

AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT		1. CONTRACT ID CODE	PAGE 1 OF 1
2. AMENDMENT/MODIFICATION NO. M042	3. EFFECTIVE DATE August 25, 2008	4. REQUISITION/PURCHASE REQ. NO. NA27344	5. PROJECT NO. (If applicable)
6. ISSUED BY CODE		7. ADMINISTERED BY (If other than Item 6)	
U.S. Department of Energy/NNSA SC M&O Contract Support Division P.O. Box 5400 Albuquerque, NM 87185-5400		U.S. Department of Energy/NNSA Livermore Site Office M/S L-293 7000 East Avenue Livermore, CA 94550	
8. NAME AND ADDRESS OF CONTRACTOR (No., street, country, State, and ZIP Code)		9A. AMENDMENT OF SOLICITATION NO.	
Lawrence Livermore National Security, LLC Lawrence Livermore National Laboratory M/S L-294 7000 East Avenue Livermore, CA 94550			
		9B. DATED (SEE ITEM 11)	
		<input checked="" type="checkbox"/> 10A. MODIFICATION OF CONTRACT/ ORDER NO. DE-AC52-07NA27344	
		10B. DATED (SEE ITEM 13)	
CODE	FACILITY CODE	May 8, 2007	
11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS			
The above numbered solicitation is amended as set forth in Item 14. The hour and date specified for receipt of Offers is extended. is not ex-tended. Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended by one of the following methods: (a) By completing Items 8 and 25, and returning ___ copies of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGEMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.			
12. ACCOUNTING AND APPROPRIATION DATA (If required) see attached			
13. THIS ITEM APPLIES ONLY TO MODIFICATIONS OF CONTRACTS/ORDERS, IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.			
A. THIS CHANGE ORDER IS ISSUED PURSUANT TO: (Specify authority) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN CONTRACT/ORDER NO. IN ITEM 10A.			
B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying office, appropriation data, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103 (b).			
<input checked="" type="checkbox"/> C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF: Clause H-19 Modification Authority, Clause I-120 Changes, and Mutual Agreement			
D. OTHER (Specify type of modification and authority)			
E. IMPORTANT: Contractor ___ is not, <u>XX</u> is required to sign this document and return <u>2</u> copies to the issuing office.			
14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UCF section headings, including solicitation/contract subject matter where feasible.) The contract is hereby modified to incorporate the changes to the contract Clause H-35, Paragraphs; (d)(2)(ii)(IV)(B), (d)(6)(ii), (d)(5) and (i). The revised clause, in its entirety is attached. All other terms, conditions, total estimate cost and fees remain unchanged. Except as provided herein, all terms and conditions of the document referenced in Item 9A or 10A, as heretofore changed, remains unchanged and in full force and effect.			
15A. NAME AND TITLE OF SIGNER (Type or print) Kathleen Vaselopoulos Director, Prime Contract Management		16A. NAME AND TITLE OF CONTRACTING OFFICER (Type or print) Ronna Promani, Contracting Officer U.S. Department of Energy/NNSA	
15B. CONTRACTOR/OFFEROR	15C. DATE SIGNED 9/3/08	16B. UNITED STATES OF AMERICA	16C. DATE SIGNED 9/3/08
(Signature of person authorized to sign)		By (Signature of Contracting Officer)	

