| SOLICITATION, OFFER AND AWARD | 1. THIS CONTRACT IS A RATED ORDER UNDER DPAS (15 CFR 700) | RATING DO-E-2 | PAGE OF PAGES 1 415 |
|---|---|---|---|

| 2. CONTRACT NO. | 3. SOLICITATION NO. | 4. TYPE OF SOLICITATION | 5. DATE ISSUED | 6. REQUISITION/ PURCHASE NO. |
|---|---|---|---|---|
| DE-NR0000031 | DE-RP11-08PN38002 | [ ] SEALED BID (IFB)<br>[X] NEGOTIATED (RFP) | March 12, 2008 | |

| 7. ISSUED BY | 8. ADDRESS OFFER TO (if other than item 7) |
|---|---|
| U.S. Department of Energy Code<br>Naval Reactors Laboratory Field Office<br>P.O. Box 109<br>West Mifflin, PA 15122-0109 | |

NOTE: In sealed bid solicitations "offer" and "offeror" mean "bid" and "bidder".

SOLICITATION

9. Sealed offers in original and see Section L copies for furnishing the supplies or services in the Schedule will be received at the place specified in Item 8, or if hand carried, in the depository located in the Reception Room Lobby (call ext.-7274) (Hour) until 12 Noon (Hour) local time May 29, 2008 (Date)

CAUTION - LATE Submissions, Modifications, and Withdrawals: See Section L, Provision No. 52.214-7 or 52.215-1. All offers are subject to all terms and conditions contained in this solicitation.

| 10. FOR INFORMATION CALL | A. NAME | B. TELEPHONE NO. (NO COLLECT CALLS) (Include area code) | C. E-MAIL ADDRESS |
|---|---|---|---|
| | Mr. Anthony J. DeNapoli | (412) 476-7274 | denapoli@bettis.gov |

11. TABLE OF CONTENTS

| (✓) | SEC. | DESCRIPTION | Page(s) | (✓) | SEC. | DESCRIPTION | Page(s) |
|---|---|---|---|---|---|---|---|
| PART I - THE SCHEDULE | | | | PART II – CONTRACT CLAUSES | | | |
| X | A | Solicitation/Contract Form | 1 | X | I | Contract Clauses | 155 |
| X | B | Supplies or Services and Prices/Costs | 3 | PART III – LIST OF DOCUMENTS, EXHIBITS AND OTHER ATTACH. | | | |
| X | C | Description/Specs./Work Statement | 8 | X | J | List of Attachments | 216 |
| X | D | Packaging and Marking | ½ | PART IV – REPRESENTATIONS AND INSTRUCTIONS | | | |
| X | E | Inspection and Acceptance | ½ | | K | Representations, Certifications and Other Statements of Offerors | |
| X | F | Deliveries or Performance | 2 | | | | |
| X | G | Contract Administration Data | 2 | | L | Instructions, Conditions, and Notices to Offerors | |
| X | H | Special Contract Requirements | 27 | | M | Evaluation Factors for Award | |

OFFER (Must be fully completed by offeror)

NOTE: Item 12 does not apply if the solicitation includes the provisions at 52.214-16, Minimum Bid Acceptance Period.

12. In compliance with above, the undersigned agrees, if this offer is accepted within ___ calendar days (213 calendar days unless a longer period is inserted by the offeror) from the date for receipt of offers specified above, to furnish any or all items upon which prices are offered at the price set opposite each item, delivered at the Designated point(s), within the time specified in the schedule.

| 13. DISCOUNT FOR PROMPT PAYMENT | 10 Calendar Days % | 20 Calendar Days % | 30 Calendar Days % | Calendar Days % |
|---|---|---|---|---|

| 14. ACKNOWLEDGMENT OF AMENDMENTS (The offeror acknowledges receipt of amendments to the SOLICITATION for offerors and related documents numbered and dated: | AMENDMENT NO. | DATE | AMENDMENT NO. | DATE |
|---|---|---|---|---|
| | 0001 | 3/13/2008 | | |
| | 0002 | 4/18/08 | | |

| 15A. NAME AND ADDRESS OF OFFEROR | CAGE CODE 52YT1 | 16. NAME AND TITLE OF PERSON AUTHORIZED TO SIGN OFFER (Type or print) |
|---|---|---|
| | **Bechtel Marine Propulsion Corporation**<br>**50 Beale Street**<br>**San Francisco, CA 94105-1895** | **Shafik Haddad**<br>**Vice President** |

| 15B. TELEPHONE NO. (Include area code) | [ ] 15C. Check If Remittance Address Is Different from above. Enter Such Address in Schedule. | 17. SIGNATURE | 18. OFFER DATE |
|---|---|---|---|
| **415- 768-0790** | | /s/ Shafik Haddad | May 27, 2008 |

AWARD ( To be completed by Government)

| 19. ACCEPTED AS TO ITEMS NUMBERED | 20. AMOUNT | 21. ACCOUNTING AND APPROPRIATION |
|---|---|---|
| All | See - B2 | |

| 22. Authority for Using Other That Full and Open Competition: [ ] 10 U.S.C. 2304(c)( ) [ ] 41 U.S.C. 253(c) ( ) | 23. Submit Invoices to Address Shown in ( 4 copies unless otherwise specified) | ITEM |
|---|---|---|
| | | H29 |

| 24. ADMINISTERED BY (If other than item 7) CODE | 25. PAYMENT WILL BE MADE BY CODE<br>See Section I, clause entitled "Payments and Advances" |
|---|---|
| | |

| 26. NAME OF CONTRACTING OFFICER (Type or print) | 27. UNITED STATES OF AMERICA | 28. AWARD DATE |
|---|---|---|
| H. A. Cardinali, Manager, NRLFO | /s/ H. A. Cardinali<br>(Signature of Contracting Officer) | September 18, 2008 |

IMPORTANT - Award will be made on this Form, or on Standard Form 26, or by other authorized official written notice.

NSN 7540-01-152-8064
PREVIOUS EDITION NOT USABLE

STANDARD FORM 33 (REV. 9-97)
Prescribed by GSA
FAR (48 CFR) 53.214(C)

CONTRACT NO.
DE-NR0000031

Part I
Section B

# Supplies or Services

# and

# Prices/Costs

## Index of Section B


| Description | Page |
|---|---|
| 1. Services Being Acquired | 1 |
| 2. Estimated Cost and Fee | 2 |

1. SERVICES BEING ACQUIRED

The contractor shall be responsible for planning, managing, and executing work described in Section C. This work is entirely in support of the Naval Nuclear Propulsion Program.

The contract consists of the following phases:

1. Transition Period (beginning on award date).

    a. For the Bettis sites the transition period ends on January 31, 2009.

    b. For the Knolls sites the transition period ends on February 1, 2009.

2. Initial Operating Phase (end of transition period through September 30, 2013).

3. Five year Option Period in accordance with the clause “Option to Extend Term of the Contract” at Section I-2 (October 1, 2013 through September 30, 2018).

2. ESTIMATED COST AND FEE

(a) Estimated Cost.

Estimated cost for fiscal year 2009 is $487,200,000.
Estimated cost for fiscal year 2010 is $761,258,000.
Estimated cost for fiscal year 2011 is $979,612,000.
Estimated cost for fiscal year 2012 is $1,043,428,000.

(b) Fee

A "fee discount factor" of 82.5% shall apply to the fee for each contract year including options. The fixed fee will be incorporated annually. It will consist of the fee calculated in accordance with Section H-12, “Determination of Annual Fixed-Fee” and the proposed fee discount factor.

(c) Fixed-Fee

The fixed-fee payable to the contractor for the performance of the work under this contract is as follows:

$5,557,000 for contract year 1
$6,988,000 for contract year 2
$7,272,862 for contract year 3
$6,992,377 for contract year 4

There shall be no adjustment in the amount of the contractor’s fixed-fee by reason of differences between any estimate of cost for performance of the work under this contract and the actual costs for performance of that work.

Note: The annual fixed-fees as provided above will be incorporated by a modification to this contract.

CONTRACT NO.
DE-NR0000031

Part I
Section C

# Description/Specifications,

# Work Statement

## Index of Section C

October 1, 2011


| Description | Pages |
|---|---|
| 1. Statement of Work | 1-7 |

1. STATEMENT OF WORK

(a) This contract is for the consolidated management and operation of the Bettis Atomic Power Laboratory sites and the Knolls Atomic Power Laboratory sites. The contractor shall manage and perform work and services, and manage, operate and maintain the sites both as described in this contract and as designated in writing from time to time by DOE, including the utilization of information, material, funds, and other property of DOE, the collection of revenues, and the acquisition, sale or other disposal of property for DOE, subject to the limitations as hereinafter set forth. The contractor shall manage and perform said work and services at the sites, or at other locations, as appropriate, and manage, operate, and maintain said facilities upon the terms and conditions herein provided and in accordance with such directions and instructions, not inconsistent with this contract, which DOE may deem necessary and give to the contractor from time to time. In the absence of applicable directions and instructions from DOE, the contractor will use its best judgment, skill, and care in all matters pertaining to the performance of this contract.

(b) The Government will identify contract performance objectives for each of the functional areas listed below at the initiation of the contract and from time to time thereafter.

Reactor Physics Support and Development
Nuclear Operations Training
Safeguards and Security
Reactor Plant Systems Engineering
Reactor Plant Engineering and Design
Prototype Operation and Inactivation
Reactor Servicing
Infrastructure and Administrative Services
Reactor Engineering
Fluid Systems Design and Plant Engineering
Control Equipment, Systems and Plant Analysis
Valve Engineering
Radiological Control, Chemistry and Environmental Technologies
Materials Verification and Development
Steam Generator and Primary Component

Environmental Analyses
Safety Analysis and Computation

The contractor shall prepare a seven year detailed work plan based on these objectives with associated performance requirements and performance standards, and submit it for contracting officer review and approval. Work plans will clearly reflect the mission objectives and include detailed work scopes, schedules, etc. necessary to ensure objective accomplishment. Work plans shall be updated annually consistent with the Government's annual objectives update.

Contractor performance shall be assessed in accordance with the Government's quality assurance plan. The contractor will receive periodic performance assessments based on the contractor's results in meeting the Government's objectives.

The assessment of the contractor's performance will be used to determine the contractor's future scope of work and budget allocations. Performance assessments will also be used to support a determination as to whether or not to exercise the options contained in this contract for an extension of the period of performance.

(c) Unless DOE otherwise notifies the contractor in writing, its responsibilities under this contract shall be administered by the Manager, Naval Reactors Laboratory Field Office, and his authorized representatives.

(d) The work and services and the management of facilities at the sites as designated hereunder shall be conducted in accordance with programs designated in writing from time to time by DOE and the DOE directions and instructions referred to in paragraph (a) above. The work and services to be performed include, but are not necessarily limited to, the following:

(1) Design, development, and testing of high-power, long life reactor plants for Naval submarines and surface vessels. This will include development work directed toward the improvement of reactor plant components and the resolution of design problems. This work shall include the follow efforts for the manufacture of the reactor core and reactor plant

components, as well as engineering services and technical assistance in the construction and operation of the reactor plant.

(2) Maintenance, operation and modification of the Expended Core Facility at the Naval Reactors Facility and propulsion plant prototypes and associated facilities at the Kesselring site. The purpose of the Expended Core facility is to receive, disassemble, examine, test and store or dispose of expended Naval reactor cores and associated core components and to determine data on the core conditions. The purpose of the prototypes and associated facilities at the Kesselring site is to test propulsion plant components and to train propulsion plant operators.

(3) Reactor design and evaluation studies of new and improved methods of applying nuclear power to the propulsion of Naval vessels. This will include the study, design and development of advanced core concepts directed toward providing reliable, economic long-lived reactor cores.

(4) Technical assistance in connection with the procurement of reactor plant components and reactor cores and fuel under other Government contracts. DOE will advise the contractor from time to time of the award of such contracts.

(5) Maintenance and operation of the various test facilities at the sites. Modification, improvement, alteration or repair of existing facilities or construction of new facilities as deemed necessary by the contractor and Government.

(e) The contractor shall be responsible for the procurement for the Government of such materials, supplies, equipment, services, and facilities, required in connection with the work under this contract, as are not furnished by the Government. In addition the contractor shall procure equipment and reactor plant components, including the servicing thereof. It is recognized that the contracting officer has approved manuals of policies, procedures, and forms covering procurement (including subcontracting and purchasing) under this contract, which

manuals may be revised from time to time. Such manuals, as revised from time to time with the approval of the contracting officer, establish policies for procurement activities under this contract.

(f) Related Services.

(1) In addition to the services specifically described in other paragraphs of this clause, and subject to the written approval of the contracting officer, the contractor shall perform under this contract either for the DOE or its contractors other services, incidental or related to the services described in this provision or to the DOE programs, when the work involved has been determined by the DOE to be within the special scientific and technical capabilities of the contractor.

(2) The contractor, to the extent it is in a position to do so, will render services, related to the mission of the contract, utilizing the laboratory facilities, to Federal agencies and to other cost-type contractors of the DOE as requested in writing by the contracting officer in accordance with such procedures and requirements as the DOE may establish from time to time.

With the written approval of the contracting officer, the contractor will render the same services, including transfers of property, to lump-sum or unit-price DOE contractors under the terms and conditions herein stated, and the payments received therefor shall be for the account of the Government and shall be handled as a part of the advances of Government funds pursuant to the above referenced provisions.

(3) The contractor shall operate the following systems of records, and such other systems of records as may be designated by the contracting officer, to accomplish an agency function in accordance with the Privacy Act of 1974 (5 U.S.C. 552a) and applicable DOE regulations:

| System No. | Title |
|---|---|

| | |
|---|---|
| 5 | Personnel Records of Former Contractor Employees |
| 10 | Energy Employees Occupational Illness Compensation Program |
| 11 | Emergency Operations Notification Call List |
| 28 | General Training Records |
| 31 | Firearms Qualification Records |
| 33 | Personnel Medical Records |
| 35 | Personnel Radiation Exposure Records |
| 38 | Occupational and Industrial Accident Records |
| 43 | Personnel Security Clearance Files |
| 48 | Security Education and/or Infraction Reports |
| 51 | Employer and Visitor Access Control Records |
| 75 | Call Detail Records |
| 77 | Physical Fitness Test Records |

(g) General.

(1) The contractor shall perform the maintenance work necessary for the efficient operation of the facilities. Projects which under applicable procedures adopted by DOE from time to time require the issuance of a directive therefor by DOE shall not be undertaken until such directive has been issued.

(2) Whenever approval or other action by DOE is required with respect to any expenditure or commitment by the contractor under the terms of this contract and the contractor knowingly fails to obtain or avoids the required approval or action, the Government shall not be responsible therefor unless and until such approval or action is obtained or taken.

(3) In carrying out the work under this contract, the contractor shall be responsible for the employment of all professional, technical, skilled, and unskilled personnel engaged and to be engaged by the contractor in the work hereunder, and for the training of personnel. Persons employed by the

contractor or its subcontractors or consultants shall not be deemed employees of the Government.

(4) The contractor shall procure for the Government such materials, supplies, equipment, and facilities, required in connection with the work under this contract as are not furnished by the Government.

(5) The contractor is responsible for administration of all subcontracts, purchase orders and other contractual agreements made by the contractor, including responsibility for payment from the Government funds advanced and agreed to be advanced hereunder to the contractor. This responsibility shall exist for the period of this contract, unless and until transferred (in whole or in part) to the Government or other designee of DOE, at the direction or with the approval of DOE

(6) The contractor shall, when directed by DOE, and may, but only when authorized by DOE, enter into subcontracts for the performance of any part of the work under this contract.

(h) Transition Period

(1) The Contractor shall implement the Transition Plan (submitted with its proposal)for the Transition Period. The Contractor shall:

(i) Make offers to and transition incumbent employees.

(ii) Complete all of the specific milestones and accomplishments identified in the Transition Plan that are to be achieved during the Transition Period.

(iii) Execute, after obtaining Contracting Officer approval, any necessary agreements for transfer or assignment of subcontracts to the Contractor.

(i) Integrated Safety Management System

The Contractor shall support the Integrated Safety Management System (ISMS). The ISMS clearly communicates the ES&H roles, responsibilities, and authorities of line managers, and holds line managers accountable for the performance of work in a manner that ensures protection of workers, the public and the environment. In accordance with the ISMS, senior site management is actively involved in the implementation of the ISMS. The ISMS is operated as an integral and visible part of how Bettis and KAPL conducts business, including prioritizing work and allocating resources based on risk reduction. Laboratory management ensures that resources are effectively allocated with balanced priorities to address safety, programmatic and operational considerations.

CONTRACT NO.
DE-NR0000031

Part I
Section D - Packaging and Marking
Section E - Inspection and Acceptance

These Sections are Reserved

CONTRACT NO.
DE-NR0000031

Part I
Section F

# DELIVERIES OR PERFORMANCE

## INDEX OF SECTION F


| Description | Pages |
|---|---|
| 1. Term of Contract | 1 |
| 2. Principal Place of Performance | 1 |

1. Term of Contract

The term of this contract is from the award date through September 30, 2013. (A Transition Period shall commence on the award date.

a. For the Bettis sites the transition period ends on January 31, 2009.

b. For the Knolls sites the transition period ends on February 1, 2009.

The Government may extend the term of the contract by unilaterally exercising the option pursuant to the clause entitled, "Option to Extend the Term of the Contract" in Section I. Acceptable technical, administrative, and cost performance on the base contract along with realization of projected enterprise shared services cost savings will be factors included in determining whether or not to exercise the option. The option period shall be for the period of October 1, 2013 to September 30, 2018.

2. Principal Place of Performance

The principal places of performance for the contract are in or near Pittsburgh, Pennsylvania, Schenectady, New York, and Idaho Falls, Idaho.

CONTRACT NO.
DE-NR0000031

Part I
Section G

# CONTRACT ADMINISTRATION DATA

## INDEX OF SECTION G


| Description | Pages |
|---|---|
| 1. Contract Administration | 1 |
| 2. Modification Authority | 1 |

1. Contract Administration

The contract will be administered by:

U. S. Department of Energy
Naval Reactors Laboratory Field Office
Contracts Division
Post Office Box 109
West Mifflin, PA 15122-0109

Written communication shall make reference to the contract number and shall be mailed to the above address.

2. Modification Authority

Notwithstanding any of the other clauses of this contract, the contracting officers designated in the Special Clause entitled “Changes” shall be the only individuals authorized to:

(a) Accept nonconforming work,

(b) Waive any requirement of this contract, or

(c) Modify any term or condition of this contract.

CONTRACT NO.
DE-NR0000031

Part I
Section H

## Special Contract Requirements

## INDEX OF SECTION H
September 10, 2009


| | Description | Page |
|---|---|---|
| 1. | Application of Clause Entitled Conditional Payment of Fee, Profit, and Other Incentives-Facility Management Contracts | 1 |
| 2. | Assignment of Existing Subcontracts and Other Agreements | 1 |
| 3. | Budget Approvals and Manpower | 1 |
| 4. | Changes | 1 |
| 5. | Communications With Government Agencies Outside the Naval Nuclear Propulsion Program | 2 |
| 6. | Compliance with Internet Protocol version 6 (IPv6) In Acquiring Information Technology | 2 |
| 7. | Consultants | 3 |
| 8. | Contractor’s Acknowledgment of Contract | 3 |
| 9 | Corporate General and Administrative Expense | 3 |
| 10. | Cost Recovery | 3 |
| 11. | Definition of the Terms Bettis and KAPL | 4 |
| 12. | Determination of Annual Fixed-Fee | 4 |
| 13. | Electronic Subcontracting Reporting System | 5 |
| 14. | Facility Operations and Infrastructure | 5 |
| 15. | General Direction and Control | 6 |
| 16. | Guarantee of Performance | 6 |
| 17. | Lobbying Restriction (Energy & Water Development and Related Agencies Appropriations Act 2008) | 7 |
| 18. | Management Plan | 7 |
| 19. | Open Competition and Labor Relations under Management and Operating and Other Major Facilities Contracts | 7 |
| 20. | Order of Precedence | 8 |
| 21. | Personnel | 8 |
| 22. | Private Use of Contract Information and Data | 8 |
| 23. | Public Release of Information | 8 |
| 24. | Relationship With NR Program Contractors | 9 |
| 25. | Representations, Certifications and Other Statements of the Offeror | 10 |
| 26. | Responsible Corporate Official | 10 |
| 27. | Small Business Subcontracting Plan | 11 |
| 28. | Source and Special Nuclear Materials | 11 |
| 29. | Transition Period | 11 |

INDEX OF SECTION H
continued


| | | |
|---|---|---|
| 30. | Workforce Transition and Management | 12 |
| 31. | Employee Compensation: Pay and Benefits | 14 |
| 32. | Post Contract Responsibilities for Pension and Other Benefit Programs | 22 |
| 33. | Labor Relations | 23 |
| 34. | Employee Relations | 24 |
| 35 | Protection of Naval Nuclear Propulsion Information (U-NNPI) | 25 |
| 36. | FBI Criminal Justice Information Services, Security Addendum | 25 |
| 37 | Addition and Alterations to Implement Executive Order 13423, Strengthening Federal Environmental, Energy, and Transportation Management and its Implementing Instructions | 25 |

1. APPLICATION OF CLAUSE ENTITLED “CONDITIONAL PAYMENT OF FEE, PROFIT, AND OTHER INCENTIVES-FACILITY MANAGEMENT CONTRACTS”

Subparagraph (a)(2) of Section 3173 of the National Defense Authorization Act of 2003 (Public Law 107-314) exempts facilities of the Naval Nuclear Propulsion Program covered by Executive Order 12344 from the regulations issued by Department of Energy pertaining to worker health and safety under paragraph (a)(1). Therefore, the above entitled clause shall not be applicable to performance events relating to Safety and Health including Worker Safety and Health events. The provisions relating to the safeguarding of restricted data and other classified information and performance events relating to environmental failures remains applicable.

2. ASSIGNMENT OF EXISTING SUBCONTRACTS AND OTHER AGREEMENTS

The contractor shall accept the assignment of existing subcontracts and other agreements including the Special Financial Institution Account Agreement and the responsibility to complete existing subcontracted work.

3. BUDGET APPROVALS AND MANPOWER

Pursuant to the clause Obligation of Funds located in Part II, Section I, Contract Clauses of the Contract, the contractor agrees to comply with specific limitations set forth in NR financial plans and other directives including, but not limited to, budget approvals (e.g., NR Technical/Budget plans, capital purchases, education and training, travel and overtime), laboratory personnel ceilings and manpower allocations.

4. CHANGES

Each of the following Government representatives has been delegated contracting officer authority and is authorized to make changes to this contract in accordance with the clause entitled, “Changes”, included in Part II, Section I, Contract Clauses Incorporated in Full Text, of this contract:

M. K. Lempke
M. J. Brott
J. P. Maletta
A. J. DeNapoli
G. W. Twardowski
M. Z. Pastor

No changes to this contract will be recognized by the Government unless made by a Government representative designated by name in this contract and substantiated by a formal written change order. Changes made by the contractor, unless so authorized by a written change order, shall be made at the sole risk of the contractor, there being no financial recourse against the Government. The designated Government representatives for authorizing changes to this contract are those listed above. Limitations, changes, or additions to the listing of designated Government representatives may be made by the Government by written notice to the contractor.

5. COMMUNICATIONS WITH GOVERNMENT AGENCIES OUTSIDE THE NAVAL NUCLEAR PROPULSION PROGRAM

The contractor agrees to accept NR as the single point of contact with state or local and other federal government agencies or offices in all matters regarding laboratory operations.

6. COMPLIANCE WITH INTERNET PROTOCOL VERSION 6 (IPv6) IN ACQUIRING INFORMATION TECHNOLOGY (Acquisition Letter 2006-04)

This contract involves the acquisition of Information Technology (IT) that uses Internet Protocol (IP) technology. The contractor agrees that: (1) all deliverables that involve IT that uses IP (products, services, software, etc.) will comply with IPv6 standards and interoperate with both IPv6 and IPv4 systems and products; and (2) it has IPv6 technical support for development and implementation and fielded product management available. If the contractor plans to offer a deliverable that involves IT that is not initially compliant, the contractor agrees to: (1) obtain the Contracting Officer’s approval before starting work on the deliverable; (2) provide a migration path and firm commitment to upgrade to IPv6 for all application and product features by June 2008; and (3) have IPv6 technical support for development and

implementation and fielded product management available.

Should the contractor find that the statement of work or specifications of this contract do not conform to the IPv6 standard, it must notify the Contracting Officer of such nonconformance and act in accordance with instructions of the Contracting Officer

7. CONSULTANTS

The contractor agrees to minimize use of consultant services under the contract and will award subcontracts for consulting services under the contract only in exceptional cases and with specific advanced written approval of the contracting officer.

8. CONTRACTOR'S ACKNOWLEDGMENT OF CONTRACT

By acknowledgment of this contract, contractor agrees that the scope of work required is understood by the contractor; that there are no informal commitments by the Government or the contractor that in any way affect the work under this contract; that there are no open or unresolved issues related to this contract except as explicitly stated herein; and that the contractor therefore understands and agrees that this contract states the complete agreement of the parties.

9. CORPORATE GENERAL AND ADMINISTRATIVE EXPENSE

In accordance with DEAR 970.3102-3-70, corporate general and administrative expenses will not be allowable under this contract. Items of cost charged by the Contractor's Headquarters Organizational Units on a direct charge basis shall require Contracting Officer approval if the cost proposed to be charged per single item exceeds $50,000.

10. COST RECOVERY

If, at any time during the performance of the contract, the contracting officer disallows a cost(s) in accordance with FAR 42.8, the contractor must repay the amount owed within 15 days of the contracting officer’s written determination disallowing the cost(s). If the contractor fails to repay the disallowed amount within the allotted time, the contracting officer may offset fee payments to recover the amount owed.

11. DEFINITION OF THE TERMS BETTIS AND KAPL

The term Bettis, as used in this contract, includes the sites known as the Bettis Atomic Power Laboratory located in West Mifflin, Pennsylvania, the Moored Training Site in Charleston, South Carolina, the Naval Reactors Facility located in Idaho Falls, Idaho, and any other offsite activity operated to perform work under this contract. The term KAPL, as used in this contract, includes the sites known as the Knolls Atomic Power Laboratory located in Niskayuna, New York, the Kesselring Site in West Milton, New York and any other offsite activity operated to perform work under this contract.

12. DETERMINATION OF ANNUAL FIXED-FEE

A fixed-fee for each contract year throughout the term of this contract (excluding any Transition Period and including options, if exercised) shall be determined at the beginning of each such contract year or as soon thereafter as practicable.

The fixed-fee for a given contract year shall be determined as follows:

1. One fee base for the contract year operations shall be established in accordance with DEAR 970.1504-1-7. In the event the parties fail to agree on the amount of the fee base, the Contracting Officer may make a unilateral decision, subject to appeal under the clause of the contract entitled Disputes in Section I.

2. A maximum fixed-fee shall then be calculated by applying the fee base established under paragraph 1. to the Research and Development fee schedule, which is set forth in DEAR 970.1504-1-6.

3. The maximum fixed-fee calculated under paragraph 2. shall be multiplied by the “Fee Discount Factor” percentage set forth in Section B. The product of this calculation shall be the fixed-fee amount for the given contract year.

The fixed-fee, as determined above, shall be incorporated into the contract through a modification.

13. ELECTRONIC SUBCONTRACTING REPORTING SYSTEM (Acquisition Letter 2006-01)

The requirement for the submittal of paper versions of the Standard Form (SF) 294, Subcontracting Reports for Individual Contracts, and SF 295, Summary Subcontract Reports, as provided in FAR 52.219-9(j) is hereby deleted and is replaced with the electronic submittal of data under the Electronic Subcontracting Reporting System (eSRS).

The offeror’s subcontracting plan shall include assurances that the contractor will (1) submit the Individual Subcontracting Reports and Summary Subcontracting Reports under the eSRS and (2) ensure that its subcontractors agree to submit Individual Subcontracting Reports and Summary Subcontracting Reports at all tiers, in eSRS.

The contractor or subcontractor shall provide such information that will allow applicable lower tier subcontractors to fully comply with the statutory requirements of FAR 19.702.

14. FACILTY OPERATIONS AND INFRASTRUCTURE (Acquisition Letter 2007-12)

The contractor shall assist DOE through direct participation and other support in achieving DOE’s energy efficiency goals and objectives in electricity, water, and thermal consumption, conservation, and savings, including goals and objectives contained in Executive Order 13423, Strengthening Federal Environmental, Energy, and Transportation Management. The contractor shall maintain and update, as appropriate, its Site Plan (as required elsewhere in the contract) to include detailed plans and milestones for achieving site-specific energy efficiency goals and objectives. With respect to this paragraph, the Plan shall consider all potential sources of funds, in the following order: 1) the maximum use of private sector, third-party financing applied on a life-cycle cost effective basis, particularly from Energy Savings Performance Contracts and Utility Energy Services Contracts awarded by DOE; and 2) only after third-party financing options are evaluated, in the event that energy efficiency and water conservation improvements cannot be effectively incorporated into a private sector financing arrangement that is in the best

interests of the Government, then DOE funding and funding from overhead accounts can be utilized.

15. GENERAL DIRECTION AND CONTROL

In conformance with the Statement of Work located in Part I, Section C, Description/Specification, and Work Statement, of the contract, which states in part that the work shall be subject to the general direction and control of the DOE, the contractor shall comply with such approval and reporting requirements, controls and oversight and operating procedures as the contracting officer determines are appropriate to ensure satisfactory performance of the work.

The contractor acknowledges that the Naval Nuclear Propulsion Program (NR) provides technical and administrative direction and approval for all work to be performed by the contractor including approval for technical work programs, and certain standards, specifications, systems, procedures and manuals.

In order to enable NR to maintain adequate direction, approval, and oversight, contractor agrees to operate in an open and cooperative manner, including providing timely reports, notification and updates of all significant aspects of contractor work under the contract such as progress or problems in technical programs, significant personnel matters, claims, imminent and actual litigation, and inquiries from the news media and the public.

NR will be afforded access to personnel, critiques, audits, etc., as necessary and appropriate to accomplish its oversight function.

16. GUARANTEE OF PERFORMANCE

In view of the fact that the contractor has been organized by parent companies for the purpose of performing the work hereunder, and in view of the fact that the parent companies own all the stock of the contractor, this contract shall be subject to the execution of a guarantee of performance by the parent companies in such form as shall be satisfactory to DOE, and this contract shall not be binding unless such guarantee is duly executed.

17. LOBBYING RESTRICTION (ENERGY & WATER DEVELOPMENT AND RELATED AGENCIES APPROPRIATIONS ACT, 2008)

The contractor agrees that none of the funds obligated on this award shall be expended, directly or indirectly, to influence congressional action on any legislation or appropriation matters pending before Congress, other than to communicate to Members of Congress as described in 18 U.S.C. 1913. This restriction is in addition to those prescribed elsewhere in statute and regulation.

18. MANAGEMENT PLAN

The Management Plans provided in the offeror's proposal are hereby incorporated as Attachment 9 to Section J of this contract.

19. OPEN COMPETITION AND LABOR RELATIONS UNDER MANAGEMENT AND OPERATING AND OTHER MAJOR FACILITIES CONTRACTS (Acquisition Letter 2002-08)

Labor Organization as used in this clause, shall have the same meaning it has in 42 U.S.C. 2000e(d).

(a) Unless acting in the capacity of a constructor on a particular project, the Contractor shall not-

(1) Require bidders, offerors, contractors, or subcontractors to enter into or adhere to nor prohibit those parties from entering into or adhering to agreements with one or more labor organizations, i.e., project labor agreements, that apply to construction project(s) relating to this contract; or

(2) Otherwise discriminate against bidders, offerors, contractors, or subcontractors for refusing to become or to remain signatories or to otherwise adhere to project labor agreements for construction project(s) relating to this contract.

(b) When the Contractor is acting in the capacity of a constructor, i.e., performing a substantial portion of the construction with its own forces, it may use its discretion to require bidders, offerors, contractors, or subcontractors to enter into a

project labor agreement that the Contractor has negotiated for that individual project.

(c) Nothing in this clause shall limit the right of bidders, offerors, contractors, or subcontractors to voluntarily enter into project labor agreements.

20. ORDER OF PRECEDENCE

Any inconsistencies which require application of the order of precedence specified in Clause 52.215-8, Order of Precedence, included in Part II, Section I, Contract Clauses, of this contract, shall be promptly brought to the attention of the contracting officer prior to any action related thereto on the part of the contractor.

21. PERSONNEL

In addition to the requirements of the clause, Key Personnel located in Part II, Section I-2, Contract Clauses Incorporated in Full Text, of the contract, contractor agrees to continue the practice of recruiting and developing entry level professionals with the intent of filling all key management positions from within the Naval Reactors program. The contractor will fill positions on the Key Personnel list from outside the program only in exceptional cases and with the prior approval on the contracting officer. The contractor will coordinate with the contracting officer prior to any management initiated transfers of personnel from the Naval Reactors Program to other contractor locations.

22. PRIVATE USE OF CONTRACT INFORMATION AND DATA

Except as specifically authorized by this contract, or as otherwise approved by the contracting officer, information and other data developed or acquired by or furnished the contractor in the performance of this contract shall be used only in connection with the work under this contract.

23. PUBLIC RELEASE OF INFORMATION

(a) Information, data, photographs, sketches, advertising, displays, promotional brochures, or other materials related to work under this Contract, which the contractor desires to publish, display, or release internally, to other

contractors, to government agencies, or to the public, shall be submitted to the Government for approval at least eight (8) weeks prior to the desired printing or release date. This includes descriptive or promotional material which links or relates, directly or indirectly, the contractor's product line, manufacturing facilities, or manufacturing capabilities to performance of naval nuclear propulsion work. As part of the approval request, the contractor shall identify the specific media to be used as well as other pertinent details of the proposed release. All releases, regardless of tier of supplier, must have the prior approval of the Government.

(b) Should any information described in (a) above be requested, subpoenaed, or otherwise sought by a court or other judicial or administrative authority, this should be promptly brought to the attention of the Government to permit appropriate measures to be taken to protect the information. Under no circumstances, should this information be released to such authority without prior notification and agreement of the Government.

(c) The contractor agrees that this requirement of prior Government approval of any release shall survive the contract and that the contractor shall not for a period of twenty years subsequent to the issuance of the contract either directly or indirectly issue any such release without the requisite approval of the Government, its successor or assignee.

(d) The contractor shall include all provisions of this article including this sentence in all subcontracts under this contract.

24. RELATIONSHIP WITH NR PROGRAM CONTRACTORS

The contractor agrees to maintain cooperative relationships with the Bechtel Plant Machinery Inc. including the transfer of work and funds without the payment of duplicative fees. The contractor also agrees to maintain the current cooperative relationship with Program suppliers and shipyards.

The contractor recognizes NR's objective of facilitating the transfer of contractor employees between the Prime Program Contractors with minimal impact on employee benefits. For such transfers and, subject to the approval of the contracting officer, the contractor agrees to maintain continuity of service dates from the previous employer for benefits other than provided in tax qualified plans and/or to adjust such employee benefits, as appropriate.

25. REPRESENTATIONS, CERTIFICATIONS AND OTHER STATEMENTS OF THE OFFEROR

The Representations, Certifications, and Other Statements of the Offeror, dated May 27, 2008, for this contract are hereby incorporated, by reference, and made a part of this contract.

26. RESPONSIBLE CORPORATE OFFICIAL

The Government may contact, as necessary, the single responsible corporate official identified below, who is at a level above the contractor and who is accountable for the performance of the contractor, regarding contractor performance issues. Should the responsible corporate official change during the period of the contract, the contractor shall promptly notify, in writing, the Government of the change in the individual to contact.

Name:

Craig Albert

Position:

Chairman

Company:

Bechtel National, Inc.
5275 Westview Drive
Frederick, MD 21703-8306
(240) 379-3147

27. SMALL BUSINESS SUBCONTRACTING PLAN

The "master" Small Business Subcontracting Plan with goals for the period February 1, 2009, through September 30, 2013, submitted by contractor consistent with the provisions of the clause entitled, "Small Business Subcontracting Plan" in Section I, shall be incorporated and made a material part of this contract. Prior to the beginning of each contract year, the contractor shall also submit an "annual" subcontracting plan which shall establish subcontracting goals as described in paragraph (d)(1) and (2) of the clause entitled "Small Business Subcontracting Plan" in Section I, to remain in effect for each contract year. The annual plan shall be reviewed for approval by the contracting officer and shall be incorporated by reference as a material part of this contract.

28. SOURCE AND SPECIAL NUCLEAR MATERIALS

The contractor shall comply with all applicable regulations and instructions of DOE relative to the control of and accounting for source and special nuclear material (as these terms are defined in the Atomic Energy Act of 1954, as amended). The contractor shall make such reports and permit such inspections as DOE may require with reference to source and special nuclear materials. The contractor shall take all reasonable steps and precautions to protect such materials against theft and misappropriation and to minimize all losses of such materials.

29. TRANSITION PERIOD

The Contractor shall perform under a transition period, from date of award to commencement of operation.

During this transition period the Contractor shall make arrangements related to the transfer of personnel and assumption of subcontracts and other agreements.

Allowable cost for this transition period shall not exceed $250,000. There will be no fee paid for performance of the transition period.

Transition costs will be reimbursed after receipt of properly completed invoices. Invoices are to be sent by the contractor, as follows:

The original invoice should be sent to:

For Government Contracts
United States Department of Energy
Oak Ridge Operations Office
Oak Ridge Financial Service Center
P.O. Box 5478
Oak Ridge, TN 37831

INVOICES SHOULD BE SUBMITTED AS OUTLINED BELOW:

- TO SUBMIT INVOICES ELECTRONICALLY, VISIT THE DOE OAK RIDGE OFFICE VIPER SYSTEM WEB SITE AT: http://finweb.oro.doe.gov/vipers.htm

- TO SUBMIT INVOICES VIA US MAIL SYSTEM, SEND TO:
  United States Department of Energy
  Oak Ridge Operations Office
  Oak Ridge Financial Service Center
  P.O. Box 5478
  Oak Ridge, TN 37831

- TO SUBMIT INVOICES VIA FEDERAL EXPRESS, SEND TO :
  United States Department of Energy
  Oak Ridge Operations Office
  Oak Ridge Financial Service Center
  200 Administration Road
  Oak Ridge, TN 37830

The cognizant Contractor Official to be notified when the Government receives an improper invoice is:

For Government Contracts
Bechtel National, Inc.
5275 Westview Drive
Frederick, MD 21703-8306
(240) 379-3147

30. WORKFORCE TRANSITION AND MANAGEMENT

The contractor shall adhere to currently established requirements in its subcontractor, and human resources related actions, and fully cooperate with other

contractors, as necessary, in order to meet the following objectives: achieve a transition for incumbent employees and minimize transition cost.

(a) Corporate Transition

For purposes of the workforce transition provisions in this clause, the term "incumbent contractor" means KAPL, Inc., under the Department of Energy contract DE-AC12-00SN39357 and Bechtel Bettis Inc. under contract DE-AC11-98PN38206. These provisions do not apply to subcontractors.

At the time the contractor becomes responsible for the work, incumbent employees, will become employees of the contractor.

(b) Employment, Pay and Benefits

In order to provide a transition for the existing workforce, all incumbent contractor employees (including both employees under the Personnel Appendix to contract DE-AC12-00SN39357, i.e. KAPL employees and employees under the Personnel Appendix to contract DE-AC11-98PN38206, i.e. Bettis employees) will be offered the same base salary/pay rates and benefits that they are receiving at the end of the contract transition period.

Until a go-forward common pay and benefit program is submitted to and approved by the Government, the new contractor will be required continue to provide incumbent employees the same base salary/pay rates in existence at the end of the contract transition period and the same benefits currently available to those employees under the existing Bettis Personnel Appendix for those employees at Bettis locations and under the existing KAPL Personnel Appendix for those employees at KAPL locations. All new (non-incumbent) employees will receive the newly established KAPL benefit package for new employees. This will ensure a cost neutral approach to pay and benefits until the Government approves a go-forward common pay and benefit program. Until approval of the go-forward common pay and benefits program, all normal adjustments/modifications to pay and benefits as

of the end of the transition period shall proceed subject to approval of the Contracting Officer.

31. EMPLOYEE COMPENSATION: PAY AND BENEFITS

The Program intends that a common pay and benefits program will be developed for all contractor employees.

(a) Human Resources Compensation Plan

The Contractor shall submit within 12 months of contractor's assumption of contract performance, a *Human Resources Compensation Plan* demonstrating how the Contractor will comply with the requirements of this Contract for Contracting Officer approval. The *Plan* will provide for an integrated, common pay and benefit program and demonstrate how the Contractor's program and policies regarding compensation, pensions and other benefits will support at reasonable cost the effective recruitment and retention of a highly skilled, motivated, and experienced workforce.

(b) Total Compensation System

The Contractor shall develop, implement and maintain formal policies, practices and procedures to be used in the administration of its compensation system including a compensation system Self-Assessment Plan consistent with FAR 31.205-6 and DEAR 970.3102-05-6; "Compensation for Personal Services" (Total Compensation System"). Contracting Officer-approved standards (e.g., set forth in Appendix A to the contract), shall be applied to the Total Compensation System. The Contractor's Total Compensation System shall meet the tests of allowability established by and in accordance with FAR 31.205-6 and DEAR 970.3102-05-6, be fully documented, consistently applied, and acceptable to the Contracting Officer. Costs incurred in implementing the Total Compensation System shall be consistent with the Contractor's documented Human Resources Compensation Plan as approved by the Contracting Officer.

(c) Appraisals of Contractor Performance

The Contracting Officer will conduct periodic evaluations of Contractor performance with respect to Total Compensation System implementation and

operation. Such evaluations will be conducted through the Contracting Officer validation of the Contractor's performance self-assessment of its Total Compensation System, or third party expert reviews.

(d) Reports and Information

The Contractor shall provide the Contracting Officer with the following reports and information with respect to pay and benefits provided under this Contract:

(1) An Annual Contractor Salary-Wage Increase Expenditure Report to include, at a minimum, breakouts for merit, promotion, variable pay, special adjustments, and structure movements for each pay structure, showing actual against approved amounts.

(2) A list of the top five most highly compensated executives as defined in FAR 31.205-6(p)(2)(ii) and their total compensation at the time of Contract award, and at the time of any subsequent change to their total cash compensation.

(3) An Annual Report of Contractor Expenditures for Employee Supplemental Compensation through the Department Workforce Information System (WFIS) Compensation and Benefits Module no later than March 1 of each year.

(4) A performance self-assessment of the Total Compensation System implementation and results to include an evaluation of total benefits using the Employee Benefits Value Study and the Employee Benefits Cost Survey Comparison Analysis described in paragraph (f) below.

(e) Pay and Benefit Programs

The Contractor shall establish common pay and benefit programs for Incumbent Employees and Non-Incumbent Employees. The objective is to provide a level of total compensation which, within available funds, attracts, motivates and retains a highly competent workforce and maintains a competitive position in the applicable labor markets. Employees are eligible for benefits, subject to the terms, conditions, and limitations of each benefit program.

(1) Incumbent Employees are the employees in good standing of Bechtel Bettis Atomic Power Laboratory and Lockheed Martin Knolls Atomic Power Laboratory under contracts DE-AC11-98PN38206 and DE-AC12-00SN39357 as of the last day of contract transition as defined in the Contract.

(A) Pay. The Contractor shall provide pay to Incumbent Employees as described in paragraph 30.(b) for at least the first year of the term of the Contract.

(B) Pension and Other Benefits. The Contractor shall provide a total package of benefits to Incumbent Employees as described in paragraph 30.(b).

Incumbent Employees shall remain in their existing pension plans (or comparable successor plans if continuation of the existing plans is not practicable) pursuant to pension plan eligibility requirements and applicable law. The Contractor shall become a sponsor of, and be responsible for, the existing pension and other benefit plans (or comparable successor plans), including other post-retirement benefit (PRB) plans, as applicable, for Incumbent Employees and retired plan participants, with responsibility for management and administration of the plans. The Contractor shall be responsible for maintaining the qualified status of those plans in accordance with the IRS Code - 26 U.S.C. 401 et seq. and the Employee Retirement Income Security Act of 1974 - 29 U.S.C. 1001 et seq. The Contractor shall carry over the length of service credit and leave balances accrued as of the date of the Contractor’s assumption of Contract performance.

(2) Non-Incumbent Employees are new hires, i.e., employees other than Incumbent Employees who are hired by the Contractor after the last day of the contract transition period. Until a go-forward common pay and benefit program is submitted to and approved by the Government, the Contractor shall provide a total package of

benefits to non-incumbent employees as described in paragraph 30(b).

(3) Cash Compensation

(A) The Contractor shall submit the following to the Contracting Officer for a determination of cost allowability for reimbursement under the Contract:

(i) Any additional compensation system self-assessment data requested by the Contracting Officer that may be needed to validate and approve the total compensation system.

(ii) Any proposed major compensation program design changes prior to implementation.

(iii) An Annual Compensation Increase Plan (CIP).

(iv) Individual compensation actions for the Key Personnel, including initial and proposed changes to base salary and/or payments under an Executive–type Incentive Compensation Plan.

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

(B) The Contracting Officer’s approval of individual compensation actions will be required for all employees whose total annual compensation exceeds $115,000.

(C) No severance pay is warranted on the date incumbent employees transition to the contractor since the transition occurs under substantially equivalent employment conditions.

(D) Severance Pay is not payable to an employee under this Contract if the employee:

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

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

(iii) Is offered employment with a parent or affiliated company, or

(iv) Is discharged for cause.

(E) Service Credit for purposes of determining severance pay does not include any period of prior service for which severance pay has been previously paid through a DOE cost-reimbursement contract.

(f) Pension and Other Benefit Programs The Contractor will be required to become a sponsor of the existing pension and other benefit plans (or comparable successor plans), including other PRB plans, as applicable, for incumbent employees and retired plan participants, with responsibility for management and administration of the plans, including maintaining the qualified status of those plans. The Contractor will see that Incumbent employees remain in their existing pension plans (or comparable successor plans if continuation of the existing plans is not practicable) pursuant to pension plan eligibility requirements and applicable law. Therefore, no additional costs will be incurred by the Government.

(1) No presumption of allowability will exist when the Contractor implements a new benefit plan or makes changes to existing benefit plans for either Incumbent Employees or Non-Incumbent Employees until the Contracting Officer makes a determination of cost allowability for reimbursement for new or changed benefit plans.

(2) Cost reimbursement for Incumbent Employee and Non-Incumbent Employee pension and other benefit programs sponsored by the Contractor will be based on the Contracting Officer’s approval of Contractor actions pursuant to an approved “Employee Benefits Value Study” and an “Employee Benefits Cost Survey Comparison” as described below at Paragraph 32(f)(3)(A)and(B).

(3) Unless otherwise stated, or as directed by the Contracting Officer, the Contractor shall submit the studies required in paragraphs (A) and (B)

below. The studies shall be used by the Contractor as part of its performance self assessment described in paragraph 32(d) (4) above and in calculating the cost of benefits under existing benefit plans. In addition, the Contractor shall submit updated studies to the Contracting Officer for approval prior to the adoption of any change to a pension or other benefit plan.

(A) An Employee Benefits Value Study (Ben-Val), every two years each for Incumbent and Non-Incumbent Employees benefits, which is an actuarial study of the relative value (RV) of the benefits programs offered by the Contractor to Incumbent and Non-Incumbent Employees measured against the RV of benefit programs offered by comparator companies approved by the Contracting Officer. To the extent that the value studies do not address post retirement benefits other than pensions, the Contractor shall provide a separate cost and plan design data comparison for the post retirement benefits other than pensions using external benchmarks derived from nationally recognized and Contracting Officer approved survey sources and,

(B) An Employee Benefits Cost Study Comparison, annually each for Incumbent and Non-Incumbent Employees that analyzes the Contractor’s employee benefits cost for Incumbent and Non-Incumbent Employees on a per capita basis per full time equivalent employee and compares it with the cost reported by the U.S. Chamber of Commerce Annual Employee Benefits Cost Survey or other Contracting Officer approved broad based national survey for approval.

(4) When the net benefit value exceeds the comparator group by more than five percent, the Contractor shall submit a corrective action plan to the Contracting Officer.

(5) When the average total benefit per capita cost exceeds the comparator group by more than five percent, when and if required by the Contracting Officer, the Contractor shall submit an analysis of the specific plan costs that are above the per

capita cost range or total benefit cost as a percent of payroll and a corrective action plan to achieve conformance with a Contracting Officer directed per capita cost range or total benefit cost as a percent of payroll.

(6) Within two years of Contracting Officer approval of the Contractor's corrective action plan, the Contractor shall align employee benefit programs with the benefit value and per capita cost range as approved by the Contracting Officer.

(7) The Contractor shall submit the Report of Contractor Expenditures for Supplementary Compensation for the previous calendar year via the DOE Workforce Information System (WFIS) Compensation and Benefits Module no later than March 1 of the current calendar year.

(8) The Contractor may not terminate any benefit plan during the term of the Contract without the prior approval of the Contracting Officer in writing.

(9) Cost reimbursement for PRBs other than pension is contingent on Contracting Officer approved service eligibility requirements for PRBs that shall be based on a minimum period of continuous employment service [not less than 5 years] under a DOE cost reimbursement contract(s) immediately prior to retirement. Unless required by Federal or State law, advance funding of PRBs is not allowable.

(g) <u>Establishment and Maintenance of Pension Plans for which DOE Reimburses Costs</u>

(1) For cost allocability and reimbursement purposes, any defined benefit (DB) or defined contribution (DC) pension plans established and/or implemented by the Contractor shall be maintained consistent with the requirements of the Internal Revenue Code (IRC), Employee Retirement Income Act of 1974 (ERISA), and the Pension Protection Act of 2006.

(2) Contractor policies, practices, and procedures used in the administration of pension plans shall be consistent with applicable laws and regulations.

(3) Incumbent Employees working for the Contractor shall accrue credit for service under this Contract after the date of Contract award. Additionally, Incumbent employees accrue service credit as outlined in paragraph 31.(e)(1)(B) above. Non-Incumbent Employees working for the Contractor shall accrue credit for service under this contract commencing upon the employee’s start of employment.

(4) Any pension plan maintained by the Contractor, for which DOE reimburses costs, shall be maintained as a separate pension plan distinct from any other pension plan which provides credit for service not performed under a DOE cost-reimbursement contract.

(5) For each pension plan or portion of a pension plan for which DOE reimburses costs, the Contractor shall provide the Contracting Officer with the following information within nine months of the last day of the current pension plan year.

(A) Copies of IRS forms 5500 with schedules; and

(B) Copies of all forms in the 5300 series that document the establishment, amendment, termination, spin-off, or merger of a plan.

(6) Prior to the adoption of any changes to a pension plan, the Contractor shall submit the information required below, as applicable, to the Contracting Officer for approval or disapproval and a determination as to whether the costs to be incurred are consistent with the Contractor's documented Human Resources Compensation Plan and are deemed allowable pursuant to FAR 31.205-6, as supplemented by DEAR 970.3102-05-6.

(A) For proposed changes to pension plans and pension plan funding, an analysis of the impact of any proposed changes on actuarial accrued liabilities and an analysis of relative benefit value; and,

(B) The Contractor shall obtain the advance written approval of the Contracting Officer for any non-statutorily required pension plan

changes that may increase costs or liabilities, and any proposed special programs (including, but not limited to, plan-loan features, employee contribution refunds, or ancillary benefits) and shall provide the Contracting Officer with an analysis of the impact of special programs on the actuarial accrued liabilities of the pension plan, and on relative benefit value, or cost per capita, if applicable.

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

32. POST CONTRACT RESPONSIBILITIES FOR PENSION AND OTHER BENEFIT PROGRAMS

(a) If this Contract expires or terminates and the Contracting Officer has awarded a contract under which the new contractor becomes a sponsor and assumes responsibility for management and administration of the pension or other benefit plans covering active or retired contractor employees with respect to service at Bettis & Knolls Atomic Power Laboratories (collectively, the “Plans”), the Contractor shall cooperate and transfer to the new contractor its responsibility for sponsorship, management and administration of the Plans consistent with direction from the Contracting Officer.

(b) If this Contract expires or terminates and the Contracting Officer has not awarded a contract to a new contractor under which the new contractor becomes a sponsor and assumes responsibility for management and administration of the Plans, or if the Contracting Officer determines that the scope of work under the Contract has been completed (any one such event may be deemed by the Contracting Officer to be “Contract Completion” for purposes of this clause), whichever is earlier, and notwithstanding any other obligations and requirements concerning expiration or termination under any other clause of this Contract, the following actions shall occur regarding the Contractor’s obligations regarding the Plans at the time of Contract Completion:

(1) Subject to subparagraph (2) below, and notwithstanding any legal obligations independent of the Contract the Contractor may have regarding responsibilities for sponsorship, management, and administration of the Plans, the Contractor shall remain the sponsor of the Plans, in accordance with applicable legal requirements.

(2) The parties shall exercise their best efforts to reach agreement on the Contractor's responsibilities for sponsorship, management and administration of the Plans prior to or at the time of Contract Completion. However, if the parties have not reached agreement on the Contractor's responsibilities for sponsorship, management and administration of the Plans prior to or at the time of Contract Completion, unless and until such agreement is reached, the Contractor shall comply with written direction from the Contracting Officer regarding the Contractor's responsibilities for continued provision of pension and welfare benefits under the Plans, including but not limited to continued sponsorship of the Plans, in accordance with applicable legal requirements. To the extent that the Contractor incurs costs in implementing direction from the Contracting Officer, the Contractor’s costs will be reimbursed pursuant to applicable Contract provisions.

33. LABOR RELATIONS

(a) The Contractor shall respect the right of employees to organize and to form, join, or assist labor organizations, to bargain collectively through their chosen labor representatives, to engage in other concerted activities for the purpose of collective bargaining or other mutual aid or protection, and to refrain from any or all of these activities.

(b) The Contractor is authorized to enter into labor agreements and administer such agreements in accordance with their negotiated terms subject to the following requirements:

(1) The Contractor shall seek to maintain harmonious bargaining relationships that

reflect a judicious expenditure of public funds, equitable resolution of disputes and effective and efficient bargaining relationships consistent with the requirements of FAR Subpart 22.1 as supplemented by DEAR Subpart 970.2201 and all applicable Federal and State labor laws.

(2) The Contractor shall meet with the Contracting Officer or designee(s) for the purpose of reviewing the Contractor's bargaining objectives prior to negotiation of any collective bargaining agreement, extension or revision thereto. During the collective bargaining process, the Contractor shall notify the Contracting Officer before submitting or agreeing to any collective bargaining proposal which could change costs under this Contract or which could involve other items of special interest to the Government. During the collective bargaining process, the Contractor shall obtain the approval of the Contracting Officer in advance before proposing or agreeing to changes in any pension or other benefit plans.

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

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

34. EMPLOYEE RELATIONS

The contractor is expected to maintain a positive employee relations environment that will foster high productivity at reasonable cost. The contractor shall

implement effective employee concerns resolution programs.

35. PROTECTION OF NAVAL NUCLEAR PROPULSION INFORMATION (U-NNPI)

Classified and unclassified Naval Nuclear Propulsion Information shall be protected in accordance with Naval Sea Systems Command Instruction (C5511.32B, dated 12-22-93. Naval Nuclear Propulsion Information shall be protected pursuant to export control requirements and statutes.

36. FBI CRIMINAL JUSTICE INFORMATION SERVICES, SECURITY ADDENDUM

Federal Bureau of Investigation (FBI), Criminal Justice Information Services, Security Addendum dated 3/2003, defining the duties, responsibilities, and protective measures for contractor access to FBI information resources, required by Title 28, Code of Federal Regulations Part 20, is appended to this contract at Section J.

37. ADDITION AND ALETRATIONS TO IMPLEMENT EXECUTIVE ORDER 13423, STRENGTHENING FEDERAL ENVIRONMENTAL, ENERGY, AND TRANSPORTATION MANAGEMENT AND ITS IMPLEMENTING INSTRUCTIONS

This contract involves contractor operation of Government-owned facilities and/or vehicles and the provisions of Executive Order 13423 are applicable to the Contractor to the same extent they would be applicable if the Government were operating the facilities or vehicles. Information on the requirements of the Executive Order and its Implementing Instructions may be found at http://ofee.gov/Executive Order/Executive Order 13423_main.asp. This requirement includes the Electronics Stewardship requirements of Implementing Instruction XII. When acquiring desktop or laptop computers and computer monitors, the Contractor shall acquire Electronic Product Environmental Assessment Tool registered products conforming to IEEE 1680-2006 Standard and ranked at least bronze, provided such products are life cycle cost efficient and meet applicable performance requirements. Information on EPEAT-registered computer products is available at www.epeat.net.

CONTRACT NO.

DE-NR-0000031

October 1, 2011

Part II
Section I

# CONTRACT CLAUSES


| Description | Pages |
|---|---|
| I-1 Contract Clauses Incorporated by Reference | 6 |
| I-2 Contract Clauses Incorporated in Full text | 152 |

# PART II - CONTRACT CLAUSES

## SECTION I-1 - FAR 52.252-2 CLAUSES INCORPORATED BY REFERENCE (FEB 1998)

This contract incorporates one or more clauses by reference, with the same force and effect as if they were given in full text. Upon request, the Contracting Officer will make their full text available. Also, the full text of a clause may be accessed electronically at these addresses:
“http://www.arnet.gov/far” or at
“http://www.pr.doe.gov/dear.html”

I. FEDERAL ACQUISITION REGULATION AND DEPARTMENT OF ENERGY CLAUSES INCORPORATED BY REFERENCE:

| SOURCE | TITLE AND DATE |
|---|---|
| 52.202-1 | DEFINITIONS (JUL 2004) AS MODIFIED BY 952.202-1 |
| 52.203-3 | GRATUITIES (APR 1984) |
| 52.203-5 | COVENANT AGAINST CONTINGENT FEES (APR 1984) |
| 52.203-6 | RESTRICTIONS ON SUBCONTRACTOR SALES TO THE GOVERNMENT (SEP 2006) |
| 52.203-7 | ANTI-KICKBACK PROCEDURES (OCT 2010) |
| 52.203-8 | CANCELLATION, RESCISSION, AND RECOVERY OF FUNDS FOR ILLEGAL OR IMPROPER ACTIVITY (JAN 1997) |
| 52.203-10 | PRICE OR FEE ADJUSTMENT FOR ILLEGAL OR IMPROPER ACTIVITY (JAN 1997) |
| 52.203-12 | LIMITATION ON PAYMENTS TO INFLUENCE CERTAIN FEDERAL TRANSACTIONS (OCT 2010) |
| 52.203-13 | CONTRACTOR CODE OF BUSINESS ETHICS AND CONDUCT (APR 2010) |
| 52.203-14 | DISPLAY OF HOTLINE POSTER(S)(DEC 2007) |
| 52.204-4 | PRINTED OR COPIED DOUBLE-SIDED ON POSTCONSUMER FIBER CONTENT PAPER (MAY 2011) |

| | |
|---|---|
| 52.204-7 | CENTRAL CONTRACTOR REGISTRATION (APR 2008) |
| 52.204-9 | PERSONAL IDENTITY VERIFICATION OF CONTRACTOR PERSONNEL (JAN 2011) |
| 52.204-10 | REPORTING SUBCONTRACT AWARDS (SEP 2007) |
| 52.204-11 | AMERICAN RECOVERY AND REINVESTMENT ACT - REPORTING REQUIREMENTS (JUL 2010) |
| 952.204-71 | SENSITIVE FOREIGN NATIONS CONTROLS (MAR 2011) |
| 952.204-75 | PUBLIC AFFAIRS (DEC 2000) |
| 952.204-77 | COMPUTER SECURITY (AUG 2006) |
| 970.5208-1 | PRINTING (DEC 2000) |
| 52.209-6 | PROTECTING THE GOVERNMENT'S INTEREST WHEN SUBCONTRACTING WITH CONTRACTORS DEBARRED, SUSPENDED, OR PROPOSED FOR DEBARMENT (DEC 2010) |
| 52.209-10 | PROHIBITION ON CONTRACTING WITH INVERTED DOMESTIC CORPORATIONS (MAY 2011) |
| 52.211-5 | MATERIAL REQUIREMENTS (AUG 2000) |
| 952.211-71 | PRIORITIES AND ALLOCATIONS (ATOMIC ENERGY) (APR 2008) |
| 52.215-8 | ORDER OF PRECEDENCE - UNIFORM CONTRACT FORMAT (OCT 1997) |
| 52.215-12 | SUBCONTRACTOR COST OR PRICING DATA (OCT 1997) |
| 52.215-13 | SUBCONTRACTOR COST OR PRICING DATA-MODIFICATIONS (OCT 1997) |
| 52.215-15 | PENSION ADJUSTMENT AND ASSET REVERSIONS (OCT 2004) |
| 52.215-23 | LIMITATION ON PASS-THROUGH CHARGES (OCT 2009) |

| | |
|---|---|
| 970.5217-1 | WORK FOR OTHERS PROGRAM (NON-DOE FUNDED WORK) (JAN 2005) |
| 52.219-4 | NOTICE OF PRICE EVALUATION PREFERENCE FOR HUB ZONE SMALL BUSINESS CONCERNS (JUL 2005) |
| 52.219-8 | UTILIZATION OF SMALL BUSINESS CONCERNS (JAN 2011) |
| 52.219-9 | SMALL BUSINESS SUBCONTRACTING PLAN (JAN 2011) |
| 52.219-16 | LIQUIDATED DAMAGES - SUBCONTRACTING PLAN (JAN 1999) |
| 52.222-1 | NOTICE TO THE GOVERNMENT OF LABOR DISPUTES (FEB 1997) |
| 52.222-3 | CONVICT LABOR (JUN 2003) |
| 52.222-4 | CONTRACT WORK HOURS AND SAFETY STANDARDS ACT – OVERTIME COMPENSATION (JUL 2005) |
| 52.222-21 | PROHIBITION OF SEGREGATED FACILITIES (FEB 1999) |
| 52.222-26 | EQUAL OPPORTUNITY (MAR 2007) |
| 52.222-35 | EQUAL OPPORTUNITY FOR VETERANS (SEP 2010) |
| 52.222-36 | AFFIRMATIVE ACTION FOR WORKERS WITH DISABILITIES (JUN 1998) |
| 52.222-37 | EMPLOYMENT REPORTS VETERANS (SEP 2010) |
| 52.222-40 | NOTIFICATION OF EMPLOYEE RICHTS UNDER THE NATIONAL LABOR RELATIONS ACT (DEC 2010) |
| 52.222-50 | COMBATING TRAFFICKING IN PERSONS (FEB 2009) |
| 52.223-5 | POLLUTION PREVENTION AND RIGHT-TO-KNOW INFORMATION (MAY 2011) - ALTERNATE I |

as modified by DOE Acquisition Letter 2008-05

Change “section 503 of Executive Order 13148” to “Implementing Instruction VIII of Executive Order 13423” in paragraph (a)

| | |
|---|---|
| 52.223-10 | WASTE REDUCTION PROGRAM (MAY 2011) |
| 52.223-12 | REFRIGERATION EQUIPMENT AND AIR CONDITIONERS (MAY 1995) |
| 52.223-15 | ENERGY EFFICIENCY IN ENERGY CONSUMING PRODUCTS (DEC 2007) |
| 52.223-16 | IEEE 1680 STANDARDS FOR THE ENVIRONMENTAL ASSESSMENT OF PERSONAL COMPUTER PRODUCTS (DEC 2007) |
| 52.223-18 | ENCOURAGING CONTRACTOR POLICIES TO BAN TEXT MESSAGING WHILE DRIVING (AUG 2011) |
| 52.223-19 | COMPLIANCE WITH ENVIRONMENTAL MANAGEMENT SYSTEMS (MAY 2011) |
| 952.223-75 | PRESERVATION OF INDIVIDUAL OCCUPATION RADIATION EXPOSURE RECORDS (APR 1984) |
| 52.224-1 | PRIVACY ACT NOTIFICATION (APR 1984) |
| 52.224-2 | PRIVACY ACT (APR 1984) |
| 52.225-1 | BUY AMERICAN ACT–SUPPLIES (FEB 2009) |
| 52.225-8 | DUTY-FREE ENTRY (FEB 2000) |
| 52.225-13 | RESTRICTIONS ON CERTAIN FOREIGN PURCHASES (JUN 2008) |
| 52.226-1 | UTILIZATION OF INDIAN ORGANIZATIONS AND INDIAN-OWNED ECONOMIC ENTERPRISES (JUN 2000) |
| 970.5227-6 | PATENT INDEMNITY – SUBCONTRACTS (DEC 2000) |
| 52.227-10 | FILING OF PATENT APPLICATIONS-CLASSIFIED SUBJECT MATTER (DEC 2007) |

| | |
|---|---|
| 52.227-23 | RIGHTS TO PROPOSAL DATA (TECHNICAL) (JUN 1987) |
| 52.230-2 | COST ACCOUNTING STANDARDS (OCT 2008) |
| 52.230-6 | ADMINISTRATION OF COST ACCOUNTING STANDARDS (JUN 2010) |
| 52.232-17 | INTEREST (OCT 2008) |
| 970.5232-1 | REDUCTION OR SUSPENSION OF ADVANCED, PARTIAL, OR PROGRESS PAYMENTS UPON FINDING OF SUBSTANTIAL EVIDENCE OF FRAUD (DEC 2000) |
| 52.232-24 | PROHIBITION OF ASSIGNMENT OF CLAIMS (JAN 1986) |
| 52.233-1 | DISPUTES (JUL 2002) - ALTERNATE I |
| 52.233-3 | PROTEST AFTER AWARD (AUG 1996) - ALTERNATE I (JUN 1985) |
| 52.233-4 | APPLICABLE LAW FOR BREACH OF CONTRACT CLAIM (OCT 2004) |
| 52.236-8 | OTHER CONTRACTS (APR 1984) |
| 52.237-2 | PROTECTION OF GOVERNMENT BUILDINGS, EQUIPMENT, AND VEGETATION (APR 1984) |
| 52.237-3 | CONTINUITY OF SERVICES (JAN 1991) |
| 52.237-11 | ACCEPTING AND DISPENSING OF $1 COIN (SEP 2008) |
| 52.242-1 | NOTICE OF INTENT TO DISALLOW COSTS (APR 1984) |
| 52.242-13 | BANKRUPTCY (JUL 1995) |
| 52.244-5 | COMPETITION IN SUBCONTRACTNG (DEC 1996) |
| 52.244-6 | SUBCONTRACTS FOR COMMERCIAL ITEMS (DEC 2010) |
| 52.246-5 | INSPECTION OF SERVICES – COST-REIMBURSEMENT (APR 1984) |

| | |
|---|---|
| 52.246-9 | INSPECTION OF RESEARCH AND DEVELOPMENT SHORT FORM (APR 1984) |
| 52.246-25 | LIMITATION OF LIABILITY - SERVICES (FEB 1997) |
| 52.247-1 | COMMERCIAL BILL OF LADING NOTATIONS (FEB 2006) |
| 52.247-63 | PREFERENCE FOR U.S.-FLAG AIR CARRIERS (JUN 2003) |
| 52.247-64 | PREFERENCE FOR PRIVATELY OWNED U.S.-FLAG COMMERCIAL VESSELS (FEB 2006) |
| 52.247-68 | REPORT OF SHIPMENT (RESHIP) (FEB 2006) |
| 52.249-14 | EXCUSABLE DELAYS (APRIL 1984) |
| 52.251-1 | GOVERNMENT SUPPLY SOURCES (AUG 2010) |
| 52.251-2 | INTERAGENCY FLEET MANAGEMENT SYSTEMS VEHICLES AND RELATED SERVICES (JAN 1991) |
| 52.253-1 | COMPUTER GENERATED FORMS (JAN 1991) |

# SECTION I-2 CONTRACT CLAUSES INCORPORATED IN FULL TEXT

## INDEX


| CLAUSE NO. | TITLE | PAGE NO. | DATE OF CLAUSE |
|---|---|---|---|
| 22 | ACCESS TO AND OWNERSHIP OF RECORDS | 54 | 7/05 |
| 43 | ACCOUNTS, RECORDS, AND INSPECTION | 121 | 12/10 |
| 34 | AUTHORIZATION AND CONSENT | 92 | 8/02 |
| 16 | AUTHORIZED DEVIATIONS IN CLAUSES | 45 | 4/84 |
| 51 | CHANGES | 135 | 12/00 |
| 3 | CLASSIFICATION/DECLASSIFICATION | 9 | 9/97 |
| 25 | COLLECTIVE BARGAINING AGREEMENTS-MANAGEMENT AND OPERATING CONTRACTS | 68 | 12/00 |
| 32 | COMMUNITY COMMITMENT | 81 | 12/00 |
| 24 | CONDITIONAL PAYMENT OF FEE, PROFIT, AND OTHER INCENTIVES – FACILTY MANAGEMENT CONTRACTS | 59 | 8/09 |
| 15 | CONTRACTOR EMPLOYEE TRAVEL DISCOUNTS | 43 | 8/09 |
| 19 | CONTRACTOR'S ORGANIZATION | 50 | 12/00 |
| 52 | CONTRACTOR PURCHASING SYSTEM | 136 | 8/09 |
| 20 | COUNTERINTELLIGENCE | 51 | 12/10 |
| 9 | DISPLACED EMPLOYEE HIRING PREFERENCE | 22 | 6/97 |
| 31 | DIVERSITY PLAN | 80 | 12/00 |
| 29 | EXECUTIVE ORDER 13423, STRENGTHENING FEDERAL ENVIRONMENTAL, ENERGY, AND TRANSPORTATION MANAGEMENT | 75 | 10/10 |
| 47 | FINANCIAL MANAGEMENT SYSTEM | 130 | 12/00 |
| 12 | FOREIGN TRAVEL | 29 | 6/10 |
| 49 | GOVERNMENT FACILITY SUBCONTRACT APPROVAL | 132 | 12/00 |
| 39 | INSURANCE—LITIGATION AND CLAIMS | 109 | 8/09 |

INDEX


| CLAUSE NO. | TITLE | PAGE NO. | DATE OF CLAUSE |
|---|---|---|---|
| 48 | INTEGRATED ACCOUNTING | 131 | 12/00 |
| 27 | INTEGRATION OF ENVIRONMENT, SAFETY, AND HEALTH INTO WORK PLANNING AND EXECUTION | 70 | 12/00 |
| 6 | KEY PERSONNEL | 17 | 12/00 |
| 21 | LAWS, REGULATIONS, AND DOE DIRECTIVES | 52 | 12/00 |
| 45 | LIABILITY WITH RESPECT TO COST ACCOUNTING STANDARDS | 128 | 12/00 |
| 17 | MANAGEMENT CONTROLS | 46 | 6/07 |
| 35 | NOTICE AND ASSISTANCE REGARDING PATENT AND COPYRIGHT INFRINGEMENT | 93 | 8/02 |
| 14 | NUCLEAR HAZARDS INDEMNITY AGREEMENT | 37 | 10/05 |
| 44 | OBLIGATION OF FUNDS | 125 | 12/00 |
| 7 | OPTION TO EXTEND THE TERM OF THE CONTRACT | 18 | 3/00 |
| 5 | ORGANIZATIONAL CONFLICTS OF INTEREST – ALTERNATE I | 12 | 8/09 |
| 26 | OVERTIME MANAGEMENT | 69 | 12/00 |
| 36 | PATENT INDEMNITY-SUBCONTRACTS | 94 | 12/00 |
| 38 | PATENT RIGHTS-MANAGEMENT AND OPERATING CONTRACTS, FOR PROFIT CONTRACTOR, NON-TECHNOLOGY TRANSFER | 97 | 12/00 |
| 42 | PAYMENTS AND ADVANCES – ALTERNATE III | 116 | 12/00 |
| 50 | PENALTIES FOR UNALLOWABLE COSTS | 133 | 8/09 |
| 18 | PERFORMANCE IMPROVEMENT AND COLLABORATION | 48 | 5/06 |
| 8 | POST-AWARD SMALL BUSINESS PROGRAM REPRESENTATIONS | 19 | 6/07 |
| 41 | PREEXISTING CONDITIONS | 115 | 12/00 |

INDEX


| CLAUSE NO. | TITLE | PAGE NO. | DATE OF CLAUSE |
|---|---|---|---|
| 53 | PROPERTY | 143 | 12/00 |
| 37 | REFUND OF ROYALTIES | 95 | 8/02 |
| 10 | RESEARCH MISCONDUCT | 23 | 7/05 |
| 33 | RIGHTS IN DATA – FACILITIES | 82 | 12/00 |
| 2 | SECURITY | 2 | 3/11 |
| 40 | STATE AND LOCAL TAXES | 113 | 12/00 |
| 11 | SUBMISSION OF TRANSPORTATION DOCUMENTS FOR AUDIT | 28 | 2/06 |
| 30 | SUSTAINABLE ACQUISITION PROGRAM | 76 | 10/10 |
| 13 | TERMINATION (COST-REIMBURSEMENT)(MODIFIED) | 30 | 5/04 |
| 4 | UPDATES OF INFORMATION REGARDING RESPONSIBILITY MATTERS – ALTERNATE I | 11 | 1/11 |
| 1 | WHISTLEBLOWER PROTECTION FOR CONTRACTOR EMPLOYEES | 1 | 12/00 |
| 23 | WORK AUTHORIZATION | 57 | 05/07 |
| 46 | WORK FOR OTHERS FUNDING AUTHORIZATIONS | 129 | 12/00 |
| 28 | WORKPLACE SUBSTANCE ABUSE PROGRAMS AT DOE SITES | 74 | 12/10 |

1. WHISTLEBLOWER PROTECTION FOR CONTRACTOR EMPLOYEES

(a) The Contractor shall comply with the requirements of "DOE Contractor Employee Protection Program" at 10 CFR part 708 for work performed on behalf of DOE directly related to activities at DOE-owned or-leased sites.

(b) The Contractor shall insert or have inserted the substance of this clause, including this paragraph (b), in subcontracts at all tiers, for subcontracts involving work performed on behalf of DOE directly related to activities at DOE owned or leased sites.

END OF CLAUSE

2. SECURITY

(a) *Responsibility*. It is the Contractor's duty to protect all classified information, special nuclear material, and other DOE property. The Contractor shall, in accordance with DOE security regulations and requirements, be responsible for protecting all classified information and all classified matter (including documents, material and special nuclear material) which are in the Contractor's possession in connection with the performance of work under this contract against sabotage, espionage, loss or theft. Except as otherwise expressly provided in this contract, the Contractor shall, upon completion or termination of this contract, transmit to DOE any classified matter or special nuclear material in the possession of the Contractor or any person under the Contractor's control in connection with performance of this contract. If retention by the Contractor of any classified matter is required after the completion or termination of the contract, the Contractor shall identify the items and classification levels and categories of matter proposed for retention, the reasons for the retention, and the proposed period of retention. If the retention is approved by the Contracting Officer, the security provisions of the contract shall continue to be applicable to the classified matter retained. Special nuclear material shall not be retained after the completion or termination of the contract.

(b) *Regulations*. The Contractor agrees to comply with all security regulations and contract requirements of DOE as incorporated into the contract.

(c) *Definition of Classified Information*. The term *Classified Information* means information that is classified as Restricted Data or Formerly Restricted Data under the Atomic Energy Act of 1954, or information determined to require protection against unauthorized disclosure under Executive Order 12958, *Classified National Security Information,* as amended, or prior executive orders, which is identified as *National Security Information*.

(d) *Definition of Restricted Data*. The term *Restricted Data* means all data concerning design, manufacture, or utilization of atomic weapons; production of special nuclear material; or use of special nuclear material

in the production of energy, but excluding data declassified or removed from the Restricted Data category pursuant to 42 U.S.C. 2162 [Section 142, as amended, of the Atomic Energy Act of 1954].

(e) *Definition of Formerly Restricted Data*. The term *"Formerly Restricted Data"* means information removed from the Restricted Data category based on a joint determination by DOE or its predecessor agencies and the Department of Defense that the information-- (1) relates primarily to the military utilization of atomic weapons; and (2) can be adequately protected as National Security Information. However, such information is subject to the same restrictions on transmission to other countries or regional defense organizations that apply to Restricted Data.

(f) *Definition of National Security Information*. The term "*National Security Information*" means information that has been determined, pursuant to Executive Order 12958, Classified National Security Information, as amended, or any predecessor order, to require protection against unauthorized disclosure, and that is marked to indicate its classified status when in documentary form.

(g) *Definition of Special Nuclear Material*. The term *"special nuclear material"* means-- (1) plutonium, uranium enriched in the isotope 233 or in the isotope 235, and any other material which, pursuant to 42 U.S.C. 2071 [section 51 as amended, of the Atomic Energy Act of 1954] has been determined to be special nuclear material, but does not include source material; or (2) any material artificially enriched by any of the foregoing, but does not include source material.

(h) *Access authorizations of personnel.* (1) The Contractor shall not permit any individual to have access to any classified information or special nuclear material, except in accordance with the Atomic Energy Act of 1954, and the DOE's regulations and contract requirements applicable to the particular level and category of classified information or particular category of special nuclear material to which access is required.

(2) The Contractor must conduct a thorough review, as defined at 48 CFR 904.401, of an uncleared applicant or uncleared employee, and must test the

individual for illegal drugs, prior to selecting the individual for a position requiring a DOE access authorization.

(i) A review must-- verify an uncleared applicant's or uncleared employee's educational background, including any high school diploma obtained within the past five years, and degrees or diplomas granted by an institution of higher learning; contact listed employers for the last three years and listed personal references; conduct local law enforcement checks when such checks are not prohibited by state or local law or regulation and when the uncleared applicant or uncleared employee resides in the jurisdiction where the Contractor is located; and conduct a credit check and other checks as appropriate.

(ii) Contractor reviews are not required for an applicant for DOE access authorization who possesses a current access authorization from DOE or another Federal agency, or whose access authorization may be reapproved without a federal background investigation pursuant to Executive Order 12968, Access to Classified Information (August 4, 1995), Sections 3.3(c) and (d).

(iii) In collecting and using this information to make a determination as to whether it is appropriate to select an uncleared applicant or uncleared employee to a position requiring an access authorization, the Contractor must comply with all applicable laws, regulations, and Executive Orders, including those-- (A) governing the processing and privacy of an individual's information, such as the Fair Credit Reporting Act, Americans with Disabilities Act (ADA), and Health Insurance Portability and Accountability Act; and (B) prohibiting discrimination in employment, such as under the ADA, Title VII and the Age Discrimination in Employment Act, including with respect to pre- and post-offer of employment disability related questioning.

(iv) In addition to a review, each candidate for a DOE access authorization must be tested to demonstrate the absence of any illegal drug, as defined in 10 CFR 707.4. All positions requiring access authorizations are deemed *testing designated positions* in accordance with 10 CFR part 707. All employees possessing access authorizations are subject to applicant, random or for cause testing for use of illegal drugs. DOE will not process candidates for a DOE access authorization unless their tests confirm the absence from their system of any illegal drug.

(v) When an uncleared applicant or uncleared employee receives an offer of employment for a position that requires a DOE access authorization, the Contractor shall not place that individual in such a position prior to the individual's receipt of a DOE access authorization, unless an approval has been obtained from the head of the cognizant local security office. If the individual is hired and placed in the position prior to receiving an access authorization, the uncleared employee may not be afforded access to classified information or matter or special nuclear material (in categories requiring access authorization) until an access authorization has been granted.

(vi) The Contractor must furnish to the head of the cognizant local DOE Security Office, in writing, the following information concerning each uncleared applicant or uncleared employee who is selected for a position requiring an access authorization--

A. The date(s) each Review was conducted;

B. Each entity that provided information concerning the individual;

C. A certification that the review was conducted in accordance with all applicable laws, regulations, and Executive Orders, including those governing the processing and privacy of an individual's information collected

during the review;

D. A certification that all information collected during the review was reviewed and evaluated in accordance with the Contractor's personnel policies; and

E. The results of the test for illegal drugs.

(i) *Criminal liability*. It is understood that disclosure of any classified information relating to the work or services ordered hereunder to any person not entitled to receive it, or failure to protect any classified information, special nuclear material, or other Government property that may come to the Contractor or any person under the Contractor's control in connection with work under this contract, may subject the Contractor, its agents, employees, or Subcontractors to criminal liability under the laws of the United States (see the Atomic Energy Act of 1954, 42 U.S.C. 2011 et seq.; 18 U.S.C. 793 and 794).

(j) *Foreign Ownership, Control, or Influence.* (1) The Contractor shall immediately provide the cognizant security office written notice of any change in the extent and nature of foreign ownership, control or influence over the Contractor which would affect any answer to the questions presented in the Standard Form (SF) 328, *Certificate Pertaining to Foreign Interests*, executed prior to award of this contract. In addition, any notice of changes in ownership or control which are required to be reported to the Securities and Exchange Commission, the Federal Trade Commission, or the Department of Justice, shall also be furnished concurrently to the Contracting Officer. Contractors are encouraged to submit this information through the use of the online tool at https://foci.td.anl.gov. When completed the Contractor must print and sign one copy of the SF 328 and submit it to the Contracting Officer.

(2) If a Contractor has changes involving foreign ownership, control, or influence, DOE must determine whether the changes will pose an undue risk to the common defense and security. In making this determination, DOE will consider proposals made by the Contractor to avoid or mitigate foreign influences.

(3) If the cognizant security office at any time determines that the Contractor is, or is potentially, subject to foreign ownership, control, or influence, the Contractor shall comply with such instructions as the Contracting Officer shall provide in writing to protect any classified information or special nuclear material.

(4) The Contracting Officer may terminate this contract for default either if the Contractor fails to meet obligations imposed by this clause or if the Contractor creates a foreign ownership, control, or influence situation in order to avoid performance or a termination for default. The Contracting Officer may terminate this contract for convenience if the Contractor becomes subject to foreign ownership, control, or influence and for reasons other than avoidance of performance of the contract, cannot, or chooses not to, avoid or mitigate the foreign ownership, control, or influence problem.

(k) *Employment announcements.* When placing announcements seeking applicants for positions requiring access authorizations, the Contractor shall include in the written vacancy announcement, a notification to prospective applicants that reviews, and tests for the absence of any illegal drug as defined in 10 CFR 707.4, will be conducted by the employer and a background investigation by the Federal government may be required to obtain an access authorization prior to employment, and that subsequent reinvestigations may be required. If the position is covered by the Counterintelligence Evaluation Program regulations at 10 CFR 709, the announcement should also alert applicants that successful completion of a counterintelligence evaluation may include a counterintelligence-scope polygraph examination.

(l) *Flow down to subcontracts.* The Contractor agrees to insert terms that conform substantially to the language of this clause, including this paragraph, in all subcontracts under its contract that will require subcontractor employees to possess access authorizations. Additionally, the Contractor must require such subcontractors to have an existing DOD or DOE facility clearance or submit a completed SF 328, *Certificate Pertaining to Foreign Interests*, as required in 48 CFR 952.204-73, Facility Clearance, and

obtain a foreign ownership, control and influence determination and facility clearance prior to award of a subcontract. Information to be provided by a subcontractor pursuant to this clause may be submitted directly to the Contracting Officer. For purposes of this clause, Subcontractor means any subcontractor at any tier and the term "Contracting Officer" means the DOE Contracting Officer. When this clause is included in a subcontract, the term "Contractor" shall mean subcontractor and the term "contract" shall mean subcontract.

END OF CLAUSE

3. CLASSIFICATION/DECLASSIFICATION

In the performance of work under this contract, the Contractor or subcontractor shall comply with all provisions of the Department of Energy's regulations and mandatory DOE directives which apply to work involving the classification and declassification of information, documents, or material. In this section, "information" means facts, data, or knowledge itself; "document" means the physical medium on or in which information is recorded; and "material" means a product or substance which contains or reveals information, regardless of its physical form or characteristics. Classified information is "Restricted Data" and "Formerly Restricted Data" (classified under the Atomic Energy Act of 1954, as amended) and "National Security Information" (classified under Executive Order 12958 or prior Executive Orders).

The original decision to classify or declassify information is considered an inherently Governmental function. For this reason, only Government personnel may serve as original classifiers, i.e., Federal Government Original Classifiers. Other personnel (Government or Contractor) may serve as derivative classifiers which involves making classification decisions based upon classification guidance which reflect decisions made by Federal Government Original Classifiers.

The Contractor or subcontractor shall ensure that any document or material that may contain classified information is reviewed by either a Federal Government or a Contractor Derivative Classifier in accordance with classification regulations including mandatory DOE directives and classification/declassification guidance furnished to the Contractor by the Department of Energy to determine whether it contains classified information prior to dissemination. For information which is not addressed in classification/declassification guidance, but whose sensitivity appears to warrant classification, the Contractor or subcontractor shall ensure that such information is reviewed by a Federal Government Original Classifier.

In addition, the Contractor or subcontractor shall ensure that existing classified documents (containing either Restricted Data or Formerly Restricted Data or National Security Information) which are in its possession or under its control are periodically reviewed by a Federal Government or Contractor Derivative Declassifier in accordance with classification regulations, mandatory DOE

directives and classification/declassification guidance furnished to the Contractor by the Department of Energy to determine if the documents are no longer appropriately classified. Priorities for declassification review of classified documents shall be based on the degree of public and researcher interest and the likelihood of declassification upon review. Documents which no longer contain classified information are to be declassified. Declassified documents then shall be reviewed to determine if they are publicly releasable. Documents which are declassified and determined to be publicly releasable are to be made available to the public in order to maximize the public's access to as much Government information as possible while minimizing security costs.

The Contractor or subcontractor shall insert this clause in any subcontract which involves or may involve access to classified information.

END OF CLAUSE

4. UPDATES OF INFORMATION REGARDING RESPONSIBILITY MATTERS – ALTERNATE I

(a)(1) The Contractor shall update the information in the Federal Awardee Performance and Integrity Information System (FAPIIS) on a semi-annual basis, throughout the life of the contract, by posting the required information in the Central Contractor Registration database at http://www.ccr.gov.

(2) At the first semi-annual update on or after April 15, 2011, the Contractor shall post again any required information that the Contractor posted prior to April 15, 2011.

(b)(1) The Contractor will receive notification when the Government posts new information to the Contractor's record.

(2) The Contractor will have an opportunity to post comments regarding information that has been posted by the Government. The comments will be retained as long as the associated information is retained, *i.e.*, for a total period of 6 years. Contractor comments will remain a part of the record unless the Contractor revises them.

(3) (i) Public requests for system information posted prior to April 15, 2011, will be handled under Freedom of Information Act procedures, including, where appropriate, procedures promulgated under E.O. 12600.

(ii) As required by section 3010 of Public Law 111-212, all information posted in FAPIIS on or after April 15, 2011, except past performance reviews, will be publicly available.

END OF CLAUSE

5. ORGANIZATIONAL CONFLICTS OF INTEREST – ALTERNATE I

(a) *Purpose*. The purpose of this clause is to ensure that the Contractor

(1) is not biased because of its financial, contractual, organizational, or other interests which relate to the work under this contract, and

(2) does not obtain any unfair competitive advantage over other parties by virtue of its performance of this contract.

(b) *Scope*. The restriction described herein shall apply to performance or participation by the Contractor and any of its affiliates or their successors in interest (hereinafter collectively referred to as "Contractor") in the activities covered by this clause as a prime Contractor, subcontractor, cosponsor, joint venturer, consultant, or in any similar capacity. For the purpose of this clause, affiliation occurs when a business concern is controlled by or has the power to control another or when a third party has the power to control both.

(1) *Use of Contractor's Work Product*.

(i) The Contractor shall be ineligible to participate in any capacity in Department contracts, subcontracts, or proposals therefore (solicited and unsolicited) which stem directly from the Contractor's performance of work under this contract for a period of 3 years after the completion of this contract. Furthermore, unless so directed in writing by the Contracting Officer, the Contractor shall not perform any advisory and assistance services work under this contract on any of its products or services or the products or services of another firm if the Contractor is or has been substantially involved in their development or marketing. Nothing in this subparagraph shall preclude the Contractor from competing for follow-on contracts for technical advisory and assistance services.

(ii) If under this contract, the Contractor prepares a complete or essentially complete statement of work or specifications to be used in competitive acquisitions, the Contractor shall be ineligible to perform or participate in any capacity in any contractual effort which is based on such statement of work or specifications. The Contractor shall not incorporate its products or services in such statement of work or specifications unless so directed in writing by the contracting Officer, in which case the restriction in this subparagraph shall not apply.

(iii) Nothing in this paragraph shall preclude the Contractor from offering or selling its standard and commercial items to the Government.

(2) *Access to and use of information*.

(i) If the Contractor, in the performance of this contract, obtains access to information, such as Department plans, policies, reports, studies, financial plans, internal data protected by the Privacy Act of 1974 (5 U.S.C. 552a), or data which has not been released or otherwise made available to the public, the Contractor agrees that without prior written approval of the contracting Officer it shall not--

(A) Use such information for any private purpose unless the information has been released or otherwise made available to the public;

(B) compete for work for the Department based on such information for a period of six (6) months after either the completion of this contract or until such information is released or otherwise made available to the public, whichever is first;

(C) submit an unsolicited proposal to the Government which is based on such information until one year after such information is released or otherwise made available to the public; and

(D) release such information unless such information has previously been released or otherwise made available to the public by the Department.

(ii) In addition, the Contractor agrees that to the extent it receives or is given access to proprietary data, data protected by the Privacy Act of 1974 (5 U.S.C. 552a), or other confidential or privileged technical, business, or financial information under this contract, it shall treat such information in accordance with any restrictions imposed on such information.

(iii) The Contractor may use technical data it first produces under this contract for its private purposes consistent with paragraphs (b)(2)(i)(A) and (D) of this clause and the patent, rights in data, and security provisions of this contract.

(c) *Disclosure after award*.

(1) The Contractor agrees that, if changes, including additions, to the relevant facts disclosed by it prior to award of this contract, occur during the performance of this contract, it shall make an immediate and full disclosure of such changes in writing to the Contracting Officer. Such disclosure may include a description of any action which the Contractor has taken or proposes to take to avoid, neutralize, or mitigate any resulting conflict of interest. The Department may, however, terminate the contract for convenience if it deems such termination to be in the best interest of the Government.

(2) In the event that the Contractor was aware of facts required to be disclosed or the existence of an actual or potential organizational conflict of interest and did not disclose such facts to the

Contracting Officer, DOE may terminate this contract for default.

(d) *Remedies*. For breach of any of the above restrictions or for nondisclosure or misrepresentation of any facts required to be disclosed concerning this contract, including the existence of an actual or potential organizational conflict of interest at the time of or after award, the Government may terminate the contract for default, disqualify the Contractor for subsequent related contractual efforts and pursue such other remedies as may be permitted by law or this contract.

(e) *Waiver*. Requests for waiver under this clause shall be directed in writing to the Contracting Officer and shall include a full description of the requested waiver and the reasons in support thereof. If it is determined to be in the best interests of the Government, the Contracting Officer may grant such a waiver in writing.

(f) *Subcontracts*.

(1) The Contractor shall include a clause, substantially similar to this clause, including this paragraph f, in subcontracts expected to exceed the simplified acquisition threshold determined in accordance with 48 CFR part 13 and involving the performance of advisory and assistance services as the term is defined at 48 CFR 2.101. The terms "contract," "Contractor," and "Contracting Officer" shall be appropriately modified to preserve the Government's rights.

(2) Prior to the award under this contract of any such subcontracts for advisory and assistance services, the Contractor shall obtain from the proposed subcontractor or consultant the disclosure required by 48 CFR 909.507-1, and shall determine in writing whether the interest disclosed present an actual or significant potential organizational conflict of interest. Where an actual or significant potential organizational conflict of interest is identified, the Contractor shall take action to avoid, neutralize, or mitigate the organizational conflict to the satisfaction of the Contractor. If the conflict cannot be avoided or neutralized, the Contractor must obtain the

approval of the DOE Contracting Officer prior to entering into the subcontract.

END OF CLAUSE

6. KEY PERSONNEL

(a) The personnel listed below or elsewhere in this contract (See Section J, Attachment 1) are considered essential to the work being performed under this contract. Before removing, replacing, or diverting any of the listed or specified personnel, the Contractor must:

(1) Notify the Contracting Officer reasonably in advance;

(2) submit justification (including proposed substitutions) in sufficient detail to permit evaluation of the impact on this contract; and

(3) obtain the Contracting Officer’s written approval.

Notwithstanding the foregoing, if the Contractor deems immediate removal or suspension of any member of its management team is necessary to fulfill its obligation to maintain satisfactory standards of employee competency, conduct, and integrity under the clause at DEAR 970.5203-3, Contractor’s Organization, the Contractor may remove or suspend such person at once, although the Contractor must notify Contracting Officer prior to or concurrently with such action.

(b) The list of personnel may, with the consent of the contracting parties, be amended from time to time during the course of the contract to add or delete personnel

END OF CLAUSE

7. OPTION TO EXTEND THE TERM OF THE CONTRACT

(a) The Government may extend the term of this contract by written notice to the Contractor; provided that the Government gives the Contractor a preliminary written notice of its intent to extend at least 60 days before the contract expires. The preliminary notice does not commit the Government to an extension.

(b) If the Government exercises this option, the extended contract shall be considered to include this option clause.

(c) The total duration of this contract, including the exercise of any options under this clause, shall not exceed 10 years, including the transition period.

END OF CLAUSE

8. POST-AWARD SMALL BUSINESS PROGRAM REPRESENTATIONS

(a) *Definitions*. As used in this clause—

*Long-term contract* means a contract of more than five years in duration, including options. However, the term does not include contracts that exceed five years in duration because the period of performance has been extended for a cumulative period not to exceed six months under the clause at 52.217-8, Option to Extend Services, or other appropriate authority.

*Small business concern* means a concern, including its affiliates, that is independently owned and operated, not dominant in the field of operation in which it is bidding on Government contracts, and qualified as a small business under the criteria in 13 CFR part 121 and the size standard in paragraph (c) of this clause.

(b) If the Contractor represented that it was a small business concern prior to award of this contract, the Contractor shall represent its size status according to paragraph (e) of this clause or, if applicable, paragraph (g) of this clause, upon the occurrence of any of the following:

(1) Within 30 days after execution of a novation agreement or within 30 days after modification of the contract to include this clause, if the novation agreement was executed prior to inclusion of this clause in the contract.

(2) Within 30 days after a merger or acquisition that does not require a novation or within 30 days after modification of the contract to include this clause, if the merger or acquisition occurred prior to inclusion of this clause in the contract.

(3) For long-term contracts—

(i) Within 60 to 120 days prior to the end of the fifth year of the contract; and

(ii) Within 60 to 120 days prior to the exercise date specified in the contract for any option thereafter.

(c) The Contractor shall represent its size status in accordance with the size standard in effect at the time of this representation that corresponds to the North American Industry Classification System (NAICS) code assigned to this contract. The small business size standard corresponding to this NAICS code can be found at http://www.sba.gov/services/contractingopportunities/sizestandardstopics/.

(d) The small business size standard for a Contractor providing a product which it does not manufacture itself, for a contract other than a construction or service contract, is 500 employees.

(e) Except as provided in paragraph (g) of this clause, the Contractor shall make the representation required by paragraph (b) of this clause by validating or updating all its representations in the Online Representations and Certifications Application and its data in the Central Contractor Registration, as necessary, to ensure they reflect current status. The Contractor shall notify the contracting office by e-mail, or otherwise in writing, that the data have been validated or updated, and provide the date of the validation or update.

(f) If the Contractor represented that it was other than a small business concern prior to award of this contract, the Contractor may, but is not required to, take the actions required by paragraphs (e) or (g) of this clause.

(f) If the Contractor does not have representations and certifications in ORCA, or does not have a representation in ORCA for the NAICS code applicable to this contract, the Contractor is required to complete the following representation and submit it

to the contracting office, along with the contract number and the date on which the representation was completed:

The Contractor represents that it ☐ is, ☐ is not a small business concern under NAICS Code _____ assigned to contract number _____.
[*Contractor to sign and date and insert authorized signer's name and title*].

END OF CLAUSE

9. DISPLACED EMPLOYEE HIRING PREFERENCE

(a) Definition.

Eligible employee means a current or former employee of a contractor or subcontractor employed at a Department of Energy Defense Nuclear Facility (1) whose position of employment has been, or will be, involuntarily terminated (except if terminated for cause), (2) who has also met the eligibility criteria contained in the Department of Energy guidance for contractor work force restructuring, as may be amended or supplemented from time to time, and (3) who is qualified for a particular job vacancy with the Department or one of its contractors with respect to work under its contract with the Department at the time the particular position is available.

(b) Consistent with Department of Energy guidance for contractor work force restructuring, as may be amended or supplemented from time to time, the Contractor agrees that it will provide a preference in hiring to an eligible employee to the extent practicable for work performed under this contract.

(c) The requirements of this clause shall be included in subcontracts at any tier (except for subcontracts for commercial items pursuant to 41 U.S.C. 403) expected to exceed $500,000.

END OF CLAUSE

10. RESEARCH MISCONDUCT

(a) The Contractor is responsible for maintaining the integrity of research performed pursuant to this contract award including the prevention, detection, and remediation of research misconduct as defined by this clause, and the conduct of inquiries, investigations, and adjudication of allegations of research misconduct in accordance with the requirements of this clause.

(b) Unless otherwise instructed by the Contracting Officer, the Contractor must conduct an initial inquiry into any allegation of research misconduct. If the Contractor determines that there is sufficient evidence to proceed to an investigation, it must notify the Contracting Officer and, unless otherwise instructed, the Contractor must:

(1) Conduct an investigation to develop a complete factual record and an examination of such record leading to either a finding of research misconduct and an identification of appropriate remedies or a determination that no further action is warranted;

(2) If the investigation leads to a finding of research misconduct, conduct an adjudication by a responsible official who was not involved in the inquiry or investigation and is separated organizationally from the element which conducted the investigation. The adjudication must include a review of the investigative record and, as warranted, a determination of appropriate corrective actions and sanctions.

(3) Inform the Contracting Officer if an initial inquiry supports a formal investigation and, if requested by the Contracting Officer thereafter, keep the Contracting Officer informed of the results of the investigation and any subsequent adjudication. When an investigation is complete, the Contractor will forward to the Contracting Officer a copy of the evidentiary record, the investigative report, any recommendations made to the Contractor's adjudicating official, and the adjudicating official's decision and notification of any corrective action taken or planned, and the subject's written response (if any).

(c) The Department of Energy (DOE) may elect to act in lieu of the Contractor in conducting an inquiry or investigation into an allegation of research misconduct if the Contracting Officer finds that--

(1) The research organization is not prepared to handle the allegation in a manner consistent with this clause;

(2) The allegation involves an entity of sufficiently small size that it cannot reasonably conduct the inquiry;

(3) DOE involvement is necessary to ensure the public heath, safety, and security, or to prevent harm to the public interest; or

(4) The allegation involves possible criminal misconduct.

(d) In conducting the activities under paragraphs (b) and (c) of this clause, the Contractor and the Department, if it elects to conduct the inquiry or investigation, shall adhere to the following guidelines:

(1) Safeguards for information and subjects of allegations. The Contractor shall provide safeguards to ensure that individuals may bring allegations of research misconduct made in good faith to the attention of the Contractor without suffering retribution. Safeguards include: protection against retaliation; fair and objective procedures for examining and resolving allegations; and diligence in protecting positions and reputations. The Contractor shall also provide the subjects of allegations confidence that their rights are protected and that the mere filing of an allegation of research misconduct will not result in an adverse action. Safeguards include timely written notice regarding substantive allegations against them, a description of the allegation and reasonable access to any evidence submitted to support the allegation or developed in response to an allegation and notice of any findings of research misconduct.

(2) Objectivity and Expertise. The Contractor shall select individual(s) to inquire, investigate, and adjudicate allegations of research misconduct who

have appropriate expertise and have no unresolved conflict of interest. The individual(s) who conducts an adjudication must not be the same individual(s) who conducted the inquiry or investigation, and must be separate organizationally from the element that conducted the inquiry or investigation.

(3) Timeliness. The Contractor shall coordinate, inquire, investigate and adjudicate allegations of research misconduct promptly, but thoroughly. Generally, an investigation should be completed within 120 days of initiation, and adjudication should be complete within 60 days of receipt of the record of investigation.

(4) Confidentiality. To the extent possible, consistent with fair and thorough processing of allegations of research misconduct and applicable law and regulation, knowledge about the identity of the subjects of allegations and informants should be limited to those with a need to know.

(5) Remediation and Sanction. If the Contractor finds that research misconduct has occurred, it shall assess the seriousness of the misconduct and its impact on the research completed or in process. The Contractor must take all necessary corrective actions. Such action may include but are not limited to, correcting the research record and as appropriate imposing restrictions, controls, or other parameters on research in process or to be conducted in the future. The Contractor must coordinate remedial actions with the Contracting Officer. The Contractor must also consider whether personnel sanctions are appropriate. Any such sanction must be considered and effected consistent with any applicable personnel laws, policies, and procedures, and shall take into account the seriousness of the misconduct and its impact, whether it was done knowingly or intentionally, and whether it was an isolated event or pattern of conduct.

(e) DOE reserves the right to pursue such remedies and other actions as it deems appropriate, consistent with the terms and conditions of the award instrument and applicable laws and regulations. However, the Contractor's good faith administration of this clause and the effectiveness of its remedial actions and sanctions shall be positive considerations and shall

be taken into account as mitigating factors in assessing the need for such actions. If DOE pursues any such action, it will inform the subject of the action of the outcome and any applicable appeal procedures.

(f) Definitions.

*Adjudication* means a formal review of a record of investigation of alleged research misconduct to determine whether and what corrective actions and sanctions should be taken.

*Fabrication* means making up data or results and recording or reporting them.

*Falsification* means manipulating research materials, equipment, or processes, or changing or omitting data or results such that the research is not accurately represented in the research record.

*Finding of Research Misconduct* means a determination, based on a preponderance of the evidence, that research misconduct has occurred. Such a finding requires a conclusion that there has been a significant departure from accepted practices of the relevant research community and that it be knowingly, intentionally, or recklessly committed.

*Inquiry* means information gathering and initial fact-finding to determine whether an allegation or apparent instance of misconduct warrants an investigation.

*Investigation* means the formal examination and evaluation of the relevant facts.

*Plagiarism* means the appropriation of another person's ideas, processes, results, or words without giving appropriate credit.

*Research* means all basic, applied, and demonstration research in all fields of science, medicine, engineering, and mathematics, including, but not limited to, research in economics, education, linguistics, medicine, psychology, social sciences statistics, and research involving human subjects or animals.

*Research Misconduct* means fabrication, falsification, or plagiarism in proposing, performing, or reviewing

research, or in reporting research results, but does not include honest error or differences of opinion.

*Research record* means the record of all data or results that embody the facts resulting from scientists' inquiries, including, but not limited to, research proposals, laboratory records, both physical and electronic, progress reports, abstracts, theses, oral presentations, internal reports, and journal articles.

(g) By executing this contract, the Contractor provides its assurance that it has established an administrative process for performing an inquiry, mediating if possible, or investigating, and reporting allegations of research misconduct; and that it will comply with its own administrative process and the requirements of 10 CFR part 733 for performing an inquiry, possible mediation, investigation and reporting of research misconduct.

(h) The Contractor must insert or have inserted the substance of this clause, including paragraph (g), in subcontracts at all tiers that involve research.

END OF CLAUSE

11. SUBMISSION OF TRANSPORTATION DOCUMENTS FOR AUDIT

(a) The Contractor shall submit to the address identified below, for prepayment audit, transportation documents on which the United States will assume freight charges that were paid-

(1) By the Contractor under a cost-reimbursement contract, and

(2) By a first-tier subcontractor under a cost-reimbursement subcontract thereunder.

(b) Cost-reimbursement Contractors shall only submit for audit those bills of lading with freight shipment charges exceeding $100.00. Bills under $100.00 shall be retained on-site by the Contractor and made available for on-site audits. This exception only applies to freight shipment bills and is not intended to apply to bills and invoices for any other transportation services.

(c) Contractors shall submit the above referenced transportation documents to – J. F. Fitzgerald, Audits Division, Room G342, General Services Administration, 1800 F Street, NW., Washington, DC 20405.

END OF CLAUSE

12. FOREIGN TRAVEL

Contractor foreign travel shall be conducted pursuant to the requirements contained in Department of Energy (DOE) Order 551.1C, or its successor, Official Foreign Travel, or its successor in effect at the time of award.

END OF CLAUSE

13. TERMINATION (COST-REIMBURSEMENT)

(a) The Government may terminate performance of work under this contract in whole or, from time to time, in part, if--

(1) The Contracting Officer determines that a termination is in the Government's interest; or

(2) The Contractor defaults in performing this contract and fails to cure the default within 10 days (unless extended by the Contracting Officer) after receiving a notice specifying the default. "Default" includes failure to make progress in the work so as to endanger performance.

(b) The Contracting Officer shall terminate by delivering to the Contractor a Notice of Termination specifying whether termination is for default of the Contractor or for convenience of the Government, the extent of termination, and the effective date. If, after termination for default, it is determined that the Contractor was not in default or that the Contractor's failure to perform or to make progress in performance is due to causes beyond the control and without the fault or negligence of the Contractor as set forth in the Excusable Delays clause, the rights and obligations of the parties will be the same as if the termination was for the convenience of the Government.

(c) After receipt of a Notice of Termination, and except as directed by the Contracting Officer, the Contractor shall immediately proceed with the following obligations, regardless of any delay in determining or adjusting any amounts due under this clause:

(1) Stop work as specified in the notice.

(2) Place no further subcontracts or orders (referred to as subcontracts in this clause), except as necessary to complete the continued portion of the contract.

(3) Terminate all subcontracts to the extent they relate to the work terminated.

(4) Assign to the Government, as directed by the Contracting Officer, all right, title, and interest of the Contractor under the subcontracts terminated, in which case the Government shall have the right to settle or to pay any termination settlement proposal arising out of those terminations.

(5) With approval or ratification to the extent required by the Contracting Officer, settle all outstanding liabilities and termination settlement proposals arising from the termination of subcontracts, the cost of which would be reimbursable in whole or in part, under this contract; approval or ratification will be final for purposes of this clause.

(6) Transfer title (if not already transferred) and, as directed by the Contracting Officer, deliver to the Government--

(i) The fabricated or unfabricated parts, work in process, completed work, supplies, and other material produced or acquired for the work terminated;

(ii) The completed or partially completed plans, drawings, information, and other property that, if the contract had been completed, would be required to be furnished to the Government; and

(iii) The jigs, dies, fixtures, and other special tools and tooling acquired or manufactured for this contract, the cost of which the Contractor has been or will be reimbursed under this contract.

(7) Complete performance of the work not terminated.

(8) Take any action that may be necessary, or that the Contracting Officer may direct, for the protection and preservation of the property related to this contract that is in the possession of the Contractor and in which the Government has or may acquire an interest.

(9) Use its best efforts to sell, as directed or authorized by the Contracting Officer, any property of the types referred to in subparagraph (c)(6) of this clause; provided, however, that the Contractor (i) is not required to extend credit to any purchaser and (ii) may acquire the property under the conditions prescribed by, and at prices approved by, the Contracting Officer. The proceeds of any transfer or disposition will be applied to reduce any payments to be made by the Government under this contract, credited to the price or cost of the work, or paid in any other manner directed by the Contracting Officer.

(d) The Contractor shall submit complete termination inventory schedules no later than 120 days from the effective date of termination, unless extended in writing by the Contracting Officer upon written request of the Contractor within this 120-day period.

(e) After expiration of the plant clearance period as defined in Subpart 49.001 of the Federal Acquisition Regulation, the Contractor may submit to the Contracting Officer a list, certified as to quantity and quality, of termination inventory not previously disposed of, excluding items authorized for disposition by the Contracting Officer. The Contractor may request the Government to remove those items or enter into an agreement for their storage. Within 15 days, the Government will accept the items and remove them or enter into a storage agreement. The Contracting Officer may verify the list upon removal of the items, or if stored, within 45 days from submission of the list, and shall correct the list, as necessary, before final settlement.

(f) After termination, the Contractor shall submit a final termination settlement proposal to the Contracting Officer in the form and with the certification prescribed by the Contracting Officer. The Contractor shall submit the proposal promptly, but no later than 1 year from the effective date of termination, unless extended in writing by the Contracting Officer upon written request of the Contractor within this 1-year period. However, if the Contracting Officer determines that the facts justify it, a termination settlement proposal may be received and acted on after 1 year or any extension.

If the Contractor fails to submit the proposal within the time allowed, the Contracting Officer may determine, on the basis of information available, the amount, if any, due the Contractor because of the termination and shall pay the amount determined.

(g) Subject to paragraph (f) of this clause, the Contractor and the Contracting Officer may agree on the whole or any part of the amount to be paid (including an allowance for fee) because of the termination. The contract shall be amended, and the Contractor paid the agreed amount.

(h) If the Contractor and the Contracting Officer fail to agree in whole or in part on the amount of costs and/or fee to be paid because of the termination of work, the Contracting Officer shall determine, on the basis of information available, the amount, if any, due the Contractor, and shall pay that amount, which shall include the following:

(1) All costs reimbursable under this contract, not previously paid, for the performance of this contract before the effective date of the termination, and those costs that may continue for a reasonable time with the approval of or as directed by the Contracting Officer; however, the Contractor shall discontinue those costs as rapidly as practicable.

(2) The cost of settling and paying termination settlement proposals under terminated subcontracts that are properly chargeable to the terminated portion of the contract if not included in subparagraph (h)(1) of this clause.

(3) The reasonable costs of settlement of the work terminated, including--

(i) Accounting, legal, clerical, and other expenses reasonably necessary for the preparation of termination settlement proposals and supporting data;

(ii) The termination and settlement of subcontracts (excluding the amounts of such settlements); and

(iii) Storage, transportation, and other costs incurred, reasonably necessary for the preservation, protection, or disposition of the termination inventory. If the termination is for default, no amounts for the preparation of the Contractor's termination settlement proposal may be included.

(4) A portion of the fee payable under the contract, determined as follows:

(i) If the contract is terminated for the convenience of the Government, the settlement shall include a percentage of the fee equal to the percentage of completion of work contemplated under the contract, but excluding subcontract effort included in subcontractors' termination proposals, less previous payments for fee.

(ii) If the contract is terminated for default, the total fee payable shall be such proportionate part of the fee as the total number of articles (or amount of services) delivered to and accepted by the Government is to the total number of articles (or amount of services) of a like kind required by the contract.

(5) If the settlement includes only fee, it will be determined under subparagraph (h)(4) of this clause.

(i) The cost principles and procedures in Part 31 of the Federal Acquisition Regulation as supplemented in subpart 970.31 of the Department of Energy Acquisition Regulation, in effect on the date of this contract, shall govern all costs claimed, agreed to, or determined under this clause.

(j) The Contractor shall have the right of appeal, under the Disputes clause, from any determination made by the Contracting Officer under paragraph (f), (h), or (l) of this clause, except that if the Contractor failed to submit the termination settlement proposal within the time provided in paragraph (f) and failed to request a time extension, there is no right of

appeal. If the Contracting Officer has made a determination of the amount due under paragraph (f), (h) or (l) of this clause, the Government shall pay the Contractor--

(1) The amount determined by the Contracting Officer if there is no right of appeal or if no timely appeal has been taken; or

(2) The amount finally determined on an appeal.

(k) In arriving at the amount due the Contractor under this clause, there shall be deducted--

(1) All unliquidated advance or other payments to the Contractor, under the terminated portion of this contract;

(2) Any claim which the Government has against the Contractor under this contract; and

(3) The agreed price for, or the proceeds of sale of materials, supplies, or other things acquired by the Contractor or sold under this clause and not recovered by or credited to the Government.

(l) The Contractor and Contracting Officer must agree to any equitable adjustment in fee for the continued portion of the contract when there is a partial termination. The Contracting Officer shall amend the contract to reflect the agreement.

(m) (1) The Government may, under the terms and conditions it prescribes, make partial payments and payments against costs incurred by the Contractor for the terminated portion of the contract, if the Contracting Officer believes the total of these payments will not exceed the amount to which the Contractor will be entitled.

(2) If the total payments exceed the amount finally determined to be due, the Contractor shall repay the excess to the Government upon demand, together with interest computed at the rate established by the Secretary of the Treasury under 50 U.S.C. App. 1215(b)(2). Interest shall be computed for the period from the date the excess payment is received by the Contractor to the date the excess is repaid. Interest shall

not be charged on any excess payment due to a reduction in the Contractor's termination settlement proposal because of retention or other disposition of termination inventory until 10 days after the date of the retention or disposition, or a later date determined by the Contracting Officer because of the circumstances.

(n) The provisions of this clause relating to fee are inapplicable if this contract does not include a fee.

END OF CLAUSE

14. NUCLEAR HAZARDS INDEMNITY AGREEMENT

(a) *Authority.* This clause is incorporated into this contract pursuant to the authority contained in subsection 170d. of the Atomic Energy Act of 1954, as amended (hereinafter called the Act.)

(b) *Definitions.* The definitions set out in the Act shall apply to this clause.

(c) *Financial protection.* Except as hereafter permitted or required in writing by DOE, the Contractor will not be required to provide or maintain, and will not provide or maintain at Government expense, any form of financial protection to cover public liability, as described in paragraph (d)(2) below. DOE may, however, at any time require in writing that the Contractor provide and maintain financial protection of such a type and in such amount as DOE shall determine to be appropriate to cover such public liability, provided that the costs of such financial protection are reimbursed to the Contractor by DOE.

(d) (1) *Indemnification.* To the extent that the Contractor and other persons indemnified are not compensated by any financial protection permitted or required by DOE, DOE will indemnify the Contractor and other persons indemnified against (i) claims for public liability as described in subparagraph (d)(2) of this clause; and (ii) such legal costs of the Contractor and other persons indemnified as are approved by DOE, provided that DOE's liability, including such legal costs, shall not exceed the amount set forth in section 170d. of the Act, as that amount may be increased in accordance with section 170t., in the aggregate for each nuclear incident or precautionary evacuation occurring within the United States or $500 million in the aggregate for each nuclear incident occurring outside the United States, irrespective of the number of persons indemnified in connection with this contract.

(2) The public liability referred to in subparagraph (d)(1) of this clause is public liability as defined in the Act which (i) arises out of or in connection with the activities under this contract, including transportation; and (ii) arises out of or results from a nuclear incident

or precautionary evacuation, as those terms are defined in the Act.

(e) (1) *Waiver of Defenses.* In the event of a nuclear incident, as defined in the Act, arising out of nuclear waste activities, as defined in the Act, the Contractor, on behalf of itself and other persons indemnified, agrees to waive any issue or defense as to charitable or governmental immunity.

(2) In the event of an extraordinary nuclear occurrence which:

(i) Arises out of, results from, or occurs in the course of the construction, possession, or operation of a production or utilization facility; or

(ii) Arises out of, results from, or occurs in the course of transportation of source material, by-product material, or special nuclear material to or from a production or utilization facility; or

(iii) Arises out of or results from the possession, operation, or use by the Contractor or a subcontractor of a device utilizing special nuclear material or by-product material, during the course of the contract activity; or

(iv) Arises out of, results from, or occurs in the course of nuclear waste activities, the Contractor, on behalf of itself and other persons indemnified, agrees to waive:

(A) Any issue or defense as to the conduct of the claimant (including the conduct of persons through whom the claimant derives its cause of action) or fault of persons indemnified, including, but not limited to--

*1.* Negligence;

*2.* Contributory negligence;

*3.* Assumption of risk; or

*4.* Unforeseeable intervening causes, whether involving the conduct of a third person or an act of God;

(B) Any issue or defense as to charitable or governmental immunity; and

(C) Any issue or defense based on any statute of limitations, if suit is instituted within 3 years from the date on which the claimant first knew, or reasonably could have known, of his injury or change and the cause thereof. The waiver of any such issue or defense shall be effective regardless of whether such issue or defense may otherwise be deemed jurisdictional or relating to an element in the cause of action. The waiver shall be judicially enforceable in accordance with its terms by the claimant against the person indemnified.

(v) The term *extraordinary nuclear occurrence* means an event which DOE has determined to be an extraordinary nuclear occurrence as defined in the Act. A determination of whether or not there has been an extraordinary nuclear occurrence will be made in accordance with the procedures in 10 CFR part 840.

(vi) For the purposes of that determination, "offsite" as that term is used in 10 CFR part 840 means away from "the contract location" which phrase means any DOE facility, installation, or site at which contractual activity under this contract is being carried on, and any contractor-owned or controlled facility, installation, or site at which the Contractor is engaged in the performance of contractual activity under this contract.

(3) The waivers set forth above--

(i) Shall be effective regardless of whether such issue or defense may otherwise be deemed jurisdictional or relating to an element in the cause of action;

(ii) Shall be judicially enforceable in accordance with its terms by the claimant against the person indemnified;

(iii) Shall not preclude a defense based upon a failure to take reasonable steps to mitigate damages;

(iv) Shall not apply to injury or damage to a claimant or to a claimant's property which is intentionally sustained by the claimant or which results from a nuclear incident intentionally and wrongfully caused by the claimant;

(v) Shall not apply to injury to a claimant who is employed at the site of and in connection with the activity where the extraordinary nuclear occurrence takes place, if benefits therefor are either payable or required to be provided under any workmen's compensation or occupational disease law;

(vi) Shall not apply to any claim resulting from a nuclear incident occurring outside the United States;

(vii) Shall be effective only with respect to those obligations set forth in this clause and in insurance policies, contracts or other proof of financial protection; and

(viii) Shall not apply to, or prejudice the prosecution or defense of, any claim or portion of claim which is not within the protection afforded under (A) the limit of liability provisions under subsection 170e. of the Act, and (B) the terms of this agreement and the terms of insurance policies, contracts, or other proof of financial protection.

(f) *Notification and litigation of claims.* The Contractor shall give immediate written notice to DOE of any known action or claim filed or made against the Contractor or other person indemnified for public liability as defined in paragraph (d)(2). Except as otherwise directed by DOE, the Contractor shall furnish promptly to DOE, copies of all pertinent papers received by the Contractor or filed with

respect to such actions or claims. DOE shall have the right to, and may collaborate with, the Contractor and any other person indemnified in the settlement or defense of any action or claim and shall have the right to (1) require the prior approval of DOE for the payment of any claim that DOE may be required to indemnify hereunder; and (2) appear through the Attorney General on behalf of the Contractor or other person indemnified in any action brought upon any claim that DOE may be required to indemnify hereunder, take charge of such action, and settle or defend any such action. If the settlement or defense of any such action or claim is undertaken by DOE, the Contractor or other person indemnified shall furnish all reasonable assistance in effecting a settlement or asserting a defense.

(g) *Continuity of DOE obligations.* The obligations of DOE under this clause shall not be affected by any failure on the part of the Contractor to fulfill its obligation under this contract and shall be unaffected by the death, disability, or termination of existence of the Contractor, or by the completion, termination or expiration of this contract.

(h) *Effect of other clauses.* The provisions of this clause shall not be limited in any way by, and shall be interpreted without reference to, any other clause of this contract, including the clause entitled Contract Disputes, provided, however, that this clause shall be subject to the clauses entitled Covenant Against Contingent Fees, and Accounts, records, and inspection, and any provisions that are later added to this contract as required by applicable Federal law, including statutes, executive orders and regulations, to be included in Nuclear Hazards Indemnity Agreements.

(i) *Civil penalties.* The Contractor and its subcontractors and suppliers who are indemnified under the provisions of this clause are subject to civil penalties, pursuant to section 234A of the Act, for violations of applicable DOE nuclear-safety related rules, regulations, or orders. If the Contractor is a not-for-profit contractor, as defined by section 234Ad.(2), the total amount of civil penalties paid shall not exceed the total amount of fees paid within any 1-year period (as determined by the Secretary) under this contract.

(j) *Criminal penalties.* Any individual director, officer, or employee of the Contractor or of its subcontractors and suppliers who are indemnified under the provisions of this clause are subject to criminal penalties, pursuant to section 223(c) of the Act, for knowing and willful violation of the Atomic Energy Act of 1954, as amended, and applicable DOE nuclear safety-related rules, regulations or orders which violation results in, or, if undetected, would have resulted in a nuclear incident.

(k) *Inclusion in subcontracts.* The Contractor shall insert this clause in any subcontract which may involve the risk of public liability, as that term is defined in the Act and further described in paragraph (d)(2) above. However, this clause shall not be included in subcontracts in which the subcontractor is subject to Nuclear Regulatory Commission (NRC) financial protection requirements under section 170b. of the Act or NRC agreements of indemnification under section 170c. or k. of the Act for the activities under the subcontract.

(1) Effective Date. This contract was in effect prior to August 8, 2005 and contains the clause at DEAR 952.250-70 (JUNE 1996) or prior version. The indemnity of paragraph (d)(1) is limited to the indemnity provided by the Price-Anderson Amendments Act of 1988 for any nuclear incident to which the indemnity applies that occurred before August 8, 2005. The indemnity of paragraph (d)(1) of this clause applies to any nuclear incident that occurred on or after August 8, 2005. The Contractor’s liability for violations of the Atomic Energy Act of 1954 under this contract is that in effect prior to August 8, 2005.

END OF CLAUSE

15. CONTRACTOR EMPLOYEE TRAVEL DISCOUNTS

(a) The Contractor shall take advantage of travel discounts offered to Federal contractor employee travelers by AMTRACK, hotels, motels, or car rental companies, when use of such discounts would result in lower overall trip costs and the discounted services are reasonably available. Vendors providing these services may require the contractor employee to furnish them a letter of identification signed by the authorized Contracting Officer.

(b) *Contracted airlines*. Contractors are not eligible for GSA contract city pair fares.

(c) *Discount Rail Service.* AMTRAK voluntarily offers discounts to Federal travelers on official business and sometimes extends those discounts to Federal contractor employees.

(d) *Hotels/motels*. Many lodging providers extend their discount rates for Federal employees to Federal contractor employees.

(e) *Car rentals*. Surface Deployment and Distribution Command (SDDC) of the Department of Defense negotiates rate agreements with car rental companies that are available to Federal travelers on official business. Some car rental companies extend those discounts to Federal contractor employees.

(f) *Obtaining travel discounts*.

(1) To determine which vendors offer discounts to the Government contractors, the Contractor may review commercial publications such as the Official Airline guides Official Traveler, Innovata or National Telecommunications. The Contractor may also obtain this information from GSA contract Travel Management Centers or the Department of Defense’s Commercial Travel Offices.

(2) The vendor providing the service may require the Government contractor to furnish a letter signed by the Contracting Officer. The following illustrates a standard letter of identification.

**OFFICIAL AGENCY LETTERHEAD**

**TO**: Participating Vendor

Subject: OFFICIAL TRAVEL OF GOVERNMENT CONTRACTOR

(FULL NAME OF TRAVELER), the bearer of this letter is an employee of (COMPANY NAME) which has a contract with this agency under Government contract (CONTRCAT NUMBER). During the period of the contract (give dates), AND WITH THE APPROVAL OF THE CONTRACT VENDOR the employee is eligible and authorized to use available travel discount rates in accordance with Government contracts and/agreements. Government Contract City Pair fairs are not available to Contractors.

(SIGNATURE, Title and telephone number of the Contracting Officer)

END OF CLAUSE

16. AUTHORIZED DEVIATIONS IN CLAUSES

(a) The use in this solicitation or contract of any Federal Acquisition Regulation (48 CFR Chapter 1) clause with an authorized deviation is indicated by the addition of "(DEVIATION)" after the date of the clause.

(b) The use in this solicitation or contract of any Department of Energy Acquisition Regulation (48 CFR Chapter 9) clause with an authorized deviation is indicated by the addition of "(DEVIATION)" after the name of the regulation.

END OF CLAUSE

17. MANAGEMENT CONTROLS (DEVIATION)

(a) (1) The Contractor shall be responsible for maintaining, as an integral part of its organization, effective systems of management controls for both administrative and programmatic functions. Management controls comprise the plan of organization, methods, and procedures adopted including consideration of outsourcing of functions by management to reasonably ensure that: the mission and functions assigned to the Contractor are properly executed; efficient and effective operations are promoted; resources are safeguarded against waste, loss, mismanagement, unauthorized use, or misappropriation; all encumbrances and costs that are incurred under the contract and fees that are earned are in compliance with applicable clauses and other current terms, conditions, and intended purposes; all collections accruing to the Contractor in connection with the work under this contract, expenditures, and all other transactions and assets are properly recorded, managed, and reported; and financial, statistical, and other reports necessary to maintain accountability and managerial control are accurate, reliable, and timely.

(2) The systems of controls employed by the Contractor shall be documented and satisfactory to DOE.

(3) Such systems shall be an integral part of the Contractor's management functions, including defining specific roles and responsibilities for each level of management, and holding employees accountable for the adequacy of the management systems and controls in their areas of assigned responsibility.

(4) The Contractor shall, as part of the internal audit program required elsewhere in this contract, periodically review the management systems and controls employed in programs and administrative areas to ensure that they are adequate to provide reasonable assurance that the objectives of the systems are being accomplished and that these systems and controls are working effectively. Annually, or at other intervals directed by the

Contracting Officer, the Contractor shall supply to the Contracting Officer copies of the reports reflecting the status of recommendations resulting from management audits performed by its internal audit activity and any other audit organization. This requirement may be satisfied in part by the reports required under paragraph (i) of 48 CFR 970.5232-3, Accounts, records, and inspection.

(b) The Contractor shall be responsible for maintaining, as a part of its operational responsibilities, a baseline quality assurance program that implements documented performance, quality standards, and control and assessment techniques.

END OF CLAUSE

18. PERFORMANCE IMPROVEMENT AND COLLABORATION

(a) The Contractor agrees that it shall affirmatively identify, evaluate, and institute practices, where appropriate, that will improve performance in the areas of environmental health, safety, scientific and technical, security, business and administrative, and any other areas of performance in the management and operation of the contract. This may entail the alteration of existing practices or the institution of new procedures to more effectively or efficiently perform any aspect of contract performance or reduce overall cost of operation under the contract. Such improvements may result from changes in organization, outsourcing decisions, simplification of systems while retaining necessary controls or any other approaches consistent with the statement of work and performance measures of this contract.

(b) The Contractor agrees to work collaboratively with the Department, all other management and operating, DOE major facilities management contractors and affiliated contractors which manage or operate DOE sites or facilities for the following purposes:

(i) to exchange information generally,

(ii) to evaluate concepts that may be of benefit in resolving common issues, in confronting common problems, or in reducing cost of operations, and,

(iii) to otherwise identify and implement DOE-complex wide management improvements discussed in paragraph (a).

In doing so, it shall also affirmatively provide information relating to its management improvements to such contractors, including lessons learned, subject to security considerations and the protection of data proprietary to third parties.

(c) The Contractor may consult with the Contracting Officer in those instances in which improvements being considered pursuant to paragraph (a) involve the cooperation of the DOE. The Contractor may request the assistance of the Contracting Officer in the communication of the success of improvements to other

management and operating contractors in accordance with paragraph (b) of this clause.

(d) The Contractor shall notify the Contracting Officer and seek approval where necessary to fulfill its obligations under the contract. Compliance with this clause in no way alters the obligations of the Contractor under any provisions of this contract.

END OF CLAUSE

19. CONTRACTOR'S ORGANIZATION

(a) Organization chart. As promptly as possible after the execution of this contract, the Contractor shall furnish to the Contracting Officer a chart showing the names, duties, and organization of key personnel (see 48 CFR 952.215-70) to be employed in connection with the work, and shall furnish supplemental information to reflect any changes as they occur.

(b) Supervisory representative of Contractor. Unless otherwise directed by the Contracting Officer, a competent full-time resident supervisory representative of the Contractor satisfactory to the Contracting Officer shall be in charge of the work at the site, and any work off-site, at all times.

(c) Control of employees. The Contractor shall be responsible for maintaining satisfactory standards of employee competency, conduct, and integrity and shall be responsible for taking such disciplinary action with respect to its employees as may be necessary. In the event the Contractor fails to remove any employee from the contract work whom DOE deems incompetent, careless, or insubordinate, our whose continued employment on the work is deemed by DOE to be inimical to the Department’s mission, the Contracting Officer may require, with the approval of Secretary of Energy, the Contractor to remove the employee from work under the contract. This includes the right to direct the Contractor to remove its most senior key person from work under the contract for serious contract performance deficiencies.

(d) Standards and Procedures. The Contractor shall establish such standards and procedures as are necessary to implement the requirements set forth in 48CFR 970.0371. Such standards and procedures shall be subject to the approval of the Contracting Officer.

END OF CLAUSE

20. COUNTERINTELLIGENCE

(a) The Contractor shall take all reasonable precautions in the work under this contract to protect DOE programs, facilities, technology, personnel, unclassified sensitive information and classified matter from foreign intelligence threats and activities conducted for governmental or industrial purposes, in accordance with DOE Order 475.1, Counterintelligence Program; or its successor, Executive Order 12333, U.S. Intelligence Activities; and other pertinent national and Departmental Counterintelligence requirements.

(b) The Contractor shall appoint a qualified employee(s) to function as the Contractor Counterintelligence Officer. The Contractor Counterintelligence Officer will be responsible for conducting defensive Counterintelligence briefings and debriefings of employees traveling to foreign countries or interacting with foreign nationals; providing thoroughly documented written reports relative to targeting, suspicious activity and other matters of Counterintelligence interest; immediately reporting targeting, suspicious activity and other Counterintelligence concerns to the DOE Headquarters Counterintelligence Division; and providing assistance to other elements of the U.S. Intelligence Community as stated in the aforementioned Executive Order, the DOE Counterintelligence Order, and other pertinent national and Departmental Counterintelligence requirements.

END OF CLAUSE

21. LAWS, REGULATIONS, AND DOE DIRECTIVES

(a) In performing work under this contract, the Contractor shall comply with the requirements of applicable Federal, State, and local laws and regulations (including DOE regulations), unless relief has been granted in writing by the appropriate regulatory agency. A List of Applicable Laws and regulations (List A) may be appended to this contract for information purposes. Omission of any applicable law or regulation from List A does not affect the obligation of the Contractor to comply with such law or regulation pursuant to this paragraph.

(b) In performing work under this contract, the Contractor shall comply with the requirements of those Department of Energy directives, or parts thereof, identified in the List of Applicable Directives (List B) appended to this contract. Except as otherwise provided for in paragraph (d) of this clause, the Contracting Officer may, from time to time and at any time, revise List B by unilateral modification to the contract to add, modify, or delete specific requirements. Prior to revising List B, the Contracting Officer shall notify the Contractor in writing of the Department's intent to revise List B and provide the Contractor with the opportunity to assess the effect of the Contractor's compliance with the revised list on contract cost and funding, technical performance, and schedule; and identify any potential inconsistencies between the revised list and the other terms and conditions of the contract. Within 30 days after receipt of the Contracting Officer's notice, the Contractor shall advise the Contracting Officer in writing of the potential impact of the Contractor's compliance with the revised list. Based on the information provided by the Contractor and any other information available, the Contracting Officer shall decide whether to revise List B and so advise the Contractor not later than 30 days prior to the effective date of the revision of List B. The Contractor and the Contracting Officer shall identify and, if appropriate, agree to any changes to other contract terms and conditions, including cost and schedule, associated with the revision of List B pursuant to the clause of this contract entitled, “Changes”.

(c) Environmental, Safety, and Health (ES&H) requirements appropriate for work conducted under this contract may be determined by a DOE approved process to evaluate

the work and the associated hazards and identify an appropriately tailored set of standards, practices, and controls, such as a tailoring process included in a DOE approved Safety Management System implemented under the clause entitled “Integration of Environment, Safety, and Health into Work Planning and Execution”. When such a process is used, the set of tailored ES&H requirements, as approved by DOE pursuant to the process, shall be incorporated into List B as contract requirements with full force and effect. These requirements shall supersede, in whole or in part, the contractual environmental, safety, and health requirements previously made applicable to the contract by List B. If the tailored set of requirements identifies an alternative requirement varying from an ES&H requirement of an applicable law or regulation, the Contractor shall request an exemption or other appropriate regulatory relief specified in the regulation.

(d) Except as otherwise directed by the Contracting Officer, the Contractor shall procure all necessary permits or licenses required for the performance of work under this contract.

(e) Regardless of the performer of the work, the Contractor is responsible for compliance with the requirements of this clause. The Contractor is responsible for flowing down the requirements of this clause to subcontracts at any tier necessary to ensure the Contractor’s compliance with the requirements.

END OF CLAUSE

22. ACCESS TO AND OWNERSHIP OF RECORDS

(a) Government-owned records. Except as provided in paragraph (b) of this clause, all records acquired or generated by the Contractor in its performance of this contract shall be the property of the Government and shall be delivered to the Government or otherwise disposed of by the Contractor either as the Contracting Officer may from time to time direct during the process of the work or, in any event, as the Contracting Officer shall direct upon completion or termination of the contract.

(b) Contractor-owned records. The following records are considered the property of the Contractor and are not within the scope of paragraph (a) of this clause.

(1) Employment-related records (such as workers' compensation files; employee relations records, records on salary and employee benefits; drug testing records, labor negotiation records; records on ethics, employee concerns; records generated during the course of responding to allegations of research misconduct; records generated during other employee related investigations conducted under an expectation of confidentiality; employee assistance program records; and personnel and medical/ health-related records and similar files), and non-employee patient medical/health related records, except for those records described by the contract as being maintained in Privacy Act systems of records.

(2) Confidential Contractor financial information, and correspondence between the Contractor and other segments of the Contractor located away from the DOE facility (i.e., the Contractor’s corporate headquarters);

(3) Records relating to any procurement action by the Contractor, except for records that under 48 CFR 970.5232-3, Accounts, Records, and Inspection, are described as the property of the Government; and

(4) Legal records, including legal opinions, litigation files, and documents covered by the

attorney-client and attorney work product privileges.

(c) Contract completion or termination. In the event of completion or termination of this contract, copies of any of the contractor-owned records identified in paragraph (b) of this clause, upon the request of the Government, shall be delivered to DOE or its designees, including successor contractors. Upon delivery, title to such records shall vest in DOE or its designees, and such records shall be protected in accordance with applicable federal laws (including the Privacy Act), as appropriate.

(d) Inspection, copying, and audit of records. All records acquired or generated by the Contractor under this contract in the possession of the Contractor, including those described at paragraph (b) of this clause, shall be subject to inspection, copying, and audit by the Government or its designees at all reasonable times, and the Contractor shall afford the Government or its designees reasonable facilities for such inspection, copying, and audit; provided, however, that upon request by the Contracting Officer, the Contractor shall deliver such records to a location specified by the Contracting Officer for inspection, copying, and audit. The Government or its designees shall use such records in accordance with applicable federal laws (including the Privacy Act), as appropriate.

(e) Applicability. Paragraphs (b), (c), and (d) of this clause apply to all records without regard to the date or origination of such records.

(f) Records retention standards. Special records retention standards, described at DOE Order 200.1, Information Management Program (version in effect on effective date of contract), are applicable for the classes of records described therein, whether or not the records are owned by the Government or the Contractor. In addition, the Contractor shall retain individual radiation exposure records generated in the performance of work under this contract until DOE authorizes disposal. The Government may waive application of these record retention schedules, if, upon termination or completion of the contract, the Government exercises its right under paragraph (c) of this clause to obtain copies and delivery of records described in paragraphs (a) and (b) of this clause.

(g) Subcontracts. The Contractor shall include the requirements of this clause in all subcontracts that are of a cost-reimbursement type if any of the following factors is present:

(1) The value of the subcontract is greater than $2 million (unless specifically waived by the Contracting Officer);

(2) The Contracting Officer determines that the subcontract is, or involves, a critical task related to the contract; or

(3) The subcontract includes 48 CFR 970.5223-1, Integration of Environment, Safety, and Health into Work Planning and Execution, or similar clause.

END OF CLAUSE

23. WORK AUTHORIZATION

(a) Work authorization proposal. Prior to the start of each fiscal year, the Contracting Officer or designee shall provide the Contractor with program execution guidance in sufficient detail to enable the Contractor to develop an estimated cost, scope, and schedule. In addition, the Contracting Officer may unilaterally assign work. The Contractor shall submit to the Contracting Officer or other designated official, a detailed description of work, a budget of estimated costs, and a schedule of performance for the work it recommends be undertaken during that upcoming fiscal year.

(b) Cost estimates. The Contractor and Contracting Officer shall establish a budget of estimated costs, description of work, and schedule of performance for each work assignment. If agreement cannot be reached as to scope, schedule, and estimated cost, the Contracting Officer may issue a unilateral work authorization, pursuant to this clause. The work authorization, whether issued bilaterally or unilaterally shall become part of the contract. No activities shall be authorized or costs incurred prior to Contracting Officer issuance of a work authorization or direction concerning continuation of activities of the contract.

(c) Performance. The Contractor shall perform work as specified in the work authorization, consistent with the terms and conditions of this contract.

(d) Modification. The Contracting Officer may at any time, without notice, issue changes to work authorizations within the overall scope of the contract. A proposal for adjustment in estimated costs and schedule for performance of work, recognizing work made unnecessary as a result, along with new work, shall be submitted by the Contractor in accordance with paragraph (a) of this clause. Resolution shall be in accordance with paragraph (b) of this clause.

(e) Increase in estimated cost. The Contractor shall notify the Contracting Officer immediately whenever the cost incurred, plus the projected cost to complete work is projected to differ (plus or minus) from the estimate by 10 percent. The Contractor shall submit a

proposal for modification in accordance with paragraph (a) of this clause. Resolution shall be in accordance with paragraph (b) of this clause.

(f) Expenditure of funds and incurrence of costs. The expenditure of monies by the Contractor in the performance of all authorized work shall be governed by the “Obligation of Funds” or equivalent clause of the contract.

(g) Responsibility to achieve environment, safety, health, and security compliance. Notwithstanding other provisions of the contract, the Contractor may, in the event of an emergency, take that corrective action necessary to sustain operations consistent with applicable environmental, safety, health, and security statutes, regulations, and procedures. If such action is taken, the Contractor shall notify the Contracting Officer within 24 hours of initiation and, within 30 days, submit a proposal for adjustment in estimated costs and schedule established in accordance with paragraphs (a) and (b) of this clause.

END OF CLAUSE

24. CONDITIONAL PAYMENT OF FEE, PROFIT, AND OTHER INCENTIVES – FACILITY MANAGEMENT CONTRACTS

(a) General.

(1) The payment of earned fee, fixed fee, profit, or share of cost savings under this contract is dependent upon--

(i) The Contractor's or Contractor employees' compliance with the terms and conditions of this contract relating to environment, safety and health (ES&H), which includes worker safety and health (WS&H), including performance under an approved Integrated Safety Management System (ISMS); and

(ii) The Contractor's or Contractor employees' compliance with the terms and conditions of this contract relating to the safeguarding of Restricted Data and other classified information.

(2) The ES&H performance requirements of this contract are set forth in its ES&H terms and conditions, including the DOE approved Contractor ISMS or similar document. Financial incentives for timely mission accomplishment or cost effectiveness shall never compromise or impede full and effective implementation of the ISMS and full ES&H compliance.

(3) The performance requirements of this contract relating to the safeguarding of restricted data and other classified information are set forth in the clauses of this contract entitled, "Security" and "Laws, Regulations, and DOE Directives," as well as in other terms and conditions.

(4) If the Contractor does not meet the performance requirements of this contract relating to ES&H or to the safeguarding of Restricted Data and other classified information during any performance evaluation period established under the contract pursuant to the clause of this contract entitled, "Total Available Fee: Base Fee Amount and Performance Fee Amount", otherwise earned fee, fixed fee, profit or

share of cost savings may be unilaterally reduced by the Contracting Officer.

(b) Reduction Amount

(1) The amount of earned fee, fixed fee, profit, or share of cost savings that may be unilaterally reduced will be determined by the severity of the performance failure pursuant to the degrees specified in paragraphs (c) and (d) of this clause.

(2) If a reduction of earned fee, fixed fee, profit, or share of cost savings is warranted, unless mitigating factors apply, such reduction shall not be less than 26 percent nor greater than 100 percent of the amount of earned fee, fixed fee, profit, or the Contractors share of cost savings for a first degree performance failure, not less than 11 percent nor greater than 25 percent for a second degree performance failure, and up to 10 percent for a third degree performance failure.

(3) In determining the amount of the reduction and the applicability of mitigating factors, the Contracting Officer must consider the Contractor’s overall performance in meeting the ES&H or security requirements of the contract. Such consideration must include performance against any site specific performance criteria/requirements that provide additional definition, guidance for the amount of reduction, or guidance for the applicability of mitigating factors. In all cases, the Contracting Officer must consider mitigating factors that my warrant a reduction below the applicable range (see 48 CFR 970.1504-1-2). The mitigating factors include, but are not limited to the following ((v), (vi), (vii) and (viii) apply to ES&H only).

(i) Degree of control the Contractor had over the event or incident.

(ii) Efforts the Contractor had made to anticipate and mitigate the possibility of the event in advance.

(iii) Contractor self-identification and response to the event to mitigate impacts and recurrence.

(iv) General status (trend and absolute performance) of: ES&H and compliance in related areas; or of safeguarding Restricted Data and other classified information and compliance in related areas.

(v) Contractor demonstration to the Contracting Officer's satisfaction that the principles of industrial ES&H standards are routinely practiced (e.g., Voluntary Protection Program, ISO 14000).

(vi) Event caused by "Good Samaritan" act by the Contractor (e.g., offsite emergency response).

(vii) Contractor determination that a performance measurement system is routinely used to improve and maintain ES&H performance (including effective resource allocation) and to support DOE corporate decision-making (e.g., policy, ES&H programs). * * *

(viii) Contractor demonstration that an Operating Experience and Feedback Program is functioning that demonstrably affects continuous improvement in ES&H by use of lessons-learned and best practices inter- and intra-DOE sites.

(4) (i) The amount of fee, fixed fee, profit, or share of cost savings that is otherwise earned by a contractor during an evaluation period may be reduced in accordance with this clause if it is determined that a performance failure warranting a reduction under this clause occurs within the evaluation period.

(ii) The amount of reduction under this clause, in combination with any reduction made under any other clause in the contract, shall not exceed the amount of fee, fixed fee, profit, or the Contractor's share of cost savings that is otherwise earned during the evaluation period.

(iii) For the purposes of this clause, earned fee, fixed fee, profit, or share of cost savings for the evaluation period shall mean the amount determined by the Contracting Officer or fee determination official as otherwise payable based on the Contractor’s performance during the evaluation period. Where the contract provides for financial incentives that extend beyond a single evaluation period, this amount shall also include: any provisional amounts determined otherwise payable in the evaluation period; and, if provisional payments are not provided for, the allocable amount of ay incentive determined otherwise payable at the conclusion of a subsequent evaluation period. The allocable amount shall be the total amount of the earned incentive divided by the number of evaluation periods over which is was earned.

(iv) The Government will effect the reduction as soon as practicable after the end of the evaluation period in which the performance failure occurs. If the Government is not aware of the failure, it will effect the reduction as soon as practical after becoming aware. For any portion of the reduction requiring an allocation the Government will effect the reduction at the end of the evaluation period in which it determines the total amount earned under the incentive. If at any time a reduction causes the sum of the payments, the Contractor has received for fee, fixed fee, profit, or share of cost savings to exceed the sum of fee, fixed fee, profit, or share of cost savings the Contractor has earned (provisionally or otherwise), the Contractor shall immediately return the excess of the Government. (What the Contractor “has earned” reflects any reduction made under this or any other clause of the contract.)

(v) At the end of the contract--

(A) The Government will pay the Contractor the amount by which the sum of fee, fixed fee, profit, or share of cost savings the Contractor has earned exceeds the sum of the payments the Contractor has received; or

(B) The Contractor shall return to the Government the amount by which the sum of the payments the Contractor has received exceeds the sum of fee, fixed fee, profit, or share of cost savings the Contractor has earned. (What the Contractor "has earned" reflects any reduction made under this or any other clause of the contract.)

(c) Environment, Safety and Health (ES&H). Performance failures occur if the Contractor does not comply with the contract's ES&H terms and conditions, including the DOE approved Contractor ISMS. The degrees of performance failure under which reductions of earned or fixed fee, profit, or share of cost savings will be determined are:

(1) First Degree: Performance failures that are most adverse to ES&H. Failure to develop and obtain required DOE approval of an ISMS is considered first degree. The Government will perform necessary review of the ISMS in a timely manner and will not unreasonably withhold approval of the Contractor's ISMS. The following performance failures or performance failures of similar import will be considered first degree.

(i) Type A accident (defined in DOE Order 225.1A).

(ii) Two Second Degree performance failures during an evaluation period.

(2) Second Degree: Performance failures that are significantly adverse to ES&H. They include failures to comply with an approved ISMS that result in an actual injury, exposure, or exceedence that occurred or nearly occurred but had minor practical long-term health consequences. They also include breakdowns of the Safety Management System. The following

performance failures or performance failures of similar import will be considered second degree:

(i) Type B accident (defined in DOE Order 225.1A).

(ii) Non-compliance with an approved ISMS that results in a near miss of a Type A or B accident. A near miss is a situation in which an inappropriate action occurs, or a necessary action is omitted, but does not result in an adverse effect.

(iii) Failure to mitigate or notify DOE of an imminent danger situation after discovery, where such notification is a requirement of the contract.

(3) Third Degree: Performance failures that reflect a lack of focus on improving ES&H. They include failures to comply with an approved ISMS that result in potential breakdown of the System. The following performance failures or performance failures of similar import will be considered third degree:

(i) Failure to implement effective corrective actions to address deficiencies/non-compliances documented through: external (e.g., Federal) oversight and/or reported per DOE Order 231.1-2 requirements; or internal oversight of DOE Order 440.1A requirements.

(ii) Multiple similar non-compliances identified by external (e.g., Federal) oversight that in aggregate indicate a significant programmatic breakdown.

(iii) Non-compliances that either have, or may have, significant negative impacts to the worker, the public, or the environment or that indicate a significant programmatic breakdown.

(iv) Failure to notify DOE upon discovery of events or conditions where notification is required by the terms and conditions of the contract.

(d) Safeguarding Restricted Data and Other Classified Information. Performance failures occur if the

Contractor does not comply with the terms and conditions of this contract relating to the safeguarding of Restricted Data and other classified information. The degrees of performance failure under which reductions of fee, profit, or share of cost savings will be determined are as follows:

(1) First Degree: Performance failures that have been determined, in accordance with applicable law, DOE regulation, or directive, to have resulted in, or that can reasonably be expected to result in, exceptionally grave damage to the national security. The following are examples of performance failures or performance failures of similar import that will be considered first degree:

(i) Non-compliance with applicable laws, regulations, and DOE directive actually resulting in, or creating a risk of, loss, compromise, or unauthorized disclosure of Top Secret Restricted Data or other information classified as Top Secret, any classification level of information in a Special Access Program (SAP), information identified as sensitive compartmented information (SCI), or high risk nuclear weapons-related data.

(ii) Contractor actions that result in a breakdown of the safeguards and security management system that can reasonably be expected to result in the loss, compromise, or unauthorized disclosure of Top Secret Restricted Data, or other information classified as Top Secret, any classification level of information in a SAP, information identified as SCI, or high risk nuclear weapons-related data.

(iii) Failure to promptly report the loss, compromise, or unauthorized disclosure of Top Secret Restricted Data, or other information classified as Top Secret, any classification level of information in a SAP, information identified as SCI, or high risk nuclear weapons-related data.

(iv) Failure to timely implement corrective actions stemming from the loss, compromise, or unauthorized disclosure of Top Secret Restricted Data or other information

classified as Top Secret, any classification level of information in a SAP, information identified as SCI, or high risk nuclear weapons-related data.

(2) Second Degree: Performance failures that have been determined, in accordance with applicable law, DOE regulation, or directive, to have actually resulted in, or that can reasonably be expected to result in, serious damage to the national security. The following are examples of performance failures of performance failures of similar import that will be considered second degree:

(i) Non-compliance with applicable laws, regulations, and DOE directives actually resulting in, or creating risk of, loss, compromise, or unauthorized disclosure of Secret Restricted Data or other information classified as Secret.

(ii) Contractor actions that result in a breakdown of the safeguards and security management system that can reasonably be expected to result in the loss, compromise, or unauthorized disclosure of Secret Restricted Data, or other information classified as Secret.

(iii) Failure to promptly report the loss, compromise, or unauthorized disclosure of Restricted Data or other classified information regardless of classification (except for information covered by paragraph (d)(1)(iii) of this clause).

(iv) Failure to timely implement corrective actions stemming from the loss, compromise, or unauthorized disclosure of Secret Restricted Data or other classified information classified as Secret.

(3) Third Degree: Performance failures that have been determined, in accordance with applicable law, regulation, or DOE directive, to have actually resulted in, or that can reasonably be expected to result in, undue risk to the common defense and security. In addition, this category includes performance failures that result from a lack of Contractor management and/or employee attention to the proper

safeguarding of Restricted Data and other classified information. These performance failures may be indicators of future, more severe performance failures and/or conditions, and if identified and corrected early would prevent serious incidents. The following are examples of performance failures or performance failures of similar import that will be considered third degree:

(i) Non-compliance with applicable laws, regulations, and DOE directives actually resulting in, or creating risk of, loss, compromise, or unauthorized disclosure of Restricted Data or other information classified as Confidential.

(ii) Failure to promptly report alleged or suspected violations of laws, regulations, or directives pertaining to the safeguarding of Restricted Data or other classified information.

(iii) Failure to identify or timely execute corrective actions to mitigate or eliminate identified vulnerabilities and reduce residual risk relating to the protection of Restricted Data or other classified information in accordance with the Contractor's Safeguards and Security Plan or other security plan, as applicable.

(iv) Contractor actions that result in performance failures which unto themselves pose minor risk, but when viewed in the aggregate indicate degradation in the integrity of the Contractor's safeguards and security management system relating to the protection of Restricted Data and other classified information.

END OF CLAUSE

25. COLLECTIVE BARGAINING AGREEMENTS-MANAGEMENT AND OPERATING CONTRACTS

When negotiating collective bargaining agreements applicable to the work force under this contract, the Contractor shall use its best efforts to ensure such agreements contain provisions designed to assure continuity of services. All such agreements entered into during the contract period of performance should provide that grievances and disputes involving the interpretation or application of the agreement will be settled without resorting to strike, lockout, or other interruption of normal operations. For this purpose, each collective bargaining agreement should provide an effective grievance procedure with arbitration as its final step, unless the parties mutually agree upon some other method of assuring continuity of operations. As part of such agreements, management and labor should agree to cooperate fully with the Federal Mediation and Conciliation Service. The Contractor shall include the substance of this clause in any subcontracts for protective services or other services performed on the DOE-owned site which will affect the continuity of the facility.

END OF CLAUSE

26. OVERTIME MANAGEMENT

(a) The Contractor shall maintain adequate internal controls to ensure that employee overtime is authorized only if cost effective and necessary to ensure performance of work under this contract.

(b) The Contractor shall notify the Contracting Officer when in any given year it is likely that overtime usage as a percentage of payroll may exceed 4%.

(c) The Contracting Officer may require the submission, for approval, of a formal annual overtime control plan whenever Contractor overtime usage as a percentage of payroll has exceeded, or is likely to exceed, 4%, or if the Contracting Officer otherwise deems overtime expenditures excessive. The plan shall include, at a minimum--

(1) An overtime premium fund (maximum dollar amount);

(2) Specific controls for casual overtime for non-exempt employees;

(3) Specific parameters for allowability of exempt overtime;

(4) An evaluation of alternatives to the use of overtime; and

(5) Submission of a semi-annual report that includes for exempt and non-exempt employees--

(i) Total cost of overtime;

(ii) Total cost of straight time;

(iii) Overtime cost as a percentage of straight-time cost;

(iv) Total overtime hours;

(v) Total straight-time hours; and

(vi) Overtime hours as a percentage of straight-time hours.

END OF CLAUSE

27. INTEGRATION OF ENVIRONMENT, SAFETY, AND HEALTH INTO WORK PLANNING AND EXECUTION

(a) For the purposes of this clause,

(1) Safety encompasses environment, safety and health, including pollution prevention and waste minimization; and

(2) Employees include subcontractor employees.

(b) In performing work under this contract, the Contractor shall perform work safely, in a manner that ensures adequate protection for employees, the public, and the environment, and shall be accountable for the safe performance of work. The Contractor shall exercise a degree of care commensurate with the work and the associated hazards. The Contractor shall ensure that management of Environment, Safety and Health (ES&H) functions and activities becomes an integral but visible part of the Contractor's work planning and execution processes. The Contractor shall, in the performance of work, ensure that:

(1) Line management is responsible for the protection of employees, the public, and the environment. Line management includes those Contractor and subcontractor employees managing or supervising employees performing work.

(2) Clear and unambiguous lines of authority and responsibility for ensuring ES&H are established and maintained at all organizational levels.

(3) Personnel possess the experience, knowledge, skills, and abilities that are necessary to discharge their responsibilities.

(4) Resources are effectively allocated to address ES&H, programmatic, and operational considerations. Protecting employees, the public, and the environment is a priority whenever activities are planned and performed.

(5) Before work is performed, the associated hazards are evaluated and an agreed-upon set of ES&H standards and requirements are established which, if properly implemented, provide adequate assurance that employees, the public, and the

environment are protected from adverse consequences.

(6) Administrative and engineering controls to prevent and mitigate hazards are tailored to the work being performed and associated hazards. Emphasis should be on designing the work and/or controls to reduce or eliminate the hazards and to prevent accidents and unplanned releases and exposures.

(7) The conditions and requirements to be satisfied for operations to be initiated and conducted are established and agreed-upon by DOE and the Contractor. These agreed-upon conditions and requirements are requirements of the contract and binding upon the Contractor. The extent of documentation and level of authority for agreement shall be tailored to the complexity and hazards associated with the work and shall be established in a Safety Management System.

(c) The Contractor shall manage and perform work in accordance with a documented Safety Management System (System) that fulfills all conditions in paragraph (b) of this clause at a minimum. Documentation of the System shall describe how the Contractor will--

(1) Define the scope of work;

(2) Identify and analyze hazards associated with the work;

(3) Develop and implement hazard controls;

(4) Perform work within controls; and

(5) Provide feedback on adequacy of controls and continue to improve safety management.

(d) The System shall describe how the Contractor will establish, document, and implement safety performance objectives, performance measures, and commitments in response to DOE program and budget execution guidance while maintaining the integrity of the System. The System shall also describe how the Contractor will measure system effectiveness.

(e) The Contractor shall submit to the Contracting Officer documentation of its System for review and approval. Dates for submittal, discussions, and revisions to the

System will be established by the Contracting Officer. Guidance on the preparation, content, review, and approval of the System will be provided by the Contracting Officer. On an annual basis, the Contractor shall review and update, for DOE approval, its safety performance objectives, performance measures, and commitments consistent with and in response to DOE's program and budget execution guidance and direction. Resources shall be identified and allocated to meet the safety objectives and performance commitments as well as maintain the integrity of the entire System. Accordingly, the System shall be integrated with the Contractor's business processes for work planning, budgeting, authorization, execution, and change control.

(f) The Contractor shall comply with, and assist the Department of Energy in complying with, ES&H requirements of all applicable laws and regulations, and applicable directives identified in the clause of this contract entitled “Laws, Regulations, and DOE Directives”. The Contractor shall cooperate with Federal and non-Federal agencies having jurisdiction over ES&H matters under this contract.

(g) The Contractor shall promptly evaluate and resolve any noncompliance with applicable ES&H requirements and the System. If the Contractor fails to provide resolution or if, at any time, the Contractor’s acts or failure to act causes substantial harm or an imminent danger to the environment or health and safety of employees or the public, the Contracting Officer may issue an order stopping work in whole or in part. Any stop work order issued by a Contracting Officer under this clause (or issued by the Contractor to a subcontractor in accordance with paragraph (i) of this clause) shall be without prejudice to any other legal or contractual rights of the Government. In the event that the Contracting Officer issues a stop work order, an order authorizing the resumption of the work may be issued at the discretion of the Contracting Officer. The Contractor shall not be entitled to an extension of time or additional fee or damages by reason of, or in connection with, any work stoppage ordered in accordance with this clause.

(h) Regardless of the performer of the work, the Contractor is responsible for compliance with the ES&H requirements applicable to this contract. The Contractor is responsible for flowing down the ES&H

requirements applicable to this contract to subcontracts at any tier to the extent necessary to ensure the Contractor’s compliance with the requirements.

(i) The Contractor shall include a clause substantially the same as this clause in subcontracts involving complex or hazardous work on site at a DOE owned or leased facility. Such subcontracts shall provide for the right to stop work under the conditions described in paragraph (g) of this clause. Depending on the complexity and hazards associated with the work, the Contractor may choose not to require the subcontractor to submit a Safety Management System for the Contractor's review and approval.

END OF CLAUSE

28. WORKPLACE SUBSTANCE ABUSE PROGRAMS AT DOE SITES

(a) Program Implementation. The Contractor shall, consistent with 10 CFR part 707, Workplace Substance Abuse Programs at DOE Sites, incorporated herein by reference with full force and effect, develop, implement, and maintain a workplace substance abuse program.

(b) Remedies. In addition to any other remedies available to the Government, the Contractor's failure to comply with the requirements of 10 CFR part 707 or to perform in a manner consistent with its approved program may render the Contractor subject to: the suspension of contract payments, or, where applicable, a reduction in award fee; termination for default; and suspension or debarment.

(c) *Subcontracts*. (1) The Contractor agrees to notify the Contracting Officer reasonably in advance of, but not later than 30 days prior to, the award of any subcontract the Contractor believes may be subject to the requirements of 10 CFR part 707, unless the Contracting Officer agrees to a different date.

(2) The DOE Prime Contractor shall require all subcontracts subject to the provisions of 10 CFR part 707 to agree to develop and implement a workplace substance abuse program that complies with the requirements of 10 CFR part 707, Workplace Substance Abuse Programs at DOE Sites, as a condition for award of the subcontract. The DOE Prime Contractor shall review and approve each subcontractor's program, and shall periodically monitor each subcontractor's implementation of the program for effectiveness and compliance with 10 CFR part 707.

(3) The Contractor agrees to include, and require the inclusion of, the requirements of this clause in all subcontracts, at any tier, that are subject to the provisions of 10 CFR part 707.

END OF CLAUSE

29. EXECUTIVE ORDER 13423, STRENGTHENING FEDERAL ENVIRONMENTAL, ENERGY, AND TRANSPORTATION MANAGEMENT

Since this contract involves Contractor operation of Government-owned facilities and/or motor vehicles, the provisions of Executive Order 13423 are applicable to the Contractor to the same extent they would be applicable if the Government were operating the facilities or motor vehicles. Information on the requirements of the Executive Order may be found at http://www.archives.gov/federal-register/executive-orders/.

END OF CLAUSE

30. SUSTAINABLE ACQUISITION PROGRAM

(a) Pursuant to Executive Order 13423, Strengthening Federal Environmental, Energy and Transportation Management, and Executive Order 13514, Federal Leadership in Environmental, Energy, and Economic Performance, the Department of Energy (DOE) is committed to managing its facilities in an environmentally preferable and sustainable manner that will promote the natural environment and protect the health and well being of its Federal employees and contractor service providers. In the performance of work under this contract, the Contractor shall provide its services in a manner that promotes the natural environment, reduces greenhouse gas emissions and protects the health and well being of Federal employees, contract service providers and visitors using the facility.

(b) Green purchasing or sustainable acquisition has several interacting initiatives. The Contractor must comply with initiatives that are current as of the contract award date. DOE may require compliance with revised initiatives from time to time. The Contractor may request an equitable adjustment to the terms of its contract using the procedures at 48 CFR 970.5243-1 Changes. The initiatives important to these Orders are explained on the following Government or Industry Internet Sites:

(1) Recycled Content Products are described at http://epa.gov/cpg
(2) Biobased Products are described at http://www.biopreferred.gov/
(3) Energy efficient products are at http://energystar.gov/products for Energy Star products
(4) Energy efficient products are at http://www.femp.energy.gov/procurement for FEMP designated products
(5) Environmentally preferable and energy efficient electronics including desktop computers, laptops and monitors are at http://www.epeat.net the Electronic Products Environmental Assessment Tool (EPEAT) the Green Electronics Council site
(6) Green house gas emission inventories are required, including Scope 3 emissions which include contractor emissions. These are discussed at Section 13 of Executive Order 13514 which can be found at

http://www.archives.gov/federal-register/executive-orders/disposition.html

(7) Non-Ozone Depleting Alternative Products are at http://www.epa.gov/ozone/strathome.html

(8) Water efficient plumbing products are at http://epa.gov/watersense

(c) The clauses at FAR 52.223-2, Affirmative Procurement of Biobased Products under Service and Construction Contracts, 52.223-15, Energy Efficiency in Energy Consuming Products, and 52.223-17 Affirmative Procurement of EPA-Designated Items in Service and Construction Contracts, require the use of products that have biobased content, are energy efficient, or have recycled content. To the extent that the services provided by the Contractor require provision of any of the above types of products, the Contractor must provide the energy efficient and environmentally sustainable type of product unless that type of product—

(1) Is not available;
(2) Is not life cycle cost effective (or does not exceed 110% of the price of alternative items if life cycle cost data is unavailable), EPEAT is an example of lifecycle costs that have been analyzed by DOE and found to be acceptable at the silver and gold level;
(3) Does not meet performance needs; or,
(4) Cannot be delivered in time to meet a critical need.

(d) In the performance of this contract, the Contractor shall comply with the requirements of Executive Order 13423, Strengthening Federal Environmental, Energy and Transportation Management, (http://www.epa.gov/greeningepa/practices/eo13423.htm) and Executive Order 13514, Federal Leadership in Environmental, Energy, and Economic Performance (http://www.archives.gov/federal-register/executive-orders/disposition.html). The Contractor shall also consider the best practices within the DOE Acquisition Guide, Chapter 23, *Acquisition Considerations Regarding Federal Leadership in Environmental, Energy, and Economic Performance.* This guide includes information concerning recycled content products, biobased products, energy efficient products, water efficient products, alternative fuels and vehicles, non ozone depleting substances and other environmentally preferable products and

services. This guide is available on the Internet at: http://management.energy.gov/documents/AcqGuide23pt0Rev1.pdf.

(e) Contractors must establish and maintain a documented energy management program which includes requirements for energy and water efficient equipment, EnergyStar or WaterSense, as applicable and procedures for verification of purchases, following the criteria in DOE Order 430.2B, Departmental Energy, Renewable Energy, and Transportation Management, Attachment 1, or its successor. This requirement should not be flowed down to subcontractors.

(f) In complying with the requirements of paragraph (c) of this clause, the Contractor shall coordinate its activities with and submit required reports through the Environmental Sustainability Coordinator or equivalent position.

(g) The Contractor shall prepare and submit performance reports using prescribed DOE formats, at the end of the Federal fiscal year, on matters related to the acquisition of environmentally preferable and sustainable products and services. This is a material delivery under the contract. Failure to perform this requirement may be considered a failure that endangers performance of this contract and may result in termination for default [see FAR 52.249-6, Termination (Cost Reimbursement)].

(h) These provisions shall be flowed down only to first tier subcontracts exceeding the simplified acquisition threshold that support operation of the DOE facility and offer significant subcontracting opportunities for energy efficient or environmentally sustainable products or services. The Subcontractor will comply with the procedures in paragraphs (c) through (f) of this clause regarding the collection of all data necessary to generate the reports required under paragraphs (c) through (f) of this clause, and submit the reports directly to the Prime Contractor’s Environmental Sustainability Coordinator at the supported facility. The Subcontractor will advise the Contractor if it is unable to procure energy efficient and environmentally sustainable items and cite which of the reasons in paragraph (c) of this clause apply. The reports may be submitted at the conclusion of the subcontract term provided

that the subcontract delivery term is not multi-year in nature. If the delivery term is multi-year, the Subcontractor shall report its accomplishments for each Federal fiscal year in a manner and at a time or times acceptable to both parties. Failure to comply with these reporting requirements may be considered a breach of contract with attendant consequences.

(i) When this clause is used in a subcontract, the word "Contractor" will be understood to mean "Subcontractor."

END OF CLAUSE

31. DIVERSITY PLAN

The Contractor shall submit a Diversity Plan to the Contracting Officer for approval within 90 days after the effective date of this contract (or contract modification, if appropriate). The Contractor shall submit an update to its Plan annually or with its annual fee proposal. Guidance for preparation of a Diversity Plan is provided in an attachment to Section J. The plan shall include innovative strategies for increasing opportunities to fully use the talents and capabilities of a diverse workforce. The Plan shall address at a minimum, the Contractor’s approach for promoting diversity through (1) the Contractor’s work force, (2) educational outreach, (3) community involvement and outreach, (4) subcontracting, and (5) economic development (including technology transfer), and (6) the prevention of profiling based on race or national origin.

END OF CLAUSE

32. COMMUNITY COMMITMENT

It is the policy of the DOE to be a constructive partner in the geographic region in which DOE conducts its business. The basic elements of this policy include:

(1) Recognizing the diverse interest of the region and its stakeholders,

(2) engaging regional stakeholders in issues and concerns of mutual interest, and

(3) recognizing that giving back to the community is a worthwhile business practice.

Accordingly, the Contractor agrees that its business operations and performance under the contract will be consistent with the intent of the policy and elements set forth above.

END OF CLAUSE

33. RIGHTS IN DATA - FACILITIES

(a) Definitions.

(1) *Computer data bases*, as used in this clause, means a collection of data in a form capable of, and for the purpose of, being stored in, processed, and operated on by a computer. The term does not include computer software.

(2) *Computer software*, as used in this clause, means (i) computer programs which are data comprising a series of instructions, rules, routines, or statements, regardless of the media in which recorded, that allow or cause a computer to perform a specific operation or series of operations and (ii) data comprising source code listings, design details, algorithms, processes, flow charts, formulae, and related material that would enable the computer program to be produced, created, or compiled. The term does not include computer data bases.

(3) *Data,* as used in this clause, means recorded information, regardless of form or the media on which it may be recorded. The term includes technical data and computer software. The term “data” does not include data incidental to the administration of this contract, such as financial, administrative, cost and pricing, or management information.

(4) *Limited rights data*, as used in this clause, means data, other than computer software, developed at private expense that embody trade secrets or are commercial or financial and confidential or privileged. The Government's rights to use, duplicate, or disclose limited rights data are as set forth in the Limited Rights Notice of subparagraph (e) of this clause.

(5) *Restricted computer software*, as used in this clause, means computer software developed at private expense and that is a trade secret; is commercial or financial and is confidential or privileged; or is published copyrighted computer software, including minor modifications of any such computer software. The Government's rights to use, duplicate, or disclose restricted

computer software are as set forth in the Restricted Rights Notice of paragraph (f) of this clause.

(6) *Technical data*, as used in this clause, means recorded data, regardless of form or characteristic, that are of a scientific or technical nature. Technical data does not include computer software, but does include manuals and instructional materials and technical data formatted as a computer data base.

(7) *Unlimited rights*, as used in this clause, means the rights of the Government to use, disclose, reproduce, prepare derivative works, distribute copies to the public, including by electronic means, and perform publicly and display publicly, in any manner, including by electronic means, and for any purpose whatsoever, and to have or permit others to do so.

(b) *Allocation of Rights.*

(1) The Government shall have:

(i) Ownership of all technical data and computer software first produced in the performance of this contract;

(ii) Unlimited rights in technical data and computer software specifically used in the performance of this contract, except as provided herein regarding copyright, limited rights data, or restricted computer software, or except for other data specifically protected by statute for a period of time or, where, approved by DOE, appropriate instances of the DOE Work for Others Program;

(iii) The right to inspect technical data and computer software first produced or specifically used in the performance of this Contract at all reasonable times. The Contractor shall make available all necessary facilities to allow DOE personnel to perform such inspection;

(iv) The right to have all technical data and computer software first produced or

specifically used in the performance of this contract delivered to the Government or otherwise disposed of by the Contractor, either as the Contracting Officer may from time to time direct during the progress of the work or in any event as the Contracting Officer shall direct upon completion or termination of this contract. The Contractor agrees to leave a copy of such data at the facility or plant to which such data relate, and to make available for access or to deliver to the Government such data upon request by the Contracting Officer. If such data are limited rights data or restricted computer software, the rights of the Government in such data shall be governed solely by the provisions of paragraph (e) of this clause ("Rights in Limited Rights Data") or paragraph (f) of this clause ("Rights in Restricted Computer Software"); and

(v) The right to remove, cancel, correct, or ignore any markings not authorized by the terms of this contract on any data furnished hereunder if, in response to a written inquiry by DOE concerning the propriety of the markings, the Contractor fails to respond thereto within 60 days or fails to substantiate the propriety of the markings. In either case DOE will notify the Contractor of the action taken.

(2) The Contractor shall have:

(i) The right to withhold limited rights data and restricted computer software unless otherwise provided in accordance with the provisions of this clause; and

(ii) The right to use for its private purposes, subject to patent, security or other provisions of this Contract, data it first produces in the performance of this Contract, except for data in DOE's Uranium Enrichment Technology, including diffusion, centrifuge, and atomic vapor laser isotope separation, provided the data requirements of this Contract have

been met as of the date of the private use of such data.

(3) The Contractor agrees that for limited rights data or restricted computer software or other technical, business or financial data in the form of recorded information which it receives from, or is given access to by, DOE or a third party, including a DOE Contractor or subcontractor, and for technical data or computer software it first produces under this contract which is authorized to be marked by DOE, the Contractor shall treat such data in accordance with any restrictive legend contained thereon.

(c) *Copyrighted Material.*

(1) The Contractor shall not, without prior written authorization of the Patent Counsel, assert copyright in any technical data or computer software first produced in the performance of this contract. To the extent such authorization is granted, the Government reserves for itself and others acting on its behalf, a nonexclusive, paid up, irrevocable, world-wide license for Governmental purposes to publish, distribute, translate, duplicate, exhibit, and perform any such data copyrighted by the Contractor.

(2) The Contractor agrees not to include in the technical data or computer software delivered under the contract any material copyrighted by the Contractor and not to knowingly include any material copyrighted by others without first granting or obtaining at no cost a license therein for the benefit of the Government of the same scope as set forth in paragraph (c)(1) of this clause. If the Contractor believes that such copyrighted material for which the license cannot be obtained must be included in the technical data or computer software to be delivered, rather than merely incorporated therein by reference, the Contractor shall obtain the written authorization of the Contracting Officer to include such material in the technical data or computer software prior to its delivery.

(d) *Subcontracting.*

(1) Unless otherwise directed by the Contracting Officer, the Contractor agrees to use in subcontracts in which technical data or computer software is expected to be produced or in subcontracts for supplies that contain a requirement for production or delivery of data in accordance with the policy and procedures of 48 CFR (FAR) Subpart 27.4 as supplemented by 48 CFR (DEAR) 927.401 through 927.409, the clause entitled "Rights in Data-General" at 48 CFR 52.227-14 modified in accordance with 927.409(a) and including Alternate V. Alternates II through IV of that clause may be included as appropriate with the prior approval of DOE Patent Counsel, and the Contractor shall not acquire rights in a subcontractor's limited rights data or restricted computer software, except through the use of Alternates II or III, respectively, without the prior approval of DOE Patent Counsel. The clause at 48 CFR FAR 52.227-16, Additional Data Requirements, shall be included in subcontracts in accordance with DEAR 927.409(h). The Contractor shall use instead the Rights in Data-Facilities clause at 48 CFR DEAR 970.5227-1 in subcontracts, including subcontracts for related support services, involving the design or operation of any plants or facilities or specially designed equipment for such plants or facilities that are managed or operated under its contract with DOE.

(2) It is the responsibility of the Contractor to obtain from its subcontractors technical data and computer software and rights therein, on behalf of the Government, necessary to fulfill the Contractor's obligations to the Government with respect to such data. In the event of refusal by a subcontractor to accept a clause affording the Government such rights, the Contractor shall:

(i) Promptly submit written notice to the Contracting Officer setting forth reasons or the subcontractor's refusal and other pertinent information which may expedite disposition of the matter, and

(ii) Not proceed with the subcontract without the written authorization of the Contracting Officer.

(3) Neither the Contractor nor higher-tier subcontractors shall use their power to award subcontracts as economic leverage to acquire rights in a subcontractor's limited rights data or restricted computer software for their private use.

(e) *Rights in Limited Rights Data.*

Except as may be otherwise specified in this contract as data which are not subject to this paragraph, the Contractor agrees to and does hereby grant to the Government an irrevocable, nonexclusive, paid-up license by or for the Government, in any limited rights data of the Contractor specifically used in the performance of this Contract, provided, however, that to the extent that any limited rights data when furnished or delivered is specifically identified by the Contractor at the time of initial delivery to the Government or a representative of the Government, such data shall not be used within or outside the Government except as provided in the "Limited Rights Notice" set forth. All such limited rights data shall be marked with the following "Limited Rights Notice":

LIMITED RIGHTS NOTICE

These data contain “limited rights data,” furnished under Contract No. _____ with the United States Department of Energy which may be duplicated and used by the Government with the express limitations that the "limited rights data" may not be disclosed outside the Government or be used for purposes of manufacture without prior permission of the Contractor, except that further disclosure or use may be made solely for the following purposes:

(a) Use (except for manufacture) by support services contractors within the scope of their contracts;

(b) This "limited rights data" may be disclosed for evaluation purposes under the restriction that the "limited rights data" be retained in confidence and not be further disclosed;

(c) This "limited rights data" may be disclosed to other contractors participating in the

Government's program of which this Contract is a part for information or use (except for manufacture) in connection with the work performed under their contracts and under the restriction that the "limited rights data" be retained in confidence and not be further disclosed;

(d) This "limited rights data" may be used by the Government or others on its behalf for emergency repair or overhaul work under the restriction that the "limited rights data" be retained in confidence and not be further disclosed; and

(e) Release to a foreign government, or instrumentality thereof, as the interests of the United States Government may require, for information or evaluation, or for emergency repair or overhaul work by such government.

This Notice shall be marked on any reproduction of this data in whole or in part.

(END OF NOTICE)

(f) *Rights in Restricted Computer Software*.

(1) Except as may be otherwise specified in this contract as data which are not subject to this paragraph, the Contractor agrees to and does hereby grant to the Government an irrevocable, nonexclusive, paid-up, license by or for the Government, in any restricted computer software of the Contractor specifically used in the performance of this Contract, provided, however, that to the extent that any restricted computer software when furnished or delivered is specifically identified by the Contractor at the time of initial delivery to the Government or a representative of the Government, such data shall not be used within or outside the Government except as provided in the "Restricted Rights Notice" set forth below. All such restricted computer software shall be marked with the following "Restricted Rights Notice":

RESTRICTED RIGHTS NOTICE-LONG FORM

(a) This computer software is submitted with restricted rights under Department of Energy Contract No. _____ . It may not be used, reproduced, or disclosed by the Government except as provided in paragraph (b) of this notice.

(b) This computer software may be:

(1) Used or copied for use in or with the computer or computers for which it was acquired, including use at any Government installation to which such computer or computers may be transferred;

(2) Used, copied for use, in a backup or replacement computer if any computer for which it was acquired is inoperative or is replaced;

(3) Reproduced for safekeeping (archives) or backup purposes;

(4) Modified, adapted, or combined with other computer software, provided that only the portions of the derivative software consisting of the restricted computer software are to be made subject to the same restricted rights; and

(5) Disclosed to and reproduced for use by contractors under a service contract (of the type defined in FAR 37.101) in accordance with subparagraphs (b)(1) through (4) of this Notice, provided the Government makes such disclosure or reproduction subject to these restricted rights.

(c) Notwithstanding the foregoing, if this computer software has been published under copyright, it is licensed to the Government, without disclosure prohibitions, with the rights set forth in the restricted rights notice above.

(d) This Notice shall be marked on any reproduction of this computer software, in whole or in part.

(END OF NOTICE)

(2) Where it is impractical to include the Restricted Rights Notice on restricted computer software, the following short-form Notice may be used in lieu thereof:

RESTRICTED RIGHTS NOTICE--SHORT FORM

Use, reproduction, or disclosure is subject to restrictions set forth in the Long Form Notice of DOE Contract No. _____ with (name of contractor).

(END OF NOTICE)

(3) If the software is embedded, or if it is commercially impractical to mark it with human readable text, then the symbol R and the clause date (mo/yr) in brackets or a box, a [R-mo/yr], may be used. This will be read to mean restricted computer software, subject to the rights of the Government as described in the Long Form Notice, in effect as of the date indicated next to the symbol. The symbol shall not be used to mark human readable material. In the event this Contract contains any variation to the rights in the Long Form Notice, then the contract number must also be cited.

(4) If restricted computer software is delivered with the copyright notice of 17 U.S.C. 401, the software will be presumed to be published copyrighted computer software licensed to the Government without disclosure prohibitions and with unlimited rights, unless the Contractor includes the following statement with such copyright notice "Unpublished-rights reserved under the Copyright Laws of the United States."

(g) Relationship to patents.

Nothing contained in this clause creates or is intended to imply a license to the Government in any patent or is intended to be construed as affecting the

scope of any licenses or other rights otherwise granted to the Government under any patent.

END OF CLAUSE

34. AUTHORIZATION AND CONSENT

(a) The Government authorizes and consents to all use and manufacture of any invention described in and covered by a United States patent in the performance of this contract or any subcontract at any tier.

(b) If the Contractor is sued for copyright infringement or anticipates the filing of such a lawsuit, the Contractor may request authorization and consent to copy a copyrighted work from the Contracting Officer. Programmatic necessity is a major consideration for DOE in determining whether to grant such request.

(c) (1) The Contractor agrees to include, and require inclusion of, the Authorization and Consent clause at 52.227-1, without Alternate 1, but suitably modified to identify the parties, in all subcontracts expected to exceed $100,000 at any tier for supplies or services, including construction, architect-engineer services, and materials, supplies, models, samples, and design or testing services.

(2) The Contractor agrees to include, and requires inclusion of, paragraph (a) of this Authorization and Consent clause, suitably modified to identify the parties, in all subcontracts at any tier for research and development activities expected to exceed $100,000.

(3) Omission of an authorization and consent clause from any subcontract, including those valued less than $100,000 does not affect this authorization and consent

END OF CLAUSE

35. NOTICE AND ASSISTANCE REGARDING PATENT AND COPYRIGHT INFRINGEMENT

(a) The Contractor shall report to the Contracting Officer, promptly and in reasonable written detail, each notice or claim of patent or copyright infringement based on the performance of this contract of which the Contractor has knowledge.

(b) If any person files a claim or suit against the Government on account of any alleged patent or copyright infringement arising out of the performance of this contract or out of the use of any supplies furnished or work or services performed hereunder, the Contractor shall furnish to the Government, when requested by the Contracting Officer, all evidence and information in possession of the Contractor pertaining to such suit or claim. Except where the Contractor has agreed to indemnify the Government, the Contractor shall furnish such evidence and information at the expense of the Government.

(c) The Contractor agrees to include, and require inclusion of, this clause suitably modified to identify the parties, in all subcontracts at any tier expected to exceed $100,000.

END OF CLAUSE

36. PATENT INDEMNITY-SUBCONTRACTS

Except as otherwise authorized by the Contracting Officer, the Contractor shall obtain indemnification of the Government and its officers, agents, and employees against liability, including costs, for infringement of any United States Patent (except a patent issued upon an application that is now or may hereafter be withheld from issue pursuant to a secrecy order by the Government) from Contractor’s subcontractors for any contract work subcontracted in accordance with FAR 48 CFR 52.227-3.

END OF CLAUSE

37. REFUND OF ROYALTIES

(a) During performance of this contract, if any royalties are proposed to be charged to the Government as costs under this contract, the Contractor agrees to submit for approval of the Contracting Officer, prior to the execution of any license, the following information relating to each separate item of royalty:

(1) Name and address of licensor;

(2) Patent numbers, patent application serial numbers, or other bases on which the royalty is payable;

(3) Brief description, including any part or model numbers of each contract item or component on which the royalty is payable;

(4) Percentage or dollar rate of royalty per unit;

(5) Unit price of contract item;

(6) Number of units;

(7) Total dollar amount of royalties; and

(8) A copy of proposed license agreement.

(b) If specifically requested by the Contracting Officer, the Contractor shall furnish a copy of the current license agreement entered into prior to the effective date of this clause and an identification of applicable claims of specific patents or other dates upon which royalties are payable.

(c) The term “royalties” as used in this clause refers to any costs or charges in the nature of royalties, license fees, patent or license amortization costs, or the like, for the use of or for the rights in patents and patent applications that are used in performance of this contract or any subcontract hereunder.

(d) The Contractor shall furnish to the Contracting Officer, annually upon request, a statement of royalties paid in connection with performing this contract and subcontracts hereunder.

(e) For royalty payments under licenses entered into after the effective date of this contract, costs incurred

for royalties proposed under this paragraph shall be allowable only to the extent that such royalties are approved by the Contracting Officer. If the Contracting Officer determines that existing or proposed royalty payments are inappropriate, any payments subsequent to such determination shall be allowable only to the extent approved by the Contracting Officer.

(f) Regardless of prior DOE approval of any individual payments or royalties, DOE may contest at any time the enforceability, validity, scope of, or title to, a patent for which the Contractor makes a royalty or other payment.

(g) If at any time within 3 years after final payment under this contract, the Contractor for any reason is relieved in whole or in part from the payment of any royalties to which this clause applies, the Contractor shall promptly notify the Contracting Office of that fact and shall reimburse the Government for any refunds received or royalties paid after having received notice of such relief.

(h) The Contractor agrees to include, and require inclusion of, this clause, including this paragraph (h), suitably modified to identify the parties in any subcontract at any tier in which the amount of royalties reported during negotiations of the subcontract exceeds $250.

END OF CLAUSE

38. PATENT RIGHTS – MANAGEMENT AND OPERATING CONTRACTS, FOR-PROFIT CONTRACTOR, NON-TECHNOLOGY TRANSFER

(a) Definitions.

(1) *DOE licensing regulations* means the Department of Energy patent licensing regulations at 10 CFR part 781.

(2) *DOE patent waiver regulations* means the Department of Energy patent waiver regulations at 10 CFR part 784.

(3) *Invention* means any invention or discovery which is or may be patentable or otherwise protectable under title 35 of the United States Code or any novel variety of plant that is or may be protected under the Plant Variety Protection Act (7 U.S.C. 2321, et seq.).

(4) *Made* when used in relation to any invention means the conception or first actual reduction to practice of such invention.

(5) *Patent Counsel* means DOE Patent Counsel assisting the contracting activity.

(6) *Practical application* means to manufacture, in the case of a composition or product; to practice, in the case of a process or method; or to operate, in the case of a machine or system; and, in each case, under such conditions as to establish that the invention is being utilized and that its benefits are, to the extent permitted by law or Government regulations, available to the public on reasonable terms.

(7) *Subject invention* means any invention of the Contractor conceived or first actually reduced to practice in the course of or under this contract, provided that in the case of a variety of plant, the date of determination (as defined in section 41(d) of the Plant Variety Protection Act 7 U.S. C. 2401(d)) shall also occur during the period of contract performance.

(b) *Allocations of principal rights.*

(1) *Assignment to the Government.* Except to the extent that rights are retained by the Contractor by a determination of greater rights in accordance with subparagraph (b)(2) of this clause or by a request for foreign patent rights in accordance with subparagraph (d)(2) of this clause, the Contractor agrees to assign to the Government the entire right, title, and interest throughout the world in and to each subject invention.

(2) *Greater rights determinations.* The Contractor, or a Contractor employee-inventor after consultation with the Contractor and with the written authorization of the Contractor in accordance with DOE patent waiver regulations, may request greater rights, including title, in an identified subject invention than the nonexclusive license and the foreign patent rights provided for in paragraph (d) of this clause, in accordance with the DOE patent waiver regulations. Such a request shall be submitted in writing to Patent Counsel with a copy to the Contracting Officer at the time the subject invention is first disclosed to DOE in accordance with subparagraph (c)(2) of this clause, or not later than eight (8) months after such disclosure, unless a longer period is authorized in writing by the Contracting Officer for good cause shown in writing by the Contractor. DOE may grant or refuse to grant such a request by the Contractor or Contractor employee-inventor. Unless otherwise provided in the greater rights determination, any rights in a subject invention obtained by the Contractor pursuant to a determination of greater rights are subject to a nonexclusive, nontransferable, irrevocable, paid-up license to the Government to practice or have practiced the subject invention throughout the world by or on behalf of the Government of the United States (including any Government agency), and to any reservations and conditions deemed appropriate by the Secretary of Energy or designee.

(c) *Subject Invention Disclosures.*

(1) *Contractor procedures for reporting subject inventions to Contractor personnel.* Subject inventions shall be reported to Contractor personnel responsible for patent matters within six (6) months of conception and/or first actual

reduction to practice, whichever occurs first in the performance of work under this contract. Accordingly, the Contractor shall establish and maintain effective procedures for ensuring such prompt identification and timely disclosure of subject inventions to Contractor personnel responsible for patent matters, and the procedures shall include the maintenance of laboratory notebooks, or equivalent records, and other records that are reasonably necessary to document the conception and/or the first actual reduction to practice of subject inventions, and the maintenance of records demonstrating compliance with such procedures. The Contractor shall submit a written description of such procedures to the Contracting Officer, upon request, for evaluation of the effectiveness of such procedures by the Contracting Officer.

(2) *Subject invention disclosure*. The Contractor shall disclose each subject invention to Patent Counsel with a copy to the Contracting Officer within two (2) months after the subject invention is reported to Contractor personnel responsible for patent matters, in accordance with subparagraph (c)(1) of this clause, or, if earlier, within six (6) months after the Contractor has knowledge of the subject invention, but in any event before any on sale, public use, or publication of the subject invention. The disclosure to DOE shall be in the form of a written report and shall include:

(i) The contract number under which the subject invention was made;

(ii) The inventor(s) of the subject invention;

(iii) A description of the subject invention in sufficient technical detail to convey a clear understanding of the nature, purpose and operation of the subject invention, and of the physical, chemical, biological or electrical characteristics of the subject invention, to the extent known by the Contractor at the time of the disclosure;

(iv) The date and identification of any publication, on sale or public use of the invention;

(v) The date and identification of any submissions for publication of any manuscripts describing the invention, and a statement of whether the manuscript is accepted for publication, to the extent known by the Contractor at the time of the disclosure;

(vi) A statement indicating whether the subject invention concerns exceptional circumstances pursuant to 35 U.S.C. 202(ii), related to national security, or subject to a treaty or an international agreement, to the extent known or believed by Contractor at the time of the disclosure;

(vii) All sources of funding by Budget and Resources (B&R) code; and

(viii) Identification of any agreement relating to the subject invention, including Cooperative Research and Development Agreements and Work-for-Others agreements.

Unless the Contractor contends otherwise in writing at the time the invention is disclosed, inventions disclosed to DOE under this paragraph are deemed made in the manner specified in Sections (a)(1) and (a)(2) of 42 U.S.C. 5908.

(3) *Publication after disclosure.* After disclosure of the subject invention to the DOE, the Contractor shall promptly notify Patent Counsel of the acceptance for publication of any manuscript describing the subject invention or of any expected or on sale or public use of the subject invention, known by the Contractor.

(4) *Contractor employee agreements.* The Contractor agrees to require, by written agreement, its employees, other than clerical and nontechnical employees, to disclose promptly in writing to Contractor personnel identified as responsible for the administration of patent matters and in a format suggested by the Contractor, each subject invention made under this contract, and to execute all papers necessary to file patent applications claiming subject inventions or to establish the

Government's rights in the subject inventions. This disclosure format shall at a minimum include the information required by subparagraph (c)(2) of this clause. The Contractor shall instruct such employees, through employee agreements or other suitable educational programs, on the importance of reporting inventions in sufficient time to permit the filing of patent applications prior to U.S. or foreign statutory bars.

(5) *Contractor procedures for reporting subject inventions to DOE.* The Contractor agrees to establish and maintain effective procedures for ensuring the prompt identification and timely disclosure of subject inventions to DOE. The Contractor shall submit a written description of such procedures to the Contracting Officer, upon request, for evaluation of the effectiveness of such procedures by the Contracting Officer.

*(2) Duplication and disclosure of documents.* The Government may duplicate and disclose subject invention disclosures and all other reports and papers furnished or required to be furnished pursuant to this clause; provided, however, that any such duplication or disclosure by the Government is subject to 35 U.S.C. 205 and 37 CFR 401.13.

(d) *Minimum rights of the Contractor*.

(1) *Contractor License*.

(i) *Request for a Contractor license.* Except for subject inventions that the Contractor fails to disclose within the time periods specified at subparagraph (c)(2) of this clause, the Contractor may request a revocable, nonexclusive, royalty-free license in each patent application filed in any country claiming a subject invention and any resulting patent in which the Government obtains title, and DOE may grant or refuse to grant such a request by the Contractor. If DOE grants the Contractor's request for a license, the Contractor's license extends to its domestic subsidiaries and affiliates, if any, within the corporate structure of which the Contractor is a party and includes the

right to grant sublicenses of the same scope to the extent the Contractor was legally obligated to do so at the time the contract was awarded.

(ii) *Transfer of a Contractor license*. DOE shall approve any transfer of the Contractor's license in a subject invention, and DOE may determine the Contractor's license is non-transferable, on a case-by-case basis.

(iii) *Revocation or modification of a Contractor license.* DOE may revoke or modify the Contractor's domestic license to the extent necessary to achieve expeditious practical application of the subject invention pursuant to an application for an exclusive license submitted in accordance with applicable provisions in 37 CFR part 404 and DOE licensing regulations. DOE may not revoke the Contractor's domestic license in that field of use or the geographical areas in which the Contractor, its licensee, or its domestic subsidiaries or affiliates achieved practical applications and continues to make the benefits of the invention reasonably accessible to the public. DOE may revoke or modify the Contractor's license in any foreign country to the extent the Contractor, its licensees, or its domestic subsidiaries or affiliates failed to achieve practical application in that foreign country.

(iv) *Notice of revocation or modification of a Contractor license.* Before revocation or modification of the license, DOE shall furnish the Contractor a written notice of its intention to revoke or modify the license, and the Contractor shall be allowed thirty (30) days from the date of the notice (or such other time as may be authorized by DOE for good cause shown by the Contractor) to show cause why the license should not be revoked or modified. The Contractor has the right to appeal any decision concerning the revocation or modification of its license, in accordance

with applicable regulations in 37 CFR part 404 and DOE licensing regulations.

(2) *Contractor's right to request foreign patent rights*. If the Government has title to a subject invention and the Government decides against securing patent rights in a foreign country for the subject invention, the Contractor may request such foreign patent rights from DOE, and DOE may grant the Contractor's request, subject to a nonexclusive, nontransferable, irrevocable, paid-up license to the Government to practice or have practiced the subject invention in the foreign country, and any reservations and conditions deemed appropriate by the Secretary of Energy or designee. Such a request shall be submitted in writing to the Patent Counsel as part of the disclosure required by subparagraph (c)(2) of this clause, with a copy to the DOE Contracting Officer, unless a longer period is authorized in writing by the Contracting Officer for good cause shown in writing by the Contractor. DOE may grant or refuse to grant such a request, and may consider whether granting the Contractor's request best serves the interests of the United States.

(e) *Examination of records relating to inventions*.

(1) *Contractor compliance*. Until the expiration of three (3) years after final payment under this contract, the Contracting Officer or any authorized representative may examine any books (including laboratory notebooks), records, and documents and other supporting data of the Contractor, which the Contracting Officer or authorized representative deems reasonably pertinent to the discovery or identification of subject inventions, or to determine Contractor (and inventor) compliance with the requirements of this clause, including proper identification and disclosure of subject inventions, and establishment and maintenance of invention disclosure procedures.

(2) *Unreported inventions*. If the Contracting Officer is aware of an invention that is not disclosed by the Contractor to DOE, and the Contracting Officer believes the unreported invention may be a subject invention, DOE may require the Contractor to

submit to DOE a disclosure of the invention for a determination of ownership rights.

(3) *Confidentiality*. Any examination of records under this paragraph is subject to appropriate conditions to protect the confidentiality of the information involved.

(f) *Subcontracts.*

(1) *Subcontractor subject inventions*. The Contractor shall not obtain rights in the subcontractor's subject inventions as part of the consideration for awarding a subcontract.

(2) *Inclusion of patent rights clause--non-profit organization or small business firm subcontractors.* Unless otherwise authorized or directed by the Contracting Officer, the Contractor shall include the patent rights clause at 48 CFR 952.227-11, suitably modified to identify the parties in all subcontracts, at any tier, for experimental, developmental, demonstration or research work to be performed by a small business firm or domestic nonprofit organization, except subcontracts which are subject to exceptional circumstances in accordance with 35 U.S.C. 202(a)(ii).

(3) *Inclusion of patent rights clause--subcontractors other than non-profit organizations and small business firms*. Except for the subcontracts described in subparagraph (f)(2) of this clause, the Contractor shall include the patent rights clause at 48 CFR 952.227-13, suitably modified to identify the parties, in any contract for experimental, developmental, demonstration or research work.

(4) *DOE and subcontractor contract.* With respect to subcontracts at any tier, DOE, the subcontractor, and the Contractor agree that the mutual obligations of the parties created by this clause constitute a contract between the subcontractor and DOE with respect to those matters covered by this clause.

(5) *Subcontractor refusal to accept terms of patent rights clause*. If a prospective subcontractor refuses to accept the terms of a patent rights

clause, the Contractor shall promptly submit a written notice to the Contracting Officer stating the subcontractor's reasons for such a refusal, including any relevant information for expediting disposition of the matter, and the Contractor shall not proceed with the subcontract without the written authorization of the Contracting Officer.

(6) *Notification of award of subcontract*. Upon the award of any subcontract at any tier containing a patent rights clause, the Contractor shall promptly notify the Contracting Officer in writing and identify the subcontractor, the applicable patent rights clause, the work to be performed under the subcontract, and the dates of award and estimated completion. Upon request of the Contracting Officer, the Contractor shall furnish a copy of a subcontract.

(7) *Identification of subcontractor subject inventions*. If the Contractor in the performance of this contract becomes aware of a subject invention made under a subcontract, the Contractor shall promptly notify Patent Counsel and identify the subject invention, with a copy of the notification and identification to the Contracting Officer.

*(g)* *Atomic Energy*.

(1) *Pecuniary awards.* No claim for pecuniary award of compensation under the provisions of the Atomic Energy Act of 1954, as amended, may be asserted with respect to any invention or discovery made or conceived in the course of or under this contract.

(2) *Patent agreements.* Except as otherwise authorized in writing by the Contracting Officer, the Contractor shall obtain patent agreements to effectuate the provisions of subparagraph (g)(1) of this clause from all persons who perform any part of the work under this contract, except nontechnical personnel, such as clerical employees and manual laborers.

(h) *Publication.* The Contractor shall receive approval from Patent Counsel prior to releasing or publishing information regarding scientific or technical developments conceived or first actually reduced to practice in the course of or under this contract, to

ensure such release or publication does not adversely affect the patent interests of DOE or the Contractor.

(i) *Communications.* The Contractor shall direct any notification, disclosure, or request provided for in this clause to the Patent Counsel assisting the DOE contracting activity, with a copy of the communication to the Contracting Officer.

(j) *Reports*.

(1) *Interim reports*. Upon DOE's request, the Contractor shall submit to DOE, no more frequently than annually, a list of subject inventions disclosed to DOE during a specified period, or a statement that no subject inventions were made during the specified period; and/or a list of subcontracts containing a patent clause and awarded by the Contractor during a specified period, or a statement that no such subcontracts were awarded during the specified period. The interim report shall state whether the Contractor's invention disclosures were submitted to DOE in accordance with the requirements of subparagraphs (c)(1) and (c)(5) of this clause.

(2) *Final reports*. Upon DOE's request, the Contractor shall submit to DOE, prior to closeout of the contract or within three (3) months of the date of completion of the contracted work, a list of all subject inventions disclosed during the performance period of the contract, or a statement that no subject inventions were made during the contract performance period; and/or a list of all subcontracts containing a patent clause and awarded by the Contractor during the contract performance period, or a statement that no such subcontracts were awarded during the contract performance period.

(k) *Facilities license*. In addition to the rights of the parties with respect to inventions or discoveries conceived or first actually reduced to practice in the course of or under this contract, the Contractor agrees to and does hereby grant to the Government an irrevocable, nonexclusive, paid-up license in and to any inventions or discoveries regardless of when conceived or actually reduced to practice or acquired by the Contractor at any time through completion of this contract and which are incorporated or embodied

in the construction of the facility or which are utilized in the operation of the facility or which cover articles, materials, or products manufactured at the facility (1) to practice or have practiced by or for the Government at the facility, and (2) to transfer such license with the transfer of that facility. Notwithstanding the acceptance or exercise by the Government of these rights, the Government may contest at any time the enforceability, validity or scope of, or title to, any rights or patents herein licensed.

(l) *Classified inventions*.

(1) *Approval for filing a foreign patent application*. The Contractor shall not file or cause to be filed an application or registration for a patent disclosing a subject invention related to classified subject matter in any country other than the United States without first obtaining the written approval of the Contracting Officer.

(2) *Transmission of classified subject matter*. If in accordance with this clause the Contractor files a patent application in the United States disclosing a subject invention that is classified for reasons of security, the Contractor shall observe all applicable security regulations covering the transmission of classified subject matter. If the Contractor transmits a patent application disclosing a classified subject invention to the United States Patent and Trademark Office (USPTO), the Contractor shall submit a separate letter to the USPTO identifying the contract or contracts by agency and agreement number that require security classification markings to be placed on the patent application.

(3) *Inclusion of clause in subcontracts*. The Contractor agrees to include the substance of this clause in subcontracts at any tier that cover or are likely to cover subject matter classified for reasons of security.

(m) *Patent functions*. Upon the written request of the Contracting Officer or Patent Counsel, the Contractor agrees to make reasonable efforts to support DOE in accomplishing patent-related functions for work arising out of the contract, including, but not limited to, the prosecution of patent applications,

and the determination of questions of novelty, patentability, and inventorship.

(n) *Annual appraisal by Patent Counsel*. Patent Counsel may conduct an annual appraisal to evaluate the Contractor's effectiveness in identifying and protecting subject inventions in accordance with DOE policy.

END OF CLAUSE

39. INSURANCE--LITIGATION AND CLAIMS

(a) The Contractor may, with the prior written authorization of the Contracting Officer, and shall, upon the request of the Government, initiate litigation against third parties, including proceedings before administrative agencies, in connection with this contract. The Contractor shall proceed with such litigation in good faith and as directed from time to time by the Contracting Officer.

(b) The Contractor shall give the Contracting Officer immediate notice in writing of any legal proceeding, including any proceeding before an administrative agency, filed against the Contractor arising out of the performance of this contract. Except as otherwise directed by the Contracting Officer, in writing, the Contractor shall furnish immediately to the Contracting Officer copies of all pertinent papers received by the Contractor with respect to such action. The Contractor, with the prior written authorization of the Contracting Officer, shall proceed with such litigation in good faith and as directed from time to time by the Contracting Officer.

(c) (1) Except as provided in paragraph (c)(2) of this clause, the Contractor shall procure and maintain such bonds and insurance as required by law or approved in writing by the Contracting Officer.

(2) The Contractor may, with the approval of the Contracting Officer, maintain a self-insurance program; provided that, with respect to workers' compensation, the Contractor is qualified pursuant to statutory authority.

(3) All bonds and insurance required by this clause shall be in a form and amount and for those periods as the Contracting Officer may require or approve and with sureties and insurers approved by the Contracting Officer.

(d) The Contractor agrees to submit for the Contracting Officer's approval, to the extent and in the manner required by the Contracting Officer, any other bonds and insurance that are maintained by the Contractor in connection with the performance of this contract and for which the Contractor seeks reimbursement. If an insurance cost (whether a premium for commercial

insurance or related to self-insurance) includes a portion covering costs made unallowable elsewhere in the contract, and the share of the cost for coverage for the unallowable cost is determinable, the portion of the cost that is otherwise an allowable cost under this contract is reimbursable to the extent determined by the Contracting Officer.

(e) Except as provided in subparagraphs (g) and (h) of this clause, or specifically disallowed elsewhere in this contract, the Contractor shall be reimbursed--

(1) For that portion of the reasonable cost of bonds and insurance allocable to this contract required in accordance with contract terms or approved under this clause; and

(2) For liabilities (and reasonable expenses incidental to such liabilities, including litigation costs) to third persons not compensated by insurance or otherwise without regard to and as an exception to the clause of this contract entitled, “Obligation of Funds”.

(f) The Government’s liability under paragraph (e) of this clause is subject to the availability of appropriated funds. Nothing in this contract shall be construed as implying that the Congress will, at a later date, appropriate funds sufficient to meet deficiencies.

(g) Notwithstanding any other provision of this contract, the Contractor shall not be reimbursed for liabilities (and expenses incidental to such liabilities, including litigation costs, counsel fees, judgment and settlements)--

(1) Which are otherwise unallowable by law or the provisions of this contract; or

(2) For which the Contractor has failed to insure or to maintain insurance as required by law, this contract, or by the written direction of the Contracting Officer.

(h) In addition to the cost reimbursement limitations contained in 48 CFR Part 31, as supplemented by 48 CFR 970.31, and notwithstanding any other provision of this contract, the Contractor’s liabilities to third persons, including employees but excluding costs incidental to workers’ compensation actions, (and any

expenses incidental to such liabilities, including litigation costs, counsel fees, judgments and settlements) shall not be reimbursed if such liabilities were caused by Contractor managerial personnel's

(1) Willful misconduct;

(2) Lack of good faith; or

(3) Failure to exercise prudent business judgment, which means failure to act in the same manner as a prudent person in the conduct of competitive business; or, in the case of a non-profit educational institution, failure to act in the manner that a prudent person would under the circumstances prevailing at the time the decision to incur the cost is made.

(i) The burden of proof shall be upon the Contractor to establish that costs covered by paragraph (h) of this clause are allowable and reasonable if, after an initial review of the facts, the Contracting Officer challenges a specific cost or informs the Contractor that there is reason to believe that the cost results from willful misconduct, lack of good faith, or failure to exercise prudent business judgment by Contractor managerial personnel.

(j) (1) All litigation costs, including counsel fees, judgments and settlements shall be differentiated and accounted for by the Contractor so as to be separately identifiable. If the Contracting Officer provisionally disallows such costs, then the Contractor may not use funds advanced by DOE under the contract to finance the litigation.

(2) Punitive damages are not allowable unless the act or failure to act which gave rise to the liability resulted from compliance with specific terms and conditions of the contract or written instructions from the Contracting Officer.

(3) The portion of the cost of insurance obtained by the Contractor that is allocable to coverage of liabilities referred to in paragraph (g)(1) of this clause is not allowable.

(4) The term “contractor’s managerial personnel” is defined in clause paragraph (j) of 48 CFR 970.5245-1.

(k) The Contractor may at its own expense and not as an allowable cost procure for its own protection insurance to compensate the Contractor for any unallowable or non-reimbursable costs incurred in connection with contract performance.

(l) If any suit or action is filed or any claim is made against the Contractor, the cost and expense of which may be reimbursable to the Contractor under this contract, and the risk of which is then uninsured or is insured for less than the amount claimed, the Contractor shall--

(1) Immediately notify the Contracting Officer and promptly furnish copies of all pertinent papers received;

(2) Authorize Department representatives to collaborate with: in-house or DOE-approved outside counsel in settling or defending the claim; or counsel for the insurance carrier in settling or defending the claim if the amount of the liability claimed exceeds the amount of coverage, unless precluded by the terms of the insurance contract; and

(3) Authorize Department representatives to settle the claim or to defend or represent the Contractor in and/or to take charge of any litigation, if required by the Department, if the liability is not insured or covered by bond. In any action against more than one Department Contractor, the Department may require the Contractor to be represented by common counsel. Counsel for the Contractor may, at the Contractor’s own expense, be associated with the Department representatives in any such claim or litigation.

END OF CLAUSE

40. STATE AND LOCAL TAXES

(a) The Contractor agrees to notify the Contracting Officer of any State or local taxes, fee, or charge levied or purported to be levied on or collected from the Contractor with respect to the contract work, any transaction thereunder, or property in the custody or control of the Contractor and constituting an allowable item of cost if due and payable, but which the Contractor has reason to believe, or the Contracting Officer has advised the Contractor, is or may be inapplicable or invalid; and the Contractor further agrees to refrain from paying any such taxes, fees, or charges unless authorized in writing by the Contracting Officer. Any State or local tax, fee, or charge paid with the approval of the Contracting Officer or on the basis of advice for the Contracting Officer that such tax, fee, or charge is applicable and valid, and which would otherwise be an allowable item of cost, shall not be disallowed as an item of cost by reason of any subsequent ruling or determination that such tax, fee, or charge was in fact inapplicable or invalid.

(b) The Contractor agrees to take such action as may be required or approved by the Contracting Officer to cause any State or local tax, fee, or charge which would be an allowable cost to be paid under protest; and to take such action as may be required or approved by the Contracting Officer to seek recovery of any payments made, including assignment to the Government or its designee of all rights to an abatement or refund thereof, and granting permission for the Government to join with the Contractor in any proceedings for the recovery thereof or to sue for recovery in the name of the Contractor. If the Contracting Officer directs the Contractor to institute litigation to enjoin the collection of or to recover payment of any such tax, fee, or charge referred to above, or if a claim or suit is filed against the Contractor for a tax, fee, or charge it has refrained from paying in accordance with this clause, the procedures and requirements of the article clause “Insurance--Litigation and Claims” shall apply and the costs and expenses incurred by the Contractor shall be allowable items of costs, as provided in this contract, together with the amount of any judgment rendered against the Contractor.

(c) The Government shall hold the Contractor harmless from penalties and interest incurred through compliance with this clause. All recoveries or credits in respect of the foregoing taxes, fees, and charges (including interest) shall inure to and be for the sole benefit of the Government.

END OF CLAUSE

41. PREEXISTING CONDITIONS

(a) The Department of Energy agrees to reimburse the Contractor, and the Contractor shall not be held responsible, for any liability (including without limitation, a claim involving strict or absolute liability and any civil fine or penalty), expense, or remediation cost, but limited to those of a civil nature, which may be incurred by, imposed on, or asserted against the Contractor arising out of any condition, act, or failure to act which occurred before the Contractor assumed responsibility on February 1, 2009. To the extent the acts or omissions of the Contractor cause or add to any liability, expense or remediation cost resulting from the conditions in existence prior to February 1, 1999, the Contractor shall be responsible in accordance with the terms and conditions of this contract.

(b) The obligations of the Department of Energy under this clause are subject to the availability of appropriated funds.

END OF CLAUSE

42. PAYMENTS AND ADVANCES

(a) *Installments of fixed fee*. The fixed-fee payable under this contract shall become due and payable in periodic installments in accordance with a schedule determined by the Contracting Officer. Fixed-fee payments shall be made by direct payment or withdrawn from funds advanced or available under this contract, as determined by the Contracting Officer. The Contracting Officer may offset against any such fee payment, the amounts owed to the Government by the Contractor, including any amounts owed for disallowed costs under this contract. No fixed-fee payment may be withdrawn against the payments cleared financing arrangement without prior written approval of the Contracting Officer.

(b) *Payments on Account of Allowable Costs.* The Contracting Officer and Contractor shall agree as to the extent to which payment for allowable costs or payments for other items specifically approved in writing by the Contracting Officer (for example, negotiated fixed amounts) shall be made from advances of Government funds. When pension contributions are paid by the Contractor to the retirement fund less frequently than quarterly, accrued costs therefore shall be excluded from costs for payment purposes until such costs are paid. If pension contributions are paid on a quarterly or more frequent basis, accrual therefor may be included in costs for payment purposes, provided that they are paid to the fund within 30 days after the close of the period covered. If payments are not made to the fund within such 30-day period, pension contribution costs shall be excluded from cost for payment purposes until payment has been made.

(c) *Special financial institution account--use*. All advances of Government funds shall be withdrawn pursuant to a payments cleared financing arrangement prescribed by DOE in favor of the financial institution or, at the option of the Government, shall be made by direct payment or other payment mechanism to the Contractor, and shall be deposited only in the special financial institution account referred to in the Special Financial Institution Account Agreement, which is incorporated into this contract as Attachment 2 in Part III, Section J. No part of the funds in the special financial institution account shall be

commingled with any funds of the Contractor or used for a purpose other than that of making payments for costs allowable and, if applicable, fees earned under this contract, negotiated fixed amounts, or payments for other items specifically approved in writing by the Contracting Officer. If the Contracting Officer determines that the balance of such special financial institution account exceeds the Contractor's current needs, the Contractor shall promptly make such disposition of the excess as the Contracting Officer may direct.

(d) *Title to funds advanced*. Title to the unexpended balance of any funds advanced and of any special financial institution account established pursuant to this clause shall remain in the Government and be superior to any claim or lien of the financial institution of deposit or others. It is understood that an advance to the Contractor hereunder is not a loan to the Contractor, and will not require the payment of interest by the Contractor, and that the Contractor acquires no right, title or interest in or to such advance other than the right to make expenditures therefrom, as provided in this clause.

(e) *Financial settlement*. The Government shall promptly pay to the Contractor the unpaid balance of allowable costs (or other items specifically approved in writing by the Contracting Officer) and fee upon termination of the work, expiration of the term of the contract, or completion of the work and its acceptance by the Government after--

(1) compliance by the Contractor with DOE's patent clearance requirements; and

(2) the furnishing by the Contractor of--

(i) An assignment of the Contractor's rights to any refunds, rebates, allowances, accounts receivable, collections accruing to the Contractor in connection with the work under this contract, or other credits applicable to allowable costs under the contract;

(ii) A closing financial statement;

(iii) The accounting for Government-owned property required by the clause entitled "Property"; and

(iv) A release discharging the Government, its officers, agents, and employees from all liabilities, obligations, and claims arising out of or under this contract subject only to the following exceptions--

(A) Specified claims in stated amounts or in estimated amounts where the amounts are not susceptible to exact statement by the Contractor;

(B) Claims, together with reasonable expenses incidental thereto, based upon liabilities of the Contractor to third parties arising out of the performance of this contract; provided that such claims are not known to the Contractor on the date of the execution of the release; and provided further that the Contractor gives notice of such claims in writing to the Contracting Officer promptly, but not more than one (1) year after the Contractor's right of action first accrues. In addition, the Contractor shall provide prompt notice to the Contracting Officer of all potential claims under this clause, whether in litigation or not (see also Contract Clause 970.5228-1, "Insurance--Litigation and Claims");

(C) Claims for reimbursement of costs (other than expenses of the Contractor by reason of any indemnification of the Government against patent liability), including reasonable expenses incidental thereto, incurred by the Contractor under the provisions of this contract relating to patents; and

(D) Claims recognizable under the clause entitled, Nuclear Hazards Indemnity Agreement.

(3) In arriving at the amount due the Contractor under this clause, there shall be deducted--

(i) any claim which the Government may have against the Contractor in connection with this contract; and

(ii) deductions due under the terms of this contract and not otherwise recovered by or credited to the Government. The unliquidated balance of the special financial institution account may be applied to the amount due and any balance shall be returned to the Government forthwith.

(f) *Claims*. Claims for credit against funds advanced for payment shall be accompanied by such supporting documents and justification as the Contracting Officer shall prescribe.

(g) *Discounts*. The Contractor shall take and afford the Government the advantage of all known and available cash and trade discounts, rebates, allowances, credits, salvage, and commissions unless the Contracting Officer finds that action is not in the best interest of the Government.

(h) *Collections*. All collections accruing to the Contractor in connection with the work under this contract, except for the Contractor's fee and royalties or other income accruing to the Contractor from technology transfer activities in accordance with this contract, shall be Government property and shall be processed and accounted for in accordance with applicable requirements imposed by the Contracting Officer pursuant to the Laws, regulations, and DOE directives clause of this contract and, to the extent consistent with those requirements, shall be deposited in the special financial institution account or otherwise made available for payment of allowable costs under this contract, unless otherwise directed by the Contracting Officer.

(i) *Direct Payment of Charges*. The Government reserves the right, upon ten days written notice from the Contracting Officer to the Contractor, to pay directly to the persons concerned, all amounts due which otherwise would be allowable under this contract. Any payment so made shall discharge the Government of all liability to the Contractor therefore.

(j) *Determining allowable costs.* The Contracting Officer shall determine allowable costs in accordance with the Federal Acquisition Regulation subpart 31.2 and the Department of Energy Acquisition Regulation subpart 48

CFR 970.31 in effect on the date of this contract and other provisions of this contract.

(k) *Review and approval of costs incurred*. The Contractor shall prepare and submit annually as of September 30, a “Statement of Costs Incurred and Claimed” (Cost Statement) for the total of net expenditures accrued (i.e., net costs incurred) for the period covered by the Cost Statement. The Contractor shall certify the Cost Statement subject to the penalty provisions for unallowable costs as stated in sections 306(b) and (i) of the Federal Property and Administrative Services Act of 1949 (41 U.S.C. 256), as amended. DOE, after audit and appropriate adjustment, will approve such Cost Statement. This approval by DOE will constitute an acknowledgment by DOE that the net costs incurred are allowable under the contract and that they have been recorded in the accounts maintained by the Contractor in accordance with DOE accounting policies, but will not relieve the Contractor of responsibility for DOE's assets in its care, for appropriate subsequent adjustments, or for errors later becoming known to DOE.

END OF CLAUSE

43. ACCOUNTS, RECORDS AND INSPECTION

(a) Accounts. The Contractor shall maintain a separate and distinct set of accounts, records, documents, and other evidence showing and supporting: all allowable costs incurred; collections accruing to the Contractor in connection with the work under this contract, other applicable credits, negotiated fixed amounts, and fee accruals under this contract; and the receipt, use, and disposition of all Government property coming into the possession of the Contractor under this contract. The system of accounts employed by the Contractor shall be satisfactory to DOE and in accordance with generally accepted accounting principles consistently applied.

(b) Inspection and audit of accounts and records. All books of account and records relating to this contract shall be subject to inspection and audit by DOE or its designees in accordance with the provisions of Clause, Access to and ownership of records, at all reasonable times, before and during the period of retention provided for in paragraph (d) of this clause, and the Contractor shall afford DOE proper facilities for such inspection and audit.

(c) Audit of subcontractors' records. The Contractor also agrees, with respect to any subcontracts (including fixed-price or unit-price subcontracts or purchase orders) where, under the terms of the subcontract, costs incurred are a factor in determining the amount payable to the subcontractor of any tier, to either conduct an audit of the subcontractor's costs or arrange for such an audit to be performed by the cognizant government audit agency through the Contracting Officer.

(d) Disposition of records. Except as agreed upon by the Government and the Contractor, all financial and cost reports, books of account and supporting documents, system files, data bases, and other data evidencing costs allowable, collections accruing to the Contractor in connection with the work under this contract, other applicable credits, and fee accruals under this contract, shall be the property of the Government, and shall be delivered to the Government or otherwise disposed of by the Contractor either as the Contracting Officer may from time to time direct during the progress of the work or, in any event, as

the Contracting Officer shall direct upon completion or termination of this contract and final audit of accounts hereunder. Except as otherwise provided in this contract, including provisions of Clause 970.5204-3, Access to and Ownership of Records, all other records in the possession of the Contractor relating to this contract shall be preserved by the Contractor for a period of three years after final payment under this contract or otherwise disposed of in such manner as may be agreed upon by the Government and the Contractor.

(e) Reports. The Contractor shall furnish such progress reports and schedules, financial and cost reports, and other reports concerning the work under this contract as the Contracting Officer may from time to time require.

(f) Inspections. The DOE shall have the right to inspect the work and activities of the Contractor under this contract at such time and in such manner as it shall deem appropriate.

(g) Subcontracts. The Contractor further agrees to require the inclusion of provisions similar to those in paragraphs (a) through (g) and paragraph (h) of this clause in all subcontracts (including fixed-price or unit-price subcontracts or purchase orders) of any tier entered into hereunder where, under the terms of the subcontract, costs incurred are a factor in determining the amount payable to the subcontractor.

(h) Comptroller General.

(1) The Comptroller General of the United States, or an authorized representative, shall have access to and the right to examine any of the contractor's or subcontractor’s directly pertinent records involving transactions related to this contract or a subcontract hereunder and to interview any employee regarding such transactions.

(2) This paragraph may not be construed to require the Contractor or subcontractor to create or maintain any record that the Contractor or subcontractor does not maintain in the ordinary course of business or pursuant to a provision of law.

(3) Nothing in this contract shall be deemed to preclude an audit by the Government Accountability Office of any transaction under this contract.

(i) Internal audit. The Contractor agrees to design and maintain an internal audit plan and an internal audit organization.

(1) Upon contract award, the exercise of any contract option, or the extension of the contract, the Contractor must submit to the Contracting Officer for approval an Internal Audit Implementation Design to include the overall strategy for internal audits. The Audit Implementation Design must describe—

(i) The internal audit organization's placement within the contractor's organization and its reporting requirements;

(ii) The audit organization's size and the experience and educational standards of its staff;

(iii) The audit organization's relationship to the corporate entities of the Contractor;

(iv) The standards to be used in conducting the internal audits;

(v) The overall internal audit strategy of this contract, considering particularly the method of auditing costs incurred in the performance of the contract;

(vi) The intended use of external audit resources;

(vii) The plan for audit of subcontracts, both pre-award and post-award; and

(viii) The schedule for peer review of internal audits by other contractor internal audit organizations, or other independent third party audit entities approved by the DOE Contracting Officer.

(2) By each January 31 of the contract performance period, the Contractor must submit an annual

audit report, providing a summary of the audit activities undertaken during the previous fiscal year. That report shall reflect the results of the internal audits during the previous fiscal year and the actions to be taken to resolve weaknesses identified in the contractor's system of business, financial, or management controls.

(3) By each June 30 of the contract performance period, the Contractor must submit to the Contracting Officer an annual audit plan for the activities to be undertaken by the internal audit organization during the next fiscal year that is designed to test the costs incurred and contractor management systems described in the internal audit design.

(4) The Contracting Officer may require revisions to documents submitted under paragraphs (i)(1), (i)(2), and (i)(3) of this clause, including the design plan for the internal audits, the annual report, and the annual internal audits.

(j) Remedies. If at any time during contract performance, the Contracting Officer determines that unallowable costs were claimed by the Contractor to the extent of making the contractor's management controls suspect, or the contractor's management systems that validate costs incurred and claimed suspect, the Contracting Officer may, in his or her sole discretion, require the Contractor to cease using the special financial institution account in whole or with regard to specified accounts, requiring reimbursable costs to be claimed by periodic vouchering. In addition, the Contracting Officer, where he or she deems it appropriate, may: Impose a penalty under 48 CFR 970.5242-1, Penalties for Unallowable Costs; require a refund; reduce the contractor's otherwise earned fee; and take such other action as authorized in law, regulation, or this contract.

END OF CLAUSE

44. OBLIGATION OF FUNDS

(a) *Obligation of Funds*. The amount presently obligated by the Government with respect to this contract is $2,646,784,898.87 (including $2,370,577,444.85 in integrated obligations and $276,207,454.02 in reimbursable work obligations). Such amount may be increased unilaterally by DOE by written notice to the Contractor and may be increased or decreased by written agreement of the parties (whether or not by formal modification of this contract). Estimated collections from others for work and services to be performed under this contract are not included in the amount presently obligated. Such collections, to the extent actually received by the Contractor, shall be processed and accounted for in accordance with applicable requirements imposed by the Contracting Officer pursuant to the Laws, regulations, and DOE directives clause of this contract. Nothing in this paragraph is to be construed as authorizing the Contractor to exceed limitations stated in financial plans established by DOE and furnished to the Contractor from time to time under this contract.

(b) *Limitation on payment by the Government*. Except as otherwise provided in this contract and except for costs which may be incurred by the Contractor pursuant to the Termination clause of this contract, or costs of claims allowable under the contract occurring after completion or termination and not released by the Contractor at the time of financial settlement of the contract in accordance with the clause entitled “Payments and Advances,” payment by the Government under this contract on account of allowable costs shall not, in the aggregate, exceed the amount obligated with respect to this contract, less the Contractor’s fee and any negotiated fixed amount. Unless expressly negated in this contract, payment on account of those costs excepted in the preceding sentence which are in excess of the amount obligated with respect to this contract shall be subject to the availability of-- (1) collections accruing to the Contractor in connection with the work under this contract and processed and accounted for in accordance with applicable requirements imposed by the Contracting Officer pursuant to the Laws, regulations, and DOE directives clause of this contract; and (2) other funds which DOE may legally use for such purpose, provided DOE will use

its best efforts to obtain the appropriation of funds for this purpose if not otherwise available.

(c) *Notices—Contractor excused from further performance*. The Contractor shall notify DOE in writing whenever the unexpended balance of available funds (including collections available under paragraph (a) of this clause), plus the Contractor's best estimate of collections to be received and available during the 45 day period hereinafter specified, is in the Contractor's best judgment sufficient to continue contract operations at the programmed rate for only 45 days and to cover the Contractor's unpaid fee and any negotiated fixed amount, and outstanding encumbrances and liabilities on account of costs allowable under the contract at the end of such period. Whenever the unexpended balance of available funds (including collections available under paragraph (a) of this clause), less the amount of the Contractor's fee then earned but not paid, is in the Contractor's best judgment sufficient only to liquidate outstanding encumbrances and liabilities on account of costs allowable under this contract, the Contractor shall immediately notify DOE and shall make no further encumbrances or expenditures (except to liquidate existing encumbrances and liabilities), and, unless the parties otherwise agree, the Contractor shall be excused from further performance (except such performance as may become necessary in connection with termination by the Government) and the performance of all work hereunder will be deemed to have been terminated for the convenience of the Government in accordance with the provisions of the Termination clause of the contract.

(d) *Financial plans; cost and encumbrance limitations*. In addition to the limitations provided for elsewhere in this contract, DOE may, through financial plans, such as Approved Funding Programs, or other directives issued to the Contractor, establish controls on the costs to be incurred and encumbrances to be made in the performance of the contract work. Such plans and directives may be amended or supplemented from time to time by DOE. The Contractor agrees-- (1) To comply with the specific limitations (ceilings) on costs and encumbrances set forth in such plans and directives; (2) To comply with other requirements of such plans and directives; and (3) To notify DOE promptly, in writing, whenever it has reason to believe that any limitation

on costs and encumbrances will be exceeded or substantially underrun.

(e) *Government's right to terminate not affected*. The giving of any notice under this clause shall not be construed to waive or impair any right of the Government to terminate the contract under the provisions of the Termination clause of this contract.

END OF CLAUSE

45. LIABILITY WITH RESPECT TO COST ACCOUNTING STANDARDS

(a) The Contractor is not liable to the Government for increased costs or interest resulting from its failure to comply with the clauses of this contract entitled, "Cost Accounting Standards," and "Administration of Cost Accounting Standards," if its failure to comply with the clauses is caused by the Contractor's compliance with published DOE financial management policies and procedures or other requirements established by the Department's Chief Financial Officer or Procurement Executive.

(b) The Contractor is not liable to the Government for increased costs or interest resulting from its subcontractors' failure to comply with the clauses at FAR 52.230-2, "Cost Accounting Standards," and FAR 52.230-6, "Administration of Cost Accounting Standards," if the Contractor includes in each covered subcontract a clause making the subcontractor liable to the Government for increased costs or interest resulting from the subcontractor's failure to comply with the clauses; and the Contractor seeks the subcontract price adjustment and cooperates with the Government in the Government's attempts to recover from the subcontractor.

END OF CLAUSE

46. WORK FOR OTHERS FUNDING AUTHORIZATIONS

Any uncollectible receivables resulting from the Contractor utilizing Contractor corporate funding for reimbursable work shall be the responsibility of the Contractor, and the United States Government shall have no liability to the Contractor for the Contractor's uncollectible receivables. The Contractor is permitted to provide advance payment utilizing Contractor corporate funds for reimbursable work to be performed by the Contractor for a non-Federal entity in instances where advance payment from that entity is required under the Laws, regulations, and DOE directives clause of this contract and such advance cannot be obtained. The Contractor is also permitted to provide advance payment utilizing Contractor corporate funds to continue reimbursable work to be performed by the Contractor for a Federal entity when the term or the funds on a Federal interagency agreement required under the Laws, regulations, and DOE directives clause of this contract have elapsed. The Contractor's utilization of corporate funds does not relieve the Contractor of its responsibility to comply with all requirements for Work for Others applicable to this contract.

END OF CLAUSE

47. FINANCIAL MANAGEMENT SYSTEM

The Contractor shall maintain and administer a financial management system that is suitable to provide proper accounting in accordance with DOE requirements for assets, liabilities, collections accruing to the Contractor in connection with the work under this contract, expenditures, costs, and encumbrances; permits the preparation of accounts and accurate, reliable financial and statistical reports; and assures that accountability for the assets can be maintained. The Contractor shall submit to DOE for written approval an annual plan for new financial management systems and/or subsystems and major enhancements and/or upgrades to the currently existing financial systems and/or subsystems. The Contractor shall notify DOE thirty (30) days in advance of any planned implementation of any substantial deviation from this plan and, as requested by the Contracting Officer, shall submit any such deviation to DOE for written approval before implementation.

END OF CLAUSE

48. INTEGRATED ACCOUNTING

Integrated accounting procedures are required for use under this contract. The Contractor's financial management system shall include an integrated accounting system that is linked to DOE's accounts through the use of reciprocal accounts and that has electronic capability to transmit monthly and year-end self-balancing trial balances to the Department's Primary Accounting System for reporting financial activity under this contract in accordance with requirements imposed by the Contracting Officer pursuant to the Laws, regulations, and DOE directives clause of this contract.

END OF CLAUSE

49. GOVERNMENT FACILITY SUBCONTRACT APPROVAL

Upon request of the Contracting Officer and acceptance thereof by the Contractor, the Contractor shall procure, by subcontract, the construction of new facilities or the alteration or repair of Government-owned facilities at the plant. Any subcontract entered into under this paragraph shall be subject to the written approval of the contracting Officer and shall contain the provisions relative to labor and wages required by law to be included in contracts for the construction, alteration, and/or repair, including painting and decorating, of a public building or public work.

END OF CLAUSE

50. PENALTIES FOR UNALLOWABLE COSTS

(a) Contractors which include unallowable cost in a submission for settlement for cost incurred, may be subject to penalties.

(b) If, during the review of a submission for settlement of costs incurred, the Contracting Officer determines that the submission contains an expressly unallowable cost or a cost determined to be unallowable prior to the submission, the Contracting Officer shall assess a penalty.

(c) Unallowable costs are either expressly unallowable or determined unallowable.

(1) An expressly unallowable cost is a particular item or type of cost which, under the express provisions of an applicable law, regulation, or this contract, is specifically named and stated to be unallowable.

(2) A cost determined unallowable is one which, for that Contractor--

(i) Was subject to a Contracting Officer's final decision and not appealed;

(ii) The Civilian Board of Contract Appeals or a court has previously ruled as unallowable; or

(iii) Was mutually agreed to be unallowable.

(d) If the Contracting Officer determines that a cost submitted by the Contractor in its submission for settlement of cost incurred is--

(1) Expressly unallowable, then the Contracting Officer shall assess a penalty in the amount equal to the disallowed cost allocated to the contract plus interest on the paid portion of the disallowed cost. Interest shall be computed from the date of overpayment to the date of repayment using the interest rate specified by the Secretary of the Treasury pursuant to Pub. L. 92-41 (85 Stat. 97); or

(2) Determined unallowable, then the Contracting

Officer shall assess a penalty in the amount equal to two times the amount of disallowed cost allocated to this contract.

(e) The Contracting Officer may waive the penalty provisions when--

(1) The Contractor withdraws the submission before the formal initiation of an audit of the submission and submits a revised submission;

(2) The amount of the unallowable costs allocated to covered contracts is $10,000 or less; or

(3) the Contractor demonstrates to the Contracting Officer’s satisfaction that--

(i) It has established appropriate policies, personnel training, and an internal control and review system that provides assurances that unallowable costs subject to penalties are precluded from the Contractor’s submission for settlement of costs; and

(ii) The unallowable costs subject to the penalty were inadvertently incorporated into the submission.

END OF CLAUSE

51. CHANGES

(a) Changes and adjustment of fee. The Contracting Officer may at any time and without notice to the sureties, if any, issue written directions within the general scope of this contract requiring additional work or directing the omission of, or variation in, work covered by this contract. If any such direction results in a material change in the amount or character of the work described in the "Statement of Work," an equitable adjustment of the fee, if any, shall be made in accordance with the agreement of the parties and the contract shall be modified in writing accordingly. Any claim by the Contractor for an adjustment under this clause must be asserted in writing within 30 days from the date of receipt by the Contractor of the notification of change; provided, however, that the Contracting Officer, if it is determined that the facts justify such action, may receive and act upon any such claim asserted at any time prior to final payment under this contract. A failure to agree on an equitable adjustment under this clause shall be deemed to be a dispute within the meaning of the clause entitled “Disputes.”

(b) Work to continue. Nothing contained in this clause shall excuse the Contractor from proceeding with the prosecution of the work in accordance with the requirements of any direction hereunder.

END OF CLAUSE

52. CONTRACTOR PURCHASING SYSTEM

(a) *General*. The Contractor shall develop, implement, and maintain formal policies, practices, and procedures to be used in the award of subcontracts consistent with this clause and 48 CFR 970.44. The Contractor's purchasing system and methods shall be fully documented, consistently applied, and acceptable to Department Of Energy (DOE) in accordance with 48 CFR 970.4401-1. The Contractor shall maintain file documentation which is appropriate to the value of the purchase and is adequate to establish the proprietary of the transaction and the price paid. The Contractor's purchasing performance will be evaluated against such performance criteria and measures as may be set forth elsewhere in this contract. DOE reserves the right at any time to require that the Contractor submit for approval any or all purchases under this contract. The Contractor shall not purchase any item or service the purchase of which is expressly prohibited by the written direction of DOE and shall use such special and directed sources as may be expressly required by the DOE Contracting Officer. DOE will conduct periodic appraisals of the Contractor’s management of all facets of the purchasing function, including the Contractor’s compliance with its approved systems and methods. Such appraisals will be performed through the conduct of Contractor Purchasing System Reviews in accordance with 48 CFR subpart 44.3, or, when approved by the Contracting Officer, through the Contractor’s participation in the conduct of the Balanced Scorecard performance measurement and performance management system. The Contractor’s approved purchasing system and methods shall include the requirements set forth in paragraphs (b) through (y) of this clause.

(b) *Acquisition of Utility Service*. Utility services shall be acquired in accordance with the requirements of 48 CFR 970.41.

(c) *Acquisition of Real Property*. Real property shall be acquired in accordance with 48 CFR Subpart 917.74.

(d) *Advance Notice of Proposed Subcontract Awards*. Advance notice shall be provided in accordance with 48 CFR 970.4401-3.

(e) *Audit of Subcontractors*.

(1) The Contractor shall provide for--

(i) Periodic post-award audit of cost-reimbursement subcontractors at all tiers; and

(ii) Audits, where necessary, to provide a valid basis for pre-award or cost or price analysis.

(2) Responsibility for determining the costs allowable under each cost-reimbursement subcontract remains with the Contractor or next higher-tier subcontractor. The Contractor shall provide, in appropriate cases, for the timely involvement of the Contractor and the DOE Contracting Officer in resolution of subcontract cost allowability.

(3) Where audits of subcontractors at any tier are required, arrangements may be made to have the cognizant Federal agency perform the audit of the subcontract. These arrangements shall be made administratively between DOE and the other agency involved and shall provide for the cognizant agency to audit in an appropriate manner in light of the magnitude and nature of the subcontract. In no case, however, shall these arrangements preclude determination by the DOE Contracting Officer of the allowability or unallowability of subcontractor costs claimed for reimbursement by the Contractor.

(4) Allowable costs for cost reimbursable subcontracts are to be determined in accordance with the cost principle of 48 CFR Part 31, appropriate for the type of organization to which the subcontract is to be awarded, as supplemented by 48 CFR Part 931. Allowable costs in the purchase or transfer from contractor-affiliated sources shall be determined in accordance with 48 CFR 970.4402-3 and 48 CFR 31.205-26(e).

(f) *Bonds and Insurance*.

(1) The Contractor shall require performance bonds in penal amounts as set forth in 48 CFR 28.102-2(a) for all fixed priced and unit-priced construction subcontracts in excess of $100,000. The Contractor shall consider the use of performance

bonds in fixed price nonconstruction subcontracts, where appropriate.

(2) For fixed-price, unit-priced and cost reimbursement construction subcontracts in excess of $100,000 a payment bond shall be obtained on Standard Form 25A modified to name the Contractor as well as the United States of America as obligees. The penal amounts shall be determined in accordance with 48 CFR 28.102-2(b).

(3) For fixed-price, unit-priced and cost reimbursement construction subcontracts greater than $25,000, but not greater than $100,000, the Contractor shall select two or more of the payment protections at 48 CFR 28.102-1(b), giving particular consideration to the inclusion of an irrevocable letter of credit as one of the selected alternatives.

(4) A subcontractor may have more than one acceptable surety in both construction and other subcontracts, provided that in no case will the liability of any one surety exceed the maximum penal sum for which it is qualified for any one obligation. For subcontracts other than construction, a co-surety (two or more sureties together) may reinsure amounts in excess of their individual capacity, with each surety having the required underwriting capacity that appears on the list of acceptable corporate sureties.

(g) *Buy American*. The Contractor shall comply with the provisions of the Buy American Act as reflected in 48 CFR 52.225-1 and 48 CFR 52.225-9. The Contractor shall forward determinations of nonavailability of individual items to the DOE Contracting Officer for approval. Items in excess of $100,000 require the prior concurrence of the Head of Contracting Activity. If however, the Contractor has an approved purchasing system, the Head of the Contracting Activity may authorize the Contractor to make determinations of nonavailability for individual items valued at $100,000 or less.

(h) *Construction and Architect-Engineer Subcontracts*.

(1) *Independent Estimates*. A detailed, independent estimate of costs shall be prepared for all construction work to be subcontracted.

(2) *Specifications*. Specifications for construction shall be prepared in accordance with the DOE publication entitled "General Design Criteria Manual."

(3) *Prevention of Conflict of Interest*.

(i) The Contractor shall not award a subcontract for construction to the architect-engineer firm or an affiliate that prepared the design. This prohibition does not preclude the award of a "turnkey" subcontract so long as the subcontractor assumes all liability for defects in design and construction and consequential damages.

(ii) The Contractor shall not award both a cost-reimbursement subcontract and a fixed-price subcontract for construction or architect-engineer services or any combination thereof to the same firm where those subcontracts will be performed at the same site.

(iii) The Contractor shall not employ the construction subcontractor or an affiliate to inspect the firm's work. The Contractor shall assure that the working relationships of the construction subcontractor and the subcontractor inspecting its work and the authority of the inspector are clearly defined.

(i) *Contractor-Affiliated Sources*. Equipment, materials, supplies, or services from a contractor-affiliated source shall be purchased or transferred in accordance with 48 CFR 970.4402-3.

(j) *Contractor-Subcontractor Relationship*. The obligations of the Contractor under paragraph (a) of this clause, including the development of the purchasing system and methods, and purchases made pursuant thereto, shall not relieve the Contractor of any obligation under this contract (including, among other things, the obligation to properly supervise, administer, and coordinate the work of subcontractors). Subcontracts shall be in the name of the Contractor, and shall not bind or purport to bind the Government.

(k) *Government Property*. Identification, inspection, maintenance, protection, and disposition of Government property shall conform with the policies and principles of 48 CFR Part 45, 48 CFR 945, the Federal Property Management Regulations 41 CFR Chapter 101, the DOE Property Management Regulations 41 CFR Chapter 109, and their contracts.

(l) *Indemnification*. Except for Price-Anderson Nuclear Hazards Indemnity, no subcontractor may be indemnified except with the prior approval of the Senior Procurement Executive.

(m) *Leasing of Motor Vehicles*. Contractors shall comply with 48 CFR 8.11 and 48 CFR 908.11.

(n) *Reserved*

(o) *Management*, *Acquisition and Use of Information Resources*. Requirements for automatic data processing resources and telecommunications facilities, services, and equipment, shall be reviewed and approved in accordance with applicable DOE Orders and regulations regarding information resources.

(p) *Priorities, Allocations and Allotments*. Priorities, allocations and allotments shall be extended to appropriate subcontracts in accordance with the clause or clauses of this contract dealing with priorities and allocations.

(q) *Purchase of Special Items*. Purchase of the following items shall be in accordance with the following provisions of 48 CFR subpart 8.5, 48 CFR subpart 908.71, Federal Management Regulation 41 CFR part 102, and the Federal Property Management Regulations, 41 CFR chapter 101:

(1) Motor Vehicles--48 CFR 908.7101
(2) Aircraft--48 CFR 908.7102
(3) Security Cabinets--48 CFR 908.7106
(4) Alcohol--48 CFR 908.7107
(5) Helium—48 CFR subpart 908.7108
(6) Fuels and packaged petroleum products--48 CFR 908.7109
(7) Coal--48 CFR 908.7110
(8) Arms and Ammunition--48 CFR 908.7111
(9) Heavy Water--48 CFR 908.7121(a)
(10) Precious Metals--48 CFR 908.7121(b)
(11) Lithium--48 CFR 908.7121(c)

(12) Products and services of the blind and severely handicapped--41 CFR 101-26.701

(r) *Purchase vs. Lease Determinations*. Contractors shall determine whether required equipment and property should be purchased or leased, and establish appropriate thresholds for application of lease vs. purchase determinations. Such determinations shall be made--

(1) At time of original acquisition;
(2) When lease renewals are being considered; and
(3) At other times as circumstances warrant.

(s) *Quality Assurance*. Contractors shall provide no less protection for the Government in its subcontracts than is provided in the prime contract.

(t) *Setoff of Assigned Subcontractor Proceeds*. Where a subcontractor has been permitted to assign payments to a financial institution, the assignment shall treat any right of setoff in accordance with 48 CFR 932.803.

(u) *Strategic and Critical Materials*. The Contractor may use strategic and critical materials in the National Defense Stockpile.

(v) *Termination*. When subcontracts are terminated as a result of the termination of all or a portion of this contract, the Contractor shall settle with subcontractors in conformity with the policies and principles relating to settlement of prime contracts in 48 CFR subparts 49.1, 49.2 and 49.3. When subcontracts are terminated for reasons other than termination of this contract, the Contractor shall settle such subcontracts in general conformity with the policies and principles in 48 CFR subparts 49.1, 49.2, 49.3 and 49.4. Each such termination shall be documented and consistent with the terms of this contract. Terminations which require approval by the Government shall be supported by accounting data and other information as may be directed by the Contracting Officer.

(w) *Unclassified Controlled Nuclear Information*. Subcontracts involving unclassified uncontrolled nuclear information shall be treated in accordance with 10 CFR Part 1017.

(x) *Subcontract Flowdown Requirements.* In addition to the terms and conditions that are included in the prime contract which direct application of such terms and conditions in appropriate subcontracts, the Contractor shall include the following clauses in subcontracts, as applicable:

(1) Davis Bacon clauses prescribed in 48 CFR 22.407.

(2) Foreign Travel clause prescribed in 48 CFR 952.247-70.

(3) Counterintelligence clause prescribed in 48 CFR 970.0404-4(a).

(4) Service Contract Act clauses prescribed in 48 CFR 22.1006.

(5) State and local taxes clause prescribed in 48 CFR 970.2904-1.

(6) Cost or pricing data clauses prescribed in 48CFR 970.1504-3-1(b).

*(y) Legal Services.* Contractor purchases of litigation and other legal services are subject to the requirements in 10 CFR part 719 and the requirements of this clause.

END OF CLAUSE

53. PROPERTY

(a) *Furnishing of Government property.* The Government reserves the right to furnish any property or services required for the performance of the work under this contract.

(b) *Title to property.* Except as otherwise provided by the Contracting Officer, title to all materials, equipment, supplies, and tangible personal property of every kind and description purchased by the Contractor, for the cost of which the Contractor is entitled to be reimbursed as a direct item of cost under this contract, shall pass directly from the vendor to the Government. The Government reserves the right to inspect, and to accept or reject, any item of such property. The Contractor shall make such disposition of rejected items as the Contracting Officer shall direct. Title to other property, the cost of which is reimbursable to the Contractor under this contract, shall pass to and vest in the Government upon (1) issuance for use of such property in the performance of this contract, or (2) commencement of processing or use of such property in the performance of this contract, or (3) reimbursement of the cost thereof by the Government whichever first occurs. Property furnished by the Government and property purchased or furnished by the Contractor, title to which vests in the Government, under this paragraph are hereinafter referred to as Government property. Title to Government property shall not be affected by the incorporation of the property into or the attachment of it to any property not owned by the Government, nor shall such Government property or any part thereof, be or become a fixture or lose its identity as personality by reason of affixation to any realty.

(c) *Identification*. To the extent directed by the Contracting Officer, the Contractor shall identify Government property coming into the Contractor's possession or custody, by marking and segregating in such a way, satisfactory to the Contracting Officer, as shall indicate its ownership by the Government.

(d) *Disposition.* The Contractor shall make such disposition of Government property which has come into the possession or custody of the Contractor under this

contract as the Contracting Officer may direct during the progress of the work or upon completion or termination of this contract. The Contractor may, upon such terms and conditions as the Contracting Officer may approve, sell, or exchange such property, or acquire such property at a price agreed upon by the Contracting Officer and the Contractor as the fair value thereof.

The amount received by the Contractor as the result of any disposition, or the agreed fair value of any such property acquired by the Contractor, shall be applied in reduction of costs allowable under this contract or shall be otherwise credited to account to the Government, as the Contracting Officer may direct. Upon completion of the work or the termination of this contract, the Contractor shall render an accounting, as prescribed by the Contracting Officer, of all government property which had come into the possession or custody of the Contractor under this contract.

(e) *Protection of government property--management of high-risk property and classified materials.*

(1) The Contractor shall take all reasonable precautions, and such other actions as may be directed by the Contracting Officer, or in the absence of such direction, in accordance with sound business practice, to safeguard and protect government property in the Contractor's possession or custody.

(2) In addition, the Contractor shall ensure that adequate safeguards are in place, and adhered to, for the handling, control and disposition of high-risk property and classified materials throughout the life cycle of the property and materials consistent with the policies, practices and procedures for property management contained in the Federal Property Management Regulations (41 CFR chapter 101), the Department of Energy (DOE) Property Management Regulations (41 CFR chapter 109), and other applicable Regulations.

(3) High-risk property is property, the loss, destruction, damage to, or the unintended or premature transfer of which could pose risks to the public, the environment, or the national security interests of the United States. High-risk property includes proliferation sensitive,

nuclear related dual use, export controlled, chemically or radioactively contaminated, hazardous, and specially designed and prepared property, including property on the militarily critical technologies list.

(f) *Risk of loss of Government property.*

(1) (i) The Contractor shall not be liable for the loss or destruction of, or damage to, Government property unless such loss, destruction, or damage was caused by any of the following--

(A) Willful misconduct or lack of good faith on the part of the Contractor's managerial personnel;

(B) Failure of the Contractor's managerial personnel to take all reasonable steps to comply with any appropriate written direction of the Contracting Officer to safeguard such property under paragraph (e) of this clause; or

(C) Failure of Contractor managerial personnel to establish, administer, or properly maintain an approved property management system in accordance with paragraph (i)(1) of this clause.

(ii) If, after an initial review of the facts, the Contracting Officer informs the Contractor that there is reason to believe that the loss, destruction of, or damage to the government property results from conduct falling within one of the categories set forth above, the burden of proof shall be upon the Contractor to show that the Contractor should not be required to compensate the government for the loss, destruction, or damage.

(2) In the event that the Contractor is determined liable for the loss, destruction or damage to Government property in accordance with (f)(1) of this clause, the Contractor's compensation to the Government shall be determined as follows:

(i) For damaged property, the compensation shall be the cost of repairing such damaged property, plus any costs incurred for temporary replacement of the damaged property. However, the value of repair costs shall not exceed the fair market value of the damaged property. If a fair market value of the property does not exist, the Contracting Officer shall determine the value of such property, consistent with all relevant facts and circumstances.

(ii) For destroyed or lost property, the compensation shall be the fair market value of such property at the time of such loss or destruction, plus any costs incurred for temporary replacement and costs associated with the disposition of destroyed property. If a fair market value of the property does not exist, the Contracting Officer shall determine the value of such property, consistent with all relevant facts and circumstances.

(3) The portion of the cost of insurance obtained by the Contractor that is allocable to coverage of risks of loss referred to in paragraph (f)(1) of this clause is not allowable.

(g) *Steps to be taken in event of loss.* In the event of any damage, destruction, or loss to Government property in the possession or custody of the Contractor with a value above the threshold set out in the Contractor's approved property management system, the Contractor:

(1) Shall immediately inform the Contracting Officer of the occasion and extent thereof,

(2) Shall take all reasonable steps to protect the property remaining, and

(3) Shall repair or replace the damaged, destroyed, or lost property in accordance with the written direction of the Contracting Officer. The Contractor shall take no action prejudicial to the right of the Government to recover therefore, and shall furnish to the Government, on request, all reasonable assistance in obtaining recovery.

(h) *Government property for Government use only.* Government property shall be used only for the performance of this contract.

(i) Property Management.

(1) *Property Management System*.

(i) The Contractor shall establish, administer, and properly maintain an approved property management system of accounting for control, utilization, maintenance, repair, protection, preservation, and disposition of Government property in its possession under the contract. The Contractor’s property management system shall be submitted to the Contracting Officer for approval and shall be maintained and administered in accordance with sound business practice, applicable Federal Property Management Regulations and Department of Energy Property Management Regulations, and such directives or instructions which the Contracting Officer may from time to time prescribe.

(ii) In order for a property management system to be approved, it must provide for--

(A) Comprehensive coverage of property from the requirement identification, through its life cycle, to final disposition;

(B) Employee personal responsibility and accountability for Government-owned property;

(C) Full integration with the Contractor's other administrative and financial systems; and

(D) A method for continuously improving property management practices through the identification of best practices established by “best in class” performers.

(iii) Approval of the Contractor’s property management system shall be contingent upon the completion of the baseline inventory as

provided in subparagraph (i)(2) of this clause.

(2) *Property Inventory.*

(i) Unless otherwise directed by the Contracting Officer, the Contractor shall within six months after execution of the contract provide a baseline inventory covering all items of Government property.

(ii) If the Contractor is succeeding another Contractor in the performance of this contract, the Contractor shall conduct a joint reconciliation of the property inventory with the predecessor Contractor. The Contractor agrees to participate in a joint reconciliation of the property inventory at the completion of this contract. This information will be used to provide a baseline for the succeeding contract as well as information for closeout of the predecessor contract.

(j) The term “contractor’s managerial personnel” as used in this clause means the Contractor’s directors, officers and any of its managers, superintendents, or other equivalent representatives who have supervision or direction of--

(1) All or substantially all of the Contractor’s business; or

(2) All or substantially all of the Contractor’s operations at any one facility or separate location to which this contract is being performed; or

(3) A separate and complete major industrial operation in connection with the performance of this contract; or

(4) A separate and complete major construction, alteration, or repair operation in connection with performance of this contract; or

(5) A separate and discrete major task or operation in connection with the performance of this contract.

(k) The Contractor shall include this clause in cost reimbursable contracts.

END OF CLAUSE

CONTRACT NO. DE-NR0000031

Part III
Section J

List of Attachments

October 1, 2011

INDEX OF SECTION J


| Description | Pages |
|---|---|
| 1. Key Personnel – Bettis and KAPL Management Positions | 7 |
| 2. Special Financial Institution Account Agreement for Use with the Payments Cleared Financing Arrangement | 24 |
| 3. Baseline List of Applicable Directives | 9 |
| 4. Commitment Letter | 1 |
| 5. Guidance for Preparation of Diversity Plan | 2 |
| 6. Appendix A, Human Resources (Bettis Atomic Power Laboratory) | 52 |
| 7. Appendix A, Human Resources (Knolls Atomic Power Laboratory) | 108 |
| 8. FBI Criminal Justice Information Services Security Addendum | 10 |
| 9. Management Plan per Special Clause H-18 | 13 |
| 10. Diversity Plan | 4 |
| 11. Small Business Subcontracting Plan (DOE) FY 2009 | 5 |
| 12. Transition Plan | 8 |
| 13. Diversity Plan – 2010 | 5 |
| 14. Master Small Business Subcontracting Plan and Addendum for Fiscal Year 2010 | 7 |
| 15. Diversity Plan – 2011 | 5 |

16. Master Small Business Subcontracting Plan Addendum for Fiscal Year 2011 2

17. Amendment No. 1 to the Special Financial Institution Account Agreement for Use with the Payments Cleared Financing Arrangement Rev. 2 7

18. Diversity Plan – 2012 5

19. Master Small Business Subcontracting Plan Addendum for Fiscal Year 2012 2

# BETTIS KEY MANAGEMENT POSITIONS
(April 4, 2007)

1. General Manager's Office

General Manager
Special Assignment positions reporting to the General Manager

2. Advanced Design Development

Manager, Advanced Design Development
Manager, Advanced Electrical Development

3. Component Technology

Manager, Component Technology
Manager, Steam Generators
Manager, Steam Plant Chemistry
Manager, Reactor Coolant Technology
Manager, Reactor Plant Components

4. Controller

Controller

5. Core Manufacturing

Manager, Core Manufacturing
Manager, Project Management Center of Excellence
Manager, Manufacturing Engineering
Manager, Plant Engineering
Manager, Quality & Manufacturing Development
Manager, Resident Office – BWXT, Lynchburg, VA

6. Environmental, Safety and Health

Manager, Environmental, Safety and Health
Manager, Environmental Engineering
Manager, Safety
Manager, Environmental Affairs
Manager, Bettis Yucca Mountain Resident Office, Las Vegas, Nevada

7. Facilities

Manager, Facilities

8. Human Resources

Manager, Human Resources

9. Information Management

Manager, Information Management
- Manager, Information Systems
- Manager, Software and Information Management Systems
- Manager, Computer Security

10. Laboratory Operational Safeguards

Manager, Laboratory Operational Safeguards
- Manager, Protection Systems

11. Laboratory Testing Operations

Manager, Laboratory Testing Operations
- Manager, Fluids & Mechanical Laboratories
- Manager, Acoustic & Materials Testing

12. Materials Technology

Manager, Materials Technology
- Manager, Engineering Development and Testing
  - Manager, ATR Programs
- Manager, Plant Materials Technology
- Manager, Core Materials Technology

13. Mechanical, Electrical and Reactor Activity

Manager, Mechanical, Electrical and Reactor Activity
- Manager, Submarine Power Plant Engineering
- Manager, Reactor Plant Contractors' Office, Electric Boat Division
- Manager, Surface Ship Power Plant Engineering
- Manager, Reactor Plant Contractors’ Office, Newport News, VA
- Manager, Submarine Reactor Engineering
- Manager, Surface Ship Reactor Engineering
- Manager, Reactor Safety

14. Moored Training Ship

Technical Director, Moored Training Ship
- Training Director
- Manager, Radiological Controls
- Manager, Quality Assurance
- Manager, MTS Engineering
- Manager, Environmental, Safety and Health

15. M-290/Dry Storage Program

Manager, M-290/Dry Storage Program
- Manager, M-290/Dry Storage Program Engineering (Bettis-Pittsburgh)
- Deputy Manager, M-290/Dry Storage Program (Bettis-NRF)

16. Naval Reactors Facility

Manager, Naval Reactors Facility
- Manager, Engineering
- Manager, Operations
- Manager, Lifting and Handling
- Manager, Radiological and Environmental Controls
- Manager, Facilities
- Manager, Quality Assurance
- Manager, NRF Program
- Manager, Engineering Infrastructure & Support Services

17. Nuclear Engineering and Operations

Manager, Nuclear Engineering and Operations
- Manager, Nuclear Engineering
- Manager, Nuclear Material Development Operations
- Manager, Radioactive & Hazardous Materials
- Manager, Nuclear Production

18. Operations Training

Manager, Operations Training
- Manager, Naval Training
- Manager, Prototype Training
- Technical Consultant, Naval Nuclear Power Training Command (Charleston)
- Director, Bettis Reactor Engineering School
- Manager, Advanced Training Systems

19. Procurement and Materials Management

Manager, Procurement and Materials Management

20. Quality Assurance & Site Assessment

Manager, Quality Assurance & Site Assessment
- Manager, Quality Programs
- Manager, Site Assessment
- Manager, Process Management

21. Radiological Controls

Manager, Radiological Controls
- Manager, Radiological Engineering
- Manager, Radiation Health
- Manager, Radiological Controls Operations
- Manager, Radiological Training
- Manager, Emergency Planning

22. Reactor Technology

Manager, Reactor Technology
- Manager, Reactor Methods and Programming
- Manager, Reactor Engineering Development
- Manager, Acoustic Design and Development

23. Refueling Engineering and Operations

Manager, Refueling Engineering and Operations
- Manager, Welding Technology
- Manager, Shipping Containers
- Manager, Reactor Servicing

24. Ship Engineering Activity

Manager, Ship Engineering Activity
- Manager, Advanced Plant Development
- Manager, Advanced Core Design
- Manager, Programs and A1B Testing
- Manager, Shielding
- Manager, Advanced Instrumentation and Control Systems

# KAPL KEY MANAGEMENT POSITIONS
(January 17, 2007)

- GENERAL MANAGER

- GENERAL COUNSEL

- ADVANCED REACTORS PROGRAM
  Manager, Advanced Reactors Program
  - Manager, Nuclear Engineering
  - Manager, Reactor Thermal & Mechanical Design
  - Manager, Power Plant Mechanical
  - Manager, Power Plant Electrical
  - Manager, Noise & Electrical Technology
  - Manager, Advanced Concepts
  - Manager, Reactor Equipment/NCSG Design
  - Manager, Design Programs

- KESSELRING SITE OPERATION
  Manager, Kesselring Site Operation
  - All Plant Managers
  - Manager, KSO Radiological Controls
  - Manager, KSO Environment & Safety
  - Manager, KSO Prototype Maintenance & Inactivation
  - Manager, KSO Prototype Engineering
  - Manager, KSO Quality Assurance
  - Manager, Training Support
  - Manager, KSO Programs
  - Manager, Site Facilities Engineering and Operations

- REACTOR SERVICING OPERATION
  Manager, Reactor Servicing Operation
  - Manager, ECF Projects
  - Manager, Flee/Prototype Refueling
  - Manager, Engineering Design Services

- SECURITY PROGRAMS
  Manager, Security Programs
  - Manager, Safeguards & Security

- QUALITY ASSURANCE & AUDITS
  Manager, Quality Assurance & Audits
  - Manager, Quality Assurance Engineering
  - Manager, Radiological & ESH Audits

- FLEET SUPPORT OPERATION
  Manager, Fleet Support Operation
  - Manager, Power Plant Electrical
  - Manager, Power Plant Mechanical

Manager, Shielding
Manager, Shipyard Field Engineering
Manager, Power Plant Programs/Analysis
All Managers, KAPL Shipyard Resident Offices
Manager, Reactor Safety Engineering
Manager, Reactor Equipment Design
Manager, Advanced Reactor Engineering
Manager, Fleet Reactor Engineering
Manager, Fleet I&C Engineering

- MATERIALS DEVELOPMENT OPERATION
  Manager, Materials Development Operation
  Manager, Core Materials Engineering
  Manager, MDO Laboratories
  Manager, Component Technology
  Manager, Materials Processing & Inspection
  Manager, Advanced Reactor Materials

- TEST OPERATIONS
  Manager, Test Operations
  Manager, Experimental Engineering
  Manager, Chemistry Laboratory
  Manager, Materials Laboratory

- PROTOTYPE TRAINING AND PROGRAMS
  Manager, Prototype Training and Programs
  Manager, Nuclear Operations Training/Staffing

- TECHNOLOGY AND INFORMATION SYSTEMS
  Manager, Technology and Information Systems
  Manager, Information Systems & Services
  Manager, Advanced Engineering Computations
  Manager, Information Protection/Control
  Manager, Fluid Dynamics Technology
  Manager, Structural Engineering

- OPERATIONS AND ENVIRONMENT & HEALTH
  Manager, Operations and Environment & Health
  Manager, Environment & Safety
  Manager, Radiological Controls
  Manager, Regulated Materials Engineering
  Manager, KAPL Construction
  Manager, Deactivation and Remediation

- SUPPLY CHAIN MANAGEMENT
  Manager, Supply Chain Management

- HUMAN RESOURCES
  Manager, Human Resources

- FINANCIAL OPERATION
  Manager, Financial Operation

- M-290/DRY STORAGE PROGRAM
  Manager, M-290/Dry Storage Program
  Manager, M-290/DSP Engineering

**SPECIAL FINANCIAL INSTITUTION ACCOUNT AGREEMENT FOR USE WITH THE PAYMENTS CLEARED FINANCING ARRANGEMENT**

**Rev. 2**

Agreement entered into this, 6TH day of JANUARY, 2001, between the UNITED STATES OF AMERICA, represented by the Department of Energy (hereinafter referred to as "DOE"), and Bechtel Marine Propulsion Corporation, a corporation/legal entity existing under the laws of the State of Delaware, (hereinafter referred to as the Contractor) and The Bank of New York Mellon, a financial institution corporation existing under the laws of the State of New York, located at Pittsburgh, PA (hereinafter referred to as the Financial Institution).

RECITALS

(a) On the effective date of September 18, 2008, DOE and Bechtel Marine Propulsion Corporation entered into Contract No. DE-NR0000031, providing for the transfer of funds on a payments-cleared basis.

(b) DOE requires that amounts transferred to the Contractor thereunder be deposited in a special demand deposit account at a financial institution covered by the Department of the Treasury-approved Government deposit insurance organizations identified in Volume 1, Part 6, Chapter 9000 of the Treasury *Financial Manual*.

These special demand deposits must be kept separate from the Contractor's general or other funds, and the parties are agreeable to so depositing said amounts with the Financial Institution.

(c) The special demand deposit accounts shall be designated:

1. "Bechtel Marine Propulsion Corporation SSH, Knolls Atomic Power Laboratory, Department of Energy Account"

2. "Bechtel Marine Propulsion Corporation SSH, Bettis Atomic Power Laboratory, Department of Energy Account"

COVENANTS

In consideration of the foregoing, and for other good and valuable considerations, it is agreed that:

(1) The Government shall have a title to the credit balance in said account to secure the repayment of all funds transferred to the Contractor, and said title shall be superior to any lien, title, or claim of the Financial Institution or others with respect to such accounts.

(2) The Financial Institution shall be bound by the provisions of said Agreement(s) between DOE and the Contractor relating to the transfer of funds into and withdrawal of funds from the above special demand deposit account, which are

hereby incorporated into this Agreement by reference, but the Financial Institution shall not be responsible for the application of funds withdrawn from said account by the Contractor. After receipt by the Financial Institution of written directions from DOE, the Financial Institution shall act thereon and shall be under no liability to any party hereto for any action taken in accordance with the said written directions. Any written directions received by the Financial Institution from the Government upon DOE stationery and purporting to be signed by, or signed at the written direction of, the Government may, insofar as the rights, duties, and liabilities of the Financial Institution are concerned, be considered as having been properly issued and filed with the Financial Institution by DOE.

(3) DOE, or its authorized representatives, shall have access to financial records maintained by the Financial Institution with respect to such special demand deposit account at all reasonable times and for all reasonable purposes, including, but without limitation to, the inspection or copying of such financial records and any or all memoranda, checks, payment requests, correspondence, or documents pertaining thereto. Such financial records shall be preserved by the Financial Institution for a period of six (6) years after the final payment under the Agreement.

(4) In the event of the service of any writ of attachment, levy of execution, or commencement of garnishment proceedings with respect to the special demand deposit account, the Financial Institution shall promptly notify DOE at:

Naval Reactors Laboratory Field Office
U.S. Department of Energy
P.O. Box 513
Schenectady, NY 12301-0513
Attention: Contracting Officer / Representative

(5) DOE shall authorize funds that shall remain available to the extent that obligations have been incurred in good faith thereunder by the Contractor to the Financial Institution for the benefit of the special demand deposit account. The Financial Institution agrees to honor upon presentation for payment all payments issued by the Contractor and to restrict all withdrawals against the funds authorized to an amount sufficient to maintain the account balance as close to zero as administratively possible each day.

The Financial Institution agrees to service the account in this manner based on the requirements and specifications contained in the Contractor solicitation dated 11/14/08 inclusive of the latest revisions of documents referenced herein. The Financial Institution agrees that per-item prices, detailed in the form "Schedule of Financial Institution Processing Charges, Rev. 2," contained in the Financial Institution's aforesaid proposal will remain constant during the term of this Agreement. The Financial Institution shall calculate the monthly fees based only on services rendered in accordance with this Agreement. The Contractor shall issue a check or authorize the Financial Institution to initiate an automated clearing house transfer to the Financial Institution in payment thereof.

The Contractor is not liable for any payment for performance under this Agreement beyond the prices included in the form "Schedule of Financial

Institution Processing Charges, Rev. 2" as defined in the form "Description of Services, Rev. 2". Any services provided by the Financial Institution under this Agreement resulting in payment demands for services not required under this Agreement shall be at the Financial Institution's own risk.

(6) The Financial Institution shall post collateral, acceptable under Code of Federal Regulations 31 CFR 202, with the Federal Reserve Bank in an amount equal to the net balances in all of the accounts included in this Agreement less the Department of the Treasury-approved deposit insurance.

However, the Financial Institution shall not be required to post collateral in accordance with Department of Treasury regulations and 31 CFR 202 provided the Financial Institution performs account balance reviews and initiate a repetitive wire transfer to the Federal Reserve Bank to bring the overnight account balances as close to zero as administratively possible (and not in excess of the approved deposit insurance coverage), for each DOE account. Any deposit or credits received after the final review shall be considered as "next day" funds.

(7) This Agreement, with all its provisions and covenants, shall be in effect for a term of four (4) years and eight (8) months, beginning 2/01/2009 through 9/30/2013.

(8) DOE, the Contractor, or the Financial Institution may terminate this Agreement at any time within the agreement period upon submitting written notification to the other parties 120 days prior to the desired termination date. The specific provisions for operating the account during this 120-day period are contained in Covenant (11).

(9) DOE or the Contractor may terminate this Agreement at any time upon 30 days' written notice to the Financial Institution if DOE or the Contractor, or both parties, find that the Financial Institution has failed to substantially perform its obligations under this Agreement or that the Financial Institution is performing its obligations in a manner that precludes administering the program in an effective and efficient manner or that precludes the effective utilization of the Government's cash resources.

(10) Notwithstanding the provisions of Covenants (8) and (9), in the event that the Agreement, referenced in Recital (a), between DOE and the Contractor is not renewed or is terminated, this Agreement between DOE, the Contractor, and the Financial Institution shall be terminated automatically upon the delivery of written notice to the Financial Institution.

(11) In the event of termination, the Financial Institution agrees to retain the Contractor's special demand deposit account for an additional 120-day period to clear outstanding payment items. During this 120-day period, DOE shall provide funds to cover outstanding checks when they are presented for payment in accordance with the existing procedures outlined in this agreement.

During the entire 120 day period, it is further understood that:

a. All service charges shall be consistent with the amounts reflected in this Agreement.

Attachment 2

b. All terms and conditions of the aforesaid proposal submitted by the Financial Institution that are not inconsistent with this 120-day additional term shall remain in effect for this period.

c. This Agreement shall continue in effect, with exception of the following:

1. The term of this Agreement [Covenant (7)]

2. Termination of Agreement [Covenants (8) and (9)]

The following documents, with all documents referenced herein, are incorporated herein by reference and form an integral part of this Agreement:

1. Description of Services, Rev. 2 dated 12/17/08.

2. Financial Institution's Information on Payments Cleared Financing Arrangement, Rev. 0 dated 11/14/08.

3. Technical Representations and Certifications, Rev. 0 dated 11/14/08, as submitted by the Financial Institution.

4 Schedule of Financial Institution Processing Charges, Rev. 2 dated 12/17/08, as submitted by the Financial Institution.

In the event of any inconsistency between any parts of this Agreement, the order of precedence shall be as follows: (1) the provisions contained in the Agreement; and (2) the documents 1. through 4. referenced above, in the order listed.

IN WITNESS WHEREOF the parties hereto have caused this Agreement, which consists of 6 pages, including the signature pages, to be executed as of the day and year first above written.

THE UNITED STATES OF AMERICA

By G.W. Twardowski
(Typed Name of Contracting Officer)

(Signature of Contracting Officer)

1/6/09
Date Signed

WITNESS

(Typed Name of Witness)

(Signature of Witness)

Note: In the case of a corporation, a witness is not required. Type or print names under all signatures.

Bechtel Marine Propulsion Corporation
(Typed Name of Contractor)

By SHAFIK G. HADDAD
(Name of Contractor's Representative)

(Signature of Contractor's Representative)

Vice President
(Title)

50 Beale St., San Francisco, CA. 94105
(Address)

1/2/2009
(Date Signed)

(Name of Witness)

(Signature of Witness)

Note: In the case of a corporation, a witness is not required. Type or print names under all signatures.

The Bank of New York Mellon
(Name of Financial Institution)

By Thomas M. Horgan
(Name of Financial Institution Representative)

Thomas M. Horgan
(Signature of Financial Institution Representative)

Vice President
(Title)

Mellon Client Service Center
500 Ross Street; Suite 154-1360
(Address) Pittsburgh, PA 15262-0001

12/18/09
(Date Signed)

Attachment 2

## NOTE

The contractor, if a corporation, shall cause the following Certificate to be executed under its corporate seal, provided that the same officer shall not execute both the Agreement and the Certificate.

## CERTIFICATE

I, James R. Humphries, certify that I am the Secretary of the corporation named as Contractor herein; that S.G. Andcad, who signed this Agreement on behalf of the Contractor, was then Vice President of said corporation; and that said Agreement was duly signed for and in behalf of said corporation by authority of its governing body and is within the scope of its corporate powers.

(Signature)

BECHTEL MARINE PROPULSION CORPORATION
CORPORATE SEAL
APRIL 30, 2008
DELAWARE
(Corporate Seal)

## NOTE

Financial Institution, if a corporation, shall cause the following Certificate to be executed under its corporate seal, provided that the same officer shall not execute both the Agreement and the Certificate.

See attached The Bank of New York Mellon Corporate Secretary certification.

TMM

## CERTIFICATE

I, _____, certify that I am the _____ of the corporation named as Financial Institution herein; that _____, who signed this Agreement on behalf of the Financial Institution, was then _____ of said corporation; and that said Agreement was duly signed for and in behalf of said corporation by authority of its governing body and is within the scope of its corporate powers.

(Signature) (Corporate Seal)

THE BANK OF NEW YORK MELLON

**I, the undersigned, PATRICIA A. BICKET, SECRETARY of THE BANK OF NEW YORK MELLON, a New York banking corporation with trust powers (the "Bank") having its principal office at One Wall Street, New York, New York 10286, DO HEREBY CERTIFY that the following individual is a duly appointed and qualified Vice President of the Bank:**

**Thomas M. Horgan**

**I FURTHER CERTIFY that as of this date he has been authorized to sign on behalf of the Bank in discharging or performing his duties within the Treasury Services Division, in accordance with senior signing powers provided under Section 6.2 of the By-laws of the Bank.**

**Attached hereto is a true and correct copy of excerpt of the By-laws of the Bank which have not been amended or revised since July 1, 2008 and are in full force and effect.**

**IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of The Bank of New York Mellon this 22nd day of December 2008.**

Patricia A. Bicket

**Secretary**

**Patricia A. Bicket**
Vice President and Secretary
One Wall Street, 9th Floor, New York 10286
T 212 635 1787 F 212 635 1269 C 908 307 4933 patricia.bicket@bnymellon.com

**SIGNING AUTHORITIES**
**Extracts from By-Laws of**
**THE BANK OF NEW YORK MELLON**
**ARTICLE VI**
**As amended through July 1, 2008**

**SECTION 6.1** ***Real Property.*** Real property owned by the Bank in its own right shall not be deeded, conveyed, mortgaged, assigned or transferred except when duly authorized by a resolution of the Board. The Board may from time-to-time authorize officers to deed, convey, mortgage, assign or transfer real property owned by the Bank in its own right with such maximum values as the Board may fix in its authorizing resolution.

**SECTION 6.2** ***Senior Signing Powers.*** Subject to the exception provided in Section 6.1, the Chief Executive Officer, the President, any Vice Chairman, any Senior Executive Vice President and any Executive Vice President is authorized to accept, endorse, execute or sign any document, instrument or paper in the name of, or on behalf of, the Bank in all transactions arising out of, or in connection with, the normal course of the Bank's business or in any fiduciary, representative or agency capacity and, when required, to affix the seal of the Bank thereto. In such instances as in the judgment of the Chief Executive Officer, the President, any Vice Chairman, any Senior Executive Vice President or any Executive Vice President may be proper and desirable, any one of said officers may authorize in writing from time-to-time any other officer to have the powers set forth in this section applicable only to the performance or discharge of the duties of such officer within his or her particular division or function. Any officer of the Bank authorized in or pursuant to Section 6.3 to have any of the powers set forth therein, other than the officer signing pursuant to this Section 6.2, is authorized to attest to the seal of the Bank on any documents requiring such seal.

**SECTION 6.3.** ***Limited Signing Powers.*** Subject to the exception provided in Section 6.1, in such instances as in the judgment of the Chief Executive Officer, the President, any Vice Chairman, any Senior Executive Vice President, or any Executive Vice President may be proper and desirable, any one of said officers may authorize in writing from time to time any other officer, employee or individual to have the limited signing powers or limited power to affix the seal of the Bank to specified classes of documents set forth in a resolution of the Board applicable only to the performance or discharge of the duties of such officer, employee or individual within his or her division or function.

**SECTION 6.4** ***Powers of Attorney.*** All powers of attorney on behalf of the Bank shall be executed by any officer of the Bank jointly with the Chief Executive Officer, the President, any Vice Chairman, any Senior Executive Vice President, any Executive Vice President, any Senior Vice President or any Managing Director, provided that the execution by such Senior Vice President or Managing Director of said Power of Attorney shall be applicable only to the performance or discharge of the duties of such officer within his or her particular division or function. Any such power of attorney may, however, be executed by any officer or officers or person or persons who may be specifically authorized to execute the same by the Board of Directors and, at foreign branches only, by any two officers provided one of such officers is the Branch Manager.

**SECTION 6.5.** ***Auditor.*** The Chief Auditor or any officer designated by the Chief Auditor is authorized to certify in the name of, or on behalf of the Bank, in its own right or in a fiduciary or representative capacity, as to the accuracy and completeness of any account, schedule of assets, or other document, instrument or paper requiring such certification.

# DESCRIPTION OF SERVICES

| | |
|---|---|
| **Account Maintenance** | The Financial Institution shall provide services of dedicated personnel knowledgeable and experienced in Government banking services to answer questions via telephone in a timely manner (same day response) during east coast business hours. The Financial Institution shall ensure that all information is maintained in a secure environment, and that only authorized BMPC (KAPL or Bettis), DOE or Financial Institution personnel have access to information or the ability to perform certain functionality. |
| **Encryption Service** | The Financial Institution shall ensure that all appropriate electronic transactions, such as ACHs, are encrypted for security purposes. |
| **Checks Paid/Cleared** | Processing of paper checks presented to the Financial Institution. |
| **Returned Checks – Non Sufficient Funds** | Per check processing charge for checks returned due to non sufficient funds. |
| **Deposits - Checks** | Processing of individual checks included on deposit tickets delivered to the bank in person or mailed. |
| **Deposits - ACHs** | Processing of Automated Clearing House (ACH) deposits. |
| **Deposit Tickets** | Processing of deposit tickets for checks. |
| **Controlled Disbursement Account Maintenance** | A demand deposit account maintained at the Financial Institution and from which funds are disbursed. Information about items cleared through these accounts shall be provided or made available on a daily basis. In addition to checks cleared, BMPC shall have all transaction information (checks, electronic funds transfers, drawdowns, etc.) daily by 2 PM on the same business day. The daily business cut off times and presentments need to accommodate this reporting need. Navy Accounts are not required to be Controlled Disbursement Accounts – only the DOE requires Controlled Disbursement Account functionality. |
| **Check Imaging (both sides)** | Provide electronic imaging (front & back) of the paper checks presented to the Financial Institution. |
| **Positive Pay/ Pay Without Issuance** | Also referred to as Match Pay. An on-line fraud prevention tool. This feature shall require BMPC to provide information for checks issued in an electronic form, or on-line, to the bank and require the bank to provide a list of payment requests presented. This feature shall indicate any variance between the check presented for payment and the information provided by BMPC, with the exception of Payee Name, and it allows BMPC the ability to approve or deny the check presented for payment. It also provides the ability to void any outstanding check and the ability for BMPC to research the history of payments (i.e. date paid, date voided, still outstanding). Pay without issuance is a per transaction service that allows authorization of payment on an exception basis. |

# DESCRIPTION OF SERVICES

| | |
|---|---|
| **Full Reconcilement Reporting** | The Financial Institution shall provide all transaction information daily by 2 PM on the same business day. For the DOE accounts, the Financial Institution shall provide the checks cleared via electronic file. The bank shall provide reports that detail items paid and outstanding items. Additionally, the reports shall include any deposits or electronic transactions completed. Financial Institution shall provide electronic or paper bank statement monthly. |
| **Full Reconciliation Per Item** | A per item charge to provide reconcilement reporting per the above service. |
| **On-line Monitoring/ Banking** | Provides access to the basic web based tool. This tool is usually the portal to access user accounts to perform on-line transactions and access account specific information and reports. This service shall include the appropriate controls to prevent unauthorized access to BMPC proprietary or account specific information. |
| **On-line Banking Transactions** | A per item charge to perform banking transactions utilizing a web based tool. |
| **Balance & Transaction Reporting** | This service provides detailed account specific information and reports from a web based service. BMPC requires all transaction information daily by 2 PM on the same business day. This service shall include the appropriate controls to prevent unauthorized access to BMPC proprietary or account specific information. |
| **Stop Payments** | Processing of stop payment requests. |
| **Outgoing Wire Transfers, including Sweep Backs** | Same day transfer of funds from the demand accounts. The majority of the wire transfers will be repetitive, done either on a weekly or monthly basis. It also includes sweep backs to US Treasury at the end of the day of positive balances. |
| **Incoming Wire Transfers** | Wire transfers of funds into the account, including drawdowns from the Federal Reserve. |
| **Drawdown Transfers From Federal Reserve** | Charge for Federal Reserve wire sending the funds to the appropriate BMPC demand account to maintain the account balance as close to zero as administratively possible for the DOE demand accounts. For Navy demand accounts the ending daily balance must be maintained at 0. |
| **Beneficiary Information Template Storage** | The Financial Institution shall store templates for repetitive wire transfers upon request from KAPL or Bettis, for KAPL or Bettis to access and reference when creating future wires. |
| **Treasury Assistance Service** | The financial institution shall provide daily review of account balances to ensure they meet US Treasury requirements. |
| **Manual Non-Repetitive Wire** | Non-Repetitive wire transfer of funds not initiated using the Web based functionality. |

# DESCRIPTION OF SERVICES

| | |
|---|---|
| **ACH Batch Transactions** | Charge for the number of individual Electronic Funds Transfer items excluding the addendum records related to CTX items. The batch transactions shall be encrypted, sent electronically, and processed the next day. |
| **ACH Corporate Trade Exchange (CTX) Addendum Records** | Records in the ACH transmission file that provide an expanded description of the transaction (7 record). |
| **ACH Profile Maintenance** | Charge for storage template of ACH profile information. |
| **ACH Data Transmissions** | Electronic file transmission of payment information to the bank in National Automated Clearinghouse Association (NACHA) format. |
| **ACH Input File Confirmation** | Electronic mail confirmation that that the number of records and total amount of dollars included in the ACH Data transmission to the bank were processed. |
| **ACH Returns** | Notification of an unprocessed ACH transaction due to incorrect transmitted information. |
| **ACH Full Debit Block** | This fraud prevention tool blocks electronic funds transfers initiated by another party. |
| **ACH Debit Filter** | This fraud prevention tool is similar to an ACH block; however, the ACH filter allows only specific parties (authorized by DOE or BMPC) the ability to electronically withdraw funds from the account. |
| **Set Up Charge** | Includes all necessary goods and services required to establish the accounts and banking structures for on-going operations. |

# FINANCIAL INSTITUTION'S INFORMATION ON PAYMENTS CLEARED FINANCING ARRANGEMENT

**Rev. 0 dated 11/14/08**

## 1. GENERAL INFORMATION

Payments cleared funding is a method used by the Federal Government to provide funds to a Contractor who is performing services or providing goods to the Department of Energy (DOE). Under this method, the Contractor issues payments for program purposes. When these payments clear the Financial Institution, the payments are totaled, and the Financial Institution draws funds from an Automated Standard Application for Payment (ASAP) 1031 system account at the Federal Reserve Bank of Richmond (FRB-Richmond) for credit to the Contractor's account. The Financial Institution is compensated for services performed in the form of direct payment for services rendered. Information necessary to provide a proposal for and operate such an account and to establish the reporting requirements the Financial Institution must meet are provided below.

## 2. PROPOSAL INFORMATION

a. Upon receipt of the solicitation from the Contractor, the Financial Institution representative should review the package to ensure that all material listed in the covering letter has been included. If anything is missing, the Financial Institution representative should contact the Contractor representative named in the letter to obtain the missing material. If all material is present, the Financial Institution representative should review the solicitation procedures, the operating procedures, the reporting requirements, and the sample agreement. Questions should be directed to the designated Contractor representative.

b. Once the procedures and requirements are understood and the Financial Institution's management decides to submit a proposal, the procedures below should be followed:

   (1) Check or complete all responses contained in the "Technical Representations and Certifications" form.

   (2) Complete the "Schedule of Financial Institution Processing Charges" forms.

   (3) Ensure that all required information has been provided before forwarding the completed forms to the designated DOE representative. These forms constitute the Financial Institution's formal proposal to DOE. Incomplete proposals will not be considered.

   (4) Forward the completed proposal with a cover letter to the DOE representative at the address provided. Proposals not received by the date established for submission will not be considered.

c. Offerors will be notified, by letter, of the Financial Institution selected within 30 calendar days after the close of the solicitation period.

d. The selected Financial Institution will meet with the designated Contractor representative to clarify any operational questions and to sign the contractual agreement and required corporate certificates for both the Contractor and the Financial Institution. The agreement term will be from 2/01/2009 through 9/30/2013. Specific termination provisions are contained in the agreement for termination before the date specified in the agreement.

3. OPERATING REQUIREMENTS

a. The Financial Institution will total the payments cleared against the special account and subtract any deposits. This sum will be drawn from the ASAP 1031 account at FRB Richmond. The amount of the drawdown should be sufficient to maintain the account balance as close to zero as administratively possible. The institution must determine the cutoff time for processing payments and deposits to ensure same day credit. The drawdown is effected by sending an online request for funds (type code 1031) to FRB-Richmond via Fedwire by 5:45 p.m. Eastern time. The DOE finance office, through the Contractor, will provide the Financial Institution with enrollment forms that will permit withdrawal of funds from the ASAP 1031 account at FRB-Richmond. The institution will complete the forms and return them to DOE for further processing.

b. If the Financial Institution providing these services is a branch of a parent institution, the drawdown on ASAP 1031 and subsequent transfer of funds from FRB-Richmond must be accomplished in time for the branch to receive same-day credit for the funds requested.

4. COMPENSATION

The Financial Institution will be compensated for its services in accordance with the prices included in the Schedule of Financial Institution Processing Charges. The Financial Institution will be paid directly by the Contractor by submitting separate itemized invoices for services rendered to Bettis for their DOE and Navy accounts and to KAPL for their DOE and Navy accounts.

5. COLLATERALIZATION

If the amount of any day's balance exceeds the level of Department of the Treasury-approved deposit insurance coverage, the institution must collateralize the amount that exceeds the insurance coverage. The collateral will be posted with the Federal Reserve Bank in accordance with Volume 1, Part 6, Chapter 9000 of the Treasury Financial Manual.

However, the Financial Institution shall not be required to post collateral in accordance with Department of Treasury regulations and 31 CFR 202 provided the following procedure is accomplished:

a) The Financial Institution shall perform account balance reviews and initiate a repetitive wire transfer to the Federal Reserve Bank to bring the overnight account balances as close to zero as administratively possible (and not in excess of the approved deposit insurance coverage), for each DOE and Navy account.

b) Any deposit or credits received after the final review shall be considered as "next day" funds.

6. PENALTIES ON EXCESS FUNDS

If the Financial Institution has a pattern of excess drawdowns and fails to correct the problem after written notice from the Department, the Financial Institution will be assessed interest on all excess balances at the Federal Funds Rate for the month(s), and the special Financial Institution account agreement will be terminated. Penalties will be remitted to the cognizant DOE finance office.

7. REPORTING REQUIREMENTS

The Financial Institution will provide the Contractor with bank statements and account analyses monthly. The account analyses will include the data necessary for the DOE finance office to determine that the prices of the services are commensurate with the level of compensation being provided to the Financial Institution, and that the average daily demand account balance is being maintained as close to zero as administratively possible.

## SCHEDULE OF FINANCIAL INSTITUTION PROCESSING CHARGES

Contractor: Bechtel Marine Propulsion Corporation

Document No. NAV-1
Rev. 2 dated 12/17/08

Financial Institution: BNY Mellon Working Capital Solutions

Account Name: Department of Navy Accounts

| | Services | Year 1 Contractor's Projected Monthly Quantity KAPL | Bettis | Total | UOM | Per Item Price | Total |
|---|---|---|---|---|---|---|---|
| 1 | Account Maintenance | 1 | 1 | 2 | Month | $ 48.6200 | $ 97.24 |
| 2 | Encryption Service | 0 | 0 | 0 | Month | $ 60.7700 | $ |
| 3 | Checks Paid / Cleared | 0 | 0 | 0 | Each | $ 0.1090 | $ |
| 4 | Returned Checks - Non Sufficient Funds | 0 | 0 | 0 | Each | $ 4.4300 | $ |
| 4a | Checks Represented 2nd time | 0 | 0 | 0 | Each | $ 4.2500 | $ |
| 5 | Deposits - Checks | 0 | 0 | 0 | Each | $ 0.1700 | $ |
| 6 | Deposits - ACHs | 0 | 5 | 5 | Each | $ 0.1940 | $ 0.97 |
| 7 | Deposit Tickets | 0 | 0 | 0 | Each | $ 1.9800 | $ |
| 7a | Mail Deposit with Deposit Ticket | 0 | 0 | 0 | Each | $ 2.7300 | $ |
| 8 | Controlled Disbursement Account Maintenance | 0 | 0 | 0 | Month | $ 97.7000 | $ |
| 9 | Check Imaging (both sides) | 0 | 0 | 0 | Each Check | $ 0.0100 | $ |
| 9a | Disbursement Image - Fixed - Extended | 0 | 0 | 0 | Month | $ 25.0000 | $ |
| 9b | Image - CD-ROM Media Charge | 0 | 0 | 0 | Month | $ 25.0000 | $ |
| 9c | Image - CD-ROM per Item | 0 | 0 | 0 | Each | $ 0.0100 | $ |
| 10 | Positive Pay / Pay Without Issuance | 0 | 0 | 0 | Month | $ 0.0000 | $ |
| 10a | Positive Pay - Controlled Disbursement per Item | 0 | 0 | 0 | Each | $ 1.2500 | $ |
| 10b | Positive Pay Suspects - iTelecash Xmit | 0 | 0 | 0 | Each | $ 1.2500 | $ |
| 11 | Full Reconcilement Reporting | 0 | 0 | 0 | Month | $ 69.7700 | $ |
| 11a | Reconcilement - CPU/CPU Output Fixed | 0 | 0 | 0 | Month | $ 15.3000 | $ |
| 12 | Full Reconciliation Per Item | 0 | 0 | 0 | Each | $ 0.0630 | $ |
| 13 | On-line Monitoring / Banking | 1 | 1 | 2 | Month | $ 27.5600 | $ 55.12 |
| 13a | Wire Sentry Token Maintenance | 2 | 2 | 4 | Each Person | $ 8.2500 | $ 33.00 |
| 13b | Account Maintenance per Account/Module | 11 | 11 | 22 | Each | $ 6.8900 | $ 151.58 |
| 13c | Check Storage (Qty = .02% of checks qty) | 0 | 0 | 0 | Storage Units | $ 90.4000 | $ |
| 13d | Demand Deposit Account Statement Access | 0 | 0 | 0 | Month | $ 10.5000 | $ |
| 14 | On-line Banking Transactions | 6 | 14 | 20 | Each | $ 0.0000 | $ |
| 15 | Balance & Transaction Reporting | 10 | 21 | 31 | Reports | $ 4.6800 | $ 145.08 |
| 16 | Stop Payments via Terminal | 0 | 0 | 0 | Each | $ 5.5000 | $ |
| 16a | Positive Pay Return | 0 | 0 | 0 | Each | $ 4.2000 | $ |
| 17 | Outgoing Wire Transfers, including Sweep Backs | 7 | 26 | 33 | Each | $ 0.0000 | $ |
| 17a | Outgoing Wires initiated via Terminal | 7 | 26 | 33 | Each | $ 15.5000 | $ 511.50 |
| 17b | Outgoing Wires initiated via Operator Assisted Repetitive | 0 | 0 | 0 | Each | $ 18.2300 | $ |
| 17c | Outgoing International Wires initiated via Operator Assisted Non-Repetitive | 0 | 0 | 0 | Each | $ 42.0000 | $ |
| 17d | Outgoing Wires-Automated Internal (between Mellon customers) | 0 | 0 | 0 | Each | $ 6.8000 | $ |
| 17e | Outgoing Wires-Operator Assisted Internal (between Mellon customers) Repetitive | 0 | 0 | 0 | Each | $ 12.3600 | $ |
| 17f | Outgoing Wires-Operator Assisted Internal (between Mellon customers) Non-Repetitive | 0 | 0 | 0 | Each | $ 17.3600 | $ |
| 17g | Wire - Returned Wires | 0 | 0 | 0 | Each | $ 22.0500 | $ |
| 17h | Wire - Investigation Inquiry | 0 | 0 | 0 | Each | $ 14.5800 | $ |
| 18 | Incoming Wire Transfers | 11 | 8 | 19 | Each | $ 9.1100 | $ 173.09 |
| 19 | Drawdown Transfers From Federal Reserve | 6 | 8 | 14 | Each | $ 15.9500 | $ 223.30 |
| 20 | Beneficiary Information Template Storage | 2 | 14 | 16 | Each | $ 0.7300 | $ 11.68 |
| 21 | Treasury Assistance Service | 21 | 21 | 42 | Each Day | $ 8.3000 | $ 348.60 |
| 22 | Manual Non-Repetitive Wire | 0 | 0 | 0 | Each | $ 24.3100 | $ |
| 23 | ACH Batch Transactions | 0 | 0 | 0 | Each | $ 0.0000 | $ |
| 23a | ACH Credits Originated (1-1,000/month) | 0 | 0 | 0 | Each | $ 0.2060 | $ |
| 23b | ACH Credits Originated (1,001-15,000/month) | 0 | 0 | 0 | Each | $ 0.1960 | $ |
| 23c | ACH Prenotifications (when establishing new ACH Transaction Accounts) | 0 | 0 | 0 | Each | $ 0.2060 | $ |
| 24 | ACH CTX Addendum Records | 0 | 0 | 0 | Each | $ 0.0150 | $ |
| 25 | ACH Profile Maintenance | 0 | 0 | 0 | Each | $ 42.5000 | $ |
| 26 | ACH Data Transmission Input Files | 0 | 0 | 0 | Each | $ 26.2600 | $ |
| 27 | ACH Input File Confirmation | 0 | 0 | 0 | Each | $ 0.0000 | $ |
| 27a | ACH Adjustments via Terminal | 0 | 0 | 0 | Each | $ 7.0000 | $ |
| 27b | ACH Adjustments Assisted | 0 | 0 | 0 | Each | $ 18.2500 | $ |
| 27c | Email Corrections Report - when Activity | 0 | 0 | 0 | Each Day | $ 5.5000 | $ |
| 27d | Email EchoBack Report | 0 | 0 | 0 | Each | $ 5.7500 | $ |
| 28 | ACH Returns | 0 | 0 | 0 | Each | $ 2.1100 | $ |
| 28a | ACH Notification of Change - when activity | 0 | 0 | 0 | Per Day | $ 0.4200 | $ |
| 28b | ACH Returns - Email Returns Report - when activity | 0 | 0 | 0 | Per Day | $ 5.7500 | $ |
| 28c | ACH Payment Recall - Received Funds | 0 | 0 | 0 | Each | $ 56.0000 | $ |
| 28d | ACH Payment Recall - No Funds Received | 0 | 0 | 0 | Each | $ 40.0000 | $ |
| 29 | ACH Full Debit Block (1-3 accounts) | 1 | 1 | 2 | Month | $ 10.0000 | $ 20.00 |
| 30 | ACH Debit Filter - per Transaction Routing Number | 0 | 0 | 0 | Each | $ 1.4000 | $ |
| 31 | Total Monthly Service Charges (Sum Lines 1 - 30) | | | | | | 1,771.18 |
| 32 | Annual Service Charges (Line 31 x 12 months) | | | | | | 21,253.92 |
| 33 | One Time Set Up Charge | 1 | 1 | 2 | Each | $ | $ |
| 33a | Encryption Service Set Up | 0 | 0 | 0 | Each | $ 400.0000 | $ |
| 33b | WireSentry per Issue of Sentry Token Device | 0 | 0 | 0 | Each Person | $ 131.2500 | $ |
| 33c | WireSentry per Set Up Charge for adding/changing /deleting accounts | 0 | 0 | 0 | Each | $ 5.2500 | |
| 33d | Wire Transfer-Repetitive Request Number Set Up | 2 | 0 | 2 | Each | $ 12.1500 | $ 24.30 |
| 33e | ACH Payment Approval Manual Set Up | 1 | 1 | 2 | Each | $ 18.7500 | $ 37.50 |
| 33f | ACH Payment Approval Maintenance/ Instruction per Transaction Routing Number | 0 | 0 | 0 | Each | $ 1.4000 | $ |
| 33g | ACH - New Company ID Set Up | 1 | 0 | 1 | Each | $ 150.0000 | $ 150.00 |
| 33h | ACH - Set Up Outgoing ACH Transmission | 1 | 0 | 1 | Each | $ 345.0000 | $ 345.00 |
| 34 | Total Service Charges for Year 1 (Line 32 + 33) | | | | | | $ 21,810.72 |

## SCHEDULE OF FINANCIAL INSTITUTION PROCESSING CHARGES

Contractor: Bechtel Marine Propulsion Corporation

Document No. DOE-1
Rev. 2 dated 12/17/08

Financial Institution: BNY Mellon Working Capital Solutions

Account Name: Department of Energy Accounts

| | Services | Year 1 Contractor's Projected Monthly Quantity KAPL | Bettis | Total | UOM | Per Item Price | Total |
|---|---|---|---|---|---|---|---|
| 1 | Account Maintenance | 1 | 1 | 2 | Month | $ 48.8200 | $ 97.24 |
| 2 | Encryption Service | 1 | 1 | 2 | Month | $ 60.7700 | $ 121.54 |
| 3 | Checks Paid / Cleared | 348 | 483 | 831 | Each | $ 0.1090 | $ 90.58 |
| 4 | Returned Checks - Non Sufficient Funds | 1 | 1 | 2 | Each | $ 4.4300 | $ 8.86 |
| 4a | Checks Represented 2nd time | 0 | 0 | 0 | Each | $ 4.2500 | $ |
| 5 | Deposits - Checks | 15 | 161 | 176 | Each | $ 0.1700 | $ 29.92 |
| 6 | Deposits - ACHs | 1 | 3 | 4 | Each | $ 0.1940 | $ 0.78 |
| 7 | Deposit Tickets | 3 | 22 | 25 | Each | $ 1.9800 | $ 49.50 |
| 7a | Mail Deposit with Deposit Ticket | 3 | 22 | 25 | Each | $ 2.7300 | $ 68.25 |
| 8 | Controlled Disbursement Account Maintenance | 1 | 1 | 2 | Month | $ 97.7000 | $ 195.40 |
| 9 | Check Imaging (both sides) | 348 | 483 | 831 | Each Check | $ 0.0100 | $ 8.31 |
| 9a | Disbursement Image - Fixed - Extended | 1 | 1 | 2 | Month | $ 25.0000 | $ 50.00 |
| 9b | Image - CD-ROM Media Charge | 0 | 0 | 0 | Month | $ 25.0000 | $ |
| 9c | Image - CD-ROM per Item | 0 | 0 | 0 | Each | $ 0.0100 | $ |
| 10 | Positive Pay / Pay Without Issuance | 1 | 1 | 2 | Month | $ 0.0000 | $ |
| 10a | Positive Pay - Controlled Disbursement per Item | 348 | 483 | 831 | Each | $ 1.2500 | $ 1,038.75 |
| 10b | Positive Pay Suspects - iTelecash Xmit | 1 | 1 | 2 | Each | $ 1.2500 | $ 2.50 |
| 11 | Full Reconcilement Reporting | 1 | 1 | 2 | Month | $ 69.7700 | $ 139.54 |
| 11a | Reconcilement - CPU/CPU Output Fixed | 1 | 1 | 2 | Month | $ 15.3000 | $ 30.60 |
| 12 | Full Reconciliation Per Item | 348 | 483 | 831 | Each | $ 0.0630 | $ 52.35 |
| 13 | On-line Monitoring / Banking | 1 | 1 | 2 | Month | $ 27.5600 | $ 55.12 |
| 13a | Wire Sentry Token Maintenance | 2 | 2 | 4 | Each Person | $ 8.2500 | $ 33.00 |
| 13b | Account Maintenance per Account/Module | 11 | 11 | 22 | Each | $ 6.8900 | $ 151.58 |
| 13c | Check Storage (Qty = .02% of checks qty) | 0.0696 | 0.0966 | 0.1662 | Storage Units | $ 90.4000 | $ 15.02 |
| 13d | Demand Deposit Account Statement Access | 0 | 0 | 0 | Month | $ 10.5000 | $ |
| 14 | On-line Banking Transactions | 32 | 40 | 72 | Each | $ 0.0000 | $ |
| 15 | Balance & Transaction Reporting | 54 | 21 | 75 | Reports | $ 4.6600 | $ 351.00 |
| 16 | Stop Payments via Terminal | 1 | 2 | 3 | Each | $ 5.5000 | $ 16.50 |
| 16a | Positive Pay Return | 1 | 3 | 4 | Each | $ 4.2000 | $ 16.80 |
| 17 | Outgoing Wire Transfers, including Sweep Backs | 27 | 26 | 53 | Each | $ 0.0000 | $ |
| 17a | Outgoing Wires initiated via Terminal | 27 | 26 | 53 | Each | $ 15.5000 | $ 821.50 |
| 17b | Outgoing Wires initiated via Operator Assisted Repetitive | 0 | 0 | 0 | Each | $ 18.2300 | $ |
| 17c | Outgoing International Wires initiated via Operator Assisted Non-Repetitive | 0 | 0 | 0 | Each | $ 42.0000 | $ |
| 17d | Outgoing Wires-Automated Internal (between Mellon customers) | 0 | 4 | 4 | Each | $ 6.6000 | $ 26.40 |
| 17e | Outgoing Wires-Operator Assisted Internal (between Mellon customers) Repetitive | 0 | 0 | 0 | Each | $ 12.3800 | $ |
| 17f | Outgoing Wires-Operator Assisted Internal (between Mellon customers) Non-Repetitive | 0 | 1 | 1 | Each | $ 17.3800 | $ 17.38 |
| 17g | Wire - Returned Wires | 1 | 1 | 2 | Each | $ 22.0500 | $ 44.10 |
| 17h | Wire - Investigation Inquiry | 0 | 0 | 0 | Each | $ 14.5800 | $ |
| 18 | Incoming Wire Transfers | 22 | 21 | 43 | Each | $ 9.1100 | $ 391.73 |
| 19 | Drawdown Transfers From Federal Reserve | 22 | 21 | 43 | Each | $ 15.9500 | $ 685.85 |
| 20 | Beneficiary Information Template Storage | 4 | 13 | 17 | Each | $ 0.7300 | $ 12.41 |
| 21 | Treasury Assistance Service | 21 | 21 | 42 | Each Day | $ 8.3000 | $ 348.60 |
| 22 | Manual Non-Repetitive Wire | 0 | 1 | 1 | Each | $ 24.3100 | $ 24.31 |
| 23 | ACH Batch Transactions | 1,042 | 843 | 1,885 | Each | $ 0.0000 | $ |
| 23a | ACH Credits Originated (1-1,000/month) | 0 | 843 | 843 | Each | $ 0.2060 | $ 173.66 |
| 23b | ACH Credits Originated (1,001-15,000/month) | 1,042 | 0 | 1,042 | Each | $ 0.1960 | $ 204.23 |
| 23c | ACH Prenotifications (when establishing new ACH Transaction Accounts) | 5 | 67 | 72 | Each | $ 0.2060 | $ 14.83 |
| 24 | ACH CTX Addendum Records | 0 | 88 | 88 | Each | $ 0.0150 | $ 1.32 |
| 25 | ACH Profile Maintenance | 2 | 1 | 3 | Each | $ 42.5000 | $ 127.50 |
| 26 | ACH Data Transmission Input Files | 8 | 4 | 12 | Each | $ 28.2800 | $ 339.12 |
| 27 | ACH Input File Confirmation | 8 | 4 | 12 | Each | $ 0.0000 | $ |
| 27a | ACH Adjustments via Terminal | 0 | 0 | 0 | Each | $ 7.0000 | $ |
| 27b | ACH Adjustments Assisted | 0 | 0 | 0 | Each | $ 18.2500 | $ |
| 27c | Email Corrections Report - when Activity | 0 | 0 | 0 | Each Day | $ 5.5000 | $ |
| 27d | Email EchoBack Report | 8 | 4 | 12 | Each | $ 5.7500 | $ 69.00 |
| 28 | ACH Returns | 1 | 4 | 5 | Each | $ 2.1100 | $ 10.55 |
| 28a | ACH Notification of Change - when activity | 1 | 1 | 2 | Per Day | $ 0.4200 | $ 0.84 |
| 28b | ACH Returns - Email Returns Report - when activity | 1 | 4 | 5 | Per Day | $ 5.7500 | $ 28.75 |
| 28c | ACH Payment Recall - Received Funds | 0 | 0 | 0 | Each | $ 56.0000 | $ |
| 28d | ACH Payment Recall - No Funds Received | 0 | 0 | 0 | Each | $ 40.0000 | $ |
| 29 | ACH Full Debit Block (1-3 accounts) | 1 | 1 | 2 | Month | $ 10.0000 | $ 20.00 |
| 30 | ACH Debit Filter - per Transaction Routing Number | 0 | 1 | 1 | Each | $ 1.4000 | $ 1.40 |
| 31 | Total Monthly Service Charges (Sum Lines 1 - 30) | | | | | | 5,986.60 |
| 32 | Annual Service Charges (Line 31 x 12 months) | | | | | | 71,839.20 |
| 33 | One Time Set Up Charge | 1 | 1 | 1 | Each | $ | $ |
| 33a | Encryption Service Set Up | 0 | 0 | 0 | Each | $ 400.0000 | $ |
| 33b | WireSentry per Issue of Sentry Token Device | 2 | 2 | 4 | Each Person | $ 131.2500 | $ 525.00 |
| 33c | WireSentry per Set Up Charge for adding/changing /deleting accounts | 2 | 2 | 4 | Each | $ 5.2500 | 21.00 |
| 33d | Wire Transfer-Repetitive Request Number Set Up | 2 | 0 | 2 | Each | $ 12.1500 | $ 24.30 |
| 33e | ACH Payment Approval Manual Set Up | 1 | 1 | 2 | Each | $ 18.7500 | $ 37.50 |
| 33f | ACH Payment Approval Maintenance/ Instruction per Transaction Routing Number | 0 | 1 | 1 | Each | $ 1.4000 | $ 1.40 |
| 33g | ACH - New Company ID Set Up | 1 | 1 | 2 | Each | $ 150.0000 | $ 300.00 |
| 33h | ACH - Set Up Outgoing ACH Transmission | 1 | 1 | 2 | Each | $ 345.0000 | $ 690.00 |
| 34 | Total Service Charges for Year 1 (Line 32 + 33) | | | | | | $ 73,436.40 |

# SCHEDULE OF FINANCIAL INSTITUTION PROCESSING CHARGES

Contractor: Bechtel Marine Propulsion Corporation

**Document No. NAV-2**
Rev. 2 dated 12/17/08

Financial Institution: BNY Mellon Working Capital Solutions

Account Name: Department of Navy Accounts

| | Services | Year 2 Contractor's Projected Monthly Quantity KAPL | Bettis | Total | UOM | Per Item Price | Total |
|---|---|---|---|---|---|---|---|
| 1 | Account Maintenance | 1 | 1 | 2 | Month | $ 48.6200 | $ 97.24 |
| 2 | Encryption Service | 0 | 0 | 0 | Month | $ 60.7700 | $ |
| 3 | Checks Paid / Cleared | 0 | 0 | 0 | Each | $ 0.1090 | $ |
| 4 | Returned Checks - Non Sufficient Funds | 0 | 0 | 0 | Each | $ 4.4300 | $ |
| 4a | Checks Represented 2nd time | 0 | 0 | 0 | Each | $ 4.2500 | $ |
| 5 | Deposits - Checks | 0 | 0 | 0 | Each | $ 0.1700 | $ |
| 6 | Deposits - ACHs | 0 | 5 | 5 | Each | $ 0.1940 | $ 0.97 |
| 7 | Deposit Tickets | 0 | 0 | 0 | Each | $ 1.9800 | $ |
| 7a | Mail Deposit with Deposit Ticket | 0 | 0 | 0 | Each | $ 2.7300 | $ |
| 8 | Controlled Disbursement Account Maintenance | 0 | 0 | 0 | Month | $ 97.7000 | $ |
| 9 | Check Imaging (both sides) | 0 | 0 | 0 | Each Check | $ 0.0100 | $ |
| 9a | Disbursement Image - Fixed - Extended | 0 | 0 | 0 | Month | $ 25.0000 | $ |
| 9b | Image - CD-ROM Media Charge | 0 | 0 | 0 | Month | $ 25.0000 | $ |
| 9c | Image - CD-ROM per Item | 0 | 0 | 0 | Each | $ 0.0100 | $ |
| 10 | Positive Pay / Pay Without Issuance | 0 | 0 | 0 | Month | $ 0.0000 | $ |
| 10a | Positive Pay - Controlled Disbursement per Item | 0 | 0 | 0 | Each | $ 1.2500 | $ |
| 10b | Positive Pay Suspects - iTelecash Xmit | 0 | 0 | 0 | Each | $ 1.2500 | $ |
| 11 | Full Reconcilement Reporting | 0 | 0 | 0 | Month | $ 69.7700 | $ |
| 11a | Reconcilement - CPU/CPU Output Fixed | 0 | 0 | 0 | Month | $ 15.3000 | $ |
| 12 | Full Reconciliation Per Item | 0 | 0 | 0 | Each | $ 0.0630 | $ |
| 13 | On-line Monitoring / Banking | 1 | 1 | 2 | Month | $ 27.5600 | $ 55.12 |
| 13a | Wire Sentry Token Maintenance | 2 | 2 | 4 | Each Person | $ 8.2500 | $ 33.00 |
| 13b | Account Maintenance per Account/Module | 11 | 11 | 22 | Each | $ 6.8900 | $ 151.58 |
| 13c | Check Storage (Qty = .02% of checks qty) | 0 | 0 | 0 | Storage Units | $ 90.4000 | $ |
| 13d | Demand Deposit Account Statement Access | 0 | 0 | 0 | Month | $ 10.5000 | $ |
| 14 | On-line Banking Transactions | 6 | 14 | 20 | Each | $ 0.0000 | $ |
| 15 | Balance & Transaction Reporting | 10 | 21 | 31 | Reports | $ 4.6800 | $ 145.08 |
| 16 | Stop Payments via Terminal | 0 | 0 | 0 | Each | $ 5.5000 | $ |
| 16a | Positive Pay Return | 0 | 0 | 0 | Each | $ 4.2000 | $ |
| 17 | Outgoing Wire Transfers, including Sweep Backs | 7 | 26 | 33 | Each | $ 0.0000 | $ |
| 17a | Outgoing Wires initiated via Terminal | 7 | 26 | 33 | Each | $ 15.5000 | $ 511.50 |
| 17b | Outgoing Wires initiated via Operator Assisted Repetitive | 0 | 0 | 0 | Each | $ 18.2300 | $ |
| 17c | Outgoing International Wires initiated via Operator Assisted Non-Repetitive | 0 | 0 | 0 | Each | $ 42.0000 | $ |
| 17d | Outgoing Wires-Automated Internal (between Mellon customers) | 0 | 0 | 0 | Each | $ 6.6000 | $ |
| 17e | Outgoing Wires-Operator Assisted Internal (between Mellon customers) Repetitive | 0 | 0 | 0 | Each | $ 12.3600 | $ |
| 17f | Outgoing Wires-Operator Assisted Internal (between Mellon customers) Non-Repetitive | 0 | 0 | 0 | Each | $ 17.3600 | $ |
| 17g | Wire - Returned Wires | 0 | 0 | 0 | Each | $ 22.0500 | $ |
| 17h | Wire - Investigation Inquiry | 0 | 0 | 0 | Each | $ 14.5800 | $ |
| 18 | Incoming Wire Transfers | 11 | 8 | 19 | Each | $ 9.1100 | $ 173.09 |
| 19 | Drawdown Transfers From Federal Reserve | 6 | 8 | 14 | Each | $ 15.9500 | $ 223.30 |
| 20 | Beneficiary Information Template Storage | 2 | 14 | 16 | Each | $ 0.7300 | $ 11.68 |
| 21 | Treasury Assistance Service | 21 | 21 | 42 | Each Day | $ 8.3000 | $ 348.60 |
| 22 | Manual Non-Repetitive Wire | 0 | 0 | 0 | Each | $ 24.3100 | $ |
| 23 | ACH Batch Transactions | 0 | 0 | 0 | Each | $ 0.0000 | $ |
| 23a | ACH Credits Originated (1-1,000/month) | 0 | 0 | 0 | Each | $ 0.2060 | $ |
| 23b | ACH Credits Originated (1,001-15,000/month) | 0 | 0 | 0 | Each | $ 0.1960 | $ |
| 23c | ACH Prenotifications (when establishing new ACH Transaction Accounts) | 0 | 0 | 0 | Each | $ 0.2060 | $ |
| 24 | ACH CTX Addendum Records | 0 | 0 | 0 | Each | $ 0.0150 | $ |
| 25 | ACH Profile Maintenance | 0 | 0 | 0 | Each | $ 42.5000 | $ |
| 26 | ACH Data Transmission Input Files | 0 | 0 | 0 | Each | $ 28.2600 | $ |
| 27 | ACH Input File Confirmation | 0 | 0 | 0 | Each | $ 0.0000 | $ |
| 27a | ACH Adjustments via Terminal | 0 | 0 | 0 | Each | $ 7.0000 | $ |
| 27b | ACH Adjustments Assisted | 0 | 0 | 0 | Each | $ 18.2500 | $ |
| 27c | Email Corrections Report - when Activity | 0 | 0 | 0 | Each Day | $ 5.5000 | $ |
| 27d | Email EchoBack Report | 0 | 0 | 0 | Each | $ 5.7500 | $ |
| 28 | ACH Returns | 0 | 0 | 0 | Each | $ 2.1100 | $ |
| 28a | ACH Notification of Change - when activity | 0 | 0 | 0 | Per Day | $ 0.4200 | $ |
| 28b | ACH Returns - Email Returns Report - when activity | 0 | 0 | 0 | Per Day | $ 5.7500 | $ |
| 28c | ACH Payment Recall - Received Funds | 0 | 0 | 0 | Each | $ 58.0000 | $ |
| 28d | ACH Payment Recall - No Funds Received | 0 | 0 | 0 | Each | $ 40.0000 | $ |
| 29 | ACH Full Debit Block (1-3 accounts) | 1 | 1 | 2 | Month | $ 10.0000 | $ 20.00 |
| 30 | ACH Debit Filter - per Transaction Routing Number | 0 | 0 | 0 | Each | $ 1.4000 | $ |
| 31 | Total Monthly Service Charges (Sum Lines 1 - 30) | | | | | | 1,771.16 |
| 32 | Annual Service Charges (Line 31 x 12 months) | | | | | | 21,253.92 |

# SCHEDULE OF FINANCIAL INSTITUTION PROCESSING CHARGES

Contractor: Bechtel Marine Propulsion Corporation

**Document No. DOE-2**
Rev. 2 dated 12/17/08

Financial Institution: BNY Mellon Working Capital Solutions

Account Name: Department of Energy Accounts

| | Services | Year 2 Contractor's Projected Monthly Quantity KAPL | Bettis | Total | UOM | Per Item Price | Total |
|---|---|---|---|---|---|---|---|
| 1 | Account Maintenance | 1 | 1 | 2 | Month | $ 48.6200 | $ 97.24 |
| 2 | Encryption Service | 1 | 1 | 2 | Month | $ 60.7700 | $ 121.54 |
| 3 | Checks Paid / Cleared | 348 | 483 | 831 | Each | $ 0.1090 | $ 90.58 |
| 4 | Returned Checks - Non Sufficient Funds | 1 | 1 | 2 | Each | $ 4.4300 | $ 8.86 |
| 4a | Checks Represented 2nd time | 0 | 0 | 0 | Each | $ 4.2500 | $ |
| 5 | Deposits - Checks | 15 | 161 | 176 | Each | $ 0.1700 | $ 29.92 |
| 6 | Deposits - ACHs | 1 | 3 | 4 | Each | $ 0.1940 | $ 0.78 |
| 7 | Deposit Tickets | 3 | 22 | 25 | Each | $ 1.9800 | $ 49.50 |
| 7a | Mail Deposit with Deposit Ticket | 3 | 22 | 25 | Each | $ 2.7300 | $ 68.25 |
| 8 | Controlled Disbursement Account Maintenance | 1 | 1 | 2 | Month | $ 97.7000 | $ 195.40 |
| 9 | Check Imaging (both sides) | 348 | 483 | 831 | Each Check | $ 0.0100 | $ 8.31 |
| 9a | Disbursement Image - Fixed - Extended | 1 | 1 | 2 | Month | $ 25.0000 | $ 50.00 |
| 9b | Image - CD-ROM Media Charge | 0 | 0 | 0 | Month | $ 25.0000 | $ |
| 9c | Image - CD-ROM per Item | 0 | 0 | 0 | Each | $ 0.0100 | $ |
| 10 | Positive Pay / Pay Without Issuance | 1 | 1 | 2 | Month | $ 0.0000 | $ |
| 10a | Positive Pay - Controlled Disbursement per Item | 348 | 483 | 831 | Each | $ 1.2500 | $ 1,038.75 |
| 10b | Positive Pay Suspects - iTelecash Xmit | 1 | 1 | 2 | Each | $ 1.2500 | $ 2.50 |
| 11 | Full Reconcilement Reporting | 1 | 1 | 2 | Month | $ 69.7700 | $ 139.54 |
| 11a | Reconcilement - CPU/CPU Output Fixed | 1 | 1 | 2 | Month | $ 15.3000 | $ 30.60 |
| 12 | Full Reconciliation Per Item | 348 | 483 | 831 | Each | $ 0.0630 | $ 52.35 |
| 13 | On-line Monitoring / Banking | 1 | 1 | 2 | Month | $ 27.5600 | $ 55.12 |
| 13a | Wire Sentry Token Maintenance | 2 | 2 | 4 | Each Person | $ 8.2500 | $ 33.00 |
| 13b | Account Maintenance per Account/Module | 11 | 11 | 22 | Each | $ 6.8900 | $ 151.58 |
| 13c | Check Storage (Qty = .02% of checks qty) | 0.0696 | 0.0966 | 0.1662 | Storage Units | $ 90.4000 | $ 15.02 |
| 13d | Demand Deposit Account Statement Access | 0 | 0 | 0 | Month | $ 10.5000 | $ |
| 14 | On-line Banking Transactions | 32 | 40 | 72 | Each | $ 0.0000 | $ |
| 15 | Balance & Transaction Reporting | 54 | 21 | 75 | Reports | $ 4.6800 | $ 351.00 |
| 16 | Stop Payments via Terminal | 1 | 2 | 3 | Each | $ 5.5000 | $ 16.50 |
| 16a | Positive Pay Return | 1 | 3 | 4 | Each | $ 4.2000 | $ 16.80 |
| 17 | Outgoing Wire Transfers, including Sweep Backs | 27 | 26 | 53 | Each | $ 0.0000 | $ |
| 17a | Outgoing Wires initiated via Terminal | 27 | 26 | 53 | Each | $ 15.5000 | $ 821.50 |
| 17b | Outgoing Wires initiated via Operator Assisted Repetitive | 0 | 0 | 0 | Each | $ 18.2300 | $ |
| 17c | Outgoing International Wires initiated via Operator Assisted Non-Repetitive | 0 | 0 | 0 | Each | $ 42.0000 | $ |
| 17d | Outgoing Wires-Automated Internal (between Mellon customers) | 0 | 4 | 4 | Each | $ 6.6000 | $ 26.40 |
| 17e | Outgoing Wires-Operator Assisted Internal (between Mellon customers) Repetitive | 0 | 0 | 0 | Each | $ 12.3600 | $ |
| 17f | Outgoing Wires-Operator Assisted Internal (between Mellon customers) Non-Repetitive | 0 | 1 | 1 | Each | $ 17.3600 | $ 17.36 |
| 17g | Wire - Returned Wires | 1 | 1 | 2 | Each | $ 22.0500 | $ 44.10 |
| 17h | Wire - Investigation Inquiry | 0 | 0 | 0 | Each | $ 14.5800 | $ |
| 18 | Incoming Wire Transfers | 22 | 21 | 43 | Each | $ 9.1100 | $ 391.73 |
| 19 | Drawdown Transfers From Federal Reserve | 22 | 21 | 43 | Each | $ 15.9500 | $ 685.85 |
| 20 | Beneficiary Information Template Storage | 4 | 13 | 17 | Each | $ 0.7300 | $ 12.41 |
| 21 | Treasury Assistance Service | 21 | 21 | 42 | Each Day | $ 8.3000 | $ 348.60 |
| 22 | Manual Non-Repetitive Wire | 0 | 1 | 1 | Each | $ 24.3100 | $ 24.31 |
| 23 | ACH Batch Transactions | 1,042 | 843 | 1,885 | Each | $ 0.0000 | $ |
| 23a | ACH Credits Originated (1-1,000/month) | 0 | 843 | 843 | Each | $ 0.2060 | $ 173.66 |
| 23b | ACH Credits Originated (1,001-15,000/month) | 1,042 | 0 | 1,042 | Each | $ 0.1960 | $ 204.23 |
| 23c | ACH Prenotifications (when establishing new ACH Transaction Accounts) | 5 | 67 | 72 | Each | $ 0.2060 | $ 14.83 |
| 24 | ACH CTX Addendum Records | 0 | 88 | 88 | Each | $ 0.0150 | $ 1.32 |
| 25 | ACH Profile Maintenance | 2 | 1 | 3 | Each | $ 42.5000 | $ 127.50 |
| 26 | ACH Data Transmission Input Files | 8 | 4 | 12 | Each | $ 28.2600 | $ 339.12 |
| 27 | ACH Input File Confirmation | 8 | 4 | 12 | Each | $ 0.0000 | $ |
| 27a | ACH Adjustments via Terminal | 0 | 0 | 0 | Each | $ 7.0000 | $ |
| 27b | ACH Adjustments Assisted | 0 | 0 | 0 | Each | $ 18.2500 | $ |
| 27c | Email Corrections Report - when Activity | 0 | 0 | 0 | Each Day | $ 5.5000 | $ |
| 27d | Email EchoBack Report | 8 | 4 | 12 | Each | $ 5.7500 | $ 69.00 |
| 28 | ACH Returns | 1 | 4 | 5 | Each | $ 2.1100 | $ 10.55 |
| 28a | ACH Notification of Change - when activity | 1 | 1 | 2 | Per Day | $ 0.4200 | $ 0.84 |
| 28b | ACH Returns - Email Returns Report - when activity | 1 | 4 | 5 | Per Day | $ 5.7500 | $ 28.75 |
| 28c | ACH Payment Recall - Received Funds | 0 | 0 | 0 | Each | $ 58.0000 | $ |
| 28d | ACH Payment Recall - No Funds Received | 0 | 0 | 0 | Each | $ 40.0000 | $ |
| 29 | ACH Full Debit Block (1-3 accounts) | 1 | 1 | 2 | Month | $ 10.0000 | $ 20.00 |
| 30 | ACH Debit Filter - per Transaction Routing Number | 0 | 1 | 1 | Each | $ 1.4000 | $ 1.40 |
| 31 | Total Monthly Service Charges (Sum Lines 1 - 30) | | | | | | 5,986.60 |
| 32 | *Annual Service Charges (Line 31 x 12 months)* | | | | | | 71,839.20 |

Mod 002

# SCHEDULE OF FINANCIAL INSTITUTION PROCESSING CHARGES

Contractor: Bechtel Marine Propulsion Corporation

**Document No. NAV-3**
Rev. 2 dated 12/17/08

Financial Institution: BNY Mellon Working Capital Solutions

Account Name: Department of Navy Accounts

| | Services | Year 3 Contractor's Projected Monthly Quantity KAPL | Bettis | Total | UOM | Per Item Price | Total |
|---|---|---|---|---|---|---|---|
| 1 | Account Maintenance | 1 | 1 | 2 | Month | $ 50.3703 | $ 100.74 |
| 2 | Encryption Service | 0 | 0 | 0 | Month | $ 62.9577 | $ |
| 3 | Checks Paid / Cleared | 0 | 0 | 0 | Each | $ 0.1129 | $ |
| 4 | Returned Checks - Non Sufficient Funds | 0 | 0 | 0 | Each | $ 4.5895 | $ |
| 4a | Checks Represented 2nd time | 0 | 0 | 0 | Each | $ 4.4030 | $ |
| 5 | Deposits - Checks | 0 | 0 | 0 | Each | $ 0.1761 | $ |
| 6 | Deposits - ACHs | 0 | 5 | 5 | Each | $ 0.2010 | $ 1.01 |
| 7 | Deposit Tickets | 0 | 0 | 0 | Each | $ 2.0513 | $ |
| 7a | Mail Deposit with Deposit Ticket | 0 | 0 | 0 | Each | $ 2.8283 | $ |
| 8 | Controlled Disbursement Account Maintenance | 0 | 0 | 0 | Month | $ 101.2172 | $ |
| 9 | Check Imaging (both sides) | 0 | 0 | 0 | Each Check | $ 0.0104 | $ |
| 9a | Disbursement Image - Fixed - Extended | 0 | 0 | 0 | Month | $ 25.9000 | $ |
| 9b | Image - CD-ROM Media Charge | 0 | 0 | 0 | Month | $ 25.9000 | $ |
| 9c | Image - CD-ROM per Item | 0 | 0 | 0 | Each | $ 0.0104 | $ |
| 10 | Positive Pay / Pay Without Issuance | 0 | 0 | 0 | Month | $ 0.0000 | $ |
| 10a | Positive Pay - Controlled Disbursement per Item | 0 | 0 | 0 | Each | $ 1.2950 | $ |
| 10b | Positive Pay Suspects - iTelecash Xmit | 0 | 0 | 0 | Each | $ 1.2950 | $ |
| 11 | Full Reconcilement Reporting | 0 | 0 | 0 | Month | $ 72.2817 | $ |
| 11a | Reconcilement - CPU/CPU Output Fixed | 0 | 0 | 0 | Month | $ 15.8508 | $ |
| 12 | Full Reconciliation Per Item | 0 | 0 | 0 | Each | $ 0.0653 | $ |
| 13 | On-line Monitoring / Banking | 1 | 1 | 2 | Month | $ 28.5522 | $ 57.10 |
| 13a | Wire Sentry Token Maintenance | 2 | 2 | 4 | Each Person | $ 8.5470 | $ 34.19 |
| 13b | Account Maintenance per Account/Module | 11 | 11 | 22 | Each | $ 7.1380 | $ 157.04 |
| 13c | Check Storage (Qty = .02% of checks qty) | 0 | 0 | 0 | Storage Units | $ 93.6544 | $ |
| 13d | Demand Deposit Account Statement Access | 0 | 0 | 0 | Month | $ 10.8780 | $ |
| 14 | On-line Banking Transactions | 6 | 14 | 20 | Each | $ 0.0000 | $ |
| 15 | Balance & Transaction Reporting | 10 | 21 | 31 | Reports | $ 4.8485 | $ 150.30 |
| 16 | Stop Payments via Terminal | 0 | 0 | 0 | Each | $ 5.6980 | $ |
| 16a | Positive Pay Return | 0 | 0 | 0 | Each | $ 4.3512 | $ |
| 17 | Outgoing Wire Transfers, including Sweep Backs | 7 | 26 | 33 | Each | $ 0.0000 | $ |
| 17a | Outgoing Wires initiated via Terminal | 7 | 26 | 33 | Each | $ 16.0560 | $ 529.91 |
| 17b | Outgoing Wires initiated via Operator Assisted Repetitive | 0 | 0 | 0 | Each | $ 18.8863 | $ |
| 17c | Outgoing International Wires initiated via Operator Assisted Non-Repetitive | 0 | 0 | 0 | Each | $ 43.5120 | $ |
| 17d | Outgoing Wires-Automated Internal (between Mellon customers) | 0 | 0 | 0 | Each | $ 6.8376 | $ |
| 17e | Outgoing Wires-Operator Assisted Internal (between Mellon customers) Repetitive | 0 | 0 | 0 | Each | $ 12.8050 | $ |
| 17f | Outgoing Wires-Operator Assisted Internal (between Mellon customers) Non-Repetitive | 0 | 0 | 0 | Each | $ 17.9850 | $ |
| 17g | Wire - Returned Wires | 0 | 0 | 0 | Each | $ 22.8438 | $ |
| 17h | Wire - Investigation Inquiry | 0 | 0 | 0 | Each | $ 15.1049 | $ |
| 18 | Incoming Wire Transfers | 11 | 8 | 19 | Each | $ 9.4380 | $ 179.32 |
| 19 | Drawdown Transfers From Federal Reserve | 6 | 8 | 14 | Each | $ 16.5242 | $ 231.34 |
| 20 | Beneficiary Information Template Storage | 2 | 14 | 16 | Each | $ 0.7563 | $ 12.10 |
| 21 | Treasury Assistance Service | 21 | 21 | 42 | Each Day | $ 8.5988 | $ 361.15 |
| 22 | Manual Non-Repetitive Wire | 0 | 0 | 0 | Each | $ 25.1852 | $ |
| 23 | ACH Batch Transactions | 0 | 0 | 0 | Each | $ 0.0000 | $ |
| 23a | ACH Credits Originated (1-1,000/month) | 0 | 0 | 0 | Each | $ 0.2134 | $ |
| 23b | ACH Credits Originated (1,001-15,000/month) | 0 | 0 | 0 | Each | $ 0.2031 | $ |
| 23c | ACH Prenotifications (when establishing new ACH Transaction Accounts) | 0 | 0 | 0 | Each | $ 0.2134 | $ |
| 24 | ACH CTX Addendum Records | 0 | 0 | 0 | Each | $ 0.0155 | $ |
| 25 | ACH Profile Maintenance | 0 | 0 | 0 | Each | $ 44.0300 | $ |
| 26 | ACH Data Transmission Input Files | 0 | 0 | 0 | Each | $ 29.2774 | $ |
| 27 | ACH Input File Confirmation | 0 | 0 | 0 | Each | $ 0.0000 | $ |
| 27a | ACH Adjustments via Terminal | 0 | 0 | 0 | Each | $ 7.2520 | $ |
| 27b | ACH Adjustments Assisted | 0 | 0 | 0 | Each | $ 18.9070 | $ |
| 27c | Email Corrections Report - when Activity | 0 | 0 | 0 | Each Day | $ 5.6960 | $ |
| 27d | Email EchoBack Report | 0 | 0 | 0 | Each | $ 5.9570 | $ |
| 28 | ACH Returns | 0 | 0 | 0 | Each | $ 2.1860 | $ |
| 28a | ACH Notification of Change - when activity | 0 | 0 | 0 | Per Day | $ 0.4351 | $ |
| 28b | ACH Returns - Email Returns Report - when activity | 0 | 0 | 0 | Per Day | $ 5.9570 | $ |
| 28c | ACH Payment Recall - Received Funds | 0 | 0 | 0 | Each | $ 60.0880 | $ |
| 28d | ACH Payment Recall - No Funds Received | 0 | 0 | 0 | Each | $ 41.4400 | $ |
| 29 | ACH Full Debit Block (1-3 accounts) | 1 | 1 | 2 | Month | $ 10.3600 | $ 20.72 |
| 30 | ACH Debit Filter - per Transaction Routing Number | 0 | 0 | 0 | Each | $ 1.4504 | $ |
| 31 | Total Monthly Service Charges (Sum Lines 1 - 30) | | | | | | 1,834.92 |
| 32 | *Annual Service Charges (Line 31 x 12 months)* | | | | | | 22,019.04 |

Mod 002

Attachment 2

# SCHEDULE OF FINANCIAL INSTITUTION PROCESSING CHARGES

Contractor: Bechtel Marine Propulsion Corporation

**Document No. DOE-3**
Rev. 2 dated 12/17/08

Financial Institution: BNY Mellon Working Capital Solutions

Account Name: Department of Energy Accounts

| | Services | Year 3 Contractor's Projected Monthly Quantity KAPL | Bettis | Total | UOM | Per Item Price | Total |
|---|---|---|---|---|---|---|---|
| 1 | Account Maintenance | 1 | 1 | 2 | Month | $ 50.3703 | $ 100.74 |
| 2 | Encryption Service | 1 | 1 | 2 | Month | $ 62.9577 | $ 125.92 |
| 3 | Checks Paid / Cleared | 348 | 483 | 831 | Each | $ 0.1129 | $ 93.82 |
| 4 | Returned Checks - Non Sufficient Funds | 1 | 1 | 2 | Each | $ 4.5895 | $ 9.18 |
| 4a | Checks Represented 2nd time | 0 | 0 | 0 | Each | $ 4.4030 | $ |
| 5 | Deposits - Checks | 15 | 181 | 178 | Each | $ 0.1761 | $ 30.99 |
| 6 | Deposits - ACHs | 1 | 3 | 4 | Each | $ 0.2010 | $ 0.80 |
| 7 | Deposit Tickets | 3 | 22 | 25 | Each | $ 2.0513 | $ 51.28 |
| 7a | Mail Deposit with Deposit Ticket | 3 | 22 | 25 | Each | $ 2.8283 | $ 70.71 |
| 8 | Controlled Disbursement Account Maintenance | 1 | 1 | 2 | Month | $ 101.2172 | $ 202.43 |
| 9 | Check Imaging (both sides) | 348 | 483 | 831 | Each Check | $ 0.0104 | $ 8.64 |
| 9a | Disbursement Image - Fixed - Extended | 1 | 1 | 2 | Month | $ 25.9000 | $ 51.80 |
| 9b | Image - CD-ROM Media Charge | 0 | 0 | 0 | Month | $ 25.9000 | $ |
| 9c | Image - CD-ROM per Item | 0 | 0 | 0 | Each | $ 0.0104 | $ |
| 10 | Positive Pay / Pay Without Issuance | 1 | 1 | 2 | Month | $ 0.0000 | $ |
| 10a | Positive Pay - Controlled Disbursement per Item | 348 | 483 | 831 | Each | $ 1.2950 | $ 1,076.15 |
| 10b | Positive Pay Suspects - iTelecash Xmit | 1 | 1 | 2 | Each | $ 1.2950 | $ 2.59 |
| 11 | Full Reconcilement Reporting | 1 | 1 | 2 | Month | $ 72.2817 | $ 144.56 |
| 11a | Reconcilement - CPU/CPU Output Fixed | 1 | 1 | 2 | Month | $ 15.8508 | $ 31.70 |
| 12 | Full Reconciliation Per Item | 348 | 483 | 831 | Each | $ 0.0653 | $ 54.26 |
| 13 | On-line Monitoring / Banking | 1 | 1 | 2 | Month | $ 28.5522 | $ 57.10 |
| 13a | Wire Sentry Token Maintenance | 2 | 2 | 4 | Each Person | $ 8.5470 | $ 34.19 |
| 13b | Account Maintenance per Account/Module | 11 | 11 | 22 | Each | $ 7.1380 | $ 157.04 |
| 13c | Check Storage (Qty = .02% of checks qty) | 0.0696 | 0.0966 | 0 | Storage Units | $ 93.6544 | $ 15.57 |
| 13d | Demand Deposit Account Statement Access | 0 | 0 | 0 | Month | $ 10.8780 | $ |
| 14 | On-line Banking Transactions | 32 | 40 | 72 | Each | $ 0.0000 | $ |
| 15 | Balance & Transaction Reporting | 54 | 21 | 75 | Reports | $ 4.8485 | $ 363.64 |
| 16 | Stop Payments via Terminal | 1 | 2 | 3 | Each | $ 5.6980 | $ 17.09 |
| 16a | Positive Pay Return | 1 | 3 | 4 | Each | $ 4.3512 | $ 17.40 |
| 17 | Outgoing Wire Transfers, including Sweep Backs | 27 | 26 | 53 | Each | $ 0.0000 | $ |
| 17a | Outgoing Wires initiated via Terminal | 27 | 26 | 53 | Each | $ 16.0580 | $ 851.07 |
| 17b | Outgoing Wires initiated via Operator Assisted Repetitive | 0 | 0 | 0 | Each | $ 18.8863 | $ |
| 17c | Outgoing International Wires initiated via Operator Assisted Non-Repetitive | 0 | 0 | 0 | Each | $ 43.5120 | $ |
| 17d | Outgoing Wires-Automated Internal (between Mellon customers) | 0 | 4 | 4 | Each | $ 6.8376 | $ 27.35 |
| 17e | Outgoing Wires-Operator Assisted Internal (between Mellon customers) Repetitive | 0 | 0 | 0 | Each | $ 12.8050 | $ |
| 17f | Outgoing Wires-Operator Assisted Internal (between Mellon customers) Non-Repetitive | 0 | 1 | 1 | Each | $ 17.9850 | $ 17.99 |
| 17g | Wire - Returned Wires | 1 | 1 | 2 | Each | $ 22.8438 | $ 45.69 |
| 17h | Wire - Investigation Inquiry | 0 | 0 | 0 | Each | $ 15.1049 | $ |
| 18 | Incoming Wire Transfers | 22 | 21 | 43 | Each | $ 9.4380 | $ 405.83 |
| 19 | Drawdown Transfers From Federal Reserve | 22 | 21 | 43 | Each | $ 16.5242 | $ 710.54 |
| 20 | Beneficiary Information Template Storage | 4 | 13 | 17 | Each | $ 0.7563 | $ 12.86 |
| 21 | Treasury Assistance Service | 21 | 21 | 42 | Each Day | $ 8.5988 | $ 361.15 |
| 22 | Manual Non-Repetitive Wire | 0 | 1 | 1 | Each | $ 25.1852 | $ 25.19 |
| 23 | ACH Batch Transactions | 1,042 | 843 | 1,885 | Each | $ 0.0000 | $ |
| 23a | ACH Credits Originated (1-1,000/month) | 0 | 843 | 843 | Each | $ 0.2134 | $ 179.90 |
| 23b | ACH Credits Originated (1,001-15,000/month) | 1,042 | 0 | 1,042 | Each | $ 0.2031 | $ 211.63 |
| 23c | ACH Prenotifications (when establishing new ACH Transaction Accounts) | 5 | 67 | 72 | Each | $ 0.2134 | $ 15.36 |
| 24 | ACH CTX Addendum Records | 0 | 88 | 88 | Each | $ 0.0155 | $ 1.36 |
| 25 | ACH Profile Maintenance | 2 | 1 | 3 | Each | $ 44.0300 | $ 132.09 |
| 26 | ACH Data Transmission Input Files | 8 | 4 | 12 | Each | $ 29.2774 | $ 351.33 |
| 27 | ACH Input File Confirmation | 8 | 4 | 12 | Each | $ 0.0000 | $ |
| 27a | ACH Adjustments via Terminal | 0 | 0 | 0 | Each | $ 7.2520 | $ |
| 27b | ACH Adjustments Assisted | 0 | 0 | 0 | Each | $ 18.9070 | $ |
| 27c | Email Corrections Report - when Activity | 0 | 0 | 0 | Each Day | $ 5.6980 | $ |
| 27d | Email EchoBack Report | 8 | 4 | 12 | Each | $ 5.9570 | $ 71.48 |
| 28 | ACH Returns | 1 | 4 | 5 | Each | $ 2.1860 | $ 10.93 |
| 28a | ACH Notification of Change - when activity | 1 | 1 | 2 | Per Day | $ 0.4351 | $ 0.87 |
| 28b | ACH Returns - Email Returns Report - when activity | 1 | 4 | 5 | Per Day | $ 5.9570 | $ 29.79 |
| 28c | ACH Payment Recall - Received Funds | 0 | 0 | 0 | Each | $ 60.0880 | $ |
| 28d | ACH Payment Recall - No Funds Received | 0 | 0 | 0 | Each | $ 41.4400 | $ |
| 29 | ACH Full Debit Block (1-3 accounts) | 1 | 1 | 2 | Month | $ 10.3600 | $ 20.72 |
| 30 | ACH Debit Filter - per Transaction Routing Number | 0 | 1 | 1 | Each | $ 1.4504 | $ 1.45 |
| 31 | Total Monthly Service Charges (Sum Lines 1 - 30) | | | | | | 6,202.18 |
| 32 | *Annual Service Charges (Line 31 x 12 months)* | | | | | | 74,426.16 |

Mod 002

Attachment 2

## SCHEDULE OF FINANCIAL INSTITUTION PROCESSING CHARGES

Contractor: Bechtel Marine Propulsion Corporation

**Document No. NAV-4**
Rev. 2 dated 12/17/08

Financial Institution: BNY Mellon Working Capital Solutions

Account Name: Department of Navy Accounts

| | Services | Year 4 Contractor's Projected Monthly Quantity KAPL | Bettis | Total | UOM | Per Item Price | Total |
|---|---|---|---|---|---|---|---|
| 1 | Account Maintenance | 1 | 1 | 2 | Month | $ 52.1836 | $ 104.37 |
| 2 | Encryption Service | 0 | 0 | 0 | Month | $ 65.2242 | $ |
| 3 | Checks Paid / Cleared | 0 | 0 | 0 | Each | $ 0.1170 | $ |
| 4 | Returned Checks - Non Sufficient Funds | 0 | 0 | 0 | Each | $ 4.7547 | $ |
| 4a | Checks Represented 2nd time | 0 | 0 | 0 | Each | $ 4.5615 | $ |
| 5 | Deposits - Checks | 0 | 0 | 0 | Each | $ 0.1824 | $ |
| 6 | Deposits - ACHs | 0 | 5 | 5 | Each | $ 0.2082 | $ 1.04 |
| 7 | Deposit Tickets | 0 | 0 | 0 | Each | $ 2.1251 | $ |
| 7a | Mail Deposit with Deposit Ticket | 0 | 0 | 0 | Each | $ 2.9301 | $ |
| 8 | Controlled Disbursement Account Maintenance | 0 | 0 | 0 | Month | $ 104.8610 | $ |
| 9 | Check Imaging (both sides) | 0 | 0 | 0 | Each Check | $ 0.0108 | $ |
| 9a | Disbursement Image - Fixed - Extended | 0 | 0 | 0 | Month | $ 26.8324 | $ |
| 9b | Image - CD-ROM Media Charge | 0 | 0 | 0 | Month | $ 26.8324 | $ |
| 9c | Image - CD-ROM per Item | 0 | 0 | 0 | Each | $ 0.0108 | $ |
| 10 | Positive Pay / Pay Without Issuance | 0 | 0 | 0 | Month | $ 0.0000 | $ |
| 10a | Positive Pay - Controlled Disbursement per Item | 0 | 0 | 0 | Each | $ 1.3416 | $ |
| 10b | Positive Pay Suspects - iTelecash Xmit | 0 | 0 | 0 | Each | $ 1.3416 | $ |
| 11 | Full Reconcilement Reporting | 0 | 0 | 0 | Month | $ 74.8838 | $ |
| 11a | Reconcilement - CPU/CPU Output Fixed | 0 | 0 | 0 | Month | $ 16.4214 | $ |
| 12 | Full Reconciliation Per Item | 0 | 0 | 0 | Each | $ 0.0677 | $ |
| 13 | On-line Monitoring / Banking | 1 | 1 | 2 | Month | $ 29.5801 | $ 59.16 |
| 13a | Wire Sentry Token Maintenance | 2 | 2 | 4 | Each Person | $ 8.8547 | $ 35.42 |
| 13b | Account Maintenance per Account/Module | 11 | 11 | 22 | Each | $ 7.3950 | $ 162.69 |
| 13c | Check Storage (Qty = .02% of checks qty) | 0 | 0 | 0 | Storage Units | $ 97.0260 | $ |
| 13d | Demand Deposit Account Statement Access | 0 | 0 | 0 | Month | $ 11.2696 | $ |
| 14 | On-line Banking Transactions | 6 | 14 | 20 | Each | $ 0.0000 | $ |
| 15 | Balance & Transaction Reporting | 10 | 21 | 31 | Reports | $ 5.0230 | $ 155.71 |
| 16 | Stop Payments via Terminal | 0 | 0 | 0 | Each | $ 5.9031 | $ |
| 16a | Positive Pay Return | 0 | 0 | 0 | Each | $ 4.5078 | $ |
| 17 | Outgoing Wire Transfers, including Sweep Backs | 7 | 26 | 33 | Each | $ 0.0000 | $ |
| 17a | Outgoing Wires initiated via Terminal | 7 | 26 | 33 | Each | $ 16.6361 | $ 548.99 |
| 17b | Outgoing Wires initiated via Operator Assisted Repetitive | 0 | 0 | 0 | Each | $ 19.5662 | $ |
| 17c | Outgoing International Wires initiated via Operator Assisted Non-Repetitive | 0 | 0 | 0 | Each | $ 45.0784 | $ |
| 17d | Outgoing Wires-Automated Internal (between Mellon customers) | 0 | 0 | 0 | Each | $ 7.0838 | $ |
| 17e | Outgoing Wires-Operator Assisted Internal (between Mellon customers) Repetitive | 0 | 0 | 0 | Each | $ 13.2660 | $ |
| 17f | Outgoing Wires-Operator Assisted Internal (between Mellon customers) Non-Repetiti | 0 | 0 | 0 | Each | $ 18.6325 | $ |
| 17g | Wire - Returned Wires | 0 | 0 | 0 | Each | $ 23.6662 | $ |
| 17h | Wire - Investigation Inquiry | 0 | 0 | 0 | Each | $ 15.6487 | $ |
| 18 | Incoming Wire Transfers | 11 | 8 | 19 | Each | $ 9.7778 | $ 185.78 |
| 19 | Drawdown Transfers From Federal Reserve | 6 | 8 | 14 | Each | $ 17.1191 | $ 239.67 |
| 20 | Beneficiary Information Template Storage | 2 | 14 | 16 | Each | $ 0.7835 | $ 12.54 |
| 21 | Treasury Assistance Service | 21 | 21 | 42 | Each Day | $ 8.9084 | $ 374.15 |
| 22 | Manual Non-Repetitive Wire | 0 | 0 | 0 | Each | $ 26.0919 | $ |
| 23 | ACH Batch Transactions | 0 | 0 | 0 | Each | $ 0.0000 | $ |
| 23a | ACH Credits Originated (1-1,000/month) | 0 | 0 | 0 | Each | $ 0.2211 | $ |
| 23b | ACH Credits Originated (1,001-15,000/month) | 0 | 0 | 0 | Each | $ 0.2104 | $ |
| 23c | ACH Prenotifications (when establishing new ACH Transaction Accounts) | 0 | 0 | 0 | Each | $ 0.2211 | $ |
| 24 | ACH CTX Addendum Records | 0 | 0 | 0 | Each | $ 0.0161 | $ |
| 25 | ACH Profile Maintenance | 0 | 0 | 0 | Each | $ 45.6151 | $ |
| 26 | ACH Data Transmission Input Files | 0 | 0 | 0 | Each | $ 30.3314 | $ |
| 27 | ACH Input File Confirmation | 0 | 0 | 0 | Each | $ 0.0000 | $ |
| 27a | ACH Adjustments via Terminal | 0 | 0 | 0 | Each | $ 7.5131 | $ |
| 27b | ACH Adjustments Assisted | 0 | 0 | 0 | Each | $ 19.5877 | $ |
| 27c | Email Corrections Report - when Activity | 0 | 0 | 0 | Each Day | $ 5.9031 | $ |
| 27d | Email EchoBack Report | 0 | 0 | 0 | Each | $ 6.1715 | $ |
| 28 | ACH Returns | 0 | 0 | 0 | Each | $ 2.2647 | $ |
| 28a | ACH Notification of Change - when activity | 0 | 0 | 0 | Per Day | $ 0.4508 | $ |
| 28b | ACH Returns - Email Returns Report - when activity | 0 | 0 | 0 | Per Day | $ 6.1715 | $ |
| 28c | ACH Payment Recall - Received Funds | 0 | 0 | 0 | Each | $ 62.2512 | $ |
| 28d | ACH Payment Recall - No Funds Received | 0 | 0 | 0 | Each | $ 42.9318 | $ |
| 29 | ACH Full Debit Block (1-3 accounts) | 1 | 1 | 2 | Month | $ 10.7330 | $ 21.47 |
| 30 | ACH Debit Filter - per Transaction Routing Number | 0 | 0 | 0 | Each | $ 1.5026 | $ |
| 31 | Total Monthly Service Charges (Sum Lines 1 - 30) | | | | | | 1,900.99 |
| 32 | Annual Service Charges (Line 31 x 12 months) | | | | | | 22,811.88 |

Mod 002

Attachment 2

# SCHEDULE OF FINANCIAL INSTITUTION PROCESSING CHARGES

Contractor: Bechtel Marine Propulsion Corporation

**Document No. DOE-4**
Rev. 2 dated 12/17/08

Financial Institution: BNY Mellon Working Capital Solutions

Account Name: Department of Energy Accounts

| | Services | Year 4 Contractor's Projected Monthly Quantity KAPL | Bettis | Total | UOM | Per Item Price | Total |
|---|---|---|---|---|---|---|---|
| 1 | Account Maintenance | 1 | 1 | 2 | Month | $ 52.1836 | $ 104.37 |
| 2 | Encryption Service | 1 | 1 | 2 | Month | $ 65.2242 | $ 130.45 |
| 3 | Checks Paid / Cleared | 348 | 483 | 831 | Each | $ 0.1170 | $ 97.23 |
| 4 | Returned Checks - Non Sufficient Funds | 1 | 1 | 2 | Each | $ 4.7547 | $ 9.51 |
| 4a | Checks Represented 2nd time | 0 | 0 | 0 | Each | $ 4.5615 | $ |
| 5 | Deposits - Checks | 15 | 181 | 176 | Each | $ 0.1824 | $ 32.10 |
| 6 | Deposits - ACHs | 1 | 3 | 4 | Each | $ 0.2082 | $ 0.83 |
| 7 | Deposit Tickets | 3 | 22 | 25 | Each | $ 2.1251 | $ 53.13 |
| 7a | Mail Deposit with Deposit Ticket | 3 | 22 | 25 | Each | $ 2.9301 | $ 73.25 |
| 8 | Controlled Disbursement Account Maintenance | 1 | 1 | 2 | Month | $ 104.8610 | $ 209.72 |
| 9 | Check Imaging (both sides) | 348 | 483 | 831 | Each Check | $ 0.0108 | $ 8.97 |
| 9a | Disbursement Image - Fixed - Extended | 1 | 1 | 2 | Month | $ 26.8324 | $ 53.66 |
| 9b | Image - CD-ROM Media Charge | 0 | 0 | 0 | Month | $ 26.8324 | $ |
| 9c | Image - CD-ROM per Item | 0 | 0 | 0 | Each | $ 0.0108 | $ |
| 10 | Positive Pay / Pay Without Issuance | 1 | 1 | 2 | Month | $ 0.0000 | $ |
| 10a | Positive Pay - Controlled Disbursement per Item | 348 | 483 | 831 | Each | $ 1.3416 | $ 1,114.87 |
| 10b | Positive Pay Suspects - iTelecash Xmit | 1 | 1 | 2 | Each | $ 1.3416 | $ 2.68 |
| 11 | Full Reconcilement Reporting | 1 | 1 | 2 | Month | $ 74.8838 | $ 149.77 |
| 11a | Reconcilement - CPU/CPU Output Fixed | 1 | 1 | 2 | Month | $ 16.4214 | $ 32.84 |
| 12 | Full Reconciliation Per Item | 348 | 483 | 831 | Each | $ 0.0677 | $ 56.26 |
| 13 | On-line Monitoring / Banking | 1 | 1 | 2 | Month | $ 29.5801 | $ 59.16 |
| 13a | Wire Sentry Token Maintenance | 2 | 2 | 4 | Each Person | $ 8.8547 | $ 35.42 |
| 13b | Account Maintenance per Account/Module | 11 | 11 | 22 | Each | $ 7.3950 | $ 162.69 |
| 13c | Check Storage (Qty = .02% of checks qty) | 0.0696 | 0.0966 | 0 | Storage Units | $ 97.0260 | $ 16.13 |
| 13d | Demand Deposit Account Statement Access | 0 | 0 | 0 | Month | $ 11.2696 | $ |
| 14 | On-line Banking Transactions | 32 | 40 | 72 | Each | $ 0.0000 | $ |
| 15 | Balance & Transaction Reporting | 54 | 21 | 75 | Reports | $ 5.0230 | $ 376.73 |
| 16 | Stop Payments via Terminal | 1 | 2 | 3 | Each | $ 5.9031 | $ 17.71 |
| 16a | Positive Pay Return | 1 | 3 | 4 | Each | $ 4.5078 | $ 18.03 |
| 17 | Outgoing Wire Transfers, including Sweep Backs | 27 | 26 | 53 | Each | $ 0.0000 | $ |
| 17a | Outgoing Wires initiated via Terminal | 27 | 26 | 53 | Each | $ 16.6361 | $ 881.71 |
| 17b | Outgoing Wires initiated via Operator Assisted Repetitive | 0 | 0 | 0 | Each | $ 19.5662 | $ |
| 17c | Outgoing International Wires initiated via Operator Assisted Non-Repetitive | 0 | 0 | 0 | Each | $ 45.0784 | $ |
| 17d | Outgoing Wires-Automated Internal (between Mellon customers) | 0 | 4 | 4 | Each | $ 7.0838 | $ 28.34 |
| 17e | Outgoing Wires-Operator Assisted Internal (between Mellon customers) Repetitive | 0 | 0 | 0 | Each | $ 13.2660 | $ |
| 17f | Outgoing Wires-Operator Assisted Internal (between Mellon customers) Non-Repetitive | 0 | 1 | 1 | Each | $ 18.6325 | $ 18.63 |
| 17g | Wire - Returned Wires | 1 | 1 | 2 | Each | $ 23.8662 | $ 47.33 |
| 17h | Wire - Investigation Inquiry | 0 | 0 | 0 | Each | $ 15.6487 | $ |
| 18 | Incoming Wire Transfers | 22 | 21 | 43 | Each | $ 9.7778 | $ 420.45 |
| 19 | Drawdown Transfers From Federal Reserve | 22 | 21 | 43 | Each | $ 17.1191 | $ 736.12 |
| 20 | Beneficiary Information Template Storage | 4 | 13 | 17 | Each | $ 0.7835 | $ 13.32 |
| 21 | Treasury Assistance Service | 21 | 21 | 42 | Each Day | $ 8.9084 | $ 374.15 |
| 22 | Manual Non-Repetitive Wire | 0 | 1 | 1 | Each | $ 26.0919 | $ 26.09 |
| 23 | ACH Batch Transactions | 1,042 | 843 | 1,885 | Each | $ 0.0000 | $ |
| 23a | ACH Credits Originated (1-1,000/month) | 0 | 843 | 843 | Each | $ 0.2211 | $ 186.39 |
| 23b | ACH Credits Originated (1,001-15,000/month) | 1,042 | 0 | 1,042 | Each | $ 0.2104 | $ 219.24 |
| 23c | ACH Prenotifications (when establishing new ACH Transaction Accounts) | 5 | 67 | 72 | Each | $ 0.2211 | $ 15.92 |
| 24 | ACH CTX Addendum Records | 0 | 88 | 88 | Each | $ 0.0161 | $ 1.42 |
| 25 | ACH Profile Maintenance | 2 | 1 | 3 | Each | $ 45.6151 | $ 136.85 |
| 26 | ACH Data Transmission Input Files | 8 | 4 | 12 | Each | $ 30.3314 | $ 363.98 |
| 27 | ACH Input File Confirmation | 8 | 4 | 12 | Each | $ 0.0000 | $ |
| 27a | ACH Adjustments via Terminal | 0 | 0 | 0 | Each | $ 7.5131 | $ |
| 27b | ACH Adjustments Assisted | 0 | 0 | 0 | Each | $ 19.5877 | $ |
| 27c | Email Corrections Report - when Activity | 0 | 0 | 0 | Each Day | $ 5.9031 | $ |
| 27d | Email EchoBack Report | 8 | 4 | 12 | Each | $ 8.1715 | $ 74.06 |
| 28 | ACH Returns | 1 | 4 | 5 | Each | $ 2.2647 | $ 11.32 |
| 28a | ACH Notification of Change - when activity | 1 | 1 | 2 | Per Day | $ 0.4508 | $ 0.90 |
| 28b | ACH Returns - Email Returns Report - when activity | 1 | 4 | 5 | Per Day | $ 6.1715 | $ 30.86 |
| 28c | ACH Payment Recall - Received Funds | 0 | 0 | 0 | Each | $ 62.2512 | $ |
| 28d | ACH Payment Recall - No Funds Received | 0 | 0 | 0 | Each | $ 42.9318 | $ |
| 29 | ACH Full Debit Block (1-3 accounts) | 1 | 1 | 2 | Month | $ 10.7330 | $ 21.47 |
| 30 | ACH Debit Filter - per Transaction Routing Number | 0 | 1 | 1 | Each | $ 1.5026 | $ 1.50 |
| 31 | Total Monthly Service Charges (Sum Lines 1 - 30) | | | | | | 6,425.56 |
| 32 | *Annual Service Charges (Line 31 x 12 months)* | | | | | | 77,106.72 |

Mod 002

Attachment 2

# SCHEDULE OF FINANCIAL INSTITUTION PROCESSING CHARGES

Contractor: Bechtel Marine Propulsion Corporation

**Document No. NAV-5**
Rev. 2 dated 12/17/08

Financial Institution: BNY Mellon Working Capital Solutions

Account Name: Department of Navy Accounts

| | Services | Year 5 Contractor's Projected Monthly Quantity KAPL | Bettis | Total | UOM | Per Item Price | Total |
|---|---|---|---|---|---|---|---|
| 1 | Account Maintenance | 1 | 1 | 2 | Month | $ 54.0622 | $ 108.12 |
| 2 | Encryption Service | 0 | 0 | 0 | Month | $ 67.5723 | $ |
| 3 | Checks Paid / Cleared | 0 | 0 | 0 | Each | $ 0.1212 | $ |
| 4 | Returned Checks - Non Sufficient Funds | 0 | 0 | 0 | Each | $ 4.9259 | $ |
| 4a | Checks Represented 2nd time | 0 | 0 | 0 | Each | $ 4.7257 | $ |
| 5 | Deposits - Checks | 0 | 0 | 0 | Each | $ 0.1890 | $ |
| 6 | Deposits - ACHs | 0 | 5 | 5 | Each | $ 0.2157 | $ 1.08 |
| 7 | Deposit Tickets | 0 | 0 | 0 | Each | $ 2.2016 | $ |
| 7a | Mail Deposit with Deposit Ticket | 0 | 0 | 0 | Each | $ 3.0356 | $ |
| 8 | Controlled Disbursement Account Maintenance | 0 | 0 | 0 | Month | $ 108.6360 | $ |
| 9 | Check Imaging (both sides) | 0 | 0 | 0 | Each Check | $ 0.0112 | $ |
| 9a | Disbursement Image - Fixed - Extended | 0 | 0 | 0 | Month | $ 27.7984 | $ |
| 9b | Image - CD-ROM Media Charge | 0 | 0 | 0 | Month | $ 27.7984 | $ |
| 9c | Image - CD-ROM per Item | 0 | 0 | 0 | Each | $ 0.0112 | $ |
| 10 | Positive Pay / Pay Without Issuance | 0 | 0 | 0 | Month | $ 0.0000 | $ |
| 10a | Positive Pay - Controlled Disbursement per Item | 0 | 0 | 0 | Each | $ 1.3899 | $ |
| 10b | Positive Pay Suspects - iTelecash Xmit | 0 | 0 | 0 | Each | $ 1.3899 | $ |
| 11 | Full Reconcilement Reporting | 0 | 0 | 0 | Month | $ 77.5796 | $ |
| 11a | Reconcilement - CPU/CPU Output Fixed | 0 | 0 | 0 | Month | $ 17.0126 | $ |
| 12 | Full Reconciliation Per Item | 0 | 0 | 0 | Each | $ 0.0701 | $ |
| 13 | On-line Monitoring / Banking | 1 | 1 | 2 | Month | $ 30.6450 | $ 61.29 |
| 13a | Wire Sentry Token Maintenance | 2 | 2 | 4 | Each Person | $ 9.1735 | $ 36.69 |
| 13b | Account Maintenance per Account/Module | 11 | 11 | 22 | Each | $ 7.6612 | $ 168.55 |
| 13c | Check Storage (Qty = .02% of checks qty) | 0 | 0 | 0 | Storage Units | $ 100.5189 | $ |
| 13d | Demand Deposit Account Statement Access | 0 | 0 | 0 | Month | $ 11.6753 | $ |
| 14 | On-line Banking Transactions | 6 | 14 | 20 | Each | $ 0.0000 | $ |
| 15 | Balance & Transaction Reporting | 10 | 21 | 31 | Reports | $ 5.2038 | $ 161.32 |
| 16 | Stop Payments via Terminal | 0 | 0 | 0 | Each | $ 6.1156 | $ |
| 16a | Positive Pay Return | 0 | 0 | 0 | Each | $ 4.6701 | $ |
| 17 | Outgoing Wire Transfers, including Sweep Backs | 7 | 26 | 33 | Each | $ 0.0000 | $ |
| 17a | Outgoing Wires initiated via Terminal | 7 | 26 | 33 | Each | $ 17.2350 | $ 568.76 |
| 17b | Outgoing Wires initiated via Operator Assisted Repetitive | 0 | 0 | 0 | Each | $ 20.2706 | $ |
| 17c | Outgoing International Wires initiated via Operator Assisted Non-Repetitive | 0 | 0 | 0 | Each | $ 46.7012 | $ |
| 17d | Outgoing Wires-Automated Internal (between Mellon customers) | 0 | 0 | 0 | Each | $ 7.3388 | $ |
| 17e | Outgoing Wires-Operator Assisted Internal (between Mellon customers) Repetitive | 0 | 0 | 0 | Each | $ 13.7436 | $ |
| 17f | Outgoing Wires-Operator Assisted Internal (between Mellon customers) Non-Repetitive | 0 | 0 | 0 | Each | $ 19.3033 | $ |
| 17g | Wire - Returned Wires | 0 | 0 | 0 | Each | $ 24.5182 | $ |
| 17h | Wire - Investigation Inquiry | 0 | 0 | 0 | Each | $ 16.2121 | $ |
| 18 | Incoming Wire Transfers | 11 | 8 | 19 | Each | $ 10.1298 | $ 192.47 |
| 19 | Drawdown Transfers From Federal Reserve | 6 | 8 | 14 | Each | $ 17.7354 | $ 248.30 |
| 20 | Beneficiary Information Template Storage | 2 | 14 | 16 | Each | $ 0.8117 | $ 12.99 |
| 21 | Treasury Assistance Service | 21 | 21 | 42 | Each Day | $ 9.2291 | $ 367.62 |
| 22 | Manual Non-Repetitive Wire | 0 | 0 | 0 | Each | $ 27.0312 | $ |
| 23 | ACH Batch Transactions | 0 | 0 | 0 | Each | $ 0.0000 | $ |
| 23a | ACH Credits Originated (1-1,000/month) | 0 | 0 | 0 | Each | $ 0.2291 | $ |
| 23b | ACH Credits Originated (1,001-15,000/month) | 0 | 0 | 0 | Each | $ 0.2180 | $ |
| 23c | ACH Prenotifications (when establishing new ACH Transaction Accounts) | 0 | 0 | 0 | Each | $ 0.2291 | $ |
| 24 | ACH CTX Addendum Records | 0 | 0 | 0 | Each | $ 0.0167 | $ |
| 25 | ACH Profile Maintenance | 0 | 0 | 0 | Each | $ 47.2572 | $ |
| 26 | ACH Data Transmission Input Files | 0 | 0 | 0 | Each | $ 31.4233 | $ |
| 27 | ACH Input File Confirmation | 0 | 0 | 0 | Each | $ 0.0000 | $ |
| 27a | ACH Adjustments via Terminal | 0 | 0 | 0 | Each | $ 7.7836 | $ |
| 27b | ACH Adjustments Assisted | 0 | 0 | 0 | Each | $ 20.2929 | $ |
| 27c | Email Corrections Report - when Activity | 0 | 0 | 0 | Each Day | $ 6.1156 | $ |
| 27d | Email EchoBack Report | 0 | 0 | 0 | Each | $ 6.3937 | $ |
| 28 | ACH Returns | 0 | 0 | 0 | Each | $ 2.3462 | $ |
| 28a | ACH Notification of Change - when activity | 0 | 0 | 0 | Per Day | $ 0.4670 | $ |
| 28b | ACH Returns - Email Returns Report - when activity | 0 | 0 | 0 | Per Day | $ 6.3937 | $ |
| 28c | ACH Payment Recall - Received Funds | 0 | 0 | 0 | Each | $ 64.4922 | $ |
| 28d | ACH Payment Recall - No Funds Received | 0 | 0 | 0 | Each | $ 44.4773 | $ |
| 29 | ACH Full Debit Block (1-3 accounts) | 1 | 1 | 2 | Month | $ 11.1194 | $ 22.24 |
| 30 | ACH Debit Filter - per Transaction Routing Number | 0 | 0 | 0 | Each | $ 1.5567 | $ |
| 31 | Total Monthly Service Charges (Sum Lines 1 - 30) | | | | | | 1,969.43 |
| 32 | *Annual Service Charges (Line 31 x 8 months)* | | | | | | 15,755.44 |

Mod 002

Attachment 2

# SCHEDULE OF FINANCIAL INSTITUTION PROCESSING CHARGES

Contractor: Bechtel Marine Propulsion Corporation

**Document No. DOE-5**
Rev. 2 dated 12/17/08

Financial Institution: BNY Mellon Working Capital Solutions

Account Name: Department of Energy Accounts

| | Services | Year 5 Contractor's Projected Monthly Quantity KAPL | Bettis | Total | UOM | Per Item Price | Total |
|---|---|---|---|---|---|---|---|
| 1 | Account Maintenance | 1 | 1 | 2 | Month | $ 54.0622 | $ 108.12 |
| 2 | Encryption Service | 1 | 1 | 2 | Month | $ 67.5723 | $ 135.14 |
| 3 | Checks Paid / Cleared | 348 | 483 | 831 | Each | $ 0.1212 | $ 100.72 |
| 4 | Returned Checks - Non Sufficient Funds | 1 | 1 | 2 | Each | $ 4.9259 | $ 9.85 |
| 4a | Checks Represented 2nd time | 0 | 0 | 0 | Each | $ 4.7257 | $ |
| 5 | Deposits - Checks | 15 | 161 | 176 | Each | $ 0.1890 | $ 33.26 |
| 6 | Deposits - ACHs | 1 | 3 | 4 | Each | $ 0.2157 | $ 0.86 |
| 7 | Deposit Tickets | 3 | 22 | 25 | Each | $ 2.2016 | $ 55.04 |
| 7a | Mail Deposit with Deposit Ticket | 3 | 22 | 25 | Each | $ 3.0356 | $ 75.89 |
| 8 | Controlled Disbursement Account Maintenance | 1 | 1 | 2 | Month | $ 108.6360 | $ 217.27 |
| 9 | Check Imaging (both sides) | 348 | 483 | 831 | Each Check | $ 0.0112 | $ 9.31 |
| 9a | Disbursement Image - Fixed - Extended | 1 | 1 | 2 | Month | $ 27.7984 | $ 55.60 |
| 9b | Image - CD-ROM Media Charge | 0 | 0 | 0 | Month | $ 27.7984 | $ |
| 9c | Image - CD-ROM per Item | 0 | 0 | 0 | Each | $ 0.0112 | $ |
| 10 | Positive Pay / Pay Without Issuance | 1 | 1 | 2 | Month | $ 0.0000 | $ |
| 10a | Positive Pay - Controlled Disbursement per Item | 348 | 483 | 831 | Each | $ 1.3899 | $ 1,155.01 |
| 10b | Positive Pay Suspects - iTelecash Xmit | 1 | 1 | 2 | Each | $ 1.3899 | $ 2.78 |
| 11 | Full Reconcilement Reporting | 1 | 1 | 2 | Month | $ 77.5796 | $ 155.16 |
| 11a | Reconcilement - CPU/CPU Output Fixed | 1 | 1 | 2 | Month | $ 17.0126 | $ 34.03 |
| 12 | Full Reconciliation Per Item | 348 | 483 | 831 | Each | $ 0.0701 | $ 58.25 |
| 13 | On-line Monitoring / Banking | 1 | 1 | 2 | Month | $ 30.6450 | $ 61.29 |
| 13a | Wire Sentry Token Maintenance | 2 | 2 | 4 | Each Person | $ 9.1735 | $ 36.69 |
| 13b | Account Maintenance per Account/Module | 11 | 11 | 22 | Each | $ 7.6612 | $ 168.55 |
| 13c | Check Storage (Qty = .02% of checks qty) | 0.0696 | 0.0966 | 0 | Storage Units | $ 100.5189 | $ 16.71 |
| 13d | Demand Deposit Account Statement Access | 0 | 0 | 0 | Month | $ 11.6753 | $ |
| 14 | On-line Banking Transactions | 32 | 40 | 72 | Each | $ 0.0000 | $ |
| 15 | Balance & Transaction Reporting | 54 | 21 | 75 | Reports | $ 5.2038 | $ 390.29 |
| 16 | Stop Payments via Terminal | 1 | 2 | 3 | Each | $ 6.1156 | $ 18.35 |
| 16a | Positive Pay Return | 1 | 3 | 4 | Each | $ 4.6701 | $ 18.68 |
| 17 | Outgoing Wire Transfers, including Sweep Backs | 27 | 26 | 53 | Each | $ 0.0000 | $ |
| 17a | Outgoing Wires initiated via Terminal | 27 | 26 | 53 | Each | $ 17.2350 | $ 913.46 |
| 17b | Outgoing Wires initiated via Operator Assisted Repetitive | 0 | 0 | 0 | Each | $ 20.2706 | $ |
| 17c | Outgoing International Wires initiated via Operator Assisted Non-Repetitive | 0 | 0 | 0 | Each | $ 46.7012 | $ |
| 17d | Outgoing Wires-Automated Internal (between Mellon customers) | 0 | 4 | 4 | Each | $ 7.3388 | $ 29.36 |
| 17e | Outgoing Wires-Operator Assisted Internal (between Mellon customers) Repetitive | 0 | 0 | 0 | Each | $ 13.7436 | $ |
| 17f | Outgoing Wires-Operator Assisted Internal (between Mellon customers) Non-Repetitive | 0 | 1 | 1 | Each | $ 19.3033 | $ 19.30 |
| 17g | Wire - Returned Wires | 1 | 1 | 2 | Each | $ 24.5182 | $ 49.04 |
| 17h | Wire - Investigation Inquiry | 0 | 0 | 0 | Each | $ 16.2121 | $ |
| 18 | Incoming Wire Transfers | 22 | 21 | 43 | Each | $ 10.1298 | $ 435.58 |
| 19 | Drawdown Transfers From Federal Reserve | 22 | 21 | 43 | Each | $ 17.7354 | $ 762.62 |
| 20 | Beneficiary Information Template Storage | 4 | 13 | 17 | Each | $ 0.8117 | $ 13.80 |
| 21 | Treasury Assistance Service | 21 | 21 | 42 | Each Day | $ 9.2291 | $ 387.62 |
| 22 | Manual Non-Repetitive Wire | 0 | 1 | 1 | Each | $ 27.0312 | $ 27.03 |
| 23 | ACH Batch Transactions | 1,042 | 843 | 1,885 | Each | $ 0.0000 | $ |
| 23a | ACH Credits Originated (1-1,000/month) | 0 | 843 | 843 | Each | $ 0.2291 | $ 193.13 |
| 23b | ACH Credits Originated (1,001-15,000/month) | 1,042 | 0 | 1,042 | Each | $ 0.2180 | $ 227.16 |
| 23c | ACH Prenotifications (when establishing new ACH Transaction Accounts) | 5 | 67 | 72 | Each | $ 0.2291 | $ 16.50 |
| 24 | ACH CTX Addendum Records | 0 | 88 | 88 | Each | $ 0.0167 | $ 1.47 |
| 25 | ACH Profile Maintenance | 2 | 1 | 3 | Each | $ 47.2572 | $ 141.77 |
| 26 | ACH Data Transmission Input Files | 8 | 4 | 12 | Each | $ 31.4233 | $ 377.08 |
| 27 | ACH Input File Confirmation | 8 | 4 | 12 | Each | $ 0.0000 | $ |
| 27a | ACH Adjustments via Terminal | 0 | 0 | 0 | Each | $ 7.7836 | $ |
| 27b | ACH Adjustments Assisted | 0 | 0 | 0 | Each | $ 20.2929 | $ |
| 27c | Email Corrections Report - when Activity | 0 | 0 | 0 | Each Day | $ 6.1156 | $ |
| 27d | Email EchoBack Report | 8 | 4 | 12 | Each | $ 6.3937 | $ 76.72 |
| 28 | ACH Returns | 1 | 4 | 5 | Each | $ 2.3462 | $ 11.73 |
| 28a | ACH Notification of Change - when activity | 1 | 1 | 2 | Per Day | $ 0.4670 | $ 0.93 |
| 28b | ACH Returns - Email Returns Report - when activity | 1 | 4 | 5 | Per Day | $ 6.3937 | $ 31.97 |
| 28c | ACH Payment Recall - Received Funds | 0 | 0 | 0 | Each | $ 64.4922 | $ |
| 28d | ACH Payment Recall - No Funds Received | 0 | 0 | 0 | Each | $ 44.4773 | $ |
| 29 | ACH Full Debit Block (1-3 accounts) | 1 | 1 | 2 | Month | $ 11.1194 | $ 22.24 |
| 30 | ACH Debit Filter - per Transaction Routing Number | 0 | 1 | 1 | Each | $ 1.5567 | $ 1.56 |
| 31 | Total Monthly Service Charges (Sum Lines 1 - 30) | | | | | | 6,656.92 |
| 32 | Annual Service Charges (Line 31 x 8 months) | | | | | | 53,255.36 |

Mod 002

# LIST B

## BASELINE LIST OF APPLICABLE DIRECTIVES

(Reference Section I Clause 970.5204-2)

**10/1/2011**

The DOE Directives can be found at the following Internet address:
http://www.explorer.doe.gov:1776/htmls/directives.html

| ORDER NO. | SUBJECT |
|---|---|
| 130.1 | BUDGET FORMULATION |
| 135.1A | BUDGET EXECUTION-FUNDS DISTRIBUTION AND CONTROL |
| 137.1A | PLAN FOR OPERATING IN THE EVENT OF A LAPSE IN APPROPRIATIONS |
| 142.1 | CLASSIFIED VISITS INVOLVING FOREIGN NATIONALS |
| 142.3A | UNCLASSIFIED FOREIGN VISITS AND ASSIGNMENTS PROGRAM |
| 144.1 | DEPARTMENT OF ENERGY AMERICAN INDIAN TRIBAL GOVERNMENT INTERACTIONS AND POLICY |
| 151.1C | COMPREHENSIVE EMERGENCY MANAGEMENT SYSTEM |
| 200.1A | INFORMATION TECHNOLOGY MANAGEMENT |
| 203.1 | LIMITED PERSONAL USE OF GOVERNMENT OFFICE EQUIPMENT INCLUDING INFORMATION TECHNOLOGY |
| 205.1A | DEPARTMENT OF ENERGY CYBER SECURITY MANAGEMENT |
| 221.1A | REPORTING FRAUD, WASTE, AND ABUSE TO THE OFFICE OF INSPECTOR GENERAL |
| 221.2A | COOPERATION WITH THE OFFICE OF INSPECTOR GENERAL |
| 225.1A | ACCIDENT INVESTIGATIONS |
| 231.1A | ENVIRONMENT, SAFETY, AND HEALTH REPORTING |
| 241.1A | SCIENTIFIC AND TECHNICAL INFORMATION MANAGEMENT |
| 243.1 | RECORDS MANAGEMENT PROGRAM |
| 251.1C | DEPARTMENTAL DIRECTIVES PROGRAM |
| 311.1B | EQUAL EMPLOYMENT OPPORTUNITY AND DIVERSITY PROGRAM |
| 350.1 | CONTRACTOR HUMAN RESOURCE MANAGEMENT PROGRAMS |
| 410.1 | CENTRAL TECHNICAL AUTHORITY RESPONSIBILITIES REGARDING NUCLEAR SAFETY REQUIREMENTS |
| 410.2 | MANAGEMENT OF NUCLEAR MATERIALS |
| 413.1B | INTERNAL CONTROL PROGRAM |
| 413.3A | PROGRAM AND PROJECT MANAGEMENT FOR THE ACQUISITION OF A CAPITAL ASSETS |
| | |

| ORDER NO. | SUBJECT |
|---|---|
| 414.1C | QUALTY ASSURANCE |
| 420.1B | FACILITY SAFETY |
| 420.2B | SAFETY OF ACCELERATOR FACILITIES |
| 422.1 | CONDUCT OF OPERATIONS |
| 425.1D | VERIFICATION OF READINESS TO START UP OR RESTART NUCLEAR FACILITIES |
| 426.2 | PERSONNEL SELECTION, TRAINING, QUALIFICATION, AND CERTIFICATION REQUIREMENTS FOR DOE NUCLEAR FACILITIES |
| 430.1B | REAL PROPERTY ASSET MANAGEMENT |
| 433.1B | MAINTENANCE MANAGEMENT PROGRAM FOR DOE NUCLEAR FACILITIES |
| 435.1 Chg. 1 | RADIOACTIVE WASTE MANAGEMENT |
| 436.1 | DEPARTMENTAL SUSTAINABLILITY |
| 440.1B | WORKER PROTECTION PROGRAM FOR DOE (INCLUDING THE NATIONAL NUCLEAR SECURITY ADMINISTRATION) FEDERAL EMPLOYEES |
| 440.2B Chg. 1 | AVIATION MANAGEMENT AND SAFETY |
| 443.1B | PROTECTION OF HUMAN SUBJECTS |
| 451.1B | NATIONAL ENVIRONMENTAL POLICY ACT COMPLIANCE PROGRAM |
| 458.1 & Admin Chg 2 | RADIATION PROTECTION OF THE PUBLIC AND THE ENVIRONMENT |
| 460.1C | PACKAGING AND TRANSPORTATION SAFETY |
| 460.2A | DEPARTMENTAL MATERIALS TRANSPORTATION AND PACKAGING MANAGEMENT |
| 461.1B | PACKAGING AND TRANSPORTATION FOR OFFSITE SHIPMENT OF MATERIALS OF NATIONAL SECURITY INTEREST |
| 461.2 | ONSITE PACKAGING AND TRANSFER OF MATERIALS OF NATIONAL SECURITY INTEREST |
| 462.1 | IMPORT AND EXPORT OF CATEGORY 1 AND 2 RADIOACTIVE SOURCES AND AGGREGATE QUANTITIES |
| 470.3B | GRADED SECURITY PROTECTION (GSP) POLICY |
| 470.4A | SAFEGUARDS AND SECURITY PROGRAM |
| 471.1B | IDENTIFICATION AND PROTECTION OF UNCLASSIFIED CONTROLLED NUCLEAR INFORMATION |
| | |

| ORDER NO. | SUBJECT |
|---|---|
| 471.3 | IDENTIFYING AND PROTECTING OFFICIAL USE ONLY INFORMATION and ADMINISTRATIVE CHANGE DATED 1-13-11 |
| 475.1 | COUNTERINTELLIGENCE PROGRAM |
| 475.2 | IDENTIFYING CLASSIFIED INFORMATION |
| 522.1 | PRICING OF DEPARTMENTAL MATERIALS AND SERVICES |
| 534.1B | ACCOUNTING |
| 551.1C | OFFICIAL FOREIGN TRAVEL |
| 580.1 | DEPARTMENT OF ENERGY PERSONAL PROPERTY MANAGEMENT PROGRAM |
| 1340.1B | MANAGEMENT OF PUBLIC COMMUNICATIONS PUBLICATIONS AND SCIENTIFIC, TECHNICAL, AND ENGINEERING PUBLICATIONS |
| 1450 .4 | CONSENSUAL LISTENING-IN TO OR RECORDING TELEPHONE/RADIO CONVERSATIONS |
| 3731.1 | SUITABILITY, POSITION SENSITIVITY DESIGNATIONS, AND RELATED PERSONNEL MATTERS |
| 5639.8A | SECURITY OF FOREIGN INTELLIGENCE INFORMATION AND SENSITIVE COMPARTMENTED INFORMATION FACILITIES |
| 5670.1A | MANAGEMENT AND CONTROL OF FOREIGN INTELLIGENCE |

# NAVAL REACTOR DOE ORDER IMPLEMENTATION BULLETINS

| IB NUMBER | SUBJECT | DATE |
|---|---|---|
| IB 142.3-28 Rev3 | UNCLASSIFIED FOREIGN VISITS AND ASSIGNMENTS | 11-29-10 |
| IB 144.1-117 Rev 0 | DEPARTMENT OF ENERGY AMERICAN INDIAN TRIBAL GOVERNMENT INTERACTIONS AND POLICY | 01-13-10 |
| IB 144.1-118 Rev 1 | DEPARTMENT OF ENERGY AMERICAN INDIAN TRIBAL GOVERNMENT INTERACTIONS AND POLICY | 12-10-10 |
| IB 151.1C-103 Rev 1 | COMPREHENSIVE EMERGENCY MANAGEMENT SYSTEM | 09-24-10 |
| IB 200.1A-127 Rev 0 | INFORMATION TECHNOLOGY MANAGEMENT | 02-28-11 |
| IB 203.1-106 Rev 0 | LIMITED PERSONAL USE OF GOVERNMENT OFFICE EQUIPMENT INCLUDING INFORMATION TECHNOLOGY | 03-09-06 |
| IB 205.1-105 Rev 1 | CYBER SECURITY MANAGEMENT | 02-25-11 |
| IB 225.1-95 Rev 2 | ACCIDENT INVESTIGATION | 04-18-08 |
| IB 231.1-A-94 Rev 2 | ENVIRONMENT, SAFETY, AND HEALTH REPORTING | 11-05-10 |
| IB 241.1-73 Rev 0 | SCIENTIFIC AND TECHNICAL INFORMATION MANAGEMENT | 02-01-00 |
| IB 243.1-115 Rev 0 | RECORDS MANAGEMENT PROGRAM | 06-17-11 |
| IB 410.1-114 Rev 0 | CENTRAL TECHNICAL AUTHORITY RESPONSIBILITIES REGARDING NUCLEAR SAFETY REQUIREMENTS | 04-12-10 |
| IB 410.2-91 Rev 1 | MANAGEMENT OF NUCLEAR MATERIALS | 10-27-10 |
| IB 413.3A-109 Rev 1 | PROGRAM AND PROJECT MANAGEMENT FOR THE ACQUISITION OF CAPITAL ASSETS | 03-19-08 |
| IB 414.1C-86 Rev 2 | QUALITY ASSURANCE | 08-02-05 |
| IB 420.1B-81 Rev 3 | FACILITY SAFETY | 09-15-10 |
| IB 420.2-88 | SAFETY OF ACCELERATOR FACILITIES | 12-07-98 |

| IB NUMBER | SUBJECT | DATE |
|---|---|---|
| Rev 1 | | |
| IB 422.1-129<br>Rev 0 | CONDUCT OF OPERATIONS | 05-23-11 |
| IB 425.1-16<br>Rev 1 | VERIFICATION OF READINESS TO START UP OR RESTART NUCLEAR FACILITIES | 02-08-11 |
| IB 426.2-71<br>Rev 2 | PERSONNEL SELECTION, TRAINING, QUALIFICATION, AND CERTIFICATION REQUIREMENTS FOR DOE NUCLEAR FACILITIES | 06-01-11 |
| IB 430.1<br>Rev 0 | LIFE CYCLE ASSET MANAGEMENT | 08-11-98 |
| IB 430.1B-100<br>Rev 0 | REAL PROPERTY ASSET MANAGEMENT | 08-11-98 |
| IB 433.1-126<br>Rev 0 | MAINTENANCE MANAGEMENT PROGRAM FOR DOE NUCLEAR FACILITIES | 04-26-11 |
| IB 435.1-6<br>Rev 1 | RADIOACTIVE WASTE MANAGEMENT | 09-16-10 |
| IB 436.1-134 | DEPARTMENTAL SUSTAINABILITY | 09-23-11 |
| IB 440.1B-93<br>Rev 1 | WORKER PROTECTION MANAGEMENT FOR DOE FEDERAL AND CONTRACTOR EMPLOYEES | 07-24-98 |
| IB 440.1-96<br>Rev 0 | INTERIM CHRONIC BERYLLIUM DISEASE PREVENTION PROGRAM | 09-15-97 |
| IB 440.2B-80<br>Rev 3 | AVIATION MANAGEMENT AND SAFETY | 02-01-11 |
| IB 443.1-128<br>Initial Issue | PROTECTION OF HUMAN RESEARCH SUBJECTS | 09-22-11 |
| IB 450.4A-123<br>Rev 1 | INTEGRATED SAFETY MANAGEMENT POLICY | 07-29-11 |
| IB 451.1B-101<br>REV 2 | NATIONAL ENVIRONMENTAL POLICY ACT COMPLIANCE PROGRAM | 02-22-11 |
| IB 456.1-117<br>REV 0 | SAFE HANDLING OF UNBOUND ENGINEERED NANOPARTICLES | 03-03-09 |
| IB 458.1-19<br>REV 2 | RADIATION PROTECTION OF THE PUBLIC AND THE ENVIRONMENT | 07-22-11 |
| IB 460.1-97<br>Rev 1 | PACKAGING AND TRANSPORTATION SAFETY | 09-21-10 |
| IB 460.2A-98<br>Rev 1 | DEPARTMENTAL MATERIALS TRANSPORTATION AND PACKAGING MANAGEMENT | 07-30-08 |

| IB NUMBER | SUBJECT | DATE |
|---|---|---|
| IB 461.1B-102<br>Rev 1 | PACKAGING AND TRANSPORTATION FOR OFFSITE SHIPMENT OF MATERIALS OF NATIONAL SECURITY INTEREST | 04-28-11 |
| IB 461.2-130<br>Rev 0 | ONSITE PACKAGING AND TRANSFER OF MATERIALS OF NATIONAL SECURITY INTEREST | 04-28-11 |
| IB 462.1-116<br>Rev 0 | IMPORT AND EXPORT OF CATEGORY 1 AND 2 RADIOACTIVE SOURCES AND AGGREGATED QUANTITIES | 01-07-09 |
| IB 470.4A-24<br>Rev 1 | SAFEGUARDS AND SECURITY | 04-16-96 |
| IB 470.3-110<br>Rev 1 | GRADED SECURITY PROTECTION (GSP) POLICY | 07-30-10 |
| IB 470.3A-110<br>Rev 0 | DESIGN BASIS THREAT POLICY | 12-7-07 |
| IB 470.4-6-25<br>Rev 5 | NUCLEAR MATERIAL CONTROL AND ACCOUNTABILITY | 01-26-07 |
| IB 470.4-112<br>Rev 0 | SAFEGUARDES AND SECURITY PROGRAM | 11-29-10 |
| IB 471.1A-8<br>Rev 3 | IDENTIFICATION AND PROTECTION OF UNCLASSIFIED CONTROLLED NUCLEAR INFORMATION (UCNI) | 06-29-01 |
| IB 471.2-65<br>Rev 0 | CLASSIFIED INFORMATION SYSTEMS SECURITY MANUAL | 02-04-00 |
| IB 471.3-113 | IDENTIFYING AND PROTECTING OFFICIAL USE ONLY INFORMATION | 07/10/08 |
| IB 475.1-76<br>Rev 0 | COUNTERINTELLIGENCE PROGRAM | 12-16-92 |
| IB 475.1-1-66<br>Rev 3 | IDENTIFYING CLASSIFIED INFORMATION | 03-25-09 |
| IB 551.1B-45<br>Rev 3 | OFFICIAL FOREIGN TRAVEL | 11-13-03 |
| IB 1373.1-47<br>Rev 0 | SUITABILITY, POSITION SENSITIVITY DESIGNATIONS, AND RELATED PERSONNEL MATTERS | 01-02-92 |
| IB 1450.4-68<br>Rev 0 | CONSENTUAL LISTENING-IN TO OR RECORDING TELEPHONE/RADIO CONVERSATIONS | 02-05-96 |
| IB 5400.5-19<br>Rev 0 | RADIATION PROTECTION OF THE PUBLIC AND ENVIRONMENT | 01-10-91 |
| IB 5639.8A-44<br>Rev 2 | SECURITY OF FOREIGN INTELLIGENCE INFORMATION AND SENSITIVE COMPARTMENTED INFORMATION | 01-19-95 |

| IB NUMBER | SUBJECT | DATE |
|---|---|---|
| | FACILITIES | |
| IB 5670.1A-43<br>Rev 1 | MANAGEMENT AND CONTROL OF FOREIGN INTELLIGENCE | 10-13-92 |

## LIST OF POLICIES

| Policy Number | Description |
|---|---|
| 141.1 | Department of Energy Management of Cultural Resources |
| 430.1 | Land and Facility Use Planning |
| 443.1A | Protection of Human Subjects |
| 450.4A | Integrated Safety Management Policy |

## LIST OF MANUALS

| Manual Number | Description |
|---|---|
| 200.1-1<br>Chapter 9 | Public Key Cryptography and Key Management |
| 205.1-3 | Telecommunication Security Manual |
| 450.4-1 | Integrated Safety Management Manual |
| 460.2-1A | Radioactive Material Transportation Practices |
| 470.4-6 | Nuclear Material Control and Accountability |
| 471.2-1C | Manual for Classified Matter Protection and Control |
| 473.1-1 | Physical Protection Program Manual |
| 473.2-1A | Firearms Qualification Courses Manual |
| 473.2-2 | Protective Force Program Manual |
| 475.1-1 Series | Manual for Identifying Classified Information |

## ACCOUNTING PRACTICES AND PROCEDURES HANDBOOK

| | |
|---|---|
| Chapter X | Product Cost Accounting |

## LIST OF NOTICES

| Notice Number | Description |
|---|---|
| 205.8 | Cyber Security Requirements for Wireless Devices and Information Systems |
| 205.9 | Certification and Accreditation Process for Information Systems Including National Security Systems |
| 205.10 | Cyber Security Requirements for Risk Management |
| 205.11 | Security Requirements for Remote Access to DOE and Applicable Contractor Information Technology Systems |
| 205.12 | Clearing, Sanitization, and Destroying Information System Storage Media, Memory Devices and other Related Hardware |
| 205.3 | Password Generation, Protection, and Use |
| 221.15 | Reporting Fraud, Waste, and Abuse |
| 450.4 | Assignment of Responsibilities for Executive Order 13148, Greening the Government Through Leadership in Environmental Management |
| 456.1 | Safe Handling of Unbound Engineered Nanoparticles |
| 473.8 | Security Conditions |

## LIST OF EXECUTIVE ORDERS

**Executive Orders can be found at the following Internet address:**

**http://library.whitehouse.gov/?request=ExecutiveOrder**

Executive Order 12843, Procurement Requirements and Policies for Federal Agencies for Ozone-Depleting Substances

Executive Order 12898, Federal Actions To Address Environmental Justice In Minority Populations and Low-Income Populations

Executive Order 13058, Protecting Federal Employees and the Public from Exposure to Tobacco Smoke in the Federal Workplace

Executive Order 13423, Strengthening Federal Environmental, Energy, and Transportation Management

Executive Order 13496, Notification of Employee Rights Under Federal Labor Laws

**Note: This list of applicable directives may not be all inclusive since the Contracting Officer may from time to time update the list by unilateral modification to the contract to add, modify, or delete specific requirements in accordance with paragraph (b) of DEAR 970.5204-2. Naval Reactor Implementation Bulletins provide guidance to the contractor on how to implement orders for specific application to the Naval Nuclear Program. Guidance on implementation by the contractor of certain aspects of directives and executive orders may also be contained in written statements or memoranda that evidence understandings reached by the Government and the contractor in those areas.**

May 27, 2008

Admiral Donald
Naval Sea Systems Command (SEA 08)
1333 Isaac Hull Ave., S.E.
Washington Navy Yard, DC 20376-2020

Dear Admiral Donald:

In light of the new contract award to operate the Naval Reactors Laboratories, I am sending this letter to reassert the arrangement with the Naval Nuclear Propulsion Program concerning operation of the Laboratories. We are proud of our ongoing association with the NR Program and look forward to this opportunity to expand our services with the same commitment and responsiveness we have demonstrated over the past nine years.

I recognize that much of the Program's success derives from central NR Program direction and control, and from the fact that the Laboratories are devoted exclusively to the Naval Nuclear Propulsion Program. Bechtel Marine Propulsion Corporation (BMPC) and its parent company Bechtel National, Inc. (BNI) endorse this concept and will preserve it as we have since the inception of our Bettis contract.

Technical excellence and performance, not profit, will remain our primary goal in the operation of Bettis and KAPL. We recognize that the Laboratories are Government institutions and that we have a special responsibility to place the Government interest foremost in our recommendations and actions. As a privately held company, you can be assured that we do not have the same pressures as publicly traded companies. We are motivated by customer satisfaction, not stockholder demands.

BNI recognizes the NR Program as the Government point of contact concerning the Laboratories. Any arrangements for interaction with other BNI-managed Government Operated Contractor Operated facilities will not apply to the Laboratories unless otherwise agreed by the Program. We will ensure that this is accomplished by extending our existing Bettis policies and instructions to also apply fully to KAPL.

The Laboratories will deal with other Bechtel companies and affiliates only "at arms length" as they would with any other supplier. We will not seek to perform any work for the Laboratories unless specifically requested by the General Managers and with the Program's consent. We will avoid situations that would create even the appearance of impropriety.

The General Managers of the Laboratories will report organizationally to the Chairman of the BMPC Board of Directors. Our corporate by-laws will firmly establish that management responsibility for the work at the Laboratories must remain with the General Managers, subject to NR Program overview.

BNI and BMPC will continue to ensure that the Laboratories are staffed with only the most qualified and motivated personnel. We will continue to obtain your counsel and agreement in key personnel and organizational changes before commitments are made. In addition, consistent with our existing corporate policies, BNI and its affiliates will not recruit from the Laboratories or other segments of the Naval Nuclear Propulsion Program, without the Program's advance agreement.

Sincerely,

J Scott Ogilvie

J. Scott Ogilvie,
Chairman

**BECHTEL NATIONAL, INC.**

5275 Westview Drive
Frederick, MD 21703-8306

# Guidance for Preparation of Diversity Plan

This Guidance is to assist the contractor in understanding the information being sought by the Department for each of the Diversity elements and where these issues are already addressed in a contract, the contractor need only cross reference the location.

*Work Force*

This contract includes clauses on Equal Opportunity and Affirmative Action. The contractor should discuss its policies and plans for implementation of these clauses in its operations. If the contractor already has procedures in place, these should be discussed and copies provided.

*Educational Outreach*

The contractor should outline or discuss any programs already provided, or which it intends to provide, which will provide employees an opportunity to improve their employment skills and opportunities. These programs may already be discussed in the proposal submitted for this contract or in the contract itself and could include: educational assistance allowance, provision for outside training programs either during or outside regular work hours, and executive training programs for non-executive employees. The contractor should also discuss any plans to participate in any program supporting Historically Black Colleges and Universities, Hispanic Serving Institutions and Native American Institutions.

*Community Involvement and Outreach*

An offeror’s proposal or this contract may include a section dealing with community involvement and outreach activities. In that event, those sections may be cross-referenced and do not need to be repeated. Contractor community relation activities could include support for the following activities: support for science, mathematics and engineering education; support for community service organizations; assistance to Governmental and community service organizations and for equal opportunity activities; and community assistance in connection with work force reduction plans. The contractor may provide support to these activities through direct sponsorship or making individual employees available to work with the specific community

activity. The contractor’s Diversity Plan should discuss the contractor’s existing and planned activities promoting community involvement of its employees as well as the corporation.

*Subcontracting*

If appropriate to the contractor, the contract will contain FAR 52.219-9 "Small, Small Disadvantaged, and Woman Owned Small Business Subcontracting Plan" and other small business related clauses. Additionally, the RFP may have contained additional guidance on small business subcontracting. The contractor should briefly summarize its subcontracting plan. If the contractor is participating, or plans to participate, in the Department's Mentor-Protégé Program, this involvement or planned involvement, should be summarized. Information concerning its subcontracting plans already submitted and approved does not need to be redeveloped or renegotiated.

*Economic Development (Including Technology Transfer)*

Many of the Department's contracts include clauses dealing with technology transfer. Planning or activities developed under such clauses may apply to this element of the contractor's Diversity Plan. Additionally, some of the subcontracting activities planned by the contractor with small business, small disadvantaged businesses, or woman-owned small businesses may be entered into for the purpose of assisting the economic development of or transferring technology to such a business. The contractor's Diversity plan should outline and discuss its planned activities promoting economic diversification of the local community.

# APPENDIX A

# HUMAN RESOURCES

# UNDER CONTRACT NO. DE-AC11-98PN38206

# March 2008

# TABLE OF CONTENTS

Article No. Page No.

**I. INTRODUCTION** ..... 1

**II. DEFINITIONS** ..... 2

**III. PAY POLICIES** ..... 4

A. GENERAL ..... 4

B. ADMINISTRATION ..... 4
1. Exempt Employees. ..... 4
2. Nonexempt Employees ..... 5

C. REVIEWS AND APPROVALS ..... 5
1. Bechtel Bettis, Incorporated (BBI) ..... 5
2. Department of Energy (DOE) ..... 6

D. RECORD OF HOURS WORKED ..... 7
1. Nonexempt Employees ..... 7
2. Exempt Employees ..... 8
3. Records Retention ..... 8

E. SCHEDULING AND PAYMENT OF OVERTIME ..... 9
1. General ..... 9
2. Payment of Overtime for Non-NRF Nonexempt Employees ..... 9
3. Payment of Overtime and Premium Pay for NRF Nonexempt Employees ..... 9
4. Exempt Employees ..... 10

F. BONUSES ..... 11
1. Night Turn Bonus ..... 11
2. Rotation Shift Bonuses ..... 11
3. Reward for Performance Compensation Plan ..... 12
4. Engineering Officer of the Watch Incentive Pay Program ..... 12
5. Rotating Shift Adjustment ..... 15
6. Shift Refueling Engineer Incentive Program ..... 16
7. Signing Bonuses ..... 18
8. Bettis Reactor Engineering School ..... 18

G. MISCELLANEOUS ..... 18
1. Overtime Expenses ..... 18
2. Reporting for Work ..... 19
3. Leave of Absence ..... 19
4. Deferred Compensation Plan for Selected BBI Employees ..... 19
5. Nonstandard Work Schedules ..... 20

H. MEDICAL DISQUALIFICATION OF SECURITY POLICE OFFICERS ..... 20

## TABLE OF CONTENTS

Article No. Page No.

**IV. TRAVEL AND RELOCATION** ..... 21

A. TRAVEL ..... 21
1. Travel within the United States ..... 21
2. Foreign Travel ..... 24
3. Applicants for Employment ..... 24

B. RELOCATION ..... 24

C. TEMPORARY ASSIGNMENTS ..... 27

D. HAWAII ASSIGNMENTS ..... 28

E. SAN DIEGO ASSIGMENTS ..... 28

**V. EMPLOYEE HEALTH AND WELFARE BENEFITS, RETIREMENT PLANS, AND OTHER PROGRAMS** ..... 29

A. DOE ORDER 350.1 ..... 29

B. CONTRACT TERMINATION ..... 29

C. BENEFIT COSTS ..... 29

D. HEALTH AND WELFARE BENEFITS ..... 29
1. Health Care Benefits ..... 30
2. Vision Care Benefits ..... 30
3. Employee Assistance Program ..... 30
4. Dental Benefits ..... 30
5. Flexible Spending Accounts ..... 30
6. Lifestyle Returns Program ..... 30
7. Insurance Benefits ..... 30
8. Disability Benefits ..... 31

E. OTHER BENEFIT PLANS ..... 31
1. Employee Mutual Fund Purchase Plan ..... 31
2. Benefits for Involuntarily Separated Employees ..... 31
3. Benefits Offered to Displaced Workers ..... 32

F. PENSION AND RETIREMENT PLANS ..... 32
1. Pension Plan ..... 32
2. Bechtel NR Program Savings Plan ..... 33
3. Executive Pension Plan and Supplemental Pension Plan ..... 34

G. OTHER POSTRETIREMENT BENEFIT PLANS ..... 34
1. Current Plans for Current Retirees ..... 34
2. Contract Transition ..... 34

H. EDUCATIONAL ASSISTANCE/OPPORTUNITY ..... 34
1. Educational Assistance Program ..... 35
2. Educational Opportunity Program ..... 35

## TABLE OF CONTENTS

Article No. Page No.

I. EMPLOYEE TRAINING ..... 36

J. EMPLOYEE MORALE PROGRAMS ..... 36

K. EXTENDED SALARY PAYMENTS ..... 36

L. HOLIDAYS ..... 37

M. JURY AND ELECTION DUTIES ..... 38

N. MEDICAL SERVICES ..... 38

O. MEMBERSHIPS – PROFESSIONAL SOCIETIES ..... 38

P. MILITARY DUTY ..... 38

Q. FOOD SERVICE ..... 39

R. UNIFORMS, CLOTHING, SAFETY EQUIPMENT, AND PERSONAL PROPERTY ..... 39
1. Uniforms ..... 39
2. Clothing ..... 39
3. Safety Equipment ..... 39
4. Damage to Personal Property ..... 40

S. VACATIONS ..... 40

T. PAYMENTS AFTER DEATH ..... 41

U. WORKER'S COMPENSATION ..... 42

V. PART-TIME EMPLOYEES ..... 42

W. UNEMPLOYMENT INSURANCE ..... 43

**VI. LABOR RELATIONS** ..... 43

**VII. AWARD PROGRAMS** ..... 44

A. INVENTION AND PATENT AWARDS ..... 44
1. Invention Awards ..... 44
2. Patent Awards ..... 44
3. Other Reimbursements ..... 44

B. RECOGNITION AND PERFORMANCE AWARD PROGRAMS ..... 44
1. General Manager's Award ..... 45
2. Recognition Awards ..... 45

C. BBI SERVICE ..... 45

D. RETIREMENT AWARD PROGRAM ..... 45

## TABLE OF CONTENTS

Article No. Page No.

**VIII. MISCELLANEOUS** ..... 45

A. EQUAL EMPLOYMENT OPPORTUNITY ..... 45

B. CORPORATE MEMBERSHIPS ..... 46

C. COMMUNICATIONS ..... 46

D. CAMPAIGNS FOR CHARITABLE INSTITUTIONS ..... 46

E. UNITED STATES SAVINGS BONDS ..... 46

F. SUSPENSION OF ACCESS AUTHORIZATION ..... 47

G. BUSINESS AND STAFF MEETINGS ..... 47

**SCHEDULE I – LIST OF ADDITIONAL DOCUMENTS INCORPORATED BY REFERENCE IN APPENDIX A** ..... 47

## I. INTRODUCTION

This Human Resource (HR) Appendix A sets forth those Bettis Atomic Power Laboratory (hereinafter referred to as the Laboratory or Bettis) HR management policies and related expenses which have cost implications under Contract DE-AC11-98PN38206 and identifies those costs deemed reasonable and allowable for reimbursement when incurred in the performance of the Contract work.

Costs and expenses which shall be allowable are contract costs which are determined to be allowable in accordance with the provisions of paragraph (j) of the clause, Payments and Advances, included in Part I, Section B, Supplies or Services and Prices/Costs, of Contract No. DE-AC11-98PN38206. It is intended by the parties that this Appendix A, to the extent revised from time to time with the approval of the Contracting Officer, shall incorporate those policies, practices, and procedures the related costs and expenses of which shall be allowable contract costs subject to the aforementioned contract clause. Only those items of personnel costs and related expenses that are set forth herein or specifically referenced in this Appendix A are allowable costs by advance understanding under this Contract.

The Contractor shall select, manage, and direct the work force. The Contractor shall use effective management review procedures and internal controls to assure that the allowable costs set forth herein are not exceeded, and that areas which require prior approval of the DOE Contracting Officer or designated representative are reviewed and approved prior to incurring such costs.

Either party may request that this Appendix A be revised and the parties hereto agree to give consideration in good faith to any such request. Revisions to the HR Appendix A shall be accomplished by executing Reimbursement Authorization (DOE Form AD-36) as approved by the Contracting Officer or designated representative. When revisions to this Appendix A are agreed upon, revised pages will be issued reflecting such changes and will bear the effective date of such changes and the Reimbursement Authorization number in the upper right-hand corner of each page.

The DOE intends to reach an advance understanding with BBI on certain personnel costs and related expenses. These costs are those associated with the Contractor's personnel policies and procedures, which shall be substantially comparable to the previous Contractor's Compensation and Benefits Programs at time of contract change except as otherwise approved by the Contracting Officer. Any proposed changes to benefits covered under the existing personnel appendix would be subject to DOE Contractor Officer approval. Any proposed changes to benefits covered under the existing bargaining agreements would be subject to bargaining under the applicable agreement.

Nothing in this Appendix A shall create or shall be deemed to create any right in any party other than the Government and the Contractor.

## II. DEFINITIONS

For clarity and consistency of meaning and intent, the following terms are defined for use in this Appendix A:

Absence – Time that an employee is not at work during the employee's scheduled working hours in the basic work week.

Base Annual Payroll – The total exempt Laboratory payroll applicable to this contract excluding overtime and shift premiums, separation allowance pay, and incentive compensation.

Basic Work Week – A basic work week consists of 40 hours.

Casual Employee – An employee hired for a predetermined, limited period of time, or hired to complete a specific task.

Casual Overtime – Irregular uncompensated hours worked by an exempt employee to accomplish normal job requirements.

Consumer Price Index (CPI) – Consumer Price Index – All Urban Consumers – All Items Index.

Continuous Service – That period of unbroken service with the previous Contractor and subsequent service with this Contractor, including time spent on any of the following: furlough, leave of absence, disability, vacation, prior service with an acquired company, involuntary separations of less than 12 months, or voluntary separations of less than 30 days.

Credited Service – The number of years, months, and days spent in all periods of regular employment with the previous Contractor and subsequent service with this Contractor. Employees with previous service will receive credit for past service, except as defined under the Employee Security and Protection Plan.

Disciplinary Furlough – Time off without pay for employee misconduct.

Emergency Furlough – Periods of time off without pay resulting from conditions where transfer of employees to provide work is not feasible.

Exempt Employee – An executive, administrative, or professional employee who is exempt from certain provisions of the Fair Labor Standards Act.

Extended Work Week – An extended work week is a work week regularly scheduled and established in excess of 40 hours. The establishment of a work week in excess of 40 hours per week constitutes an extended work week only when an individual is scheduled for 48 or more hours for a period in excess of four consecutive weeks and requires approval of the Contracting Officer, which will normally be requested and approved in advance of the starting date of the extended work week, except for exceptional circumstances or emergencies, in which event approval will be requested as soon as reasonably possible.

General Manager (GM) – The Contractor's supervising representative who is in charge of operations for the Contractor at the Laboratory.

Gross Annual Payroll – The total Laboratory payroll applicable to this contract including overtime and shift premiums, but excluding separation allowance pay and incentive compensation.

Holiday Furlough – Days off without pay for nonexempt employees at NRF during the scheduled holiday shutdown period.

Location Closedown – The announcement and implementation of a plan to terminate and discontinue all Contractor operations at any site operated by the Contractor as part of the Laboratory, without any then-existing plan for resumption or continuation of operations at that site by either the Contractor or any other Government Contractor or Government agency.

Night Turn – Shift where the stopping time of the regular shift is after 9:00 p.m. and up to and including 9:00 a.m. of the following day.

Night Turn Bonus for Exempts – All exempt employees working a recognized Night Turn shift operations shall receive 10% extra compensation for hours worked on such shifts.

Night Turn Bonus for Nonexempts (represented and non-represented) – Employees working a recognized Night Turn shift will receive a night turn bonus of $1.25 per hour for employees with less than two years continuous service, the lesser of 10% or $2.50 per hour for employees with two or more, but less than three years of continuous service, or 10% for employees with three or more years of continuous service.

Nonexempt Employee – An employee who is covered under and is subject to the provisions of the Fair Labor Standards Act.

Overtime – Time worked beyond a work shift or basic work week for which pay is received in addition to the employee's base monthly salary.

Part-Time Employee – An employee routinely scheduled to work 32 hours or less per week.

Permanent Job Separation – The termination of the employment of an employee through no fault of his/her own for lack of work for reasons associated with the business for whom the Contractor determines there is no reasonable expectation of recall. In no event does a permanent job separation occur if the employee is offered continued employment by the Contractor, an affiliated entity, or a successor employer which is neither the Contractor or an affiliated entity.

Permanent Relocation – A permanent change in an employee's place of work (including an employee from another Bechtel National, Inc. (BNI) division transferring into a Bettis location), which is anticipated to usually extend for a period in excess of 12 successive calendar months.

Regular Employee – An employee hired by the Contractor to work either full-time on a basic work week or nonstandard work week.

Regular Furlough – Days off per week or per month without pay given employees as part of a program of sharing work in lieu of reduction in force.

Report Week – For a traditional work schedule of five 8 hour days, a report week is the period of seven consecutive days that begins with an employee's first scheduled work day in a calendar week. For alternative work schedules, a report week may differ from the traditional schedule report week in accordance with Contractor policies.

Rotational Shift – A rotational shift employee is one whose scheduled days of rest change from time to time, usually weekly or biweekly.

Straight-Time Rate – An employee's base monthly salary converted to an hourly rate.

Temporary Assignment – A change in an employee's place of work, which is anticipated to be greater than 29 calendar days, but less than three years in duration.

Total Employment – Service used to determine eligibility for vacation, Company Service Awards, Employee Security and Separation Plan, Involuntary Separation Plan, Salary Extension, Leaves of Absence, and Educational Assistance/Opportunity Benefits. It includes all Total Employment service recognized by the former Contractor as of the date of contract transition and time worked at the Laboratory as a regular employee under the current Contractor. It also includes hours worked as a summer intern. Total Employment service is also granted for time worked at Bechtel Plant Machinery, Inc. (BPMI) or Knolls Atomic Power Laboratory (KAPL) for employees who transfer to BBI directly from those locations. Total employment service for time worked at another organizational entity with the Contractor's parent company may be granted for employees who transfer from that division, with Contracting Officer approval.

Work Day – An employee's work day is the 24 hour period beginning with the scheduled starting time of his/her regularly assigned shift. His/her day(s) of rest and holidays start at the same time on the day(s) he/she is not scheduled to work.

Work Shift – The continuous period of time, with or without a meal period, which an employee is normally scheduled to work. A work shift also may include one or more paid rest breaks, whether or not the shift includes a meal period.

## III. PAY POLICIES

### A. GENERAL

1. All regular employees of the Laboratory will be paid a semimonthly salary based on a basic work week. Part-time and casual employees will be paid either an hourly rate, or a monthly salary adjusted to the number of hours worked.

2. Bettis shall submit its Compensation Program to the Contracting Officer for review and approval for the purpose of demonstrating sound compensation policies, practices, and procedures. This may include, but is not limited to, salary schedules, position descriptions, summarizations of salary increase expenditures, salary planning guide charts, and average salaries. When the submission of data is impractical, Bettis shall make the information available for review by the Contracting Officer or his/her representative.

### B. ADMINISTRATION

1. Exempt Employees

   a. The Contractor has established two standardized schedules of exempt salary ranges for use by its organizations: (1) for all management employees eligible for the Management Incentive Compensation Plan, and (2) for all professional and non-incentive eligible management employees. The placement of an exempt position on a salary schedule (i.e., the establishment of a salary range for a position) is the responsibility of the Contractor. The salary ranges defined on the two schedules are reviewed annually by the Contractor to determine what adjustment, if any, is appropriate for the forthcoming year.

b. New exempt employees are hired at the minimum of the appropriate salary range unless otherwise warranted by the individual's education, experience, current salary (if any), competing offers, and other factors affecting the employment market. Offers to prospective employees will be made according to guidance from the Contractor and from the Bettis Compensation Department.

c. The Contractor has established an Individual Salary Increase Plan, including salary ranges, to govern the compensation of management and professional employees in its employ at those divisions that have elected to follow the Plan. It is agreed between the parties hereto that Bettis has elected to follow the Plan for all management and professional employees. Any deviations from the Contractor's current and proposed salary ranges will be subject to Contracting Officer approval.

d. The performance of each exempt employee will be reviewed at least once annually to determine if a salary increase is appropriate.

2. Nonexempt Employees

a. The Contractor formulates policies on all forms of compensation for nonexempt, non-professional employees and obtains Contracting Officer concurrence on such policies. Laboratory nonexempt salary schedules for these positions will also be approved.

b. Bettis has established Compensation Programs to govern the pay of nonexempt employees at its various locations. These Programs consist of general increases, step increases, merit increases, and cost-of-living adjustments, individually or in combinations. The merit increase portion of these Programs shall be developed annually, approved by the GM (Naval Reactors Facility (NRF) and Moored Training Ship (MTS) – Site Manager) and provided to the Contracting Officer for approval. Expenditure reports for all nonexempt compensation increases will be provided semiannually to the Contracting Officer.

c. New nonexempt employees may be hired below, at, or higher than the minimum of the appropriate salary range depending upon the policies and procedures of the Laboratory at the location where the employee is hired. Determination of starting salary is based on such factors as training and experience required, local market competition, and bargaining agreements with unions.

d. Salary schedules for employees represented in collective bargaining units are subject to negotiation with collective bargaining representatives. (See Article VI of this Appendix A.)

C. REVIEWS AND APPROVALS

1. BBI

a. All hiring rates and salary changes must be approved by HR, the employee’s management, and others in accordance with established Contractor procedures.

b. Addition of a professional position to the salary schedule, or reclassification of an existing position to a higher level on the schedule, requires the approval of the GM, or his/her designated representative.

c. Promotion of an employee into management or promotion of a management employee to a higher classification requires the approval of the GM (NRF or MTS – Site Manager). Promotion of a nonexempt employee to an exempt position requires the approval of the GM (NRF – Site Manager). Appointments to positions that are contractually identified as key positions, regardless of site location, must be approved by the GM and then by the Contracting Officer.

2. DOE

a. At the beginning of each fiscal year, the Contracting Officer will approve dollar limitations for merit and promotion salary increases for management and professional employees for that year based upon the recommendations provided by the Contractor. The Contractor's recommendation shall include data on: national and industry compensation surveys; compensation levels paid by other DOE Contractors; Contractor's corporate experience and policies, general wage, and salary standards established by the Federal Government; and such other criteria as may be agreed upon by the GM and the Contracting Officer. A limitation, expressed as a percentage of base annual payroll as of September 30 of the fiscal year immediately proceeding the identified year, plus any lump sum merit awards granted during the preceding fiscal year to employees still on the roll as of that September 30, shall be established. Each component of the fund (i.e., merit and promotion) shall be identified in the Contractor's proposal as subtotals. Any unused portion of allowable salary increases will not be carried forward from year-to-year. The dollar amount of the fund shall be subject to review and adjustment by the Contracting Officer upon a significant reduction in Contractor employment levels, as in a plant closing or reduction in force.

All increases or lump sum merit awards for exempt employees are charged to the fund on an annualized basis (monthly times 12, weekly times 52). Once an individual's salary increase or lump sum merit award is charged to the fund, reuse of that amount, i.e., recovery, for any other purpose during the salary year is unallowable. If an individual terminates before receiving an increase or lump sum merit award, the amount of money allocated for that individual may remain in the fund. In the event that a nonexempt employee is reclassified and assigned to an exempt position, any adjustment to base salary that occurs concurrent with the reclassification will not be charged to the fund.

(1) The base salary of employees on Military Leave of Absence will be included in the fiscal year Salary Increase Fund calculation total in the year they are scheduled to return.

(2) The base salary of employees who are not on the active rolls on September 30$^{th}$ of each year due to Leaves of Absences, Salary Extension, Disability, or Special Adjustment, but who are scheduled or expected to return to work in the following fiscal year and will be eligible to receive an increase from the Salary Increase Fund (SIF) will be included in the calculation for determining SIF.

b. Bettis shall submit for Contracting Officer approval proposed adjustments to its schedules of exempt salary ranges. Any such adjustments proposed shall be to maintain parity between the salary ranges used at Bettis and those implemented by BNI (refer to III.B.1.a. above).

c. The Contracting Officer will approve the addition of any new position to the Incentive Plan approved by DOE in accordance with DOE 0 350.1. Approval for any subsequent change in placement on such salary schedule of any incentive eligible position is also required.

The Contracting Officer will also approve the placement of any non-incentive eligible position title on the exempt salary schedule where 20 or more employees are contemplated and will approve the movement of any non-incentive eligible position title to a higher placement on the exempt salary schedule where there are 20 or more incumbents.

d. Prior to the incurrence of costs, the GM will submit, for Contracting Officer approval, each instance for an employee to receive total annual compensation at a rate of $100,000 or more. Any adjustments recommended by the Contracting Officer to such salary increase actions must be in writing to the GM identifying the reason for such adjustments. Total annual compensation as used herein includes base salary, lump sum merit awards, bonuses, and any incentive compensation awards during the calendar year.

e. Appointment of an employee to a Key Management Position requires approval of the Deputy Assistant Secretary for Naval Reactors (NR). Key Management Positions are those identified on the Key Management Position List, which is updated periodically by agreement of the Bettis GM and the Deputy Assistant Secretary for NR.

D. RECORD OF HOURS WORKED

1. Nonexempt Employees

a. Salaried employees are paid salaries and benefits in accordance with established policies.

b. All absences during a basic work week and all compensated hours actually worked by an employee shall be recorded weekly within the Kronos Time and Attendance System and approved by the Manager in accordance with established procedures.

c. The recording of absences and hours worked shall be done according to the definitions contained in Article II. for work shift, work day, basic work week, report week, and extended work week. All fractional hours shall be recorded in decimal form in 1/10th hour increments.

d. Absences during the basic work week shall be classified and reported as follows:

(1) Involuntary absences include:

(a) Injury or illness of the employee.

(b) Observed holiday as described in Article V. E. of this Appendix A.

(c) Vacations.

(d) Jury duty, election board duty, or attendance at a proceeding of a court or governmental agency in accordance with Article V. G. of this Appendix A.

(e) Funeral or death in immediate family. The immediate family includes foster children or relatives living in the same household with the employee, or mother, mother-in-law, father, father-in-law, spouse, spouse's sister, brother's spouse, spouse's brother, sister's spouse, spouse's sister's husband, spouse's brother's wife, brother, sister, child, son-in-law, daughter-in-law, grandparent, grandparent-in-law, grandchild, stepparent, stepbrother, stepsister, or stepchild who are not of the same household.

(f) Military training or service.

(g) Irregular schedule requirements (e.g., to rest after excessive hours worked, shift change to an earlier shift, or time off in anticipation of work on scheduled days of rest).

(h) Other absences as may be authorized in writing by the Manager, HR (NRF – Manager, HR/MTS – Manager, HR).

(2) Furloughs, whether for disciplinary or other reasons.

(3) Voluntary absences are absences for personal reasons as differentiated from (1) and (2) above.

e. Actual time spent in travel on Laboratory business when required will be recorded as hours worked when done within the hours regularly worked by the nonexempt employee on a regular work day or during those same hours on a scheduled day of rest or holiday.

f. Time spent in travel on Laboratory business outside the employee's regular working hours normally will not be considered as hours worked unless such travel is a part of the employee's specifically assigned duties. Exceptions to the general rule shall be approved by the Manager, HR (NRF – Manager, HR/MTS – Manager, HR).

g. The Payroll Department shall make overtime and night turn bonus payments based on Weekly Payroll Time Cards approved by management within the Kronos Time and Attendance System.

2. Exempt Employees

a. It is recognized that employees are paid on a semimonthly salary basis. It is the supervisor's responsibility to see that exempt employees perform the duties for which they are employed.

b. All absences during the basic work week shall be classified as defined in III.D.1.d. above. In accordance with established procedures, such absences, and all scheduled overtime hours worked, will be recorded in the Kronos Time and Attendance System.

3. Records Retention

Attendance records will be maintained for a minimum of six years.

E. SCHEDULING AND PAYMENT OF OVERTIME

1. General – The Contractor shall submit to the Contracting Officer for approval an overtime control plan and report showing compliance with an approved ceiling. Overtime usage is to be managed in accordance with DEAR 970.5222-2, Overtime Management, December 2000.

2. Payment of Overtime for Non-NRF Nonexempt Employees

   a. Determination of Overtime Hours – Overtime shall be defined as set forth in Article II., Definitions. Involuntary absences and all furloughs except disciplinary furloughs are considered as hours worked for purposes of calculating overtime. Payment for involuntary absence due to irregular schedule requirements shall be credited against the straight-time portion only of payments for overtime, which is worked either on the same work day or on scheduled days of rest after the basic 40 hour work week has been completed. Voluntary absences are not considered as hours worked for overtime purposes.

   b. When a holiday is observed on an employee's scheduled work day, any hours worked shall be considered as overtime.

   c. A nonexempt employee is paid for all hours worked. Overtime worked is paid as follows:

      (1) Overtime worked on Sunday shall be paid at twice the normal hourly rate. (Normal hourly rate includes authorized rate and rotation shift bonus.)

      (2) Overtime worked in excess of 12 hours in any one day shall be paid at twice the normal hourly rate. All other overtime, except as provided in paragraph c.(1) above, shall be paid at 1½ times the normal hour rate. Involuntary absences shall not be considered as hours worked for the purpose of this paragraph.

      (3) Other premiums, such as night turn bonus, shall also be used when applicable in determining the amount of overtime payment due.

3. Payment of Overtime and Premium Pay for NRF Nonexempt Employees

   a. Premium Pay

      (1) All hours worked on a Bettis scheduled holiday will be considered "Holiday Premium" and will be paid at 1½ times the employee's straight-time rate, except when the employee chooses to reschedule such holiday. If rescheduling occurs, the employee will only receive straight-time for hours worked corresponding to the employee's normal work shift for that week day.

      In the event that the employee works beyond the normal work shift, those hours will be paid in accordance with subparagraph b. below. The hours worked and paid as straight-time under such rescheduling scenarios will be counted as time worked toward the employee's 40 hour week.

      (2) All overtime hours worked on Sunday will be considered "Sunday Premium," and will be paid at two times the employee's straight-time rate, unless Sunday

is the employee's regularly scheduled workday. Employees working the 4x4 schedule are not entitled to this pay.

Note: Hours paid as Premium Pay shall not be considered as hours worked for overtime computations.

b. Overtime Pay

(1) Nonexempt employees working the 9/80 alternate work schedule:

(a) All hours worked in excess of 40 straight-time hours worked or credited as worked in a basic work week will be paid at 1½ times the employee's straight-time rate.

(b) All hours worked in excess of 13 hours on a 9-hour work day, or in excess of 12 hours on an 8-hour day, will be paid at two times the employee's straight-time rate.

(c) All hours worked in excess of 9 hours but less than 13 hours on a 9-hour work day, or in excess of 8 hours and less than 12 hours on an 8-hour work day will be paid at 1½ times the employee's straight-time rate.

(d) Time credited as worked on the 9/80 schedule includes all involuntary absences (as defined in III.D.1.d. (1) above), furloughs other than for disciplinary reasons, and paid voluntary absences. Unpaid voluntary absences and disciplinary furloughs are not credited as time worked for overtime purposes.

(2) Employees working on the 4x4 or 2x3 shift schedule:

(a) All hours worked in excess of 40 straight-time hours worked or credited as worked in a basic work week will be paid at 1½ times the employee's straight-time rate.

(b) All hours worked in excess of 60 straight-time hours worked or credited as worked in a basic work week will be paid at two times the employee's straight-time rate.

(c) All hours worked in excess of 12 hours in any workday will be paid at 1½ times the employee's straight-time rate.

(d) Time credited as worked on the 4x4 or 2x3 schedule includes all involuntary absences (as defined in III.D.1.d.(1) above) and furloughs for other than disciplinary reasons. Voluntary absences, whether paid or unpaid, and disciplinary furloughs are not credited as time worked for overtime purposes.

4. Exempt Employees

a. Unanticipated overtime which an exempt employee works to accomplish the normal requirements of his/her position is considered casual and is not compensated.

b. Monthly, each Manager shall review the anticipated work program for his/her exempt employees. When it is apparent that a greater than normal workload is contemplated during the ensuing month, an overtime estimate shall be prepared. All exempt overtime estimates must be approved by the appropriate Activity Manager before being approved by the GM or his/her designated representative. Each employee who is affected by an approved overtime estimate will be informed of the overtime he/she is anticipated to work. The overtime actually performed by each employee will be approved by management on a weekly basis within the Kronos Time and Attendance System. Each exempt employee shall have actually performed the identified overtime hours for which he/she is paid and Managers are responsible to ensure that paid overtime has been worked.

c. When the work requirements necessitate deviating from the estimate originally established for the exempt employees, the modified hours will be identified for approval the following month by Activity management and the GM or his/her designated representative.

d. Payment to exempt employees for such scheduled overtime will be made in accordance with published Contractor policies and procedures. Overtime pay rates will be those established by the Contractor. Currently, those rates are as follows:

(1) Exempt employees are paid $20.15 per hour or their straight-time hourly rate, whichever is higher. Payment of any exempt overtime rate which exceeds the corresponding rate established by the Contractor will require the prior approval of the Contracting Officer.

(2) Based on an annual request from Bettis, the Contracting Officer will approve an overtime cost ceiling for the performance of the Laboratory's work for the coming year.

e. Exempt employees scheduled on a 12-hour rotational shift will be paid a 5% supplemental base pay differential. The exempt employees will receive this supplemental base pay while they are assigned to a 12-hour rotational shift. The 5% supplemental base pay differential will cease whenever an exempt employee is removed from a 12-hour rotational shift assignment and/or assigned to a non-rotational work schedule.

F. BONUSES

1. Night Turn Bonus

a. Each employee working night turn will be paid a night turn bonus as described in Article II. of this Appendix A.

b. Night turn bonus will apply to vacation and holiday pay in accordance with Contractor payroll policies.

2. Rotation Shift Bonuses

Employees whose scheduled days of rest change from time to time, usually weekly or biweekly, will be given a rotation shift bonus of 3% of their regular salary.

3. Reward for Performance (RFP) Compensation Plan

Payments based on performance are made annually to selected Contractor employees under the Contractor's RFP Compensation Plan. Direct reports to the GM and all other line management (employees in a management grade with employees reporting to them) are eligible to receive such payments at the discretion of the GM, subject to approval by the President, BNI.

Each year, the Government shall reimburse the Contractor for payments made under the RFP Compensation Plan in an amount not to exceed 0.44% of the Contractor's gross annual payroll for the preceding year. The Contractor will provide additional funding as defined in the BBI Reward for Performance Compensation Plan listed in Schedule I of this Appendix A. The portion of an individual employee's RFP compensation which is funded by the Government shall be no more than 33% of the employee's annual base compensation. In extraordinary circumstances with the approval of the Contracting Officer, the 33% limitation may be exceeded. It is agreed that this annual limitation on reimbursement will remain in effect for the term of the contract, unless revised by mutual agreement as a result of significant change in the Plan or its administration. Reimbursement with respect to payments made for performance applicable to any year, a portion of which falls within the term of this contract, shall be pro-rated on the basis of the number of months in such year actually within such term.

The Contractor shall submit for Contracting Officer approval the distribution of the Government's share of the RFP Plan. The Contractor also shall provide the Contracting Officer with an accounting by participant of the distribution of the Contractor's share of the RFP Plan. For purposes of pension benefit calculations in the BBI Pension Plan, the BBI Executive Pension Plan and the Supplemental Pension Plan, RFP compensation is considered pensionable earnings independent of its source (Government or Contractor share of the RFP Plan).

4. Engineering Officer of the Watch (EOOW) Incentive Pay Program

Bettis personnel in certain positions at the MTS are required to hold current or previous EOOW qualification. The qualification requirements and the positions to which they apply are identified in the Naval Nuclear Propulsion Training Program Prototype Training Manual and in the Operations Manual for the MTS (F-10A). In addition, Contractor employees assigned to bonus-eligible positions at the Kesselring Site Operation remain eligible for the EOOW Incentive Pay Program.

In general, the EOOW qualification requirements consist of approximately six months of academic training at the Nuclear Power School, followed by approximately six months of in-plant training on a prototype nuclear plant at the MTS, and formal qualification through written and oral examinations. Additional requirements, consisting of several months of self-study followed by formal qualification through written and oral exams administered by Contractor, Navy, and NR personnel, are imposed on those individuals who are designated as Supervisor of In-hull Training (SIT).

In recognition of the intensive training and extensive experience required of these employees and of the desirability of such individuals to the nuclear industry, Bettis has established an Incentive Pay Program for personnel required to hold current or previous EOOW qualification. This Program is designed to foster full prototype staffing with qualified personnel by improving recruiting efforts, reducing attrition during initial

qualification of Crew Training Engineers (CTEs), and increasing the retention of EOOW-qualified employees.

The EOOW Incentive Pay Program consists of three pay incentives: an annual incentive pay, a triennial incentive pay, and an extended incentive pay.

a. Annual Incentive Pay

The annual incentive pay consists of a lump sum payment of $6,000 made to each trainee upon initial qualification as EOOW. Additional incentive payments as specified below shall be made upon the anniversary of the initial qualification.

| Category | Payment |
|---|---|
| Each individual qualified as EOOW. | $8,000 |
| Each individual qualified as SIT or appointed to an eligible Operations management position equivalent to SIT or above. | $10,000 |

An individual shall receive incentive payment for EOOW qualification only once. Additional payments for subsequent attainment of EOOW qualifications on other reactor plants shall not be made.

b. Triennial Incentive Pay

In addition to the annual incentive pay, employees in eligible positions will receive a triennial incentive payment after completion of each three-year period in bonus-eligible positions as follows:

| Category | Payment |
|---|---|
| Each individual qualified as EOOW in a bonus-eligible position after completion of a three-year period and triennially thereafter. | $12,000 |
| Each individual qualified as SIT. | $15,000 |

The payments specified above shall be made at three-year intervals as long as the employee remains in a bonus-eligible position.

c. Extended Incentive Pay

The extended incentive payment is made when an employee is permanently assigned to a non-eligible position. The amount of the extended incentive pay is determined by the amount of time an employee remains in a bonus-eligible position. Each employee is credited with $4,000 towards the extended incentive payment upon EOOW qualification and earns another $4,000 for each year of additional service in a bonus-eligible position up to a maximum of $28,000. The amount of extended incentive pay an employee earns will be prorated for partial years of service in a bonus-eligible position.

If an employee is assigned to a non-bonus position, the employee will receive extended incentive payments in the amount equal to their current annual incentive payment on each subsequent anniversary of their initial EOOW qualification until the amount listed above is paid. If an employee is assigned to a non-eligible position at any site other than the MTS, the employee is given the option to receive the payment as a single lump sum payment at the time of their transfer. Employees who choose to take the lump sum payment will be required to sign a repayment agreement which states that they will repay the extended incentive

payment if they do not continue employment with BBI for 18 months after the effective date of their transfer.

Employees, who qualified prior to January 1, 2005, will be credited with $4,000 for initial EOOW qualification and $2000 for each subsequent year for service prior to January 1, 2005. The maximum value credited for initial EOOW Qualification and service prior to January 1, 2005, is $14,000. These employees continue to earn credit towards their extended incentive pay at the normal rate beginning January 1, 2005.

d. General Provisions

The following provisions apply to all incentive payments associated with the EOOW Incentive Pay Program:

The EOOW Incentive Pay Program is in addition to other compensation for which affected employees are eligible, including, but not limited to, base pay and base pay adjustments and rotating shift adjustment. Bettis shall administer the Program in a manner that lends itself to audit. In addition, Bettis shall submit to NR each October an assessment of the Program's effectiveness in reducing attrition of incentive eligible personnel.

Any person who remains in a single eligible position for more than three years shall permanently lose his/her eligibility for the payments in this position unless an extension of eligibility is recommended by Bettis and approved by the Contracting Officer. Time spent on special assignment does not count towards the three-year limit for an employee's bonus-eligible position. Employees on special assignment remain eligible for incentive pay as long as the rules pertaining to special assignments are followed.

An employee in an eligible position who is placed on special assignment shall not lose eligibility provided that the total duration of the assignment does not exceed six months. Eligible individuals may be placed on special assignment to participate on special task forces or other assignments as approved by the Technical Director at MTS. If the special assignment will exceed the six-month limit, the individual shall not lose eligibility provided that the assignment during which the six-month limit will be exceeded is approved by the Contracting Officer. Prior Contracting Officer approval must be obtained for any individual to receive incentive payments for more than a lifetime total of two special assignments. Assignments of two weeks or less for tasks such as curriculum development, participation in training improvement meetings with the central laboratories, or participation in training audits or reviews shall not be considered as special assignments and will count as time in the employee's current bonus position.

A staff instructor, who is disqualified but who is recommended for retention and requalification by the Officer in Charge and subsequently regains qualification in accordance with Prototype Training Manual, should remain eligible for EOOW incentive payments and should receive the full amount upon his/her next anniversary date and/or triennial date. An employee, who is not recommended for retention, shall be removed from a bonus-eligible position and shall receive no prorated payments for time accumulated towards the annual or triennial incentive payments. Likewise, an employee who fails to regain qualification or chooses not to pursue requalification shall receive no annual or triennial incentive payments. An employee, who is not recommended for retention or who fails to regain

qualification, shall be eligible for an extended incentive payment based on the value as calculated on their last EOOW qualification anniversary date.

EOOW-qualified personnel pursuing CTE or SIT qualification shall be eligible for incentive pay.

Contractor personnel in salary grade 40 or higher are not eligible for any payments under the EOOW Incentive Pay Program.

In the event that an employee changes from one incentive category to another during the period between incentive payments, the amount of the next payment will be calculated by prorating the above specified amounts according to the number of days of the period spent in each category.

Fractions of the annual incentive and/or triennial payments commensurate with the number of days spent by an eligible individual since the last anniversary date shall be paid if the individual loses eligibility because of a transfer initiated by Bettis management for purposes of continued Program effectiveness. For the purposes of calculating partial payments, daily rates will be determined based on a 365 day year.

An eligible individual who is transferred from an eligible position to another reactor plant to obtain EOOW qualification in preparation to fill an eligible position on that plant shall remain eligible for incentive pay while pursuing EOOW qualification.

An eligible individual who terminates prior to his/her anniversary/triennial date shall receive no prorated payments for time accumulated towards the annual, triennial, or extended incentive payments. Vacation or holiday time due shall not extend an individual's termination date in order to receive any incentive payments.

The number, amounts, and dates of payments to be made to an eligible individual who loses his/her position because of ill health or injury or who is absent from work for more than 30 consecutive calendar days shall be determined on a case basis and shall be subject to Contracting Officer approval. The following considerations will be used in making this determination:

- Whether the individual is scheduled to return to an eligible position.
- The length of time it will take for the individual to recover.
- Whether the individual will continue to be employed by the central Laboratory.

Bettis shall not withhold incentive pay under this Program as a disciplinary measure.

The Contracting Officer may modify or discontinue the EOOW Incentive Pay Program at any time by providing appropriate notice. The increased annual and triennial incentive payments described herein and the establishment of the extended service incentive pay are retroactive to January 1, 2005.

5. Rotating Shift Adjustment

A Rotating Shift Adjustment of 26% of base salary will be paid on a monthly basis to EOOW-qualified employees while working on an established rotating shift and to other employees who are assigned to a rotating shift while in an in-hull phase of EOOW qualification.

Employees receiving the rotating shift adjustment will not be eligible for night turn bonus, rotating shift bonus, pay for the extra day worked each shift cycle, or pay for overtime worked within their regular schedule.

Employees receiving the rotating shift adjustment are eligible for 10 paid holidays that may be taken at any time during the year. Holidays cannot be rolled over to the next year nor can an employee opt to receive pay for unused holidays. If an employee terminates employment and has taken more holidays than have passed on the MTS holiday schedule, the employee's last pay will be reduced for the number of holidays taken beyond those regularly scheduled. If an employee terminates employment and has taken fewer than the number of regularly scheduled holidays, the employee will not be reimbursed for the unused holidays.

Employees who have used more than the number of regularly scheduled holidays when they are transferred off of a rotating shift will be required to take vacation or unpaid personal leave for upcoming regularly scheduled holidays passed on the MTS holiday schedule. Employees who have used fewer than the number of regularly scheduled holidays when they are transferred off of a rotating shift will be granted a number of floating holidays, equal to the number of unused holidays at the time of the transfer, in addition to the remaining regularly scheduled holidays.

6. Shift Refueling Engineer (SRE) Incentive Pay Program

Bettis personnel in certain positions at the NRF are required to hold current SRE qualification. The qualification requirements and the positions to which they apply are identified in the Manual for the Control of Refueling (MCR), NAVSEA 0989-018-1000.

In general, the SRE qualification requirements consist of approximately nine months' formal qualification through written and oral examinations. Additional requirements, consisting of several months of self-study followed by formal qualification through written and oral examinations administered by Contractor and NR personnel, are imposed on those individuals who are designated as a SRE. Employees appointed to the positions of Assistant Chief Refueling Engineer (ACRE) and Chief Refueling Engineer (CRE) are required to demonstrate a higher level of knowledge and supervisory skills than the basic SRE qualification.

Assignments to the SRE positions will normally last three to five years before rotation to other engineering positions or advancement to ACRE/CRE.

In addition, NRF Shift Supervisors (SS) must be qualified as SS of nuclear facility operations, and Operations Engineers (OE) must be qualified as SS to fill in during the absence of the normally assigned SS.

In recognition of the intensive training and extensive experience required of these employees, Bettis has established an Incentive Pay Program for personnel required to hold current SRE and SS qualification. This Program is designed to foster and maintain full staffing with qualified personnel by improving recruiting efforts, reducing attrition during initial qualification, and increasing the retention and experience level of qualified employees.

Under the SRE Incentive Pay Program, lump sum payments are made according to the schedule below:

| Initial Qualification | Amount |
|---|---|
| Upon initial qualification as SRE. | $5,000 |
| Upon qualification as ACRE/CRE | $6,000 |
| Upon initial qualification as SS. | $3,300 |
| Upon initial qualification as OE. | $2,000 |

The employee shall also receive an annual incentive payment as listed below, on the anniversary of the initial payments as listed below, as long as the employee maintains the qualification and position requiring it.

| Annual Incentive Payment | Amount |
|---|---|
| SRE | $6,000 |
| ACRE/CRE | $8,000 |
| SS | $3,300 |
| OE | $2,000 |

In addition to the annual lump sum payment, employees in eligible positions will receive a payment upon requalification and after completion of a two-year period and biennially thereafter upon successful qualification as listed below:

| Biennial Payment | Amount |
|---|---|
| SRE | $6,000 |
| ACRE/CRE | $8,000 |

The SRE Incentive Pay Program is in addition to other compensation for which affected employees are eligible including, but not limited to, base pay and base pay adjustments, overtime, night turn bonus, and rotation shift bonus. Bettis shall administer the Program and maintain records of payments made under the Program in a manner that lends itself to audit.

An employee, who is not recommended for retention, shall be removed from a bonus-eligible position and shall receive no prorated payments. Likewise, an employee who fails to regain qualification or chooses not to pursue requalification shall receive no payments.

In the event that an employee changes from one incentive category to another during the period between incentive payments, the amount of the next payment will be calculated by prorating the preceding specified amounts according to the number of days of the period spent in each category.

Fractions of the annual incentive and/or requalification payments commensurate with the number of days spent by an eligible individual since the last anniversary date shall be paid if the individual loses eligibility because of a transfer initiated by Bettis management for purposes of continued Program effectiveness.

An eligible individual who voluntarily terminates or is terminated for cause prior to incentive-eligible date shall receive no prorated payments for time accumulated. Vacation or holiday time due shall not extend an individual's termination date in order to receive incentive pay.

The number, amounts, and dates of payments to be made to an eligible individual who loses his/her position because of extended ill health or injury shall be determined on a case basis and shall be subject to Contracting Officer approval. The following considerations will be used in making this determination:

- Whether the individual is scheduled to return to an eligible position.
- The length of time it will take for the individual to recover.
- Whether the individual will continue to be employed by NRF.

The Contracting Officer may modify or discontinue the Incentive Pay Program at any time by providing appropriate notice.

7. Signing Bonuses

A signing bonus of up to $5,000 may be offered to potential employees, with the approval of the GM, to acquire critical skill talent or attract candidates for hard to fill positions. The bonus will be paid after the employee starts working for the Contractor and will be subject to a repayment provision if the employee voluntarily quits within the first year of employment.

8. Bettis Reactor Engineering School (BRES)

The BRES is a 24-week school that provides advanced nuclear engineering education for NR Program personnel. Two sessions are conducted yearly to present a highly coordinated, rigorous curriculum of 11 nuclear and mechanical engineering courses designed to teach the theoretical principles and advanced applications relevant to the design, analysis, testing, and operation of a naval nuclear propulsion plant.

The majority of the BRES course work is presented by volunteer part-time instructors who work full time in technical organizations other than the BRES. The volunteer instructors' duties may include designing a course, preparing course notes and lectures, preparing training aids, mentoring students during the course, and preparing and grading homework and exams. Class lectures, materials, and exams are updated with each successive course to assure that the technical content remains current and that the integrity of the examinations is not compromised. These duties are of a different nature and beyond that which is performed as part of the employee's regularly assigned engineering and scientific duties.

Volunteer instructors perform their BRES duties in addition to their existing job duties. Consequently, instructors receive compensation for these services in the form of an "Instructor Fee," paid on a monthly basis, in accordance with the method agreed upon between the Contractor and the Contracting Officer.

G. MISCELLANEOUS

1. Overtime Expenses

a. Reasonable costs for one meal will be provided to each nonexempt employee who is required to work beyond his/her regular shift at NRF because of unforeseen overtime when total time including his/her scheduled shift is at least 10 hours. An additional allowance will be paid for each consecutive 6 hours of work performed thereafter, provided the work is to continue after each period.

b. Exempt employees will be reimbursed, within reasonable limits, for meals purchased in connection with uncompensated overtime.

c. When it is necessary for an exempt employee to make a special trip to his/her work location and work uncompensated overtime, he/she will be reimbursed for the normal travel expenses. However, regardless of whether the overtime is compensated or uncompensated, any employee at the NRF will be reimbursed for normal travel expenses when called out at irregular times, provided he/she is required to use his/her personal automobile to report as directed.

2. Reporting for Work

a. A nonexempt employee (other than NRF) who reports for work at management's request on regular furlough days or at times not regularly scheduled (excluding periods contiguous to his/her regular work shifts) will be paid for hours actually worked or for 4 hours, whichever is greater. However, any such employee who does not complete 4 hours work when it is available shall be paid only for hours actually worked.

b. A nonexempt employee who reports for work at management's request at NRF on regular furlough days or at times not regularly scheduled (excluding periods contiguous to his/her regular work shifts) will be paid for hours actually worked or for 8 hours, whichever is greater. However, any such employee who does not complete 8 hours work when it is available shall be paid only for hours actually worked.

c. Overtime rates shall apply to these payments if the employee has qualified for overtime in accordance with the regular overtime provisions of Article III.E.

3. Leave of Absence

Leave of absence may be either voluntary or involuntary. The former is a convenience for employees who find it necessary to absent themselves from active employment where the reason for the absence and the employee's service record justify continuing him/her on the employment roll without pay. Work performance and attendance will be considered in reviewing the request. A voluntary leave requires concurrence of the employee's management and approval by the Manager, HR, or his/her designated representative. Voluntary leaves of absence in excess of six months shall be approved by the Contracting Officer. Examples of situations where a leave might be appropriate include, but are not limited to, pursuit of a college degree, or a family necessity.

4. Deferred Compensation Plan for Selected BBI Employees

This Plan offers selected BBI employees the option of deferring a portion of their salary or incentive compensation for distribution at a later date. Individuals eligible to participate in this Plan are nominated by the GM and approved by the BBI Board of Directors. Prior to each Plan year, participants select the amount or percentage of their base salary and incentive compensation that is to be placed into an individual account, as well as the date when the funds will be distributed and the method of payment (lump sum or annual installments). The Plan offers several different investment options, and participants can designate the amount of their deferred income to be placed in each option. The Deferred Compensation Plan is maintained as a Non-qualified Plan under ERISA. All record keeping and trust management functions are handled through third party administrators. Record keeping and trust management

fees will be reimbursable up to an established ceiling of $20,000 per year in FY 2001. Each fiscal year thereafter, the ceiling will be adjusted by a percentage equivalent to the increase in the CPI.

5. Nonstandard Work Schedules

a. A nonstandard work schedule is one in which employees are normally assigned a work shift that exceeds 8 hours in length, a work week that is more or less than five days duration, or both. The Contractor shall obtain Contracting Officer approval prior to the implementation of such schedules, as well as any related pay and attendance policies that deviate from the policies identified in this Appendix A for standard work schedules identified in this Appendix A. Approved alternate work schedules are as identified below.

(1) 9/80 Alternate Work Schedule

The 9//80 Alternate Work Schedule is a work schedule in which employees work eight 9-hour days and one 8-hour day during a two week (14 day) period. This shift does not qualify for the rotational shift bonus (3%). The day shift will have one unpaid 25 minute break for a total shift length of 9 hours and 25 minutes. Eight-hour Friday day shift will have one unpaid 25 minute break for a total shift length of 8 hours and 25 minutes.

(2) Bettis-Idaho 4x4 or 2x3 12-hour shifts

(a) 4x4 12-hour rotational shift schedule is a work schedule implemented for employees engaged in certain operations of the NRF at Bettis-Idaho. Under this schedule, employees work four consecutive 12-hour days, followed by four rest days. This shift will include one paid 30 minute break and one unpaid 30 minute break, for a total shift length of 12 hours and 30 minutes and paid for 12 hours.

(b) The 2x3 12-hour rotational shift schedule is a work schedule implemented for employees engaged in certain operations of the NRF at Bettis-Idaho. Under this schedule, employees work two days, off two days, work three days, off two days, work two days, off three days. This shift will include one paid 30 minute break and one unpaid 30 minute break, for a total shift length of 12 hours and 30 minutes.

b. The non-standard work schedules delineated in paragraphs a.(1) and a.(2) above differ from traditional work schedules in their treatment of holidays, vacations, break periods, and nonexempt overtime as described in the applicable sections of this Appendix A.

H. MEDICAL DISQUALIFICATION OF SECURITY POLICE OFFICERS (SPO)

A SPO who is medically disqualified under DOE CFR requirements through no fault of his/her own as determined by a Bettis designated physician, will have the option of bidding on or accepting an open position for which they qualify. If placement is in a non-represented position, a starting rate will be granted that is equal to the employee's base salary at the time of placement, up to the percentage above the rate minimum of the new job reflected in the rate below:

| Credited Service | Percent Above Salary Range Minimum |
|---|---|
| 25+ years | 80* |
| 15-24 years | 50* |
| 6 months-14 years | 30* |

** Cannot exceed salary range maximum*

If the new job involves a salary decrease of 15% or more, the SPO will be paid a one-time subsidy if the employee:

- Is a full-time employee.
- Has one or more years of SPO experience.
- Cannot be or is not given a medical accommodation.
- Is not eligible for early or normal retirement.

The subsidy amount is based on the number of years of service as an SPO as of the disqualification date. The gross subsidy amount is calculated as shown below:

| Time as SPO | Subsidy |
|---|---|
| 1-5 full years | 1 week's pay per full year (minimum of 4 weeks pay) |
| | *plus* |
| 6-15 full years | 1½ times a week's pay per full year over 5 years |
| | *plus* |
| Over 15 full years | 2 times a week's pay per full year over 15 years |

SPOs who develop a deteriorating medical condition, through no fault of their own, that in the opinion of a Bettis designated physician will likely lead to medical disqualification, will have the option of bidding or accepting an open position for which they qualify in another department. If the placement is in a non-represented position, a starting salary rate will be established as described in the previous paragraph.

With respect to determination of the salary rate, the placement agreement above will expire on the effective date of any ruling which eliminates physical fitness standards.

## IV. TRAVEL AND RELOCATION

### A. TRAVEL

#### 1. Travel Within the United States

The reasonable cost of transportation, daily meal, lodging, and incidental expenses incurred while employees are on travel under this contract will be considered allowable to the extent that these costs are consistent with the provisions of DEAR Part 970. This allowability will be subject to the following considerations:

a. Transportation

(1) Allowable costs for air travel will be limited to the lowest available airfare. To the extent reasonable, the Contractor will make use of commercial discount airfares, Government discount airfares extended to cost reimbursable Contractors, and customary standard commercial airfares. First class air travel will only be used when other less expensive accommodations are not

reasonably available to meet the necessary duty requirements. Such accommodations are considered "not reasonably available" when they would:

(a) Require circuitous routing.

(b) Require travel during unreasonable hours.

(c) Excessively prolong the duration of the flight.

(d) Result in additional costs which would offset the transportation saving.

(e) Offer accommodations which are not reasonably adequate for the physical or medical needs of the traveler.

(f) Are not reasonably available to meet necessary mission requirements

(2) For non-local automobile travel, GSA cars should be used when available. When not available, allowable costs for the rental of automobiles shall be limited to the cost of compact automobiles whenever practical.

(3) The allowance for the use of personal automobiles on official business shall not be higher than the rate authorized in the Federal Travel Regulations (41 Code of Federal Regulations). Such reimbursement shall be based on the mileage between the authorized points of travel as reflected in either actual odometer readings or a standard highway mileage guide. When calculating the mileage allowance under this provision, normal mileage between an employee's home and regular place of business need not be deducted when the employee is traveling from the employee's home to an alternate work location.

(4) The allowance for an employee on official travel who uses a privately owned automobile for the employee's own convenience in lieu of commercial transportation shall not exceed round-trip coach airfare. In such instances, reimbursement for any additional living expenses will be limited to the allowance provided by Article IV.A.1.b.(3) of this Appendix A.

(5) Additional allowances shall be made for daytime and overnight parking and for ferry, toll road, tunnel, or toll bridge charges.

(6) Allowable costs for rail travel will be actual expenditures for the lowest first class sleeping accommodations available, including the cost of accommodations in excess of roomette fares when no roomettes are available.

(7) All other reasonable transportation expenses, necessary and incident to business travel, shall be allowable costs.

(8) To the extent practical, documentation should be obtained to support actual expenses incurred in excess of $25.

b. Living Costs

(1) Except as provided in subparagraph (4) of this section, daily payments for lodging, meals, and incidental expenses (as defined in the regulations cited

below) shall be considered to be reasonable and allowable costs only to the extent that they do not exceed the per diem rates in effect at the time of travel. For lodging, the base rate, exclusive of added tax, shall not exceed the per diem rates. The per diem rates are as set forth in the:

(a) Federal Travel Regulations for travel within the 48 states.

(b) Joint Travel Regulations, Volume 2, Department of Defense (DOD) Civilian Personnel, Appendix A, prescribed by the DOD, for travel in Alaska, Hawaii, the Commonwealth of Puerto Rico, and territories and possessions of the U.S.

(c) U. S. Department of State, Standardized Regulations (Government Civilians, Foreign Areas Section 925, "Maximum Travel Per Diem Allowances for Foreign Areas") for travel in areas not covered in (1) and (2) above.

(2) In addition to expenses incurred for telephone calls made by an employee for official business purposes, the following telephone expenses shall also be allowable:

(a) Change in itinerary.

(b) Family illness.

(c) Safe arrival.

(d) Brief family calls. (Brief family calls will be subject to the limitations set forth in DOE Order 1500.2A.)

(3) One extra day of expenses for lodging, meals, and a predetermined amount for other related travel expenses will be allowed when an employee's travel plans, which deviate from normally anticipated travel arrangements, result in transportation costs being reduced by more than the amount of the expenses incurred for the one extra day. In the event that two extra days are required to achieve material cost savings, appropriate Controller Activity management approval of the travel authorization is required.

(4) (a) In special or unusual situations as identified in the Federal Travel Regulations or policy as approved, Contractor employees may be paid for actual expenses in excess of the above maximum per diem rates provided such payments do not exceed the higher amounts authorized for Federal civilian employees in the regulations referenced above and provided all of the following conditions are met:

(i) The condition warranting approval is documented and approved by an appropriate member of the Contractor's organization.

(ii) Documentation exists to support the payment of actual expenses incurred for each employee expenditure in excess of $25.

(b) Special or unusual circumstances in which employees may be reimbursed for expenses in excess of the maximum per diem rates include:

(i) Travel in support of training seminars/conferences, technical society meetings, Government-sponsored meetings, or recruiting where the hotel is predesignated.

(ii) Travel with other Government or Prime Contractor personnel who secured lodging that does not meet the per diem rates, whereby equal or greater car rental cost savings are achieved.

(iii) Hotel rates within the per diem are not available because of special functions or events at the geographic location which caused local hotel rates to increase during the time of the scheduled travel.

(iv) When hotels within the per diem are located in an unsafe area, and only lodging in a hotel with rates in excess of the per diem, will ensure an employee's safety.

(5) If the Contractor finds it necessary to exercise the authority to use a higher actual expense method repetitively or on a continuing basis and other than for those special or unusual circumstances described in (4)(b) above, prior approval of the Contracting Officer is required.

2. Foreign Travel

a. No part of travel or subsistence expense for travel by an employee to a foreign country shall be an allowable cost unless approved in advance by DOE.

b. Reasonableness of living costs associated with the approved foreign business travel will be assessed based upon allowances prescribed by the Department of State, Standardized Regulations cited in A.1.b.(1) above.

c. DOE Order 1500.3, Foreign Travel Authorization, governs procedures and allowability limitations concerning foreign travel of Contractor employees.

3. Applicants for Employment

Travel expenses incurred by interviewees within the guidelines established in A.1. above will be allowable costs.

B. RELOCATION

1. Relocation expenses are costs incident to the permanent change of duty assignment (for an indefinite period or for a stated period of not less than 12 months) of an existing employee or upon recruitment of a new employee.

However, the expenses associated with the sale and/or purchase of a house will not be permitted for new employees or employees hired from another Bechtel location outside of the Naval Nuclear Propulsion Program unless approved in advance by the Contracting Officer. In addition, for the purposes of this section, an employee hired by BBI directly from KAPL is considered to be an existing employee.

2. The following types of costs are allowable as noted, subject to provisions of Articles IV.B.2.(m), IV.B.3. and IV.B.4.:

(a) Costs of travel of the employee and members of his/her immediate family in accordance with Article IV.A. of this Appendix A.

(b) Costs of transportation of household and personal effects to the new location.

(c) Cost of finding a new home, such as advance trips by employees and spouses to locate living quarters and temporary lodging during the transition periods in accordance with Article IV.A. of this Appendix A, not exceeding separate cumulative totals of 60 days for employees and 45 days for spouses and dependents, including advance trip time. A rental car may be authorized by the Bettis Manager, HR or his/her designate for house hunting trips and during periods of temporary living.

(d) If an employee precedes his/her family to the new location, a reasonable number of home leave visits will be granted during the period of temporary living, and the employee will be permitted to return to his/her original location to relocate his/her family.

(e) Closing costs (i.e., brokerage fees, legal fees, appraisal fees, points, finance charges, etc.) incident to the disposition of an actual residence owned by the employee when notified of transfer; provided that closing costs when added to the continuing costs described in subparagraph (h) below shall not exceed 14% of the sales price of the property sold.

(f) Other necessary and reasonable miscellaneous expenses incident to relocation, such as disconnecting and connecting household appliances; automobile registration; drivers license and use taxes; cutting and fitting rugs, draperies, and curtains; forfeited utility fees and deposits; and purchase of insurance against damage to or loss of personal property while in transit.

(g) Costs incident to the acquisition of a home in a new location, except that these costs will not be allowable for existing employees who prior to the relocation were not homeowners and the total costs shall not exceed 5% of the purchase price of the new home.

(h) Continuing costs of ownership of the vacant former actual residence being sold such as maintenance of building and grounds (exclusive of fixing up expenses), utilities, taxes, property insurance, mortgage interest, etc., after settlement date or lease date of new permanent residence, provided that when added to the closing costs described in subparagraph (e) above, the costs shall not exceed 14% of the sales price of the property sold.

(i) Mortgage interest differential payments, except that these costs are not allowable for existing employees who prior to the relocation were not homeowners, and the total payments are limited to an amount determined as follows:

(1) Difference between the mortgage interest rates of the old and new residence times the current balance of the old mortgage times three years.

(2) When mortgage interest differential payments are made on a lump sum basis and the employee leaves or is transferred again in less than three

years, the amount initially recognized shall be proportionately adjusted to reflect payments only for the actual time of the relocation.

(j) Cost of canceling an unexpired lease.

(k) The cost of temporarily storing household furnishings and other personal property for a period not to exceed 90 days. This will include charges to place items into storage and remove these items from storage and transport to the place of residence.

(l) For purposes of this policy, employees permanently relocating who own a home will have a six-month period from the effective date of the transfer in which to sell and buy houses, except where circumstances warrant the period may be extended with the approval of the GM.

(m) Payments for increased employee income or Federal Insurance Contributions Act (social security taxes) taxes incident to allowable reimbursed relocation costs.

(n) Payments for spouse employment assistance.

(o) The costs described above must also meet the following criteria to be considered allowable:

(1) The move is for the benefit of the Government.

(2) Reimbursement must be in accordance with an established policy or practice and program that is consistently followed and is designed to motivate employees to relocate promptly and economically.

(3) Amounts to be reimbursed do not exceed the employee's actual expenses, except that for miscellaneous costs of the type discussed in subparagraph (f) above, a flat amount, not to exceed $5,000, may be paid in lieu of actual costs.

3. The following types of costs are not allowable:

a. Loss on sale of a home.

b. Continuing mortgage principal payments on residence being sold.

c. Cost incident to the acquisition of a home in a new location as follows:

(1) Real estate brokers' fees and commissions.

(2) Costs of litigation.

(3) Real and personal property insurance against damage or loss of property.

(4) Mortgage life insurance.

(5) Owner's title policy insurance when such insurance was not previously carried by the employees on the old residence (however, costs of a mort gage title policy is allowable).

(6) Property taxes and operating or maintenance costs.

d. Costs incident to furnishing equity or non-equity loans to employees or making arrangements with lenders for employees to obtain lower-than-market rate mortgage loans.

4. Except as otherwise approved by the DOE, the Contractor will obtain a refund of relocation costs reimbursed under section B.2. above if an employee's employment with the Contractor is terminated voluntarily, except when beyond the control of the employee or when encouraged by the Contractor, within 12 months following date of transfer or payroll start date, or within 18 months for CTEs.

5. An independent firm will handle relocation expense tracking, tax compliance, and creation of relocation tax reports for Bettis transferees. Costs for these services will be $240 per move. In addition to these tasks, an independent firm will provide the following services for newly hired employees: counseling on the relocation guidelines, receipt and review of expense reports, and reimbursement of approved expenses. Costs of this service will be $675 per move, if all expenses are incurred within a 12-month period. An additional $100 will be incurred for new hires who have expenses that are reimbursed over more than a 12-month period.

6. Upon termination or expiration of this contract, Contractor employees (excluding employees working at Bettis-Pittsburgh, Bettis-Idaho, and Bettis-Charleston) shall be permitted to return to their place of origin. Costs incurred by the Contractor to relocate these employees shall be allowable under this contract.

   If an employee elects to return to a point other than the place of origin, costs incurred by the Contractor in relocation of the employee shall be allowable, provided that such costs do not exceed that which would have been incurred had the employee returned to the place of origin.

7. Transferred employees who incur expenses due to special circumstances may have these expenses reimbursed with prior Contracting Officer approval.

C. TEMPORARY ASSIGNMENTS

The policy for reimbursing employees for expenses incurred when assigned to work locations other than their normal work locations, where a permanent transfer is not desirable, either programmatically or by the employee, will be established by the Contractor on an individual basis. Such policy shall attempt to keep the employee reasonably whole in connection with the acceptance of such an assignment.

1. 12 months or less. If the temporary assignment is expected to last 12 months or less, the following items are allowable:

   (a) Transportation cost for the individual to and from the new location.

   (b) Transportation of necessary household goods and personal belongings to and from the new location.

   (c) Lodging, meals, laundry, phone calls, and other necessary expenses.

   (d) A reasonable number of home leave visits.

(e) Mileage reimbursement for the employee to drive his/her personal automobile to the new location or use of a rental vehicle while in that location.

(f) An employee's family may visit him in lieu of the home leave visits, but the cost cannot exceed what would otherwise have been spent for the employee to take the home leave visit(s).

2. 13 months to three years. If the temporary assignment is expected to last for a period of more than 12 months, but not for more than three years, the following provisions will apply:

(a) The employee will be provided with a monthly rent allowance not to exceed $1,600 to cover reasonable and actual rental costs in the new location. If the employee owns or rents a home in the original location, it is expected that the employee will attempt to rent the vacated house. This allowance will be reduced by the difference, if any, between the monthly rental income and the monthly mortgage payment.

(b) Some of the factors that will be used to determine reasonable monthly rental costs will include marital status of the employee and the size of the employee's family.

(c) Allowable relocation costs for the employee are itemized in Section IV.B., except that they do not include those costs relating to the sale of a home. The cost of storing household goods and personal belongings may be permitted for the entire period of the temporary assignment if a cost analysis indicates that storage is no more costly than shipping the household goods and personal belongings to and from the new location.

3. Completion of Assignment. When an employee completes a temporary assignment and returns to his/her prior work location, travel, and moving expenses shall be paid.

D. HAWAII ASSIGNMENTS

1. Employees transferred to or from Hawaii for more than six months are entitled to those applicable relocation benefits provided under the policy as outlined in Article IV.B. of this Appendix A.

2. A cost-of-living allowance will be paid to employees who are assigned to Hawaii for more than six months. This allowance will become effective when the employee reports for duty at the work site and will terminate at the close of business on the last day of the duty assignment.

The Manager, HR will annually review the cost-of-living allowance to determine the need for adjustment upward or downward. The cost-of-living allowance will be approved by the Contracting Officer.

3. Two years after arrival, an employee will be eligible to take a home leave vacation to the mainland. From that date, subsequent eligibility will occur biennially. Travel expenses will be paid for the employee and his/her family to a mutually agreed upon mainland location, normally the location of relatives of the employee or his/her spouse.

4. Employees who are assigned to Hawaii will sign an agreement to repay monies paid to the employee for travel, transportation, and movement of household goods and personal property in the event they terminate employment before completion of 12

months from the effective date of transfer unless separated for reasons beyond the control of the employee and acceptable to Bettis.

E. SAN DIEOGO ASSINGMENTS

A cost-of-living allowance will be paid to employees who are assigned to San Diego, California, for a stated period of not less than 12 months. The allowance will become effective when the employee reports for duty at the work site and will terminate at the close of business on the last day of the duty assignment.

The Manager, HR will annually review the cost-of-living allowance to determine the need for adjustment upward or downward. The cost-of-living allowance will be approved by the Contracting Officer.

## V. EMPLOYEE HEALTH AND WELFARE BENEFITS, RETIREMENT PLANS, AND OTHER PROGRAMS

A. DOE ORDER 350.1

BBI will comply with the Contractor Requirements Document provided in Chapter V of DOE Order 350.1. In compliance with the provisions of the Order, BBI will conduct an evaluation of its Benefit Programs using a professionally recognized measure; either a Value Study or a U.S. Chamber of Commerce Employee Benefit Survey Comparison based on facility size and provide the results of the evaluation to the Contracting Officer.

B. CONTRACT TERMINATION

In the event of contract termination or expiration (1) without a follow-on contract or (2) with a follow-on contract without a post-contract Benefit Program for which the Department has a continuing benefit obligation, the outgoing Contractor shall continue as Plan sponsor and administrator of existing Benefit Programs unless the Department determines that it is not in the best interest of the Government. These Programs include Pension and Welfare Benefit Plans for those employees who earned such benefits, including retirees and disabled employees, and their eligible dependents and survivors.

In accordance with the DOE approved Contractor Benefit Plans, the outgoing Contractor shall provide benefit continuation on a funding basis acceptable to the Department. Arrangements may include: (1) a lump sum payment to the outgoing Contractor, (2) paying a third party such as an insurer to guarantee benefit payments, (3) continuing benefit payment obligations on a pay-as-you go basis, or (4) a combination thereof.

C. BENEFIT COSTS

The cost of premiums, as well as administrative costs, required to provide benefits described in this Section V are allowable costs under this Contract unless otherwise stated. Employee contributions, where required by the plan, will be used to offset the cost of insurance premiums.

D. HEALTH AND WELFARE BENEFITS

Except where noted below, coverage for the following Health and Welfare Benefit Plans are provided through insurance contracts with companies named by BBI. Those companies are

responsible for making claim determinations in accordance with the terms of the Plans, as described in the applicable Summary Plan Descriptions listed in Schedule I of this Appendix A.

1. Health Care Benefits – Employees share in the cost of this Plan. If a Bettis employee elects not to be covered by health care, the employee is eligible to receive an opt-out payment, provided the employee is not covered as a dependent of a Bechtel NR Program employee.

2. Vision Care Benefits – Employees share in the cost of this Plan.

3. Employee Assistance Program (EAP) – This Program provides professional, confidential assistance to employees in dealing with personal problems. EAP benefits are provided through a service contract with a third party provider.

4. Dental Benefits – Employees share the cost of this Plan.

5. Flexible Spending Accounts – This Program allows employees to place pre-tax dollars into an account which can be used to pay expenses not covered under company provided benefits. Administration of these accounts will be handled through a service contract with a third party provider, who will track employee contributions and issue reimbursements for approved expenses. Consistent with IRS guidelines, employee contributions that are not reimbursed by the end of the calendar year will be used to pay administrative costs of this Plan.

6. Lifestyle Returns Program – Employees may be provided with a financial incentive to participate in this Wellness Program.

7. Insurance Benefits

    a. Basic Life Insurance Benefit – Life insurance includes provisions for basic life insurance, supplementary group life insurance (employees share the cost of this Plan), accidental death and dismemberment, and travel accident benefits.

    b. Group Universal Life Insurance – In addition to a life insurance benefit, this Plan offers a savings feature and life insurance for eligible dependents. Employees pay the entire cost of the insurance premium and administration costs for this Plan.

    c. Dependent Life Insurance Plan – This Plan enables employees to obtain life insurance benefits for eligible dependents. Employees who enroll in this Plan contribute the full insurance premium except for periods on disability when eligible for the Plan and not receiving regular pay.

    d. Personal Accident Insurance Plan – This Plan enables employees to obtain additional accidental death and dismemberment benefits for themselves and their dependents. Employees who enroll in this Plan contribute the full insurance premium except for periods on disability when eligible for the Plan and not receiving regular pay.

    e. Special Accident Insurance – This Plan provides benefits for employees while on submarines, aircraft carriers, or other combat vessels or any vessel equipped with ballistic missiles including certain tender ships except when the vessels are in dry dock or on the ship ways.

f. Long-Term Care Insurance Plan – Employees are provided with the opportunity to purchase long-term care insurance for themselves and other family members. Employees who enroll in this Plan pay the entire cost of the insurance premium and administration costs for this Plan.

8. Disability Benefits

a. Weekly Accident and Sickness Benefits – This Plan provides a weekly benefit for employees who are unable to work due to a disabling illness or injury.

b. Long-Term Disability Benefit Plan – This Plan provides partial salary replacement for non-management employees who are unable to work due to a disabling illness or injury after weekly accident and sickness benefits end. Employees who enroll in this Plan contribute the full insurance premium except for periods on disability when eligible for the Plan and not receiving regular pay.

c. Management Disability Benefit Plan – This Plan provides partial salary replacement for management employees who are unable to work due to a disabling illness or injury after weekly accident and sickness benefits end. Employees who enroll in this Plan contribute the full insurance premium except for periods on disability when eligible for the Plan and not receiving regular pay.

E. OTHER BENEFIT PLANS

1. Employee Mutual Fund Purchase Plan – Employee Mutual Fund Purchase Plan Benefits are offered by the Contractor and administered through a third party provider and a licensed stockbroker. This Plan offers employees the opportunity to utilize after-tax payroll deductions to purchase shares in a mutual fund at market value through a brokerage account.

2. Benefits for Involuntarily Separated Employees

a. Employee Security and Protection Plan – Employee Security and Protection Plan benefits are provided directly by the Contractor in accordance with the terms of the Plan, as described in the Summary Plan Description listed in Schedule I of this Appendix A. Termination of the contract which results in the termination of all represented employees at the location with no offer of employment by a successor Contractor will be regarded as a location closedown under the Employee Security and Protection Plan.

Termination benefits provided under the location closedown policy of the Employee Security and Protection Plan will not be allowed for a represented employee under this contract who (1) is offered employment at comparable pay and benefits by a replacement Contractor, (2) accepts transfer to another facility, subsidiary, or affiliate of the Contractor, (3) resigns, (4) is discharged for cause, or (5) is temporarily laid off with a definite indication of recall.

b. Involuntary Separation Program – Involuntary Separation Program (ISP) benefits are provided directly by the Contractor in accordance with the terms of the Program, as described in the Summary Plan Description listed in Schedule I of this Appendix A. The Manager, HR, shall advise the DOE regarding the potential cost of benefits which may accrue under this Program at the time separations occur.

Termination benefits provided under the ISP will not be allowed for a non-represented employee under this contract who is offered employment at comparable pay and benefits by a replacement Contractor.

3. Benefits Offered to Displaced Workers

. Health and dental insurance costs for employees who have been involuntarily separated from employment subsequent to September 27, 1991, in connection with a work force reduction resulting from the downsizing of national defense activities will be reimbursable from the date of separation provided the employee was:

a. Enrolled for medical insurance coverage under the BBI Plan at the time of separation from employment.

b. Not eligible for coverage under another employer's group Health Plan or under Medicare since the date of separation.

Continued coverage after separation requires that the displaced worker make the following contributions, in addition to meeting conditions a. and b. above:

- First year – The current active employees' contribution rate.
- Second year – 50% of the current COBRA premium rates.
- Third and subsequent years – 100% of the current COBRA premium rates.

The premium rates shall be determined by the Contractor in accordance with the provisions of the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA), as amended. The premium rate is equal to 100% of the group cost of coverage, plus any additional amounts allowed by law (currently a 2% administrative fee).

The extended Medical Benefits Program described above will be administered according to the implementation guidance contained in the August 1992, “Report to the Secretary of Energy,” by the Task Force on Displaced Worker Health Benefits and Monitoring. The Displaced Workers Health Benefits Program states that "*Except where a negotiated agreement specifies otherwise, this Program is to replace any other continuation of medical benefits for displaced workers*."

Instead of replacing the options offered by the BBI Benefits Plan to laid-off or permanently separated employees, Bettis will give displaced employees who are eligible for benefits provided in the DOE Plan the opportunity to select between the benefits under the DOE Plan or the benefits offered as part of the BBI Benefits Plan.

F. PENSION AND RETIREMENT PLANS

1. Pension Plan

a. The Contractor provides a Contributory Defined Benefit Pension Plan for its employees. The terms and conditions of the BBI Pension Plan are described in the Summary Plan Description listed in Schedule I of this Appendix A. Any revision or modification thereof which alters the assets, liabilities, or funding requirements for the Plan shall be subject to the approval of the Contracting Officer.

b. The Contractor is responsible for the pension liability of active employees, as well as retirees with retirement dates on or after January 1, 1988, and former employees who terminated on or after January 1, 1988.

c. Pension Plan administration, trustee, asset distribution, and audit tasks are handled through third parties.

d. The Contractor will submit to the Contracting Officer reports as required by DOE Order 350.1 such as the annual actuarial valuation report prepared by its actuarial consultant and IRS Form 5500 with schedules as submitted to the IRS and any other pension data related to the Plan which the Department may request from time to time. The actuarial report for the Plan shall include as a minimum a simulated funding standard account, gain/loss analysis, itemization of amortization basis by source, and amortization schedules.

e. Contract Termination

(1) In the event of completion of this contract or termination of the performance of the work there under in whole or substantial part, and in the absence of a successor Contractor, the Plan shall be terminated in accordance with the provisions of ERISA, the IRC, and DOE Order 350.1. Annuity purchase bids will be solicited from a minimum of five of the ten largest insurance companies whose AM Best rating is A+ and which are currently quoting Pension Plan termination annuities. After all obligations for all liabilities of the Plan have been fully funded, as well as any related tax liability of the Corporation, any remaining assets shall be returned to the Department. If the assets are insufficient to cover pension obligations, the Department shall provide additional funding to cover such obligations.

(2) If this contract terminates or expires and there is a successor Contractor, all assets and liabilities of the Plan shall transfer to the successor Contractor and the Contractor shall be indemnified by the Department against any and all liabilities arising from the Plan.

(3) Under any scenario described above, the Contractor shall continue to actively manage all Plan assets until the date of settlement. Such management shall include protection of principal if appropriate.

2. Bechtel NR Program Savings Plan

a. All Bettis employees will be offered the opportunity to participate in a Defined Contribution Plan immediately upon employment. The terms and conditions of the Bechtel NR Program Savings Plan are described in the Summary Plan Description listed in Schedule I of this Appendix A. All BBI costs associated with implementing, administering, and funding the Savings Plan shall be allowable under this contract.

b. BBI will submit copies of actuarial valuation reports (prepared by an actuarial consultant), a copy IRS Form 5500 with schedules as submitted to the IRS and other financial or accounting reports developed or required in connection with the Savings Plan.

c. Upon Contract termination, individual employee accounts in the Savings Plan will be handled in accordance with the provisions of ERISA.

3. Executive Pension Plan and Supplemental Pension Plan

BBI maintains an Executive Pension Plan which is frozen effective March 31, 2006, and a Supplemental Pension Plan, which is effective April 1, 2006. These two Plans provide certain individuals with pension amounts in excess of those provided by the BBI Pension Plan. These Plans are administered through the Contractor's third party pension administrator. Specific details of these Plans are contained in an Executive Summary. Benefits paid under these Plans are funded on a pay as you go basis. Any revision or modification thereof which alters the provisions of the Plans shall be subject to the approval of the Contracting Officer.

G. OTHER POSTRETIREMENT BENEFIT PLANS

1. Current Plans for Current Retirees

Employees who retire may continue benefit coverage for themselves and their eligible dependents through either COBRA, or company continuation if they have 10 or more years of Eligibility Service as described in the Summary Plan Descriptions listed in Schedule I of this Appendix A. Retirees share the cost of these Plans through pension payment deductions or direct bill payments.

2. Contract Transition

Depending on the situation, the following procedures shall apply:

a. No Replacement Contractor. In the event the Contract(s) expire(s) or is/are terminated with no Replacement Contractor, the outgoing Contractor shall continue as Plan sponsor and administrator of existing Benefit Programs unless the DOE determines that it is not in the best interest of the Government.

   In accordance with the DOE approved Contractor Benefit Plans, the outgoing Contractor shall provide benefit continuation on a funding basis acceptable to the parties. Negotiated arrangements may include: (1) a lump sum payment by the DOE to the outgoing Contractor, (2) paying a third party such as an insurer with DOE funds to guarantee benefit payments, (3) continuing benefit payment obligations on a pay-as-you-go basis with DOE funds, or (4) a combination thereof

b. Replacement Contractor Situation. When there is a Replacement Contractor, BBI shall assist in the necessary arrangements for the replacement Contractor to assume the postretirement benefits liabilities for all active, retired, and service eligible former employees.

c. For purposes of this section, the postretirement benefits liability shall be determined by the BBI actuary in accordance with the principles and methods of FAS 106, and assumptions appropriate as the date of the contract transition, jointly agreed upon by BBI and the DOE.

H. EDUCATIONAL ASSISTANCE PROGRAM/EDUCATIONAL OPPORTUNITY PROGRAM

The Laboratory will train its personnel in the duties and functions of their respective positions or for positions to which they might accede. This will include training and education of its personnel of a kind and character equivalent to that provided in other organizational components of the Contractor, or as otherwise specifically approved by the Contracting Officer.

1. Educational Assistant Program (EAP) – Under the EAP, full-time employees are reimbursed tuition and compulsory fees for satisfactorily completed courses in an approved College Degree Program. Tuition and compulsory fees for single courses that are job related or contribute to an employee's career development within the Laboratory will also be reimbursed.

   Programs which are eligible for reimbursement under the EAP include:

   - Graduate Degree Programs.
   - Undergraduate Degree Programs.
   - Certificate Programs.
   - Single Course Support Programs.
   - Distance courses.
   - College Level Examination Programs.

   Typically approved Programs include, but are not limited to, the following: engineering, science, business, and computer applications. In all cases, participation in the EAP is limited to employees pursuing education which (1) relates to the employee's current assignment, or (2) contributes to the employee's career development within the Laboratory.

2. Educational Opportunity Program (EOP) – The EOP refunds tuition and compulsory fees to eligible nonexempt employees who successfully complete a training course which relates to maintaining or improving employee skill in performing his/her job or contributes to their career development within the Laboratory. Programs which are eligible for reimbursement under the EOP include:
   - Technical Institute Programs.
   - Cooperative Vocational School Programs.
   - Community College Programs.
   - Other VA approved institutions

3. Reimbursement under the Educational Assistance/Educational Opportunity Programs is based on satisfactory academic performance; specifically B- or better for graduate study and C- or better for undergraduate course work. Continued participation in the Educational Assistance/Educational is dependent on the maintenance of satisfactory or better job performance. Verification of satisfactory job performance will be completed by the employee's immediate supervisor prior to the start of each semester in which Educational Assistance/Educational Opportunity Program is requested.

4. Policies governing eligibility, approval of courses, and reimbursement for course completion under both the Educational Assistance/Educational Opportunity Program will be administered by the Laboratory in a manner consistent with Contractor guidelines and directives.

5. Bettis pays the entire cost of the Educational Assistance/Educational Opportunity Program. All costs associated with these Programs will be fully funded as a benefit to qualified employees. Prior to the start of each fiscal year, Bettis will submit a prospectus for Contracting Officer approval of Educational Assistance/Educational Opportunity Program funding based on projected levels of participation and tuition rates. Increases in funding are authorized based on changes in tuition or employee participation and will be requested via an addendum to the original fiscal year prospectus. All costs associated with the Educational Assistance/Educational Opportunity Program will be funded independent of other Education or Training Programs outlined in Article V.I. of this Appendix A.

6. Except as otherwise approved by DOE, the Contractor will be required to obtain a refund of expenses reimbursed under the Educational Assistance Program for employees who resign for reasons within their control within 12 months of the employee's most recent reimbursements under such Program. This provision will apply only to reimbursements made within 24 months proceeding the effective date of the employee's resignation. This provision does not apply to employees who accept positions with other Government facilities or Contractors, but does apply to those who resign or transfer to accept employment with other non-Government BNI divisions.

7. An employee is not eligible for duplicate reimbursement of educational costs by the Contractor if the employee is receiving payment pursuant to the Veterans Educational Assistance Act or from other resources of Government financial assistance.

I. EMPLOYEE TRAINING

1. The Laboratory also administers and conducts other Training Programs to reinforce and expand personal and organizational capabilities. These Programs include the performance improvement seminars, on-site and off-site technical training, on-site and off-site non-technical training, computer related training, training required to operate specialized equipment, mainframe computer systems hardware or software or new personal computer software, training required by DOE or other agencies or organizations to obtain or maintain professional certifications or qualifications to meet job requirements, training reviewed by the Technical Advisory Board, and organizational development activities.

2. Fiscal year costs for the Education and Training Programs detailed in Article V.I.1. shall be allowable up to a maximum not to exceed 0.69% of gross annual payroll as of September 30 of the preceding fiscal year. All training costs associated with training other than travel and educational assistance/opportunity will be funded through this other training budget and shall be charged against the appropriate 08 Program.

3. Registration fees for meetings which do not have training as their primary purpose, including information exchange meetings or seminars whose primary purpose is to obtain information concerning current industry practices or activities, and training credits obtained in conjunction with equipment or software procurement shall not be included in the funding limitations detailed in Article V.I.2. above.

J. EMPLOYEE MORALE PROGRAMS

Bettis annually budgets a sum of money to be used for employee morale-building purposes. The employee activities selected for these purposes shall be at the discretion of the Manager, HR (NRF – Manager, HR; MTS – Manager, HR), and include, but are not limited to, items such as health and fitness activities and company sponsored sports teams. Indirect costs in connection with these activities are also reimbursable under this Contract, but they are not chargeable to this morale fund. The amount to be allocated for these purposes is to be determined by the GM or his designated representative. The limit on reimbursability per fiscal year for approved expenditures shall be $15 per employee on the roll on September 30. Communications costs are recognized as morale activities, but they are not chargeable to this morale fund.

K. EXTENDED SALARY PAYMENTS

1. When an employee is absent from work for an extended period due to sickness or disability, salary payment shall continue for the following periods:

- Less than six months Total Employment Service – one week.
- Six or more months Total Employment Service – one or more months.

2. The period for which salary payments are continued begins on the first regular working day on which the employee is absent and shall continue for one calendar week or month (whichever applies) including Saturdays, Sundays, and holidays from the date such absence begins.

3. An employee's salary may be continued for an extended period beyond the first month of such absence, on the basis of an additional month's salary for each five years of Total Employment Service prior to the date disability began. Each request for extended payment will be limited to one calendar month and requires approval by the GM or his designated representative. Regardless of length of service, an employee may receive no more than six months of company paid disability benefits (salary continuance, salary extension, or Weekly Accident and Sickness) in any combination.

4. Deleted.

5. Where Workmen's Compensation payments are being received, the amount of salary extension payments shall be reduced by the amount of such Workmen's Compensation.

6. Disabled employees are not separated from the roll, regardless of whether they are receiving any insurance or other benefits, but are transferred to the disability roll. Disability payments are made in accordance with Workmen's Compensation or other Insurance Plans described in this Appendix A covering the particular case.

L. HOLIDAYS

1. Ten paid holidays (80 hours) will be observed at the Bettis, NRF, and MTS sites. The Contracting Officer will be notified of the days selected.

2. NRF and MTS have the discretion to modify the holiday schedule, to grant floating holidays in lieu of a set holiday schedule, to maximize efficiency for rotating shift crews, or to accommodate to the Nuclear Power School class schedule.

3. An employee assigned to work at a location other than Bettis, NRF, or MTS will follow the holiday schedule of the location, or such alternate schedule as is determined by management to best serve the needs of that location.

4. In the event that such an employee transfers between Contractor locations that have different holiday schedules, his or her holiday entitlement for the remainder of the year will be adjusted so that the employee will observe and be paid for 10 holidays in the calendar year. The manner of adjustment shall be as described in paragraph III.F.5, above for MTS employees receiving the Rotating Shift Adjustment.

5. Employees working on a nonstandard work schedule (see Article III.G.5.), or who are granted floating holidays in lieu of a set holiday schedule, will have their holiday entitlement as specified in paragraph V.L.1., above, converted to hours at the rate of 8 hours for each day of holiday eligibility. Holiday utilization will be recorded in hours according to the length of the work day during which the employee is absent for holiday. Holiday leave taken for a partial day, or as a whole day in combination with another form of leave, will be recorded by showing the number of hours absent for each type of leave. An employee who terminates from employment and who has taken fewer than the regularly scheduled holidays will not be reimbursed for those days

M. JURY AND ELECTION DUTIES

Employees shall be paid their regular salary while serving on election boards, as jurors, or when required to attend court in a case in which the employee has no direct interest. The amount received as a fee for such duties shall not be credited to this contract.

N. MEDICAL SERVICES

1. Individuals being considered for employment will be required to pass a post-offer examination. Applicants for employment will be tested for substance abuse before final selection. Additionally, a medical department is maintained to make such examinations, furnish first aid and other emergency medical care, and periodic physical examinations.

2. Periodic physical examinations will be offered to all employees at Bettis either by the Occupational Medical Director or other qualified physicians.

3. In addition, where Laboratory facilities are remote from the employee or when special or independent examinations are necessary, employees may be provided with the opportunity of having a periodic physical examination made by a qualified physician not in the employ of the Contractor. These examinations are authorized by management and are made without charge to the employee.

O. MEMBERSHIPS – PROFESSIONAL SOCIETIES

Total costs for Professional Society Program memberships shall not exceed $10,000 per year.

P. MILITARY DUTY

1. Any employee submitting proof of having been called for military duty will be granted Military Time Off (MTO) if the time away from work will be 30 calendar days or less, or a Military Leave of Absence (MLOA) if the time away from work will be more than 30 calendar days.

2. The effect of MTO or MLOA on an employee's participation in the Contractor’s Benefit Plans is as follows:

   a. All Health, Life and Disability Benefit Plans in effect prior to the MTO or MLOA may continue. For Plans requiring an employee contribution, coverage will continue only if the employee makes the appropriate payments.

   b. For MLOA, the employee has the option of discontinuing personal coverage for healthcare and dental insurance, while continuing dependent coverage under these Plans.

   c. For MTO, employees may continue to make contributions to the BBI Pension Plan and the Bechtel NR Program Savings Plan through payroll deduction. For MLOA, no contributions may be made to the BBI Pension Plan or Bechtel NR Program Savings Plan. When the employee returns to work, he/she will have the option of making up the missed contributions for both Plans and having the full accrual for the Pension Plan restored and the Employer Match portion of the Savings Plan contributed to his/her account.

3. MTO and MLOA does not affect vacation privileges.

4. Continuing Pay During MTO or MLOA:

   a. The pay differential of employees on MTO will be continued for up to 120 hours of time off due to military duty within a single fiscal year.

   b. The pay differential of employees on MLOA will be continued for the entire period of that Military Leave of Absence. The length of MLOA is subject to the limitation of Uniformed Services Employment and Reemployment Rights Act.

   c. BBI pay received while on military duty will be reduced by the amount of total military income received, excluding subsistence, housing, and uniform allowances and reimbursements for travel.

Q. FOOD SERVICE

The Laboratory provides cafeterias and vending machines on its premises to provide food services to its employees. The Laboratory will make reasonable efforts to recover the cost of operating such food services through income from these activities which will be credited to this Contract.

R. UNIFORMS, CLOTHING, SAFETY EQUIPMENT, AND PERSONAL PROPERTY

1. Uniforms

   The cost of uniforms provided to Protective Force Personnel in accordance with approved procedures is allowable under this contract. Standardized listings of Protective Force uniforms and the method and frequency of providing them shall be as identified in the Security Inspector Policy Manual (Bettis-Pittsburgh) and the Uniform Security Personnel Policy Manual (Bettis-Idaho). In the event that these standardized listings are supplemented in a collective bargaining agreement, the uniform items provided to the union-represented Protective Force personnel also may be provided to non-union Protective Force Personnel at the discretion of the Contractor.

2. Clothing

   The cost of work clothing provided to employees in accordance with approved procedures is allowable under this contract. The standardized listing of approved Government-furnished work clothing shall be approved by the Contracting Officer and identified in the Bettis-Pittsburgh and Bettis-Idaho Property Control Manuals. In the event that the provisions of this manual conflict with those of any applicable collective bargaining agreement, the terms of the collective bargaining agreement shall take precedence for those employees covered under the agreement.

3. Safety Equipment

   a. Bettis will provide safety shoes to employees whose work exposes them to potential foot injuries due to job hazards. Employees whose work requires protection from electrical hazards will be provided with a special type of safety shoe designed to protect the wearer against that danger. Bettis will purchase safety shoes for only those employees required to wear them, as determined and documented by a Workplace Hazard Assessment.

The purchase price of safety shoes, including shoes designed to protect against electrical hazards should not exceed $75. Footwear shall be replaced no more frequently than every 18 months, unless otherwise approved by the employee's immediate Manager.

b. When required by conditions of an employee's work assignment, the Laboratory provides prescription safety glasses upon approval of the employee's supervisor.

c. The cost of personal protective equipment as prescribed by any applicable law or regulation is allowable under this contract.

4. Damage to Personal Property

Personal items damaged as a result of accident or other uncontrollable occurrence are reimbursed to employees only upon approval by the Manager, HR (NRF – Manager, HR/MTS – Manager, HR), or his designated representative.

S. VACATIONS

1. Vacation Schedule

a. Salaried employees with at least 30 days continuous employment proceeding the time for starting vacations (except those employees identified in paragraphs 8. and 9. below) will be granted vacations as follows:

| | |
|---|---|
| 3 months of Total Employment, but less than 6 years | 2 weeks vacation |
| 6 years, but less than 7 years | 2 weeks + 1 day vacation |
| 7 years, but less than 15 years | 3 weeks vacation |
| 15 years, but less than 20 years | 4 weeks vacation |
| 20 years, but less than 30 years | 5 weeks vacation |
| 30 years, or more | 6 weeks vacation |

b. Salaried employees hired or rehired on or after February 1, 2000, will be granted vacation as follows:

| | |
|---|---|
| 3 months of Total Employment, but less than 5 years | 2 weeks vacation |
| 5 years, but less than 12 years | 3 weeks vacation |
| 12 years, but less than 20 years | 4 weeks vacation |
| 20 years, or more | 5 weeks vacation |

c. Incumbent employees with less than 15 years of Total Employment as of February 1, 2000, may make a one time irrevocable election to adopt the schedule of vacation eligibility defined in paragraph 1(b), above.

d. In the event that a salaried employee currently employed by KAPL or BPMI is hired to work at Bettis, that employee will be entitled to vacation in accordance with the vacation schedule that he or she previously elected while employed by that Prime Contractor.

2. When an established holiday or its observance falls on a work day within the vacation period of a salaried employee, an alternate vacation day will be granted.

3. It is the responsibility of management to see that all employees take these allotted vacations.

4. When an employee is removed from the active roll for any reason, payment for vacation not taken for the current year will be made if the employee has qualified therefore. In the event that an employee has unused vacation days carried over from the prior calendar year at the time of his or her removal from the active roll, payment for those days also will be made. Payment in either case will be based on the employee's pay rate in effect when the unused vacation was earned.

5. Management may request individuals to waive vacations due them when conditions make it necessary. In such cases, the GM, in accordance with established HR policy, may approve vacation carryover in excess of 80 hours at the end of the calendar year.

6. Employees may carry forward into the next calendar year up to 80 hours of unused vacation. Except as identified in Item V.S.5, employees may not accumulate more than 80 hours of carried over vacation.

7. Employees working on a nonstandard work schedule (see Article III.G.5.) will have their vacation entitlement as specified in V.S.1. above converted to hours at the rate of 8 hours for each day per 40 hours for each week of vacation eligibility. Vacation utilization will be recorded in hours according to the length of the work day or length of the work week during which the employee is absent for vacation.

8. Employees who are assigned to complete Nuclear Power School at the Naval Nuclear Power Training Command (NNPTC) and who have not completed three months of Total Employment on the first day of the NNPTC Christmas Stand-down may receive an advance against the two weeks of vacation for which they become eligible when they have completed three months of service. These vacation days may only be used in one-day (8 hour) blocks during the official NNPTC Christmas Stand-down. If an employee who has been advanced vacation discontinues employment with the Contractor for any reason before completing three months of service, the employee will refund any salary payments associated with the advanced vacation days to the Contractor.

9. Employees who are assigned to the Naval Reactors Facility (NRF) and who have not completed three months of Total Employment on the first day of the NRF Holiday Shutdown, may receive an advance against the two weeks of vacation for which they become eligible when they have completed three months of service with the company. These vacation days may only be used in one-day (8, 9, or 12 hour) blocks during the official NRF Holiday Shutdown. If an employee who has been advance vacation discontinues employment with the Contractor for any reason before completing three months of service, the employee will refund any salary payments associated with the advanced vacation days to the Contractor. Also, NRF nonexempt employees may use an unpaid holiday furlough “F” absence during the scheduled shutdown.

T. PAYMENTS AFTER DEATH

1. Upon approval of the GM or his designated representative, an employee's salary may be paid for two weeks following the date of his death.

2. If the deceased employee's period of continuous service exceeds five years, the GM or his designated representative may approve an additional one month's base salary

providing death was not preceded by an illness of more than one month during which the employee was paid.

3. Payment shall also be made for any portion of his vacation not taken by the deceased employee.

4. In the event an employee dies while on assignment of a temporary or fixed term nature (or within 60 days of a permanent transfer, provided the employee is on the Laboratory's rolls), the transportation and living costs incurred in returning his survivors to the originating location will be allowed, as well as the funeral expenses including return of the body if the next of kin so desires. The amount allowable under Section V.U.2. for funeral expenses will be applied to these burial costs. All household and personal effects will be packaged and shipped to a location not more distant than the originating location or an amount provided equivalent to such costs in the event the survivor specifies a location more distant than the originating location.

U. WORKER'S COMPENSATION

1. It is BBI policy to pay Worker's Compensation benefits in accordance with the requirements established by law. Medical service required to rehabilitate an employee after an injury is furnished by the Contractor.

2. When an accident results in death, the funeral expenses shall be paid up to the amount established by law. Additionally, in accordance with the current BBI policy, if the statutory amount is less than $2,000, an additional payment can be made when authorized by the GM or his designated representative so that the total payment made in these cases can equal $2,000.

3. All benefits due dependents are paid in accordance with the requirements of appropriate laws.

V. PART-TIME EMPLOYEES

In addition to benefits required by law, part-time employees will be eligible for the following benefits. These Benefit Programs will be administered in accordance with Contractor guidelines as described in various sections of this Appendix A to the Contract.

- Health Care Benefits Plan *
- Vision Care Benefits *
- Employee Assistance Program
- Lifestyle Returns Program
- Accidental Death and Dismemberment for Part-Time Employees
- Basic Life Insurance for Part-Time Employees
- Dental Plan *
- Health/Dependent Care Flexible Spending Accounts
- Personal Accident Insurance Plan
- Dependent Life Insurance Plan
- Pension Plan
- Bechtel NR Program Savings Plan
- Employee Mutual Fund Purchase Plan
- Leave of Absence
- Employee Training
- Employee Morale Programs
- Medical Exams

- Military Service
- Payments after Death
- Uniforms and Miscellaneous Personal Equipment
- Memberships, Professional Societies
- Service Awards
- Awards for Patent Disclosures
- Scheduled Laboratory Events

  * The employer cost for these benefits is determined by multiplying the company premium times the percent of the workweek that the part-time employee is regularly scheduled to work.

W. UNEMPLOYMENT INSURANCE

The cost of administering unemployment insurance claims through a third party vendor is an allowable expense under this contract. The Contractor will provide DOE with a current copy of the contract with this vendor.

## VI. LABOR RELATIONS

The terms and conditions set forth in the collective bargaining agreements listed below, including subsequent modifications thereto, between the Contractor and recognized bargaining agents for its represented employees are hereby fully incorporated in this Appendix A. It is recognized that the terms of these agreements may differ from the provisions of this Appendix A. When changes to this Appendix A are made, the provisions of the collective bargaining agreements will continue to apply to represented employees, unless and until the Contractor extends the applicability of those changes to the represented employees through the collective bargaining process. The agreements referred to in this paragraph are:

1. Working Agreement between BBI, and the Eastern Idaho Metal Trades Council, (AFL-CIO, January 31, 2006) which incorporates the Agreement of December 22, 1966.

2. Agreement between BBI and the International Association of Machinists and Aerospace Workers, (AFL-CIO, December 6, 2006).

3. Agreement between BBI and United Steelworkers of America, AFL-CIO, dated October 10, 2005, and incorporating the agreement of November 6, 1959.

4. Agreement between BBI and the International Union, United Plant Guard Workers of America, Amalgamated Local 502, dated October 1, 2005, and incorporating the agreement of May 31, 1966.

The Contractor will:
- Provide copies of these agreements, including subsequent modifications, to the Contracting Officer after execution by the parties.
- Provide copies of all revisions to the job classifications and corresponding wage rates for employees of these bargaining units to the Contracting Officer when implemented.
- Meet with the Contracting Officer to review general bargaining objectives prior to engaging in negotiations with a union regarding any matter concerning any collective bargaining agreement or revision to any such agreement.

The Contractor shall promptly advise the Contracting Officer of labor relations developments involving the Contractor or any Subcontractor at the Bettis-Pittsburgh and

Bettis-Idaho sites, including any charge filed with the National Labor Relations Board by local unions against the Contractor, any action taken by the Contractor against local unions involving the National Labor Relations Board, or any other procedural action taken pursuant to Federal or State labor law.

## VII. AWARD PROGRAMS

### A. INVENTION AND PATENT AWARDS

1. Invention Awards

Payment for an "Invention Award" of $300 is made to a sole inventor or, in the case of a joint invention, $500 divided among the joint inventors, when authorized by the Bettis Intellectual Property Committee for meritorious inventions. The "Invention Award" will be paid to:

a. Contractor employees.

b. Persons separated from the Contractor's payroll for any reasons including retirement, when the disclosures were submitted prior to the date of separation or retirement. However, separated persons will not be eligible to receive an Invention Award if they were terminated for cause, or if they resigned in lieu of being terminated.

2. Patent Awards

Payment for a "Patent Award" of $300 is made to each inventor, either as a sole or joint inventor, as each patent issue. The "Patent Award" will be paid only to:

a. Contractor employees.

b. Annuitants.

Patents and statutory invention registrations issued to the U.S. Government on these inventions will be considered eligible for "Patent Awards." "Allowed" or "accepted" patent applications which do not issue because of security classifications will also be eligible for "Patent Awards."

3. Other Reimbursements

a. When an invention is deemed to have made a major contribution to the work program, payment of a "Special Patent Award" may be made. Contracting Officer approval of any such payments will be requested on an individual basis.

b. Costs associated with the Patent Awards Luncheon shall be allowable under this contract.

### B. RECOGNITION AND PERFORMANCE AWARD PROGRAMS

Recognition and Award Programs are developed and offered by the Contractor to motivate employees toward performance excellence and to provide material recognition of their achievements. The costs of awards provided pursuant to the following Programs are considered allowable.

1. GM Award

The GM Award Program provides for lump sum cash awards from $500 up to a maximum of $5,000 to employees whose contributions to the success of the Laboratory are deemed noteworthy. Determination of award recipients and amounts is at the discretion of the Contractor's GM, based upon his/her review of recommendations from his/her Staff Managers. Annual funding for the Program will not exceed $75,000.

2. Recognition Awards

The BBI Achievement Recognition Program is designed to recognize outstanding achievements by individuals or groups of employees. Recognition consists of a performance cash award and a desk-top obelisk. The maximum cash award for this Program will be $500 per award recipient.

The SPOT Recognition Award Program will provide awards ranging from $50 to $500 each for individuals who have performed outstanding work above and beyond normally expected performance on short term assignments.

Total annual funding for these two Programs will not exceed $50,000.

C. BBI SERVICE

The status of an employee with regard to Contractor service determines eligibility for participating in the BBI Service Award Program.

Allowable costs associated with the BBI Service Award Program shall be limited to cards, certificates, photographs, informational materials, shipping, and awards identified in the C.A. Short Marquis Collection Automated Service Awards Program, levels 1, 2, 3, 4, 7, 9, and 10 effective January 1999 or modifications thereto.

D. RETIREMENT AWARD PROGRAM

Costs associated with the BBI Retirement Award Program shall be allowable under this contract. Under this Program, all retiring Contractor employees are eligible to select an award which shall be presented at the time of retirement. Eligible employees may select a commemorative submarine or a mantel clock.

## VIII. MISCELLANEOUS

A. EQUAL EMPLOYEMENT OPPORTUNITY

1. It is the continuing policy of the Contractor to afford equal employment opportunity to qualified individuals regardless of their race, color, religion, sex, national origin, age, physical or mental disability, or veteran status and to conform to applicable laws and regulations. This policy of equal opportunity comprehends all aspects of the employment relationship, including recruitment, application and initial employment, job classification and assignment, promotion, demotion and transfer, selection for training opportunities, wage and salary administration, layoff and termination of employment or discharge, and the application of Service, Retirement, Seniority, and Employee Benefit Plan Policies.

2. The Contractor shall develop and maintain separate written Affirmative Action Plans for Bettis, NRF, and MTS. There are two Plans that are maintained at each of the three sites: one for minorities and females and one for disabled individuals, disabled veterans and veterans of the Vietnam era.

   The Affirmative Action Plan for minorities and females shall include the identification, evaluation, and analysis of the problems associated with minority and female recruitment and employment.

   The Plan shall include specific goals and timetables for the achievement of equal employment opportunity for minorities and females. This Affirmative Action Plan shall be signed by the GM or his/her designated representative.

   The Affirmative Action Plan for disabled individuals, disabled veterans, and veterans of the Vietnam Era shall be designed to eliminate barriers to the employment and advancement of disabled people and of disabled veterans and Vietnam Era veterans. No specific goals or timetables are required in the Plan; however, the signature of the GM or his/her designated representative is required.

B. CORPORATE MEMBERSHIPS

1. General – It is the general policy of the Contractor to maintain corporate memberships (as distinguished from individual memberships in clubs and professional societies described in Article V.I. of this Appendix A) in selected business and trade organizations.

2. Memberships maintained by Bettis:

   Chamber of Commerce – Greater Pittsburgh, Duquesne – West Mifflin, Charleston, Pocatello, and Idaho Falls.

C. COMMUNICATIONS

The Contractor recognizes the need to keep its employees and family members informed concerning employee rights, responsibilities, benefits, and Laboratory activities. Several communication vehicles are utilized, including bulletin boards, employee handbooks, benefits plan books and related publications, newsletters, general mailings to employees' homes, and meetings to discuss Health and Welfare Benefits Programs. Control of Laboratory Communications of this type is the responsibility of HR.

D. CAMPAIGNS FOR CHARITABLE INSTITUTIONS

The Contractor’s policy is to utilize a single annual campaign, with payroll deductions, to solicit funds from employees for charitable organizations such as the United Way, to avoid duplication and lost time resulting from numerous separate campaigns throughout the year. The Contractor makes collections from the employees and forwards payments to the agencies involved.

E. UNITED STATES SAVINGS BONDS

The Contractor provides a Plan whereby employees may purchase United States Savings Bonds through regular payroll deduction or independently through the employees banking institution.

F. SUSPENSION OF ACCESS AUTHORIZAITON

Suspension of an employee's access authorization shall be handled in accordance with established DOE procedures.

G. BUSINESS AND STAFF MEETINGS

The reasonable cost of properly authorized luncheon and dinner meetings is allowed. Such expenditures should be reported by the sponsoring employee through the medium of a properly approved expense report, invoice, or a cafeteria guest ticket.

## SCHEDULE I LIST OF ADDITIONAL DOCUMENTS INCORPORATED BY REFERENCE INTO APPENDIX A

Any substantial changes or changes with significant cost implications will be provided to the Contracting Officer for approval.

- Health Care Benefits Plan (dated January, 2006)
- Flexible Benefits Plan (dated January, 2006)
- Dental Assistance Plan and the Primary Dental Care Plan (dated January, 2006)
- Life Insurance Benefits Plan (dated January, 2006)
- Dependent Life Insurance Plan (dated January, 2006)
- Personal Accident Insurance Plan (dated January, 2006)
- Weekly Accident and Sickness Benefits Plan (dated January, 2006)
- Long Term Disability Plan (dated January, 2006)
- Management Disability Plan (dated January, 2006)
- Pension Plan (dated January, 2006)
- NR Program Savings Plan (dated January, 2006)
- Involuntary Separation Program (dated January, 2006)
- Employee Security and Protection Plan (dated January, 2006)
- Long Term Care Insurance Plan (dated January 2006)
- BBI Reward for Performance Compensation Plan (dated May, 2006)
- Lifestyle Returns Program documented in B-HR(SBP)-043 dated September 15, 2006

# Appendix A
# Human Resources
# Knolls Atomic Power Laboratory
March 2008

**APPENDIX A**

# Human Resource Management Policies and Related Costs

Introduction and Definitions

This Human Resource Appendix sets forth those Knolls Atomic Power Laboratory (KAPL) human resource management policies and related expenses which have cost implications under the contract, and identifies those costs deemed reasonable and allowable for reimbursement when incurred in the performance of the contract work. Only those items of Human Resource costs and related expenses that are specifically set forth herein or specifically incorporated by reference in this Human Resource Appendix are allowable costs under this contract. All changes to this Appendix, including changes to the documents referenced herein which impact costs, require Contracting Officer approval. Subject to Contracting Officer approval and consistent with the need to attract and retain qualified employees, the Contractor intends to follow, where appropriate, the human resource management policies, practices, and procedures established by Lockheed Martin Corporation (LMC).

The Contractor shall select, manage, and direct the work force. The Contractor shall use effective management review procedures and internal controls to assure that the allowable costs set forth herein are not exceeded, and that the areas which require prior approval of the DOE Contracting Officer or designated representatives are reviewed and approved prior to the incurrence of such costs.

Either party may request that the Human Resource Appendix be revised and the parties hereto agree to give consideration in good faith to any such request. Revisions to the Human Resource Appendix shall be accomplished by executing a Reimbursement Authorization (DOE Form AD-36) as approved by the Contracting Officer or designated representative. When revisions to the Human Resource Appendix are agreed upon, revised pages will be issued reflecting such changes and will bear the effective date of such changes and the Reimbursement Authorization number on the bottom left hand corner of each page.

The Human Resource Appendix is adopted for the exclusive benefit and convenience of the parties hereto, and nothing contained herein shall be construed as conferring any right or benefit upon past, present, or future employees of the Contractor, or upon any third party.

The Contractor shall promptly furnish all reports and information required or otherwise indicated in this Appendix to the Contracting Officer.

Terms used in this Appendix "A" are defined as follows:

1. **Exempt Employee** - A salaried employee who performs work in an executive, administrative, or professional capacity, as interpreted by the criteria set forth in the Fair Labor Standards Act.

2. **Nonexempt Employee** - A salaried employee (other than an exempt employee) subject to provisions of the Fair Labor Standards Act.

3. **Hourly Employee** - An employee, other than salaried, who is paid an hourly rate for hours worked.

4. **Basic Salary** - The annual salary established for exempt and nonexempt employees excluding premium pay and any other adders.

5. **Basic Hourly Rate** - The wage rate established for an hourly employee, excluding premium pay and any other adders.

6. **Workday** - The twenty-four hour period beginning with the regularly assigned starting time of an employee's work shift.

7. **Basic Workweek** - A workweek consists of 40 hours. A "basic workweek" may also be referred to as a "regular workweek".

8. **Continuous Process Operation** - An operation which must be run on a 24-hour day, and week-by-week basis.

9. **Continuity of Service** - Designates the status of an employee who has service credits with the Contractor totaling 52 or more weeks. For employees of KAPL as of the date of transfer to LMC (formerly MMC), service credits earned with GE will be recognized by the Contractor according to continuity of service rules in effect immediately prior to the transfer. Employees transferring from other Contractor locations will retain service credits earned with the Contractor, its parent organization or one of the present wholly owned subsidiaries.

10. **Continuous Service** -

    a. Designates the length of each Contractor employee's continuity of service, and shall equal the total service credits of an employee who has continuity of service.

b. For former employees of Combustion Engineering Inc., Naval Reactors Division (CENRD), who were added to Contractor's payroll on January 1, 1971, the term also includes the length of Combustion Engineering Inc. service as of December 31, 1970. Total KAPL service, which may include service credits with General Electric Company, in accordance with rules in effect immediately prior to the transfer of each such employee shall be used for the purpose of establishing eligibility for vacation, absences for personal reasons, and for participation in the Pension and other benefit plans. Prior service with Combustion Engineering Inc. shall not be used as credited service under the Pension Plan, Long-Term Disability Income Plan and Income Extension Aid Plan.

11. **Service Credits** - Credits for periods during which the employee is actually at work for the Contractor, or for periods of absence for which credit is granted, or for the period during which the employee was at work for Combustion Engineering Inc. in accordance with 10.b. above.

12. **General Manager** - The Contractor's supervising representative who is in charge of operations for the Contractor at the Laboratory.

13. **Section Managers** - The managers reporting directly to the General Manager.

14. **Immediate Family** - The parents (or persons serving in this capacity), mother/father-in-law, grandparents, grandparents-in-law, brothers and sisters of the employee or of the employee's spouse, brothers- and sisters-in-law (as defined in EB-ABSPAY-6), the employee's spouse and children (natural, stepchildren, adopted, and any other foster children if living in the employee's home), step-parents, grandchildren, sons-in-law, and daughters-in-law.

15. **Work Shifts** - Second or third shifts are those schedules of working hours beginning not earlier than 12:00 noon or not later than 3:30 a.m. All other working schedules are considered as first shift.

16. **Transfer** - A change in an employee's place of work which is anticipated to extend for a period in excess of 12 successive calendar months.

17. **Assignment** - A change in an employee's place of work with an anticipated duration of 30 successive calendar days or more.

18. **Plant Closing (close the plant)** - The announcement and implementation of a plan to terminate and discontinue all

contractor operations at any site operated by the contractor as part of the laboratory, without any then-existing plan for resumption or continuation of operations at that site by either the contractor or any other Government contractor or Government agency.

19. **Staff Professional Band** - Managers and senior level individual contributors who are classified within the Staff Professional Band (S type positions) under the KAPL, Inc. Salary Management Plan.

I. Salaries and Wages

A. General Provisions

The objective of the Contractor's compensation administration program is to provide a level of compensation which, within the available funds, attracts, motivates, and retains a competent workforce; maintains a competitive position in the labor markets in which the organization competes; reflects the worth of each position to the organization; and relates salary/wage increases to individual performance and position in the salary range.

In establishing or modifying compensation levels, the Contractor will be guided by the following considerations:

(1) The Contractor is a competitor in the local labor market area for nonexempt and hourly personnel and will adopt and maintain equitable pay levels, and benefit policies and practices commensurate with comparable employers in the area where the Contractor operates and competes for labor under this Contract.

(2) The Contractor recruits its exempt personnel from national labor markets. Accordingly, compensation and benefit levels will be commensurate, equitable, and competitive with comparable positions in the industries and employment markets in which the Contractor operates and competes for labor.

The Contractor is required to submit for Contracting Officer approval prior to implementation, any initial design or proposed major Compensation Program design changes in its compensation programs. Any such request from the contractor must be supported by relevant data comparing the Contractor's Compensation Program with other industry benchmark programs. The

Contractor's Program shall include the following components:

(a) Philosophy and strategy for all pay delivery systems;
(b) System for establishing a job worth hierarchy;
(c) Method for relating internal job worth hierarchy to external market;
(d) System which links individual and/or group performance to compensation decisions;
(e) Method for planning and monitoring the expenditure of funds;
(f) Method for assuring compliance with applicable laws and regulations;
(g) System for communicating the programs to employees; and
(h) System for internal controls and self-assessment.

Upon request from the Contracting Officer, the Contractor shall submit its compensation program for periodic review.

B. Exempt Employee Salary Program

Contractor administrative procedures have been compiled in a document entitled "KAPL Salary Management Plan" dated October 5, 2000 (Rev. 2). This document also resides on the KAPL Intranet. The parties agree that the aforesaid Company policy and procedure will be used for work under this contract. Additionally, all exempt salaried employees, except for those personnel represented by the International Federation of Professional and Technical Engineers, Local 147, will be paid in accordance with the KAPL Salary Management Plan.

It is agreed that by this reference, the aforesaid document is incorporated in, and hereby made a part of this Appendix "A". Any deviation of KAPL's exempt employee salary program from the above or change to this reference shall require prior approval by the Contracting Officer for work under this contract.

The Contractor further agrees that KAPL practices for administering exempt job classifications will be consistent with practices followed by the Lockheed Martin Corporation where appropriate and agreed to by the Contracting Officer.

All published revisions in the aforesaid Manual Section will be forwarded in final form to the Contracting Officer when implemented by the Contractor.

The Contractor shall allow the Contracting Officer to conduct complete and comprehensive evaluations of the Exempt Salary Programs as necessary. In this respect, documentation, including position guides, job descriptions, job evaluation support, and performance information will be available for review by the Contracting Officer.

1. Salary Increase Fund

Each Fiscal Year (also called Salary Year), the Contractor shall develop and justify, in a form acceptable to the Contracting Officer, an Integrated Salary Increase Fund Proposal for review and approval. This fund will be based upon such factors as national, regional, and local surveys, and will account for special populations such as operation training programs and field offices, and such other criteria as may be pertinent to the establishment of competitive salaries for each occupational group, e.g., scientists and engineers, administrative and technical. The fund will be an integrated fund incorporating merit (including variable pay), promotions, reclassification, and adjustments and will be calculated as a percentage of exempt payroll at the end of the prior salary year and shall be the maximum allowed for granting increases for employees based on merit, adjustments, reclassification, and promotions. Each component of the fund, e.g., merit, promotions, adjustments, and reclassification, shall be justified separately. All such increases are charged to the fund on an annualized basis. Once an individual's salary increase is charged to the fund, reuse of that amount, i.e. recovery, for any other purpose during the salary year is unallowable. If an individual terminates before receiving an increase, the amount of money allocated for that individual may remain in the fund. Each component of the fund, e.g., adjustments, reclassification, merit, and promotions, shall be broken out as subtotals. The Contractor shall also provide a copy of the annually developed salary guidelines prepared for supervisory use, indicating the parameters for granting various increases based on employee performance and current salary position.

The dollar amount of the fund shall be subject to review and adjustment by the Contracting Officer upon a significant reduction in the Contractor employment levels, as in a plant closing or reduction-in-force.

2. Approval of Individual Compensation Actions

Effective December 8, 2005, any new hire or transfer to the laboratory resulting in allowable compensation (base annual salary) of $100,000 or more and each increase granted to Contractor employees receiving or

resulting in a compensation level (base annual salary) of $100,000 or more shall require prior approval by the Contracting Officer.

The Contractor shall provide supporting information per DOE Form 3220.5 on such compensation actions in advance of the proposed effective date. The minimum advance is 45 days for actions which are approved by the Contracting Officer and 60 days for actions to be approved by DOE Headquarters.

No commitments shall be made to employees regarding compensation actions until Contracting Officer approval has been obtained as required.

3. Reserved

4. Sign-on/Recruiting Bonus
Additional monetary incentives may be offered to potential employees in order to acquire critical skill talent and/or hard to fill positions. Such bonuses will be administered in accordance with the KAPL Inc. HR Policies and Procedures dated November 30, 2003, Revision No. 5 titled KAPL Inc. Sign-On Bonuses. It is agreed that by this reference, the aforesaid policy and procedure is incorporated in and hereby made a part of this Appendix A. All bonuses, including those requiring SNR approval, should be fully justified and documented. If a sign-on bonus has been allowed and the employee leaves the employment of KAPL within 12 months for reasons within the employee's control, the Contractor will refund such bonus cost to the Government.

5. Incentive Compensation
The Contractor's Incentive Compensation Plan dated January 31, 2001, for Staff Professional employees was approved by the Contracting Officer on April 4, 2001. Allowable costs may not exceed on an annual basis .44% of KAPL's gross payroll(excluding continuity of service or any other benefit adders) as of the end of each salary year for the ensuing 12 months. Incentive Compensation payments to any individual may not be more than 33% of that individual's annual base pay. Revisions to the Incentive Compensation Plan must be approved by the Contracting Officer.

Incentive Compensation awards must be based on objective written criteria, established annually before services are rendered, which are relevant to individual performance under this contract and measure performance in accomplishing Program objectives. This information will be made available upon request by the Contracting Officer. In addition to the

requirements of this Section, Incentive Compensation payments are subject to the requirements of Section I.B.2. of this Appendix.

C. Nonexempt Salary Management Program

Contractor administrative procedures have been compiled in a document entitled "KAPL Salary Management Plan" dated October 5, 2000 (Rev. 2). This document also resides on the KAPL Intranet. The parties agree that the aforesaid Company policy and procedure will be used for work under this contract. It is agreed by this reference the aforesaid document effective on January 1, 1997, is incorporated in and hereby made a part of this Appendix A.

The Contractor shall allow the Contracting Officer to conduct complete and comprehensive evaluations of the Non-Exempt Salary Program as necessary. In this respect, documentation, including position guides, job descriptions, and job evaluation support will be available for review by the Contracting Officer.

1. Salary Increase Fund

Each Fiscal Year (also called Salary Year), the Contractor shall develop and justify, in a manner prescribed by the Contracting Officer, a Salary Increase Fund Plan for nonexempt salaried employees for review and approval. This fund shall be based upon local surveys for KAPL's Nonexempt workforce in Schenectady, New York, and other locations where KAPL reactor plant personnel are assigned, as appropriate. The fund consists of a percentage of the nonexempt payroll at the end of the prior year (expressed as an annualized amount) and shall be the maximum allowed for granting increases for employees based on merit, adjustments, reclassification and promotions. All such increases are charged to the fund on an annualized basis. Once an individual's salary increase is charged to the fund, reuse of that amount, i.e. recovery, for any other purpose during the salary year is unallowable. If an individual terminates before receiving an increase, the amount of money allocated for that individual may remain in the fund. Each component of the fund, e.g. adjustments and reclassification, merit, promotion, and step increases, shall be broken out as subtotals. The Contractor shall also provide a copy of the annually developed guidelines prepared for supervisory use, indicating the parameters for granting various increases based on employee performance and current position.

The dollar amount of the fund shall be subject to review and adjustment by the Contracting Officer upon a significant reduction in the Contractor employment levels, as in a plant

closing or reduction-in-force.

2. Reserved

D. Labor Relations

Concerning the area of labor relations, the Contractor agrees to comply with the following:

1. The Contractor shall meet with the Contracting Officer or designee(s) for the purpose of reviewing and obtaining approval for the Contractor's local bargaining objectives (or recommendations for LMC) prior to any negotiation concerning any collective bargaining agreement or revision.

2. The Contractor shall keep the Contracting Officer advised of significant developments during any negotiations to the extent that it is aware of and free to discuss them.

3. The Contractor shall promptly advise the Contracting Officer of labor relations developments which involve or appear likely to involve:

   a. Possible strike situations affecting the facilities,

   b. The filing of any complaints and/or charges with Federal and/or state agencies,

   c. Referral to the National Labor Relations Board at any level,

   d. Recourse to procedures under the Labor-Management Act of 1947, as amended, or any other Federal or State Labor Law, or

   e. Any grievance which: (1) may reasonably be assumed will be referred to the Arbitration procedure under a Collective Bargaining Agreement, (2) involves safety, health, environmental or security issues.

4. The cost of initiating and pursuing any formal administrative, quasi-legal, or legal actions under the Labor Management Relations Act of 1947 and/or involving the National Labor Relations Board shall be allowable only to the extent that such action has the prior approval of the Contracting Officer.

5. Reasonable costs incurred pursuant to agreements made as a result of collective bargaining with representatives of the Contractor's employees are allowable.

E. Salaried Exempt and Nonexempt Drafting Employees

The labor agreement in effect between KAPL, Inc. and the International Federation of Professional and Technical Engineers, Local 147, for certain salaried exempt and nonexempt employees of the Laboratory is incorporated herein by reference until renegotiated or terminated.

The job classifications and respective wage rates covering employees of this bargaining unit, as of the effective date of this contract, are set forth in Schedule I which is hereby made part of this Appendix "A". All revisions to the job classifications and corresponding wage rates shall be furnished to the Contracting Officer when implemented to determine that such changes are consistent with the collective bargaining agreement.

A copy of the aforementioned agreement has been furnished to the Contracting Officer, and copies of all future amendments, revisions or replacement agreements shall be furnished to the Contracting Officer immediately after execution by the parties.

F. Hourly Wage Management and Benefit Practices

The collective bargaining agreements in effect between LMC-KAPL, Inc. and the following labor unions for certain hourly employees of the Laboratory are incorporated herein by reference until renegotiated or terminated:

- IUE (AFL-CIO), Local 301 AE
- United Association of Journeymen and Apprentices of the Plumbing and Pipe Fitting Industry, Local 128
- International Brotherhood of Teamsters, Chauffeurs, Warehousemen and Helpers of America AFL, Local 294
- Professional Security Employees Association, Local No. 1

Copies of all amendments, revisions or replacement agreements will be furnished to the Contracting Officer immediately after execution by the parties.

Job classifications and respective wage rates applicable to hourly employees of the Laboratory, as of the effective date of this contract, are listed in Schedule II of this Appendix "A". It is agreed that by this reference the aforesaid rates set forth in Schedule II are incorporated in and hereby made part of this Appendix A. All revisions to the list of job classifications or the corresponding wage rates as identified in Schedule II, will be furnished to the Contracting Officer

upon implementation to permit the Contracting Officer to determine that such changes are consistent with collective bargaining agreements.

G. Pay Policies and Practices Applicable to Salary Determinations for Employees Not Covered by Collective Bargaining Agreements

1. Night Shift Differential

Nonexempt employees assigned to recognized second and third shift operations shall have 10% added to their regularly determined earnings for all work performed on such shifts except that nonexempt employees hired after 7/1/91 who have no record of prior KAPL service shall have sixty cents ($.60) added to their regular hourly rate for all work performed on such shifts until they have accumulated three (3) years of continuous service after which they will receive the 10% night shift differential.

All exempt employees except those covered by collective bargaining agreement assigned to recognized second and third shift operations shall have 10% added to their regularly determined earnings for all work performed on such shifts.

2. Prototype Operations Special Payments

a. Rotating Shift Payments

Effective July 22, 2001, Rotating Shift Payments of 22% of base salary made to exempt employees who are fully qualified as an Engineer Officer of the Watch (EOOW), qualified Shift Test Engineers, or Radiation Control Shift Supervisor while watchstanding on a regularly established rotating shift, and to other exempt employees who are assigned to a rotating shift while in an "in Hull" phase of training are allowable. These payments must be authorized by the manager of the employee's immediate manager or the employee's fifth - level manager, whichever is the higher management level.

Employees receiving Rotating Shift Payments will not be eligible for Shift Differential, premiums for Saturday or Sunday, nor overtime payments for work performed within their regular schedule.

b. Incentive Pay Programs (IPP)

1. Overview

KAPL personnel in specified positions at the prototype site are required to hold current or previous Engineering Officer of the Watch (EOOW) or Shift Supervisor (SS) Qualifications.

In general, the EOOW qualification requirements consist of approximately six months of academic training at Naval Nuclear Power School, followed by approximately six months of in-plant training on a prototype nuclear plant at the Kesselring Site which involves formal qualification through written and oral examinations. Personnel qualifying to the higher SS level are required to complete several months of additional self-study followed by formal qualification through written and oral examinations administered by both Contractor and NR personnel.

In recognition of the intensive training and extensive experience required of these employees an Annual Incentive Payment (AIP) and three year Continued Service Payment (CSP) has been established. These payments are designed to foster full staffing with qualified personnel by enabling competitive recruiting efforts, minimizing attrition during initial qualification of Nuclear Plant Engineers (NPEs) and maximizing the retention of EOOW and SS qualified employees.

2. General Provisions for the IPP (AIP and CSP)

(a) Payment amounts are outlined below in Sections G.2.b.3 and G.2.b.4.

(b) Employees who lose their eligibility under G.2.b.2(p)(1) of this section and are subsequently transferred back to an eligible position shall regain eligibility for IPP and the date of transfer back into a qualified position shall be taken as their anniversary date. AIP shall then be made after each year of continuous service from the new anniversary date. CSP will be made

triennially from this new anniversary date.

Employees who are not in eligible positions on January 1, 2005, shall be eligible for these incentive payments if subsequently assigned to an eligible position. The date of assignment to an eligible position shall be considered the initial qualification date for initial lump sum payment purposes and will also be the anniversary date for subsequent IPP purposes.

(c) The IPP shall be administered in a manner that lends itself to audit. The name of each individual eligible for and receiving incentive pay under this program, the billet occupied by the individual and the amount of incentive pay he/she receives should be easily identifiable.

(d) Positions eligible for incentive pay under these programs shall be in accordance with Naval Reactors Program qualification requirements. The following positions require current or previous EOOW or Shift Supervisor qualification and are eligible for IPP at the payment amounts outlined in sections G.2.b.3 and G.2.b.4.

- Plant Manager
- Operations Manager
- Material Manager
- Safety Support Systems Manager
- Training Manager
- Training Support Manager
- Shift Supervisor
- Nuclear Plant Engineer - Staff Training Group Supervisor or Staff Training Group Engineer

- Nuclear Plant Engineer - Training Improvement Engineer
- Nuclear Plant Engineer - Production Training Engineer
- Nuclear Plant Engineer - Production Training Supervisor
- Shutdown Coordinator
- Material Engineer
- Operations Assistant
- Nuclear Plant Engineer-Operations
- Nuclear Plant Engineer-Training
- Nuclear Plant Engineer-Interactive Display Equipment
- Interactive Display Equipment Operations Supervisor
- Chemistry and Radiological Controls Instruction Supervisor
- Off Hull Lead Engineer
- Shift Test Engineer
- Assistant Chief Test Engineer
- Chief Test Engineer
- Special Assignments as covered in G.2.b.2(l) below

(e) An individual's participation in these programs based upon the incumbent having experience equivalent to that of an EOOW or SS will require specific Contracting Officer approval.

(f) An individual who remains in a single eligible position for more than three years will lose his/her eligibility for incentive payments.

(1) The loss of an individual's eligibility shall be permanent.

(2) Those individuals who have been in a single eligible position for more than three years as of the program implementation date shall not be eligible for incentive pay under these programs.

(3) On an individual basis, the Contractor may extend eligibility beyond three years with prior Contracting Officer approval.

(g) EOOW-qualified (current/previously) personnel in training for the following positions shall be eligible for incentive payments at the current rate for the highest position previously attained under these programs:

- Plant Manager
- Shift Supervisor
- Nuclear Plant Engineer
- Operations Manager

(h) An eligible individual who is transferred from an eligible position to another reactor plant to obtain EOOW qualification in preparation to fill an eligible position on that plant shall continue to be eligible for incentive payments under these programs while obtaining EOOW qualification on that plant.

(i) Individuals who occupy the Career Band S3 or above of the Contractors' exempt salary structure shall not be eligible for incentive payments under these programs.

(j) An individual shall receive AIP for qualification as EOOW only once.

Additional payments for subsequent attainment of EOOW qualification on other reactor plants shall not be made.

(k) An individual whose EOOW qualification is allowed to lapse due to unsatisfactory job performance or whose employment is terminated by KAPL for cause shall not be eligible for incentive payments under these programs.

(l) An eligible individual who is assigned to a temporary assignment and/or task force shall not lose eligibility provided that the total duration of his/her assignment does not exceed six months. If this six-month limit will be exceeded for any position other than Shift Test Engineer (STE), Assistant Chief Test Engineer (ACTE), and Chief Test Engineer (CTE), the individual shall lose eligibility unless the assignment during which the six month limit will be exceeded is approved by the Contracting Officer.

Prior Contracting Officer approval must be obtained for any individual to receive incentive payments for more than a total of two temporary assignments and/or special tasks.

(m) An individual's employment termination date shall not be extended by vacation time due him/her in order for him/her to receive incentive payments under these programs.

(n) Any individual that resigns from a prototype position prior to their anniversary date will receive no incentive payments under these programs without prior Contracting Officer approval.

(o) The number, amount and dates of payments to be made to an eligible individual who loses his/her position due to extended ill health or injury shall be determined on a case basis and shall be subject to Contracting Officer approval. The following considerations will be used in

making this determination:

(1) Whether or not the individual is scheduled to return to an eligible position.

(2) The length of time it will take for the individual to recover.

(3) Whether or not the individual will continue to be employed by KAPL.

(p) Fractions of the incentive payments commensurate with the number of days served by an eligible individual since his/her last payment date shall be paid in the following circumstances:

(1) The individual dies. In this case, the payment would be made to his/her estate.
(2) The individual is laid off due to a reduction-in-force or is terminated due to a Plant Closing.
(3) The individual loses eligibility due to a transfer initiated by KAPL management for purposes of continued program effectiveness.
(4) The individual is not assigned to an eligible position immediately after qualification because no appropriate eligible position is available.

With respect to items (1) and (2) above, payment will be made immediately.

With respect to items (3) and (4) above, the fractional AIP and CSP will be made on the individual's next anniversary date.

(q) KAPL shall not withhold incentive pay under this program as a disciplinary measure.

(r) The implementation date of this revised IPP shall be January 1, 2005.

(s) KAPL shall submit to the Contracting Officer on each anniversary of the implementation date of this revised IPP a report evaluating its effectiveness in

reducing the attrition of eligible KAPL personnel.

(t) The Contracting Officer may discontinue these incentive pay programs at any time by providing appropriate notice to the Contractor.

3. Under the AIP, lump sum payments are made to eligible employees as identified below:

| Category | Annual Payment (1/1/05 and thereafter) |
|---|---|
| (A) Each trainee upon initial qualification as EOOW | $ 10,000 |
| (B) Each individual currently or previously qualified as EOOW | $ 10,000 |
| (C) Each individual currently or previously qualified as SS | $ 12,000 |
| (D) Training Support Manager | $ 12,000 |
| (E) - Training Manager<br>- Materials Manager<br>- Safety Support Systems Manager | $ 15,000 |
| (F) Operations Manager | $ 18,000 |
| (G) Plant Manager | $ 22,000 |

4. Under the CSP revised on 1/1/05, lump sum payments are made to eligible employees as identified below:

| Category | Triennial Payment |
|---|---|
| (A) Each individual currently/ previously qualified as EOOW | $ 15,000 |

| | | |
|---|---|---|
| (B) | Each individual currently/ previously qualified as SS | $18,000 |

The payments specified above shall be made at three-year intervals as long as the employee remains in a bonus-eligible position.

Employees pursuing initial EOOW qualification are eligible for the AIP specified in section G.2.b.3(A) above only. Participation in the CSP for these employees begins following their initial EOOW qualification.

3. Absences For Employees Not Covered By Collective Bargaining Agreement

The costs of authorized Laboratory employee absences paid at the employee's base salary rate in accordance with the following guidelines are allowable:

a. The Contractor allows employees paid absences not to exceed 20 normal working days in a 12 month period for personal illness reasons for employees with one year or more of continuous service. Absences due to injuries covered by workers compensation may be considered to be personal illness, however in no event will any combination of personal illness, workers' compensation and/or disability payments exceed the employee's preexisting base pay rate. Paid absences for exempt employees with less than one year service, within the above limits, may be approved by the supervisor of the employee's supervisor. Paid absences for nonexempt employees with less than one year service, within the above limits, may be approved by the General Manager.

The Contractor may approve longer periods for personal illness on a case basis in accordance with KAPL Employee Benefits Bulletin ABS PAY-1, dated April 5, 1993. For costs to be allowable, the criteria identified in the policy for determining eligibility for such absences including Company service and approval by designated levels of management must be strictly adhered to. Salary continuation, in conjunction with any combination of disability, worker's compensation and/or personal illness payments, will in no event exceed the employee's preexisting base pay rate. However, costs are not allowable under this Contract for personal illness absence greater than 60 days in any 12 month period for any nonexempt employee or 180 days for any exempt employee.

b. In addition to personal illness absences covered in a. above, the cost of no more than five (5) working days during a 12 month period for personal business is allowable. Personal business is defined as unusual personal circumstances such as, but not limited to, a serious illness in the family, or an appearance in court

(other than for DOE).

Time spent in community service activities must also be charged to vacation or personal business when performed during regular duty hours and the time can not be, or is not, made up.

Paid personal business absences are not a right and must be approved by the supervisor. A decision to grant paid personal business time must not only consider the personal circumstances, but also the employee's performance and attendance record.

c. In addition to any personal absence covered in b. above, the cost of not more than five (5) working days due to each death in any employee's immediate family.

d. In addition to any personal absences covered in b. and c. above, and without regard to any fees paid to employees as jurors, the cost of absences of employees while serving on juries. For employees being paid shift differential at the time of receipt of jury duty call, the additional cost of applicable shift differential shall also be allowable.

e. In addition to any personal absence covered in b., c., and d. above, the costs of absences of employees serving as witnesses at the request of or on behalf of the Government, or the Laboratory acting for the Government. For employees being paid shift differential at the time summoned to appear as a witness, the additional cost of applicable shift differential shall also be allowable.

f. In addition to any personal absences covered in b., c., d., and e., above, the cost of not more than two (2) hours per employee actually excused during normal working hours to vote in a public election, if it is not possible for the employee to vote outside his regular work schedule.

4. <u>Holidays</u>

The costs of paying employees not covered by collective bargaining agreements at their regular rates of pay for ten (10) holidays which are not worked shall be allowable. In the Schenectady area these holidays generally are:

| | |
|---|---|
| New Years Day | Day After Thanksgiving |
| Memorial Day | Day Before Christmas |
| July Fourth | Christmas Day |
| Labor Day | 2 Personal Holidays |
| Thanksgiving Day | |

Laboratory employees assigned to locations other than the Schenectady area may observe different holidays, but no more than the ten (10) in that location. The Contracting Officer will be notified of each schedule that differs from the Schenectady schedule and of any changes to those schedules.

The Contractor may also substitute different holidays in the Schenectady area within the limit of ten (10). The Contractor will request Contracting Officer approval of any such changes at least 30 days in advance of any proposed change to the above holiday schedule.

Employees covered by collective bargaining agreements will be eligible for holidays in accordance with the appropriate agreement as listed in Section I.E. and F. of this appendix.

5. Vacation Plan

a. The KAPL Vacation Plan is described in KAPL Employee Benefits Bulletin VAC-1, dated October 25, 2000, which is hereby made part of this Appendix "A". Costs incurred in accordance with this plan are allowable.

b. The KAPL Vacation Plan provides that each eligible nonrepresented Exempt and Nonexempt employee will be granted a vacation period as set forth below:

| Schedule 12/31/00* | | Schedule 1/1/01 | |
|---|---|---|---|
| Continuous Service | Length of Vacation | Continuous Service | Length of Vacation |
| After 6 months | 1 week (exempt only) | After 3 months | 2 weeks |
| After 1 year | 2 weeks | | |
| After 5 years | 2.5 weeks | After 5 years | 3 weeks |
| After 7 years | 3 weeks | | |
| After 15 years | 4 weeks | After 12 years | 4 weeks |
| After 20 years | 5 weeks | After 20 years | 5 weeks (cap) |
| After 30 years | 6 weeks (cap) | | |
| * Active employees at 12/31/00 may make a one time irrevocable election to use the vacation schedule at 1/1/01. All employees hired after 12/31/00 will use the 1/1/01 vacation schedule | | | |

c. In accordance with KAPL Employee Benefits Bulletin VAC-1 dated October 25, 2000, and notwithstanding the service requirement provisions set forth in the aforementioned Vacation Plan, Section Managers and others in equivalent positions who are in the Staff Professional band, shall be eligible to take a vacation for up to three (3) weeks per year, subject to the approval of the General Manager.

d. Employees covered by collective bargaining agreement will be eligible for vacation periods in accordance with the appropriate agreement as listed in Section I.E and F of this appendix.

6. Payment in Lieu of Notice

In accordance with KAPL Employee Benefits Bulletin SEP PAY-1 dated April 5, 1993, the General Manager may grant payment in Lieu of Notice to an employee released or laid off without advance notice.

It is the Contractor's practice to give not less than four (4) weeks notice to all exempt employees, and two (2) weeks notice to all other employees whose services are no longer required. In the event that the services of an employee cannot be productively utilized during the period of notice, or if his presence on the project during the notice period is not desired, the cost of the employee's salary at his regular rate for the notice period, including the period after his release, shall be allowable. The Contracting Officer shall be notified, in writing, of all such cases.

7. Terminal Salary Payments to Survivors

In accordance with the KAPL Employee Benefits Bulletin ABS PAY-1 dated April 5, 1993, the costs of terminal salary payments to survivors of Laboratory employees within the following limits are allowable:

a. With the approval of the General Manager, up to four (4) weeks base salary for deceased former employees who were being paid weekly or biweekly at the time of death, or up to one month's salary for employees paid monthly or semi-monthly, at the time of death.

b. If the employee was not receiving salary immediately prior to his death, no payment is authorized. If the employee was on salary continuance, payment for the period described in a. above may be authorized but only at the rate approved for salary continuance at the date of death.

Continuity of service factor costs are not allowable in connection with payments to survivors.

H. Overtime

Overtime premium payments made in accordance with the contractor's policies, procedures and collective bargaining agreements are allowable to the extent set forth within this appendix and as may be approved in writing by the Contracting

Officer.

The use of overtime should be limited to the following situations:

a. Emergencies

b. Safeguarding life and property

c. Urgent support of major work

d. Where substantial cost savings to the Government would result.

Based on an annual request from the Contractor, the Contracting Officer will approve the costs of overtime deemed essential for the performance of the Laboratory's work for the coming year. Any proposed changes to the approved cost ceiling must be approved by the Contracting Officer prior to implementation, otherwise such overtime costs will not be allowable.

Within the overall overtime cost ceiling established in accordance with the above, the Laboratory General Manager shall be responsible for approving, on at least a monthly basis, all planned overtime. The approval authority for planned overtime approval cannot be delegated. The Laboratory General Manager may designate in writing a limited number of senior officials who may approve unanticipated overtime in urgent situations where it is not possible or appropriate to obtain the General Manager's approval. All overtime approved by these designated officials shall be reported in writing to the General Manager.

Individual assignments of overtime must be strictly controlled to prevent abuses. The Contractor must consider the following in the assignment of planned and unanticipated overtime to individuals:

a. To ensure that overtime is used to augment, not replace, straight time work hours, leave and absence records must be monitored;
b. Individuals whose overtime hours worked exceeded 20% of straight time hours worked in the previous month should only in the most urgent cases, be assigned overtime work.

Unscheduled overtime which an exempt employee works to accomplish the normal requirements of his position is considered casual and is not compensated.

Any extended work week schedules anticipated to last more than 30 days must by approved by the Contracting Officer prior to implementation.

No overtime payments may be made to exempt salaried Staff Professional employees.

The maximum rate of premium pay for overtime for an exempt salary employee is $21.00 per hour times the applicable premium (e.g. one-half time, one time, etc.).

The Contractor is required to submit a semi-annual overtime plan to the Contracting Officer if the Contracting Officer wants reports on overtime.

II. Employee Benefits

A. Legally Required Benefit Plans

Costs incurred by the Contractor for employee benefits required by applicable statute, such as but not limited to workers' compensation, unemployment compensation, etc., are allowable to the extent required for Laboratory employees.

B. Welfare Benefit Programs Pursuant to Labor Agreements

Costs incurred by the Contractor for welfare benefit programs required by collective bargaining agreements as listed in Sections I.E. and F. of this Appendix A are allowable. The terms and conditions of these benefit plans are described and printed in benefit plan documents referenced in Schedule III of this Appendix. Copies of these plan documents will be provided to the Contracting Officer following contract negotiations with the unions involved.

C. Voluntary Employee Benefit Programs Administered by the Laboratory

Voluntary employee benefit programs otherwise known as "Personal Protection Plans" are available to employees. The terms and conditions of the plans are described in the printed booklets referenced in Schedule IV of this Appendix "A". The cost of this insurance is borne by participating employees. Costs incurred in administering these plans for KAPL employees are allowable.

D. Duplication of Benefits

No benefits shall be reimbursed for KAPL employees or retirees which duplicate benefits received by those individuals by virtue of their being former GE/KAPL

employees or retirees.

E. Employee Welfare Benefit Programs

Welfare benefit programs for employees not covered by collective bargaining agreements shall be designed and administered to attract, retain and motivate competent and productive staff to support the Program and total benefit costs shall be competitive with industries in which the Contractor competes for employees.

The Contracting Officer will periodically analyze and evaluate the reasonableness of the total costs of welfare benefit programs. As directed by the Contracting Officer, the Contractor will perform benefit value studies for such purposes.

Only those welfare benefit program costs directly attributable to benefits provided Naval Reactors Program contractor personnel/former personnel and eligible dependents, as well as reasonable administrative costs, will be allowable under the contract. For transfers from other Naval Reactors Program contractor facilities (Bettis Atomic Power Laboratory, Bechtel Plant Machinery Inc. (BPMI)-Pittsburgh, BPMI-Schenectady), subject to Contracting Officer approval, continuity of service dates from the previous employer, or other adjustments as appropriate, may be made for benefits other than those provided in tax qualified plans.

In the event of contract termination or expiration, the parties will engage in negotiations regarding benefit continuation to be provided for those who have earned such benefits, according to the approved benefit plans, on a funding basis most reasonable to DOE.

1. Health Benefits and Insurance

KAPL provides its employees with various Medical, Dental, Vision, and Employee Term Life Insurance in accordance with the LMC Flexible Benefits Plan. The terms and conditions for each of these plans are described in the benefit plan document incorporated and referenced in Schedule V of this Appendix “A” and are summarized as follows:

LM Corporate benefit plans, effective 1/1/2004, are provided as part of a tax qualified “cafeteria” style program that provides each employee certain subsidized benefit options. Employees electing benefit options with required contributions that exceed the amount of the subsidy pay the difference between the subsidy amount and the full contribution amount. Employees electing benefit options with required contributions that are less than

the subsidy receive the unused subsidy in their pay as taxable income. The subsidized benefits are medical, dental, vision, and employee term life insurance.

The net cost to each employee is dependent on the number of benefits and benefit options selected, the employee's salary and the employee's family status. The cost of various benefit programs and the benefit dollars provided employees is reviewed annually. The basis for determining the subsidy provided employees is a company-employee projected cost sharing model of approximately 85%-15%.

The costs of claims and processing claims billed to the laboratory applicable to KAPL employees appropriately reduced by co-insurance payments and applicable credits resulting from employee payroll deductions shall be allowable. If applicable, administrative costs allocated to the laboratory are allowable to the extent that such allocation is consistent with allocations made to all other Company components.

The Contractor shall implement initiatives and objectives directed at cost containment.

2. Medical Benefits Program for Displaced Workers

When approved by the Contracting Officer in accordance with the DOE Displaced Workers Medical Benefit Program, costs for medical insurance for KAPL employees who have been displaced from employment will be reimbursable in accordance with the following:

| | |
|---|---|
| First Year: | The contractor's contribution for an active employee. |
| Second Year: | One half of the contractor's COBRA premium. |
| Third and Subsequent Years: | Reasonable administrative costs that exceed the 2 percent charged the displaced worker under COBRA. |

The extended medical benefits program described above will be administered according to the implementation guidance contained in the report to the Secretary of Energy on Displaced Worker Health Benefits and Monitoring, dated August 1993 as subsequently modified by DOE. The Contractor will give displaced employees who are eligible for benefits provided in the DOE Plan the opportunity to select between the benefits under the DOE Plan or the benefits offered as part of the Lockheed Martin Benefits Plan.

3. Emergency Aid Plan

The KAPL Emergency Aid Plan provides benefits to employees in emergency situations. The terms and conditions of the plan are hereby incorporated by reference in Schedule VI of this Appendix “A”.

Costs resulting from this plan are borne solely by KAPL, Inc. with no cost to the government.

4. Short Term Disability

The contractor covers its employees under a Short Term Disability insurance plan as described in the benefit plan titled Employee Benefit Bulletin - "Short Term Disability for Salaried Employees" effective January 1, 2003. The plan provides employees with an amount equal to sixty percent of their normal straight-time weekly

earnings up to a maximum weekly benefit of $450 for up to 26 weeks for disabilities occurring from an illness or injury. Payments commence after seven (7) days unless hospitalized in which case payments will commence on first day of absence from work.

Actual costs for payments to employees are allowable. In no case will an employee who is receiving worker's compensation and short term disability benefits be paid more than their base weekly pay.

5. Medical Return-To-Work

The contractor provides for its employees a program to facilitate the early return to work following an absence due to medical reasons. The program will pay an employee a full day's pay for any portion of a day worked, generally a minimum of four hours. Generally, the schedule will not exceed a maximum period of six (6) weeks. The terms and conditions are hereby incorporated by reference in Schedule XIV of this Appendix A.

6. Field Office Medical Allowance

The Contractor provides for its employees a weekly medical allowance of 2% of base salary to compensate its employees for the estimated incremental medical costs incurred while enrolled in an indemnity plan as compared to a managed care plan. As stated in the Contracting Officer's approval of the allowance (SNR [Riccio] letter dated November 28, 2001), it is available only to those employees who were enrolled in a managed case plan and are subsequently transferred to a location that does not offer such a plan. Payment of the allowance would continue only as long as a managed care option is not available.

F. Pensions and Retirement Benefits

1. General Provisions

(a) This Section covers the treatment of pension plans and other welfare retirement benefit plans provided by the contractor to its retirees.
(b) KAPL employees who met certain GE eligibility requirements for long service or retirement eligible employees or pensioners prior to April 5,

1993 are provided benefits under separate GE benefit plans. The costs associated with these benefit claims when reimbursed to GE/LMC are allowable under the terms of this contract Appendix A. Such other retirement benefits are illustrated in Exhibit D of Attachment to Schedule VIII of this Appendix A. However, the costs of pension benefits, including periodic updates that General Electric (GE) may provide for terminated vestees and employees who retired under the GE Pension Plan or the Knolls Atomic Power Laboratory Pension Plan while administered by GE, are not allowable. The costs of these benefit plans were settled between the DOE and GE as documented in Amendment 1 of the Transition Agreement dated April 2, 1993.

(c) The contractor provides certain retirement benefit programs to its employees covered by collective bargaining agreements as listed in Section I.E and F of this Appendix “A”. The terms and conditions of these benefit plans are described in benefit plan documents referenced in Schedule VII of this Appendix.

(d) For salaried employees not covered by collective bargaining agreements, the contractor provides certain retiree life insurance and retiree medical programs as described in benefit booklet referenced in Schedule XIII. Retiree life insurance for those employees who were age 50 on December 31, 1994 will be at two times the employee's base salary on such date. In addition, medical benefits are provided to retirees who have at least five (5) years' service at retirement.

The maximum per person company subsidy is based on a projected plan cost of $408.33 per month or $4,900 a year. If the projected cost of the plan chosen exceeds this amount, the retirees will have to pay 100% of the amount above the company subsidy of $4,900.

Effective January 1, 2007 newly hired employees will not receive a subsidy for cost of retiree medical coverage. Newly hired employees will continue to have access to retiree medical coverage and the government will continue to fund retiree medical and administrative costs less contributions received from the employee.

The various schedules, dependent upon an employee's age and date of retirement, are contained in the benefit booklet as referenced in Schedule XIII.

(e) The KAPL Defined Benefit Pension Plans which are applicable to the employees of the Laboratory are set forth in the booklets listed in Schedule VIII of this Appendix "A". The attachment to Schedule VIII, Pensions and Other Retirement Benefits, is included as background information for establishing the basis on which Section F of this appendix was developed. The Contractor will be reimbursed for all cost involved in implementing, administering, and funding approved pension plans. Administrative cost associated with the effective administration of the plans include, but are not limited to such items as: publicizing, enrolling, maintaining records, actuarial fees, investment management fees, legal expenses and providing employees with assistance in understanding and collecting their benefits, etc. The cost of the present plans are allowable. The Contractor will obtain Contracting Officer approval prior to making changes in pension plan benefits. The Contractor will notify the Contracting Officer of any change in cost which is not attributable to a change in benefits. No notification is required if the change is needed solely to maintain qualification under Section 401 and Section 412 of the IRS code and provides no opportunity for subsidy.

(f) The Contractor will submit to the Contracting Officer copies of actuarial valuation reports (prepared by the Contractor's actuarial consultants), a copy of Internal Revenue Service (IRS) Form 5500 with schedules as submitted to IRS,

and other financial or accounting reports developed or required in connection with the DOE-reimbursed Pension Plans.

(g) To the extent approved by the Contracting Officer, and not satisfied by surplus pension plan assets if permitted by applicable statutes, all costs for claims arising from defined benefit plans and post-

retirement life, medical, and other benefit liabilities for active and retired employees shall be reimbursed by the Government.

(h) KAPL, Inc. will continue to operate the KAPL Pension Plans as "stand alone" pension plans and will not terminate, merge assets and/or benefit obligations into such plans nor spin assets and/or benefit obligations out of such plans without prior Contracting Officer approval. No assets will revert to LMC or KAPL, Inc. or any successor sponsor of the KAPL Pension Plans. Nothing in this agreement will prohibit, if legally permissible (e.g. IRS Code, union collective bargaining obligations, etc.), the use of a pension plan surplus to satisfy the cost of post-retirement benefits.

2. Pension Plans

All employees who meet the plan participation requirements will be eligible to participate in one of the Contractor's Pension Plans. Effective January 1, 2007 new and rehired employees are covered by the Lockheed Martin Capital Accumulation Plan, a Defined Contribution Plan. KAPL, Inc. Defined Contribution Retirement Savings and Investment Plan documents are set forth within Schedule X.

Defined Benefit Pension Plan benefits are described in documents contained in Schedule VIII of this Appendix A.

The Contractor will make contributions to the Defined Benefit Plans based on the annual actuarial valuation in an amount limited to the greater of: (i) the minimum funding requirement per Internal Revenue Code (IRC) Section 412; or (ii) 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 in IRC Section 404 be allowable.

Proposed post - retirement updates shall be submitted to the Contracting Officer for approval prior to implementation. Such approval shall not be unreasonably withheld.

If contractor action or inaction regarding the KAPL pension plan results in an IRS penalty or tax, the

contractor shall pay same from Corporate funds. Likewise, DOE will reimburse LMC for IRS penalties and taxes to the extent they result from DOE actions or inactions. However for purposes of this provision, the term "tax" shall not include the plan termination reversion tax of IRC Section 4980.

3. Liability for Post-Contract Benefits Cost

All costs arising from defined benefit plans and post-retirement life, medical, and other benefit liabilities for active, terminated (vested), and retired employees as identified in Sections F.1.(c),(d), and (e) above shall be reimbursed by the DOE to the extent they have been approved by the Contracting Officer. At the termination or expiration of this contract, all costs associated with the Contractor's obligations to employees and retirees for these plans shall be allowable and shall be managed as described below:

(a) Defined Benefit Plans

(1) If the contract terminates or expires and there is a replacement contractor, all assets and liabilities associated with the KAPL, Inc., Pension Plans shall transfer to the replacement contractor, and the Contractor shall be relieved by DOE and the replacement contractor of any and all liabilities arising from such plans except as otherwise agreed to by the parties.

(2) If the contract terminates or expires and there is no replacement contractor, the KAPL Pension Plans shall be terminated in accordance with the provisions of ERISA and the IRC. Annuity purchase bids will be solicited from a minimum of five of the ten largest insurance companies whose credit rating is A+ according to at least two of the major rating agencies (such as AM BEST, Moody's, or Standard and Poor's) and who are currently quoting pension plan termination annuities. Alternatively, the parties may agree to have the contractor continue to administer the benefits under the terms of the respective KAPL Pension Plans.

After all requirements of Title IV of the Employee Retirement Income Security Act of 1974 have been met, as well as all requirements of Section 401(a)(4) of the Internal Revenue Code, and any tax liabilities have been met, any remaining assets shall be applied according to the provisions of the Plan Documents.

Once the provisions of the Plan Documents are satisfied, the contractor shall reimburse DOE for the assets yet remaining. Upon DOE's receipt of such reimbursement, DOE and the contractor shall immediately begin negotiating in good faith a means for satisfying DOE's obligation to the contractor for post - retirement welfare benefits. This may include, but shall not be limited to, a partial or full lump sum settlement of the DOE obligation, or an installment settlement. If DOE and the contractor elect lump sum settlement, DOE and the contractor shall negotiate in good faith the assumptions and methods for determining the value of the lump sum.

(3) If the plans are terminated before the contract terminates, the definition and disposition of assets and liabilities shall be as specified for a plan termination pursuant to paragraph (2) unless otherwise agreed to by the parties. However, the plans shall not terminate without the approval of the Contracting Officer.

(4) Under the scenarios described in paragraphs (1), (2), and (3), the Contractor shall actively manage all assets and all liabilities until all liabilities are satisfied. Such management shall be in accordance with the provisions of ERISA. The cost of such management shall be paid by DOE.

(5) In all above situations, if the assets are insufficient to cover pension obligations, DOE shall provide additional funding to cover such obligations.

(6) From the time of an announcement of a pension plan termination the contractor shall instruct the trustees to minimize investment risk to the extent that such minimization is not inconsistent with its fiduciary responsibilities.

(b) Post-Retirement Life and Medical, and Other Benefit Obligations

(1) If the contract terminates and there is a replacement contractor, all assets and liabilities shall transfer to the replacement

contractor, and the transferring Contractor shall be relieved by DOE of all further liabilities arising from such plans.

(2) If the contract terminates and there is no successor, benefits shall be provided by one of the following arrangements:

(i) Continued coverage under the Contractor's plans, under contract with DOE, whereby the Contractor will be reimbursed expenses incurred in payment of benefits.

(ii) Lump sum settlement as mutually agreed.

(3) Paragraph (b)(2) above is applicable to the extent that the contractor operated these plans on a pay-as-you-go basis.

4. Executive Special Early Retirement Option and Plant Closing Pension Option Plan

The Contractor maintains a nonqualified supplementary pension plan for highly compensated employees who retire after April 4, 1993 but before December 31, 1994, under the Special Early Retirement Option (SERO) or Plant Closing Pension Option (PCPO) of the KAPL Pension Plan. The KAPL Pension Plan benefits for these employees are limited to the annuity each has earned as of December 31, 1991. The limitation is for the period starting with the employee's retirement until the first of the month in which the employee reaches age 60. The Executive Special Early Retirement Option and Plant Closing Option Pension Plan pays the difference between the employee's annuity at December 31, 1991, and at the time of retirement.

The amounts paid to employees and the administration costs of the plan shall be allowable costs.

There will be no changes affecting the amounts paid under this plan without prior approval of the Contracting Officer.

5. Treatment of Employee Transfers between the Parent Corporation and KAPL for Pension Purposes

When permitted by both pension plan documents, employees who transfer between the Contractor and its parent corporation (including subsidiaries thereof), shall be considered for pension purposes as having performed their entire service with that entity. In

all such cases, assets and liabilities shall be transferred to the defined benefit plan of the receiving entity to support granting of the pension service credit.

In such cases, employees who transfer between the Contractor and another component of the parent corporation shall have the liability for their accrued pension benefit transferred to the defined benefit pension plan of the employer to which they transferred (the "receiving plan"). The pension plan from which the liability is transferred shall have no further liability for such employees' accrued benefits.

Assets shall be transferred to the receiving plan in support of such transferred liabilities. The amount of such assets shall be the present value of the accrued benefits on the date of transfer determined as of December 31st each year (the valuation date) for employees who have transferred. The amount of such asset transfer shall be determined according to the "safe harbor" guidelines described in Section 414(l) of the Internal Revenue Code (IRC), and any regulations in effect at the time of such transfer. The actual transfer of assets between plans within the parent company and the Contractor's plan will take place by June 30th following the valuation date. The value of assets to be transferred will be adjusted by the rate of return earned by the transferring plan's assets from January 1 through March 31 and by the average ninety (90) day Treasury Bill rate on April 1 for such additional time period until the actual transfer. The transfer of assets for any employee should be executed within 24 months of the employee's date of transfer.

Transferred employees shall begin participation in the receiving plan immediately, and shall be credited for vesting, participation, and benefit purposes with all service performed and compensation received in accordance with the receiving plans' provisions. In no case shall such transferred employees receive less than the accrued benefits earned as of the date of the transfer.

The above methodology is approved for, and applies only to, transfers between KAPL and other parent corporation plans (including subdivisions thereof) when:

a. There is a common plan design involved and common actuarial assumptions are used in the transfer; or
b. Required by collective bargaining agreement to which KAPL is bound; or

c. The transfer is between KAPL and another DOE Management and Operations (M&O) contractor under contract with the parent corporation.

The above methodology also is approved for, and applies to, transfers between KAPL and any of the other "Four Primes" of the Naval Reactors Program, regardless of corporate relationships when permitted by plan documents, law, and regulation.

All other transfers of pension assets/liabilities or crediting of pension service by KAPL requires Contracting Officer approval on a case by case basis.

G. Supplementary Pension Plan

The Contractor's Supplementary Pension Plan, which is applicable to certain present and former exempt employees of the Laboratory, who were employed by the Laboratory prior to April 5, 1993, is set forth in a plan document listed in Schedule IX and is hereby made a part of this Appendix A. Allowable costs incurred under this plan, shall be calculated and allocated to the Contract as agreed to by the Contracting Officer. DOE shall reimburse actual costs for this plan as they are paid. Post-retirement increases to this plan are not allowable unless approved by the Contracting Officer in advance.

The KAPL Excess Benefit Plan (effective April 5, 1993) is applicable to certain present and former exempt employees of the Laboratory, who retire prior to January 1, 2005. The Lockheed Martin Supplemental Retirement Plan effective January 1, 2005 applies to those KAPL employees who retire on or after January 1, 2005. These plans are set forth in plan documents listed in Schedule IX and are hereby made a part of this Appendix "A". Costs incurred under these plans shall be allowable as calculated and allocated to the Contract as agreed to by the Contracting Officer.

H. Other Separation Allowances

The Contractor may also provide Retirement or Termination Allowances described in KAPL Employee Benefits Bulletin SEP PAY-1 dated April 5, 1993. Actual costs incurred for payments to KAPL individuals in accordance with these plans are allowable. Payments to KAPL individuals in accordance with these plans relating to "Release in the Interest of the Company" and "Special Leave of Absence" must be separately approved by the Contracting Officer to be allowable.

I. KAPL Layoff and Severance Benefits

KAPL participates in the Lockheed Martin Severance Benefit Plan applicable to all salaried employees not covered by a collective bargaining agreement. The provisions of the LM Severance Benefit Plan are described in the Summary Plan Description entitled "Severance Benefit Plan for Eligible Salaried Employees of Lockheed Martin Corporation" dated February 1, 2003. The Plan provides financial benefits to employees who lose their jobs because of a Reduction in Force.

Costs incurred in accordance with this plan are allowable to the extent the Contractor complies with the following:

1. No employee (1) who accepts transfer to another facility, subsidiary, affiliate, or parent company of the Contractor, (2) who is offered employment at comparable pay and benefits by a successor or replacement contractor, (3) accepts employment by a Government agency at the same site, (4) who resigns, or (5) who is discharged for cause, will be eligible for such benefits.

2. Lump sum payments made by employees to restore service credits with the contractor, who received such payments in accordance with the above benefit plan as a cost under this contract, shall be refunded to the Government.

Page Reserve

J. Lockheed Martin Corporation Savings and Profit Sharing Plans

1. Salaried Savings Plan and Supplemental Savings Plan

KAPL offers the LMC Salaried Savings Program (SSP) to its salaried employees. The terms and conditions of this plan are described in a plan document which is incorporated by reference in Schedule X of this Appendix "A".

The contractor will match 50% of an employee's total pre and post tax savings up to a max of 8% (or a total of 4%).

2. Capital Accumulation Plan (CAP)

Effective January 1, 2007 KAPL offers new and rehired employees the LMC CAP. The CAP is a 401(a) Profit Sharing Plan. The terms and conditions are described in the summary plan document which is incorporated by reference in Schedule X of this Appendix A.

3. The Contractor will be reimbursed for all costs involved in implementing, administering, and funding Savings and CAP programs. Administrative cost associated with the effective administration of the plan include such items as: publicizing, enrolling, maintaining records, and providing employees with assistance in understanding and collecting their benefits.

K. Performance Sharing Plan

KAPL offers the Lockheed Martin Corporation Performance Sharing Plan (PSP) to its bargaining unit employees. The terms and conditions of this plan are described in a plan document which is incorporated by reference in Schedule X of this Appendix "A".

Employees with at least six (6) months service may save up to 17% of their base annual salary (up to 15% pre-tax) subject to certain IRS limitations. The contractor will match 50% of an employee's total pre and post tax savings up to a max of 7% (or a total of 3½%). The employee is immediately vested in the contractor's matching contributions. The employee's entire account balance earns income on a tax-deferred basis until it is withdrawn. Withdrawals from an account by an active employee are subject to IRS limitations, tax withholdings and penalties associated with defined contribution retirement savings and investment plans. No withdrawal limitations or penalties shall apply to an active employee who is at least age 59½ or for an employee who terminates employment after age 55. Employees have various investment options including a common stock fund of the contractor's parent corporation.

The Contractor will be reimbursed for all cost involved in implementing, administering, and funding this saving plan. Administrative cost associated with the effective administration of the plan include such items as: publicizing, enrolling, maintaining records, and providing employees with assistance in understanding and collecting their benefits.

Each year the contractor shall submit to the Contracting Officer copies of the plan's IRS 5500 with appropriate schedules.

L. Leave of Absence

In accordance with KAPL Employee Benefits Bulletin LVABS-1 dated April 5, 1993, an employee may be granted leave of absence without pay to protect their continuous service and to encourage their return to the Company. Work performance and attendance will be considered in reviewing the request. Leave of absence in excess of one (1) year must be approved by the Contracting Officer. The contractor will report to the Contracting Officer all situations covered by leave of absence on a quarterly basis.

An employee granted leave of absence, may continue participation in benefit plans in accordance with the provisions of such plans. The cost of Company required contributions under the plans is allowable.

M. Benefits for Employees Entering and Returning from the Armed Forces

It is the policy of the Contractor to extend to its employees all the privileges and benefits accorded to them under the terms of the Uniformed Services Employment and Reemployment Rights Act (USERRA)including all other laws pertaining to persons who serve in the Armed Forces of the United States of America.

Absences for employees entering and returning from the Armed Forces are covered in accordance with LM CPS-537 titled Military Duty, dated April 17, 2000, including revisions 1-5 and KAPL HRB:MIL Duty issued May 1997 titled "Military Duty Pay Guidelines. Copies of any future revisions to these documents will be provided to the Contracting Officer.

The costs of providing benefits in accordance with the above policies for employees on the Laboratory payroll at the time of entry into, or immediately upon return from Armed Forces duty are allowable.

N. Work and Protective Clothing

The costs of providing work and protective clothing and protective and safety devices to Laboratory employees for use in accordance with approved procedures, or as prescribed by law or regulation, are allowable.

O. Employee's Property

The cost of replacing or compensating Laboratory employees' for fair value of any personal property rendered unserviceable in the course of employment under this contract is allowable.

P. Substance Abuse

The Contractor will develop and submit to the Contracting Officer for approval a substance abuse program consistent with the minimum requirements of 10 CFR part 707, Work place Substance Abuse Programs at DOE Sites. The program will provide for such baseline services as: education awareness programs on the hazards of using substances in the DOE work place; supervisory training on their responsibilities with impaired employees; counseling services; a testing program to deter possible use of substances by contractor employees and visitors with unescorted access to designated reactor control areas (if testing designated positions consistent with Part 707 have been identified); and the services of a Medical

Review Officer.

Q. Employee Assistance Program

The Contractor recognizes the need to offer employees and their immediate family members an Employee Assistance Program (EAP). The program provides professional, confidential assistance for most personal problems. These include such problems as stress, marital or family concerns, alcoholism, drug abuse, emotional distress or financial problems. This confidential service is administered by a private EAP consulting and service firm. The services should include preventive programs, short term counseling, coordination and referral to outside agencies and follow up.

The Contractor will ensure that for any of its employees covered under Department of Transportation drug testing regulations, EAP services meet the requirements of that program.

R. Reserved

S. Benefits for College Internship Program Students

In order to supplement the entry-level candidate pool, the Contractor has established a college internship program. Financial assistance and benefits will be administered in accordance with Lockheed Martin Corporate Policy Statement, CPS-522 entitled "College Intern/Co-op Program", dated February 7, 2000, including revisions 1 - 4. It is agreed that by this reference, the aforesaid policy is incorporated in and hereby made a part of this Appendix A.

Benefits provided under this program include: a) travel and living expenses incurred en-route to and from the intern's KAPL assignment; b) temporary living expenses upon arrival at KAPL for up to one (1) week if circumstances warrant on a case-by case basis as approved by the Manager, Human Resources, or designee; c) housing assistance limited up to $500 monthly for those interns who have a permanent domicile and a campus address of at least 50 miles from KAPL and d) holiday pay for KAPL designated holidays that occur during an intern student's work assignment.

## III. Travel, Transportation & Relocation Expenses

### A. Official Travel

All travel performed by employees of the Laboratory which is required in connection with the work under this contract, including travel to professional society meetings and authorized outside training courses is official travel.

The parties shall negotiate an annual budget for official travel by Laboratory employees based on the contractor's recommendations. Each budget so established shall be

subject to periodic review at the request of either party and shall be subject to adjustment, if required, according to the progressive requirements of the work of this contract. However, any official travel costs incurred in excess of the budgeted amount so established shall not be allowable.

The Contractor shall continue to prepare and provide to the Contracting Officer weekly travel forecasts and reporting of all travel events as outlined in Section "E-3" of the HRP in effect on January 1, 1995. The Contractor shall furthermore comply with all requirements contained in Naval Reactors Procurement Memorandum #44 regarding planning, conducting, and reporting on trips and meetings.

B. Approvals Required for Reimbursement to be Allowed for Travel:

1. By the Contracting Officer, prior to commencing travel:

   Any official travel outside the United States.

   Any official travel to the Washington, D. C. area, except when the travel is at the specific request of Naval Reactors (normally this will mean specific Contractor personnel being identified in an NR issued agenda).

   Any official travel for attendance at non Naval Reactors program Government-sponsored or Government-Contractor sponsored meetings, conferences, workshops, or seminars, etc., except when travel is at the specific request of Naval Reactors.

2. By the cognizant Laboratory Section Managers or General Manager Authorized Delegate prior to commencing travel:

   Each trip for which reimbursement as official travel is to be claimed including:

   Any official travel to "professional society meetings".

   Any official travel of greater than one week duration at the same location (Transfers included).

   Any official travel performed during the same trip as personal business or vacation travel.

   Any official travel to one location by more than one Laboratory employee at a time.

   Any use of a private automobile for official travel.

   Any rental of an automobile in connection with official travel.

The above does not apply to travel between program facilities (Kesselring, Knolls, Groton, BPMI-S) which will be approved by the employee's direct manager. Also use of a personal car by protective force personnel to travel to and from physical fitness facilities as part of the required physical fitness training program will be approved by the employee's direct manager as well.

C. Foreign Travel

1. No part of travel or subsistence expense for travel by an employee to a foreign country shall be an allowable cost unless approved in advance by DOE.

2. Reasonableness of living costs associated with the approved foreign business travel will be assessed based upon allowances prescribed by the Department of State, Standard Regulations cited in III.E.1.(c), below.

3. DOE Order 551.1A, Official Foreign Travel, governs procedures and allowability limitations concerning foreign travel of contractor employees.

D. Travel Expenses

Allowable costs for travel expenses of employees include actual reasonable travel and reasonable expenses (herein called living expenses) for lodging, meals, tips, and miscellaneous personal expenses subject to the limits set forth below, and other necessary business expenses as described herein.

Travel costs incurred in connection with work under this contract will be reimbursable to the contractor subject to the following:

1. The allowance for the use of personal automobile on official business shall not be higher than the rate authorized in41 CFR §301-10.303. Such

allowance shall be based on the mileage between the authorized points of travel as indicated by odometer readings but in no event greater than the mileage listed in Rand-McNally standard distance charts. A variation of ten percent, if reasonable under the circumstances, is allowable, except when a longer route is necessitated by road or weather conditions.

2. Additional allowances shall be made for daytime and overnight parking and for ferry, toll road, tunnel, or toll bridge charges. In the event two or more persons travel in one automobile, only one mileage allowance will be paid.

3. The allowance for an employee on official travel who uses a privately owned automobile for the employee's own convenience in lieu of commercial transportation will be reimbursed air coach fare plus a reasonable allowance for other normal travel costs, such as for taxi fare, required to get to the airport and to the point of destination and origin, or the applicable mileage rate, whichever is less. In such instances, reimbursement for living allowance will be limited to the time required as if the employee had used air transportation.

4. Allowable costs for the rental of automobiles shall be limited to the extent that it is advantageous to the conduct of work to be performed. Compact automobiles are to be used, unless there are more than two (2) additional passengers for whom costs are allowable.

5. Allowable costs for rail travel will be actual expenditures for the lowest cost sleeping accommodations available, including the cost of accommodations in excess of roomette fares when no roomettes are available.

6. Allowable costs for air travel will be limited to the lowest cost available airfare. To the extent reasonable and available, the Contractor will make use of commercial discount airfares, Government contract airfares, and customary standard airfares. Chartered aircraft is generally not available for use except in unusual circumstances and only with Contracting Officer approval. First class air travel will only be used when other less expensive accommodations are not available to meet the necessary duty requirements. The rationale must be

documented and approved prior to booking the flight. Such accommodations are considered "not reasonably available" when they would:

(a) Require Circuitous routing;

(b) Require travel during unreasonable hours;

(c) Excessively prolong the duration of the flight;

(d) Result in additional costs which would offset the transportation saving;

(e) Offer accommodations which are not reasonably adequate for the medical needs of the traveler; or

(f) Are not reasonably available to meet necessary mission requirements.

7. Reasonable charges, if incurred in connection with the work under the contract, will be allowed for taxi, bus, streetcar, subway, baggage (including excess baggage charges), telephone, telegraph costs, and such other charges for similar items required for effective work performance. In addition to expenses incurred for telephone calls made by an employee for official business purposes, an employee on official travel for a week or more may make three (3) calls per week at a maximum cost of $4 per call, and for employees on official travel for less than a week, one (1) call at a maximum cost of $4 will be allowed for circumstances such as: (a) illness in the family, (b) bad weather conditions justifying concern by the employee's safe arrival, (c) last-minute changes in plans, (d) long absences from home, or (e) advisory calls to employee's family to inform of travel status.

E. Living Expenses

1. Except as provided in paragraph 2. below, payments to an employee on official travel for lodging, meals, and incidental expenses (as defined in the regulations cited in (a) through (c) of this subsection) shall be allowable costs only to the extent that they do not exceed, on a daily basis, the maximum per diem rate for lodging and expenses in effect at the time of travel as set forth in the:

(a) Federal Travel Regulations, (FPMR 101-7, Chapter 1) for travel in the conterminous 48 United States;

(b) Joint Travel Regulations, Volume 2, DOD Civilian Personnel, Appendix A, prescribed by the Department of Defense, for travel in Alaska, Hawaii, and the Commonwealth of Puerto Rico, and territories and possessions of the United States; or

(c) Standardized Regulations (Government Civilians, Foreign Areas), Section 925, "Maximum Travel Per Diem Allowances for Foreign Areas." prescribed by the Department of State, for travel in areas not covered in (a) and (b) above.

2. In special or unusual situations, contractor employees may be paid for actual expenses in excess of the above referenced maximum rates provided such payments do not exceed the higher amounts authorized for Federal civilian employees as permitted in the regulations referenced in E.1.(a), (b), and (c) above, and one or more of the following conditions are met:

(a) The employee attends a meeting, conference or training session away from the official duty station where lodging and meals must be procured at a prearranged place (such as the hotel where the meeting, conference, or training session is being held), and the lodging costs incurred absorb all or practically all of the applicable maximum per diem.

(b) Subsistence costs have escalated for short periods of time during special functions or events. (e.g. Seasonal rates).

(c) Affordable lodging accommodations are not available or cannot be obtained within a reasonable commuting distance of the employee's temporary duty point.

(d) The employee, because of special duties of the assignment, necessarily incurs unusually high expenses in the conduct of official business.

(e) The employee necessarily incurs unusually high expenses incident to his/her assignment to accompany another employee in a situation as described in (d) above.

3. In the instances enumerated in E.2. above, for travel within the conterminous United States, the maximum daily rates for subsistence expenses shall not exceed the maximum percent of the applicable maximum per diem rate permitted by the Federal Travel Regulations in effect on the dates of travel. Additionally, for such higher amounts to be allowable, all of the following conditions must be met.

(a) A written justification for use of the higher amounts must be approved by the employee's Section Manager to ensure that the authority is properly administered and controlled to prevent abuse.

(b) If it becomes necessary to exercise the authority to use the higher actual expense method repetitively or on a continuing basis in a particular area, the contractor must obtain advance approval from the contracting officer.

(c) Documentation to support actual costs incurred shall be in accordance with the contractor's established practices provided that a receipt is required for each expenditure in excess of $75.00. The approved justification required by 3.(a) and 3.(b) of this subsection must be retained for purposes of audit.

F. Relocation Expenses

Laboratory salaried employees may be transferred between the work sites in connection with the work under this Contract, or transferred from the Lockheed Martin Corporation (or subsidiary) business locations to a laboratory site. The costs incurred in connection with such transfers shall be allowable under this Contract in accordance with the following:

1. Travel and Living Expenses

(a) Travel and living expenses incurred by employees in initially proceeding to a new work location as limited by III. D. and E. above.

(b) Travel and living expenses incurred for each member of an employee's immediate family (i.e. those who are living in the employees household, and are dependent upon the employee for support) accompanying the employee to the new location as limited by III. D. and E. above. Because family members rarely incur significant additional lodging costs, actual living expenses for the immediate family are further limited to not more than one-half of the total allowable per diem provided under III.E. above for each dependent.

(c) Travel and living expenses incurred by an employee for a reasonable number of round trips from the new location to the old location and return for purpose of closing out personal affairs and/or accompanying his family to a new location, to the same extent as provided for in F.1.(a) and (b), above. Such trips will require the approval of a Section Manager and the total number of such trips shall not exceed two (2) without the approval of the General Manager or three (3) without the approval of the Contracting Officer.

(d) Travel and living expenses incurred by an employee and his/her spouse for a reasonable number of round trips to the new location for purpose of househunting prior to the actual move to the same extent as provided for in F.1.(a) and (b), above; provided, however, that all trips in excess of one (1) require written approval by the General Manager or two (2) with the approval of the Contracting Officer.

2. Temporary Lodging

Actual living expenses, limited in accordance with III. E. above, plus the cost of local transportation at the new location, incurred by the employee and his immediate family for a period not to exceed thirty (30) days after initial arrival at the new location, less the number of days spent for any househunting trips, or until the new home is available for occupancy, whichever is the shorter period. Because family members rarely incur significant additional lodging costs, actual living expenses for the immediate family are further

limited to not more than one-half of the total allowable per diem provided under III. E. above for each dependent.

3. Moving Expenses

(a) The costs of packing and unpacking and transporting the household and personal goods, and effects of an employee and his immediate family from the old to the new location are allowable in accordance with Lockheed Martin CPS-538, Transfer of Employees-Domestic Assignment, dated June 9, 2003. The move may be arranged by a Contractor traffic representative with billing rendered to the Contractor.

(b) The cost of moving a house trailer, if it is the employee's principal residence.

4. Other Allowable Expenses

(a) Storage charges of furniture pending move into new home for a period up to 90 days. Prior Contracting Officer approval will be required for extension of this period in extenuating circumstances.

(b) Transportation of household goods from old home to storage.

(c) Transportation of household goods from storage to new home.

(d) Telephone calls relating to reservations, seeking real estate at the new location, and closing out personal affairs at the old location.

(e) Cost of baby sitter for children while looking for home at the new location with spouse, or comparable costs incurred by children accompanying parents in unusual situations.

(f) Costs for mileage, parking and toll charges of automobile or automobile rental in connection with looking for a home at the new location are allowable in accordance with Section III.D. of this Appendix "A".

(g) Costs of transfer or replacement of professional licenses when such licenses are required as a condition of employment.

(h) The excess cost of canceling an unexpired lease at the old location actually reimbursed to an employee not to exceed three times the monthly rental prescribed by the canceled lease.

(i) If the employee owned a home at the old location, the following type costs for expenses incurred incident to the sale of that home to the extent such expenses are usually incurred incident to sales of similar property in the area, and provided such sale is effected within six months of the date the employee commences work at the new location, or such longer periods as may be approved in writing by the General Manager:

(1) Brokerage fees or advertising expense if no brokerage fees are incurred.

(2) Attorney's fees (including those in a Service Organization's fee).

(3) Title or abstract fees.

(4) Recording or registration fees.

(5) Taxes on transfer of real estate.

(6) Penalty for prepayment of mortgage.

(7) Tax search.

(8) Survey expense.

(9) Escrow or conveyance fees.

(10) Inspection fees.

(11) Documentary tax stamps.

Such costs shall be allowable to the extent that they do not exceed 9% of the selling price of the home sold by transferred employees.

Alternatively, contractor payments to an independent relocation assistance firm

handling acquisitions and sales of homes of transferred employees in accordance with Lockheed Martin CPS-538, Transfer of Employees-Domestic Assignment, dated June 9, 2003, are allowable to the extent they represent payment for itemized costs which are allowable in accordance with the provisions of this contract. Such costs will not exceed 14% of the sale price of the individual home.

(j) The following types of costs are not allowable:

(1) "Loss" on the sale of a home is an unallowable cost.

(2) Costs incident to acquiring a home in a new location as follows:

(i) Real estate brokers fees and commissions.
(ii) Cost of litigation.
(iii) Real and personal property insurance against damage or loss of property.
(iv) Mortgage life insurance.
(v) Owner's title policy insurance.
(vi) Property taxes and operating or maintenance costs.

(3) Continuing mortgage principal payments on residence being sold.

(4) Payments for employee income or FICA taxes incident to reimbursed relocation costs. However, effective October 1, 2004, such costs will be allowable for those specific items of costs as identified in Lockheed Martin CPS-538, Transfer of Employees-Domestic Assignment, dated June 9, 2003.

(5) Costs incident to furnishing equity or nonequity loans to employees or making arrangement with lenders for employees to obtain lower than market rate mortgage loans.

(k) The following type costs for expenses incurred incident to purchase of a home at a new laboratory location, to the extent such expenses are usually incurred incident to the purchase of similar property in the area, and provided the employee sold their home at the old location and the purchase, or contract to purchase, is made within twelve months of the date the employee commences work at the new location, or such longer period as may be approved in writing by the General Manager:

(1) Attorney's fees.

(2) Mortgage approval and credit rating fees.

(3) Mortgage tax.

(4) Fee for examination of title or title insurance premium if it is the general practice of the lending institution in the area to require such protection.

(5) Recording fees.

(6) Appraisal fees.

(7) Survey expense.

(8) Tax on transfer of real estate exclusive of income taxes.

(9) Inspection fees (termite and structural).

(10) Origination fees.

(11) Escrow or conveyance fees.

The Government will reimburse the contractor the costs delineated above for the home acquired by a transferred employee not to exceed 5% of the purchase price of the home.

The cost actually reimbursed to an employee for legal costs of filing a formal discrimination complaint provided the employee has exhausted all other means of corrective action overcoming discriminatory practices in locating suitable housing and written approval of the KAPL General Manager has been obtained during the following year.

5. Additional Transfer Allowance

Amounts to be reimbursed to a transferred employee shall not exceed the employee's actual expenses except that for miscellaneous expenses such as disconnecting and connecting household appliances; automobile registration; driver's license and use taxes; cutting and fitting rugs, draperies, and curtains; forfeited utility fees and deposits; and purchase of insurance against damage to or loss of personal property while in transit, a flat amount not to exceed $5,000 may be allowed in lieu of such costs. Except as provided by Section III.F.10., for new employees, such flat allowance shall not exceed $2000.

6. Mortgage Interest Differential

The costs actually incurred by the Contractor to reimburse employees for mortgage interest differentials are allowable as limited below:

a. Such costs are not allowable for newly hired KAPL employees.

b. Such costs are not allowable in any case where prior to relocation, the employee was not a homeowner.

c. Total payments are limited to an amount actually necessary to reimburse the employee but in no case shall that exceed the difference between the mortgage interest rates of the old and new residence times the current balance of the old mortgage times three years.

d. In the event mortgage differential payments are made on a lump sum basis and the employee leaves or is transferred again in less than three years, the amount initially recognized shall be proportionately adjusted to reflect payments only for the actual time of the relocation.

e. In no event shall reimbursement exceed that provided for under the contractor's corporate policy.

7. Allowances for Employees on Assignments

The policy for reimbursing employees assigned to work locations other than their normal work locations, where a permanent transfer is not desirable, will be decided by KAPL on an individual basis. Assignments are considered Official Travel. Pursuant to SNR (Salm) letter dated November 19, 1999, costs associated with assignments are included in KAPL's annual travel budget as set forth in Section III of this Appendix A. All assignments away from the normal work location of the employee are based on the general policy that the employee would be kept reasonably whole in connection with accepting such an assignment.

a. Twelve months or less. If the temporary assignment is expected to last 12 months or less, the following items are allowable:

(1) Transportation cost for the individual to and from the new location.

(2) Transportation of necessary household goods and personal belongings to and from the new location.

(3) Lodging, meals, and incidental expenses (M&IE) and other necessary expenses pursuant to Section III.D.7 and E.1 of this Appendix A.

(4) A reasonable number of home visits.

(5) Mileage reimbursement for the employee to drive his personal automobile to the new location or use of a rental vehicle while in that location.

(6) Family visits in lieu of home visits are allowable, but the cost cannot exceed what would otherwise have been spent for the employee to take the home leave visit(s).

b. Thirteen months to three years. If the temporary assignment is expected to last for a period of more than 12 months, but not for more than three years and the employee does not sell his house, the following provisions will apply:

(1) Reimbursement will be for allowable costs not in excess of the following monthly rate (or prorated on a daily basis, as appropriate):

| Period | Maximum Monthly Amount |
|---|---|
| CY 2002 | $1,966 |
| 1/1/03-6/30/03 | $1,997 |

Employees who began a long-term assignment using the above per diems will be grandfathered for the duration of their assignment.

Effective July 1, 2003, the employee will be provided a monthly allowance of up to $1600 with tax assistance (gross-up). This allowance will be based on planned rent expenditures plus utilities.

(2) Allowable costs for the employee assignments are itemized in Section III.F (except for those costs identified under F.4.(i) and (k)). However, the cost of storing household goods and personal belongings may be permitted for the entire period of the temporary assignment if a cost analysis indicates that storage is no more costly than shipping the household goods and personal belongings to and from the new location.

(3) If an employee has been approved for benefits under 7.b.(2) above, the monthly per diem rate provided for in (1) above will not commence until the expiration of the 30-day reimbursement period for actual living expenses, as described in Section III.F.2.

c. No relocations will be permitted in conjunction with assignments without Contracting Officer approval.

d. If an assignment initially contemplated for 12 months or less is extended to exceed 12 months, reimbursement for the balance of the assignment will be in accordance with 7.b.(1) above, unless otherwise approved by the Contracting Officer.

e. Completion of Assignment

When an employee completes a temporary assignment and returns to his place of origin, travel and moving expenses shall be allowable in accordance with Section III.F. of this Appendix A.

8. Relocation of Hourly Employees

If the Contractor considers that assignment or transfer of an hourly employee is required for the work under this Contract, any costs incurred for such transfer or assignment are allowable only with the prior written approval of the Contracting Officer.

9. Relocation Upon Termination or Expiration of the Contract

The costs actually incurred by the Contractor to reimburse salaried employees for moves made due to termination or to expiration of the Contract are allowable under the following conditions:

(a) The employee is on duty at a location other than the Laboratory site at Niskayuna, N.Y. or West Milton, N.Y.

(b) The employee returns within 60 days of the date of termination of the work assignment to the Niskayuna, N.Y. or to the Laboratory location from which the employee was initially transferred if other than the Niskayuna or West Milton sites.

(c) The employee is being returned to this previous location at his discretion and is not being transferred for employment by a component of the Lockheed Martin Corporation other than KAPL.

(d) The cost does not exceed the cost of the move from his work location at the time of termination or expiration to the Niskayuna, N.Y. site.

10. Newly Hired KAPL Employees

The costs actually incurred by the Contractor to reimburse newly hired KAPL employees (excluding Lockheed Martin Corporation employees) for initially moving to the designated contractor

location are allowable to the same extent outlined above for a transferred employee, except that any costs of the type listed in III.F.4.(h),(i), and (l), and III F.6.,above, are unallowable unless approved in advance by the Contracting Officer. For the purposes of this section, an employee hired by KAPL, Inc. from Bechtel Bettis or Bechtel Plant Machinery, Inc. is considered to be an existing employee.

New college graduates shall receive a flat allowance of $3000 in lieu of all other relocation benefits.

An employee who has been granted an educational leave of absence by the contractor shall be considered a newly hired employee for the purposes of determining the allowability of relocation costs.

11. Hawaii Assignments

Effective July 15, 1996, employees transferred to or from Hawaii for more than six months are entitled to the following:

a. Applicable relocation benefits provided under KAPL policy as outlined in Section III.F of this Appendix A.
b. Cost-of-living allowance effective when the employee reports for duty at the Hawaii work site and terminated at the close of business on the last day of the duty assignment. The cost-of-living allowance will be the rate established by the Office of Personnel Management (OPM) and published in 5 CFR Part 591 or supplements thereto. Any changes or deviations to these rates require approval by the Contracting Officer.
c. Two years after arrival, an employee will be eligible to take a home leave vacation to the mainland (United States). Other destinations will be considered on a case-by-case basis with Contracting Officer approval. From that date, subsequent eligibility will occur biennially. Airline tickets will be paid for the employee and his family to a mutually agreed upon mainland location, normally the location of relatives of the employee or spouse.

12. San Diego, CA Assignments

Effective May 5, 2003, employees transferred to or from San Diego, Ca. for more than six months are entitled to the following:

a. Applicable relocation benefits provided under KAPL policy as outlined in Section III.F of this Appendix A.

b. Cost-of-living allowance effective when the employee reports for duty at the San Diego Field Office and terminated at the close of business on the last day of the duty assignment. Effective November 15, 2005, the cost-of-living allowance will not exceed 17%. The rate will be reviewed annually based on survey information in the San Diego area. Documentation will be available for audit.

13. Spousal Employment Assistance

Employment Assistance is provided to the relocating employee's spouse, including consultation, access to online job searches, resume preparation, and workshops provided by a professional employment assistance firm. The costs for such assistance shall not exceed $2500.

14. Relocation Upon Termination of Employment

If relocation costs for an employee have been allowed and the employee leaves the employment of KAPL within 12 months for reasons within the employee's control, the contractor will refund such relocation costs to the Government.

IV. Employee Relations, Welfare & Morale

A. Employee Awards

Costs incurred in accordance with the following employee award policies and practices are allowable:

1. Employee Suggestion System

KAPL Employee Benefits Bulletin SUGG-1, dated April 5, 1993, contains the administrative guidelines for this program. Suggestion awards may be made pursuant to this Bulletin. Reimbursement for suggestion awards are allowable to the extent they are made consistent with Company practice and that they directly benefit KAPL operations under this contract.

2. Manager and Merit Awards

KAPL Employee Benefits Bulletin AWD-1, titled "Spot Recognition Award Program" dated August 4, 1999, defines the use of Employee Recognition awards as a means of recognizing exceptional performance by selected employees. Each award shall be subject to the limitations described in this instruction and the total annual cost of such awards shall be limited to a maximum amount of $50,000 each calendar year.

3. Patent Application Awards

Awards may be made to employees for patent applications signed at the request of DOE covering inventions and discoveries made during their employment at or for the Laboratory. In accordance with KAPL Employee Benefits Bulletin GEN-30 dated April 5, 1993, each award will be $400.00 payable in cash less withholding taxes on the award.

4. Service Awards

It is the policy of the Contractor to provide recognition to Laboratory employees by commemorating service dates beginning with the 5th anniversary of each employee and continuing at 5-year intervals. Such service dates are recognized by the presentation of services awards and plaques according to KAPL Employee Benefits Bulletin AWD-2, dated April 5, 1993, and by luncheons and dinner authorized herein. Each KAPL employee who reaches 40, 45, or 50 years of service may be honored by a luncheon. Attendance at the luncheon shall be limited to a reasonable number of KAPL Management representatives.

As the number of employees in each services category warrants, the Laboratory may sponsor an

evening dinner twice a year for each of the group of employees who have reached their 25, 40, 45, or 50 years of service anniversaries in the year that such dinners are planned. In no event will an employee be eligible to attend a dinner more than six (6) months in advance of their anniversary date. Each eligible employee who is invited to a 40, 45, or 50 year service dinner by KAPL management is encouraged to bring his or her spouse. KAPL management and administration personnel participation on the 25, 40, 45, or 50 years dinner shall not exceed 5. The following types of expenses are incurred at these dinners: invitations, projectionist, film rental, corsage and boutonnieres, table decorations, food and service. The costs of alcoholic beverages shall not be allowable.

B. Employee Welfare & Morale Program

The Government recognizes that KAPL provides for the welfare and morale of its employees through various means and support of KAPL employee welfare and morale programs under this Contract is appropriate.

The annual payment or allowance not to exceed $9.00 per year per employee paid to the Contractor is allowable under the Contract for KAPL employee welfare and morale programs.

Quarterly payments will be made, the amount to be computed by multiplying $2.25 X number of permanent full-time KAPL employees on the rolls as of the last day of the preceding quarter.

C. Medical Programs

The costs incurred in accordance with the following medical programs are allowable:

1. Physical Examinations

Employees shall be given pre-employment, termination and periodic physical examinations (including Laboratory analysis and other diagnostic work in cases where such is warranted) consistent with operational need.

The General Manager and Section Managers may be given annual physical examinations utilizing specialists, outside clinics or hospitals.

2. Plant Medical Facilities

a. A medical dispensary shall be provided at the Knolls site to care for employees who suffer occupational injuries and to provide temporary relief for physical complaints which arise while employees are at work. The dispensary will include medical equipment required to sustain the program, medical supplies and a full-time or substitute attending physician and supporting staff.

b. A medical dispensary appropriate for the needs of the Kesselring Site employees shall also be provided at the Kesselring Site. This dispensary shall include medical equipment, supplies, and supporting staff, including the part-time attendance of the Knolls Site physician as necessary, to sustain the program at the Kesselring Site.

3. Outside Services

Radiological and other specialized services may be utilized in connection with the medical program.

D. Contractor News Media

Various contractor news media (e.g., “Points to Pass Along”, “The KAPL Headliner”, “The Crows Nest”, etc.) shall be provided the personnel of the Laboratory. Reasonable costs for the publication of such media are allowable. Also, the cost of providing a reasonable number of LMC and KAPL publications to the Laboratory is allowable.

V. Reserved

VI. Employee Training

A. Annual Budget

The Contracting Officer recognizes the need for continuing employee education and training programs for the Laboratory. Costs incurred by the Contractor for the education and training programs included in this section shall be allowable up to the maximum not to exceed .80% of gross payroll (excluding Continuity of Service or any other benefit adders) as of the end of the fiscal year for the ensuing 12 months. By October 31 of each year, the Contractor shall submit to the Contracting Officer an annual training syllabus delineating the specific

courses/programs to be conducted during the ensuing fiscal year, and setting forth the gross payroll and computed ceiling for these costs.

1. Reimbursement of Costs

Lockheed Martin Corporate Policy Statement No: 551, dated January 11, 2006, Educational Assistance Plan, contains the basic framework for that program. The current policies and practices that govern reimbursement of KAPL education and training costs, effective January 1, 1999, are incorporated on the KAPL Intranet in the Human Resources Practices (HRP) titled "Educational Assistance Plan, dated February 2, 2001." It is agreed that by this reference, the aforesaid HRP reference is incorporated in, and hereby made a part of this Appendix "A".

2. Education and Training Courses Sponsored Locally

Locally sponsored Education and Training Courses include short full-time or part-time workshops, seminars, classes, and other training activities. These courses are intended to develop, update, and strengthen functional skills and knowledge with the purpose of improving employee and functional effectiveness. The privilege of attendance at such programs will be extended only to qualified Laboratory employees.

Approval by the Contracting Officer is required prior to conducting any locally sponsored seminar or colloquium.

3. Educational Assistance Plan

(a) This plan shall be applicable to exempt and nonexempt employees of the laboratory (for programs applicable to hourly employees refer to Paragraph VI.A.5. below).

(b) The following policies apply to the Educational Assistance Plan:

(1) Employees who have not received a four-year college degree and are taking an individual course(s) may participate in the Educational Assistance Plan if-

(i) the course(s) is (are) related to their present field of work and it is

anticipated that the course(s) will enable them to perform better in that field of work, or

(ii) the course(s) is (are) related to the next higher level job to which they may logically accede, or

(iii) the course(s) is (are) part of the college degree program related to the employee's present field of work, and the degree program which includes the course(s) has been approved by the employee's section level manager on the basis that the employee exhibits excellent laboratory performance, higher potential to do the work at a higher level and that jobs are available or potentially available to which the employee might be assigned.

(2) Employees who have received a four-year college degree and are taking an individual course(s) may participate in the Educational Assistance Plan if-

(i) the course(s) is (are) related to their present field of work and it is anticipated that the course(s) will enable them to perform better in that field of work, or

(ii) the course(s) is (are) related to the next higher level job to which they may logically accede, or

(iii) the course(s) is(are) part of the college degree program related to the employee's present field of work, and the degree program which includes the course(s) has been approved by the employee's section level manager on the basis the employee exhibits excellent laboratory performance, higher potential to do the work at a higher level and that jobs are available or potentially available to which the employee might be assigned.

(iv) the following criteria are met for those exempt scientists and engineers who have at least one or more years of continuous service with KAPL and enroll in a non-

technical graduate degree program, including the Executive MBA Program or programs in Industrial Administration, Management Engineering or Business Administration:

1. Excellent job performance,
2. demonstrated high potential for advancement into a management position in the Laboratory,
3. the degree program is approved by the KAPL Plan Administrator and the General Manager.

(3) For courses and degree programs which meet the requirements of the Educational Assistance Plan, tuition, textbooks, laboratory, graduation thesis publication and examination and registration fees and other compulsory fees (except late fees, breakage fees, parking fees and activity fees) are allowable. Travel costs in connection with these courses and programs are not reimbursable except for travel expenses included in the nonsegregable tuition for an Executive MBA Program.

The cost incurred for correspondence courses which employees have been authorized to take by their cognizant Section Manager is allowable provided the courses are directly related to the employee's present job, they carry college credit, the course content meets the intent of the Educational Assistance Plan stated herein, and similar classroom courses are not available at local educational institutions.

4. <u>Corporate Functional and Manager Education and Development Program</u>

Costs incurred for pay, travel, subsistence and tuition will be reimbursed for not more than three (3) Laboratory management personnel assigned each calendar year to attend corporate manager development courses of a month or longer or similar management or functional courses of approximately the same extended period.
Employees who have participated in such courses will be expected to remain on assignment at the Laboratory for a reasonable period of time after completion of such extended training courses. In

the event that any individual completes such training, the cost of which has been incurred under this Contract, and is transferred by the contractor to another component of the company within a period of two years after completion of such training, the Contractor agrees to refund to the Government a prorata share of the educational cost incurred by the Laboratory for tuition, subsistence and travel expenses.

Employees who are approved to participate in an Executive MBA (EMBA) Program are expected to work at KAPL while enrolled in the program and fulfill a 24-month service agreement. As a minimum requirement for participating in the EMBA Program, the employee will agree to work for a Naval Reactors Prime Contractor for at least 24 consecutive months beyond the date of the last class attended. If the employee fails to satisfactorily complete the year's curriculum or fails to complete 24 months of service, the Contractor agrees to refund a prorated share of all EMBA costs reimbursed by the Government. Separation due to a Reduction in Force or transfer to a DOE M&O Contractor are excluded from the refund requirement.

The amount due the Government will be determined in accordance with the "Prorated Refund Matrix" contained in HRP "Education Assistance Plan."

The Contractor may request Contracting Officer approval for an exemption from payment or the employee service requirement based on extenuating circumstances.

5. Individual Development Program

This educational benefit program for Hourly employees is described in the printed plan document referenced in Schedule XI of this Appendix "A".

The following interpretations are applicable to the adaptation of this program at the Laboratory:

(a) Individual courses which may be approved under the program are those related to maintain and improving an employee's skill in performing his job or those courses which are part of an approved degree program contributing to his general career development within the Laboratory.

(b) Undergraduate degree programs require approval of the employee's section level manager and shall be approved only when

(1) the employee has demonstrated good academic performance,

(2) the degree program relates to the employee's present field of work or to a higher level job to which he/she might logically accede,

(3) the employee exhibits excellent job performance and high potential to do work at a higher level, and

(4) jobs are available or potentially available at the Laboratory to which the employee might be assigned provided the employee possesses the appropriate credentials, including educational background, for such jobs.

6. Short Outside Courses

Laboratory employees may be authorized to attend short outside courses with the prior approval of the manager of the Laboratory's educational programs and the employee's manager.

7. Approval Requirement

The Contractor will submit for Contracting Officer prior approval, any program and/or individual assignment which contemplates more than 168 hours of training in any 12-month period while the employee is in a pay status.

8. Pre-Retirement Program

The contractor conducts a "Pre-Retirement Program" (retirement planning seminars) for eligible employees and their spouses. The program is presented periodically to groups of about 20 employees and their spouses in two eight-hour sessions on Saturdays or Sundays. The costs associated with the program shall be charged to the Education and Training budget outlined in Section VI.A.

B. Prorata Refunds

With respect this Section VI., the Contractor agrees to refund to DOE a prorata share of reimbursed costs incurred by an employee who while participating in the courses and programs covered by said paragraphs, incurs reimbursed costs in excess of $1000 in any one year and is then transferred to another Company component within one year after the period when such costs were incurred.

VII. Operation of Site Cafeterias and Vending Services

A. DOE Authorization To Operate

The Contractor has been authorized to operate, under concessional sub-contracts, cafeterias at the Knolls and Kesselring sites and to contract for the installation and servicing of vending machines/canteens at laboratory sites. The net administrative costs of providing these services are allowable under this contract. These cafeteria and vending services are also available to all Government personnel assigned to one of the contractor sites on the same basis as to the contractor's employees.

The contractor will not operate any cafeteria/canteen/ vending services for the benefit of any contractor employee or contractor employee association.

VIII. Safety, Health, Environment and Security Information

The Contractor agrees to promptly advise the Contracting Officer of developments which involve or appear to involve the raising of significant safety, health, environment or security issues.

SCHEDULE I

Of Section I.E. of this Appendix "A"

INTERNATIONAL FEDERATION OF PROFESSIONAL & TECHNICAL ENGINEERS
LOCAL 147
KAPL, INC. DRAFTING SALARY STRUCTURE

| | EFFECTIVE 1/28/2008 | | |
|---|---|---|---|
| | WEEKLY SALARY | EQUIVALENT HOURLY RATE | EQUIVALENT ANNUAL RATE |
| TECH. DESIGN COORD. RMR* | $1409.96 to $(open) | | |
| TECH. DESIGN COORD. JR | $1409.96 | $35.25 | $73,317.92 |
| SR. DESIGNER RMR* | $1268.02 to $(open) | | |
| SR. DESIGNER JR | $1268.02 | $31.70 | $65,937.04 |
| SR. DESIGNER -1 | $1237.60 | $30.94 | $64,355.20 |
| SR. DESIGNER -2 | $1208.99 | $30.22 | $62,867.48 |
| DESIGNER RMR | $1178.57 to $(open) | | |
| DESIGNER JR | $1178.57 | $29.46 | $61,285.64 |
| DESIGNER –1 | $1142.10 | $28.55 | $59,389.20 |
| DESIGNER –2 | $1105.60 | $27.64 | $57,491.20 |
| DESIGNER –3 | $1069.13 | $26.73 | $55,594.76 |
| DESIGNER –4 | $1033.64 | $25.84 | $53,749.28 |
| DESIGNER –5 | $1004.51 | $25.11 | $52,234.52 |
| DESIGNER –6 | $ 975.40 | $24.39 | $50,720.80 |
| DESIGNER –7 | $ 946.88 | $23.67 | $49,237.76 |
| DESIGNER –8 | $ 929.31 | $23.23 | $48,324.12 |
| DESIGNER –9 | $ 912.92 | $22.82 | $47,471.84 |
| DESIGNER –10 | $ 897.24 | $22.43 | $46,656.48 |
| DESIGNER –11 | $ 885.39 | $22.13 | $46,040.28 |

*Renewable Merit Reward

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1/28/08 rates calculated by increasing the 7/30/07 rates by $3.60/week COLA.

Rates are calculated using weekly pay rate.

SCHEDULE II

Of Section I.F. of this Appendix "A."

| JOB TITLE | RATE | CODE |
|---|---|---|
| Lead Facility Worker | R-05 | RA2P50 |
| Facility Worker | R-03 | RA2P52 |
| Lead Janitor | M-05 | RA2P70 |
| Janitor | M-03 | RA2P51 |
| Lead Comp & Office Equip Rpr Mech | R-22 | RA1B30 |
| Comp & Office Equip Rpr Mech | R-20 | RA1B31 |
| Lead Carpenter | R-23 | RA1A10 |
| Lead Crane Operators & Millwrights | R-24 | RA1G30 |
| Lead Electrician | R-25 | RA1B10 |
| Lead Glass Techician | R-27 | RA1C10 |
| Lead Inspector-Gage and Complex Components | R-25 | RA1E10 |
| Lead Instrument Mechanic | R-24 | RA1B20 |
| Lead Utility Worker | R-13 | RA2P00 |
| Lead Machinist-Development | R-23 | RA1D30 |
| Lead Machinist-Machine Repair | R-23 | RA1D40 |
| Lead Machinist-Test Specimen Production | R25 | RA1D10 |
| Lead Maintenance and Grounds | R-19 | RA2P30 |
| Lead Mechanic-Heavy Equipment Operator | R-21 | RA2P40 |
| Lead Millwright | R-23 | RA1G10 |
| Lead Painter | R-22 | RA1A20 |
| Lead Pipe Coverer | R-22 | RA1F10 |
| Lead Painter & Pipe Coverer | R-22 | RA1A30 |
| Lead Service Equipment Operator | R-22 | RA2L30 |
| Lead Steam Plant Operator | R-23 | RA2L10 |
| Lead Tester-Non Destructive | R-24 | RA1E20 |
| Lead Tinsmith | R-23 | RA1G20 |
| Lead Tractor Trailer –Local | R-19 | RB2J10 |
| Lead Welder-Hand- Special Applications | R-23 | RA1H10 |
| Lead Warehouse Worker | R-17 | RA2Q20 |
| Inspector-Gages and Complex Components | R-23 | RA1E11 |
| Inspector-Final-Semi Complex Components | R-19 | RA1E12 |
| Inspector-Incoming Inspection/Misc. Parts | R-15 | RA1E13 |
| Lead General Utility Laborer | R-16 | RA2P10 |
| Warehouse Worker General | R-15 | RA2Q21 |
| Lead Inspector-Incident Prevention | R-22 | RA2L20 |
| Inspector-Incident Prevention | R-20 | RA2L21 |
| Crane Operator-Mobile | R-18 | RA1G31 |
| Crane Operator-Specialist Cranes | R-22 | RA1G32 |
| Passenger Car Driver | R-14 | RA2P31 |
| Heavy Equipment Operator-Grounds | R-17 | RA2P32 |
| Service Equipment Operator | R-20 | RA2L31 |
| Steam Plant Operator | R-21 | RA2L11 |
| Steam Plant Attendant | R-18 | RA2L12 |
| Sewage Treatment Plant Attendant-KNO | R-16 | RA2M22 |

| JOB TITLE | RATE | CODE |
|---|---|---|
| Sewage Treatment Plant Attendant-KSO | R-16 | RA2M23 |
| Sewage Treatment Plant Operator | R-18 | RA2M24 |
| Chief Sewage Treatment Plant Operator | R-20 | RA2M27 |
| Electrician-Class A | R-23 | RA1B11 |
| Electrician-Class B | R-19 | RA1B12 |
| Emergency Services & Systems Op | R-22 | RA2L51 |
| Millwright-Class A | R-21 | RA1G11 |
| Millwright-Class B | R-19 | RA1G12 |
| Pipe Coverer | R-20 | RA1F11 |
| Auto Mechanic-Class A | R-19 | RA2P61 |
| Auto Mechanic-Class B | R-17 | RA2P62 |
| Mechanic-Heavy Equipment Operator | R-19 | RA2P41 |
| Tinsmith-Class A | R-21 | RA1G21 |
| Tinsmith-Class B | R-19 | RA1G22 |
| Environmental Attendant | R-18 | RA2M12 |
| Lead Environmental Attendant | R-20 | RA2M10 |
| Utility Worker-Maintenance and Service | R-11 | RA2P01 |
| Waste Processing-Class A | R-20 | RA2M31 |
| Waste Processing-Class B | R-17 | RA2M32 |
| Environmental Attendant Waste Processing-KSO | R21 | RA2M11 |
| Carpenter-Advanced Helper | R-15 | RA1A15 |
| Carpenter-Helper | R-14 | RA1A16 |
| Electrician-Advanced Helper | R-16 | RA1B15 |
| Electrician-Helper | R-14 | RA1B16 |
| Millright-Advanced Helper | R-15 | RA1G15 |
| Millright-Helper | R-14 | RA1G16 |
| Pipe Coverer-Advanced Helper | R-14 | RA1F15 |
| Pipe Coverer-Helper | R-13 | RA1F16 |
| Tinsmith-Advanced Helper | R-15 | RA1G25 |
| Tinsmith-Helper | R-14 | RA1G26 |
| Machinist-Advanced Materials | R-23 | RA1D14 |
| Machinist-Development-Class A | R-21 | RA1D31 |
| Machinist-Development-Class B | R-19 | RA1D32 |
| Machinist-Development-Class C | R-16 | RA1D33 |
| Machinist-Machine Repair-Class A | R-21 | RA1D41 |
| Machinist-Machine Repair-Class B | R-19 | RA1D42 |
| Machinist-Machine Repair-Class | R-16 | RA1D43 |
| Machinist-Test Specimen Production-Class A | R-21 | RA1D11 |
| Machinist-Test Specimen Production-Class B | R-19 | RA1D12 |
| Machinist-Test Specimen Production-Class | R-17 | RA1D13 |
| Painter-Maintenance-Class A | R-20 | RA1A21 |
| Painter-Maintenance-Class B | R-17 | RA1A22 |
| Gen. Util. Laborer | R-14 | RA2P11 |
| Welder-Hand-KAPL-Special Applications | R-21 | RA1H11 |
| Welder-Hand-Arc & Gas | R-19 | RA1H12 |
| Carpenter-Class A | R-21 | RA1A11 |
| Carpenter-Class B | R-19 | RA1A12 |

| JOB TITLE | RATE | CODE |
|---|---|---|
| Glass Technician-Class A | R-25 | RA1C12 |
| Glass Technician-Class B | R-22 | RA1C13 |
| Glass Technician-Class C | R-19 | RA1C14 |
| Instrument Mechanic-Class A | R-22 | RA1B21 |
| Instrument Mechanic-Class B | R-19 | RA1B22 |
| Instrument Mechanic-Class C | R-16 | RA1B23 |
| Instrument Mechanic-Class D | R-14 | RA1B24 |
| Lead Experimental Machinist | R-25 | RA1D20 |
| Experimental Machinist-A | R-23 | RA1D21 |
| Experimental Machinist-B | R-21 | RA1D22 |
| Tester-Nondestructive Test-Class A | R-22 | RA1E21 |
| Tester-Nondestructive-Class B | R-19 | RA1E11 |
| Tester-Nondestructive-Class C | R-17 | RA1E23 |
| Systems Operator-KSO | R-23 | RA2L41 |
| KSO Site Systems Operator | R-21 | RA2L61 |
| Lead Inspector General | R-26 | RA1E30 |
| Inspector General | R-24 | RA1E31 |
| Driver-Yard Work | R-14 | RB2J13 |
| Driver-Tractor-Trailer-Local | R-17 | RB2J12 |
| Driver-Long Distance | R-20 | RB2J11 |
| Lead Plumber & Steamfitter | C-24 | RC1I10 |
| Plumber/Steamfitter-Class A | C-22 | RC1I11 |
| Plumber-Fitter Helper | C-14 | RC1I16 |
| Plumber-Fitter Advanced Helper | C-16 | RC1I15 |
| Lead Security Inspector | R-23 | RE2K10 |
| Assistant Lead Security Police Officer | R-21 | RE2K11 |
| Security Police Officer | R-19 | RE2K17 |
| Security Police Officer-Visitor Control | R-20 | RE2K13 |
| Security Police Officer-Gate Control | R-19 | RE2K18 |
| Security CAS Operator | R-20 | RE2K12 |

KAPL, INC. STANDARD HOURLY DAYWORK RATE STRUCTURE*
Rate Effective 1/28/08

| R - Step Number | Hourly Rate |
|---|---|
| 3 | $21.19 |
| 4 | $21.28 |
| 5 | $21.36 |
| 6 | $21.44 |
| 7 | $21.55 |
| 8 | $21.67 |
| 9 | $21.79 |
| 10 | $21.88 |
| 11 | $22.04 |
| 12 | $22.21 |
| 13 | $22.34 |
| 14 | $22.52 |
| 15 | $22.76 |
| 16 | $23.09 |
| 17 | $23.45 |
| 18 | $23.94 |
| 19 | $24.45 |
| 20 | $25.01 |
| 21 | $25.60 |
| 22 | $26.24 |
| 23 | $26.87 |
| 24 | $27.42 |
| 25 | $28.33 |
| 26 | $28.59 |
| 27 | $28.90 |
| 28 | $29.23 |

KAPL, INC.

HOURLY DAYWORK RATE STRUCTURE

FOR MAINTENANCE SERVICE

| | STEP NUMBER | RATE EFFECTIVE 1/28/08 |
|---|---|---|
| MS - | 3 | $16.88 |
| | 4 | $17.44 |
| | 5 | $18.01 |
| | 6 | $18.62 |
| | 7 | $19.22 |
| | 8 | $19.89 |
| | 9 | $20.56 |
| | 10 | $21.25 |
| | 11 | $21.96 |

* Effective for all Hourly employees except Plumbers/Steamfitters, Maintenance Service and PSEA.

KAPL, INC.

HOURLY DAYWORK RATE STRUCTURE

FOR PLUMBERS/STEAMFITTERS

| | STEP NUMBER | RATE EFFECTIVE 1/28/08 |
|---|---|---|
| R - | 8 | $21.69 |
| | 9 | $21.80 |
| | 10 | $21.90 |
| | 11 | $22.06 |
| | 12 | $22.23 |
| | 13 | $22.39 |
| | 14 | $22.53 |
| | 15 | $22.77 |
| | 16 | $23.14 |
| | 17 | $23.51 |
| | 18 | $23.99 |
| | 19 | $24.48 |
| | 20 | $26.12 |
| | 21 | $26.78 |
| | 22 | $27.34 |
| | 23 | $27.98 |
| | 24 | $28.56 |

SCHEDULE III

Of Section II.B of this Appendix "A":

KAPL, Inc. Welfare Benefit Programs for employees covered by collective bargaining agreements as described in the Settlement Agreements between LMC/KAPL, Inc. and the following unions:

| Union | Effective Date |
|---|---|
| IUE | July 31, 2006 |
| PSEA Local #1 | August 4, 2002 |
| IFPTE Local #147 | August 22, 2006 |
| IBT Local #294 | July 31, 2006 |
| UA Local #128 | July 31, 2006 |

SCHEDULE IV

Of Section II.C of this Appendix "A":

KAPL, Inc. Personal Protection Plans as described in LMC benefit documents for exempt, nonexempt, and hourly employees.

| Title | Effective Date |
|---|---|
| • Long-Term Care Plan | August 1, 1999 |
| • Long-Term Disability Insurance | January 1, 2005 |
| • Health Care Spending Account | January 1, 2003 |
| • Dependent Care Spending Account | January 1, 2003 |
| • Vacation Extension | October 29, 2004 |
| • Group Benefits Plan<br>- Disability | January 1, 2004 |
| • Group Benefits Plan<br>- Employee Term Life<br>- Group Universal Life<br>- Dependent Optional Term Life<br>- Special Accident | January 1, 2005 |

SCHEDULE V

Of Section II. E.1 of this Appendix "A":

KAPL, Inc., Health and Welfare Benefit Programs for employees not covered by collective bargaining agreements as described in LMC benefit documents listed below.

| Title | Effective Date |
|---|---|
| Current Plans | |
| • The LM Total Health Plan | January 1, 2004 |
| • Health Maintenance Organizations (HMOs) | January 1, 2003 |
| • Comprehensive Dental | January 1, 2005 |
| • Comprehensive Plus Dental | January 1, 2005 |
| • Managed Dental Plans | January 1, 2005 |
| • Vision Plan | January 1, 2005 |

SCHEDULE VI

Of Section II.E.3. of this Appendix "A":

| | |
|---|---|
| KAPL Emergency Aid Plan | HRB-919.11, dated April 5, 1993 |

SCHEDULE VII

Of Section II.F.1(c) of this Appendix "A":

KAPL, Inc. Retirement Benefit Programs for employees covered by collective bargaining agreements as described in the Settlement Agreements between LMC/KAPL, Inc. and the following unions:

| Union | Effective Date | Summary Plan Description |
|---|---|---|
| IUE | July 31, 2006 | Lockheed Martin Corporation Group Insurance Plan for Retired Employees Effective January 1, 2007 |
| IFPTE Local #147 | August 22, 2006 | |
| IBT Local #294 | July 31, 2006 | |
| UA Local #128 | July 31, 2006 | |

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## SCHEDULE VIII

Of Section II.F. of this Appendix "A":

KAPL, Inc. Pension Plans as amended and restated.

| Title | Effective |
|---|---|
| • KAPL, Inc., Pension Plan for Salaried Employees | January 1, 2005 |
| • KAPL, Inc., Pension Plan for Employees in Participating Bargaining Units | July 1, 2002 |

ATTACHMENT TO SCHEDULE VIII

PENSIONS AND OTHER RETIREMENT BENEFITS As Revised
January 15, 1988

MEMORANDUM OF UNDERSTANDING

This memorandum sets forth the principles agreed upon between representatives of the Department of Energy (DOE) and General Electric Company (GE) regarding the establishment of separate pension plans for the Knolls Atomic Power Laboratory (KAPL) and the Neutron Devices Department (NDD).

On the basis of these principles the parties will draft contract amendments, new pension plans and other retirement benefit plans, and take all other steps necessary to permit the establishment of separate plans for KAPL and NDD as of January 1, 1986.

Objectives of the Parties:

This agreement reflects an effort by the parties to meet the following objectives:

Establish separate pension plans at KAPL and NDD which can be transferred to a successor contractor in the event either DOE or GE decides, at any time, to terminate the relationship under which GE operates KAPL and NDD for DOE. This is consistent with a DOE policy to have separate, transferable pension plans at all DOE's government-owned, contractor-operated facilities.

Allocate pension funds so that a decision by either DOE or GE to terminate the KAPL or NDD contracts should not be affected by whether either side would have any financial gain or loss as a result of a pension settlement at the time of termination.

Avoid lengthy and complex litigation over pension assets and liabilities, as was the case after the termination of GE's Hanford contract.

Recognize the interest of KAPL and NDD employees in the stability of their pension and other retirement benefits.

Achieve an advance understanding regarding the allowability of costs of administering, funding and settling pension and other retirement benefit costs for KAPL and NDD.

Complete ongoing negotiations for extension of the KAPL Prime Contract and put in place the terms and conditions previously agreed upon by the parties.

Section 1 - Establishment of KAPL Pension Plan

A pension plan shall be established at KAPL effective January 1, 1986, which shall provide to KAPL employees the same benefits provided by the GE Pension Plan. As long as GE operates KAPL, any changes in benefits provided under the GE Pension Plan will also be provided under the KAPL pension plan.

All Pension plans contributions made by KAPL employees, or by GE or DOE for KAPL employees, shall continue to be administered under the GE Pension Trust as part of the investment portfolio.

Section 2 - Allocation of funds to KAPL Pension Plan

As of January 1, 1986, the pension funds allocable to KAPL employees (including retirees and vestees) shall be determined as shown on Exhibit A "KAPL-GE Pension Trust History," updated to correct 1985 estimates to actual figures. Such amounts shall be subject to audit by GE and DOE. This amount is presently estimated to total $242 million.

The foregoing amount shall be allocated among three funds as follows:

Group A Fund: Retirees and vestees. This shall initially include all employees who retired from KAPL on or before January 1, 1986, as well as all former GE employees with vested pension rights whose last GE employment was at KAPL. The amount will be calculated using GE actuarial assumptions for retirees and vestees, except that the interest rate assumption will be the appropriate PBGC interest rate in effect at January 1, 1986.

-Estimated amount: $55 million

Group B Fund: All current KAPL employees who reached age 55 before January 1, 1986. The method of allocating trust assets is illustrated in Exhibit B - Allocation of Trust Assets.

-Estimated amount: $92 million

Group C Fund: All current KAPL employees below age 55 on December 31, 1985. The method of allocating trust assets is illustrated in Exhibit B - Allocation of Trust Assets.

- Estimated amount: $95 million

The breakdown of the KAPL population is shown in Exhibit C - KAPL Demographics.

Section 3 - Group A - Retirees and Vestees

All pension obligations as of January 1, 1986, with respect to Group A participants shall continue to be the responsibility of GE and no further accounting between GE and DOE shall be required.

All pension updates (i.e., improvements in retiree benefits) granted by GE to its retirees generally, shall be paid to Group A participants. The cost of any pension updates granted after January 1, 1986, shall be reimbursed to GE by DOE on a pay-as-you-go basis, unless the parties can agree on another basis for settling such updates. Such payments are considered to be part of the contract termination settlement, regardless when paid.

Section 4 - Group B - Employees 55 and Over

Beginning January 1, 1986, all employee and employer pension contributions with respect to Group B employees shall be added to the Group B Fund.

All employer contributions with respect to Group B employees shall be reimbursed by DOE. Such contributions shall reflect GE actuarial practices and the demographics of the Group B participants. Employee contributions shall be as provided under the GE Pension Plan.

As each Group B employee retires (or as benefits otherwise become payable), the assets required to meet that employee's pension rights shall be transferred to the Group A Fund, and that employee's benefits shall be paid by GE from the Group A Fund. The amount transferred to the Group A Fund shall be calculated using GE actuarial assumptions for retirees and vestees, except that the interest rate assumption will be the appropriate PBGC interest rates in effect at the time of retirement. The amount transferred shall include pension improvements granted to active and former employees effective through that employee's retirement date.

Any remaining unretired Group B employees, when the GE-KAPL contract terminates will be treated as vestees.

Until all Group B employees have retired, GE shall provide DOE with an annual actuarial valuation which shall include an accounting of Group B Fund assets and liabilities. Accounting for assets shall also be on the basis of market valves on an accrual basis. This actuarial valuation shall provide the same items of information as the actuarial valuation for Group C.

If the assets of the Group B Fund are inadequate to provide for the pension obligations of the Group B employees, DOE shall, at GE's request, provide additional funds as required.

If any assets remain in the Group B Fund after the last Group B employee retires, such remaining assets shall be transferred to the Group C Fund.

All pension updates granted by GE to its retirees generally, shall be paid to retired Group B employees. The cost of any such pension updates granted after that employee retired shall be reimbursed to GE by DOE on a pay-as-you-go basis, unless the parties can agree on another basis for settling such updates. Such payments are considered to be part of the contract termination settlement, regardless when paid.

Section 5 - Group C - Employees Under 55

Beginning January 1, 1986, all employer and employee contributions with respect to Group C employees shall be added to the Group C Fund.

All employer contributions with respect to Group C employees shall be reimbursed by DOE. Such contributions shall reflect GE actuarial practices and the demographics of the Group C participants. Employee contributions under KAPL Pension Plan shall be the same as under the GE Pension Plan, as long as GE operates KAPL.

As long as GE operates KAPL, GE shall provide DOE an annual actuarial valuation which shall include an accounting of Group C assets and liabilities. Accounting for assets shall be on the basis of market values on an accrual basis.

In the event the contract between DOE and GE for the operation of KAPL terminates, all assets and liabilities pertaining to the Group C Plan shall transfer to the successor contractor selected by DOE, or as DOE may otherwise direct.

All pension improvements granted by GE to its participants generally, during the period GE operates KAPL, shall be made applicable to Group C participants and DOE shall provide funding for such pension plan improvements to the Group C Fund. After GE no longer operates KAPL, such future GE corporate pension improvements for KAPL plan participants retired during the period GE operates KAPL shall be funded by DOE and paid by the successor contractor. For KAPL employees who transfer to a successor contractor, pension improvements shall be at the discretion of the successor contractor.

Section 6 - Other Retirement Benefits

GE employees are entitled to receive the other retirement benefits shown on Exhibit D and such other retirement benefits which may exist for GE employees as of the date when GE ceases to operate KAPL. Such benefits have not been funded by GE or DOE prior to the employees' retirement.

DOE shall reimburse GE for the costs of other benefits as such benefits are paid or funded by GE, for Group A, B, and C participants, as long as GE continues to operate KAPL.

After GE ceases to operate KAPL, DOE shall continue to reimburse GE as other retirement benefits are paid or funded for Group A and B participants and Group C participants who become eligible for such benefits while GE operates KAPL. For all other Group C participants, other retirement benefits shall be provided by the successor contractor, unless otherwise directed by DOE. However, to the extent that GE provides any benefit to any Group C participant who either works for or retires from the successor contractor, GE shall provide immediate notice to the Government with the name of the participant and the nature and amount of the benefit paid or owed to the participant.

Section 7 - Treatment of Employee Transfers Between GE and KAPL

The parties agree that calculations of assets and liabilities transferred shall be based on demographics by individual as set forth in Exhibit E and such information shall be available for audit.

During the period between January 1, 1986 and the date a successor contractor assumes responsibility for KAPL, employee transfers between GE, NDD and KAPL shall be treated as follows:

A. Employees begin participation immediately in the plan to which they are transferred with the same accumulated benefits and service credits as under the former Plan.

B. No benefits will be available under the employee's former Plan.

C. There shall be a transfer of pension assets to meet the benefit obligation of employees transferred by GE to or from KAPL.

The amount to be transferred shall be determined annually and will include the sum of the adjustments for all transferred employees as of the date of the transfer to or from KAPL. The annual year-end calculations of asset transfers will be equal to the present value of accrued benefits. These present values will be based on assumptions as follows:

a. The average of the 12 monthly PBGC interest rates for the calendar year just ended.

b. Other assumptions as used by GE for the funding of the plan.

c. Present values to be adjusted for benefits paid during the year with interest to the end of the year using GE Pension Trust's monthly market rates of return.

d. Present values to be adjusted to the end of the year to reflect GE Pension Trust monthly market rates of return since dates of retirement or transfer.

e. Present values to be adjusted to the actual settlement dates to reflect GE Pension Trust monthly market rates of return since year-end.

The assets and liabilities exchanged between GE and KAPL should be displayed as line items in the appropriate section of the actuarial valuation report. Actual settlement between trusts will take place within 6 months of year-end or at time of filing IRS Form 5500.

Section 8 - Termination Without Successor

In the event the GE-KAPL contract is terminated and no successor contractor is selected by DOE, DOE and GE will develop appropriate arrangements with respect to the pension obligations for KAPL employees and with respect to the disposition of any Group C Fund assets remaining after all such pension obligations have been discharged.

Section 9 - Neutron Devices Department

The parties agree that separate pension and other retirement benefits plans for the Neutron Devices Department shall be developed paralleling the arrangements for KAPL described in this memorandum.

Section 10 - Necessary Approvals

GE shall make best efforts to obtain all necessary approvals including, but not limited to, approvals by GE's Board of Directors and union approvals, if required. GE shall also be entitled to obtain satisfactory rulings or legal opinions relating to any tax, ERISA, Cost Accounting Standards, or other legal issues which may arise as a result of the arrangements contemplated hereby.

Section 11 - Cost Reimbursement

All costs and expenses incurred by GE in implementing the arrangements set forth herein shall be allowable under the DOE contract. Treatment of possible post-termination costs and expenses not set forth herein needs to be resolved as part of a contract termination settlement.

EXHIBIT A

($ IN MILLIONS)

| | DOE/GE CONTRIBS | EMPLOYEE CONTRIBS | PENSION PAYMENTS | TRUST INCOME | 12/31 BALANCE |
|---|---|---|---|---|---|
| 1946 | 0 | 0 | 0 | 0 | 0 |
| 1947 | 0 | 0 | 0 | 0 | 0 |
| 1948 | 0 | 0 | 0 | 0 | .1 |
| 1949 | .1 | .1 | 0 | 0 | .2 |
| 1950 | .1 | .1 | 0 | 0 | .5 |
| 1951 | .2 | .2 | 0 | 0 | .8 |
| 1952 | .3 | .2 | 0 | 0 | 1.3 |
| 1953 | .3 | .3 | 0 | .1 | 1.9 |
| 1954 | .4 | .3 | 0 | .1 | 2.7 |
| 1955 | .4 | .3 | (.1) | .1 | 3.5 |
| 1956 | .4 | .2 | (.1) | .1 | 4.2 |
| 1957 | .5 | .3 | (.1) | .2 | 5.1 |
| 1958 | .6 | .3 | (.1) | .9 | 6.8 |
| 1959 | .7 | .2 | (.1) | .4 | 8.0 |
| 1960 | .8 | .2 | (.1) | .5 | 9.4 |
| 1961 | .9 | .3 | (.1) | 1.6 | 12.0 |
| 1962 | .4 | .3 | (.1) | (.3) | 12.3 |
| 1963 | .4 | .3 | (.2) | 1.5 | 14.5 |
| 1964 | .3 | .4 | (.2) | 1.6 | 16.6 |
| 1965 | .3 | .3 | (.3) | 1.3 | 18.3 |
| 1966 | 0 | .2 | (.3) | (.6) | 17.7 |
| 1967 | 1.0 | .3 | (.4) | 2.5 | 21.1 |
| 1968 | .7 | .3 | (.4) | 1.9 | 23.7 |
| 1969 | .7 | .4 | (.5) | (.1) | 24.2 |
| 1970 | .7 | .5 | (.5) | 1.2 | 26.1 |
| 1971 | 1.0 | .6 | (.6) | 3.0 | 30.0 |
| 1972 | 1.4 | .7 | (.7) | 5.3 | 36.7 |
| 1973 | 1.6 | .7 | (.8) | (2.7) | 35.6 |
| 1974 | 1.9 | .8 | (.9) | (7.2) | 30.2 |
| 1975 | 1.7 | 1.0 | (1.0) | 8.0 | 39.9 |
| 1976 | 2.6 | 1.1 | (1.1) | 7.6 | 50.1 |
| 1977 | 3.3 | 1.3 | (1.3) | (1.0) | 52.4 |
| 1978 | 4.2 | 1.4 | (1.6) | 4.1 | 60.4 |
| 1979 | 4.5 | 1.5 | (2.0) | 8.4 | 72.8 |
| 1980 | 4.6 | 1.5 | (2.5) | 18.5 | 94.9 |
| 1980 | 11.2 | 1.7 | (3.0) | (1.3) | 103.5 |
| 1982 | 7.0 | 2.1 | (3.4) | 26.5 | 135.6 |
| 1983 | 8.7 | 2.0 | (4.0) | 20.1 | 162.3 |
| 1984 | 8.2 | 2.2 | (4.9) | 19.0 | 186.8 |
| 1985 | 8.2 | 2.4 | (5.8) | 50.2 | 241.8 |
| TOTALS | 80.3 | 27.0 | (37.2) | 171.5 | |
| ROUNDS | | .1 | | .1 | |
| | 80.3 | 27.1 | (37.2) | 171.6 | 241.8 |

EXHIBIT B

KAPL ALLOCATION OF TRUST ASSETS

($ IN MILLIONS)

| | | | ESTIMATED 1-1-86 Assets |
|---|---|---|---|
| Total amount to be allocated | | | $242 (b) |
| Less amount for Group A (Vestees & Pensioners) | | | 55 |
| Assets to be allocated to Group B and C | | | $187 |
| Allocation to Group B and Group C Participants | | | |
| 1. Liabilities for Benefits Accrued as of 1/1/86 (Unit Credit Funding Method) | | Percent | |
| a. Group B (GEPP) | 53,214 | 56.71% | |
| b. Group C (new KAPL plan) | | 40,620 | 43.29% |
| c. Total | 93,834 | 100.00% | |
| 2. Liabilities for Projected Benefits as of 1/1/86 (Projected Unit Credit Funding Method) | | | |
| a. Group B (GEPP) | 60,415 | 42.98% | |
| b. Group C (new KAPL plan) | | 80,135 | 57.02% |
| c. Total | 140,550 | 100.00% | |
| 3. Funding History - Company and Employee Contributions | | | |
| a. 1946 Through 1980 (Unit Credit) | | 47,706 | 44.41% |
| b. 1981 Through 1985 (Projected Unit Credit) | | 59,727 | 55.59% |
| c. Total | 107,433 | 100.00% | |
| 4. Allocation to Groups B and C | | | |
| a. Group B (GEPP) | | | |
| (1) Unit Credit | | 25.18% | |
| (2) Projected Unit Credit | 23.98% | | |
| (3) Total | | 49.07% | (a) 92 |
| b. Group C (new KAPL plan) | | | |
| (1) Unit Credit | | 19.23% | |
| (2) Projected Unit Credit | 31.70% | | |
| (3) Total | | 50.93% | (a) 95 |
| c. Total | | 100.00% | $ 187 |

(a) Per actuary calculation
(b) As revised 1/15/88

EXHIBIT C

KAPL DEMOGRAPHICS

| | ESTIMATED 12/31/85 | |
|---|---|---|
| RETIREES | 1,015 | |
| VESTEES | 285 | |
| SUBTOTAL (GROUP A) | | 1,300 |
| EMPLOYEES | | |
| AGE 55 OR OVER AT 1/1/86 (GROUP B) | | 682 |
| AGE 54 OR UNDER AT 1/1/86 (GROUP C) | | 2,266 |
| NOT ELIGIBLE TO PARTICIPATE | | 200 |
| SUBTOTAL | 3,148 | |
| TOTAL | 4,448 | |

EXHIBIT D

OTHER RETIREMENT BENEFITS

GENERAL ELECTRIC MEDICAL CARE PLAN FOR PENSIONERS

GENERAL ELECTRIC PENSIONERS PRESCRIPTION DRUG PLAN

GENERAL ELECTRIC INSURANCE PLAN

GENERAL ELECTRIC DENTAL ASSISTANCE PLAN

GENERAL ELECTRIC SUPPLEMENTARY PENSION PLAN

RETIREMENT ALLOWANCE AND TERMINATION ALLOWANCE PROGRAMS

EXHIBIT E

DEMOGRAPHIC DATA - FOR TREATMENT OF TRANSFERS BETWEEN GE AND KAPL

1. Name of the transferring participant;

2. Dates of covered noncontract service at each noncontract site;

3 Dates of covered contract service at each contract site;

4. Age of the transferring participant;

5. Age at earliest entry into a Contractor defined benefit plan;

6. Accrued benefit according to the plan from which transferred;

7. Accrued benefit according to the plan to which transferred using total covered service under Contractor defined benefit plans;

8. Actuarial accrued liability immediately after transfer;

9. Assets transferring on behalf of transferring participant, including determinative calculations and input data;

10. Salary of the transferring participant.

SCHEDULE IX

Of Section II.G of this Appendix "A":

- LMC Supplemental Retirement Plan, effective January 1, 2005
- KAPL Excess Benefit Plan, as amended April 5, 1993.

SCHEDULE X

Of Section II.J. and K. of this Appendix "A":

KAPL, Inc. defined contribution retirement savings and investment plan as described in LMC plan document:

| Title | Date |
|---|---|
| • Lockheed Martin Corporation Salaried Savings Program | April 1, 2004 |
| • Lockheed Martin Corporation Performance Sharing Plan | July 1, 1998 |
| • Guide to the Lockheed Martin Corporation Supplemental Savings Plan | November 1, 2005 |
| • Lockheed Martin Corporation Capital Accumulation Plan | January 1, 2006 |

SCHEDULE XI

Of Section VI.A.5 of this Appendix "A":

KAPL, Inc., educational benefit program for employees as described in the collective bargaining agreements between LMC/KAPL, Inc. and the following unions:

| Union | Effective Date |
|---|---|
| IUE | July 31, 2006 |
| PSEA Local #1 | August4, 2002 |
| IFPTE Local #147 | August 22, 2006 |
| IBT Local #294 | July 31, 2006 |
| UA Local #128 | July 31, 2006 |

# SCHEDULE XII

Reserved

SCHEDULE XIII

Of Section II.F.1(d) of this Appendix "A":

KAPL, Inc., Post Retirement Life and Medical benefits for retired salaried non-union represented employees and their dependents or surviving spouses, as summarized in the LMC Benefits Documents listed below.

| Title | Effective Date |
| --- | --- |
| • LMC Group Insurance for Retired Employees | January 1, 2007 |

Schedule XIV

Of Section II.E.5 of this Appendix “A”:

KAPL Medical Return-To-Work EB-MEDRTN dated June 1, 1995

**FEDERAL BUREAU OF INVESTIGATION**
**CRIMINAL JUSTICE INFORMATION SERVICES**

**SECURITY ADDENDUM**

The goal of this document is to provide adequate security for criminal justice systems while under the control or management of a private entity, the Contractor. Adequate security is defined in Office of Management and Budget Circular A-130 as “security commensurate with the risk and magnitude of harm resulting from the loss, misuse, or unauthorized access to or modification of information.”

The intent of this Security Addendum is to require that the Contractor maintain a security program consistent with federal and state laws, regulations, and standards (including the CJIS Security Policy in effect when the contract is executed), as well as with policies and standards established by the Criminal Justice Information Services (CJIS) Advisory Policy Board (APB).

This Security Addendum identifies the duties and responsibilities with respect to the installation and maintenance of adequate internal controls within the contractual relationship so that the security and integrity of the FBI's information resources are not compromised. The security program shall include consideration of personnel security, site security, system security and data security.

The provisions of this Security Addendum apply to all personnel, systems, networks and support facilities supporting and/or acting on behalf of the government agency.

1.00 Definitions

1.01 Administration of criminal justice - the detection, apprehension, detention, pretrial release, post-trial release, prosecution, adjudication, correctional supervision, or rehabilitation of accused persons or criminal offenders. It also includes criminal identification activities; the collection, storage, and dissemination of criminal history record information; and criminal justice employment.

1.02 Agency Coordinator (AC) - a staff member of the Contracting Government Agency, who manages the agreement between the Contractor and agency.

1.03 Contracting Government Agency (CGA) - the government agency, whether a Criminal Justice Agency or a Noncriminal Justice Agency, which enters into an agreement with a private contractor subject to this Security Addendum.

1.04 Contractor - a private business, organization or individual which has entered into an agreement for the administration of criminal justice with a Criminal Justice Agency or a Noncriminal Justice Agency.

1.05 Control Terminal Agency (CTA)- a duly authorized state or federal criminal justice agency with direct access to the National Crime Information Center (NCIC) telecommunications network providing statewide (or equivalent) service to its criminal justice users with respect to the various systems managed by the FBI CJIS Division.

1.06 Control Terminal Officer (CTO)- an individual located within the CTA responsible for the administration of the CJIS network for the CTA.

1.07 Criminal Justice Agency (CJA)- The courts, a governmental agency, or any subunit of a governmental agency which performs the administration of criminal justice pursuant to a statute or executive order and which allocates a substantial part of its annual budget to the administration of criminal justice. State and federal Inspectors General Offices are included.

1.08 Noncriminal Justice Agency (NCJA) - a governmental agency or any subunit thereof that provides services primarily for purposes other than the administration of criminal justice.

1.09 Noncriminal justice purpose - the uses of criminal history records for purposes authorized by federal or state law other than purposes relating to the administration of criminal justice, including employment suitability, licensing determinations, immigration and naturalization matters, and national security clearances.

1.10 Security Addendum - a uniform addendum to an agreement between the government agency and a private contractor, approved by the Attorney General of the United States, which specifically authorizes access to criminal history record information, limits the use of the information to the purposes for which it is provided, ensures the security and confidentiality of the information consistent with existing regulations and the CJIS Security Policy, provides for sanctions, and contains such other provisions as the Attorney General may require.

2.00 Responsibilities of the Contracting Government Agency

2.01 The CGA entering into an agreement with a Contractor is to appoint an AC.

2.02 In instances in which responsibility for a criminal justice system has been delegated by a CJA to a NCJA, which has in turn

entered into an agreement with a Contractor, the CJA is to appoint an Agency Liaison to coordinate activities between the CJA and the NCJA and Contractor. The Agency Liaison shall, inter alia, monitor compliance with system security requirements. In instances in which the NCJA's authority is directly from the CTA, there is no requirement for the appointment of an Agency Liaison.

2.03 The AC will be responsible for the supervision and integrity of the system, training and continuing education of employees and operators, scheduling of certification testing and all required reports by NCIC.

2.04 The AC has the following responsibilities:

a. Understand the communications and records capabilities and needs of the Contractor which is accessing federal and state records through or because of its relationship with the CGA;

b. Participate in related meetings and provide input and comments for system improvement;

c. Receive information from the CGA (e.g., system updates) and disseminate it to appropriate Contractor employees;

d Maintain and update manuals applicable to the effectuation of the agreement, and provide them to the Contractor;

e. Maintain up-to-date records of employees of the Contractor who access the system, including name, date of birth, social security number, date fingerprint card(s) submitted, date security clearance issued, and date certified or recertified (if applicable);

f. Train or ensure the training of Contractor personnel. If Contractor personnel access NCIC, schedule the operators for a certification exam with the CTA staff. Schedule new operators for the certification exam within six (6) months of employment. Schedule certified operators for recertification testing within thirty (30) days prior to the expiration of certification. Schedule operators for any other mandated class;

g. The AC will not permit an un-certified employee of the Contractor to access an NCIC terminal;

h. Where appropriate, ensure compliance by the Contractor with NCIC validation requirements;

i. Provide completed Applicant Fingerprint Cards on each person within the Contractor who accesses the System to the CJA

(or, where appropriate, CTA) for criminal background investigation prior to such employee accessing the system; and

j. Any other responsibility for the AC promulgated by the FBI.

2.05 The CTA shall ensure that all NCIC hot file transactions and Interstate Identification Index (III) transactions be maintained on an automated log for a minimum of six months. This automated log must identify the operator on III transactions, the agency authorizing the transactions, the requester, and any secondary recipient. This information can be captured at log on and can be a name, badge number, serial number, or other unique number.

3.00 Responsibilities of the Contractor

3.01 The Contractor shall maintain a security program which complies with this Security Addendum.

3.02 The Contractor shall assign a Security Officer accountable for the management of this security program. This person shall coordinate with the CGA to establish the security program.

3.03 The Contractor shall document the security program in a Security Plan. The Security Plan shall describe the implementation of the security requirements described in this Security Addendum, the associated training program, and the reporting guidelines for documenting and communicating security violations to the CGA. The Security Plan shall be subject to the approval of the CJA, even in instances in which the CGA is the NCJA.

3.04 The Contractor shall provide for a Security Training Program for all Contractor personnel engaged in the management, development, operation, and/or maintenance of criminal justice systems and facilities. Annual refresher training shall also be provided.

3.05 The Contractor shall establish a security violation response and reporting procedure to discover, investigate, document, and report on all security violations. Violations which endanger the security or integrity of the criminal justice system or records located therein must be communicated to the CGA immediately. Minor violations shall be reported to the CGA on a periodic basis, but in no instance less than quarterly. See Section 8.01.

3.06 The Contractor’s facilities will be subject to unannounced security inspections performed by the CGA. These facilities are also subject to periodic FBI and state audits.

3.07 The security plan is subject to annual review by the CJA and the Contractor. During this review, efforts will be made to update the

program in response to security violations, changes in policies and standards, and/or changes in federal and state law and technology.

3.08 The Contractor and its employees will comply with all federal and state laws, rules, procedures and policies (including the CJIS Security Policy in effect when the contract is executed) formally adopted by the FBI and the CJIS APB, including those governing criminal history record information.

4.00 Site Security

4.01 The Contractor shall dedicate and maintain control of the facilities, or areas of facilities, that support the CGA.

4.02 All terminals physically or logically connected to the computer system accessing NCIC and the criminal justice files must be segregated and screened against unauthorized use or observation.

5.00 System Integrity

5.01 Only employees of the Contractor, employees of CGA, the Agency Liaison, and such other persons as may be granted authorization by the CGA shall be permitted access to the system.

5.02 The Contractor shall maintain appropriate and reasonable quality assurance procedures.

5.03 Access to the system shall be available only for official purposes consistent with the appended Agreement. Any dissemination of NCIC data to authorized employees of the Contractor is to be for their official purposes.

5.04 Information contained in or about the system will not be provided to agencies other than the CGA or another entity which is specifically designated in the contract.

5.05 All criminal history record information requests must be envisioned and authorized by the appended Agreement. A current up-to-date log concerning access and dissemination of criminal history record information shall be maintained at all times by the Contractor.

5.06 The Contractor will ensure that its inquiries of NCIC and any subsequent dissemination conforms with applicable FBI/NCIC policies and regulations, as set forth in (1) the Security Addendum; (2) the NCIC 2000 Operating Manual; (3) the Policy and Reference Manual; (4) the CJIS Security Policy; and (5) Title 28, Code of Federal Regulations, Part 20. All disseminations will be considered as "Unclassified, For Official Use Only."

5.07 The Contractor shall protect against any unauthorized persons

gaining access to the equipment, any of the data, or the operational documentation for the criminal justice information system. In no event shall copies of messages or criminal history record information be disseminated other than as envisioned and governed by the appended Agreement.

6.00 Personnel Security

6.01 Appropriate background investigations must be conducted on all Contractor employees and the Contractor's vendors which provide system maintenance support.

6.02 Thorough background screening by the CGA is required. This investigation includes submission of a completed applicant fingerprint card to the FBI through the state identification bureau. State and national record checks by fingerprint identification must be conducted for all personnel who manage, operate, develop, access and maintain criminal justice systems and facilities. Record checks must be completed prior to employment.

6.03 When a request is received by the CTA before system access is granted:

a. The CGA on whose behalf the Contractor is retained must check state and national arrest and fugitive files. These checks are to be no less stringent than those performed on CJA personnel with access to NCIC.

b. If a record of any kind is found, the CGA will be formally notified, and system access will be delayed pending review of the criminal history record information. The CGA will in turn notify the Contractor-appointed Security Officer.

c. When identification of the applicant with a criminal history has been established by fingerprint comparison, the CGA's designee will review the matter. A Contractor employee found to have a criminal record consisting of any felony convictions or of misdemeanor offenses which constitute a general disregard for the law is disqualified. Applicants shall also be disqualified on the basis on confirmations that arrest warrants are outstanding for such applicants.

d. If an adverse employment determination is made, access will be denied and the Contractor-appointed Security Officer will be notified in writing of the access denial. This applicant will not be permitted to work on the contract with the CGA. Disqualified employees and applicants for employment shall be notified of the adverse decisions and the impact that such records had on such decisions.

6.04 The investigation of the applicant's background shall also include contacting of employers (past or present) and personal references.

6.05 The Security Officer shall maintain a list of personnel who successfully completed the background investigation.

6.06 The CGA will ensure that each Contractor employee receives a copy of the Security Addendum and executes an acknowledgment of such receipt and the contents of the Security Addendum. The signed acknowledgments shall remain in the possession of the CGA and available for audit purposes.

6.07 The CGA shall ensure that each Contractor employee authorized to access CJIS network terminals or information provided therefrom is specially trained in the state and federal laws and rules governing the security and integrity of criminal justice information.

6.08 All visitors to sensitive areas of Contractor facilities must be escorted at all times by a Contractor employee with clearance. Names of all visitors shall be recorded in a visitor log, to include date and time of visit, name of visitor, purpose of visit, name of person visiting, and date and time of departure. The visitor logs shall be maintained for five years following the termination of the contract.

7.00 System Security

7.01 Transmission, processing, and storage of CJA information shall be conducted on dedicated systems. Increased reliance should be placed on technical measures to support the ability to identify and account for all activities on a system and to preserve system integrity.

7.02 The system shall include the following technical security measures:

a. unique identification and authentication for all interactive sessions;

b. if warranted by the nature of the contract, advanced authentication techniques in the form of digital signatures and certificates, biometric or encryption for remote communications;

c. security audit capability for interactive sessions and transaction based logging for message-based sessions; this audit shall be enabled at the system and application level;

d. access control mechanisms to enable access to be restricted by object (e.g., data set, volumes, files, records) to include the ability to read, write, or delete the objects;

e. ORI identification and access control restrictions for message based access;

f. system and data integrity controls;

g. access controls on communications devices;

h. confidentiality controls (e.g., partitioned drives, encryption, and object reuse).

7.03 Data encryption shall be required throughout the network passing through a shared public carrier network.

7.04 The Contractor shall provide for the secure storage and disposal of all hard copy and media associated with the system to prevent access by unauthorized personnel.

7.05 The Contractor shall establish a procedure for sanitizing all fixed storage media (e.g., disks, drives) at the completion of the contract and/or before it is returned for maintenance, disposal or reuse. Sanitization procedures include overwriting the media and/or degaussing the media. If media cannot be successfully sanitized it must be returned to the CGA or destroyed.

8.00 Security violations

8.01 Consistent with Section 3.05, the Contractor agrees to inform the CGA of system violations. The Contractor further agrees to immediately remove any employee from assignments covered by this contract for security violations pending investigation. Any violation of system discipline or operational policies related to system discipline are grounds for termination, which shall be immediately reported to the AC in writing.

8.02 The CGA must report security violations to the CTO and the Director, FBI, along with indications of actions taken by the CGA and Contractor.

8.03 Security violations can justify termination of the appended agreement.

8.04 Upon notification, the FBI reserves the right to:

a. Investigate or decline to investigate any report of unauthorized use;

b. Suspend or terminate access and services, including the actual NCIC telecommunications link. The FBI will provide the CTO with timely written notice of the suspension. Access

and services will be reinstated only after satisfactory assurances have been provided to the FBI by the CJA and Contractor. Upon termination, the Contractor's records containing criminal history record information must be deleted or returned to the CGA.

8.05 The FBI reserves the right to audit the Contractor's operations and procedures at scheduled or unscheduled times. The FBI is authorized to perform a final audit of the Contractor's systems after termination of the Security Addendum.

9.00 Miscellaneous provisions

9.01 This Security Addendum does not confer, grant, or authorize any rights, privileges, or obligations on any persons other than the Contractor, CGA, CJA (where applicable), CTA, and FBI.

9.02 The following documents are incorporated by reference and made part of this agreement: (1) the Security Addendum; (2) the NCIC 2000 Operating Manual; (3) the Policy and Reference Manual; (4) the CJIS Security Policy; and (5) Title 28, Code of Federal Regulations, Part 20. The parties are also subject to applicable federal and state laws and regulations.

9.03 The terms set forth in this document do not constitute the sole understanding by and between the parties hereto; rather they provide a minimum basis for the security of the system and it is understood that there may be terms and conditions of the appended Agreement which impose more stringent requirements upon the Contractor.

9.04 This Security Addendum may only be modified by the FBI, and may not be modified by the parties to the appended Agreement without the consent of the FBI.

9.05 All notices and correspondence shall be forwarded by First Class mail to:

Assistant Director
Criminal Justice Information Services Division, FBI
1000 Custer Hollow Road
Clarksburg, West Virginia 26306

**FEDERAL BUREAU OF INVESTIGATION**
**CRIMINAL JUSTICE INFORMATION SERVICES**
**SECURITY ADDENDUM**

**CERTIFICATION**

I hereby certify that I have read and am familiar with the contents of (1) the Security Addendum; (2) the NCIC 2000 Operating Manual; (3) the Policy and Reference Manual; (4) the CJIS Security Policy; and (5) Title 28, Code of Federal Regulations, Part 20, and agree to be bound by their provisions.

I recognize that criminal history record information and related data, by its very nature, is sensitive and has potential for great harm if misused. I acknowledge that access to criminal history record information and related data is therefore limited to the purpose(s) for which a government agency has entered into the contract incorporating this Security Addendum. I understand that misuse of the system by, among other things: accessing it without authorization; accessing it by exceeding authorization; accessing it for an improper purpose; using, disseminating or redisseminating information received as a result of this contract for a purpose other than that envisioned by the contract, may subject me to administrative and criminal penalties. I understand that accessing the system for an appropriate purpose and then using, disseminating or redisseminating the information received for another purpose other than execution of the contract also constitutes misuse. I further understand that the occurrence of misuse does not depend upon whether or not I receive additional compensation for such authorized activity. Such exposure for misuse includes, but is not limited to, suspension or loss of employment and prosecution for state and federal crimes.

_____ _____
Signature of Contractor Employee Date

_____ _____
Signature of Contractor Representative Date

_____
Organization and Title

## 1. Management

Almost 10 years ago, we made a promise to the Naval Reactors Program to be good stewards of the Bettis Atomic Power Laboratory by maintaining stability, continuing the tradition of excellence, ensuring technical independence, minimizing interference, and providing the right levels of corporate support only when asked. We believe we have delivered on this promise, and we are now pleased to have an opportunity to extend the same commitment to both of NRLFO's Laboratories—Bettis and Knolls.

Our ability to deliver on this commitment is stronger than ever. Bechtel has formed Bechtel Marine Propulsion Corporation (BMPC) as a single-purpose entity to bid on this opportunity. BMPC is a wholly owned subsidiary of Bechtel National, Inc.—we have no teaming partners or preselected subcontractors. This ensures that the lines of communication between the customer and BMPC are clear, uncomplicated, and responsive. The new, focused entity has the same stability and independence found throughout the privately owned Bechtel group of companies (Figure 1).

- As a privately owned company, we make decisions that maximize customer satisfaction, not share prices or dividends.
- Riley Bechtel is the fourth-generation Bechtel to personally run the company, ensuring that there will be continuity of our values, vision, ethics, and top-level direction.
- Bechtel is now 110 years old, and our customers have never valued us more. In 2007, the company set a record for new work booked at $34 billion, an increase of 38 percent over 2006, which was also a record year.
- Bechtel is the largest engineering-construction firm in the U.S., as ranked by *Engineering News-Record*, and has been for the last 10 years, and it is the top civilian nuclear power contractor for 2007. Not only does this bring stability; it ensures that we have the right resources to assist NRLFO whenever asked.

**Our management approach ensures that both Laboratories continue to deliver technical excellence that is free from unwanted corporate influence.**

- We bring the stability and freedom from corporate pressures that only a privately owned firm can offer.
- Our Board of Directors fully empowers the Bettis and KAPL General Managers to act autonomously to meet or exceed NRLFO's expectations.
- We minimize reporting requirements, Board meetings, and points of contact to avoid unintended influence.
- Policy 106 sets restrictions on Bettis/KAPL interaction.

Despite these strengths and records, Bechtel is a quiet company that rarely advertises or seeks publicity. We are internally motivated by performing challenging work, exceeding expectations, delivering on commitments, and growing through repeat business with customers we know and respect. NRLFO is exactly the type of customer and program we value, and we hope to extend our working relationship by operating Bettis and KAPL on your behalf for the next decade.

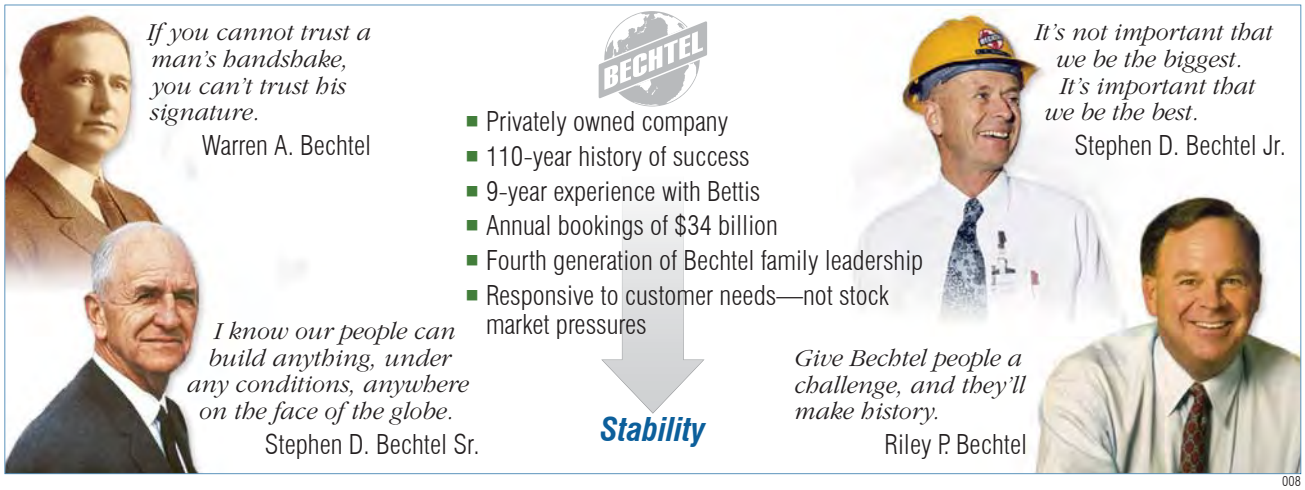


**Figure 1. Why Bechtel?** Our 110-year history of stability and privacy—coupled with our 9-year working relationship with Naval Reactors—make us uniquely qualified to manage Bettis and KAPL.



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## 1.i Independent technical judgment

Our approach to maintaining the independent technical judgment of Bettis and Knolls is tailored from the approach we have demonstrated at Bechtel Bettis, Inc. (BBI). For this contract, we have created BMPC as a stand-alone company whose policies, benefits, and practices can be tailored to meet NRLFO's specific needs.

BMPC will be overseen by a Board of Directors that exercises arms-length governance of the current General Managers at the two Laboratories. Through BMPC's governance documents, the General Managers will be empowered to run the daily operations of their respective Laboratories and will be fully authorized to take any and all actions necessary to ensure that NRLFO is fully satisfied with our performance, including establishing and executing policy.

We have also minimized corporate requirements that flow down to BMPC. All our governing actions are intended to ensure we maintain the high level of independent technical judgment the Laboratories now provide to the Naval Nuclear Propulsion Program. The following sections detail how we deliver on our commitment to not interfere with the independence of the two Laboratories.

### *1.i.A Relationship to rest of organization*

BMPC, a wholly owned subsidiary of Bechtel National, Inc. (BNI), will report organizationally through BNI as shown in Figure 2. While this is a typical arrangement for our subsidiaries, BMPC will not be governed in the same way—it will be isolated to the maximum possible degree. Only the BMPC Board of Directors will have any direct interaction with the Laboratory General Managers or their employees. Oversight and assistance typically provided to our projects and subsidiaries by our corporate managers will be forbidden unless specifically requested by the General Managers and approved by NRLFO. Contact with BMPC from other Bechtel projects, functions, and services will also be prohibited. Finally, only legally required acknowledgment of Bettis or KAPL will be made in any marketing or business development activities and then only with prior approval by NRLFO.

The BMPC Board of Directors is small and responsive, and it comprises individuals known to NRLFO, as shown in Figure 3. This creates continuity of knowledge, continuance of our existing policies of non-interference in and technical independence of Bettis, and continuation of established working relationships between NRLFO officials and

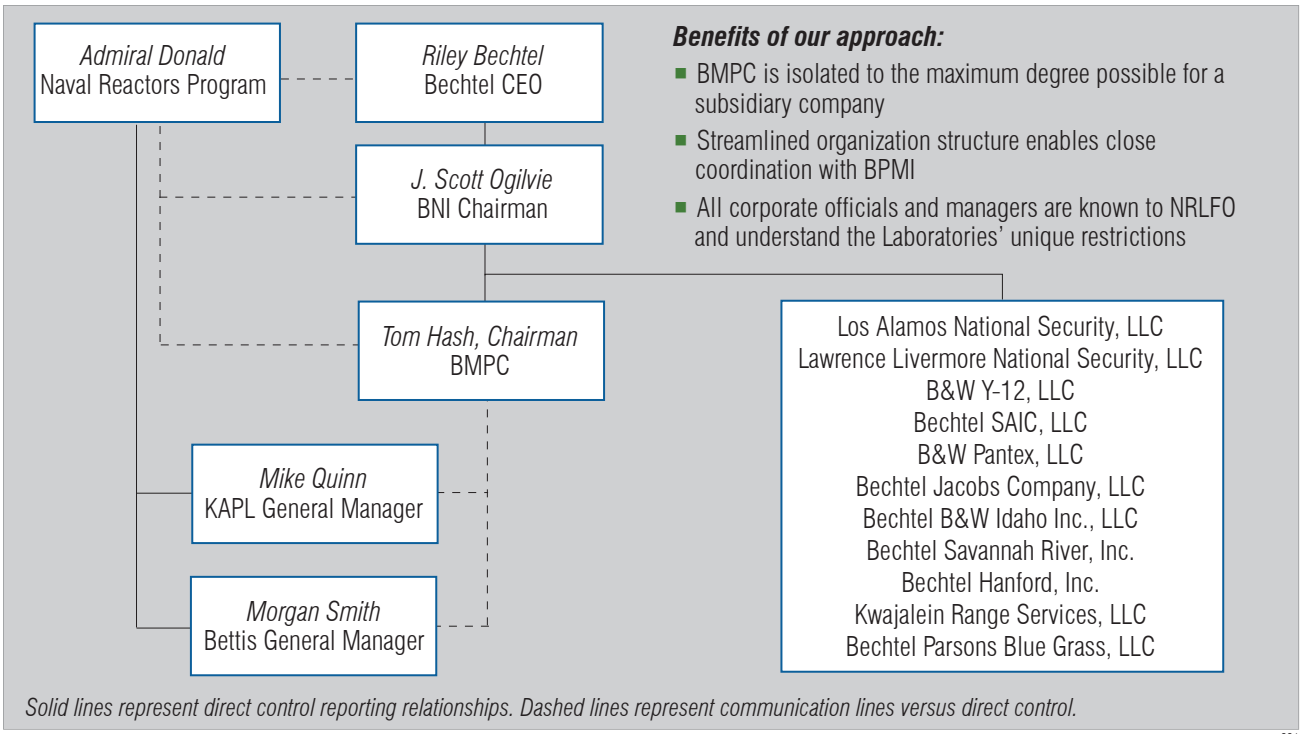


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**Figure 2. Relationship to Organization.** We have positioned BMPC in our organization to keep it isolated while also simplifying access to key corporate officials who all understand the NR Program's need for technical excellence and independence.



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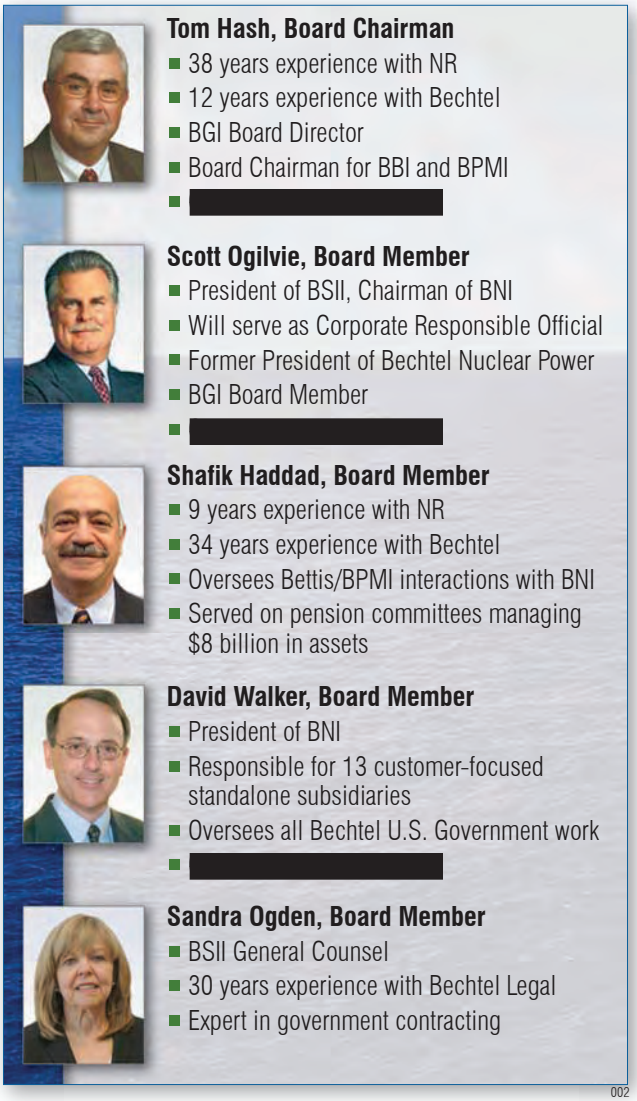


**Figure 3. BMPC Board of Directors.** Our Board members are familiar to NRLFO, they know how to minimize interference with the sites, and they are dedicated to maintaining the Laboratories' independence and technical excellence.

Bechtel senior management. Consistent with our practice for the last 9 years, our Board of Directors will exercise its fiduciary duties and governance of BMPC while keeping visits and interactions with the sites to a minimum. They have and will continue to communicate routinely with senior leadership of NR and NRLFO to seek input on performance in delivering what we promise.

Mr. Tom Hash will serve as the Chairman of the BMPC Board. As Chairman of BBI and Bechtel Plant Machinery, Inc. (BPMI) for the last 9 years, Mr. Hash has played an important role in facilitating leadership changes at Bettis, PAD, and MAO in a seamless manner. He also provided leadership in the consolidation of PAD and MAO as well as insights that helped NRF improve its performance. As Chairman of BMPC, Mr. Hash will leverage this experience as well as his 38 total years of NR Program involvement—first through his affiliation with B&W and then at Bechtel as the President of BNI and BSII—to ensure that the Laboratory General Managers are empowered to maintain the Laboratories' technical independence from Day One of the new contract.

Mr. Scott Ogilvie has been named as our Corporate Responsible Official. [redacted]. Mr. Ogilvie is a Bechtel Partner and Senior Vice President, making him one of the 45 most senior managers within the 40,000-person organization. [redacted]. He also serves on the Accenture Energy Advisory Board and the University of Maryland School of Engineering Board of Advisors. This assures NR that Mr. Ogilvie has the corporate standing needed to address any issues brought to his attention by NRLFO, the BMPC Board, or the Bettis or KAPL General Managers.

Mr. Ogilvie also brings a strong nuclear power background to this assignment and a hands-on understanding of the challenges facing the nuclear industry and the NR Program in finding, recruiting, retaining, and developing the necessary resources to maintain the technological edge needed for this business. As the President of Bechtel Power from 2001 to 2007, Mr. Ogilvie drew upon his management expertise and thorough knowledge of the power industry to establish the company as the premier provider of steam generator and reactor pressure vessel head replacement services for nuclear power utilities worldwide—during this period he managed Bechtel's nuclear and fossil power divisions in the successful delivery of 39 new generation projects and 8 steam generator replacements in 15 countries on 5 continents. Mr. Ogilvie is well positioned to continue Mr. Hash's practice of providing appropriate resources from Bechtel's core



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competencies (e.g., construction, project management, nuclear power, and safety) when desired by the Program.

In setting up BMPC through its by-laws and articles of incorporation, we have been careful to balance the need for integrated governance of the Laboratories with the need for protecting the independent technical judgment of Bettis and KAPL. Populating the Board with experienced managers who all understand the NR Program is a strong first step in achieving this balance. The Board will meet annually unless circumstances warrant more frequent meetings such as during the initial phase of the new contract.

To simplify interactions with the sites, the Board will delegate routine governance and integration duties to one of its members, Mr. Shafik Haddad. Mr. Haddad has exclusively—and at no cost to the Bettis contract—performed similar duties over the last 9 years. He has been instrumental in interfacing with NRLFO, leading our initial transition efforts, providing corporate support when required, serving as a fiduciary for pension and benefit plans, and driving closer cooperation between Bettis and BPMI. Mr. Haddad provided assistance to the Bettis senior management team when requested, and he served as a liaison for accessing Bechtel corporate resources to better support the Program. He also actively supported the various consolidations and cost saving initiatives and was diligent in ensuring that the rest of the Bechtel organization was aware of and compliant with corporate policies protecting Bettis' independence. Mr. Haddad will continue in this role to support the Laboratory General Managers under BMPC.

[redacted] With this arms-length approach, Messrs. Smith and Quinn will report to the Chairman of the Board, who will hold them accountable for satisfying the expectations of NRLFO. Both General Managers will be fully empowered to take any and all actions needed to ensure that the Program is totally satisfied with our performance. Mr. Hash will hold Messrs. Smith and Quinn accountable for successfully managing the relationship between BMPC and Naval Reactors. This accountability ensures that every action taken is protective of human health and the environment, all BMPC deliverables are of the highest quality and are completed on schedule and within or under budget, and the two Laboratories provide their services in the most cost-effective manner possible. Messrs. Smith and Quinn will be authorized by Mr. Hash to commit BMPC in all financial and contractual matters. Figure 4 further depicts the General Managers' responsibilities, authorities, and accountabilities.

### 1.i.B Degree of technical independence of Bettis and KAPL

By setting up BMPC as a stand-alone company with arms-length governance of two fully autonomous General Managers, we have taken important first steps toward ensuring that it has the highest possible degree of technical independence. Messrs. Smith and Quinn do not have to consult with any corporate officials before making programmatic decisions that affect their respective Laboratories. They are to remain focused on continuing the

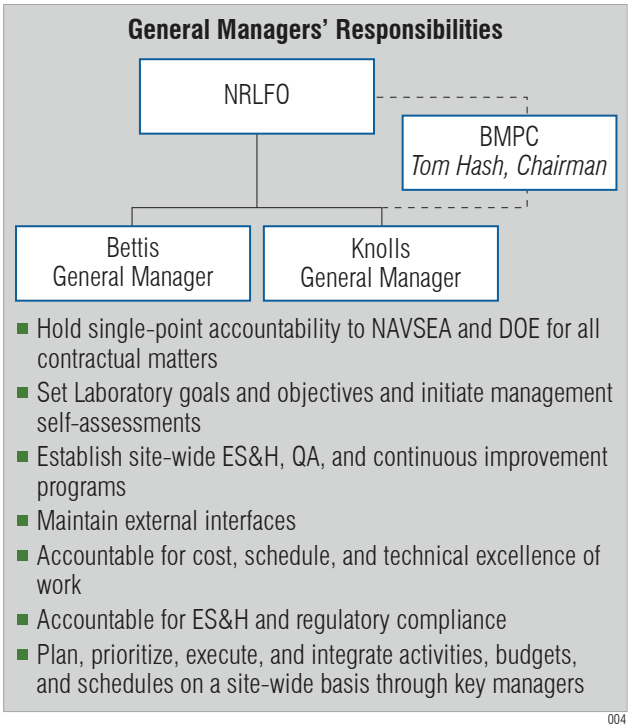


**Figure 4. General Manager Responsibilities.** To ensure their ability to continue technical independence, we have assigned to Messrs. Smith and Quinn the autonomous authority needed to manage their Laboratories on a daily basis.



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tradition of excellence expected by both NRLFO and Bechtel. However, we have not stopped there. We have taken additional measures to further ensure that the Laboratories are independent of intentional and even unintentional corporate influence. We have developed an approach to preserving the benefits of having two independent Laboratories while also accelerating savings through integration where possible. The following sections describe these approaches.

### 1.i.B.1 Independence from corporate influence

When we were awarded the Bettis contract nine years ago, we immediately implemented several measures to ensure that Bechtel corporate managers and employees understood the unique nature of the contract and the constraints placed on interactions with Bettis. As demonstrated by our successful experience over the life of the contract, these measures have been effective. Should we be awarded this new contract, we will repeat these measures to reinforce the restrictions on Bettis interactions and extend the policies to apply to KAPL. These measures include the following:

- We have modified BSII Policy 106. This policy has been in place since we were awarded the Bettis contract almost a decade ago. As shown in Figure 5 on the following page, we have prepared an update that expands Policy 106 to include KAPL as well as Bettis. This modified policy will be implemented immediately upon award of this new contract. This policy ensures that Bettis and KAPL are free of corporate influences that would negatively impact the level of technical independence now in effect.
- While Policy 106 formally establishes the restrictions on interactions with the Laboratories, we will also widely advertise these requirements to ensure that all BNI employees are aware of and compliant with them. For Bettis, this will serve as a reminder of the widely understood policy we have enforced since 1998. For KAPL, this will sensitize the population to the fact that the limit on interactions is broader than it was before. We will achieve this wide notification through our existing communication tools, including e-mail, the corporate intranet, and corporate publications such as the *Bechtel Globe*. The restrictions will be included in the announcement of the contract award—good news that will attract the attention of every Bechtel employee. Drafts of these communiques are depicted in Figure 6.
- We will distribute to all BNI functional managers a copy of our letter of commitment to Admiral Donald (included in Section K of our Offer volume). This letter reinforces our dedication to supporting NRLFO, achieving technical excellence, and ensuring technical independence. Put simply, we are here to serve the needs of the NR Program. Within the Bechtel organization, functional managers are the individuals who provide oversight and staffing of technical departments on projects—Mr. Ogilvie's letter to Admiral Donald will firmly embed in their minds the hands-off relationship they must maintain with Bettis and KAPL. Figure 6 also reproduces this commitment letter.

We are confident that these measures will be extremely effective because the entire BNI workforce is already aware of and used to observing these restrictions for Bettis. Broadening these policies to KAPL will be a logical extension of our current practices.

### 1.i.B.2 Independence from each other

The structure of BMPC retains both the KAPL and Bettis General Managers and keeps both organizations intact and separate. Both General Managers report individually to the Chairman of our Board of Directors, and both are equally empowered to take the actions they deem necessary to safely accomplish their assigned scopes of work and satisfy their customers. This ensures that both Laboratories remain independent of each other.

Within this independent structure, there are opportunities to promote and accelerate the ongoing cost savings and business enterprise initiatives among Bettis, KAPL, and BPMI in areas that do not affect independent technical judgment. This will naturally occur as a result of removing the corporate barriers between these organizations and by encouraging all General Managers and their staff to collaborate effectively. The BMPC Board will, with NRLFO's approval, encourage the Laboratory Directors to streamline processes and systems to



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Bechtel Systems & Infrastructure, Inc.
Standard Practices

Policy 106, Page 2 of 2
Date 2/1/2009
Supersedes BSII Policy 106 dated 4/5/07

benefits shall be reviewed with and approved by the BNI Naval Reactors Program Integration Manager who shall seek the approval of the Naval Reactors Laboratory Field Office prior to such requests being made.

**Approval Requirements**

This policy can be changed only with the written approval of the Chairman of BNI.

Submitted by: S. Haddad

Approved by: J. S. Ogilvie

Bechtel Systems & Infrastructure, Inc.
Standard Practices

Policy 106, Page 1 of 2
Date 2/1/2009
Supersedes BSII Policy 106 dated 4/5/07

**Subject: Interaction with the Bettis and Knolls Atomic Power Laboratories**

**Purpose**

To establish the means by which other Bechtel entities may interact with Bechtel Marine Propulsion Corporation (BMPC), the management and operations contractor of the Bettis and Knolls Atomic Power Laboratories and formalize the limitations on corporate requirements to be placed on BMPC.

**Background**

BMPC is a standalone, fully autonomous, wholly owned subsidiary of Bechtel National, Inc. (BNI). BMPC was created solely to serve the Naval Reactors Program. Above all else, BMPC must provide independent, unbiased technical recommendations to its customers. To ensure BMPC retains the independence to fulfill its mission, interactions with BMPC are strictly limited.

**Policy**

Limit recruiting of BMPC personnel. BMPC personnel cannot be recruited by other corporate entities either for full time employment or part time consulting without the written permission of the BMPC General Managers. To implement this prohibition, the following actions are required:

- All BMPC employees will be excluded from all corporate human resources databases in order to ensure that these employees do not show up on computerized searches run for the purposes of locating personnel with a specific expertise for use on a project, to fill open job requisitions, or to propose as a key person in a business development exercise.
- The BNI Naval Reactors Program Integrator, in coordination with the BSII Manager of Functions, is accountable for ensuring that the BSII functional managers avoid any unauthorized contacts with BMPC for the purpose of recruiting personnel.
- The BMPC General Managers are responsible for filling BMPC open positions in accordance with BMPC policies only. BMPC is not required to post internal job openings with other Bechtel corporate or subsidiary entities if it chooses not to do so.
- The BMPC General Managers will immediately notify the BNI Naval Reactors Program Integration Manager of any violations of this policy. Once notified, the BNI Naval Reactors Program Integration Manager will review this policy with the offending individual. Disciplinary action may be taken at the discretion of the BNI Chairman—up to and including termination as warranted.

Ensuring technical independence. No influence—either intended or not, direct or indirect—can be exerted on BMPC employees regarding recommendations to be made to the Naval Nuclear Propulsion Program. All decisions and recommendations must be unbiased, made for the good of the Program, and exclusive of any considerations motivated by corporate financial or strategic considerations.

- The BMPC General Managers have been given full autonomy over all BMPC contractual, financial, technical, and performance matters. This autonomy is limited to BMPC matters; approval from the BSII President is required before the BMPC General Managers can authorize expenditures of derived funds in excess of the approval limits specified by the applicable delegation of authority letters, or before taking an action that would place BMPC or its parent companies at greater risk than already obligated by the DOE and NAVSEA contracts.
- No off-project reviews of BMPC's work (technical or budgetary) will be conducted unless requested in writing by the BMPC General Managers. The BNI Naval Reactors Program Integration Manager will review this restriction with all BNI functional managers annually.
- All marketing and business development (M&BD) prospects that may present a conflict of interest to BMPC, or may adversely impact BMPC's ability to provide unbiased recommendations, shall be reviewed with the BMPC General Managers as part of the management approval process. If the conflict—real or implied—is deemed by the BMPC General Managers to be detrimental to BMPC's independence, a "no bid" decision is mandated. The BNI Naval Reactors Program Integration Manager, in coordination with BSII M&BD Managers, is accountable for recognizing the potential of conflict as prospects are reviewed and for getting the required input from the BMPC General Managers. On an annual basis, this limitation shall be reviewed with all BSII M&BD Managers.
- Corporate reporting requirements imposed on BMPC shall be strictly limited. Financial reporting shall be limited to quarterly preparation and presentation of the standard Project Financial Status Review (PFSR) form. All reporting requirements beyond the PFSR and those necessary for employee compensation and

**Figure 5. Ensuring Technical Independence.** Upon award, we will publish a modified version of our existing Policy 106 (as shown above). This will include KAPL in our existing "hands-off" approach to interacting with Bettis.



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**Figure 6. Eliminating Corporate Interactions.** To enforce the commitments we made to Admiral Donald, we will notify all Bechtel employees of the rules for interacting with Bettis and KAPL immediately upon award of the contract.

improve overall performance while also simplifying interactions and reviews by NRLFO, without compromising the independence of technical judgment at the Laboratories.

### *1.i.C Corporate plans for staffing including limits on recruitment by rest of organization*

Our corporate approach to staffing Bettis and KAPL is fully compliant with contract Clause H-21, Personnel and Qualification Criterion (1) from RFP Section M. We will make employment offers to all incumbent personnel at the same base salary/pay rates they are being paid at the time of the offer of employment. We will promote from within to fill management positions, recruit to fill entry-level positions, and strictly forbid the transfer of personnel to other Bechtel entities or projects unless NRLFO so approves. Each of these components of our approach, summarized in Figure 7, is discussed in the following sections.

#### 1.i.C.1 Hiring all incumbents

Our goal is to hire 100 percent of the Bettis and KAPL managers, employees, and workers in the most efficient and cost-effective manner possible. Being the sole owner of BBI and BMPC, BNI will transfer all existing BBI employees into BMPC effective the day after transition ends. Using the communication plans outlined in Section 1.ii, Transition, Bettis employees will be notified early of their impending transfer of employment, and their questions will be promptly answered to ensure continuity of work and to avoid disruptions.

BMPC will quickly extend offer letters to all KAPL, Inc. employees. We will begin with a hand-delivered offer to Mr. Quinn within 48 hours of the start of the transition. All current key personnel will receive offers in the first week of the transition. All remaining incumbent employees will receive offers the following week. With two weeks allowed for responses to offers, we will know by the end of the first month of transition if there are any employees who elect to not join BMPC. This strategy allows ample time to implement contingency plans. Our plan and schedule for this process are detailed in Section 1.ii.

One of the major components of our transition plan is the smooth assimilation of the Bettis and KAPL workforces. During the transition, we will

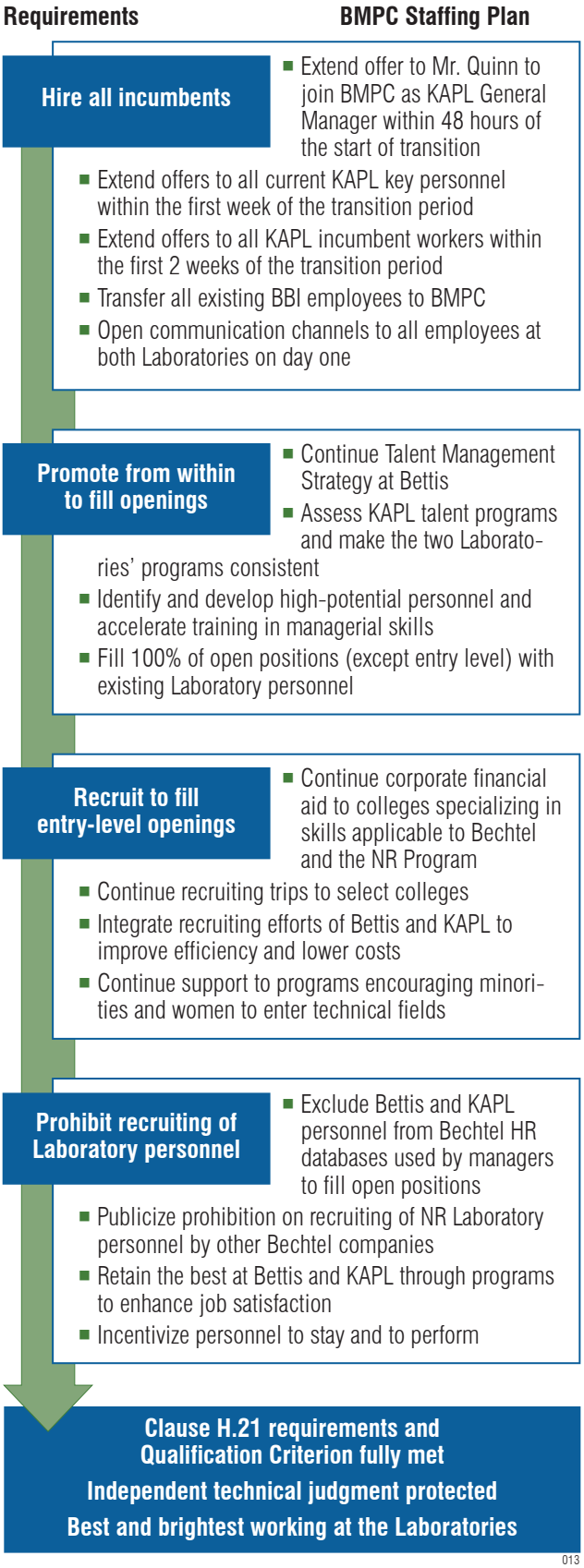


**Figure 7. Staffing Plan.** Our plan for staffing Bettis and KAPL with the most talented and motivated personnel is based on our experience in attracting top performers to Bechtel and Bettis.



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communicate with all employees at both sites to help them understand that there will be no impact on their daily work assignments, their reporting relationships with their supervisors, or their overall pay and benefits packages. While the transition should be more transparent at Bettis, where Bechtel is already a known entity, we will emphasize communication and openness at both sites throughout the transition period to ensure that we maintain continuity of all ongoing operations.

### 1.i.C.2 Developing and promoting to fill openings

Many of the positions at Bettis and KAPL are highly specialized and require unique knowledge, training, or expertise. Our 9 years of experience at Bettis have shown us that it is much more effective and efficient to promote from within to fill openings that arise. It is also better for morale because the employees know that they will receive top consideration for any promotions.

As Figure 8 shows, we have been very successful with promoting from within at Bettis—new college hires are progressing steadily into successively more responsible positions by being promoted as openings arise. Our commitment to promote from within is also shown in the composition of our current management team. Today's Bettis leadership team includes 28 Bettis managers and 1 KAPL employee. Of the 28 Bettis managers, only 5 managers remain from the incumbents we hired in 1999. We encouraged the General Manager to promote from within to fill 22 of those 23 openings over the last 9 years. With the endorsement

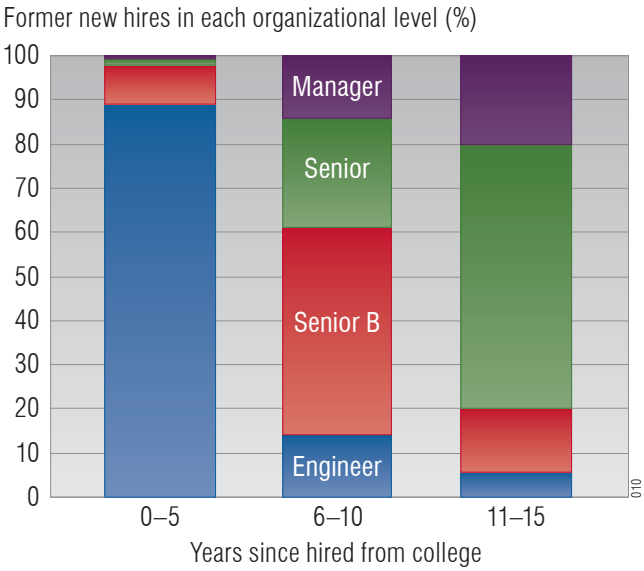


**Figure 8. Promoting From Within.** Our data from Bettis show that our college hires are steadily progressing upward in our organization, demonstrating our commitment to promote from within to fill openings

and approval of NRLFO, Bettis made one strategic activity-level hire from Bechtel to leverage a Bechtel core competency in construction and construction management. Similarly, at NRF, the current management team consists of 2 original members, 8 promotions from within, and 3 external strategic hires made with NRLFO approval.

To continue this tradition and ensure that we always have the next generation of leaders ready to step up and fill openings, BMPC will initially adopt the formal Talent Management Strategy now in use at Bettis (Figure 9). BBI implemented this approach by tailoring Bechtel's corporate Global

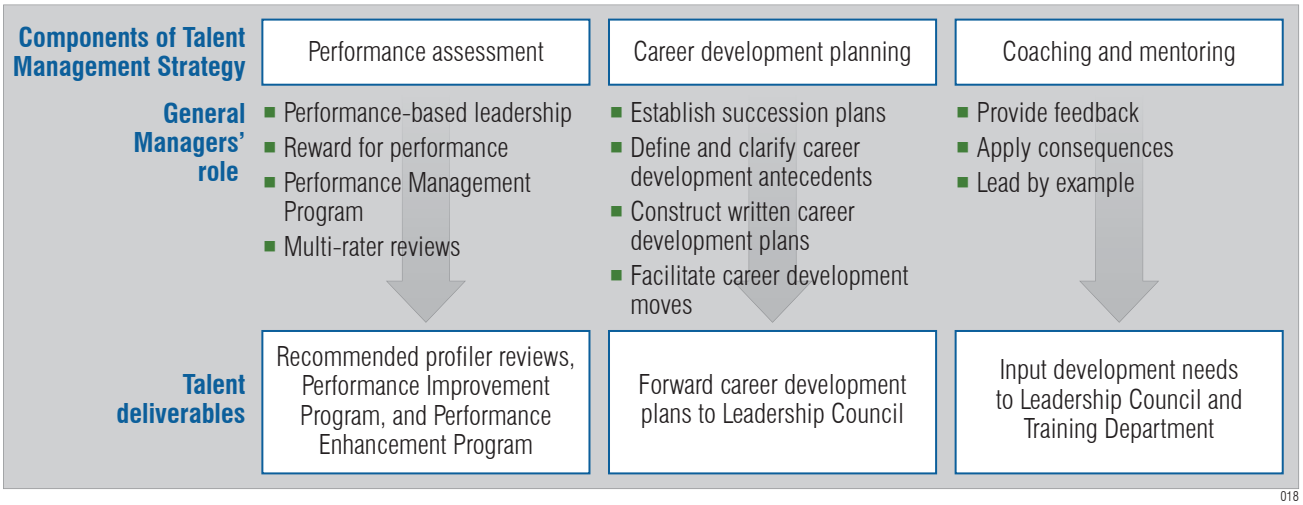


**Figure 9. Talent Management Strategy.** At Bettis, we are actively monitoring and developing the talent of the employees to ensure we have the next generation of leaders ready to smoothly step into openings and continue the site's vital missions without interruption.



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Talent Strategy. During transition, we will work with Mr. Quinn to determine whether a similar program is in place at KAPL, and we will expand this approach to address both Laboratories consistently.

Our Talent Management Strategy addresses both succession planning and leadership development. The BBI Leadership Council (like our functional managers at Bechtel) drives the process through annual talent identification exercises such as the one conducted on May 14, 2008. In this exercise, each manager reviews his/her succession plans and the status of the individuals in line for key positions. Leadership abilities are evaluated against the performance criteria outlined in Figure 10. Talent is rated as "ready for management now," "ready in 1–3 years," or "ready in >3 years." Dossiers are reviewed by the attending managers, and adjustments are made as needed. Specific staffing issues such as upcoming shortages of critical skills are discussed and resolved.

From this exercise, development plans are customized to enable the responsible managers—with support from Human Resources—to guide employee development and growth so the pre-identified individuals are prepared to assume increased responsibilities as the needs arise and to fill openings as they occur.

For lower-level positions, Bettis advertises openings to the general population of the Laboratories and interviews potential internal candidates to identify the most suitable replacements. This is an area where the combined Bettis/Knolls contract will improve resource sharing and efficiency. As pay and benefits packages are normalized between the two sites, movement of personnel among all the locations will become easier. This will allow personnel to be exchanged, shared, or transferred if desired. This flexibility will improve efficiency, increase retention, and enhance job satisfaction because more opportunities are open to the workforce. If a replacement is required for which no qualified candidate can be found within BMPC, Mr. Smith or Quinn would immediately seek approval from the Contracting Officer to expand the search for a qualified replacement external to the Laboratories. No action would be taken to look outside Bettis or KAPL before approval is granted by the Contracting Officer.

### 1.i.C.3 Recruiting to fill entry-level openings

Just like Bettis and KAPL, Bechtel's corporate success rests heavily on its ability to find, attract, hire, and retain the best talent in the industry. Our people are our major competitive advantage. For this reason, we maintain aggressive recruiting programs at the best schools around the nation.

Both Bechtel Corporation and Bechtel Bettis have comprehensive college relations programs that include mature on-campus recruiting, internship, summer hire, and scholarship components. In addition to finding the best available talent, these

| Performance Criteria | Competencies | Seven Performance Characteristics of a Great Leader |
|---|---|---|
| Customer focus | ■ Customer relations | 1. Drive to create value for both the organization and the customer |
| Leadership and teamwork | ■ Lead courageously<br>■ Effective teaming<br>■ Motivate others<br>■ Leverage diversity<br>■ Initiative | 2. Manage for the good of the entire organization, not just a particular area of responsibility<br>3. Act as owners, not just caretakers<br>4. Enable and empower their people and each other to succeed |
| Contribution to mission success | ■ Think strategically<br>■ Project management<br>■ Continuous improvement of people, processes, and product | 5. Position the organization for future success, looking well beyond just immediate needs |
| Organizational and individual work objectives | ■ Promote ES&H and security programs<br>■ Effective communications<br>■ Adaptability/flexibility | 6. Provide positive leadership through even the most difficult times<br>7. Understand their strengths and weaknesses and build a staff around them that fills in the gaps |

**Figure 10. Leadership Expectations.** Bechtel Bettis evaluates and develops its managers to achieve [redacted] Seven Characteristics of a Great Leader.



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efforts keep Bechtel and Bettis attuned to the curricula that schools are offering (as they relate to business lines of interest to us) and their progress in attracting more minorities and women to careers in high-technology and engineering fields. Bechtel's corporate experience in implementing recruiting programs is described in further detail in Section 1.iii.B. The remainder of this section focuses on BBI's successes in recruiting to fill entry-level openings as they have arisen over the last 9 years.

Since 2000, BBI has recruited 1,777 new employees to fill openings created by all routine forms of attrition as well as the accelerated recruitment necessary to staff the Space Reactor program in 2005. As shown in Figure 11, 460—or 26 percent—of these new hires resulted from BBI's extensive college recruiting efforts. In the first 5 months of FY08 alone, BBI has held 18 career fairs and 24 on-campus interview events at 28 different colleges and universities (Figure 12). This effort demonstrates that Bechtel Bettis is actively engaging with the nation's top colleges and universities to successfully bring highly talented college graduates to the NR Program. This success is facilitated by the connections BBI develops with students and educational institutions from its active scholarship and internship programs. In 9 years, BBI has awarded 65 scholarships and hired 169 interns. Our data indicate that retention rates for interns is demonstrably higher than for the general employee population.

Our experience at NRF also demonstrates our ability to recruit. As the NRF mission evolved and new requirements came into effect, Bechtel increased the staffing from 653 to 1137. This was accomplished by hiring locally, transferring Bechtel professionals, and recruiting from nearby sources. This 484-person recruiting effort is especially noteworthy considering the remoteness of the site and the extended travel time to get to work each day.

We have no doubt that the existing KAPL college recruiting efforts are of the same caliber as our Bettis program. However, we believe there may

| Fiscal year | Scholarships | Interns | College hires | Total hires |
|---|---|---|---|---|
| 2000 | 10 | 10 | 20 | 133 |
| 2001 | 5 | 27 | 35 | 125 |
| 2002 | 4 | 26 | 11 | 58 |
| 2003 | 8 | 28 | 54 | 155 |
| 2004 | 10 | 25 | 80 | 248 |
| 2005 | 8 | 28 | 176 | 551 |
| 2006 | 7 | 4 | 33 | 166 |
| 2007 | 13 | 21 | 51 | 341 |

**Figure 11. Bettis Recruiting Program.** Our comprehensive recruiting efforts use scholarships, internships, and aggressive outreach to consistently bring the best people to Bettis.

| School | Career Fair Date | Campus Interview Date |
|---|---|---|
| North Carolina A&T | 9/11/2007 | 9/12/2007 |
| Kansas State | 9/18/2007 | 9/19/2007 |
| University of Tennessee | 9/18/2007 | N/A |
| Virginia Polytechnic Institute | 9/18/2007 | 10/23/2007 & 10/24/2007 |
| Penn State | N/A | 11/15/2007 |
| University of Virginia | 9/20/2007 | TBD |
| University of Michigan | 9/24/2007 | N/A |
| Florida A&M | 9/26/2007 | N/A |
| Rochester Institute of Technology | 9/26/2007 | 9/27/2007 |
| Tuskegee | 9/27/2007 | TBD |
| University of Maryland | 9/27/2007 | 9/28/2007 |
| Pittsburgh | 10/3/2007 | 10/11/2007 |
| University of Nebraska | 10/312007 | 10/4/2007 |
| Youngstown State | 10/3/2007 | 10/4/2007 |
| Ohio State University | 10/4/2007 | 10/18/2007 |
| Penn State, Behrend | 10/912007 | 10/10/2007 |
| Grove City | 10/10/2007 | 10/15/2007 |
| West Virginia University | 10/17/2007 | 11/6/2007 |
| Carnegie Mellon | N/A | 11/1/2007 |
| Cornell | N/A | 10/18/2007 |
| University of Central Florida | N/A | 11/30/2007 |
| Purdue | N/A | 10/1/2007 & 10/2/2007 |
| Rose Hulman Institute of Technology | N/A | 9/26/2007 |
| Rensselaer Polytechnic Institute | N/A | 10/2/2007 |
| University of Missouri-Rolla | N/A | 10/4/2007 |
| Howard University | 2/20/2008 | N/A |
| Illinois | N/A | 9/18/2007 |
| University of Notre Dame | N/A | 9/27/2007 |

**Figure 12. Campus Recruiting to Date in FY08.** Bettis personnel routinely recruit from the best schools in the nation to attract college hires to the NR Program.



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be slight differences in approaches. At Bettis, we have adapted Bechtel's corporate approaches into a stand-alone, NR-specific, Bettis-executed recruiting program. We disengaged the BBI recruiting efforts from Bechtel's corporate initiatives because they have different goals. Where Bechtel Corporation values mobility and attracts people interested in variety through rotational assignments to different aspects of a large company, BBI wants to find employees interested in long-term careers dedicated to the NR Program—not an entry point to bigger Bechtel. While the merger of the Bettis and KAPL contracts may engender more mobility than is currently possible, we believe the individuals sought by Bechtel and BMPC will still be fundamentally different. BMPC will continue to focus on attracting and retaining excellent personnel with the explicit intent of building their careers by serving the NR Program. To the degree possible, BMPC can leverage Bechtel's knowledge of and reputation in the nuclear industry, but we envision that the recruiting programs should remain separate.

Under the new contract, we will evaluate recruiting at Bettis and KAPL and will integrate and normalize the efforts where possible. By recruiting under one NR Program banner, we can improve recruiting efficiency while also reducing costs.

### 1.i.C.4 Retaining the best at the Laboratories

Our approach to keeping the best personnel at the Laboratories consists of two major elements:

- We strictly forbid "raiding" of the Laboratories by any Bechtel corporate entity. As described in Section 1.i.B.1, we will expand our corporate policy restricting interaction with and recruiting from Bettis to also include KAPL (shown earlier in Figure 5). Furthermore, as was shown in Figure 6, we will broadly advertise these restrictions so all Bechtel employees understand and comply with the stated policy and the contractual requirements from Clause H.21 that "The contractor will coordinate with the contracting officer prior to any management initiated transfers of personnel from the Naval Reactors Program to other contractor locations." Additionally, Bettis and Knolls employees hired into BMPC will be excluded from corporate Human Resources databases designed to track and identify personnel by location, competencies, and skill types. In this way, they will not show up in searches run on those databases by corporate managers trying to fill positions on other projects.
- We have corporate- and Bettis-specific initiatives focused on keeping the best talent once we find it, including competitive compensation packages, rewards for performance, employee development programs, leadership training, community involvement, training opportunities, and other efforts to improve job satisfaction and work/life balancing. [redacted]

As shown in Figure 13, these have been proven effective at Bettis where annual voluntary attrition over the last 5 years has ranged from 1.6 to 3.0 percent—dramatically lower than the double digit attrition rates being experienced in many high-tech industries. Excluding retirements, the percentage of employees who leave simply for a perceived better or different opportunity has ranged from 0.5 to 1.7 percent. The result of these efforts will be that the Bettis and KAPL workforces will continue to be very stable, capable, and motivated to support NRLFO in this important national program.

### *1.i.D Corporate reporting requirements*

Just as we did for BBI, corporate reporting requirements for BMPC will be kept to a minimum. Essentially, the only reports we will require

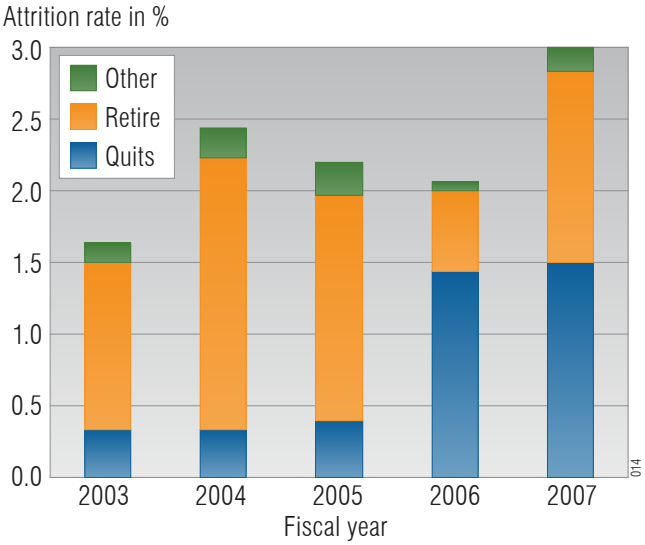


**Figure 13. Bettis Attrition Rates.** High employee satisfaction at Bettis has resulted in attrition rates much lower than in similar high-technology industries.



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are those needed to satisfy Bechtel's fiduciary and legal responsibilities for a subsidiary company and to gather data that we in turn are required to report to the Government.

Figure 14 summarizes the notifications approved by the NRLFO Contracting Officer that are now in place for Bettis; we anticipate the same would apply to KAPL. As the figure also shows, in keeping with our commitment to NR, we strictly limit the distribution of these reports/notifications; most are handled by Bechtel's Naval Reactors Program Integration Manager, Shafik Haddad. Also, we keep the notifications and reporting process as simple as possible. In most cases the process is conducted through a quick phone call or inclusion of Bechtel on the distribution list of an existing report.

### 1.i.E Financial or other corporate goals and requirements

We will impose no corporate financial goals or requirements on either Bettis or KAPL. Our private ownership means we are not driven by the need to see a specific return on each dollar invested. We are not subject to external pressure from stockholders and investors to return a profit of a certain magnitude each quarter so stock prices or dividends do not decline. Once our fee has been set through NRLFO's acceptance of our offer, our corporate financial goals are met. Beyond that, our financial books are closed to the public, and monetary issues take a back seat to achieving technical excellence and satisfying our customers.

The only corporate expectations we will set for BMPC will be that its employees do everything within their power to meet or exceed NRLFO expectations on a daily basis and to consistently drive toward Zero Accidents in all work they do.

### 1.i.F Incentives planned for BMPC management

Bechtel is committed to rewarding its employees and managers for their performance, and that has been our policy at Bettis. Under this new contract, we will continue the Bettis Reward for Performance (RFP) incentive structure now in place

| Item | Project Contact | Process | Bechtel Contact |
|---|---|---|---|
| Safety incidents | Schramm/Reynolds | Telephone call/fax | Haddad/Mathis |
| Lawsuits (excluding workers' compensation) | Leonardi | Communicated via phone call. Include BNI on distribution of annual fiscal year contingent liability report. | Haddad/Humphries |
| Procurement protests | Leonardi | Telephone call | Haddad/Humphries |
| Awards, events, ceremonies | Smith/Burton | Telephone call/fax | Haddad |
| Budget changes | Haughey | Review via Project Financial Summary Report (PFSR) | Haddad |
| PFSR | Haughey | Submit in accordance with BNI schedule | Haddad/Sweningsen |
| Contract amendments | Haughey | Provided to BNI for information/approval as needed | Haddad/Humphries |
| News/media stories in paper or about to be published | Bradfield (PAO)/ DiBattista/Kelleher | Telephone call/fax to corporate Public Relations Officer | Kidder/Haddad |
| External audits (IG, DNFSB) | Haughey | Telephone call/fax | Haddad |
| Monthly SB/SDB activity | Andreos | Statistics provided to BNI | Houston/Haddad |
| Labor grievances/agreements | Hutchings | Telephone call/fax | Haddad/Humphries |
| Monthly safety reporting | Schramm | Report monthly to incorporate in corporate statistics | Poff/Snow/Haddad |
| NOVs, fines, permit issues | Schramm/Reynolds | Telephone call/fax | Haddad/Humphries |
| Internal audit team reports | Haughey (Richert) | BNI included on distribution | Mende/ Haddad |
| Unusual incidents | Smith/DiBattista/Kelleher | Telephone call/fax | Haddad |
| Terminations for cause | Hutchings | Telephone call | James/Haddad |
| Standard HR reports | Hutchings | Include BNI on distribution | James/Haddad |
| Out of policy/exceptions | Haughey | Contact BNI in accordance with delegation letter | Ogilvie/Haddad |
| Interworks Requisition (IWR) | Andreos | Formal Purchase Orders/Change Notices as needed | Haddad |
| Six Sigma | Bradfield | Annual Six Sigma Plan and PFSR progress reporting | Rochester/Haddad |

**Figure 14. Corporate Notifications.** We have reduced the reporting requirements for BMPC to the least amount possible for a corporate subsidiary to ensure the Laboratories' technical independence and freedom from interference.



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where NR sets aside up to 0.44 percent of the Bettis payroll for incentives, and Bechtel contributes [redacted] to that pool. During transition, we will review the KAPL incentive program, which we believe to be similar to the Bettis program. Differences will be resolved, and a fair, equitable, and consistent structure will be implemented across both Laboratories. All RFP bonuses (including both the Government and contractor portions) will be shared openly with, and approved by, NRLFO prior to award.

We have two major goals for the consolidated BMPC incentivization program. First, we will reward key managers for achieving NRLFO-established objectives and expectations and accomplishing the overall mission of the Program. Second, we will incentivize our leaders for collaboration, leadership, and consistent efforts to improve effectiveness and efficiency. These areas align well with Mr. Morgan Smith's Seven Characteristics of a Great Leader, shown earlier in Figure 10.

We will also continue to work to increase the number of employees being incentivized through the RFP program. We have already made strides in this at Bettis. When we took over the contract, [redacted] By increasing the number of employees eligible for the RFP program, we build ownership of both individual and collective performance, enhance employee alignment with NRLFO goals, and drive motivation and alignment to lower levels of the organizations.

[redacted] Awards from these funds will continue to be tied to NRLFO objectives [redacted]. For the two Laboratory General Managers, BMPC will evaluate additional criteria such as the following when allocating bonus awards:

- success in implementing effective and timely career development and succession plans that address routine attrition issues and anticipated skills shortages;
- degree of inter-laboratory collaboration in finding enterprise-style efficiencies and savings without jeopardizing the independent technical judgment of either Laboratory;
- continuing progress in improving the safety cultures and security postures at both Bettis and KAPL; and
- degree of cooperation in developing joint systems for budget development, prioritization, management, reporting, and corrective actions.

At the beginning of each year, we will seek NRLFO input on the specific areas that DOE and NAVSEA want to incentivize. As RFP awards are being determined, we will solicit input from NRLFO on the performance of each General Manager against the established criteria. We reiterate that Rewards for Performance will not be tied to corporate financial goals or requirements, as we will impose none on the Bettis or KAPL managers.

### 1.i.G Policies affecting technical independence

In developing our management plan for Bettis and KAPL, we have been extremely careful not to create any policies that would hinder or impact their continued ability to provide unbiased, independent technical recommendations. As demonstrated throughout this section, we have formalized the "arm's-length" policy for interactions between the Laboratories and external Bechtel entities through BMPC governance documents, corporate policies, letters, e-mails, and intranet postings. We have mandated that BMPC's legally required Board of Directors must not become intrusive. We are complying with the requirement to retain all current managers and promote from within. We are placing great trust in Messrs. Smith and Quinn by empowering them to autonomously run their respective Laboratories within the new BMPC.

These are commitments we take seriously. We have delivered on the promises made in our original Bettis proposal submitted almost a decade ago. From that performance record, NRLFO can be assured that we will continue our commitments at Bettis and extend the same protection of independent technical judgment at KAPL.



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# FY2009 BMPC Diversity Plan

In accordance with DEAR 970.5226-1, this document is submitted for the BMPC FY2009 Diversity Plan. BMPC is committed to diversity and inclusion. We are working to build a program that truly values and leverages the talents of its employees in our continuing effort to attract and retain the highly skilled workforce that we need to support the Naval Nuclear Propulsion Program and the Nation. Additional updates to this plan and specific action items will be discussed as appropriate with NRLFO personnel throughout the year.

## BMPC Diversity Strategy and Mission

Diversity and inclusion begin with the Bechtel vision, values, and covenants and extend to every activity involved in attracting and retaining a talented workforce with the specialized skills that are necessary to support our Nation's fleet of nuclear powered ships and develop new technologies.

BMPC recognizes that success in sustaining a diverse workforce depends upon the following principles:

- Clear sense of vision and mission
- Investment of time, people, and resources
- Long-term commitment
- Avoidance of a "quick-fix" approach
- Realistic view of strategic and competitive realities

These elements underscore the Bechtel Systems and Infrastructures, Inc. Diversity Plan that addresses the organizational challenges of recruiting, hiring, and retaining employees; enhancing the skills and competencies of current employees; and strengthening business, customer, and employee relations.

BMPC recognizes that diversity and inclusion are not just a short-term trend, but a business imperative on which our long-term business success depends. Our diversity strategy is to create an environment throughout that welcomes, respects, develops and leverages employee differences as a competitive strength. We believe that environment is set by both managers and employees. Our managers must lead by example and consistently demonstrate their accountability for diversity. Everyone is expected to value diversity through their respect for others and use their individual talents to better serve our Customer and the Nation.

Our workforce diversity contributes to mission success, productivity, competitiveness and retention by building an inclusive team that values the differences of individuals and takes advantage of each person's ideas and abilities. By taking advantage of our workforce diversity, we provide better value for our Customer and increase the engagement of our entire workforce. BMPC will achieve this through the following specific goals:

- Customer Interaction and Integration
- Workforce Diversity
- Educational Outreach
- Community Involvement and Outreach
- Socioeconomic Subcontracting and Economic Development

## Customer Interaction and Integration

BMPC must maintain and integrate the Naval Reactors Program core values of *Technical Excellence, Integrity, Focus on People, Formality and Discipline, Respect for Health and Environment, Value Consciousness and*

*Personal Ownership and Responsibility for Our Work* with the Bechtel values of *Ethics, Excellence, Fair Return, Mutual Respect, Safety, and Sustainability*. The integration of these two similar sets of values helps BMPC foster a diverse and inclusive work environment. These goals cannot be achieved without fully valuing and harnessing the unique talents and contributions of all employees. Dissenting opinions are a required part of our ongoing review of processes.

DEAR 970.5226-1 requires BMPC to submit a Diversity Plan that shows our commitment to diversity and building an organization that values and leverages the talents of its employees. The plan is submitted to the contracting officer for approval and review. The plan outlined in DEAR 970.5226-1 must address an approach for promoting diversity through our workforce, educational outreach, community involvement and outreach, subcontracting, economic development (including technology transfer) and the prevention of profiling based on race or national origin. The following information is included as evidence of BMPC's approach for promoting diversity through the above mentioned areas:

## Workforce

BMPC recognizes the value of a diverse workforce in enhancing the technological leadership of the Program. BMPC is an Equal Opportunity Employer that fosters inclusive work environments to value and respect all individuals and their contributions. BMPC's equal opportunity philosophy is strengthened by Bechtel Marine Propulsion Corporation Management Policy Statement, MPS #002, on Nondiscrimination and Equal Employment Opportunity. BMPC provides training to new managers on equal opportunity and review their Affirmative Action Plans, Goals and Progress with GM Staff.

Additionally, BMPC actively works to recruit and retain a highly skilled, diverse work force. This is achieved through strategic recruitment and by providing training opportunities, educational assistance and opportunity programs, work-life balance programs, recognition, and other opportunities that create an inclusive environment for all employees.

As both laboratories continue to identify areas where joint initiatives can benefit both laboratories, many future opportunities will be identified. Joint diversity, retention, mentoring, staffing, and training strategies are some of the many areas where a collaborative effort will drive the retention of our existing workforce, improve employee engagement and attract new talent. As the prospects of these joint initiatives become reality, updates to this plan and specific action items will be communicated as appropriate with NRLFO personnel.

## Educational Outreach

Diversity comes through recognition of the need to build a pipeline of future talent. BMPC has a staffing strategy that is focused on increasing the diversity of its new hires by aggressively seeking opportunities to participate in diverse recruiting events locally and nationally. BMPC staffing initiatives will help to identify opportunities targeted at improving our effectiveness in the area of female and minority hiring. Many of these efforts will continue with a focus of engaging local schools and organizations to establish relationships for locally-sourced new hires, as well as increased emphasis with professional and student organizations for future hiring opportunities.

BMPC also understands the importance of reaching out into the local community to support and prepare students academically for the future. Both laboratories utilize current employees as mentors and role models to encourage academic institutions with emphasis on mathematics and science to promote scholastic excellence. The investment also includes supporting an effective infrastructure for these students so they are able to excel academically.

## Community Involvement and Outreach

BMPC has a well-established, strong presence in their respective communities. Community relations efforts are tied directly to increasing employee attraction, retention and engagement while understanding the needs and concerns of the community surrounding the Laboratories. We want employees to participate in outreach

initiatives and take pride in having a climate of trust and partnership with a diverse community. BMPC focus the majority of its community relations efforts on educational initiatives and community outreach in the areas of health and human services. BMPC employees participate in numerous community outreach activities through organizations such as United Way.

BMPC are strong partners in the community because management fully supports volunteerism. Senior leaders at both laboratories are active in the community with their employees and are members of boards of directors and other community organizations. Employees can see the visible support the entire GM Staff has for volunteerism and our local community.

As the Laboratories work more closely together, we will continue to participate in our local communities and seek opportunities to work as a joint force nationwide.

## Small Business Subcontracting and Economic Development

BMPC seeks to provide the maximum practical opportunity to qualified small businesses to participate in the performance of procurements consistent with the efficient operation of Program work. These small business categories include Small, Small Disadvantaged, Women-Owned, HUBZones (Historically Underutilized Businesses), Veteran-Owned and, Service-Disabled Veteran-Owned. Through contracting with these businesses, BMPC promotes economic diversification in the local community and assist the economic development and transfer of technology. This collaboration effort establishes mutually beneficial relationships between the Laboratories and their respective communities. It is anticipated that knowledge transfer between both Laboratories will result in a more effective impact in our community and improved processes for identifying and securing contracts with small businesses.

BMPC has formal plans for managing our Supplier Diversity Program. In compliance with DOE Prime Contract requirements, both laboratories have developed, negotiated and incorporated into Prime Contract No. DE-AC12-00SN-39357 Small Business Subcontracting Plans that have established goals for the representation of small business concerns in procurement activity.

## Inputs, Outputs and Metrics

Finally, the following inputs, outputs and metrics will be used to refine and improve BMPC's Diversity Plan and overall efforts in our targeted areas.

## Inputs

Below are the inputs that BMPC uses each year to refine our direction and approach.

- BMPC Long Range Strategic Plans
- Naval Reactors Strategic Plan and Goals
- Diversity and Inclusion Program Strategic Plan
- Employee and leadership demographics
- All functional plans and goals
- Results of various surveys (Diverstiy, Ethics, NEO, Exit Interviews, etc.)
- Bechtel Systems and Infrastructures, Inc. Diversity Plan

## Outputs

- Attract, retain and develop talent
- Increased satisfaction and confidence in the way people operate
- Improved productivity and performance
- Increased innovation and creativity to leverage ideas for solutions
- Improved teamwork among colleagues
- Increased employee retention
- Increased representation in our workforce
- Improved awareness and understanding of Equal Employment Opportunity and Affirmative Action requirements and principles
- Decreased Ethics complaints in the areas of personnel and employee conduct

## Metrics

- Customer satisfaction results
- Visible leadership of diversity activities and commitment
- Communication activities
- Community outreach activity
- External recognition
- Progress toward established Affirmative Action Program goals
- HR Key Metrics (examples)
    - Attrition, Staffing (KAEP, ELDP, LDP, Interns), Overall Demographics, Promotion Metrics, Training Metrics
- Supplier diversity small business utilization metrics

# Master Small Business Subcontracting Plan (DOE Contract)

Name of Contractor: Bechtel Marine Propulsion Corporation

Address: 50 Beale Street
San Francisco, CA 94105-1895

Solicitation Number: DE-RP11-08PN38002

This master subcontracting plan describes our approach to involving small business (SB), including Alaskan Corporations (ANC) and Indian Tribes, veteran-owned SB (VOSB), service disabled veteran-owned SB (SDVOSB), HUBZone SB (HUBZone), small disadvantaged business (SDB), and women-owned SB (WOSB) concerns to the maximum extent practicable in work at the Bettis Atomic Power Laboratory (Bettis) and the Knolls Atomic Power Laboratory (KAPL).

We support DOE's strong, long-term commitment to diversity. We believe that diversity is much more than affirmative action in the workplace. For us, it is an operating principle of management that plays a key role in our success. Our belief in diversity—transformed into action—provides us with a competitive advantage over other organizations, both in the workplace and in the business community. Diversity in subcontracting provides vital links to the local community, increases our flexibility in meeting project goals, strengthens the local economy, creates new opportunities, is cost effective, and represents best business practices.

We have a long-established record of involving SB concerns in meaningful roles in government and commercial contracting. By building on our experience and by setting challenging goals, we have made SB participation and development an integral part of our approach to project execution. We will follow this approach at Bettis and KAPL.

In executing the Bettis and KAPL scope of work, we will comply with FAR 52.219-8 and 52.219-9, prime contract requirements, and current DOE policies and practices. Our policy is to aggressively encourage SB participation to the maximum extent practicable consistent with efficient performance of the Bettis and KAPL scopes of work. All procurements are reviewed to identify opportunities for including SB suppliers and contractors, developing good working relationships with them, and encouraging them to offer their products and services.

## 1. and 2. Goals (Percentages and Dollar Values)

Each annual plan (see attached) shall include the goals expressed in terms of percentages of total planned subcontracting dollars and dollar values for that fiscal year for the use of SB, VOSB, SDVOSB, HUBZone SB, SDB, and WOSB concerns.

## 3. Potential Subcontracting Opportunities for Small Business

Principal categories of subcontracting opportunities and the dollar value that will be made available for SB concerns will be shown on an annual basis. As additional opportunities are identified, an effort will be made to enlist SB concerns for that work scope.

## 4. Method Used to Develop Subcontracting Goals

To establish our subcontracting goals and commitments, we gathered available Bettis and KAPL information, forecast probable acquisition needs, and analyzed project estimates. We also used our Naval Reactors Program experience to determine potential requirements and contingencies. Our subcontracting goals are both realistic and attainable.



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## 5. Methods Used to Identify Potential Sources for Solicitation

We continually identify and review potential sources of supplies and services, including but not limited to, the following:

- online access to U.S. Small Business Administration Procurement Marketing and Access Network (PRO-Net);
  access to Bechtel's corporate proprietary Supplier Information System, which includes past performance data;
- veteran service organizations;
- National Minority Purchasing Council Vendor Information Services;
- The Research and Information Division of the Minority Business Development Agency in the Department of Commerce
  VOSB, SDVOSB, SDB, HUBZone SB, and WOSB trade associations;
  various directories and source lists such as the
  - Minority Supplier Development Council;
  - local U.S. Small Business Administration listings;
  - National Association of Minority Contractors;
  - MBISYS (National Minority Supplier Development Council database);
  - Dun & Bradstreet Procurement Planning Directory for Small Business Products and Services;
  - Minority Business Development Agency—Department of Commerce;
  - "Funded Organizations," published by U.S. Minority Business Development Agency;
  - "National Directory of Minority-Owned Business Information System," published by Business Research Services, Inc.;
  - "Minority and Women-Owned Business Information System," published by Source Publications, Inc.; and
  - "Minority-Owned High Technology Business Directory," published by Business Research Services, Inc.; and

  Bechtel, Bechtel National, Inc., and Bechtel Marine Propulsion Corporation (BMPC) small business fairs and forums designed to attract additional SB sources.

## 6. Indirect Costs

Indirect costs are not included in the goals under this plan.

## 7. Administrator of Subcontracting Plan

Within 30 days of contract assumption, BMPC will name an individual to administer this subcontracting plan. He/she will manage the following activities and ensure that they are performed efficiently and effectively:

maintain source lists of potential SB subcontractors;
when the number of prospective sources is not adequate, seek out other SB concerns through the use of mass media tools such as internet bulletin boards;
mentor SBs currently under subcontract, enhancing their ability to provide timely, cost-effective, quality services;
advise and train project management personnel on the purposes of this plan and foster support;
keep records measuring performance against the goals established here;
submit SF 294, Subcontracting Report for Individual Contracts, and SF 295, Summary Subcontract Report, in accordance with the prime contract and instructions provided by the Contracting Officer;

- verify that subcontracts contain the flowdown clauses pertaining to SB concerns when required and maintain the policies and procedures required by the prime contract;



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maintain good working relationships with Small Business Administration representatives to obtain assistance and coordination in finding capable SBs;
maintain a close working relationship with DOE to ensure that our project objectives and activities are consistent with Naval Reactors Laboratories Field Office (NRLFO) expectations;
require lower-tier subcontractors to submit subcontracting plans and monitor for compliance with those plans; and
make monthly reports to the Laboratory General Managers concerning progress toward achievement of goals under this program.

## 8. Implementation

We will perform the following additional functions to effectively implement this plan:

- appoint a full time supplier advocate to serve as a liaison for Bettis and KAPL among the SB community, internal purchasing agents, and the client;
- establish a mentor-protégé program to include the development of at least two SB firms—one 8(a) firm to work at Bettis, one 8(a) firm at KAPL, and other SB concerns as desired and warranted;
- plan solicitations (including time for preparation, scope of work, quantities, specifications, and delivery schedules) in a way that facilitates SB participation in subcontracting opportunities and solicitation, offer, and proposal activities;
- establish and maintain contacts with SB trade associations and business development organizations.
- conduct workshops, seminars, and training programs to ensure internal customers and buyers are acquainted with Bechtel policies and prime contract requirements and to ensure that external SBs are familiar with the requirements for doing business at Bettis and KAPL;
- maintain an effective outreach program by sponsoring and attending regional procurement conferences, trade fairs, and other functions to locate additional qualified sources;
- implement an "in reach" program that gives SBs access and exposure to key project planners and managers on all the Bettis and KAPL sites;
- develop a comprehensive SB source list (which includes past performance) that is easily accessible and useful to buyers; and
- preselect and qualify SB concerns to perform specific scopes of work.

## 9. Subcontract Terms and Conditions

We incorporate the flowdown clause requirements of FAR 52.219-9 as applicable into subcontracts that offer further subcontracting opportunities. This requires all subcontractors (except SB concerns) that receive subcontracts in excess of $550,000 ($1 million for construction of any public facility) to adopt a similar plan. The procurement managers at Bettis and KAPL are responsible for implementing and monitoring this aspect of the subcontracting plan.

## 10. Reports, Studies, and Surveys

We will:

- cooperate in any studies or surveys as may be required;
- submit periodic reports to allow the government to determine the extent of our compliance with this subcontracting plan;
- submit SF 294, Subcontracting Report for Individual Contracts, and/or SF 295, Summary Subcontract Report, in accordance with the instructions on the forms as provided in agency regulations; and
- ensure that our subcontractors agree to submit SF 294 and SF 295.



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## 11. Records

The types of records that we will maintain to demonstrate compliance with the requirements and goals of the subcontracting plan include:

source lists (e.g., PRO-Net), guides, and other data that identify SB, VOSB, SDVOSB, HUBZone SB, SDB, and WOSB concerns;

organizations contacted in an attempt to locate sources that are SB, VOSB, SDVOSB, HUBZone SB, SDB, and WOSB concerns;

- records of each subcontract solicitation that results in an award of more than $100,000, indicating:
  - whether SB concerns were solicited and, if not, why not;
  - whether VOSB concerns were solicited and, if not, why not;
  - whether SDVOSB concerns were solicited and, if not, why not;
  - whether HUBZone SB concerns were solicited and, if not, why not;
  - whether SDB concerns were solicited and, if not, why not;
  - whether WOSB concerns were solicited and, if not, why not; and
  - if applicable, the reason the award was not made to a SB concern;
- ~~records of any outreach efforts to contact~~
  - trade associations;
  - business development organizations;
  - conferences and trade fairs to locate small, HUBZone SB, SDB, and WOSB sources;
  - veterans and service-disabled veterans service organizations;

  records of internal guidance and encouragement provided to buyers through
  - workshops, seminars, training, etc.; and
  - monitoring of performance to evaluate compliance with program requirements; and
- on a contract-by-contract basis, records to support award data submitted by the offeror to the government, including the name, address, and business size of each subcontractor.

| Submitted by: | | Plan accepted by: | |
|---|---|---|---|
| Signature: | Shafik Haddad | Signature: | |
| Typed name: | Shafik Haddad | Typed name: | |
| Title: | Vice President | Title: | |
| Date: | May 27, 2008 | Date: | |

# DOE Small Business Subcontracting Annual Goals
# DE-RP11-08PN38002
# February 1, 2009—September 30, 2009

## 1. and 2. Goals (Percentages and Dollar Values)

The following table shows Bechtel Marine Propulsion Corporation's (BMPC) SB, VOSB, SDVOSB, HUBZone SB, SDB, and WOSB goals expressed in percentages of total available planned subcontracting dollars as well as estimated dollars for the remaining 8 months of FY09 following contract start.

| Category | Percentage of total estimated subcontracting effort | Dollar amount* |
|---|---|---|
| Total planned and available for subcontracting to SB concerns | 46% | $104.3 million |
| Total planned and available for subcontracting to VOSB concerns (included in SB concern numbers) | 3% | $6.8 million |
| Total planned and available for subcontracting to SDVOSB concerns (included in SB concern numbers) | 3% | $6.8 million |
| Total planned and available for subcontracting to HUBZone SB concerns (included in SB concern numbers) | 3% | $6.8 million |
| Total planned and available for subcontracting to SDB concerns (included in SB concern numbers) | 5% | $11.3 million |
| Total planned and available for subcontracting to WOSB concerns (included in SB concern numbers) | 5% | $11.3 million |

* *Total dollars available for subcontracting estimated to be $227 million for the 8 months of FY09 remaining when this contract starts. This assumes that the $340 million allocated to the Laboratory Materials and Services budget is expended linearly throughout FY09.*

## 3. Potential Subcontracting Opportunities for Small Business

The following table lists the principal categories of subcontracting opportunities and the estimated dollar value that will be made available for SB concerns. The categories shown are for general work groupings only.

| SB type | Estimated dollar value | Product/service |
|---|---|---|
| Any SB concern | $15.7 million | Manufacturing hardware (NAICS 444130) |
| Any SB concern | $20.8 million | Electrical components (NAICS 335999) |
| Any SB concern | $10.4 million | Machinery (NAICS 333512) |
| Any SB concern | $15.7 million | Electrical wire cable (NAICS 444190) |
| Any SB concern | $41.7 million | Information technology (NAICS 334112) |
| **Total** | $104.3 million | |

Submitted by:

Signature: Shafik Haddad

Typed name: Shafik Haddad

Title: Vice President

Date: May 27, 2008

Plan accepted by:

Signature: _____

Typed name: _____

Title: _____

Date: _____



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## 1.ii Transition

Our approach to workforce transition has been refined and improved on the 17 transitions we have accomplished since 1995 (Figure 15). In all, we have smoothly transferred over 47,000 incumbent employees into Bechtel National, Inc. or its subsidiaries such as Bechtel Bettis, Inc. Over 90 percent of these transferred employees were working on DOE M&O contracts with circumstances similar to the upcoming Bettis and KAPL transitions.

From this extensive experience, we have developed four principles to help us consistently deliver smooth transitions that finish on time without disrupting ongoing work:

- *Communicate early, often, openly, and honestly.* We will begin talking to the workforces at both Bettis and KAPL as soon after award as NRLFO approves. We will maintain dialogue with employees throughout the entire workforce transition period.
- *Consciously avoid disrupting ongoing work.* While we are transitioning the Bettis and KAPL workforces to BMPC and arranging for payroll and benefits packages, the workforce is trying to deliver its mission. We understand that meeting programmatic milestones is the top priority, and we will not interfere with it.
- *Extend employment offers as early as possible.* Even though the incumbents should know their jobs are secure, anxiety levels diminish when job offers are in hand. We will extend offers to KAPL employees as quickly as possible; Bettis employees will be notified at the same time that they are being directly transferred to BMPC.
- *Focus on the big items.* BMPC will adopt all the systems, processes, and procedures in place at KAPL and Bettis and then work at the appropriate pace to make necessary changes after the transition.

**Our transition approach leverages our successes at Bettis and 16 other major contract turnovers to smoothly bring Bettis and KAPL into BMPC.**

- Early, frequent, and honest communication is our key to alleviating employee anxiety to keep work going.
- Mr. Shafik Haddad will personally manage the transition, bringing his 9 years of NR and 34 years of Bechtel experience to bear on the challenge.
- Access to Bechtel experts with extensive transition experience assures NR we can achieve a smooth transition that avoids disruptions.

These same principles were used when we assumed responsibility for Bettis in 1999. In that transition, we succeeded in quickly and effectively moving 100 percent of the incumbent workforce into BBI in just 2 months as well as establishing working relationships and restrictions with BNI (Figure 16). By using our experience, lessons

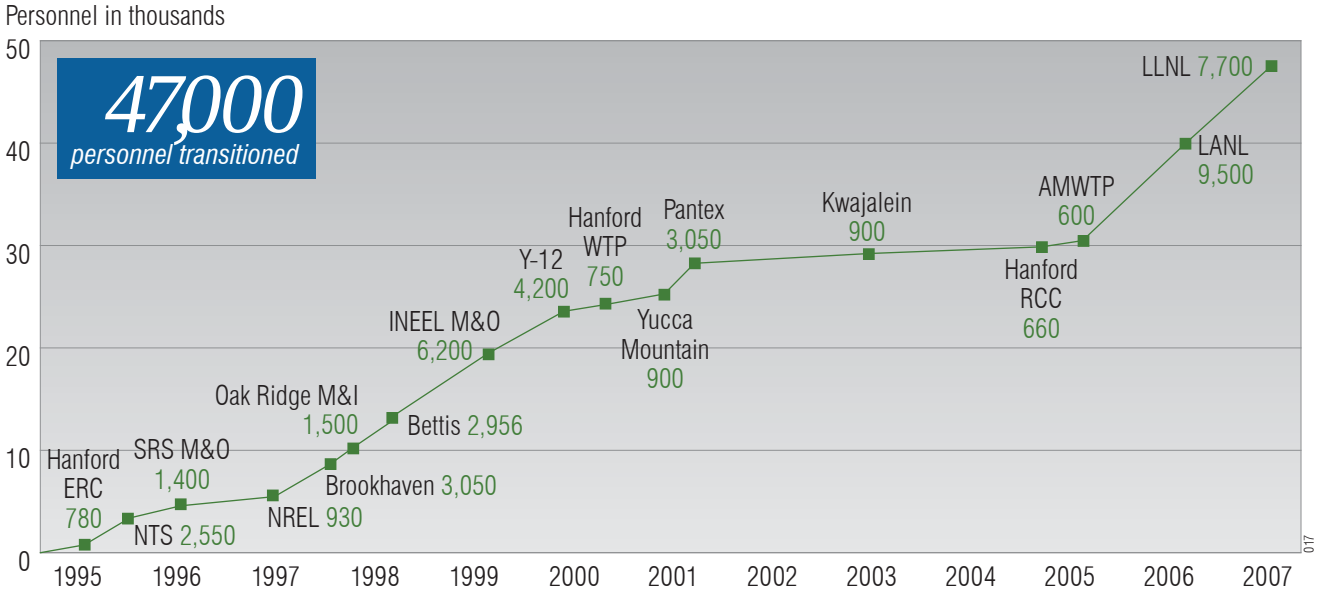


**Figure 15. Transition Experience.** We bring extensive lessons learned from successfully, safely, and smoothly transitioning 17 major management and operations contracts since 1995.



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**Human Resources**

- Extended offers to 2,956 employees; all offers accepted
- Established communications with employees to resolve concerns and address questions
- Developed mechanisms to ensure continuation of benefit and pension plans
- Set up PP and SP interim trusts to accept employee and employer contributions until final plans were in place
- Appointed Plans Committee to oversee the management of the plans funds
- Resolved internal audit team potential COI by assigning to BSII Internal Audit and Compliance Management

- Planned and conducted orientation and sign-up sessions for all employees
- Conducted training and orientation for Plans Committee members
- Established stand-alone workers compensation program

**Procurement**

- Assigned all incumbent subcontracts and IWRs to BBI
- Established letter of credit bank accounts
- Transferred all procurement cards to BBI
- Transferred travel cards to BBI account
- Established corporate reporting requirements for procurement data

**Environmental, Safety, and Health**

- Transferred permits to BBI
- Established corporate reporting requirements for ES&H
- Conducted facility environmental inspections and issued favorable findings report

**Controller**

- Established corporate financial data reporting requirements
- Evaluated alternatives for long-term payroll processing
- Mapped interfaces between BNI and DOE chart of accounts
- Developed plan for revising BBI disclosure statement

**Management**

- Entered into agreement with CBS for continuation of payroll, claims, and benefits processing services
- Entered into agreement with U.S. Government and CBS for the transfer of assets and liabilities
- Novated contract from BNI to BBI
- Negotiated and executed agreements with all three unions to continue labor agreements with BBI in lieu of CBS
- Registered BBI to operate in nine states
- Established post-transition communications requirements and protocol with Bettis site leadership
- Developed plans to phase out reliance on incumbent-developed procedures
- Linked BBI management team to Bechtel intranet

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**Figure 16. Bettis Transition Accomplishments.** In just 2 months in 1999, we accomplished all actions needed to smoothly transition all incumbent Bettis personnel into Bechtel Bettis, Inc. with no disruptions to ongoing work.

learned, and Bettis incumbency, we will again deliver a transition tailored to meet NRLFO's goals to "achieve a transition for incumbent employees and minimize transition costs" as described in the following sections.

### *1.ii.A Corporate transition*

Our overall schedule for the transition is depicted in Figure 17 on the following pages. Mr. Shafik Haddad will serve as our Transition Manager, bringing his 9 years of experience with the NR Program, his previous Bettis transition success, and his 34 years of Bechtel experience to the effort.

Mr. Haddad, working closely with the NRLFO and incumbent managers, will coordinate the Bechtel corporate resources needed to complete the multi-site transition as expeditiously, cost effectively, and smoothly as possible. He will deploy small, tailored transition teams to Schenectady, Kesselring, West Mifflin, Idaho Falls, and Charleston to perform the specific actions listed in our schedule—these represent the minimal steps necessary to effect the changeover. This plan reflects one of the biggest lessons learned in 17 major transitions: focus on the big items; don't try to do too much too fast.

In the first week of the transition period, Mr. Haddad will focus on getting the process off to the right start. He will

- mobilize transition teams to each site;
- schedule management site visits and all-hands meetings with senior staff at all locations;
- coordinate personal meetings between Mr. Hash and Mr. Quinn and Mr. Smith to arrange for their continuing leadership after becoming BMPC employees;
- validate transition schedules and plans with the NRLFO and KAPL transition teams;
- initiate discussions with Lockheed Martin Human Resource specialists to allow the issuance of offer letters to all KAPL employees;
- begin negotiations with Lockheed Martin regarding continuation of selected services beyond the transition period;
- establish a working schedule for due diligence activities with NRLFO and KAPL management;
- establish after-hours town hall meeting dates and announce them to all employees; and
- set up an e-mail repository, web site, and/or 1-800 number for receipt of questions.



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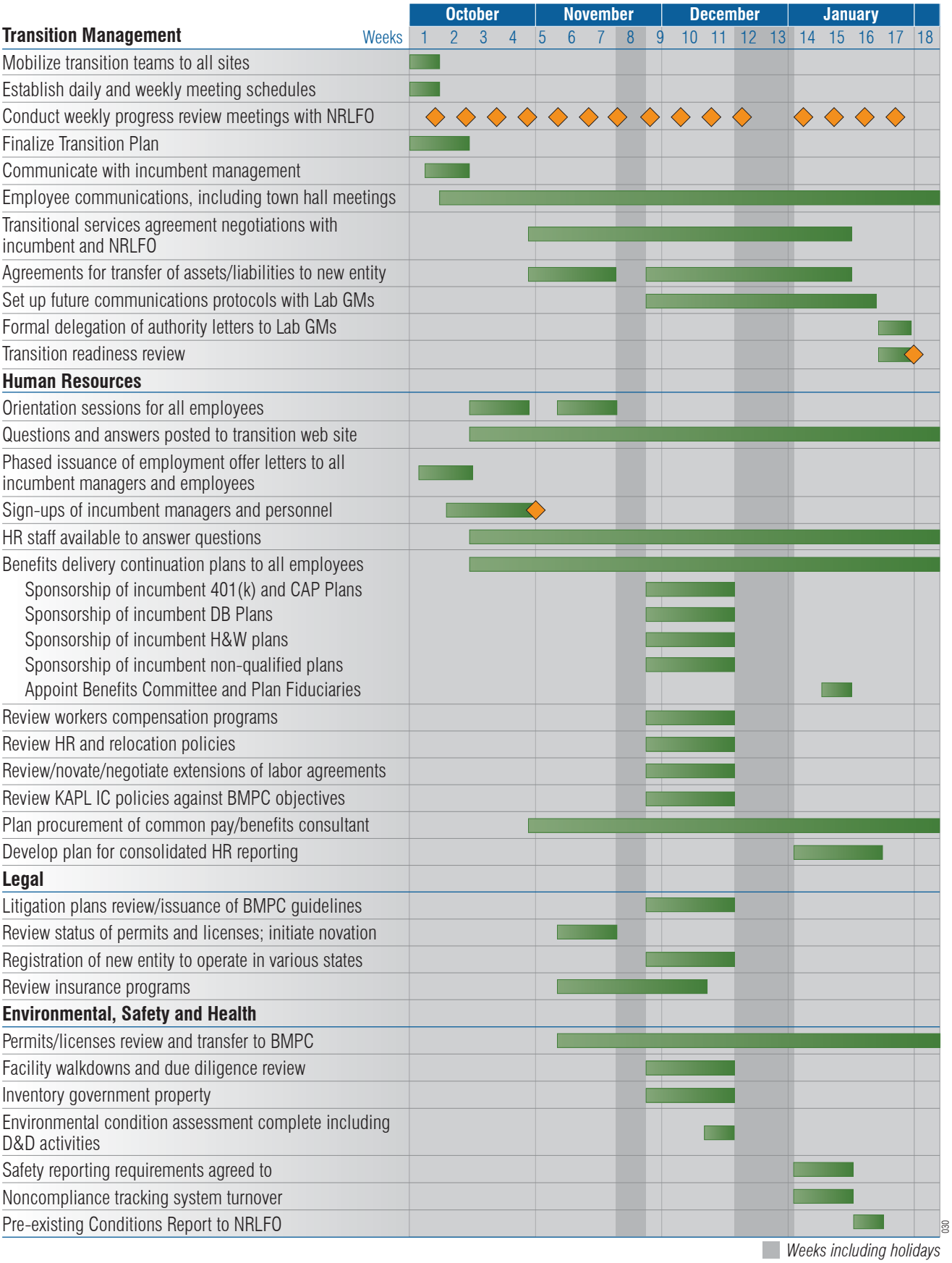


**Figure 17. Transition Schedule.** Our plan for achieving a smooth, disruption-free transition of both Bettis and KAPL incorporates lessons learned from Bettis and 16 other transitions successfully accomplished in the last 14 years.



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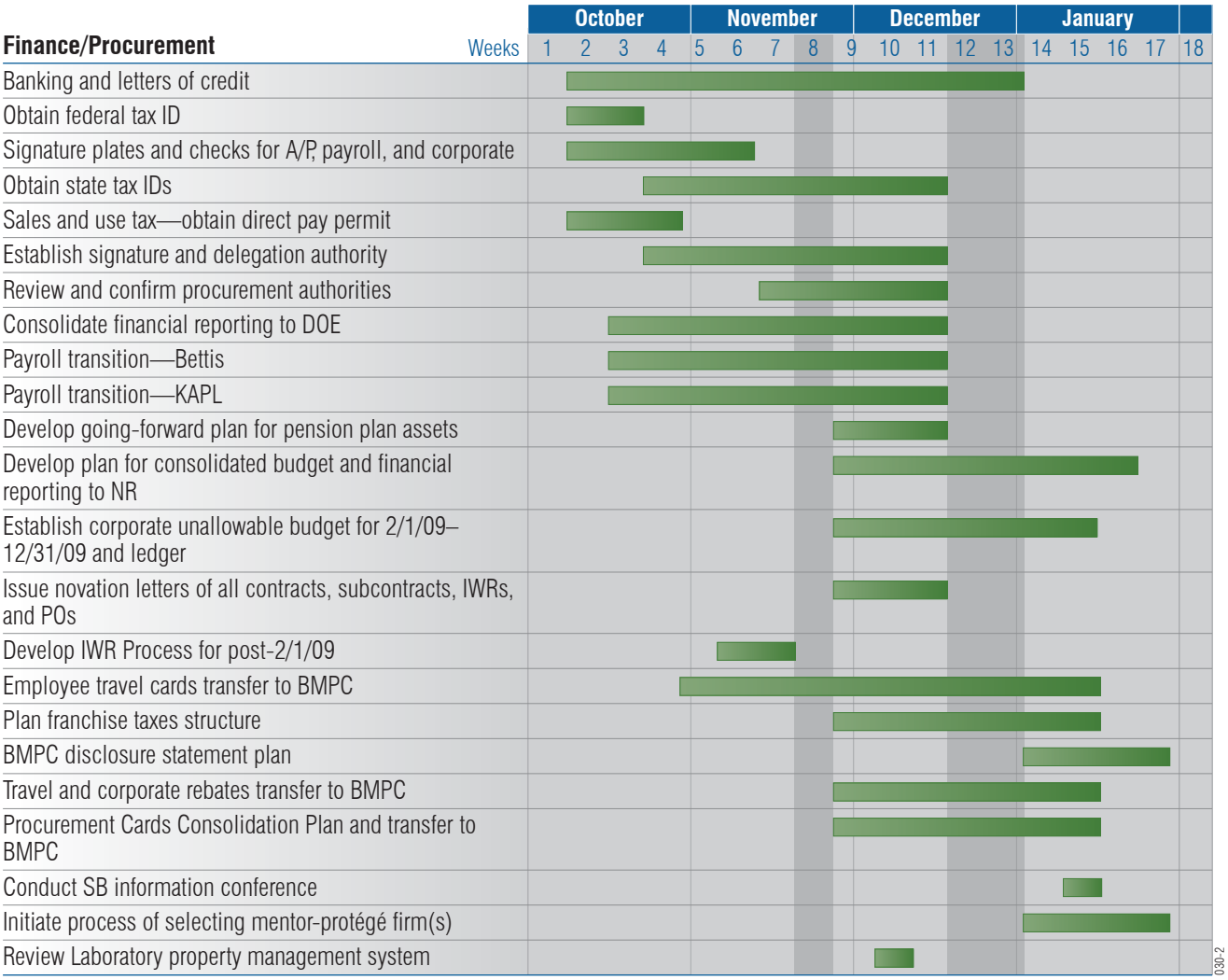


**Figure 17. Transition Schedule.** Continued.

Once mobilized, our site-specific transition teams will follow slightly different paths. The Bettis team will focus primarily on the straightforward actions needed to transfer all current Bechtel Bettis, Inc. employees into BMPC and ensure continuity of operations. The KAPL-based team will concentrate on those actions necessary to hire all the existing KAPL employees into BMPC, providing continuity of equal pay and benefits, and minimizing anxiety through open communication—all while avoiding disruption. At KAPL, we must also conduct due diligence activities. Finally, when the two Laboratories are stabilized and the corporate transition is complete, working closely with NRLFO and the Laboratory General Managers, we will evaluate integrating selected elements of the two sites in a gradual and measured way to achieve efficiencies and cost savings from the new contract structure. Each of these components is discussed below.

### 1.ii.A.1 Bettis transition

Because the Bettis workforces (including those in Pittsburgh, Idaho Falls, and Charleston) are already Bechtel employees through BBI, the Bettis transition is relatively straightforward. All employees can be transferred from BBI to BMPC in an essentially transparent manner. On the first day after the end of the transition period, BBI employees will become BMPC employees with no changes to pay, benefits, pensions, 401(k) plans, assignments, supervisors, or daily routines. This is possible because we have consistently chosen over the last nine years to keep BBI independent of corporate systems, processes, and other financial entanglements. This approach afforded more flexibility and customer input as compared to having benefits managed at the corporate level.

However, while the transfer is mechanically simple, we will not underestimate the need to



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communicate openly and often with the workforces in all Bettis locations. Through meetings, mailings, and other media, we will keep the workers apprised of transition activities, and we will assure them that impacts will be minimal. The small transition teams deployed to the Bettis sites will work with the incumbent managers on all transition-related activities, including communications, novation of subcontracts, transfer of permits and licenses, and details related to changing the name to BMPC and tax, payroll, and contracts issues.

### 1.ii.A.2 KAPL transition

Our plan for the KAPL transition is built on the model we used for the Bettis transition in 1999. There are many similarities in the issues we will face in separating KAPL systems from Lockheed Martin corporate systems, just as there were with Bettis and CBS/Westinghouse. Our previous experience in solving these challenges on an NR Program site, coupled with the extensive DOE transition experience we have accrued over the last decade, positions us perfectly to proactively recognize and resolve the issues as they arise. When we complete this transition, both Bettis and KAPL will have fully functioning, stand-alone systems that can be more easily transitioned in the future. We are confident that this transition can be accomplished quickly since the Bettis systems and plans are already established, qualified, and operating effectively.

Mr. Haddad will personally manage our KAPL-based transition team to ensure the transition is handled in accordance with NRLFO expectations. Our KAPL-specific transition plan has three major focus areas: communication with everyone, quick extension of employment offers, and non-disruptive due diligence activities to facilitate the corporate transition. Each of these is outlined below.

**Communication.** Our approach of open communication with all employees will be critical to achieving a smooth transition of the KAPL sites. Employees will be eager to learn more about their new employer and will be anxious to hear how the transition impacts their personal situations. Our experience has shown this to be true even in transitions where full employment and equal benefits are promised to the workforce.

To alleviate these concerns and thereby keep the employees focused on mission delivery and performance excellence, we open communication lines on Day One following notice of award (Figure 18). Our message for this transition is that change will be minimal. The Navy and DOE are pleased with the work being done at Bettis and KAPL, and Bechtel wants only to continue the tradition of excellence. BMPC is matching the existing benefits

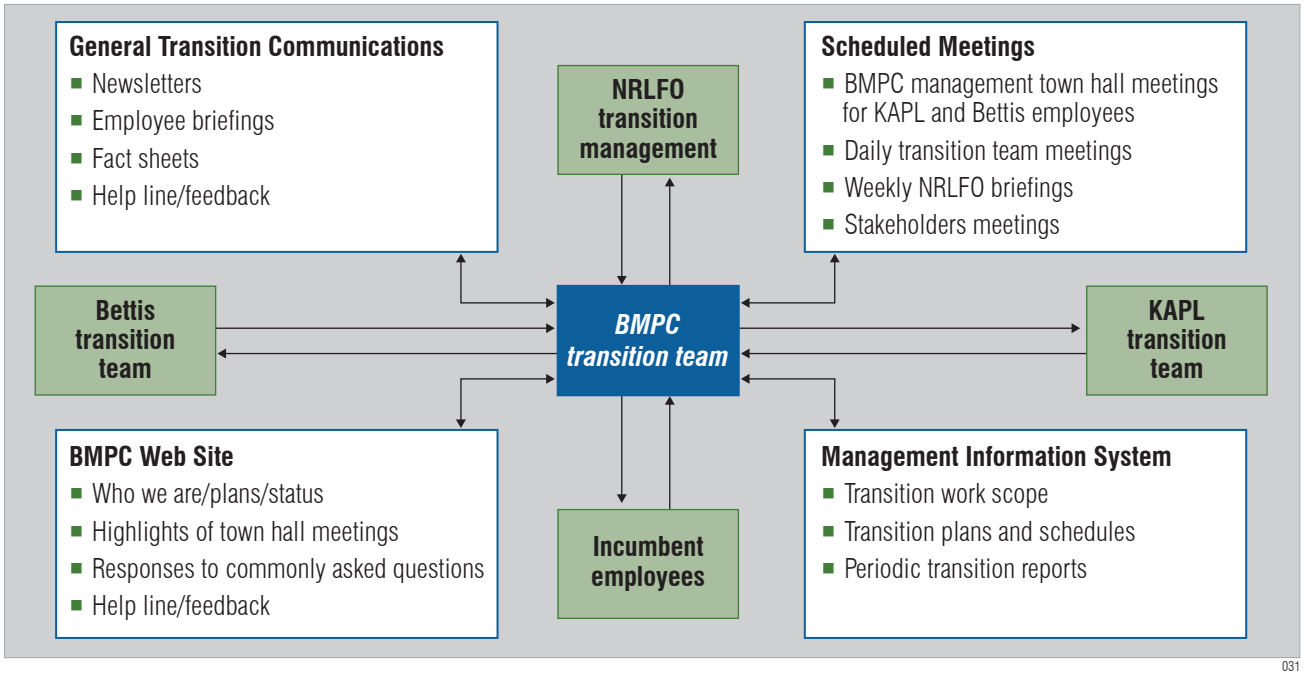


**Figure 18. Transition Communication Approach.** We will immediately implement a comprehensive external/internal communications program to meet site and stakeholder information needs.



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package and salaries. Current managers will continue to lead the sites, and all current incumbent personnel will be offered jobs.

These messages will be disseminated through a communication plan that focuses on three levels—the individual, the workforce, and the community. For each audience, we publish information targeted to resolve their specific concerns:

- *Communication with individual employees.* Our immediate initiation of a dialogue with the incumbent personnel helps relieve anxiety by answering the questions everyone will have. Will I have a job? How does this transition affect me personally? How are my benefits going to change? How will I get paid? Where do I go for information? When will I meet someone from Bechtel? We use multiple methods of communicating the answers to these questions to ensure that each person gets straightforward, honest answers. We hold town meetings after working hours so both employees and families can participate and get questions answered. We will also establish an e-mail depository, web site, or 1-800 hotline where questions can be posted. In answering questions and carrying out these communications, we will also rely heavily on the incumbent Communications and Human Resources personnel who are in tune with employee sentiments and issues. To prepare them for this assistance, our transition team will first give them a detailed overview of Bechtel and our proposed transition plan.
- *Communication with the KAPL workforce.* Questions also arise on how the transition affects the workforce in general. How will this affect the way I work with others? Who is Bechtel and what did they say in their proposal to win this job? What does this mean to the future of KAPL? How will the work culture change without Lockheed Martin after so many years? Through fact sheets, e-mail, and group meetings, we will disseminate information quickly. We believe honest answers are always best; we do not hesitate to say we don't know the answer when we don't—but we commit to finding it and getting back to the workers.
- *Communication with the community.* At many of the locations where we have taken over operation of a DOE facility, the surrounding populations often have questions related to the socioeconomic impacts of the change in site contractors. As we recently did with issues raised by Schenectady-area community and state officials related to the BPMI campus consolidation, we will work directly with NRLFO to craft responses to any community questions. We will also leverage the contacts we made during the BPMI response to avoid any adverse publicity.

While we are busy communicating with the employees, we will also be closely coordinating with NRLFO and the Lockheed Martin transition team. Daily interaction of representatives from each party to the transition is essential for quickly and decisively resolving the issues that will arise in any transition; for arranging meetings, walkdowns, and due diligence inspections that do not impinge upon ongoing work; and for coordinating the actions of incoming and outgoing transition teams to keep the changeover as seamless as possible.

**Employment offers.** To ease potential anxiety over job stability, we will extend offers to all KAPL incumbents as quickly as possible (Figure 19):

- [redacted]



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[redacted]

- By the end of the first week of the transition period, we will have extended offers to all of the KAPL key personnel as defined by the contract. This achieves our commitment to avoid interrupting the leadership of the site.
- Working with the current KAPL key personnel, Human Resources Manager, and leadership of the collective bargaining units, we will extend offers to the remainder of the incumbent workforce by the end of the second week of the transition period.

All incumbent personnel will have been offered employment with BMPC by the end of the second week of transition. Since we require that an offer must be accepted within 2 weeks after the employee receives it, we will quickly know [redacted] of the KAPL key managers do not accept employment in BMPC. By the end of the first month of transition, we will know whether any of the incumbent employees will not hire on to BMPC. We can then quickly implement our plans to fill those positions, with NRLFO approval.

**Due diligence.** In addition to the actions needed to transition the KAPL workforce, there are specific actions we must undertake to assume informed responsibility for the Lockheed Martin sites and any associated pensions, permits, liabilities, fines, compliance issues, or other pre-existing conditions. These activities are listed in Figure 20 and were shown earlier in Figure 17, Transition Schedule.

While this may appear daunting and disruptive, our extensive experience in assuming responsibility for DOE M&O sites and our previous experience at Bettis will streamline this effort and prevent it from impacting ongoing work. Mr. Haddad will coordinate all related actions with NRLFO and Lockheed Martin to ensure we do the necessary due diligence needed to effect a smooth turnover.

**Due Diligence Checklist**

- ☑ Legal (litigation and claims, governance and corporate structure, intellectual property)
- ☑ Financial (fiscal year funding and expenditures, accruals, cash flow, taxes, other)
- ☑ HR (labor relations, whistleblower actions, pending personnel actions, pension funding)
- ☑ Regulatory (license specifications, compliance status, key regulatory issues/liabilities, fines/penalties)
- ☑ Risk register (risk identification and mitigation)
- ☑ ES&H (injury statistics/performance, nuclear safety performance, H&S programs and performance, environmental performance and risks, etc.)
- ☑ Customer and supplier contracts/issues; subcontract novation
- ☑ Performance (cost, schedule, quality, trends, issues, milestones)
- ☑ Nuclear material accountability and control
- ☑ Government property inventory

062

**Figure 20. Due Diligence Actions.** To achieve a seamless transition at KAPL, we will ensure that we fully understand the issues affecting the sites for which we will become responsible upon completion of the turnover process.

### 1.ii.A.3 Opportunities for an enterprise approach

Once the formal transition of the two sites into BMPC is achieved, we will work with NRLFO and the Laboratory General Managers to explore areas at the two Laboratories that may benefit from being treated more like an enterprise. Our motivation is to deliver the best value for each dollar NRLFO spends at each site. We believe that careful integration of selected functions and business operations can save the NR Program millions of dollars each year with no impact on technical independence or mission delivery. We will work diligently to accelerate what is already in process and to investigate and implement any new opportunities with no consideration for impacts on the fee base or any direct or indirect corporate profitability.

Working with the Laboratory General Managers, we believe Bechtel can help to achieve a vision for a Naval Reactors Laboratory Enterprise that would use a shared services group consisting of Finance, Human Resources, Information Technology, Procurement, Security, and Facilities Management. Operating these functions as an enterprise serving all sites would improve consistency across



*Use or disclosure of data contained on this sheet is subject to the restriction on the title page of this proposal or quotation.*

the Program, reduce costs by eliminating overlaps and redundancies, and improve efficiency through centralization.

This long-range vision is very similar to our approach to integrating the business systems and services at the Los Alamos and Livermore weapons laboratories while keeping them technically independent. Working with DOE, we are integrating selected business services under functional managers who oversee both sites. We also have an Integration Committee reporting to our managing Board that investigates other methods for gaining efficiencies in programs, facilities, and personnel without jeopardizing the decades-long benefits accrued through having two stand-alone laboratories. Finally, we are evaluating best practices at both national laboratories—and the other Nuclear Weapons Complex (NWC) sites we operate for DOE—and sharing those processes and lessons learned with other NWC sites. This quickly improves performance at all sites while also creating consistency, interoperability, and better data sharing across DOE and contractor organizations.

### 1.ii.B Employment, pay, and benefits

As required by Contract Clause H.30(b), we will offer employment to all incumbent personnel at the same base salary and pay rates in effect at the time the offer is made. Beyond that, we will offer equivalent benefits packages. We recognize the complexity of merging the employee compensation plans for the two sites (Figure 21), but we are confident that our experience, Human Resource experts, and world-class consultants will enable us to develop equivalent plans and work with Lockheed Martin to disengage KAPL programs from its corporate systems.

Because this process may take longer than the transition period to complete, we will open discussions with Lockheed Martin in the first week following contract award to establish a formal agreement that allows continued use of specific corporate systems. This agreement will set a specific duration and fee structure for the needed services so they will continue without interruption while we are standing up independent plans that deliver equal services and benefits.

This is the approach we successfully used with CBS/Westinghouse during the Bettis transition in 1999. As a result of this one-time effort, Bettis now has strong, independent systems that will simplify future transitions should they be necessary. These systems are ready to be expanded to incorporate the KAPL employees until common pay and benefits plans are approved for implementation. Working in partnership with NR, Lockheed Martin, and our experts, we will expeditiously develop a "go forward" plan that meets all legal and program requirements and treats all employees at all sites fairly and equitably.

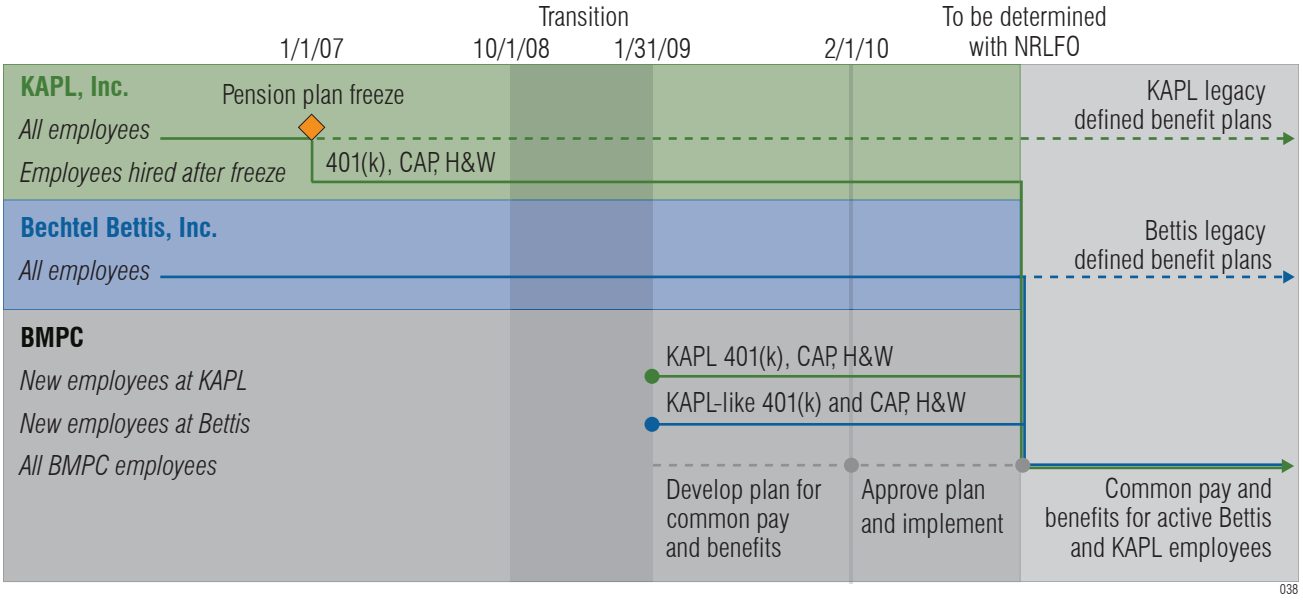


**Figure 21. Benefits Approach.** Our experience in converting, normalizing, and transitioning benefits programs will enable us to expeditiously achieve a "go forward" plan for Bettis and KAPL.



*Use or disclosure of data contained on this sheet is subject to the restriction on the title page of this proposal or quotation.*

# FY2010 BMPC Diversity Plan

In accordance with DEAR 970.5226-1, this document is submitted for the BMPC FY2010 Diversity Plan. BMPC is committed to diversity and inclusion. We are working to build a program that truly values and leverages the talents of its employees in our continuing effort to attract and retain the highly skilled workforce that we need to support the Naval Nuclear Propulsion Program and the Nation. Additional updates to this plan and specific action items will be discussed as appropriate with NRLFO personnel throughout the year.

## BMPC Diversity Strategy and Mission

Diversity and inclusion begin with the Bechtel vision, values, and covenants and extend to every activity involved in attracting and retaining a talented workforce with the specialized skills that are necessary to support our Nation's fleet of nuclear powered ships and develop new technologies.

BMPC recognizes that success in sustaining a diverse workforce depends upon the following principles:

- Clear sense of vision and mission
- Investment of time, people, and resources
- Long-term commitment
- Avoidance of a "quick-fix" approach
- Realistic view of strategic and competitive realities

These elements underscore the Bechtel Systems and Infrastructures, Inc. Diversity Plan that addresses the organizational challenges of recruiting, hiring, and retaining employees; enhancing the skills and competencies of current employees; and strengthening business, customer, and employee relations.

BMPC recognizes that diversity and inclusion are not just a short-term trend, but a business imperative on which our long-term business success depends. Our diversity strategy is to create an environment throughout that welcomes, respects, develops and leverages employee differences as a competitive strength. We believe that environment is set by both managers and employees. Our managers must lead by example and consistently demonstrate their accountability for diversity. Everyone is expected to value diversity through their respect for others and use their individual talents to better serve our Customer and the Nation.

Our workforce diversity contributes to mission success, productivity, competitiveness and retention by building an inclusive team that values the differences of individuals and takes advantage of each person's ideas and abilities. By taking advantage of our workforce diversity, we provide better value for our Customer and increase the engagement of our entire workforce. BMPC will achieve this through the following specific goals:

- Customer Interaction and Integration
- Workforce Diversity
- Educational Outreach
- Community Involvement and Outreach
- Socioeconomic Subcontracting and Economic Development

## Customer Interaction and Integration

BMPC must maintain and integrate the Naval Reactors Program core values of *Technical Excellence, Integrity, Focus on People, Formality and Discipline, Respect for Health and Environment, Value Consciousness and Personal Ownership and Responsibility for Our Work* with the Bechtel values of *Ethics, Excellence, Fair Return, Mutual Respect, Safety, and Sustainability*. The integration of these two similar sets of values helps BMPC foster a diverse and inclusive work environment. These goals cannot be achieved without fully valuing and harnessing the unique talents and contributions of all employees. Dissenting opinions are a required part of our ongoing review of processes.

DEAR 970.5226-1 requires BMPC to submit a Diversity Plan that shows our commitment to diversity and building an organization that values and leverages the talents of its employees. The plan is submitted to the contracting officer for approval and review. The plan outlined in DEAR 970.5226-1 must address an approach for promoting diversity through our workforce, educational outreach, community involvement and outreach, subcontracting, economic development (including technology transfer) and the prevention of profiling based on race or national origin. The following information is included as evidence of BMPC's approach for promoting diversity through the above mentioned areas:

## Workforce

BMPC recognizes the value of a diverse workforce in enhancing the technological leadership of the Program. BMPC is an Equal Opportunity Employer that fosters inclusive work environments to value and respect all individuals and their contributions. BMPC's equal opportunity philosophy is strengthened by Bechtel Marine Propulsion Corporation Management Policy Statement, MPS #002, on Nondiscrimination and Equal Employment Opportunity. BMPC provides training to new managers on equal opportunity and review their Affirmative Action Plans, Goals and Progress with GM Staff.

Additionally, BMPC actively works to recruit and retain a highly skilled, diverse work force. This is achieved through strategic recruitment and by providing training opportunities, educational assistance and opportunity programs, work-life balance programs, recognition, and other opportunities that create an inclusive environment for all employees.

As both laboratories continue to identify areas where joint initiatives can benefit both laboratories, many future opportunities will be identified. Joint diversity, retention, mentoring, staffing, and training strategies are some of the many areas where a collaborative effort will drive the retention of our existing workforce, improve employee engagement and attract new talent. As the prospects of these joint initiatives become reality, updates to this plan and specific action items will be communicated as appropriate with NRLFO personnel.

## Educational Outreach

Diversity comes through recognition of the need to build a pipeline of future talent. BMPC has a staffing strategy that is focused on increasing the diversity of its new hires by aggressively seeking opportunities to participate in diverse recruiting events locally and nationally. BMPC staffing initiatives will help to identify opportunities targeted at improving our effectiveness in the area of female and minority hiring. Many of these efforts will continue with a focus of engaging local schools and organizations to establish relationships for locally-sourced new hires, as well as increased emphasis with professional and student organizations for future hiring opportunities.

BMPC also understands the importance of reaching out into the local community to support and prepare students academically for the future. Both laboratories utilize current employees as mentors and role models to encourage academic institutions with emphasis on mathematics and science to promote scholastic excellence. The investment also includes supporting an effective infrastructure for these students so they are able to excel academically.

## Community Involvement and Outreach

BMPC has a well-established, strong presence in their respective communities. Community relations efforts are tied directly to increasing employee attraction, retention and engagement while understanding the needs and concerns of the community surrounding the Laboratories. We want employees to participate in outreach initiatives and take pride in having a climate of trust and partnership with a diverse community. BMPC focus the majority of its community relations efforts on educational initiatives and community outreach in the areas of health and human services. BMPC employees participate in numerous community outreach activities through organizations such as United Way.

BMPC are strong partners in the community because management fully supports volunteerism. Senior leaders at both laboratories are active in the community with their employees and are members of boards of directors and other community organizations. Employees can see the visible support the entire GM Staff has for volunteerism and our local community.

As the Laboratories work more closely together, we will continue to participate in our local communities and seek opportunities to work as a joint force nationwide.

## Small Business Subcontracting and Economic Development

BMPC seeks to provide the maximum practical opportunity to qualified small businesses to participate in the performance of procurements consistent with the efficient operation of Program work. These small business categories include Small, Small Disadvantaged, Women-Owned, HUBZones (Historically Underutilized Businesses), Veteran-Owned and, Service-Disabled Veteran-Owned. Through contracting with these businesses, BMPC promotes economic diversification in the local community and assist the economic development and transfer of technology. This collaboration effort establishes mutually beneficial relationships between the Laboratories and their respective communities. It is anticipated that knowledge transfer between both Laboratories will result in a more effective impact in our community and improved processes for identifying and securing contracts with small businesses.

BMPC has formal plans for managing our Supplier Diversity Program. In compliance with DOE Prime Contract requirements, both laboratories have developed, negotiated and incorporated into Prime Contract No. DE-AC12-00SN-39357 Small Business Subcontracting Plans that have established goals for the representation of small business concerns in procurement activity.

## Inputs, Outputs and Metrics

Finally, the following inputs, outputs and metrics will be used to refine and improve BMPC's Diversity Plan and overall efforts in our targeted areas.

## Inputs

Below are the inputs that BMPC uses each year to refine our direction and approach.

- BMPC Long Range Strategic Plans
- Naval Reactors Strategic Plan and Goals
- Diversity and Inclusion Program Strategic Plan
- Employee and leadership demographics
- All functional plans and goals
- Results of various surveys (Diverstiy, Ethics, NEO, Exit Interviews, etc.)
- Bechtel Systems and Infrastructures, Inc. Diversity Plan

## Outputs

- Attract, retain and develop talent
- Increased satisfaction and confidence in the way people operate
- Improved productivity and performance
- Increased innovation and creativity to leverage ideas for solutions
- Improved teamwork among colleagues
- Increased employee retention
- Increased representation in our workforce
- Improved awareness and understanding of Equal Employment Opportunity and Affirmative Action requirements and principles
- Decreased Ethics complaints in the areas of personnel and employee conduct

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## Metrics

- Customer satisfaction results
- Visible leadership of diversity activities and commitment
- Communication activities
- Community outreach activity
- External recognition
- Progress toward established Affirmative Action Program goals
- HR Key Metrics (examples)
    - Attrition, Staffing (KAEP, ELDP, LDP, Interns), Overall Demographics, Promotion Metrics, Training Metrics
- Supplier diversity small business utilization metrics

# Bechtel Marine Propulsion Corporation (BMPC)

## Master Subcontracting Plan

### Contract No. DE- NR0000031

This Master Subcontracting Plan is submitted by Bechtel Marine Propulsion Corporation, 50 Beale Street, San Francisco, CA 94105-1895 in accordance with the requirements of Federal Acquisition Regulation (FAR) Article 52.219-9, Small Business Subcontracting Plan. The term of this Master Subcontracting Plan shall be concurrent with the Initial Operating Phase of February 1 2009 through September 30, 2013 for Contract No. DE- NR0000031. Subcontracting goals will be updated annually via individual addenda.

**Plan submitted by:** Bechtel Marine Propulsion Corporation

Signature:

Typed Name: John G. Byrne

Title: Program Director - Prime Contracts, Financial Services

Date: 9/22/2009

**Plan accepted by:** Naval Reactors Laboratory Field Office

Signature:

Typed Name: A.J. DeNapoli

Title: Assistant Director, Contracts

Date: 9/22/2009

**Bechtel Marine Propulsion Corporation (BMPC)**
**Master Subcontracting Plan**
**Contract No. DE-NR0000031**

This master subcontracting plan describes our approach to involving Small Business (SB), including Alaskan Native Corporations (ANC) and Indian Tribes, Veteran-Owned SB (VOSB), Service Disabled Veteran-Owned SB (SDVOSB), HUBZone SB (HUBZone), Small Disadvantaged Business (SDB), and Women-Owned SB (WOSB) concerns to the maximum extent practicable in work at the Bettis Atomic Power Laboratory (Bettis) and the Knolls Atomic Power Laboratory (KAPL).

We support DOE's strong, long-term commitment to diversity. We believe that diversity is much more than affirmative action in the workplace. For us, it is an operating principle of management that plays a key role in our success. Our belief in diversity - transformed into action - provides us with a competitive advantage over other organizations, both in the workplace and in the business community. Diversity in subcontracting provides vital links to the local community, increases our flexibility in meeting project goals, strengthens the local economy, creates new opportunities, is cost effective, and represents best business practices.

We have a long-established record of involving SB concerns in meaningful roles in government and commercial contracting. By building on our experience and by setting challenging goals, we have made SB participation and development an integral part of our approach to project execution. We will follow this approach at Bettis and KAPL.

In executing the Bettis and KAPL scope of work, we will comply with DFAR 252.219-7003, FAR 52.219-8 and 52.219-9, prime contract requirements, and current DOE policies and practices. Our policy is to aggressively encourage SB participation to the maximum extent practicable consistent with efficient performance of the Bettis and KAPL scopes of work. All procurements are reviewed to identify opportunities for including SB suppliers and contractors, developing good working relationships with them, and encouraging them to offer their products and services.

**1. and 2. Goals (Percentages and Dollar Values)**

Each annual plan (see attached) shall include the goals expressed in terms of percentages of total planned subcontracting dollars and dollar values for that fiscal year for the use of SB, VOSB, SOVOSB, HUBZone SB, SOB, and WOSB concerns.

**3. Potential Subcontracting Opportunities for Small Business**

Principal categories of subcontracting opportunities and the dollar value that will be made available for SB concerns will be shown on an annual basis. As additional opportunities are identified, an effort will be made to enlist SB for that work scope.

## 4. Method Used to Develop Subcontracting Goals

To establish our subcontracting goals and commitments, we gathered available Bettis and KAPL information, forecast probable acquisition needs, and analyzed project estimates. We also used our Naval Reactors Program experience to determine potential requirements and contingencies. Our subcontracting goals are both realistic and attainable.

## 5. Methods Used to Identify Potential Sources for Solicitation

We continually identify and review potential sources of supplies and services, including but not limited to, the following:

- Online access to the Central Contractor Registration (CCR) and the Online Representations and Certifications (ORCA) databases;
- Access to Bechtel's corporate proprietary Supplier Information System, which includes past performance data;
- Veteran service organizations;
- The Minority Business Development Agency in the Department of Commerce
- VOSB, SOVOSB, SOB, HUBZone SB, and WOSB trade associations;
- Various directories and source lists such as the
  - Small Business Administration Dynamic Small Business Search and HUBZone Search
  - Local U.S. Small Business Administration listings;
  - National Association of Minority Contractors;
  - Dun & Bradstreet DNBi Supply Management application;
  - Funded Organizations of the U.S. Minority Business Development Agency, including the Minority Business Opportunity Centers (MBOC), the Minority Business Enterprise Centers (MBEC), and Native American Business Enterprise Centers (NABEC);
  - 8(a) Sources - The comprehensive source for current information on federally-certified minority and woman-owned businesses (www.sba8a.com);-and
- Bechtel, Bechtel National, Inc., and Bechtel Marine Propulsion Corporation (BMPC) small business fairs and forums designed to attract additional SB sources.
-

## 6. Indirect Costs

Indirect costs are not included in the goals under this plan.

## 7. Administrator of Subcontracting Plan

Robert Dalton - Program Leader, BMPC Acquisition Management is the individual who is responsible for the administration of this subcontracting plan. The Administrator will interact with Acquisition Management personnel to ensure that the following activities are performed efficiently and effectively:

- Maintain source lists of potential SB subcontractors;
- Instruct personnel that when the number of prospective sources is not adequate they should conduct market research to identify the capabilities, including the capabilities of small businesses ,that are available in the marketplace for meeting the requirements;
- Mentor SB's currently under subcontract, enhancing their ability to provide timely, cost-effective, quality services;
- Advise and train project management personnel on the purposes of this plan and foster support;
- Keep records measuring performance against the goals established here;
- Submit Individual Subcontracting Reports (ISR) and Summary Subcontracting Reports (SSR) in accordance with the prime contract and instructions provided by the Contracting Officer;
- Verify that subcontracts contain the flowdown clauses pertaining to SB concerns when required and maintain the policies and procedures required by the prime contract;
- Maintain good working relationships with Small Business Administration representatives to obtain assistance and coordination in finding capable SB's;
- Maintain a close working relationship with DOE to ensure that our project objectives and activities are consistent with Naval Reactors Laboratories Field Office (NRLFO) expectations;
- Require lower-tier subcontractors to submit subcontracting plans and monitor for compliance with those plans; and
- Make monthly reports to the Laboratory General Managers concerning progress toward achievement of goals under this program.

## 8. Implementation

We will perform the following additional functions to effectively implement this plan:

- A full-time supplier advocate, Robert Dalton, will serve as a liaison for Bettis and KAPL among the SB community, internal purchasing agents, and the client;
- Establish a mentor-protégé program to include the development of at least two SB firms--one 8(a) firm to work at Bettis, one 8(a) firm at KAPL, and other SB concerns as desired and warranted;
- Plan solicitations (including time for preparation, scope of work, quantities, specifications, and delivery schedules) in a way that facilitates SB participation in subcontracting opportunities and solicitation, offer, and proposal activities;

- Establish and maintain contacts with SB trade associations and business development organizations;
- Conduct workshops, seminars, and training programs to ensure internal customers and buyers are acquainted with Bechtel policies and prime contract requirements and to ensure that external SB's are familiar with the requirements for doing business at Bettis and KAPL;
- Maintain an effective outreach program by sponsoring and attending regional procurement conferences, trade fairs, and other functions to locate additional qualified sources;
- Implement an "in reach" program that gives SB's access and exposure to key project planners and managers on all the Bettis and KAPL sites;
- Develop a comprehensive SB source list (which includes past performance) that is easily accessible and useful to buyers; and
- Preselect and qualify SB concerns to perform specific scopes of work.

**9. Subcontract Terms and Conditions**

We incorporate the flowdown clause requirements of FAR 52.219-9 as applicable into subcontracts that offer further subcontracting opportunities. This requires all subcontractors (except SB concerns) that receive subcontracts in excess of $550,000 ($1 million for construction of any public facility) to adopt a similar plan. The procurement managers at Bettis and KAPL are responsible for implementing and monitoring this aspect of the subcontracting plan.

**10. Reports, Studies, and Surveys**

We will:

- Cooperate in any studies or surveys as may be required;
- Submit periodic reports to allow the government to determine the extent of our compliance with this subcontracting plan;
- Submit the Individual Subcontracting Report (ISR) and Summary Subcontracting Report (SSR) under the Electronic Subcontracting Reporting System (ESRS) in accordance with ESRS instructions; and
- Ensure that our subcontractors agree to submit ISR's and SSR's.

## 11. Records

The types of records that we will maintain to demonstrate compliance with the requirements and goals of the subcontracting plan include:

- Source lists (e.g., CCR), guides, and other data that identify SB, VOSB, SDVOSB, HUBZone SB, SDB, and WOSB concerns;
- Organizations contacted in an attempt to locate sources that are SB, VOSB, SDVOSB, HUBZone SB, SDB, and WOSB concerns;
- Records of each subcontract solicitation that results in an award of more than $100,000, indicating: whether SB concerns were solicited and, if not, why not;
  - Whether VOSB concerns were solicited and, if not, why not;
  - Whether SDVOSB concerns were solicited and, if not, why not;
  - Whether HUBZone SB concerns were solicited and, if not, why not;
  - Whether SDB concerns were solicited and, if not, why not;
  - Whether WOSB concerns were solicited and, if not, why not; and
  - If applicable, the reason the award was not made to a SB concern;
- Records of any outreach efforts to contact
  - Trade associations;
  - Business development organizations;
  - Conferences and trade fairs to locate small, HUBZone SB, SDB, and WOSB sources;
  - Veterans and service-disabled veterans service organizations;
- Records of internal guidance and encouragement provided to buyers through
  - Workshops, seminars, training, etc.; and
  - Monitoring of performance to evaluate compliance with program requirements; and
- On a contract-by-contract basis, records to support award data submitted by the offeror to the government, including the name, address, and business size of each subcontractor.

**Bechtel Marine Propulsion Corporation (BMPC)**
**FY2010 Master Subcontracting Plan Addendum**
**Prime Contract No. DE-NR0000031**

| **Goals (Percentages and Dollar Values)** | | **($ in Millions)** |
|---|---|---|
| Estimated funds available for subcontracting for Fiscal Year 2010 (October 1, 2009 through September 30, 2010) | | $327.00 |
| Category | Percentage of total estimated subcontracting effort | Dollar Amount (Millions) |
| Other Than Small Business | 54.0% | 176.58 |
| Small business concerns (including Alaska Native Corporations (ANC) and Indian tribes) | 46.0% | 150.42 |
| Small disadvantaged business concerns (including ANC and Indian tribes) | 5.0% | 16.35 |
| Women-owned small business concerns | 5.0% | 16.35 |
| HUBZone small business concerns | 3.0% | 9.81 |
| Veteran-owned small business concerns | 3.0% | 9.81 |
| Service-disabled veteran-owned small business concerns | 3.0% | 9.81 |
| Total Dollars Planned to be Subcontracted | 100.0% | $327.00 |
| The *Estimated funds available for subcontracting* amount is the Fiscal Year 2010 DOE Materials and Services budget that is projected to be committed through direct subcontracts. | | |

| **Potential Subcontracting Opportunities for Small Business** | | |
|---|---|---|
| The following table lists the principle categories of subcontracting opportunities and the estimated dollar value that will be made available for Small business concerns. The categories shown are for general work groupings only: | | |
| Small Business (SB) Type | Estimated Dollar Value ($ in Millions) | Product/Service |
| Any SB concern | $30.08 | 23-Construction |
| Any SB concern | $22.56 | 33-Manufacturing |
| Any SB concern | $37.61 | 42-Wholesale Trade |
| Any SB concern | $60.17 | 54-Professional Services |
| Total | $150.42 | |

# FY2011 BMPC Diversity Plan

In accordance with DEAR 970.5226-1, this document is submitted for the BMPC FY2011 Diversity Plan. BMPC is committed to diversity and inclusion. We are working to build a program that truly values and leverages the talents of our employees in a continuing effort to attract and retain the highly skilled workforce that is needed to support the Naval Nuclear Propulsion Program and our Nation. Additional updates to this plan and specific action items will be discussed as appropriate with NRLFO personnel throughout the year.

The mission of Bechtel Marine Propulsion Corporation (BMPC) is to develop the most advanced naval nuclear propulsion technology and provide technical support for the continued safe, reliable operation of all existing naval reactors. The combined efforts of all Bettis and KAPL sites have led to an outstanding record of over 142 million miles safely steamed on nuclear power.

According to the Bettis and KAPL General Managers, “The key reason for our success is our people, and our ability to leverage our collective capability through dynamic, diverse teams whenever and wherever they are needed. At BMPC, all employees respect each other and value the vitality that comes from our different backgrounds, experiences, and beliefs.”

## BMPC Diversity Strategy and Mission

Diversity and inclusion begin with the Bechtel vision, values, and covenants and extend to every activity involved in attracting and retaining a talented workforce with the specialized skills that are necessary to support our Nation’s fleet of nuclear powered ships and develop new technologies.

BMPC recognizes that success in sustaining a diverse workforce depends upon the following foundational principles:

- A clear sense of vision and mission
- An investment of time, people, and resources
- A long-term commitment
- An avoidance of a "quick-fix" approach
- A realistic view of strategic and competitive realities (flexibility and adaptability to company-specific needs)

These elements underscore the Bechtel Systems and Infrastructures, Inc. Diversity Plan that addresses the organizational challenges of recruiting, hiring, and retaining employees; enhancing the skills and competencies of current employees; and strengthening business, customer, and employee relations.

BMPC recognizes that diversity and inclusion are not just a short-term trend, but a business imperative on which our long-term business success depends. Our diversity strategy is to create an environment throughout that welcomes, respects, develops and leverages employee differences as a competitive strength. We believe that environment is set by both managers and employees. Our managers must lead by example and consistently demonstrate their accountability for diversity. Everyone is expected to value diversity through their respect for others and use their individual talents to better serve our Customer and our Nation.

Our workforce diversity contributes to mission success, productivity, competitiveness and retention by building an inclusive team that values individuals for their talents and empowers them to reach their fullest potential. By taking advantage of our workforce diversity, we provide better value for our Customer and increase the engagement of our entire workforce. BMPC will achieve this through the following specific goals:

- Customer Interaction and Integration
- Workforce Diversity
- Educational Outreach
- Community Involvement and Outreach
- Socioeconomic Subcontracting and Economic Development

## Customer Interaction and Integration

BMPC must maintain and integrate the Naval Reactors Program core values of *Technical Excellence, Integrity, Focus on People, Formality and Discipline, Respect for Health and Environment, Value Consciousness and Personal Ownership and Responsibility for Our Work* with the Bechtel values of *Ethics, Excellence, Fair Return, Mutual Respect, Safety, and Sustainability*. The integration of these two similar sets of values helps BMPC foster a diverse and inclusive work environment. These goals cannot be achieved without fully valuing and harnessing the unique talents and contributions of all employees. Dissenting opinions are a required part of our development culture.

DEAR 970.5226-1 requires BMPC to submit a Diversity Plan that shows our commitment to diversity and building an organization that values and leverages the talents of its employees. The plan is submitted to the contracting officer for approval and review. The plan outlined in DEAR 970.5226-1 must address an approach for promoting diversity through our workforce, educational outreach, community involvement and outreach, subcontracting, economic development (including technology transfer) and the prevention of profiling based on race or national origin. The following information is included as evidence of BMPC's approach for promoting diversity through the above mentioned areas:

## Workforce

BMPC recognizes the value of a diverse workforce in enhancing the technological leadership of the Program. BMPC is an Equal Opportunity Employer that fosters inclusive work environments to value and respect all individuals and their contributions. BMPC's equal opportunity philosophy is strengthened by Bechtel Marine Propulsion Corporation Management Policy Statement, MPS #002, on Nondiscrimination and Equal Employment Opportunity and MPS #003 on Harassment-Free Workplace. BMPC provides training to new managers on diversity and equal opportunity and reviews their Affirmative Action Plans, goals and progress with the General Manager's Staff.

Additionally, BMPC actively works to recruit and retain a highly skilled, diverse work force. This is achieved through strategic recruitment and by providing training opportunities, educational assistance and opportunity programs, work-life balance programs, recognition, and other opportunities that create an inclusive environment for all employees.

Both Laboratories continue to identify and partner in areas where joint initiatives benefit both Laboratories. Shared diversity, retention, mentoring, staffing, and training strategies are in progress at various stages in an effort to direct the retention of our existing workforce, improve employee engagement and attract new talent. Progress on these joint initiatives and updates to this plan as well as specific action items will be communicated as appropriate with NRLFO personnel.

## Educational Outreach

Diversity is advanced by a deliberate plan for seeking new talent. BMPC has a staffing strategy that is focused on increasing the diversity of its new hires by seeking opportunities aggressively to participate in diverse recruiting events locally and nationally. BMPC staffing initiatives help to identify opportunities targeted at improving our effectiveness in recruiting women, minorities, individuals with disabilities, and covered military veterans hiring. Efforts continue to focus on engaging local schools and organizations to establish relationships for locally-sourced new hires, as well as emphasis with professional and student organizations for hiring opportunities.

BMPC also understands the importance of reaching out into the local community to support and prepare students academically for the future. Both laboratories enlist support from current employees to serve as mentors and role models who encourage academic institutions to emphasize mathematics and science to promote scholastic excellence. The investment also includes supporting an effective infrastructure for these students so they are able to excel academically.

## Community Involvement and Outreach

BMPC has a well-established, strong presence in their respective communities. Community relations efforts are tied directly to increasing employee attraction, retention and engagement while understanding the needs and concerns of the community surrounding the Laboratories. Employees are encouraged to participate in outreach initiatives and take pride in having a climate of trust and partnership within a diverse community. BMPC focuses the majority of its community relations efforts on educational initiatives and community outreach in the areas of health and human services. BMPC employees participate in numerous community outreach activities through organizations such as those sponsored by the United Way and the Greater Pittsburgh Community Food Bank.

Management fully supports volunteerism. Senior leaders at both Laboratories are active in the community with their employees and are members of boards of directors and other community organizations. Employees witness the support the entire General Manager staff has for volunteerism and our local community through various events sponsored by our Network of Volunteer Associates (NOVA) Society. Employees who make significant contributions to our communities are recognized annually.

As the Laboratories continue to work closely together, we will participate in our local communities and seek opportunities to partner nationwide.

## Small Business Subcontracting and Economic Development

BMPC seeks to provide the maximum practical opportunity to qualified small businesses to participate in the performance of procurements consistent with the efficient operation of Program work. These small business categories include Small, Small Disadvantaged, Women-Owned, HUBZones (Historically Underutilized Businesses), Veteran-Owned and, Service-Disabled Veteran-Owned. Through contracting with these businesses, BMPC promotes economic diversification in the local community and assist the economic development and transfer of technology. This collaboration effort establishes mutually beneficial relationships between the Laboratories and their respective communities. It is anticipated that knowledge transfer between both Laboratories will result in a more effective impact in our communities and improved processes for identifying and securing contracts with small businesses.

BMPC has formal plans for managing our Supplier Diversity Program. In compliance with DOE Prime Contract requirements, both Laboratories have developed, negotiated and incorporated into Prime Contract No. DE-AC12-00SN-39357 Small Business Subcontracting Plans that have established goals for the representation of small business concerns in acquisition activity.

BMPC maintains a Mentor-Protégé Program in accordance with a U.S. Department of Energy (DOE) initiative designed to encourage and assist small businesses and enhance their financial, technical, professional, and personnel capabilities. The program seeks to foster long-term business relationships between small business entities and BMPC. Currently, two agreements are in place at Bettis (IT Services subcontractors) and KAPL (Construction subcontractor).

## Inputs, Outputs and Metrics

Finally, the following inputs, outputs and metrics will be used to refine and improve BMPC's Diversity Plan and overall efforts in our targeted areas.

## Inputs

Below are the data that BMPC uses each year to refine our direction and approach.

- BMPC Long Range Strategic Plan
- Employee and leadership demographics
- Results of various surveys (, Exit Interviews, etc.)
- Bechtel Systems and Infrastructures, Inc. Diversity Plan

## Outputs

- Attract, retain and develop talent
- Increased satisfaction and confidence in the way people operate
- Improved productivity and performance
- Increased innovation and creativity to leverage ideas for solutions
- Improved teamwork among colleagues
- Increased employee retention
- Increased representation in our workforce
- Improved awareness and understanding of Equal Employment Opportunity and Affirmative Action requirements and principles
- Decreased Ethics complaints in the areas of personnel and employee conduct

## Metrics

- Visible leadership of diversity activities and commitment
- Communication activities
- Community outreach activities
- External recognition
- Progress toward established Affirmative Action Program goals
- HR Key Metrics (examples)
    - Attrition, Staffing (including Leadership Development and Interns), Overall Demographics, Promotion Metrics, Training Metrics
- Supplier diversity small business utilization metrics

**Bechtel Marine Propulsion Corporation (BMPC)**
**FY2011 Master Subcontracting Plan Addendum**
**Prime Contract No. DE-NR0000031**

| **Goals (Percentages and Dollar Values)** | | **($ in Millions)** |
|---|---|---|
| Estimated Funds Available for Subcontracting for Fiscal Year 2011 (October 1, 2010 through September 30, 2011) | | $341,860,000 |
| Category | Percentage of Total Estimated Subcontracting Effort | Dollar Amount (Millions) |
| Other Than Small Business | 54.00% | $184,560,000 |
| Small Business Concerns (including Alaska Native Corporations (ANC) and Indian tribes) | 46.00% | $157,300,000 |
| Small Disadvantaged Business Concerns (including ANC and Indian tribes) | 5.00% | $17,100,000 |
| Women-Owned Small Business Concerns | 5.00% | $17,100,000 |
| HUBZone Small Business Concerns | 3.00% | $10,300,000 |
| Veteran-Owned Small Business Concerns | 3.00% | $10,300,000 |
| Service-Disabled Veteran-Owned Small Business Concerns | 3.00% | $10,300,000 |
| Total Dollars Planned to be Subcontracted | 100.00% | $341,860,000 |
| The *Estimated Funds Available for Subcontracting* amount is the Fiscal Year 2011 DOE Materials and Services budget that is projected to be committed through direct subcontracts. | | |

| **Potential Subcontracting Opportunities for Small Business** | | |
|---|---|---|
| The following table lists the principle categories of subcontracting opportunities and the estimated dollar value that will be made available for Small business concerns. The categories shown are for general work groupings only: | | |
| Small Business (SB) Type | Value ($ in Millions) | Product/Service NAICS |
| Any SB concern | $31,460,000 | 23-Construction |
| Any SB concern | $23,595,000 | 33-Manufacturing |
| Any SB concern | $39,325,000 | 42-Wholesale Trade |
| Any SB concern | $62,920,000 | 54-Professional Services |
| Total | $157,300,000 | |

# Bechtel Marine Propulsion Corporation (BMPC)
# FY 2011 Master Subcontracting Plan Addendum
# Prime Contract No. DE-NR0000031

## Cumulative Goals Summary

BMPC cumulative goals for the utilization of Small Business, Small Disadvantaged Business, Women-Owned Small Business, Hubzone Small Business, Veteran-Owned Small Business, and Service Disabled Veteran Small Business concerns:

| | |
|---|---|
| **Funds Available for Subcontracting - Commitment Basis** | |
| Funds available for subcontracting for Fiscal Year 2009 (Contract Year 1) | $227,000,000 |
| Funds available for subcontracting for Fiscal Year 2010 Addendum | $327,000,000 |
| Estimated funds available for subcontracting this FY2011 Addendum | $341,860,000 |
| Funds available for subcontracting Total-to-Date | $895,860,000 |
| | |
| **Planned Subcontract Awards to Other Than Small Business** | |
| Fiscal Year 2009 (Contract Year 1) | $122,700,000 |
| Fiscal Year 2010 Addendum | $176,580,000 |
| This FY2011 Addendum | $184,560,000 |
| Planned subcontract awards to Other Than Small Business Total-to-Date | $483,840,000 |
| Percentage of planned subcontract awards to Other Than Small Business Total-to-Date | 54.0% |
| | |
| **Planned Subcontract Awards to Small Business** | |
| Fiscal Year 2009 (Contract Year 1) | $104,300,000 |
| Fiscal Year 2010 Addendum | $150,420,000 |
| This FY2011 Addendum | $157,300,000 |
| Planned subcontract awards to Small Business Total-to-Date | $412,020,000 |
| Percentage of planned subcontract awards to Small Business Total-to-Date | 46.0% |
| | |
| **Planned Subcontract Awards to Small Disadvantaged Business** | |
| Fiscal Year 2009 (Contract Year 1) | $11,300,000 |
| Fiscal Year 2010 Addendum | $16,350,000 |
| This FY2011 Addendum | $17,100,000 |
| Planned subcontract awards to Small Disadvantaged Business Total-to-Date | $44,750,000 |
| Percentage of planned subcontract awards to Small Disadvantaged Business Total-to-Date | 5.0% |
| | |
| **Planned Subcontract Awards to Women-Owned Small Business** | |
| Fiscal Year 2009 (Contract Year 1) | $11,300,000 |
| Fiscal Year 2010 Addendum | $16,350,000 |
| This FY2011 Addendum | $17,100,000 |
| Planned subcontract awards to Women-Owned Small Business Total-to-Date | $44,750,000 |
| Percentage of planned subcontract awards to Women-Owned Small Business Total-to-Date | 5.0% |
| | |
| **Planned Subcontract Awards to HUBZone Small Business** | |
| Fiscal Year 2009 (Contract Year 1) | 6,800,000 |
| Fiscal Year 2010 Addendum | 9,810,000 |
| This FY2011 Addendum | 10,300,000 |
| Planned subcontract awards to HUBZone Small Business Total-to-Date | 26,910,000 |
| Percentage of planned subcontract awards to HUBZone Small Business Total-to-Date | 3.0% |
| | |
| **Planned Subcontract Awards to Veteran-Owned Small Business** | |
| Fiscal Year 2009 (Contract Year 1) | 6,800,000 |
| Fiscal Year 2010 Addendum | 9,810,000 |
| This FY2011 Addendum | 10,300,000 |
| Planned subcontract awards to Veteran-Owned Small Business Total-to-Date | 26,910,000 |
| Percentage of planned subcontract awards to Veteran-Owned Small Business Total-to-Date | 3.0% |
| | |
| **Planned Subcontract Awards to Service Disabled Veteran-Owned Small Business** | |
| Fiscal Year 2009 (Contract Year 1) | 6,800,000 |
| Fiscal Year 2010 Addendum | 9,810,000 |
| This FY2011 Addendum | 10,300,000 |
| Planned subcontract awards to Service Disabled Veteran-Owned Small Business Total-to-Date | 26,910,000 |
| Percentage of planned subcontract awards to Service Disabled Veteran-Owned Small Business Total-to-Date | 3.0% |

# AMENDMENT NO. 1
# TO THE
# SPECIAL FINANCIAL INSTITUTION ACCOUNT AGREEMENT FOR USE WITH THE PAYMENTS CLEARED FINANCING ARRANGEMENT
# Rev. 2

Agreement entered into the 6th day of January, 2009, between the United States of America, represented by the Department of Energy (hereinafter referred to as "DOE"), and Bechtel Marine Propulsion Corporation, a corporation/legal entity under the laws of the state of Delaware (hereinafter referred to as the Contractor) and The Bank of New York Mellon, a financial institution, located at Pittsburgh PA (hereinafter referred to as the Financial Institution) is hereby amended as follows:

**Delete Covenant (5) in its entirety and substitute the following Covenant (5) in lieu thereof:**

(5) DOE shall authorize funds that shall remain available to the extent that obligations have been incurred in good faith thereunder by the Contractor to the Financial Institution for the benefit of the special demand deposit account. The Financial Institution agrees to honor upon presentation for payment all payments issued by the Contractor and to restrict all withdrawals against the funds authorized to an amount sufficient to maintain the account balance as close to zero as administratively possible each day.

The Financial Institution agrees to service the account in this manner based on the requirements and specifications contained in the Contractor solicitation dated 11/14/08 inclusive of the latest revisions of documents referenced herein. The Financial Institution agrees that per-item prices, detailed in the form "Schedule of Financial Institution Processing Charges, Document DOE-NAV Rev.1", will remain constant during the term of this Agreement. The Financial Institution shall calculate the monthly fees based only on services rendered in accordance with this Agreement. The Contractor shall issue a check or authorize the Financial Institution to initiate an automated clearing house transfer to the Financial Institution in payment thereof.

The Contractor is not liable for any payment for performance under this Agreement beyond the prices included in the form "Schedule of Financial Institution Processing Charges, Document DOE-NAV Rev. 1". Any services provided by the Financial Institution under this Agreement resulting in payment demands for services not required under this Agreement shall be at the Financial Institution's own risk.

**Delete the following section in its entirety,**

The following documents, with all documents referenced herein, are incorporated herein by reference and form an integral part of this Agreement:

1. Description of Services, Rev. 2 dated 12/17/08.

2. Financial Institution's Information on Payments Cleared Financing Arrangement, Rev. 0 dated 11/14/08.

3. Technical Representations and Certifications, Rev. 0 dated 11/14/08, as submitted by the Financial Institution.

4 Schedule of Financial Institution Processing Charges, Rev. 2 dated 12/17/08, as submitted by the Financial Institution.

In the event of any inconsistency between any parts of this Agreement, the order of precedence shall be as follows: (1) the provisions contained in the Agreement; and (2) the documents 1. through 4. referenced above, in the order listed.

**and replace with the following in lieu thereof:**

The following documents, with all documents referenced herein, are incorporated herein by reference and form an integral part of this Agreement:

1. Financial Institution's Information on Payments Cleared Financing Arrangement, Rev. 0 dated 11/14/08.

2. Technical Representations and Certifications, Rev. 0 dated 11/14/08, as submitted by the Financial Institution.

3. Schedule of Financial Institution Processing Charges, Document DOE-NAV Rev. 1, dated 6/21/10, as submitted by the Financial Institution.

In the event of any inconsistency between any parts of this Agreement, the order of precedence shall be as follows: (1) the provisions contained in the Agreement; and (2) the documents 1. through 3. referenced above, in the order listed.

All other provisions of the agreement, as revised, remain in full force and effect.

The following parties concur with the changes identified herein:

**The United States of America**

By Anthony J. DeNapoli

(Signature of Anthony J. DeNapoli) 7/16/10 Date

**Bechtel Marine Propulsion Corporation**

By Douglas E. Bauer

(Signature of Douglas E. Bauer) 7/21/10 Date

**The Bank of New York Mellon**

By Thomas M. Horgan

Thomas M. Horgan
(Signature of Thomas M. Horgan) 7-29-2010 Date

# SCHEDULE OF FINANCIAL INSTITUTION PROCESSING CHARGES

**Document: DOE - NAV**

**Rev: 1 dtd 6/21/2010**

**Contractor: Bechtel Marine Propulsion Corporation**

**Financial Institution: BNY Mellon Treasury Services**

**Account Names: Department of Energy & Navy Accounts**

| BNY Mellon Billing Process | | | | | | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|---|---|---|---|---|---|---|---|---|---|---|
| LMellon Srvc Code | New Acct Analysis Srvc Code | Orig Contract Line # | Price Schedule Amnd Spt Doc Line # | Services (Descriptions) | Unit of Measure | Price | Price | Price | Price | Price |
| **Core DD Services** | | | | | | | | | | |
| 104 / 105 | 77001042 | 7 | | Deposit Tickets | Each | $ 1.9800 | $ 1.9800 | $ 2.0513 | $ 2.1251 | $ 2.2016 |
| 335 | 77003355 | 1 | | Account Maintenance | Month | $ 48.6200 | $ 48.6200 | $ 50.3703 | $ 52.1836 | $ 54.0622 |
| 830 | 77008306 | | 1 | Misc. service - check book printing & supplies | | pass-through | pass-through | pass-through | pass-through | pass-through |
| 039 | 77000399 | | 1 | Misc. service - deposit tickets ordered | | pass-through | pass-through | pass-through | pass-through | pass-through |
| **Transit Services** | | | | | | | | | | |
| 070 | 77000704 | | | Transit services - encoding charge | | $ - | $ - | $ - | $ - | $ - |
| 535 | 77005358 | 4a | | Checks Represented 2nd time | Each | $ 4.2500 | $ 4.2500 | $ 4.4030 | $ 4.5615 | $ 4.7257 |
| 95 | 81202877 | 4 | | Returned Checks - Non Sufficient Funds | Each | $ 4.4300 | $ 4.4300 | $ 4.5895 | $ 4.7547 | $ 4.9259 |
| 3600C | 77036016 / 770036024 / 77036032 / 77036040 / 77036156 / 77036164 / 77036172 / 77036180 / 77036199 / 77036008 / 77036377 | 5 | | Deposits - Checks | Each | $ 0.1700 | $ 0.1700 | $ 0.1761 | $ 0.1824 | $ 0.1890 |
| ***Zero Balance Account*** | | | | | | | | | | |
| | *77001611* | | *2* | *ZBA Automated Transfers* | *Each* | *$ 1.3500* | *$ 1.3500* | *$ 1.4000* | *$ 1.4500* | *$ 1.5000* |
| | *77003274* | | *2* | *ZBA Master Account* | *Month* | *$ 135.0000* | *$ 135.0000* | *$ 139.8600* | *$ 144.9000* | *$ 150.1200* |
| **Controlled Disbursements** | | | | | | | | | | |
| 870 | 77008705 | 10 | | Positive Pay / Pay Without Issuance | Month | $ - | $ - | $ - | $ - | $ - |
| 995 | 77009957 | 10a | 3 | Positive Pay - Controlled Disbursement per Item | Each | $ 0.1250 | $ 0.1250 | $ 0.1295 | $ 1.3416 | $ 1.3899 |
| 3176 | 77031766 | | 3 | Controlled disbursement - controlled disb item | Each | $ 0.1250 | $ 0.1250 | $ 0.1295 | $ 1.3416 | $ 1.3899 |
| 3363 | 77033637 | 16a | | Positive Pay Return | Each | $ 4.2000 | $ 4.2000 | $ 4.3512 | $ 4.5078 | $ 4.6701 |
| 3442 | 77034420 | 8 | 4 | Controlled Disbursement Account Maintenance | Month | $ 97.7000 | $ 97.7000 | $ 101.2172 | $ 104.8610 | $ 108.6360 |
| **Disbursement Image** | | | | | | | | | | |
| 944 | 77009442 | 9b | | Image - CD-ROM Media Charge | Month | $ 25.0000 | $ 25.0000 | $ 25.9000 | $ 26.8324 | $ 27.7984 |
| 969 | 77009698 | 9a | 5 | Disbursement Image - Fixed - Extended | Month | $ 25.0000 | $ 25.0000 | $ 25.9000 | $ 26.8324 | $ 27.7984 |

# SCHEDULE OF FINANCIAL INSTITUTION PROCESSING CHARGES

**Document: DOE - NAV**

**Rev: 1 dtd 6/21/2010**

**Contractor: Bechtel Marine Propulsion Corporation**

**Financial Institution: BNY Mellon Treasury Services**

**Account Names: Department of Energy & Navy Accounts**

| | A | B | C | D | E | I | J | K | M | O | Q |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 9 | BNY Mellon Billing Process | | | | | | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
| 10 | LMellon Srvc Code | New Acct Analysis Srvc Code | Orig Contract Line # | Price Schedule Amnd Spt Doc Line # | Services (Descriptions) | Unit of Measure | Price | Price | Price | Price | Price |
| 38 | 976 | 77009760 | 9 | | Check Imaging (both sides) | Each Check | $ 0.0100 | $ 0.0100 | $ 0.0104 | $ 0.0108 | $ 0.0112 |
| 39 | 977 | 77009779 | 9c | | Image - CD-ROM per Item | Each | $ 0.0100 | $ 0.0100 | $ 0.0104 | $ 0.0108 | $ 0.0112 |
| 40 | 1454 / 21153 | 77211535 | 10b | | Positive Pay Suspects - iTelecash Xmit | Each | $ 1.2500 | $ 1.2500 | $ 1.2950 | $ 1.3416 | $ 1.3899 |
| 41 | | | | | | | | | | | |
| 42 | **Disbursement Services** | | | | | | | | | | |
| 43 | 889 | 77008896 | 16 | | Stop Payments via Terminal | Each | $ 5.5000 | $ 5.5000 | $ 5.6980 | $ 5.9031 | $ 6.1156 |
| 44 | | | | | | | | | | | |
| 45 | **Account Reconciliation** | | | | | | | | | | |
| 46 | 347 | 77003479 | 12 | 6 | Full Reconciliation Per Item [Positive Pay per item] | Each | $ 0.0630 | $ 0.0630 | $ 0.0653 | $ 0.0677 | $ 0.0701 |
| 47 | 375 | 77003754 | 11a | | Reconcilement - CPU/CPU Output Fixed | Month | $ 15.3000 | $ 15.3000 | $ 15.8508 | $ 16.4214 | $ 17.0126 |
| 48 | 991 | 77009914 | | 7 | Account reconcilement-AR/CPU/CPU input fixed | Month | $ 75.0000 | $ 75.0000 | $ 77.7000 | $ 80.5000 | $ 83.4000 |
| 49 | 992 | 77009922 | | 6 | Account reconcilement-AR/CPU/CPU input tierl | Each | $ 0.0600 | $ 0.0600 | $ 0.0622 | $ 0.0644 | $ 0.0667 |
| 50 | 3047 | 77030476 | 11 | 7 | Full Reconcilement Reporting [Positive Pay Fixed] | Month | $ 69.7700 | $ 69.7700 | $ 72.2817 | $ 74.8838 | $ 77.5796 |
| 51 | | | | | | | | | | | |
| 52 | **ACH / EDI** | | | | | | | | | | |
| 53 | 81 | 77000810 | 33g | | ACH - New Company ID Set Up | Each | $ 150.0000 | $ 150.0000 | $ 150.0000 | $ 150.0000 | $ 150.0000 |
| 54 | 103 | 77001034 | 28c | | ACH Payment Recall - Received Funds | Each | $ 58.0000 | $ 58.0000 | $ 60.0880 | $ 62.2512 | $ 64.4922 |
| 55 | 201 | 77002014 | 26 | | ACH Data Transmission Input Files [Files Originated] | Each | $ 28.2600 | $ 28.2600 | $ 29.2774 | $ 30.3314 | $ 31.4233 |
| 56 | 211 | 77002111 | 28 | | ACH Returns | Each | $ 2.1100 | $ 2.1100 | $ 2.1860 | $ 2.2647 | $ 2.3462 |
| 57 | 238 | 77002383 | | 8 | ACH- ACH ***received*** addenda | Each | $ 0.0150 | $ 0.0150 | $ 0.0155 | $ 0.0161 | $ 0.0167 |
| 58 | 307 | 77003070 | 28a | | ACH Notification of Change - when activity | Each | $ 0.4200 | $ 0.4200 | $ 0.4351 | $ 0.4508 | $ 0.4670 |
| 59 | 322 | 77003223 | 23a | | ACH Credits Originated (1-1,000/month) | Each | $ 0.2060 | $ 0.2060 | $ 0.2134 | $ 0.2211 | $ 0.2291 |
| 60 | 322 | 77003223 | 23b | | ACH Credits Originated (1,001-15,000/month) | Each | $ 0.1960 | $ 0.1960 | $ 0.2031 | $ 0.2104 | $ 0.2180 |
| 61 | 374 | 77003746 | 6 | | ACH Transactions Received (both ACH Debits & ACH Credits) | Each | $ 0.1940 | $ 0.1940 | $ 0.2010 | $ 0.2082 | $ 0.2157 |
| 62 | 443 | 77004432 | 27b | | ACH Adjustments Assisted [ACH Adjustments Tier 1] | Each | $ 18.2500 | $ 18.2500 | $ 18.9070 | $ 19.5877 | $ 20.2929 |
| 63 | 603 | 77006036 | 23c | | ACH Prenotifications (when establishing new ACH Transaction Acct) | Each | $ 0.2060 | $ 0.2060 | $ 0.2134 | $ 0.2211 | $ 0.2291 |
| 64 | 842 | 77008420 | | 9 | ACH - ACH Originated Return | Each | $ 17.5000 | $ 17.5000 | $ 18.1300 | $ 18.7827 | $ 19.4589 |
| 65 | 1002 | 77010025 | 24 | 8 | ACH CTX Addendum Records ***Originated*** | Each | $ 0.0150 | $ 0.0150 | $ 0.0155 | $ 0.0161 | $ 0.0167 |
| 66 | 3067 | 77030670 | 27a | | ACH Adjustments via Terminal | Each | $ 7.0000 | $ 7.0000 | $ 7.2520 | $ 7.5131 | $ 7.7836 |
| 67 | 20234 | 77202340 | | 10 | ACH- operator assist controls total | Each | $ 28.2600 | $ 28.2600 | $ 29.2774 | $ 30.3314 | $ 31.4233 |
| 68 | 20461 | 77204610 | 33h | | ACH - Set Up Outgoing ACH Transmission | Each | $ 345.0000 | $ 345.0000 | $ 345.0000 | $ 345.0000 | $ 345.0000 |
| 69 | 20671 | 77206710 | | 11 | ACH - Correct/Reject Rpt-AutFx Daily | Each | $ 5.0000 | $ 5.0000 | $ 5.1800 | $ 5.3665 | $ 5.5597 |
| 70 | 20674 | 77206744 | 27c | | ACH - Email Corrections Report - when Activity | Each Day | $ 5.5000 | $ 5.5000 | $ 5.6980 | $ 5.9031 | $ 6.1156 |
| 71 | 20677 | 77206779 | 25 | | ACH Profile Maintenance [ACH Monthly Fixed] | Each | $ 42.5000 | $ 42.5000 | $ 44.0300 | $ 45.6151 | $ 47.2572 |
| 72 | 20766 | 77207660 | | 12 | ACH - ACH Item Rejects | Each | $ 2.1100 | $ 2.1100 | $ 2.1860 | $ 2.2647 | $ 2.3462 |

# SCHEDULE OF FINANCIAL INSTITUTION PROCESSING CHARGES

**Document: DOE - NAV**

**Rev: 1 dtd 6/21/2010**

**Contractor: Bechtel Marine Propulsion Corporation**

**Financial Institution: BNY Mellon Treasury Services**

**Account Names: Department of Energy & Navy Accounts**

| | A | B | C | D | E | I | J | K | M | O | Q |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 9 | BNY Mellon Billing Process | | | | | | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
| 10 | LMellon Srvc Code | New Acct Analysis Srvc Code | Orig Contract Line # | Price Schedule Amnd Spt Doc Line # | Services (Descriptions) | Unit of Measure | Price | Price | Price | Price | Price |
| 73 | 20769 | 77207694 | 28d | | ACH Payment Recall - No Funds Received | Each | $ 40.0000 | $ 40.0000 | $ 41.4400 | $ 42.9318 | $ 44.4773 |
| 74 | 20911 | 77209115 | 28b | | ACH Returns - Email Returns Report - when activity | Per Day | $ 5.7500 | $ 5.7500 | $ 5.9570 | $ 6.1715 | $ 6.3937 |
| 75 | 21903 | 77219030 | | 13 | Summary File Confirmation - Fax | Each | $ 6.5000 | $ 6.5000 | $ 6.7340 | $ 6.9764 | $ 7.2276 |
| 76 | 21904 | 77219048 | 27 | | ACH Input File Confirmation | Each | $ - | $ - | $ - | $ - | $ - |
| 77 | 21904 | 77219048 | 27d | | ACH - Email EchoBack Report / ***Summary File Confirmatin - Email*** | Each | $ 5.7500 | $ 5.7500 | $ 5.9570 | $ 6.1715 | $ 6.3937 |
| 78 | 22050 | 77220500 | | 14 | ACH - APA Report (Hardcopy) | Each | $ 30.0000 | $ 30.0000 | $ 31.0800 | $ 32.2000 | $ 33.3592 |
| 79 | 22485 | 77224858 | | 15 | ACH - File reject | Each | $ 10.7500 | $ 10.7500 | $ 11.1370 | $ 11.5379 | $ 11.9533 |
| 80 | 3026 | 81223637 | 33e | | ACH Payment Approval Manual Set Up [ACH Filter Setup Fee] | Each | $ 18.7500 | $ 18.7500 | $ 18.7500 | $ 18.7500 | $ 18.7500 |
| 81 | 25300 | 81223645 | 29 | | ACH Full Debit Block (1-3 accounts) *[ACH Filter Monthly Fixed]* | Month | $ 10.0000 | $ 10.0000 | $ 10.3600 | $ 10.7330 | $ 11.1194 |
| 82 | 3023 | 81223653 | 30 | | ACH Debit Filter - per Transaction Routing Number | Each | $ 1.4000 | $ 1.4000 | $ 1.4504 | $ 1.5026 | $ 1.5567 |
| 83 | 3023 | 81223653 | 33f | | ACH Payment Approval Maintenance/ Instruction per Transaction Routing | Each | $ 1.4000 | $ 1.4000 | $ 1.4504 | $ 1.5026 | $ 1.5567 |
| 84 | | 99999999 | 23 | | ACH Batch Transactions | Each | $ - | $ - | $ - | $ - | $ - |
| 85 | | | | | | | | | | | |
| 86 | **Wire Transfer** | | | | | | | | | | |
| 87 | 455 | 77004556 | 33d | | Wire Transfer-Repetitive Request Number Set Up | Each | $ 12.1500 | $ 12.1500 | $ 12.1500 | $ 12.1500 | $ 12.1500 |
| 88 | 456 | 77004564 | 20 | | Beneficiary Information Template Storage / SVC-RRN Storage Charge | Each | $ 0.7300 | $ 0.7300 | $ 0.7563 | $ 0.7835 | $ 0.8117 |
| 89 | 467 / 3549 | 81223823 | 17h | 16 | Wire - Investigation Inquiry / Payment Repair | Each | $ 14.5800 | $ 14.5800 | $ 15.1049 | $ 15.6487 | $ 16.2121 |
| 90 | 242 | 81223866 | 18 | 19 | Incoming Wire Transfers | Each | $ 9.1100 | $ 9.1100 | $ 9.4380 | $ 9.7778 | $ 10.1298 |
| 91 | 23011 | 81223866 | 18 | 19 | Wire Transfer - Auto FT Deposit - FED/CHIP/BOOK | Each | $ 9.1100 | $ 9.1100 | $ 9.4380 | $ 9.7778 | $ 10.1298 |
| 92 | 23008 | 81223947 | 17d | 17 | Wire Transfer - Automated FT Book Transfer | Each | $ 6.6000 | $ 6.6000 | $ 6.8376 | $ 7.0838 | $ 7.3388 |
| 93 | 429 | 81223955 | 17a | 18 | Outgoing Wires initiated via Terminal | Each | $ 15.5000 | $ 15.5000 | $ 16.0580 | $ 16.6361 | $ 17.2350 |
| 94 | 23009 | 81223955 | 17a | 18 | Wire Transfer - FT Payment FED/CHIP | Each | $ 15.5000 | $ 15.5000 | $ 16.0580 | $ 16.6361 | $ 17.2350 |
| 95 | 22058 | 81253846 | 17g | | Wire - Returned Wires | Each | $ 22.0500 | $ 22.0500 | $ 22.8438 | $ 23.6662 | $ 24.5182 |
| 96 | 155 | 90000497 | 17b | | Outgoing Wires initiated via Operator Assisted Repetitive | Each | $ 18.2300 | $ 18.2300 | $ 18.8863 | $ 19.5662 | $ 20.2706 |
| 97 | 21378 | 90000497 | 17c | 20 | Outgoing International Wires initiated via Operator Assisted Non-Repetitiv | Each | $ 42.0000 | $ 42.0000 | $ 43.5120 | $ 45.0784 | $ 46.7012 |
| 98 | 154 | 99999999 | 22 | | Manual Non-Repetitive Wire | Each | $ 24.3100 | $ 24.3100 | $ 25.1852 | $ 26.0919 | $ 27.0312 |
| 99 | 192 | 99999999 | 19 | | Drawdown Transfers From Federal Reserve | Each | $ 15.9500 | $ 15.9500 | $ 16.5242 | $ 17.1191 | $ 17.7354 |
| 100 | 3123 | 99999999 | 17f | | Outgoing Wires-Operator Assisted Internal (between Mellon customers) Non-Repetitive | Each | $ 17.3600 | $ 17.3600 | $ 17.9850 | $ 18.6325 | $ 19.3033 |
| 101 | 20913 | 99999999 | | 20 | Wire Transfer - Out International automated | Each | $ 32.0000 | $ 32.0000 | $ 33.1520 | $ 34.3455 | $ 35.5819 |
| 102 | | 99999999 | 17 | | Outgoing Wire Transfers, including Sweep Backs | Each | $ - | $ - | $ - | $ - | $ - |
| 103 | | 99999999 | 17e | | Outgoing Wires-Operator Assisted Internal (between Mellon customers) Repetitive | Each | $ 12.3600 | $ 12.3600 | $ 12.8050 | $ 13.2660 | $ 13.7436 |
| 104 | | | | | | | | | | | |
| 105 | **Treasury Assistance** | | | | | | | | | | |
| 106 | 178 | 77001786 | 21 | 21 | Treasury Assistance Service (Manual) | Calculated per review but billed as monthly charge | $ 8.3000 | $ 8.3000 | $ 8.5988 | $ 8.9084 | $ 9.2291 |
| 107 | 184 | 77001840 | 21 | | Treasury Assistance Service (Automated process) | Per review | $ 8.3000 | $ 8.3000 | $ 8.5988 | $ 8.9084 | $ 9.2291 |

# SCHEDULE OF FINANCIAL INSTITUTION PROCESSING CHARGES

**Document: DOE - NAV**

**Rev: 1 dtd 6/21/2010**

**Contractor: Bechtel Marine Propulsion Corporation**

**Financial Institution: BNY Mellon Treasury Services**

**Account Names: Department of Energy & Navy Accounts**

| | A | B | C | D | E | I | J | K | M | O | Q |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | BNY Mellon Billing Process | | | | | | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
| 10 | LMellon Srvc Code | New Acct Analysis Srvc Code | Orig Contract Line # | Price Schedule Amnd Spt Doc Line # | Services (Descriptions) | Unit of Measure | Price | Price | Price | Price | Price |
| 108 | 916 | 77009167 | 21 | 21 | Treasury Assistance Service (Customized) | Calculated per review but billed as monthly charge | $ 8.3000 | $ 8.3000 | $ 8.5988 | $ 8.9084 | $ 9.2291 |
| 109 | | | | | | | | | | | |
| 110 | **Security Services** | | | | | | | | | | |
| 111 | 3049 | 77030492 | 13a | | Sentry Token Maintenance | Each Token | $ 8.2500 | $ 8.2500 | $ 8.5470 | $ 8.8547 | $ 9.1735 |
| 112 | 3758 | 77037586 | 33b | | Sentry per Issue of Sentry Token Device | Each Token | $ 131.2500 | $ 131.2500 | $ 131.2500 | $ 131.2500 | $ 131.2500 |
| 113 | 3759 | 77037594 | 33c | | Sentry per Set Up Charge for adding/changing /deleting accounts | Each | $ 5.2500 | $ 5.2500 | $ 5.2500 | $ 5.2500 | $ 5.2500 |
| 114 | 25311 | 77253114 | 33 | | One Time Set Up Charge | Each | $ - | $ - | $ - | $ - | $ - |
| 115 | 25311 | 77253114 | 33a | | Encryption Service Set Up | Each | $ 400.0000 | $ 400.0000 | $ 400.0000 | $ 400.0000 | $ 400.0000 |
| 116 | 25312 | 77253122 | 2 | | Encryption Service | Month | $ 60.7700 | $ 60.7700 | $ 62.9577 | $ 65.2242 | $ 67.5723 |
| 117 | | | | | | | | | | | |
| 118 | **Telecash / Electronic Banking** | | | | | | | | | | |
| 119 | 20385 | 77203850 | 13b | | Account Maintenance per Account/Module | Each | $ 6.8900 | $ 6.8900 | $ 7.1380 | $ 7.3950 | $ 7.6612 |
| 120 | 20390 | 77203907 | 15 | | Balance & Transaction Reporting [Reports Access] | Reports | $ 4.6800 | $ 4.6800 | $ 4.8485 | $ 5.0230 | $ 5.2038 |
| 121 | 20395 | 77203958 | 13c | | Check Storage (Qty = .02% of checks qty) | Storage Unit | $ 90.4000 | $ 0.9040 | $ 0.9365 | $ 0.9703 | $ 1.0052 |
| 122 | 20400 | 77204008 | | 22 | Telecash services - export/trans rpt (record change) | Per record | $ 0.0600 | $ 0.0600 | $ 0.0622 | $ 0.0644 | $ 0.0667 |
| 123 | 20402 | 77204024 | | 23 | Telecash services - export reporting (MDL account) | Per report | $ 4.6800 | $ 4.6800 | $ 4.8485 | $ 5.0230 | $ 5.2038 |
| 124 | 20406 | 77204067 | 13d | | Demand Deposit Account Statement Access | Month | $ 10.5000 | $ 10.5000 | $ 10.8780 | $ 11.2696 | $ 11.6753 |
| 125 | 20409 | 77204091 | 13 | | On-line Monitoring / Banking | Month | $ 27.5600 | $ 27.5600 | $ 28.5522 | $ 29.5801 | $ 30.6450 |
| 126 | 20426 | 77204261 | | 24 | Telecash services - event notification maintenance | Per event | $ 5.0000 | $ 5.0000 | $ 5.1800 | $ 5.3665 | $ 5.5597 |
| 127 | 20427 | 77204270 | | 25 | Telecash services - event manager message | Each | $ 1.0000 | $ 1.0000 | $ 1.0360 | $ 1.0733 | $ 1.1119 |
| 128 | | | | | | | | | | | |
| 129 | **Banking Services** | | | | | | | | | | |
| 130 | 3053 | 77030530 | 7a | | Mail Deposit with Deposit Ticket | Each | $ 2.7300 | $ 2.7300 | $ 2.8283 | $ 2.9301 | $ 3.0356 |
| 132 | | | | | | | | | | | |
| 133 | **FDIC/FICO Assessment** | | | | | | | | | | |
| 134 | 3946 | 77039465 | | 26 | *Other services - FICO/1000 avg ldgr demand dep* † | Month | $ 0.0095 | $ 0.0095 | *pass-through ** | *pass-through ** | *pass-through ** |
| 135 | 3946 | 77039465 | | 26 | *Other services - FICO/1000 avg ldgr demand dep* † | Month | $ 0.0087 | $ 0.0087 | *pass-through ** | *pass-through ** | *pass-through ** |
| 136 | 22920 | 77229205 | | 26 | *Other services - FDIC TAGP/1000 Qtr End Ldgr DD* † | Month | | | *pass-through ** | *pass-through ** | *pass-through ** |
| 137 | 23105 | 77231056 | | 26 | *Other services - FDIC Special / 1000 3Mo Avg Ldgr* † | Month | $ 0.5000 | $ 0.5000 | *pass-through ** | *pass-through ** | *pass-through ** |
| 138 | 968 | 81280037 | | 26 | *Other services - FDIC/1000 avg ldgr demand dep* † | Month | $ 0.1000 | $ 0.1000 | *pass-through ** | *pass-through ** | *pass-through ** |
| 139 | 3946 | 81280428 | | 26 | *Other services - FICO/1000 avg ldgr demand dep* † | Month | $ 0.0085 | $ 0.0085 | *pass-through ** | *pass-through ** | *pass-through ** |
| 140 | | | | | ** FDIC & FICO charges can be adjusted by the FDIC at its own discretion. This is a pass-thru charge.* | | | | | | |
| 141 | | | | | | | | | | | |
| 142 | | | | | | | | | | | |

# FY2012 Bechtel Marine Propulsion Corporation Diversity Plan

In accordance with DEAR 970.5226-1, this document is submitted as the Bechtel Marine Propulsion Corporation (BMPC) Fiscal Year 2012 Diversity Plan. BMPC is committed to diversity and inclusion. We are striving to build a workforce that values and leverages the talents of all our employees in an effort to attract and retain the highly skilled workforce that is needed to support the Naval Nuclear Propulsion Program (NNPP) and our Nation. Additional updates to this plan and specific action items will be discussed as appropriate with NRLFO personnel throughout the year.

The mission of BMPC is to develop, deliver, and support the world's most advanced, safe, reliable and cost effective naval nuclear propulsion systems and train the sailors who operate them. The combined efforts of all BMPC sites have led to an outstanding record of over 142 million miles safely steamed on nuclear power.

## BMPC Diversity Strategy and Mission

Diversity and inclusion begin with the Bechtel vision, values, and covenants and extend to every activity involved in attracting and retaining a talented workforce with the specialized skills that are necessary to support our Nation's fleet of nuclear powered ships and develop new technologies.

BMPC recognizes that success in sustaining a diverse workforce depends upon the following foundational principles:

- A clear sense of vision and mission
- An investment of time, people, and resources
- A long-term commitment
- An avoidance of a "quick-fix" approach
- A realistic view of strategic and competitive realities (flexibility and adaptability to company-specific needs)

BMPC recognizes that diversity is crucial to gaining the perspectives and ideas that foster innovation. It is a business imperative on which our long-term success is dependent upon. Our diversity strategy is to create an environment throughout that welcomes, respects, develops and leverages employee differences as a competitive strength. We believe that environment is set by both managers and employees. Our managers must lead by example and consistently demonstrate their commitment to diversity. Every employee is expected to appreciate diversity demonstrated by respecting others and utilizing his/her individual talents to better serve the NNPP and our Nation.

Our workforce diversity contributes to mission success, productivity, competitiveness and retention by building an inclusive team that values individuals for their talents and empowers them to reach their fullest potential. By taking advantage of our workforce diversity, we provide better value and increase the engagement of our entire workforce. BMPC will achieve this through the following specific goals:

- Customer Interaction and Integration
- Workforce Diversity
- Educational Outreach
- Community Involvement and Outreach
- Socioeconomic Subcontracting and Economic Development

## Customer Interaction and Integration

BMPC must maintain and integrate the Naval Reactors Program core values of *Technical Excellence, Integrity, Focus on People, Formality and Discipline, Respect for Health and Environment, Value Consciousness and Personal Ownership and Responsibility for Our Work* with the Bechtel values of *Ethics, Excellence, Fair Return, Mutual Respect, Safety, and Sustainability*. The integration of these two similar sets of values helps BMPC foster a diverse and inclusive work environment. These goals cannot be achieved without fully valuing and harnessing the unique talents and contributions of all employees. Dissenting opinions are a required part of our development culture.

DEAR 970.5226-1 requires BMPC to submit a Diversity Plan that shows our commitment to diversity and building an organization that values and leverages the talents of its employees. The plan is submitted to the contracting officer for approval and review. The plan outlined in DEAR 970.5226-1 must address an approach for promoting diversity through our workforce, educational outreach, community involvement and outreach, subcontracting, economic development (including technology transfer) and the prevention of profiling based on race or national origin. The following information is included as evidence of BMPC's approach for promoting diversity through the above mentioned areas:

## Workforce

BMPC recognizes the value of a diverse workforce in enhancing its leadership. BMPC is an Equal Opportunity Employer that fosters inclusive work environments to value and respect all individuals and their contributions. BMPC's equal opportunity philosophy is strengthened by Bechtel Marine Propulsion Corporation Management Policy Statement, MPS #002, on Nondiscrimination and Equal Employment Opportunity and MPS #003 on Harassment-Free Workplace. BMPC provides a diversity module as part of New Employee Orientation. Additionally, new managers receive training on diversity, affirmation action, and equal opportunity. Our Affirmative Action Plans, goals and progress are reviewed with the General Managers Staff as appropriate.

Additionally, BMPC actively works to recruit and retain a highly skilled, diverse work force. This is achieved through strategic recruitment and by providing training opportunities, educational assistance, work-life balance programs, recognition, and other opportunities that create an inclusive environment for all employees.

We continue to identify and partner in areas where joint initiatives benefit all of BMPC. Shared diversity, retention, mentoring, staffing, and training strategies have been implemented in an effort to direct the retention of our existing workforce, improve employee engagement, and attract new talent.

Opportunities are afforded to BMPC employees to participate in our Diversity Council as well as professional/affinity groups such as the Society of Women Engineers, Women in Nuclear, Society of Hispanic Professional Engineers, National Society of Black Engineers, and the Bechtel Marine Veterans Organization. Each group has a senior leader dedicated to its individual mission and vision. New employees are welcome to join our Newcomers Organization.

## Educational Outreach

Diversity is advanced by a deliberate plan for seeking new talent. BMPC has a staffing strategy that is focused on increasing the diversity of its new hires by seeking opportunities aggressively to participate in diverse recruiting events locally and nationally. Enterprise Recruiting initiatives help to identify opportunities targeted at improving our effectiveness in recruiting women, minorities, individuals with disabilities, and covered military veterans. Partnerships have been formed with local schools/colleges and organizations in an effort to identify locally-sourced new hires, as well as an increased focus on strengthening relationships with professional and student organizations.

BMPC also understands the importance of reaching out into the local community to support and prepare students academically for their future. We enlist support from our employees to serve as mentors, tutors and role models primarily with an emphasis on mathematics and science to promote scholastic excellence. The investment also includes supporting an effective infrastructure for these students so they are able to excel academically.

## Community Involvement and Outreach

BMPC has a well-established, strong presence in their respective communities. Community relations efforts are tied directly to increasing employee attraction, retention and engagement while understanding the needs and concerns of the community surrounding the sites. Employees are encouraged to participate in outreach initiatives and take pride in having a climate of trust and partnership within a diverse community. BMPC focuses the majority of its community relations efforts on educational initiatives and community outreach in the areas of health and human services. Employees participate in numerous community outreach activities through organizations such as those sponsored by the United Way and the Greater Pittsburgh Community Food Bank.

Management fully supports volunteerism and being a good corporate citizen. Senior leaders are active in their communities along side their employees and many are members of boards of directors and other community organizations. Many volunteer events are coordinated through our Network of Volunteer Associates (NOVA) Society. Employees who make significant contributions to our communities are recognized annually.

As BMPC continues to work closely together, we will participate in our local communities and seek opportunities to partner nationwide.

## Small Business Subcontracting and Economic Development

BMPC seeks to provide subcontracting opportunities to qualified small business concerns to the maximum extent practicable consistent with efficient performance of Program work. Categories of small business concerns, as identified in the BMPC Master Subcontracting Plan include small businesses, small disadvantaged businesses, women-owned small businesses, HUBZone small businesses, veteran-owned small businesses, and service-disabled veteran-owned small businesses. Through contracting with these businesses, BMPC promotes economic diversification and economic development at both the local and national level. BMPC's commitment of funds with small business concerns exceeds $100,000,000 annually (fiscal year basis).

Requirements for BMPC's small business subcontracting program as well as subcontracting goals for each category of small business are established via the subcontracting plan, and implemented through Acquisition Management policies and procedures. BMPC has also established a Mentor-Protégé Program in accordance with a U.S. Department of Energy (DOE) initiative designed to encourage and assist small businesses and enhance their financial, technical, professional, and personnel capabilities. The program seeks to foster long-term business relationships between small business entities and BMPC.

## Inputs, Outputs and Metrics

Finally, the following inputs, outputs and metrics will be used to refine and improve BMPC's FY2012 Diversity Plan and overall efforts in our targeted areas.

## Inputs

Below are the data that BMPC uses each year to refine our direction and approach.

- BMPC Long Range Strategic Plan
- Employee and leadership demographics
- Results of various surveys (Decline Surveys, Exit Interviews, etc.)
- Bechtel Systems and Infrastructures, Inc. Diversity Plan

## Outputs

- Attract, retain and develop talent
- Increased satisfaction and confidence in the way people operate
- Improved productivity and performance
- Increased innovation and creativity to leverage ideas for solutions
- Improved teamwork among colleagues
- Increased employee retention
- Increased representation in our workforce
- Improved awareness and understanding of Equal Employment Opportunity and Affirmative Action requirements and principles
- Decreased Ethics complaints in the areas of personnel and employee conduct

## Metrics

- Visible leadership of diversity activities and commitment
- Communication activities
- Community outreach activities
- External recognition
- Progress toward established Affirmative Action Program goals
- HR Key Metrics (examples)
    - Attrition, Staffing (including Leadership Development and Interns), Overall Demographics, Promotion Metrics, Training Metrics
- Supplier diversity small business utilization metrics

**Bechtel Marine Propulsion Corporation (BMPC)**
**FY2012 Master Subcontracting Plan Addendum**
**Prime Contract No. DE-NR0000031**

| **Goals (Percentages and Dollar Values)** | | **($ in Millions)** |
|---|---|---|
| Estimated Funds Available for Subcontracting for Fiscal Year 2012 (October 1, 2011 through September 30, 2012) | | $344,353,000 |
| Category | Percentage of Funds Available for Subcontracting | Dollar Amount (Millions) |
| Other Than Small Business | 54.00% | $185,953,000 |
| Small Business Concerns (including Alaska Native Corporations (ANC) and Indian tribes) | 46.00% | $158,400,000 |
| Small Disadvantaged Business Concerns (including ANC and Indian tribes) | 5.00% | $17,200,000 |
| Women-Owned Small Business Concerns | 5.00% | $17,200,000 |
| HUBZone Small Business Concerns | 3.00% | $10,300,000 |
| Veteran-Owned Small Business Concerns | 3.00% | $10,300,000 |
| Service-Disabled Veteran-Owned Small Business Concerns | 3.00% | $10,300,000 |
| Total Dollars Planned to be Subcontracted | 100.00% | $344,353,000 |

The *Estimated Funds Available for Subcontracting* amount is the Fiscal Year 2012 DOE Materials and Services Procurable Budget that is projected to be committed through direct subcontracts.

**Potential Subcontracting Opportunities for Small Business**

The following table lists the principle categories of subcontracting opportunities and the estimated dollar value that will be made available for Small business concerns. The categories shown are for general work groupings only:

| Small Business (SB) Type | Estimated Dollar Value ($ in Millions) | Product/Service NAICS |
|---|---|---|
| Any SB concern | $31,680,000 | 23-Construction |
| Any SB concern | $23,760,000 | 33-Manufacturing |
| Any SB concern | $39,600,000 | 42-Wholesale Trade |
| Any SB concern | $63,360,000 | 54-Professional Services |
| Total | $158,400,000 | |

**BMPC FY2012 Master Subcontracting Plan Addendum**
**Prime Contract No. DE-NR0000031**
**Cumulative Goals Summary**

BMPC cumulative goals for the utilization of Small Business, Small Disadvantaged Business, Women-Owned Small Business, Hubzone Small Business, Veteran-Owned Small Business, and Service Disabled Veteran Small Business concerns:

| | |
|---|---|
| **Funds Available for Subcontracting - Commitment Basis** | |
| Funds available for subcontracting for Fiscal Year 2009 through 2011 | $898,353,000 |
| Estimated funds available for subcontracting this FY2012 Addendum | $341,860,000 |
| Funds available for subcontracting Total-to-Date | $1,240,213,000 |
| | |
| **Planned Subcontract Awards to Other Than Small Business** | |
| Funds available for subcontracting for Fiscal Year 2009 through 2011 | $483,840,000 |
| Estimated funds available for subcontracting this FY2012 Addendum | $185,953,000 |
| Planned subcontract awards to Other Than Small Business Total-to-Date | $669,793,000 |
| Percentage of planned subcontract awards to Other Than Small Business Total-to-Date | 54.0% |
| | |
| **Planned Subcontract Awards to Small Business** | |
| Funds available for subcontracting for Fiscal Year 2009 through 2011 | $412,020,000 |
| Estimated funds available for subcontracting this FY2012 Addendum | $158,400,000 |
| Planned subcontract awards to Small Business Total-to-Date | $570,420,000 |
| Percentage of planned subcontract awards to Small Business Total-to-Date | 46.0% |
| | |
| **Planned Subcontract Awards to Small Disadvantaged Business** | |
| Funds available for subcontracting for Fiscal Year 2009 through 2011 | $44,750,000 |
| Estimated funds available for subcontracting this FY2012 Addendum | $17,200,000 |
| Planned subcontract awards to Small Disadvantaged Business Total-to-Date | $61,950,000 |
| Percentage of planned subcontract awards to Small Disadvantaged Business Total-to-Date | 5.0% |
| | |
| **Planned Subcontract Awards to Women-Owned Small Business** | |
| Funds available for subcontracting for Fiscal Year 2009 through 2011 | $44,750,000 |
| Estimated funds available for subcontracting this FY2012 Addendum | $17,200,000 |
| Planned subcontract awards to Women-Owned Small Business Total-to-Date | $61,950,000 |
| Percentage of planned subcontract awards to Women-Owned Small Business Total-to-Date | 5.0% |
| | |
| **Planned Subcontract Awards to HUBZone Small Business** | |
| Funds available for subcontracting for Fiscal Year 2009 through 2011 | 26,910,000 |
| Estimated funds available for subcontracting this FY2012 Addendum | 10,300,000 |
| Planned subcontract awards to HUBZone Small Business Total-to-Date | 37,210,000 |
| Percentage of planned subcontract awards to HUBZone Small Business Total-to-Date | 3.0% |
| | |
| **Planned Subcontract Awards to Veteran-Owned Small Business** | |
| Funds available for subcontracting for Fiscal Year 2009 through 2011 | 26,910,000 |
| Estimated funds available for subcontracting this FY2012 Addendum | 10,300,000 |
| Planned subcontract awards to Veteran-Owned Small Business Total-to-Date | 37,210,000 |
| Percentage of planned subcontract awards to Veteran-Owned Small Business Total-to-Date | 3.0% |
| | |
| **Planned Subcontract Awards to Service Disabled Veteran-Owned Small Business** | |
| Funds available for subcontracting for Fiscal Year 2009 through 2011 | 26,910,000 |
| Estimated funds available for subcontracting this FY2012 Addendum | 10,300,000 |
| Planned subcontract awards to Service Disabled Veteran-Owned Small Business Total-to-Date | 37,210,000 |
| Percentage of planned subcontract awards to Service Disabled Veteran-Owned Small Business Total-to-Date | 3.0% |