

AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT				1. CONTRACT ID CODE DE-AC52-06NA25396	PAGE 1 OF 23 PAGES
2. AMENDMENT/MODIFICATION NO. A-011	3. EFFECTIVE DATE June 1, 2006	4. REQUISITION/PURCHASE REQ. NO. NA25396	5. PROJECT NO. (If applicable)		
6. ISSUED BY CODE Department of Energy National Nuclear Security Administration Manager, Los Alamos Site Office 528 35 th Street Los Alamos, NM 87544		7. ADMINISTERED BY (If other than Item 6) CODE			
8. NAME AND ADDRESS OF CONTRACTOR (No., street, county, state, ZIP Code) Los Alamos Nuclear Security, LLC 4200 West Jemez Road Suite 400 Los Alamos, NM 87544			9A. AMENDMENT OF SOLICITATION NO. 9B. DATED (SEE ITEM 11)		
CODE			FACILITY CODE		
			10A. MODIFICATION OF CONTRACT/ORDER NO. DE-AC52-06NA25396		
			10B. DATED (SEE ITEM 13) December 21, 2005		

11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS

The above numbered solicitation is amended as set forth in Item 14. The hour and date specified for receipt of Offers is extended, is not extended.

Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation as amended, by one of the following methods:
 (a) By completing Items 8 and 15, and returning ___ copies of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.

12. ACCOUNTING AND APPROPRIATION DATA (If required)

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

- A. THIS CHANGE ORDER IS ISSUED PURSUANT TO (Specify authority): THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A.
- B. THE ABOVE-NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (Such as changes in paying office, appropriation date, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103(b).
- C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF:
- D. OTHER (Specify type of modification and authority):
Clause No. I-103, Changes (Dec 2000)

E. IMPORTANT: Contractor is required to sign this document and return 3 copies to the issuing office.

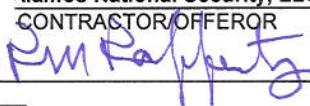

14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UCF section headings, including solicitation/contract subject matter where feasible.)

This Modification is issued to update Clause I-116 and Section J, Appendix A by the following:

Clause I-116 FAR 52.250-1 INDEMNIFICATION UNDER PUBLIC LAW 85-804 (APR 1984) ALTERNATE 1 (APR 1984) (ALTERATION) is replaced in its entirety with a new attached Clause I-116 FAR 52.250-1 INDEMNIFICATION UNDER PUBLIC LAW 85-804 (APR 1984) ALTERNATE 1 (APR 1984) (DEVIATION).

PART III – SECTION J, APPENDIX A, PERSONNEL APPENDIX is replaced in its entirety with a new attached PART III, SECTION J, APPENDIX A, PERSONNEL APPENDIX.

Except as provided herein, all terms and conditions of the document referenced in Items 9A or 10A, as heretofore changed, remains unchanged and in full force and effect.

15A. NAME AND TITLE OF SIGNER (Type or print) Rueben M. Rafferty Prime Contracts Management Division Los Alamos National Security, LLC		16A. NAME AND TITLE OF CONTRACTING OFFICER (Type or print) Anthony L. Lovato, Contracting Officer Los Alamos Site Office	
BY  (Signature of person authorized to sign)	15C. DATE 10/31/06 SIGNED	BY  (Signature of Contracting Officer)	16C. DATE SIGNED 10/31/06

FAR 52.250-1 INDEMNIFICATION UNDER PUBLIC LAW 85-804 (APR 1984)
ALTERNATE I (APR 1984) (DEVIATION)

- (a) "Contractor's principal officials," as used in this clause, means directors, officers, managers, superintendents, or other representatives supervising or directing--
- (1) All or substantially all of the Contractor's business;
 - (2) All or substantially all of the Contractor's operations at any one plant or separate location at which this contract is being performed;
or
 - (3) A separate and complete major industrial operation in connection with the performance of this contract.
- (b) Under Public Law 85-804 (50 U.S.C. 1431-1435) and Executive Order 10789, as amended, and regardless of any other provisions of this contract, the Government shall, subject to the limitations contained in the other paragraphs of this clause, indemnify the Contractor against--
- (1) Claims (including reasonable expenses of litigation or settlement) by third persons (including employees of the Contractor) for death; personal injury; or loss of, damage to, or loss of use of property;
 - (2) Loss of, damage to, or loss of use of Contractor property, excluding loss of profit; and
 - (3) Loss of, damage to, or loss of use of Government property, excluding loss of profit.
- (c) This indemnification applies only to the extent that the claim, loss, or damage (1) arises out of or results from a risk defined in this contract as unusually hazardous or nuclear and (2) is not compensated for by insurance or otherwise. Any such claim, loss, or damage, to the extent that it is within the deductible amounts of the Contractor's insurance, is not covered under this clause. If insurance coverage or other financial protection in effect on the date the approving official authorizes use of this clause is reduced, the Government's liability under this clause shall not increase as a result.
- (d) When the claim, loss, or damage is caused by willful misconduct or lack of good faith on the part of any of the Contractor's principal officials, the Contractor shall not be indemnified for -

