

APPENDIX N
AGREEMENT FOR
TRANSFER OF M&O CONTRACTOR RESPONSIBILITIES FOR THE
LAWRENCE LIVERMORE NATIONAL LABORATORY
BETWEEN
THE REGENTS OF THE UNIVERSITY OF CALIFORNIA,
LAWRENCE LIVERMORE NATIONAL SECURITY, LLC,
AND THE UNITED STATES DEPARTMENT OF ENERGY/NATIONAL NUCLEAR
SECURITY ADMINISTRATION/LIVERMORE SITE
OFFICE

THIS TRANSFER AGREEMENT (hereinafter referred to as the “Agreement”) is entered into by and between Lawrence Livermore National Security, LLC (hereinafter referred to as “LLNS”), and The Regents of the University of California (hereinafter referred to as “UC”) and concurred in by the UNITED STATES OF AMERICA, acting through the Department of Energy/National Nuclear Security Administration, Livermore Site Office (hereinafter referred to as “NNSA”), represented by the undersigned NNSA Contracting Officer. NNSA, LLNS, and UC are referred to in this Agreement collectively as the Parties, and singularly as a Party.

WHEREAS NNSA and UC are parties to Contract W-7405-ENG-48 (hereinafter referred to as the UC Contract), pursuant to which UC managed and operated the Lawrence Livermore National Laboratory (LLNL), which expires at Midnight, the end of the calendar day, September 30, 2007 (hereinafter referred to as the “Transfer Date”); and,

WHEREAS NNSA and LLNS are parties to Contract No. DE-AC52-07NA27344 (hereinafter referred to as the LLNS Contract), which provides for LLNS to commence its management and operating responsibilities for LLNL at the beginning of the calendar day, October 1, 2007; and,

WHEREAS the Parties desire to facilitate an orderly transfer to LLNS of the documents, agreements, property and ongoing rights and responsibilities referred to in this Agreement;

NOW, THEREFORE, in consideration of the mutual covenants and understandings contained herein the Parties agree as follows:

1. PURPOSE

The purpose of this Agreement is to ensure an orderly transfer to LLNS of management and operating contract responsibilities set out herein, currently performed by UC under the UC Contract along with documents, agreements and property. As of the Transfer Date, LLNS shall perform its responsibilities in accordance with the terms of the LLNS Contract. The Parties agree that this Agreement does not modify their respective rights, responsibilities, obligations, and duties established under either the UC Contract or the LLNS Contract, and in the event of a conflict between the terms of this Agreement and the terms of either the UC Contract, or the LLNS Contract, the terms of such contract shall prevail. To facilitate and provide for effort that may be required to complete the UC contract closeout, the Parties agree that LLNS will provide reasonable staff hours to support UC Contract closeout activities when authorized by the Contracting Officer.

2. ASSIGNMENT OF SUBCONTRACTS, PURCHASE ORDERS, AND OTHER AGREEMENTS

NNSA has directed UC to transfer and assign to LLNS, as of the Transfer Date, all of UC's obligations, rights, title and interest in and to all contractual agreements, existing as of the Transfer Date, entered into by UC under the UC Contract with entities other than the Parties. This assignment includes, but is not limited to, purchase orders, subcontracts,

memorandum purchase orders, requests for services, requests for proposals or other solicitations, Work for Other agreements, leases for real or personal property, real property licenses and easements, agreements for legal services, special disbursements, licenses for use of third party software, confidentiality or nondisclosure agreements, memorandums of understanding, and all unexpired warranties. The assignment also includes intra-university transaction agreements between LLNL and UC campuses, which assignment is effected through the execution of an NNSA-approved Master Agreement and covered tasks. LLNS hereby accepts such assignment in accordance with the terms of the LLNS Contract.

3. ASSIGNMENT AND TRANSFER OF INTELLECTUAL PROPERTY

A. NNSA has directed UC to transfer and assign to LLNS, as of the Transfer Date, all of UC's obligations, rights, title and interest in and to all intellectual property and intellectual property-related contractual arrangements, as these terms are defined below, and LLNS hereby accepts the transfer and assignment of all such rights, title, interest, and obligations.

B. The intellectual property subject to this transfer and assignment includes all intellectual property that UC has generated or acquired pursuant to the terms of the UC Contract, including but not limited to intellectual property that arises under or relates to the work scope of the UC Contract.

C. For purposes of this provision, "intellectual property" means all forms of intellectual property whatsoever, including but not limited to invention disclosures (whether or not patentable), U.S. and corresponding foreign patent applications and patents, and any registrations, divisions, continuations, continuations-in-part, reissues, reexaminations or extensions of same, technical notebooks, UC contract proprietary information of a technical nature, mask works, and software, registered and unregistered copyrights, trademarks, and service marks.

D. For purposes of this provision, “intellectual property-related contractual arrangements” includes, but is not limited to, Cooperative Research and Development Agreements (CRADA), Work-for-Others (WFO) agreements, user facility agreements, material transfer agreements, bailment agreements, proprietary information agreements (PIAs) and underlying information disclosed pursuant to such agreements, non-disclosure agreements (NDAs), licenses, option agreements, beta site agreements and early access agreements, subcontracts, including all files, records, and other information related to such intellectual property-related contractual arrangements.

E. For intellectual property identified in Attachment H to this Agreement, the Parties have made arrangements as set forth therein.

4. ASSIGNMENT AND TRANSFER OF RECORDS

A. NNSA has directed UC to transfer and assign to LLNS, as of the Transfer Date, the custody of all Records that are owned by NNSA or to which NNSA has a right of inspection or copying pursuant to the terms of the UC Contract, including but not limited to those referenced in the *OWNERSHIP OF RECORDS and ACCOUNTS, RECORDS, AND INSPECTION* clauses. UC hereby transfers title to UC owned records as described in the aforementioned clauses to LLNS, as of the Transfer Date. LLNS hereby accepts such title.

B. The Parties agree that the term “records” as used in this section 4. shall include but not be limited to all documents and information including writings, drawings, graphs, charts, photographs, microfilm or microfiche, or data compilations databases, whether stored on main or mini-frame computers, personal computers, file servers on computer networks or any other storage devices, from which information may be obtained or translated if necessary through detection devices or by other means into a reasonably useable form, in

the care, custody and control of UC at LLNL, prior to the Transfer Date, which were acquired or generated pursuant to the performance of the UC Contract. LLNS agrees to protect from disclosure those records transferred from UC that are required to be protected under the Privacy Act and other relevant law.

C. UC reserves the right to reasonable access to records which may be needed to close actions that may remain open or be opened subsequent to September 30, 2007. Each party shall provide the other parties access to NNSA records which are related to or necessary for the effective continuation of either Party's NNSA Prime Contract activities or which may be needed to close actions that may remain open or be opened subsequent to the Transfer Date, relating to UC.

D. UC reserves the right to claim privilege for records that contain UC confidential, proprietary, attorney work product, or attorney client privileged information, except that any rights of privilege that UC has in the following records are transferred, delegated or assigned to NNSA and LLNS: (1) Records related to litigation or claims, contracts, agreements, or matters transferred to LLNS under the terms of this Agreement, or (2) any confidential or proprietary information accepted by UC under Non-Disclosure Agreements (NDAs). This privilege is only intended to extend to those types of information that are of a corporate confidential nature and not otherwise related to those matters or operations transferred under the terms of this Agreement to LLNS. LLNS and UC have a common or joint interest in the prosecution or defense of any claim, and they have agreed to share otherwise privileged information under a negotiated joint defense or interest agreement (Attachment A) without breaching any attorney-client, attorney work product, or other privilege.

E. NNSA has directed LLNS, and LLNS agrees that it will provide to UC direct access to any record (as described in 4.A, 4.B, and 4.C, above.) under its control related to any matter, or thing, as soon as possible after request, and shall provide reasonable direct access to its employees and records, for interviews, depositions, hearings, etc., during regular business hours, on reasonable notice and request.

F. NNSA has directed UC, and UC agrees that it will provide to LLNS data with regard to service credit earned in UC employment by any person who becomes a LLNS employee to aid in the proper administration of LLNS pension and welfare plans.

G. NNSA acknowledges and consents to UC's removal, prior to the Transfer Date, of UC police records created or acquired under the UC Contract. Such records are in the custody of the UC Berkeley police department. UC will provide access to the government consistent with California state law.

5. TRANSFER OF CLASSIFIED DOCUMENTS & PARTS

NNSA has directed UC, and on the Transfer Date, UC shall transfer the care, custody, and control of all classified documents and classified parts as recorded in the classified documents and classified parts inventories and as required by the *CLASSIFICATION/DECLASSIFICATION* and *SECURITY* clauses of the UC Contract and applicable DOE Directives, to LLNS, and LLNS shall accept the care, custody, and control of said classified documents and classified parts in accordance with the same terms and conditions of the LLNS Contract.

