

SETTLEMENT AGREEMENT

This SETTLEMENT AGREEMENT is entered into this 22nd day of July, 1992, by and between the United States of America and General Electric Company ("General Electric") (hereinafter jointly referred to as "the Parties.")

WHEREAS, General Electric Aircraft Engines ("GEAE") is, and has been an operating business unit of General Electric located at Evendale, Ohio, at all times material to the matters covered by this Settlement Agreement;

WHEREAS, a lawsuit captioned United States ex rel. Taxpayers against Fraud and Chester L. Walsh v. General Electric Company, Civ. Action No. C-1-90-792 (S.D. Ohio) (hereinafter "Civil Action C-1-90-792"), was filed on November 15, 1990 alleging that GEAE violated the Civil False Claims Act, 31 U.S.C. § 3729 et seq.;

WHEREAS, the United States on August 2, 199<sup>1</sup>~~2~~ intervened in Civil Action C-1-90-792 and alleged in a second amended complaint filed on March 16, 1992 (hereinafter "Second Amended Complaint"), that GEAE violated the Civil False Claims Act, 31 U.S.C. § 3729 et seq., and the common law of payment by mistake of fact, fraud, and unjust enrichment;

WHEREAS, General Electric offered its complete cooperation to the United States with respect to its disclosure to the United States of information related to this matter before General Electric became aware either of Civil Action C-1-90-792 (which at the time was under seal) or of any investigation into this matter by the United States;

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WHEREAS, General Electric has disclosed to the United States the factual information uncovered in its investigation into this matter and responded to inquiries of the United States concerning this matter; and

WHEREAS, the United States and General Electric wish to settle their disputes with regard to the matters referred to in Paragraphs 2 and 3, below.

NOW, THEREFORE, in reliance on the representations contained herein and in consideration of the mutual promises, covenants and obligations in this Agreement, and for good and valuable consideration, receipt of which is hereby acknowledged, the Parties agree as follows:

1. General Electric will pay \$59.5 million (\$59,500,000) to the United States, as provided in paragraph 4, below.

2. Subject only to the exceptions in Paragraph 3, below, on receipt of the \$59.5 million payment described in Paragraph 1, the United States will release, and will be deemed to have released General Electric, all of its businesses, divisions, subsidiaries, affiliates, successors, and assigns, and its present and former directors, from all civil monetary liability to the United States (or any instrumentality thereof) for or based on any and all claims of any nature whatsoever (including, without limitation, liability under the Civil False Claims Act, 31 U.S.C. § 3729 et seq., as amended, other civil statutory authority, common law principles, regulation, contract or otherwise) relating to (i) Contract No. 500/40492-125 between the

Government of Israel and General Electric Company Aircraft Engines Business Group (otherwise known as the 1984 Integrated Logistical Support Contract for the Peace Marble II F110 engines) and/or (ii) Contract No. 1296 between the Government of Israel and General Electric Company (otherwise known as the 1988 Peace Marble III F110 engine contract), that either (a) were made, or were required to be made, by the United States or the relators in the complaints in Civil Action No. C-1-90-792, or (b) could have been made based on matters relating to the contracts identified in this paragraph that General Electric as of May 22, 1992 had disclosed to Department of Justice attorneys in writing, or in oral presentations.

3. Notwithstanding Paragraph 2, above, the United States does not release General Electric or General Electric's divisions and subsidiaries from (i) any administrative or civil claims arising under Title 26, U.S. Code (Internal Revenue Code); (ii) any liability to the United States under the contracts identified in the Second Amended Complaint arising from the delivery of any deficient or defective products; (iii) any liability to the United States under any express or implied product liability warranties pertinent to the contracts identified in the Second Amended Complaint; or (iv) with the exception of the matters released in the preceding paragraph, any liability to the United States for failure to deliver the required number of units or services due under the contracts identified in the Second Amended Complaint. Further, the United States does not waive the right

to institute administrative proceedings, including suspension or debarment proceedings, against General Electric or its divisions or subsidiaries, based upon the claims in the Second Amended Complaint.

4. On the date that this Settlement Agreement is executed, (i) the Parties will execute and file with the court the Stipulation attached hereto as Exhibit A, and (ii) upon entry of an order of dismissal with prejudice pursuant to the Stipulation, General Electric then will pay the amount specified in Paragraph 1 to the United States by cashier's or certified check, drawn to the order of the Treasurer of the United States, and delivered by hand to the Director of the Commercial Litigation Branch, (Civil Frauds Section), Civil Division, U.S. Department of Justice, or to a representative of the Commercial Litigation Branch designated by the Director, Commercial Litigation Branch, (Civil Frauds Section.)

5. It is agreed that all costs (as defined in the Federal Acquisition Regulations 31.205-47) incurred by or on behalf of General Electric or General Electric's subsidiaries and divisions, or by or on behalf of officers, directors, agents and employees of General Electric or General Electric's subsidiaries and divisions, in connection with (1) the matters covered by this Settlement Agreement, (2) the Government's audit and investigation of the matters covered by this Settlement Agreement, (3) General Electric's investigation and defense of the matters covered by this Settlement Agreement, (4) the

negotiation of this Settlement Agreement, and (5) the payment made to the United States pursuant to this Settlement Agreement, shall be unallowable costs for Government contract accounting purposes. These amounts shall be separately accounted for by General Electric.

6. Nothing herein shall constitute evidence or an admission by any party with respect to any issue of fact or law arising from the Second Amended Complaint or any other pleadings filed in this action.

7. This document contains the complete civil settlement agreement between the United States and General Electric.

8. This agreement does not release General Electric from any obligation it may have under 31 U.S.C. § 3730(d)(1) to pay Taxpayers against Fraud and Chester L. Walsh, the qui tam plaintiffs in this litigation, any reasonable attorneys fees, expenses and costs, as may be determined by the court. Without prejudice to any arguments that General Electric may make concerning the appropriateness of any award of attorneys fees, expenses and costs to the qui tam plaintiffs under 31 U.S.C. § 3730(d)(1), General Electric and the United States agree that the \$59.5 million payment provided for herein does not include any amount towards the attorneys fees, expenses and costs of the qui tam plaintiffs other than any contingency payments those plaintiffs pay their own lawyers.

9. This Settlement Agreement shall be binding upon the Parties, their successors and assigns.

EXECUTED this 22 day of July, 1992.

FOR GENERAL ELECTRIC COMPANY

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Roger M. Witten  
WILMER, CUTLER & PICKERING

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