**H-35 WORKFORCE TRANSITION, CONTRACTOR COMPENSATION,
BENEFITS AND PENSION (Mod #M 042)**

(a) Personnel Appendix

- (1) This Clause and the Contract Section J Appendix entitled “Personnel Appendix” are adopted for the exclusive benefit and convenience of the Parties hereto; nothing contained herein shall be construed as conferring any right of action or any other right or benefit upon past, present, or future employees of the Contractor, or upon any other third party. This Clause and the Personnel Appendix reflect NNSA’s minimum Contractor human resources requirements. Changes, if any, will be made to the Personnel Appendix through a Contract Modification. Personnel costs and related expenses incurred in accordance with the Personnel Appendix shall be allowable to the extent indicated therein.
- (2) Definitions
 - (i) “Transferring Employees” are those employees (other than Inactive Vested Transferring Employees as defined below) who transfer from employment with the predecessor contractor to employment with the Contractor as of the start of the first day of the Basic Term of the Contract.
 - (ii) “Inactive Vested Transferring Employees” are those employees who transfer from employment with the predecessor contractor to employment with the Contractor prior to the first day of the Basic Term of the Contract, who do not elect to retire under the University of California Retirement Plan (UCRP) as of the first day of the Basic Term of the Contract, and who remain vested participants as “inactive members” of the UCRP.
 - (iii) “UCRP Retiring Employees” are employees of the predecessor contractor who elect to retire under the UCRP prior to first day of the Basic Term of the Contract and who have the same rights with respect to hiring and terms and conditions of employment as New Employees (as defined below).
 - (iv) “New Employees” are those employees hired by the Contractor on or after the first day of the Basic Term of the Contract who are not Transferring Employees or Inactive Vested Transferring Employees.

(b) Employee Retention

- (1) Subject to the availability of funds, the Contractor shall offer employment to all employees of the predecessor contractor who as of the start of the Contract period of performance are in good standing and have LLNL “Career” or “Term” appointments as described in the LLNL Personnel Policies and Procedures Manual, except as set forth in subparagraph (b)(2) below. Subsequently, the Contractor shall exercise appropriate managerial judgment regarding employee retention and job assignments.**
- (2) The Contractor is not required to offer employment to those employees assigned to the predecessor contractor’s key personnel positions. In addition, the Contractor is not required to offer employment to UCRP Retiring Employees. The Contractor may offer employment to these categories of employees at its sole discretion.**

(c) Labor Relations

- (1) The Contractor shall respect the right of employees to organize and to form, join, or assist labor organizations, to bargain collectively through their chosen labor representatives, to engage in other concerted activities for the purpose of collective bargaining or other mutual aid or protection, and to refrain from any or all of these activities.**
- (2) The Contractor is authorized to enter into labor agreements and administer such agreements in accordance with their negotiated terms subject to the following requirements:**
 - (i) The Contractor shall seek to maintain harmonious bargaining relationships that reflect a judicious expenditure of public funds, equitable resolution of disputes and effective and efficient bargaining relationships consistent with the requirements of FAR Subpart 22.1 as supplemented by DEAR Subpart 970.2201 and all applicable Federal and State labor laws.**
 - (ii) The Contractor shall meet with the Contracting Officer or designee(s) for the purpose of reviewing the Contractor’s bargaining objectives prior to negotiation of any collective bargaining agreement, extension or revision thereto. During the collective bargaining process, the Contractor shall notify the Contracting Officer before submitting or agreeing to any collective bargaining proposal which could**

change costs under this Contract or which could involve other items of special interest to the Government. During the collective bargaining process, the Contractor shall obtain the approval of the Contracting Officer in advance before proposing or agreeing to changes in any pension or other benefit plans.

(iii) The Contractor shall notify the Contracting Officer in a timely fashion of all labor relations issues and matters of local interest including organizing initiatives, unfair labor practices, work stoppages, picketing, labor arbitrations and settlement agreements, and will discuss economic parameters for negotiations before the start of any labor negotiations.

(3) The Contractor will furnish reports concerning labor relations and collective bargaining as may be required from time to time by the Contracting Officer.

(d) **Salary and Benefits**

(1) **Compensation Packages**

(i) **Transferring Employees (Not including Inactive Vested Transferring Employees)**

(I) The Contractor shall provide a total compensation package for Transferring Employees (including for Safety Members, as defined in UCRP plan documents, who otherwise qualify as and choose to become Transferring Employees) that is substantially equivalent to that provided by the predecessor contractor as of the last day of the Transition Term of the Contract. The Contracting Officer in his/her sole discretion will determine substantial equivalency by comparing the Contractor's total compensation package with the benefits provided by the predecessor contractor; provided, however, that the Contractor's total compensation package must include UCRP age factors as a basis for determining compensation, substantially equivalent pension and other benefits, must maintain the base salaries of the Transferring Employees, and shall comply with the requirements of paragraph (e), pensions, set forth below.

- (II) Transferring Employees shall carry over the length of service credit and vacation and sick leave balances accrued under the predecessor contract as of the date of transfer to the Contractor. Paragraph (d) (6) (iv) below does not apply to evaluating the reasonableness of benefits for Transferring Employees. The Contractor shall consider amending benefits for Transferring Employees to be consistent with any changes made by the Board of Regents of the University of California to employee benefits during the term of this Contract.

