



U.S. Department of Justice

United States Attorney

Eastern District of Washington

300 United States Courthouse (509) 353-2767
Post Office Box 1494 Fax (509) 353-2766
Spokane, Washington 99210-1494

February 28, 2013

Cliff Stricklin
Brian Cave HRO
1700 Lincoln Street, Suite 4100
Denver, CO 80203-4541

Delivered via email

Re: CH2M Hill Hanford Group Inc. Non-Prosecution Agreement

Dear Mr. Stricklin:

This letter sets forth the Non-Prosecution Agreement (“Agreement”) between the United States Attorney’s Office for the Eastern District of Washington on behalf of the Department of Justice (“the USAO”), CH2M Hill Companies Ltd., (“CH2M”), and CH2M Hill Hanford Group Inc. (“CHG”) regarding CHG’s criminal liability based on the Agreed Statement of Facts attached as Attachment A hereto (“Agreed Statement of Facts”). CH2M is a Delaware corporation based in Colorado. CHG is a Delaware corporation and wholly owned subsidiary of another corporation, which is itself a wholly owned subsidiary of CH2M. CHG, while still an active corporation, is currently in contract closeout with the United States Department of Energy (“DOE”) regarding Contract No. DE-AC27-99RL14047 (“the Tank Farms Contract”). CH2M and CHG, by and through the undersigned, pursuant to the authority granted by CH2M’s and CHG’s respective Boards of Directors, enter into this Agreement with the USAO.

The USAO has notified CH2M and CHG that, based upon an investigation by the USAO, the United States Department of Energy Office of Inspector General

("OIG"), and the Federal Bureau of Investigation ("FBI"), in the USAO's view, CHG, acting through its officers, employees, and agents, has violated federal criminal law through its knowing participation in the scheme and conspiracy more fully described in the Agreed Statement of Facts. The scheme and conspiracy more fully described in the Agreed Statement of Facts is referred to herein as the Time Card Fraud Scheme and Conspiracy.

In exchange for a non-prosecution agreement from the USAO regarding CHG's criminal liability based on the facts stated in the Agreed Statement of Facts, CH2M and CHG have agreed to the following terms and conditions:

Conditional, Informal, Non-Prosecution for Criminal Liability

1. The USAO agrees not to prosecute CHG for any crimes committed by CHG based on the facts stated in the Agreed Statement of Facts, including but not limited to violations of 18 U.S.C. § 371, Conspiracy to Defraud the United States, 18 U.S.C. § 287, Submission of False Claims, 18 U.S.C. §1031, Major Fraud against the United States, 18 U.S.C. § 1343, Wire Fraud, 18 U.S.C. § 1519, Document Alteration, and violation of the Anti-Kickback Act 41 U.S.C. §§ 8701-8707. This Paragraph does not provide any protection against prosecution for illegal activities, if any, committed in the future by CHG or its subsidiaries, nor does it apply to any illegal conduct of CHG that may have occurred in the past which is not described in the Agreed Statement of Facts. In addition, this Paragraph does not provide any protection against criminal prosecution of any present or former director, officer, employee, agent or consultant of CHG or CH2M or any of their respective subsidiaries for any violations committed by them. This agreement is not immunity under 18 U.S.C. § 6001, *et seq.*

Breach of Agreement

2. If the USAO determines, in its sole discretion, that CH2M or CHG or any of their respective employees, officers or directors have failed to comply with or knowingly violated any provision of this Agreement; have provided deliberately false, incomplete, or misleading information under this Agreement; or have violated any federal criminal laws during the term of this Agreement, CH2M and CHG will be deemed to be in breach of this Agreement, and CHG shall, thereafter, be subject to prosecution for crimes, including but not limited to those listed in paragraph 1 above, committed by and through its employees or agents as described in the Agreed Statement of Facts.

3. The USAO shall provide written notice to CH2M of the alleged breach, and

CH2M and CHG shall then have fifteen (15) days from the date of receipt of such notice in which to make a presentation to the USAO to demonstrate that no such breach has occurred; to the extent relevant, that such breach was cured; or, that the USAO should neither revoke the Agreement nor prosecute CHG.

4. CH2M and CHG further understand and agree that the USAO's exercise of discretion under the preceding paragraphs is not subject to review in any court or tribunal outside of the USAO, and that any prosecution following such a determination may be premised on any information provided by CH2M or CHG and their respective employees, officers and directors to the USAO and any leads derived therefrom. CH2M and CHG agree that, in any proceeding, they will not seek to suppress the use of any such information, or any leads derived therefrom, under the United States Constitution, Federal Rule of Evidence 410, or any other rule; that they will not contradict in any such proceeding the Agreed Statement of Facts; and that they will stipulate to the admissibility of the Agreed Statement of Facts in any subsequent criminal trial. CH2M and CHG further agree that they shall not contest the authenticity of other documents, photographs, emails, recorded conversations, and materials provided to the USAO by CH2M or CHG, their agents, or their subsidiaries in the course of the USAO's investigation.

Tolling the Statute of Limitations

5. CH2M and CHG agree to toll the running of any and all applicable statutes of limitation for the term of this Agreement on the crimes specified in paragraph 1 above committed by CHG, acting through its officers, employees, and agents relating to the Time Card Fraud Scheme and Conspiracy as described in the Agreed Statement of Facts.

6. CH2M and CHG agree that CHG will remain a legal entity, as an active corporation registered with the Delaware Department of State, as CHG currently exists until the expiration of the effective period of this Agreement as to all terms as defined in paragraph 26 below.

