

## CIVIL SETTLEMENT AGREEMENT

The United States of America, by and through its U.S. Department of Justice, and Lockheed Corporation (hereinafter "Lockheed"), through its attorneys Larry D. Thompson and Martha B. Wright, hereby notify the Court that the following Civil Settlement Agreement has been negotiated and entered into:

1. The Civil Division of the U.S. Department of Justice and the Office of the U.S. Attorney for the Northern District of Georgia have alleged that the United States has certain civil causes of action against Lockheed (1) for claims for federal funds which Lockheed filed, or caused to be filed, that reflected amounts that Lockheed had intended to pay or paid to Dr. Leila I. Takla, Dr. Leila I. Takla, Inc. (hereinafter "Takla, Inc."), and Sphinx Management Services, Limited, as consultants, in connection with purchase agreement Cairo/AF/GLX-798/C-130/89/1 (hereinafter the "Contract") and (2) for Lockheed's representations, if any, to the United States in connection with the above payments.

2. The parties expressly agree and understand that this Civil Settlement Agreement is made in compromise of disputed claims. This Civil Settlement Agreement shall not be used or construed as an admission of wrongdoing on the part of Lockheed.

3. Lockheed shall pay, within seven (7) days of execution of this Civil Settlement Agreement, the sum of Three Million Dollars (\$3,000,000), by delivering a cashier's check or

certified check made payable to the Treasurer of the United States, to Director, Commercial Litigation Branch, United States Department of Justice, Attention: Shelley R. Slade, Commercial Litigation Branch, U.S. Department of Justice, 10th Street & Constitution Ave., N.W., Room 3720, Washington, D.C. 20530.

4. Contingent upon the full and timely payment of the sum agreed upon in Paragraph 3, supra, of this Civil Settlement Agreement and compliance with any and all of the other-described terms and conditions set forth herein, and subject to Paragraph 5, infra, the United States hereby releases Lockheed, its affiliates, divisions and subsidiaries, successors and assigns, and their current and former shareholders, officers, directors, employees and agents from any and all causes of action that the United States may have under the False Claims Act, 31 U.S.C. §§ 3729 et seq. (as amended), the Program Fraud Civil Remedies Act, 31 U.S.C. § 3801 et seq., the Racketeer Influence and Corrupt Organizations Act, 18 U.S.C. § 1961 et seq., and/or under the following common law theories of breach of contract, fraud, misrepresentation, payment by mistake of fact, or unjust enrichment, for the conduct described in Paragraph 1, supra.

5. This Civil Settlement Agreement does not release or constitute a waiver of any claims of the United States: (a) enforcing obligations created by this Civil Settlement Agreement; (b) arising under Title 26, United States Internal Revenue Code; (c) arising under federal securities statutes, as enumerated under Title 15 of the United States Code; (d) arising under the

Arms Export Control Act, 22 U.S.C. § 2751, et seq.; (e) arising from Lockheed's liability under the Contract for the delivery of any deficient or defective product or from liability under any express or implied warranties pertinent to the Contract and claims for personal injury or physical injury to property arising out of the Contract, subject to the understanding that Lockheed does not admit or imply that the United States has any contractual right against Lockheed under the Contract; and (f) for any administrative rights other than those enumerated in the Program Fraud Civil Remedies Act, 31 U.S.C. § 3801 et seq. Nothing in this Paragraph or any other provision of this Civil Settlement Agreement constitutes an agreement by the United States concerning the characterization of the amounts paid hereunder for purposes of any proceeding under Title 26 of the Internal Revenue Code.

6. It is agreed that all costs (as defined in the Federal Acquisition Regulations 31.205-47) incurred by or on behalf of Lockheed and its officers, directors, agents and employees in connection with (1) the matters covered by this Civil Settlement Agreement, (2) the government's audit and investigation of the matters covered by this Civil Settlement Agreement, (3) Lockheed's investigation, defense of the matters, and corrective actions, with respect to the matters specifically covered by this Civil Settlement Agreement, (4) the negotiation of this Civil Settlement Agreement, and (5) the payment made to the United States pursuant to this Civil Settlement Agreement, shall be

unallowable costs for government contract accounting purposes. These amounts shall be separately accounted for by Lockheed.

7. The provisions of this Civil Settlement Agreement shall be binding upon the parties to it and upon their successors and assigns.

8. Each person who signs this Civil Settlement Agreement in a representative capacity warrants that he or she is duly authorized to do so.

9. This Civil Settlement Agreement shall become effective upon the latter date of its execution by the parties listed below and upon acceptance by the Court of the Plea Agreement in United States v. Lockheed Corporation, No. 1:94-CR-226.

10. This Civil Settlement Agreement may be executed in more than one counterpart, each of which shall constitute an original and all of which shall constitute one and the same Agreement.

11. This Civil Settlement Agreement may not be altered, amended, modified or otherwise changed except by a writing duly executed by each of the parties.

12. No additional promises, agreements, or conditions other than those referenced in this Civil Settlement Agreement have been entered into and none will be entered into unless and in writing and signed by all parties.

This 27th day of January, 1995

Respectfully submitted,

*Polly A. Damman (by mail)*

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January 30, 1995  
By *Andrew C. Kaufman*