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For Immediate Release

Locke Lord's Joseph Kosky Counsels Iraqi Government in Unprecedented Settlement of 22-Year Dispute with Kuwait

(LONDON) December 19, 2012 – The Governments of Iraq and Kuwait have concluded an historic settlement in a bitterly contested dispute that spans more than two decades arising out of events that occurred following the annexation of Kuwait by Iraq in August 1990. The dispute is the subject of the longest running action in the history of the English Commercial Court.

Joseph Kosky, a Business Litigation & Dispute Resolution Partner with Locke Lord's London office, who has handled a number of complex cross border disputes, represented the State of Iraq, three Iraqi Ministries, two state-owned Iraqi banks and the state-owned Iraqi airline in the dispute.

Various rulings in the marathon case have become leading authorities on aspects of English law and the case is probably one of the most notable and important cases ever to come before an English Court.

The legal proceedings began in early 1991 when Kuwait Airways Corporation (KAC) sued the Republic of Iraq and the state-owned Iraqi airline, Iraqi Airways Company. (IAC), seeking approximately \$1.8 billion in damages for the loss of 10 aircraft and related inventory in the days following the invasion and annexation of Kuwait by the Saddam Hussein regime. The State of Iraq, represented by Kosky, was initially successful in resisting those claims on the grounds of invalid service. IAC contested the allegations that it was responsible for the losses. Of the 10 KAC aircraft flown out of Iraq by IAC pilots, six were flown to Iran for safe keeping immediately prior to the commencement of the first Gulf War and four were destroyed in coalition air raids on Mosul airport in northern Iraq. The six aircraft flown to Iran ultimately were returned to KAC under the auspices of the UN as was much of the KAC inventory.

Under the terms of settlement, IAC is to pay KAC \$500 million, which represents approximately one-third of the sums that KAC was seeking.

The case went up to the English Supreme Court (House of Lords) on a number of occasions and the litigation expanded to no fewer than five related actions in England as well as spawning satellite litigation in Canada, Jordan, Italy, France, Netherlands, Germany, Sweden and Greece.

Two years ago, when the IAC made its first flight to London in 20 years as part of a limited resumption of flights to Europe, a worldwide Freezing Order was made against IAC and its Director General's passport was confiscated preventing him from leaving the jurisdiction until IAC complied with various provisions of the Order, leading IAC to shut down the airline. Kosky successfully obtained the airline executive's release to return to Iraq.

In the latest stages of the litigation, KAC sought to obtain orders in England that the State of Iraq, three Iraqi Ministries and two Iraqi State owned banks were liable for the amounts awarded against IAC. Kosky also acted for all these entities.

In Canada, KAC sought to enforce court orders by taking possession of new civilian aircraft purchased by the Iraqi State from Bombardier. Kosky coordinated action with the Canadian lawyers acting for the Iraqi State and IAC (Heenan Blaikie).

"This dispute is part of the history of the region. It has blighted relations between two Middle Eastern Countries that share a 120-mile border for two decades," Kosky said. "This settlement is truly an historic moment. I hope that it will mark a turning point in relations between two neighbouring states which have, for many years, been at odds with one another."

Kosky highly praised the hard work and dedication of Hanan Nassef, the Head of the Legal Department of the Iraqi Ministry of Justice and Dr. Fadel Kadhumi, the Head of The Legal Consultation Bureau in Iraq and their colleagues, as well as his own team in London, and in particular:

Stephen Nathan QC - Blackstone Chambers

Paul Sinclair - Fountain Court Chambers

Reem Ayad - Associate at Locke Lord LLP

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