

# News Release

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**Contacts:**

**Koch Industries**

Jay Rosser  
316-828-7462

**Bill Koch**

Brad Goldstein  
561-697-4300

## **FEDERAL JUDGE IN TULSA APPROVES SETTLEMENT IN QUI TAM CASE**

Koch Industries, Inc., and Bill Koch announced today that U.S. District Judge Terry Kern of Tulsa has given final approval to a settlement reached nearly seven months ago to end an oil measurement case initiated against the company as a qui tam action by Bill Koch in 1989.

"We reached the conclusion that a settlement now, putting an end to this whole matter, is in the best interests of Koch Industries, our employees, customers and the communities we serve," said Koch spokesman Jay Rosser. "We are pleased at the productive dialogue and the good faith efforts of all involved who have made this settlement possible."

Approval by Judge Kern follows U.S. Department of Justice review and approval of the settlement earlier this week. The parties have agreed not to disclose terms of the settlement.

Bill Koch, president of Oxbow Group, an energy company based in West Palm Beach, Florida, said he was pleased to resolve the lawsuit.

"I think it's in everyone's best interest to bring this case to a close," said Bill Koch's spokesman Brad Goldstein. "The taxpayers, the government and the parties who brought the suit all win. It's now time for everyone involved to move forward."

Bill Koch filed the litigation as a False Claims Act, using the federal Qui Tam statute that allows private citizens to initiate litigation on behalf of the government. In the case, heard before Judge Kern in late 1999, the plaintiffs alleged that Koch Oil, a Koch subsidiary, under-reported the amount and quality of oil purchased between 1985 and 1989 on federal and Indian leases.

During the trial, the company argued that it purchased hundreds of millions of barrels of crude oil, very little of which was from federal or Native American lands. The company argued that it was accurate to within fractions of a percent, which placed the accuracy rate well within all industry standards.

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The trial resulted in an adverse verdict for the company.

“During this litigation, we have been pleased by the tremendous show of support we have received in Oklahoma from those who know us best – the many customers and producers who have done business with us in that state for more than 50 years,” Rosser said. “They understand our commitment to deal fairly and honestly in the competitive world of the oil business.”

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