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 Federal Communications Commission ("FCC") (collectively, the "United States"); Armstrong Holdings, Inc., Armstrong Utilities, Inc., Judco Management Inc., Armstrong Telephone Company, Armstrong Telephone Company – Maryland, Armstrong Telephone Company – New York, Armstrong Telephone Company – North, Armstrong Telephone Company Northern Division, Armstrong Telephone Company – Pennsylvania, and Armstrong Telephone Company – West Virginia (hereafter referred to as "Defendants"); and James Ranko ("Relator") (hereafter collectively referred to as "the Parties"), through their authorized representatives.

RECITALS

A. The FCC established the Universal Service Fund ("USF") so that all people in the United States have access to rapid, efficient, nationwide communications service with adequate facilities at reasonable charges and has designated the Universal Service Administrative Company to administer the USF as its agent under its direction.

B. The High Cost Program is one of four programs that comprise the USF and aims to ensure that consumers in rural, insular, and high-cost areas have access to modern communications networks capable of providing voice and broadband service, both fixed and mobile, at rates that are reasonably comparable to those in urban areas. In pursuit of that goal, the High Cost Program provides Federal funds to qualified eligible telecommunications carriers, including incumbent local exchange carriers ("ILECs") that receive legacy "rate-of-return" support, to expand connectivity infrastructure within the United States.

C. Defendant Armstrong Telephone Company and its subsidiaries Armstrong Telephone Company – Maryland, Armstrong Telephone Company – New York, Armstrong Telephone Company – North, Armstrong Telephone Company – Northern Division, Armstrong Telephone Company – Pennsylvania, and Armstrong Telephone Company – West Virginia are each affiliated rural telephone service carriers and are ILECs which received Universal Service support in the High Cost Program as legacy "rate-of-return" carriers at some point during the relevant period (hereafter collectively "Armstrong Telephone").

D. Armstrong Holdings, Inc. and its subsidiaries including Armstrong Utilities, Inc. and Judco Management Inc. are affiliates to Armstrong Telephone that provided goods and services to Armstrong Telephone. Armstrong Telephone Company – North is an affiliate to Armstrong Telephone which participated in the High Cost Program as an ILEC but received support only as an average schedule company, during the relevant period.

E. On August 11, 2017, James Ranko filed a *qui tam* action in the United States District Court for the Western District of Pennsylvania captioned *United States ex rel. James Ranko v. Armstrong Group of Companies, Armstrong Utilities, Inc., JUDCO Management Inc., Armstrong Telephone Company, Armstrong Telephone of Maryland, Armstrong Telephone Company New York, Armstrong Telephone North, Armstrong Telephone Company (a/k/a Armstrong Northern Division), Armstrong Telephone Company Pennsylvania and Armstrong of West Virginia,* Civil Action Number 17-1052, pursuant to the *qui tam* provisions of the False Claims Act, 31 U.S.C. § 3730(b) (the "Civil Action").

F. The United States contends that from 2008 through and including December 31, 2023, it has certain civil claims against the Defendants for knowingly making unsubstantiated, arbitrary, and improper allocations of certain costs and expenses, contrary to the applicable cost allocation rules of the FCC, and using such allocations as cost support under applicable FCC rules to unlawfully obtain Federal funds under the High Cost Program established by the FCC, in violation of those rules and of the False Claims Act, 31 U.S.C. § 3729 *et seq*. That conduct is referred to below as the "Covered Conduct."

G. This Agreement is neither an admission of liability by Defendants, nor a concession by the United States that its claims are not well-founded.

H. Relator claims entitlement under 31 U.S.C. § 3730(d) to a share of the proceeds of this Agreement and to Relator's 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 Agreement, the Parties agree and covenant as follows:

TERMS AND CONDITIONS

1. Defendants shall pay to the United States Six Million Five Hundred Thousand Dollars ($6,500,000.00) ("Settlement Amount"), of which Three Million Six Hundred Thirty Three Thousand Two Hundred and Fourteen Dollars ($3,633,214) is restitution, by electronic funds transfer pursuant to written instructions to be provided by the Office of the United States Attorney for the Western District of Pennsylvania, no later than twenty (20) 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 19.5% of the proceeds collected ($1,267,500.00) to Relator by electronic funds transfer ("Relator's Share").

3. Defendants shall pay $411,482.44 to Relator for attorneys' fees, expenses, and costs no later than twenty (20) days after the Effective Date of this Agreement by electronic

funds transfer pursuant to written instructions provided by Phillips & Cohen LLP, counsel for Relator.

4. Subject to the exceptions in Paragraph 7 (concerning reserved claims) below, and upon the United States' receipt of the Settlement Amount and the entry by Defendants into a mutually agreeable Compliance Agreement with the FCC (the "Compliance Agreement"), the United States releases Defendants 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 fraud, breach of contract, payment by mistake, or unjust enrichment.

5. Subject to the exceptions in Paragraph 7 (concerning reserved claims) below, in consideration of the obligations of Defendants in this agreement, and conditioned upon Defendants' full payment of the Settlement Amount, the FCC (on behalf of itself, its officers, employees, and agents, including but not limited to USAC, an entity acting on behalf of and as agent for the FCC), releases Defendants from any civil or administrative monetary claims the FCC has or may have for the Covered Conduct.

