

AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT		1. CONTRACT ID CODE	PAGE OF PAGES 1 2
2. AMENDMENT/MODIFICATION NO. 044	3. EFFECTIVE DATE See Block 16C	4. REQUISITION/PURCHASE REQ. NO.	5. PROJECT NO. (If applicable)
6. ISSUED BY 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	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 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)

See Schedule

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

CHECK ONE X	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. Contract Section I-140, DEAR 970.5243-1 Changes (DEC 2000)
	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(d).
	C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF:
	D. OTHER (Specify type of modification and authority)

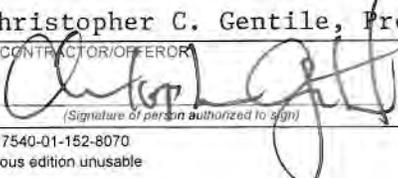
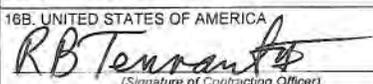
E. IMPORTANT: Contractor is not, is required to sign this document and return 1 copies to the issuing office.

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 since Modification 035. For 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 4/24/13
16B. UNITED STATES OF AMERICA  (Signature of Contracting Officer)	16C. DATE SIGNED 04/25/2013

1. Section H, Special Contract Requirements, is updated to add a new special clause H-18, CONFERENCE COSTS, as follows. This is a standard clause for incorporation in all NNSA Management and Operating Contracts.

H-18 CONFERENCE COSTS

- (a) The Contractor shall follow the most current guidance issued by DOE/NNSA concerning reporting conference related activities and spending. The Contractor shall request, obtain approval, and report all conference activities through the Conference Management Reporting and Approval Tool on the DOE iPortal at <https://iportal.doe.gov>.
 - (b) While a conference may be approved by DOE/NNSA based on estimated cost and attendance to ensure federal funds are used for purposes that are appropriate, cost effective, and important to the core mission, only the Contracting Officer has authority to determine if the costs incurred by the Contractor are reasonable, allowable, and allocable to the contract.
 - (c) The contractor shall ensure conference activities are included in the Contractor's annual audit plan required by paragraph (i)(3) of the contract clause entitled "Accounts, Records, and Inspections," unless otherwise directed by the Contracting Officer.
2. Part III – List of Documents, Exhibits, and Other Attachments. Section J, Appendix I, Personnel Appendix, is revised and replaced in its entirety with a new Appendix I (dated 04/22/13), attachment to this modification. The following changes have been made.
 - Part IV, B.13, Employee Recognition Program, paragraph d. is modified to read as follows:

Cash awards granted under this subsection shall not be duplicative of any other awards programs, nor can any employee receive more than one award of any type under this subsection for the same contribution, or an award in successive years for the same contribution, except that an award for a patent application shall not be precluded by a prior award for an invention disclosure on the same technology.
 - Part IV, B.20 Business Leader Fellowship Program is added to the Appendix.
3. All other terms and conditions remain unchanged.

SECTION J

APPENDIX I

PERSONNEL APPENDIX

04/22/2013

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PERSONNEL APPENDIX

HONEYWELL FEDERAL MANUFACTURING & TECHNOLOGIES (FM&T) LLC

INTRODUCTION

The personnel policies, wage and salary schedules and transportation, travel and living expense and related policies set out in this Personnel Appendix the policies of the Contractor which have been approved by the Contracting Officer for application by the Contractor to this Contract No. DE-NA0000622 solely for the purpose of determining allowable costs and shall apply to all employees of Honeywell Federal Manufacturing and Technologies (FM&T) LLC, engaged in the work under this contract, irrespective of the place of performance of work.

The Contractor will select, manage and direct the working forces, determine general working conditions and rules of work for its employees, and apply the policies set forth herein in general conformity with the methods usual in the conduct of its normal business insofar as those methods are not inconsistent with other provisions contained in this contract.

Through the Contractor's own standard audit procedures and executive review, the Contractor will take steps to assure economy and that the costs charged to this contract are allowable as set forth in this Personnel Appendix are carried out.

The Contractor shall maintain a method of manpower and budgeting controls to govern the number of people required and the costs of personal services to achieve economy of operation, taking into consideration the nature and scope of operations under the contract.

It is agreed that only those items of personnel costs and related expenses specifically set forth, or incorporated by reference, in Contract No. DE-NA0000622 and/or Personnel Appendix are allowable costs under this contract. However, costs not included can be approved by the Contracting Officer and are allowable in this contract. Moreover, either party may at any time request that this Personnel Appendix be revised and the parties hereto agree to negotiate in good faith concerning any requested revision. Revisions to this Personnel Appendix shall be accomplished by and reflected in Reimbursement Authorizations issued by the Contracting Officer and executed by both parties. Unless otherwise approved by the Contracting Officer, the effective date of each such Reimbursement Authorization shall not precede the date on which the Contractor first requested such Reimbursement Authorization in writing. Execution of such Reimbursement Authorization by the President or a Vice President of the Contractor, or higher authority, will be binding upon the Contractor.

Once the NNSA and the Contractor have reached an advanced understanding on Contractor Human Resources costs, the contractor will seek Contracting Officer approval for any change to policies regarding compensation, pensions, and other benefits that would result in an overall increase in costs on the Contract. If such approval is not sought or approved, such increase in cost will not be an allowable cost. Any cost incurred to comply with any local, state, federal or other applicable law will be allowable. The Contractor will notify the Contracting Officer prior to implementation of

significant changes that are new or first time for the site, are a significant impact to employees, which may set a precedent for the DOE/NNSA contractor system, or may impact public image.

Employees covered by collective bargaining agreements are not covered by this Personnel Appendix, except to the extent such collective bargaining agreement specifically adopts the provisions of this Personnel Appendix or the bargaining unit is expressly referenced in this Appendix.

DEFINITIONS

Anniversary Year: Recurring 12-month period beginning annually with the employee's anniversary date (service date).

Continuous Operations: Departments typically requiring continuous seven day operation.

Contractor: Includes all sites operated by Honeywell FM&T, LLC.

Exempt Employee: Generally means those employees who are exempt from the minimum wage, overtime pay, and certain record keeping requirements of the Fair Labor Standards Act. Employees who meet this definition are referred to as “salaried” in this document.

Flexible Workday: A period longer than eight hours but less than 12 hours normally consisting of two equal segments and separated by a designated meal period.

Full-Time Employee: An employee who works at least a 40-hour workweek.

Hourly Employee: Non-exempt, IAMAW bargaining unit employee paid on an hourly basis.

Part Time Employee: An employee who works a 39-hour or less regularly scheduled workweek.

Interviewee: Applicant requested by the Contractor to report for pre-employment interview.

Newly Hired Executive Employee: Individual hired by the Contractor or a division, affiliate, or subsidiary of the Contractor in a job classification with an exempt career band of 4 or higher.

Newly Hired Non-Executive Employee: Individual hired by the Contractor or a division, affiliate, or subsidiary of the Contractor in a job classification with an exempt career band of 3 or lower, or a non-exempt employee regardless of salary grade.

Non-exempt Employee: Employees who are covered by the minimum wage and overtime provisions of the Fair Labor Standards Act. They may be paid on an hourly or salary basis. Employees who meet this definition are referred to as “salaried” in this document.

Official Travel: All travel which employees are required to perform in connection with work under this contract.

President: The representative with overall responsibility for the operation of the Contractor.

Salaried Employee: Referred to in this document to include exempt and non-exempt employees, excluding hourly employees,

Vacation Year: Recurring 12-month period as defined by the contractor (service date, calendar year or other focal date).

Workweek: A fixed and regularly recurring period of 168 hours which normally consists of 40 work hours completed within a designated period of seven consecutive days and considered as a unit when pay is computed. This can include flexible work schedules (such as 4/40 or 9/80) designed to fulfill work requirements in fewer days by increasing the number of hours worked in a single workday.

Shift Definitions:

First Shift: A shift that begins at or after 4:00 a.m., but prior to 1:00 p.m.

Second Shift: A shift that begins at or after 1:00 p.m., but prior to 9:00 p.m.

Third Shift: A shift that begins at or after 9:00 p.m., but prior to 4:00 a.m.

A regularly assigned shift is one to which the employee is assigned for one week or more.

Transferee: An employee transferred to the Contractor from another division, subsidiary, or corporate office, or an employee transferred to or from his/her regular post of duty for more than a year for work under this contract.

Vice President: A general management representative who reports directly to the President, as defined above.

PART I - COMPENSATION SYSTEM

A. Policy/Objectives

1. The purpose of the Contractor compensation system is to facilitate the achievement of organizational objectives and support business strategies of the NNSA and the Contractor. The programs are designed and administered to attract, retain, and motivate a competent and productive workforce that supports the mission of the Contract. The programs will apply to nonbargaining unit employees and will be:
 - a. Externally equitable - to meet this criterion, the employer establishes pay levels that correspond to those prevailing in relevant external markets for employees' occupations.
 - b. Internally equitable - to meet this criterion, the employer establishes pay levels that correspond to each job's relative value to the organization.
 - c. Compliant with all applicable laws and regulations.
2. The Compensation System program costs directly attributable to compensation provided to Contractor employees will be allowable under this Personnel Appendix.

B. Individual Compensation Actions

The Contractor will notify the Contracting Officer of any proposed base salary amount paid an employee in excess of the maximum target rate. Notification will include maximum target rate, prior salary and new salary. Unless the Contracting Officer approves, any subsequent base salary increases to the employee will not be allowable costs until the market exceeds the employee's base salary.

C. Shift Premium and Paid Lunch Period

1. It is allowable to pay shift premium for non-exempt employees and exempt employees who are regularly assigned (one week or more) to work on a second shift or third shift for all hours actually worked or for which the employee receives compensation
 - a. Shift premium may be paid to eligible non-exempt employees in the amount of eighty-five cents (\$0.85) per hour and to eligible exempt employees in the amount of one hundred forty-seven dollars (\$147.00) per calendar month to be prorated on the same basis that the number of days paid for second or third shift bears to the total number of workdays in the applicable month.
 - b. Shift premium payments may be included in base salary for the purpose of computing holiday pay for exempt and non-exempt employees and for any hours for which the employee receives compensation for time not worked,

provided the employee is on a scheduled second or third shift when the absence occurs.