6. NUCLEAR MATERIALS, PRECIOUS METALS, AND CONTROLLED SUBSTANCES TRANSFER

NNSA has directed UC, and on the Transfer Date, UC shall transfer the care, custody, and control of all nuclear materials, precious metals, and controlled substances as recorded in the nuclear materials, precious metals, and controlled substances inventories to LLNS, and LLNS shall accept the care, custody and control of said nuclear materials, precious metals, and controlled substances in accordance with the terms and conditions of the LLNS Contract.

7. FINANCIAL ADMINISTRATION

A. Payroll

(i) On behalf of UC, LLNS shall perform certain payroll services, including payment of wages, salaries and benefits for UC employees accrued but not paid as of the Transfer Date.

(a) The final pay date for UC employees is September 28, 2007, for salaries earned through September 30, 2007. For work through September 30, 2007 LLNS will process such payrolls on behalf of UC including adjustments and final payments such as vacation pay and severance pay.

(b) LLNS shall comply with all authorized payroll deductions and other withholdings, and employer contributions under applicable UC benefit plans for the purpose of making employee deductions and/or company contributions to such plans for the final pay period. Withholding of the employee-paid portion for health and welfare coverages from September 28, 2007 pay will be done by UC in accordance with agreement referenced in 10.B, (iv) below. Payment for such coverages will be coordinated by LLNS following the Transfer Date as described in the agreement referenced in 10.B, (iv) below.

(c) LLNS shall pay all payroll taxes due for the payroll period in effect as of the Transfer Date for which UC has not made payment.

(ii) (a) Internal Revenue Procedure 2004-53 (see, Internal Revenue Bulletin: 2004-34, August 23, 2004) provides for alternate procedures for filing Form W-2 under a “successor-predecessor” relationship. UC and LLNS agree to comply with Internal Revenue Procedure 2004-53, “Alternate Procedure”. The Procedure requires that the predecessor employer (i.e., UC) file all Forms 941, Schedule D and related tax filings, if

any, until final wage and salary payments cease.

(b) As stated by IRS Revenue Procedure 2004-53, Alternate Procedure, UC (or its designee) will be responsible for completing and filing various Federal and State tax forms (as applicable) for wages paid and taxes withheld for UC employees until the time payments cease in 3d Quarter FY 2007. This includes payments made to all UC employees through the date of transfer as specified in item 7.A(i)(a) above and final payments to UC employees terminating on or before September 30, 2007. UC will be responsible for the following Calendar Year (CY) 2007 tax forms which will be prepared by LLNS:

- Form 941 Quarterly or Final tax reports;
- Form 940;
- Forms W-2 and related transmittals for former UC-LLNL employees;
- Forms 1099 MISC and 1099R for deceased employees and related 1096 transmittals;
- Social Security Administration (SSA) Magnetic Media; and
- All related state and local reports and tapes.

(c) LLNS agrees to provide UC with such information and documentation as needed to comply with Revenue Procedure 2004-53, and further agrees to cooperate with UC in the performance of its duties pursuant to this section 7.A(ii).

(iii) To the extent permitted under applicable Federal tax law, LLNS, as successor, will recognize employee FICA earnings and deductions and employer FICA, Federal Unemployment Tax, and State Unemployment Tax payments made by UC for UC employees who become employed by LLNS at the time of contract transition in determining FICA taxable earnings, and FICA withholding payments for the balance of the calendar year.

B. Travel

(i) LLNS shall be responsible for the processing and payment for all travel (including local travel) expenses for UC for employees who commence official travel before midnight, September 30, 2007, and who will become employees of LLNS on the Transfer Date, upon the same terms that were in effect when the travel commenced. For those former UC employees who become employees of LLNS, whose travel commences after midnight, September 30, 2007, and who have received from UC a travel advance prior to midnight, September 30, 2007, UC hereby assigns to LLNS all of its obligations, rights, title, and interest in any and all such travel advances, and LLNS hereby assumes and accepts all of UC's obligations and rights for such travel advances.

(ii) UC has certain employees on temporary duty assignments (Attachment B). LLNS agrees to continue the reimbursement upon the same terms that were in effect when the temporary duty assignment commenced, for a period of at least two (2) months. Allowability of costs for such reimbursement will be determined in accordance with the provisions of the UC Contract and UC will be responsible for any unallowable costs directly associated with the terms of the temporary assignments for up to two (2) months after the Transfer Date.

(iii) UC will transfer to LLNS all unused airline tickets obtained for official travel under the terms of the UC Contract.

C. Relocation Payments

In some cases, relocation payments have been made to UC employees. If a recipient is required to reimburse UC a portion of the relocation payment for any reason, UC hereby assigns all rights to such reimbursements of allowable costs to LLNS, and LLNS hereby accepts this assignment. For those individuals who have been identified by UC as in the process of relocating under the UC policy that will incur costs after the Transfer Date (Attachment C), those individuals will be reimbursed in accordance with policy adopted under the UC Contract and which was a part of the accepted employment offer.

D. Credits and Rebates

UC hereby assigns, and transfers to LLNS, and LLNS hereby agrees and accepts such assignment of all credits, rebates, refunds, allowances, state tax funds, and other credits, as may be due and owing UC as the result of an allowable cost under the terms of the UC Contract.

E. Accounts Receivable

As of the Transfer Date, all accounts receivable balances, including but not limited to royalties and other non-invoiced accounts, are hereby assigned and transferred to LLNS. LLNS hereby accepts the assignment and agrees to manage the transferred accounts.

F. Accounts Payable and Accruals

Payment of accounts payable and accrued expense incurred but not paid by UC as of the Transfer Date, will be made by LLNS on behalf of UC from the Letter of Credit obtained by LLNS from NNSA.

G. Year End Closing and Contingent Liabilities

Effective as of the Transfer Date, LLNS shall assume administrative responsibility for the financial activities associated with the closing of FY 2007, including preparation of all year-end closing documents, reporting and corresponding data transmissions to the NNSA and other routinely included parties. Effective as of the Transfer Date, LLNS will prepare all documents to accurately reflect balances and activities as recorded by UC for the appropriate fiscal periods. The recognition of any contingent liabilities shall be appropriately reflected in the reporting done by LLNS with the review and concurrence of UC, and NNSA will be responsible for approving any contingent responsibilities reported in applicable financial statements. The FY2007 Statement of Cost Incurred and

Claimed shall be prepared by LLNS for UC's certification (DOE Form 2001.1).

H. Credit Cards

Pursuant to the assignment of the subcontracts as set forth in Section 2, the credit card responsibilities which include accounts balances have been assigned by UC to LLNS as of the Transfer Date.

I. Endorsement of Checks and Vouchers

LLNS may endorse any check or voucher applicable to its Letter of Credit funding received as of the Transfer Date made payable to UC which were an allowable cost under the UC Contract. LLNS will use its best efforts to forward to UC non-contract related checks within three business days of receipt.

J. General Ledger Balances

As of the Transfer Date, UC will transfer all assets and liabilities account balances to LLNS less any funds allocated for UC Contract closeout. To facilitate the transfer to LLNS, NNSA will recast such UC ending account balances as LLNS beginning balances.

K. Taxes Other Than Payroll Taxes

(i) In the event there are any tax returns or reports due after the Transfer Date, LLNS shall prepare all such returns and reports, or provide such data as may be required by UC.

(ii) UC shall have access to records and UC's former employees as may be necessary to complete any tax return or report not completed prior to the Transfer Date or to respond to any Federal, state or local audit.

L. Special Bank Account Agreements and Letter of Credit

The Special Bank Account and Letter of Credit under the UC Contract will remain open for 120 days after the Transfer Date to allow outstanding items to clear. Items that have not cleared within that period will be addressed through NNSA's unclaimed monies process. UC authority to issue checks written on its Special Bank Account will terminate on the Transfer Date.

M. Audit Activities and Unallowable Costs

LLNS will conduct an allowable cost audit for Fiscal Year 2007 and support the OIG review of the FY 2006 and FY2007 statement of cost incurred and claimed. This audit will include payroll adjustments and final payments to non-transitioning UC employees made after the Transfer Date. UC will be responsible for all obligations and negotiations with NNSA associated with unallowable costs identified by internal and external audits, reviews, and assessments for costs incurred under the UC Contract or under the LLNS Contract for payments made on UC's behalf under the terms of this Agreement. LLNS will provide UC representatives with access to LLNS employees and records that UC reasonably believes are necessary prerequisites to the resolution of any items of questionable or unallowable costs in accordance with Section 4.

