

## SETTLEMENT AGREEMENT AND RELEASE

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

### **I. Recitals**

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

B. At all relevant times, GSK was responsible for the design, development, manufacture, distribution, marketing, and sale of its pharmaceutical products in the United States, including formulations of rosiglitazone sold under the trade names Avandia®, Avandamet®, and Avandaryl® (collectively, "Avandia").

C. The State has asserted, in the matter *State of West Virginia v. GlaxoSmithKline, LLC*, Civil Action No. 12-C-085 in the Circuit Court of Wayne County, West Virginia (the "Action"), various claims against GSK arising from the design, development, manufacture, distribution, marketing, labeling, promotion, reimbursement, and sale of Avandia.

D. GSK denies the State's claims and specifically denies that it has violated any applicable law or regulation or breached any legal duty.

E. The Parties mutually desire to reach a full and final resolution of all claims that have been or could have been brought by the State in the Action, under the terms set forth in this Agreement, to avoid the delay, expense, inconvenience, and uncertainty of protracted litigation of these claims.

## II. TERMS

NOW, THEREFORE, in consideration of the mutual promises, covenants, and obligations set forth in this Agreement, and for good and valuable consideration, intending to be legally bound, the Parties agree as follows:

1. **Release and Discharge.** In consideration for the payment provided in Paragraph 3 below, the State, on behalf of itself, including each of its offices and agencies, and its attorneys, hereby releases and forever discharges, to the fullest extent permitted by law, GSK and all of its past and present parents, subsidiaries, divisions, affiliates, predecessors, successors, assigns, and transferees and each and all of their current and former officers, directors, members, shareholders, employees, agents, representatives, insurers, distributors, contractors, consultants, and attorneys (collectively, the "Released Parties") of and from all claims, actions, and causes of action, whether civil or administrative (such as, without limitation, any claim based on alleged Medicaid fraud or false claims or under the State's common law or consumer protection laws and statutes), in any way relating to the design, development, manufacture, distribution, marketing, labeling, promotion, reimbursement, or sale of Avandia, including for damages, liens, restitution, disgorgement, reimbursement, overpayment, fines, costs, attorneys' fees, penalties, and equitable relief of any nature, which the State has asserted or could have asserted on its own behalf or in its *parens patriae* capacity by reason of any conduct that has occurred at any time up to and including the date that this Agreement is fully executed by the Parties.

2. **Dismissal of Litigation.** Promptly following the execution of this Agreement by the Parties, the State shall cause the Action to be dismissed with prejudice.

3. **Consideration and Payment.** In consideration for the agreements, promises, and releases provided in this Agreement, and conditioned upon the State (i) obtaining all necessary court approvals, including for payment of its attorneys, and (ii) dismissing the

Action with prejudice, GSK shall pay into one or more accounts specified by the State, pursuant to wire instructions provided by the State, a total of Twenty-Two Million Dollars (\$22,000,000.00) on or before fifteen (15) days following the dismissal of the Action with prejudice. This amount shall be distributed as follows:

Attorney's Fees and Costs	\$4,061,436.09
MDL Assessment	\$605,000.00
WV Medicaid	\$3,700,000.00
WV PEIA	\$10,563,633.00
WV Attorney General Consumer Protection Fund	\$3,069,930.91

4. **State Responsibility for Third Party Claims.** The State assumes full responsibility for any claim by any third party to any entitlement to any portion of the payment being made by GSK under this Agreement, including without limitation any claim by any federal agency, *qui tam* relator, State citizen, or private insurer, and the State hereby agrees to hold GSK harmless against any third party claim to an entitlement to any portion of the payment made by GSK hereunder, as allocated by the State.

5. **Return of Documents.** The Parties acknowledge that protective orders govern the production of documents used in connection with the Action and agree that they and their attorneys shall comply with all such orders, including without limitation the elements of such orders that address the handling of documents upon the conclusion of litigation, as is now occurring.

6. **Entire Agreement.** This Agreement represents the full and complete terms of the settlement entered by the Parties with regard to the matters set forth, shall be binding

upon and inure to the benefit of their successors and assigns, and shall not be amended except by further written agreement of the Parties.

