

Pre-Quarterly Results Communication Q2 2015

Novartis Transaction Update

On 2 March 2015 GSK completed the major three-part transaction with Novartis.

GSK has:

1. divested to Novartis its marketed Oncology portfolio, related R&D activities and rights to two pipeline AKT inhibitors for an aggregate cash consideration of \$16 billion;
2. acquired Novartis's global Vaccines business (excluding influenza vaccines) for an initial cash consideration of \$5.25 billion;
3. created a new world-leading Consumer Healthcare joint venture with Novartis in which GSK has majority control and an equity interest of 63.5%.

Following the closing of the Novartis transaction, GSK has reorganised the Group to reflect the greater balance between its Pharmaceuticals, Vaccines and Consumer businesses and responsibilities for some parts of these respective businesses have been realigned. GSK now reports these three businesses separately with corporate costs having been reallocated to each accordingly to more accurately reflect the profitability of each segment.

At the GSK Investor Event on 6 May 2015, we provided the following data on slide 76 to show the 12 month pro forma 2014 revenues and operating profit by division:

12 month* pro forma 2014 (£bn at actual rates)	Turnover	Core Operating Profit	Core Operating Margin
Total Pharma	14.3	4.5	31.7%
Vaccines	3.7	0.8	22.4%
Consumer	6.1	0.7	11.0%
Corporate **	0.1	0.1	-
12 month pro forma 2014	24.2	6.1	25.2%

* 12 month pro forma provided for modelling purposes. The pro forma growth rates provided in the quarterly results adjust from March onwards, as explained within the Q1 press release.

**Corporate operating profit includes a structural benefit of £219m that was realised in Q3 2014.

The major adjustments to sales and operating profit to calculate the restated figures above are to:

1. exclude Oncology;
2. include 12 months of the acquired Novartis Consumer and Vaccines businesses;
3. reallocate most corporate costs to more accurately reflect the profitability of each segment;
4. reallocate divestments required to Corporate.

Oncology *

Following the completion of the transaction with Novartis on 2 March 2015 GSK will consolidate two months of Oncology product sales and operating profits in 2015.

The historical data relating to Oncology* is:

Oncology* (£m)	2011A	2012A	2013A	H1 2014A	2014A
Turnover	678	803	967	552	1,193
Core operating profit	(86)	27	222	199	491
Core operating margin	-12.7%	3.4%	23.0%	36.1%	41.2%

*Oncology comprises the Company's Marketed Oncology Portfolio, related R&D activities and rights to its AKT Inhibitors in development and also the grant to Novartis of the Oncology Commercialisation Partner Rights for future oncology products arising from GSK's early-stage oncology pipeline.

Novartis Vaccines Business

Following the completion of the transaction with Novartis on 2 March 2015 GSK will consolidate ten months of Novartis product sales and operating profits in 2015.

The historical data relating to the Novartis Vaccines business is:

Novartis Vaccines Business* (£m)	2012A	2013A	2013A Excluding intermediate supply	2014A† Excluding intermediate supply
Turnover	568	602	462	549
Core operating loss	(143)	(73)	(199)	(199)
Core operating margin	-25.2%	-12.1%	-43.1%	-36.2%

* Excluding the Novartis Influenza Vaccines Business which GSK has not purchased

† Information for the Novartis 2014 results is a preliminary estimate based on information provided by Novartis and may be subject to further revision.

When reported by Novartis, its Vaccines Business included the supply of intermediate vaccine components to GSK, turnover for which was £144m in 2012, £140m in 2013 and £135m in 2014. After the Completion of the Transaction, these sales will be eliminated from reported turnover and cost of goods sold. For illustrative purposes, the 2013 and 2014 estimated results for the acquired Novartis Vaccines business have been restated above to exclude the financial benefit of these sales.

Novartis OTC Business

Following the completion of the transaction with Novartis on 2 March 2015 GSK will consolidate ten months of Novartis product sales and operating profits in 2015.

GSK holds a 63.5% shareholding and Novartis holds a 36.5% shareholding in the newly created Consumer Healthcare joint venture. The reported results for the total GSK Consumer Healthcare segment also include sales and profits from GSK's listed Indian and Nigerian Consumer businesses (in

which GSK holds respective shareholdings of 72% and 46%) and additional allocated GSK corporate costs attributable to the overall Consumer Healthcare segment.

Novartis OTC Business (£m)	2011A	2012A	2013A	2014A†
Turnover	2,050	1,649	1,847	1,841
Core operating profit	313	38	87	186
Core operating margin	15.3%	2.3%	4.7%	10.1%

† Information for the Novartis 2014 results is a preliminary estimate based on information provided by Novartis and may be subject to further revision.

