



U.S. Department of Justice

Criminal Division

December 21, 2011

Jay Holtmeier, Esq.
Thomas Koffer, Esq.
Wilmer Cutler Pickering Hale and Dorr LLP
399 Park Avenue
New York, New York 10022

Re: Lufthansa Technik AG

Dear Mr. Holtmeier:

On the understandings specified below, the United States Department of Justice, Criminal Division, Fraud Section (the "Department") will not criminally prosecute Lufthansa Technik AG ("Lufthansa Technik" or the "Company"), a corporation organized under the laws of Germany and headquartered in Germany, for any crimes (except for criminal tax violations, as to which the Department does not make any agreement) related to violations of the anti-bribery provisions of the Foreign Corrupt Practices Act ("FCPA"), Title 15, United States Code, Sections 78dd-2 and 78dd-3, arising from and related to the making of improper payments by directors, officers, employees, and agents of Lufthansa Technik's subsidiary, BizJet International Sales and Support, Inc. ("BizJet"), to foreign officials in order to secure contracts to perform aircraft maintenance, repair, and overhaul services for government agencies in Latin America, and any other conduct relating to payments by BizJet to secure contracts disclosed by the Company to the Department prior to the date on which this Agreement was signed. The Department enters into this Non-Prosecution Agreement based, in part, on the following factors: (a) Lufthansa Technik's timely, voluntary, and complete disclosure of the conduct; (b) Lufthansa Technik's extraordinary real-time cooperation with the Department; (c) Lufthansa Technik's remedial efforts already undertaken and to be undertaken, including enhancements to its compliance program as described in Appendix A (Corporate Compliance Program); and (d) Lufthansa Technik's agreement to provide annual, written reports to the Department on its progress and experience in monitoring and enhancing its compliance policies and procedures, as described in Attachment B (Corporate Compliance Reporting).

It is understood that Lufthansa Technik admits, accepts, and acknowledges responsibility for the conduct of its subsidiary set forth in the Statement of Facts contained in the Deferred Prosecution Agreement between the Department and BizJet (the "BizJet DPA"), and agrees not to make any public statement contradicting that Statement of Facts.

This Agreement does not provide any protection against prosecution for any crimes except as set forth above, and applies only to Lufthansa Technik and not to any other entities or

to any individuals. Lufthansa Technik expressly understands that the protections provided under this Agreement shall not apply to any acquirer or successor entity unless and until such acquirer or successor formally adopts and executes this Agreement.

This Agreement shall have a term of three (3) years from the date that this Agreement is executed, except as specifically provided in the following paragraph. It is understood that for the three-year term of this Agreement, Lufthansa Technik shall: (a) commit no U.S. crime; (b) truthfully and completely disclose non-privileged information with respect to the activities of Lufthansa Technik, its officers, directors, employees, and others concerning all matters about which the Department inquires of it, which information can be used for any purpose, except as otherwise limited in this Agreement; and (c) bring to the Department's attention all conduct by, or criminal investigations of, Lufthansa Technik, any of its employees, or Lufthansa Technik's subsidiaries incorporated, headquartered, or with offices in the United States (the "U.S. Subsidiaries") relating to U.S. crimes that come to the attention of Lufthansa Technik's senior management, as well as any administrative proceeding or civil action brought by any governmental authority that alleges fraud or corruption by or against Lufthansa Technik or any of its U.S. Subsidiaries.

Until the date upon which all investigations and any prosecution arising out of the conduct described in this Agreement are concluded, whether or not they are concluded within the term of this Agreement, Lufthansa Technik shall, subject to applicable laws or regulations: (a) cooperate fully with the Department, the Federal Bureau of Investigation, and any other law enforcement agency designated by the Department regarding matters arising out of the conduct covered by this Agreement; (b) assist the Department in any investigation or prosecution arising out of the conduct covered by this Agreement by providing logistical and technical support for any meeting, interview, grand jury proceeding, or any trial or other court proceeding; (c) use its best efforts promptly to secure the attendance and truthful statements or testimony of any officer, director, agent, or employee of Lufthansa Technik or BizJet at any meeting or interview or before the grand jury or at any trial or other court proceeding regarding matters arising out of the conduct covered by this Agreement; and (d) provide the Department, upon request, all non-privileged information, documents, records, or other tangible evidence regarding matters arising out of the conduct covered by this Agreement about which the Department or any designated law enforcement agency inquires.