7. **No Admission of Liability.** The Parties are entering this Agreement solely for the purpose of settlement, and nothing contained herein may be taken as or construed to be an admission or concession of any violation of law or regulation or of any other matter of fact or law or of any liability, fault, or wrongdoing, all of which GSK expressly denies, including any liability for penalties or fines, and no payment made herein has been designated as a payment of a fine or penalty or in lieu thereof. 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.

8. **Warranty of Capacity to Execute Agreement.** The undersigned signatories on behalf of the State represent and warrant that they have carefully read this Agreement, they are the duly authorized and appointed representatives of the State, and they have the full right, power, and authority to execute this Agreement on behalf of and to bind the State and its offices and agencies. The undersigned GSK signatories represent and warrant that they are authorized as a result of appropriate company action to execute this Agreement.

9. **Assistance of Counsel.** The Parties represent that they have had the assistance of legal counsel in negotiating, reviewing, and executing this Agreement and that they appreciate and understand its legal significance and the legal significance of stipulating to a dismissal of the Action with prejudice, all of which have been explained to them by their attorneys. The Parties represent that they are not under duress or pressure from any source, and they have executed this Agreement knowledgeably and freely by and with the advice of their attorneys. This Agreement has resulted from negotiation by the Parties' attorneys, and in the

event of ambiguity or otherwise, it shall not be construed against or in favor of any of the Parties on the grounds that its attorneys drafted the Agreement or any particular part of it.

10. **Governing Law.** It is understood and agreed by the Parties that this Agreement shall be governed by and interpreted in accordance with the laws of the State of West Virginia, without regard for conflicts of laws principles. The Parties hereby consent to jurisdiction and venue of Circuit Court of Wayne County, West Virginia for all purposes pertaining to this Agreement. However, the Parties agree that they shall try in good faith to resolve any dispute arising out of or relating to this Agreement, or the breach or validity thereof (a "Dispute") by referring it for confidential mediation under the CPR Mediation Procedure in effect at the start of mediation. If the Parties cannot agree on a mediator within fourteen (14) days after the Dispute is referred to mediation, the mediator shall, upon request by any of the Parties, be appointed by CPR pursuant to CPR Mediation Procedure. The cost of mediation shall be borne equally by the Parties. Any Dispute not resolved within forty-five (45) days (or within such other time period as may be agreed to by the Parties in writing) after appointment of the mediator may be addressed by the West Virginia Court.

11. **Execution in Counterparts.** 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. The Parties agree that facsimile or electronic signatures shall be deemed as effective as original signatures.

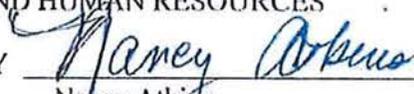
ATTORNEY GENERAL OF WEST VIRGINIA

BY   
Patrick Morrisey  
Attorney General

DATED this 30 day of MAY, 2014

WEST VIRGINIA DEPARTMENT OF HEALTH  
AND HUMAN RESOURCES

BY



Nancy Atkins  
Commissioner, Bureau for Medical  
Services

DATED this 30 day of May, 2014

WEST VIRGINIA PUBLIC EMPLOYEES  
INSURANCE AGENCY

BY

Ted Cheatham  
Director

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 2014

GLAXOSMITHKLINE LLC

BY



William J. Mosher  
Vice President and Company Secretary

DATED this 5<sup>th</sup> day of June, 2014

WEST VIRGINIA DEPARTMENT OF HEALTH  
AND HUMAN RESOURCES

BY \_\_\_\_\_  
Nancy Atkins  
Commissioner, Bureau for Medical  
Services

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 2014

WEST VIRGINIA PUBLIC EMPLOYEES  
INSURANCE AGENCY

BY  \_\_\_\_\_  
Ted Cheatham  
Director

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 2014

GLAXOSMITHKLINE LLC

BY \_\_\_\_\_  
William J. Mosher  
Vice President and Company Secretary

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 2014