 - (III) The retiree medical benefit plan for Transferring Employees must include service based eligibility requirements substantially equivalent to existing requirements for retiree medical benefits under the predecessor contract that specify a minimum of 5 years continuous service under a DOE Contract(s) immediately prior to retirement in order to qualify for retiree medical benefit coverage. DOE Contract means for purposes of this paragraph: (1) a DOE management and operating contract, or (2) any other contract where work had been previously performed under a DOE management and operating contract and the successor Contractor is (a) required to employ all or part of the former Contractor's workforce and sponsors the employee pension and benefit plans; or (b) retains sponsorship of benefit plans that survive performance of the contract work scope. Contracts in this latter category include, but are not limited to, environmental remediation, infrastructure services and other site-specific project completion contracts.
- (ii) New Employees, Inactive Vested Transferring Employees and UCRP Retiring Employees.
 - (I) For New Employees, Inactive Vested Transferring Employees and UCRP Retiring Employees, the Contractor shall provide a total compensation package that is market-based and that will allow the Laboratory to recruit and retain critical scientific, technical, and engineering skills to develop the next generation of scientific personnel necessary to successfully carry out its mission. In addition, any

total compensation package shall comply with the requirements of paragraph (e), pensions, as set forth below. Cost reimbursement of benefit plans will be consistent with the approved "Relative Benefits Value Index (RBVI)" and "Per Capita Employee Benefit Cost Comparison (Cost Comparison)" as described below in paragraphs (d)(6)(i-iv).

(II) Inactive Vested Transferring Employees shall carry over length of service credit for calculation of retiree medical benefits, for calculation of the rates of accrual of vacation and sick leave, for calculation of severance pay (subject to paragraph (d)(3) below); and for determination of eligibility to participate in a defined contribution pension plan, and the calculation of benefits under any defined contribution plan, if the Contractor offer such plans. However, Inactive Vested Transferring Employees who retire under UCRP and opt for a lump sum distribution of pension benefits shall not be eligible to receive retiree medical benefits under the Contract based on their years of service with the predecessor contractor. In addition, Inactive Vested Transferring Employees shall carry over vacation and sick leave balances accrued under the predecessor contract as of the date an employee transfers to employment with the Contractor. When an employee has opted to receive payment or service credit from the predecessor contractor for some or all of the accrued vacation and/or sick leave, only the balances for which the employee did not receive benefit from the predecessor contractor shall carry over to the Contract.

(iii) The total compensation packages described in subparagraphs (i) and (ii) above are subject to the Contracting Officer's review and approval.

(2) Wages and Salaries

(i) The Contractor shall develop, implement and maintain formal policies, practices and procedures to be used in the administration of its compensation system including a compensation system self-assessment plan consistent with FAR 31.205-6 as supplemented by DEAR 970.3102-05-6, "Compensation for personal services," as applied to the

NNSA-approved standards in the Personnel Appendix. The Contractor's compensation system shall be in accordance with FAR 31.205-6 as supplemented by DEAR 970.3102-05-6, fully documented, consistently applied, and acceptable to the Contracting Officer.

- (ii) The Contractor shall submit the following to the Contracting Officer for approval in writing and in advance:
 - (I) Any additional compensation system self-assessment data requested by the Contracting Officer that may be needed to validate and approve the Contractor's compensation system.
 - (II) Any proposed major compensation program design changes prior to implementation.
 - (III) An Annual Compensation Increase Plan (CIP) 90 days prior to the beginning of each succeeding fiscal year.
 - (IV) Individual compensation actions for those senior Contractor employees (e.g. for the Laboratory Director, Deputy Directors (if any), and senior managers who report directly to the Laboratory Director/Deputy Directors), identified by the Contracting Officer, including initial and proposed changes to base salary and payments under Contracting Officer-approved Executive Incentive Compensation Plan.
 - (A) For FY 2008, for Key Personnel, the Contracting Officer will approve one time salary increase requests due to recruitment or promotion actions up to 6 percent above the prior incumbent's reimbursed salary as of the date of contract award. No reimbursement above the limits specified will be allowed under the contract for FY 2008. For subsequent years, NNSA policy on contractor executive compensation will apply for Key Personnel
 - (B) Notwithstanding any other term or condition set forth in the Contract, the reimbursable compensation for each of the Contractor's Key Personnel, shall not exceed (i) \$612,196 benchmark