Acceptance of Responsibility

7. CHG, through CH2M, accepts and acknowledges responsibility for the acts of CHG's current or former officers, employees, and agents as set forth in the Agreed Statement of Facts. CH2M and CHG further agree that the factual statements set forth in the Agreed Statement of Facts are accurate and constitute a violation of the crimes listed in paragraph 1 of this Agreement. Both CH2M and CHG condemn and do not condone criminal conduct, including the improper conduct set forth in the Agreed Statement of Facts. CH2M has taken steps to prevent such conduct from occurring in the future, including but not limited to the corporate remediation measures set forth in paragraphs 17-

21 below.

8. Both CH2M and CHG agree that neither they nor their respective directors and executive officers, nor any person authorized to speak for them, will make, cause others to make, or acknowledge as true any factual statement(s) inconsistent with the factual descriptions of the Agreed Statement of Facts. Any such public statement inconsistent with the Agreed Statement of Facts shall, subject to the cure rights below, constitute a breach of this Agreement. The decision whether any public statement by any such person contradicted the Agreed Statement of Facts and whether it shall be imputed to CH2M or CHG for the purpose of determining whether CH2M or CHG has breached this Agreement shall be in the sole discretion of the USAO. If the USAO determines that a public statement by any such person contradicts in whole or in part a statement contained in the Agreed Statement of Facts, the USAO shall so notify CH2M allowing CH2M and CHG to avoid a breach of this Agreement by publicly repudiating such statement within five (5) business days after notification. This paragraph is not intended to apply to any statement made by any former CH2M or CHG officers, directors or employees. Further, nothing in this paragraph precludes CH2M or CHG from taking good faith positions in litigation involving a private party that are consistent with the Agreed Statement of Facts.

Cooperation

9. Notwithstanding the three (3) year term of this Agreement as provided below, CH2M and CHG agree to continue to cooperate fully with the USAO, the OIG, and the FBI in any ongoing investigations of individuals who may have been involved in the Time Card Fraud Scheme and Conspiracy. CH2M and CHG agree that their cooperation shall include, but is not limited to, the following with respect to the Time Card Fraud Scheme and Conspiracy:

- a) full access to current CH2M employees, who are not targets (at the sole determination of the USAO) of the USAO's ongoing investigation into the Time Card Fraud Scheme and Conspiracy, including potential witnesses, corporate designees, and custodians of record;
- b) full access to non-privileged documents upon request of the USAO;
- c) CH2M and CHG to provide the following information for any targets or subjects of the investigation within five (5) business days of being notified by the USAO of specific targets or subjects of the investigation:
 - i) any disciplinary action taken by CH2M or any of its subsidiaries against the target or subject;

¹ The USAO will provide CH2M separately with a list of the subjects and targets of its investigation that are subject to this provision and may update that list at its sole discretion by timely providing any updated list to CH2M.

- ii) whether CH2M or any of its subsidiaries is paying for any portion of the attorney fees or litigation expenses of any of the targets or subjects;
- iii) assurances that payment of fees (if any) will not interfere in any way with CH2M's and CHG's full cooperation, including agreement not to share any information obtained from the USAO, OIG, or FBI related to the investigation or litigation of the Time Card Fraud Scheme and Conspiracy with any target or subject or any attorney acting on their behalf; and
- iv) agreement to advise the USAO of any potentially relevant information received from any targets or subjects that is not subject to CH2M's or CHG's attorney client or work-product privilege;
- d) CH2M and CHG agree to maintain and preserve all information potentially relevant to the investigation or litigation related to the Time Card Fraud Scheme and Conspiracy until notified in writing by the USAO that such maintenance and preservation is no longer required under this Agreement;
- e) CH2M and CHG to continue to timely provide to the USAO, the OIG, or the FBI (as directed) all documents and other materials that the USAO, the OIG, or the FBI may request that are related, in their sole discretion, to the investigation of or litigation related to the Time Card Fraud Scheme and Conspiracy;
- f) CH2M to make good faith efforts to make available in a timely and voluntary manner to the USAO, the OIG, and/or the FBI all present officers, directors and employees for sworn testimony before a federal Grand Jury, depositions related to any case initiated by the USAO or the Department of Justice related to the Time Card Fraud Scheme and Conspiracy, or in a civil or criminal trial prosecuted by the USAO or the Department of Justice, and to also make such good faith with regard to interviews with federal law enforcement authorities related to, in their sole discretion, the Time Card Fraud Scheme and Conspiracy. Cooperation under this paragraph will include identification of witnesses not previously identified who, to the knowledge of CH2M or any of its subsidiaries, may have material information regarding the Time Card Fraud Scheme and Conspiracy;
- g) CH2M to fully comply with paragraph 9, regarding cooperation, of CH2M's civil settlement agreement with the United States Department of Justice ("the Civil Settlement"); and
- h) CH2M to appoint a point of contact from their general counsel's office for the purpose of promptly responding to USAO, OIG, and FBI requests for information related to the Time Card Fraud Scheme and Conspiracy and to ensure full compliance with the above terms of cooperation in subparagraphs a) through g) above.

10. CH2M's and CHG's obligation to cooperate pursuant to the preceding paragraph is not intended to apply if a prosecution by the USAO is commenced against CHG as a result of a breach of this Agreement.

11. Nothing in this Agreement shall be construed as a waiver of any attorney-client or work-product privilege of CH2M or CHG.

12. With respect to any information, testimony, document, record, or other tangible evidence provided to the USAO pursuant to this Agreement, CH2M and CHG consent to any and all disclosures to other government agencies, whether agencies of the United States or a foreign government, of such materials as the USAO, in its sole discretion, shall deem appropriate.

Time Card Fraud Scheme and Conspiracy Restitution

13. CH2M and CHG have acknowledged to the USAO CHG's obligation to contribute, through CH2M, to the restitution for the loss incurred by DOE and the citizens of the United States caused by the Time Card Fraud Scheme and Conspiracy. The USAO agrees and acknowledges that this obligation is satisfied through the Civil Settlement.

