

AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT		1. CONTRACT ID CODE	PAGE OF PAGES 1 6
2. AMENDMENT/MODIFICATION NO. 012	3. EFFECTIVE DATE See Block 16C	4. REQUISITION/PURCHASE REQ. NO.	5. PROJECT NO. (If applicable)
6. ISSUED BY NNSA Service Center U.S. Department of Energy Office of Business Services P.O. Box 5400 Albuquerque NM 87185-5400	CODE 05001	7. ADMINISTERED BY (If other than Item 6) NNSA/Kansas City Site Office U.S. Department of Energy NNSA/Kansas City Site Office P.O. Box 410202 Kansas City MO 64141-0202	CODE 05004
8. NAME AND ADDRESS OF CONTRACTOR (No., street, county, State and ZIP Code) HONEYWELL FEDERAL MANUFACTURING & TECHNOLOGIES, Attn: JOHN MURRAY P. O. BOX 419159 KANSAS CITY MO 641416159		(x) 9A. AMENDMENT OF SOLICITATION NO.	
CODE 007119050 FACILITY CODE		9B. DATED (SEE ITEM 11)	
		x 10A. MODIFICATION OF CONTRACT/ORDER NO. DE-NA0000622	
		10B. DATED (SEE ITEM 13) 09/30/2010	

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 extended.
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 15, 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)

13. THIS ITEM ONLY APPLIES TO MODIFICATION OF CONTRACTS/ORDERS. IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.

CHECK ONE	A. THIS CHANGE ORDER IS ISSUED PURSUANT TO: (Specify authority) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE 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 date, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103(b).
X	C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF: P.L. 95-91 and DEAR 952.215-70
	D. OTHER (Specify type of modification and authority)

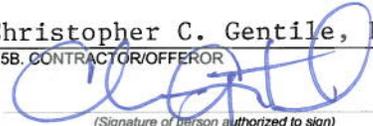
E. IMPORTANT: Contractor is not, is required to sign this document and return 1 copies to the issuing office.

14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UCF section headings, including solicitation/contract subject matter where feasible.)

The purpose of this modification is to incorporate changes agreed to between the parties since Modification 006. For the specifics see Page 2.

Period of Performance: 10/01/2010 to 09/30/2013

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) Christopher C. Gentile, President	16A. NAME AND TITLE OF CONTRACTING OFFICER (Type or print) Ralph B. Tennant II
15B. CONTRACTOR/OFFEROR  (Signature of person authorized to sign)	15C. DATE SIGNED 7/27/11
16B. UNITED STATES OF AMERICA  (Signature of Contracting Officer)	16C. DATE SIGNED 7/27/11

1. Part II – Contract Clauses. The following Section I clause is revised and replaced in its entirety as follows:

I-109 DEAR 970.5215-4 COST REDUCTION NNSA Class Deviation (MAR 2011)

- (a) General. It is the Department of Energy's (DOE's) / National Nuclear Security Administration's (NNSA) intent to have its facilities and laboratories operated in an efficient and effective manner. To this end, the Contractor shall assess its operations and identify areas where cost reductions would bring cost efficiency to operations without adversely affecting the level of performance required by the contract. The Contractor, to the maximum extent practical, shall identify areas where cost reductions may be effected, and develop and submit Cost Reduction Proposals (CRPs) to the Contracting Officer. If accepted, the Contractor may share in any shared net savings from accepted CRPs in accordance with paragraph (h) of this clause.

- (b) Definitions.

Administrative cost is the Contractor cost of developing and administering the CRP.

Development cost is the Contractor cost of up-front planning, engineering, prototyping, and testing of a design, process, or method.

DOE/NNSA cost is the Government cost incurred implementing and validating the CRP.

Implementation cost is the Contractor cost of tooling, facilities, documentation, etc., required to effect a design, process, or method change once it has been tested and approved.