N. Closing Process

With respect to this Section 7, the Parties recognize that the complexity of the transfer may give rise to unforeseen conditions and that exactness in the actions is not fully determinable. The traditional use of estimates on recording accruals may potentially result in future adjustments. The Parties agree to use their best efforts to address these future actions and to achieve equitable resolution.

O. UC DRD Fund Balances

University of California-directed research and development (UCDRD) fund balances transferred from UC to LLNS are for institutional supporting research and not Work-for-Others. UCDRD will continue to receive accounting treatment consistent with the provisions relating to UCDRD of the UC Contract until expended.

8. MANAGEMENT OF LEGAL ISSUES

A. Management of Litigation and Claims

(i) Litigation and Claims.

(a) The Parties have examined pending litigation and claims and have agreed that UC will retain responsibility for the defense and resolution of the Miklosy/Messina case and shall continue to defend this litigation after the Transfer Date. LLNS shall, at all reasonable times and on reasonable notice, provide UC with access to LLNS employees and records that UC deems reasonably relevant to its defense. The costs of the aforementioned case will be provisionally reimbursed to UC as part of UC Contract closeout consistent with current Contracting Officer authorizations and in accordance with the INSURANCE-LITIGATION AND CLAIMS clause of the UC Contract. Final cost treatment and additional requests for provisional cost allowance will be determined in accordance with DEAR 931.205-47(h) of the UC Contract.

(b) For litigation and claims involving UC to which UC is a party as of the Transfer Date, LLNS shall accept a tender of defense and assume responsibility for the cost and defense of all such claims filed in any court or administrative tribunal against UC for which the costs of such defense and any settlement or judgment would be reimbursable under the UC Contract. Litigation to which UC is a party as of the Transfer Date is listed in Attachment D.

(c) For litigation and claims involving UC initiated after the Transfer Date, and which concerns events, transactions, and/or other occurrences allegedly related to, or stemming from, activities of UC performed prior to the Transfer Date and is deemed reimbursable under the UC Contract, LLNS shall accept a tender of defense and assume responsibility for the cost and defense of any claims filed in any court or administrative tribunal against UC for which the costs, of such defense and any settlement or judgment would be reimbursable under the UC Contract.

(d) In the event the costs incurred by LLNS in the defense of UC under this Section are determined to be unallowable, UC will reimburse all such costs to NNSA or as the Contracting Officer directs.

(ii) Employment/Labor Relations Matters. NNSA has directed UC, and UC hereby transfers and assigns to LLNS, effective as of the Transfer Date, all right, title, and interest in all internal administrative employment/labor relation matters, including all claims, grievances and arbitrations, the costs of which are allowable under the UC Contract, and LLNS hereby accepts such assignment in accordance with the terms of the LLNS Contract.

(iii) Employee Relations. NNSA has directed UC, and UC hereby transfers and assigns to LLNS, effective as of the Transfer Date, all right, title, and interest in all employee relations matters, the costs of which are allowable under the UC Contract, including all claims, and LLNS hereby accepts such assignment in accordance with the terms of the LLNS Contract. UC will provide LLNS access to UC-owned records in the possession of the Office the President that relate to an employee relations matter involving any UC-LLNL employee the costs of which were reimbursed to UC under the UC Contract. LLNS agrees that it will comply with any privacy restrictions attaching to such records in accordance with applicable law.

(iv) Discrimination Charges filed with External Agencies

With respect to charges of discrimination filed with an external agency or any other administrative proceeding in which the administrative tribunal does not have authority to issue negative findings and/or determinations, LLNS shall assume the right, title and interest in the defense and prosecution of such claims. LLNS recognizes that UC retains an interest in the outcome of said administrative proceeding because of the possibility of litigation of said claim, and, therefore, LLNS agrees to offer UC an opportunity to review the charge and any response thereto and to provide comments thereon.

B. Legal Defense Cooperation

(i) As pertains to this subsection, “Party” is defined as either UC or LLNS, as appropriate; the term “Parties” refers to UC and LLNS.

(ii) Each Party shall promptly notify the other's law department when it becomes aware of any claims or lawsuits that may affect the common interests of both of the Parties. In a manner so as not to interfere with performance of the work under their respective contracts with NNSA, and to the extent that cooperation would not intrude into, or significantly impede, the interests unique to each respective Party, each Party shall cooperate with the other Party in matters of legal defense, including the provision of transitioned employees as witnesses. To the extent allowed by applicable law, each Party will provide direct access to any record under its control related to any matter of a legal nature as soon as practicable after a request, and shall provide direct access to its employees for interviews, depositions, hearings, etc., during regular business hours, upon reasonable notice and request.

(iii) When it is in the mutual interest of the Parties, LLNS and UC will cooperate in obtaining resolution to claims that arose under the UC contract, but which involve employees who transition to LLNS.

C. Garnishments, Liens and Other Court Orders

For those UC employees who transfer employment to LLNS on the Transfer Date and whose salaries are subject to a garnishment or other court order, NNSA has directed UC to notify the court issuing such order that it no longer employs such employees and will provide to the court the name and address of LLNS as the employer of record for such employees.

D. Workers Compensation

UC will retain all workers compensation claims associated with UC-LLNL employees with a date of loss prior to the Transfer Date.

9. MANAGEMENT OF PERMIT AND LICENSE ISSUES

The parties agree to take all appropriate actions to accomplish a transfer to LLNS, effective as of the Transfer Date, of existing permits and permit applications, on which UC is identified as a permittee, co-operator, signatory, or applicant. Certain pending permit applications, if any, and consistent with both (i) agreements between NNSA and the regulatory agency and (ii) the LLNS Contract, will be revised to add LLNS as an applicant during the course of routine revisions prior to permit issuance. To the extent that UC retains any continuing obligation or liabilities under such permits after the Transfer Date, allowability of costs for fines and penalties will be assessed under the relevant contract under which the incident giving rise to such fine or penalty has arisen.

10. EMPLOYEE BENEFIT PLANS

A. LLNS Total Compensation Package 1 (TCP1)

NNSA has directed and UC will transfer assets and liabilities associated with the benefits of UC-LLNL employees who accept employment with LLNS and elect to participate in

the LLNS defined benefit plan from UC's defined benefit pension plan (UCRP) to the LLNS defined benefit pension under TCP1 in accordance with the UC Contract, including Appendix T thereto. The LLNS defined benefit plan will accept such assets and liabilities associated with transferring UC employees in accordance with the LLNS Contract and will provide such representations and certifications to UC as may be required to effect such transfer of assets and liabilities.

B. Health and Welfare Plans

(i) Retiree Medical Benefits. UC agrees to retain LLNL UCRP retirees in the UC health plans through October 31, 2007. On November 1, LLNL UCRP retirees will become members of the health plans of LLNS but UC will continue to deduct premiums from retiree pension payments and remit to LLNS from the November 1, 2007 and December 1, 2007 pension payments. UC will be reimbursed its cost of administration of the health care program for retirees after the Transfer Date by LLNS.

(ii) Medical, Dental and Other Health and Welfare Plan Balances. UC will transfer any medical, dental and other health and welfare plan balances, other than the Health Care Reimbursement Account and Dependent Care Reimbursement Account, for UC-LLNL employees who transfer to LLNS, the costs of which were charged to the UC Contract and which are not required to satisfy claims incurred prior to the Transfer Date.

(iii) Health Care/Dependent Care Reimbursement Accounts (HCRA/DCRA). The transfer of the HCRA/DCRA balances for UC-LLNL employees who are employed by LLNS effective the Transfer Date will occur as described in Attachment E that is incorporated into, and made a part of this Agreement. NNSA agrees that any loss incurred either by UC or LLNS arising from a shortfall in the HCRA of such employees that is attributable to unfunded disbursements flexible spending accounts described in the Attachment E is an allowable cost under the UC Contract.

(iv) Payroll Withholding of Employee-Paid Portion for Health and Welfare Coverages. UC and LLNS have reached an Agreement Concerning Health and Welfare Coverages at Contract Transition (Coverages Agreement). The Coverages Agreement governs the responsibilities of the UC and LLNS with respect to withholding of the employee-paid portion for health and welfare coverages and transmission of employee and employer contributions to be applied as payment for such coverages for the months of September 2007 and October 2007. The Coverage Agreement is set forth in Attachment F that is incorporated into and made a part of this Agreement.

C. Reporting and Disclosure

UC shall be responsible for filing Form 5500 Annual Reports with the Internal Revenue Service and the Department of Labor for the Qualified Plans and Welfare Plans for the 2007 Plan Year. LLNS shall be responsible for filing all Form 5500 Annual Reports for the 2008 Plan. UC shall provide such information and assistance to LLNS as shall be required in connection with the preparation and filing of Forms 5500 for the 2008 Plan Year.

