STATE SETTLEMENT AGREEMENT AND RELEASE

I. PARTIES

This Settlement Agreement ("Agreement") is entered into by the State of Texas, through Greg Abbott, Attorney General of the State of Texas, and Ven-A-Care of the Florida Keys, Inc., (the "Relators"); and SmithKline Beecham Corporation d/b/a GlaxoSmithKline ("GSK"), hereinafter collectively referred to as "the Parties."

II. PREAMBLE

A. The State of Texas has been investigating potential claims against various pharmaceutical manufacturers, including GSK, concerning the pricing and marketing of pharmaceutical products paid for in whole or in part by the Texas Medicaid Program. The State, as well as the Relators, have pursued lawsuits against certain pharmaceutical companies as the result of these investigations.

B. Ven-A-Care of the Florida Keys, Inc. is a corporation with its principal place of business in Key West, Florida, which is a home-infusion pharmacy that buys and sells various pharmaceutical products, including Zofran and Kytril. T. Mark Jones is an officer of Ven-A-Care of the Florida Keys, Inc. Ven-a-Care of the Florida Keys, Inc. filed a *qui tam* action under the Texas False Claims Act against GSK, Glaxo Wellcome Inc. f/k/a Burroughs Wellcome Co., and GlaxoSmithKline plc (hereinafter collectively referred to as the "GSK Defendants"), which is currently pending in the District Court of the State of Texas and is captioned *State of Texas, ex rel. Ven-A-Care of the Florida Keys, Inc. v. Glaxo-Smith Kline, et. al.*, No. GV000461(hereinafter referred to as the "Texas AWP Lawsuit").

C. The State of Texas and/or the Relators contend that the State has certain claims against GSK and its predecessors under state and federal statutes, and/or under common law or equity, for engaging in the following alleged conduct (collectively the "Covered Conduct"):

1. The "Zofran/Kytril Injectables Covered Conduct," namely, that: during the period from January 1, 1994 through December 31, 2002, GSK and its predecessors Glaxo Wellcome, Inc. ("Glaxo") and SmithKline Beecham Corporation ("SmithKline") knowingly set, reported, and maintained or caused to be set, reported, and maintained false, fraudulent, and inflated prices and/or costs (the Reported Prices) for certain National Drug Codes for Zofran and Kytril injectables listed in Attachment 1 that were substantially higher than the prices that the vast majority of their customers actually paid for these drugs and knowingly used the artificial spread between the false, fraudulent, and inflated Reported Prices and the actual acquisition cost of these drugs in marketing, promoting, and selling these drugs to existing and potential customers. The State alleges that GSK and its predecessors knew that the alleged false and fraudulent reporting and marketing schemes would cause their customers to submit false and fraudulent claims for reimbursement to Medicaid, Medicare and other insurers for reimbursements that were substantially higher than the customers' actual acquisition costs for Zofran and Kytril injectables and would cause Texas Medicaid to overpay such claims. The State further alleges that during the period from January 1, 1994 through December 31, 1998, SmithKline knowingly engaged in a marketing scheme whereby it encouraged its customers to (i) take the Kytril left over from an injection from a single-injection vial, (ii) pool the leftover Kytril from several vials to create another full dose of Kytril to be administered to a patient, and (iii) submit a claim for reimbursement for the pooled vial of Kytril, all of which resulted in claims for such pooled vials being submitted to Medicaid, Medicare and other insurers for which

the customer had had an actual acquisition cost of $0 and already had been paid on a per vial basis; and

2. The "Amoxil Covered Conduct," namely that: during the period beginning on or before January 1, 1997 through the date of This Agreement, GSK and its predecessors knowingly set, reported, and maintained or caused to be set, reported, and maintained false, fraudulent, and inflated prices and/or costs (the "Reported Prices ") for certain NDCs for Amoxil listed in Attachment 2 that were substantially higher than the prices that the vast majority of Amoxil dispensers actually paid for such drugs, resulting in the submission of false and fraudulent claims for reimbursement to Medicaid and other insurers and would cause Texas Medicaid to overpay such claims. It is the mutual understanding of the Parties that there is no form of Amoxil that has a "J Code" and that Amoxil is not reimbursed by Medicare Part B as a drug administered by physicians or incident to physician services. In any event, the "Amoxil Covered Conduct" does NOT include conduct, if any, resulting in false or fraudulent claims where Amoxil was administered by physicians or incident to physicians' services.; and

3. The conduct concerning GSK and/or the GSK Defendants alleged in the Texas AWP Lawsuit.

D. GSK denies the allegations concerning the Covered Conduct set forth above and in the Texas AWP Lawsuit.

E. The State of Texas contends that it, including its Medicaid Program, was damaged as the result of the Covered Conduct.