Hard savings means savings that directly reduce the overall cost of operations for the negotiated period of savings. Examples of hard savings include:

- i) Permanently eliminating or reducing recurring costs through innovative product designs, or process improvements;
- ii) Supply chain management activities resulting in actual savings (as opposed to potential or sourcing savings);
- iii) Integration of life cycle approaches for the design and development of systems that minimize costs (e.g. experimental, maintenance and operations);
- iv) Reducing direct or indirect material or labor costs;

- v) Reducing inventory levels of product or material, or reducing the cost of carrying the same levels;
- vi) Reducing utility or natural resource consumption; or
- vii) Reducing or eliminating scrap dollars/rates.

Net Savings means the difference between the estimated cost of performing an effort as originally planned and the actual allowable cost of performing that same effort when implementing a Government approved CRP along with any Contractor development costs, DOE/NNSA cost, implementation costs, and administrative costs associated with the CRP.

Soft Savings means: i) savings that cannot be demonstrated to reduce the bottom line operating costs including, for example, labor efficiency improvements that increase productivity but do not reduce total hours worked; ii) savings that are intangible and consequently difficult to measure, for example, a wellness plan that is intended to reduce absenteeism, turnover or insurance costs; or iii) cost avoidances that cannot be demonstrated to lower cost of products/services based on a comparison against historical results, for example, slowing the rate of a cost increase.

(c) Consideration on Hard Savings

The Government's share of savings shall represent "hard savings" available for reprioritization by the DOE/NNSA. Proposed savings that will not be considered creditable by the Contracting Officer will include:

- (1) Savings resulting from formal or informal NNSA direction or changes in mission, work scope, or routine Contractor adjustments due to budget changes;
- (2) Underruns resulting from anything other than a Contractor efficiency improvement, including but not limited to additional NNSA funding, shifting of work scope to a future fiscal year, (e.g. moving upgrades to facilities or infrastructure to out years with no evidence of savings or computer buys that are routinely purchased on a 3 year bases are deferred for an additional two years) deferred maintenance, re-categorizing direct/indirect costs, or increases in the direct allocation bases;
- (3) Site office initiatives, direction, work scope changes, mission changes, or reorganization, unless the Contractor can demonstrate a significant role in achieving savings resulting from the site office actions;
- (4) Savings that have a negative impact on any existing Contract requirements such as scope, safety, or security;

- (5) Soft savings; and
 - (6) Savings that have been credited elsewhere under this contract.
- (d) Procedure for submission of CRPs. CRPs submitted by the Contractor shall contain, at a minimum, the following:
- (1) Current Method (Baseline)-A verifiable description of the current scope of work, cost, and schedule to be impacted by the initiative, and supporting documentation.
 - (2) New Method (New Proposed Baseline)-A verifiable description of the new scope of work, cost, and schedule, how the initiative will be accomplished, and supporting documentation.
 - (3) Feasibility Assessment-A description and evaluation of the proposed initiative and benefits, risks, and impacts of implementation. This evaluation shall include an assessment of the difference between the current method (baseline) and proposed new method including all related costs.
- (e) Evaluation and Decision. All CRPs must be submitted to and approved by the Contracting Officer. Included in the information provided by the CRP must be a discussion of the extent the proposed cost reduction effort may—
- (1) Pose a risk to the health and safety of workers, the community, or to the environment;
 - (2) Result in a waiver or deviation from DOE requirements, such as DOE Orders and joint oversight agreements;
 - (3) Require a change in other contractual agreements;
 - (4) Result in significant organizational and personnel impacts;
 - (5) Create a negative impact on the cost, schedule, or scope of work in another area;
 - (6) Pose a potential negative impact on the credibility of the Contractor or the DOE; and
 - (7) Impact successful and timely completion of any of the work in the cost, technical, and schedule baseline.
 - (8) Significantly impact internal controls.
- (f) Acceptance or Rejection of CRPs. Acceptance or rejection of a CRP is a unilateral determination made by the Contracting Officer based on but not limited

to the evaluation criteria established in paragraph (c) and (e). The Contracting Officer will notify the Contractor that a CRP has been accepted, rejected, or deferred within 30 days of receipt. The only CRPs that will be considered for acceptance are those which the Contractor can demonstrate, at a minimum, will—