Impact of Required Divestments

On 28 January GSK announced clearance from the European Commission of its proposed three-part transaction with Novartis. The approval is subject to certain conditions, which GSK and Novartis have agreed to undertake following completion of the transaction.

Consumer Divestments: In relation to the proposed consumer healthcare joint venture, GSK has agreed to sell its NiQuitin smoking cessation products and Coldrex cold & flu products in the European Economic Area (EEA), its local Panodil pain management and Nezeril/Nasin cold and flu products in Sweden, and Novartis's topical cold sore business in the EEA.

Update during Q2: On 2 June Perrigo announced that it is to acquire a portfolio of leading OTC brands from GSK for an undisclosed sum. They also announce that the transaction *"is expected to close in the third quarter of 2015, pending approval by the European Commission, the Australian Competition and Consumer Commission, and Brazil's Council for Economic Defense, as well as the satisfaction of customary closing conditions."*

Vaccines Divestments: In relation to the vaccines acquisition, GSK has agreed to sell its meningitis vaccines, Nimenrix and Mencevax, on a global basis. In 2014 these products achieved combined global sales of £34 million.

Update during Q2: On 22 June GSK announced that it is divesting Nimenrix and Mencevax to Pfizer Ireland Pharmaceuticals (a subsidiary of Pfizer Inc). The agreement with Pfizer Ireland Pharmaceuticals remains subject to final European Commission approval, other regulatory approvals and other customary closing conditions, which we hope to receive in the coming months. It is expected that the sale will be completed before the end of the year. The total consideration for the sale, including some deferred consideration, is €115 million (£82 million).

Financial Impact: In 2014 total combined sales of these products (Consumer and Vaccines) was circa £100m with profits generated of circa £50m. For reporting in 2015, sales of these products are included in Corporate and other unallocated turnover.

Other information

Foreign Exchange:

Average rates Quarterly	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015
Key currencies						
US\$	1.66	1.68	1.67	1.59	1.52	1.54
€	1.21	1.23	1.25	1.27	1.34	1.38
Yen	171	173	175	181	182	186
Other Currencies						
Australian Dollar	1.85	1.81	1.83	1.83	1.94	1.98
Brazilian Real	3.89	3.79	3.84	4.00	4.33	4.73
Canadian Dollar	1.83	1.83	1.80	1.82	1.88	1.90
Chinese Yuan	10.2	10.4	10.2	9.90	9.49	9.57
Indian Rupee	102.0	102.0	102.0	98.0	94.9	97.9
Russian Rouble	57.8	58.8	61.6	77.4	94.7	84.1
FX impact on turnover	-8%	-9%	-7%	-3%	-1%	-1% to -2%
FX impact on CORE EPS	-22%	-13%	-5%	-5%	-2%	n/a

Average rates for the quarter ended 30th June 2015 were \$1.54/£, €1.38/£ and Yen 186/£. On the basis of these rates, it is expected that the impact of foreign exchange on Q2 2015 sales will be around -1% to-2%.

As a result of the mix of currency movements relative to the mix of costs, we expect that the negative impact of foreign exchange on Q2 2015 sterling core EPS will likely be greater than the negative impact on sales.

Average rates Cumulative - YTD	3M 2014	6M 2014	9M 2014	12M 2014	3M 2015	6M 2015
Key Currencies						
US\$	1.66	1.67	1.67	1.65	1.52	1.53
€	1.21	1.22	1.23	1.24	1.34	1.36
Yen	171	172	173	175	182	184
Other Currencies						
Australian Dollar	1.85	1.83	1.83	1.83	1.94	1.96
Brazilian Real	3.89	3.84	3.84	3.88	4.33	4.53
Canadian Dollar	1.83	1.83	1.82	1.82	1.88	1.89
Chinese Yuan	10.2	10.3	10.3	10.2	9.49	9.53
Indian Rupee	102.0	102.0	102.0	101.0	94.9	96.4
Russian Rouble	57.8	58.3	59.4	63.9	94.7	89.4
FX impact on turnover	-8%	-9%	-8%	-7%	-1%	-1%
FX impact on CORE EPS	-22%	-17%	-12%	-11%	-2%	n/a

Average rates for the six months ended 30th June 2015 were \$1.53/£, €1.36/£ and Yen 184/£. On the basis of these rates, it is expected that the impact of foreign exchange on H1 2015 sales will be around -1%.

We also expect that the negative impact of foreign exchange on H1 2015 sterling core EPS will likely be greater than the negative impact on sales.

