

SETTLEMENT AGREEMENT

This Settlement Agreement (“Agreement”) is entered into among (1) the United States of America, acting through the United States Department of Justice and on behalf of the United States Department of the Navy (collectively the “United States”), (2) The Boeing Company (“Boeing”), and (3) relators Robert C. Roath, Richard Faucher, and Thomas Shaffer (“Relators”) (hereafter collectively referred to as the “Parties”), through their authorized representatives.

RECITALS

A. Boeing is an American multinational corporation that designs, manufactures, and sells airplanes, rotorcraft, rockets, satellites, telecommunications equipment, and missiles worldwide. Boeing contracts with the United States to manufacture and deliver to the United States Department of Defense Osprey V-22 aircraft. The Osprey V-22 is a hybrid aircraft with rotating propellers that allow it to take off and land like a helicopter and travel forward like an airplane.

B. On December 21, 2016, Relators filed a *qui tam* action in the United States District Court for the Eastern District of Pennsylvania captioned *United States ex rel. Robert C. Roath, Richard Faucher, and Thomas Shaffer v. The Boeing Company*, No. 16-cv-6547 (E.D. Pa.), pursuant to the *qui tam* provisions of the False Claims Act, 31 U.S.C. § 3730(b) (“Civil Action”).

C. The United States contends that it has certain civil claims against Boeing arising from Boeing’s manufacture of Osprey V-22 aircraft during the period January 1, 2007, through December 31, 2018. Specifically, the United States contends that Boeing failed to comply with certain requirements in

Manufacturing Operation Instruction Free Air Cure Operating Plan, MOI 8-1951-02-04, V-22 Composite Details and Assemblies Cured per D210-12062-1. (Free Air Cure refers to a process for curing composite parts without the use of thermocouples monitoring temperatures in each part.) Specifically, the United States contends that Boeing: (a) failed to perform monthly temperature uniformity surveys on autoclaves used for Free Air Cure; (b) failed to collect and analyze temperature uniformity survey data on a monthly basis; (c) failed to verify that calibration and certification tags on autoclaves used for Free Air Cure were current on a monthly basis; (d) failed to memorialize quality assurance inspections on *Table II – Quality Inspection Checklist for V-22 Autoclave Cured Parts*, and maintain such documentation of inspections; (e) failed to direct random surveillance of autoclave processes for compliance with Free Air Cure manufacturing specifications; and (f) failed to use appropriate thermocouples to perform monthly temperature surveys on autoclaves used for Free Air Cure. This conduct is referred to below as the Covered Conduct.

D. The United States intends to intervene in the Civil Action for purposes of settlement.

E. This Settlement Agreement is neither an admission of liability by Boeing nor a concession by the United States that its claims are not well founded. Boeing denies the allegations in paragraphs B and C.

F. Relators claim entitlement under 31 U.S.C. § 3730(d) to a share of the proceeds of this Settlement Agreement and to Relators' reasonable expenses, attorneys' fees and costs.

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 Settlement Agreement, the Parties agree and covenant as follows:

TERMS AND CONDITIONS

1. Boeing shall pay to the United States Eight Million One Hundred Thousand Dollars (\$8,100,000) (“Settlement Amount”), and interest on the Settlement Amount at a rate of 5.38 percent per annum from September 5, 2023 (of which One Million Eight Hundred Fifty-Two Thousand Six Hundred Forty Dollars (\$1,852,640.00) is restitution), by electronic funds transfer pursuant to written instructions to be provided by the United States Attorney’s Office for the Eastern District of Pennsylvania, no later than fifteen (15) business days after the Effective Date of this Agreement.

2. Conditioned upon the United States receiving the Settlement Amount and as soon as feasible after receipt, the United States shall pay One Million Five Hundred Thirty-Nine Thousand Dollars (\$1,539,000), plus 19 percent of accrued interest paid by Boeing, to Flamm Walton Heimbach for the benefit of the Relators by electronic funds transfer (“Relators’ Share”). Undersigned counsel for the Relators shall distribute the Relators’ Share to the Relators as agreed by the Relators.

3. Boeing shall pay Relators’ attorneys a total of One Million One Hundred-Nine Thousand Six Hundred Seventy-Eight Dollars (\$1,109,678) for attorneys’ fees and costs (“Attorney’s Fees and Costs”), as follows: