

## 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 United States Postal Service (the “USPS”) (collectively the “United States”); and United Airlines, Inc. (“UA”), through their authorized representatives. The United States and United are collectively referred to as the “Parties.”

### RECITALS

- A. United Airlines, Inc. is an airline headquartered in Chicago, IL.
- B. The USPS entered into contracts with air carriers that required them to take possession of receptacles of United States mail at one of six domestic locations in the United States or at various Department of Defense and/or Department of State locations abroad and deliver that mail to numerous international destinations and/or domestic locations.
- C. Beginning in 2009, UA performed services for the USPS under the following contracts for the carriage of United States mail: 7GBTNS09B00001CO, 7GBTNS09B00001UA, 7GBTNS09B00002UA, 7GBTNS09B0000EUA, ICAIR121UA, ICAIR12EUA, ICAIR121CO, ICAIR151UA, and ICAIR152UA (collectively the “ICAIR Contracts”).
- D. The United States contends that the ICAIR Contracts required as a condition of payment that UA perform and submit delivery scans or other delivery information reflecting the time that UA transferred possession of the United States mail to foreign postal administrations or other intended recipients. The United States further contends that it has certain civil claims against UA arising from its submission of certain delivery scans or other delivery information under the ICAIR Contracts during the period from March 2010 through February 2016. Specifically, the United States contends that, with respect to certain United States mail carried by

UA under the ICAIR Contracts, UA knowingly created and submitted, and/or caused to be submitted, to the USPS delivery scans or other delivery information material to payment that falsely conveyed information about delivery, including the time that UA transferred possession of the United States mail to foreign postal administrations or other intended recipients. The conduct described in this paragraph is referred to below as the “Covered Conduct.”

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

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. UA shall pay to the United States the sum of \$32,186,687 (“Settlement Amount”), of which \$16,093,344 is restitution, by electronic funds transfer pursuant to written instructions to be provided by the Civil Division of the United States Department of Justice. UA shall pay the entire Settlement Amount no later than 10 business days after the Effective Date of this Agreement.

2. Subject to the exceptions in Paragraph 3 (concerning reserved claims) below, and conditioned upon the United States’ receipt of the Settlement Amount, the United States releases UA, together with its current and former parent corporations, including United Airlines Holdings, Inc., 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 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;
- i. Any liability for personal injury or property damage or for other consequential damages arising from the Covered Conduct.

4. UA waives and shall not assert any defenses UA 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. UA 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 UA 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 UA, and its present or former officers, directors, employees, shareholders, and agents in connection with:

- (1) the matters covered by this Agreement and the related Non-Prosecution Agreement;
- (2) the United States' audit(s) and civil and criminal investigation(s) of the matters covered by this Agreement;
- (3) UA's investigation, defense, and corrective actions undertaken in response to the United States' audit(s) and civil and criminal investigation(s) in connection with the matters covered by this Agreement (including attorneys' fees);
- (4) the negotiation and performance of this Agreement and related Non-Prosecution Agreement;
- (5) the payment UA 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 UA, and UA 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, UA shall identify and repay by adjustment to future claims for payment or otherwise any Unallowable Costs included in payments previously sought by UA or any of its subsidiaries or affiliates from the United States. UA agrees that the United States, at a minimum, shall be entitled to recoup from UA 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 UA’s books and records and to disagree with any calculations submitted by UA or any of its subsidiaries or affiliates regarding any Unallowable Costs included in payments previously sought by UA, or the effect of any such Unallowable Costs on the amount of such payments.

7. UA agrees to cooperate fully and truthfully with the United States’ investigation of individuals and entities not released in this Agreement. Upon reasonable notice, UA shall encourage, and agrees not to impair, the cooperation of their directors, officers, and employees, and shall use their best efforts to make available, and encourage, the cooperation of former directors, officers, and employees for interviews and testimony, consistent with the rights and privileges of such individuals. UA further agrees to furnish to the United States, upon request,

complete and unredacted copies of all non-privileged documents, reports, memoranda of interviews, and records in their possession, custody, or control concerning any investigation of the Covered Conduct that they have undertaken, or that has been performed by another on their behalf.

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

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

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

11. 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 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.

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

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

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

15. This Agreement is binding on UA's successors, transferees, heirs, and assigns.

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

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

THE UNITED STATES OF AMERICA

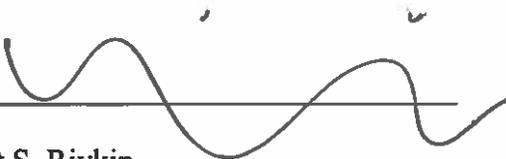
DATED: 02/25/2021

BY: Don Williamson

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Senior Trial Counsel  
Commercial Litigation Branch  
Civil Division  
United States Department of Justice

UNITED AIRLINES, INC.

DATED: 2/25/21

BY: 

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