- (1) Government claims against the Contractor (other than those arising through subrogation); or
 - (2) Loss or damage affecting the Contractor's property.
- (e) With the Contracting Officer's prior written approval, the Contractor may, in any subcontract under the contract, indemnify the subcontractor against any risk defined in this contract as unusually hazardous or nuclear. This indemnification shall provide, between the Contractor and the subcontractor, the same rights and duties, and the same provisions for notice, furnishing of evidence or proof, and Government settlement or defense of claims as this clause provides. The Contracting Officer may also approve indemnification of subcontractors at any lower tier, under the same terms and conditions. The Government shall indemnify the Contractor against liability to subcontractors incurred under subcontract provisions approved by the Contracting Officer.
- (f) The rights and obligations of the parties under this clause shall survive this contract's termination, expiration, or completion. The Government shall make no payment under this clause unless the agency head determines that the amount is just and reasonable. The Government may pay the Contractor or subcontractors, or may directly pay parties to whom the Contractor or subcontractors may be liable.
- (g) The Contractor shall -
- (1) Promptly notify the Contracting Officer of any claim or action against, or any loss by, the Contractor or any subcontractors that may reasonably be expected to involve indemnification under this clause;
 - (2) Immediately furnish to the Government copies of all pertinent papers the Contractor receives;
 - (3) Furnish evidence or proof of any claim, loss, or damage covered by this clause in the manner and form the Government requires; and
 - (4) Comply with the Government's directions and execute any authorizations required in connection with settlement or defense of claims or actions.
- (h) The Government may direct, control, or assist in settling or defending any claim or action that may involve indemnification under this clause.

- (i) The cost of insurance (including self-insurance programs) covering a risk defined in this contract as unusually hazardous or nuclear shall not be reimbursed except to the extent that the Contracting Officer has required or approved this insurance.

The Government's obligations under this clause are -

- (1) Excepted from the release required under this contract's clause relating to allowable cost; and
- (2) Not affected by this contract's Availability of Funds or Obligation of Funds clause.

- (j) The term "a risk defined in this contract as unusually hazardous or nuclear" means the risk of legal liability to third parties (including legal costs as defined in paragraph (jj) of section 11 of the Atomic Energy Act of 1954, as amended, 42 U.S.C. § 2014(jj), notwithstanding the fact that the claim or suit may not arise under section 170 of said Act, 42 U.S.C. §2210) arising from actions or inactions in the course of the following work performed by the Contractor under the Contract:

- (1) Participation in --

- (i) DOE's Nuclear Emergency Search Team ("NEST") outside the United States,

- (ii) DOE's Accident Response Group ("ARG") outside the United States,

- (iii) DOE's Joint Technical Operations Team ("JTOT") outside the United States,

to the extent participation in activities described in subparagraphs (i), (ii) or (iii) above involves nuclear activities involving real or suspected nuclear weapons, nuclear weapons components, or nuclear materials which can be readily utilized either (A) for the production or the fabrication of nuclear weapons without substantial further effort; or (B) for intentional widespread contamination or dispersal of harmful nuclear materials, whether or not such real or suspected weapons, components, or harmful nuclear materials are owned by the United States.

- (2) (i) Repairs and maintenance of United States-owned nuclear weapons, requested by the Department of Defense under DOE's Stewardship role for the United States nuclear weapons stockpile.

(ii) Repairs and maintenance of United Kingdom-owned nuclear weapons requested by the Ministry of Defense of the United Kingdom, as directed or approved by the President of the United States, the Secretary of Energy, the Deputy Secretary of Energy, or the Under Secretary of Energy.

(iii) Participation in DOE's Materials Protection Control and Accountability (MPC&A) program including cooperative work outside the United States on the design and implementation of MPC&A systems for facilities processing, handling, and storing nuclear materials, and the transportation of nuclear materials; provision of U.S.-manufactured equipment, and procurement of equipment for installation in facilities in order to implement the above systems; and training in the design, use and assessment of MPC&A systems.

(iv) Participation in the U.S.-Russian Plutonium Disposition Program including cooperative work outside the United States on the demonstrations of alternative technologies for converting weapons-origin plutonium into forms unsuitable for direct weapons applications, and subsequently into forms suitable for ultimate disposition; technical support for the construction and demonstration of a pilot line for Russian plutonium conversion/disposition of weapons-origin plutonium; and technical support for the construction of a Russian production line for conversion and/or disposition of Russian weapons-origin plutonium.

(3) Participation in activities relating to --

(i) nuclear weapons research and development;

(ii) stewardship of the nuclear weapons stockpile;

(iii) nuclear weapons accident response;

(iv) counter terrorism response to weapons of mass destruction;

(v) developing technology and systems for protecting facilities and information, and safeguarding nuclear materials;

(vi) conducting nonproliferation, national security, and treaty verification technology programs;

(vii) assessing, detecting and deterring the foreign intelligence and terrorist threat;

(viii) assisting the Department of Homeland Security (DHS) in executing its mission; and

(ix) conducting Work for Others for non-DOE entities and agencies, including the Departments of State and Defense.