- (1) Result in net savings (in the sharing period if a design, process, or method change);
 - (2) Not reappear as costs in subsequent periods; and
 - (3) Not result in any impairment of essential functions (e.g. safety and security).
- (g) The failure of the Contracting Officer to notify the Contractor of the acceptance, rejection, or deferral of a CRP within the specified time shall not be construed as approval.
- (h) Sharing Arrangement. If a CRP is accepted, the Contractor may share in the shared net savings. The sharing arrangement shall be as follows:
- (1) 50% of the net savings shall be the Government's share of savings,
 - (2) 10% of the net savings shall be share of savings fee payable to the Contractor,
 - (3) 40% of the shared savings shall remain at the DOE/NNSA site and may be negotiated under the CRP for the following contract activities consistent with the other terms and conditions of this contract:
 - i) Program, project, or indirect cost activities to finance additional mission work that has been approved by the HQ office;
 - ii) Projects that serve the M&O site as a whole, such as a parking structure, an office building or building a cafeteria that doesn't serve a discrete program and could be built with institutional general plant project funds;
 - iii) Employee compensation for non-key personnel in accordance with Appendix A. For the purposes of this clause, "employee compensation" means a one-time non-base lump sum payment which does not count towards the employee's pensionable earnings.

The specific percentage and sharing period shall be pre-negotiated and set forth in the contractual document and may span multiple years, however, cost sharing in future years will be contingent upon availability of funds and the Contracting Officer certifying each year that the savings have been sustained.

- (i) Validation of Shared Net Savings. Each year the Contractor shall certify the amount of savings achieved that year and that the Government's share of savings is available for redirection. The Contracting Officer shall validate actual shared net savings. If actual shared net savings cannot be validated, the Contractor will not be entitled to a share of savings. If the savings are validated, the Government will decide how to redirect its share of the funds.
 - (j) Relationship to Other Incentives. Only those benefits of an accepted CRP not awardable under other clauses of this contract shall be considered under this clause.
 - (k) Subcontracts. The Contractor may include a clause similar to this clause in any subcontract. In calculating any estimated shared net savings in a CRP under this contract, the Contractor's administration, development, and implementation costs shall include any subcontractor's allowable costs, and any CRP incentive payments to a subcontractor resulting from the acceptance of such CRP. The Contractor may choose any arrangement for subcontractor CRP incentive payments, provided that the payments not reduce the DOE's share of shared net savings.
2. Part III – List of Documents, Exhibits, and Other Attachments. Section J Appendix N List of Applicable Directives is revised and replaced in its entirety. The List is updated to reflect changes to the Applicable Directives made since March 2011. Appendix N (dated 06/28/2011) is incorporated and attached to this modification as a separate document.
 3. All other terms and conditions remain unchanged.

