

AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT

1. CONTRACT ID CODE: PAGE 1 OF 11 PAGES

2. AMENDMENT/MODIFICATION NO. **A286**
 3. EFFECTIVE DATE **October 1, 2007**
 4. REQUISITION/PURCHASE REQ. NO.
 5. PROJECT NO. (If applicable)

6. ISSUED BY: U.S. Department of Energy, Richland Operations Office, 825 Jadwin Avenue, MSIN A7-80, Richland, WA 99352
 7. ADMINISTERED BY (if other than item 6)

8. NAME AND ADDRESS OF CONTRACTOR (No. Street, county, State and ZIP: Code)
Fluor Hanford, Inc.
2420 Stevens Center
PO Box 1000
Richland, WA 99352

(8) 9A. AMENDMENT OF SOLICITATION NO.
 9B. DATED (SEE ITEM 11)
 10A. MODIFICATION OF CONTRACT/ORDER NO.
DE-AC06-96RL13200
 10B. DATED (SEE ITEM 13)
08/06/96

CODE FACILITY CODE

11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS

The above numbered solicitation is amended as set forth in Item 14. The hour and date specified for receipt of Offers is extended, is not extended. Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the following methods:
 (a) By completing Items 8 and 15, and returning one (1) copy 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 DATA 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 data specified.

12. ACCOUNTING AND APPROPRIATION DATA (if required)
00911/YZ; 1721310; 25400; 0425039; \$1,800,000

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

(8) 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.
X FAR 52.243-2 CHANGES--COST-REIMBURSEMENT (AUG 1987) ALTERNATE II (APR 1984)
 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
Contract Clause B.2, "Obligation of Funds"

E. IMPORTANT: Contractor is not, is required to sign this document and return 2 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:
 1) Incorporate into the contract the attached contractual language pertaining to the transfer of responsibility for the Fluor Fernald Benefit Plans to Fluor Hanford, Inc. This modification incorporates the attached new sections/clauses: B.4.D, C.4.2.54, H.26, H.27, and I.168. Also, the attached contract sections B.2 and B.4.A (1) are revised. The effective date of this modification is October 1, 2007.
 2) Provide incremental funding of \$1,800,000 (see block 12). Funds obligated to this contract are increased by \$1,800,000 from \$8,517,964,829.07 to \$8,519,764,829.07.

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

15A. NAME AND TITLE OF SIGNER (Type or print)
Cornelius M. Murphy, President and Chief Executive Officer

16A. NAME AND TITLE OF CONTRACTING OFFICER (Type or print)
Sally A. Sieracki, Contracting Officer

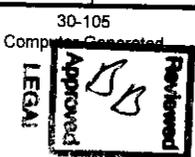
15B. CONTRACTOR/OFFEROR 15C. DATE SIGNED 16B. UNITED STATES OF AMERICA 16C. DATE SIGNED

Cornelius M. Murphy
 (Signature of person authorized to sign)

10/31/07

Sally A. Sieracki
 (Signature of Contracting Officer)

31 Oct 07



B.4 ESTIMATED COST AND FEE

A. The Contract fee pool will be established at the target funding level case. If compliance funding is obligated to the Contract, the fee pool will be adjusted in accordance with paragraph C of this Clause. Compliance funding and any associated fee will be added at the sole discretion of DOE.

(1) Target Funding:

The estimated cost of the Contract is the total funding provided from October 1, 1996, through September 30, 2007, \$8,517,964,829.07 (this is through contract modification A285) plus an estimated target budgetary funding of \$738,637,000 for the period October 1, 2007, through September 30, 2008, for a total estimated target funding of \$9,256,601,829.07.

The estimated target budgetary funding, including fee, for FY 2007 and FY 2008 is set forth as follows (\$ in thousands):

PBS (\$000)	B&R	FY 2007	FY 2008	Total
RL-0011	EY5042110	76,807	96,074	
RL-0012	EY5042120	134,768	97,181	
RL-0013 C	EY5142130	209,194	227,414	
RL-0030	EY5142300	84,550	100,756	
RL-0040	EY5142400	63,882	75,650	
RL-0080	EY5142800	3,149	3,329	
RL-0020	FS5010010	70,851	85,665	
RL-0042	EZ4042421	28,557	10,068	
Total EM Target Baseline		671,758	696,137	1,367,895
Legacy Benefit Plans (Fernald)			13,000	13,000
Work for Others		<u>18,991</u>	<u>29,500</u>	<u>48,491</u>
Total (including fee)		690,749	738,637	1,429,386
Fee		38,300	40,771	79,071

(2) Compliance Funding:

The estimated cost of the Contract is the total funding provided from October 1, 1996, through September 30, 2007, \$8,517,964.829.07 (this is through contract modification A286) plus an estimated compliance budgetary funding of \$795,888,000.00 for the period October 1, 2007, through September 30, 2008, for a total estimated compliance funding of \$9,313,852,829.07.

