

GLAXOSMITHKLINE PLC
Form 20-F
March 13, 2012

As filed with the Securities and Exchange Commission on March 13, 2012

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 20-F

.. **REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

x **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2011

OR

.. **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
OR

.. **SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
Commission file number 1-15170

GlaxoSmithKline plc
(Exact name of Registrant as specified in its charter)

England
(Jurisdiction of incorporation or organization)

980 Great West Road, Brentford, Middlesex TW8 9GS England
(Address of principal executive offices)

Victoria Whyte

Company Secretary

GlaxoSmithKline plc

980 Great West Road

Brentford, TW8 9GS

England

+44 20 8047 5000

company.secretary@gsk.com

(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

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Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange On Which Registered
American Depositary Shares, each representing	
2 Ordinary Shares, Par value 25 pence	New York Stock Exchange
4.850% Notes due 2013	New York Stock Exchange
5.650% Notes due 2018	New York Stock Exchange
6.375% Notes due 2038	New York Stock Exchange

Securities registered or to be registered pursuant to Section 12(g) of the Act:

None
(Title of class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

None
(Title of class)

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

Ordinary Shares of Par value 25 pence each 5,049,045,171.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Yes No

Note: Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.

Indicate by check mark whether the registrant (1) has filed all reports to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

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Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP International Financial Reporting Standards as issued Other
by the International Accounting Standards Board

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If Other has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.

Item 17 Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

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Pursuant to Rule 12b-23(a) of the Securities Exchange Act of 1934, as amended, the information for the 2011 Form 20-F of GlaxoSmithKline plc set out below is being incorporated by reference from the GSK Annual Report 2011 included as exhibit 15.2 to this Form 20-F dated and submitted on March 13, 2012 (the GSK Annual Report 2011).

All references in this Form 20-F to GlaxoSmithKline, the Group or GSK mean GlaxoSmithKline plc and its subsidiaries; the company means GlaxoSmithKline plc.

References below to major headings include all information under such major headings, including subheadings, unless such reference is a reference to a subheading, in which case such reference includes only the information contained under such subheading.

In addition to the information set out below, the information set forth under the headings Cautionary statement regarding forward-looking statements on the inside front cover, Directors statement of responsibilities on page 134, Shareholder information , Financial Reporting Calendar , Results announcements , and Financial reports on page 242, Corporate Responsibility Report , Annual General Meeting 2012 , and Duplicate publications on page 243, Investor Relations , Registrars , Share dealing service , Share scan alert , Glaxo Wellcome and SmithKline Beecham Corporate PEPs , ADR programme administrator and GSK Response Center on page 244 and Glossary of terms on page 247 in each case of the GSK Annual Report 2011 is incorporated by reference.

Notice regarding limitations on Director Liability under English Law

Under the UK Companies Act 2006, a safe harbour limits the liability of Directors in respect of statements in and omissions from the portions of the GSK Annual Report 2011 incorporated by reference herein, which includes the Business review on pages 1 to 77 of the GSK Annual Report 2011 incorporated by reference herein. Under English law the Directors would be liable to the company, but not to any third party, if the Report of the Directors described below contains errors as a result of recklessness or knowing misstatement or dishonest concealment of a material fact, but would not otherwise be liable.

Report of the Directors

The portions of pages 1 133 of the GSK Annual Report 2011 incorporated by reference herein comprise the Report of the Directors that has been drawn up and presented in accordance with and in reliance upon English company law, and the liabilities of the Directors in connection with that report shall be subject to the limitations and restrictions provided by such law.

Portions of the GSK Annual Report 2011 incorporated by reference herein contain references to our website. Information on our website or any other website referenced in the GSK Annual Report 2011 is not incorporated into this Form 20-F and should not be considered to be part of this Form 20-F. We have included any website as an inactive textual reference only.

PART I

Item 1. **Identity of Directors, Senior Management and Advisers**

Not applicable.

Item 2. **Offer Statistics and Expected Timetable**

Not applicable.

Item 3. Key Information

3.A Selected financial data

The information set forth under the heading:

Five year record on pages 232 to 234

of the GSK Annual Report 2011 is incorporated herein by reference.

3.B Capitalization and indebtedness

Not applicable.

3.C Reasons for the offer and use of proceeds

Not applicable.

3.D Risk factors

The information set forth under the heading:

Risk factors on pages 72 to 77

of the GSK Annual Report 2011 is incorporated herein by reference.

Item 4. Information on the Company

4.A History and development of the company

The information set forth under the heading:

About GSK on the inside back cover

of the GSK Annual Report 2011 is incorporated herein by reference.

4.B Business overview

The information set forth under the headings:

Risk factors on pages 72 to 77;

We are a science-led global healthcare company on page 1;

What we do on page 2;

Where we do it on page 3;

How we create value on pages 4 to 5;

How we deliver on pages 6 to 7;

How we performed on pages 8 to 9;

Chairman's statement on page 10;

Chief Executive's review on pages 11 to 12;

Our marketplace on pages 13-15;

Pharmaceutical products on pages 239 to 240;

Consumer Healthcare products on page 241;

Global Manufacturing and Supply on page 41;

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Acquisitions and disposals on pages 186 to 190;

Deliver more products of value on pages 28 to 29;
Investment in R&D on page 30;
Pharmaceuticals R&D on pages 31 to 33;
Vaccines R&D on pages 34 to 35;
Consumer Healthcare R&D on page 34;
Simplify the operating model on pages 38 to 43; and
Responsible business on pages 44 to 50

of the GSK Annual Report 2011 is incorporated herein by reference.

4.C Organizational structure

The information set forth under the heading:

Note 43 Principal Group companies on pages 205 to 207
of the GSK Annual Report 2011 is incorporated herein by reference.

4.D Property, plants and equipment

The information set forth under the headings:

Note 6 Segment information on pages 149 to 153; and
Note 17 Property, plant and equipment on pages 161 to 162
of the GSK Annual Report 2011 is incorporated herein by reference.

Item 4A. **Unresolved Staff Comments**

Not applicable.

Item 5. **Operating and Financial Review and Prospects**

5.A Operating results

The information set forth under the headings:

Grow a diversified global business on pages 16 to 27;
Financial review 2011 on pages 51 to 60;
Financial review 2010 on pages 67 to 71; and
Financial record Quarterly trend on pages 222 to 231
of the GSK Annual Report 2011 is incorporated herein by reference.

5.B Liquidity and capital resources

The information set forth under the heading:

Financial position on pages 61 to 66;
of the GSK Annual Report 2011 is incorporated herein by reference.

5.C Research and development, patents and licenses, etc.

The information set forth under the headings:

Investment in R&D on page 30;

Pharmaceuticals R&D on pages 31 to 33;

Vaccines R&D on pages 34 to 35;

Consumer Healthcare R&D on page 34;

Late stage pipeline summary on pages 36 to 37;

Pharmaceuticals and Vaccines product development pipeline on pages 235 to 238;

Pharmaceutical products, competition and intellectual property on pages 239 to 240;

Consumer Healthcare products, competition and intellectual property on page 241;

Our marketplace Intellectual property on page 15;

Our marketplace Trademarks on page 15; and

Our marketplace Competition on page 15

of the GSK Annual Report 2011 is incorporated herein by reference.

