

Investor Relations

Fluor Daniel Fernald Settles Watt Case

CINCINNATI, Ohio, June 19, 1997 --Fluor Daniel Fernald said today that it has reached settlement in a lawsuit filed against the company by William Watt, a former employee. Watt had claimed damages of over \$300 million for alleged violations of the False Claims Act.

In the settlement, Fluor Daniel Fernald agreed to pay \$3.7 million for the alleged violations, \$1.7 million in attorney's fees, and \$3 million relating to Watt's separation from the company. Of the \$3.7 million, \$2.6 million will be paid to the government as required by law. Watt's claims against the company ranged from allegations concerning cost estimating methodology to assertions that Fluor Daniel Fernald sought government reimbursement for an employee pizza party.

"This finally brings an end to a very disturbing attack on the integrity of our operations," said John Bradburne, president of Fluor Daniel Fernald. "We have vigorously investigated these claims, found no wrong-doing and spent nearly \$2 million in our defense.

"In this process," said Bradburne, "we succeeded in defeating half the original claims and strongly believe those remaining have no merit."

Bradburne said the company elected to settle the remaining claims "because the suit was becoming far too costly to litigate and had become a distraction to the company's principal mission, namely the safe cleanup of the Fernald site."

Bradburne also cited adverse publicity about Fernald as another factor in the company's decision to settle the case. "Over the past 18 months," he said, "our operations have been the focal point of a number of newspaper articles, many of which can only be described as inflammatory and highly prejudicial.

"Pretrial publicity of this kind," he added, "does not allow for a balanced process."

Bradburne pointed out that the Justice Department had early on elected not to intervene in the case, a move he characterized as an indication that the Department considered Watt's charges were without merit. "The recent GAO audit," he said, "exonerated the company on a number of Watt's allegations, particularly those related to cost estimating."

The company said that the settlement will have no adverse financial impact and will be shared by its teaming partners.