

MEMORANDUM

TO: ALL MFCU DIRECTORS of SETTLING STATES and
THE STATE OF NORTH DAKOTA

FROM: GSK-KZ (Kytril/Zofran) NEGOTIATING TEAM
Patrick Lupinetti, New York MFCU
David Waterbury, Washington MFCU

DATE: AUGUST 30, 2006

SUBJECT: CONCLUSION GSK-KZ CASE

DEPT OF
ATTORNEY GENERAL

AUG 30 2006

HEALTH CARE FRAUD DIVISION

This memo accompanies your state's copy of a fully executed settlement and related payment representing the conclusion of the NAMFCU Glaxo Smith Kline (Kytril-Zofran) Global Investigation. Please note that the amount of your payment identified in your settlement has been increased by your state's share of pre-settlement interest, as required by the settlement. Such interest should be apportioned and treated in accordance with your individual state requirements.

Supplemental GSK Settlement Opportunity

Additionally, information discovered in individual state litigation with GSK has indicated that another GSK product, Amoxil, may also involve AWP spread issues, and GSK has indicated its willingness to address this product on a national basis. To that end, we will be soliciting your assistance in determining how your state reimbursed Amoxil claims, i.e., based on AWP or pursuant to a state-calculated maximum reimbursement price. In the latter instance, it will also be important to identify how that price was derived, whether from manufacturer information or on a basis independent of GSK. We expect that if any negotiated resolution is achieved on this issue, after relevant data and reimbursement standards are collected, settlement would involve simply an addendum to the enclosed Kytril-Zofran settlement.

If you have any further questions regarding your agreement and payment please contact David Waterbury, at davidw1@atg.wa.gov or Patrick Lupinetti, at Patrick.Lupinetti@OAG.STATE.NY.US.

Thank you for your cooperation and assistance over the course of this investigation

STATE SETTLEMENT AGREEMENT AND RELEASE

I. PARTIES

This Settlement Agreement ("Agreement") is entered into by the state of Michigan and SmithKline Beecham Corporation d/b/a GlaxoSmithKline ("GSK"), hereinafter collectively referred to as "the Parties."

II. PREAMBLE

As a preamble to this State Agreement, the Parties agree as follows:

A. On March 31, 2001, Glaxo Wellcome Inc., a North Carolina corporation with a principal place of business in Research Triangle Park, North Carolina ("Glaxo"), was merged into SmithKline Beecham Corporation, a Pennsylvania corporation with a principal place of business in Philadelphia, Pennsylvania ("SmithKline"). SmithKline Beecham Corporation now has operations in both Research Triangle Park, North Carolina and Philadelphia, Pennsylvania, and is doing business in the United States as GlaxoSmithKline ("GSK").

B. At all relevant times, both Glaxo and SmithKline marketed and sold pharmaceutical products nationwide. Among other drugs, Glaxo marketed and sold the prescription drug product ondansetron HCL, an anti-emetic, marketed under the brand name Zofran®. Among other drugs, SmithKline marketed and sold the prescription drug product granisetron HCL, an anti-emetic, marketed under the brand name Kytril®. Both Glaxo and SmithKline sold the drugs to various customers including, among others, group purchasing organizations, wholesalers, oncology clinics, physicians, and hospitals. SmithKline divested Kytril on or about December 22, 2000.

C. The state of Michigan contends that GSK submitted or caused to be submitted claims for payment to the Medicaid Program, 42 U.S.C. §§ 1396-1396v.

D. The state of Michigan contends that it has certain civil claims against GSK under the False Claims Act, other federal and state statutes, and/or common law doctrines for engaging in the following conduct:

(i) During the period from January 1, 1994 through December 31, 2002, Glaxo and SmithKline knowingly set, reported, and maintained or caused to be set, reported, and maintained false, fraudulent, and inflated Average Wholesale Prices, Suggested List Prices, Net Wholesale Prices, and/or Wholesale Purchase Prices (the Reported Prices) for certain National Drug Codes for Zofran and Kytril listed in Attachment 1 (the "Covered Drugs") that were substantially higher than the prices that the vast majority of their customers actually paid for the Covered Drugs and knowingly used the artificial spread between the false, fraudulent, and inflated Reported Prices and the actual acquisition cost of the Covered Drugs in marketing, promoting, and selling the Covered Drugs to existing and potential customers. Glaxo and SmithKline knew that the false and fraudulent reporting and marketing schemes would cause their customers to submit false and fraudulent claims for reimbursement to Medicaid for reimbursement that were substantially higher than the customers' actual acquisition cost for the Covered Drugs.

