

## SETTLEMENT AGREEMENT

This Settlement Agreement (“Agreement”) is entered into between the United States of America, acting through the United States Department of Justice and on behalf of the Department of the Army (“U.S. Army”) and the Department of the Navy (“U.S. Navy”) (collectively the “United States”), and GE Aerospace, headquartered in Evendale, Ohio, an operating division of the General Electric Company, (hereafter collectively referred to as “the Parties”), through their authorized representatives.

### RECITALS

A. GE Aerospace has a manufacturing plant located at 1000 Western Avenue, Lynn, Massachusetts (“GEA Lynn”). GEA Lynn manufactures, among other things, aircraft engines that it sells to U.S. military customers.

B. The United States contends that it has certain civil claims against GE Aerospace for submitting or causing the submission of false claims for payment to the U.S. Army and the U.S. Navy arising from the conduct in Paragraph C.

C. GE Aerospace admits, acknowledges, and accepts responsibility for the following facts. Between July 24, 2012 and December 31, 2019, GEA Lynn sold engines to the U.S. Army and the U.S. Navy. Engines that GEA Lynn sells to U.S. military customers must meet the requirements established by engineering drawings; to meet those requirements, GEA Lynn further requires employees to follow manufacturing planning instructions that include, among other requirements, parts inspections. In this period, GEA Lynn, at times, did not conduct required inspections of certain parts and also sold engines to the U.S. Army and the U.S. Navy that contained parts that did not meet certain required specifications. Specifically: (i) between July 24, 2014 and August 11, 2017, GEA Lynn did not consistently use functional gauges to

inspect features on certain parts; (ii) between July 24, 2014 and September 2018, GEA Lynn omitted at least two inspections of curvic features on certain part numbers; and (iii) between July 24, 2014 and December 31, 2019, GEA Lynn sold engines to the U.S. Army and the U.S. Navy that contained unallowable metal fragments. The conduct described in this paragraph is referred to below as the “Covered Conduct.”

D. GE Aerospace has been credited in this Agreement under the Department of Justice’s guidelines for taking disclosure, cooperation, and remediation into account in False Claims Act cases, Justice Manual §4-4.112.

In consideration of the mutual promises and obligations of this Settlement Agreement, the Parties agree and covenant as follows:

#### TERMS AND CONDITIONS

1. GE Aerospace shall pay to the United States Nine Million Four Hundred Thirteen Thousand and Twenty-Four Dollars (\$9,413,024) (“Settlement Amount”), of which \$5,378,871 is restitution, and interest on the Settlement Amount at a rate of 3% per annum from September 8, 2023, by electronic funds transfer pursuant to written instructions to be provided by the Office of the United States Attorney for the District of Massachusetts no later than thirty (30) 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 plus interest due under Paragraph 1, the United States releases GE Aerospace, together with its predecessors, its current and former parents, divisions, subsidiaries, successors, and assigns, 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, 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;
- f. Any liability of individuals;
- g. Any liability for failure to deliver goods or services due;
- h. Any liability for personal injury or property damage or for other consequential damages arising from the Covered Conduct.

4. GE Aerospace waives and shall not assert any defenses GE Aerospace 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. GE Aerospace 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 GE Aerospace 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 GE Aerospace, and its 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) GE Aerospace's 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 GE Aerospace 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 GE Aerospace, and GE Aerospace 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, GE Aerospace shall identify and repay by adjustment to future claims for payment or otherwise any Unallowable Costs included in payments previously sought by GE Aerospace or any of its subsidiaries or affiliates from the United States. GE Aerospace agrees that the United States, at a minimum, shall be entitled to recoup from GE Aerospace 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 GE Aerospace's books and records and to disagree with any calculations submitted by GE Aerospace or any of its subsidiaries or affiliates regarding any Unallowable Costs included in payments previously sought by GE Aerospace, or the effect of any such Unallowable Costs on the amount of such payments.

7. GE Aerospace agrees to cooperate fully and truthfully with the United States' investigation of individuals and entities not released in this Agreement. Upon reasonable notice, GE Aerospace shall encourage, and agrees not to impair, the cooperation of its directors, officers, and employees, and shall use its 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. GE Aerospace 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 its possession, custody, or control concerning any

investigation of the Covered Conduct that it has undertaken, or that has been performed by another on its 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 venue for any dispute relating to this Agreement is the United States District Court for the District of Massachusetts. 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 GE Aerospace'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: 11/6/23

BY: Lindsey Ross  
LINDSEY ROSS  
ALEXANDRA BRAZIER  
Assistant United States Attorneys  
United States Attorney's Office  
District of Massachusetts



GE AEROSPACE

DATED: 11/2/23

BY: 

JORGE PEREZ  
General Manager, Supply Chain Combustors and Structural  
Components Part Family  
GE Aerospace

DATED: 11/2/23

BY: 

MELISSA TEARNEY  
KRISTEN PERRIELLO  
Counsel for GE Aerospace