **Global, lean, agile, entrepreneurial, focused**
- **Leverages infrastructure of GSK and Pfizer**

Driving shareholder returns





Thank you