The estimated compliance budgetary funding, including fee, for FY 2007 and FY 2008 is set forth as follows (\$ in thousands):

PBS (\$000)	B&R	FY 2007	FY 2008	Total
Total EM Target Baseline		671,758	696,137	1,367,895
Compliance Funding				
RL-0013 C	EY5142130		52,560	
RL-0030	EY5142300		3,257	
RL-0040	EY5142400		1,434	
EM Compliance Baseline (including fee)			57,251	57,251
Fee for Compliance Baseline			3,190	3,190
Total EM Target & Compliance Baseline		671,758	753,388	1,425,146
Work for Others		18,991	29,500	48,491
Legacy Benefit Plans (Fernald)			13,000	13,000
Total (including fee)		690,749	795,888	1,486,637
Fee for Target & Compliance Baseline		38,300	43,961	82,261

Total funding is defined as all funds (e.g., DOE Office of Environmental Management [EM], Office of Nuclear Energy, and other DOE-Headquarters organizations, DOE Richland Operations Office [RL] other Hanford contractors [net transfers], other DOE sites, other DOE prime contractors, other Federal agencies, and other commercial entities) the Contractor receives to perform work, excluding RL holdbacks.

Project Hanford Management Contract (PHMC) EM pension contributions by the Contractor is expected to be \$29.0M for FY 2008. Pension estimates do not include any changes that would result from DOE N 351.1 or from GAM 94 mortality tables. Should pension contributions beyond these amounts be needed, DOE will either provide additional funding beyond that identified in Section B.4 above to cover the full value of the increased contribution or agree to a corresponding decrease in work scope equal to the full value of the overage. Should required pension contributions be less than these amounts, the Contractor shall identify the savings resulting from the decreased contribution. DOE will determine the use of any cost savings associated with pension contributions below these amounts.

B.4 ESTIMATED COST AND FEE

D. Estimated Cost and Fee – Transition, Management, and Plan Sponsorship of Fluor Fernald, Inc., Defined Benefit Pension and Post Retirement Benefit (PRB) Plans.

The following subparagraphs apply to the work described in Section C.4.2.54 of the Statement of Work.

- (a) Subject to the other provisions of this Contract, reasonable and necessary costs incurred by the Contractor to accept transfer of sponsorship, administration and management of the Fluor Fernald pension and PRB plans as identified in Section C.4.2.54 of this Contract (Legacy Plans), which are currently sponsored and administered by Fluor Fernald, Inc. under the Fluor Fernald Closure Contract DE-AC24-01OH20115, shall be reimbursable under this Contract. However, the parties understand that the costs necessary to effectuate the transfer to Contractor and to comply with all legal and regulatory requirements associated with the transfer shall be paid by Fluor Fernald, Inc. under the Fluor Fernald Closure Contract DE-AC24-01OH20115.
- (b) Fee. The Contractor shall earn no incremental fee for sponsorship, management and administration of the Legacy Plans during the remainder of this Contract and during any extension to this Contract.

Absent the express, written approval of the Contracting Officer in advance, reimbursement of the aggregate annual contributions for pensions during a plan year shall not exceed the minimum funding standard under ERISA as amended by the Pension Protection Act of 2006.

C.4.2.54 Responsibilities for Sponsorship, Management and Administration of Legacy Contractor Employee Pension and Post Retirement Benefit (PRB) Plans

Based upon the desire of Fluor Fernald, Inc. and Fluor Hanford, Inc. (Contractor) to transfer sponsorship, management and administration of certain pension and benefit plans from Fluor Fernald, Inc. to the Contractor, the Department of Energy authorizes the Contractor to support the transfer of, and accept sponsorship and responsibility for, the management and administration of the Fluor Fernald, Inc. pension and PRB plans described below (Legacy Plans). Upon transfer of sponsorship, management and administration responsibilities, the Contractor shall manage and administer the Legacy Plans in accordance with all applicable laws, regulations, DOE Directives and in accordance with the provisions and requirements of this Contract, including, but not limited to, applicable requirements of Section H, Clause H.26 entitled, *Legacy Pension and Post Retirement Benefit (PRB) Plans*, and Section H, Clause H.27 entitled, *Actions Required Regarding Legacy Pension and Post Retirement Benefit (PRB) Plans at Contract Termination or Expiration*. The Legacy Plans shall be managed separately from the Hanford Site Multi-Employer Pension Plan (HSPP), the Hanford Site Savings Plans (HSSP), and the Hanford Employee Welfare Trust (HEWT) and in a manner so as to preserve the Legacy Plans' separate and distinct identities.