(ii) During the period from January 1, 1994 through December 31, 1998, SmithKline knowingly engaged in a marketing scheme whereby it encouraged its customers to (1) take the Kytril left over from an injection from a single-injection vial, (2) pool the leftover Kytril from several vials to create another full dose of Kytril to be administered to a patient, and (3) submit a claim for reimbursement for the pooled vial of Kytril, all of which resulted in claims for such pooled vials being submitted to the Medicaid program for which the customer had had an actual acquisition cost of \$0 and already had been paid on a per vial basis.

E. The state of Michigan contends that the Medicaid program was damaged as a result of the Covered Conduct.

Collectively, the conduct listed in this paragraph will be referred to as the "Covered Conduct".

F. HHS-OIG and the state of Michigan contend that they have certain administrative claims against GSK, for engaging in the covered conduct, under the provisions for permissive exclusion from the Medicaid program, 42 U.S.C. § 1320a-7(b), and the provisions for civil monetary penalties, 42 U.S.C. §§ 1320a-7a and 1396r-8(b)(3)(C)(ii), for the Covered Conduct.

G. GSK denies the allegations of the state of Michigan and HHS-OIG as set forth in preamble paragraphs D, E and F of this agreement and denies that it has any liability relating to these contentions and allegations.

H. 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.

I. GSK has previously entered into a Settlement Agreement with the United States of America regarding the Covered Conduct (the "Federal Settlement Agreement").

III. TERMS AND CONDITIONS

NOW, THEREFORE, in reliance on the representations contained herein and in consideration of the mutual promises, covenants, and obligations in this Agreement, and for good and valuable consideration, receipt of which is hereby acknowledged, the Parties agree as follows:

1. GSK agrees to pay to the United States and the States \$149,000,000, plus interest accruing at a simple rate of 4.375% per annum from May 21, 2005, through and including the effective date of the Federal Settlement Agreement (collectively the "Settlement Amount"). GSK agrees to pay the Settlement Amount as follows:

A. No later than three business days from the effective date of the Federal Settlement Agreement, GSK agrees to pay \$138,650,000 plus interest accruing at a simple rate of

4.375% per annum (Medicare and Federal Share of Medicaid) from May 21, 2005, through and including the effective date of the Federal Settlement Agreement, to the United States by electronic funds transfer pursuant to written instructions to be provided by the Civil Division of the United States Department of Justice.

B. No later than three business days from the effective date of the Federal Settlement Agreement, GSK agrees to transfer \$10,350,000 (State Settlement Amount) plus interest accruing at a simple rate of 4.375% per annum from May 21, 2005, through and including the effective date of the Federal Settlement Agreement, to an account with a national banking institution to earn interest as agreed upon between GSK and the National Association of Medicaid Fraud Control Units Settlement Team (NAMFCU Team).

C. At the conclusion of the State Settlement process, when all Participating States have executed agreements, GSK shall transfer the State Settlement Amount plus the aforementioned interest, as set out in paragraph 1(B) above, to a distribution account designated by the NAMFCU Team, for distribution to the individual Participating States.

D. The total portion of the Settlement Amount paid by GSK in settlement for alleged injury to the Medicaid Program for the state of Michigan is \$422,678.89, consisting of a portion paid to the state of Michigan under this Agreement and another portion paid to the federal government as part of the Federal Settlement Amount. The individual portion of the State Settlement Amount allocable to the state of Michigan, is \$191,502.31 (the "Individual State Settlement Amount").

E. The state of Michigan shall be entitled to disbursement of its Individual State Settlement Amount from the NAMFCU distribution account only after the NAMFCU Team has received fully executed State Settlement Agreements from the Participating States and from GSK. Any funds not disbursed to a state (non-participating state(s)), plus interest as set out in paragraph 1(B) above, shall be returned to GSK.

2. GSK has entered into an Addendum to its Corporate Integrity Agreement (the "CIA Addendum") with HHS/OIG in connection with this matter and will provide certified Pricing Information to the state of Michigan and the appropriate national commercial drug price reporting service (as directed by the Addendum to this agreement) pursuant to the terms of said CIA Addendum. In accordance with Sections III.I.1 and III.I.2 e of the CIA Addendum, the state of Michigan hereby agrees that the Pricing Information reported to the Michigan State Medicaid Program pursuant to that section shall be considered to be confidential commercial or financial information and proprietary trade secrets and afforded the maximum degree of confidentiality permitted by state law. All information provided to the state Medicaid program pursuant to this agreement shall be made available to the State's Medicaid Fraud Control Unit upon request.

