SETTLEMENT AGREEMENT

I. PARTIES

This Settlement Agreement ("Agreement") is entered into between the State of Connecticut (the "State") and GlaxoSmithKline LLC ("GSK"), hereinafter collectively referred to as the "Parties."

II. PREAMBLE

As a preamble to this Agreement, the Parties agree to the following:

A. GSK is a Delaware limited liability company and an indirect subsidiary of GlaxoSmithKline plc, a public limited company incorporated under English law with headquarters in Brentford, England.

B. At all relevant times, GSK developed, manufactured, distributed, marketed and sold pharmaceutical products in the United States, including drugs sold under the trade names of Paxil, Wellbutrin, Advair, Lamictal, Zofran, Imitrex, Lotronex, Flovent, Valtrex, Avandia, Avandamet and Avandaryl (collectively, the "Covered Drugs").

C. On such date as may be determined by the Court, GSK will enter a plea of guilty pursuant to Fed. R. Crim. P. 11(c)(1)(C) (the "Plea Agreement") to an Information to be filed in United States of America v. GlaxoSmithKline LLC, Criminal Action No. [to be assigned] (District of Massachusetts) that will allege:(i) violations of Title 21, United States Code, Sections 331(a), 333(a)(1), and 352, namely, the introduction into interstate commerce of the misbranded drugs Wellbutrin and Paxil, in violation of the Food, Drug, and Cosmetic Act ("FDCA"); and (ii) a violation of Title 21, United States Code, Sections 331(e), 333(a)(1), and 355(k)(1), namely, that GSK failed to report data relating to clinical experience, along with other data and information, regarding Avandia to the Food and Drug Administration ("FDA") in mandatory reports, in violation of the FDCA (the "Federal Criminal Action").

D. GSK has entered into the following civil settlement agreements (the "Federal Settlement Agreements") with the United States (as that term is defined in the Federal Settlement Agreements):

(1) Agreement pertaining to Paxil, Wellbutrin, Advair, Lamictal, Zofran, Imitrex, Lotronex, Flovent and Valtrex ("Multi-Product Federal Settlement Agreement");

(2) Agreement pertaining to Avandia, Avandamet and Avandaryl ("Avandia Federal Settlement Agreement"); and

(3) Agreement pertaining to nominal pricing practices ("Pricing Federal Settlement Agreement").

E. The Relators listed herein have filed the following qui tam actions against GSK concerning the Multi-Product Federal Settlement Agreement only (collectively the "Civil Actions"):

(1) United States *et al. ex rel.* Thorpe and Hamrick v. Smith Kline Beecham, Inc. *et al.*, Civ. No. 11-10398 (D. Mass.);

(2) United States *et al. ex rel.* [redacted] v. GlaxoSmithKline *et al.*, Civ. No. 03-10641 (D. Mass.);

(3) United States *et al. ex rel.* Graydon v. GlaxoSmithKline PLC, Civ. No. 11-10741 (D. Mass); and

(4) United States *et al. ex rel.* LaFauci v. GlaxoSmithKline PLC, Civ. No. 11-10921 (D. Mass.).

F. The United States intervened in the Civil Actions on January 14, 2011, and filed a Complaint-In-Intervention on October 26, 2011.

G. The State contends that GSK caused claims for payment for the Covered Drugs to be submitted to the Medicaid Program (Title XIX of the Social Security Act, 42 U.S.C. §§ 1396-1396w-5) and submitted or caused to be submitted to the Centers for Medicare and Medicaid Services ("CMS") certain reported prices for certain of its pharmaceutical products

pursuant to the Medicaid Drug Rebate Program (Title XIX of the Social Security Act, 42 U.S.C. §§ 1396-1396v).

H. At all relevant times, GSK participated in the Medicaid Drug Rebate Program, 42 U.S.C. § 1396r-8, which is part of the Federal Medicaid Program, Title XIX of the Social Security Act, 42 U.S.C. §§ 1396-1396v. Pursuant to the Medicaid Drug Rebate Program, GSK entered into national rebate agreements with the United States Department of Health and Human Services ("HHS"), and GSK's covered outpatient drugs were covered by state Medicaid plans that provided medical assistance for prescription drugs. Under the Medicaid Drug Rebate Program and the rebate agreements with HHS, GSK agreed: (i) to report quarterly to the Health Care Financing Administration, currently known as, and hereinafter referred to as, the Centers for Medicare and Medicaid Services ("CMS"), the Average Manufacturer Price ("AMP") for all its covered outpatient drugs and the Best Price for its single-source and innovator multiple-source covered outpatient drugs, as defined by 42 U.S.C. §§ 1396r-8(k)(1) and 1396r-8(c)(1)(C); and (ii) to pay quarterly rebates to the states. For single-source and innovator multiple source covered outpatient drugs, the quarterly rebates are based on the product of (a) the units of each dosage form and strength paid for under the State Medicaid plan during the rebate period as reported by the state, and (b) the greater of the difference between the AMP and the Best Price, or a minimum rebate percentage of AMP, as further described in 42 U.S.C. § 1396r-8(c)(1).