It is understood that the Department will not seek any monetary penalty against Lufthansa Technik. It is understood that Lufthansa Technik will strengthen its compliance, bookkeeping, and internal control standards and procedures, as set forth in Appendix A. It is further understood that Lufthansa Technik will report to the Department periodically regarding remediation and implementation of the compliance program and internal controls, policies, and procedures, as described in Attachment B.

It is understood that, if the Department in its sole discretion determines that Lufthansa Technik has committed any U.S. crime after signing this Agreement, that Lufthansa Technik has deliberately given false, incomplete, or misleading testimony or information at any time, or Lufthansa Technik otherwise has violated any provision of this Agreement, Lufthansa Technik shall thereafter be subject to prosecution for any violation of federal law which the Department

has knowledge, including perjury and obstruction of justice. Any such prosecution that is not time-barred by the applicable statute of limitations on the date that this Agreement is executed may be commenced against Lufthansa Technik, notwithstanding the expiration of the statute of limitations during the term of this Agreement plus one year. Thus, by signing this agreement, Lufthansa Technik agrees that the statute of limitations with respect to any prosecution that is not time-barred as of the date this Agreement is executed shall be tolled for the term of this Agreement plus one year.

It is understood that, if the Department in its sole discretion determines that Lufthansa Technik has committed any U.S. crime after signing this Agreement, that Lufthansa Technik has given false, incomplete, or misleading testimony or information, or that Lufthansa Technik otherwise has violated any provision of this Agreement: (a) all statements made by Lufthansa Technik to the Department or other designated law enforcement agents, including the Statement of Facts contained in the BizJet DPA, and any testimony given by Lufthansa Technik before a grand jury or other tribunal, whether before or after the execution of this Agreement, and any leads from such statements or testimony, shall be admissible in evidence in any criminal proceeding brought against Lufthansa Technik; and (b) Lufthansa Technik shall assert no claim under the United States Constitution, any statute, Rule 410 of the Federal Rules of Evidence, or any other federal rule that such statements or any leads therefrom are inadmissible or should be suppressed. By signing this Agreement, Lufthansa Technik waives all rights in the foregoing respects.

In the event that the Department determines that Lufthansa Technik has breached this Agreement, the Department agrees to provide Lufthansa Technik with written notice of such breach prior to instituting any prosecution resulting from such breach. Lufthansa Technik shall, within thirty (30) days of receipt of such notice, have the opportunity to respond to the Department in writing to explain the nature and circumstances of such breach, as well as the actions Lufthansa Technik has taken to address and remediate the situation, which explanation the Department shall consider in determining whether to institute a prosecution.

It is further understood that this Agreement does not bind any federal, state, local, or foreign prosecuting authority other than the Department. The Department will, however, bring the cooperation of Lufthansa Technik to the attention of other prosecuting and investigative offices, if requested by Lufthansa Technik.

It is further understood that Lufthansa Technik and the Department may disclose this Agreement to the public.

With respect to this matter, from the date of execution of this Agreement forward, this Agreement supersedes all prior, if any, understandings, promises and/or conditions between the Department and Lufthansa Technik. No additional promises, agreements, or conditions have been entered into other than those set forth in this Agreement and none will be entered into unless in writing and signed by all parties.