11. TRADEMARKS

A. UC hereby grants to LLNS, for the sole purpose of performing its contract responsibilities, a non-exclusive, non-transferable, royalty-free license to use for a period consistent with Section 11.B. below, any trademarks, service marks, trade names, advertising, signs, slogans, symbols and other trade indicia of “The Regents of the University of California” or “University of California” (hereinafter collectively referred to as “Marks”) being used as of the Transfer Date by UC in connection with the business activities conducted by UC under the UC Contract. LLNS shall maintain and protect said Marks as UC proprietary data in accordance with the terms and conditions of the LLNS Contract. LLNS agrees that it will not claim right, title, or interest in such Marks.

B. Notwithstanding the foregoing Section 11.A., LLNS shall use due diligence to remove, within a reasonable time, all Marks from any of the premises or properties, real, personal, or mixed, involved with the LLNS Contract except those Marks on records that are transferred to LLNS pursuant to the provisions of Section 4 of this Agreement. LLNS agrees that all items so removed shall be destroyed. It is understood and agreed that UC policy and procedure manuals, instructions and work rules may be used until reprinted, and LLNS may continue to use the internal forms containing such Marks until the supply is exhausted.

12. PROPERTY TRANSFERS

A. NNSA has directed UC, and, effective as of the Transfer Date, UC will transfer to LLNS, government-owned real and personal property for which UC is accountable by the terms of the UC contract as reflected in Attachment G, and LLNS hereby accepts such transfer as is, where is, and in accordance with the terms and conditions of the LLNS Contract.

B. NNSA acknowledges and consents to LLNS retaining custody and use of UC-owned property identified as such in the property records consistent with any conditions placed on the use of the property when it was put into use at LLNL. If LLNS determines for any reason that it cannot continue to honor any conditions affecting the use of such property, LLNS will notify UC and make such disposition of the property as UC requests at UC expense.

13. DISPOSITION OF MAIL

UC hereby authorizes LLNS to open all mail addressed to UC. All mail which contains legal notices, correspondence from courts and for counsel, services of process, pleadings, etc., that are personal to UC shall be forwarded promptly to UC's Closeout manager.

14. ENTIRE AGREEMENT

This Agreement consists of this contract document and the following Attachments:

Attachment A – Joint Defense Agreement

Attachment B – UC Employees on Temporary Duty Assignments as of Transfer Date

Attachment C – UC Hires in Process of Relocation Under UC Contract

Reimbursement Rules

Attachment D – List Litigation to be Prosecuted/Defended by LLNS

Attachment E – MOU Concerning Treatment of Flexible Spending Accounts

Attachment F – MOU Concerning Payroll Withholding of Employee-Paid Portion for
Health and Welfare Coverages

Attachment G – Personal Property Inventory Listing

Attachment H – Agreement For Management Of Chromosome Painting Portfolio
Patents Of LLNL-Origin

15. NO THIRD PARTY RIGHTS

Nothing contained in this Agreement shall be construed as creating any rights in third parties, including without limitation, any employee or former employee of UC, and no third party beneficiary rights are created or intended to be created by this Agreement.

16. SIGNATURES

The individuals whose signatures appear below hereby certify that they are authorized to sign on behalf of their respective Parties to this Agreement. This Agreement is effective as of the date that it is executed by all of the Parties; provided however, that no assignment or transfer of any matter covered by this Agreement will occur until the Transfer Date.

So AGREED:

THE REGENTS OF THE UNIVERSITY OF CALIFORNIA

BY: 

Ronald A. Nelson, Executive Director, Contracts and Administration

Date: 9/28/07

LAWRENCE LIVERMORE NATIONAL SECURITY, LLC

BY: 

George Miller, President

Date: 9/20/07

UNITED STATES OF AMERICA

DEPARTMENT OF ENRGY/NATIONAL NUCLEAR SECURITY

ADMINISTRATION

BY: 

Ronna Promani, NNSA/LSO Contracting Officer

Date: 9/28/2007

JOINT CONFIDENTIALITY AND REPRESENTATION AGREEMENT

This agreement ("the Agreement") is entered into by the Regents of the University of California, doing business as The Lawrence Livermore National Laboratory (the "Regents"), Lawrence Livermore National Security, L.L.C. ("LLNS"), regarding communications dealing with the transition of the operation of Lawrence Livermore National Laboratory ("LLNL") from the Regents to LLNS ("the transition"). The Regents and LLNS are referred to collectively as "the parties."

WHEREAS, for more than fifty years, the Regents has operated LLNL, and

WHEREAS, on May 8, 2007, the National Nuclear Security Administration of the United States Department of Energy ("NNSA") announced that the contract to operate LLNL beginning October 1, 2007 has been awarded to LLNS, and

WHEREAS, the Regents and LLNS anticipate that following the transition, they will need, among other things, to coordinate the defense of certain ongoing matters in their mutual interest and that of their mutual client, and

WHEREAS, as part of the transition, LLNS will assume control over various records and personnel that are critical to the continued prosecution or defense of various matters in litigation and where in the interests of the University, NNSA and LLNS, assume defense or prosecution or become a substitute party to such litigation; and

WHEREAS, in order to facilitate the transition it is necessary for the attorneys for the Regents and the attorneys for LLNS, and their respective representatives and agents, to reveal information to each other relating to the representation of their clients, and to communicate about matters of common interest that are privileged from

disclosure as lawyer-client communications under applicable rules of evidence, or represent attorney work product, and

WHEREAS these communications regard matters of common interest among the parties,

THE PARTIES HEREBY AGREE AS FOLLOWS:

1. The parties consent and agree that their attorneys and their respective representatives and agents may disclose information relating to their representation of the parties that would otherwise not be disclosable without such consent, as necessary and appropriate to effect the transition. The parties represent that this consent is given freely and after consultation.
2. The parties believe there are common questions of law and fact that will affect their ability to represent their clients, and that facts known to other parties may assist each party in the transition and the future defense of matters of common interest among the parties. In light of these and other common interests, the interests of the parties will be best served if counsel can exchange information subject to the continued protection of the lawyer-client privilege, the attorney work product doctrine, and other applicable privileges.
3. The parties may make available to each other for review and reproduction all documents, notes, memoranda, impressions, analysis, whether electronic or hard copy, related to matters of common interest dealing with the transition.
4. The parties agree that the exchange of documents and information among the parties under this agreement does not waive or impair any privilege, and does not diminish the confidential nature of such documents or information.

The parties agree to maintain the confidentiality of all documents and information exchanged under this Agreement with the same degree of care and diligence they would use for their own privileged and confidential information.

5. The parties agree to handle personal information in compliance with the Laboratory's policies on such information.
6. The parties agree that this Agreement confirms oral understandings made on the first day upon which any confidential information was communicated among counsel, their representatives or agents. This Agreement will be deemed effective as of that date. By signing below, the counsel listed below acknowledge that they are authorized to proceed on their client's behalf in a manner consistent with this Agreement.
7. The parties agree that documents and information obtained by the parties under this Agreement may only be given to the parties to this Agreement. The parties and all persons acting on their behalf will not disclose documents or information received from another party under this Agreement to anyone nor take any action to compromise any privilege, without the consent of the originating party.
8. This Agreement may not be modified except in a writing signed by all parties. The parties agree that remedies at law would be inadequate for any breach of this Agreement and that specific enforcement or an injunction would be the appropriate remedy for a breach or threatened breach.

Regents of the University of California
Lawrence Livermore National Security, LLC
Joint Confidentiality and Representation Agreement

9. The validity and construction of this Agreement is governed by the law of the State of California. If any part of this Agreement is determined to be void or unenforceable by a court of competent jurisdiction, it is the intent of the parties that the Agreement be enforced to the extent possible.
10. This Agreement is effective as of the date of award of the Contract to LLNS for the management and operation of Lawrence Livermore National Laboratory.