(4) Other activities relating to non-proliferation, emergency response, anti-terrorism activities, or critical national security activities that involve the use, detection, identification, assessment, control, containment, dismantlement, characterization, packaging, transportation, movement, storage, or disposal of nuclear, radiological, chemical, biological, or explosive materials, facilities or devices, provided such activities are specifically requested or approved, in writing, by the President of the United States, the Secretary of Energy, the Deputy Secretary of Energy, or the Under Secretary for Nuclear Security, and further provided that the request or approval specifically identifies the particular requested or approved activity and makes the indemnity provided by this clause applicable to that particular activity because it involves extraordinary risks.

(k) This clause provides indemnification for the unusually hazardous or nuclear risks defined herein which are not covered by the Price Anderson Act (section 170d of the Atomic Energy Act of 1954, as amended 42 U.S.C. § 2210(d) or where the indemnification provided by the Price Anderson Act is limited by the restriction on public liability imposed by section 170e of the Atomic Energy Act of 1954, as amended, (42 U.S.C. § 2210(e)) to an amount which is not sufficient to provide complete indemnification for the legal liability to which the Contractor is exposed.

(l) Additional definitions applicable to this clause.

(1) the term "Contractor" except as used in paragraphs (a) and (e) means

(i) Los Alamos National Security LLC, and

(ii) Los Alamos National Security LLC's members: the University of California, Bechtel National, Inc., Washington Group International, and BWX Technologies, Inc., including, if applicable, the ultimate parent companies and the affiliates of each, and

(iii) employees, officers, and directors or any of the foregoing named or threatened to be named as defendants in lawsuits or litigation threatened or initiated by third parties which seek to impose or establish, or which could result in, a risk which is defined in this contract as unusually hazardous or nuclear, on account of actions or

inactions of Los Alamos National Security LLC, or on account of the actions or inactions undertaken by the corporations or individuals identified in subparagraphs (a), (b), or (c) for, and on behalf of, or with respect to, Los Alamos National Security LLC, under this contract;

(2) the term "Contractor" as used in paragraphs (a), and (e) means Los Alamos National Security LLC;

(3) the term "Contractor's business" as used in this clause means the management and operation of the Government's facilities at Los Alamos, New Mexico, for the Department of Energy under this contract;

(4) the terms "Contractor's operations at any one plant or separate location in which this contract is being performed" and "a separate and complete major industrial operation in connection with the performance of this contract" as used in this clause means the Government's facilities located at Los Alamos, New Mexico;

(5) the term "nuclear materials" as used in this clause means source, special nuclear, or byproduct materials as those terms are defined in Section 11 of the Atomic Energy Act of 1954, as amended, 42 U.S.C. § 2014;

(6) the term "agency head" as used in this clause means the Secretary of Energy; and

(7) the term "affiliate" as used in this clause means the member companies of Los Alamos National Security LLC (the University of California, Bechtel National, Inc., Washington Group International, and BWX Technologies, Inc., and, if applicable, the parent companies of each including the ultimate parent company of each) as well as companies, other than Los Alamos National Security LLC, that directly or indirectly, are owned or otherwise controlled by the member companies of Los Alamos National Security LLC.

PART III – SECTION J

APPENDIX A

PERSONNEL APPENDIX

TABLE OF CONTENTS

SECTION I - INTRODUCTION.....2

SECTION II - HUMAN RESOURCES STRATEGY, BUSINESS PLANNING AND PERFORMANCE
MANAGEMENT3

SECTION III - COMPENSATION.....3

SECTION IV - ANCILLARY PAY COMPONENTS5

SECTION V – COMPANY SERVICE CREDIT.....8

SECTION VI – PAYMENTS ON SEPARATION.....8

SECTION VII – LABOR RELATIONS.....10

SECTION VIII - WORKERS' COMPENSATION AND INJURY LEAVE.....10

SECTION IX - MILITARY LEAVE10

SECTION X - TRIBAL LEAVE11

SECTION XI - SECURITY LEAVE.....12

SECTION XII - TRAINING AND EDUCATION12

SECTION XIII - EMPLOYEE PROGRAMS.....13

SECTION XIV - COSTS OF RECRUITING PERSONNEL.....14

SECTION XV – TRAVEL & RELOCATION.....14

SECTION XVI - SPECIAL PROGRAMS.....15

SECTION I - INTRODUCTION

- (a) This Advance Understanding is intended to document the principles and measures for evaluation of the Contractor's Human Resource Management (CHRM) programs and other items of allowable personnel costs and related expenses not specifically addressed elsewhere under this Contract. Any changes to the personnel policies or practices in place as of the effective date of this Contract which would increase costs, is subject to approval in advance by the Contracting Officer.
- (b) LANL CHRM programs objective will comply with applicable Federal Acquisition Regulation (FAR) cost principles and FAR contract clauses, as supplemented by the Department of Energy Acquisition Regulation (DEAR), for all Human Resources (HR) programs, including but not limited to Compensation, Health and Welfare Benefits, Pension Plans, Training and Development, Employee Morale, Professional Society Memberships, Employee and Labor Relations, Diversity/Equal Employment Opportunity/Affirmative Action, Recruitment and Relocation. The Contractor shall use effective management review procedures and internal controls to assure compliance with the FAR and DEAR.
- (c) This Appendix A may be modified from time to time by agreement of the Parties. Either Party may, at any time, request that this Appendix A be revised. Parties hereto agree to negotiate in good faith concerning any requested revision. Revisions to this Appendix A shall be accomplished by executing a Reimbursement Authorization as approved by the Contracting Officer.
- (d) The Laboratory Director may make exceptions to the provisions of Appendix A when such exceptions are in the best interest of Contract operations or will facilitate or enhance Contract performance. Such Laboratory Director exceptions must be approved in advance by the Contracting Officer and include as a modification to this Appendix A prior to the Contractor implementation.
- (e) The Laboratory Director, or designated representative, shall promptly furnish all reports and information required or otherwise indicated herein to the Contracting Officer. The Contractor recognizes that the Contracting Officer or Contracting Officer's Representative may make other data requests from time to time and the Contractor agrees to cooperate in meeting such requests.
- (f) All of the Contractor's personnel policies, practices and plans, at the time of contract assumption, have been found acceptable to the CO, where the contractor has informed the DOE Contracting Officer of the changes to the policies.

SECTION II - HUMAN RESOURCES STRATEGY, BUSINESS PLANNING AND PERFORMANCE MANAGEMENT

- (a) The Institutional Plan highlights areas important to DOE/NNSA and aligns with critical DOE/NNSA missions. The HR Strategic Plan, which is subordinate to the Institutional Plan, will be reviewed with DOE/NNSA representatives at least annually. Contract performance metrics and measures will be developed in partnership with DOE/NNSA.
- (b) CHRM performance objectives and targets will align with, and facilitate the achievement of the Laboratory mission; be limited in number; focus on strategic results, systems-based measures, and assessment against industry best practices; be developed annually; be reviewed periodically to target key strategic objectives and results; and include outcomes that result in cost effective management of Laboratory human resources to support accomplishment of DOE/NNSA and Laboratory mission, strategy and objectives.

SECTION III - COMPENSATION

- (a) (1) Compensation Standards. The Contractor and DOE/NNSA agree that the elements below will be included in Laboratory compensation systems and will be the basis upon which DOE/NNSA will evaluate the Contractor's self-assessment required under the Contract's Section H Clause entitled "Workforce Transition, Contractor Compensation, Benefits And Pension." The elements are:
 - (i) philosophy and strategy for all pay delivery programs;
 - (ii) method for establishing the internal value of jobs;
 - (iii) method for relating the internal value of jobs to the external market;
 - (iv) system that links individual and/or group performance to compensation decisions;
 - (v) method for planning and monitoring the expenditure of funds;
 - (vi) method for ensuring compliance with applicable laws and regulations;
 - (vii) system for communicating the program to employees; and
 - (viii) system for internal controls and self-assessment.

- (2) Compensation for Key Personnel. The Contractor shall include in the Contractor's employment contract with each of its Key Personnel the following:
 - (i) a requirement that the key person's employment is for a term of not less than two years, (ii) a condition that provides for incentives for longevity of service as a key person, and (iii) a condition that provides for disincentives for early departure.

- (b) Salary Increases.
 - (1) Any combination of salary increases for an individual in a single fiscal year, including merit increases and those resulting from reclassification and promotion, which result in a salary that is 25% greater than the employee's salary prior to the increase shall require prior approval by the Laboratory Director. Salary increases that exceed 15% shall be reported annually to the Contracting Officer.
 - (2) Annual funding for promotions shall be included in the Compensation Increase Plan (CIP) request as a discrete line item. The request for funding for promotions will be based upon actual use for the prior year and anticipated future use, such as classification restructuring.
 - (3) Administrative stipend for temporary assignments. An administrative stipend may be paid to an employee who is temporarily assigned responsibilities of a higher level position or other significant duties within the Laboratory not part of the employee's regular position. The sum of stipend and base salary shall not exceed the maximum salary of the higher level position. The Laboratory Director may authorize an administrative stipend up to 15 % of the appointee's annual base salary for a period not to exceed one year.

- (c) Compensation Increase Plan.
 - (1) The Contractor shall submit the CIP proposal 90 days prior to the beginning of the succeeding fiscal year.
 - (2) In order to pay "on-market-on-average," in the calculation of market position, Laboratory salary data shall be matched to survey data as of April 1st, the midpoint of the fiscal year.
 - (3) The CIP shall be expressed as a percentage of the projected September 30th base payroll.
 - (4) Unless otherwise approved by the Contracting Officer, CIP funding will be requested and authorized for expenditure as justified for each employee group structure in the supporting market analysis.

SECTION IV - ANCILLARY PAY COMPONENTS

- (a) Modified work week. The Laboratory Director may designate a work week of less than five days within a pay week for selected employees, or groups of employees, when warranted.
- (b) Extended work week.
 - (1) An extended work week is an established work week which exceeds 40 hours each week for a period which it is anticipated will extend beyond four consecutive weeks.
 - (2) When deemed essential to the performance of work under this Contract, an extended work week may be established at the Laboratory or any portion thereof.
- (c) Operational work week.
 - (1) An "operational work week" is a work week established when overtime is required for field or test activities away from regular Laboratory sites. Such work weeks are normally for 54 hours per week, but may be for more.
 - (2) An exempt employee assigned to an extended work week or an operational work week may be paid supplemental pay calculated at a prorated percentage of the monthly base salary.
- (d) Shift differential.
 - (1) A shift differential shall be paid to each nonexempt employee who is required by management to work an assigned swing or owl shift in the amount of 7.5% for swing shift and 15% for owl shift. During all leaves with pay and holidays, eligible employees are paid at the shift differential rate applicable to the shifts they would otherwise have been scheduled to work. Overtime hours worked by a nonexempt employee on a swing or owl shift are paid at the applicable shift differential rate times one and one-half.
 - (2) Exempt employees are not normally eligible for shift differentials; however, the Laboratory Director may approve a shift differential for an exempt employee when programmatic requirements necessitate a regular shift assignment for an extended period and no other reasonable option is available.

- (3) The shift differential shall be included in payments for all types of paid leave, provided that the employee would have been expected to work that shift or shifts, were the employee not on paid leave.
- (e) Call-in pay. Any nonexempt employee called in for emergency work outside of his/her regularly scheduled hours shall be paid at least four hours at his/her straight-time hourly rate or for all hours worked at the applicable overtime rate, whichever is greater.
- (f) On-call pay.
- (1) On-call is time during which an employee is not required to be at the work location or at the employee's residence but is required to restrict activities so as to be readily contacted and be available for return to work if called.
 - (2) Non-exempt employees assigned to on-call duty shall be paid an amount not to exceed 14% of their hourly base rate for each on-call duty hour.
 - (3) Exempt employees who are assigned to on-call duty shall be paid a flat rate amount not to exceed \$80 for each 24 hour period and must be on-call for a minimum of 15 hours (or 13 hours for eligible employees on a four-day, ten hour alternate work schedule or 14 hours for eligible employees on the nine hour day of their nine-day 9/80 work schedule) within a 24 hour period during the employee's normal workweek. Any increase shall be discussed with the contracting officer prior to implementation.
 - (4) Duty officers are Contractor employees required to remain on site outside of normally scheduled working hours so as to be promptly available. Exempt employees assigned as on-site duty officers shall be paid \$115.00 for each 24-hour weekend or holiday shift worked.
- (g) Special allowances.
- (1) Uniform allowance. To be eligible for a uniform allowance or allocation, an employee must be required to wear a uniform authorized for use in an official capacity only. Regular full-time, part-time, and limited term employees in health services at the Laboratory who are required to wear uniforms shall be provided a reasonable allowance to assist in the purchase, laundering, and maintenance of the required uniform. This allowance shall not exceed \$300 per year for health service employees.

- (2) Isolation allowance. The Laboratory Director may designate an isolation allowance up to a maximum of 25% of the employee's basic salary or monthly equivalent for work performed in remote geographical areas. Extended work weeks for isolation duty posts may be established in accordance with pertinent sections of this Appendix.
- (3) Dislocation allowance. Laboratory employees may be assigned to temporary duty at other locations on a change-of-station basis. With the approval of the Laboratory Director, for relocations that exceed six months, payment of actual and reasonable costs associated with the temporary assignments may be made and shall include an apartment or house rental differential, the shipment of household goods (or storage thereof), and a miscellaneous cost of living adjustment based upon accepted industry standards to be paid as a supplement to base salary. The Contractor shall provide a semiannual report to the Contracting Officer of assignments subject to these provisions.
- (4) Nevada Test Site (NTS) allowance.
 - (a) Employees whose permanent work assignment is at the Mercury location shall be paid, in addition to their regular pay, a daily allowance of \$12.50 for each day worked at Mercury.
 - (b) Employees whose permanent work assignment is other than Mercury but within NTS shall be paid, in addition to their regular pay, a daily allowance of \$15 for each day worked at the assigned work place.
 - (c) In addition to the daily allowance prescribed above in this paragraph, an overnight allowance of \$10.00 shall be allowed for each day worked for individuals whose work schedule requires them to remain overnight at NTS.
 - (d) Employees assigned to duty at the NTS on a temporary basis shall be compensated in accordance with the Section entitled "Travel & Relocation"; however, they shall not be entitled to the allowances described in subparagraph (g)(4)(a) to (c) above.
- (5) Medical evacuation services/insurance. Employees required to perform official travel to foreign countries where local care is substandard (according to U.S. standards) may have coverage that pays for evacuation services to an acceptable medical facility in a proximal location on an urgent or emergency basis. The policy shall cover evacuation, expatriation of remains, and ancillary costs associated with the incident. Costs for such coverage for eligible employees are allowable.

SECTION V – COMPANY SERVICE CREDIT

LANS employees transferring directly from University of California (excluding UC LANL), Bechtel, BWXT, and the Washington Group (LANS Parent Companies) or directly from Affiliates of LANS Parent Companies will retain the continuous or credited service date recognized by the LANS Parent Companies or the Affiliates of LANS Parent Companies from which they transfer for the purpose of eligibility for TCP2 benefits including service awards, vacation, sick leave, the TCP2 401K savings plan and access-only retirement medical plan.

In addition, employees transferring directly from LANS Parent Companies or Affiliates of LANS Parent Companies will retain credited service for years of work performed on DOE Management & Operating, Environmental Management and other DOE Prime contracts, with their parent company or affiliate (including predecessor contractors), for purposes of determining eligibility for TCP1 retiree medical benefits and severance pay. For purposes of determining earned benefit level, such service credit will be frozen upon transfer to LANS.

For purposes of this clause, “DOE” represents the Department of Energy, including the National Nuclear Security Administration and Naval Reactors. Additionally “Affiliates of LANS Parent Companies” represents any company partially or fully owned by the University of California (excluding UC LANL), Bechtel, BWXT, or the Washington Group.

SECTION VI – PAYMENTS ON SEPARATION

(a) Reduction in Force (RIF). When employees are terminated due to a RIF, the following costs are allowable:

- (1) Pay in lieu of notice. Any employee who is laid off or terminated due to a RIF may be given pay in lieu of the required minimum written notice of termination to the extent permitted by law. Accumulated vacation credit is also paid.
- (2) Severance pay benefit. Any employee who is laid off or terminated due to a RIF shall be given severance pay as calculated in Schedule A or B.

Severance Payment Schedule A

For those employees that transferred from U.C. to LANS on June 1, 2006

Length of Service	Benefit Allowance
Up to and including 2 years	2 week of pay
Over 2 years but less than 6 years	1 week of pay for each year of service
6 years +	1 week of pay for each year of service, plus 2 weeks of pay for each year of service in excess of 6 years, not to exceed a total of 39 weeks.

Severance Payment Schedule B

Schedule B is applicable for new LANS employees hired on or after June 1, 2006.

Length of Service	Benefit Allowance
6 months up to 1 year of service	1 week of pay
1 year +	1 week of pay for each year of service, not to exceed a total of 26 weeks of pay.

(b) Payments upon termination other than RIF

- (1) Pay in lieu of notice of termination. When approved by the Laboratory Director, up to 15 calendar days' pay may be paid in lieu of notice.
- (2) Sick leave. Accumulated sick leave is not payable upon termination and may not be used beyond a predetermined date of termination.
- (3) Vacation. Accumulated vacation is payable at termination or upon extended military leave at the rate in effect as of the date of termination, including any shift differential.
- (4) Termination upon death. Upon the death of an employee who has been employed for at least six months or more at 50% time or more, a sum equal to the normal salary of the deceased for one month shall be paid to the surviving spouse, or if there is no surviving spouse, to the deceased's eligible dependent(s), or if there is neither a surviving spouse nor eligible dependent(s), to the beneficiary designated in the deceased's Contractor-paid life insurance. If there is no Contractor-paid life insurance policy or no designated beneficiary of any such policy, the death payment shall be made to the estate of the deceased.

SECTION VII – LABOR RELATIONS

- (a) Collective bargaining. Costs of fringe benefits consistent with approved plans and wages paid to employees, and all other costs and expenses pursuant to applicable collective bargaining agreements and revisions thereto, are allowable. The Contractor shall meet with the Contracting Officer or Contracting Officer's Representative(s) for the purpose of reviewing bargaining objectives prior to negotiation of any collective bargaining agreement or revision. The Contractor shall keep the Contracting Officer advised of significant developments during any negotiations.
- (b) Grievance and complaint costs.
 - (1) The Contractor is authorized to settle internal employee grievances up to \$60,000 without the advance approval of the Contracting Officer. Settlements of internal employee grievances in excess of \$60,000 require advance approval of the Contracting Officer.
 - (2) The Contractor may pay as an allowable cost the entire costs or some portion thereof for services rendered by a non-Laboratory hearing officer.

SECTION VIII - WORKERS' COMPENSATION AND INJURY LEAVE

- (a) An employee suffering a job-incurred injury or disability may be paid the straight-time hourly rate or monthly pay rate during the waiting period before workers' compensation begins, or the difference between the workers' compensation payment and such rate if the employee later becomes eligible for workers' compensation during the waiting period.
- (b) An employee entitled to receive workers' compensation may be paid injury leave, which is the difference between the workers' compensation payments and the straight-time hourly rate or monthly pay rate for the period such compensation is payable, not to exceed a period of 26 weeks. The total amount of all payments received shall not exceed 80% of the employee's regular rate of pay for the period such compensation is payable.
- (c) Injury leave constitutes an advance against permanent disability payments.

SECTION IX - MILITARY LEAVE

Military leave and associated pay is authorized in accordance with Contractor policies, and/or State or Federal law.

SECTION X - TRIBAL LEAVE

With respect to the New Mexico Tribal Governments, an eligible regular employee may be granted leave by the Laboratory Director and paid a portion of their salary to hold the positions of Tribal Governor, Tribal Lieutenant Governor, or Tribal Secretary. Tribal Leave promotes understanding and cooperation between the Laboratory and Native American tribes.

- (1) To be eligible, an employee must have completed the new employee evaluation period, possess fully satisfactory performance, and have been elected to an office that was not voluntarily sought and for which acceptance cannot be reasonably declined.
- (2) The period of the Tribal Leave should be consistent with the term of office as specified below:
 - (a) One-year term - the leave is renewable for one term, for a total of two years; or
 - (b) Two-year term - the leave is renewable for one term, for a total of four years.
- (3) An employee on Tribal Leave receives a portion of regular salary, depending on length of Laboratory service, according to the following schedule:

Length of Laboratory Service	% of Full-time Salary
Up to 2 years	50%
More than 2 years, but less than 6 years	Up to 55%*
6 years and over	Up to 60%*

- * Part-time employees receive the lesser of their regular percentage of full-time pay, or pay according to the above schedule. For example, a 10-year employee with an 80% schedule would have his/her appointment reduced to 60%, but a 55% time 10-year employee would stay at 55%.
- (4) Employees on Tribal Leave may not use and do not accrue vacation or sick leave. Vacation and sick leave balances are carried over for use upon return from leave. An employee may choose to exhaust accrued vacation before beginning a period of Tribal Leave.
- (5) An employee on Tribal Leave may continue insurance coverages in effect within the specified terms at the time the leave begins.

- (6) An employee on Tribal Leave earns retirement service credit based upon the percentages specified in the table above.

SECTION XI - SECURITY LEAVE

Wages or salaries paid to employees when access authorization is suspended by DOE/NNSA will be allowable costs under the following conditions:

- (1) If a position which does not require access authorization is not available, the Laboratory Director or designee may place the employee on leave with pay at his or her base compensation until final disposition of the case.
- (2) Leave with pay requires the Contracting Officer's concurrence that no position is available to which the employee might reasonably be transferred.

SECTION XII - TRAINING AND EDUCATION

- (a) The Laboratory Director or designee shall send an annual report to the Contracting Officer providing the number of employees participating in training and education programs and the dollars spent.
- (b) Professional research or teaching leave. To promote the continuing professional growth and competence of employees, the Laboratory Director may grant partially subsidized leave, as described below, to a limited number of exempt employees. Such leave, to be known as professional research or teaching leave, may be spent at appropriate institutions within the United States or abroad.
 - (1) The period of leave may not exceed twelve months.
 - (2) Salary payments to an employee on professional research or teaching leave may not exceed the following schedule:

Years of Service or Years Since Last PR or T Leave	PR or T Leave Up to Six months	PR or T Leave 6-12 Months
4 years	.89 salary	.44 salary
4 1/2 years	Regular salary	.50 salary
5 years	Regular salary	.56 salary
5 1/2 years	Regular salary	.61 salary
6 years	Regular salary	.67 salary
7 years	Regular salary	.78 salary
8 years	Regular salary	.89 salary
9 years	Regular salary	Regular salary

- (3) Cost of travel shall not be reimbursed by the Contractor.
- (4) Vacation and sick leave shall not accrue to the individual while on professional research or teaching leave.

SECTION XIII - EMPLOYEE PROGRAMS

(a) Service and retirement awards.

The contractor may recognize employees' service and retirement through award programs. The cost of the awards for these programs is based on an average of \$240 per service event multiplied by the total population eligible for awards during the fiscal year, and an average of \$400 per retirement.

(b) Performance award programs.

(1) The Contractor may recognize employees or groups of employees who have distinguished themselves by their significant contributions and outstanding performance in the course of their work. Awards may be provided to employees or groups of employees in the form of cash. Additionally, noteworthy achievements and special efforts may be recognized by the presentation of plaques, certificates, and memorabilia.

(2) Up to 0.15%, of the total salary base may be spent to fund performance award programs. Costs in excess of the authorized amounts shall require Contracting Officer advance approval. Annually, the Contractor shall provide the Contracting Officer with appropriate reports on the individual award program expenditures.

(c) Employee Referral and Hire-on Incentive Program. The Laboratory Director is authorized to implement an Employee Referral and Hire-on Incentive Program. Contracting Officer approval is required for initial program implementation and all changes to policy impacting bonus maximums. The Laboratory will provide the Contracting Officer an annual report addressing cost and program effectiveness.