I. Under 42 U.S.C. § 1396r-8(c)(1)(C)(ii), the term "Best Price": (i) shall be inclusive of cash discounts, free goods that are contingent on any purchase requirement, volume discounts, and rebates (other than rebates under this section); (ii) shall be determined without regard to special packaging, labeling, or identifiers on the dosage form or product or package;

and (iii) shall not take into account prices that are "merely nominal in amount." Under the rebate agreement, the Best Price for a quarter shall be adjusted by the manufacturer if cumulative discounts, rebates or other arrangements subsequently adjust the prices actually realized for that quarter.

J. Under the rebate agreement, a "nominal price" is, for purposes of excluding prices from the Best Price calculation, any price less than 10% of the AMP in the same quarter for which the AMP is computed.

K. Under the rebate agreement, a "bundled sale" refers to the packaging of drugs of different types where the condition of rebate or discount is that more than one drug type is purchased, or where the resulting discount or rebate is greater than that which would have been received had the drug products been purchased separately. For bundled sales, the allocation of the discount is made proportionately to the dollar value of the units of each drug sold under the bundled arrangement.

L. The State contends that it has certain civil and administrative causes of action against GSK for engaging in the following conduct (the "Covered Conduct"):

(1) Multi-Product Federal Settlement Agreement:

a) **Paxil:** During the period from January 1, 1998, through December 31, 2003, GSK knowingly: (i) promoted the sale and use of Paxil for conditions and for patients other than those for which its use was approved as safe and effective by the Food and Drug Administration ("FDA"), specifically for children and adolescents under the age of 18, and some of which uses were not medically-accepted indications as defined by 42 U.S.C. § 1396r-8(k)(6) for which the state Medicaid programs provided coverage for Paxil; (ii) made and/or disseminated unsubstantiated and/or false and/or misleading representations or statements about the safety and efficacy of Paxil concerning the uses described in section (i) of this sub-paragraph, including concealing, omitting or failing to disclose material information about the safety and efficacy of Paxil; and (iii) offered and paid illegal remuneration to health care

professionals to induce them to promote and prescribe Paxil, in violation of the Federal Anti-Kickback Statute, 42 U.S.C. § 1320a-7b(b), and various state Anti-Kickback statutes.

b) **Wellbutrin**: During the period from January 1, 1999 through December 31, 2003, GSK knowingly: (i) promoted the sale and use of Wellbutrin for conditions (including weight loss, the treatment of obesity, sexual dysfunction, and in combination with other anti-depressants), and at dosages other than those for which its use was approved as safe and effective by the FDA, and some of which were not medically-accepted indications as defined by 42 U.S.C. § 1396r-8(k)(6), for which the State's Medicaid Program provided coverage for Wellbutrin; (ii) made and/or disseminated unsubstantiated and/or false and/or misleading representations or statements about the safety and efficacy of Wellbutrin; and (iii) offered and paid illegal remuneration to health care professionals to induce them to promote and prescribe Wellbutrin, in violation of the Federal Anti-Kickback Statute, 42 U.S.C. § 1320a-7b(b), and various state Anti-Kickback statutes.

c) **Advair**: During the period from January 1, 2001, through June 30, 2010, GSK knowingly: (i) promoted the sale and use of Advair for conditions and dosing regimens other than those for which its use was approved as safe and effective by the FDA (including first line use for mild or all asthma, and for asthma previously treated by short-acting inhalers alone), and some of which were not medically-accepted indications as defined by 42 U.S.C. § 1396r-8(k)(6), for which the State's Medicaid Program provided coverage for Advair; (ii) made and/or disseminated unsubstantiated and/or false and/or misleading representations or statements about the safety and efficacy of Advair (including that Advair was superior to the single-component, inhaled corticosteroid alone, for patients previously treated by short-acting inhalers alone); and (iii) offered and paid illegal remuneration to health care professionals to induce them to promote and prescribe Advair, in violation of the Federal Anti-Kickback Statute, 42 U.S.C. § 1320-7b(b), and various state Anti-Kickback statutes.

d) **Lamictal**: During the period from January 1, 1999 through December 31, 2003, GSK knowingly: (i) promoted the sale and use of Lamictal for a variety of conditions other than those for which its use was approved as safe and effective by the FDA (including bipolar depression, neuropathic pain, and various other mental diseases), and some of which were not medically-accepted indications as defined by 42 U.S.C. § 1396r-8(k)(6), for which the State Medicaid Program provided coverage for Lamictal; (ii) made and/or disseminated unsubstantiated and/or false and/or misleading

representations or statements about the safety and efficacy of Lamictal concerning the uses described in section (i) of this sub–paragraph; and (iii) offered and paid illegal remuneration to health care professionals to induce them to promote and prescribe Lamictal, in violation of the Federal Anti-Kickback Statute, 42 U.S.C. § 1320-7b(b), and various state Anti-Kickback statutes.

e) **Zofran**: During the period from January 1, 2002 through December 31, 2004, GSK knowingly: (i) promoted the sale and use of Zofran for a variety of conditions other than those for which its use was approved as safe and effective by the FDA (including hyperemesis or pregnancy-related nausea), and some of which were not medically-accepted indications as defined by 42 U.S.C. § 1396r-8(k)(6), for which the State's Medicaid Program provided coverage for Zofran; (ii) made and/or disseminated unsubstantiated and/or false representations or statements about the safety and efficacy of Zofran concerning the uses described in section (i) of this sub-paragraph; and (iii) offered and paid illegal remuneration to health care professionals to induce them to promote and prescribe Zofran, in violation of the Federal Anti-Kickback Statute, 42 U.S.C. § 1320-7b(b), and various state Anti-Kickback statutes.