The Q2 2015 period-end rates were \$1.57/£, €1.41/£ and Yen 192/£.

Period end rates	Mar 2014	Jun 2014	Sep 2014	Dec 2014	Mar 2015	Jun 2015
Key Currencies						
US\$	1.67	1.71	1.62	1.56	1.48	1.57
€	1.21	1.25	1.28	1.29	1.38	1.41
Yen	172	173	178	187	178	192

Exchange Gains or (Losses)

Sharp movements and volatility in currencies during a quarter can result in Exchange Gains or Losses (EGOLs) which are recorded in SG&A. During Q2 2015 there was continued volatility in a number of currencies relative to Sterling.

EGOLs as reported (£m)	Q1	Q2	Q3	Q4	Full Year
2013	82	(46)	(49)	(14)	(27)
2014	(20)	(27)	10	(19)	(56)
2015	(6)				

Ready reckoner

At the GSK Investor Event on 6 May 2015, the following ready reckoner was provided on slide 77 to help estimate the expected impact of foreign exchange movements on core EPS*:

Currency	Impact on 2015 Full Year Core EPS
US Dollar	10 cents movement in average exchange rate for full year impacts EPS by approximately +/-3%
Euro	10 cents movement in average exchange rate for full year impacts EPS by approximately +/-2%
Japanese Yen	10 Yen movement in average exchange rate for full year impacts EPS by approximately +/-1%

*Please note that the ready reckoner does not include the impact of inter-company Exchange Gains or Losses

The slide also included 2014 currency sales exposure for legacy GSK:

Currency	2014 Currency sales exposure
US Dollar	32%
Euro	20%
Japanese Yen	7%
Other*	41%

*The other currencies that each represent more than 1% of Group sales are: Australian Dollar, Brazilian Real, Canadian Dollar, Chinese Yuan, Indian Rupee. In total they accounted for 13% of Group revenues in 2014

Basic Weighted Average Number of Shares (WANS):

The basic weighted number of shares in issue during Q2 2015 was 4,832m compared with 4,812m in Q2 2014 (an increase of 0.4%).

The basic weighted number of shares in issue during H1 2015 was 4,826m compared with 4,807m in H1 2014 (an increase of 0.4%).

In millions	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015
WANS: Quarter	4,802	4,812	4,807	4,809	4,820	4,832
WANS: Cumulative - Year to date	4,802	4,807	4,807	4,808	4,820	4,826
Period end shares *	4,815	4,805	4,808	4,811	4,830	4,834

*excludes Treasury shares and shares held by ESOP Trusts

Dividend

In the Q1 2015 Press Release we made the following comment on the annual dividend:

"GSK is announcing that it expects to pay an annual ordinary dividend of 80p for each of the next three years (2015-2017).

In addition we made the following comment:

"GSK now plans to return approximately £1 billion (20p per share) to shareholders via a special dividend to be paid alongside GSK's Q4 2015 ordinary dividend payment"

Dividend per share (p)	Q1	Q2	Q3	Q4	Full Year
2013	18	18	19	23	78
2014	19	19	19	23	80
2015 – ordinary dividend	19				80*
2015 – special dividend	-	-	-	20*	20*

*The actual dividend amount is determined by the Board of Directors.

Factors Impacting Recent Quarterly Comparisons

As usual there were a number of events in H1 2015 and during 2014 which impact the year on year comparison for Q2 2015 and H1 2015. This includes the following noteworthy items which you may wish to consider in your modelling.

The shape of 2015

In the Q4 2014 analyst presentation on 4 February 2015, Simon Dingemans made the following comments:

“... we continue also to expect US Advair down around 20% for the year, although given the timing of contract negotiations last year, the headwinds driving this decline are expected to be stronger in the first half which will also see tough comparators for Lovaza, our Japan business, which saw wholesaler stocking in Q1 last year ahead of the consumption tax increase, and vaccines with Boostrix and Pediarix both benefitting in the first half last year from the absence of a competitor from the market.”

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 2015 versus Q2 2014

Respiratory

In the Q1 2015 Press Release we made the following comments on the Global Respiratory business

“Advair/Seretide sales continued to decline given sustained price pressure in the US and Europe and generic competition in Europe. Transition of the portfolio continues with an additional indication for use of Breo to treat adults with asthma from the FDA.”