The Regents of the University of California

By: Melissa M. Allain
Melissa M. Allain
Laboratory Counsel

Date: Sept. 27, 2007

Lawrence Livermore National Security, LLC

By: J. Robert Humphries
J. Robert Humphries
Transition Counsel

Date: September 27, 2007

Attachment B

UC EMPLOYEES ON CHANGE OF STATION

Updated COS

| Name | | Start Date | Anticipated End Date | LLNL Policy | Under IPA, Task Assignment Stmt (DOE), or WFO Agrmt | Hosting Organization | Location | Comments |
|-----------|----------|------------|----------------------|-------------|---|---|------------------|--|
| Ainsworth | Tom | 4/1/2007 | 3/31/2008 | Regular COS | Task Assignment Statement | Department of Energy/National Nuclear Security Administration | Washington DC | Current plans are to extend |
| Allen | Steven | 2/1/1993 | Open | Transfer | Not Applicable | General Atomics | San Diego CA | |
| Annese | Cynthia | 10/1/2002 | 1/30/2006 | Regular COS | Task Assignment Statement | Department of Energy | Washington DC | LOA w/IAEA. Return 2/28/07 from DC to Livermore. |
| Baisden | Patricia | 2/1/2006 | 1/31/2008 | Regular COS | Task Assignment Statement | Department of Energy/National Nuclear Security Administration | Washington DC | |
| Baum | Dennis | 9/1/2002 | 10/1/2007 | Regular COS | IPA-Non-Fiscal | Office of the Secretary of Defense | Washington DC | Returning end of Sept to LLNL |
| Blink | James | 7/1/1991 | Open | Transfer | Not Applicable | Department of Energy | Las Vegas NV | |
| Boles | Jason | 3/20/2006 | 3/19/2008 | Regular COS | WFO | Department of Defense | Washington DC | |

Tri Party Agreement for Transfer of Operations at LLNL – September 28, 2007
Attachment B

| Name | | Start Date | Anticipated End Date | LLNL Policy | Under IPA, Task Assignment Stmt (DOE), or WFO Agrmt - | Hosting Organization | Location | Comments |
|----------|--------|------------|----------------------|-----------------|---|---|------------|--|
| Cabayan | Hriar | 4/1/2007 | 3/31/2008 | Extended Travel | IPA-Non-Fiscal | Department of Defense | Washington | Will be working 80% time at STRATCOM and OSD. Remainder of time will be on his work at LLNL. |
| Carlson | Nils | 10/1/2006 | 9/30/2008 | Regular COS | IPA-Fiscal | Office of the Director of National Intelligence | Washington | |
| Decman | Daniel | 2/1/2005 | 3/31/2008 | Regular COS | Task Assignment Statement | Department of Energy/National Nuclear Security Administration | Washington | |
| DeTeresa | Steve | 6/11/2005 | 1/3/2008 | Regular COS | Task Assignment Statement | Department of Energy/National Nuclear Security Administration | Washington | Assignment will be extended until 6/1/08. Assignment extended for 3rd year to 1/3/08 - assignment is based on Congress calendar TAS good until 4/30/07 - New |

Tri Party Agreement for Transfer of Operations at LLNL – September 28, 2007
Attachment B

| Name | Start Date | Anticipated End Date | LLNL Policy | Under IPA, Task Assignment Stmt (DOE), or WFO Agrmt | Hosting Organization | Location | TAS prepared for 5/11/07-1/2/08 |
|-------------------|------------|----------------------|-------------|---|---|------------|--|
| Ebbinghaus | 6/26/2006 | 6/25/2008 | Regular COS | Task Assignment Statement | Department of Energy | Washington | DC |
| Ellis | 10/26/1986 | Open | Transfer | Not Applicable | General Atomics | San Diego | CA |
| Fenstermacher | 6/18/1994 | Open | Transfer | Not Applicable | General Atomics | San Diego | CA |
| Filarowski Sheaks | 12/2/2004 | 12/1/2007 | Regular COS | IPA-Fiscal | Department of Defense | Washington | DC |
| Grey | 1/2/1991 | Open | Transfer | Not Applicable | Dine College | Shiprock | NM |
| Handler | 9/6/2005 | 8/31/2007 | Regular COS | IPA-Fiscal | Department of Defense | | One year extension in process - AD has signed IPA but we have not rcvd it yet - needs approval letter prepared |
| Hill | 1/8/2007 | Open | Transfer | Not Applicable | General Atomics | San Diego | CA |
| Hurd (Stoner) | 7/23/2000 | 12/16/2007 | Transfer | Task Assignment Statement | Department of Energy/National Nuclear Security Administration | Washington | DC |

*Tri Party Agreement for Transfer of Operations at LLNL – September 28, 2007
Attachment B*

| Name | Start Date | Anticipated End Date | LLNL Policy | Under IPA, Task Assignment Stmt (DOE), or WFO Agrmt | Hosting Organization | Location | Comments |
|-------------|-------------------|-----------------------------|--------------------|--|---|-----------------|-----------------|
| Jayakumar | 9/1/1998 | Open | Transfer | Not Applicable | General Atomics | San Diego | CA |
| Jorgensen | 7/16/2007 | 7/15/2009 | Regular COS | IPA-Non-Fiscal | Department of Defense | Washington | DC |
| Kim | 5/1/2007 | 4/30/2008 | Regular COS | IPA-Non-Fiscal | Department of Defense | Washington | DC |
| Lasnier | 3/2/1993 | Open | Transfer | Not Applicable | General Atomics | San Diego | CA |
| Logory | 1/3/2006 | 1/2/2008 | Regular COS | IPA-Fiscal | Central Intelligence Agency | Washington | DC |
| Luke | 3/1/2006 | 4/30/2008 | Regular COS | Task Assignment Statement | Department of Energy/National Nuclear Security Administration | Washington | DC |
| MacFarland | 4/1/2006 | 3/31/2008 | Regular COS | Not Applicable | Department of Energy | Ft Belvoir | VA |
| Mailhot | 9/11/2006 | 9/10/2008 | Regular COS | Task Assignment Statement | Department of Energy/National Nuclear Security Administration | Washington | DC |
| Makowski | 1/2/1999 | Open | Transfer | Not Applicable | General Atomics | San Diego | CA |
| Martovetsky | 12/18/2006 | 12/17/2008 | Regular COS | Not Applicable | Oak Ridge National Laboratory | Oak Ridge | TN |

Tri Party Agreement for Transfer of Operations at LLNL – September 28, 2007
Attachment B

| Name | | Start Date | Anticipated End Date | LLNL Policy | Under IPA, Task Assignment Stunt (DOE), or WFO Agrmt | Hosting Organization | Location | Comments |
|------------|---------|------------|----------------------|-----------------|--|---|--------------|---|
| Pilkington | Desmond | 10/30/2006 | 10/29/2008 | Foreign COS | Not Applicable | Atomic Weapons Establishment | Reading | England |
| Prassinios | Peter | 7/14/2003 | 7/13/2009 | Transfer | IPA-Fiscal | National Aeronautics & Space Administration | Washington | DC |
| Richardson | Jeff | 10/1/2006 | 9/30/2008 | Regular COS | IPA-Non-Fiscal | Department of Defense | Washington | DC |
| Rotter | Mark | 4/1/2006 | 3/31/2008 | Regular COS | WFO | Department of Defense | Washington | DC |
| Simonson | Greg | 12/1/2006 | 11/30/2007 | Extended Travel | IPA-Non-Fiscal | Air Force District of Washington | Washington | DC |
| Smith | Craig | 6/15/2004 | 6/30/2008 | Transfer | Not Applicable | Naval Post Graduate School | Monterey | CA |
| Stoner | Joseph | 10/15/2002 | 10/18/2007 | IPA Only | IPA-Non-Fiscal | Nuclear Command & Control System | Falls Church | VA |
| Storm | Erik | 6/29/1998 | 8/31/2008 | Foreign COS | Not Applicable | Commissariat a l'Energie Atomique (CEA) | Paris | France |
| | | | | | | | | 9/14/07 - Per Greg Travel Washington assignment will be extended -- will need to transition to Reg. COS |
| | | | | | | | | He has not responded as to whether he will return or extend. Returning to LLNL approx 10/20 |

Tri Party Agreement for Transfer of Operations at LLNL – September 28, 2007
 Attachment B

| Name | | Start Date | Anticipated End Date | LLNL Policy | Under IPA, Task Assignment Stmt (DOE), or WFO Agrmt | Hosting Organization | Location | Comments |
|----------|---------|------------|----------------------|-------------|---|---|---------------|--|
| Summers | Mark | 7/1/2006 | 6/30/2008 | Regular COS | Task Assignment Statement | Department of Energy/National Nuclear Security Administration | Washington DC | Returning to LLNL at end of assignment |
| Szytel | Lisa | 7/1/2006 | 6/30/2008 | Regular COS | Task Assignment Statement | Department of Energy/National Nuclear Security Administration | Washington DC | |
| Takagi | Masaru | 1/1/1999 | Open | Transfer | Not Applicable | General Atomics | San Diego CA | |
| Terrill | Peter | 8/16/2004 | 6/27/2009 | Transfer | IPA-Non-Fiscal | Department of the Navy | Arlington VA | |
| Thompson | Charles | 9/1/2006 | 8/31/2008 | Regular COS | IPA-Fiscal | Central Intelligence Agency | Langley VA | |
| Tobin | Michael | 2/1/2005 | 1/31/2008 | Regular COS | WFO | Department of Defense | Washington DC | |
| Tran | Tri | 8/1/2006 | 7/31/2008 | Regular COS | Task Assignment Statement | Department of Energy/National Nuclear Security Administration | Washington DC | |
| Wallin | Brad | 9/10/2007 | 9/9/2008 | Regular COS | Task Assignment Statement | Department of Energy/National Nuclear Security Administration | Washington DC | |

