Pre-Quarterly Results Communication Q2 2013

New information for Q2 2013

Share repurchases:

During Q2 2013 we repurchased 21.87m shares at a cost of £365m including a quarter-end accrual. This brings the total shares repurchased year to date to 25.35m at a cost of £417m including a Q2 quarter-end accrual.

Basic Weighted Average Number of Shares (WANS):

The basic weighted number of shares in issue during Q2 2013 was 4,855m compared with 4,945m in Q2 2012 (a reduction of 1.8%).

The basic weighted number of shares in issue during H1 2013 was 4,844m compared with 4,954m in H1 2012 (a reduction of 2.2%).

In millions	Q1 2012	Q2 2012	Q3 2012	Q4 2012	Q1 2013	Q2 2013
WANS: Quarter	4,963	4,945	4,897	4,843	4,834	4,855
WANS: Cumulative - Year to date	4,963	4,954	4,935	4,912	4,834	4,844
Period end shares *	4,962	4,910	4,864	4,827	4,844	4,845

*excludes Treasury shares and shares held by ESOP Trusts

Foreign Exchange:

Average rates for the quarter ended 30th June 2013 were £1/$1.54, £1/€1.17 and £1/Yen 150. On the basis of these rates, it is expected that the impact of foreign exchange on Q2 2013 sales will be around +1%.

Average rates for the six months ended 30th June 2013 were £1/$1.55, £1/€1.18 and £1/Yen 146. On the basis of these rates, it is expected that the impact of foreign exchange on H1 2013 sales will be around +0%.

Average rates	Q1 2012	Q2 2012	Q3 2012	Q4 2012	Q1 2013	Q2 2013
Quarter						
US$	1.58	1.58	1.58	1.62	1.56	1.54
€	1.20	1.24	1.25	1.23	1.19	1.17
Yen	125	125	125	133	142	150
FX impact on Turnover	*-1%*	*-2%*	*-3%*	*-3%*	*-1%*	*+1%*
	Q1 2012	**H1 2012**	**9 Months 2012**	**Full Year 2012**	**Q1 2013**	**H1 2013**
Cumulative - YTD						
US$	1.58	1.58	1.58	1.59	1.56	1.55
€	1.20	1.22	1.23	1.23	1.19	1.18
Yen	125	125	125	127	142	146
FX impact on Turnover	*-1%*	*-2%*	*-2%*	*-2%*	*-1%*	*+0%*

At the 2012 results presentation on 6th February 2013, the following ready-reckoner was provided in one of the slides to help estimate the expected impact of foreign exchange movements on core EPS:

Currency	Impact on 2013 Full Year EPS
US Dollar	10 cents movement in average exchange rate for full year impacts EPS by approximately +/-3.5%
Euro	10 cents movement in average exchange rate for full year impacts EPS by approximately +/-2.5%
Japanese Yen	10 Yen movement in average exchange rate for full year impacts EPS by approximately +/-1.0%