And the following comments on US respiratory in particular

“In the US, Respiratory sales declined 22% to £583 million in the quarter (1% volume growth and a 23% negative impact of price and mix). The negative price and mix impact reflects new contracts agreed in 2014 in response to competitive pressures in both the ICS/LABA combination market, where Advair and Breo Ellipta compete, and also the LABA/LAMA combination market, where Anoro Ellipta is marketed. Sales of Advair were down 21% (3% volume decline and an 18% negative impact of price and mix). Flovent sales were down 38% to £83 million and Ventolin sales fell 24%. The reported declines for both Flovent and Ventolin reflected the net negative impact of true up adjustments to accruals for returns and rebates recorded in both Q1 2014 and Q1 2015. Excluding the impact of true up adjustments and stocking patterns, on an estimated underlying basis Flovent sales declined 6% while Ventolin grew 13%. Breo Ellipta recorded sales of £14 million, and Anoro Ellipta, launched in Q2 2014, recorded sales of £9 million in the quarter.”

For further comments, please refer to quarterly press releases and webcast/analyst presentation transcripts.

Theravance Milestone Payments

Other Pharmaceuticals turnover includes milestone income received from Theravance. During 2014 the following milestone payments were due from Theravance.

In September 2014 we received a \$10m payment relating to the Anoro launch in Japan. This was the final registrational and launch-related milestone fee payable to GSK relating to Breo/Relvar and Anoro.

Theravance Milestones (£m)	Q1	Q2	Q3	Q4	Year
2014	9	36	12	-	57
2015	-	-	-	-	-

Vaccines

Vaccines are vulnerable to volatility on a quarterly basis – particularly in emerging markets

Here are the quarterly results for the Vaccines Business in 2014 and Q1 2015:

Sales (£m)	Q1 2014	Q2 2014	Q3 2014	Q4 2014	FY 2014	Q1 2015
US	172	192	337	229	930	217
Europe	240	239	259	240	978	224
<i>Emerging Markets</i>	<i>190</i>	<i>283</i>	<i>274</i>	<i>309</i>	<i>1,056</i>	<i>n/a</i>
International	246	335	326	377	1,284	258
Vaccines	658	766	922	846	3,192	699
CER growth†						
US	+25%	-2%	-3%	-9%	+0%	+14% (+11% PF)
Europe	+3%	-5%	+0%	-7%	-2%	+4% (-3% PF)
<i>Emerging Markets</i>	<i>-8%</i>	<i>+26%</i>	<i>+13%</i>	<i>-16%</i>	<i>+1%</i>	<i>n/a</i>
International	n/a	n/a	n/a	n/a	n/a	+13% (+3% PF)
Vaccines	+3%	+5%	+0%	-9%	-1%	+10% (+3% PF)

PF: pro forma growth rates for vaccines for Q1 2015 were calculated by comparing reported turnover for Q1 2015 with Q1 2014 turnover adjusted to include the equivalent one month's sales of the former Novartis vaccines business.

In the Q1 2015 results video on 6 May 2015, Simon Dingemans (Chief Financial Officer) made the following comments relating to Q2 2015 headwinds for Vaccines as well as comments on volume constraints in 2015 and 2016.

“The second quarter will represent a more difficult comparator for vaccines partly because EM had a strong Q2 last year when it grew in excess of 20%. Also, the business is operating with some volume constraints. We have been investing in significant new capacity to meet the strong demand for our vaccines but the timelines to bring on new capacity are long and delivering the improvements will mean some short term supply constraints. This avoids having to take whole facilities down but will impact the vaccines business throughout 2015 and 2016 in different regions at different stages but particularly Europe and the Emerging Markets where we have the broadest product ranges.”

Consumer

In the Q4 2014 webcast Andrew Witty made the following comments:

“I would expect Consumer supply to be a tailwind for this year. I think it will be more pronounced in Q2, 3 and 4, only because the negative effect was largely towards the end of Q1 and then Q2 and Q3.”

In the Q1 2015 Press Release we made the following comments:

“Consumer Healthcare turnover grew 24% on a reported basis and 8% on a pro-forma basis to £1,381 million. Growth was driven by volume gains of 6% and price increases of 2%.

US turnover increased 47% to £330 million (33% pro-forma growth), primarily benefiting from the strong launch of Flonase OTC, with sales of £65 million in the quarter and double digit growth on Sensodyne”

Here are the quarterly results for the Consumer Health Business in 2014 and Q1 2015:

GSK Consumer Health (£m)	Q1 2014	Q2 2014	Q3 2014	Q4 2014	FY 2014	Q1 2015
Turnover	1,127	1,022	1,071	1,116	4,336	1,381
Reported Growth - CER	+0%	-4%	-3%	+2%	-1%	+24%
Pro Forma* Growth - CER	n/a	n/a	n/a	n/a	n/a	+8%

*The pro forma growth rate for Consumer for Q1 2015 was calculated by comparing reported turnover for Q1 2015 with Q1 2014 turnover adjusted to include the equivalent one month’s sales of the former Novartis consumer business.