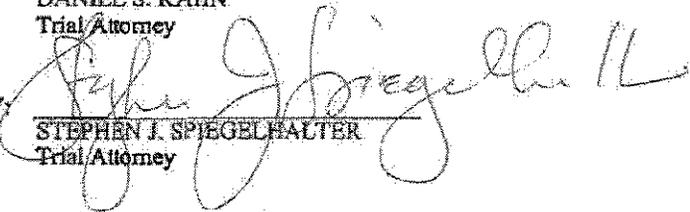
Sincerely,

DENIS J. McNERNEY
Chief, Fraud Section
Criminal Division
United States Department of Justice

Date: 12/21/11

BY: 
DANIEL S. KAHN
Trial Attorney

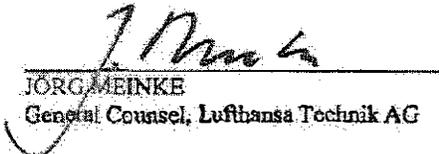
Date: 12/21/11

BY: 
STEPHEN J. SPIEGELHALTER
Trial Attorney

AGREED AND CONSENTED TO:

Lufthansa Technik AG

Date: 12-20-11

BY: 
JÖRG MEINKE
General Counsel, Lufthansa Technik AG

Date: 12/20/11

BY: 
JAY HOLTMEIER
Wilmer Cutler Pickering Hale and
Dorr LLP

APPENDIX A

CORPORATE COMPLIANCE PROGRAM

In order to address any deficiencies in its internal controls, policies, and procedures regarding compliance with the Foreign Corrupt Practices Act (“FCPA”), Title 15, United States Code, Sections 78dd-1, *et seq.*, and other applicable anti-corruption laws, Lufthansa Technik AG (“Lufthansa Technik” or the “company”) agrees to continue to conduct, in a manner consistent with all of its obligations under this Agreement, appropriate reviews of its existing internal controls, policies, and procedures and those of its subsidiaries.

Where necessary and appropriate, Lufthansa Technik agrees to adopt new or to modify existing internal controls, policies, and procedures in order to ensure that it and its subsidiaries maintain: (a) a system of internal accounting controls designed to ensure that Lufthansa Technik and its subsidiaries make and keep fair and accurate books, records, and accounts; and (b) a rigorous anti-corruption compliance code, standards, and procedures designed to detect and deter violations of the FCPA and other applicable anti-corruption laws. At a minimum, this should include, but not be limited to, the following elements to the extent they are not already part of the company’s existing internal controls, policies, and procedures:

1. Lufthansa Technik will develop and promulgate a clearly articulated and visible corporate policy against violations of the FCPA, including its anti-bribery, books and records, and internal controls provisions, and other applicable foreign law counterparts (collectively, the “anti-corruption laws,”), which policy shall be memorialized in a written compliance code.

2. Lufthansa Technik will ensure that its senior management provides strong, explicit, and visible support and commitment to its corporate policy against violations of the anti-corruption laws and its compliance code.

3. Lufthansa Technik will develop and promulgate compliance standards and procedures designed to reduce the prospect of violations of the anti-corruption laws and Lufthansa Technik’s compliance code, and Lufthansa Technik will take appropriate measures to encourage and support the observance of ethics and compliance standards and procedures against foreign bribery by personnel at all levels of the company. These anti-corruption standards and procedures shall apply to all directors, officers, employees, and subsidiaries and, where necessary and appropriate, outside parties acting on behalf of Lufthansa Technik in a foreign jurisdiction, including but not limited to, agents and intermediaries, consultants, representatives, distributors, teaming partners, contractors and suppliers, consortia, and joint venture partners (collectively, “agents and business partners”), to the extent that agents and business partners may be employed under Lufthansa Technik’s corporate policy. Lufthansa Technik shall notify all employees that compliance with the standards and procedures is the duty of individuals at all levels of the company. Such standards and procedures shall include policies governing:

- a. gifts;
- b. hospitality, entertainment, and expenses;
- c. customer travel;
- d. political contributions;
- e. charitable donations and sponsorships;
- f. facilitation payments; and
- g. solicitation and extortion.

4. Lufthansa Technik will develop these compliance standards and procedures, including internal controls, ethics, and compliance programs on the basis of a risk assessment addressing the individual circumstances of the company, in particular the foreign bribery risks facing the company, including, but not limited to, its geographical organization, interactions with various types and levels of government officials, industrial sectors of operation, involvement in joint venture arrangements, importance of licenses and permits in the company's operations, degree of governmental oversight and inspection, and volume and importance of goods and personnel clearing through customs and immigration.

