

February 28, 2018

Ms. Susan Beard
Designated Agency Ethics Official
U.S. Department of Energy
1000 Independence, Ave., SW
Washington, DC 20585

Dear Ms. Beard:

The purpose of this letter is to describe the steps that I will take to avoid any actual or apparent conflict of interest in the event that I am confirmed for the position of Deputy Administrator for Defense Programs, National Nuclear Security Administration, Department of Energy.

As required by 18 U.S.C. § 208(a), I will not participate personally and substantially in any particular matter in which I know that I have a financial interest directly and predictably affected by the matter, or in which I know that a person whose interests are imputed to me has a financial interest directly and predictably affected by the matter, unless I first obtain a written waiver, pursuant to 18 U.S.C. § 208(b)(1), or qualify for a regulatory exemption, pursuant to 18 U.S.C. § 208(b)(2). I understand that the interests of the following persons are imputed to me: any spouse or minor child of mine; any general partner of a partnership in which I am a limited or general partner; any organization in which I serve as officer, director, trustee, general partner or employee; and any person or organization with which I am negotiating or have an arrangement concerning prospective employment.

Upon confirmation, I will resign from my position with Lawrence Livermore National Security, LLC (LLNS). Consistent with company policy, I anticipate receiving in 2018, a performance bonus for 2017. Until I receive this payment, I will not participate personally and substantially in any particular matter that to my knowledge has a direct and predictable effect on the ability or willingness of LLNS to provide these contractual benefits, unless I first obtain a written waiver, pursuant to 18 U.S.C. § 208(b)(1), or qualify for a regulatory exemption, pursuant to 18 U.S.C. § 208(b)(2). For a period of one year after my resignation, I will have a "covered relationship" under 5 C.F.R. § 2635.502 with LLNS. Pursuant to 5 C.F.R. § 2635.502(d), I will seek written authorization to participate in particular matters involving specific parties in which LLNS is a party or represents a party. I also will seek a waiver of the provisions of paragraph 6 of the Ethics Pledge under Executive Order 13770, with regard to LLNS. During my appointment to the position of Deputy Administrator for Defense Programs, I understand that any such authorization or waiver will not permit me to participate in particular matters that directly and predictably affect my financial interest in LLNS; fee determinations or awards to LLNS, and the other national security laboratories and National Nuclear Security Administration (NNSA) sites, which involve one or more parent entities of LLNS; participation in any procurement activities (including Management and Operating (M&O) contract competitions, recompetitions or extensions of an existing contract, or contract disputes) that

involve LLNS, or one or more of the parent entities of LLNS at Lawrence Livermore National Laboratory and the other national security laboratories and NNSA sites; negotiations and decisions affecting any of LLNS' financial arrangements with the Department of Energy (e.g., cooperative agreements, grants, strategic partnership projects, personnel matters requiring additional financial commitments, etc.); and budgetary matters unique to Lawrence Livermore National Laboratory.

Further, because I will continue to participate in the Lawrence Livermore National Security, LLC defined benefit pension plan, and as a retiring employee, I am entitled to receive health coverage for both me and my spouse, I will not participate personally and substantially in any particular matter that to my knowledge has a direct and predictable effect on the ability or willingness of Lawrence Livermore National Security LLC, to provide these contractual benefits, unless I first obtain a written waiver, pursuant to 18 U.S.C. § 208(b)(1), or qualify for a regulatory exemption, pursuant to 18 U.S.C. § 208(b)(2).

I will divest my interests in the following entities within 90 days of my confirmation: American Electric Power, DTE Energy, Exelon, General Electric, IBM, and Xerox. With regard to each of these entities, I will not participate personally and substantially in any particular matter that to my knowledge has a direct and predictable effect on the financial interests of the entity until I have divested it, unless I first obtain a written waiver, pursuant to 18 U.S.C. § 208(b)(1), or qualify for a regulatory exemption, pursuant to 18 U.S.C. § 208(b)(2).

If I rely on a *de minimis* exemption under 5 C.F.R. § 2640.202 with regard to any of my financial interests in securities, I will monitor the value of those interests. If the aggregate value of interests affected by a particular matter increases and exceeds the *de minimis* threshold, I will not participate personally and substantially in the particular matter that to my knowledge has a direct and predictable effect on the interests, unless I first obtain a written waiver pursuant to 18 U.S.C. § 208(b)(1).

If I have a managed account or otherwise use the services of an investment professional during my appointment, I will ensure that the account manager or investment professional obtains my prior approval on a case-by-case basis for the purchase of any assets other than cash, cash equivalents, investment funds that qualify for the exemption at 5 C.F.R. § 2640.201(a), obligations of the United States, or municipal bonds.

I will meet in person with you during the first week of my service in the position of Deputy Administrator for Defense Programs, National Nuclear Security Administration, Department of Energy, in order to complete the initial ethics briefing required under 5 C.F.R. § 2638.305. Within 90 days of my confirmation, I will document my compliance with this ethics agreement by notifying you in writing when I have completed the steps described in this ethics agreement.

I understand that as an appointee I am required to sign the Ethics Pledge (Exec. Order No. 13770) and that I will be bound by the requirements and restrictions therein in addition to the commitments I have made in this ethics agreement.

I have been advised that this ethics agreement will be posted publicly, consistent with 5 U.S.C. § 552, on the website of the U.S. Office of Government Ethics with ethics agreements of other Presidential nominees who file public financial disclosure reports.

Sincerely,

A handwritten signature in black ink, appearing to read "Charles P. Verdon". The signature is written in a cursive, flowing style.

Charles P. Verdon