14. The USAO takes no position herein on what portion of the Civil Settlement amount constitutes restitution. However, the amount of restitution paid pursuant to the Civil Settlement is a final payment and shall not be refunded should the USAO later determine that CH2M or CHG has breached this Agreement and commence a prosecution against CHG. Further, nothing in this Agreement shall be deemed an agreement by the USAO that the Civil Settlement amount is the maximum restitution or amount of loss in any such prosecution and the USAO shall not be precluded in such a prosecution from arguing that the Court or a jury should make a finding that the amount of restitution and/or amount of loss resulting from the Time Card Fraud Scheme and Conspiracy is higher. The USAO agrees, however, that in the event of a subsequent breach and prosecution, it will recommend to the Court that the amount paid pursuant to the Civil Settlement which is attributable to restitution (rather than, for instance, treble damages or additional civil penalties) be offset against whatever restitution the Court shall impose as part of its judgment against CHG. CH2M and CHG understand that such a recommendation will not be binding on the Court.

15. Nothing in this Agreement shall constitute a binding position by the USAO regarding the amount of restitution, single damages, or amount of loss in any criminal or civil prosecution against any other person or entity implicated in the Time Card Fraud Scheme and Conspiracy.

Acknowledgment of Criminal Proceeds

16. As detailed in the Agreed Statement of Facts, CH2M and CHG acknowledge that the Time Card Fraud Scheme and Conspiracy resulted in CHG earning profit, in the

form of performance based incentives under the Tank Farms Contract, to which it was not entitled. Presently, the parties are unable to agree precisely how much of the fee earned by CHG under the Tank Farms Contract constitute criminal proceeds of the Time Card Fraud Scheme and Conspiracy and how much fee was legitimately earned by CHG for the work completed under the Tank Farms Contract. Accordingly, in addition to satisfying its obligation to pay restitution as stated in paragraph 13 above, CHG agrees to pay, \$1,950,000.00 as directed below in subparagraph 16a), in recognition that CHG was not entitled to all fee it earned under the Tank Farms Contract as a direct result of the Time Card Fraud Scheme and Conspiracy. The USAO agrees to accept this amount as fully satisfying CHG's obligation to repay all criminal proceeds to the United States resulting from the Time Card Fraud Scheme and Conspiracy, notwithstanding its position that the precise amount may be higher, in recognition of CH2M's and CHG's acceptance of responsibility as stated here in, and the continuing cooperation and remediation measures agreed to by CH2M, all as stated herein.

a. CHG shall pay the amount of \$1,950,000.00 by electronic funds transfer within 3 days of the Effective Date of this agreement, pursuant to written instructions to be provided by the USAO.

b. The amount of this payment is a final payment and shall not be refunded should the USAO later determine that CH2M or CHG has breached this Agreement and commence a prosecution against CHG. Further, nothing in this Agreement shall be deemed an agreement by the USAO that this amount is the maximum criminal proceeds in any such prosecution and the USAO shall not be precluded in such a prosecution from arguing that the Court or a jury should make a finding that the amount of criminal proceeds resulting from the Time Card Fraud Scheme and Conspiracy is higher. The USAO agrees, however, that in the event of a subsequent breach and prosecution, it will recommend to the Court that the amount paid pursuant to this paragraph be offset against whatever fine the Court shall impose as part of its judgment. CH2M and CHG understands that such a recommendation will not be binding on the Court.

c. Additionally, CH2M and CHG agree that all costs (as defined in the Federal Acquisition Regulation, 48 C.F.R. § 31.205-47) incurred by or on behalf of CH2M or CHG and their respective present or former officers, directors, employees, shareholders, and agents in connection with (1) the matters covered by this agreement (including attorney's fees); (2) the United States' investigation in the matters covered by this agreement; (3) CH2M's and CHG's investigation of the matters covered in this Agreement and corrective actions undertaken in response to this Agreement; (4) the negotiation and performance of this Agreement; and (5) the payment CHG makes pursuant to this Agreement, are "Unallowable Costs" for government contracting purposes. Neither CH2M nor CHG shall charge such Unallowable Costs directly or indirectly to any contract with the United States. Unallowable Costs related to this agreement will be separately determined and accounted for by CH2M and CHG. CH2M and CHG also agree that the United States, including the USAO, government agencies

with contracts with CH2M or CHG, or other affected agencies have a right to audit, examine, or re-examine CH2M's and CHG's books and records and to disagree with any calculations submitted by CH2M or CHG or any of their subsidiaries or affiliates regarding any Unallowable Costs included in payments sought by CH2M or CHG, or the effect of any such Unallowable Costs on the amount of such payments.

d. CH2M and CHG also agree that any Unallowable Costs previously submitted for payment shall be identified and repaid within thirty (30) days of the effective date of this Agreement.

17. Nothing in this Agreement shall constitute a binding position by the USAO regarding the amount of criminal proceeds or unjust enrichment resulting from the Time Card Fraud Scheme and Conspiracy in any criminal or civil prosecution against any other person or entity implicated in the Time Card Fraud Scheme and Conspiracy.

Corporate Remediation Measures

18. CH2M agrees that it will utilize its good faith efforts to ensure that its remaining wholly owned subsidiary performing work for DOE at Hanford, CH2M Hill Plateau Remediation Company, a Washington Corporation ("CHPRC"), has effective policies, procedures, and training for all CHPRC employees relating to time and attendance verification, use of overtime, the reporting of labor hours to the DOE, and the claiming of performance based incentives to ensure that the cost of labor reimbursed by DOE is reasonable, allocable, and allowable to CHPRC's contract with DOE.

