

DATE

19 May 2021

Mr. Scott F. Thompson  
Alternate Designated Agency Ethics Official  
Office of the General Counsel  
Department of Defense  
Washington, DC 20301

Dear Mr. Thompson:

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. It is my responsibility to understand and comply with commitments outlined in this agreement.

#### SECTION 1 – GENERAL COMMITMENTS

As required by the criminal conflicts of interest law at 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 particular 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 an officer, director, trustee, general partner, or employee; and
- Any person or organization with which I am negotiating or have an arrangement concerning prospective employment.

In the event that an actual or potential conflict of interest arises during my appointment, I will consult with an agency ethics official and take the measures necessary to resolve the conflict, such as recusal from the particular matter or divestiture of an asset.

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 regulatory exemption for diversified mutual funds and unit investment trusts at 5 C.F.R. § 2640.201(a), obligations of the United States, or municipal bonds.

I will receive a live ethics briefing from a member of the ethics office after my confirmation but not later than 7 days after my appointment pursuant to the ethics program regulation at 5 C.F.R. § 2638.305. Within 90 days of my confirmation, I will submit my Certification of Ethics Agreement Compliance which documents my compliance with this ethics agreement.

I understand that as an appointee I will be required to sign the Ethics Pledge (Exec. Order No. 13989) and that I will be bound by it. Among other obligations, I will be required to recuse from particular matters involving specific parties involving my former employer or former clients for a period of two years after I am appointed, with the exception of federal, state and local government.

I will not modify this ethics agreement without your approval and the approval of the U.S. Office of Government Ethics pursuant to the ethics agreement requirements contained in the financial disclosure regulation at 5 C.F.R. § 2634.803(a)(4).

## SECTION 2 – LEIDOS, INC.

Upon my confirmation, I will resign from my board position with Leidos, Inc. (Leidos). Subsequently to filing my report, the Board of Directors authorized the vesting of my 2021 grant of unvested restricted stock units on a pro rata basis upon my confirmation. In the same resolution, the Board of Directors approved a policy to accelerate the vesting of unvested options upon resignation for directors, officers, and employees who resign to take a public service position.

As of May 7, 2021, I hold stock, vested and unvested restricted stock units, vested and unvested stock options in Leidos. As described above, upon confirmation a portion of my restricted stock units will vest. At the time of my resignation from the Leidos, I will forfeit my unvested restricted stock units, my vested restricted stock units will convert to common stock, my unvested stock options will vest, and all vested stock options will become exercisable. I will divest my vested stock options and stock in Leidos as soon as practicable but not later than 90 days after my confirmation. If I divest the stock options by exercising them, I will divest the resulting stock as soon as practicable but not later than 90 days after my confirmation. 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 Leidos 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). I have verified that I will be able to carry out this divestiture by receiving the payment within the described timeframe. In addition, pursuant to the impartiality regulation at 5 C.F.R. § 2635.503, for a period of two years after my receipt of the vesting of my unvested restricted stock units and unvested options, I will not participate personally and substantially in any particular matter involving specific parties in which Leidos is a party or represents a party, unless I first receive a written waiver pursuant to 5 C.F.R. § 2635.503(c).

Upon my resignation, Leidos also will liquidate my Keystaff Deferral Plan and give me a lump sum cash distribution within 90 days of my resignation. 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 Leidos to make this payment, unless I first obtain a written waiver, pursuant to 18 U.S.C. § 208(b)(1).

### SECTION 3 – OTHER BOARD OF DIRECTORS POSITIONS

Upon confirmation, I will resign from my positions with the following entities:

- Leonardo Electronics
- QuEST Defense

Pursuant to the terms of my board agreements with these entities, I am entitled to receive a fixed minimum amount in board fees that are paid to me quarterly. If I resign from my position in the middle of a quarter, I will be entitled to receive a pro-rated amount of that fixed amount due for that quarter. Both entities will make these payments to me within 60 days of my resignation. Until I have received these payments, 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 Leonard Electronics or QuEST Defense to make these payments, unless I first obtain a written waiver, pursuant to 18 U.S.C. § 208(b)(1). Additionally, pursuant to the impartiality regulation at 5 C.F.R. § 2635.502, for a period of one year after my resignation from each of these entities, I will not participate personally and substantially in any particular matter involving specific parties in which I know that either entity is a party or represents a party, unless I am first authorized to participate, pursuant to at 5 C.F.R. § 2635.502(d).

### SECTION 4 – NORTHROP GRUMMAN & MERCURY SYSTEMS

Upon confirmation, I will terminate my consulting agreements with the following entities:

- Northrop Grumman Corp.
- Mercury Systems

Pursuant to the terms of my consultancy agreements with these entities, I am entitled to receive a fixed minimum amount in consultancy fees. Should I terminate my agreements with these entities prior to their expiration date of July 1, 2021, I will be entitled to receive a pro-rated amount of that fixed amount due to me as of the date I terminated the agreement. Both entities will make these payments to me within 60 days of my resignation. Until I have received these payments, 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 Northrop Grumman or Mercury Systems to make these payments, unless I first obtain a written waiver, pursuant to 18 U.S.C. § 208(b)(1). Pursuant to the impartiality regulation at 5 C.F.R. § 2635.502, for a period of one year after the termination of my consulting agreement I will not participate personally and substantially in any particular matter involving specific parties in which I know that entity is a party or represents a party, unless I am first authorized to participate, pursuant to at 5 C.F.R. § 2635.502(d).

