



GlaxoSmithKline

Do more, feel better, live longer



GlaxoSmithKline 2010 Review

Letter to Shareholders

Enhancing returns to our shareholders and improving the lives of patients and consumers

Dear Shareholder

Over the last two and a half years we have been implementing a strategy to transform our business model to address the significant challenges our industry faces as payers search for ever more cost-effective healthcare, and demand escalates for new and better medicines. We are doing this with the direct aim of enhancing returns to our shareholders and improving the lives of patients and consumers.

To achieve this transformation we have substantially re-engineered GSK's business through major restructuring and a more rigorous approach to capital allocation.

The effects of these changes on our performance in 2010 were masked to some degree by specific events. Reported sales, for example, were impacted by generic competition to *Valtrex*, and reduced sales from *Avandia* and pandemic related products. Meanwhile earnings were impacted by the significant charge we took to help resolve long-standing legal matters. This belies the good progress we have made to execute our strategy and which is evident in our diversified underlying sales growth (excluding pandemic related products, *Avandia* and *Valtrex*) and the increasing potential of GSK's pipeline.

GSK also remains financially strong. GSK's dividend increased by 7% to 65p in 2010 and our priority is to deliver further growth in the dividend. Since 2005, dividends have increased each year with average growth of 8% over the five-year period. We have also started a new long-term share buy-back programme to enhance returns to shareholders, with buy-backs of £1-2 billion expected in 2011.

Creating a successful and sustainable business

We have also placed great importance not just on what we achieve but on how we achieve it. Running a responsible, values-based business is embedded in our strategy.

We know that the research and development, manufacture and sale of our products can raise ethical issues, and we aim to be open about how we tackle them. We understand how important it is to communicate with our stakeholders, seeking to understand their views, and being transparent about any setbacks we have experienced as well as the progress we have made.

Letter to Shareholders continued

We are building on our strong ethical culture in which all our decisions are guided by our values:

- Commit to transparency
- Show respect for people
- Always demonstrate the highest integrity in our conduct
- Be patient focused

In 2010 we have taken further steps to make our company more responsive, more flexible and more open to society's expectations.

For example, we have continued to improve access to our medicines and vaccines for patients, irrespective of where they live and their ability to pay. We believe this is the right thing to do and that it will contribute to sustainable business growth.

Improving the environmental sustainability of our business is also a priority and we have launched a new set of ambitious targets. Our goal is to reduce the environmental impact of our value chain, from raw materials to product disposal, and to be carbon neutral by 2050.

Ultimately we believe that being a responsible business is good for society and good for GSK.

Finally, I would like to recognise the significant contribution of our employees and our many partners. We remain confident that we can generate increased value for shareholders as well as deliver better outcomes to patients and consumers.



Andrew Witty
Chief Executive Officer



Read about our approach and performance on corporate responsibility including research and business ethics, access to medicines, and environmental sustainability at:

www.gsk.com/responsibility

Discover the World of GSK



We have chosen ten case studies from 2010 that demonstrate the progress we have made against our strategic priorities. Each of these stories can be viewed online:

www.gsk.com/corporatereporting



Grow a diversified global business

We are diversifying our business to create a more balanced product portfolio to reduce risk. We are investing in key growth areas such as Emerging Markets, Japan, Dermatology, vaccines and Consumer Healthcare.

Deliver more products of value

We want to sustain an industry-leading pipeline of products, ensuring that they demonstrate value for patients and healthcare providers. Our R&D strategy is built around focusing on the best science, diversifying through externalisation of research and improving the returns on investment.

Simplify the operating model

We are transforming GSK's operating model to reduce complexities, improve efficiencies, release cash and reduce cost.