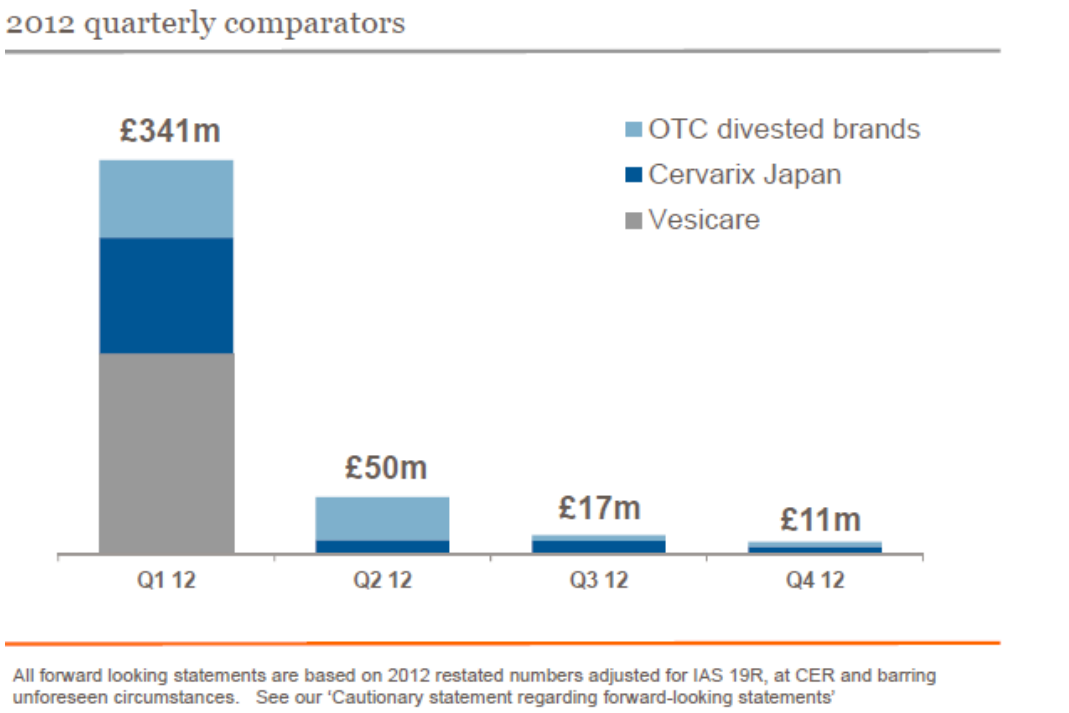
Factors impacting the Quarter

As usual there were a number of events in Q2 2012 and since then which impact the year on year comparison for Q2 2013. The following include several noteworthy items which you may wish to consider in your modelling.

EPS for Q2 2012 was 26.1p when restated for IAS 19 (revised) – see later for further details.

Please note that the items listed below are not intended to be a complete list of all items that may impact the comparisons for Q2 2013 versus Q2 2012.

In our Full Year 2012 results presentation on 6 February 2013 we included the following slide:



Link to 2012 Results London Stock Exchange announcements and presentations:
http://www.gsk.com/investors/quarterly-results.html

Acquisitions and Divestments - Historic information

OTC divestments

During 2012, we divested the non-core tail of OTC products in three tranches. The divestments included:

- North American brands (2011 sales of circa £126 million), which was substantially completed at the end of January 2012;
- International brands (total 2011 sales of circa £60 million), which was substantially completed in April 2012; and
- European brands (total 2011 sales of circa £185 million), which was substantially completed in May 2012 (Europe business was sold to Omega).

Sales £m (as reported)	Q1 2012	Q2 2012	Q3 2012	Q4 2012	FY 2012	Q1 2013
Ongoing Consumer Healthcare	**1,269**	**1,220**	**1,263**	**1,245**	**4,997**	**1,346**
Divested OTC products	67	37	5	4	113	1
Total Consumer Healthcare	**1,336**	**1,257**	**1,268**	**1,249**	**5,110**	**1,347**
CER growth*						
Ongoing Consumer Healthcare	*+4%*	*+5%*	*+5%*	*+7%*	*+5%*	*+6%*
Total Consumer Healthcare	*+1%*	*+0%*	*-2%*	*+0%*	*+0%*	*+1%*

Vesicare:

In Q1 2012 the Group benefited from incremental revenue related to the conclusion of the co-promotion agreement for Vesicare in the US. There were no associated COGS with Vesicare. There will be no Vesicare sales going forward.

Sales £m (as reported)	Q1	Q2	Q3	Q4	Full year
2012	174	0	0	1	175
2013	0				

Items Impacting Recent Quarterly Comparisons

Emerging Markets:

Vaccines in Emerging Markets are particularly vulnerable to volatility on a quarterly basis. Here are the published quarterly results for Pharma and Vaccines in Emerging Markets:

Sales £m (as reported)	Q1 2012	Q2 2012	Q3 2012	Q4 2012	FY 2012	Q1 2013
Pharma	842	892	902	993	3,629	894
Vaccines	210	277	301	319	1,107	225
Pharma + Vaccines	**1,052**	**1,169**	**1,203**	**1,312**	**4,736**	**1,119**
CER growth*						
Pharma	*+6%*	*+7%*	*+10%*	*+11%*	*+8%*	*+8%*
*Vaccines***	*-9%*	*+15%*	*+13%*	*+39%*	*+14%*	*+7%*
Pharma + Vaccines	***+2%***	***+9%***	***+11%***	***+16%***	***+10%***	***+8%***

**In the 2013 Q1 results presentation on 24 April Simon Dingemans (Chief Financial Officer) made the following comment: "EMAP vaccine sales grew 7% (in Q1 2013), which was better than we had originally expected, due to a shift in the phasing of tenders. This benefitted Q1 but will impact Q2. This shift in vaccines will also likely drag the overall reported EMAP performance meaningfully below trend for the second quarter. As we have highlighted, however, we continue to expect the majority of vaccine sales in EMAP in the second half."
The full results announcements along with links to related webcasts and presentations can be found at: http://www.gsk.com/investors/quarterly-results.html