F. On or about September 2, 2005, GSK entered into a Settlement Agreement with the United States of America, acting through the United States Department of Justice (the "DOJ/GSK AWP Agreement"), which resolved certain claims and potential claims relating to

payments by Medicare and Medicaid for Zofran and Kytril injectables. That settlement covered, among other things, the federal portion of claims relating to Texas Medicaid's payments arising out of the Zofran/Kytril Injectables Covered Conduct. In connection with that settlement, GSK also entered into an Addendum to its Corporate Integrity Agreement ("CIA") with the Department of Health and Human Services, Office of Inspector General ("HHS/OIG"), referred to hereinafter as the "CIA Addendum."

G. In order to avoid the delay, expense, inconvenience and uncertainty of protracted litigation of the State of Texas's and the Relators' potential claims relating to the Covered Conduct, the Parties hereto mutually desire to reach a full and final settlement as set forth herein.

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. Within ten business days from the Effective Date of This Agreement, GSK shall pay the State of Texas the sum of $1,369,177.00 (One million three hundred sixty-nine thousand one-hundred and seventy-seven dollars), by electronic funds transfer pursuant to written instructions to be provided to GSK by the State, on the Attorney General's letterhead, at or before the time This Agreement is executed by the State. This sum is intended to fully resolve all of the State's potential claims for the Covered Conduct, as well as any claims by the State for costs and fees related thereto. Of the total payment, $369,827.00 (Three-hundred sixty-nine thousand eight hundred twenty seven dollars) is being paid to resolve potential claims relating to

the State's and the federal government's payments under the Medicaid program for the Amoxil Covered Conduct.

2. GSK agrees that GSK will provide certified pricing information to the State of Texas Medicaid Program as required by Texas Law and GSK's agreement with the Texas Medicaid Program. The State of Texas at its discretion, and as required by law, shall be permitted to use the pricing information to set an amount for reimbursement of pharmaceuticals for the Texas Medicaid Program.

3. In consideration of This Agreement, at the time the State of Texas receives the payment set forth in Paragraph III. 1 above, and subject to the exceptions set forth in Paragraph III. 4 below, the State of Texas on behalf of itself, its officers, agents, agencies and departments shall release and forever discharge the GSK Defendants and their predecessors, subsidiaries, joint venture owners, corporate parents and affiliates, successors and assigns, and their current and former directors, officers and employees (collectively the "GSK Releasees"), from any and all civil or administrative claims for restitution, damages, injunctive relief, civil forfeiture, civil penalties, fines, costs, attorneys' fees and other relief that the State of Texas has or may have relating to the Covered Conduct.

4. Notwithstanding any term of This Agreement, the State of Texas specifically does not herein release any of the GSK Releasees from any and all of the following: (a) any potential criminal, civil or administrative claims arising under State of Texas 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 expressly covered by this release; (d) except as explicitly stated in This Agreement, any administrative liability, including mandatory exclusion from the State of Texas's Medicaid program; (e) any liability to the State of Texas (or its agencies) for any

conduct other than the Covered Conduct; (f) any claims for personal injury or property damage or for other consequential damage; (g) any claims based on a failure to deliver items or services due, including such claims for breach of contract; (h) any claims based upon the obligations that are created by this Agreement; (i) any express or implied product or service warranty claims or other claims for defective or deficient products or services, including quality of goods and services, provided by GSK; (j) the subrogation rights to claims for personal injury or injury to real or personal property arising from usage by a participant in the Medicaid program of any of the Covered Drugs; (k) any claims based on a failure to deliver products or services due; (l) any claims arising from GSK's obligations to report and/or to pay rebates to the STATE under any law or contract, including, but not limited to, under the provisions of the Omnibus Budget Reconciliation Act of 1990; (m) any claims that the Relator may have under any provision of 31 U.S.C.A. §§ 3729-3733 (the federal False Claims Act) for conduct other than Covered Conduct; or (p) any claims that the Relator may have under the *qui tam* provisions of the laws of any state other than Texas for conduct other than Covered Conduct. This Agreement is intended to be solely for the benefit of the Parties and persons and entities released and except as stated herein, the Parties do not by this instrument release any claims against any other person or entity, including any individual or entity that purchased drugs or pharmaceutical products from GSK. No word, term, phrase or definition in this Agreement is or may be used for the benefit of any person, entity or litigant who is not a signatory to, or released by this Agreement.

5. In consideration of the obligations of GSK set forth in This Agreement, conditioned upon GSK's payment of the amount set forth in Paragraph III. 1 above, and except as reserved in Paragraph III. 4 above, the State of Texas agrees to release and refrain from instituting, directing or maintaining any administrative claim or any action seeking exclusion

from the State of Texas's Medicaid program against the GSK Defendants or their predecessors, subsidiaries, joint venture owners, corporate parents or affiliates, successors or assigns, for any of the Covered Conduct. Nothing in This Agreement precludes the State of Texas 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.