5.D Trend information

The information set forth under the heading:

Financial review 2011 on pages 51 to 60; and

Financial record Quarterly trend on pages 222 to 231

of the GSK Annual Report 2011 is incorporated herein by reference.

5.E Off-balance sheet arrangements

Not applicable.

5.F Tabular disclosure of contractual obligations

The information set forth under the heading:

Contractual obligations and commitments on page 63

of the GSK Annual Report 2011 is incorporated herein by reference.

Item 6. **Directors, Senior Management and Employees**

6.A Directors and senior management

The information set forth under the headings:

Our Board on pages 78 to 79; and

Our Corporate Executive Team on pages 80 to 81

of the GSK Annual Report 2011 is incorporated herein by reference.

6.B Compensation

The information set forth under the heading:

Remuneration Report on pages 106 to 133

of the GSK Annual Report 2011 is incorporated herein by reference.

6.C Board practices

The information set forth under the heading:

Corporate governance on pages 82 to 104 (excluding the information set forth under the heading US law and regulation on page 104)

of the GSK Annual Report 2011 is incorporated herein by reference.

6.D Employees

The information set forth under the headings:

Note 10 Employee costs on page 156;

Note 28 Pensions and other post-employment benefits on pages 170 to 177; and

Five year record on page 234

of the GSK Annual Report 2011 is incorporated herein by reference.

6.E Share ownership

The information set forth under the headings:

Note 42 Employee share schemes on pages 201 to 204;

Long-term incentive plans on pages 114 to 116; and

Directors interests on page 126

of the GSK Annual Report 2011 is incorporated herein by reference.

Item 7. Major Shareholders and Related Party Transactions

7.A Major shareholders

The information set forth under the headings:

Interests in voting rights on pages 95 to 96; and

Analysis of shareholdings at 31 December 2011 on page 245

of the GSK Annual Report 2011 is incorporated herein by reference.

7.B Related party transactions

The information set forth under the heading:

Note 35 Related party transactions on page 184

of the GSK Annual Report 2011 is incorporated herein by reference.

7.C Interests of experts and counsel

Not applicable.

Item 8. Financial Information

8.A Consolidated Statements and Other Financial Information

See item 18 below

In addition, the information set forth under the headings:

Dividends on page 242;

Dividends per share on page 242;

Dividends per ADS on page 242;

Dividend Calendar on page 242; and

Note 44 Legal proceedings on pages 208 to 215

of the GSK Annual Report 2011 is incorporated herein by reference.

8.B Significant Changes

The information set forth under the heading:

Note 40 Post balance sheet events on page 191

of the GSK Annual Report 2011 is incorporated herein by reference.

Item 9. The Offer and Listing

9.A Offer and listing details

The information set forth under the headings:

Share price on page 242;

Market Capitalisation on page 242; and

Nature of trading market on page 243

of the GSK Annual Report 2011 is incorporated herein by reference.

9.B Plan of distribution

Not applicable.

9.C Markets

The information set forth under the heading:

Nature of trading market on page 243

of the GSK Annual Report 2011 is incorporated herein by reference.

9.D Selling shareholders

Not applicable.

9.E Dilution

Not applicable.

9.F Expenses of the issue

Not applicable.

Item 10. **Additional Information**

10.A Share Capital

Not applicable.

10.B Memorandum and articles of association

Articles of Association of GlaxoSmithKline plc

The following is a summary of the principal provisions of the company's Articles of Association (the "Articles"). Shareholders should not rely on this summary, but should instead refer to the current Articles which are filed with the Registrar of Companies in the UK and can be viewed on the company's website. The Articles contain the fundamental provisions of the company's constitution, and the rules for the internal management and control of the company. The company has no statement of objects in its Articles of Association and accordingly its objects are unrestricted in accordance with the provisions of the Companies Act 2006.

Articles of Association

(a) Voting

All resolutions put to the vote at general meetings will be decided by poll. On a poll, every shareholder who is present in person or by proxy shall have one vote for every Ordinary Share of which he or she is the holder. In the case of joint holders of a share, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and seniority shall be determined by the order in which the names stand on the register. Unless the Directors otherwise decide, the right to attend a general meeting and voting rights may not be exercised by a shareholder who has not paid to the company all calls and other sums then payable by him or her in respect of his or her Ordinary Shares. The right to attend a general meeting and voting rights may not be exercised by a shareholder who is subject to an order under Section 794 of the Companies Act 2006 because he or she has failed to provide the company with information concerning his or her interests in Ordinary Shares within the prescribed period, as required by Section 793 of the Companies Act 2006.

(b) Transfer of Ordinary Shares

Any shareholder may transfer his or her Ordinary Shares which are in certificated form by an instrument of transfer in any usual form or in any other form which the Directors may approve. Such instrument must be properly signed, stamped or certified and lodged with the company together with the relevant share certificate(s) and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer.

Any member may transfer title to his or her uncertificated Ordinary Shares by means of a relevant system, such as CREST.

The transferor of a share is deemed to remain the holder until the transferee's name is entered on the register.

The Directors may decline to register any transfer of any Ordinary Share which is not fully paid.

Registration of a transfer of uncertificated Ordinary Shares may be refused in the circumstances set out in the uncertificated securities rules, and where, in the case of a transfer to joint holders, the number of joint holders to whom the uncertificated Ordinary Share is to be transferred exceeds four.

The Articles contain no other restrictions on the transfer of fully paid certificated Ordinary Shares provided: (i) the instrument of transfer is duly stamped or certified or otherwise shown to the satisfaction of the Directors to be exempt from stamp duty and is accompanied by the relevant share certificate and such other evidence of the right to transfer as the Directors may reasonably require; (ii) the transfer, if to joint transferees, is in favour of not more than four transferees; (iii) the instrument of transfer is in respect of only one class of shares; and (iv) the holder of the Ordinary Shares is not subject to an order under Section 794 of the Companies Act 2006. Notice of refusal to register a transfer must be sent to the transferee within two months of the instrument of transfer being lodged. The Directors may decline to register a transfer of Ordinary Shares by a person holding 0.25 per cent. or more of the existing Ordinary Shares if such person is subject to an order under Section 794 Companies Act 2006, after failure to provide the company with information concerning interests in those Ordinary Shares required to be provided under Section 793 of the Companies Act 2006, unless the transfer is carried out pursuant to an arm's length sale.

Provisions in the Articles will not apply to uncertificated Ordinary Shares to the extent that they are inconsistent with:

- (i) the holding of Ordinary Shares in uncertificated form;
 - (ii) the transfer of title to Ordinary Shares by means of a system such as CREST; and
 - (iii) any provisions of the relevant regulations.
- (c) Dividends and distribution of assets on liquidation

The profits of the company which are available for distribution and permitted by law to be distributed and which the company may by ordinary resolution from time to time declare, upon the recommendation of the Directors, to distribute by way of dividend, in respect of any accounting reference period shall be distributed by way of dividend among holders of Ordinary Shares.

If in their opinion the company's financial position justifies such payments, the Directors may, as far as any applicable legislation allows, pay interim dividends on shares of any class of such amounts and in respect of such periods as they think fit. Except in so far as the rights attaching to, or the terms of issue of, any share otherwise provide, all dividends will be declared, apportioned and paid pro rata according to the amounts paid up on the shares during any portion of the period in respect of which the dividend is paid. As the company has only one class of Ordinary Shares, the holders of such Ordinary Shares will be entitled to participate in any surplus assets in a winding-up in proportion to their shareholdings.

