SETTLEMENT AGREEMENT

This Settlement Agreement ("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 the Army ("Army"), the Missile Defense Agency ("MDA"), and the National Aeronautics and Space Administration ("NASA") (collectively, the "United States"); defendants ILC Dover LP ("ILC Dover") and ILC Astrospace, LLC ("ILC Astrospace") (collectively, "ILC"); and relator Philip Root ("Relator"), through their authorized representatives. Collectively, all of the above will be referred to as "the Parties."

RECITALS

A. ILC Dover, a Delaware limited partnership, and ILC Astrospace, a Delaware limited liability company, are headquartered in Frederica, Delaware. ILC solicited and received NASA contract NNJ16HD45D and subcontracts from prime contractors under Army contract W911SR-16-D-0021, MDA contract HQ0862-21-F-0002, and NASA contracts 80JSC022DA023, 80JSC019D0005, 80LARC20C0007, and 80MSFC20C0035 (collectively, "Named Contracts").

B. On January 17, 2025, Relator filed a *qui tam* action in the United States District Court for the District of Delaware captioned *United States ex rel. Root v. ILC Dover LP, et al.*, No. 25-cv-70 (D. Del.), pursuant to the *qui tam* provisions of the False Claims Act, 31 U.S.C. § 3730(b) ("Civil Action").

C. Defense Federal Acquisition Regulation Supplement ("DFARS") clauses 252.204-7008 and 252.204-7012 require Department of Defense ("DoD") contractors and subcontractors to provide adequate security on all covered contractor information systems by, at a minimum, implementing the security requirements specified by National Institute of Standards and Technology ("NIST") Special Publication ("SP") 800-171, "Protecting Controlled Unclassified

Information in Nonfederal Information Systems and Organizations," by not later than December 31, 2017. In addition, DFARS 252.204-7012 was amended, effective October 21, 2016, to mandate that any DoD contractor or subcontractor that "intends to use an external cloud service provider to store, process, or transmit any covered defense information" ("CDI") in performance of the contract "shall require and ensure that the cloud service provider meets security requirements equivalent to those established by the Government for the Federal Risk and Authorization Management Program (FedRAMP) Moderate baseline . . . and that the cloud service provider complies with requirements in paragraphs (c) through (g) of [DFARS 252.204-7012] for cyber incident reporting, malicious software, media preservation and protection, access to additional information and equipment necessary for forensic analysis, and cyber incident damage assessment." DFARS 252.204-7012(b)(2)(ii)(D).

D. Effective November 30, 2020, in order to be considered for award of DoD contracts and subcontracts, DFARS clauses 252.204-7019 and 252.204-7020 require DoD contractors and subcontractors to post to the Supplier Performance Risk System ("SPRS") a current assessment, not more than three years old, for each covered contractor information system that is relevant to the offer, contract, task order, or delivery order. Possible assessment scores range from a low of -203 to a high of 110. For entities that post a self-assessed score to SPRS, DFARS clauses 252.204-7019 and 252.204-7020 require that the assessment of the entity's implementation of NIST SP 800-171 be based on the entity's review of their system security plan(s) associated with covered contractor information system(s) and be conducted in accordance with the NIST SP 800-171 DoD Assessment Methodology. Since the NIST SP 800-171 DoD Assessment Methodology is based on the review of a system security plan ("SSP") describing how the security requirements are met, it is not possible to conduct an assessment without an SSP; accordingly, the absence of an

SSP would result in a finding under the NIST SP 800-171 DoD Assessment Methodology that an assessment could not be completed due to incomplete information and noncompliance with DFARS clause 252.204-7012.

E. NASA Federal Acquisition Regulation Supplement ("NFS") clause 1852.204-76 requires NASA contractors and subcontractors to provide security for unclassified information technology ("IT") resources. The clause requires NASA contractors and subcontractors to develop and maintain an IT security plan and IT security management plan and to protect the confidentiality, integrity, and availability of NASA electronic information from unauthorized disclosure. NASA electronic information includes any data or information that is processed, managed, accessed, or stored on an IT system in the performance of a NASA contract. NASA contracts incorporating NASA Procedural Requirement 2810.1, 2810.1F, or 2810.7 require NASA contractors and subcontractors to implement, among other controls, NIST SP 800-53, "Security and Privacy Controls for Information Systems and Organizations."

F. The United States contends that it has certain civil claims against ILC for knowingly submitting and/or causing to be submitted claims for payment to the Army, MDA, and NASA under the Named Contracts during the period of January 1, 2018, to October 30, 2024 that were false and/or fraudulent for the following reasons (hereinafter, the "Covered Conduct"):

(1) From February 1, 2023, to October 30, 2024, ILC used an external cloud service provider to store engineering, manufacturing, and quality documentation, including CDI, without requiring and ensuring that the external cloud service provider met security requirements equivalent to the FedRAMP Moderate baseline and complied with the requirements in DFARS 252.204-7012(c)–(g).