- c. Shift premium payments shall be included in base salary when computing overtime pay for non-exempt and exempt employees directly engaged in supervising bargaining unit employees.
2. It is allowable to include a paid lunch period for salaried Security, Fire Protection and Utilities Operations employees who are precluded from leaving their duty posts as required for continuous operations needs.

D. Premium Pay

Hours Worked Beyond the Regular Workweek and/or on Holidays

- 1. Exempt Employees
 - a. Overtime payment to exempt employees is allowable where
 - (1) The overtime hours are scheduled in advance and approved by management.
 - (2) Employees in career band 3 who work at least five (5) hours beyond the regular workweek on a scheduled day off or on a holiday are eligible for overtime equal to their regular straight time hourly rate for each hour worked. In unusual circumstances, it is allowable to provide overtime pay to employees that work less than five hours with approval of the Director.
 - (3) It is allowable for first line supervisors directly engaged in supervising bargaining unit employees to receive overtime premium of time and one-half for Saturday or the sixth scheduled workday, double time for Sunday or the seventh scheduled workday and double time for holiday work.
 - (4) It is allowable to pay Physical Security Lieutenants overtime at the straight time rate for hours worked over 40 in a workweek.
 - (5) Travel time spent on company business during the employee's regular workweek or on a normal day off may not be compensated as overtime.
 - b. An exempt employee may be granted compensatory time off without loss of pay upon the approval of a Director under the circumstances identified below.

- (1) Work considerably in excess of the employee's normal work hours during a week(s) for which overtime pay is not received or
- (2) Work on a designated holiday: Such time off should be taken within three (3) months following the time it was granted unless unusual operating requirements make it impractical to do so.

2. Non-exempt Employees

a. Overtime premium for non-exempt salaried employees shall be calculated and paid in accordance with the FLSA and any applicable state or local law.

- (1) It is allowable for a non-exempt employee who is required to work on Sunday to be paid two (2) times the employee's regular hourly rate plus shift premium, if applicable, for each hour of work performed on Sunday which qualifies for overtime. An exception to the premium pay provision for Sunday shall be made in the case of non-exempt employees working in continuous (7 days per week) operations, in which event the premium pay provision shall apply to the seventh (7th) consecutive workday in lieu of Sunday.

- (2) The following hours may be considered as hours worked for the purpose of calculating overtime pay:

- (a) hours actually worked,
- (b) bereavement
- (c) hours allowed for vacation and holiday absences,
- (d) jury & witness duty,
- (e) time spent traveling on official business,
- (f) plant closure time, and
- (g) all other hours for which the Contractor is required by law to pay compensation.

- (3) Call-In Pay is allowable as follows:

- (a) Non-exempt employees required to return to the worksite after leaving or outside of the regular work schedule, may receive a minimum of four (4) hours of call-in pay, or pay for the hours actually worked, whichever is greater, for each trip made to the worksite.

- (b) Non-exempt employees required to provide support to internal or external customers, away from their normal work schedule, while at home or other non-work location, will have time worked aggregated and will be paid a minimum of 30 minutes or hours worked, whichever is greater.

- (4) On-Call pay is allowable as follows:

A non-exempt employee that is on call may receive one (1) hour of on-call pay for each 24-hour period on call. If the employee is required to return to work during non-scheduled working hours, the call in pay policy would apply to the time actually worked. On-call pay is not time actually worked, so hours spent on-call are not counted as hours worked for the determination of overtime eligibility in that pay period.

E. Alternate Shift Schedule

The Contractor is authorized to utilize a shift schedule using the following parameters:

- 12.3 hour shifts (6:00 a.m. to 6:18 p.m. and 6:00 p.m. to 6:18 a.m.)
- The work week begins Monday at 6:00 a.m. and concludes the following Monday at 6:00 a.m.
- Treat four days off as alternating 6th and 7th days (as is currently done in Patrol) for purposes of overtime premium computation

PART II - BENEFITS PROGRAM

A. Policy/Objectives

1. The Contractor will design, implement and administer benefit programs to attract, retain, and motivate competent and productive employees to support the mission at Kansas City Plant. The program shall be:
 - a. Competitive with the external labor markets.
 - b. Cost-effective and within criteria prescribed by NNSA.
 - c. Compliant with all applicable laws and regulations.

Plans for active employees and retirees may include, but not be limited to, employee benefit plans for medical, prescription drug, dental, vision, life, Accidental Death and Dismemberment, Short Term Disability, Long Term Disability, travel accident

insurance and Flexible Spending Accounts, and Healthcare Reimbursement Accounts.

2. Benefits program costs directly attributable to benefits provided to Contractor employees or Contractor retirees, as well as reasonable administrative costs, will be allowable under this Personnel Appendix. Allowable costs incurred in connection with the plans shall be all costs under the plans which are applicable to the work under the Contract and which are in excess of the employee's or retiree's level of premium contribution.
3. Subsequent to contract termination or expiration, benefit continuation will be provided for those who have earned such benefits, according to the approved benefit plans, on a funding basis most reasonable to NNSA.

B. Benefits Programs

1. Group Insurance

The Contractor shall:

- a. Apply the provisions of the benefit plans as follows:
 - (1) Annual renewal of the group insurance policies, certificates and accounts and the Group Service Agreements for the purpose of establishing new premium rates, shall not require prior Contracting Officer approval.
 - (2) The Contractor may provide a health insurance program for employees whose regular post of duty is other than the Contractor's primary work locations and who are located in an area where a Contractor division, subsidiary, or affiliate is present, offered by the subsidiary which is consistent with the benefit levels of the Contractor.
 - (3) The portion of the following group insurance costs allocable to the Contractor for the group insurance coverage of its employees and retirees, less any contributions made by such employees and retirees and the allocable portion of any rebates, refunds or premium adjustments, shall be allowable costs under this contract:
 - (a) Premiums and payments paid under the policies and Administrative Services Only Agreement(s);
 - (b) Payments made in lieu of premiums under the minimum premium agreement(s); and

- (c) Premiums paid pursuant to the Group Service Agreements.
- (4) Active employee group insurance eligibility is defined in governing plan documents and collective bargaining agreements. Retired employees are eligible for coverage provided under the plans set forth in the applicable policies immediately upon retirement.
- (5) The return or rebate of any excess premiums, or of any payment made in lieu of premium which are creditable to this contract shall be taken as an offset to the allowable contract costs to the full extent allowable by law. No share of such returns or rebates shall accrue to the Contractor's employees, unless the return or rebate exceeds the previously allowable contract costs for insurance for the applicable period of the return or rebate.
- b. Amounts of weekly indemnity or disability and of employee contributions shall conform to the requirements of the present or future compulsory temporary disability benefit laws of the state in which the employee works.
- c. For the purpose of determining the insurance costs and the experience refund or rebate, if any, which will be credited to the contract, the Contractor will furnish NNSA with an annual accounting and such other data and information as may be requested from time to time.
- d. In the event of contract termination, continuing benefits to those employees eligible for post-retirement benefits (including disabled employees, eligible dependents, pensioners, and survivors), shall be provided as follows:
 - (1) If there is a Successor Contractor, the NNSA shall arrange with the Successor for its continuation of such benefits.
 - (2) If there is no Successor, the NNSA shall provide such benefits by one of the following NNSA options:
 - (a) Through a guaranteed insurance contract selected on a competitive basis.
 - (b) Through a third-party administrator selected by the NNSA, or
 - (c) Through continued coverage under the Contractor's plans, under agreed reimbursement arrangements.
- e. The Contractor is responsible for administrative functions related to insurance activities for retirees or their surviving spouses or dependents formerly administered by the Bendix Field Engineering Corporation at the

Grand Junction, Colorado facility under Contract No. DE-AC07-76GJ01664 with the Department of Energy (DOE), Idaho Operations Office. Premium charges minus participant contributions for such insurance coverage are to be billed to the DOE Idaho Operations Office.

- f. The contractor is responsible for administrative functions related to insurance activities for retirees or their surviving spouses or dependents covered by Kansas City Division Hourly employees Pension Plan Provisions Applicable to Employees Represented by the Hotel Employees, Restaurant Employees, Local No. 64, AFL-CIO. Premium charges minus participant contributions for such insurance are allowable.

2. Displaced Worker Health Program

Allowable costs for this program are as follows:

- a. First Year: The contractor's contribution for an active employee, plus administrative costs.
- b. Second Year: One-half of the contractor's Consolidated Omnibus Budget Reconciliation Act (COBRA) premium rates, plus administrative cost.
- c. Third and Subsequent Years: Reasonable administrative costs that exceed the COBRA rate.

3. Pension Plans

- a. The terms Plan or Plans shall mean:
 - (1) Honeywell Retirement Earnings Plan for Aerospace Employees at the Kansas City Division;
 - (2) Supplemental Agreement between Honeywell International, Inc., FM&T on behalf of its Kansas City Division Hourly Employees Pension Plan Provisions by IAM Local Lodge No. 778;
 - (3) Supplemental Agreement between AlliedSignal Inc., Kansas City Division and the Hotel Employees, Restaurant Employees, Local No. 64, American Federation of Labor-Congress of Industrial Organizations (AFL-CIO) Regarding Retirement and Pensions, Effective as of December 22, 1997.
- b. Retirement Benefits – Salaried Employees

The Contractor maintains a separate retirement program for salaried employees. The rights and obligations of the Contractor and the salaried

employees concerning pension benefits under this program are currently set forth in the “Salaried Employees Pension Plan of AlliedSignal Inc. for AlliedSignal Aerospace Employees at the Kansas City Division,” which is incorporated herein by reference.

The Plan is approved by the Contracting Officer for application to this Contract. Continuing Contracting Officer approval of the Plan and any Amendments thereto is dependent upon initial and continuing Internal Revenue Service approval of the Plan. Costs resulting from any amendments to the Plan are unallowable hereunder unless such amendments are approved by the Contracting Officer provided, however, that costs resulting from amendments which do not provide discretionary plan subsidies and are required to comply with the Employee Retirement Income Security Act of 1974 (“ERISA”) and to obtain initial and continuing Internal Revenue Service approval of the Plan are allowable.

