

Conciliation Agreement

Between

**U.S. Department of Labor
Office of Federal Contract Compliance Programs**

And

**Aerovironment, Inc.
181 West Huntington Drive, Suite 202
Monrovia, California 91016**

PART I: General Provisions

1. This Agreement is between the Office of Federal Contract Compliance Programs (hereinafter "OFCCP") and Aerovironment, Incorporated (hereinafter "Aerovironment") located at 181 West Huntington Drive, Suite 202, Monrovia, California 91016.
2. The violation identified in this Agreement was found during a compliance evaluation of Aerovironment which began on January 17, 2012, and were specified in a Notice of Violation issued on August 23, 2012. OFCCP alleges that Aerovironment has violated Executive Order 11246, as amended, and implementing regulations at 41 CFR Chapter 60 due to the specific violations cited in Part II below.
3. This Agreement does not constitute an admission by Aerovironment of any violation of Executive Order 11246, as amended, and implementing regulations.
4. The provisions of this Agreement will be part of Aerovironment's Affirmative Action Program (hereinafter "AAP"). Subject to the performance by Aerovironment of all promises and representations contained herein, and its AAP, all identified violations in regard to the compliance of Aerovironment with all OFCCP programs will be deemed resolved. However, Aerovironment is advised that the commitments contained in this Agreement do not preclude future determinations of noncompliance based on a finding that the commitments are not sufficient to achieve compliance.
5. Aerovironment agrees that OFCCP may review compliance with this Agreement. As part of such review, OFCCP may require written reports, inspect the premises, interview witnesses, and examine and copy documents, as may be relevant to the matter under investigation and pertinent to Aerovironment's compliance. Aerovironment shall permit access to its premises during normal business hours for these purposes.
6. Nothing herein is intended to relieve Aerovironment from the obligation to comply with the requirements of Executive Order 11246, as amended, Section 503 of the Rehabilitation Act of 1973, as amended, the Vietnam Era Veterans' Readjustment Assistance Act of 1974, as amended (38 U.S.C. 4212) and implementing regulations, or any other equal employment statute or executive order or its implementing regulations.

7. Aerovironment agrees that there will be no retaliation of any kind against any beneficiary of this Agreement, or against any person who has provided information or assistance to the OFCCP, or who files a compliant, or who participates in any manner in any proceeding under Executive Order 11246, as amended, and/or Section 503 of the Rehabilitation Act of 1973, as amended, and/or the Vietnam Era Veterans' Readjustment Assistance Act of 1974, as amended (38 U.S.C. 4212).
8. This Agreement will be deemed to have been accepted by the Government on the date of signature by the Regional Director, unless the Director for OFCCP indicates otherwise within 45 days of the Regional Director's signature on this Agreement.
9. If at any time in the future, OFCCP believes that Aerovironment has violated any portion of this Agreement during the term of this Agreement, Aerovironment will be promptly notified of that fact in writing. This notification will include a statement of the facts and circumstances relied upon in forming that belief. In addition, the notification will provide Aerovironment with 15 days from receipt of the notification to respond in writing, except where OFCCP alleges that such a delay would result in irreparable injury.

Enforcement proceedings for violation of this Agreement may be initiated at any time after the 15-day period has elapsed (or sooner, if irreparable injury is alleged) without issuing a Show Cause Notice.

Where OFCCP believes that Aerovironment has violated this Conciliation Agreement, OFCCP may seek enforcement of this Agreement itself and shall not be required to present proof of the underlying violations resolved by this Agreement.

Liability for violation of this Agreement may subject Aerovironment to sanctions (as applicable) set forth in Section 209 of the Executive Order and other appropriate relief.

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PART II: Specific Provisions

Violation: Aerovironment failed to ensure that its employees are compensated without regard to their race as required by 41 CFR 60-1.4(a). A review of compensation practices for the (b) (7)(C) position as of March 1, 2012 revealed that an Asian employee received a lower wage rate than a similarly-situated non-minority counterpart.

Specifically, a review of the available records, job descriptions and pay information provided by Aerovironment and the results of interviews with managers and employees conducted during the compliance evaluation support the finding that the Asian employee received a lower wage rate than his similarly-situated non-minority counterpart.

Remedy: Aerovironment agrees to revise its compensation practices and take steps to ensure that its compensation system provides an equal opportunity to all of its employees, regardless of race. This applies to all aspects of compensation, including, but not limited to, initial salary at time of hire and progression into higher paying categories. In order to resolve this violation, Aerovironment agrees to the following:

- a. Provide back pay in the amount of \$37,211.85 and interest in the amount of \$1,945.50 to (b) (7)(C) for the period January 3, 2010 to August 23, 2012. Effective August 26, 2012, agrees to increase (b) (7)(C) salary to (b) 7 e
- b. Conduct an analysis of its compensation practices as they impact all employees.
- c. Develop and implement compensation policies and procedures that will not differentiate compensation on the basis of race and gender of employees.
- d. Provide training to those managers who participate in the application of any component of the compensation system at Aerovironment. The purpose is to familiarize those managers with principles underlying the uniform application of criteria, which are used to establish compensation. The estimated cost of the training is \$3,000.

Aerovironment agrees this violation will not be repeated.

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PART III: Reporting

Aerovironment agrees to retain records pertinent to the violations resolved by this Conciliation Agreement. Aerovironment agrees to submit one progress report, as specified below, to the U.S. Department of Labor, Office of Federal Contract Compliance Programs, Los Angeles District Office, 1640 South Sepulveda Blvd., Suite 440 Los Angeles, California 90025.

REPORTING PERIOD

Effective Date of Agreement – January 15, 2013

The progress report will include the following and is due January 30, 2013:

1. Evidence of back pay with interest and pay increases given to (b) (7)(C) including copies of cancelled checks and payroll records showing pay increases.
2. Evidence of training provided to managers who participate in the application of any component of the compensation process, including the date and the location of the training, names and positions of the trainers, names and positions of the managers who attended and copies of the sign-in sheet, training materials, and the final cost of the training.

Termination Date:


This Agreement shall remain in effect until March 15, 2013 or until OFCCP's written acceptance of the progress report, whichever date is later.

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PART IV: Signatures


This Conciliation Agreement is hereby executed by and between the Office of Federal Contract Compliance Programs and Aerovironment located at 181 West Huntington Drive, Suite 202, Monrovia, California 91016.

9-4-12

Date
Ex 7C



CATHLEEN CLINE
Senior Vice President Administration
Aerovironment, Incorporated
181 West Huntington Drive, Suite 202
Monrovia, California

9/7/12

Date
Ex 7E



Compliance Officer
Office of Federal Contract
Compliance Program

10/11/2012

Date
Ex 7C



WILLIAM D. SMITHERMAN
Regional Director
Office of Federal Contract
Compliance Programs
Pacific Region
San Francisco, California

9/14/12

Date
Ex 7C


ROBERT DOLES
Assistant District Director
Office of Federal Contract
Compliance Programs
Los Angeles District Office

9/14/12

Date
Ex 7C


JANE SUHR
District Director
Office of Federal Contract
Compliance Programs
Los Angeles District Office