f) **Imitrex, Lotronex, Flovent and Valtrex:** From January 1999 through December 2004, GSK knowingly paid illegal remuneration for speaker programs, mentorships, preceptorships, journal clubs, advisory boards (including Local and Regional Advisory Boards and Special Issues Boards), and Reprint Mastery Trainings, and provided gifts (including entertainment, cash, travel and meals) to health care professionals to induce them to promote and prescribe the drugs Imitrex, Lotronex, Flovent and Valtrex, in violation of the Federal Anti-Kickback Statute, 42 U.S.C. § 1320a-7b(b), and various state Anti-Kickback statutes.

g) As a result of the conduct alleged in sub-paragraphs (a) through (f) above, GSK knowingly caused false or fraudulent claims to be submitted to the State's Medicaid Program.

(2) Avandia Federal Settlement Agreement:

a) At certain times between January 2000 and December 2010, GSK promoted Avandia to physicians and other health care providers with false and misleading representations about Avandia's lipid profile, effect on cardiovascular biomarkers, and overall safety. This alleged conduct included:

(1) GSK communicated messages to physicians regarding the effect of Avandia on diabetics' lipid profiles that were

based on inadequate scientific data. At times between 2001 and April 2005, GSK misleadingly represented that Avandia had a "positive lipid profile," and trained its sales force to promote the positive lipid profile as one of three core selling messages, despite having no well-controlled studies sufficient to establish those representations. Moreover, those representations were inconsistent with the FDA-approved label for Avandia which included information that Avandia was associated with statistically significant increases in low density lipoprotein particles ("LDL" or "bad" cholesterol), high density lipoprotein particles ("HDL" or "good" cholesterol), and total cholesterol. Lipid information was particularly important for diabetics, a patient population that was at a significantly increased risk of suffering from cardiac-related illnesses.

(2) GSK represented that use of Avandia resulted in more "light and fluffy" or "buoyant" LDL, despite having no well-controlled studies sufficient to establish those representations. At times between 2001 and April 2005, GSK falsely stated in certain sales brochures that data showing more buoyant LDL particles came from a "randomized, placebo-controlled, pharmacodynamic study," when it did not; and promoted the light and fluffy LDL theory to physicians by bringing "popcorn lunches" to physicians' offices to highlight the purported change in density of the LDL particles.

(3) In 2001, GSK conducted a small, randomized control trial of Actos, a competitor's diabetes drug, that suggested that treatment with Actos resulted in more buoyant LDL particles. GSK did not publish this scientific data about Actos because it was unhelpful to GSK's marketing message on lipids. In March 2001, a GSK Vice President (Metabolism Therapeutic Area, North American Medical Affairs) directed that the results of this Actos study not be published, stating that the trial was done "way under the radar" and that "[p]er Sr Mgmt request, these data should not see the light of day to anyone outside of GSK." When later concerned that Actos' manufacturer intended to publish new clinical trial results regarding Actos' lipid profile, GSK, as part of the "lipid war games," again instructed sales representatives to emphasize Avandia's purportedly favorable lipid profile with physicians.

(4) Some GSK sales aids also contained certain implied cardiovascular claims for which GSK did not have

adequate scientific support, such as the message that Avandia may reduce cardiovascular risk by decreasing insulin resistance. That message was inconsistent with the FDA-approved label for Avandia which always contained a warning on congestive heart failure associated with use of the drug, and later contained additional cardiovascular warnings regarding use of the drug. From 2001 to 2005, GSK sponsored the CardioAlliance, a program through which cardiologists gave speeches to other doctors about the available Avandia data, including data suggesting cardiovascular benefits from Avandia therapy. Some of the CardioAlliance materials included information about the relationship between insulin resistance and cardiac risk factors and stated that Avandia has "beneficial effects on cardiovascular risk factors" and the "potential to reduce cardiovascular disease" but failed to disclose that GSK did not have cardiovascular outcome data for Avandia. In purpose and effect, GSK paid cardiologists to influence endocrinologists and general practitioners to prescribe Avandia on the suggestion that the drug may be cardioprotective, despite having no cardiovascular outcome data regarding Avandia.

b) GSK made false and misleading representations about Avandia's lipid profile, effect on cardiovascular biomarkers, and overall safety, in labeling used during the promotion of Avandia to physicians and other health care providers, in violation of the FDCA, 21 U.S.C. §§ 331(a) and 352(a), and through the sale and distribution of a misbranded product, GSK obtained proceeds and profits to which it was not entitled.

c) GSK made false representations concerning Avandia's lipid profile, effect on cardiovascular biomarkers, and overall safety, to the State's Medicaid Program, on which the State's Medicaid Program relied to its detriment in making formulary and prior authorization decisions.

d) As a result of the conduct alleged in sub-paragraphs (a) through (c) above, GSK knowingly caused false or fraudulent claims for Avandia to be submitted to the State's Medicaid Program.