In Q1 2015 there was a one month contribution to sales and profits from the Novartis OTC business following completion of the transaction on 2 March 2015.

Operating and Financial performance

Operating Performance

In the Q1 2015 results video on 6 May 2015, Simon Dingemans (Chief Financial Officer) made the following comments relating to operating margins:

“Moving to operating profit, the overall core margin for Q1 was down 4.1 percentage points. Exchange had no material impact on the core margin in the quarter.

The impact of the Novartis transaction was a negative 120 basis points, even though the transaction was only completed one month before the end of the quarter. This reflects the disposal of the higher margin oncology products and the acquisition of lower margin vaccines and consumer businesses. This also includes the impact of a higher than expected cost base that we inherited particularly in the Novartis vaccines business.

You will recall that I have flagged that before we deliver cost savings synergies, the change in the mix of the business from the Transaction was expected to put significant pressure on the operating margin of around 200 to 300 basis points in a full year. Seeing the impact, albeit after just one month, I continue to think this is a reasonable expectation for the full year, with the impact likely to be at the top end of this range given the higher costs that we are starting with.

On a pro forma basis, that is excluding the impact of the transaction, the core margin was down 290 basis points. This primarily reflects adverse price and mix movements including the decline in higher margin US Pharmaceuticals sales, the cost of supply chain improvements in vaccines, and also investments in launch capacity.

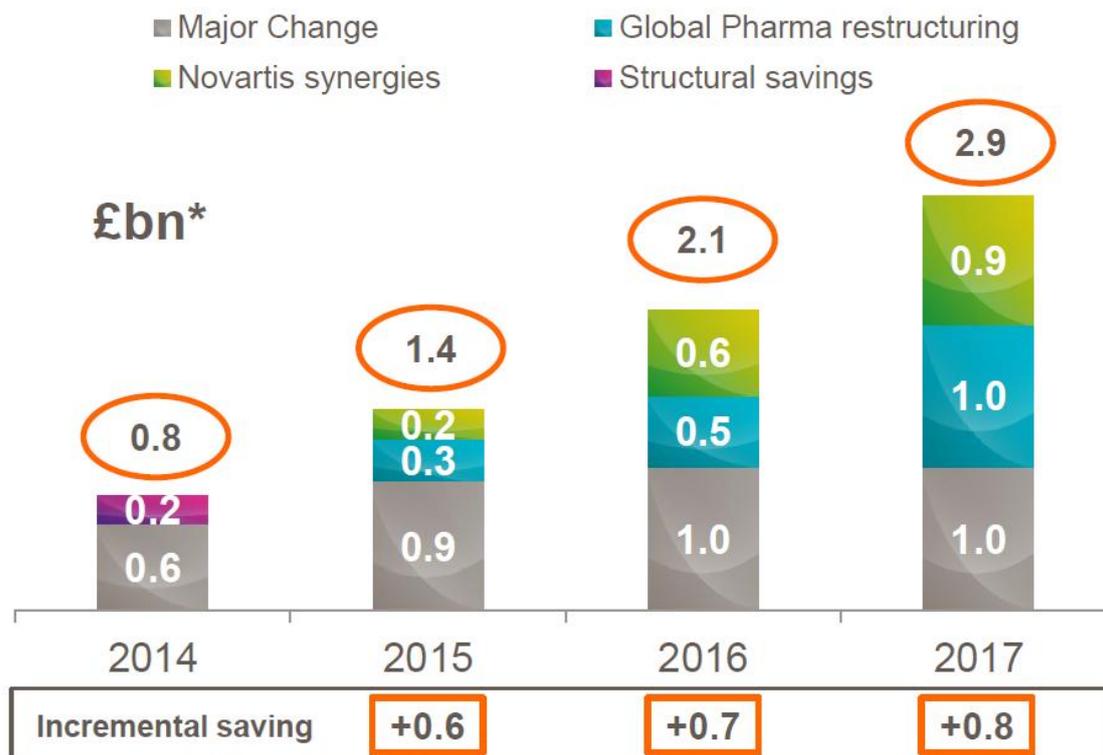
As we progress through the year, we expect to offset some of these pressures through the delivery of incremental annual cost savings totalling approximately £600m in 2015 and an additional £700m on top of that in 2016. This includes Novartis synergies and is after taking into account the impact of the £219m of structural savings that we delivered in Q3 2014 that will not recur this year.