*Tri Party Agreement for Transfer of Operations at LLNL – September 28, 2007
Attachment B*

| Name | | Start Date | Anticipated End Date | LLNL Policy | Under IPA, Task Assignment Stmt (DOE), or WFO Agrmt | Hosting Organization | Location | Comments |
|-------------|-------|-------------------|-----------------------------|--------------------|--|---|-----------------|-----------------|
| Wootton | Alan | 7/10/2006 | 7/9/2008 | Regular COS | Task Assignment Statement | Department of Energy/National Nuclear Security Administration | Washington DC | |
| | | | | | | | | |
| | | | | | | | | |
| 46 | Total | | | | | | | |

Pending COS

| Name | | Start Date | Anticipated End Date | LLNL Policy | Under IPA, Task Assignment Stmt (DOE), or WFO Agrmt | Hosting Organization | Location | Comments |
|-----------|---------|------------|----------------------|----------------|---|---|-----------------|--|
| Bookless | William | 10/1/2007 | 9/30/2007 | Short Term COS | Task Assignment Statement | Department of Energy/National Nuclear Security Administration | Washington DC | Extended travel – Still waiting on COS paperwork |
| Doobler | Brendan | 9/29/2007 | 9/28/2009 | Regular COS | IPA | STRATCOM | Omaha NE | Business travel until time to relocate |
| Hahvorson | Craig | 9/24/2007 | 9/23/2009 | Regular COS | IPA | DTRA | Washington DC | Business travel until time to relocate |
| Kinner | Terry | 10/1/2007 | | Transfer | | NTS | Las Vegas NV | |
| MacKenzie | Carolyn | 10/1/2007 | 9/30/2008 | Regular COS | Task Assignment Statement | Department of Energy/National Nuclear Security Administration | Washington DC | Currently on LOA at IAEA in Vienna. Returning to LLNL 9/28/07. TAS needs one more signature in Wash DC |
| Reaugh | Jack | 8/1/2007 | 7/31/2009 | Foreign COS | Not Applicable | Atomic Weapons Establishment | Reading England | Flying out 9/26/07 will begin assignment 10/1/07 |
| 6 | Total | | | | | | | |

Attachment C

UC NEW HIRE OFFERS IN PROCESS

| LAST NAME | FIRST NAME | POLICY | DOLLAR LIMIT | COUNTER OFFER | DOLLAR LIMIT | COMMENTS | POINT OF HIRE: CITY | STATE | ZIP |
|------------|------------|---------------------|--------------|---------------------|--------------|---------------------------|---------------------|-------------|---------|
| Serra | Michael | Expanded Relocation | Yes | | | Expanded portion only | Knoxville | TN | 37932 |
| Baker | Sarah | Standard Relocation | | | | May not meet 50 mile rule | Montara | CA | 94037 |
| Banks | Jeffrey | Standard Relocation | | | | | Albuquerque | NM | 87111 |
| Cunningham | Andrew | Standard Relocation | | | | | Rochester | NY | 14620 |
| Curioni | Alessandro | Standard Relocation | | | | Trans-oceanic | Gattikon | Switzerland | 8136 |
| Liao | Chunhua | Standard Relocation | | | | | Houston | TX | 77081 |
| Najjar | Fady | Standard Relocation | | | | | Champaign | IL | 61820 |
| Pauzauskie | Peter | Standard Relocation | | | | May not meet 50 mile rule | Berkeley | CA | 94709 |
| Rohringer | Nina | Standard Relocation | Yes | Additional funds | | | Woodbridge | IL | 60517 |
| Shum | Ida | Standard Relocation | Yes | Expanded Relocation | | Lease breaking only | Ammon | ID | 83406 |
| Timorty | Gordon | Standard Relocation | | Expanded Relocation | Yes | Expanded portion only | Burnt Hills | NY | 12027 |
| Tran | Anton | Standard Relocation | | | | | Albuquerque | NM | 87113 |
| | | | | | | | | | |
| | | 11 | | | | | | | |
| | | | | | | | | | |
| Badro | James | Invited Temporary | | | | Trans-oceanic | Paris | France | F-75004 |

ATTACHMENT D

LLNL PENDING LITIGATION

| Matter | Responsible Party |
|--|--------------------------|
| Anthony v. The Regents | LLNS |
| Baldinelli v. The Regents | LLNS |
| Bankert v. The Regents | LLNS |
| Elliot v. The Regents, Dan Judd | LLNS |
| Grant v. IAP World Service, Inc. | LLNS |
| Les Miklosy and Luciana Messina v. The Regents, Kim Minuzzo, Larry Lagin and Jerry Krammen | UC |
| Schwartz dba: Jaffa Optonix v. The Regents | LLNS |
| Sewards v. The Regents | LLNS |
| Stead v. The Regents, LLNL, et al | LLNS |

LLNL PENDING GRIEVANCES

| Matter | Responsible Party |
|-------------------|--------------------------|
| Anthony, Michael | LLNS |
| Elliott, Margaret | LLNS |
| Logan, Roger | LLNS |
| Stiles, Deborah | LLNS |

Attachment E
AGREEMENT
TREATMENT OF FLEXIBLE SPENDING ACCOUNTS

This Agreement addresses the health care and dependent care reimbursement accounts for the employees at the Lawrence Livermore National Laboratory (“LLNL”).

UC PROGRAMS

The University sponsors a health care reimbursement account program (“UC HCRA”) for eligible employees consistent with the requirements of sections 125 and 105(h) of the Internal Revenue Code (“Code”). UC HCRA permits an employee to designate an amount or percentage (not to exceed \$5,000 annually) to be withheld from his or her salary on a pre-tax basis and credited to an account maintained on the employee’s behalf. The employee can draw upon the account for reimbursement of the uninsured healthcare expenses incurred by the employee and the employee’s eligible family members during the period extending from January 1, 2007, through March 15, 2008, (the “2007 Coverage Period”). As required by Treasury Regulations, the entire amount that an employee elects to have withheld during the calendar year is immediately credited to the employee’s account as of the first day of the applicable coverage period, and the account is debited as the employee is reimbursed for eligible healthcare expenses.

The University sponsors a dependent care reimbursement account program (“UC DepCare”) for eligible University employees, consistent with the requirements of sections 125 and 129 of the Code. UC DepCare permits an employee to designate an amount or percentage to be withheld from his or her salary on a pre-tax basis and credited to an account maintained on the employee’s behalf. The maximum amount that an employee can elect to be withheld each year is generally \$5,000, but may be less if other limits apply. The employee can draw upon the account for reimbursement of the employee’s eligible dependent care expenses that are incurred during the 2007 Coverage Period. Credits are allocated to the employee’s DepCare account as amounts are withheld from the employee’s salary, and the account is debited as the participant is reimbursed for eligible dependent care expenses. Total payments made from the account as of a date within a coverage period cannot exceed the amount withheld as of that date.

LLNS HRCA

Pursuant to the terms of Contract 48, LLNS will establish a healthcare reimbursement account program and a dependent care reimbursement account program effective as of October 1, 2007 (respectively, the “LLNS HCRA” and the “LLNS DepCare”). SHPS, Inc., will also serve as the administrator of the LLNS HCRA and LLNS DepCare under a

separate contract with LLNS, and will pay reimbursement requests under a process similar to that established by the University for the UC HCRA and UC DepCare.

Third Party Administrator

The University has entered into a contract with SHPS, Inc., to administer the UC HCRA and UC DepCare. SHPS, Inc., pays reimbursement requests for eligible expenses submitted by participating employees and bills the University on a weekly basis for the total amount of such payments. The University pays SHPS, Inc., for the billed amounts from the funds withheld from participating employees' compensation. Under the terms of the contract, the University has provided SHPS, Inc., with funds from the University's general assets to serve as a reserve in the event of any shortfalls that may occur between the date that SHPS, Inc. makes payments to participants and the date the University transmits funds to cover the billed amount.

SHPS, Inc., will also serve as the administrator of the LLNS HCRA and LLNS DepCare under a separate contract with LLNS, and will pay reimbursement requests under a process similar to that established by the University for the UC HCRA and UC DepCare.