3. In consideration of this Agreement and payment set forth herein and subject to the exceptions from release set forth in Paragraph 4 below, the state of Michigan on behalf of itself, its officers, agents, agencies and departments shall release and forever discharge GSK, its predecessors, subsidiaries, joint venture owners, and their corporate parents and affiliates, successors and assigns, from any civil or administrative claims for damages or penalties that the state of Michigan has or may have relating to the Covered Conduct. The payment of the Settlement Amount fully discharges GSK from any obligation to pay Medicaid-related restitution, damages, and/or any fine or penalty to the state for the Covered Conduct.

4. Notwithstanding any term of this Agreement, the state of Michigan specifically does not herein release GSK, its predecessors, subsidiaries, joint venture owners, and their corporate parents and affiliates, successors and assigns, and their current and former directors, officers, and employees from any and all of the following: (a) any potential criminal, civil or administrative claims arising under state of Michigan revenue codes; (b) any criminal liability; (c) any civil or administrative liability that GSK has or may have under any state statute, regulation, or rule not covered by the release; (d) except as explicitly stated in this State Settlement Agreement, any administrative liability, including mandatory exclusion from the state

of Michigan's Medicaid program; (e) any liability to the state of Michigan (or its agencies) for any conduct other than the Covered Conduct; (f) any claims based upon such obligations as are created by this State Settlement Agreement.

5. In consideration of the obligations of GSK set forth in this Agreement, conditioned upon GSK's payment in full of the State Settlement Amount into the State Settlement Account, as provided in paragraph 1(B) above, and except as reserved in Paragraph 4 above, the state of Michigan agrees to release and refrain from instituting, directing or maintaining any administrative claim or any action seeking exclusion from the state of Michigan's Medicaid program against GSK, its predecessors, subsidiaries, joint venture owners, their corporate parents and affiliates, successors and assigns, for the Covered Conduct. Nothing in this Agreement precludes the state of Michigan from taking action against GSK in the event that GSK is excluded by the federal government, or for conduct and practices other than the Covered Conduct. The Medicaid Fraud Control Unit for the state of Michigan further agrees to refrain from recommending, causing or attempting to cause any administrative action or sanction, including debarment, by any other government agency of the state of Michigan for the Covered Conduct. GSK acknowledges that the state of Michigan does not have the authority to release GSK from any claims or actions which may be asserted by any private payor or private insurer with respect to any state Medicaid program in which the private payor or private insurer provides health insurance coverage to Medicaid recipients and is paid for such coverage by the state Medicaid program on a capitated basis.

6. GSK fully and finally releases the state of Michigan, its agencies, employees, servants, and agents from any claims (including 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 of Michigan, its agencies, employees, servants, and agents, related to or arising from the investigation and prosecution of the Covered Conduct up to the effective date of this Settlement Agreement.

7. GSK agrees to cooperate fully and truthfully with the state of Michigan's investigation of individuals and entities not specifically released in this Agreement for the Covered Conduct and for conduct by any other person or entity similar to the Covered Conduct. More specifically, upon reasonable notice, GSK will make reasonable efforts to facilitate access to, and encourage the cooperation of, its directors, officers, and employees for interviews and testimony, consistent with the rights and privileges of such individuals, and will furnish to the state of Michigan, upon reasonable request, all non-privileged documents and records in its possession, custody or control relating to the Covered Conduct or conduct by any other person or entity similar to the Covered Conduct.

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

9. The Settlement Amount that GSK shall pay will not be decreased as a result of the denial of claims for payment now being withheld from payment by the state of Michigan's Medicaid program where such denial resulted from the Covered Conduct. If applicable, GSK agrees not to resubmit to the program any previously denied claims where such denial resulted from the Covered Conduct and agrees not to appeal any such denials of claims.

10. This Agreement is intended to be for the benefit of the Parties only, and by this instrument the Parties do not release any claims against any other person or entity, including but not limited to any individual or entity that purchased Kytril and Zofran from GSK, except as specifically provided herein.

