AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT

1. CONTRACT ID CODE	PAGE 1 OF 1 PAGES
DE-AC52-06NA25396	

2. AMENDMENT/MODIFICATION NO.	3. EFFECTIVE DATE	4. REQUISITION/PURCHASE REQ. NO.	5. PROJECT NO. *(If applicable)*
A017	See Block 16C	NA25396	

6. ISSUED BY — CODE

U.S. Department of Energy
National Nuclear Security Administration
Manager, Los Alamos Site Office
528 35th 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

CODE | FACILITY CODE

9A. AMENDMENT OF SOLICITATION NO.

9B. DATED *(SEE ITEM 11)*

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 3 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:
X	D. OTHER *(Specify type of modification and authority)*: **By mutual agreement of the parties)**

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.)*

The purpose of this modification is to document the transfer of assets and liabilities from the University of California Retirement Plan to LANS. The attached agreement is incorporated in its entirety.

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)*		16A. NAME AND TITLE OF CONTRACTING OFFICER *(Type or print)*	
Glenn Kizer Chief Financial Officer		**Anthony L. Lovato, Contracting Officer** **Los Alamos Site Office**	
15B. CONTRACTOR/OFFEROR BY _____ *(Signature of person authorized to sign)*	15C. DATE SIGNED 3/19/07	16B. UNITED STATES OF AMERICA BY _____ *(Signature of Contracting Officer)*	16C. DATE SIGNED MAR 19 200

Appendix
Contract No: DOE-RP52-05NA25396 (Modification No: A017)

AGREEMENT BETWEEN THE DEPARTMENT OF ENERGY/NATIONAL NUCLEAR SECURITY ADMINISTRATION AND LOS ALAMOS NATIONAL SECURITY LLC CONCERNING THE TRANSFER OF ASSETS AND LIABILITIES FROM THE UNIVERSITY OF CALIFORNIA RETIREMENT PLAN TO THE LANS DEFINED BENEFIT PENSION PLAN

(a) **General.**

(1) The "Parties" means the Department of Energy, through the National Nuclear Security Administration (DOE/NNSA), and Los Alamos National Security, LLC (LANS).

(2) The "Agreement" means this Agreement between the Department of Energy/National Nuclear Security Administration and LANS concerning the Transfer of Assets and Liabilities from the University of California Retirement Plan (UCRP) to the LANS Defined Benefit Pension Plan ("LANS Plan"). This Agreement includes the following Exhibits:

(i) June 1, 2006, Los Alamos National Laboratory Special Interim Addendum Report (Exhibit 1)(Actuarial Valuation).

(ii) Proposed Approach for Asset Allocation for Transfer to the LANS Plan (Exhibit 2)(Asset Allocation).

(iii) Pricing Procedures for Asset Classes Held in the UCRP (Exhibit 3)(Pricing Procedures).

(iv) Estimated Asset Transfer Amount (Exhibit 4)(Estimation)., to be modified upon determination of the actual value at the Asset Transfer Date.

(3) Pursuant to H.008 of Contract No: W-7405-ENG-36 (Modification No: M620) between DOE and the Regents of the UC of California (UC), the assets and liabilities associated with the Los Alamos National Laboratory Segment (LANL Segment) of the UCRP have been accounted for separately each year by the Regents' actuary since the early 1990s at the request of DOE/NNSA.

(4) During the transition to management of Los Alamos National Laboratory (LANL) by LANS, employees of UC at LANL on May 31, 2006, who were either active, or rehired and reinstated as members of the UCRP, consistent with Section 2.17 of the LANS Plan, could elect to participate in the LANS Plan so that benefit liabilities under the UCRP attributable to their service prior to June 1, 2006 under UCRP, would be transferred from the UCRP to the LANS Plan effective June 1, 2006. Such individuals are collectively referred to as "Transferring Employees." The benefit liabilities transferred exclude any liabilities for Capital Accumulation Provision (CAP) accounts. The benefit liabilities transferred also exclude liabilities for benefits assigned by a qualified domestic relations order (QDRO) to a former spouse of an employee who elected to participate in the LANS Plan if the former spouse elected pursuant to procedures established by LANS and UC to retain his or her interest in UCRP. Collectively the excluded liabilities for CAP accounts and for alternate payees under QDROs who themselves elect to retain their interest in the UCRP shall be referred to as "Excluded Liabilities."

