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GlaxoSmithKline reaches agreement in principle to resolve multiple investigations with US Government

Issued: Thursday 03 November 2011, London, UK

- \$3 billion settlement covered by existing legal provisions
- Fundamental changes to US compliance, marketing and selling procedures implemented in recent years

GlaxoSmithKline plc (GSK) today announced that it has reached an agreement in principle with the US Government to conclude the Company's most significant ongoing Federal government investigations, specifically: the investigation into GSK's sales and marketing practices begun by the US Attorney's office of Colorado in 2004 and later taken over by the US Attorney's Office of Massachusetts; the U.S. Department of Justice's investigation of possible inappropriate use of the nominal price exception under the Medicaid Rebate Program; and the Department of Justice's investigation of the development and marketing of *Avandia*.

The final settlement, which is expected to address civil and criminal liabilities, remains subject to negotiation of specific terms and is expected to be finalised in 2012. The settlement of \$3 billion is covered by existing provisions and GSK expects to make payments under the final agreement in 2012. These payments will be funded through existing cash resources.

The GSK Board and management team have been focused on resolving these long-standing legal matters and reducing financial uncertainty for the Group and believe this agreement in principle to be in the best long-term interests of shareholders.

Commenting on the agreement, GlaxoSmithKline CEO Andrew Witty said: "This is a significant step toward resolving difficult, long-standing matters which do not reflect the company that we are today. In recent years, we have fundamentally changed our procedures for compliance, marketing and selling in the US to ensure that we operate with high standards of integrity and that we conduct our business openly and transparently. We reiterate our full commitment to ensuring appropriate promotion of our medicines to healthcare professionals and to the standards rightly expected by the US Government."

Since 2008, GSK has established a new framework for compliance in the US, based on the company's values, policies and established industry codes of practices. It is supported by a larger compliance staff and strengthened training programs that require certification by employees.

Other initiatives to drive change in commercial procedures have also been undertaken, including the implementation of a new incentive compensation system for its professional sales representatives who work directly with health care professionals. The new system eliminates individual sales targets as a basis for bonuses, and instead bases incentive compensation on the quality of the service these representatives deliver to customers to support improved patient health. The Company's US Commercial Practices Policies now meet or exceed the US PhRMA Code governing interactions with healthcare professionals.

GlaxoSmithKline – one of the world's leading research-based pharmaceutical and healthcare companies – is committed to improving the quality of human life by enabling people to do more, feel better and live longer. For further information please visit www.gsk.com.

GlaxoSmithKline Enquiries:

UK Media enquiries:

David Mawdsley	+44 (0) 20 8047 5502	(London)
Stephen Rea	+44 (0) 20 8047 5502	(London)
Sarah Spencer	+44 (0) 20 8047 5502	(London)
David Daley	+44 (0) 20 8047 5502	(London)

US Media enquiries:

Kevin Colgan	+1 919 483 2839	(North Carolina)
Mary Anne Rhyne	+1 919 483 2839	(North Carolina)
Sarah Alspach	+1 919 483 2839	(Washington, DC)

Jennifer Armstrong +1 919 483 2839 (Philadelphia)

Analyst/Investor enquiries: Sally Ferguson +44 (0) 20 8047 5543 (London)

Tom Curry + 1 215 751 5419 (Philadelphia)

Gary Davies + 44 (0) 20 8047 5503 (London)

Ziba Shamsi + 44 (0) 20 8047 3289 (London)

Jeff McLaughlin + 1 215 751 7002 (Philadelphia)

Cautionary statement regarding forward-looking statements

Under the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995, GSK cautions investors that any forward-looking statements or projections made by GSK, including those made in this announcement, are subject to risks and uncertainties that may cause actual results to differ materially from those projected. Factors that may affect GSK's operations are described under 'Risk Factors' in the 'Business Review' in the company's Annual Report on Form 20-F for 2010.

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Updated 03 November 2011

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Registered office: 980 Great West Road, Brentford, Middlesex, TW8 9GS, United Kingdom.