6. At the time the release set forth in Paragraph III. 3 above becomes effective as to the GSK Releasees, the GSK Releasees shall fully and finally release the State of Texas, its agencies, employees, servants, and agents from any claims (including attorneys fees, costs, and expenses of every kind and however denominated) which GSK has or could have asserted, or may assert in the future, against the State of Texas, its agencies, employees, servants, or agents that are related to or arising from the Covered Conduct and the Plaintiffs' investigation and prosecution of the Covered Conduct.

7. Relators, on behalf of themselves, their heirs, successors, attorneys, agents and assigns, agree that the settlement of the Texas AWP Lawsuit on the terms and conditions described herein is fair, adequate and reasonable under all the circumstances and that they will not challenge the settlement or this Agreement, and they hereby expressly waive the opportunity for a hearing on any objection to this Agreement.

8. The Parties hereto acknowledge and agree that the Relators' claims for compensation relating to the settlement of all claims concerning the Covered Conduct have been separately and fully resolved in a manner that is satisfactory to all Parties.

9. In consideration of the obligations of GSK set forth in This Agreement and conditioned upon GSK's payment of the amount set forth in Paragraph III. 1 above, Relators, for themselves, their heirs, successors, attorneys, agents, employees and assigns agree to release the

GSK Defendants, their predecessors, subsidiaries, joint venture owners, and their corporate parents and affiliates, successors and assigns, from any and all liability to Relators arising from the Covered Conduct.

10. In consideration of the obligations of Relators set forth in this Agreement, and effective simultaneously with the release in paragraph III. 9 above, GSK, on behalf of its predecessors, subsidiaries, joint venture owners, and their corporate parents and affiliates, successors and assigns, releases Relators and their respective heirs, successors, attorneys, agents, employees and assigns from any and all claims GSK has asserted, could have asserted, or may assert in the future against Relators arising from the filing of the Texas AWP Lawsuit.

11. 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.

12. The State of Texas and Relators agree that, upon receipt of the payment to the State of Texas of the amount set forth in Paragraph III. 1 above, the State of Texas and the Relators will promptly take all steps necessary to cause the dismissal, with prejudice, of all claims against the GSK Defendants in the Texas AWP Lawsuit.

13. 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 Agreement bars a remedy sought in such criminal prosecution or administrative action.

14. Nothing in any provision of This Agreement constitutes an agreement by the State of Texas concerning the characterization of any payment for purposes of the state internal revenue laws.

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

16. 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 Texas 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 Texas through their respective agencies and departments. The individuals signing this agreement on behalf of the Relators represent and warrant that they are authorized by Relators to execute this Agreement.

17. This Agreement is governed by the laws of the State of Texas and any party shall be entitled to enforce the terms of this Agreement in the District Courts of Travis County, Texas, which shall have exclusive jurisdiction and venue over any such action.

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

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

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

21. 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.

22. This Agreement shall not be construed more strictly against one Party than another merely by virtue of the fact that it, or any part of it, may have been prepared by counsel for one of the Parties, it being recognized that This Agreement is the result of arm's-length negotiations between the Parties and all Parties have contributed substantially and materially to the preparation of This Agreement.

23. Nothing in This Agreement shall be construed to be a waiver of the sovereign immunity of the State of Texas.

For the State of Texas:

By: _____ Dated: 10/11/07

Title: ACTING CHIEF, CIVIL MEDICAID FRAUD SECTION
OFFICE OF THE ATTORNEY GENERAL OF TEXAS

For the State of Texas Medicaid Program:

By: _____ Dated: 10-10-07
Albert Hawkins

Title: Executive Commissioner
Texas Health & Human Services Commission

SMITHKLINE BEECHAM CORPORATION
d/b/a GLAXOSMITHKLINE

By: _____ Dated: _____

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

By: _____ Dated: _____

FREDERICK G. HEROLD
Dechert LLP
2440 El Camino Real, Suite 700
Mountain View, CA 94040-1499

THOMAS H. LEE, II
Dechert LLP
Cira Centre
2929 Arch Street
Philadelphia, PA 19104-2808

Counsel to SmithKline Beecham Corporation d/b/a GlaxoSmithKline

Relator Ven-A-Care of the Florida Keys, Inc.

DATED: _____ By: _____
James J. Breen
Attorney for Relator
Ven-A-Care of the Florida Keys, Inc.

DATED: _____ By: _____
T. Mark Jones
President
for Ven-A-Care of the Florida Keys, Inc.

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 Texas requests that the Pricing Information referred to in Section III, Paragraph 2 of This Agreement and the sections of the CIA Addendum referenced therein be sent to the Texas State Medicaid program c/o:

VENDOR DRUG PROGRAM - FORMULARY
Name
HHSC, M-H630
Address
11209 METRIC BLVD, BUILDING H
Phone/fax/email
AUSTIN, TEXAS 78758
(512) 491 - 1154
(512) 491 - 1961 FAX

ATTACHMENT 1

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

ATTACHMENT 2

Name	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