

SETTLEMENT AGREEMENT

This Settlement Agreement (“Agreement”) is entered into among the United States of America, acting through the United States Department of Justice and on behalf of the General Services Administration (GSA) (collectively the “United States”), and Honeywell International Inc. (“Honeywell”) (hereafter collectively referred to as “the Parties”), through their authorized representatives.

RECITALS

A. The United States alleges that at all times relevant from July 2000 to on or about August 25, 2005, Honeywell was the manufacturer of Z Shield, a unidirectional laminated material containing Zylon fiber. Toyobo Co. Ltd. and Toyobo America, Inc. manufactured the Zylon fiber.

B. The United States alleges that Honeywell sold its Z Shield to a body armor manufacturer, Armor Holdings Inc., and its affiliates, American Body Armor & Equipment, Inc., ProTech Armored Products, and Safariland Government Sales, Inc. (altogether, “Armor Holdings”), for use in ballistic vests.

C. The United States alleges that ballistic vests containing Honeywell’s Z Shield were sold by Armor Holdings to United States agencies under the GSA’s Multiple Award Schedule contracts, and to various state, local, and/or tribal law enforcement agencies which were then partially reimbursed under the Bullet Proof Vest Grant Partnership Act (BPVGPA), 42 U.S.C. § 3796 *et seq.*, a federally funded program.

D. The United States alleges that Honeywell induced, made, or caused to be made, false statements and records to Armor Holdings, the United States, and to members

of the vest market for whom the United States partially reimbursed costs in connection with ballistic vests containing Z Shield.

E. On June 5, 2008 the United States filed an action in the United States District Court of the District of Columbia alleging False Claims Act (FCA) violations and a claim for unjust enrichment under the common law, captioned *United States v. Honeywell International Inc.*, Case No. 1:08-cv-00961 (the “Civil Action”), and filed a First Amended Complaint on August 1, 2016. The conduct set forth in the First Amended Complaint is referred to below as the Covered Conduct.

F. Honeywell denies the allegations set forth in Paragraph D above and in the Civil Action.

G. In 2019, Honeywell moved for summary judgment on FCA and unjust enrichment liability, and damages. On November 25, 2020, the District Court denied Honeywell’s Motion for Summary Judgment against the United States in the Civil Action. As part of this decision, the District Court ruled that if *pro tanto* damages applied to the case, the FCA damages amount, excluding FCA penalties, for which Honeywell may be responsible if found liable under the FCA, after offsets from the settling parties, reduces to zero; but the District Court ruled that if proportionate share damages applied, if found liable under the FCA, Honeywell, as a non-settling defendant, would receive an FCA damages offset, excluding FCA penalties, reduced by each settling party’s proportionate share of responsibility, if any, for the total amount of the United States’ FCA damages. The District Court then ruled that proportionate share applied to the case.

H. On December 18, 2020, Honeywell moved to certify the District Court’s proportionate share damages ruling for interlocutory appeal. The District Court granted

that motion on June 18, 2021, and Honeywell's interlocutory appeal became Case No. 21-5179. The appeal was argued on March 30, 2022. The decision by the United States Court of Appeals for the District of Columbia Circuit (D.C. Circuit) (the "Appellate Decision") is currently pending.

I. This Agreement is neither an admission of liability by Honeywell nor a concession by the United States that its claims are not well founded.

J. To avoid the delay, uncertainty, inconvenience, and expense of protracted litigation of the above claims, and in consideration of the mutual promises and obligations of this Agreement, the Parties agree and covenant as follows:

TERMS AND CONDITIONS

1. Honeywell shall pay to the United States an amount determined by the Appellate Decision (the "Settlement Amount"). If the D.C. Circuit finds in favor of *pro tanto* damages, Honeywell shall pay \$3,350,000 and interest at the rate of 1% per annum from August 4, 2022. If the D.C. Circuit finds in favor of proportionate share damages, Honeywell shall pay \$8,750,000 and interest at the rate of 1% per annum from August 4, 2022. Either payment shall be made by electronic funds transfer pursuant to written instructions to be provided by the Civil Division of the United States Department of Justice no later than ten (10) days after the Issuance of the Mandate from the D.C. Circuit after the Appellate Decision.

2. Subject to the exceptions in Paragraph 3 (concerning reserved claims) below, and conditioned upon the United States' receipt of the Settlement Amount and interest, the United States releases Honeywell, together with its current and former parent corporations; direct and indirect subsidiaries; brother or sister corporations; divisions;

current or former corporate owners; and the corporate successors and assigns of any of them; from any civil or administrative monetary claim the United States has for the Covered Conduct under the False Claims Act, 31 U.S.C. §§ 3729-3733; the Program Fraud Civil Remedies Act, 31 U.S.C. §§ 3801-3812; or the common law theories of breach of contract, payment by mistake, unjust enrichment, and fraud.

