Pre-Quarterly Results Communication Q3 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. Historical data relating to the Oncology business can be found in the Q2 2015 Aide Memoire at:
http://www.gsk.com/media/683049/q2-2015-pre-announcement-aide-memoire.pdf

Novartis Vaccines and OTC Businesses

Following the completion of the transaction with Novartis on 2 March 2015 GSK will consolidate ten months of Novartis product sales and operating profits from these businesses in 2015. Historical data relating to the Novartis Vaccines Business and the Novartis OTC Business can be found in the Q2 2015 Aide Memoire at:
http://www.gsk.com/media/683049/q2-2015-pre-announcement-aide-memoire.pdf

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 Q3: On 22 August Perrigo announced that it has completed the acquisition of leading OTC brands from GSK in an all cash transaction valued at €200 million.
http://perrigo.investorroom.com/2015-08-28-Perrigo-Completes-Acquisition-of-Leading-Portfolio-of-OTC-Brands-from-GSK

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.

On 22 June GSK announced that it is divesting Nimenrix and Mencevax to Pfizer Ireland Pharmaceuticals (a subsidiary of Pfizer Inc). The total consideration for the sale, including some deferred consideration, is €115 million (£82 million).

Update during Q3: On 1 October Pfizer announced that it has completed the acquisition of Nimenrix and Mencevax from GlaxoSmithKline.
http://www.pfizer.com/news/press-release/press-release-detail/pfizer_completes_acquisition_of_nimenrix_and_mencevax_from_glaxosmithkline

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	Q3 2015
Key currencies							
US$	1.66	1.68	1.67	1.59	1.52	1.54	1.53
€	1.21	1.23	1.25	1.27	1.34	1.38	1.39
Yen	171	173	175	181	182	186	187
Other Currencies							
Australian Dollar	1.85	1.81	1.83	1.83	1.94	1.98	2.14
Brazilian Real	3.89	3.79	3.84	4.00	4.33	4.73	5.49
Canadian Dollar	1.83	1.83	1.80	1.82	1.88	1.90	2.01
Chinese Yuan	10.2	10.4	10.2	9.90	9.49	9.57	9.68
Indian Rupee	102.0	102.0	102.0	98.0	94.9	97.9	99.7
Russian Rouble	57.8	58.8	61.6	77.4	94.7	84.1	97.5
FX impact on turnover	***-8%***	***-9%***	***-7%***	***-3%***	***-1%***	***-1%***	***-3%***
FX impact on CORE EPS	***-22%***	***-13%***	***-5%***	***-5%***	***-2%***	***-9%***	***n/a***

Average rates for the quarter ended 30th September 2015 were $1.53/£, €1.39/£ and Yen 187/£. On the basis of these rates, it is expected that the impact of foreign exchange on Q3 2015 sales will be around -3%.

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 Q3 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	9M 2015
Key Currencies							
US$	1.66	1.67	1.67	1.65	1.52	1.53	1.53
€	1.21	1.22	1.23	1.24	1.34	1.36	1.37
Yen	171	172	173	175	182	184	185
Other Currencies							
Australian Dollar	1.85	1.83	1.83	1.83	1.94	1.96	2.02
Brazilian Real	3.89	3.84	3.84	3.88	4.33	4.53	4.85
Canadian Dollar	1.83	1.83	1.82	1.82	1.88	1.89	1.93
Chinese Yuan	10.2	10.3	10.3	10.2	9.49	9.53	9.58
Indian Rupee	102.0	102.0	102.0	101.0	94.9	96.4	97.5
Russian Rouble	57.8	58.3	59.4	63.9	94.7	89.4	92.1
FX impact on turnover	***-8%***	***-9%***	***-8%***	***-7%***	***-1%***	***-1%***	***-2%***
FX impact on CORE EPS	***-22%***	***-17%***	***-12%***	***-11%***	***-2%***	***-6%***	***n/a***

Average rates for the nine months ended 30th September 2015 were $1.53/£, €1.37/£ and Yen 185/£. On the basis of these rates, it is expected that the impact of foreign exchange on 9M 2015 sales will be around -2%.

