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PHILADELPHIA, PA., April 16, 2003 -- GlaxoSmithKline today announced it has reached a civil settlement with the U.S. Department of Justice, acting through the U.S. Attorney’s Office for Massachusetts, the Office of the Inspector General of the US Department of Health and Human Services and the states.

The sole issue at the heart of the investigation leading to the settlement was how GSK’s heritage companies interpreted an ambiguous aspect of the Medicaid Best Price Statute and how they applied that statute to limited arrangements with a single customer involving the repackaging of a small number of its products.

GSK continues to believe that its interpretation of the law was reasonable and in good faith. The company has agreed to a civil settlement to avoid the delay and expense of a trial. In 2000, the government clarified its interpretation of this ambiguous aspect of the statute, and each of the GSK heritage companies discontinued the arrangements in question.
The company has cooperated fully with the U.S. Attorney’s office since receiving subpoenas on the matter in fall 2000. The arrangements at issue were made before the merger of SmithKline Beecham and Glaxo Wellcome in December 2000 and were terminated prior to the merger.

Under the settlement, GSK will pay $87.6 million to be divided among federal and state governments and entities eligible for Public Health Service pricing.

The company made full provision for this settlement last year.

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