11. Nothing in any provision of this Agreement constitutes an agreement by the state of Michigan concerning the characterization of the Settlement Amount for purposes of the state internal revenue laws.

12. This Agreement does not constitute an admission by any person or entity, and shall not be construed as an admission by any person or entity, with respect to any issues of law or fact.

13. In addition to all other payment and responsibilities under this Agreement, GSK agrees to pay all reasonable travel costs and expenses of the NAMFCU state negotiating team. GSK will pay this amount by separate check or wire transfer made payable to the National Association of Medicaid Fraud Control Units after the Participating States execute this Agreement.

14. GSK represents that this Agreement is freely and voluntarily entered into without any degree of duress or compulsion whatsoever.

15. The undersigned GSK signatory represents and warrants that he is duly authorized as a result of appropriate corporate action to execute this Agreement. The undersigned state of Michigan signatories represent that they are signing this Agreement in their official capacities and they are authorized to execute this Agreement on behalf of the state of Michigan through their respective agencies and departments.

16. This Agreement is governed by the laws of the state of Michigan.

17. This Agreement is effective on the date of signature of the last signatory to the Agreement.

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

19. This Agreement constitutes the complete agreement between the Parties with regard to the Covered Conduct. This Agreement may not be amended except by written consent of the Parties.

20. Each party agrees to perform any further acts and to execute and deliver any further documents reasonably necessary to carry out this Agreement. 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 Michigan:

By: *William T. Hunt*

Dated: 11-8-05

Title: ASSISTANT ATTORNEY GENERAL IN CHARGE

For the state of Michigan Medicaid Program:

By: *Paul Whang*

Dated: 11-8-2005

Title: Director - Bureau of
Med. and Financial Management
SMITHKLINE BEECHAM CORPORATION
d/b/a GLAXOSMITHKLINE

By: _____

Dated: _____

Name:
Position:
SmithKline Beecham Corporation d/b/a GlaxoSmithKline

By: *Thomas H. Lee, II*

Dated: 8/10/06

THOMAS H. LEE, II
Dechert LLP
4000 Bell Atlantic Tower
1717 Arch Street
Philadelphia, PA 19103-2793

Frederick G. Herold
Dechert LLP
1117 California Avenue
Palo Alto, CA 94304-1106

Counsel to SmithKline Beecham Corporation d/b/a GlaxoSmithKline

By: _____

Dated: _____

MARK SELTZER
Holland & Knight LLP
10 St. James Avenue
Boston, MA 02116
Counsel to SmithKline Beecham Corporation d/b/a GlaxoSmithKline

For the state of Michigan:

By: [Signature] Dated: 11-8-05

Title: Assistant Attorney General in Charge

For the state of Michigan Medicaid Program:

By: [Signature] Dated: 11-8-2005

Title: Director - Bureau of Medicaid Financial Management
SMITHKLINE BEECHAM CORPORATION
d/b/a GLAXOSMITHKLINE

By: [Signature] Dated: 8/3/06

Name: Christopher A. Viehbaecher
Position: President, US Pharmaceuticals
SmithKline Beecham Corporation d/b/a GlaxoSmithKline

By: _____ Dated: _____

THOMAS H. LEE, II
Dechert LLP
4000 Bell Atlantic Tower
1717 Arch Street
Philadelphia, PA 19103-2793

Frederick G. Herold
Dechert LLP
1117 California Avenue
Palo Alto, CA 94304-1106

Counsel to SmithKline Beecham Corporation d/b/a GlaxoSmithKline

By: _____ Dated: _____

MARK SELTZER
Holland & Knight LLP
10 St. James Avenue
Boston, MA 02116
Counsel to SmithKline Beecham Corporation d/b/a GlaxoSmithKline

For the state of Michigan:

By: [Signature] Dated: 11-7-05

Title: 157-PI ANSWER REPEAL IN CHANGE

For the state of Michigan Medicaid Program:

By: [Signature] Dated: 11-8-2005

Title: Director - Bureau of Medicaid Financial Management
SMITHKLINE BEECHAM CORPORATION
d/b/a GLAXOSMITHKLINE

By: _____ Dated: _____

Name:
Position:
SmithKline Beecham Corporation d/b/a GlaxoSmithKline

By: _____ Dated: _____

THOMAS H. LEE, II
Dechert LLP
4000 Bell Atlantic Tower
1717 Arch Street
Philadelphia, PA 19103-2793

