FALSE CLAIMS ACT

SETTLEMENT AGREEMENT

I. PARTIES

This Settlement Agreement is entered into among (a) Fluor Daniel, Inc. and Fluor Daniel Fernald, Inc. (formerly known and named in the caption as Fernald Environmental Restoration Management Corporation or FERMCO) (collectively "Defendants"); (b) William T. Watt ("Watt" or "Relator"), as relator on behalf of himself; and (c) the United States of America ("United States").

II. RECITALS

As a preamble to this Settlement Agreement, the parties agree to the following recital of facts:

1. Fluor Daniel, Inc., is a Californian corporation, with its principal place of business in Irvine, California. Fluor Daniel Fernald, Inc. is a California corporation with its principal place of business in Cincinnati, Ohio. Fluor Daniel Fernald, Inc. is a subsidiary of Fluor Daniel, Inc.

2. In August 1992, Fluor Daniel Fernald, Inc. entered into Prime Contract No. DE-AC24-92OR21972 with the Department of Energy to perform services relating to the environmental remediation and management of the former uranium processing facility at Fernald.

3. William T. Watt was an employee of Fluor Daniel Fernald, Inc. (then FERMCO).

5. In the Action, Watt alleged that Defendants submitted false claims in connection with work at the Fernald site.

6. The United States declined to intervene in the Action.

7. Defendants deny all of the allegations in the Action.

8. Recognizing the risks and costs of continuing litigation, the parties desire to reach an agreement that would settle, compromise and fully resolve this Action, and to release claims pursuant to the terms below.

III. TERMS OF AGREEMENT

NOW THEREFORE, the parties, intending to be legally bound hereby, agree and stipulate to compromise this matter in the following manner.

A. Payment to Government: Defendants will pay to the Treasurer of the United States the sum of $2,627,000 in (1) lump sum payment in exchange for the dismissal of the Action with prejudice, and such additional releases as contained herein. Payment of the foregoing sum will be made by electronic funds transfer in accordance with written instructions provided by the Civil Division of the United States Department of Justice (such instructions to be given no later than 7 days before payment is due) not later than thirty (30) days from the date of entry of Stipulation And Order Of Dismissal referenced in Paragraph F.
below. This $2,627,000 sum does not include the amount that will be awarded to the Relator pursuant to 31 U.S.C. § 3730. The United States and the Relator have agreed that of the total False Claims Act settlement payment of $3.7 million, the Relator's share pursuant to 31 U.S.C. § 3730(d) is 29% or $1,073,000. Defendants do not object to, and take no position on, the determination regarding the Relator's share.

B. Payment to Relator: Defendants will pay to William T. Watt, care of Phyllis E. Brown of Copeland & Brown, the sum of $2,773,000 which includes $1,073,000 as Relator's share and $1,700,000 for attorneys' fees, costs and expenses pursuant to 31 U.S.C. § 3730(d). The $2,773,000 will be in one (1) lump sum payment, by wire transfer or as otherwise specified by Phyllis E. Brown (such instructions to be given no later than 5 days before payment is due), to the Copeland & Brown IOLTA Account, no later than thirty (30) days after the date of entry of the Stipulation And Order Of Dismissal with Prejudice referenced in paragraph F below.

C. Release of Claims of the United States: In consideration of the obligations of Defendants in this agreement, the United States and Relator shall have no further civil monetary claim or cause of action against, and hereby fully release and discharge, Defendants, one of their teaming partners under Prime Contract No. DE-AC24-92OR21972 (Jacobs Engineering Group Inc.) and their current or former parents, subsidiaries, and affiliates, and their officers, directors, employees, shareholders, attorneys and agents (collectively "Fluor Daniel Releasees") from any and all civil monetary claims and causes of action under the False Claims Act, 31 U.S.C. § 3729 et seq., the Contract Disputes Act, 41 U.S.C. § 601 et seq., the Truth In Negotiations Act, and/or the common law doctrines of breach of contract, fraud.
misrepresentation, payment by mistake or unjust enrichment for civil damages or civil penalties for conduct specifically alleged in any of the complaints (original, First, Second, and Third Amended) filed in the Action. The release contained in this Settlement Agreement shall not release, settle, or affect any claims that the United States has or may have arising under the Internal Revenue Code, Title 26, United States Code; and the release contained in this Settlement Agreement shall not release, settle, or affect any suspension or debarment action; and the release contained in this Settlement Agreement shall not release, settle, or affect any claims for personal injury or property damage or for other consequential damages arising from the Defendants' performance of its contract with the Department of Energy recited in paragraph 2 of this Settlement Agreement. The release contained in this Settlement Agreement does not extend to any person or entity other than the Fluor Daniel Releasees identified in this paragraph, and the United States does not release, and specifically reserves all of its claims against, the other teaming partners under Prime Contract No. DE-AC24-92OR21972, Haliburton NUS and Nuclear Fuel Services, Inc.

D. Release of Relator's Claims: In consideration of the obligations of Defendants set forth in this Agreement, in addition to the claims released in Paragraph C above, Relator (on his own behalf and on behalf of every other person acting by, through or in conjunction or cooperation with him in connection with any aspect of the Action) hereby releases and forever discharges the Fluor Daniel Releasees from any and all claims for attorneys' fees or expenses incurred in connection with the Action. Relator agrees that he: 1) considers this settlement agreement to be fair, adequate, and reasonable under all the circumstances, 2) accepts the sum of $1.7 million for attorneys' fees, costs, and expenses in full and complete satisfaction of all
claims for attorneys' fees, costs, and expenses related to the Action under 31 U.S.C. § 3730(d) and 3) accepts the 29% share or $1,073,000 under 31 U.S.C. § 3730(d) as full and complete satisfaction of his share of the proceeds of the qui tam claims in the Action. Should the District Court award Relator a lesser share than the 29% agreed to by Relator and the United States, Relator expressly acknowledges that he has no claim, and hereby waives any claim, against Defendants for the difference between the 29% and what he was awarded, and upon the Relator's receipt of such payment pursuant to 31 U.S.C. § 3730(d), Relator hereby releases the United States, its officers, agents and employees from any liability arising from the filing of the complaints, including any claim for a share of the proceeds pursuant to 31 U.S.C. § 3730(d), and any claim in connection with this settlement or any related proceedings.