We also expect that the negative impact of foreign exchange on 9M 2015 sterling core EPS will likely be greater than the negative impact on sales.

The Q3 2015 period-end rates were $1.51/£, €1.36/£ and Yen 181/£.

Period end rates	Mar 2014	Jun 2014	Sep 2014	Dec 2014	Mar 2015	Jun 2015	Sep 2015
Key Currencies							
US$	1.67	1.71	1.62	1.56	1.48	1.57	1.51
€	1.21	1.25	1.28	1.29	1.38	1.41	1.36
Yen	172	173	178	187	178	192	181

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 Q3 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)	(61)			

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

Currency impact 2015

In the Q2 2015 Press Release we made the following comment on the potential impact of currencies on Sales and EPS in 2015:

"If exchange rates were to hold at the Q2 2015 period-end rates for the rest of 2015, the estimated adverse impact on 2015 Sterling turnover would be around 2%, and if there were no further exchange gains or losses, the estimated adverse impact on 2015 Sterling core EPS would be around 6%."

We will update you on our latest view on the impact of currencies in our Q3 2015 press release

Basic Weighted Average Number of Shares (WANS)

The basic weighted number of shares in issue during Q3 2015 was 4,835m compared with 4,807m in Q3 2014 (an increase of 0.6%).
The basic weighted number of shares in issue during 9M 2015 was 4,829m compared with 4,807m in 9M 2014 (an increase of 0.5%).

In millions	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015
WANS: Quarter	4,802	4,812	4,807	4,809	4,820	4,832	4,835
WANS: Cumulative - Year to date	4,802	4,807	4,807	4,808	4,820	4,826	4,829
Period end shares *	4,815	4,805	4,808	4,811	4,830	4,834	4,836

*excludes Treasury shares and shares held by ESOP Trusts

Dividend

In the Q2 2015 Press Release we made the following comment on returns to shareholders:

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

GSK also 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.

Any future returns to shareholders of surplus capital will be subject to the Group's strategic progress, visibility on the put options associated with ViiV Healthcare and the Consumer Healthcare joint venture and other capital requirements."

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	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 9M 2015 and during 2014 which impact the year on year comparison for Q3 2015 and 9M 2015. This includes the following noteworthy items which you may wish to consider in your modelling.

Please note that the items listed below are not intended to be a complete list of all items that may impact the comparisons for Q3 2015 versus Q3 2014

Respiratory

On the Q2 2015 results analyst/investor call on 29 July 2015, Simon Dingemans (Chief Financial Officer) made the following additional comments:

"Pricing pressures continued to impact Advair/Seretide in the quarter, as contracting changes continue in the US and generic competition increases in Europe and International. We expect Advair/Seretide to continue to decline at similar rates in the second half, as we progress the transition of our Respiratory portfolio to newer products around the world."

"In the global Pharmaceuticals business in the US sales were down 7% proforma, primarily driven by Advair again, which was down 17%. It is down 19% year-to-date, and we continue to expect a decline of around 20% for the full year, reflecting both lower price realisations but also the shift to the newer products"

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

HIV

On the Q2 2015 results analyst/investor call on 29 July 2015, Simon Dingemans made the following comments with respect to the HIV margin:

"In terms of overall trend clearly the quarter is above trend at 74%. That's really reflecting the leverage from the top-line growth and the SG&A behind that.

What we haven't got in the P&L at the moment is some of the R&D that we expect to start putting back into the P&L as the pipeline progresses. Overall, and I know we've had a number of questions on this, if you think of a trend of around 70%, you are probably in the right place and clearly the margin quarter to quarter is going to move around that, depending on where we are in the development of current and future products."