Cervarix Japan

Since the beginning of 2011, the national HPV vaccination programme in Japan has benefited sales of Cervarix. In Q1 2012 there were significant (£100m) sales in Japan which was the final bolus of sales related to this programme. This resulted in a tough quarterly comparison in Q1 2013 but is not expected to be a significant variation impacting Q2 2013. Sales of Cervarix in Japan are in the table below:

Sales £m (as reported)	Q1	Q2	Q3	Q4	Year
2011	70	32	187	55	344
2012	100	13	12	7	132
2013	7				

Cost performance

In the 2013 Q1 results presentation on 24 April Simon Dingemans (Chief Financial Officer) made the following comment on costs:
"Overall, we will continue to manage our margin and operating cost base aggressively, including pursuing both ongoing savings and one-off benefits. I should remind you of the one-off benefit saving we had in Q2 last year of around £100 million. We continue to pursue other one-off savings this year, but the timing of these is more likely to be in the second half.

Total incremental restructuring benefits in 2013 are expected to contribute approximately £600 million, the phasing of which will clearly vary from quarter to quarter but, again, this is likely to have a weighting in the second half, given the relatively recent start to the new Change programme."

Please note that the £100 million benefit to operating profit in Q2 2012 was mainly in SG&A and COGS, with the highest proportion in SG&A.

Acquisitions and Divestments – Historic London Stock Exchange announcements (LSE announcements) and press releases

GSK receives offer for its thrombosis brands and related manufacturing site (LSE announcements 18 June 2013)

GlaxoSmithKline (LSE: GSK) has today received an offer for its thrombosis brands and Notre-Dame de Bondeville (NDB) site from Aspen Global Incorporated and Aspen Pharmacare Holdings Limited. A period of exclusivity has been agreed with Aspen and GSK will respond to the offer subject to consultation with employees and the relevant works councils.

The financial terms are confidential at this time, but the offer includes the transfer of the Arixtra® and Fraxiparine® (excluding China, India and Pakistan) brands to Aspen, along with the related manufacturing site and the majority of employees at NDB in France and certain dedicated commercial employees.
The proposed transaction is aligned to GSK's strategy of focusing on products with the most growth potential and the delivery of its pipeline.

Acquisition of Okairos AG (LSE announcement 29 May 2013)
GSK to further expand its vaccines platform technology expertise through strategic acquisition
GlaxoSmithKline (GSK) today announced that it has acquired Okairos AG (Okairos), a specialist developer of vaccine platform technologies for €250 million (approximately £215 million/$325 million) in cash. Swiss-based Okairos, a private company, has developed a novel vaccine platform technology which is expected to play an important role in GSK's development of new prophylactic vaccines (designed to prevent infection) as well as new classes of therapeutic vaccines (designed to treat infection or disease). Okairos' technology complements GSK's existing vaccine technology and expertise and will enable GSK to continue its work developing the next generation of vaccines. The deal also includes a small number of early stage assets.

GlaxoSmithKline and Impax Pharmaceuticals terminate their collaboration on IPX066 (29 April 2013)
GlaxoSmithKline (GSK) plc and Impax Pharmaceuticals today announced that they are terminating their collaboration for the development and commercialisation of IPX066 outside the United States and Taiwan. IPX066 is a carbidopa-levodopa extended release product in Phase III development for the symptomatic treatment of Parkinson's disease and is not approved anywhere in the world.

GSK Consumer India – Increase in stake: (LSE announcement 5 February 2013)
GSK increases stake in its publicly-listed Consumer Healthcare subsidiary in India to 72.5 per cent
GlaxoSmithKline plc (LSE: GSK) announced today that, pursuant to the voluntary open offer undertaken by its subsidiary, GlaxoSmithKline Pte. Ltd, GSK has successfully increased its stake in GlaxoSmithKline Consumer Healthcare Ltd, its publicly-listed Consumer Healthcare subsidiary in India, from 43.2% to 72.5%.