5. Lufthansa Technik shall review its anti-corruption compliance standards and procedures, including internal controls, ethics, and compliance programs, no less than annually, and update them as appropriate, taking into account relevant developments in the field and evolving international and industry standards, and update and adapt them as necessary to ensure their continued effectiveness.

6. Lufthansa Technik will assign responsibility to one or more senior corporate executives of Lufthansa Technik for the implementation and oversight of Lufthansa Technik's anti-corruption policies, standards, and procedures. In addition to any other direct reporting required by the company, such corporate official(s) shall have direct reporting obligations to independent monitoring bodies, including internal audit, Lufthansa Technik's Board of Directors, or any appropriate committee of the Board of Directors, and shall have an adequate level of autonomy from management as well as sufficient resources and authority to maintain such autonomy.

7. Lufthansa Technik will ensure that it has a system of financial and accounting procedures, including a system of internal controls, reasonably designed to ensure the maintenance of fair and accurate books, records, and accounts to ensure that they cannot be used for the purpose of foreign bribery or concealing such bribery.

8. Lufthansa Technik will implement mechanisms designed to ensure that its anti-corruption policies, standards, and procedures are effectively communicated to all of its subsidiaries, directors, officers, employees and, where appropriate, agents and business partners. These mechanisms shall include: (a) periodic training for all directors, officers, and employees, and, where necessary and appropriate, agents and business partners; and (b) annual certifications by all such directors, officers, and employees, and, where necessary and appropriate, agents, and business partners, certifying compliance with the training requirements.

9. Lufthansa Technik will maintain, or where necessary establish, an effective system for:

a. Providing guidance and advice to its subsidiaries, directors, officers, employees, and, where appropriate, agents and business partners, on complying with Lufthansa Technik's anti-corruption compliance policies, standards, and procedures, including when they need advice on an urgent basis or in any foreign jurisdiction in which the company operates;

b. Internal and, where possible, confidential reporting by, and protection of, directors, officers, employees, and, where appropriate, agents and business partners, not willing to violate professional standards or ethics under instructions or pressure from hierarchical superiors, as well as for directors, officers, employees, and, where appropriate, agents and business partners, willing to report breaches of the law or professional standards or ethics concerning anti-corruption occurring within the company, suspected criminal conduct, and/or violations of the compliance policies, standards, and procedures regarding the anti-corruption laws for directors, officers, employees, and, where necessary and appropriate, agents and business partners; and

c. Responding to such requests and undertaking appropriate action in response to such reports.

10. Lufthansa Technik will institute appropriate disciplinary procedures to address, among other things, violations of the anti-corruption laws and Lufthansa Technik's anti-corruption compliance code, policies, and procedures by Lufthansa Technik's subsidiaries, directors, officers, and employees. Lufthansa Technik shall implement procedures to ensure that where misconduct is discovered, reasonable steps are taken to remedy the harm resulting from such misconduct, and to ensure that appropriate steps are taken to prevent further similar misconduct, including assessing the internal controls, ethics, and compliance program and making modifications necessary to ensure the program is effective.

11. To the extent that the use of agents and business partners is permitted at all by Lufthansa Technik, it will institute appropriate due diligence and compliance requirements pertaining to the retention and oversight of all agents and business partners by it and its subsidiaries, including:

a. Properly documented risk-based due diligence pertaining to the hiring and appropriate and regular oversight of agents and business partners;

b. Informing agents and business partners of Lufthansa Technik's commitment to abiding by laws on the prohibitions against foreign bribery, and of Lufthansa Technik's ethics and compliance standards and procedures and other measures for preventing and detecting such bribery; and

c. Seeking a reciprocal commitment from agents and business partners.

12. Where necessary and appropriate, Lufthansa Technik and its subsidiaries will include standard provisions in agreements, contracts, and renewals thereof with all agents and business partners that are reasonably calculated to prevent violations of the anti-corruption laws, which may, depending upon the circumstances, include: (a) anti-corruption representations and undertakings relating to compliance with the anti-corruption laws; (b) rights to conduct audits of the books and records of the agent or business partner to ensure compliance with the foregoing; and (c) rights to terminate an agent or business partner as a result of any breach of anti-corruption laws, and regulations or representations and undertakings related to such matters.