Frederick G. Herold
Dechert LLP
1117 California Avenue
Palo Alto, CA 94304-1106

Counsel to SmithKline Beecham Corporation d/b/a GlaxoSmithKline

By: [Signature] Dated: 8/3/06

MARK SELTZER
Holland & Knight LLP
10 St. James Avenue
Boston, MA 02116
Counsel to SmithKline Beecham Corporation d/b/a GlaxoSmithKline

ATTACHMENT 1

Name	Formulation	NDC
Kytril	Injection, vial 1mg/ml	00029-4149-01
Kytril	Injection, vial 1mg/ml, m/d vial 4m	00029-4152-01
Zofran	Injection, 2mg/ml 20 ml	00173-0442-00
Zofran	Injection, 2mg/ml 2ml 5s	00173-0442-02
Zofran	Injection, prnxd, 32mg/50ml	00173-0461-00

ADDENDUM

Designation of Reporting Service

1) The state of Michigan requests that the Pricing Information referred to in Section III 2 of this agreement and the CIA Addendum be sent to FIRST DATA BANK (a national commercial drug price reporting service).

If during the time period covered by the CIA Addendum (5 years from the effective date thereof) the state changes or supplements its commercial drug price reporting service, the state may notify GSK in writing of said change and the effective date. GSK shall then promptly commence reporting the Pricing Information to the subsequent commercial drug price reporting service in accordance with Sections III I 1 and III I 2.e of the CIA Addendum.

GSK contact information is as follows:

David B. Brown, (with a copy to Elizabeth J. Hallyburton, Esq.)
Director, Government Contracts/Pricing Programs
GlaxoSmithKline
5 Moore Drive -- Bide Building
Location: B-2156
P.O. Box 13398
Research Triangle Park,
North Carolina 27709
Phone: 919-483-2353
Fax: 919-315-3198
e-mail: david.b.brown@gsk.com

Elizabeth J. Hallyburton, Esq.
Assistant General Counsel
GlaxoSmithKline
5 Moore Drive -- Bide Building
Location: C-4160
P.O. Box 13398
Research Triangle Park,
North Carolina 27709
Phone: 919-483-2212
Fax: 704-899-9234
e-mail: beth.j.hallyburton@gsk.com

Designation of State Medicaid Contact

2) The state of Michigan requests that the Pricing Information referred to in Section III 2 of this agreement and the CIA Addendum be sent to the Michigan State Medicaid program c/o:

RUTH SHOCKEY
Name
480 S. PINE
P.O. BOX 80479
LANSING, MI 48909
Address
517/835-5223 (PHONE)
517/241-9087 (FAX)
Phone/fax/email
SHOCKEY R @ MICHIGAN.GOV

DISTRIBUTION OF PROCEEDS
GlaxoSmithKline (Kytril and Zofran)

State of Michigan

TOTAL MEDICAID SETTLEMENT (STATE/FEDERAL): \$422,678.89
(With State Pre-transfer Interest)

1.	State Share of Medicaid Restitution (with pre-transfer interest)	<u>\$95,751.16</u>
2.	State Share of Additional Recoveries (with pre-transfer interest)	<u>\$95,751.16</u>
3.	Total State Settlement Amount	<u>\$191,502.31</u>

***THESE ARE STATE MONIES ONLY; DO NOT SEND OR CREDIT ANY
AMOUNT TO THE FEDERAL GOVERNMENT.**

IF ANY MFCU STATES HAVE QUESTIONS ON HOW TO REPORT THESE MONIES,
PLEASE DIRECT QUESTIONS TO:

Sharon Colby, Director
Medicaid Fraud Unit Oversight Division
Office of the Inspector General
202-260-3711

ADDENDUM
TO
GLAXOSMITHKLINE STATE SETTLEMENT AGREEMENT AND RELEASE

This is an Addendum to the 2006 State Settlement Agreement and Release (the “2006 State Settlement Agreement”), entered into between the State of Michigan and SmithKline Beecham Corporation d/b/a GlaxoSmithKline (together with its predecessors, “GSK”) (hereinafter collectively referred to as “the Parties”). The 2006 State Settlement Agreement resolved claims that, *inter alia*, certain prices reported by GSK for the pharmaceutical products Zofran and Kytril (in their injectable forms) were substantially higher than the prices that the vast majority of its customers actually paid for those products. This Addendum, which will be referred to herein as the “Amoxil Addendum,” resolves certain additional pricing claims related to GSK’s Amoxil products.