It is the intention of the Contracting Officer and the Contractor that comparability of benefits be maintained between the Plan and the Salaried Employees Pension Plan of Honeywell International (The Former Bendix Salaried Plan). In the event changes are proposed, the Contractor will provide the Contracting Officer with proposed amendments to the Plan requesting Contracting Officer agreement in principle. The Contracting Officer will act upon this request and, upon approval by the Contracting Officer, which will not be unreasonably withheld, the amendment will become effective as of the proposed effective date. The Contractor will provide required documentation upon its availability, together with a Reimbursement Authorization, for formal approval.

Pursuant to the provisions of the Plan, a trust agreement has been executed and is incorporated herein by reference. Under the trust agreement, a trustee receives, holds, and administers the trust fund established through contributions made by the Contractor under the Plan. No employee contributions to the Plan are required. The Contractor may execute one or more investment management contracts pursuant to which the investment managers shall manage the assets of the Pension Fund on a commingled basis under a master trust agreement.

c. Retirement Benefits - Hourly Employees

The Contractor maintains separate retirement and pension programs for hourly employees covered by the collective bargaining agreement. The rights and obligations of the Contractor and the hourly employees concerning pension benefits under this program are currently set forth in the “Kansas City Division Hourly Employees Pension Plan Summary Plan Description and “Supplemental Agreement between AlliedSignal Inc., Kansas City Division and the Hotel Employees, Restaurant Employees,

Local No. 64, AFL-CIO Regarding Retirement and Pensions,” effective as of December 22, 1997, incorporated herein by reference. The Plan is approved by NNSA for application to this Contract. Continuing Contracting Officer approval of the Plans and any amendments thereto is dependent upon continuing Internal Revenue Service approval of the Plans. Costs resulting from any amendments to the Plans are unallowable hereunder unless such amendments are approved by the Contracting Officer provided, however, that costs resulting from amendments which do not provide discretionary plan subsidies and are required to comply with the Employee Retirement Income Security Act of 1974 (ERISA) and to obtain continuing Internal Revenue Service approval of the Plan is allowable.

Pursuant to the provisions of the Plan, a trust agreement has been executed under which a trustee receives, holds, and administers the trust fund established through contributions made by the Contractor under the Plan. No employee contributions to the Plans are required. The Contractor may execute one or more investment management contracts pursuant to which the investment managers shall manage the assets of the Pension Fund on a commingled basis under a master trust arrangement.

d. Allowability of Costs and Expenses

The following provisions will govern allowability of costs and expenses in connection with the Retirement Plans – Salaried Employees, and Retirement Plans – Hourly Employees of this Personnel Appendix, and in connection with the determination of the amount of the adjustment payment, if any, to be made by the Contractor or by the NNSA, or the amount of any asset transfer from the Plans to any other retirement plan as a result of contract termination:

- (1) Allowable Plan costs hereunder are those costs incurred in connection with the Plans as determined under the appropriate provisions of Retirement Benefits – Salaried Employees, to the extent found by the Contracting Officer to be properly allocable to the performance of work under this contract.
- (2) Expenses incurred in connection with the administration of the Plans shall be allowable to the extent not charged to the Plans or otherwise provided for under the contract and found by the Contracting Officer to be properly allocable to the performance of work under this contract. Costs associated with the implementation of the Retirement Benefits – Salaried Employees, shall also be reimbursed by the NNSA to the Contractor. Such costs are actuarial and trustee fees, corporate office administrative costs associated with all governmental filings for obtaining IRS approval and money manager fees.

- (3) The Contractor will make contributions to the Plans based on the annual actuarial valuation in an amount limited to the greater of:
- (a) the minimum funding requirement per Internal Revenue Code (IRC) Section 412 (b); or
 - (b) an amount necessary to fully fund the year-end expected current liability.

However, in no event will contributions in excess of the tax deductible limit of IRC Section 404 be allowable. Such valuation will be on a basis consistent with that employed for other divisions of the Contractor and shall include, and have heretofore consistently included, a discounting factor to cover normal turnover of employees as well as mortality rates and other factors in accord with generally accepted actuarial principles. If requested by the NNSA, the Contractor shall consult with the NNSA concerning annual valuation results. Contractor contributions described in this paragraph will be allowed as cost-reimbursed payments under this contract.

- (4) The Contractor shall cause to be kept in convenient form, such records and data as are appropriate and necessary for actuarial valuations of the assets and liabilities of the Plans and shall annually provide the NNSA with an actuarial valuation report on the Plans and a copy of the Plan's annual IRS Form 5500 with Schedules.
- (5) The NNSA will be deemed to have accepted the annual actuarial valuation report that determines the assets and liabilities of the Plans unless specific objections are filed by the Contracting Officer, in writing, with the Contractor within 180 days after receipt of such annual actuarial valuation report and IRS Form 5500. Such acceptance shall not relieve the Contractor or NNSA of responsibility for appropriate subsequent adjustments for errors later becoming known as a result of an audit of Plan records.
- (6) Except as provided in Subparagraph (11) and applicable only for Retirement Benefits – Salaried Employees, herein, no assets shall be transferred to or from the Plan in respect of employees transferred during the year from other locations of the control group of corporations of which the Contractor is a member or from the Honeywell FM&T, LLC to other locations of the control group of corporations of which the Contractor is a member to the extent such transfers result in an allocation of pension liability pursuant to Section 10.3 of Article X of the Plan.

- (7) In the case of a termination of the Plans by the Contractor (which shall require the prior written approval of the Contracting Officer), the Contractor shall pay to the NNSA the excess, if any, of Plan assets over Cost of Plan Termination (as defined below). If Cost of Plan Termination exceeds Plan assets, the NNSA shall pay to the Contractor such excess. Cost of Plan Termination shall equal the sum of:
- (a) lump-sum payments (determined in accordance with Pension Benefit Guaranty Corporation assumptions and procedures), if any, made to employees;
 - (b) the purchase cost of annuity contracts in satisfaction of all remaining Plan liabilities, and;
 - (c) any income, excise or other tax imposed on the Contractor as a result of such termination.

For purposes of this paragraph, the purchase cost of annuity contracts shall equal the lowest cost available following competitive bidding by no fewer than three institutions rated AA or better by at least one major rating agency marketing annuity contracts.

- (8) It is recognized that upon the termination of this contract, or upon the termination of any extension or renewal thereof, or at such time as the facility should be placed on "Stand-By" status (all referred to herein as the "Contract Termination Date"), the NNSA may elect to continue operations with a Successor Contractor or to discontinue operations. In either event, the Contractor shall have no obligations or liabilities in respect to the Plans except as expressly provided in Subparagraphs (7) and (9).
- (9) In the event the contract is terminated and the NNSA has elected to discontinue operations, the Contractor will be responsible for termination of the Plans in accordance with Subparagraph (7) above. In the event the contract is terminated and the NNSA has elected to continue operations with a Successor Contractor, the following arrangements shall apply:
- (a) The NNSA shall effect a change in the sponsorship of the Plans to the Successor Contractor, including executing or causing to be executed such adoption and assumption agreements as are necessary, as promptly as practicable following the Contract Termination Date. For purposes of this Subparagraph (9), the Plans, following a change in

sponsorship are hereafter referred to as the Successor Plans. The Successor Contractor shall create a trust to receive, hold and administer the assets of the Successor Plans.

- (b) As of the Contract Termination Date, for purposes of Section (2), only, accrued benefit liabilities (as defined below) shall be calculated for the following groups of active employees:
- i. All employees who at any time prior to the Contract Termination Date (or thereafter if in connection with the Contract Termination) have transferred to other locations of the controlled group of corporations of which the Contractor is a member (the “Contractor Retained Employees”), and
 - ii. All employees who have accrued a pension benefit under any other plan of the controlled group of corporations of which the Contractor is a member and whose employment at the NNSA facility is continued by the Successor Contractor (the “Successor Contractor Retained Employees”).

Accrued benefit liability shall mean the present value of the employee's accrued benefit as of the Contract Termination Date using the plan's funding assumptions substituting the then applicable interest rate of the Pension Benefit Guaranty Corporation and eliminating the turnover assumption.

- (c) The Successor Plans shall transfer the accrued benefit liabilities of the Contractor Retained Employees to a plan or plans designated by the Contractor, and the plans of the Contractor shall transfer the accrued benefit liabilities of the Successor Contractor Retained Employees to the Successor Plan. Each transfer of liabilities shall be accompanied by a transfer of assets equal in amount to the accrued benefit liabilities as soon as practicable following the Contract Termination Date together with simple interest from the Contract Termination Date to the date of transfer at the then current rate which the Secretary of the Treasury establishes for interest payments under Section 12 of the Contract Disputes Act of 1978 (41 U.S.C. 611) as such rate is published from time to time in the Federal Register.
- (d) If, pursuant to ERISA or any other law or regulation, the maximum amount which can be transferred by or to the

Successor Plans is less than the amount of the respective liabilities, only such lesser amount shall be transferred, and the difference shall be paid by the NNSA to the plan(s) designated by the Contractor or by the Contractor to the Successor Plans, as the case may be, together with interest as prescribed above.

- (10) The Successor Contractor Plans shall continue to provide all active and inactive employees (other than the Contractor Retained Employees) with all of the benefits which had accrued (whether or not vested) under the Plan prior to the Contract Termination Date. The Successor Contractor may not terminate or amend the Successor Plan without prior written approval of the Contracting Officer.
- (11) The Contractor is responsible for the administrative functions related to retirement and pension benefits for retirees and their eligible surviving spouses or dependents formerly administered by the Bendix Field Engineering Corporation at the Grand Junction, Colorado facility under Contract No. DE-AC07-76GJ01664 with DOE, Idaho Operations Office.
- (12) Beginning June 1, 2002, a taxable income credit shall be provided to all eligible employees during the length of their employment under this contract. Eligible employees are those salaried employees and hourly to salaried transfers hired prior to March 1, 2001 who are employed under the contract on June 1, 2002. This credit shall be given to offset the elimination of the Long-Term Disability benefit effective June 1, 2002 that was once provided under the pension program. This credit shall be calculated at \$0.43 / \$100 of an eligible employee's salary on May 1, 2002 and received every pay period.