in effect at the time of Contract award (i.e., the Contract's effective date) or (ii) the revised benchmark amount, in any subsequent government fiscal year, as determined by the applicable Determination of Executive Compensation Benchmark Amount Pursuant to Section 39 of the Office of Federal Procurement Policy (OFPP) Act (41 U.S.C. 435), as Amended, as required in FAR Subpart 31.205-6 "Compensation for Personal Services", paragraph (p) "Limitation on allowability of compensation for certain contractor personnel."

(V) Any proposed establishment of an incentive compensation plan (variable pay plan/pay-at-risk).

(iii) NNSA will conduct periodic appraisals of Contractor performance with respect to compensation system implementation. Such appraisals may be conducted by NNSA, by validation of Contractor self assessments of compensation system performance, a third party expert, or any other method directed by the Contracting Officer.

(3) **Severance Pay**

(i) Severance pay benefits will not be reimbursed under this Contract to an employee if the employee:

(I) Voluntarily separates, resigns or retires from employment,

(II) Is offered employment with a successor/replacement contractor,

(III) Is offered employment with the parent or an affiliated company of the Contractor, or

(IV) Is discharged for cause.

(ii) For all Transferring Employees and Inactive Vested Transferring Employees, the Contractor shall carry over the length of service credit accrued for eligibility for severance pay under service for the predecessor contractor as of the date of transfer to the Contractor. Service credit does not include any period of prior service at a DOE/NNSA facility for which severance pay has been previously paid.

(4) Reporting Requirements

The Contractor shall provide the following reports with respect to salary and benefits reimbursed under this Contract for all employees to the Contracting Officer:

- (i) Annual Contractor Salary-Wage Increase Expenditure Reports to include, at a minimum, breakouts for merit, promotion, variable pay, special adjustments, and structure movements for each pay structure showing actual against approved CIP amounts.**
- (ii) Annual Reports of Contractor Expenditures for Employee Supplemental Compensation through the Department Workforce Information System (WFIS), compensation and benefits module.**
- (iii) Annual Self-Assessments of its total compensation packages.**

(5) Allowability of Pension and Other Benefits Costs

Prior to changing any employee benefit and retiree medical benefit, the Contractor shall obtain Contracting Officer approval in writing and in advance of the changes. No presumption of allowability associated with a change will exist unless approved by the Contracting Officer.

(6) Benefit Evaluations

- (i) The Contractor shall submit to the Contracting Officer for approval an evaluation of the Contractor total employee benefit program reimbursed under this contract calculated separately for two groups, (1) Transferring Employees and (2) New Employees, Inactive Vested Transferring Employees and UCRP Retiring Employees based on two performance measures: a Relative Benefit Value Index (RBVI) due initially 6 weeks after the start of the Transition Term and a Per Capita Employee Benefit Cost Comparison (Cost Comparison) due initially one year after the start of the Basic Term of the Contract. Subsequently, an RBVI must be calculated every two years and the Cost Comparison performed annually. Failure to conduct either the RBVI or Cost Comparison on a timely basis may result in a determination of unallowable costs.**

- (ii) The RBVI shall be an actuarial calculation of the relative value of the benefit programs offered by the Contractor calculated separately for (1) Transferring Employees and (2) New Employees, Inactive Vested Transferring Employees and UCRP Retiring Employees and measured against the average value of benefit programs offered by at least 15 comparator companies and/or institutions that the Contractor competes against for recruitment and retention of employees, and that are approved in advance and in writing by the Contracting Officer as a bona fide comparator group. The participant list should remain relatively constant from period to period and include no more than twenty percent (20%) of DOE M&O Contractors. The Contractor shall submit for Contracting Officer approval the RBVI methodology.
- (iii.) The Cost Comparison shall analyze the Contractor's average aggregate employee benefit costs on a per capita basis per full time equivalent for (1) Transferring Employees and (2) New Employees, Inactive Vested Transferring Employees and UCRP Retiring Employees. In addition, for New Employees, Inactive Vested Transferring Employees and UCRP Retiring Employees the Cost Comparison shall analyze aggregate employee benefit costs as a percent of the Employee payroll. All costs shall be compared to the findings of a nationally recognized survey approved in advance and in writing by the Contracting Officer.
- (iv) Costs for a market-based Benefits Plan for New Employees, Inactive Vested Transferring Employees and UCRP Retiring Employees will be allowable when the Contractor's total benefit RBVI does not exceed the market average total benefit RBVI by more than five percent and the total benefit average per capita cost and percent of payroll do not exceed the market average total benefit per capita cost and percent of payroll by more than five percent.

