



Virbac Acquires GSK'S Animal Health Business:

Establishes Leadership Position

Mumbai, April 28, 2006: The Board of Directors of GlaxoSmithKline Pharmaceuticals Limited today approved the sale of the Company's Agrivet Farm Care Business, i.e. AFC, as a going concern to Virbac Animal Health India Private Limited, a subsidiary of Virbac S.A., a leading European Company, for a total consideration of Rs. 2,071 million.

Virbac is the world's 9th largest global animal health company, with 2005 sales of £250 mn, and is the largest independent company exclusively dedicated to animal health. Virbac is listed on the Euronext Paris Stock market, and has a global presence with over 75% of its sales generated outside of France and commercial operations in over 100 countries. Virbac assigns 6.9% of turnover to research, development and licensing and has five research centers co-located with production facilities in France, US, Australia, Mexico and Vietnam. Virbac has a workforce of 2,230 employees across the world. Virbac has identified some developing markets as a key growth potential for its food producing animal business over the next five years, one of which is the Indian animal health care market.

This deal makes Virbac the leader in the Indian Veterinary market. Holding a market share of over 10%, AFC markets a large range of products, particularly in the cattle segment, intended to serve veterinarians and breeders, thanks to its nationwide coverage supported by a strong sales force and a large network of manufacturing and distribution partners. Virbac intends to rely on these strengths in order to further broaden AFC's product offering with ranges from its own portfolio, in both food producing animals and companion animal segments. Virbac were advised on the transaction by KPMG India.

The AFC business is ranked No. 1 by value in the animal health market and represents just 8% of GSK's sales. In 2005, the AFC business recorded sales of Rs.1,199 Million. Over the past few years, GSK's strategy has been focused on growing the pharmaceuticals business by concentrating on the organic growth of its key assets in the priority range, including Augmentin, Vaccines and on the introduction of new chemical entities / in-licensed products to improve its market presence, particularly in the chronic segment. With pharmaceutical product patents being effective for molecules patented after 1995, GSK expects to maximize growth opportunities for these molecules from 2007 / 08 onwards. In the opinion of GSK's Board of Directors, the sale of the business to Virbac would be in the best interests of GSK, its stakeholders and the AFC employees.

The proposed divestment of the AFC Undertaking will transfer all rights and obligations of GSK in the AFC Undertaking, including the services of approximately 240 employees connected with the AFC Undertaking on terms and conditions no less favourable than those applicable to them immediately before the transfer.

Commenting on the transaction, Mr. Eric Marée, **Chairman of the Executive Board of Virbac** said, "We are extremely pleased with this opportunity to acquire a leadership position in India, a market which we think is going to become a major animal health market in the near future. We are confident in our ability to give good development opportunities to the AFC team and to broaden AFC's product offering to both cattle breeders and veterinarians with ranges from the Virbac portfolio". **Mr. Kal Sundaram, Managing Director, GSK India** added that "the divesting of the AFC business is in the best interests of all stakeholders. The principles that guided our search to locate a suitable organisation for the AFC business were an on going commitment to be in the animal health business, accompanied by a good cultural fit. We are pleased to say that Virbac meets both these requirements, given their entrepreneurial culture and their commitment to the future of AFC employees. AFC will now be part of the Virbac global business and have a bright future."

Subject to receipt of necessary approvals including the approval of GSK's shareholders and Virbac obtaining approval from the Foreign Investment Promotion Board, the transaction is expected to be completed in the second half of 2006.