4. Savings Plans

- a. The terms Plan or Plans shall mean: Honeywell Savings and Ownership Plan; and Honeywell Supplemental Savings Plan;
- b. Honeywell Savings and Ownership Plan - all Employees

The Contractor maintains a Savings Plan for all employees of the Contractor. The Plan as set forth in the Summary Plan, is hereby incorporated in and made part of this Personnel Appendix. Continuing Contracting Officer approval of the reimbursement of costs incurred under the Plan on behalf of employees of the Contractor is dependent upon continuing Internal Revenue Service approval of the Plan. Costs resulting

from any amendments to the Plan are unallowable hereunder unless such amendments are approved by the Contracting Officer.

- (1) Allowable costs under this Plan are:
 - (a) an amount equal to the amount actually contributed each month by the Contractor for employees of the Contractor who are members of the Plan, as provided in the Plan,
 - (b) the Contractor's pro rata share of the administrative and trust fund expenses applicable to this contract which may from time to time be incurred in connection with the Plan. (The amount of such expenses to be prorated to the Contractor will be determined by applying to such expenses a percentage determined by dividing the total number of Contractor participants in the Plan by the total number of all participants in the Plan. Any change in the method of proration shall be subject to Contracting Officer approval.), and
 - (c) such other expenses, incurred in connection with the administration of the Plan solely for the Contractor's employees, to the extent not otherwise provided for under the contract, and found by the Contracting Officer to be properly chargeable under the contract.
- (2) In the event there is, for any reason, a forfeiture of securities and cash in an employee's account attributable to contributions made by the Contractor, an amount equal to the value of the securities and cash forfeited shall be applied as soon as practicable to reduce the amount of future NNSA reimbursements of contributions made by the Contractor on behalf of employees. Except as otherwise provided in this Subsection, forfeitures of securities and cash in an employee's account shall not accrue to the benefit of the Contractor or any of its subsidiaries.

c. Honeywell Supplemental Savings Plan

The Contractor maintains a Supplemental Savings Plan for highly compensated salaried employees. The Plans as set forth in the Honeywell Supplemental Savings Plan is hereby incorporated in and made part of this Personnel Appendix. Costs resulting from any amendments to the Plan are unallowable hereunder unless such amendments are approved by the Contracting Officer.

- (1) Allowable costs under this Plan are:

- (a) an amount equal to the amount actually contributed each month by the Contractor for salaried employees under this contract who are members of the Plan, as provided in the Plan, and
 - (b) such other expenses, incurred in connection with the administration of the Plan solely for salaried employees, to the extent not otherwise provided for under the contract, and found by the Contracting Officer to be properly chargeable under the contract.
 - (2) In the event there is, for any reason, a forfeiture of securities and cash in a salaried employee's account attributable to contributions made by the Contractor, an amount equal to the value of the securities and cash forfeited shall be applied as soon as practicable to reduce the amount of future NNSA reimbursements of contributions made by the Contractor on behalf of salaried employees. Except as otherwise provided in this Subsection, forfeitures of securities and cash in a salaried employee's account shall not accrue to the benefit of the Contractor or any of its subsidiaries.
- d. The following provisions will govern allowability of costs and expenses in connection with (b) and (c) above and connection with the determination of the amount of the adjustment payment, if any, to be made by the Contractor or by the NNSA, or the amount of any asset transfer from the Plans to any other savings plan as a result of contract termination:
- (1) NNSA funds will be used to reimburse the Contractor for its contributions made on behalf of employees of the Contractor only and no NNSA funds will be used to offset any deficits resulting from the unavailability of current or accumulated earnings or profits at any other division or subsidiary of the Contractor.
 - (2) In the event of the termination, expiration, or completion of this Contract as amended, then on the effective date of that event the NNSA shall cease reimbursing the Contractor for any costs of the Plans incurred subsequent to such date.
 - (3) Contractor employees who are members of the Plans and who by reason of any termination, expiration, or completion referred to in this paragraph cease to be employees of the Contractor or one of its subsidiaries shall be paid only (a) the securities and cash in their accounts attributable to contributions made by such employees, and (b) that portion of the securities and cash in their accounts

attributable to contributions made by the Contractor and payable to such employees under the terms of the Plans. There will be refunded or credited to the NNSA by the Contractor an amount equal to the value of the securities and cash in the accounts of Contractor employees attributable to contributions made by the Contractor which are not payable under the terms of the Plan to Contractor employees who cease to be employees of the Contractor or one of its subsidiaries by reason of any termination, expiration or completion referred to in this paragraph.

- e. Contributions made by the Contractor on behalf of Contractor employees who are members of the Plans and who are transferred to other divisions or subsidiaries of the Contractor will be retained in the employees' accounts and will not be refunded or credited to the NNSA, provided, however, that in the event the Contracting Officer determines there has been or is about to be an abnormally large number of transfers of Contractor employees who are members of the Plan to other divisions or subsidiaries of the Contractor, the parties will agree upon the refunds, if any, to be made to NNSA as a result of forfeitures incurred by those employees pursuant to the terms of the Plans.

Similarly, contributions made by the Contractor on behalf of other employees who are transferred to the Contractor will be retained in such members' accounts and transferred to the Plans, and the Contractor shall not be entitled to any refund or credit in respect thereof from the NNSA, provided, however, in the event the Contractor determines there has been or is about to be an abnormally large number of transfers of Contractor's employees to the Contractor, the parties will agree upon the refunds, if any, to be made to the Contractor as a result of forfeitures incurred by those employees pursuant to the terms of the Plans. In agreeing upon the amount of adjustment, if any, that might be made pursuant to this Section B.4.c.(5)(d), the parties will give due consideration to the history of participating employee turnover throughout the Contractor's corporation during the preceding 12-month period as well as other related factors.

- f. The Contractor shall keep separate accounts with respect to the participation of Contractor employees in the Plan and shall file with the Contracting Officer such reports with respect to such accounts as it may from time to time reasonably request.

5. Holidays – Salaried Employees

- (1) Costs are allowable for up to 13 holidays per calendar year. Because the calendar varies from year to year, the workdays designated by the contractor as paid holidays in any plan year may also vary.

- (2) Each salaried employee may be granted time off with pay at the employee's regular straight time base rate, plus shift premium if applicable, for each holiday that falls on a regularly scheduled workday of such employee.
- (3) An employee who performs no work on a holiday(s) which fall(s) on the employee's regular day(s) off may be paid eight (8) hours pay at the employee's straight time base rate, plus shift premium, if applicable, for each such holiday.
- (4) An exempt employee who performs work on a holiday within the employee's regular workweek may be compensated in accordance with the provisions set forth in Section D – Premium Pay. For each such holiday, the employee may choose an alternative paid day off in lieu of premium pay to be taken within sixty (60) days of the holiday.
- (5) An exempt employee performing work on a holiday which falls outside the employee's regular workweek may be paid eight (8) hours at the employee's regular straight time rate plus the applicable holiday premium in accordance with the provisions set forth in Section D – Premium Pay for each hour worked on a holiday.
- (6) A non-exempt employee on a standard workweek (Monday through Friday) who performs work on a holiday that falls within the employee's regular workweek may be paid double time for each hour worked in addition to eight (8) hours holiday pay at the employee's regular straight time rate.
- (7) A non-exempt employee on other than a standard workweek who performs work on a holiday that falls within the employee's regular workweek may be paid straight time for each hour worked in addition to eight (8) hours holiday pay at the employee's regular straight time rate.
- (8) A non-exempt employee on other than a standard workweek who performs work on a holiday that falls outside the employee's regular workweek may be paid double time for each hour worked in addition to eight (8) hours holiday pay at the employee's straight time rate.

6. Vacations – Salaried Employees

- a. Service date is defined in Service Credit – Salaried Employees, of the Personnel Appendix.
- b. Each employee may carry over up to a maximum number of hours equal to the vacation hours earned in a year from one vacation year to the next unless mandated differently by state law

- c. It is allowable for Vacation leave with pay to be granted in conformance with the following schedules:

Employee will receive annual Vacation Leave as follows:

Service as of the Employee's Service Date	BAND 3 AND BELOW Maximum Vacation Allowance	VACATION SCHEDULE May Carry Over, up to:
1 but less than 5 years	80 hrs.	80 hrs.
5 but less than 15 years	120 hrs.	120 hrs.
15 but less than 20 years	160 hrs.	160 hrs.
20 years or more	200 hrs.	200 hrs.

BAND 4 AND ABOVE VACATION SCHEDULE

1 but less than 10 years	120 hrs.	120 hrs.
10 but less than 20 years	160 hrs.	160 hrs.
20 years or more	200 hrs.	200 hrs.

- d. Vacation allowance during the year of rehire after a voluntary quit may be awarded on the initial service/anniversary date in accordance with the employee's applicable vacation schedule. Vacation allowance during the year of hire may be awarded 0-90 days after the initial service date in accordance with the eligible employee's applicable vacation schedule.
- e. An employee who transfers from the Hourly Payroll to the Salaried Payroll is eligible for vacation allowance on the transfer date taking into account service date and hourly vacation allowance during the year of transfer.
- f. The following provisions apply to an employee who is rehired.
 - (1) An employee rehired in the same vacation year in which the employee was separated and who was paid for all earned unused vacation at the time of separation shall not be eligible for additional vacation during the vacation year of rehire as established by the employee's service date at separation. The employee's service date shall be established thereafter in accordance with Service Credit – Salaried Employees of this Personnel Appendix for the purpose of determining vacation as of the beginning of the vacation year following the vacation year of rehire. At the beginning of the vacation year following the vacation year of rehire, the employee will be awarded vacation based on the employee's adjusted service date and the number(s) of full months of service after rehire in accordance with the applicable schedule. In addition, the employee may earn additional vacation up to the maximum allowance of the employee's applicable vacation schedule.