 - (I) When the total RBVI and/or Cost Comparison exceed the comparator group by more than 5 percent, as required by the Contracting Officer, the Contractor shall submit for approval corrective action plans, including a timeline, to achieve a market average RBVI, average per capita cost and cost as a percent of payroll not to exceed the

comparator group by more than 5 percent.

(II) When required by the Contracting Officer, the Contractor shall submit an analysis of any specific plan costs that exceed the market average RBVI, average per capita cost and cost as a percent of payroll, and a corrective action plan to achieve conformance with the 5 percent requirement set forth in subparagraph (iv) above.

(III) The Contractor shall implement corrective action plans determined to be reimbursable by the Contracting Officer that meet the requirements of subparagraph (iv) above.

(v) The Contractor shall annually submit a Report of Contractor Expenditures for Employee Supplemental Compensation.

(7) Service Credit for Parent Organization Members

For new employees hired directly from: (1) University of California, Bechtel, BWXT, and the Washington Group (collectively referred to as "LLNS Parent Companies") or (2) any company partially or fully owned by the University of California (excluding UC LLNL), Bechtel, BWXT, or the Washington Group (collectively referred to as "Affiliates of LLNS Parent Companies") -

(i) LLNS will credit the continuous or credited service date recognized by the LLNS Parent Companies or the Affiliates of LLNS Parent Companies from which the employees transfer for vacation accrual, sick leave accrual, eligibility for the TCP2 401K savings plan, service awards, and eligibility for access-only retirement medical plans.

(ii) In addition to the above, LLNS will credit service for subsidized retiree medical and severance benefits as specified below, for prior work on Department of Energy, National Nuclear Security Administration, and Naval Reactors (collectively referred to as "DOE") Management & Operating (M&O) contracts and facility management contracts. These include current M&O and facility management contracts as well as prior DOE management and operating contracts where a successor contractor was required to employ all or part of the former contractor's

workforce and sponsor the existing site employee pension and benefit plans, and DOE was reimbursing the contractor, as a direct cost, for employee pension and benefit plans.

(I) For determining eligibility and earned benefit level for LLNS subsidized retiree medical benefits, reimbursement of post-retirement health benefits is limited to employees who prior to retirement, worked at least the five previous years under DOE or NNSA M&O or facilities management cost reimbursement contracts and only for those periods of prior service when employer-subsidized post-retirement medical benefits were part of the employee's benefits package. Such service will be frozen upon transfer to LLNS.

(II) Service credit for severance pay does not include any period of prior service at a DOE/NNSA facility for which severance pay has been previously paid

(e) Pension Plans

- (1) The Contractor shall sponsor at least two site-specific separate pension plans that cover site employees, including any pension plan spun off by the predecessor contractor. The pension plans sponsored by the Contractor shall include: "Pension Plan One," which shall cover Transferring Employees (including those Safety Members of UCRP who otherwise qualify as and choose to become Transferring Employees) and not Inactive Vested Transferring Employees, and "Pension Plan Two," which shall cover New Employees, Inactive Vested Transferring Employees, and UCRP Retiring Employees hired by the Contractor.
- (2) All Pension Plans shall meet the requirements of the Internal Revenue Code (IRC) and Employee Retirement Income Security Act of 1974 (ERISA), as applicable, and shall be distinct from any corporate or other pension plan. Each pension plan shall cover only Contractor employees working under this Contract.
- (3)
 - (i) Pension Plan One. The Contractor shall consider amending Pension Plan One to be consistent with any changes made by the Board of Regents of the University of California to the UCRP during the term of this Contract. For Transferring Employees (including those Safety Members of UCRP who otherwise qualify as and choose to

become Transferring Employees) and not Inactive Vested Transferring Employees, Pension Plan One shall include UCRP age factors, preserve accrued benefits and recognize service credit earned under the predecessor contractor's retirement plans including the UCRP.