(2) From January 1, 2018, to March 10, 2022, and from September 1, 2022, to October 30, 2024, ILC did not develop, document, and periodically update an SSP for each of its covered information systems, as required by control 3.12.4 in NIST SP 800-171 and NFS 1852.204-76, describing system boundaries, system environments of operation, how security requirements are implemented, and the relationships with or connections to other systems.

(3) From January 1, 2018, to October 30, 2024, ILC had not fully implemented all cybersecurity controls in NIST SP 800-171 and NIST SP 800-53, including controls that, if not implemented, could lead to significant exploitation of the network or exfiltration of controlled defense information and controls that, if not implemented, could have a specific and confined effect on the security of the network and its data. In November 2018 and September 2024, ILC was informed by its third-party cybersecurity consultants that NIST SP 800-171 assessments of ILC's information systems identified that ILC had not implemented dozens of cybersecurity controls. Under the NIST SP 800-171 DoD Assessment Methodology, ILC's failure to implement these controls would have resulted in scores of -59 and 21, respectively, if ILC had in place an SSP permitting such a score to be calculated. ILC did not report those scores or cybersecurity vulnerabilities to DoD.

(4) From January 1, 2018, to May 13, 2019, and from January 1, 2022, to September 11, 2024, ILC had not developed and implemented plans of action and milestones ("POA&Ms") designed to correct deficiencies and reduce or eliminate vulnerabilities in ILC's organizational systems, as required by NIST SP 800-53 and 800-171.

(5) From November 30, 2020, to October 30, 2024, ILC was ineligible to be considered for award of DoD contracts and subcontracts because ILC Astrospace had not posted any assessment to SPRS and ILC Dover had not submitted an assessment that was current, based

on the entity's review of an SSP associated with covered contractor information systems, and conducted in accordance with the NIST SP 800-171 DoD Assessment Methodology.

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

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

In consideration of the mutual promises and obligations of this Settlement Agreement, the Parties agree and covenant as follows:

TERMS AND CONDITIONS

1. ILC shall pay to the United States Thirteen Million Dollars ($13,000,000.00) plus interest accruing at a rate of four and three-eighths percent (4.375%) per annum from September 24, 2026, and continuing until and including the date of payment (collectively, "Settlement Amount"), of which Six Million Five Hundred Thousand Dollars ($6,500,000.00) is restitution, by electronic funds transfer pursuant to written instructions to be provided by the Civil Division of the United States Department of Justice, no later than fourteen (14) calendar days after the Effective Date.

2. Conditioned upon the United States receiving from ILC the Settlement Amount payment in Paragraph 1 above, the United States shall pay to Relator by electronic funds transfer Two Million Three Hundred Fifty Thousand Dollars ($2,350,000.00) (Relator's Share) as soon as feasible after receipt.

3. ILC agrees to pay Relator's counsel the total sum of Two Hundred and Eighty-Eight Thousand Dollars ($288,000.00) (the "Relator's Counsel Payment") in full satisfaction of Relator's claims for reasonable expenses, attorneys' fees, and costs under 31 U.S.C. § 3730(d)(1).

ILC shall make the Relator's Counsel Payment by electronic funds transfer no later than fourteen (14) calendar days after the Effective Date of this Agreement, in accordance with written wire instructions to be provided by Relator's counsel. Upon receipt of the Relator's Counsel Payment, Relator and Relator's counsel release ILC Dover and ILC Astrospace, together with their current and former parent corporations, direct and indirect subsidiaries, brother or sister corporations, divisions, current or former corporate owners, and the corporate successors and assigns of any of them (collectively, the "ILC Releasees"), from any claim for attorneys' fees, expenses, and costs under 31 U.S.C. § 3730(d) or otherwise arising from the Covered Conduct and the Civil Action.

4. ILC further agrees to pay Relator the total sum of One Hundred and Eighty Thousand Dollars ($180,000.00) in full satisfaction of Relator's claims outside the scope of the Covered Conduct (the "Non-Covered Conduct Claim Payment"). This payment is not an admission of liability by ILC. ILC shall make the Non-Covered Conduct Claim Payment by electronic funds transfer no later than fourteen (14) calendar days after the Effective Date of this Agreement, in accordance with written wire instructions to be provided by Relator's counsel.

5. Subject to the exceptions in Paragraph 7 (concerning reserved claims) below, and upon the United States' receipt of the Settlement Amount, the United States releases the ILC Releasees 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, and fraud.

6. Subject to the exceptions in Paragraph 7 below, and upon the United States' receipt of the Settlement Amount, Relator, for himself and for his heirs, successors, attorneys, agents, and

assigns, releases the ILC Releasees from 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.