13. Lufthansa Technik will develop and implement policies and procedures for mergers and acquisitions requiring that Lufthansa Technik conduct appropriate risk-based due diligence on potential new business entities, including appropriate FCPA and anti-corruption due diligence by legal, accounting, and compliance personnel. If Lufthansa Technik discovers any corrupt payments or inadequate internal controls as part of its due diligence of newly acquired entities or entities merged with Lufthansa Technik, it shall report such conduct to the Department as required in Appendix B of this Agreement.

14. Lufthansa Technik will ensure that Lufthansa Technik's policies and procedures regarding the anti-corruption laws apply as quickly as is practicable to newly acquired businesses or entities merged with Lufthansa Technik and will promptly:

a. Train directors, officers, employees, agents, consultants, representatives, distributors, joint venture partners, and relevant employees thereof, who present corruption risk to Lufthansa Technik, on the anti-corruption laws and Lufthansa Technik's policies and procedures regarding anti-corruption laws.

b. Conduct an FCPA-specific audit of all newly acquired or merged businesses as quickly as practicable.

15. Lufthansa Technik will conduct periodic review and testing of its anti-corruption compliance code, standards, and procedures designed to evaluate and improve their effectiveness in preventing and detecting violations of anti-corruption laws and Lufthansa Technik's anti-corruption code, standards and procedures, taking into account relevant developments in the field and evolving international and industry standards.

APPENDIX B

CORPORATE COMPLIANCE REPORTING

1. Lufthansa Technik AG (“Lufthansa Technik”) agrees that it will report periodically, at no less than twelve-month intervals, in accordance with the schedule and scope described in Paragraph 3 below, during the three-year term of this Agreement, to the United States Department of Justice, Criminal Division, Fraud Section (the “Department”) regarding remediation and implementation of the compliance program and internal controls, policies, and procedures described in Appendix A.

2. Should Lufthansa Technik discover credible evidence, not already reported to the Department, that questionable or corrupt payments or questionable or corrupt transfers of property or interests may have been offered, promised, paid, or authorized by it or any of its subsidiaries incorporated, headquartered, or with offices in the United States (the “U.S. Subsidiaries”), or any entity or person working directly for it or its U.S. Subsidiaries, or that related false books and records have been maintained, Lufthansa Technik shall promptly report such conduct to the Department.

3. During the three-year term of this Agreement, Lufthansa Technik shall: (1) conduct an initial review and prepare an initial report, and (2) conduct and prepare two follow-up reviews and reports, as described below:

a. By no later than one (1) year from the date that this Agreement is executed, Lufthansa Technik shall submit to the Department a written report setting forth a complete description of its remediation efforts to date relating to it and its U.S. Subsidiaries, its proposals reasonably designed to improve it and its U.S. Subsidiaries’ internal controls, policies, and procedures for ensuring compliance with the FCPA and other applicable anticorruption laws, and the proposed scope of the subsequent reviews. The report shall be transmitted to Deputy Chief - FCPA Unit, Fraud Section, Criminal Division, U.S. Department of Justice, 1400 New York Avenue, NW, Bond Building, Fourth Floor, Washington, DC 20530. Lufthansa Technik may extend the time period for issuance of the report with prior written approval of the Department.

b. Lufthansa Technik shall undertake at least two (2) follow-up reviews, incorporating the Department’s views on Lufthansa Technik’s prior reviews and reports, to further monitor and assess whether Lufthansa Technik’s policies and procedures are reasonably designed to detect and prevent violations of the FCPA and other applicable anticorruption laws at it and its U.S. Subsidiaries.

c. The first follow-up review and report shall be completed by no later than one (1) year after the initial review. The second follow-up review and report shall be completed by no later than one (1) year after the completion of the preceding follow-up review.

d. Lufthansa Technik may extend the time period for submission of any of the follow-up reports with prior written approval of the Department.