

SETTLEMENT AGREEMENT

This Settlement Agreement (Agreement) is entered into among the United States of America, acting through the United States Department of Justice and on behalf of the United States Department of Energy (collectively the United States) and Consolidated Nuclear Security, LLC (hereafter collectively referred to as the Parties), through their authorized representatives.

RECITALS

A. Consolidated Nuclear Security, LLC (CNS) is a Delaware limited liability corporation, with its principal place of business in Tennessee. Since July 1, 2014, CNS has managed and operated the Pantex Plant near Amarillo, Texas under Contract DE-NA0001942 with the U.S. Department of Energy (DOE), National Nuclear Security Administration (NNSA) (the CNS Contract).

B. The United States contends that it has certain civil claims against CNS arising from CNS's submissions of claims for payment to the United States for hours purportedly worked by and recorded on the timesheets of CNS's production technicians at the Pantex Plant, but not in fact worked, during the period from July 1, 2014 through June 30, 2020. That conduct is referred to below as the Covered Conduct.

C. CNS recognizes that DOE/NNSA should be reimbursed for the costs associated with the unworked hours that were falsely recorded by production technicians on the production technicians' timesheets—for these reasons, CNS self-disclosed the conduct, took action against personnel engaged in the misconduct, and has cooperated with the resulting investigation. However, with respect to the possibility of False Claims

Act liability arising from these matters, this Agreement is neither an admission of liability by CNS nor a concession by the United States that its claims are not well founded.

D. CNS disclosed to the government that it believed there to be credible evidence that certain production technicians at the Pantex Plant had fraudulently recorded on their timesheets hours that they did not work. CNS cooperated with the government's investigation and undertook remedial measures, including the termination of employees. As a result, CNS has been credited in this settlement under the Department of Justice's guidelines for taking disclosure, cooperation, and remediation into account in False Claims Act cases, Justice Manual § 4-4.112.

To avoid the delay, uncertainty, inconvenience, and expense of protracted litigation of the above claims, and in consideration of the mutual promises and obligations of this Agreement, the Parties agree and covenant as follows:

TERMS AND CONDITIONS

1. CNS shall pay to the United States \$18,400,000.00 (Settlement Amount), of which \$16,559,966.13 is restitution, by electronic funds transfer pursuant to written instructions to be provided by the Office of the United States Attorney for the Northern District of Texas no later than 14 days after the Effective Date of this Agreement.

2. Subject to the exceptions in Paragraph 3 (concerning reserved claims) below, and conditioned upon the United States' receipt of the Settlement Amount, the United States releases CNS, together with its current and former member organizations and/or parent corporations; direct and indirect subsidiaries; brother or sister corporations; divisions; current or former member organizations and/or corporate owners; and the corporate successors and assigns of any of them, from any civil or administrative

monetary claim the United States has for the Covered Conduct under the False Claims Act, 31 U.S.C. §§ 3729–3733; the Program Fraud Civil Remedies Act, 31 U.S.C. §§ 3801–3812; the Contract Disputes Act, 41 U.S.C. §§ 7101–7109; or the common law theories of breach of contract, payment by mistake, unjust enrichment, and fraud.

3. Notwithstanding the release given in Paragraph 2 of this Agreement, or any other term of this Agreement, the following claims and rights of the United States are specifically reserved and are not released:

- a. Any liability arising under Title 26, U.S. Code (Internal Revenue Code);
- b. Any criminal liability;
- c. Except as explicitly stated in this Agreement, any administrative liability or enforcement right, or any administrative remedy, including the suspension and debarment rights of any federal agency;
- d. Any liability to the United States (or its agencies) for any conduct other than the Covered Conduct;
- e. Any liability based upon obligations created by this Agreement;
- f. Any liability of individuals;
- g. Any liability for express or implied warranty claims or other claims for defective or deficient products or services, including quality of goods and services;
- h. Any liability for personal injury or property damage or for other consequential damages arising from the Covered Conduct.

4. CNS waives and shall not assert any defenses CNS may have to any criminal prosecution or administrative action relating to the Covered Conduct that may be based in whole or in part on a contention that, under the Double Jeopardy Clause in the Fifth Amendment of the Constitution, or under the Excessive Fines Clause in the Eighth Amendment of the Constitution, this Agreement bars a remedy sought in such criminal prosecution or administrative action.

5. CNS fully and finally releases the United States, its agencies, officers, agents, employees, and servants, from any claims (including attorneys' fees, costs, and expenses of every kind and however denominated) that CNS has asserted, could have asserted, or may assert in the future against the United States, its agencies, officers, agents, employees, and servants, related to the Covered Conduct and the United States' investigation and prosecution thereof.