Process

Consistent with guidance in IRS Revenue Ruling 2002-32, the University and LLNS will adopt the following procedures with respect to the health care and dependent care reimbursement accounts:

1. Effective October 1, 2007, each Transitioning Employee who was participating in the UC HCRA and/or the UC DepCare on September 30, 2007, will become a participant in the LLNS HCRA and/or the LLNS DepCare, as applicable.
2. The HCRA and/or DepCare salary deferral elections made by a Transitioning Employee under the UC HCRA and/or the UC DepCare will be carried over to the LLNS HCRA and/or the LLNS DepCare, as applicable, and be applied to compensation paid by LLNS to the Transitioning Employee for the remainder of 2007.
3. The 2007 UC HCRA account balance of each Transitioning Employee as of September 30, 2007, will be transferred to an account established for the employee under the LLNS HCRA program effective October 1, 2007.
4. All reimbursement requests for eligible healthcare expenses for the 2007 Coverage Period presented for payment on and after October 1, 2007, regardless of when incurred during the 2007 Coverage Period, will be debited from the Transitioning Employee's LLNS HCRA account balance, to the extent of credits remaining in the account.

5. The 2007 UC DepCare account balance of each Transitioning Employee as of September 30, 2007, will be transferred to an account established for the employee under the LLNS DepCare program effective October 1, 2007.
6. All reimbursement requests for eligible dependent care expenses for the 2007 Coverage Period presented for payment on and after October 1, 2007, regardless of when incurred during the 2007 Coverage Period, will be debited from the Transitioning Employee's LLNS DepCare account balance, to the extent of the credits remaining in the account.
7. Upon request by an authorized person at LLNS, the University will wire eighty-five percent (85%) of the funds remaining in the UC HCRA account balances of LLNL employees on September 30, 2007 to an account designated by LLNS. LLNS will direct SHPS, Inc. to apply such funds against amounts owing for payment of eligible healthcare expense claims for the 2007 Coverage Period that are presented for payment by Transitioning Employees on and after October 1, 2007. The University will retain the remainder of the funds in the UC HCRA account balances of former LLNL employees to reimburse SHPS, Inc. for payment of eligible healthcare expense claims submitted by former LLNL employees who do not become participants in the LLNS HCRA. As soon as possible after June 15, 2008 (the final date for submitting claims for the 2007 Coverage Period), the University will transmit any unused funds attributable to former LLNL employees as directed by LLNS.
8. Upon request by an authorized person at LLNS, the University will wire eighty-five percent (85%) of the funds remaining in the UC DepCare account balances of LLNL employees on September 30, 2007 to an account designated by LLNS. LLNS will direct SHPS, Inc. to apply such funds against amounts owing for payment of eligible dependent care expense claims for the 2007 Coverage Period that are presented for payment by Transitioning Employees on and after October 1, 2007. The University will retain the remainder of the funds in the UC DepCare account balances of former LLNL employees to reimburse SHPS, Inc. for payment of eligible dependent care expense claims submitted by former LLNL employees who do not become participants in the LLNS DepCare. As soon as possible after June 15, 2008 (the final date for submitting claims for the 2007 Coverage Period), the University will transmit any unused funds attributable to former LLNL employees as directed by LLNS.
9. LLNS will limit eligibility to participate in the LLNS HCRA and/or the LLNS DepCare to Transitioning Employees who are not participants in the UC HCRA and/or the UC DepCare on and after October 1, 2007.

Attachment F

AGREEMENT

**CONCERNING HEALTH AND WELFARE COVERAGES AT
CONTRACT TRANSITION**

The Agreement Concerning Health and Welfare Coverages at Contract Transition (“Agreement”) is made and entered into by and between The Regents of the University of California (“University”) and the Lawrence Livermore National Security, LLC (“LLNS”).

Background

The University’s management and operation of the Lawrence Livermore National Laboratory (“LLNL”) will cease on September 30, 2007 when all individuals employed by the University at LLNL will be separated from employment. On October 1, 2007, LLNS will assume responsibility for the management and operation of LLNL, including the provision of certain health and welfare coverages for eligible LLNL employees and their eligible family members (“Eligible Family Members”). Under its standard procedures, the University withholds the employee-paid portion, if any, of the premiums for all such coverages other than disability from a LLNL employee’s pay one month in advance and withholds the employee-paid portion of the disability coverage from such pay one month in arrears. It has been the practice of the University to provide certain health and other welfare coverages for its eligible employees and their Eligible Family Members for the calendar month following the calendar month in which the employee separates from service with the University, provided appropriate withholdings for the employee-paid portion of such coverages can be made from the employees’ pay in the final month of University employment.

LLNS and the University desire to make the transition of LLNL employees to LLNS as transparent as possible. Thus, they agree to handle the withholding of the employee contributions, the contribution of the employer portion and the payment of premiums as follows:

1. This Agreement governs the responsibilities of the University and LLNS with respect to the withholding of the employee-paid portion for health and welfare coverages for the periods identified in the chart below and the transmission of funds to be applied toward the purchase of such coverages (“Coverages”) for each individual who is a UC LLNL employee during September 2007 and receives September 28, 2007 pay, subject to Section 3 below (“Separating Employee”) and the employee’s Eligible Family Members (each, a “Covered Person”):

| TYPE OF COVERAGE | COVERAGE PERIOD | COVERED PERSON |
|--|--|--|
| Disability insurance | September 2007— provided under University contract | UC LLNL employee during September 2007 |
| Supplemental life insurance, basic and expanded dependent life insurance, accidental death and dismemberment | October 2007—provided under LLNS contract | Group 1--UC LLNL employee on September 30, 2007 who accepts an employment offer from LLNS to be effective Oct. 1, 2007 and Eligible Family Members |
| Supplemental life insurance, basic and expanded dependent life insurance, accidental death and dismemberment | October 2007—provided under University contract | Group 2--UC LLNL employee during September 2007 who does not accept employment offer from LLNS and Eligible Family Members |
| Medical, dental and vision insurance and legal expenses insurance | October 2007—provided under LLNS contract | Group 1 as defined above |
| Medical, dental and vision insurance and legal expenses insurance | October 2007—provided under University contract | Group 2 as defined above |

2. The University and LLNS agree that each has the following obligations with respect to withholding and payment for the Coverages of Covered Persons:

(a) September 28, 2007 Payroll.

(i) The LLNL payroll, as constituted prior to October 1, 2007 (“UC-LLNL”), will withhold from the September 28, 2007 pay of a Separating Employee an amount sufficient to cover the employee-paid portion of the October 2007 supplemental life, basic and expanded dependent life and accidental death and dismemberment insurance Coverages and the employee-paid portion of the October 2007 medical, dental, vision and legal expense insurance Coverages elected by the Separating Employee, subject to Section 3 below. The total amount withheld for such Coverages on behalf of all Separating Employees in Group 1 will be reflected in a liability account (LA1) established by UC-LLNL. The total amount withheld for such Coverages on behalf of all Separating Employees in Group 2 will be reflected in a liability account (LA 2) established by UC-LLNL. In addition, the liability for the employer-paid portion for such specified Coverages for the Covered Period and the Covered Persons in Group 2 as of September 30, 2007 will be reflected in LA2 as of that date.

(ii) The LLNL payroll, as constituted after September 30, 2007 (“LLNS-LLNL”), will transmit funds in the amount reflected in LA1, together with the employer-paid portion, if any, provided by LLNS, to the appropriate vendors in October 2007 to be applied toward the purchase of the specified Coverages for October 2007 for the Covered Persons in Group 1, which will be provided under the LLNS vendor contracts.

(iii) UC-LLNL will withhold from the September 28, 2007 pay of a Separating Employee an amount sufficient to cover the employee-paid portion of the September 2007 disability Coverage elected by the employee, subject to Section 3 below. The total amount withheld for all such employees under this Clause (iii), plus the employer-paid portion of such Coverage established as of September 30, 2007, will be reflected in LA 2.

(iv) LLNS-LLNL will transmit the funds in the amount reflected in LA 2 to the University in October 2007. The University will transmit such funds in October 2007 to the appropriate vendors through the University’s consolidated billing process to be applied toward the purchase of the October 2007 Coverages described in Clause (i) for the Covered Persons in Group 2 and the September 2007 disability Coverage for the Covered Persons described in Clause (iii) above. All such Coverages will be provided under the University’s vendor contracts.

3. If there are not sufficient funds in a Separating Employee’s September 28, 2007 pay to allow for the withholdings described in Section 2 above, Coverages will not be provided to the Separating Employee and any Eligible Family Member for the related period according to the standard UC-LLNL payroll hierarchy.

4. If UC-LLNL withholds payment for a health and welfare coverage from the September 28, 2007 pay of an individual employed at LLNL who does not transition to LLNS employment effective October 1, 2007 and transmits such amount to LLNS, or if UC-LLNL inadvertently fails to transmit a sufficient amount from the September 28, 2007 pay of a Separating Employee to provide for a Coverage elected by the Separating Employee who transitions to LLNS employment effective October 1, 2007, the University and LLNS agree to make adjustments to the extent necessary so that each party receives the appropriate employee—paid portion.