2010: A year in numbers

£28.4 bn

Turnover

32.1p

Earnings per share

53.9p

Earnings per share
before restructuring

65p

Dividend per share

£6.8bn

Net cash inflow from
operating activities

£8.8bn

Net cash inflow before
legal payments

1.4 bn

Vaccine doses supplied to 179
countries around the world

£222m

Our community investment,
including donated medicines
and cash

1st

First in Access to Medicine Index

2050

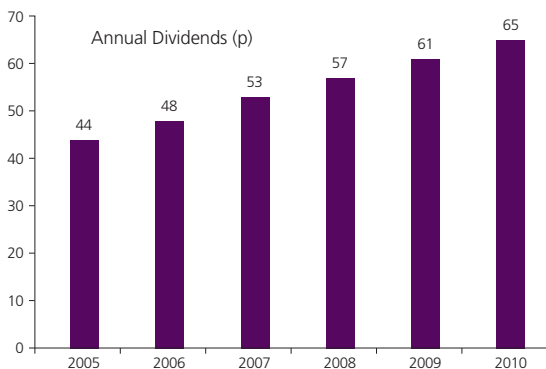
Target date for our value chain
to be carbon neutral

2010 Dividends

Dividends

Dividend	Payment Date	2010 Pence	2009 Pence
First interim	8 July 2010	15	14
Second interim	7 October 2010	15	14
Third interim	6 January 2011	16	15
Fourth interim	7 April 2011	19	18
Total		65	61

Progressive dividend policy continues



Dividend calendar

Quarter	Ex-dividend Date	Record Date	Payment Date
Q4 2010	9 Feb 2011	11 Feb 2011	7 Apr 2011
Q1 2011	4 May 2011	6 May 2011	7 Jul 2011
Q2 2011	3 Aug 2011	5 Aug 2011	6 Oct 2011
Q3 2011	2 Nov 2011	4 Nov 2011	5 Jan 2012

Financial advice

The provision of the details on this page is not intended to be an invitation or inducement to engage in an investment activity. Advice on share dealing should be obtained from a stockbroker or independent financial adviser.

More information on www.gsk.com

This document contains a summary of certain information in our Annual Report for the year ended 31 December 2010. It does not include all the information needed to give a full understanding of the results, state of affairs, risks and uncertainties of the company and the Group. These are provided in the full financial statements, Directors' Report, Remuneration Report and Auditors' Report contained in the Annual Report.

Shareholder information

Annual General Meeting

The Annual Report and the Notice of Annual General Meeting setting out all the resolutions to be proposed at the Annual General Meeting in May 2011 are available for you to review at www.gsk.com/corporatereporting.

The GSK Annual General Meeting will be held at 2:30pm on Thursday 5 May 2011 at:

The Queen Elizabeth II Conference Centre
Broad Sanctuary
Westminster
London SW1P 3EE

Keeping up to date

Should you choose to receive future notifications from us by email, please register accordingly on www.shareview.co.uk. You can request printed copies of our financial report from Equiniti and The Bank of New York Mellon.

Shareholder and investor contacts

The Company's registrars are Equiniti Limited
Aspect House, Spencer Road
Lancing BN99 6DA
0871 384 2991 (inside in the UK)
+44 (0) 121 415 7067 (outside the UK)
www.shareview.co.uk

The ADR programme is administered by The Bank of New York Mellon
BNY Mellon, Shareowner Services
PO Box 358516
Pittsburgh
PA 15252-8516
1 877 353 1154 (US toll free)
+1 201 680 6825 (outside the USA)
www.bnymellon.com/shareowner

Cautionary Statement

Under the 'safe harbor' provision of the US Private Securities Litigation Reform Act of 1995, GSK cautions shareholders that any forward looking statements of projections made by GSK including those made in this document, are subject to risks and uncertainties that may cause actual results to differ materially from those projected. Factors that may affect the Group's operations are described under 'Risk factors' in GSK's Annual Report 2010.



To view our full library of corporate reporting materials go online at:

www.gsk.com/corporatereporting

Here you will find downloadable pdf's of:

- Annual Report
- 2010 Review
- Corporate Responsibility Review

Web information on:

- [Link to the World of GSK](#)
- [Link to the Corporate Responsibility Report](#)

Head Office and Registered Office

GlaxoSmithKline plc
980 Great West Road
Brentford, Middlesex TW8 9GS
United Kingdom
Tel: +44 (0)20 8047 5000

Registered number: 3888792

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