- (d) Variation of rights and changes in capital

Subject to the provisions of any statute (including any orders, regulations or other subordinate legislation made under it) from time to time in force concerning companies in so far as it applies to the company (the Companies Acts), the rights attached to any class of shares may be varied with the written consent of the holders of three-quarters in nominal value of the issued shares of that class

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(excluding any shares of that class held as treasury shares) or with the sanction of a special resolution passed at a separate meeting of the holders of shares of that class. At every such separate meeting, the provisions of the Articles relating to general meetings shall apply, except the necessary quorum shall be at least two persons holding or representing as proxy at least one-third in nominal value of the issued shares of the relevant class (but provided that at any adjourned meeting any holder of shares of the relevant class present in person or by proxy shall be a quorum).

The rights conferred upon the holders of any Ordinary Shares shall not, unless otherwise expressly provided in the rights attaching to those Ordinary Shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* with them.

(e) Unclaimed dividends

All dividends or other sums payable on or in respect of any Ordinary Shares which remain unclaimed may be invested or otherwise made use of by the Directors for the benefit of the company until claimed. Unless the Directors decide otherwise, any dividend or other sums payable on or in respect of any Ordinary Shares unclaimed after a period of 12 years from the date when declared or became due for payment will be forfeited and revert to the company. The company may stop sending dividend cheques or warrants by post, or employ such other means of payment in respect of any Ordinary Shares, if at least two consecutive payments have remained uncashed or are returned undelivered or if one payment has remained uncashed or is returned undelivered and the company cannot establish a new address for the holder after making reasonable enquiries; however, in either case, the company must resume sending cheques or warrants or employ such other means of payment if the holder or any person entitled to the Ordinary Shares by transmission requests the resumption.

(f) Untraced shareholders

The company may sell any Ordinary Shares in the company after advertising its intention and waiting for three months if the Ordinary Shares have been in issue for at least ten years and during that period at least three dividends have become payable on them and have not been claimed and, so far as any Director is aware, the company has not received any communication from the holder of the Ordinary Shares or any person entitled to them by transmission. Upon any such sale, the company will become indebted to the former holder of the Ordinary Shares or the person entitled to them by transmission for an amount equal to the net proceeds of sale.

(g) Limitations on rights of non-resident or foreign shareholders

There are no limitations imposed by the Articles on the rights of non-resident or foreign shareholders except that there is no requirement for the company to serve notices on shareholders outside the United Kingdom and the United States, if no address in the United States or United Kingdom has been provided to the company.

(h) General meetings of shareholders

The Articles rely on the Companies Act 2006 provisions dealing with the calling of general meeting. The company is required by the Companies Act 2006 to hold an annual general meeting each year. General meetings of shareholders may be called as necessary by the Directors and must be called promptly upon receipt of a requisition from shareholders. Under the Companies Act 2006, an annual general meeting must be called by notice of at least 21 days. A general meeting other than an annual general meeting may be called on not less than 14 clear days notice provided a special resolution reducing the notice period to 14 clear days has been passed at the immediately preceding annual general meeting or a general meeting held since that annual general meeting.

(i) Conflicts of interest

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The Directors may, subject to the provisions of the Articles, authorise any matter which would otherwise involve a Director breaching his or her duty under the Companies Acts to avoid conflicts of interest (each a Conflict). A Director seeking authorisation in respect of a Conflict shall declare to the other Directors the nature and extent of his or her Conflict as soon as is reasonably practicable and shall provide the other Directors with such details of the matter as are necessary to decide how to address the Conflict. The board may resolve to authorise the relevant Director in relation to any matter the subject of a Conflict, save that the relevant Director and any other Director with a similar interest shall not count towards the quorum nor vote on any resolution giving such authority, and, if the other Directors so decide, shall be excluded from any meeting of the Directors while the Conflict is under consideration.

(j) Other Conflicts of Interest

Subject to the provisions of the Companies Acts, and provided the nature and extent of a Director's interest has been declared to the Directors, a Director may:

(i) be party to, or otherwise interested in, any contract with the company, or in which the company has a director or indirect interest,

(ii) hold any other office or place of profit with the company (except that of auditor) in conjunction with his office of director for such period and upon such terms, including remuneration, as the Directors may decide;

(iii) act by himself or through a firm with which he is associated in a professional capacity for the company or any other company in which the company may be interested (otherwise than as auditor);

(iv) be or become a director of, or employed by, or otherwise be interested in any holding company or subsidiary company of the company or any other company in which the company may be interested; and;

(v) be or become a director of any other company in which the company does not have an interest and which cannot reasonably be regarded as giving rise to a conflict of interest at the time of his appointment as director of that other company.

No contract in which a Director is interested shall be liable to be avoided, and any Director who is so interested is not liable to account to the company or its shareholders for any benefit realised by the contract by reason of the Director holding that office or of the fiduciary relationship thereby established. However, no Director may vote on, or be counted in the quorum in relation to any resolution of the board relating specifically to his or her own appointment (including remuneration) or the terms of his or her termination of appointment or relating to any contract in which he or she has an interest (subject to certain exceptions).

Subject to the Companies Acts, the company may by ordinary resolution suspend or relax to any extent the provisions relating to directors' interests or restrictions on voting or ratify any transaction not duly authorised by reason of a contravention of such provisions.

(k) Directors' remuneration

Each of the Directors will be paid a fee at such rate as may from time to time be determined by the Directors, but the total fees paid to all of the directors for acting as directors (including amounts paid to any director who acts as chairman or is chairman of, or serves

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on any committee of the board of directors but excluding any amounts paid under any other provision of the Articles) shall not exceed the higher of:

(i) £3 million a year; and

(ii) any higher amount as the company may by ordinary resolution decide. Such fees may be satisfied in cash or in shares or any other non-cash form. Any Director who is appointed to any executive office, acts as Chairman, acts as senior independent director, acts as a scientific/medical expert on the board, serves on any committee of the Directors or performs any other services which the Directors consider to extend beyond the ordinary services of a Director shall be entitled to receive such remuneration (whether by way of salary, commission or otherwise) as the Directors may decide. Each Director may be paid reasonable travelling, hotel and other incidental expenses he or she incurs in attending and returning from meetings of the Directors or committees of the Directors, or general meetings of the company, or otherwise incurred in connection with the performance of his or her duties for the company.

(l) Pensions and gratuities for Directors

The Directors or any committee authorised by the Directors may provide benefits by the payment of gratuities, pensions or insurance or in any other manner for any Director or former Director or their relations, connected persons or dependants, but no benefits (except those provided for by the Articles) may be granted to or in respect of a Director or former Director who has not been employed by or held an executive office or place of profit under the company or any of its subsidiary undertakings or their respective predecessors in business without the approval of an ordinary resolution of the company.

(m) Borrowing powers

Subject to the provisions of the Companies Act 2006, the Directors may exercise all the company's powers to borrow money; to mortgage or charge all or any of the company's undertaking, property (present and future), and uncalled capital; to issue debentures and other securities; and to give security either outright or as collateral security for any debt, liability or obligation of the company or of any third party.