(ii) Pension Plan Two. For New Employees, Inactive Vested Transferring Employees and UCRP Retiring Employees hired under this Contract, the Contractor shall provide a pension benefit package that is market-based (as defined in (d)(6)(iv) and competitive for the industry and which will allow the Contractor to recruit and retain the appropriate personnel to assure that LLNL continues to successfully carry out its mission.

(I) For Inactive Vested Transferring Employees, and Transferring Employees not vested in UCRP who choose to participate in Pension Plan Two prior to the end of the Transition Term, Pension Plan Two shall recognize service earned under the UCRP for purposes of determining eligibility for benefits and vesting and the level of employer contribution, but shall not otherwise recognize prior service for calculation of benefits under Pension Plan Two. The Transferring Employees not vested in UCRP who choose to participate in Pension Plan Two prior to the end of the Transition Term shall thereafter be subject to the provisions of the Contract which apply to Inactive Vested Transferring Employees.

(II) UCRP Retiring Employees hired under this Contract shall not receive credit under Pension Plan Two for service under the predecessor contract.

- (4) Contractor policies, practices, and procedures used in the administration of pension plans shall be consistent with law and regulation.
- (5) The Contractor shall obtain an independent audit annually of each pension plan, which provides the accounting details specified by ERISA Sections 103 and 104.
- (6) In addition to the information required under paragraph (d) (6) above, prior to making any changes to a pension plan the Contractor shall submit the information required under subparagraphs (i) and (ii) below for approval in advance and in

writing that the costs proposed to be incurred are consistent with the Contractor's pension plans and will be deemed allowable.

- (i) For proposed changes to pension plans and pension plan funding, an analysis of the impact of any proposed changes on actuarial accrued liabilities and an analysis of relative benefit value and any other information of special interest to the Government.
 - (ii) For any proposed special programs (including, but not limited to, early retirement programs, window benefit programs, disability programs, plan-loan features, employee contribution refunds, asset reversions, or ancillary benefits), an analysis of the impact of special programs on the actuarial accrued liability of the pension plan, and on relative benefit value and cost, if applicable.
 - (iii) For any proposed special programs (including, but not limited to, early retirement programs) that augment or potentially augment in any way the benefit of any plan participant, a compelling reason that the proposal should be approved.
- (7) For each pension plan, the Contractor shall provide the Contracting Officer with the following when filed with the IRS or within nine months of the last day of the current pension plan year, which ever occurs first:
- (i) The actuarial valuation.
 - (ii) Copies of IRS forms 5500 with schedules.
 - (iii) Copies of all forms in the 5300 series that document the establishment, amendment, termination, spin-off, or merger of a plan.
- (8) The Contractor shall perform an annual assessment to evaluate the effectiveness of its pension plan investment management. The assessment shall include at a minimum: a review and analysis of pension plan investment objectives; the strategies employed to achieve those objectives; the methods used to monitor execution of those strategies and the achievement of the investment objectives; and a comparative analysis of the objectives and performance of other comparable pension plans. The Contractor shall also identify its plans, if any, for revising any aspect of its pension plan management based on the results of the review. A copy of the

pension plan performance assessment identified in this paragraph shall be provided to the Contracting Officer within 30 days of the completion of the assessment.

(9) The Contractor shall provide (1) written notice to the Contracting Officer of individuals transferring from non-LLNL operations (including but not limited to operations of parent or affiliated entities of the Contractor) to LLNL operations, and vice-versa, on a quarterly basis, and (2) any additional information as directed by the Contracting Officer.

(10) Pension Plan Terminations

(i) The Contractor shall not terminate any pension plan covering any site employee without at least 60 days notice to and the advance written approval of the Contracting Officer prior to the scheduled date of plan termination.

