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## **LifeScan Settlement Helps Protect Diabetes Patients From Health Risks of Counterfeit Packaged Test Strips**

– 39<sup>th</sup> Injunction in Aggressive Global Effort Spanned South Africa, Netherlands and U.S. --

Milpitas, CA, May 31, 2011 – LifeScan, Inc. today announced another major settlement in its ongoing, global effort to protect the health and safety of people with diabetes from the health risks of counterfeit packaged LifeScan blood glucose monitoring test strips.

This latest settlement permanently prohibits Aristides Spanellis, a South African distributor, from buying or selling both genuine and counterfeit LifeScan blood glucose monitoring test strips. Spanellis was one of the alleged architects of a sophisticated international operation in which authentic LifeScan test strips were purchased in countries such as Turkey, Saudi Arabia, Pakistan and Ghana and then illegally repackaged in counterfeit packaging designed to mimic authentic U.S. boxes. These products were then exported to the U.S. for sale through unauthorized distribution channels at a significant profit.

“In many cases, critical product performance information was altered during this process, including calibration codes, control solution ranges, lot numbers and expiration dates. This incorrect information can place patients at risk because they may be making treatment decisions based on inaccurate blood glucose test results,” said Roy Albiani, Director, Global Brand Protection and Channel Compliance of LifeScan. “This was particularly dangerous for patients using insulin and could result in serious injury.”

The settlement also includes a substantial monetary payment from Spanellis and an even larger financial penalty if he violates the terms of the court-approved permanent injunction.

LifeScan believes the counterfeit packaging scheme ended in 2008 when a number of lawsuits were initiated and court ordered seizures were obtained in the United States, Europe and Africa. Since that time, there have been no known instances of LifeScan products with counterfeit packaging in the U.S.

“Even though we believe we have stopped the flow of LifeScan products with counterfeit packaging into the U.S., it is critical that we continue to pursue any and all perpetrators of these illegal activities to protect patients,” said Albiani.

To date, LifeScan has brought suit against 71 defendants. The settlement with Spanellis is the 39<sup>th</sup> injunction against those involved in the counterfeit packaging scheme. The company continues to vigorously pursue legal action against the remaining **35** defendants.

Among the defendants who have settled are three large US distributors – Purity Wholesale Grocers, Victory Wholesale Grocers and QK Healthcare. Each has entered into consensual court orders that allow them to do legitimate business but sets a very high bar for them to sell LifeScan test strips in the future. Each of these distributors must, under penalty of contempt, only sell LifeScan test strips if they have a sworn pedigree showing an unbroken chain of invoices from LifeScan. These distributors are not currently authorized by LifeScan to sell test strips, do not purchase test strips directly from LifeScan and to LifeScan’s knowledge have not sold any LifeScan test strips since they have settled.

“If defendants who have settled violate the terms of those agreements, the court can impose severe financial penalties,” said Albiani.

In addition to ongoing legal actions, LifeScan has also implemented a comprehensive Global Brand Protection program to help guard the health and safety of people with diabetes. The program includes market monitoring to detect counterfeit and counterfeit packaged products; the institution of overt and covert product features to readily distinguish genuine from counterfeit products; and distributing genuine products to its customers only through a safe and secure supply chain to ensure the delivery of only authentic LifeScan blood glucose test strips to patients. Retailers can either purchase product directly from LifeScan or from an authorized distributor, which purchases product directly from LifeScan. Authorized distributors are prohibited from purchasing LifeScan

product from gray market distributors which is a conduit for counterfeit products. “This system assures retailers that they do not risk selling counterfeit, adulterated or stolen LifeScan products that can put the health of consumers at risk,” said Albiani.

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**About LifeScan:** LifeScan is the leading blood glucose monitoring company in the U.S. More than 5 million people in the U.S. depend on LifeScan products for simple testing and accurate results to help them manage their diabetes.