

**HANFORD SITE
SEVERANCE PAY PLAN
AND SUMMARY PLAN DESCRIPTION
FOR EMPLOYEES REPRESENTED BY
HANFORD GUARDS UNION LOCAL 21**

There may be times when economic circumstances, financial conditions, reorganizations or work slowdown make it necessary to enact layoff procedures. This Severance Pay Plan describes the procedures that will be followed and the severance benefits that will be paid to Eligible Employees.

1. Effective Date.

The effective date of this Restated Severance Pay Plan (the "Plan") is January 1, 2007. The original effective date of the Plan was October 1, 1996.

2. Eligibility.

All Employees of the Sponsoring Employer who are represented by the Hanford Guards Union Local 21 will become Plan Participants and after completion of one (1) year of service will be eligible to receive severance pay benefits if they are laid off as part of a reduction in force.

3. Ineligibility.

Severance pay benefits will not be paid in the following situations:

- a. Where the employee voluntarily terminates his or her employment with a Sponsoring Employer including by accepting a voluntary early retirement plan, incentive or program; or
- b. Where the employee is discharged for reasons other than as part of a reduction in force; or
- c. In the event that responsibility for performance of part or all of the work and services under a Sponsoring Employer's contract with the DOE (or its subcontract with a DOE contractor) is assumed by another contractor or government agency and the employee is transferred to the employ of or is

offered employment within the same classification or at a position of comparable responsibility by the successor contractor or government agency, which employment is to commence within 30 days after being laid off; or

- d. Where the Sponsoring Employer closes a plant or lays off an employee because of the Employer's inability to secure production, or carry on its operations, as a consequence of a strike, slowdown or other interference with or interruption with work participated in by employees.

4. Reduction in Force Severance Pay Benefits.

A Participant who is laid off as part of a reduction in force and who is eligible will receive severance pay based on length of service with his or her Employer. An eligible employee will receive one (1) week's pay for every year of service, to a maximum of twenty (20) weeks. An employee with less than one (1) year of service will receive no benefit under this Plan.

"Pay" means the rate of base salary or wage in effect at the date of layoff before any salary reduction contributions to an Internal Revenue Code Section 125 cafeteria plan and excluding payments by the Employer on account of medical, disability and life insurance. Pay does not include overtime, shift differential isolation pay, bonuses or any other extraordinary pay.

An employee with less than twenty (20) years of service and greater than one year of service will be entitled to a partial accrual for a partial year of service equal to one-quarter week's pay for each three (3) months of service up to the date of layoff. Service will be credited pursuant to, and in accordance with the applicable Collective Bargaining Agreement.

5. Time and Form of Payment.

In the event of a permanent layoff, an employee has the option of receiving his or her severance pay in a lump sum or delaying receipt of severance pay for a period of six (6) months.

A permanent layoff is one that the Employer determines at the time of termination of employment will exceed six (6) months. In the event of the death of an employee prior to receipt of all severance pay to which the employee is entitled, the remaining benefits will be paid to his or her estate. Severance pay benefits will be paid from the general assets of the Employer. No trust fund or other segregated fund has been established for this purpose.

No severance pay benefits will be paid until the employee signs any required release of all claims against the Plan Administrator and the Employer, their officers, and affiliates, on a form provided by the Employer, and any revocation period established by any applicable law or regulation has expired without revocation of the release by the employee.

6. Option to Repay Severance Pay.

An employee who is rehired prior to the expiration of six (6) months must repay severance pay received if (a) the employee was permanently laid off and received a lump sum severance pay allowance, or (b) the employee was on an indeterminate layoff and elected to receive severance pay prior to six (6) months of layoff. Repayment shall be completed within one (1) year from the date of an offer of reemployment in which event service credited under Section 4 prior to the layoff will be restored. In the event the employee fails to repay the total severance pay received within one (1) year from the date of an offer of reemployment, all service previously accumulated under Section 4 will be permanently extinguished. The employee will not be eligible to accrue new separation pay credits under Section 4 until he or she shall have worked for the Employer from the date of reemployment for a period equal to the period previously worked to accumulate the separation pay credits for which he or she was eligible at the time of layoff. Thereafter, the employee will be entitled to credit for service under Section 4 on completion of one additional year of continuous service, which year will be credited under

Section 4. Repayment will not be permitted upon reemployment where the layoff is in excess of six (6) months. On rehire, the employee will be entitled to credit for service under Section 4 hereof upon completion of one (1) year of continuous service, which year will be credited under Section 4. If an employee is rehired and is again laid off within one (1) year from the date of the offer of reemployment and prior to the repayment of the total severance pay received, the employee will be entitled to the restoration of a pro rata amount of service credited under Section 4. Except upon repayment as provided in this section, an employee shall never be entitled to severance pay for a period of service credited under Section 4 for which he has previously received severance pay.