- (2) An employee rehired after the end of the vacation year in which the employee was separated shall be awarded vacation allowance on the annual vacation eligibility date in accordance with the employee's applicable vacation schedule and the employee's adjusted service date as established at rehire in accordance with Service Credit – Salaried Employees of this Personnel Appendix up to the maximum vacation allowance provided by the schedule.
- g. An employee reinstated after a military leave will be considered to be continually employed for the purpose of determining vacation eligibility. However, an employee will not receive vacation pay while in the armed services for service credited in such status.
- h. Payment to an employee while on vacation may be based on the employee's base salary plus shift premium, if applicable, in effect during the vacation period. Overtime payments shall not be included as part of vacation pay.
- i. An employee separated from employment for any reason, including voluntary quit, may be paid for any earned unused vacation allowance but not for vacation which is considered to be accumulating during the current vacation year.
- j. An employee who separates from the payroll on the last scheduled workday at the end of the employee's vacation year has earned a vacation allowance for the following vacation year as determined by the applicable schedule as set forth in Vacations – Salaried Employees, and may be paid for that vacation allowance.
- k. An employee who separates from the payroll due to early or normal retirement may be paid for vacation which is considered accumulating during the current vacation year. Such vacation shall be prorated based on the number of full months of service completed during the current vacation year.
- l. An employee hired on a full-time basis after the completion of the summer employment program may receive vacation allowance based upon total years of credited service, in accordance with Service Credit – Salaried Employees of this Personnel Appendix.
- m. A newly hired employee may be granted vacation allowance not otherwise provided in this section with the advance approval of the President and the Contracting Officer.
- n. Employees may be allowed to purchase additional annual vacation allowance in lieu of a cash recognition award subject to approval of the President or a Vice-President.

7. Payment for Absent Time – Salaried Employees

- a. It is allowable to grant employees time off with pay as defined by the contractor for reasons such as, but not limited to personal and/or family illness, personal commitments, and other absences which temporarily prevent the employee from reporting to work.
- b. It is allowable to grant employees and interns time off with pay for bereavement within the immediate family for up to 5 days for each bereavement event;

Immediate family shall include the employee's spouse; children and grandchildren and great grandchildren of the employee; the employee's mother, father, brother, sister, and grandparents; parents and grandparents of the employee's spouse; and any step relationships that may exist in this immediate family definition; great grandparents of the employee; brother and sister-in-law; and son and daughter-in-law; domestic partner, their dependents and common law spouse and their dependents. Any other relative actually residing with the employee also shall be considered as a member of the employee's immediate family. Other individuals who stood in place of a parent or a child for whom the employee acts in a parental capacity may be defined as immediate family with the approval of the management.

- c. The amount of paid time off allowable may be determined by the length of service as computed under the provisions of Service Credit – Salaried Employees of this Personnel Appendix and in accordance with the following schedule:

Length of Service	Scheduled Workdays Paid Absence Allowance
Less than one year	Five days
One year but less than two years	Ten days
Two years but less than three years	Fifteen days
Three years of service and over	Twenty two days

Employees will be provided paid time off for a death within the immediate family if no paid absence allowance is available.

- d. Paid absence allowance beyond that provided for above may be granted with the approval of the President or a Vice President and the Contracting Officer.
- e. Employees may be eligible for up to 26 weeks of short-term disability benefits per event, at the rate of 100% of the employee’s base salary

exclusive of any premiums subject to the employee's participation in the contractor's Disability Case Management Program.

- f. Short-term disability payments shall be reduced by any amounts that the employee is eligible to receive from any state disability fund, Workers' Compensation, or similar programs.
- g. If an employee's date for renewal of paid absence occurs during a period of absence for reason(s) provided in this Paragraph, and an employee has exhausted their paid absence allowance, the balance renews in the new anniversary year only after returning to active employment for five consecutive scheduled working days.
- h. In the event that severe weather conditions or a plant or local emergency situation necessitates the closing of the plant, employees may be granted additional paid absence time for the period of the emergency with the approval of the President or Vice President. Such time shall not be charged against the employee's absent time allowance.
- i. Payments for absence shall be reduced by any amounts that the employee is eligible to receive from any state disability fund or Workers' Compensation or similar program.

The Contractor shall maintain records reflecting the total annual cost of recorded absences for non-exempt employees for review by Management and the Contracting Officer.

8. Jury and Witness Duty – Salaried Employees

- (1) Employees may be granted time off at the employee's regular pay during periods of absence due to jury or witness duty. Such time off with pay may include all time spent in preliminary interviews and examinations as required for selection as a juror.

Witness Duty is defined as selection by a subpoena issued by a court to testify as a potential witness in a legal proceeding

- (3) Regular pay shall consist of the employee's current base salary plus shift premium, if applicable, in effect on the day(s) of absence. Such payments may be in addition to any pay received by the employee from the court for jury service.

9. Military Leave – Salaried Employees

- a. Short Term Military Service

- (1) Employees who are required to perform active military service of thirty (30) days or less as a member of the United States Armed Forces Reserve or National Guard may receive short term military pay (as herein defined) for the following military service:
 - (a) For annual active duty training not to exceed ten (10) scheduled working days in any fiscal year, and
 - (b) For each instance of emergency duty assignment resulting from a local state of emergency, or other circumstances requiring emergency duty, not to exceed thirty (30) scheduled working days.
- (2) Regular salary shall consist of the employee's base salary plus shift premium, if applicable, in effect on the day(s) of absence.
- (3) Military pay is the total remuneration received by the employee for the performance of such military service less any allowances received for rations, subsistence and travel.
- (4) Short term military pay may be calculated by determining the employee's regular salary which would have been paid for the number of scheduled working days spent on active military service, as set forth in Short-Term Military Service described above, from which shall be subtracted the military pay received by the employee that is attributable to the same number of working days.

b. Extended Military Service

- (1) Leave of absence and reemployment rights of employees entering military service will be determined in accordance with the Veteran's Reemployment Rights Act.
- (2) Group life insurance will be provided in accordance with provisions of the various insurance plans as set forth in this Personnel Appendix, with respect to employees entering military service.
- (3) Vacation Allowance
 - (a) An employee commencing a leave of absence for extended military service shall be paid for any earned/unused vacation. Employees may elect to retain the earned/unused vacation for use upon reinstatement if their leave is for less than a year.
 - (b) Vacation payments may be computed based upon the employee's base salary plus shift premium, if applicable, in

effect immediately prior to the date of the commencement of the military leave.

c. **Military Reserve Activation**

In the event of a national emergency requiring an employee who is a member of any Army, Navy, Air Force, Marine Unit, Coast Guard, National Guard or Merchant Marine Unit to be called to active duty, the Contractor shall be permitted to institute a limited duration military reserve activation policy with the approval of the President or Vice President and Contracting Officer notification.

10. Severance Pay – Salaried Employees

The contractor maintains a separate Severance Pay Plan for salaried employees. The terms of the Plan are set forth in the “Severance Pay Plan for Honeywell Federal Manufacturing & Technologies, LLC, effective as of October 31, 2002,” as amended from time to time which is incorporated herein by reference. The Plan is approved by the Contracting Officer for application to this Contract, subject to the provisions of this Subsection. Payments to employees under the Plan resulting from a reduction in force due to budget or programmatic reasons are allowable costs. Any notice pay as provided in the Plan requires approval of the Contracting Officer. Costs for administering the Plan are allowable costs. The Release required of employees shall be consistent with legal requirements for enforceability as to the form and content of releases required of employees receiving severance. Upon request, a copy of the waiver will be provided to the Contracting Officer.

11. Service Credit – Salaried Employees

- a. The service date of an employee is the date of hire or the date on which an employee began the most recent period of employment adjusted in accordance with applicable provisions set forth in this paragraph. An employee's service date shall be the basis for determining an employee's eligibility for and/or participation in benefit programs as set forth in this Personnel Appendix; provided, however, that service credit for the purposes of the salaried employees defined benefit and defined contribution plans shall be credited in accordance with provisions of these respective plans.
- b. Except as qualified by other Subparagraphs in this paragraph, service for a salaried employee is all periods of credited service recognized by the Contractor, the Contractor Parent Company, wholly owned subsidiaries of the Contractor, or with operating companies acquired by the Contractor, or its wholly owned subsidiaries. The amount of hourly service credited to an employee who is transferred to the salaried payroll shall be the amount of credited service credited to the employee under terms of the applicable Collective Bargaining Agreement.

- c. Service credit will accumulate during periods of continuing employment with the Contractor and during continuing temporary employment provided the temporary employment is followed by employment on a regular basis. Students employed by the Contractor in the summer or intern employment program shall also accumulate service during periods of temporary employment and such service will be credited immediately upon rehire as a regular employee.
- d. Approved leaves of absence shall not constitute a break in service. In computing an employee's length of service, up to twelve (12) months of the time spent on a leave of absence shall be included except that the entire period of a Military Leave, Jury Duty Leave, and Educational Leave under the Executive Education Program shall be included as service.
- e. Service credit shall be terminated upon a break in service which occurs when an employee is separated from employment because of discharge, death, quit, or retirement, except that an employee who is reemployed by the Contractor, shall retain and be awarded that service credit which accumulated prior to the quit, provided that service credit will not accumulate between the date of quit and subsequent reemployment.
- f. An employee who is separated under a reduction in force and who is paid separation allowance in monthly installments shall receive service and earnings credit for pension calculation purposes and may continue to participate in other insurance coverage for which enrolled (except defined contribution plan, Business Travel Accident and Short-term disability benefit coverage), during the period the employee is receiving the separation allowance payments.
- g. Employees transferred from Donor Contractor sites as part of nonnuclear reconfiguration according to Miscellaneous Human Resources Programs, Policy/Objectives, shall be awarded full service credit based on the employee's length of service as credited with the previous DOE/NNSA Contractor (Donor) and with the Contractor.

12. Voting Time

Salaried employees who are eligible to vote and who are scheduled to work on a voting day shall be allowed such time off with pay as required under the provisions of applicable state law.

13. Security Leave (Suspension of Access Authorization)

- a. If the access authorization of an employee is suspended by direction of the Contracting Officer, the Contractor shall transfer the employee to work not

requiring access authorization if such work is available, without reducing the employee's base compensation. If the Contractor determines that no work is available in an uncleared area to which the employee may be transferred, the Contractor may prepare a written report for the review and concurrence of the Contracting Officer setting forth the reasons for the determination. Subject to the Contracting Officer's concurrence that no such work is available, the Contractor may place the employee on leave with pay at his/her base compensation. If an employee who is continuing to receive compensation, files a timely request for hearing pursuant to 10 CFR Part 710, such base compensation shall be continued until the Contractor receives notification in writing from the Contracting Officer of the Hearing Officer's recommendation.