The benefits involved are included in the Fernald Employees' Health and Life Insurance Master Plan. Benefits covered under this Master Plan include:

- Fernald Medical Plan A for Salaried Retirees
- Fernald Medical Plan A for IGUA Retirees
- Fernald Medical Plan A for FAT&LC Retirees
- Fernald Medical PPO Plan for Salaried Retirees, FAT&LC and IGUA Retirees
- Traditional Dental Plan for COBRA eligible participants only
- Fernald Retiree Life Insurance Plans for salaried, FAT&LC and IGUA Retirees.
- Fernald Employees' Retirement plans.

H.26 LEGACY PENSION AND POST RETIREMENT BENEFIT (PRB) PLANS

- (a) General -- The Contractor shall become the sponsor of the Fluor Fernald, Inc. pension and PRB medical and life insurance plans identified in Section C.4.2.54 of this Contract, hereinafter referred to as Legacy Plans, with responsibility for the management and administration of those plans. For the purpose of management and administration the Contractor shall comply with the following:
- (1) The Legacy Plans shall be managed and administered separately from all other plans and in a manner so as to preserve the Legacy Plans' separate and distinct identities.
 - (2) Unless otherwise required by applicable law or approved by the Contracting Officer, no implementation of a benefit program and no amendment to any of the Legacy Plans or underlying trust documents thereto shall result in allowable costs under this Contract.
 - (3) No presumption of allowability will exist if the Contractor implements a new benefit plan or makes changes to the Legacy Plans until the Contracting Officer makes a determination of cost allowability for reimbursement for new or changed benefit plans.
 - (4) Cost reimbursement for the Legacy Plans sponsored by the Contractor will be based on the Contracting Officer's approval of Contractor actions pursuant to administrative requirements set forth in subparagraph (b) below.
 - (5) The cost of the contractor's sponsorship, management and administration of the Legacy Plans will be allowable subject to the approval of the Contracting Officer. The costs of sponsorship, management and administration of the Legacy Plans shall be costs of each Legacy Plan individually.
 - (6) The Contractor will maintain a sufficient number of trained and qualified personnel to perform all of the functions reasonably necessary to sponsor, manage and administer the Legacy Plans.
 - (7) The Contractor shall render all ordinary and necessary administrative services and functions which may be reasonably required. The Contractor shall provide an itemization of costs incurred for administration of each Legacy Plan annually to the Contracting Officer within 60 days of the end of each Legacy Plan year.
 - (8) The Plans shall be maintained as qualified Plans under the regulations of the Internal Revenue Code (IRC). Unless otherwise required by applicable law or approved by the Contracting Officer, no amendment to any of the Plans shall result in allowable costs under this Contract. All amendments to the Legacy Plans are subject to the approval of the Contracting Officer.
 - (9) Costs of employer contributions incurred and accrued under the terms of the Legacy Plans are allowable, subject to compliance with the provisions of this Contract and subject to available funding.