(n) Retirement and removal of Directors

A Director is subject to re-election at every annual general meeting of the company if he or she:

- (i) held office at the time of the two previous annual general meetings and did not retire by rotation at either of them;
- (ii) has held office for a continuous period of nine years or more; or
- (iii) he or she has been appointed by the Directors since the last annual general meeting.

The company may by special resolution remove any Director before the expiration of his or her period of office. No Director is required to retire by reason of his or her age, nor do any special formalities apply to the appointment or re-election of any Director who is over any age limit. No shareholding qualification for Directors shall be required.

(o) Vacation of office

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The office of a director shall be vacated if:

- (i) he resigns or offers to resign and the board resolves to accept such offer;
- (ii) his resignation is requested by all of the other directors and all of the other directors are not less than three in number;
- (iii) he is or has been suffering from mental or physical ill health and the board resolves that his office be vacated;
- (iv) he is absent without permission of the board from meetings of the board (whether or not an alternate director appointed by him attends) for six consecutive months and the board resolves that his office is vacated;
- (v) he becomes bankrupt or compounds with his creditors generally;
- (vi) he is prohibited by law from being a director;
- (vii) he is removed from office pursuant to the Articles or the Companies Acts.

- (p) Share rights

Subject to any rights attached to existing shares, shares may be issued with such rights and restrictions as the company may by ordinary resolution decide, or (if there is no such resolution or so far as it does not make specific provision) as the board may decide. Such rights and restrictions shall apply as if they were set out in the Articles. Redeemable shares may be issued, subject to any rights attached to existing shares. The board may determine the terms, conditions and manner of redemption of any redeemable share so issued. Such terms and conditions shall apply to the relevant shares as if they were set out in the Articles. Subject to the articles, any resolution passed by the shareholders and other shareholders rights, the Board may decide how to deal with any shares in the company.

10.C Material contracts

Not applicable.

10.D Exchange controls

The information set forth under the heading:

Exchange controls and other limitations affecting security holders on page 243 of the GSK Annual Report 2011 is incorporated herein by reference.

10.E Taxation

The information set forth under the heading:

Taxation on page 243; and

Taxation information for shareholders on pages 245 to 246 of the GSK Annual Report 2011 is incorporated herein by reference.

10.F Dividends and paying agents

Not applicable.

10.G Statement by experts

Not applicable.

10.H Documents on display

The information set forth under the heading:

Documents on display on page 243 of the GSK Annual Report 2011 is incorporated herein by reference.

10.I Subsidiary information

Not applicable.

Item 11. **Quantitative and Qualitative Disclosures About Market Risk**

The information set forth under the headings:

Treasury policies on pages 65 to 66; and

Note 41 Financial instruments and related disclosures on pages 192 to 201 of the GSK Annual Report 2011 is incorporated herein by reference.

Item 12. **Description of Securities Other than Equity Securities**

12.A Debt Securities

Not applicable.

12.B Warrants and Rights

Not applicable.

12.C Other Securities

Not applicable.

12.D American Depositary Shares

Fees and charges payable by ADR holders

The Bank of New York Mellon serves as the depositary (the Depositary) for GlaxoSmithKline plc 's American Depositary Receipt (ADR) programme.

Pursuant to the deposit agreement between GSK, the Depositary and owners and holders of ADRs (the Deposit Agreement), ADR holders may be required to pay various fees to the Depositary, and the Depositary may refuse to provide any service for which a fee is assessed until the applicable fee has been paid. In particular, the Depositary, under the terms of the Deposit Agreement, shall charge a fee of \$0.05 or less per ADR (or portion thereof) for (i) the issuance, execution and delivery of ADRs or (ii) the withdrawal of shares underlying the ADRs. In addition, ADR holders may be required under the Deposit Agreement to pay the Depositary (i) any tax, duty, governmental charge or fee or stock transfer or registration fee arising in connection with the foregoing transactions or otherwise, (ii) any expense resulting from the conversion of a foreign currency into U.S. dollars and (iii) the expense of certain communications made, at the request of the ADR holder, by cable, telex or facsimile. The Depositary may (i) withhold dividends or other distributions or sell any or all of the shares underlying the ADRs in order to satisfy any tax or governmental charge and (ii) deduct from any cash distribution any tax payable thereon or the cost of any currency conversion.

Direct and indirect payments by the Depositary

The Depositary reimburses GSK for certain expenses it incurs in connection with the ADR programme, subject to a ceiling agreed between GSK and the Depositary from time to time. The Depositary has also agreed to waive certain standard fees associated with the administration of the programme.

The table below sets forth the amount of such payments received during 2011 and 2012 in respect of the year ended 31 December 2011 and such payments claimed but not yet received in respect of the year ended 31 December 2011 as well as such payments received during 2011 in respect of the year ended 31 December 2010

	Received in Respect of 2010	Received in Respect of 2011	Claimed in Respect of 2011 But Not Yet Received
Direct and indirect payments by the depositary			
Reimbursement of NYSE listing fees		\$ 345,350	
Reimbursement of legal fees claimed in U.S. dollars	\$ 200,000	\$ 210,000	\$ 240,000
Reimbursement of legal fees claimed in Sterling		£ 22,341.16	
Reimbursement of PCAOB fees		\$ 151,500	
Reimbursement of Annual Report production costs ⁽¹⁾		£ 185,396.03	£ 10,000
Reimbursement of investor relations expenses ⁽²⁾	\$ 103,477.16	\$ 339,477.68	\$ 138,683.26
Distribution of annual general meeting materials		\$ 408,844.99	
Tabulation of voting instructions cards		\$ 28,556.75	
Reimbursement of other programme-related expenditures claimed in U.S. Dollars	\$ 3,297.36	\$ 9,989.61	
Reimbursement of other programme-related expenditures claimed in Sterling	£ 7,099.35	£ 332.50	

¹⁾ Annual Report production costs include SEC filing fees.

²⁾ Investor relations expenses include travel expenses, fees of investor relations consultants, expenses involved in arranging investor relations meetings and telephone expenses.

PART II

Item 13. **Defaults, Dividend Arrearages and Delinquencies**

Not applicable.

Item 14. **Material Modifications to the Rights of Security Holders and Use of Proceeds**

Not applicable.

Item 15. **Controls and Procedures**

The information set forth under the heading:

Accountability on pages 91 to 94

of the GSK Annual Report 2011 is incorporated herein by reference.

US law and regulation

A number of provisions of US law and regulation apply to GSK because the company's shares are quoted on the NYSE in the form of ADS.

NYSE rules

In general, the NYSE rules permit the company to follow UK corporate governance practices instead of those applied in the USA, provided that the company explains any significant variations. This explanation is contained in the company's Form 20-F filing, which can be accessed from the Securities and Exchange Commission's (SEC) EDGAR database or via the company's website. NYSE rules that came into effect in 2005 require the company to file annual and interim written affirmations concerning the Audit & Risk Committee and the company's statement on significant differences in corporate governance.

Sarbanes-Oxley Act of 2002

Following a number of corporate and accounting scandals in the USA, Congress passed the Sarbanes-Oxley Act of 2002. Sarbanes-Oxley is a wide ranging piece of legislation concerned largely with financial reporting and corporate governance.