HGS update comment from Q3 2012 Results announcement: (31 October 2012)
The integration is progressing well and potential cost savings of up to $250 million have now been identified. The early emphasis has been on realising synergies in the commercial organisation. A number of additional opportunities within manufacturing have also now been identified and may rephase some of the synergy delivery. As a result, the acquisition is now expected to have a neutral effect on core earnings in 2013 and to be accretive thereafter.

Shionogi/ViiV comment from Q3 2012 Press release (31 October 2012) and (LSE announcement 29 October 2012)
On 28 October 2012, GSK announced that ViiV Healthcare has acquired the 50% of the Shionogi-ViiV Healthcare Holdings joint venture previously held by Shionogi. As a result, GSK will record 100% of the sales of the products formerly held by the joint venture and Shionogi will take an additional non-controlling interest in ViiV Healthcare. As all of the development costs of the previous joint venture

will now be fully consolidated, the acquisition is expected to be marginally dilutive to core EPS by up to 1p in each of 2013 and 2014 and accretive thereafter reflecting full consolidation of R&D costs.

Australian Classic Brands: (LSE announcement 15 August 2012)
GlaxoSmithKline reaches agreement to divest majority of Classic Brands in Australia for £172m
GlaxoSmithKline plc (GSK) today announced that it has reached agreement to divest the majority of its "Classic Brands" (25 non-promoted and genericised products) in Australia to Aspen Global Incorporated (Aspen) for approximately £172 million in cash. The divested brands include Valtrex, Lamictal, Timentin, Amoxil and Aropax and generated total sales of approximately £83 million in 2011 and approximately £31 million in the first half of 2012.
On 30th November 2012, GSK completed the divestment of Classic Brands in Australia. The brands generated total sales in 2012 of £56m up to the date of completion.

Toctino (LSE announcement 12 June 2012)
Stiefel signs worldwide acquisition and license agreement for Toctino®
Stiefel, a GSK company, today announced that it has entered into a worldwide agreement to acquire Toctino (alitretinoin) from Basilea Pharmaceutica Ltd. (Basilea). Toctino is a once-daily oral retinoid and the only prescription medicine specifically approved for the treatment of severe chronic hand eczema unresponsive to potent topical steroids in adults. In 2011, worldwide sales of Toctino were £22m. Basilea will receive an initial payment of £146m in cash from Stiefel and is eligible to receive further payments of up to £50m upon FDA approval of the product in the US and double-digit success payments on US net sales, beginning three years after launch of the product in the US.
The acquisition was completed at the end of July 2012.

Regulatory news flow on Key Assets during the quarter – To date

Since the beginning of Q2 we have issued a number of LSE announcements and press releases, each of which can be accessed using the following link:

http://www.gsk.com/media/press-releases.html

GSK receives positive CHMP opinions for Tafinlar® (dabrafenib) and Tyverb® (lapatinib)
(LSE announcement 27 June 2013)
Today, GlaxoSmithKline plc announced that the European Medicines Agency's Committee for Medicinal Products for Human Use (CHMP) is recommending marketing authorisation for two cancer drugs; Tafinlar (dabrafenib) as treatment for adult patients with unresectable or metastatic melanoma with a BRAF V600 mutation and Tyverb® (lapatinib) in combination with trastuzumab as a treatment for adult patients with breast cancer, whose tumours overexpress HER2 (ErbB2) with hormone receptor-negative metastatic disease that has progressed on prior trastuzumab therapy(ies) in combination with chemotherapy.

GSK's drisapersen to receive FDA Breakthrough Therapy designation for potential treatment of patients with Duchenne Muscular Dystrophy (LSE announcement 27 June 2013)
GlaxoSmithKline plc (GSK) received verbal notification yesterday that its investigational compound drisapersen (previously GSK2402968/PRO051) has been granted Breakthrough Therapy designation by the United States Food and Drug Administration (FDA) for the potential treatment of patients with Duchenne Muscular Dystrophy.

GSK announces data from five Phase III studies of albiglutide, an investigational once-weekly treatment for type 2 diabetes (LSE announcement 24 June 2013)

Data from five long-term Phase III studies (Harmony 1 to 5) comparing albiglutide, an investigational glucagon-like peptide receptor agonist (GLP-1), to placebo and a range of active comparators were presented at the American Diabetes Association Meeting (ADA) in Chicago (21-25th June). The active comparators in the studies were insulin, a sulphonylurea (SU), a thiazolidinedione (TZD), and a dipeptidyl peptidase four inhibitor (DPP-4). Albiglutide is not approved for use anywhere in the world.

