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COURT AWARDS US VICTIMS MORE THAN \$6 BILLION FOR 1989 LIBYAN TERRORIST BOMBING OF FRENCH AIRLINER THAT KILLED 170 PEOPLE OVER AFRICAN DESERT

Washington, D.C. – January 15, 2008: A federal judge has ordered the Government of Libya and six of its officials to pay a total of approximately \$6 billion in damages arising from the mid-air suitcase bombing of a French-operated UTA Flight 772, DC-10 wide-body jet. The 1989 attack killed 170 people from Europe, Africa and the United States and was one of the deadliest terrorist events in commercial aviation history before September 11, 2001. It came only nine months after a similar suitcase bombing of Pan Am Flight 103 over Lockerbie, Scotland, which killed 270 people.

The case stems from the September 19, 1989 bombing of UTA Flight 772, which was flying from N'djamena, Chad to Paris, France when a suitcase bomb exploded in the cargo hold at an altitude of 35,000 feet. The aircraft crashed into the Tenere Desert in northeastern Niger, killing all 170 passengers and crew, including seven Americans. Represented by the Washington law firm Crowell & Moring LLP, the families of the Americans brought suit in federal court, along with the U.S. firm that owned the aircraft, pursuant to a 1996 law that stripped terrorist states such as Libya of their immunity from suit. Among the seven Americans killed on the flight was Bonnie Pugh, the wife of then U.S. Ambassador to Chad, Robert Pugh.

Stuart H. Newberger, the lead lawyer for the victim families and a senior partner at Crowell & Moring, said, "This award proves that the rule of law will always prevail over state-sponsored terrorism. At the end of the day, all 170 victims of UTA Flight 772 will be remembered and honored by this decision. Indeed, it is because of rulings like this that Libya has rejected terrorism and re-joined the civilized nations of the world."

Background

Shortly after the UTA 772 tragedy, the Libyan regime, under the leadership of its leader Colonel Muammar Qaddafi, came under suspicion as the bombing occurred so soon after the Lockerbie tragedy. Following several years of intense and detailed investigation, leading French terrorism investigator Magistrate Judge Jean-Louis Bruguiere, with the assistance of the FBI and other law enforcement agencies, issued a detailed report concluding that Libya was directly responsible for the bombing.

Subsequently, in 1999, a French criminal court convicted *in absentia* six Libyan officials for their direct role in the UTA 772 bombing. The six convicted officials remain in Libya, which has refused to extradite them to France.

Over the last few years, Libya has voluntarily paid several hundred million dollars in damages to the European and African victims of the UTA 772 bombing, mostly through the Qaddafi Charitable Foundation, which is headed by Saif Qaddafi, the leader's Western-educated son. It also paid almost \$2 billion to settle the Pan Am 103/Lockertie case, a move which helped Libya's efforts to end United Nations sanctions of the country. The UTA 772 case decided today in Washington was brought separately from the French proceedings and settlements because the U.S. victims have the right to sue state sponsors of terrorism as well as government officials – a right which the European and African victims do not have.

Court Order

The court order issued today was the result of a case first filed in the Washington, D.C. federal court in 2002. In April of last year, after several years of legal delays by Libya, U.S. District Judge Henry H. Kennedy ruled that Libya was directly responsible for the UTA 772 bombing, basing his decision on detailed and mostly undisputed evidence from both the French criminal case as well as information provided by the U.S. Department of State. The U.S. Government has supported the U.S. victims in the case and through quiet diplomatic efforts with the Libyan Government.

In August of last year, Judge Kennedy conducted a three-day trial to determine the amount of damages Libya and its officials must pay the families and the owner of the aircraft. Significantly, this is the first case ever decided in which the terrorist state appeared in court and had attorneys defend the case through final judgment. Libya's decision to appear in court and defend the case was based in part on its well-publicized abandonment of terrorism and nuclear weapon development, as well its desire to engage the United States and the European Union on political and commercial levels. It was on that basis that President Bush removed Libya from the "state sponsor of terrorism list" in 2006 and restored diplomatic relations for the first time in decades, a decision which followed earlier actions to lift United Nations' sanctions and other commercial restrictions on the Qaddafi regime.

The rapid improvement in U.S.- Libya relations was demonstrated just this month when Libyan Foreign Minister Abdel Rahman Mohammed Shalgam became the first high-ranking Libyan official to visit Washington in over 36 years. In addition to meetings with Secretary of State Condoleezza Rice, Shalgam met with a number of CEOs from some of the largest U.S. companies doing business with Libya. Commerce between U.S. companies and Libya amounted to several billion dollars just last year, an amount that is likely to increase greatly. As the direct result of the president's lifting of economic sanctions, most major U.S. oil companies are now paying billions of dollars in fees and royalties directly to the Libyan Government for oil and gas concessions, and Libya itself is spending hundreds of millions of dollars in the U.S. for equipment, materials, and services.

John Metzger, a member of the law firm McDonald Hopkins and counsel for Interlease, Inc., the American firm that owned the DC-10 aircraft, said, "The day of accountability for Libya has been a long time coming. We are grateful that the court has determined that Libya committed this terrorist act. While nothing will bring back these loved ones, this decision makes clear that terrorism is not only abhorrent, but hits the terrorist state where it hurts--in their pocketbook."

Libya has not announced whether it will appeal the court order, but will have until February 25 in which to make that decision. It has already acknowledged to President Bush that it will honor U.S. court judgments as part of the new relationship with the United States. In the absence of a settlement of the judgment, the growing commerce between Libya and these U.S. companies will be subject to compulsory court attachment to satisfy the award.

To read a copy of the U.S. District Court decision, visit the full release at

<http://www.crowell.com/UTAFlight772>.