PREAMBLE

A. In addition to the contentions set forth in Section II A through F of the 2006 State Settlement Agreement (which were resolved by that agreement), the State of Michigan contends that it has certain other civil claims against GSK under the False Claims Act, other federal and state statutes, and/or common law doctrines for engaging in the following conduct, which conduct shall be referred to herein as the “Amoxil Covered Conduct:”

During the period beginning on or before January 1, 1997 through the date of this Amoxil Addendum, GSK knowingly set, reported, and maintained or caused to be set, reported and maintained inflated Average Wholesale Prices, Suggested List Prices, Net Wholesale Prices, Wholesale Purchase Prices and/or Wholesale Acquisition Costs for the Amoxil National Drug Codes listed in Attachment 1 hereto that were substantially higher than the prices that the vast majority of GSK’s customers and

Medicaid providers actually paid for these drugs, resulting in the submission of false and fraudulent claims for reimbursement to Medicaid for Medicaid reimbursements that were substantially higher than the actual acquisition cost for such drugs.

B The State of Michigan contends that the Medicaid program was damaged as a result of the Amoxil Covered Conduct

C GSK denies the allegations of the State of Michigan as they relate to the Amoxil Covered Conduct and denies that it has any liability relating to these contentions and allegations.

D To avoid the delay, expense, inconvenience and uncertainty of protracted litigation of claims arising from the Amoxil Covered Conduct, the Parties mutually desire to reach a full and final settlement as set forth herein.

TERMS AND CONDITIONS

NOW, THEREFORE, in reliance on the representations contained herein and in consideration of the mutual promises, covenants, and obligations in this Amoxil Addendum and in the 2006 State Settlement Agreement, and for good and valuable consideration, receipt of which is hereby acknowledged, the Parties agree as follows:

1. In addition to the Individual State Settlement Amount already paid pursuant to the 2006 State Settlement Agreement, GSK will pay the State of Michigan the additional amount of \$27,043.00, (the "Additional Individual State Settlement Amount") to resolve claims relating to the Amoxil Covered Conduct

2. Within ten (10) business days from Effective Date of this Amoxil Addendum (as defined in Paragraph 4 below), the National Association of Medicaid Fraud Control Units ("NAMFCU"), through a designated representative, will provide the undersigned counsel for GSK with an original, signed letter containing written wiring instructions on the Association's

letterhead (with a copy to him by e-mail pdf), which instructions shall specify the total of the Additional Individual State Settlement Amounts of all states (and the District of Columbia) that have chosen to participate in the Amoxil Addendum (the "Total Amoxil Addendum Amount ") Within ten (10) business days thereafter, GSK will transfer the Total Amoxil Addendum Amount pursuant to those written wiring instructions from NAMFCU. The NAMFCU designated representative shall be responsible for distributing the Additional Individual State Settlement Amounts to each of the participating states, in accordance with each such state's Amoxil Addendum.

3 The references to "Covered Conduct" set forth in the releases contained in Paragraphs III. 3, III.5 and III. 6 of the 2006 State Settlement Agreement, as well as the references to "Covered Conduct" set forth in Paragraphs 4, 7, 8, 9, and 19 thereto, are amended to include the Amoxil Covered Conduct, and with respect to the Amoxil Covered Conduct the releases set forth in the 2006 State Settlement Agreement will run through the Effective Date of this Amoxil Addendum.

4 The Effective Date of this Amoxil Addendum shall be the date on which NAMFCU provides the undersigned counsel for GSK with (a) a duly executed version of the Amoxil Addendum for each state which has chosen to participate in the Amoxil Addendum by the time provided by NAMFCU, in its discretion, for states to decide whether to participate, and (b) a written list of all such participating states.

5. Except as specifically set forth herein, all other terms and conditions of the 2006 State Settlement Agreement shall remain the same.