7. Loss of Severance Pay Credits.

In the event of a termination of employment other than one for which severance pay is due hereunder, all service under Section 4 will be extinguished. In the event the employee is rehired, service under Section 4 will be restored in accordance with the provisions of the applicable Collective Bargaining Agreement.

8. Plan Administrator.

The Plan is administered by the Hanford Employee Welfare Trust (the "Trust" or the "Plan Administrator"). The Plan Administrator is a named fiduciary under the Plan. The Plan Administrator will have the power and authority in its sole discretion to publish such rules for the regulation of the Plan as in the Plan Administrator's sole discretion are deemed necessary and advisable and that are not inconsistent with the terms of the Plan or ERISA. The Plan Administrator shall have the responsibility for completing any reports required by law. The Plan Administrator shall have no responsibility for the payment of any benefits except to its employees.

The Sponsoring Employer shall have the responsibility in its sole discretion to determine eligibility for and the amount of benefits due its employees under this plan. The Sponsoring Employer shall in its sole discretion process claims for benefits by its employees pursuant to Section 13 of this Plan. The Sponsoring Employer shall have the exclusive responsibility for the payment of benefits to its employees under this Plan.

Inquiries to the Plan Administrator should be addressed to the Board of Trustees of the Hanford Employee Welfare Trust c/o Fluor Hanford, Inc., P.O. Box 1000, M/S: H2-23, Richland, WA 99352, attn: Todd Beyers, Manager of Benefits Administration, telephone number (509) 376-7156.

9. Plan Sponsor.

The Sponsoring Employer is Fluor Hanford, Inc. The Employer Identification Number assigned by the Internal Revenue Service for Fluor Hanford, Inc. is 33-0691003. The Plan Number is 504.

10. Plan Year.

The Plan Year is the calendar year ending December 31. All records of the Plan are maintained on this Plan Year.

11. Type of Plan.

This Plan is an employee welfare plan that provides severance pay benefits to eligible Participants. The Plan is an unfunded plan administered by the Plan Administrator. When severance pay benefits are payable under the terms of this Plan, the benefits are paid from the general assets of the Employer and shall not be paid by the Trust. All Plan benefits are paid by the Employer and no Participant contributions are required. This Plan is intended to meet the requirements for exception to Section 409A of the Internal Revenue Code of 1986, as provided

under Section 1.409A-1(b)(9)(ii) of the regulations promulgated thereunder, pertaining to collectively bargained separation pay plans.

12. Legal Service.

Any legal notices regarding this Plan should be sent to the Plan Administrator.

13. Claims Procedure.

If a Participant disagrees with a response to a claim for benefits under this Plan, the Participant may make a claim to the Plan Administrator. This claim should be in the form of a letter stating why the Participant disagrees and should include all facts and information the Participant wants the Plan Administrator to consider. The Participant will be advised of the acceptance or rejection of his or her claim within 90 days after the claim is received, unless special circumstances require an extension of time for processing the claim. If the Plan Administrator requires an extension, written notice of the extension will be furnished to the Participant prior to the end of the initial 90-day period. The extension will not exceed an additional period of 90 days. The extension notice from the Plan Administrator will state the special circumstances requiring the extension of time and the date by which the Plan Administrator expects to make a final decision.

In the event the Participant's claim is denied, it must be denied in writing and the denial must state in detail the specific reasons for the denial, the specific plan provisions upon which the denial is based, any additional material or information that the Participant may provide that would entitle him or her to the benefits claimed, and an explanation of why such material or information is necessary. The notice of denial must also explain the steps to be taken if the Participant or his or her beneficiary wishes to submit a claim for review. If notice of denial of

the initial claim is not furnished within the time period allowed above, the Participant's claim will be deemed denied and the Participant may proceed to request a review of the denied claim.

If the Participant chooses to submit a claim for review by the Plan Administrator, then within 60 days after the date the claim is denied, the Participant or his or her authorized representative must make a written request to the Plan Administrator for review. The Participant's request for review of a denied claim should include a statement of the reasons the claim should be allowed. The Participant or his or her representative may examine any documents the Plan Administrator has in its files and will use in reaching a decision, and the Participant may also submit additional written comments to the Plan Administrator that support the Participant's claim.

