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CEO Interview instead of CEO Message

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As a global healthcare company, GSK can play an important role in meeting societal challenges. In 2013, we continued to develop innovative life-saving drugs and work with partners to get medicines to the people that need them most.

Over the past six years we have been making fundamental changes to deliver innovation and access to our products for patients and customers, and improved sustainable financial performance for our shareholders.

2013 was the most productive period of R&D output in the company’s history. Of the six major new medicine files we profiled at the start of 2013, five were approved and we are expecting regulatory decisions for the remaining asset in this group in the first half of 2014. In addition, we launched our new injectable quadrivalent flu vaccine in the USA. Together, these new drugs offer patients a range of new treatment options and represent substantial opportunities for business growth.

We continue to take action to reform our business model to meet the expectations of society and deliver our mission, in line with our values.

In 2013, we made new commitments to increase transparency of our clinical research by announcing our support for the AllTrials campaign and becoming the first pharmaceutical company to commit to publishing the detailed clinical study reports for all of our medicines. In May, we were the first in our industry to launch an online system enabling researchers to request access to anonymised patient-level data from our clinical trials. I am pleased that some other companies have now also adopted this approach.

We also announced plans to evolve the way we sell and market products to healthcare professionals, to further align our activities with the interests of patients and remove even the perception of conflict of interest. Specifically, we plan to stop direct payments to healthcare professionals for speaking engagements and for attendance at medical conferences, and extend our US ‘Patient First’ programme globally, to decouple sales team remuneration from scrip generation.

We continue to expand access to our medicines to people living in the developing world. During 2013, we signed a ground-breaking five-year partnership with Save the Children, to combine the resources and capabilities of our two organisations to help save the lives of one million children living in the poorest countries in Africa.

In 2013, we donated our four billionth tablet of albendazole to treat intestinal worms and lymphatic filariasis – part of our long-term commitment to tackle neglected tropical diseases – and delivered 862 million vaccine doses worldwide. We also strengthened our global initiatives to tackle non-communicable diseases such as cancer, diabetes, respiratory and heart disease.

I am also delighted we achieved a significant milestone for our malaria vaccine candidate which demonstrated that it could potentially halve the number of malaria cases in young children. This vaccine has the potential to save hundreds of thousands of childrens’ lives and we plan to file for approval during 2014. We are committed to making it available at a not-for-profit price.

There is no higher priority for me than the values-based conduct of our employees. In the past few years, we have focused on bringing to life our values and being thoughtful about what they really mean at a human level.

It is because of my strong belief in our company’s values that the allegations made in China about the behaviour of some individuals were so disappointing. The investigation into this matter by the authorities in China continues and we are cooperating fully. As a company, we are committed to learning the lessons and taking all necessary action in relation to the outcome of this investigation.

Our continued commitment to transparency was also evident in our efforts to disclose and address our environmental impacts. We are the only healthcare company listed in both the CDP’s Disclosure Leadership Index and its Performance Leadership Index in 2013, for our clear reporting and performance on climate impacts.

My job as CEO is to deliver a healthy company, and that is only possible with healthy employees. Our ground breaking Partnership for Prevention initiative will give benefits-eligible employees and their families equal access to preventive and basic healthcare benefits wherever they are based.

In 2014, we will continue to challenge our business model at every level, to ensure we are responding to the needs of patients and meeting the wider expectations of society.

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In 2014, despite challenges resulting from our operating environment, we made sustained progress against both the company’s strategic priorities and our commitment to operate responsibly.

I was particularly proud of the progress on our commitments to improve access to medicines this year. We saw the world’s first malaria vaccine come another step closer when we submitted our RTS,S candidate for regulatory approval. We have committed that we will make the vaccine available at a not for profit price for those who need it.

We also saw progress on addressing affordability barriers to access to healthcare. In 2014, we extended our tiered pricing approach to prescription medicines, asking countries to pay based on their national income. In early 2015, we also committed to freeze vaccine prices for GAVI graduating countries for ten years.

In addition we committed to invest £130 million in Africa over the next five years, aiming to provide a portfolio of relevant products, develop innovative pricing strategies, support African R&D expertise and increase local manufacturing capacity and capability.

2014 saw a critical public health emergency with the outbreak of Ebola in West Africa, which demanded an urgent response. As well as providing humanitarian support to affected regions, we accelerated the development of our candidate vaccine for Ebola at an unprecedented rate, with trials now underway.

We continue to look at ways to transform our commercial model. A new approach to compensation for sales representatives has now been rolled out worldwide. These changes build on the reforms we started in the USA more than two years ago and I was pleased to see our most recent Healthcare Practitioner customer satisfaction research showing that GSK now ranks first in the USA among our peer group for the value we bring to their work. Adding to this, by 2016, we will have fully implemented our commitment to stop paying doctors to speak on our behalf and instead deliver information to them through a new multi-channel system.

We believe these changes are not only the right thing to do, but that they will also be a competitive advantage. They follow our initiatives on clinical trial data transparency.

We expect all our people to put our values at the heart of their decisions and that their work meets or exceeds the expectations of society. That’s why the issues we saw in China last year have been wholly disappointing and we have taken significant steps to rectify the issues identified in our Chinese business, to apply appropriate lessons to our operations elsewhere and to strengthen our monitoring of ethical conduct. Given the complexity of our sector and the challenges of working in global healthcare, we will continue to face risks. However, we continue to believe that with robust systems in place our presence in these markets can improve access to medicine and broader healthcare.

Looking at other priority areas, we made good progress on employee gender diversity – slightly increasing the proportion of women in management – from 41% to 42% – and are on track with the roll-out of our preventative healthcare programme for our employees and their families, reaching 15 countries so far.

We have also set ambitious targets on carbon, water and waste. We continue to face the challenge of reducing our carbon footprint across the value chain while sales of our propellant based inhalers, our product with the biggest carbon footprint, continue to grow. However, we have met our operational water use target a year early, cutting use by 20% since 2010.

Finally, it is through the efforts of many that we look to fulfil our commitment to operate responsibly. I’d like to thank all our employees and partners – their continued support has helped us both address challenges and deliver substantial achievements this year.