- b. If the recommendation of the Hearing Officer is for revocation of access authorization, the Contractor may compensate the employee as set forth herein.
 - (1) In the event the employee was transferred to another position where such access authorization is not required, compensation may, thereafter, be the base compensation applicable to the new position, and such compensation shall continue until final disposition of the case under DOE procedures, 10 CFR Part 710.
 - (2) In the event a job transfer was not arranged (i.e., the employee was placed on a leave with pay), the employee shall be placed on leave without pay effective the date the Contractor received written notification of the Hearing Officer's recommendation. The employee shall remain on leave without pay until final disposition of the matter.
 - (3) If at any stage of the access authorization procedure following a suspension or at the conclusion of the administrative review process provided under 10 CFR Part 710, the employee's access authorization is reinstated by the Contracting Officer, the Contractor will offer the employee reinstatement in the same or a comparable position to the one held prior to suspension, if available. The employee may be reimbursed for the difference between the employee's base wage or salary and actual earnings, including earnings from other employment, during the period of suspension.
- c. If the recommendation of the Hearing Officer is to continue the administrative review process for revocation of access authorization, the employee's base compensation may be continued until a final decision is rendered by the Assistant Secretary for Defense Programs.

14. Unpaid Leave of Absence

a. Educational Leave

All salaried employees with a minimum of one (1) year of continuous service may be eligible for an educational leave of absence to devote full time toward the completion of a selected course of study and to make it possible to acquire specialized training that can be readily utilized by the Contractor. An educational leave of absence must be approved by the President or a Vice President and is subject to the following conditions:

- (1) The leave must be for a course of study that will benefit both the employee and the Contractor in view of the employee's present position and positions the employee might reasonably be expected to hold in the future.
- (2) Absence is without pay and service accumulates during the leave for a maximum of twelve (12) months.
- (3) Completion of the approved degree program must occur within one (1) year of commencement of the educational leave.
- (4) Successive educational leaves must be separated by at least twelve (12) months of active employment.

b. Family and Medical Leave of Absence (FMLA)

Costs incurred by the contractor in compliance with the requirements of the FMLA are allowable.

c. Civic Activities Leave

- (1) Unpaid leave of absence allowing employees to participate in civic activities which contribute to the general welfare and betterment of the community may be permitted with approval of the President or Vice President and notification to Contracting Officer concerning civic activities. For purposes of this program, such activities may include but not be limited to the following:
 - (a) Serving on school boards or councils, youth group advisory committees, human rights organizations, and environmental protection groups; and,
 - (b) Participation in community or business-sponsored civic activities such as joining a search and rescue team or

volunteer fire department and others considered to be of value to the community.

- (2) A Civic Activities Leave may be granted initially for a period up to sixty (60) calendar days. Such leaves may be renewed for additional periods in increments of up to sixty (60) days. Company service accumulates during the leave for up to twelve (12) months.

d. Government Assignment Leave

- (1) A leave of absence to accept full-time employment for a temporary period or to serve in an advisory capacity with a federal, state, or local government agency may be approved by the President or a Vice President. Such a leave may be granted provided the assignment does not directly involve the employee in any matter which may affect the business operations of the Contractor, or relations between the Contractor, and the specific government agency.
- (2) A Government Assignment Leave may be granted for a period of up to twelve (12) months. Such leave may be renewed annually upon written request by the employee and the specific government agency.
- (3) Unless specifically approved by the Contracting Officer, the salary, benefits and service credit shall not be charged to the Contract. If approved by the Contracting Officer, salary, benefits and service credit may be charged to the Contract.

15. Part-Time Employees

- a. The provisions of this Paragraph apply to employees hired as part-time and/or employees transferring from full-time to part-time status who apply and receive approval for part-time employment status. Part-time status is defined as working a 39-hour or less regularly scheduled workweek.
- Part-time employees will be compensated on a pro-rated basis of hours worked in relation to their normal base rate and a 40-hour workweek.
- b. Exempt employees are not eligible for overtime when on part-time status.
- c. Part-time employees may be eligible to participate in the Compensation Increase Plan.
- d. The following benefits are pro-rated for part-time employees who work between 20 and 39 hours in a week: Jury & witness duty, Temporary

Military duty, Bereavement, Paid Absence, Vacation and Holiday Pay. These employees are also eligible for Long-Term Disability, Group Insurance, Savings Plan, and Retirement benefits according to the provisions outlined in the respective Summary Plan Description. Lastly, part-time employees may receive Educational Assistance, Rewards & Recognition and Voting Time. Part time employees that work 19 hours or less will not receive benefits.

- e. Part-time employees not working a regular scheduled workweek shall be compensated at an hourly rate established at the time of hire or transfer from full-time status. The amount and frequency of pay increases shall be at the discretion of management in accordance with the Compensation Increase Plan.
- f. Service for part-time employees will accrue as provided in Service Credit – Salaried Employees.

16. Pay to Surviving Spouse or Dependents

In the event of death of an employee while on the active payroll or on an approved leave of absence during which the employee is credited with service, a special allowance may be paid to the employee's spouse or dependent(s). The special allowance shall consist of pay through the end of the month in which the death occurs computed on the employee's monthly base salary in effect at the time of death. In addition, an employee's spouse or dependent(s) may be eligible to receive payment for earned, unused vacation as provided for in this Personnel Appendix.

PART III - LABOR RELATIONS

A. Policy/Objectives

1. It is the objective of the Contractor's labor relations program to pursue collective bargaining practices that promote efficiency and economy in Contract operations, judicious expenditure of public funds, and effective labor management relationships.
2. The terms and conditions set forth in current collective bargaining agreements between the Contractor and the International Association of Machinists and Aerospace Workers (IAMAW) and the Security Police and Fire Professionals of America (SPFPA) recognized bargaining agents for its employees assigned to work under this Contract and this Personnel Appendix constitute the allowable costs for bargaining unit employees' compensation and benefits for reimbursement by NNSA.
3. Expenses, including contracted legal counsel expenses, related to grievance processing and settlement, arbitration and arbitration awards, litigation involving actions related to collective bargaining, and other associated expenses including costs of meeting rooms, presentation equipment and materials, meals and room

allowances for Company bargaining representatives related to collective bargaining are allowable costs.

4. Expenses associated with employee representation activities are allowable costs.

PART IV - MISCELLANEOUS HUMAN RESOURCES PROGRAMS

A. Policy/Objectives

1. The purpose of the Contractor Miscellaneous Human Resources Programs is to facilitate the achievement of organizational objectives and to support the business strategies of the Contractor and the government. The programs are designed to provide competitive plans/features necessary to attract, retain, and motivate a competent workforce. Miscellaneous Human Resources Program costs directly attributable to the programs provided to Contractor employees, as well as reasonable administrative costs, will be allowable under this Personnel Appendix. The programs shall be:
 - a. Designed and administered in a cost effective manner.
 - b. Designed and administered in a manner that provides equal access to all employees.
 - c. Compliant with all applicable laws and regulations.

B. Miscellaneous Human Resource Programs

1. Contractor Training

- a. Training programs may be conducted by the Contractor to increase employee skills and efficiency, develop techniques for the solution of operating problems and to prepare participants for additional responsibilities. Limited refreshments (i.e. pastries and drinks) are allowable.
- b. The Contractor shall establish procedures outlining a system of approval for all requests for training. Such system shall provide an approval structure for in-house and outside training programs, and educational assistance.

2. Educational Assistance Allowances

All salaried employees may be eligible for reimbursement of educational assistance allowances to include the cost of tuition, textbooks, technical fees, computer fees and laboratory fees for approved courses. Employees on educational leave of absence are not eligible for Educational Assistance. All payments are subject to the following conditions:

- a. Courses must be:
 - (1) Related to an employee's current position or to another position within the Contractor's organization to which the employee may reasonably be moved, related to a degree program with a direct relationship to the employee's career path with the Contractor.
 - (2) Conducted by recognized colleges or universities, or educational institutions accredited by nationally recognized agencies or associations (e.g., correspondence course, technical and trade courses).
- b. Each course undertaken by the employee shall be approved by a member of management and a human resource representative. The files of the Contractor shall contain a statement showing the basis for the conclusion that courses approved meet the criteria stated above.
- c. Courses must be taken outside of the employee's scheduled working hours, except that courses may be taken during the employee's scheduled working hours provided the following conditions exist:
 - (1) The course of study is not available outside working hours;
 - (2) The course of study is required for graduation and/or for completion of the educational objective; and
 - (3) Time off from work is made up at a time convenient to the Contractor at no additional cost. Such time off from work is not considered as hours worked for purposes of computing overtime.
- d. The cost of instruments, equipment, supplies, software, and other such items connected with instruction will be excluded from reimbursement. In addition, fees for parking, student activities, health services, graduation, and pre-enrollment examination will be excluded from reimbursement.
- e. In the case of full or partial reimbursement for educational costs by an outside source only, the amount not provided by the third-party which is allowable under the provisions of this contract, may be reimbursed.
- f. The allowance may be reimbursed to the employee upon successful completion of each semester, quarter, session, or term.
- g. Payment will be withheld if any one or more of the following conditions occur:

- (1) Employee terminates prior to completion of the course as a result of a quit or discharge.
- (2) Employee withdraws from the course for personal reasons. An employee withdrawing from a course for reasons caused by a decision of the Contractor's management or other extenuating circumstances will be relieved of all obligations to repay tuition and fees upon approval of the Contractor's Director of Human Resources or a designated representative.
- (3) Employee fails to submit evidence that a course was satisfactorily completed with the equivalent of the grade "C" or higher within six (6) months after the term has ended.
- (4) An agreement shall be obtained from each participating employee permitting such recovery or withholding.

3. Attendance at Outside Training Programs

Employees authorized by the Contractor may attend meetings, seminars, short courses, or college level courses sponsored by professional, educational, administrative or technical organizations or the Contractor's parent corporation outside the plant or at offices of the Contractor's affiliates, including training required for professional certification. All activities hereunder shall be pertinent to the work of the employee and shall require the approval of a member of the Contractor's management. Allowable expenses for such programs shall include travel and subsistence expenses in accordance with Part V – Travel and Relocation, and the cost of tuition, fees, and course materials.