For the State of Michigan:

By: [Signature] Dated: 4/1/2008
Title: Assistant Attorney General

For the State of Michigan Medicaid Program:

By: James R Brandell Dated: 3-17-08
Title: Director, Bureau of Medicaid Financial Management & Administrative Services
SMITHKLINE BEECHAM CORPORATION
d/b/a GLAXOSMITHKLINE

By: [Signature] Dated: 5-23-08
Name: Christopher A. Viehbach
Position: President, US Pharmaceuticals
SmithKline Beecham Corporation d/b/a GlaxoSmithKline

By: Frederick G. Herold Dated: 5/27/08
Frederick G. Herold
Dechert LLP
2440 W. El Camino Real, Suite 700
Mountain View, CA 94040-1499
Phone: 650-813-4930
Email: Frederick.herold@dechert.com

Counsel to SmithKline Beecham Corporation d/b/a GlaxoSmithKline

Attachment I

	Formulation	NDC
Amoxil	Chewable Tabs 250 mg 100'S	00029-6005-30
Amoxil	Capsules 250mg 500'S	00029-6006-32
Amoxil	Capsules 250mg 100'S	00029-6006-30
Amoxil	Capsules 500mg 500'S	00029-6007-32
Amoxil	Capsules 500mg 30'S	00029-6007-13
Amoxil	Capsules 500mg 100'S	0002-6007-30
Amoxil	Oral Susp 125mg/80ml	00029-6008-21
Amoxil	Oral Susp 125mg 100ml	00029-6008-23
Amoxil	Oral Susp 125mg/5ml 150ml	00029-6008-22
Amoxil	Oral Susp 250mg/5ml 150ml	00029-6009-22
Amoxil	Oral Susp 250mg 80 ml	00029-6009-21
Amoxil	Oral Susp 250mg/5ml 100ml	00029-6009-23
Amoxil	Pediatric Drops 50mg 15ml	00029-6035-20
Amoxil	Pediatric Drops 50mg/ml 30ml	00029-6038-39
Amoxil	Bid Oral Susp 400mg/5ml 75ml	00029-6049-55
Amoxil	Bid Oral Susp 400mg/5ml 100ml	00029-6049-59

ADDENDUM
TO
GLAXOSMITHKLINE STATE SETTLEMENT AGREEMENT AND RELEASE

This is an Addendum to the 2006 State Settlement Agreement and Release (the “2006 State Settlement Agreement”), entered into between the State of Michigan and SmithKline Beecham Corporation d/b/a GlaxoSmithKline (together with its predecessors, “GSK”) (hereinafter collectively referred to as “the Parties”). The 2006 State Settlement Agreement resolved claims that, *inter alia*, certain prices reported by GSK for the pharmaceutical products Zofran and Kytril (in their injectable forms) were substantially higher than the prices that the vast majority of its customers actually paid for those products. This Addendum, which will be referred to herein as the “Amoxil Addendum,” resolves certain additional pricing claims related to GSK’s Amoxil products.

PREAMBLE

A In addition to the contentions set forth in Section II A through F of the 2006 State Settlement Agreement (which were resolved by that agreement), the State of Michigan contends that it has certain other civil claims against GSK under the False Claims Act, other federal and state statutes, and/or common law doctrines for engaging in the following conduct, which conduct shall be referred to herein as the “Amoxil Covered Conduct:”

During the period beginning on or before January 1, 1997 through the date of this Amoxil Addendum, GSK knowingly set, reported, and maintained or caused to be set, reported and maintained inflated Average Wholesale Prices, Suggested List Prices, Net Wholesale Prices, Wholesale Purchase Prices and/or Wholesale Acquisition Costs for the Amoxil National Drug Codes listed in Attachment 1 hereto that were substantially higher than the prices that the vast majority of GSK’s customers and

Medicaid providers actually paid for these drugs, resulting in the submission of false and fraudulent claims for reimbursement to Medicaid for Medicaid reimbursements that were substantially higher than the actual acquisition cost for such drugs.

B The State of Michigan contends that the Medicaid program was damaged as a result of the Amoxil Covered Conduct.

C GSK denies the allegations of the State of Michigan as they relate to the Amoxil Covered Conduct and denies that it has any liability relating to these contentions and allegations.