HIV (£m)	Q1 2014	Q2 2014	Q3 2014	Q4 2014	FY 2014	Q1 2015	Q2 2015
Turnover	311	352	373	462	1,498	446	559
Operating profit	204	225	246	302	977	318	413
Operating Margin	65.6%	63.9%	66.0%	65.4%	65.2%	71.3%	73.9%

Vaccines

Sales of vaccines are vulnerable to volatility on a quarterly basis – particularly in emerging markets. Since quarterly sales can be very lumpy due in part to the impact of large tenders as well as competitor outages we highlight below the results for the Vaccines Business in 2014 and H1 2015:

GSK Vaccines (£m)	Q1 2014	Q2 2014	Q3 2014	Q4 2014	FY 2014	FY 2014 12 month Pro Forma	Q1 2015	Q2 2015
US	172	192	337	229	930	n/a	217	240
Europe	240	239	259	240	978	n/a	224	274
Emerging Markets	*190*	*283*	*274*	*309*	*1,056*	*n/a*	*n/a*	*n/a*
International	246	335	326	377	1,284	n/a	258	300
Total turnover	**658**	**766**	**922**	**846**	**3,192**	**£3.7bn**	**699**	**814**
Operating profit						£0.8bn	161	177
Operating margin						*22.4%*	*23.0%*	*21.7%*
CER growth†								
US – reported ***US – PF******	*+25%*	*-2%*	*-3%*	*-9%*	*+0%*		*+14%* ***+11%***	*+13%* ***-5%***
Europe – reported ***Europe –PF******	*+3%*	*-5%*	*+0%*	*-7%*	*-2%*		*+4%* ***-3%***	*+27%* ***+12%***
Emerging Markets	*-8%*	*+26%*	*+13%*	*-16%*	*+1%*		*n/a*	*n/a*
International – rep'd ***International – PF******	*n/a*	*n/a*	*n/a*	*n/a*	*n/a*		*+13%* ***+3%***	*-2%* ***-16%***
Turnover – reported ***Turnover – PF****	***+3%***	***+5%***	***+0%***	***-9%***	***-1%***		***+10%*** ***+3%***	***+11%*** ***-5%***

*PF (pro forma) growth rates for vaccines for Q1 and Q2 2015 were calculated by comparing reported turnover for the quarter with the corresponding quarter of 2014 adjusted to include the equivalent one month's sales of the former Novartis vaccines business in Q1 and three months of the former Novartis vaccines business in Q2.

On the Q2 2015 results analyst/investor call on 29 July 2015, Simon Dingemans made the following comments:

"US vaccines sales were down 5% pro forma mainly due to lower sales of Infanrix/Pediarix, which saw a key competitor return to the market during the course of last year. Encouragingly, sales of our meningitis portfolio Men B Bexsero totalled £27 million in the quarter.

We are pleased with the recent ACIP positive vote related to Bexsero which puts greater choice in the hands of physicians and should improve coverage for the vaccine. As a result, we expect improved momentum from Bexsero as the year progresses and awareness of the recommendation increases.

We also expect the US Vaccines business to benefit from higher flu sales in 2015. Early approval and shipment this year should see that benefit land mainly in the third quarter compared to last year when shipments were more weighted to Q4. All of the doses supplied to the US this year will be for

our new quadrivalent vaccines, which attract better pricing. Last year, only 70% of our flu doses in the US were for quadrivalent.
In Europe, Vaccine sales in the quarter grew 12% pro forma with the main drivers being Boostrix up 31%, benefiting from improved supply, as well as a competitor outage, and Bexsero which recorded sales of £24 million with tender sales in the UK and growing sales across Europe, particularly in Italy, Portugal and Germany.

In International, as I flagged back in May, Q2 for the Vaccines business faced a tough comparator due to a large amount of tender shipments in the quarter last year. Overall, this resulted in a 16% pro forma decline, although this was exacerbated by some tender shipments moving to later quarters. Remember also that this part of the business is particularly impacted by the supply chain investments we are making to improve overall reliability and expand capacity for the future. This will create some continuing constraints to supply over the next 18 months as the programme is completed.
Overall, though, we expect a better performance in International during H2 this year, although a fair amount of the shipments coming will be to lower margin customers including some significant GAVI tenders."