7. Notwithstanding the releases given in Paragraph 5 of this Agreement, or any other term of this Agreement, the following claims and rights 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 or enforcement right, or any administrative remedy, 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 of individuals;

g. Any liability for express or implied warranty claims or other claims for defective or deficient products or services, including quality of goods and services;

h. Any liability for failure to deliver goods or services due; and

i. Any liability for personal injury or property damage or for other consequential damages arising from the Covered Conduct.

8. 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). Conditioned upon Relator's receipt

of the Relator's Share, Relator and his heirs, successors, attorneys, agents, and assigns fully and finally release, waive, and forever discharge the United States, its agencies, officers, agents, employees, and servants (collectively, the "United States Releasees"), from any claims arising from the filing of the Civil Action or under 31 U.S.C. § 3730, and from any claims to a share of the proceeds of this Agreement and/or the Civil Action.

9. Upon receipt of the Non-Covered Conduct Claim Payment, Relator, for himself, and for his heirs, successors, attorneys, agents, and assigns, further releases the ILC Releasees from any claims (including attorneys' fees, costs, and expenses of every kind and however denominated) that Relator has asserted, or could have asserted, on or at any time prior to the Effective Date.

10. ILC waives and shall not assert any defenses ILC 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.

11. ILC fully and finally releases the United States Releasees from any claims (including attorneys' fees, costs, and expenses of every kind and however denominated) that ILC has asserted, could have asserted, or may assert in the future against the United States Releasees related to the Civil Action, the Covered Conduct, or the United States' investigation or prosecution thereof.

12. ILC releases Relator, and his heirs, successors, attorneys, agents, and assigns (collectively, the "Relator Releasees"), from any claims (including attorneys' fees, costs, and

expenses of every kind and however denominated) that ILC has asserted, or could have asserted, on or at any time prior to the Effective Date.

13. 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 ILC, 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' audit(s) and civil investigation(s) of the matters covered by this Agreement;

(3) ILC's investigation, defense, and corrective actions undertaken in response to the United States' audit(s) and civil investigation(s) in connection with the matters covered by this Agreement (including attorneys' fees);

(4) the negotiation and performance of this Agreement;

(5) the payment ILC makes to the United States pursuant to this Agreement and any payments that ILC 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 ILC, and ILC 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 ninety (90) days of the Effective Date, ILC shall identify and repay by adjustment to future claims

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

14. This Agreement is intended to be for the benefit of the United States Releasees, the ILC Releasees, and the Relator Releasees only.

15. Upon the United States' receipt of the Settlement Amount, Relator's counsel's receipt of the Relator's Counsel Payment, and Relator's receipt of the Non-Covered Conduct Claim Payment, as provided in Paragraphs 1, 3, and 4 above, respectively, the United States and Relator shall promptly sign and file in the Civil Action a Joint Notice of Dismissal of the Civil Action against ILC pursuant to Rule 41(a)(1). The Joint Notice of Dismissal shall be with prejudice as to the United States' and the Relator's claims in the Civil Action against ILC with respect to the Covered Conduct and consistent with the terms and conditions of this Agreement. The Joint Notice of Dismissal shall be without prejudice to the United States and with prejudice to the Relator with respect to all other claims against ILC in the Civil Action.

16. Except as provided in Paragraph 3 above, each Party shall bear its own legal and other costs incurred in connection with this matter, including the preparation and performance of this Agreement.

17. Each Party and signatory to this Agreement represents that it freely and voluntarily enters into this Agreement without any degree of duress or compulsion.

18. 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 Delaware. 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.

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

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

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

22. This Agreement is binding on ILC's successors, transferees, heirs, and assigns.

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

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

25. This Agreement is effective on the date of signature of the last signatory to the Agreement ("Effective Date"). Facsimiles of signatures shall constitute acceptable, binding signatures for purposes of this Agreement.

[SIGNATURE PAGE(S) FOLLOW]

THE UNITED STATES OF AMERICA

DATED: 10/26/2026 BY: 

CHRISTOPHER TERRANOVA
Assistant Director
Commercial Litigation Branch
Civil Division
United States Department of Justice

DATED: 10/26/2026 BY: 

DYLAN J. STEINBERG
JACOB LAKSIN
Assistant United States Attorneys
District of Delaware

ILC DOVER LP AND ILC ASTROSPACE, LLC

DATED: 10/26/2026 BY: _____
ANDREW SCHIESL
General Counsel
ILC Dover LP

DATED: 10/26/2026 BY: _____
ANDREW SCHIESL
General Counsel
ILC Astrospace, LLC

DATED: 10/26/2026 BY: _____
AVI PERRY
WILLIAM BURCK
Quinn Emanuel Urquhart and Sullivan, LLP
Counsel for ILC Dover LP and ILC Astrospace, LLC

RELATOR PHILIP ROOT

DATED: 10/21/2026 BY: _____
PHILIP ROOT

DATED: 10/21/2026 BY: _____
BRUCE C. JUDGE
DAVID W. S. LIEBERMAN
Whistleblower Law Collaborative LLC
Counsel for Philip Root