19. CH2M agrees that it will retain and pay for an Independent Monitor (hereinafter "the Monitor") for a period of 3 years from the Effective Date of this Agreement:

a) The Monitor shall be selected by the USAO after consultation with CH2M, at the sole discretion of the USAO;

b) The USAO will use reasonable efforts to consider potential monitors located in Washington State;

c) The Monitor's duties will include monitoring for compliance with this agreement, CHPRC policies, procedures and employee training relating to time and attendance verification, use of overtime, the recording, reporting, and claiming of labor costs to the DOE and the recording, reporting, and claiming of performance based incentives, to ensure that CHPRC is in compliance with its contractual and regulatory obligations to the DOE.

d) the Monitor shall be independent and there shall be no limitations on any sharing of information by the Monitor with the USAO, the OIG, the FBI, DOE, and other government departments or agencies;

e) the Monitor shall be allowed full access to any of CHPRC's computer networks and records for the purpose of carrying out the scope of the Monitor's

obligations described under this Agreement;

f) the Monitor shall maintain the confidentiality of, and shall not disclose or disseminate, any confidential or proprietary business or financial information identified and provided by CHPRC without the consent of CH2M, except that the Monitor may share such information with the USAO, the OIG, the FBI, DOE or other government departments or agencies to the extent necessary to fulfill the duties of the Monitor;

g) the Monitor shall, subject to DOE security clearance requirements and site security and safety protocols, be allowed full access at any time to all areas and facilities at Hanford managed or otherwise under the control of CHPRC;

h) the Monitor shall be allowed full access to attend any scheduled meetings of any CHPRC supervisors, managers, directors, or internal auditors relating to the scope of the Monitor's duties and, upon request by the Monitor, CHPRC will provide the Monitor with regular and reasonable notice of any such scheduled meetings and CHPRC will use good faith efforts to schedule meetings relating to the scope of the Monitor's duties;

f) the Monitor shall have review and comment power regarding CHPRC's policies and procedures related to the scope of the Monitor's duties;

g) the Monitor shall have full access to and review and comment power over any internal audits conducted at CHPRC, including the review of any audit work papers and the review and comment on any management response to any internal audit, related to the scope of the Monitor's duties;

h) the Monitor shall report in writing to the OIG at least quarterly regarding CH2M's and CHG's compliance with this Agreement; and

i) CH2M agrees that neither it nor any of its subsidiaries or affiliates will hire the Monitor in any capacity, other than that outlined herein, for at least one year after the conclusion of all the Monitor's duties under this Agreement have been completed.

20. CH2M agrees that it will pay for the Monitor's compensation in an amount not to exceed of \$80,000 per year, the final amount and method of payment (e.g. yearly salary or fixed hourly rate) to be determined at the sole discretion of the USAO after consultation with CH2M, any administrative fees associated therewith, and any reasonable expenses of the Monitor incurred in performing the Monitor's duties under this Agreement, including but not limited to compliance with the Monitor's requests for documents, employee time spent complying with the Monitor's requests, all costs associated with DOE security clearance requirements and site security and safety protocols, costs associated with advertising for potential monitors not to exceed \$1,000, and preparing or carrying out communications related to the efforts of the Monitor. It is the intent of the parties to this agreement that no costs or expenses of CH2M or any of its subsidiaries associated with the Monitor's efforts will be paid by the United States or any of its agencies. Accordingly, CH2M agrees that any payment made by CH2M pursuant to this paragraph is an unallowable cost as defined in this Agreement and subject to the provisions in subparagraph 16c) above.

21. Nothing in this Agreement calls for or allows the Monitor to violate CH2M's, CHG's, or CHPRC's valid exercise of their respective attorney client or work product privileges.

22. CH2M shall, at the direction of OIG, in consultation with DOE and the Monitor, purchase, install, and maintain, at an aggregate cost to CH2M not exceeding \$500,000, an accountability system or systems at the portion of DOE's Hanford Nuclear Site ("Hanford") currently managed by CHPRC, known as the Central Plateau.

a. Accountability systems include any system, electronic or otherwise, that, in the sole determination of DOE in consultation with OIG and the Monitor, will enhance the accountability of employees of CHPRC and help ensure that the hours they actually work are the hours they are actually paid for;

b. accountability systems, as used herein, do not include any changes to written procedures nor do they include any training;

c. CH2M will utilize its good faith efforts to ensure that the purchase, installation, and use of any accountability systems occurs in a timely, efficient and effective manner consistent with DOE needs and requirements;

d. CH2M must pay and/or contribute up to \$500,000 towards the purchase and installation of an accountability system or systems as directed pursuant to this paragraph;

e. any payment made by CH2M pursuant to this paragraph is an unallowable cost as defined in this Agreement and subject to the provisions in subparagraph 16c) above; and

f. CH2M and CHG agree and understand that any amount paid pursuant to this paragraph is pursuant to this Agreement and as such is not a gift or donation of any kind, but is part of the consideration CH2M and CHG are agreeing to provide in recognition of CHG's role in the Time Card Fraud Scheme and Conspiracy. Accordingly, CH2M and CHG agree that they will not attempt to characterize any payment made pursuant to this paragraph in any manner inconsistent with this Agreement.