6. Subject to the exceptions in Paragraph 7 below, and upon the United States' receipt of the Settlement Amount, Relator, for himself and for his heirs, successors, attorneys, agents, and assigns, releases Defendants from any civil monetary claim the Relator has on behalf of the United States under the False Claims Act, 31 U.S.C. §§ 3729-3733, arising from the Covered Conduct and Civil Action.

7. Notwithstanding the releases given in Paragraphs 4 and 5 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 or in the Compliance Agreement, any administrative liability or enforcement right, or any administrative remedy, 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 or the Compliance Agreement;

f. Any liability of individuals;

g. Any liability for express or implied warranty claims or other claims for defective or deficient products or services, including quality of goods and services;

h. Any liability for failure to deliver goods or services due; and

i. Any liability for personal injury or property damage or for other consequential damages arising from the Covered Conduct.

8. Relator and his heirs, successors, attorneys, agents, and assigns shall not object to this Agreement but agree and confirm that this Agreement is fair, adequate, and reasonable under all the circumstances, pursuant to 31 U.S.C. § 3730(c)(2)(B). Conditioned upon Relator's receipt of the Relator's Share, Relator and his heirs, successors, attorneys, agents, and assigns fully and finally release, waive, and forever discharge the United States, its agencies, officers, agents, employees, and servants, from any claims arising from the filing of the Civil Action or under

31 U.S.C. § 3730, and from any claims to a share of the proceeds of this Agreement and/or the Civil Action.

9. Relator, for himself, and for his heirs, successors, attorneys, agents, and assigns, releases Defendants and their officers, agents, and employees, from any and all claims or liability to Relator arising from the filing of the Civil Action, the Covered Conduct, and under 31 U.S.C. § 3730(d) for expenses or attorneys' fees and costs.

10. Defendants waive and shall not assert any defenses Defendants 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.

11. Defendants fully and finally release 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 Defendants have 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 or the United States' investigation or prosecution thereof.

12. Defendants fully and finally release the Relator from any and all claims (including attorneys' fees, costs, and expenses of every kind and however denominated) that Defendants have asserted, could have asserted, or may assert in the future against the Relator, related to the Covered Conduct, the Civil Action, and Relator's investigation and prosecution thereof.

13. 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 Defendants, and their 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) Defendants' 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;

(5) the payment Defendants make to the United States pursuant to this Agreement and any payments that Defendants may make to Relator, including costs and attorneys' fees,

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 Defendants, and Defendants 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, Defendants shall identify and repay by adjustment to future claims for payment or otherwise any Unallowable Costs included in payments previously sought by Defendants or any of their subsidiaries or affiliates from the

United States. Defendants agree that the United States, at a minimum, shall be entitled to recoup from Defendants 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 Defendants' books and records and to disagree with any calculations submitted by Defendants or any of their subsidiaries or affiliates regarding any Unallowable Costs included in payments previously sought by Defendants, or the effect of any such Unallowable Costs on the amount of such payments.

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

15. Upon receipt of the payments described in Paragraphs 1 and 3, above, the Parties shall promptly sign and file in the Civil Action a Joint Stipulation of Dismissal of the Civil Action pursuant to Rule 41(a)(1).

16. Each Party shall bear its own legal and other costs incurred in connection with this matter, except to the extent otherwise provided herein, including the preparation and performance of this Agreement.

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

18. This Agreement is governed by the laws of the United States. The exclusive jurisdiction and venue for any dispute relating to this Agreement is the United States District Court for the Western District of Pennsylvania. 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.

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

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

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

22. This Agreement is binding on the successors, transferees, heirs, and assigns of the Defendants.

23. This Agreement is binding on Relator's successors, transferees, heirs, and assigns.

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

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

THE UNITED STATES OF AMERICA

DATED: ________________ BY: ______________________________

BENJAMIN C. WEI
Senior Trial Counsel
Commercial Litigation Branch
Civil Division
United States Department of Justice

DATED: 3 JULY 2024 BY: Paul E. Skirtich

PAUL E. SKIRTICH
Assistant United States Attorney
Western District of Pennsylvania

THE FEDERAL COMMUNICATIONS COMMISSION

DATED: July 2, 2024

BY: [signature]

P. MICHELE ELLISON
General Counsel
Federal Communications Commission

ARMSTRONG GROUP OF COMPANIES – DEFENDANTS

DATED: 7/1/24 BY: ______________________
Representative of Armstrong Group of Companies

DATED: ______________ BY: ______________________
DANIEL I. BOOKER, ESQUIRE
ReedSmith LLP
Counsel for Defendants

ARMSTRONG GROUP OF COMPANIES – DEFENDANTS

DATED: ______________ BY: ______________________________
Representative of Armstrong Group of Companies

DATED: 7/1/24 BY: ______________________________
DANIEL I. BOOKER, ESQUIRE
ReedSmith LLP
Counsel for Defendants

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JAMES RANKO – RELATOR

DATED: 7/1/2024 BY: DocuSigned by: James Ranko CC95A6CEDDA64C1...
JAMES RANKO
Relator

DATED: 7/1/2024 BY: DocuSigned by: Colette Mattzie C686833739164E3...
COLETTE G. MATZZIE, ESQUIRE
Phillips & Cohen LLP
Counsel for Relator

DATED: 7/1/2024 BY: DocuSigned by: 852D1BC1B84F418...
ANDREW STONE, ESQUIRE
Stone Law Firm LLC
Counsel for Relator