GSK announces Phase III data for TYKERB/TYVERB® (lapatinib) in combination with chemotherapy for advanced HER2-positive gastric cancer. (LSE announcement 03 June 2013)

GlaxoSmithKline (GSK) plc today announced that its study of TYKERB/TYVERB® (lapatinib) in combination with chemotherapy in patients with HER2-positive advanced gastric cancer did not meet the primary endpoint of improved overall survival (OS) compared to chemotherapy alone.

GSK announces late-stage clinical data for VOTRIENT® (pazopanib) following chemotherapy in women with advanced epithelial ovarian cancer (LSE announcement 01 June 2013)

GlaxoSmithKline (GSK) plc today announced that its Phase III clinical trial of VOTRIENT (pazopanib) as maintenance therapy in women with advanced epithelial ovarian cancer following front-line chemotherapy met the primary objective of a statistically significant improvement in the time to disease progression or death (progression-free survival, PFS) compared to placebo.

Two new GSK oral oncology treatments, BRAF-inhibitor Tafinlar® (dabrafenib) capsules and the first MEK-inhibitor Mekinist™ (trametinib) tablets, approved by FDA as single-agent therapies (LSE announcement 29 May 2013)

Both approved for unresectable or metastatic melanoma with BRAF V600E mutation; Mekinist also approved for BRAF V600K mutation. GSK will be making Tafinlar and Mekinist available for prescription no later than in the early third quarter of 2013.

GSK and Genmab announce positive top-line results from pivotal trial of ARZERRA® (ofatumumab) combined with chlorambucil in previously untreated chronic lymphocytic leukaemia (LSE announcement 29 May 2013)

GlaxoSmithKline (GSK) plc and Genmab A/S (OMX: GEN) announced today that their Phase III study of ARZERRA® (ofatumumab) in combination with chlorambucil versus chlorambucil alone in patients with previously untreated chronic lymphocytic leukaemia (CLL) met its primary endpoint of progression free survival (PFS) as assessed by an independent review committee (IRC).

BREO™ ELLIPTA™ gains US approval for the treatment of COPD (LSE announcement 10 May 2013)

GlaxoSmithKline plc (LSE/NYSE: GSK) and Theravance, Inc. (NASDAQ: THRX) today announced that the US Food and Drug Administration (FDA) has approved BREO™ ELLIPTA™ as an inhaled long-term, once-daily maintenance treatment of airflow obstruction in patients with chronic obstructive pulmonary disease (COPD), including chronic bronchitis and/or emphysema.

Following this approval by the FDA, it is anticipated that BREO ELLIPTA will be available in the US during the third quarter of 2013. Under the terms of the 2022 LABA collaboration agreement,

Theravance is obligated to make a milestone payment of $30 million (USD) to GSK following FDA approval of BREO ELLIPTA.

GSK announces regulatory submission for umeclidinium monotherapy in US (LSE announcement 30 April 2013)

GlaxoSmithKline plc today announced the submission of a regulatory application in the US for the investigational once-daily medicine, umeclidinium bromide (UMEC), for patients with chronic obstructive pulmonary disease (COPD).

GSK announces regulatory submission for umeclidinium monotherapy in European Union (LSE announcement 26 April 2013)

GlaxoSmithKline plc (LSE:GSK) today announced the submission of a regulatory application in the European Union for the investigational once-daily medicine, umeclidinium bromide (UMEC), for patients with chronic obstructive pulmonary disease (COPD).

Regulatory Update - GSK and Theravance announce regulatory submission for ANORO™ ELLIPTA™ (UMEC/VI) in Japan (LSE announcement 22 April 2013)

GlaxoSmithKline plc (GSK) and Theravance, Inc. (NASDAQ: THRX) today announced the submission of a regulatory application to the Japanese Ministry of Health, Labour and Welfare (MHLW) for the investigational once-daily LAMA/LABA combination medicine, UMEC/VI, for patients with chronic obstructive pulmonary disease (COPD).

GSK announces first four-strain seasonal influenza vaccine granted marketing authorisation in Germany and the UK (LSE announcement 3 April 2013)

GlaxoSmithKline plc announced today the marketing authorisation of its quadrivalent (four-strain) influenza vaccine in Germany and the UK. Following a decentralised procedure, Germany's Paul Ehrlich Institut (PEI) was the first national regulatory authority in Europe to grant marketing authorisation for this influenza vaccine, followed by the Medicines and Healthcare Products Regulatory Agency (MHRA) in the UK. This is the first four-strain influenza vaccine to be approved in a European country for active immunisation of adults and children from three years of age for the prevention of influenza disease caused by the two influenza A virus subtypes and the two influenza B virus types contained in the vaccine.

