

SETTLEMENT AGREEMENT

This Settlement Agreement (the “Agreement”) is entered into among the United States of America, acting through the United States Department of Justice and on behalf of the Department of Justice (“DOJ”), the Department of Homeland Security (“DHS”), and the Federal Emergency Management Agency (“FEMA”) (collectively the “United States”), Science Applications International Corporation (“SAIC”), and Relator, Richard Priem (hereafter collectively referred to as "the Parties"), through their authorized representatives.

RECITALS

A. SAIC is a publicly traded corporation with headquarters in McLean, Virginia. Between 1999 and 2012, SAIC was a subcontractor to the New Mexico Institute of Mining and Technology (“NMT”) on certain federally-funded cooperative agreements, specifically 1998-TG-CX-0001, 2003-TG-TX-K001, 2006-GN-T6-K402, 2007-GN-T7-K004, 2008-GN-T8-K006, and 2009-NA-T9-K002 with DOJ, DHS, and/or FEMA to train first responder personnel in responding to terrorist attacks involving explosive devices. (hereinafter the “Cooperative Agreements”)

B. On February 16, 2012, Relator filed a *qui tam* action in the United States District Court for the District of New Mexico captioned *United States ex rel. Priem v. Science Applications International Corporation*, 1:12-cv-148 (D.N.M.) pursuant to the *qui tam* provisions of the False Claims Act, 31 U.S.C. § 3730(b) (the “Civil Action”). The Relator’s complaint alleged that SAIC violated the False Claims Act by submitting inflated cost proposals to NMT, DOJ, DHS, and FEMA for the Cooperative Agreements. The United States intervened in the Civil Action on April 15, 2013.

C. The United States contends that it has certain civil claims against SAIC for conduct on the Cooperative Agreements between May 1998 and February 2012 that caused the United States to fund and approve SAIC as a sole source subcontractor and for SAIC's submission of false cost proposals that caused the United States to approve inflated labor rates for the Cooperative Agreements. The United States contends that, because of the foregoing conduct, SAIC submitted and caused to be submitted false claims under the Cooperative Agreements between February 2002 and January 2012. The foregoing conduct in this paragraph is referred to below as the "Covered Conduct."

D. This Settlement Agreement is neither an admission of liability by SAIC nor a concession by the United States that its claims are not well founded.

E. Relator claims entitlement under 31 U.S.C. § 3730(d) to a share of the proceeds of this Agreement and to Relator's reasonable expenses, attorneys' fees and costs.

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. SAIC shall pay to the United States \$11,750,000 (the "Settlement Amount") by electronic funds transfer no later than fifteen days after the Effective Date of this Agreement pursuant to written instructions to be provided by the United States.

2. SAIC shall pay the sum of \$200,000 to Relator Priem's counsel, Phillips & Cohen LLP, no later than fifteen calendar days after the Effective Date of this Agreement, in payment of Relator's claim for expenses, attorneys' fees, and costs,

pursuant to 31 U.S.C. § 3730(d)(2). No later than four calendar days after the Effective Date of this Agreement, counsel for Relator shall provide counsel for SAIC with written instructions regarding the means of payment, along with all information necessary to accomplish such payment.

3. Subject to the exceptions in Paragraph 5 (concerning excluded claims) below, and conditioned upon SAIC's full payment of the Settlement Amount, the United States releases SAIC, together with its current and former sister and parent corporations; direct and indirect subsidiaries; divisions; assigns; businesses; affiliates; predecessors and successors in liability; and current and former owners, officers, directors, employees, agents, and shareholders 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; or the common law theories of breach of contract, payment by mistake, unjust enrichment, fraud, and conspiracy.

4. Conditioned upon SAIC's full payment of the Settlement Amount and the amount set forth in Paragraph 2, above, in payment of Relator's claims for expenses, attorneys' fees, and costs, Relator, for himself and for his heirs, successors, attorneys, agents, and assigns, releases SAIC, together with its current and former sister and parent corporations; direct and indirect subsidiaries; divisions; assigns; businesses; affiliates; predecessors and successors in liability; and current and former owners, officers, directors, employees, agents, and shareholders from any liability to the Relator arising from or related to the Cooperative Agreements, and from any liability to the Relator arising from or related to any and all transactions or occurrences that were the subject of

the Civil Action, including, but not limited to, any civil monetary claim the Relator has on behalf of the United States for the Covered Conduct under the False Claims Act, 31 U.S.C. §§ 3729-3733. Relator's release in this paragraph, however, does not constitute a release of SAIC for any liability based upon obligations created by this Agreement.

5. Notwithstanding the releases given in paragraph 3 of this Agreement, or any other term of this Agreement, the following claims 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 the Agreement, any administrative liability, 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 for express or implied warranty claims or other claims for defective or deficient products or services, including quality of goods and services;
- g. Any liability for failure to deliver goods or services due;
- h. Any liability for personal injury or property damage or for other consequential damages arising from the Covered Conduct; or

- i. Any liability of individuals (including current or former directors, officers, employees, agents, or shareholders of SAIC) who receive written notification that they are the target of a criminal investigation (as defined in the United States Attorneys' Manual), are indicted or charged, or who enter into a plea agreement, related to the Covered Conduct.