(ii) After all liabilities of the plan are satisfied, the Contractor shall return to NNSA an amount equaling the asset reversion from the plan termination and interest as determined pursuant to the Contract's Section I Clause entitled "Interest" that has accrued on that amount because of a delay in the payment to NNSA. The Contracting Officer and the Contractor will agree to a schedule of payments. The Contracting Officer shall determine the method of payment.

(iii) The amount of asset reversion and interest is subject to audit consistent with Contracting Officer direction.

(f) Contract Expiration or Termination With a Follow-on Management and Operating Contract

If the Contract expires, or is terminated and an award is made to a follow-on management and operating contractor, as a part of the transition to another entity and in accordance with Contracting Officer direction and applicable law the Contractor shall transfer sponsorship of site-specific pension and other benefit plans covering employees at the Laboratory to the follow-on management and operating contractor.

(g) Contract Expiration or Termination Without a Follow-on Management and Operating Contract

If this Contract expires or terminates without a follow-on management and operating contract, notwithstanding any other obligations and

requirements concerning expiration or termination under any other clause of this Contract, including but not limited to the Contract's Section I Clause entitled "Termination," the following actions shall occur:

- (1) The Contractor shall continue as plan sponsor of all existing pension and welfare benefit plans covering site personnel, with continuing responsibility for management and administration of the plans, as directed by the Contracting Officer in his/her sole discretion.
- (2) The Contract may be extended as appropriate for purposes deemed necessary by the Contracting Officer for benefit continuation.
- (3) Pension plan contributions, plan asset management and administration costs, PRB costs and other applicable costs will continue to be allowable and fully reimbursable consistent with the terms of this Contract and in accordance with the applicable law and otherwise as acceptable to the Contracting Officer.
- (4) The Contracting Officer shall provide written direction regarding the provision of post-contract pension and other benefits as he/she deems necessary.

(h) **Work Force Planning**

The Contractor shall submit a work force plan to the Contracting Officer no later than 6 weeks after the start of the Contract Transition Term, for review and approval, with subsequent annual updates thereafter. The plan shall specifically address the issues set forth below:

- (1) The current and future status of critical-skills and the strategy for the recruitment and/or retention of those skills.
- (2) Development of appropriate incentives, including an incentive compensation strategy for "Key Personnel," other management personnel, and other employees, as appropriate.
- (3) Documentation of a strategy for meeting the requirements identified in paragraph (e) "Pension Plans" above.
- (4) A framework for providing pension and other benefits applicable to the transferring workforce, relative to those provided under the predecessor contract, and an investment strategy for the management of transferred assets.

- (5) A plan to provide the opportunity for predecessor contractor employees, who are considering retirement, to discuss employment with the Contractor during the transition period to enable the employees to decide whether to retire under the UCRP.

(i) Post Retirement Benefits

- (1) The Contractor shall become the sponsor and be responsible for management and administration of a retiree medical benefit plan that will provide medical insurance benefits (including dental) substantially equivalent to those provided by the predecessor contractor to individuals who meet eligibility requirements under the plan and who retired from employment at LLNL with the predecessor contractor as of the first day of the Basic Term of the Contract. The Contracting Officer will determine substantial equivalency by comparing the Contractor's retiree medical benefit plan with the benefits provided by the predecessor contractor.
- (2) The Contractor may change retiree medical benefits after contract execution. Changes shall be based on a comparison and analysis to industry practices. Prior to making any changes to retiree medical benefit plans, the Contractor should obtain Contracting Officer approval in writing and in advance of the changes. No presumption of allowability associated with a change will exist unless approved by the Contracting Officer.
- (3) Unless required by Federal or State law, advance funding of PRBs, other than pensions, is not allowable.

(j) Scientist and Engineer Retiree Corps

- (1) The Contractor shall facilitate the availability of retired scientists and engineers on a part-time basis to support the Department's nuclear weapons program (e.g., to support archiving technical information, to provide data/recollections not available in the active workforce in areas related to weapons disassembly and nuclear weapons testing, to assist with stockpile stewardship activities, and to train or mentor replacement scientists and engineers). This shall include maintaining a list of retirees, including an affirmation of their agreement to be members of the retiree corps and necessary identification information to ensure ready access to retired scientists and engineers who may be needed.

- (2) **Inclusion in the corps will not amend, abrogate, or affect any retirement annuity with regard to any DOE-imposed restrictions on such annuity.**