(3) Pricing Federal Settlement Agreement:

During the time period from January 1, 1994, to December 31, 2003:

a) GSK entered into contracts with hospitals, universities, group purchasing organizations, managed care organizations, and other

customers, pursuant to which the customers received discounts and/or rebates on one or more GSK drugs that appeared, on their face, to yield a purportedly nominal price, *i.e.*, a price of less than 10% of the AMP for a drug, but which were contingent on the customer agreeing to meet one or more of the following requirements for a drug with a different National Drug Code number: (i) purchase all of its requirements of a certain drug type or class of drug from GSK rather than from other drug manufacturers, (ii) purchase a minimum quantity of a certain GSK product or products, (iii) maintain or achieve a minimum market share of a certain GSK product or products within a therapeutic class of drugs, (iv) place and/or keep a certain GSK product or products on formulary and/or unrestricted in its institutions or systems, or (v) make a certain GSK product or products the exclusive or preferred drug on a formulary within a particular therapeutic or multi-source class of products available in its institutions or systems.

More specifically, GSK generally referred to such contracts as "committed contracts" or "portfolio contracts." A 1991 internal GSK training document explained that, "[i]n a committed contract (sometimes referred to as a bundle), pricing is contingent on all terms of the contract. The purpose of a committed contract is to establish an agreement that an account will use multiple [GSK] products and/or use exclusively [GSK] brands of [certain drug products]. Further, the commitment may require the unrestricted availability of all forms of [another drug product]. In return, the account receives better pricing level and/or rebates." Another internal GSK document explained: "Portfolio adds value [by] pulling weaker products on formulary that would otherwise have been excluded (achieved by increasing discounts on stronger (levered) products) . . . [and] minimizing discounts on a key product by giving concessions on less important products."

Like other deep discounts, purportedly nominal pricing on certain products included in these portfolio contracts was regarded by GSK as an investment and a tool to guarantee contract compliance, consistent with the company's overall portfolio approach to contracting.

b) The GSK contracts described in sub-paragraph (a) above are "bundled sales" under the rebate agreements between GSK and HHS. As such, the discounts and/or rebates on the drugs sold under those contracts should have been reallocated among all drugs in the bundled sales, including those drugs sold at a price of less than 10% of AMP, as required by the rebate agreements, in

calculating and reporting to CMS quarterly AMP and Best Price figures for the drugs, and that GSK did not reallocate those discounts and/or rebates.

c) If GSK had reallocated the discounts and/or rebates as required under its rebate agreements, the effective prices on the purportedly nominal-priced drugs in the bundled sales would, in some cases, have exceeded 10% of AMP and resulted in reportable Best Prices that were lower than the Best Prices GSK reported to CMS for such drugs. Further, those reallocations would have lowered the effective prices for certain other drugs included in the alleged bundled sales and would, in some cases, have resulted in reportable Best Prices for one or more of those other drugs that were lower than the Best Prices GSK reported to HHS for those drugs.

d) In failing to reallocate discounts and/or rebates in bundled sales that included purportedly nominal-priced drugs, GSK knowingly reported false Best Prices to HHS and underpaid quarterly rebates to the states under the Medicaid Drug Rebate Program.

e) In some instances, GSK treated certain prices as nominal when, in fact, those prices were contingent on other requirements and the State contends they did not qualify as nominal prices within the meaning of the rebate agreements. If GSK had factored certain of the contingencies into the transactions and not treated those transactions as nominal, GSK would have reported Best Prices that were lower than those that they reported to HHS for such drugs. As a result, GSK knowingly reported false Best Prices to HHS and underpaid quarterly rebates to the State under the Medicaid Drug Rebate Program.

M. This Agreement is made in compromise of disputed claims. This Agreement is neither an admission of facts or liability by GSK, nor a concession by the State that its allegations are not well-founded. GSK expressly denies the allegations of the State as set forth herein and in the Civil Actions, and denies that it engaged in any wrongful conduct in connection with the Covered Conduct, except as to such admissions GSK makes in connection with its guilty plea in the Federal Criminal Action referenced in Paragraph C above. Neither this Agreement nor its execution, nor the performance of any obligation arising under it, including any payment, nor the fact of settlement is intended to be, or shall be understood as, an

admission of liability or wrongdoing, or other expression reflecting on the merits of the dispute by any party to this Agreement. The contentions and allegations that are described herein are not intended to constitute evidence admissible in a court or other tribunal.

N. To avoid the delay, expense, inconvenience and uncertainty of protracted litigation of these claims, the Parties mutually desire to reach a full and final settlement as set forth below.

III. TERMS AND CONDITIONS

NOW, THEREFORE, in reliance on the representations contained herein and in consideration of the mutual promises, covenants, and obligations set forth in this Agreement, and for good and valuable consideration as stated herein, the Parties agree as follows:

Multi-Product Settlement

1. Pursuant to the Multi-Product Federal Settlement Agreement, GSK agrees to pay to the United States and the Medicaid Participating States (as that term is defined in Paragraph 4 below), collectively, the sum of one billion, forty-two million, six hundred twelve thousand, eight hundred dollars ($1,042,612,800), plus interest at the rate of 1.625% *per annum* from December 1, 2011, and continuing until and including the day before payment is made under this Agreement (the "Multi-Product Settlement Amount"). The Multi-Product Settlement Amount shall constitute a debt immediately due and owing to the United States and the Medicaid Participating States on the Effective Date of the Multi-Product Federal Settlement Agreement. This debt shall forever be discharged by payments to the United States and the Medicaid Participating States, under the following terms and conditions:

(a) GSK shall pay to the United States the sum of eight hundred thirty-two million, four hundred eighty-five thousand, four hundred thirty-six dollars ($832,485,436), plus interest accrued thereon at the rate of 1.625% *per annum* commencing December 1, 2011,

continuing until and including the day before payment is made (the "Multi-Product Federal Settlement Amount"). The Multi-Product Federal Settlement Amount shall be paid by electronic funds transfer pursuant to written instructions from the United States no later than seven (7) business days after (i) the Multi-Product Federal Settlement Agreement is fully executed by the Parties and delivered to GSK's attorneys; or (ii) the Court accepts the Fed. R. Crim. P. 11(c)(1)(C) guilty plea in connection with the Federal Criminal Action and imposes the agreed-upon sentence, whichever occurs later.

