

August 2, 2013

Honorable Charles Blanchard
General Counsel and
Designated Agency Ethics Official
1740 Air Force Pentagon
Washington, DC 20330

Dear Mr. Blanchard:

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 Secretary of the Air Force.

As required by 18 U.S.C. § 208(a), I will not participate personally and substantially in any particular matter that has a direct and predictable effect on my financial interests or those of any person whose interests are imputed to me, 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.

During my term of office, neither I nor my spouse will invest in any organization identified as a Department of Defense contractor or any other entity that would create a conflict of interest with my Government duties. I understand that if any company in which I invest enters into a contract with the Department of Defense, I will be required to divest that interest. I further understand that I may request a Certificate of Divestiture for these assets and that a Certificate of Divestiture is effective only if obtained prior to divestiture. Where applicable, I will request a Certificate of Divestiture from the U.S. Office of Government Ethics. However, I also understand that I must divest such assets whether or not I receive a Certificate of Divestiture.

My spouse and I will divest our interests in the following entities within 90 days of my appointment:

3M Company
Abbott Laboratories
Accenture
Apple Inc
Bank of America
Bank of New York Mellon
Coca-Cola
ConocoPhillips

Deere & Co
DirecTV
Dr Pepper
Exxon Mobil Corp
GlaxoSmithKline
IBM
JM Morgan Chase & Co
Medtronic

Microsoft
Proctor & Gamble
Qualcomm
Rockwell Collins
Sanofi
UnitedHealth Group
Union Pacific Corp

United Technologies Corp
UT Target Retirement 2025 Fund
UT Small Company Stock Fund
Verizon Communications
Viacom
VMWare

With regard to each of these entities, I will not participate personally and substantially in any particular matter that has a direct and predictable effect on the financial interests of the entity until the interest is divested, 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. § 2640.201(b) with regard to any of my financial interests, 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 in the particular matter, unless I first obtain a written waiver under 18 U.S.C. § 208(b)(1).

Prior to my appointment as Secretary, I will resign from my position with Science Applications International Corporation (SAIC). Following my resignation, I will be eligible to receive from SAIC a prorated payment of \$225,000 under SAIC's incentive plan and a separate prorated incentive award of \$237,500 for my work on a particular project. I will receive both of these payments before I assume the duties of the position of Secretary. For a period of two years from the date of the later of these two payments, I will not participate personally and substantially in any particular matter involving specific parties in which SAIC, is a party or represents a party, unless I first receive a written waiver pursuant to 5 C.F.R. § 2635.503(c) and, for a period two years from the date of my resignation, unless I am first authorized to participate, pursuant to 5 C.F.R. § 2635.502(d) and Section 3 of Executive Order 13490. Within 90 days of my resignation, I will receive a lump sum payout of my deferred compensation under the SAIC Keystaff Deferral Plan. Until I receive this payment, I will not participate personally and substantially in any particular matter that has a direct and predictable effect on the ability or willingness of SAIC to make this payment to me, unless I first obtain a written waiver, pursuant to 18 U.S.C. § 208(b)(1).

I hold the following interests in SAIC: SAIC common stock, SAIC vested stock options, SAIC unvested stock options, SAIC vested restricted stock, SAIC unvested restricted stock, shares of the SAIC common stock fund, and shares of the SAIC closed stock fund. Upon my resignation, I will be eligible to receive from SAIC a prorated payment of \$150,000 representing a portion of my SAIC unvested stock options and SAIC unvested restricted stock. I will receive the payment before I assume the duties of the position of Secretary. Upon my resignation, I will forfeit the remainder of my SAIC unvested stock options and SAIC unvested restricted stock. Within 90 days of my appointment, I will divest all of my SAIC common stock, SAIC vested stock options, SAIC vested restricted stock, shares of the SAIC common stock fund, and shares of the SAIC closed stock fund. I will not participate personally and substantially in any particular matter that has a direct and predictable effect on the financial interests of SAIC until I

have divested these holdings, 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).

Upon confirmation, I will resign from my positions with the following entities: the Tragedy Assistance Program for Survivors and the Atlantic Council of the United States. For a period of two years from the date of my appointment, I will not participate personally and substantially in any particular matter involving specific parties in which either of the aforementioned entities is a party or represents a party, unless I am first authorized to participate, pursuant to 5 C.F.R. § 2635.502(d) and Section 3 of Executive Order 13490.

Upon appointment, I will also resign from the following uncompensated positions: Advisory Board Member of the School for Languages, Cultures and World Affairs at the College of Charlestown; Advisory Board Member for the Pentagon Federal Credit Union Foundation; Advisory Board Member for the Women's Memorial Advisory Board on Science, Technology, Engineering and Mathematics (STEM); Advisory Board Member for the Citadel Advisory Board on Engineering/STEM; and Advisory Board Member for the Women in International Security Executive Circle.

I will retain my position as a trustee of the Deborah R. Lee James Trust, I will not receive any fees for the services that I provide as a trustee for the Deborah R. Lee James Trust during my appointment to the position of the Secretary of the Air Force. I will not participate personally and substantially in any particular matter that has a direct and predictable effect on the financial interests of the Deborah R. Lee James Trust, 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).

My spouse is employed by Engility Corporation, from which he receives a fixed salary and periodic bonuses in the form of restricted stock units. My spouse currently holds restricted stock units, but he does not currently hold any Engility stock or stock options. You have advised me that my spouse may continue to receive Engility restricted stock units, provided that he divests them as the restrictions lift. Therefore, my spouse will divest each restricted stock unit within 90 days of the lifting of the restriction. I will not participate personally and substantially in any particular matter that has a direct and predictable effect on the financial interests of Engility Corporation, unless I first obtain a written waiver, pursuant to 18 U.S.C. § 208(b)(1). For the duration of my appointment as the Secretary of the Air Force, my spouse has agreed not to communicate with the Department of the Air Force.

I understand that as an appointee I am required to sign the Ethics Pledge (Exec. Order No. 13490) and that I will be bound by the requirements and restrictions therein in addition to the commitments I have made in this and any other ethics agreement.

Within 90 days of confirmation, I will implement the recusals in this ethics agreement by designating in writing an individual to screen me out of conflicting matters and to reassign those matters, providing the individual with a list of assets and parties giving rise to such conflicts, and notifying you when I have completed these implementing actions.

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 other ethics agreements of Presidential nominees who file public financial disclosure reports.

Sincerely,

A handwritten signature in cursive script that reads "Deborah Lee James". The signature is written in black ink and is positioned above the printed name.

Deborah Lee James