(d) Other.

(1) The Contractor may develop, administer and support a variety of employee programs. These programs may include athletic, cultural, and family activities. Participant fees may be collected to partially offset the cost of some or all of these activities

- (2) The Contractor may provide reasonable, support for the operation of employee programs. This may include administrative oversight and support. Appropriate facilities, utilities, and maintenance may be provided by the Laboratory.
- (3) Employee morale activities. The Laboratory may develop, administer, and support a variety of employee programs that will enhance employee morale. The level of Laboratory financial support for this program is not to exceed \$16 per employee (full-time or part-time), per fiscal year. Expenditures under this program shall require the approval of the Laboratory Director.
- (4) Wellness program. Costs of a Wellness Program to promote employee health and fitness are allowable. This program shall be limited to activities related to stress management, smoking cessation, exercise, nutrition, and weight loss.

SECTION XIV - COSTS OF RECRUITING PERSONNEL

The Contractor may incur costs for the recruitment of personnel, as follows:

- (1) Costs of advertising and agency and consultant fees shall not exceed \$1,000,000 annually without prior Contracting Officer approval shall be reported annually to the Contracting Officer.
- (2) Travel and subsistence for interviewee, interviewer, and recruiting contact paid in accordance with this Appendix.
- (3) New or prospective employees who have been offered and have accepted a position, and who are required to take a pre-placement physical examination, shall be reimbursed for costs of the physical examination.
- (4) Costs associated with pre-employment screening shall be allowable.
- (5) New employees, or transferees, shall be reimbursed for costs of travel and shipment of household goods in accordance with paragraph (a) of the Section entitled "Travel & Relocation." A relocation service provider may be used to assist with the transition.

SECTION XV – TRAVEL & RELOCATION

- (a) Travel costs shall be allowable to the extent they are incurred in accordance with DEAR 970.3102-05-46 and FAR 31.205-46. Travel-related costs and travel cost associated with relocation for lodging, meals, and incidental expenses shall be reasonable and allowable to the extent they do not exceed the maximum per diem rates in effect at the time of travel

set forth in the Federal Travel Regulations, prescribed by the General Services Administration.

- (b) Relocation expenses shall be incurred in accordance with the provisions, limitations and exclusions of FAR 31.205-35.

SECTION XVI - SPECIAL PROGRAMS

- (a) Academic cooperation program. The Laboratory Director may approve the assignment of certain selected individuals at the graduate or undergraduate level, who are currently enrolled in recognized colleges or universities, to projects proposed by the college or university and approved by the Contractor. Such assignments are to be made primarily to further the individual's training, experience and education. The training the individual receives will be credited by the academic institution. Individuals approved by the Laboratory Director under this program may be reimbursed a daily subsistence allowance in accordance with this Appendix for each day of Laboratory attendance.
- (b) Special employment programs. The Laboratory Director may authorize the administration of special employment programs for students at the postgraduate, graduate, undergraduate, and pre-college levels. The Laboratory Director may also authorize the administration of special employment programs for school teachers to advance science curriculum development in the schools. Costs associated with salaries, transportation, and relocations shall be in accordance with Contractor policies and paragraph (b) of the Section entitled "Introduction" and shall be reported annually to the Contracting Officer. Internship or membership fees associated with nationally recognized programs that are paid to other institutions in support of these programs are allowable. A description of the Contractor's special employment programs shall be provided to the Contracting Officer annually.
- (c) Fellowship programs. The Contractor may incur costs associated with participation in programs (e.g., consortium arrangements such as the National Physical Sciences Consortium for Graduate Degrees for Minorities and Women and the National Consortium for Graduate Degrees for Minorities in Engineering, DOE/NNSA/Contractor academy/leadership programs, Laboratory science education initiatives) to provide graduate fellowships to students in science and engineering. Costs associated with employment of students shall include salaries, transportation, and relocation. A description of these programs shall be provided annually to the Contracting Officer.

- (d) Lectures - honoraria - travel and subsistence.
- (1) The Laboratory Director may approve the payment of either a stipend, or an honorarium and costs of travel and subsistence, for a person chosen to give a lecture to or discuss problems of interest with Laboratory employees.
 - (2) When payment of travel, subsistence, and honorarium is authorized, an honorarium in excess of \$1,500 shall require the Laboratory Director's approval. When payment of a stipend, in lieu of transportation, subsistence, and honorarium, is authorized, payment in excess of \$2,000 shall require the Laboratory Director's approval. Travel and subsistence reimbursement shall be in accordance with this Appendix.
- (e) Service academy research program. The Contractor may participate in a cooperative summer program with military academies by assigning members of the faculty (officers) and cadets/midshipmen to work in various Laboratory programs. During these periods of assignment the individuals shall continue to receive their military salary. The Contractor may reimburse the individuals for their round trip transportation costs and subsistence during their period of assignment at the Laboratory.