Revision of IAS 19 'Employee benefits' (LSE announcement 6 February 2013)

IAS 19 (Revised) was implemented by GSK from 1 January 2013. The main effect is that the expected returns on pension scheme assets are no longer recognised in the income statement, expected returns have been replaced by income calculated using the same discount rate as that used to measure the pension obligations. This discount rate is based on market rates for high quality corporate bonds. As a consequence, pension scheme costs are higher under IAS 19 (Revised). For 2013 reporting, the results for 2012 have been restated retrospectively, and the effect of the change, on 2012 results, has been to reduce core operating profit for the year by approximately £92 million and core EPS by approximately 1.3p. It is estimated that core operating profit in 2013 will be reduced by approximately £160 million and core EPS by approximately 2.5p by the change.

In conjunction with our 2012 full year results announcement we issued an LSE announcement outlining the changes:

http://www.gsk.com/content/dam/gsk/globals/documents/pdf/Investors/quarterly-results/2012/Amended-Accounting-Standard-on-Employee-Benefits.pdf

£m	2011	Q1'12	Q2'12	Q3'12	Q4'12	2012	Q1'13
Group Turnover	**27,387**	**6,640**	**6,462**	**6,527**	**6,802**	**26,431**	**6,471**
COGS	(7,284)	(1,719)	(1,698)	(1,855)	(1,837)	(7,109)	(1,847)
as a % of sales	*26.6%*	*25.9%*	*26.3%*	*28.4%*	*27.0%*	*26.9%*	*28.5%*
Gross profit	**20,103**	**4,921**	**4,764**	**4,672**	**4,965**	**19,322**	**4,624**
Gross margin	*73.4%*	*74.1%*	*73.7%*	*71.6%*	*73.0%*	*73.1%*	*71.5%*
SG&A	(7,993)	(2,050)	(1,969)	(1,946)	(1,940)	(7,905)	(1,955)
as a % of sales	*29.2%*	*30.9%*	*30.5%*	*29.8%*	*28.5%*	*29.9%*	*30.2%*
R&D	(3,689)	(895)	(882)	(871)	(837)	(3,485)	(857)
as a % of sales	*13.5%*	*13.5%*	*13.6%*	*13.3%*	*12.3%*	*13.2%*	*13.2%*
Royalties	309	72	66	92	76	306	113
as a % of sales	*-1.1%*	*-1.1%*	*-1.0%*	*-1.4%*	*-1.1%*	*-1.2%*	*-1.6%*
Operating profit	**8,730**	**2,048**	**1,979**	**1,947**	**2,264**	**8,238**	**1,925**
Margin	*31.9%*	*30.8%*	*30.6%*	*29.8%*	*33.3%*	*31.2%*	*29.7%*
NFI	(707)	(168)	(184)	(178)	(194)	(724)	(176)
Associates	15	10	0	9	10	29	11
Pre-tax profit	**8,038**	**1,890**	**1,795**	**1,778**	**2,080**	**7,543**	**1,760**
Tax	(2,084)	(489)	(457)	(431)	(461)	(1,838)	(394)
Tax rate	*25.9%*	*25.9%*	*25.5%*	*24.2%*	*22.2%*	*24.4%*	*22.4%*
Profit after tax	5,954	1,401	1,338	1,347	1,619	5,705	1,366
Minorities	(197)	(65)	(48)	(64)	(58)	(235)	(68)
Attributable profit	**5,757**	**1,336**	**1,290**	**1,283**	**1,561**	**5,470**	**1,298**
WANS (m)	5,028	4,963	4,945	4,897	4,843	4,912	4,834
Core EPS (p)	**114.5**	**26.9**	**26.1**	**26.2**	**32.2**	**111.4**	**26.9**
DPS (p)	70.0	17.0	17.0	18.0	22.0	74.0	18.0

*** CER growth**

In order to illustrate underlying performance, it is the Group's practice to discuss its results in terms of constant exchange rate (CER) growth. This represents growth calculated as if the exchange rates used to determine the results of overseas companies in Sterling had remained unchanged from those used in the comparative period. All commentaries are presented in terms of CER growth, unless otherwise stated.

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