Basis for this Agreement

23. The USAO enters into this Agreement after considering the nature and seriousness of the offense, the pervasiveness of wrongdoing within CHG, CHG and CH2M's prior history, CH2M's high level of cooperation in the USAO's investigation, the degree of effectiveness of CHG's pre-existing compliance program (specifically its written procedures regarding hourly employee time cards), CH2M's remedial actions as agreed to herein, the potential collateral consequences of criminal charges against CHG to CH2M's non-culpable employees, shareholders, and customers, the adequacy of prosecution of individuals responsible for CHG's misconduct, and the adequacy of other

remedies, including but not limited to civil enforcement actions, for the misconduct. The USAO also enters into this Agreement based upon the following facts and circumstances: (a) CHG's acceptance of responsibility for its role in the Time Card Fraud Scheme and Conspiracy as stated in the Agreed Statement of Facts and its willingness to accept responsibility for the conduct of its officers, employees, and agents that resulted in violations of federal criminal laws including but not limited to those stated in paragraph 1 above; (b) CH2M's and CHG's ongoing cooperation, as outlined herein, with the USAO, the OIG, and the FBI, which has assisted and will continue to assist the USAO in furthering its investigation against culpable parties; and (c) CH2M's agreement to undertake, remedial measures at Hanford to ensure that this conduct will not recur, as agreed to herein

Statements to the Media and Public

24. All parties consent to the United States' disclosure of this Agreement and its attachments, and information about this Agreement and its attachments, to the public. CH2M and CHG agree that if they, or any of their subsidiaries, issue a press release or other prepared public statement in connection with this Agreement, they shall first consult with the USAO to determine: (a) whether the text of the release is true and accurate with respect to matters between the USAO, CH2M and CHG; and (b) whether the USAO has no objection to the release. Statements at any press conference concerning this matter shall be consistent with any such approved press release. CH2M and CHG shall make every reasonable effort to provide the USAO with at least two (2) business days to review the text of any proposed press release or prepared public statement prior to any release to the public

Term of Agreement

25. This Agreement is effective on the date of signature of the last signatory to this Agreement ("the Effective Date").

26. This Agreement shall be in effect for a period of three years from the Effective Date, this is referred to herein as "the Effective Period." However, the parties agree that the cooperation obligations in paragraph 8 above, and the tolling of the statute of limitations as agreed to in paragraph 5 above, may be extended at any time before the expiration of the Effective Period, at the sole discretion of the USAO, up to an additional three years beyond the Effective Period or through the conclusion of any actual or pending criminal or civil proceedings in federal court against any individuals or entities that may arise from the USAO's ongoing investigation of the Time Card Fraud Scheme and Conspiracy, whichever is longer. At any time, the USAO may release CH2M or CHG

from some or all of their cooperation obligations stated in paragraph 9 above, at its sole discretion, upon the conclusion of its ongoing investigation or portions thereof. CH2M's or CHG's failure to comply with any ongoing obligations in paragraph 9 above beyond the 3 year term of this Agreement as extended by the USAO pursuant to this paragraph, shall constitute a breach of this Agreement.

Corporate Authority

27. CH2M and CHG hereby warrant and represent that they are authorized to enter into this Agreement on behalf of themselves and any subsidiaries, and that the person signing on behalf of CH2M and CHG has been granted authority by the CH2M and CHG Boards of Directors to bind CH2M, CHG, and their subsidiaries.

Binding Nature of the Agreement

28. It is understood that this Agreement is binding on CH2M and CHG, and their subsidiaries and the USAO, but that this Agreement does not bind any other federal agencies, or any state or local enforcement or regulatory agencies. The USAO will bring the cooperation of CH2M and CHG and their compliance with their obligations under this Agreement, their remedial actions and proactive measures to the attention of such agencies and authorities if requested to do so by CH2M or CHG.

Successor Liability

29. CH2M and CHG agree that in the event they sell, merge, or transfer all or substantially all of their business operations as they exist during the term of this Agreement, whether such sale is structured as a stock or asset sale, merger, or transfer, it shall include in any contract for sale, merger or transfer a provision binding the purchaser or any successor-in-interest thereto to the obligations described in this Agreement.

Notice

30. Any notice to CH2M under this Agreement shall be given by personal delivery, overnight delivery by a recognized courier service, or registered or certified mail, addressed to Office of the Chief Legal Officer, CH2M HILL 9191 S. Jamaica Street Englewood Colorado 80112

Required Signatures and Authorizations

31. By signing this Agreement, CH2M's and CHG's duly authorized representative and their counsel acknowledge that the terms set forth above accurately reflect the parties understanding of the Non-Prosecution Agreement between CH2M and CHG with the USAO.

32. Two original copies of this Agreement shall be executed, one of which shall be delivered to the General Counsel of CH2M, and one of which shall be delivered to Tyler Tornabene, Assistant United States Attorney for the Eastern District of Washington.

Complete Agreement

33. This Agreement sets forth the terms of the Non-Prosecution Agreement between CH2M and CHG with the USAO. No promises, agreements, or conditions have been entered into other than those set forth in this Agreement. This Agreement supersedes prior understandings, if any, of the parties, whether written or oral.

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34. No amendments or modifications to this Agreement shall be valid unless they are in writing and signed by the USAO, the attorneys for CH2M and CHG, and a duly authorized representative of CH2M and CHG.

FOR THE UNITED STATES:

Date: March 6th, 2013

Michael C. Ormsby
United States Attorney

BY:

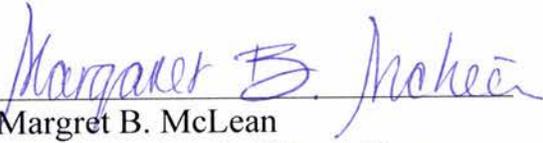


TYLER H.L. TORNABENE
Assistant United States Attorney

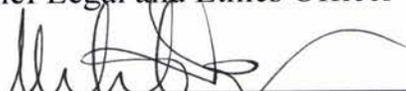
Eastern District of Washington

**FOR CH2M HILL COMPANIES LTD. AND CH2M HILL HANFORD
GROUP INC.:**

Date: March 4, 2013



Margret B. McLean
Chief Legal and Ethics Officer



Michael E. Mckelvy
President and Group Chief Executive for the
Environmental & Nuclear Division

FOR CH2M HILL PLATEAU REMEDIATION COMPANY:

Date: March _____, 2013

John Fulton
President and CEO of CH2M HILL Plateau
Remediation Company

Eastern District of Washington

**FOR CH2M HILL COMPANIES LTD. AND CH2M HILL HANFORD
GROUP INC.:**

Date: March _____, 2013

Margret B. McLean
Chief Legal and Ethics Officer

Michael E. Mckelvy
President and Group Chief Executive for the
Environmental & Nuclear Division

FOR CH2M HILL PLATEAU REMEDIATION COMPANY:

Date: March 4, 2013



John Fulton
President and CEO of CH2M HILL Plateau
Remediation Company

Agreed Statement of Facts

CH2M HILL Hanford Group Inc., (“CHG”) is a Delaware corporation and wholly owned subsidiary of another corporation, which is itself a wholly owned subsidiary of CH2M HILL Companies Ltd. CHG was a prime contractor for the United States Department of Energy (“DOE”) at DOE’s Hanford Nuclear Site (“Hanford”) located in southeastern Washington, in the Eastern District of Washington.

Specifically, in 1999 CHG became the prime contractor for a multi-billion dollar contract with DOE to retrieve, treat, and dispose of 53 million gallons of mixed radioactive and hazardous waste located at Hanford and stored in 177 large underground storage tanks known as “the Tank Farms.” This prime contract between CHG and DOE, numbered DE-AC27-99RL14047, is referred to herein as “the Tank Farms contract.” The Tank Farms Contract was a multi-billion dollar cost plus incentive fee contract that began on October 1, 1999, and expired on September 30, 2008. In executing the Tank Farms Contract CHG employed thousands of workers, cumulatively at least one thousand of which were paid by the hour throughout the life of the contract.

As a cost plus incentive fee contract, the Tank Farms Contract allowed CHG to be fully reimbursed by the United States, through a DOE funded line of credit administered through U.S. Bank, for CHG’s actual expenses incurred in performing the work, including the fully burdened cost of labor, allocable to the Tank Farms Contract. The account from which CHG’s drawdowns were funded is referred to herein as “the DOE U.S. Bank Account.”

The Tank Farms Contract required CHG to maintain adequate internal controls to ensure, among other things, that hourly employee work hours were accurately recorded and were allocable to the contract. In addition, the Tank Farms Contract required CHG to maintain adequate internal controls to ensure that employee overtime was authorized only if cost effective and necessary to ensure performance of work under the contract. The Tank Farms Contract also required CHG to implement adequate internal controls on compensation through its own policies.

Under the Tank Farms Contract, CHG was required to submit electronic monthly invoices to the DOE contracting officer in order to justify its drawdown of funds from the DOE U.S. Bank Account. Additionally, CHG was required to, on an annual basis, review all costs it had claimed for that year and re-certify to the DOE contracting officer that all costs were reasonable, allowable, and allocable to the Tank Farms Contract and had properly been incurred in furtherance of CHG’s scope of work under the Tank Farms Contract.

While CHG was entitled to recovery of all of its reasonable, allocable, and allowable costs incurred in furtherance of its designated contract work-scope, CHG

could earn fee, or profit, on the Tank Farms Contract only by achieving various performance based incentives in that contract. Accordingly, through the achievement of performance based incentives, CHG was able to realize a profit from the Tank Farms Contract over and above the full reimbursement of all items allocable, allowable, and reasonable to the contract.

All employees of CHG who worked on the Tank Farms Contract and who had any portion of their compensation paid on a per hour basis, had to enter their hours worked into an electronic system known as the Time Information System or "TIS." A CHG hourly employee was required to input the time she or he began a shift, the time he or she ended a shift, as well as other information regarding, for instance, what particular project the employee had worked on. Per CHG's written procedures, in order to be paid, the employee had to electronically submit the completed weekly information (referred to herein as "a time card") including the number of hours he or she worked each day in that particular week as well as the times he or she started and ended working, to his or her direct supervisor. Per the CHG written procedures, in order for the employee to get paid for the hours claimed, her or his direct supervisor, or other authorized employee, had to electronically approve the employee's time card by 9:00 am on Monday of the following week. CHG hourly workers were paid weekly and the corresponding CHG payroll drawdown from the DOE U.S. Bank Account also occurred weekly.

According to CHG's written procedures in place during the entirety of the Tank Farms Contract, by submitting a time card in TIS for approval by a supervisor the employee was certifying that the information was true and correct. When an hourly employee of CHG submitted his or her time card in TIS for approval that employee was acting within the course and scope of his or her employment with CHG.

According to CHG's written expectations as communicated to CHG supervisory employees by a member of CHG upper management, by electronically approving an employee's time card a supervisory employee was further validating that the information entered by the employee, including the amount of hours worked, was true and correct.

As used herein "upper management" refers to employees of CHG whose responsibilities included, but were not limited to, supervising any aspect of the work of other CHG employees who were themselves exempt from the CHG collective bargaining agreement with the Hanford Atomic Metal Trades Council (HAMTC) and who themselves supervised other CHG employees whether non-exempt, exempt, or both.

Once a time card was approved by a supervisory employee, there was nobody else at CHG who reviewed that information prior to it becoming a part of a claim for payment from DOE or prior to the hourly employee receiving a paycheck for the

hours claimed. When CHG supervisors approved hourly employee time cards they were acting in the course and scope of their employment with CHG.

Once a time card was approved by a supervisory employee it was processed, as described in part herein, through the DOE U.S. Bank Account, and ultimately resulted in a paycheck being sent to the employee. Some employees received their paycheck via electronic funds transfer, or direct deposit, utilizing the interstate wires.