Consumer

Here are the quarterly results for the Consumer Health Business in 2014 and H1 2015:

GSK Consumer Health (£m)	Q1 2014	Q2 2014	Q3 2014	Q4 2014	FY 2014	FY 2014 12 month Pro Forma	Q1 2015	Q2 2015
Turnover	1,127	1,022	1,071	1,116	4,336	£6.1bn	1,381	1,509
Reported Growth - CER	+0%	-4%	-3%	+2%	-1%		+24%	+51%
Pro Forma* Growth - CER	n/a	n/a	n/a	n/a	n/a		+8%	+6%
Operating profit						£0.7bn	182	108
Operating Margin						11.0%	13.2%	7.2%

*pro forma growth rates for Consumer Health for Q1 and Q2 2015 were calculated by comparing reported turnover for the quarter with the corresponding quarter of 2014 adjusted to include the equivalent one month's sales of the former Novartis vaccines business in Q1 and three months of the former Novartis vaccines business in Q2.

On the Q2 2015 results analyst/investor call on 29 July 2015, Andrew Witty (Chief Executive Officer) made the following comments:

"Now as we go through the year, you will start to see a whole number of things happen. First of all, we are getting good tailwind in terms of supply compared to last year so that helps quite a bit. We are seeing the gross margin look better as we move forward and you start to see the benefits of the synergy start to flow through, so I would anticipate that margin to strengthen quite materially as we progress through the next couple of quarters and we are absolutely on track to hit the medium-term outlook we gave you. I remind you that that was that we would deliver a margin of at least 20%, so we feel very, very solid and good about that."

On the same call, in response to a question on the Consumer operating margin, Simon Dingemans made the following comment:

"As we touched on a little at Q1, Q2 and Q3 will have a great deal of disruption from the transaction but, overall, for the year as a whole, if you took the sort of levels that you were seeing in Q1, with a little improvement, you would probably be in broadly the right place."

Operating and Financial performance

Operating Performance

In the Q2 2015 results analyst/investor call on 29 July 2015, Simon Dingemans made the following comments on operating margins:

"Year-to-date, excluding currency, the core margin is down 250 basis points with the transaction making up virtually all of that at a negative 240 basis points.

The impact of the transaction is expected to increase half-on-half, despite initial synergy contributions, mainly because we exit a much higher contribution from oncology profits, almost £200 million more in the second half than the £100 million of profit we lost in the first half.

Remember also the second half last year benefitted from the £219 million of structural benefits we recorded in SG&A in Q3, which boosted the full year 2014 operating margin by approximately 1%. We still expect the overall decline in the core margin for the full year to be in the order of 500 basis points on a constant currency basis."

CORE operating margin	Q1	Q2	Q3	Q4	Full Year
2014	27.3%	25.3%	33.4%*	28.6%	28.7%*
2015	23.2%	22.9%			
Change YoY	-410 bps	-240 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)

Restructuring and structural savings (£bn)*	2014	2015	2016	2017
Restructuring savings (cumulative)	0.6	1.4	2.1	2.9
Structural savings	0.2	-	-	-
Total savings	0.8	1.4	2.1	2.9
Incremental savings		+0.6	+0.7	+0.8

* 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:

"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	**n/a**	-	-			

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 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	(2)			

Taxation

In the Q2 2015 results investor/analyst call on 29 July 2015, Simon Dingemans made the following comments relating to taxation:

"In the bottom half of the P&L the core effective tax rate was 20% for both Q2 and H1 this year, a benefit versus the 22% for the same period last year. We continue to expect 20% is the effective rate for the full year.

Looking ahead the tax rate for the second half last year was just below 18% so while the EPS growth in H1 reflected a 2% tax benefit, the second half this year will have a 2% headwind from the effective tax rate."

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

Profit/(loss) attributable to non-controlling interests (minority interests)

In the Q2 2015 Press Release we made the following comments

"The allocation of earnings to non-controlling interests amounted to £99 million (Q2 2014: £61 million), the increase reflecting the Consumer Healthcare non-controlling interest allocation together with an increase in the allocation of ViiV Healthcare profits."

In the Q2 2015 results investor/analyst call on 29 July 2015, Simon Dingemans made the following comments relating to minority interests:

"Minority interests also significantly affected the quarter, reflecting the significant step-up we saw in ViiV and the new Consumer joint venture and we expect the charge for minority interests to increase further in the second half."