As recommended by the SEC, GSK has established a Disclosure Committee. The Committee reports to the CEO, the CFO and to the Audit & Risk Committee. It is chaired by the Company Secretary and the members consist of senior managers from finance, legal, compliance, corporate communications and investor relations.

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External legal counsel, the external auditors and internal experts are invited to attend its meetings periodically. It has responsibility for considering the materiality of information and, on a timely basis, determining the disclosure of that information. It has responsibility for the timely filing of reports with the SEC and the formal review of the Annual Report and Form 20-F. In 2011, the Committee met 14 times.

Sarbanes-Oxley requires that the Annual Report contains a statement as to whether a member of the company's Audit & Risk Committee is an Audit Committee Financial Expert as defined by Sarbanes-Oxley. For a summary regarding the Board's judgement on this matter, refer to page 99. Additional disclosure requirements arise under section 302 and section 404 of Sarbanes-Oxley in respect of disclosure controls and procedures and internal control over financial reporting.

Section 302: Corporate responsibility for financial reports

Sarbanes-Oxley also introduced a requirement for the CEO and the CFO to complete formal certifications, confirming that:

they have each reviewed the Annual Report and Form 20-F;

based on their knowledge, it contains no material misstatements or omissions;

based on their knowledge, the financial statements and other financial information fairly present, in all material respects, the financial condition, results of operations and cash flows as of the dates, and for the periods, presented in the Annual Report and Form 20-F;

they are responsible for establishing and maintaining disclosure controls and procedures that ensure that material information is made known to them, and have evaluated the effectiveness of these controls and procedures as at the year-end, the results of such evaluation being contained in the Annual Report and Form 20-F;

they are responsible for establishing and maintaining internal control over financial reporting that provides reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

they have disclosed in the Annual Report and Form 20-F any changes in internal controls over financial reporting during the period covered by the Annual Report and Form 20-F that have materially affected, or are reasonably likely to affect materially, the company's internal control over financial reporting; and

they have disclosed, based on their most recent evaluation of internal control over financial reporting, to the external auditors and the Audit & Risk Committee, all significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to affect adversely the company's ability to record, process, summarise and report financial information, and any fraud (regardless of materiality) involving persons that have a significant role in the company's internal control over financial reporting.

We have carried out an evaluation under the supervision and with the participation of the Group's management, including the CEO and CFO, of the effectiveness of the design and operation of the Group's disclosure controls and procedures as at 31 December 2011.

There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives.

Based on the Group's evaluation, the CEO and CFO have concluded that, as at 31 December 2011, the disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in the reports that the Group files and submits under the US Securities Exchange Act of 1934, as amended, is recorded, processed, summarised and reported as and when required and that it is accumulated and communicated to management, including the CEO and CFO, as appropriate, to allow timely decisions regarding disclosure.

The CEO and CFO completed these certifications on 13 March 2012.

Section 404: Management's annual report on internal control over financial reporting

In accordance with the requirements of section 404 of Sarbanes-Oxley, the following report is provided by management in respect of the Company's internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the US Securities Exchange Act of 1934):

management is responsible for establishing and maintaining adequate internal control over financial reporting for the Group. Internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS;

management conducted an evaluation of the effectiveness of internal control over financial reporting based on the framework in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organisations of the Treadway Commission; and

management has assessed the effectiveness of internal control over financial reporting, as at 31st December 2011 and has concluded that such internal control over financial reporting was effective. In addition, there have been no changes in the Group's internal control over financial reporting during 2011 that have materially affected, or are reasonably likely to affect materially, the Group's internal control over financial reporting.

PricewaterhouseCoopers LLP, which has audited the consolidated financial statements of the Group for the year ended 31st December 2011, has also assessed the effectiveness of the Group's internal control over financial reporting under Auditing Standard No. 5 of the Public Company Accounting Oversight Board (United States). Their audit report may be found in Item 18 below.

Item 16. **[Reserved]**

Item 16.A **Audit committee financial expert**

The information set forth under the heading:

Financial and accounting experience on page 99
of the GSK Annual Report 2011 is incorporated herein by reference.

Item 16.B **Code of Ethics**

The information set forth under the heading:

Code of conduct and reporting lines on page 101
of the GSK Annual Report 2011 is incorporated herein by reference.

Item 16.C **Principal Accountant Fees and Services**

The information set forth under the heading:

Note 9 – Operating profit on page 155
of the GSK Annual Report 2011 is incorporated herein by reference.

Item 16.D **Exemptions from the Listing Standards for Audit Committees**

Not applicable.

Item 16.E **Purchases of Equity Securities by the Issuer and Affiliated Purchasers**

The information set forth under the heading:

Note 33 Share capital and share premium account on page 181
of the GSK Annual Report 2011 is incorporated herein by reference.

Item 16.F Change in Registrant's Certifying Accountant

Not applicable.

Item 16.G Corporate Governance

Comparison of New York Stock Exchange Corporate Governance Standards and GlaxoSmithKline plc's corporate governance practice.

On 4 November 2003, the New York Stock Exchange (the "NYSE") adopted new corporate governance standards. The application of the NYSE's standards is restricted for foreign companies, recognising that they have to comply with domestic requirements. As a foreign private issuer, GlaxoSmithKline plc ("GlaxoSmithKline" or the "Company") must comply with the following NYSE standards:

1. the Company must satisfy the audit committee requirements of the Securities and Exchange Commission (the "SEC");
2. the Chief Executive Officer (the "CEO") must promptly notify the NYSE in writing after any executive officer of the Company becomes aware of any non-compliance with any applicable provisions of the NYSE's corporate governance standards;
3. the Company must submit an annual affirmation to the NYSE affirming GlaxoSmithKline's compliance with applicable NYSE corporate governance standards, and submit interim affirmations to the NYSE notifying it of specified changes to the audit committee or a change to the status of the Company as a foreign private issuer; and
4. the Company must provide a brief description of any significant differences between its corporate governance practices and those followed by US companies under the NYSE listing standards.

As a Company listed on the London Stock Exchange, GlaxoSmithKline is required to comply with the UK Listing Authority's Listing Rules and to report non-compliance with the UK Corporate Governance Code, which came into effect for the Company for its financial year commencing 1 January 2011 (the "UK Corporate Governance Code").

The table below discloses differences between GlaxoSmithKline's current domestic corporate governance practices, which are based on the UK Corporate Governance Code, and the NYSE corporate governance standards, applicable to US companies.

NYSE	Description of differences between GlaxoSmithKline's governance practice and the NYSE Corporate Governance Standards
Corporate Governance Standards <u>Director Independence</u>	Standards

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1. Listed companies must have a majority of independent directors. GlaxoSmithKline complies with the equivalent domestic requirements contained in the UK Corporate Governance Code. A new edition of the UK Corporate Governance Code, for reporting years beginning on or after 29 June 2010 was issued in June 2010, and came into effect for GSK with effect from 1 January 2011.