...Looking at the full year 2015, I expect the combined impact of the various margin pressures net of total incremental savings to result in a bit more pressure than we saw in Q1 as we get a full year's impact from the Transaction mix shift. A reasonable expectation is overall around a 500 bps decline.”

CORE operating margin	Q1	Q2	Q3	Q4	Full Year
2014	27.3%	25.3%	33.4%*	28.6%	28.7%*
2015	23.2%				
Change YoY	-410 bps				Around 500bps decline

*Q3 2014 included a structural variance of £219m which benefited the Q3 2014 operating margin by 390bps and the Full Year 2014 operating margin by 100 bps

Year on year cost savings (per Investor event analyst presentation):



* Expected phasing of annual savings. All expectations and targets regarding future performance should be read together with the “2015-2020 Outlook” and “Assumptions and cautionary statement regarding forward-looking statements” sections of the Q1 Results Announcements dated 6 May 2015.

In the Q1 2015 Press Release we made the following comments on restructuring:

“The Group has three major restructuring programmes now underway: the transaction integration; restructure of its global pharmaceuticals business; and the Group-wide major change programme, started in 2012.

GSK continues to expect to deliver total transaction synergies of £1 billion annually. Following closure of the transaction in March and having reviewed the businesses acquired, GSK has identified opportunities to accelerate delivery of the overall programme. As a result, over 50% of total savings are now expected in 2016 (versus 2017) and the programme is expected to be substantially complete in 2017 (versus 2019).

As previously announced, the Group has commenced restructuring of its global Pharmaceuticals business with approximately £1 billion of annual cost savings to be delivered by 2017. Approximately 50% of savings are expected in 2016. These costs savings will help to mitigate ongoing changes to the Group’s Pharmaceutical margin and support investment in recent and new launches.

In total, the Group expects all restructuring (transaction, pharmaceuticals and major change) to deliver annual cost savings benefits of £3 billion. The total cash charges to deliver these benefits are expected to be approximately £3.65 billion and the non-cash charges up to £1.35 billion. Charges to-date are £1.3 billion, predominantly cash. The delivery of the £3 billion of annual benefits is expected

to be largely complete by the end of 2017. Going forward, the Group will report its restructuring as a single programme.”

Structural benefits:

These year-on-year cost savings include structural benefits. In 2012 we began an initiative designed to reshape and reduce our long term operating expenses and liabilities:

We do not expect the structural benefit of £219m that we saw in 2014 to recur in 2015.

Structural benefits (£m)		Q1	Q2	Q3	Q4	Full Year
2012	Restructuring pension obligations	-	105	-	290	395
2013	Restructuring post-employment medical benefits	-	-	267	12	279
2014	Structural benefits	-	-	219	-	219
2015		-				

Financial Performance

Associates and Joint ventures

At 31 December 2014, the Group held one significant associate, Aspen Pharmacare Holdings Limited (Aspen). Amounts relating to joint ventures principally arise from a 50% interest in one joint venture, Japan Vaccine Co., Ltd., with Daiichi Sankyo Co.,Ltd.

As at 31 December 2014 GSK owned approximately 12.4% of the issued share capital of Aspen. In March 2015 GSK reduced its shareholding to approximately 6.2% of the issued share capital. GSK will no longer account for Aspen as an associate going forward. Consequently, in 2015, the contribution from associates and joint ventures is expected to be minimal.

The table below is summarised from page 155 the 2014 Annual Report

Associates and joint ventures (£m)	2014
Aspen	39
Other associates	(1)
Joint ventures	(8)
Total Associates and Joint ventures	30

In the Q1 2015 results video on 6 May 2015, Simon Dingemans (Chief Financial Officer) made the following comments relating to Associates:

“Profit from associates was £7m vs £1m in Q1 last year. But now that we are no longer accounting for Aspen as an equity affiliate, following the sale of half of our shares for around half a billion pounds in March, we expect this line to be immaterial for the rest of the year.”

Associates and joint ventures (£m)	Q1	Q2	Q3	Q4	Full Year
2014	1	8	10	11	30
2015	7				

Taxation

In the Q1 2015 results video on 6 May 2015, Simon Dingemans (Chief Financial Officer) made the following comments relating to taxation:

“The core effective tax rate was 20%, down from 22% in Q1 2014, but in line with the full year rate in 2014. I continue to expect the full year rate for 2015 to be around 20% having now reflected the impact of the Novartis businesses into our planning.”