On April 15, 2004, internal auditors, who were employed to provide independent analysis separate from CHG's upper management and supervisory personnel, informed CHG's upper management that they were going to begin an internal audit entitled "Overtime Management" Internal Audit Report No. IA04-04 (referred to herein as "the 2004 Audit"). At that time, internal auditors also informed CHG's upper management that the 2004 Audit's objective was "to assess the effectiveness of overtime controls and determine whether or not significant overtime abuse was occurring."

The 2004 Audit was in response to allegations of substantial overtime abuse occurring at the Tank Farms. The internal auditors were informed via an anonymous allegation in April of 2003 "that some CH2M HILL employees were being called out to perform 8 hours of overtime, but that they would only work for a few hours then leave, and that they would then record that they had worked for the entire 8 hours thus defrauding the Government." In fact, multiple CHG hourly workers were aware of and had engaged in routine time card fraud at the Tank Farms predating the date of the anonymous allegation and some even predating the Tank Farms Contract.

On August 31, 2004, the internal auditors issued the completed 2004 Audit to CHG's upper management. The 2004 Audit found, among other things with regard to CHG's direct supervisors of hourly workers, that there was a significant danger that the overtime hours being claimed by hourly workers was not actually being worked. The 2004 Audit also found, among other things, that CHG's internal controls were inadequate to detect overtime fraud among its hourly workers.

In fact, during the Tank Farms Contract CHG hourly workers would consistently refuse to perform overtime work unless that overtime was offered, or "called out," in 8 hour blocks. This requirement was informal in that it was never reduced to any sort of written policy either by the relevant collective bargaining unit or by CHG. However, certain members of CHG's upper management, acting in the course and scope of their employment, would virtually always decide to have overtime offered to hourly workers in 8 hour blocks.

The inability of certain of CHG's upper management to secure the necessary overtime volunteers for various jobs threatened CHG's ability to complete various projects linked to the Tank Farms Contract performance incentives. This in turn threatened CHG's ability to earn certain fees, and therefore profits under the Tank Farms Contract. At the same time, allowing 8-hour overtime shifts for workers did

not, in any way, negatively impact CHG's revenue or profit, because under the Tank Farms Contract, CHG was reimbursed by DOE at the fully-burdened labor rate for all hours claimed for hourly workers, including overtime hours and rates, provided that certain of CHG's upper management certified to DOE that the hours worked were reasonable, allowable, and allocable to the Tank Farms Contract.

In addition, CHG paid bonuses to certain members of upper management, which were tied to the achievement of performance incentives and the increased profit they brought CHG under the Tank Farms Contract. Therefore, any inability of CHG to achieve performance incentives and earn fees, threatened the ability of CHG's upper management to personally receive bonuses from CHG.

In addition to the informal 8 hour requirement of CHG's hourly workers, certain members of CHG's upper management, certain direct supervisors of the hourly workers, and certain other supervisory personnel, accepted the practice of hourly workers only working until the particular overtime job was completed, leaving Hanford, and falsely claiming a full 8 hours even when the job took less than 8 hours.

This accepted practice was a way for certain members of CHG's upper management to provide informal and improper compensation for hours not actually worked to hourly workers who were not eligible to receive corporate bonuses for meeting CHG's Tank Farm Contract performance incentives; thereby further incentivizing, at the sole expense of the United States, overtime work.

A number of CHG's hourly workers were made aware of this accepted practice of leaving when the job was done but claiming the full 8 hours of overtime that had been offered by CHG, through certain members of its upper management, through a variety of means. Some found out directly through other CHG hourly workers; others found out by observing the practice of other CHG hourly workers and seeing the lack of any repercussions from CHG's direct supervisors of the hourly workers and other supervisory personnel; still others inferred it from statements made by their direct supervisors or other CHG supervisory personnel.

Based on their findings, the internal auditors' recommendation in the 2004 Audit stated:

It is recommended that Business Services take the lead to install an affirmative monitoring system, such as proximity card readers at various site locations, and require all employees to "proxy" in and out of job locations on a daily basis for purposes of time recording validation and providing emergency event location information.

CHG's upper management reviewed this recommendation and initially provided that:

Management agrees that improvements are necessary in time reporting and that the available technology appears able to provide significant improvements. We have discussed the recommendation at some length and want to implement it.

CHG's upper management noted the existence of "substantial barriers to this type of change, including employee perceptions[,]” and also noted that “[t]he cost will need to be budgeted[,]” CHG's upper management committed to, in August of 2004, “begin in earnest the process for implementing a solution” due to the significance of the issue, with a target implementation date of March 2005.

However, although CHG's upper management prepared a Statement of Work for another contractor to install a proximity system at the Tank Farms, and made some preliminary inquiries as to the cost of such a system, they did not take any of the additional steps that would have been needed to make the system a reality.

In addition to the recommendation of the internal auditors in the 2004 Audit, CHG's upper management also had in 2005 an “Accountability Task Team” made up of CHG employees, including certain members of upper management. The Accountability Task Team analyzed the possibility of installing a proximity card system that could prevent and detect time card fraud. The Accountability Task Team also proposed a proximity system that would require that records be maintained as to when CHG employees entered and exited the Tank Farms.

Despite initially agreeing to the recommendation from the internal auditors and having a similar recommendation from its own Accountability Task Team, CHG's upper management, closed out, without any further action, the recommendation for an affirmative monitoring system in September 2005. Specifically, on September 29, 2005, CHG's Chief Financial Officer provided the official final response of CHG to the findings of the 2004 Audit:

At this time, management has decided it is not feasible to install an affirmative monitoring system requiring employees to prox in and out due to significant reductions in budget and labor relations issues. However, an overtime report has been developed which is run weekly and distributed to the vice-presidents. Vice-presidents are expected to monitor overtime and take necessary action to reduce overtime whenever possible. Since implementation in July, there has been a significant reduction in overtime for August. At a later date, an affirmative monitoring system will be reviewed again for possible future implementation.