(5) Under the terms of the LANS Plan, as adopted by LANS on September 13, 2006, Transferring Employees began accruing benefits under the terms of the LANS Plan starting June 1, 2006. As provided in the LANS Plan, these individuals are also eligible to receive benefits under the LANS Plan attributable to service credited under the UCRP for employment prior to June 1, 2006, based upon the benefit provisions, payment options, and other terms of the LANS Plan. Transferring Employees waived any rights they might have had to benefits under the UCRP, except the Excluded Liabilities, which remain payable from the UCRP.

(b) **For and in consideration of the mutual understandings expressed herein, DOE/NNSA agrees and represents as follows**:

(1) DOE/NNSA will work with the Internal Revenue Service (IRS) to facilitate regulatory approval for the transfer of assets and liabilities described below from the UCRP to the LANS Plan.

(2) The costs, expenses, losses and penalties that LANS, the LANS Plan, or one or more fiduciaries of the LANS Plan reasonably incurs, as a direct result of the transfer of assets and liabilities from the UCRP to the LANS Plan (or the LANS Plan to the UCRP) as provided for in this Agreement, including transaction costs associated with rebalancing investments, will be assessed as costs of the LANS Plan to the extent permissible or, if not, separately invoiced. "Costs" for these purposes do not include losses on the value of assets sold in the rebalancing of investments. "Penalties" for these purposes are limited to those assessed to LANS, to one or more fiduciaries of the LANS Plan, or to the LANS Plan as a DIRECT result of performing those acts in conformance with the terms of this Agreement.

(3) DOE/NNSA will provide LANS with the following –

(i) A copy of the application submitted by UC to the IRS on June 17, 1999, for a Favorable Determination Letter that the UCRP, as amended, continues to satisfy the requirements of Code section 401(a).

(ii) UC's representation that the request has been held at the National Office of the IRS pending resolution of certain issues concerning cash balance plans.

(iii) UC's representation that UC recently received notification that its request is now being considered and that UC is committed to maintaining the tax-qualified status of the UCRP.

(iv) The Favorable Determination Letter from the IRS that was previously issued on the UCRP in 1997.

(v) UC's commitment to make any amendments to the UCRP necessary to obtain a Favorable Determination Letter from the IRS. Prior to the execution of this Agreement, UC will also provide an opinion from counsel for UC that the UCRP as amended for General Agreements on Tariffs and Trade, Uniformed Services Employment and Reemployment Rights of 1994, Small Business Job Protection Act, The Taxpayer Relief Act of 1997 (GUST) changes and as may be requested by the IRS is qualified under Section 401(a) of the Code as to form, its trust is exempt from taxation under Section 501(a) of the Code, and UC will make any amendments requested by the IRS as required to obtain a determination that the form of the UCRP continues to satisfy the requirements of Code section 401(a).

(vi) UC's certification that UC has determined that, priced as of May 31, 2006, as provided in the Pricing Procedures, the total market value of the assets allocated to the LANL Segment was $4,448,574,090 on May 31, 2006.

(vii) UC's certification that, as of midnight Pacific Time on May 31, 2006, the liabilities associated with the LANL Segment for benefits under the UCRP attributable to service at LANL prior to June 1, 2006, that are retained in the LANL Segment, including the Excluded Liabilities, were $3,169,811,239. Collectively, these liabilities, together with the associated assets, are referred to as the "Retained Segment."

(viii) UC's certification that, priced as of May 31, 2006, as provided in the Pricing Procedures, the market value of the assets to be transferred from the UCRP to the LANS Plan is $1,278,762,851 (Formula Amount) on May 31, 2006.

(ix) Certification from UC's enrolled actuaries that, if Code section 414(l) did apply to the spin off of assets and liabilities from the UCRP to the LANS Plan, the transfer of the Asset Transfer Amount as defined in subparagraph (d)(2) would comply with Code section 414(l) regarding the minimum level of assets to be transferred to the LANS Plan to cover the liabilities transferred and that UC will submit an IRS Form 5310-A to that effect for the spin off of assets and liabilities from the UCRP.

(x) UC's agreement to transfer the Asset Transfer Amount from the UCRP to the LANS Plan as of a date on or about April 2, 2007 (Asset Transfer Date); provided, however, that the transfer will be accomplished with an allocation of cash and an allocation of assets mutually agreed upon by the DOE/NNSA, LANS, and UC as set forth in Exhibit 2 attached to and made a part of this Agreement.

(xi) UC's agreement to cooperate with DOE/NNSA and LANS to determine and reconcile the Final Transfer Amount and the final liability transfer amount from the UCRP to the LANS Plan in accordance with the terms of this Agreement and applicable law. UC further agrees to cooperate with DOE/NNSA and LANS in finalizing the data and reconciliation to support any adjustments in the amount of assets and liabilities transferred from the UCRP to the LANS Plan that may be necessary after the Asset Transfer Date.