6. a. Unallowable Costs Defined: All costs (as defined in the Federal Acquisition Regulation, 48 C.F.R. § 31.205-47) incurred by or on behalf of CNS, and its present or former officers, directors, employees, shareholders, and agents in connection with:

- (1) the matters covered by this Agreement;
- (2) the United States' audit(s) and civil investigation(s) of the matters covered by this Agreement;
- (3) CNS's investigation, defense, and corrective actions undertaken in response to the United States' audit(s) and civil and any criminal investigation(s) in connection with

the matters covered by this Agreement (including attorneys' fees);

- (4) the negotiation and performance of this Agreement;
- (5) the payment CNS makes to the United States pursuant to this Agreement,

are unallowable costs for government contracting purposes (hereinafter referred to as Unallowable Costs).

b. Future Treatment of Unallowable Costs: Unallowable Costs will be separately determined and accounted for by CNS, and CNS shall not charge such Unallowable Costs directly or indirectly to any contract with the United States.

c. Treatment of Unallowable Costs Previously Submitted for Payment: Within 90 days of the Effective Date of this Agreement, CNS shall identify and repay by adjustment to future claims for payment or otherwise any Unallowable Costs included in payments previously sought by CNS or any of its subsidiaries or affiliates from the United States. CNS agrees that the United States, at a minimum, shall be entitled to recoup from CNS any overpayment plus applicable interest and penalties as a result of the inclusion of such Unallowable Costs on previously-submitted requests for payment. The United States, including the Department of Justice and/or the affected agencies, reserves its rights to audit, examine, or re-examine CNS's books and records and to disagree with any calculations submitted by CNS or any of its subsidiaries or affiliates regarding any Unallowable Costs included in payments previously sought by CNS, or the effect of any such Unallowable Costs on the amount of such payments.

7. CNS agrees to cooperate fully and truthfully with the United States' investigation of individuals and entities not released in this Agreement. Upon reasonable notice, CNS shall encourage, and agrees not to impair, the cooperation of its directors, officers, and employees, and shall use its best efforts to make available, and encourage, the cooperation of former directors, officers, and employees for interviews and testimony, consistent with the rights and privileges of such individuals. CNS further agrees to furnish to the United States, upon request, complete and unredacted copies of all non-privileged documents, reports, memoranda of interviews, and records in its possession, custody, or control concerning any investigation of the Covered Conduct that it has undertaken, or that has been performed by another on its behalf.

8. This Agreement is intended to be for the benefit of the Parties and the releasees identified in Paragraphs 2 and 5 only.

9. Each Party shall bear its own legal and other costs incurred in connection with this matter, including the preparation and performance of this Agreement.

10. Each Party and signatory to this Agreement represents that it freely and voluntarily enters into this Agreement without any degree of duress or compulsion.

11. This Agreement is governed by the laws of the United States. The exclusive venue for any dispute relating to this Agreement is the United States District Court for the Northern District of Texas. For purposes of construing this Agreement, this Agreement shall be deemed to have been drafted by all Parties to this Agreement and shall not, therefore, be construed against any Party for that reason in any subsequent dispute.

12. This Agreement constitutes the complete agreement between the Parties.
This Agreement may not be amended except by written consent of the Parties.

13. The undersigned counsel represent and warrant that they are fully authorized to execute this Agreement on behalf of the persons and entities indicated below.

14. This Agreement may be executed in counterparts, each of which constitutes an original and all of which constitute one and the same Agreement.

15. This Agreement is binding on CNS's successors, transferees, heirs, and assigns.

16. All Parties consent to the United States' disclosure of this Agreement, and information about this Agreement, to the public.

17. This Agreement is effective on the date of signature of the last signatory to the Agreement (Effective Date of this Agreement). Facsimiles of signatures shall constitute acceptable, binding signatures for purposes of this Agreement.

THE UNITED STATES OF AMERICA

DATED: _____

BY: _____

Don Williamson
Trial Attorney
Commercial Litigation Branch
Civil Division
United States Department of Justice

DATED: _____

BY: _____

Kenneth G. Coffin
Brian W. Stoltz
Assistant United States Attorneys
Northern District of Texas

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CONSOLIDATED NUCLEAR SECURITY, LLC

DATED: _____


BY: _____

Richard Tighe Digitally signed by Richard Tighe
Date: 2024.04.18 22:45:48 -04'00'

Richard J. Tighe
President and Chief Executive Officer
Consolidated Nuclear Security, LLC

DATED: _____

BY: _____

DocuSigned by:

Richard B. Roper
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Counsel for Consolidated Nuclear Security, LLC

THE UNITED STATES OF AMERICA

DATED: 04/22/2024

BY: Don Williamson
Don Williamson
Trial Attorney
Commercial Litigation Branch
Civil Division
United States Department of Justice

DATED: 4-22-2024

BY: Brian W. Stoltz
Kenneth G. Coffin
Brian W. Stoltz
Assistant United States Attorneys
Northern District of Texas

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CONSOLIDATED NUCLEAR SECURITY, LLC

DATED: _____ BY: _____

Richard J. Tighe
President and Chief Executive Officer
Consolidated Nuclear Security, LLC

DATED: _____ BY: _____

Richard Roper
Counsel for Consolidated Nuclear Security, LLC