(b) GSK shall pay to the Medicaid Participating States the sum of two hundred ten million, one hundred twenty-seven thousand, three hundred sixty-four dollars ($210,127,364), plus interest accrued thereon at the rate of 1.625% *per annum* commencing December 1, 2011, continuing until and including the day before payment is made (the "Multi-Product Medicaid State Settlement Amount"). GSK shall pay the Multi-Product Medicaid State Settlement Amount, subject to the non-participating state deduction provision of sub-paragraph (c) below, no later than seven (7) business days after (i) the expiration of the 30 day opt-in period for Medicaid Participating States described in sub-paragraph (c) below; or (ii) the Court accepts the Fed. R. Crim. P. 11(c)(1)(C) guilty plea in connection with the Federal Criminal Action and imposes the agreed-upon sentence, whichever occurs later. The Multi-Product Medicaid State Settlement Amount shall be paid by electronic funds transfer to the New York State Attorney General's National Global Settlement Account ("NY State Account") pursuant to written instructions from the State Negotiating Team ("State Team"), which written instructions shall be delivered to counsel for GSK.

(c) The total portion of the Multi-Product Settlement Amount paid by GSK in settlement for the Multi-Product Covered Conduct for the State is the sum of ($4,642,879.57),

consisting of a portion paid to the State under this Agreement and another portion paid to the Federal Government as part of the Multi-Product Federal Settlement Agreement. The individual portion of the Multi-Product Medicaid State Settlement Amount allocated to the State under this Agreement is the sum of ($2,349,912.27), plus applicable interest (the "Multi-Product State Amount"). If the State does not execute this Agreement within the period of 30 days immediately following its receipt of this Settlement Agreement or GSK exercises its right not to execute this Agreement pursuant to Paragraph 4 below, the Multi-Product State Amount, plus applicable interest, shall be deducted from the Multi-Product Medicaid State Settlement Amount and shall not be paid by GSK, absent written agreement between counsel for GSK and the State Team to extend the time period for executing this Agreement.

Avandia Settlement

2. Pursuant to the Avandia Federal Settlement Agreement, GSK agrees to pay to the United States and the Medicaid Participating States (as that term is defined in Paragraph 4 below), collectively, the sum of six hundred fifty-seven million, three hundred eighty-seven thousand, two hundred dollars ($657,387,200), plus interest at the rate of 1.625% *per annum* from December 1, 2011, and continuing until and including the day before payment is made under this Agreement (the "Avandia Settlement Amount"). The Avandia Settlement Amount shall constitute a debt immediately due and owing to the United States and the Medicaid Participating States on the Effective Date of the Avandia Federal Settlement Agreement. This debt shall forever be discharged by payments to the United States and the Medicaid Participating States, under the following terms and conditions:

(a) GSK shall pay to the United States the sum of five hundred eight million, one hundred sixty-one thousand, sixty-three dollars ($508,161,063), plus interest accrued thereon

at the rate of 1.625% *per annum* commencing December 1, 2011, continuing until and including the day before payment is made (the "Avandia Federal Settlement Amount"). The Avandia Federal Settlement Amount shall be paid by electronic funds transfer pursuant to written instructions from the United States no later than seven (7) business days after (i) the Avandia Federal Settlement Agreement is fully executed by the Parties and delivered to GSK's attorneys; or (ii) the Court accepts the Fed. R. Crim. P. 11(c)(1)(C) guilty plea in connection with the Federal Criminal Action and imposes the agreed-upon sentence, whichever occurs later.

(b) GSK shall pay to the Medicaid Participating States the sum of one hundred forty-nine million, two hundred twenty-six thousand, one hundred thirty-seven dollars ($149,226,137), plus interest accrued thereon at the rate of 1.625% *per annum* commencing December 1, 2011, continuing until and including the day before payment is made (the "Avandia Medicaid State Settlement Amount"). GSK shall pay the Avandia Medicaid State Settlement Amount, subject to the non-participating state deduction provision of sub-paragraph (c) below, no later than seven (7) business days after (i) the expiration of the 30 day opt-in period for Medicaid Participating States described in sub-paragraph (c) below; or (ii) the Court accepts the Fed. R. Crim. P. 11(c)(1)(C) guilty plea in connection with the Federal Criminal Action and imposes the agreed-upon sentence, whichever occurs later. The Avandia Medicaid State Settlement Amount shall be paid by electronic funds transfer to the NY State Account pursuant to written instructions from the State Team, which written instructions shall be delivered to counsel for GSK.