## SECTION 5 – CONSULTANCY AGREEMENTS

Upon confirmation, I will terminate my consulting agreements with the following entities:

- Renaissance Strategic Advisors
- Institute for Defense Analyses
- Rand Corporation

Pursuant to the terms of my consultancy agreements with these entities, I am entitled to receive a fixed hourly rate. At the time I terminate my agreements, all amounts due to me for services provide will be fixed. These entities will make these payments to me within 60 days of my resignation. Until I have received these 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 any of these entities to make these payments to me, unless I first obtain a written waiver, pursuant to 18 U.S.C. § 208(b)(1). Pursuant to the impartiality regulation at 5 C.F.R. § 2635.502, for a period of one year after the termination of my consulting agreement I will not participate personally and substantially in any particular matter involving specific parties in which I know that entity is a party or represents a party, unless I am first authorized to participate, pursuant to at 5 C.F.R. § 2635.502(d).

## SECTION 6 – INNOVEN ENERGY

Upon confirmation, I will terminate my consulting agreement with Innoven Energy (Innoven), a private venture energy company. Pursuant to the terms of my consultancy agreement, I am entitled to receive a fixed fee per quarter, but my fees and any accrued fixed interest are deferred. At the time of my resignation, the amount of my fees due and the interest rate will be fixed. Additionally, I entered into a convertible loan agreement (the “note”) with Innoven which will be converted to equity in the company if and when additional investment capital is acquired. At that time, I will be entitled to equity in the company for the value of the amount of the loan, plus the amount of my deferred consulting fees and any accrued interest. For as long as I retain this note or hold equity in Innoven, 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 Innoven, 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). Pursuant to the impartiality regulation at 5 C.F.R. § 2635.502, for a period of one year after the termination of my consulting agreement or for as long as I retain the note from or hold equity in Innoven, whichever is later, I will not participate personally and substantially in any particular matter involving specific parties in which I know that Innoven is a party or represents a party, unless I am first authorized to participate, pursuant to at 5 C.F.R. § 2635.502(d).

## SECTION 7 – OTHER RESIGNATIONS

Upon my confirmation I will resign from my positions with:

- MBO Partners, (a subcontractor to Booz Allen Hamilton)
- Center for American Progress,

- Center for Strategic and International Studies.
- Center for Victims of Torture
- Truman National Security Project
- Truman Center

In November, 2020 my position with the Biden for President Campaign ended. In October 2020 and August 2020 respectively I ceased to provide consulting services for Beacon Strategies and McKinsey & Company. Pursuant to the impartiality regulation at 5 C.F.R. § 2635.502, for a period of one year after my resignation from my positions with each of these entities, I will not participate personally and substantially in any particular matter involving specific parties in which I know that any of these entities is a party or represents a party, unless I am first authorized to participate, pursuant to at 5 C.F.R. § 2635.502(d).

#### SECTION 8- FORBES MAGAZINE:

Upon my confirmation I will terminate my contributor agreement with Forbes Magazine. Pursuant to the impartiality regulation at 5 C.F.R. § 2635.502, for a period of one year after the termination of my agreement, I will not participate personally and substantially in any particular matter involving specific parties in which I know that Forbes Magazine is a party or represents a party, unless I am first authorized to participate, pursuant to at 5 C.F.R. § 2635.502(d).

#### SECTION 9 – OTHER DIVESTITURES

As soon as practicable but not later than 90 days after my confirmation, I will divest my interests in the following entities:

- Northrup Grumman Corp.

With regard to Northrup Grumman Corp., 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 Northrup Grumman Corp. 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). I have verified that I will be able to carry out the divestitures within the timeframe described above.

I understand that I may be eligible to request a Certificate of Divestiture for qualifying assets and that a Certificate of Divestiture is effective only if obtained prior to divestiture. Regardless of whether I receive a Certificate of Divestiture, I will ensure that all divestitures discussed in this agreement occur within the agreed upon timeframes and that all proceeds are invested in non-conflicting assets. I understand that I must timely submit my request for a Certificate of Divestiture to allow for adequate time for OGE to process the Certificate of Divestiture, and in order to divest assets within the agreed upon timeframe.

I (including my spouse and dependent children if applicable) will not repurchase any asset I was required to divest without consulting with my agency ethics official and the U.S. Office of Government Ethics

## SECTION 10 – SPOUSE EMPLOYMENT

My spouse is a non-equity partner at Hogan Lovells, a law firm from which she receives salary and an annual bonus tied to her performance. For as long as my spouse continues to work at Hogan and Lovells, I will not participate personally and substantially in any particular matter that to my knowledge has a direct and predictable effect on my spouse's compensation or employment with the firm, unless I first obtain a written waiver, pursuant to 18 U.S.C. § 208(b)(1). Pursuant to the impartiality regulation at 5 C.F.R. § 2635.502, I also will not participate personally and substantially in any particular matter involving specific parties in which I know my spouse's employer or any client of my spouse is a party or represents a party, unless I am first authorized to participate, pursuant to 5 C.F.R. § 2635.502(d).

## SECTION 11 – PUBLIC POSTING

I have been advised that this ethics agreement and the Certification of Ethics Agreement Compliance will be posted publicly, consistent with the public information law at 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 "Frank Kendall", with a large, stylized flourish at the end.

Frank Kendall