(xii) UC's agreement to provide data, documentation, and records reasonably requested for and on behalf of the LANS Plan for the proper establishment, maintenance and administration of the LANS Plan.

(xiii) UC's agreement that, if – in accordance with paragraph (c)(3) of this Agreement – LANS returns the Asset Transfer Amount (as adjusted pursuant to paragraphs (c)(3) and (d)(3) of this Agreement) and the remaining liabilities for service under the UCRP prior to June 1, 2006, to the UCRP, the UCRP will accept those assets and liabilities to the extent legally permissible.

(c) **For and in consideration of the mutual understandings expressed herein, LANS agrees and represents as follows**:

(1) LANS agrees to provide a copy of the application submitted by LANS on January 31, 2007, to the IRS for a Favorable Determination Letter that the LANS Plan satisfies the requirements of Section 401(a) of the Internal Revenue Code of 1986 (Code), including the requirements of the Economic Growth and Tax Relief Reconciliation Act (EGTRRA) and all other applicable requirements, including those documented in the Cumulative List in Notice 2005-101. In that application, LANS also requested a determination that the LANS Plan's associated trust is tax-qualified within the meaning of Code section 501(a).

(2) LANS agrees to provide a copy of an opinion provided by LANS to DOE/NNSA from counsel for LANS that the LANS Plan is qualified under Section 401(a) of the Internal Revenue Code (Code) as to form, that its trust is exempt from taxation under Section 501(a) of the Code, and that LANS will make any modifications requested by the IRS as required to obtain a Favorable Determination as to the qualified status of the LANS Plan.

(3) LANS agrees to return the Asset Transfer Amount (as defined in clause (d)(2) below) and the remaining liabilities for service under the UCRP prior to June 1, 2006, to the UCRP to the extent legally permissible (a) if LANS is unable to obtain a Favorable Determination from the IRS on the form of the LANS Plan; (b) if LANS, with the facilitation of DOE/NNSA, as described above, is unable to obtain IRS approval for the asset and liability transfer to the LANS Plan; or (c) if so ordered by a court of competent jurisdiction. To the extent legally permissible:

(i) The assets so returned to the UCRP shall be the Asset Transfer Amount adjusted by benefit distributions from the LANS Plan attributable to service credit earned prior to June 1, 2006, to the extent transferred to the LANS Plan, and an allocable share of the investment return and expenses incurred during the period from the Asset Transfer Date to the date the assets are returned to UCRP.

(ii) The allocable share of expenses to be offset against the assets returned to UCRP shall be an amount equal to the administrative expenses, excluding investment expenses, incurred during the period from the Asset Transfer Date to the date the assets are returned to UCRP, multiplied by the ratio of the liability of the Transferring Employees to the total liability of the LANS Plan on the Asset Transfer Date.

(iii) Solely for the purpose of calculating the ratio in (ii) above, the liability shall be based on the current liability under Code section 412(l) using the LANS Plan assumptions for current liability for the LANS plan year containing the Asset Transfer Date.

(iv) The allocable share of the investment return added to (or subtracted from) the assets returned to UCRP shall be determined in accordance with applicable fiduciary duties by applying the total rate of investment return, net of investment expenses, of the LANS Plan (during the period from the Asset Transfer Date to the date the assets are so returned to the UCRP) to the Asset Transfer Amount adjusted by benefit distributions attributable to service credit earned prior to June 1, 2006 and the allocable share of expenses determined above.

(v) The liabilities so returned to the UCRP shall be adjusted by benefit distributions attributable to service credit earned prior to June 1, 2006, to the extent of the liabilities transferred to the LANS Plan, and the obligations incurred by LANS on behalf of members of the LANS Plan under the LANS Defined Benefit Eligible Survivor Income Program and the LANS Defined Benefit Eligible Disability Program.

(4) LANS agrees to cooperate in finalizing the data and reconciliations to support any adjustments in the amount of assets transferred from the UCRP to the LANS Plan that may be necessary after the Asset Transfer Date. LANS agrees to assume full responsibility for payment of premiums to the Pension Benefit Guaranty Corporation for the LANS Plan. LANS also agrees to assume responsibility for the LANS Plan's compliance with the requirements of the Code; provided, however, that any costs, expenses, losses and penalties of compliance that directly result from compliance with this Agreement and/or with any other requirement imposed on LANS or the LANS Plan by UC and/or DOE will be handled in the manner provided in paragraph (b)(2) of this Agreement.