The Plan Administrator will advise the Participant of the decision in writing within 60 days following receipt of the Participant's request for review, unless special circumstances require an extension of time for processing. If an extension is necessary, a decision will be made as soon as possible, but not later than 120 days after the Plan Administrator receives the Participant's request for review. If an extension of time for review is required because of special circumstances, written notice of the extension and the Plan Administrator's reasons for needing more time will be furnished to the Participant prior to the commencement of the extension. The decision on review will be in writing and will include specific reasons for the decision, as well as specific references to the plan provisions upon which the decision is based. The decision of the Plan Administrator will be final and will be subject to no further appeal or review, except that any grievance procedure contained in the applicable Collective Bargaining Agreement shall apply. The provisions of this section shall be construed so as to be consistent with the provisions of any such grievance procedure.

14. ERISA Rights.

This statement of ERISA rights is required by federal law and regulation. A Participant in this Plan is entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974 (ERISA). ERISA provides that all plan participants shall be entitled to:

(a) Examine, without charge, at the Employer's office and at other locations, such as worksites, all Plan documents, and copies of all documents filed by the Plan with the U.S. Department of Labor, such as annual reports and plan descriptions.

(b) Obtain copies of all Plan documents and other Plan information upon written request to the Plan Administrator. The Plan Administrator may make a reasonable charge for the copies.

(c) Receive a summary of the Plan's annual financial report. The Plan Administrator is required by law to furnish each Participant with a copy of this summary financial report.

(d) Obtain a statement of your total Plan benefits. This statement must be requested in writing and is not required to be given more than once a year. The Plan must provide the statement free of charge.

In addition to creating rights for Plan Participants, ERISA imposes duties upon the people who are responsible for the operation of the Plan. The people who operate the Plan, called "fiduciaries" of the Plan, have a duty to do so prudently and in the interest of Plan Participants and beneficiaries. No one, including the Employer or any other person, may fire a Participant or otherwise discriminate against a Participant in any way to prevent the Participant from obtaining a Plan benefit or exercising rights under ERISA. If the Participant's claim for a Plan benefit is denied in whole or in part, the Participant must receive a written explanation of the reason for the

denial. The Participant has the right to have the Plan review and reconsider his or her claim. Under ERISA, there are steps a Participant can take to enforce the above rights. For instance, if a Participant requests materials from the Plan and does not receive them within 30 days, the Participant may file suit in a federal court. In such a case, the court may require the Plan Administrator to provide the materials and pay the Participant up to \$110 a day until the Participant receives the materials, unless the materials were not sent because of reasons beyond the control of the Plan Administrator.

If the Participant has a claim for benefits that is denied or ignored, in whole or in part, the Participant may file suit in a state or federal court. If it should happen that plan fiduciaries misuse the Plan's money, or if a Participant is discriminated against for asserting his or her rights, the Participant may seek assistance from the U.S. Department of Labor, or may file suit in a federal court. The court will decide who should pay court costs and legal fees. If the Participant is successful, the court may order the person the Participant has sued to pay these costs and fees. If the Participant loses, the court may order the Participant to pay these costs and fees, for example, if it finds the claim is frivolous. If the Participant has any questions about the Plan, the Participant should contact the Plan Administrator. If the Participant has any questions about this statement or about his or her rights under ERISA, or if the Participant needs assistance in obtaining documents from the Plan Administrator, he or she should contact the nearest office of the Employee Benefits Security Administration, U.S. Department of Labor, listed in the telephone directory, or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue N.W., Washington, D.C. 20210. A Participant may also obtain certain publications about his or her

rights and responsibilities under ERISA by calling the Publications Hotline of the Employee Benefits Security Administration.

15. Right to Amend or Terminate Plan.

The Sponsoring Employer intends this Plan to be a continuing program. Nonetheless, pursuant to the provisions of any applicable Collective Bargaining Agreement, the Sponsoring Employer may terminate its participation in the Plan at any time by written notice to the Plan Administrator and its employees' rights to benefits not in pay status shall be extinguished on such termination. Subject to the provisions of any applicable Collective Bargaining Agreement, the Plan Administrator reserves the right to amend or terminate this Plan at any time and to terminate all Participants' rights to receive benefits hereunder and/or extinguish all service credited under Section 4 to the date of termination or amendment. Until a Participant's involuntary termination of employment under circumstances entitling the Participant to benefits hereunder, the Participant will have no vested or nonforfeitable right to benefits under the Plan.

IN WITNESS WHEREOF, the Hanford Employee Welfare Trust has caused this Severance Pay Plan to be effective this _____ day of _____, 2007.

HANFORD EMPLOYEE WELFARE TRUST

By _____
Its _____
Date: _____