SECTION J

APPENDIX N

LIST OF APPLICABLE DIRECTIVES

06/28/2011

Reference Document	Title
DOE Accounting Handbook	DOE Accounting Handbook(chapters) 1 Accounting Overview (revised 4/27/07) 4 Accounting Systems and Organization (revised 9/9/98) 5 Accounting for Obligations (revised 7/18/07) 6 Cash (revised 9/30/08) 7 Advances, Prepaid Expenses, and Other Assets (revised 4/17/07) 8 Receivables (revised 12/10/04) 9 Accounting for Inventory and Related Property (revised 4/16/07) 10 Property, Plant and Equipment (revised 4/30/09) 11 Liabilities (revised 3/6/07) 12 Inter-Entity Transactions (revised 9/7/06) 13 Reimbursable Work, Revenues and Other Collections (revised 3/15/2011) 15 Cost Accounting ((Original Issue) 16 Payroll Accounting (revised 9/2/08) 17 Transportation (revised 1/13/05) 21 Financial Close-out (revised 7/17/07)
DOE Annual Budget Call	DOE Annual Budget Call
DOE O 130.1	Budget Formulation
DOE O 206.1	Department of Energy Privacy Program
DOE O 221.1	Reporting Fraud, Waste and Abuse to the Office of Inspector General
DOE O 350.2A	Use of Management and Operating or Other Facility Management Contractor Employees for Services to the DOE in the Washington DC Area
DOE O 412.1A	Work Authorization System
DOE O 461.1A	Packaging and Transfer or Transportation of Materials of National Security Interest
DOE O 522.1	Pricing of Departmental Materials and Services
DOE O 534.1B	Accounting
Production Accounting Handbook, October 2001	Production Accounting Handbook, Albuquerque Financial Service Center, October 2001
DOE O 241.1A, Attachment 1, para 2	Scientific and Technical Information Management
DOE O 420.1B, Attachment 2, CRD, Chapter II, Fire Protection	Facility Safety, Attachment 2, Contractor Requirements Document, Chapter II, Fire Protection
Energy and Environmental Sustainability Site Standard August 12, 2010	Energy and Environmental Sustainability Site Standard August 12, 2010
International Building Code, Latest Standard as of Project Authorization	International Building Code, Latest Standard as of Project Authorization
Kansas City Plant Site-Specific Maintenance Standard, October 7, 2009	Kansas City Plant Site-Specific Maintenance Standard, October 7, 2009

Reference Document	Title
Kansas City Site-Specific Project Management Standard, Oct 2, 2006	Kansas City Site-Specific Project Management Standard (including site-specific natural phenomenon standards), Oct 2, 2006
DOE O 430.1B, Attachment 2, para 1	Real Property Asset Management
DOE O 430.1B, Attachment 2, para 3	Real Property Asset Management
DOE O 430.1B, Attachment 2, para 4.a	Real Property Asset Management
10 CFR 851 - Current Rule	Worker Safety and Health Program
ANSI B30.11	Monorails and Underhung Hoists
ANSI N323A	Radiation Protection Instrumentation Test and Calibration Portable Survey Instrumentation, 1997
ANSI N43.2	Radiation Safety for X-Ray Diffraction and Fluorescence Analysis Equipment
ANSI N43.3	American National Standard for General Radiation Safety - Installations Using Non-Medical X-Ray and Sealed Gamma-Ray Sources, Energies up to 10 MeV
DOE M 435.1-1, Chapter IV, para I & J	Radioactive Waste Management Manual
DOE O 435.1	Radioactive Waste Management
ISO 14001:2004	Environmental Management Systems Specifications
NFPA 1600 (Sections 5.1 thru 5.7, 6.1 thru 6.11, 7.1 thru 7.5, 8.1 & 8.2)	Standard for Disaster Emergency Management, 2000 Edition
NFPA 704	Standard System for the Identification of the Hazards of Materials for Emergency Response, 2007 Edition Chapter 5 Health Hazards
DOE's Voluntary Protection Program, Parts I-IV Part I, Program Elements, October 1994 Part II, Procedures Manual, April 1995 Part III, Application Guidelines, October 1994 Part IV, Onsite Review Handbook, July 1995	DOE's Voluntary Protection Program, Parts I-IV Part I, Program Elements, October 1994 Part II, Procedures Manual, April 1995 Part III, Application Guidelines, October 1994 Part IV, Onsite Review Handbook, July 1995
FM&T Worker Safety & Health Program, current KCSO Approved Document	FM&T Worker Safety & Health Program, current KCSO Approved Document
DOE M 231.1-1A, Chg 2, Attachment 1, Item 1 and associated appendices.	Environment, Safety and Health Reporting Manual
DOE M 231.1-1A, Chg 2, Attachment 1, Item 2 and associated appendices.	Environment, Safety and Health Reporting Manual
DOE M 231.1-1A, Chg 2, Attachment 1, Item 3 and associated appendices.	Environment, Safety and Health Reporting Manual
DOE M 231.1-1A, Chg 2, Attachment 1, Item 4 and associated appendices.	Environment, Safety and Health Reporting Manual