- (10) The Contractor is subject to applicable laws, regulations, and DOE Directives. Accounting reports and annual actuarial valuations will include at least the information specified in DOE Order 350.1, Change 1, Chapter V - Benefits and Chapter VI - Pensions, and, where applicable, shall be submitted electronically using the DOE Workforce Information System (WFIS). The Contractor shall provide copies of all reports and submissions, and such other information as requested, to the Contracting Officer. The Contractor shall provide a copy of a Cost Management and Status report for each Legacy Plan quarterly.
- (b) With respect to the Legacy Pension Plan, the parties agree as follows:
- (1) Administration of the Legacy Pension Plan.
 - i. The Contractor is subject to timely reporting and submission of Financial Accounting Standards Board (FASB) Statement 87 Report and actuarial valuations. A copy of the FASB 87 report shall be prepared each year to satisfy the expense-reporting requirement of the Office of Management and Budget.
 - ii. The Contractor shall develop and submit to the Contracting Officer an Investment Policy Statement that clearly defines investment return objectives and risk tolerances, and shall perform annual Pension Plan Investment Performance Self-Assessments. The Contractor Performance Self-Assessments shall address investment objectives, development of the pension plan to achieve investment objectives, execution of the plans, performance monitoring, and appropriate corrective action planning and execution. The final accounting period shall end with the effective date of Contract termination or expiration.
 - iii. The Contractor shall comply with the Investment Policy Statements developed for the plan. Should the Contractor incur higher costs because the Contractor fails to comply with all or part of the established Investment Policy Statements provided to DOE, the additional costs incurred are unallowable.
 - iv. Actuarial gains and losses developed by annual valuations will be taken into account for purposes of establishing contributions to the Plan as soon as reasonably possible and consistent with requirements of the Employee Retirement Income Security Act (ERISA) of 1974, amendments thereto, and any other applicable laws.
 - v. Absent the express, written approval of the Contracting Officer in advance, reimbursement of the aggregate annual contributions for pensions during a plan year shall not exceed the minimum funding standard under ERISA as amended by the Pension Protection Act of 2006. The contributions will be based on the actuarial valuation, as determined by the ERISA, as amended, for the most recent plan year. The fund shall be a trust.

- vi. In the event of termination or expiration of this contract, any assets in the trust funds of the plan to be transferred to a follow-on contractor pursuant to Section H.27 of this Contract shall be managed by the Contractor in accordance with the applicable Investment Policy Statements and other Contract requirements until the follow-on contractor is able to assume responsibility for those assets.
- (2) Administration of the Legacy PRB medical and life insurance Plans.
- i. The Contractor shall be subject to timely reporting and submission of Financial Accounting Standards (FAS) 106 data.
 - ii. The Contractor shall submit to the Contracting Officer for advance approval a proposal for an annual PRB cost comparison analysis and PRB Relative Benefit Value study every 2 years.
 - iii. Within 180 days of the execution of this modification, the Contractor shall calculate the per capita PRB costs and compare the per capita cost to the findings of a nationally recognized Contracting Officer approved benefit cost survey.
 - iv. Within 180 days of the execution of this modification, the Contractor shall use actuarial methods to measure the relative worth to retirees and their beneficiaries of these plans independent of the actual costs of the PRB programs and a minimum of 15 comparator PRB programs. The comparator PRB plan sponsors must be approved by the Contracting Officer in advance of the study.
 - v. The Contracting Officer must approve the per capita PRB cost comparison and the PRB relative benefit value study.
 - vi. Any proposed changes to the existing PRB plans must be approved in advance by the Contracting Officer. DOE will evaluate all such proposed changes based on an analysis of the incremental cost, value and long term liability.
- (3) The Contractor may not terminate any benefit plan during the term of the Contract without prior approval of the Contracting Officer in writing.
- (4) Cost reimbursement for the Legacy plans is contingent on the specific terms of the plans. Unless required by Federal or State law advance funding of PRBs is not allowable.

H.27 ACTIONS REQUIRED REGARDING LEGACY PENSION AND POST RETIREMENT BENEFIT (PRB) PLANS AT CONTRACT TERMINATION OR EXPIRATION

- (a) If this Contract expires or terminates and DOE has awarded a contract under which the new contractor becomes a sponsor of the Fluor Fernald pension and PRB plans as defined in Section C, Clause C.4.2.54 of this Contract entitled, *Responsibilities for Sponsorship, Management and Administration of Legacy Contractor Employee Pension and Post Retirement Benefit (PRB) Plans* (Legacy Plans) , and becomes responsible for management, and administration of the Legacy Plans, the Contractor shall cooperate and transfer to the new contractor its responsibility for sponsorship, management and administration of the Legacy Plans as appropriate and consistent with direction from the Contracting Officer.
- (b) If this Contract expires or terminates without a contract with a new contractor under which the new contractor becomes a sponsor of the Legacy Plans and becomes responsible 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 all of the Legacy 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 Legacy Plans, the Contractor shall remain the sponsor of the Legacy 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 Legacy 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 other benefits under the Legacy Plans including but not limited to continued sponsorship of the Legacy 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.

I.168 DEAR 970.5232-5 LIABILITY WITH RESPECT TO COST ACCOUNTING STANDARDS (DEC 2000)

- (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.