(c) The total portion of the Avandia Settlement Amount paid by GSK in settlement for the Avandia Covered Conduct for the State is the sum of ($2,781,979.21), consisting of a portion paid to the State under this Agreement and another portion paid to the

Federal Government as part of the Avandia Federal Settlement Agreement. The individual portion of the Avandia Medicaid State Settlement Amount allocated to the State under this Agreement is the sum of ($1,534,702.43), plus applicable interest (the "Avandia State Amount"). If the State does not execute this Agreement within the period of 30 days immediately following its receipt of this Settlement Agreement or GSK exercises its right not to execute this Agreement pursuant to Paragraph 4 below, the Avandia State Amount, plus applicable interest, shall be deducted from the Avandia Medicaid State Settlement Amount and shall not be paid by GSK, absent written agreement between counsel for GSK and the State Team to extend the time period for executing this Agreement.

Pricing Settlement

3. Pursuant to the Pricing Federal Settlement Agreement, GSK agrees to pay to the United States and the Medicaid Participating States (as that term is defined in Paragraph 4 below), collectively, the sum of three hundred million dollars ($300,000,000), plus interest at the rate of 1.625% *per annum* from December 1, 2011, and continuing until and including the day before payment is made under this Agreement (the "Pricing Settlement Amount"). The Pricing Settlement Amount shall constitute a debt immediately due and owing to the United States and the Medicaid Participating States on the Effective Date of the Pricing Federal Settlement Agreement. This debt shall forever be discharged by payments to the United States and the Medicaid Participating States, under the following terms and conditions:

(a) GSK shall pay to the United States the sum of one hundred eighty-one million, two hundred seven thousand, sixty-nine dollars ($181,207,069), plus interest accrued thereon at the rate of 1.625% *per annum* commencing December 1, 2011, continuing until and including the day before payment is made (the "Pricing Federal Settlement Amount"). The

Pricing Federal Settlement Amount shall be paid by electronic funds transfer pursuant to written instructions from the United States no later than seven (7) business days after (i) the Pricing Federal Settlement Agreement is fully executed by the Parties and delivered to GSK's attorneys; or (ii) the Court accepts the Fed. R. Crim. P. 11(c)(1)(C) guilty plea as described in connection with the Federal Criminal Action and imposes the agreed-upon sentence, whichever occurs later.

(b) GSK shall pay to the Medicaid Participating States the sum of one hundred eighteen million, seven hundred ninety-two thousand, nine hundred thirty-one dollars ($118,792,931), plus interest accrued thereon at the rate of 1.625% *per annum* commencing December 1, 2011, continuing until and including the day before payment is made (the "Pricing Medicaid State Settlement Amount"). GSK shall pay the Pricing Medicaid State Settlement Amount, subject to the non-participating state deduction provision of sub-paragraph (c) below, no later than seven (7) business days after (i) the expiration of the 30 day opt-in period for Medicaid Participating States described in sub-paragraph (c) below; or (ii) the Court accepts the Fed. R. Crim. P. 11(c)(1)(C) guilty plea in connection with the Federal Criminal Action and imposes the agreed-upon sentence, whichever occurs later. The Pricing Medicaid State Settlement Amount shall be paid by electronic funds transfer to the NY State Account pursuant to written instructions from the State Team, which written instructions shall be delivered to counsel for GSK.

(c) The total portion of the Pricing Settlement Amount paid by GSK in settlement for the Pricing Covered Conduct for the State is the sum of ($3,711,078.11), consisting of a portion paid to the State under this Agreement and another portion paid to the Federal Government as part of the Federal Settlement Agreement. The individual portion of the Pricing Medicaid State Settlement Amount allocated to the State under this Agreement is the

sum of ($1,859,134.21), plus applicable interest (the "Pricing State Amount"). If the State does not execute this Agreement within the period of 30 days immediately following its receipt of this Settlement Agreement or GSK exercises its right not to execute this Agreement pursuant to Paragraph 4 below, the Pricing State Amount, plus applicable interest, shall be deducted from the Pricing Medicaid State Settlement Amount and shall not be paid by GSK, absent written agreement between counsel for GSK and the State Team to extend the time period for executing this Agreement.

4. GSK shall execute a State Settlement Agreement with any State that executes such an Agreement in the form to which GSK and the State Team have agreed, or in a form otherwise agreed to by GSK and the individual State; provided, however, that GSK reserves the right not to execute a State Settlement Agreement with any State that refuses to participate in the settlement of all of the matters described in Paragraphs 1 through 3 above. Each State with which GSK executes a State Settlement Agreement shall constitute a "Medicaid Participating State" in this Agreement; provided this Agreement is fully executed by the State and delivered to GSK's attorneys within the period of 30 days immediately following the State's receipt of this Agreement. If this condition is not satisfied within 30 days, GSK's offer to resolve this matter with the individual State shall become null and void absent written agreement between counsel for GSK and the State Team to extend the 30-day period.

5. If GSK's agreed-upon guilty plea pursuant to Fed. R. Crim. P. 11(c)(1)(C) in the Federal Criminal Action described in Preamble Paragraph C is not accepted by the Court or the Court does not impose the agreed-upon sentence for whatever reason, this Agreement shall be null and void at the option of either the State or GSK. If either the State or GSK exercises this option, which option shall be exercised by notifying all parties, through counsel, in writing

within five (5) business days of the Court's decision, the Parties will not object and this Agreement will be rescinded. If this Agreement is rescinded, GSK will not plead, argue or otherwise raise any defenses under the theories of statute of limitations, laches, estoppel or similar theories, to any civil or administrative claims, actions or proceedings arising from the Covered Conduct that are brought by the State within 90 calendar days of rescission and that were not otherwise barred as of the Effective Date of this Agreement.

