

10 December 2003

EMBARGO: WEDNESDAY 10 DECEMBER AT 12:00 NOON

GlaxoSmithKline welcomes decision of non-referral by the Competition Commission

December 10, 2003 - GlaxoSmithKline (GSK) today welcomed the South African Competition Commission's decision not to refer the complaints on pricing of GSK's antiretroviral medicines (ARVs) to the Competition Tribunal. The complaints were brought by the Treatment Action Campaign (TAC) on behalf of a group of complainants as well as the AIDS Healthcare Foundation (AHF), an American organisation. The Competition Commission's announcement brings to a close a year-long investigation.

Commenting on the announcement, Peter Bains, Senior Vice President, GSK, said: "We welcome the decision not to refer the complaint. We have always believed the complaint to be unfounded. We are pleased that a satisfactory settlement has been achieved. We have reached agreement with the Commission and the complainants on an appropriate response to the HIV/AIDS pandemic in the region. That is what really matters."

GSK has long been a leader in addressing the HIV/AIDS crisis in the developing world, including in South Africa. GSK first offered preferential pricing on its ARVs to the government in South Africa in 1997. For a number of years, it has offered not-for-profit prices to the public sector, non-government organisations (NGOs) and employers providing ARV treatment to their employees. GSK now has 28 agreements in South Africa to supply ARVs at not-for-profit prices, including with such organisations as Anglo American, De Beers, Harmony, Sappi and Transnet. In addition, GSK's prices for the private sector in South Africa have been among the lowest private sector prices in the world.

GSK has also taken a lead in voluntary licensing. In 2001, the company granted a voluntary licence to generic drug manufacturer Aspen Pharmacare for the manufacture and sale of three ARVs – *Eпивir (3TC)*, *Retrovir (AZT)* and *Combivir* - to the public sector in South Africa. In October 2003, GSK extended this licence to include both the public and private sectors and all countries in the sub-Saharan region.

Building on these programmes, GSK has reached an agreement with the Commission and the complainants over what it believes to be a reasonable response in the current situation. In terms of the agreement, GSK will be offering a further voluntary licence to a second generic manufacturer for the GSK range of locally marketed antiretroviral medicines. This licence will be granted on terms substantially similar to those of the Aspen licence. GSK has also agreed to entertain applications for a further two possible licences.

Peter Bains continued: "We want to continue to play our part in addressing South Africa's healthcare needs. We have a key role to play in providing products today. Perhaps more importantly, we are leading efforts to discover and develop new vaccines and medicines for AIDS. There is no vaccine for AIDS. There is no cure for AIDS. And existing treatments are increasingly subject to resistance.

"There are many barriers to overcome in addressing the HIV/AIDS epidemic. The challenges include prevention, stigma and discrimination, and the lack of funding for treatment programmes and infrastructure to deal with the disease. It is important to stay focused on these. Against that background, the commitment now being shown by the South African Government towards tackling the HIV/AIDS epidemic is a crucial, and welcome, step forward.

"The key now is for all parties to focus on fighting HIV/AIDS, which represents a unique challenge for South Africa and the rest of sub-Saharan Africa. We look forward to continued partnership with the Government of South Africa and other stakeholders in addressing this unprecedented pandemic."

Editors' notes

GlaxoSmithKline (GSK) is committed to playing a leading part in improving healthcare in the developing world. GSK makes a vital contribution in three key areas: supplying antiretrovirals (ARVs) and anti-malarials at not-for-profit prices and vaccines at significant discounts; investing in research and development (R&D) that targets diseases particularly affecting the developing world; and community investment activities and partnerships that support better healthcare.

Preferential Pricing

GSK has offered sustainable preferential pricing for ARVs since 1997 and for vaccines for over 20 years.

All our ARVs and anti-malarials are now available at not-for-profit prices to public sector customers and not-for-profit organisations in 63 countries - all the Least Developed Countries of the world (LDCs) and all of sub-Saharan Africa (SSA). In addition, all private employers in sub-Saharan Africa who provide care and treatment to their uninsured staff can purchase our ARVs at not-for-profit preferential prices. All projects fully funded by the Global Fund to Fight AIDS, TB and Malaria are also eligible, which means that our not-for-profit prices are now available in over 100 countries. Our prices are sustainable – we do not make a profit on them, but we do cover our costs. This means that we can sustain supply of these high-quality products for as long as they are needed

Research and Development

We believe that we are the only company undertaking R&D into the prevention and treatment of all three of the World Health Organisation's priority diseases in the developing world – HIV/AIDS, tuberculosis and malaria. GSK is the industry leader in HIV R&D, with the broadest discovery and development pipeline (currently totalling 16 active treatment projects).

Community Investment

GSK funds community-led initiatives in almost 100 countries. Our community investment programmes span three major developing world diseases (lymphatic filariasis, malaria and HIV/AIDS), a number of regional health initiatives, and health education. In addition, we also provide donations of products, when appropriate, to support emergency humanitarian relief efforts. In South Africa, the majority of our Corporate Social Investment budget is dedicated to helping those affected by HIV /AIDS.

EPIVIR, 3TC, RETROVIR, AZT and COMBIVIR are Registered Trademarks of the GlaxoSmithKline Group of companies.

Issued on behalf of GlaxoSmithKline South Africa (Pty) Ltd, Private Bag X173, Bryanston 2021 For further information, please contact:
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Media-CC Non-Referra