The UK Corporate Governance Code provides that the board of directors of GlaxoSmithKline (the Board) and its committees should have the appropriate balance of skills, experience, independence

and knowledge of the company to enable them to discharge their respective duties and responsibilities effectively (B.1). The Board should include an appropriate combination of Executive and Non-Executive Directors (and, in particular, independent Non-Executive Directors) such that no individual or small group of individuals can dominate the Board's decision taking (B.1). At least half the Board, excluding the Chairman, should comprise Non-Executive Directors determined by the Board to be independent (B.1.2). The roles of Chairman and Chief Executive should not be exercised by the same individual. The division of responsibilities between the Chairman and Chief Executive should be clearly established, set down in writing and agreed by the Board (A.2.1).

The Board considers that Professor Sir Roy Anderson, Dr Stephanie Burns, Mr Larry Culp, Sir Crispin Davis, Sir Deryck Maughan, Mr James Murdoch, Dr Dan Podolsky, Mr Tom de Swaan, Sir Robert Wilson, Ms Judy Lewent and Ms Stacey Cartwright are independent for the purpose of the UK Corporate Governance Code.

A majority of the Board members are independent Non-Executive Directors and, in accordance with the recommendations of the UK Corporate Governance Code, the Board has appointed one of the independent Non-Executive Directors as Senior Independent Director to provide a sounding board for the Chairman and act as an intermediary for other Non-Executive Directors where necessary (A.4.1). In January 2012 the Board adopted a formal written role specification for the Senior Independent Director.

2. In order to tighten the definition of independent director for purposes of these standards:

GlaxoSmithKline complies with the corresponding domestic requirements contained in the UK Corporate Governance Code, which sets out the principles for the Company to determine whether a director is independent.

(a) No director qualifies as independent unless the board of directors affirmatively determines that the director has no material relationship with the listed company (directly or as a partner, shareholder or officer of an organization that has a relationship with the company).

The Board is required to determine and state its reasons for the determination of whether directors are independent in character and judgment and whether there are relationships or circumstances which are likely to affect, or could affect, the directors' judgment. In undertaking this

- (b) In addition, a director is not independent if:
- (i) The director is, or has been within the last three years, an employee of the listed company, or an immediate family member is, or has been within the last three years, an executive officer, of the listed company.
- (ii) The director has received, or has an immediate family member who has received, during any twelve-month period within the last three years, more than \$120,000 in direct compensation from the listed company, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service).
- (iii) The director is a current partner or employee of a firm that is the listed company's internal or external auditor; (B) the director has an immediate family member who is a current partner of such a firm; (C) the director has an immediate family member who is a current employee of such a firm and who personally works on the listed company's audit; or (D) the director or an immediate family member was within the last three years a partner or employee of such a firm and personally worked on the listed company's audit within that time.
- (iv) The director or an immediate family member is, or has been within the last three years, employed as an executive officer of another company where any of the listed company's present executive officers at the same time serves or served on that company's compensation committee.
- (v) The director is a current employee, or an immediate family member is a current executive officer, of a company that has made payments to, or received payments from, the listed company for property or services in an amount which, in
- process, the Board is required, amongst other factors, to consider if the director:
- (a) has been an employee of GlaxoSmithKline within the last five years;
- (b) has, or has had within the last three years, a material business relationship with the Company either directly or as a partner, shareholder, director or senior employee of a body that has such a relationship with the Company;
- (c) has received or receives additional remuneration from the Company apart from a director's fee, participates in the Company's share option or a performance-related pay scheme, or is a member of the Company's pension scheme;
- (d) has close family ties with any of the Company's advisers, directors or senior employees;
- (e) holds cross-directorships or has significant links with other directors through involvement in other companies or bodies;
- (f) represents a significant shareholder; or
- (g) has served on the Board for more than nine years from the date of his or her first election (B.1.1).

The Board considers all its Non-Executive Directors to be independent in character and judgment and has concluded that all its Non-Executive Directors are independent in accordance with the UK Corporate Governance Code.

A new requirement introduced by the UK Corporate Governance Code is that all Directors should be subject to annual election by shareholders (B.7). GlaxoSmithKline complied with this requirement at its Annual General Meeting in 2011, and intends

to comply with this requirement at its 2012 Annual General Meeting.

The UK Corporate Governance Code also provides that the Board should undertake a formal and rigorous annual evaluation of its own performance and that of its committees and individual Directors (B.6). In addition, the evaluation of the Board should be externally facilitated at least every three years and a statement should be made available of whether an external facilitator

any of the last three fiscal years, exceeds the greater of \$1 million, or 2% of such other company's consolidated gross revenues. has any other connection with the Company (B.6.2). The Company conducted an externally facilitated evaluation in 2011.

(For the purposes of these standards, executive officer is defined to have the meaning specified for the term officer in Rule 16a-1(f) under the Securities Exchange Act of 1934, as amended the Exchange Act). All Directors should receive an induction on joining the Board (B.4). The Chairman should regularly review and agree with each Director their training and development needs (B.4.2).

3. To empower non-management directors to serve as a more effective check on management, the non-management directors of each listed company must meet at regularly scheduled executive sessions without management. GlaxoSmithKline complies with the equivalent domestic requirements set out in the UK Corporate Governance Code, which requires that the Chairman of GlaxoSmithKline should hold meetings with the Non-Executive Directors without executives present. The Non-Executive Directors, led by the Senior Independent Director, also meet without the Chairman present to appraise the Chairman's performance (A.4.2).

The Chairman promotes a culture of openness and debate by facilitating the effective contribution of Non-Executive Directors (A.3) and, in particular, ensuring constructive relations between Executive and Non-Executive Directors (A.3). In addition, the Chairman is responsible for ensuring that all Directors are made aware of shareholders' concerns (E.1).

Nominating / corporate governance committee

4. (a) Listed companies must have a nominating/corporate governance committee composed entirely of independent directors. GlaxoSmithKline complies with the corresponding domestic requirements set out in the UK Corporate Governance Code, which requires that GlaxoSmithKline should have a Nominations Committee that is comprised of a majority of independent Non-Executive Directors (B.2.1).

(b) The nominating/corporate governance committee must have a written charter that addresses:

- (i) the committee's purpose and responsibilities which, at minimum, must be to: identify individuals qualified to become board members, consistent with criteria approved by the board, and to select, or to recommend that the board select, the director nominees for the next annual meeting of shareholders; develop and recommend to the board a set of corporate governance guidelines applicable to the corporation; and oversee the evaluation of the board and management; and

GlaxoSmithKline's Nominations Committee has written terms of reference in accordance with the UK Corporate Governance Code. The terms of reference are available on the Company's website and explain the Nominations Committee's role and the authority delegated to it by the Board (B.2.1). The Nominations Committee reviews the structure, size, diversity (including gender diversity), and composition of the Board and appointment of members to the Board and the Corporate Executive Team (the CET), and makes recommendations to the Board as appropriate. The Committee also monitors the planning of succession for the Board and Senior Management.

(ii) an annual performance evaluation of the committee.

In compliance with the UK Corporate Governance Code, the terms and conditions of appointment of Non-Executive Directors are available for inspection (B.3.2).

The UK Corporate Governance Code requires that a separate section in the Company's Annual Report describe the work of the Nominations Committee in discharging its duties, including the process it has used in relation to Board appointments (B.2.4).

As described above, there is an annual Board evaluation exercise, which also includes evaluation of the Board's committees (B.6).