Reference Document	Title
DOE M 231.1-1A, Chg 2, Attachment 1, Item 5 and associated appendices.	Environment, Safety and Health Reporting Manual
DOE M 231.1-1A, Chg 2, Attachment 1, Item 6 and associated appendices.	Environment, Safety and Health Reporting Manual
DOE M 231.1-1A, Chg 2, Attachment 1, Item 7 and associated appendices.	Environment, Safety and Health Reporting Manual
DOE M 231.1-2, Attachment 2	Occurrence Reporting and Processing of Operations Information
DOE O 151.1C, Chapter V	Comprehensive Emergency Management System - Operational Emergency Events and Conditions
DOE O 151.1C, Chapter VIII, para 4.a (1) a-c	Comprehensive Emergency Management System - Communications Requirements
DOE O 151.1C, Chapter VIII, para 4.b	Comprehensive Emergency Management System - Communications Requirements
DOE O 151.1C, Chapter X, para 4.a	Comprehensive Emergency Management System - Emergency Readiness Assurance Plans
DOE N 456.1, Attachment 1, 1.d	The Safe Handling of Unbound Engineering Nanoparticles
DOE N 234.1, Attachment 2, 1.b(2); 1.d, 1.h	Reporting of Radioactive Sealed Source
10 CFR 830 - Current Rule	Nuclear Safety Management
DOE M 481.1-1	Reimbursable Work For Non-Federal Sponsors Process Manual
DOE M 483.1-1	DOE Cooperative Research & Development Agreements Manual
DOE O 414.1C, Attachment 2, Section 4	Quality Assurance, Attachment 2, Section 4, DOE-Wide Suspect/Counterfeit Item Prevention Process
DOE O 481.1C	Work for Others (Non Department of Energy Funded)
DOE O 482.1	DOE Facilities Technology Partnering Programs
DOE O 483.1	DOE Cooperative Research & Development Agreements
ISO 17025:2000	Standards and Calibration
ISO 9001:2008	Quality Management System Requirements
QA-5	Quality Assurance Program, Issue G dated November 2010
QC-1, Revision 10	Weapons Quality Policy
Weapons Quality Assurance Procedures Manual, March 30, 2009	Weapons Quality Assurance Procedures Manual, March 30, 2009
QP 100-1	Quality Plan No: 100-1 Date: April 10, 2008 Amendment No. 3
10 CFR 824, Current Rule	Procedural Rules for the Assessment of Civil Penalties for Classified Information Security Violations
HQ2008GUI-001	Counterintelligence Professional Guide
DOE M 205.1-3	Telecommunications Security Manual
DOE M 471.2-3B	Special Access Program Policies, Responsibilities, and Procedures
DOE O 475.1	Counterintelligence Program
KCP Site Security Standard, Rev 6	Kansas City Plant Site Security Standard, Rev 6
Sensitive Compartmented Information Facility Procedural Guide Dated August 26, 2005	Sensitive Compartmented Information Facility Procedural Guide

Reference Document	Title
Disposition and Long-Term Stewardship Site Standard Dated 2/5/2010	Disposition and Long-Term Stewardship Site Standard Dated 2/5/2010
NA SD M 452.3-1 Kansas City Plant Standard for Radiological Release for Unrestricted Use 3/8/2011	Defense Programs Business Requirements and Process Manual Kansas City Plant Standard for Radiological Release for Unrestricted Use 3/8/2011

(A) Implementation of applicable directives.

- (1) The Contractor shall submit an implementation plan to the Contracting Officer when required by the directive or other instruction of the Contracting Officer and within 60 days of the effective date of the Contract.
- (2) The Contracting Officer will approve or disapprove the plan and notify the Contractor of the decision. If the Contracting Officer disapproves the plan, he/she shall clearly identify all deficiencies and provide reasonable suggestions for making the plan acceptable. Within 30 days after notification of the disapproval of a plan, the Contractor shall submit to the Contracting Officer the revised plan for approval as described above.
- (3) During the process of implementation, the Contractor will notify the Contracting Officer if modifications to the plan are required for any reason. The Contracting Officer will consider all such requests and will not unreasonably withhold his/her approval to modify such plans when circumstances warrant modification.