E. Release of Defendants' Claims: In consideration of the obligations of Relator set forth in this Agreement, Defendants (on their own behalf and on behalf of every other person acting by, through or in conjunction or cooperation with them in connection with any aspect of the Action) hereby release and forever discharge Relator and his agents from any and all "Claims." The term "Claims" used in this release encompasses all claims, charges, causes of action, damages, attorneys' fees, costs, expenses and liabilities relating in any way to the Action.

F. Dismissal of Action: Upon execution of this Agreement, the parties shall execute and file with the Court a Stipulation And Order Of Dismissal dismissing the Action with prejudice in the form attached as Exhibit A hereto. The parties shall jointly request that the Court dismiss the Action with prejudice pursuant to the terms of the Stipulation and this
Agreement. The United States District Court, Southern District of Ohio, retains jurisdiction over the parties to this Agreement to enforce the terms of this Settlement Agreement.

G. Court Approval: This agreement is contingent upon final approval by the District Court. No payment hereunder shall be required until such approval is final. Relator and Defendants agree to take whatever reasonable steps are required to defend this Agreement and the dismissal of the Action against any challenge, both sides to bear their own costs and expenses in connection with such defense. In the event this Settlement Agreement is not approved by the Court (or if such approval is reversed on appeal), the Agreement shall be deemed void ab initio.

H. No Press Conferences: The Relator, the Defendants, and/or their counsel shall not hold any press conferences at which the fact of the settlement, the terms of this Settlement Agreement or the subject matter of the Action are discussed. This provision does not apply to the United States.

I. Unallowability of Costs: It is agreed that all costs (as defined in the Federal Acquisition Regulations ("FAR") 31.205-47) incurred by or on behalf of the Fluor Daniel Releasees in connection with (a) the government's audit and investigations of the subject matter of this Settlement Agreement; (b) the Fluor Daniel Releasees' investigation, defense of the subject matter of this Settlement Agreement, and corrective actions resulting therefrom; (c) the negotiation of this Settlement Agreement; and (d) the payments made and credited pursuant to this Settlement Agreement shall all be unallowable costs for Government contract accounting purposes. These amounts shall be separately accounted for by the Fluor Daniel Releasees. The Fluor Daniel Releasees agree that they will not seek reimbursement of these
amounts directly or indirectly under any of their government contracts. The parties to this Settlement Agreement agree that all costs incurred by the Fluor Daniel Releasees and by the other teaming partners under Prime Contract No. DE-AC24-92OR21972, Haliburton NUS and Nucler Fuel Services, Inc., in the settlement of the claims released under this Settlement Agreement and in settlement of the related matters, including specifically the related claims arising from the employment of William T. Watt, Michael E. Bodine, and Petar Lekich, shall not be allowable costs for government contracting purposes and shall not be allocable either directly or indirectly to any contract with any agency or department of the United States.

J. Authority to Execute Agreement: Any individual executing this Settlement Agreement on behalf of Defendants, the Relator, or the United States represents that he/she has been duly authorized to execute this agreement on behalf of Defendants, the Relator, or the United States, as the case may be.

K. Signed in Counterparts: The parties may sign this agreement in counterparts, and the separately signed agreements shall be combined and deemed a single original agreement.

L. Binding on heirs, assigns, etc.: The provisions of this Settlement Agreement shall be binding upon the parties to this Agreement and their spouses, heirs, successors, and assigns.

M. Effective Date: The effective date of this Settlement Agreement is the date when the Settlement Agreement is executed by all of parties or their representatives.

N. No Admission: Nothing in this Agreement will constitute an admission by any party with respect to any issue of fact or law arising in the Action.
O. **Sole Remedy for Default:** It is agreed that in the event of a default by any party to this Settlement Agreement, the sole and exclusive remedy for the parties to this Agreement will be a motion or suit for implementing and enforcing this Settlement Agreement.

P. **No Other Actions or Assignments of Claims:** Relator represents and covenants that he is not a plaintiff or **qui tam** relator in any pending or contemplated action or claim against any of the Fluor Daniel Releasees, other than the Action. Relator represents and covenants: 1) that he has not assigned to any person or entity any claim against any of the Fluor Daniel Releasees (or any right to recover based on any cause of action or recovery that any other person or entity might have against any of the Fluor Daniel Releasees), 2) that Relator is not aware of any pending **False Claims Act** suits against the Fluor Daniel Releasees other than this Action, 3) that Relator has not advised or assisted anyone else to bring a lawsuit or claim against any of the Fluor Daniel Releasees in the future in connection with any alleged acts or omissions by or at any of the Fluor Daniel Releasees, and 4) that Relator will not use any information obtained in connection with the claims asserted in the Action, to bring, or to assist any other person or entity (other than the United States in its own right) to bring, any lawsuit against any of the Fluor Daniel Releasees, except in response to subpoena or other valid legal process or lawful request of an official of the United States. The representations and covenants set forth in this Paragraph are important material inducements to Defendants entering into this Agreement.