3. Notwithstanding the release given in Paragraph 2 of this Agreement, or any other term of this Agreement, the following claims and rights of the United States are specifically reserved and are not released:

- a. Any liability arising under Title 26, U.S. Code (Internal Revenue Code);
- b. Any criminal liability;
- c. Except as explicitly stated in this Agreement, any administrative liability or enforcement right, including the suspension and debarment rights of any federal agency;
- d. Any liability to the United States (or its agencies) for any conduct other than the Covered Conduct;
- e. Any liability based upon obligations created by this Agreement;
- f. Any liability of individuals;
- g. Any liability for failure to deliver goods and services due; and
- h. Any liability for personal injury or property damage or for other consequential damages arising from the Covered Conduct.

4. Honeywell waives and shall not assert any defenses Honeywell may have to any criminal prosecution or administrative action relating to the Covered Conduct that

may be based in whole or in part on a contention that, under the Double Jeopardy Clause in the Fifth Amendment of the Constitution, or under the Excessive Fines Clause in the Eighth Amendment of the Constitution, this Agreement bars a remedy sought in such criminal prosecution or administrative action.

5. Honeywell fully and finally releases the United States, its agencies, officers, agents, employees, and servants, from any claims (including attorneys' fees, costs, and expenses of every kind and however denominated) that Honeywell has asserted, could have asserted, or may assert in the future against the United States, its agencies, officers, agents, employees, and servants, related to the Covered Conduct and the United States' investigation and prosecution thereof.

6. a. Unallowable Costs Defined: All costs (as defined in the Federal Acquisition Regulation, 48 C.F.R. § 31.205-47) incurred by or on behalf of Honeywell, and its present or former officers, directors, employees, shareholders, and agents in connection with:

- (1) the matters covered by this Agreement;
- (2) the United States' audit(s) and civil investigation(s) of the matters covered by this Agreement;
- (3) Honeywell's investigation, defense, and corrective actions undertaken in response to the United States' audit(s) and civil investigation(s) in connection with the matters covered by this Agreement (including attorneys' fees);
- (4) the negotiation and performance of this Agreement; and

(5) the payment Honeywell makes to the United States pursuant to this Agreement,

are unallowable costs for government contracting purposes (hereinafter referred to as Unallowable Costs).

b. Future Treatment of Unallowable Costs: Unallowable Costs will be separately determined and accounted for by Honeywell, and Honeywell shall not charge such Unallowable Costs directly or indirectly to any contract with the United States.

c. Treatment of Unallowable Costs Previously Submitted for Payment: Within 90 days of the Effective Date of this Agreement, Honeywell shall identify and repay by adjustment to future claims for payment or otherwise any Unallowable Costs included in payments previously sought by Honeywell or any of its subsidiaries or affiliates from the United States. Honeywell agrees that the United States, at a minimum, shall be entitled to recoup from Honeywell any overpayment plus applicable interest and penalties as a result of the inclusion of such Unallowable Costs on previously-submitted requests for payment. The United States, including the Department of Justice and/or the affected agencies, reserves its rights to audit, examine, or re-examine Honeywell's books and records and to disagree with any calculations submitted by Honeywell or any of its subsidiaries or affiliates regarding any Unallowable Costs included in payments previously sought by Honeywell, or the effect of any such Unallowable Costs on the amount of such payments.

8. This Agreement is intended to be for the benefit of the Parties only.

9. Upon receipt of the payment described in Paragraph 1, above, the Parties shall promptly sign and file in the Civil Action a Joint Stipulation of Dismissal of the Civil Action with Prejudice as to all claims in the Civil Action pursuant to Rule 41(a)(1).

10. Each Party shall bear its own legal and other costs incurred in connection with this matter, including the preparation and performance of this Agreement.

11. Each Party and signatory to this Agreement represents that it freely and voluntarily enters into this Agreement without any degree of duress or compulsion.

12. This Agreement is governed by the laws of the United States. The exclusive venue for any dispute relating to this Agreement is the United States District Court for the District of Columbia. For purposes of construing this Agreement, this Agreement shall be deemed to have been drafted by all Parties to this Agreement and shall not, therefore, be construed against any Party for that reason in any subsequent dispute.

13. This Agreement constitutes the complete agreement between the Parties. This Agreement may not be amended except by written consent of the Parties.

14. The undersigned counsel represent and warrant that they are fully authorized to execute this Agreement on behalf of the persons and entities indicated below.

15. This Agreement may be executed via electronic signature and in counterparts, each of which constitutes an original and all of which constitute one and the same Agreement.

16. This Agreement is binding on Honeywell's successors, transferees, heirs, and assigns.

17. All Parties consent to the United States' disclosure of this Agreement, and information about this Agreement, to the public.

18. This Agreement is effective on the date of signature of the last signatory to the Agreement (Effective Date of this Agreement). Facsimiles or electronic transmissions of signatures shall constitute acceptable, binding signatures for purposes of this Agreement.

DATED: 8/15/22 THE UNITED STATES OF AMERICA
BY: A. Thomas Morris
A. Thomas Morris
Senior Trial Counsel
Commercial Litigation Branch
Civil Division
United States Department of Justice

DATED: 8/15/22 HONEYWELL INTERNATIONAL INC.
BY: DocuSigned by: Anne T. Madden
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Anne T. Madden
Senior Vice President and General Counsel

DATED: 8/15/22 BY: Craig S. Primis
Craig S. Primis, P.C.
Counsel for Honeywell International Inc.