However, CHG's upper management never performed a feasibility study as to the proposed system, nor did it ever perform a cost-benefit analysis to determine whether

the cost of the proposed system would be outweighed by its potential cost savings. In addition, CHG's upper management did not make any inquiries, formal or informal, with the relevant bargain unit to determine what, if any, legitimate labor relations issues existed. Although CHG's upper management committed to reviewing the proposed affirmative monitoring system "at a later date," it never did so for the remaining three years of the Tank Farms Contract.

The one action that CHG's upper management did take to address the issues raised in the 2004 Audit was to institute a new stated policy that required departmental vice presidents to approve in advance overtime shifts of greater than four hours. However, this policy was never formalized within CHG and, in fact, was abandoned only a few days after being implemented.

In December of 2006, after the 2004 Audit Report was issued to CHG's upper management, a "Voluntary Protection Program" self-assessment report issued by CHG's Waste Feed Operations division informed CHG's upper management of the following: "Need better control of the work force during the day. Steady stream of personnel leaving beginning around 2:30. Not enough time actually working a full shift." CHG's upper management did nothing to address the concerns raised. Identical comments appeared on Voluntary Protection Program self-assessment reports provided to CHG's upper management in November 2007 and February 2008. CHG's upper management did nothing to address the ongoing concerns raised in those subsequent years.

Certain members of CHG's upper management, certain direct supervisors of hourly employees, and other certain supervisory personnel, did not discipline, formally or informally, CHG hourly workers for routinely engaging in known time card fraud. In fact, certain of CHG's direct supervisors of hourly workers engaged in patterns designed to avoid the detection of the routine time card fraud by law enforcement and internal auditors.

For instance, on May 15, 2008, one CHG direct supervisor of hourly workers, Glenda Michelle Davis, received an anonymous tip that her employees were not at the Tank Farms during an overtime shift. Based on the anonymous tip the direct supervisor confirmed that most if not all of the hourly employees who were supposed to be working overtime that night were no longer at the Tank Farms. However, rather than engaging in any formal disciplinary action against the employees, that direct supervisor contacted the missing employees to ensure that they, contrary to their normal practice, made sure their time cards accurately reflected the time they left. Acting on that direction from their direct supervisor the CHG hourly employees contacted did in fact alter the entries they had already made on their time cards in order to conceal their falsities. The actions of that direct supervisor were known to and concurred in by at least one other member of CHG's supervisory personnel. In addition, at least one member of CHG's upper management, Ryan Albert Dodd,

participated in and ratified the conduct of the direct supervisor. The altered time cards contained information within the jurisdiction of, among other entities, the United States Department of Energy Office of Inspector General.

During the Tank Farms Contract CHG was aware, through certain members of its upper management, certain of its direct supervisors of hourly workers, and other certain supervisory personnel, all acting within the course and scope of their employment with CHG, that overtime jobs were of varying lengths and that many jobs would often take substantially less than eight hours to complete. CHG was further aware, through certain of its direct supervisors of hourly workers and certain other supervisory personnel, all acting within the course and scope of their employment with CHG, that its hourly employees routinely left the Tank Farms at the completion of those jobs. However, CHG, through certain of its direct supervisors of hourly workers, acting within the course and scope of their employment with CHG, routinely approved hourly employees' time cards falsely claiming to have worked the full eight hour overtime shift. Further CHG, through certain members of its upper management acting within the course and scope of their employment with CHG, continued to offer overtime in eight hour blocks knowing that CHG's hourly workers' overtime jobs were of variable lengths and that those workers would leave the Tank Farms when the jobs were completed and yet claim a full eight hour shift.

In addition, during the Tank Farms Contract CHG was aware, through certain members of its upper management, certain of its direct supervisors of hourly workers, and certain other supervisory personnel, all acting within the course and scope of their employment with CHG, that CHG hourly workers were routinely leaving the Tank Farms early on non-overtime shifts and yet claiming a full shift. Further, CHG, acting through certain members of its upper management, certain of its direct supervisors of hourly workers, and certain other supervisory personnel, all acting within the course and scope of their employment with CHG, engaged in patterns and practices designed to, and which in fact did, communicate to a number of CHG hourly workers that participating in routine time card fraud at the Tank Farms was acceptable behavior.

Despite this knowledge, CHG, through certain members of its upper management acting within the course and scope of their employment with CHG, would routinely certify to DOE, via weekly payroll drawdowns from the DOE U.S. Bank Account, via monthly invoices provided to DOE, and via yearly certifications provided to DOE, that all labor costs incurred were reasonable, allowable, and allocable to the Tank Farms Contract. Through these means, each of which utilized the interstate wires, CHG was reimbursed by the United States through DOE for all labor costs claimed, including those that were routinely falsified as described herein.

Attachment A to the CH2M Hill Hanford Group Non-Prosecution Agreement

CHG understood that it could not seek reimbursement of labor costs from DOE that were not allocable, allowable, and reasonable to the Tank Farms Contract and were the product of the falsities described herein. CHG further understood that the inflated labor costs claimed were material to DOE's decision to provide reimbursement of those costs. In addition, as a result of the falsities described herein, CHG was able to earn fee and additional profit under the Tank Farms Contract that it otherwise would not have earned and its upper managers received corresponding corporate bonuses to which they were not entitled.

In this manner, CHG, through certain members of its upper management, certain of its direct supervisors, and certain other supervisory personnel, all acting within the course and scope of their employment with CHG, knowingly, willfully, and with intent to defraud, facilitated CHG's hourly workers routinely getting paid for hours they did not work and combined, conspired, and agreed with CHG hourly workers to accomplish the same, all at the sole expense of the citizens of the United States through DOE.