The Board is responsible for regularly reviewing its corporate governance standards and practices. The Company Secretary oversees corporate governance matters for the Group. The Company Secretary is responsible for advising the Board through the Chairman on all corporate governance matters. Domestic requirements do not mandate that GlaxoSmithKline establish a corporate governance committee.

Management resources and compensation committee

5. (a) Listed companies must have a compensation committee composed entirely of independent directors.

GlaxoSmithKline complies with the equivalent domestic requirements set out in the UK Corporate Governance Code, which requires that GlaxoSmithKline should have a Remuneration Committee that is comprised of at least three independent Non-Executive Directors in addition to the Chairman (D.2.1).

(b) The compensation committee must have a written charter that addresses:

GlaxoSmithKline's Remuneration Committee has written terms of reference in accordance with the UK Corporate Governance Code. The terms of reference are available on the Company's website (D.2.1). The Remuneration Committee determines the terms of service and remuneration of the Executive Directors and members of the CET and, with the assistance of external independent advisers, it evaluates and makes recommendations to the Board on overall executive remuneration policy (the Chairman and the CEO are responsible for evaluating and making recommendations to the Board on the remuneration of Non-Executive Directors).

(i) the committee's purpose and responsibilities which, at minimum, must be to have direct responsibility to:

(A) review and approve corporate goals and objectives relevant to CEO compensation, evaluate the CEO's performance in light of those goals and objectives, and, either as a committee or together with the other

independent directors (as directed by the board), determine and approve the CEO's compensation level based on this evaluation;

The UK Corporate Governance Code provides that the Remuneration Committee:

(B) make recommendations to the board with respect to non-CEO executive officer compensation, and incentive-compensation and equity-based plans that are subject to board approval; and

(a) should consult with the Chairman and/or CEO about their proposals relating to the remuneration of other Executive Directors (D.2) and should delegate responsibility for setting remuneration for all Executive Directors and the Chairman, including pension rights and any compensation payments (D.2.2);

(C) prepare the disclosure required by item 407(e)(5) or Regulation S-K under the Exchange Act;

(b) should recommend and monitor the level and structure of remuneration for senior management (D.2.2);

(ii) an annual performance evaluation of the compensation committee.

(c) should consider what compensation commitments (including pension contributions and all other elements) the directors' terms of appointment would entail in the event of early termination (D.1.4.);

(d) should invite shareholders specifically to approve all new long-term incentive schemes and significant changes to existing schemes (D.2.4.);

(e) should judge where to position the Company relative to other companies and should be sensitive to pay and employment conditions elsewhere in the group, especially when determining annual salary increases (D.1); and

(f) should consider whether the Directors should be eligible for annual bonuses and benefits under long-term incentive schemes (Schedule A), bearing in mind that performance-related elements of Executive Directors' remuneration should be designed to promote the long-term success of the Company (D.1 and D.1.1).

The UK Corporate Governance Code requires that payouts under incentive schemes should be subject to challenging performance criteria, including non-financial performance criteria where appropriate and compatible with the Company's risk policies and systems (Schedule A). In addition, remuneration of Non-Executive Directors should not include share options or other performance-related elements (D.1.3).

Audit & Risk Committee

6. Listed companies must have an audit committee that satisfies the requirements of Rule 10A-3 under the Exchange Act. GlaxoSmithKline complies with equivalent domestic requirements set out in the UK Corporate Governance Code, which require

that GlaxoSmithKline have an Audit Committee that is comprised entirely of independent Non-Executive Directors (C.3.1). The Board also satisfies itself, in line with the UK Corporate Governance Code, that at least one member of the Audit Committee has recent and relevant financial experience.

The UK Corporate Governance Code provides that the Audit Committee:

- (a) monitors the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance, reviewing significant financial reporting judgments contained in them (C.3.2);
- (b) review the Company's internal financial controls and internal control and risk management systems(C.3.2);
- (c) monitor and review the effectiveness of the Company's internal audit function (C.3.2);
- (d) make recommendations to the Board, for it to put to the shareholders for their approval in general meeting, in relation to the appointment, re-appointment and removal of the external auditor and to approve the remuneration and terms of engagement of the external auditor (C.3.2);
- (e) review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements (C.3.2);
- (f) develop and implement policy on the engagement of external auditors to supply non-audit services, taking into account relevant ethical guidance regarding the provision of non-audit services by the external audit firm, and to report to the Board, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken (C.3.2);

(g) review arrangements by which the staff of the company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters (C.3.4).

GlaxoSmithKline's Audit & Risk Committee meets the requirements of the Sarbanes-Oxley Act of 2002 in that:

each member of the Audit & Risk Committee is deemed to be independent in accordance with the Securities Exchange Act of 1934, as amended, and applicable NYSE and UK requirements;

the Audit & Risk Committee, amongst other things, is responsible for recommending the appointment, compensation, maintenance of independence and oversight of the work of any registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company, and each such accounting firm must report directly to the Audit & Risk Committee;

the Audit & Risk Committee has established a procedure for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters, and for the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters;

the Audit & Risk Committee has the authority to engage independent counsel and other advisors as it determines necessary to carry out its duties; and

GlaxoSmithKline must provide appropriate funding for the Audit & Risk Committee.

The Board has determined that Mr de Swaan, Ms Lewent and Ms Cartwright all have the appropriate qualifications and background to be an Audit Committee Financial Expert as defined in rules promulgated by the SEC under the Sarbanes-Oxley Act of 2002.

- 7.
- (a) The audit committee must have a minimum of three members. All audit committee members must satisfy the requirements for independence set out in Section 303 A.02 and, in the absence of an applicable exemption, Rule 10A-3(b)(1) under the Exchange Act.

GlaxoSmithKline complies with the equivalent domestic requirements set out in the UK Corporate Governance Code, which require that the Audit Committee should be comprised of a minimum of three independent Non-Executive Directors.
 - (b) The audit committee must have a written charter that addresses:

GlaxoSmithKline's Audit & Risk Committee has written terms of reference in accordance with the UK Corporate Governance Code. The terms of reference are available on the Company's website (C.3.3). The Committee's main responsibilities include reviewing the financial reporting process, the system of internal control and overseeing the identification and management of risks, the external and internal process and for monitoring compliance with laws, regulations and ethical codes of practice, including review throughout the year of integrated assurance reports comprising business unit and associated consolidated internal audit reports.
 - (i) the committee's purpose which, at minimum, must be to:

(A) assist board oversight of (1) the integrity of the listed company's financial statements, (2) the listed company's compliance with legal and regulatory requirements, (3) the independent auditor's qualifications and independence, and (4) the performance of the listed company's internal audit function and independent auditors; and

The UK Corporate Governance Code requires that a separate section in the Company's Annual Report describe the work of the Committee in discharging its duties (C.3.3).
 - (B) prepare the disclosure required by Item 407(d)(3)(i) of Regulation S-K under the Exchange Act;

Please see section 6 above for a description of the main role and responsibilities of the Audit & Risk Committee.
 - (ii) an annual performance evaluation of the audit committee; and
 - (iii) the duties and responsibilities of the audit committee which, at a minimum, must include those set out in Rule 10A-3(b)(2), (3), (4) and (5) of the Exchange Act as well as to:

(A) at least annually, obtain and review a report by the independent auditor describing: the firm's internal quality-control procedures; any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues; and (to assess the auditor's independence) all relationships between the independent auditor and the listed company;

(B) meet to review and discuss the listed company's annual audited financial statements and quarterly financial statements with management and the independent auditor, including reviewing the listed company's specific disclosures under Management's Discussion and Analysis of Financial Condition and Results of Operations ;

(C) discuss the listed company's earnings press releases, as well as financial information and earnings guidance provided to analysts and rating agencies;

(D) discuss policies with respect to risk assessment and risk management;

(E) meet separately, periodically, with management, with internal auditors (or other personnel responsible for the internal audit function) and with independent auditors;

(F) review with the independent auditor any audit problems or difficulties and management's response;

(G) set clear hiring policies for employees or former employees of the independent auditors; and

(H) report regularly to the board of directors.