Profit/(loss) attributable to non-controlling interests (£m)	Q1	Q2	Q3	Q4	Full Year
2014	(62)	(61)	(47)	(52)	(222)
2015	(91)	(99)			

Historic London Stock Exchange Announcements (LSE announcements) and press releases

Acquisitions and Divestments

GSK to divest ofatumumab for auto-immune indications to Novartis for up to $1 billion plus royalties

GlaxoSmithKline plc (LSE/NYSE: GSK) today announced an agreement with Novartis Pharma AG ("Novartis Pharma"), a subsidiary of Novartis AG, to divest its rights in ofatumumab for auto-immune indications, including multiple sclerosis.

Novartis Pharma previously acquired the oncology indications for ofatumumab (Arzerra) as part of the major three-part transaction between GSK and Novartis that completed earlier this year. After completion of the transaction announced today, Novartis Pharma will own rights to ofatumumab in all indications.

The consideration payable by Novartis Pharma to GSK may reach up to $1,034 million and comprises a series of milestone payments as follows:

- $300 million payable at closing;
- $200 million payable subject to the start of a phase III study in relapsing remitting multiple sclerosis by Novartis;
- further contingent payments of up to $534 million payable on the achievement of certain other development milestones.

Novartis Pharma will also pay royalties of up to 12 per cent to GSK on any future net sales of ofatumumab in auto-immune indications.

This agreement with Novartis Pharma is subject to the expiry of any waiting period under the US Hart-Scott-Rodino Antitrust Improvements Act of 1976 and other customary closing conditions. The transaction is expected to complete by the end of 2015.*

As this transaction relates to the divestment of assets in development, payments made to GSK as part of the transaction will be recorded as core turnover. Any milestone payments received by the Group in 2015 will be incremental to the company's current guidance for the year for core EPS to decline at a high teen percentage rate (CER).

(LSE announcement 21 August 2015)

**please note that the closing of the transaction is subject to completion of required regulatory clearances and the timing of closing will be confirmed when these have been obtained.*

GSK completes partial sale of Aspen Pharmacare Holdings Ltd shares

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Please go to link below if you are not a resident of the USA nor located in the USA.

(LSE announcement 13 March 2015)

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

Novartis Transaction announcements

Pfizer Completes Acquisition Of Nimenrix And Mencevax From GlaxoSmithKline
http://www.pfizer.com/news/press-release/press-release-detail/pfizer_completes_acquisition_of_nimenrix_and_mencevax_from_glaxosmithkline
(Pfizer press release 1 October 2015)

Perrigo Completes Acquisition of Leading Portfolio of OTC Brands from GSK
http://perrigo.investorroom.com/2015-08-28-Perrigo-Completes-Acquisition-of-Leading-Portfolio-of-OTC-Brands-from-GSK **(Perrigo press release 28 August 2015)**

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 2 June 2015)**

News flow on Key Assets during the quarter – To date

Since the beginning of Q3 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 presents post-hoc analysis of Anoro® Ellipta® data assessing markers of COPD deterioration compared to tiotropium or placebo using a novel composite endpoint

GlaxoSmithKline plc (GSK) and Theravance, Inc. (NASDAQ: THRX) today announced data presented by GSK at the European Respiratory Society (ERS) International Congress (poster PA1001), from an exploratory post-hoc analysis of phase III data, which showed that patients with moderate-to-severe chronic obstructive pulmonary disease (COPD) who received Anoro® Ellipta® (UMEC/VI 62.5/25mcg) had a reduced risk of experiencing a clinically important deterioration compared to tiotropium 18mcg or placebo over a 12-week treatment period. **(Press Release 27 September 2015)**

GSK receives positive CHMP opinion in Europe for novel anti-IL5 biological Nucala (mepolizumab) for the treatment of patients with severe refractory eosinophilic asthma