CORE Tax rate	Q1	Q2	Q3	Q4	Full Year
2014	22.0%	22.0%	20.0%	15.3%	19.6%
2015	20.0%				Around 20%

Profit/(loss) attributable to non-controlling interests

In the Q1 2015 Press Release we made the following comments:

“The allocation of earnings to non-controlling interests amounted to £91 million (Q1 2014: £62 million). GSK has two businesses with material non-controlling interests, namely ViiV Healthcare and the newly created Consumer Healthcare Joint Venture with Novartis in which Novartis has a 36.5% share. The Consumer Healthcare non-controlling interest allocation in the quarter was £12 million following its creation on 2 March 2015.”

At the Investor Event on 6 May 2015, Simon Dingemans (Chief Financial Officer) made the following comments:

“The big call out in the bottom half of the P&L as you think about the model of the company going forward will be the minority interest. This has been growing over the last couple of years as ViiV has performed but we are now bringing in the Novartis joint venture, and so expect a significant step up that you need to factor in in the minority interest and the shareholdings are all laid out for you to be able to model that.”

Profit/(loss) attributable to non-controlling interests (£m)	Q1	Q2	Q3	Q4	Full Year
2014	(62)	(61)	(47)	(52)	(222)
2015	(91)				

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[Acquisitions and Divestments](#)

GSK completes partial sale of Aspen Pharmacare Holdings Ltd shares

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(LSE announcement 13 March 2015)

<http://otp.investis.com/clients/uk/GlaxoSmithKline2/rns/regulatory-ystor.aspx?cid=410&newsid=497569>

GSK strengthens early stage vaccine pipeline with acquisition of GlycoVaxyn AG

GSK today announced that it has acquired GlycoVaxyn AG, a specialist vaccine biopharmaceutical company based in Switzerland. Since forming a scientific collaboration in 2012, GSK has held a minority stake in GlycoVaxyn and has now acquired the remaining shares for US \$190 million (approximately £124 million) in cash to take full ownership of the company.

(Press Release 11 February 2015)

Novartis Transaction announcements

Regulatory update on divestment of Nimenrix and Mencevax

GlaxoSmithKline plc (LSE/NYSE: GSK) today announced it is divesting its meningitis vaccines Nimenrix and Mencevax to Pfizer Ireland Pharmaceuticals (a subsidiary of Pfizer Inc).

The sale follows commitments given to the European Commission and other regulators in connection with the merger control clearances obtained for GSK's three-part transaction with Novartis AG, which completed on 2 March 2015. As part of the transaction, GSK acquired Novartis's vaccines business (excluding influenza vaccines) including the meningitis vaccines Menveo and Bexsero. In order to satisfy regulatory clearances as part of the transaction, GSK agreed to divest its legacy meningitis vaccines Nimenrix and Mencevax, which are sold outside the US and achieved combined global sales in 2014 of £34 million.

The agreement with Pfizer Ireland Pharmaceuticals remains subject to final European Commission approval, other regulatory approvals and other customary closing conditions, which we hope to receive in the coming months. It is expected that the sale will be completed before the end of the year. The total consideration for the sale, including some deferred consideration, is €115 million (£82 million). **(LSE announcement 22 June 2015)**

Perrigo To Acquire Portfolio Of Leading OTC Brands From GSK

<http://perrigo.investorroom.com/2015-06-02-Perrigo-To-Acquire-Portfolio-Of-Leading-OTC-Brands-From-GSK> **(Perrigo Press Release 02 June 2015)**

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/en-gb/media/press-releases/>

GSK announces outcome of US FDA Advisory Committee recommending approval of mepolizumab for the treatment of adults with severe asthma

GlaxoSmithKline plc (LSE: GSK) today announced the outcome of the meeting of the Pulmonary Allergy Drugs Advisory Committee of the United States (US) Food and Drug Administration (FDA) regarding the Biologics Licence Application (BLA) for mepolizumab as an add-on maintenance treatment for severe asthma with eosinophilic inflammation. **(LSE announcement 11 June 2015)**

GSK submits Japan regulatory application for mepolizumab in severe eosinophilic asthma

GlaxoSmithKline plc (LSE/NYSE: GSK) today announced the submission of a regulatory application to the Japanese Ministry of Health, Labour and Welfare (MHLW) for mepolizumab as an add-on maintenance treatment for patients with severe eosinophilic asthma who experience exacerbations on standard treatment. **(Press Release 22 May 2015)**

GSK presents data at ATS on the role of blood eosinophil levels as a potential biomarker in the treatment of COPD