D To avoid the delay, expense, inconvenience and uncertainty of protracted litigation of claims arising from the Amoxil Covered Conduct, the Parties mutually desire to reach a full and final settlement as set forth herein

TERMS AND CONDITIONS

NOW, THEREFORE, in reliance on the representations contained herein and in consideration of the mutual promises, covenants, and obligations in this Amoxil Addendum and in the 2006 State Settlement Agreement, and for good and valuable consideration, receipt of which is hereby acknowledged, the Parties agree as follows:

1. In addition to the Individual State Settlement Amount already paid pursuant to the 2006 State Settlement Agreement, GSK will pay the State of Michigan the additional amount of \$27,043.00, (the "Additional Individual State Settlement Amount") to resolve claims relating to the Amoxil Covered Conduct

2. Within ten (10) business days from Effective Date of this Amoxil Addendum (as defined in Paragraph 4 below), the National Association of Medicaid Fraud Control Units ("NAMFCU"), through a designated representative, will provide the undersigned counsel for GSK with an original, signed letter containing written wiring instructions on the Association's

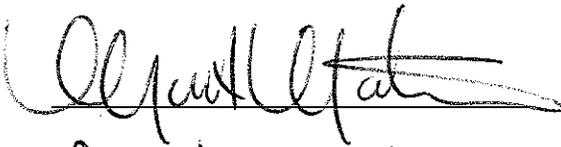
letterhead (with a copy to him by e-mail pdf), which instructions shall specify the total of the Additional Individual State Settlement Amounts of all states (and the District of Columbia) that have chosen to participate in the Amoxil Addendum (the "Total Amoxil Addendum Amount."). Within ten (10) business days thereafter, GSK will transfer the Total Amoxil Addendum Amount pursuant to those written wiring instructions from NAMFCU. The NAMFCU designated representative shall be responsible for distributing the Additional Individual State Settlement Amounts to each of the participating states, in accordance with each such state's Amoxil Addendum.

3 The references to "Covered Conduct" set forth in the releases contained in Paragraphs III. 3, III. 5 and III. 6 of the 2006 State Settlement Agreement, as well as the references to "Covered Conduct" set forth in Paragraphs 4, 7, 8, 9, and 19 thereto, are amended to include the Amoxil Covered Conduct, and with respect to the Amoxil Covered Conduct the releases set forth in the 2006 State Settlement Agreement will run through the Effective Date of this Amoxil Addendum.

4 The Effective Date of this Amoxil Addendum shall be the date on which NAMFCU provides the undersigned counsel for GSK with (a) a duly executed version of the Amoxil Addendum for each state which has chosen to participate in the Amoxil Addendum by the time provided by NAMFCU, in its discretion, for states to decide whether to participate, and (b) a written list of all such participating states.

5 Except as specifically set forth herein, all other terms and conditions of the 2006 State Settlement Agreement shall remain the same.

For the State of Michigan:

By:  Dated: 4/1/2008

Title: Assistant Attorney General

For the State of Michigan Medicaid Program:

By: James R Brandell Dated: 3-17-08

Title: Director, Bureau of Medicaid Financial Management & Administrative Services

**SMITHKLINE BEECHAM CORPORATION
d/b/a GLAXOSMITHKLINE**

By:  Dated: 5-23-08

Name: Christopher A. Uebacher
Position: President, US Pharmaceuticals
SmithKline Beecham Corporation d/b/a GlaxoSmithKline

By:  Dated: 5/27/08

Frederick G. Herold
Dechert LLP
2440 W. El Camino Real, Suite 700
Mountain View, CA 94040-1499
Phone: 650-813-4930
Email: Frederick.herold@dechert.com

Counsel to SmithKline Beecham Corporation d/b/a GlaxoSmithKline

Attachment 1

	Formulation	NDC
Amoxil	Chewable Tabs 250 mg 100'S	00029-6005-30
Amoxil	Capsules 250mg 500'S	00029-6006-32
Amoxil	Capsules 250mg 100'S	00029-6006-30
Amoxil	Capsules 500mg 500'S	00029-6007-32
Amoxil	Capsules 500mg 30'S	00029-6007-13
Amoxil	Capsules 500mg 100'S	0002--6007-30
Amoxil	Oral Susp 125mg/80ml	00029-6008-21
Amoxil	Oral Susp 125mg 100ml	00029-6008-23
Amoxil	Oral Susp 125mg/5ml 150ml	00029-6008-22
Amoxil	Oral Susp 250mg/5ml 150ml	00029-6009-22
Amoxil	Oral Susp 250mg 80 ml	00029-6009-21
Amoxil	Oral Susp 250mg/5ml 100ml	00029-6009-23
Amoxil	Pediatric Drops 50mg 15ml	00029-6035-20
Amoxil	Pediatric Drops 50mg/ml 30ml	00029-6038-39
Amoxil	Bid Oral Susp 400mg/5ml 75ml	00029-6049-55
Amoxil	Bid Oral Susp 400mg/5ml 100ml	00029-6049-59