6. Within 14 days of its receipt of the State Amounts described above, the State agrees to dismiss with prejudice any state law claims which the state has authority to dismiss, including claims asserted in the Civil Actions and claims for Medicaid-related restitution, Medicaid-related damages or Medicaid-related civil fines or penalties under state statutes that are similar to the FDCA, currently pending against the GSK Released Entities as defined in Paragraph 7 below in State or Federal courts for the Covered Conduct. The State further agrees to file a stipulation of dismissal without prejudice as to all other claims against GSK in the Civil Actions. Contingent upon the receipt of its State Amounts, the State, if properly served with one or more of the Civil Actions and liable to pay a Relator's share, agrees to pay, as soon as feasible after such receipt, such amounts as have been or will be negotiated with the Plaintiff-Relator(s) in the Civil Action(s), which shall be set forth in side letter(s) issued to and executed by the Plaintiff-Relator(s) in the Civil Action(s).

7. Subject to the exceptions in Paragraph 8 below, and in consideration of the obligations of GSK as set forth in this Agreement, conditioned upon receipt by the State of its share of the Medicaid State Settlement Amounts described in Paragraphs 1 through 3 above, the State, on behalf of itself, and its officers, agents, agencies, and departments, agrees to release GSK, together with its predecessors, current and former parents, direct and indirect divisions,

subsidiaries, successors, transferees, heirs and assigns, and all of their current and former directors, officers, employees, and agents (collectively, the "GSK Released Entities") from any civil or administrative monetary claims or causes of action that the State, its officers, agents, agencies, and departments have or may have for any claims submitted or caused to be submitted to the State Medicaid Program as a result of the Covered Conduct, or for the underpayment of Medicaid rebates to the State Medicaid Program as a result of the Covered Conduct. The payment of the Medicaid State Settlement Amounts fully discharges the GSK Released Entities from any obligations to pay Medicaid-related restitution, Medicaid-related damages, and/or any Medicaid-related civil fine or civil penalty to the State for the Covered Conduct.

8. Notwithstanding any term of this Agreement, the State specifically does not release any person or entity from any of the following liabilities:

(a) any criminal, civil, or administrative liability arising under state revenue codes;

(b) any criminal liability not specifically released by this Agreement;

(c) any civil or administrative liability that any person or entity, including any GSK Released Entities, has or may have to the State for state or federal antitrust violations;

(d) any civil or administrative liability that any person or entity, including any of the GSK Released Entities, has or may have to the State or to individual consumers or state program payors involving unfair and/or deceptive acts and practices and/or violations of consumer protection laws, other than State Medicaid Program liability for the Covered Conduct released in Paragraph 7 above;

(e) any liability to the State for any conduct other than the Covered Conduct;

(f) any liability which may be asserted on behalf of any other payors or insurers, including those that are paid by the State's Medicaid program on a capitated basis;

(g) any liability based upon obligations created by this Agreement;

(h) except as explicitly stated in this Agreement, any administrative liability, including mandatory exclusions from the State's Medicaid program;

(i) any express or implied warranty claims or other liability for defective or deficient products and services provided by GSK;

(j) any liability for personal injury or property damage or for other consequential damages arising from the Covered Conduct; or

(k) any liability based on a failure to deliver items or services due.

9. This Agreement is expressly conditioned upon resolution of the Federal Criminal Action. In consideration of the acceptance of GSK's plea of guilty in the Federal Criminal Action, the State's Medicaid Fraud Control Unit ("MFCU") agrees that it shall not further criminally investigate, prosecute, or refer for prosecution or criminal investigation to any agency, the GSK Released Entities for the Covered Conduct, including any violations of state statutes similar to the FDCA.

10. In consideration of the obligations of GSK set forth in this Agreement, and the Corporate Integrity Agreement ("CIA") that GSK has entered or will enter into with the Office of the Inspector General of the United States Department of Health and Human Services ("HHS-OIG") in connection with this matter, and conditioned upon receipt by the State of its share of the State Medicaid Settlement Amounts described in Paragraphs 1 through 3 above, except as reserved in Paragraph 8 above, the State agrees to release and refrain from instituting, recommending, directing or maintaining any administrative action seeking exclusion from the

State's Medicaid program against the GSK Released Entities for the Covered Conduct or for the convictions in the Federal Criminal Action. The State's MFCU further agrees to refrain from recommending, causing, or attempting to cause any administrative action or sanction, including exclusion or debarment, against the GSK Released Entities by any other government agency of the State for the Covered Conduct. Nothing in this Agreement precludes the State from taking action against GSK (a) in the event that GSK is excluded from the Medicaid Program by the Federal Government, (b) for conduct and practices other than the Covered Conduct, or (c) for conduct and practices other than the conviction(s) in the Federal Criminal Action.

11. GSK waives and shall not assert any defenses it may have to criminal prosecution or administrative action for the Covered Conduct, which defenses may be based in whole or in part on a contention, under the Double Jeopardy Clause of the Fifth Amendment of the United States Constitution or the Excessive Fines Clause of the Eighth Amendment of the United States Constitution, that this Agreement bars a remedy sought in such criminal prosecution or administrative action.