(5) LANS agrees that it has been given an adequate opportunity to review the proposed allocation of assets to be transferred from the UCRP to the LANS Plan, that it agrees that the valuation approach to be used with respect to the assets transferred is reasonable, and that it agrees to direct the trustee of the LANS Plan to accept the Asset Transfer Amount into the LANS Plan as of the Asset Transfer Date.

(6) LANS agrees that it will maintain the special schedule (or the data necessary to create the special schedule) as required by Code section 414(l), and that it will file IRS Form 5310-A to this effect for the merger of the assets and liabilities into the LANS Plan.

(7) LANS agrees that, upon transfer of the Asset Transfer Amount from the UCRP to the LANS Plan pursuant to this Agreement and in accordance with the Agreement between DOE/NNSA and UC concerning the Transfer of Assets and Liabilities from the UCRP to the LANS Plan, all liabilities of the UCRP, UC and the Regents for the benefits under the UCRP attributable to service prior to June 1, 2006, associated with the Transferring Employees – with the exception of Excluded Liabilities retained in the UCRP – will be extinguished.

(d) For and in consideration of the mutual understandings and the certifications expressed herein, LANS and DOE/NNSA agree as follows:

(1) Formula Amount

(i) The Parties are mutually relying upon obtaining approval from the IRS for the Formula Amount.

(ii) The Formula Amount ($1,278,762,851) was determined based upon the Actuarial Valuation as of May 31, 2006, the effective date of disaffiliation.

(2) Asset Transfer Amount

The Asset Transfer Amount is the Formula Amount adjusted to the Asset Transfer Date to reflect the following factors occurring during the period beginning June 1, 2006, and ending on or near the Asset Transfer Date: the portion of the total return earned by the UCRP portfolio allocable to the Formula Amount of the LANL Segment; administrative expenses allocable to the Formula Amount of the LANL Segment; buybacks for the UCRP service credit attributable to the UCRP benefits of Transferring Employees (apart from the CAP accounts); and any interim distributions agreed to by DOE/NNSA from the UCRP made to the LANS Plan and/or to LANS Plan members or their beneficiaries or alternate payees pursuant to a QDRO. See Determination of Asset Transfer Amount (Exhibit 4) estimating the Asset Transfer Amount, based upon preliminary accounting through February 28, 2007, to be modified on or before April 15, 2007, upon determination of the actual value at the Asset Transfer Date. The administrative expenses allocated to the LANL Segment shall not include any losses or penalties which cannot be charged to the LANL Segment.

(3) Final Transfer Amount

UC, DOE, and LANS acknowledge and agree that the Asset Transfer Amount transferred on the Asset Transfer Date may need to be subsequently adjusted to reflect – with respect to certain assets – final earnings figures and other final performance numbers that may be

received by UC after the Asset Transfer Date, other investment-related adjustments and any data corrections related to the calculations supporting the Asset Transfer Amount, but not available on the Asset Transfer Date, as well as to make any adjustments necessary to obtain appropriate regulatory approval. Any additional transfers of assets between the UCRP and the LANS Plan as may be needed to make such adjustments will be made as soon as practicable following the Asset Transfer Date.

(4) Corrections

The Parties agree that LANS will provide prompt notice of any errors or omissions in data used to calculate the Asset Transfer Amount discovered after the Asset Transfer Date that would have had an effect on the Asset Transfer Amount had such error or omission been recognized prior to April 2, 2007. The Parties shall determine how to correct the error or omission with as minimum an administrative burden on the Parties as possible.

(5) Third Party Beneficiaries

This Attachment, including its Exhibits, is for the exclusive benefit and convenience of the Parties hereto. Nothing contained herein shall be construed as granting, vesting, creating or conferring any right of action or any other right or benefit upon past, present or future employees of the Contractor, upon any participants or beneficiaries of the UCRP, as amended from time to time, or upon any other third party. Notwithstanding the foregoing, UC may rely on the representations made by LANS in subparagraph (c) of this Agreement provided that UC has entered into an enforceable agreement with the DOE/NNSA providing that LANS may rely on the representations provided by UC described in subparagraph (b)(3) of this Agreement.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date(s) indicated below.

DEPARTMENT OF ENERGY/NATIONAL NUCLEAR SECURITY ADMINISTRATION

By: _____
David O. Boyd

Title: Director
Office of Acquisition and Supply Management

Date: 3/19/2007

LOS ALAMOS NATIONAL SECURITY, LLC

By: Glenn M. Kaplan

Title: CFO

Date: 3/19/2007