4. Executive Education Program and Technical Fellowship Program

a. Executive Educational Program

- (1) Full-time exempt salaried employees are eligible to participate in an executive education program. Individual participation shall be limited to employees classified as Manager or higher and employees identified as promotable to such positions with the approval of the President or Vice President and NNSA notification of employees in the executive education program.
- (2) Employees participating in the program shall be permitted time off from work for activities associated with the program. Allowable costs shall consist of the full cost of tuition, application fee, registration fees, required laboratory fees, required textbooks, thesis preparation and reproduction, course required software, and any

other required costs associated with the program. Travel, hotel and meal costs associated with overseas travel are not allowable.

b. Technical Fellowship Program

- (1) Employees with science or engineering degrees are eligible to participate in a Technical Fellowship Program to pursue advanced degrees in areas identified as technical skill gaps or critical skill positions for completion of the Contractor's mission. Employees will be permitted time off work to participate in the program, and may pursue their advanced degree on either a full-time or part-time basis. Employees in the program on a part-time basis will be considered full-time employees under this Personnel Appendix.
- (2) Allowable costs for the program consist of:
 - (a) Salaries earned while participating in the program. Full-time students in the program will receive 70% of their base salary, determined on the day they enter the program, during the length of their participation in the program. Students may be eligible for a compensation rate adjustment upon program completion.
 - (b) Fringe benefits provided to the program participants as stated elsewhere in Personnel Appendix. Full-time students in the program will not be eligible for vacation or paid absence benefits but will be awarded full vacation allowance upon completion of the program.
 - (c) Time off from work for activities associated with the program. Allowable costs shall consist of the full cost of entrance exams, tuition, registration fees, laboratory fees, textbooks, thesis preparation and reproduction, and any other costs associated with the program.
 - (d) Travel and relocation expenses pursuant to Part V of this Personnel Appendix.
- (3) The program will be administered pursuant to a written policy. The policy, and any changes, will be submitted to NNSA.

5. Recreation and Morale Building Benefits

A recreation and morale building program as determined by the Contractor may be allowed. The purpose of the Contractor's Employees Club is to increase employee morale and promote volunteerism. Contractor activities administered within the

Employees Club may include the support and planning of the following: company sports leagues and events, annual events and company gatherings, special celebrations, merchandise and displays, educational programs, the employee volunteer community service programs, and some rewards and recognition acknowledgements. These items are considered employee relations, welfare and morale expenses.

a. Employees Club Funding

- (1) The amount to be expended annually by the Contractor on a fiscal year basis shall not exceed \$29 multiplied by the annual average number of employees under this contract.
- (2) The annual average number of employees for purposes of determining the annual maximum allowable expenditure under Community Programs of this Personnel Appendix, shall be calculated by totaling the number of employees on the payroll register at the end of each calendar month and dividing such total by twelve.

b. Employees Club Allowable Costs

- (1) The Contractor may provide media, photographic, graphic arts, and duplicating services in support of the Employees Club.
- (2) Costs incurred to pay or subsidize the costs for employee gatherings.
- (3) The costs of the Flower Program, which are incurred to show support and concern to employees in the event of family death and/or illness.
- (4) The costs of bringing talent (such as musicians, DJ's, clowns, guest speakers) on-site, or to co-sponsored outreach projects, to observe special events and to enhance employee satisfaction.
- (5) The costs of providing local physical fitness facilities for employee use or supporting employee physical fitness activities.
- (6) The purchase of items at nominal expense designed to promote ES&H, quality and volunteerism workplace issues, provided they are in compliance with general cost principles.

6. Community Programs

a. Community Service Activities

The Contractor may make individual employees available to work with or for community service organizations. Community service activities include blood bank drives, charity drives, United Way campaigns, Savings Bond drives, disaster assistance, and outreach programs. The cost of meals for Contractor employees attending banquets associated with such activities, and materials used to support community service activities, exclusive of Contractor cash contributions and donations, are allowable.

With the approval of the President or a Vice President and NNSA notification of community service activities, there may be allowable such additional costs as may be incurred by the Contractor by reason of an extended, more than nominal amount of time by employees.

b. Equal Opportunity Activities

The Contractor may make individual employees available to work with or for governmental, quasi-governmental, and other community service organizations and activities to work toward building a more favorable climate for achieving equal opportunity for all people.

The costs of meals incurred in connection with banquets associated with equal opportunity activities which are attended by Contractor employees are allowable.

With the approval of the President or a Vice President and NNSA notification of Equal Opportunity activities, additional costs may be incurred by the Contractor by reason of an extended, more than nominal amount of time by its employees.

c. Community Assistance Program

The costs of Contractor activities to assure effective community awareness, involvement, communication, planning, and other related impact assistance in connection with work force reduction resulting from the downsizing of national defense activities will be allowable. The costs associated with formation and maintenance of community groups to address such work force reductions will be allowable.

7. Health Program

a. Medical Facilities

- (1) Medical facilities shall be provided for care of Contractor and NNSA employees in the event of occupational injuries, to provide treatment while at work for minor physical complaints of employees, and to provide health examinations as outlined below. In the case of ailments which are not attributed to the employee's occupation and the condition of the employee is such that the ailment extends beyond a limited period, such employee shall be advised to contact his/her own physician. The medical facility will be adequately staffed with physicians, registered nurses, technicians, and clerical personnel.
- (2) Health examinations may be provided for prospective employees and for other employees of the Contractor with such frequency and upon such basis as deemed necessary by the Contractor or as mandated by NNSA.
- (3) Treatment may be provided for subcontractor employees working at the Kansas City Plant who are injured at the Plant and require emergency care. (Non-emergency work-related injuries are treated off-site under the control of the subcontractor.)

b. Smoking Cessation

In support of the Contractor's smoke-free workplace initiative, costs associated with providing smoking cessation classes and workshops are allowable.

8. Employee Publications

Without expense to employees, the Contractor may publish and distribute appropriate communication media for the dissemination of information to employees and in the interest of maintaining employee morale.

9. Miscellaneous Employee Benefits and Services

The following miscellaneous employee benefits and services may be provided:

- a. Plant cafeterias and vending machines
- b. Automatic Teller Machines (ATM)
- c. Notary services (fees and bonds).
- d. Employees' uniforms and work clothing, including cleaning and laundering furnished by the Contractor.

- e. Safety clothing and equipment.
- f. Employee handbooks and similar information or instructional material for distribution to employees or prospective employees.
- g. Retirement portraits and reprints of memorable photographs of work-related events.
- h. Fees for examinations, certifications or licenses if required by governmental regulation(s), by DOE order(s) or by written directive from the Contracting Officer, or if incidental to an approved course in this Personnel Appendix
- i. Administrative activities to enhance employee morale including the sale and distribution of items of company identification.
- j. Items of nominal expense, with or without the company logo, designed to promote awareness of workplace issues, such as lanyards, pins, mugs, key chains, and ice scrapers.
- k. Refreshments such as pastries and drinks for reward and recognition ceremonies and business meetings involving plant guests, and working lunches involving plant guests.

10. Employee Assistance Program

The Contractor may establish an employee assistance program to provide a broad scope of counseling and referral services, including drug and alcohol abuse, for employees and their immediate family members. The Contractor may implement a reasonable program for the following services that must be provided to employees: preventive programs, short term counseling, coordination and referral to outside agencies and follow-up upon return to work.

11. Defense of Employees Involved in Work-Related Claims and Legal Actions

- a. If a claim or legal action is brought against an employee as the result of the employee's conduct when performing duties under this contract and within the employee's scope of employment, the Contractor shall be allowed the cost of representing and defending the employee, including appeals and costs of any judgment; provided, however, that the prior approval of the Contracting Officer and the consent of the employee to be defended shall be obtained before any such defense is undertaken.
- b. The provisions of the contract clause entitled, "Insurance - Litigation and Claims" shall have the same application to claims and legal actions against employees under this section as it has to those claims and legal actions which are brought directly against the Contractor. Before costs of any

retained legal counsel may be allowed, the selection of such counsel must have the concurrence of the Contracting Officer.

- c. When involved in any claim or legal action covered by this section, an employee may, with the prior approval of the Contracting Officer, be allowed time off with base pay on scheduled workdays for consultation with counsel, trial attendance and such other matters as are reasonably incident to the claim or legal action.

12. Outplacement Assistance Program for Displaced Workers

The costs of establishing and maintaining an Outplacement Assistance Program covering Contractor employees who may be or have been separated from employment in connection with a work force reduction resulting from the downsizing of national defense activities are allowable. The Outplacement Assistance Program may include continuing access to the Employee Assistance Program as provided in this Personnel Appendix, for two (2) years after separation. The employees affected by the restructuring or downsizing activities can receive counseling and assessment for future employment opportunities.

13. Employee Recognition Program

- a. The Contractor is authorized to implement the following Employee Recognition Program. The total cost of this program shall not exceed ¼% of total gross base payroll per calendar year.
- b. Hourly and Salaried employees are eligible for awards under this Program. Awards for individuals will vary in size from a certification of appreciation to a cash reward up to \$5,000. Individual awards may be granted in the form of cash being allowed under the paragraph above. Nominators and approvers of the respective recipient's award will depend on the level of the award. The criteria that would warrant a reward are:
 - (1) consistent and superior level of commitment, personal caring, teamwork and performance demonstrated in a demanding assignment or series of assignments or in the performance of normal duties and responsibilities;
 - (2) innovation or creativity that leads to positive results in the performance of this contract, including patents;
 - (3) significant contributions to quality relating to reductions in the cost of nonconformance, the resolution of a quality concern, or a process improvement;
 - (4) Cost savings effort;

- (5) significant contributions to environment, safety, or health concerns relating to an improvement in performance, or the identification of hazards or threats;
 - (6) Exemplary efforts to improve an external or internal customers' satisfaction;
 - (7) A significant effort to improve a product or process;
 - (8) Technical product or systems innovation leadership;
 - (9) Leadership in the reduction of cycle time or waste;
 - (10) Demonstration of outstanding personal commitment to achieve business objectives.
- c. The contractor shall establish a system of accountability that includes documentation adequate to verify that its management is following the award criteria.
 - d. Cash awards granted under this subsection shall not be duplicative of any other awards programs, nor can any employee receive more than one award of any type under this subsection for the same contribution, or an award in successive years for the same contribution, except that an award for a patent application shall not be precluded by a prior award for an invention disclosure on the same technology.
 - e. The contractor shall provide the contracting officer with an annual accounting on the distribution of awards granted under this subsection.
 - f. Issued Patent Awards - A discretionary memento, such as a plaque or medallion will be presented to inventors for U.S. patents issued during the preceding year. A portrait of each inventor will be made and displayed for recognition.
 - g. Patent Award Procedure - The memento referred to above will be presented to the employee at a recognition ceremony following issuance of the patent. Refreshments such as pastries and drinks may be provided.

