

2000 Year

In accordance with US SEC disclosure requirements, the following discussion compares results for the year to 31st December 2000 with the results for the year to 31st December 1999

Exchange

On average during 2000 sterling exchange rates were weaker against the US dollar and the Yen and stronger against European currencies than in 1999. In aggregate, currency movements had a net favourable effect on sterling results in 2000 compared to 1999 of three per cent in respect of sales and two per cent in respect of business performance earnings per share.

Pharmaceutical sales

GlaxoSmithKline pharmaceutical sales in 2000 amounted to £15,429 million, compared to £13,618 million in 1999, an increase of ten per cent. Excluding the sales of divested products (products divested in 2000 to fulfil regulatory conditions for approval of the Glaxo Wellcome/SmithKline Beecham merger), sales growth of the continuing business was 11 per cent. The growth was substantially all volume increase, with only a minor net increase from price.

Pharmaceutical sales by therapeutic area

Central nervous system

In the anti-depressant sector sales of £2 billion were achieved, with strong growth of *Seroxat/Paxil* and *Wellbutrin* contributing to growth of 17 per cent. In the important US market, *Paxil* was supported by a successful direct-to-consumer (DTC) campaign and promotional efforts also enabled *Wellbutrin* to increase its market share. Both products benefited from overall growth in the US anti-depressant market.

The migraine portfolio of *Imigran/Imitrex* and *Naramig/Amerge* grew by five per cent. This reflected a return to growth in the USA, which accounted for three quarters of sales, where DTC marketing campaigns and migraine awareness programmes were instrumental in increasing sales. In Europe sales were stable, with strong growth in France offsetting declines in other markets.

Sales of *Lamictal*, the epilepsy treatment, grew strongly worldwide and particularly in the USA where greater market penetration was achieved in an expanding market. *Requip*, for the treatment of Parkinson's disease increased sales by 20 per cent. In the smoking cessation market, *Zyban's* growth of 54 per cent reflected its rollout into European markets following European Union approval in April 2000. Initial sales were particularly strong in the UK and Germany.

Respiratory

Flixotide/Flovent sales increased by 29 per cent, notably in the USA where DTC promotion and an expanding market led to a 57 per cent increase in sales. In Europe, where the Group's new combination product, *Seretide*, was launched in most markets, sales of *Flixotide* were maintained despite *Seretide's* success. *Serevent* grew by eight per cent. Again growth was particularly strong in the US market.

Seretide, the new combination of *Flixotide* and *Serevent* generated sales of over £200 million in 2000. Significant new markets in 2000 included Spain, Italy and Australia. In the UK and Germany, where *Seretide* had been available for over a year, it continued to make strong gains in market share.

In total, anti-asthma/COPD sales grew by 16 per cent. This reflected the strong performance of *Flixotide*, *Serevent* and *Seretide*, offset by declining sales of the older asthma products, *Ventolin* and *Becotide*, as patients converted to newer products.

In the rhinitis sector, growth of *Flixonase/Flonase* was similarly offset by decline in the older product, *Beconase*. Overall, the Group's products in this sector grew by 12 per cent, supported by DTC advertising in the USA.

Anti-bacterials

Sales of anti-bacterial products increased by two per cent, with growth in *Augmentin* offset by flat sales of *Zinnat/Ceftin* and *Amoxil* and a decrease in *Fortum*.

With sales reaching £1.2 billion, *Augmentin* continued to perform strongly. In the USA sales grew 13 per cent, with a market share of nearly a quarter. Solid growth was achieved in Latin America and South East Asia. In Europe sales were affected by generic competition.

Zinnat/Ceftin declined by seven per cent in its largest market, the USA, but this was offset by growth in the emerging markets of the Middle East, Africa, Latin America and Asia Pacific.

Anti-virals

Growth in anti-viral sales of 14 per cent reflected strong growth in the HIV franchise, where the Group markets a range of reverse transcriptase inhibitors (RTIs) and a recently launched protease inhibitor, *Agenerase*; steady growth in sales of herpes products, and continued uptake of new products against other viral diseases.

Sales of RTIs increased by 12 per cent. *Combivir* again grew strongly, reflecting conversion of patients from its constituent single products, *Epivir* and *Retrovir*. In aggregate the three products achieved real growth of five per cent.

The Group's two herpes treatments, the newer *Valtrex* and the older *Zovirax*, grew at a combined rate of five per cent. *Valtrex* continued to protect the Group's franchise in this area, with strong increases in all regions and a successful launch in Japan in August.

Zeffix, for chronic hepatitis B, achieved sales of £70 million. First launched in the Asia Pacific area, it performed strongly in the Chinese and South Korean markets.

Relenza, the new influenza treatment, doubled its sales to £32 million and, following launch in Japan in December, is now available in most major markets.

Metabolic and gastro-intestinal

Avandia, GlaxoSmithKline's new treatment for Type 2 diabetes, achieved sales approaching half a billion pounds, the majority in the USA, where it was first launched in 1999. In April 2000 the US FDA approved *Avandia* in combination with a sulphonylurea, having previously approved it both as a monotherapy and in combination with metformin. In August 2000 *Avandia* received a positive recommendation in the UK from the National Institute for Clinical Excellence (NICE).

Zantac continued to decline in the face of competition from generic products and alternative anti-ulcerant treatments. The rate of decline slowed to 11 per cent in 2000. *Zantac's* largest market is now Japan, where sales remained stable.

Lotronex, a treatment for irritable bowel syndrome, was launched in the USA in March 2000 and generated sales of £36 million before being withdrawn in November 2000 following discussions with the US FDA over the interpretation of data relating to gastro-intestinal side effects. The company disagreed with the FDA's assessment of the safety profile of *Lotronex*, but agreed to withdraw it from the US market and has also withdrawn all other regulatory submissions worldwide.