6. Relator and his heirs, successors, attorneys, agents, and assigns shall not object to this Agreement but agree and confirm that this Agreement is fair, adequate, and reasonable under all the circumstances, pursuant to 31 U.S.C. § 3730(c)(2)(B).

7. Relator, for himself, and for his heirs, successors, attorneys, agents, and assigns, fully and finally releases and discharges SAIC together with its predecessors, successors, assigns, businesses, affiliates, parent or sister corporations, direct and indirect subsidiaries, divisions, and current or former owners, officers, directors, employees, agents, and shareholders from any liability to Relator arising from the filing of the Civil Action, or under 31 U.S.C. § 3730(d) for expenses, attorney's fees, and costs.

8. SAIC waives and shall not assert any defenses SAIC 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. Nothing in this paragraph or any other provision of this Agreement constitutes an agreement by the United States concerning the

characterization of the Settlement Amount for purposes of the Internal Revenue laws, Title 26 of the United States Code.

9. SAIC releases the United States, its agencies, officers, agents, employees, and servants, from any claims (including attorney's fees, costs, and expenses of every kind and however denominated) that SAIC 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.

10. SAIC releases Relator, his heirs, successors, agents, and assigns from any liability to SAIC related to the Covered Conduct that could have been raised as a counter or cross-claim in the Civil Action, including any claims for costs, attorneys' fees, or expenses of any kind.

11. 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 SAIC, 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' audits and civil investigations of the matters covered by this Agreement;
- (3) SAIC's investigation, defense, and corrective actions undertaken in response to the United States' audits and civil investigations in connection with the matters covered by this Agreement (including attorney's fees);

- (4) the negotiation and performance of this Agreement;
- (5) the payment SAIC makes to the United States pursuant to this Agreement and any payments that SAIC may make to Relator, including costs and attorneys fees,

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 SAIC, and SAIC 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, SAIC shall identify and repay by adjustment to future claims for payment or otherwise any Unallowable Costs included in payments previously sought by SAIC or any of its subsidiaries or affiliates from the United States. SAIC agrees that the United States, at a minimum, shall be entitled to recoup from SAIC 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 SAIC's books and records and to disagree with any calculations submitted by SAIC or any of its subsidiaries or affiliates regarding any Unallowable Costs included in payments previously sought by SAIC, or the effect of any such Unallowable Costs on the amount of such payments.

12. This Agreement is intended to be for the benefit of the Parties only.

13. Upon receipt of the payment described in Paragraph 1, above, the United States and the Relator shall promptly sign and file in the Civil Action a Joint Stipulation of Dismissal of the Civil Action pursuant to Rule 41(a)(1). The dismissal shall be with prejudice as to the relator and with prejudice as to the United States to the extent of the Covered Conduct and otherwise without prejudice.

14. Except as otherwise provided herein, each Party shall bear its own legal and other costs incurred in connection with this matter, including the preparation and performance of this Agreement.

15. Each party and signatory to this Agreement represents that it freely and voluntarily enters in to this Agreement without any degree of duress or compulsion.

16. This Agreement is governed by the laws of the United States. The exclusive jurisdiction and venue for any dispute relating to this Agreement is the United States District Court for the District of New Mexico. 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.

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

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

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

20. This Agreement is binding on SAIC's successors, transferees, heirs, and assigns.

21. This Agreement is binding on Relator's successors, transferees, heirs, and assigns.

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

23. 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
Senior Trial Counsel
Daniel Hugo Fruchter
Trial Attorney
Commercial Litigation Branch
Civil Division
United States Department of Justice

DATED: _____

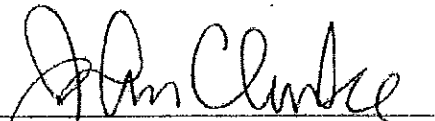
BY: _____

Howard Thomas
Assistant U.S. Attorney
District of New Mexico

SAIC

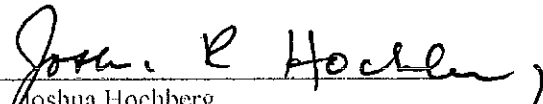
DATED: 5/31/13

BY: _____


John Clarke
Group General Counsel
SAIC


DATED: 5/31/13

BY: _____



Joshua Hochberg
McKenna, Long & Aldridge LLP
Counsel for SAIC

THE UNITED STATES OF AMERICA

DATED: 5-31-2012

BY: 
Don Williamson
Senior Trial Counsel
Daniel Hugo Fruchter
Trial Attorney
Commercial Litigation Branch
Civil Division
United States Department of Justice

DATED: 05-31-2013

BY: 
Howard Thomas
Assistant U.S. Attorney
District of New Mexico

SAIC

DATED: _____

BY: _____
John Clarke

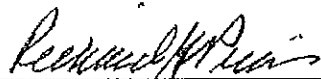
SAIC

DATED: _____

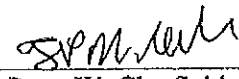
BY: _____
Joshua Hochberg
McKenna, Long & Aldridge LLP
Counsel for SAIC

RELATOR

DATED: 5-31-2013

BY: 
Relator Richard Priem

DATED: 5/31/13

BY: 
Peter W. Chatfield
Phillips & Cohen, LLP
Counsel for Relator Richard Priem