12. In consideration of the obligations of the State set forth in this Agreement, GSK waives and discharges the State, its agencies, employees, servants, and agents from any causes of action (including claims for attorneys' fees, costs, and expenses of every kind and however denominated) which GSK has asserted, could have asserted, or may assert in the future against the State, its agencies, employees, servants and agents, arising from the State's investigation and prosecution of the Covered Conduct.

13. The State Amounts described in Paragraphs 1 through 3 above will not be decreased as a result of the denial of claims for payment now being withheld from payment by the State's Medicaid program, or any other state payor, for the Covered Conduct; and, if

applicable, GSK agrees not to resubmit to the State's Medicaid program or any other state payor, any previously denied claims, which denials were based on the Covered Conduct, and agrees not to appeal or cause the appeal of any such denials of claims.

14. GSK shall not seek payment for any of the claims for reimbursement to Medicaid covered by this Agreement from any health care beneficiaries or their parents, sponsors, legally responsible individuals, or third party payors.

15. GSK expressly warrants that it has reviewed its financial condition and that it is currently solvent within the meaning of 11 U.S.C. §§ 547(b)(3) and 548(a)(B)(ii)(I), and that payment of the Settlement Amounts described in Paragraphs 1 through 3 shall not render GSK insolvent. Further, the Parties expressly warrant that, in evaluating whether to execute this Agreement, the Parties (a) have intended that the mutual promises, covenants, and obligations set forth herein constitute a contemporaneous exchange for new value given to GSK within the meaning of 11 U.S.C. § 547(c)(1), and (b) have concluded that these mutual promises, covenants and obligations do, in fact, constitute such a contemporaneous exchange.

16. The Parties each represent that this Agreement is freely and voluntarily entered into without any degree of duress or compulsion whatsoever.

17. GSK agrees to cooperate fully and truthfully with any State investigation of individuals or entities not released in this Agreement relating to the Covered Conduct. Upon reasonable notice, GSK shall make reasonable efforts to encourage, and agrees not to impair, the cooperation of its directors, officers, employees and agents in any such State investigation, consistent with the rights and privileges of such individuals and of GSK.

18. Except as expressly provided to the contrary in this Agreement, each Party to this Agreement shall bear its own legal and other costs incurred in connection with this matter, including the preparation and performance of this Agreement.

19. Except as otherwise stated in this Agreement, this Agreement is intended to be for the benefit of the Parties and the GSK Released Entities only, and by this instrument the Parties do not release any liability against any person or entity other than those included in the GSK Released Entities.

20. Nothing in this Agreement constitutes an agreement by the State concerning the characterization of the amounts paid hereunder for purposes of the State's or United States' revenue codes.

21. In addition to all other payments and responsibilities under this Agreement, GSK agrees to pay all reasonable expenses and travel costs of the State Team, including reasonable consultant fees. GSK will pay this amount by separate check made payable to the National Association of Medicaid Fraud Control Units, after the Medicaid Participating States execute their respective Agreements, or as otherwise agreed by the Parties.

22. This Agreement is governed by the laws of the State, and venue for addressing and resolving any and all disputes relating to this Agreement shall be the state courts of appropriate jurisdiction of the State.

23. The undersigned GSK signatories represent and warrant that they are authorized as a result of appropriate corporate action to execute this Agreement. The undersigned State signatories represent that they are signing this Agreement in their official capacities and that they are authorized to execute this Agreement on behalf of the State through their respective agencies and departments.

24. The “Effective Date” of this Agreement shall be the date of signature of the last signatory to this Agreement. Facsimiles of signatures shall constitute acceptable binding signatures for purposes of this Agreement.

25. This Agreement shall be binding on all successors, transferees, heirs, and assigns of the Parties.

26. This Agreement constitutes the complete agreement between the Parties with respect to this matter and shall not be amended except by written consent of the Parties.

27. This Agreement may be executed in counterparts, each of which shall constitute an original, and all of which shall constitute one and the same Agreement.

FOR THE STATE OF CONNECTICUT

State of Connecticut

By_____
George Jepsen
Attorney General
By Robert B. Teitelman
Assistant Attorney General

Date:_____

State of Connecticut
Division of Criminal Justice
Medicaid Fraud Control Unit

By_____
Kevin T. Kane
Chief State's Attorney
By Christopher T. Godialis
Supv. Asst. State's Attorney
Director, CT MFCU

Date:_____

State of Connecticut
Department of Social Services
[Connecticut Medicaid Agency]

By_____
Roderick L. Bremby
Commissioner

Date:_____

GLAXOSMITHKLINE LLC

By: _____ Dated:

NAME
TITLE
GlaxoSmithKline LLC

By: _____ Dated:

Geoffrey E. Hobart, Esq.
Matthew J. O'Connor, Esq.
Covington & Burling LLP
Counsel for GlaxoSmithKline LLC

Thomas H. Lee, II, Esq.
Dechert LLP
Counsel for GlaxoSmithKline LLC

Mark D. Seltzer, Esq.
Brian K. French, Esq.
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Nina Gussack, Esq.
Sean Fahey, Esq.
Pepper Hamilton LLP
Counsel for GlaxoSmithKline LLC