GSK today presented two abstracts at the American Thoracic Society (ATS) meeting that provide data on the role of blood eosinophils as a potential biomarker to determine responsiveness to treatment with an inhaled corticosteroid (ICS) in patients with COPD. The findings from these and other post-hoc analyses, combined with ongoing prospective studies, could provide important information regarding how a patient's blood eosinophil level influences their individual benefit/risk with an ICS containing treatment. **(Press Release 19 May 2015)**

GSK's ECLIPSE study shows association between improving health status and reduced morbidity and mortality in patients with COPD

The latest findings from the landmark GSK-sponsored ECLIPSE (Evaluation of COPD Longitudinally to Identify Predictive Surrogate Endpoints) study, published in this month's issue of *Thorax*, demonstrate that improving or keeping stable health status in patients with obstructive pulmonary disease (COPD) significantly reduces the likelihood of having an exacerbation of COPD, hospital admission and dying. **(Press Release 18 May 2015)**

ViiV Healthcare begins phase III programme with dolutegravir/rilpivirine combination for HIV maintenance therapy

First programme to evaluate dual HIV maintenance therapy with dolutegravir and rilpivirine

London, United Kingdom, 6 May 2015: ViiV Healthcare today announced the start of a phase III clinical trial programme to evaluate the safety and efficacy of dolutegravir (Tivicay®) and rilpivirine (Edurant®1.) as maintenance therapy for adult patients with HIV. The phase III programme comprises two replicate studies evaluating 48 week viral suppression with a two drug regimen combining an integrase inhibitor (dolutegravir) and a non-nucleoside reverse transcriptase inhibitor

(rilpivirine) in patients with HIV who have already achieved viral suppression with a three drug regimen. **(Press Release 06 May 2015)**

GSK, Fondazione Telethon and Ospedale San Raffaele announce EU regulatory submission for gene therapy to treat rare disease ADA-SCID

GSK, Fondazione Telethon (Telethon) and Ospedale San Raffaele (OSR) today announced the submission of a marketing application to the European Medicines Agency (EMA) for a gene therapy (GSK2696273) to treat patients with a rare disease, adenosine deaminase severe combined immunodeficiency syndrome (ADA-SCID), for whom no suitable human leukocyte antigen (HLA)-matched related stem cell donor is available. **(Press Release 05 May 2015)**

FDA approves BREO® ELLIPTA® for the treatment of adults with asthma in the US

GlaxoSmithKline plc (LSE: GSK) and Theravance, Inc. (NASDAQ: THRX) today announced that the US Food and Drug Administration (FDA) has approved BREO® ELLIPTA® (fluticasone furoate/vilanterol [FF/VI]) for the once-daily treatment of asthma in patients aged 18 years and older. Breo Ellipta is not indicated for the relief of acute bronchospasm. **(LSE Announcement 30 April 2015)**

GSK candidate vaccine for the prevention of shingles demonstrates overall efficacy of 97.2% which does not diminish in the age groups studied

- Shingles is a significant public health burden, more than 90% of adults aged 50 years and over are at risk

GlaxoSmithKline plc (LSE/NYSE: GSK) today presented detailed data from a randomised phase III study of its investigational vaccine candidate for the prevention of shingles, HZ/su, showing vaccine efficacy was maintained across age groups, from 50 years to 70 years and over. The data was presented at the 25th Scientific Congress of the European Society of Clinical Microbiology and Infectious diseases (ECCMID) in Copenhagen and published online simultaneously in the New England Journal of Medicine. **(LSE Announcement 28 April 2015)**

Malaria vaccine candidate has demonstrated efficacy over 3-4 years of follow-up

- Final results from Phase III trial suggest substantial public health benefits could be provided by the RTS,S malaria vaccine candidate in endemic regions in sub-Saharan Africa
- Vaccine efficacy enhanced by administration of a booster dose

Final results from a large-scale Phase III trial of the RTS,S malaria vaccine candidate, including the impact of a booster dose, published today in The Lancet, show that the vaccine candidate helped protect children and infants from clinical malaria for at least three years after first vaccination. **(Press Release 24 April 2015)**

Other newsflow during the quarter – To date

GlaxoSmithKline plc announces Board and Committee changes

GlaxoSmithKline plc (the 'Company') today announces that Manvinder Singh (Vindi) Banga will join GSK's Board as a Non-Executive Director on 1 September 2015.

Mr Banga will succeed Sir Deryck Maughan as Senior Independent Director with effect from 5 May 2016. Sir Deryck will not seek re-election to the Company's Board at the Company's 2016 Annual General Meeting and will retire from the Board at the conclusion of the meeting.

(LSE Announcement 07 May 2015)

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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