GlaxoSmithKline (LSE/NYSE: GSK) today announced that the Committee for Medicinal Products for Human Use (CHMP) of the European Medicines Agency (EMA) has issued a positive opinion recommending marketing authorisation for mepolizumab, which will be commercialised under the brand name Nucala, as an add-on treatment for severe refractory eosinophilic asthma in adult patients. **(LSE announcement 24 September 2015)**

Regulatory update: GSK and Theravance announce intention to file Relvar® Ellipta® for COPD in Japan

GlaxoSmithKline (LSE/NYSE: GSK) and Theravance, Inc. (NASDAQ: THRX) today announced the intention to file a supplemental Japanese New Drug Application (sJNDA) for Relvar® Ellipta® (fluticasone furoate "FF"/vilanterol "VI" or "FF/VI") for the treatment of chronic obstructive pulmonary disease (COPD) with the Japanese regulatory authority during the first quarter of 2016. This decision follows results from an additional global phase III efficacy and safety study.
(LSE announcement 24 September 2015)

ViiV Healthcare Phase lllb/IV STRIIVING data. New Phase IIIb/IV data show switching to once-daily Triumeq® maintains HIV viral suppression

ViiV Healthcare today announced 24-week data from the Phase IIIb/IV STRIIVING study, an open-label study evaluating the efficacy, safety and tolerability of switching from an antiretroviral therapy (ART) to the once-daily, fixed-dose dolutegravir-based regimen, Triumeq® (abacavir/dolutegravir/lamivudine) in virologically suppressed adults with HIV-1 (n=274).
(LSE announcement 23 September 2015)

GSK and Theravance announce results from the SUMMIT COPD CV Survival Study

GlaxoSmithKline plc (LSE/NYSE: GSK) and Theravance, Inc. (NASDAQ: THRX) today announced initial results from the **S***tudy to* **U***nderstand* **M***ortality and* **M***orbid***ITy** in COPD (SUMMIT) for Relvar®/Breo® Ellipta® 100/25mcg (fluticasone furoate 'FF'/vilanterol 'VI' or 'FF/VI'). The study involved 16,485 patients from 43 countries who had chronic obstructive pulmonary disease (COPD) with moderate airflow limitation (FEV1 50-70% predicted) and either a history or increased risk of cardiovascular disease (CVD).
For the primary endpoint of the study, the risk of dying on FF/VI 100/25mcg was 12.2% lower than on placebo* over the study period, which was not statistically significant (p=0.137).
(LSE announcement 8 September 2015)

GSK announces NEJM publication of Phase 3b/4 study of ambrisentan and tadalafil as first-line combination treatment in patients with pulmonary arterial hypertension

GSK today announced publication of the AMBITION study, the first outcomes study to compare the safety and efficacy of investigational first-line combination therapy of Volibris® (ambrisentan) and Adcirca® (tadalafil) to first-line monotherapy of either treatment alone in treatment-naïve patients with pulmonary arterial hypertension (PAH). **(Press Release 26 August 2015)**

GSK's Synflorix™ receives CHMP positive opinion for major label extension

GSK today announced that the Committee for Medicinal Products for Human Use (CHMP) of the European Medicines Agency (EMA) has issued a positive opinion for the expansion of the Synflorix European label. The updated label now includes effectiveness data for protection against invasive pneumococcal disease (IPD) and pneumonia and acute otitis media (AOM) caused by the pneumococcus bacterium. The effectiveness of the vaccine is due to an impact on pneumococcal disease caused by serotypes included in the vaccine in addition to an impact on serotype 19A, in children aged 6 weeks up to 5 years of age, as confirmed by the EMA. **(Press Release 27 July 2015)**

GSK's malaria candidate vaccine, Mosquirix™ (RTS,S), receives positive opinion from European regulators for the prevention of malaria in young children in sub-Saharan Africa

GSK announced today that the Committee for Medicinal Products for Human Use (CHMP) of the European Medicines Agency (EMA) has adopted a positive scientific opinion for its malaria candidate vaccine Mosquirix, also known as RTS,S, in children aged 6 weeks to 17 months. Following this decision, the World Health Organization (WHO) will now formulate a policy recommendation on use of the vaccine in national immunisation programmes once approved by national regulatory authorities. **(Press Release 24 July 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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