14. Length of Service Awards

Any employee who has attained at least ten (10) years of credited service with the Contractor may be eligible for a service award. Such employees may be eligible for an additional service award on the anniversary date of each additional ten years of credited service as well as a retirement award upon retirement. The conferring of

awards shall be in accordance with the schedule and price ranges approved by the Contracting Officer. Such schedule shall designate the price range of the awards which may be selected by each eligible employee based upon length of service. Revisions to the schedule of price ranges may be made from time to time with the prior approval of the Contracting Officer who may approve such changes without the necessity of a Reimbursement Authorization.

The Contractor shall furnish the Contracting Officer with a cost summary of the Service Award Program as soon as practicable after the end of each fiscal year.

15. Recruiting

- a. The costs of recruitment of personnel including cooperative education programs, summer internship programs, nominal costs for promotional items/gifts for recruitment purposes employment advertising, services of staffing sourcing vendors, services of employment agencies at rates not in excess of standard commercial rates, participation in corporate recruiting activities, campus recruiting, career fairs, and operation of recruiting stations are allowable.
- b. Applicants who are requested by the Contractor to report for a pre-employment interview shall be allowed transportation expenses. Reasonable actual costs of lodging, meals, valet services, tips, and other necessary incidental business travel expenses shall be allowed.
- c. Reasonable actual costs of food related items incurred during the recruitment of personnel shall be allowed. Recruitment ends on second day of employment.
- d. Reasonable actual costs of housing for personnel in summer internship programs will be allowed up to \$3240 per intern and up to \$5850 for single occupancy or married interns for the summer internship. Effective January 1 of each year, the total allowable cost will adjust in accordance with the CPI-U Increase in Cost of Housing from the previous year. Additional funds may be obtained by mutual agreement between the Contractor and Contracting Officer.
- e. The Contractor may authorize a spouse or domestic partner to accompany the applicant reporting for a pre-employment interview. This will apply on a selective and invitational basis to internal and external applicants for positions in exempt salary band 3 and above. When the applicant's spouse or domestic partner is so authorized to travel, the cost of transportation expenses incurred by the spouse or domestic partner shall be allowable and the reasonable, actual costs of lodging and subsistence expenses shall be allowable. Applicants may, at the discretion of the Contractor, be authorized to stay up to two (2) nights during their pre-employment

interview to meet with a relocation services company to participate in a pre-employment relocation program. When the applicant's spouse, or domestic partner, is so authorized to travel, the cost of transportation expenses, actual cost of lodging and subsistence expenses incurred by the spouse, or domestic partner, shall be allowable.

16. Adoption Program

The Contractor may establish an adoption program for all full and part-time employees. Costs associated with this program will be allowable to the following extent:

- (1) Reimbursement up to \$5,000 per child for qualified adoption-related expenses;
- (2) Adoption of a "special needs" child will provide for reimbursement of up to \$10,000 per adopted child;
- (3) Four weeks paid leave during the 12-month period following adoption of the child(ren); and
- (4) Benefit coverage continuance as for any other leave of absence.

17. Employee Orientation and Assimilation Programs

To facilitate retention and education of employees, the Contractor may establish employee orientation and assimilation programs. Program elements include but are not limited to:

- (1) Meetings with senior managers that may include limited refreshments (pastries and drinks).
- (2) Supplies and materials.
- (3) Team building activities that may include limited refreshments (pastries and drinks).

18. Employee Referral Program

- a. The contractor may establish an Employee Referral Program (ERP). The program may reimburse any Honeywell employee, including persons not employed under this contract. Ineligible employees include employees or managers who have direct responsibility for the actual hiring decision for the specific job being filled, all Human Resources staff who have direct responsibility for staffing and band 5 Senior Managers. Not all openings are designated for an Employee Referral reward. Final decisions on reward

eligibility are subject to the approval of the Director of Human Resources for FM&T. The contractor shall maintain a written policy pursuant to which the program is administered. The policy, and any changes, shall be provided to the Contracting Officer. The Contractor reserves the right to manage the ERP as business demands change and will exercise management discretion on administrative program decisions.

- b. Award amounts will vary depending on the position filled, but will not exceed \$2,000. The amount will be based upon the highly specialized or high demand critical skills required. Other factors include the level of difficulty expected to identify qualified candidates due to labor shortages for the high demand skill. The reward amounts are identified within the job posting system.
- c. If a referral is hired, employees are also eligible for a quarterly drawing for a “Dinner for two” reward not to exceed \$250, a mid-year drawing not to exceed \$1,500 and a year-end Grand Prize drawing for a cash reward not to exceed \$5,000.

19. Work Performed Outside the Workplace

Contractor management may authorize work to be performed outside the workplace as part of a Flexible workplace program such as a Flexiplace or Telecommuting program. Authorized employees may report hours that were spent performing FM&T related work assigned by management outside the workplace. These work hours will be monitored and subject to management approval as part of the time reporting management system. All approved hours, performed outside the workplace, shall be considered as part of the total allowable operational hours reported by the Contractor. The contractor shall maintain a written policy pursuant to which the program is administered. The policy, and any changes, shall be provided to the Contracting Officer.

20. Business Leader Fellowship Program

- a. With the prior approval of the Contracting Officer or other authorized DOE offices, the Contractor may temporarily select FM&T employees to perform extended on the job training at locations and organizations other than standard FM&T operating sites. Such assignments may be to federal, state, and local government, non-profit organizations, private sector corporations – including corporate Honeywell, or other customers.
- b. Such assignments will be in the best interest of the DOE and FM&T.
- c. The term and scope of these assignments will be determined to best meet the needs and obligations of FM&T and the DOE but normally will be two years or less. The cost of the assignment to FM&T can be up to 100 percent.

The terms and conditions of cost reimbursement will be identified in the NNSA/DOE approval letter.

- d. Employees on temporary assignment remain full-time employees of FM&T.
- e. See Business Leader Fellowship Program overview for additional details.

PART V - TRAVEL AND RELOCATION

- A. Travel costs shall be allowable to the extent they are incurred in accordance with DEAR 970.3102-05-46 and FAR 31.205-46. Travel-related costs and travel costs associated with relocation for lodging, meals, and incidental expenses shall be reasonable and allowable to the extent they do not exceed the maximum per diem rates in effect at the time of travel set forth in the Federal Travel Regulations, prescribed by the General Services Administration. The parties agree to amend this provision if and when new FAR and/or DEAR provisions are published. The Contractor may attend Corporate sponsored standing meetings provided the Contractor provide a one-time determination of a benefit to the government.
- B. Relocation expenses will be allowable according to Honeywell FM&T policy subject to the provisions, limitations, and exclusions of FAR 31.205-35.
- C. The contractor may provide payments for increased employee income or Federal Insurance Contributions Act (26 U.S.C. Chapter 21) taxes incident to allowable reimbursed travel expenses and pursuant to Honeywell FM&T policy. The contractor's policy shall be consistent with Internal Revenue Service regulations and guidelines on indefinite travel as well as state laws, as applicable. The contractor's policy shall limit such payments to a maximum of three years.

PART VI - SPECIAL CONTRACTOR MISSION ASSIGNMENTS

A. Human Resources Nonnuclear Reconfiguration Provisions

1. General

The provisions of this Section A shall apply to employees transferred to the employment of the Contractor from DOE Contractors at Mound, Pinellas, and Rocky Flats (Donors) in accordance with the Nonnuclear Reconfiguration Implementation Plans.

2. Service Credit

A transferred employee will be granted full service credit based on the employee's continuous length of service as credited with the Donor and with the Contractor.

3. Group Insurance – Post Retirement

A transferred employee may be eligible for post-retirement benefits extended to Contractor employees as provided in Part II – Benefits Programs. Service credit based on combined credited service with the Donor and with the Contractor will be applied to eligibility requirements and contribution schedules.

4. Retirement, Thrift, and Savings Plans

- a. A transferred employee shall be granted full service credit based on the employee's combined length of service with the Donor and with the Contractor for determining vesting, participation, and eligibility service in retirement and savings plans as set forth in Part II – Benefits Programs.
- b. Any increase in cash contribution requirements to fund plan benefits that arise as a result of this service credit provision shall be an allowable cost under this contract.

B. New Mexico Operations

1. General

The provisions of this Part VI – Special Contractor Mission Assignments, specify allowable costs for the Contractor employees that are not otherwise outlined in this Personnel Appendix.

2. Definitions

Transferred Employees – Employees on the EG&G payroll as of September 30, 1994 who transferred to the Contractor effective October 1, 1994.

3. Service Credit

Transferred employees shall be awarded full service credit based on the employee's combined length of service as credited with EG&G Energy Measurements Inc. (EG&G) and with Honeywell.

4. Defined Benefit (Retirement) Plan

Transferred employees participate in the defined benefit pension plan for salaried employees of the Contractor. For each transferred employee, the defined benefit plan pension shall be the sum of:

- a. Benefits earned to the transfer date under the EG&G defined benefit plan formula which was in effect on the transfer date; and

- b. Benefits earned after the transfer date.

The final average salary used in the pension calculations shall be as defined in the respective defined pension benefit plans, giving full consideration under each plan to the employees' high salary years with the Contractor.

For the purpose of vesting and eligibility under both plan calculations, Kirtland Operations employees will retain all service from date of hire with EG&G. For benefit accrual purposes, under the Contractor formula, transferred employees will be granted service credit as if they were first entering the Contractor salaried plan on October 1, 1994.

Costs associated with this pension arrangement, such as, but not limited to, application of high salary years at AlliedSignal to past service under the EG&G formula, eligibility and vesting service features, administration, and transition activities (data collection, actuarial valuation, and verification of administrative practices), shall be allowable.

5. Savings Plan

Transferred employees are 100 percent vested in the company match portion of their accounts in the Honeywell Savings and Ownership Plan at the time of this plan-to-plan cash transfer of assets from the EG&G Energy Measurements Inc. Savings Plan.