(c) Each listed company must have an internal audit function.

8. Shareholders must be given the opportunity to vote on all equity-compensation plans and material revisions thereto, except for employment inducement awards, certain grants, plans and amendments in the context of mergers and acquisitions, and certain specific types of plans.

GlaxoSmithKline complies with corresponding domestic requirements in the Listing Rules of the UK Listing Authority, which mandate that the Company must seek shareholder approval for employee share schemes (D.2.4 and Listing Rule 9.4). Please see section 5(d) above.

Corporate governance guidelines

9. Listed companies must adopt and disclose corporate governance guidelines.

GlaxoSmithKline complies with corresponding domestic requirements in the Listing Rules of the UK Listing Authority and the UK Corporate Governance Code, which require that GlaxoSmithKline include an explanation in its Annual Report of how it complies with the principles of the UK Corporate Governance Code and that it confirm that it complies with the Code's provisions or, where it does not, provide an explanation of

how and why it does not comply (Listing Rule 9.8.6). In addition, for accounting periods beginning on or after 29 June 2008, issuers are required to make certain mandatory corporate governance

statements in the Directors' Report in accordance with the UK Listing Authority's Disclosure and Transparency Rules, DTR 7, which was issued by the UK Financial Services Authority to implement the eighth Company Law Directive; GlaxoSmithKline has complied with these requirements in its 2011 Annual Report.

10. Listed companies must adopt and disclose a code of business conduct and ethics for directors, officers and employees, and promptly disclose any waivers of the code for directors or executive officers.

GlaxoSmithKline's Code of Conduct for all employees, including the CEO, CFO and other senior financial officers, is available on the Company's website.

Description of significant differences

11. Listed foreign private issuers must disclose any significant ways in which their corporate governance practices differ from those followed by domestic companies under NYSE listing standards.

GlaxoSmithKline fulfils this requirement by publishing this document.

Listed foreign private issuers are required to provide this disclosure in the English language and in their annual reports filed on Form 20-F.

GlaxoSmithKline fulfils this requirement by including this disclosure in its annual report on Form 20-F.

Item 16H **Mine Safety Disclosure**

Not applicable.

PART III

Item 17 **Financial Statements**

Not applicable.

Item 18 **Financial Statements**

The information set forth under the headings:

Consolidated income statement on pages 136 to 137;

Consolidated statement of comprehensive income on pages 136 to 137;

Consolidated balance sheet on page 138;

Consolidated statement of changes in equity on page 139;

Consolidated cash flow statement on page 140; and

Notes to the financial statements on pages 141 to 215

of the GSK Annual Report 2011 is incorporated herein by reference.

Report of Independent Regulated Public Accounting Firm
To the Board of Directors and Shareholders of GlaxoSmithKline plc

In our opinion, the consolidated balance sheets and the related consolidated income statements, consolidated statements of cash flows, consolidated statements of comprehensive income and, consolidated statements of changes in equity set forth under the heading "Financial Statements" on pages 136 to 215 of the GlaxoSmithKline Annual Report 2011 present fairly, in all material respects, the financial position of GlaxoSmithKline plc and its subsidiaries at 31 December 2011 and 31 December 2010, and the results of their operations and their cash flows for each of the three years in the period ended 31 December 2011 in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of 31 December 2011, based on criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's annual report on internal control over financial reporting included in Item 15 of this Form 20-F. Our responsibility is to express opinions on these financial statements and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP (signed)

London, United Kingdom

13 March 2012

Item 19 **Exhibits**

- 1.1 Memorandum and Articles of Association of the Registrant as in effect on the date hereof.
- 2.1 Deposit Agreement among the Registrant and The Bank of New York, as Depositary, and the holders from time to time of the American Depositary Receipts issued thereunder, including the form of American Depositary Receipt, is incorporated by reference to the Registration Statement on Form F-6 (No. 333-148017) filed with the Commission on December 12, 2007.
- 4.1 Service Agreement between SmithKline Beecham Corporation and Moncef Slaoui is incorporated by reference to Exhibit 4.4 to the Registrant's Annual Report on Form 20-F filed with the Commission on February 29, 2008.
- 4.2 Amendment to Service Agreement between GlaxoSmithKline LLC (formerly known as SmithKline Beecham Corporation) and Moncef Slaoui dated December 21, 2010 is incorporated by reference to Exhibit 4.3 to the Registrant's Annual Report on Form 20-F filed with the Commission on March 4, 2011.
- 4.3 UK Service Agreement between GlaxoSmithKline Services Unlimited and Sir Andrew Witty is incorporated by reference to Exhibit 4.5 to the Registrant's Annual Report on Form 20-F filed with the Commission on February 29, 2008.
- 4.4 Amendment to UK Service Agreement between GlaxoSmithKline Services Unlimited and Sir Andrew Witty dated June 18, 2008 is incorporated by reference to Exhibit 4.4 to the Registrant's Annual Report on Form 20-F filed with the Commission on March 4, 2009.
- 4.5 Amendment to UK Service Agreement between GlaxoSmithKline Services Unlimited and Sir Andrew Witty dated February 4, 2010 is incorporated by reference to Exhibit 4.5 to the Registrant's Annual Report on Form 20-F filed with the Commission on March 1, 2010.
- 4.6 UK Service Agreement between GlaxoSmithKline Services Unlimited and Simon Dingemans dated September 8, 2010 is incorporated by reference to Exhibit 4.7 to the Registrant's Annual Report on Form 20-F filed with the Commission on March 4, 2011.
- 8.1 A list of the Registrant's principal subsidiaries is incorporated by reference to pages 205 to 207 of the GSK Annual Report 2011 included as Exhibit 15.2.
- 12.1 Certification Required by Rule 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934 - Sir Andrew Witty.
- 12.2 Certification Required by Rule 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934 - Simon Dingemans.
- 13.1 Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code).
- 15.1 Consent of PricewaterhouseCoopers LLP.
- 15.2* GSK Annual Report 2011.

* Certain of the information included within Exhibit 15.2, which is provided pursuant to Rule 12b-23(a)(3) of the Securities Exchange Act of 1934, as amended, is incorporated by reference in this Form 20-F, as specified elsewhere in this Form 20-F. With the exception of the items and pages so specified, the GSK Annual Report 2011 is not deemed to be filed as part of this Form 20-F.

Signature

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this Annual Report on its behalf.

GlaxoSmithKline plc

March 13, 2012

By: /s/ Simon Dingemans
Simon Dingemans
Chief Financial Officer