



Department of Energy
National Nuclear Security Administration
Washington, DC 20585

February 6, 2006

OFFICE OF THE ADMINISTRATOR

Dr. Robert C. Dynes
President
University of California
111 Franklin Street
Oakland, CA 94607-5200

Dear Dr. Dynes: *Bob*

I am writing to you with respect to the University of California's (UC) proposal to establish a separate pension plan for current and retired employees of the Los Alamos National Laboratory (LANL). The Department of Energy (DOE)/National Nuclear Security Administration (NNSA) is committed to ensuring that the transition from your operation of the Laboratory to the new contract with the Los Alamos National Security, LLC (LANS) will not result in the diminution of benefits for the employees and retirees of the Laboratory. In addition, DOE/NNSA intends to meet this commitment in a manner that reflects sound stewardship of public funds.

Because we have not yet received a detailed description of what UC proposes with respect to a separate pension plan, DOE/NNSA cannot comment specifically on your approach at this time. I want to stress, however, that our expectation has been that University of California Retirement Plan (UCRP) would retain vested members who earned service credit at LANL under your contract with DOE/NNSA and that UC and DOE/NNSA would negotiate an asset transfer to reflect the valuation of the vested benefits of employees who choose to transfer to the defined benefit plan (the so-called Pension Plan 1) under the contract with LANS. That continues to be our preferred option.

I understand that on February 1, 2006, our respective representatives discussed generally your plan and that UC committed to submit a written proposal reflecting your plans so that DOE/NNSA could evaluate them in accordance with the terms of our contract. That will be a good start.

I want to make sure you are aware of our position before UC performs a substantial amount of work based on an assumption that DOE/NNSA is favorably inclined toward the approach we have seen in the publicly available documents supporting your presentation to the Board of Regents. As we interpret the existing contract, this is not a unilateral UC decision.



Having said that, as our predecessors and we have done for 63 years, DOE/NNSA is available to discuss these matters with you, and work out an approach that will enable us to make a successful transition to a new contractor at the laboratory and to interact fairly with LANL employees.

Sincerely,

A handwritten signature in black ink, appearing to read "Linton F. Brooks". The signature is written in a cursive style with a large, stylized initial "L".

Linton F. Brooks