Attachment G

PERSONAL PROPERTY INVENTORY

The Personal Property list is in CD form as referenced in the letter below and all parties have a copy:

UNIVERSITY OF CALIFORNIA

BERKELEY • DAVIS • LIVERMORE • LOS ANGELES • MERCED • RIVERSIDE • SAN DIEGO • SAN FRANCISCO



SANTA BARBARA • SANTA CRUZ

OFFICE OF THE VICE PRESIDENT –
LABORATORY MANAGEMENT

INSTITUTE OF THE PRESIDENT
117 South Street, 5th Floor
Oakland, California 94612-1316

September 25, 2007

Roma Promani
Contracting Officer
National Nuclear Security Administration
Livermore Site Office
PO Box 808, J.-293
700 East Avenue
Livermore, California 94551-0808

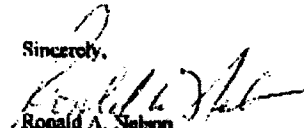
Reference: University of California – LLNL Personal Property Listing

Dear Ms. Promani:

The University of California is submitting the attached report of personal property held at the Lawrence Livermore National Laboratory. The report is turned over to provide you the personal property inventories contemplated in your September 21, 2007 letter to Thomas Giacoma, Lawrence Livermore National Security, LLC. The personal property information was generated from the LLNL personal property database on September 28, 2007.

In addition, we propose that the report be used as a baseline for closing out contract W-7405-ENG-48. You may contact Jim Hirahara at (510) 987-0614 for questions regarding the report.

Sincerely,


Ronald A. Nelson
Executive Director
Contracts Administration

Attachment: LLNL Personal Property Report

cc: T. Giacoma, LLNS, LLC
M. Coates, NNSA, SC
J. Hirahara, UCOP
R. Schumacher, LLNL
S. Ruiz, LLNL

Attachment H

**AGREEMENT FOR MANAGEMENT OF CHROMOSOME PAINTING
PORTFOLIO PATENTS OF LLNL-ORIGIN**

This agreement ("Agreement") is by and between Lawrence Livermore National Security, LLC ("LLNS") under its U.S. Department of Energy/National Nuclear Security Administration ("DOE/NNSA") Contract No. DE-AC52-07NA27344 to manage and operate Lawrence Livermore National Laboratory ("LLNL"), and The Regents of the University of California ("UC") and the United States of America, acting through the Department of Energy/National Nuclear Security Administration, Livermore Site Office ("LSO") hereinafter referred to jointly as "Parties."

1. BACKGROUND

- 1.1 The inventions embodied in patents 5,028,525 ('525) and 5,447,841 ('841), hereinafter referred to as the "Inventions" and the "Patents" respectively, were made at LLNL while LLNL was managed and operated by UC under DOE/NNSA Contract W-7405-ENG-48, "48 Contract;" the respective parent patent applications were filed in 1986; and UC obtained title from DOE/NNSA through the DOE/NNSA waiver process.
- 1.2 The Patents are a part of a patent portfolio commonly referred to as the "Chromosome Painting Patent Portfolio" that presently includes 37 patents, including patent rights arising elsewhere at UC. The patents of LLNL origin in the Chromosome Painting Patent Portfolio are listed in Exhibit 1, containing 16 patents and one partial interest in a patent.
- 1.3 The Chromosome Painting Patent Portfolio listed in Exhibit 1 has been managed by The Office of Technology Transfer ("OTT") of the UC Office of the President since its inception.

- 1.4 The Chromosome Painting Patent Portfolio listed in Exhibit 1 was licensed by UC to a predecessor of Abbott Molecular, Inc., the "Licensee," on August 15, 1989, the "License."
- 1.5 Over time, the Chromosome Painting Patent Portfolio has grown in part due to further developments including under research sponsored by the Licensee initially at LLNL and then at University of California, San Francisco (UCSF) when the inventors moved their research to UCSF in 1991 and continued developments in technology of the Portfolio there.
- 1.6 Since the time the Inventions were patented and the resulting patent rights licensed, the management and operating contract for management of LLNL has been awarded to LLNS, effective as of October 1, 2007.
- 1.7 On September 28, 2007, UC, LLNS, and DOE/NNSA entered into a tri-party agreement setting forth the respective parties' roles and responsibilities hereinafter referred to as "Tri-Party Agreement." As agreed to in the Tri-Party Agreement, NNSA directed UC to transfer and assign to LLNS, as of the Transfer Date, all of UC's obligations, rights, title and interest in and to all intellectual property and intellectual property-related contractual arrangements, as these terms are defined therein, and LLNS accepted the transfer and assignment of all such rights, title, interest, and obligations.
- 1.8 LLNS and DOE/NNSA maintain that title to the patents of LLNL origin in the Chromosome Painting Patent Portfolio listed in Exhibit 1 are subject to an obligation to assign from UC to LLNS as part of the Tri-Party Agreement. UC maintains that title to the patents in the Chromosome Painting Patent Portfolio of LLNL origin is not subject to an obligation to assign from UC to LLNS.
- 1.9 UC, LLNS and DOE/NNSA believe that it is in their mutual best interest to pursue a negotiated resolution of patent rights and royalty income for the Chromosome Painting Patent Portfolio listed in Exhibit 1.

THEREFORE, the Parties agree as follows:

2. OWNERSHIP OF THE “PATENTS”

2.1 The parties agree that UC will retain title to the Patents for the Chromosome Painting Patent Portfolio of LLNL origin listed in Exhibit 1.

3. LICENSING RIGHTS AND OBLIGATIONS

3.1 UC will continue to manage the licensing activities associated with the Chromosome Painting Patent Portfolio listed in Exhibit 1 subject to the terms of this Agreement.

3.2 UC shall have the right to engage in transactions necessary to maintain the integrity of any rights associated with the Chromosome Painting Patent Portfolio listed in Exhibit 1.

3.3 UC will provide LLNS quarterly statements of licensing activities, dating back to July 1, 2007, and continuing for the period of this Agreement.

3.4 UC will inform LLNS of any proposed modification to the licensing activities associated with the Chromosome Painting Patent Portfolio listed in Exhibit 1 including but not limited to executing additional licenses and initiating litigation, and shall obtain LLNS concurrence prior to implementing any major action including but not limited to filing of patent infringement litigation and modification of material terms of existing licenses.

3.5 The Parties agree that for purposes of this agreement “Net Royalty Income” is defined, consistent with the management of the Chromosome Painting Patent Portfolio since 2001, to be gross income derived from the Chromosome Painting Portfolio Patents of LLNL origin (Exhibit 1) less auditable legal and direct case expenses, mandatory distributions (e.g. inventor share payments to inventors under current UC Patent Policy and which are to be made by UC) and actual and auditable expenses for operations. Should operational expenses in any one fiscal year exceed \$200,000 UC will provide sufficient information to permit an audit of

those expenses to assure they comport with the charging practices associated with the management of the Chromosome Painting Portfolio since 2001.

3.6 The Parties agree to keep in confidence (excepting disclosure to DOE/NNSA with notice of applicable confidentiality) any non-public information regarding the Chromosome Painting Patent Portfolio listed in Exhibit 1 received under this Agreement using the same degree of care as it uses for its own information of like kind; the Parties, however, will not be prevented from disclosing any such information:

- (a) which they can demonstrate by written records was previously known to it;
- (b) which can be demonstrated by written records is now, or becomes in the future, public knowledge other than through acts or omissions of the parties;
- (c) which can be demonstrated by written records is lawfully obtained by the Parties from sources independent of each other;
- (d) which must be disclosed under a requirement of law; or
- (e) if five (5) years have elapsed since the expiration of the License or successor.

4. FEES AND PAYMENTS

4.1 Commencing with the University fiscal year beginning July 1, 2008 UC shall remit payment to LLNS of all Net Royalty Income plus an allocation of the University's Short Term Investment Pool (STIP) income, calculated and distributed in accordance with UC practice for campuses and laboratories, by February 1 following the close of the University's fiscal year and each year thereafter. In the event of a delay in payment of the sum of the Net Royalty Income and allocation of STIP income from the prior fiscal year, UC will pay interest to LLNS on that sum at the current STIP rate for the period of the delay in payment.

- 4.2 UC shall remit payment to LLNS, no later than June 1, 2009, all Net Royalty Income plus an allocation of the University's STIP income, not previously paid, accruing from October 1, 2007 to June 30, 2008.
- 4.3 UC will keep complete, true and accurate accounts of all expenses and of all income received from each licensee. UC will permit LLNS access to examine its books and records to verify payments due and owing pursuant to this Agreement. The party requesting examination will pay the costs.

5. TERM OF AGREEMENT

- 5.1 This Agreement will remain in effect until the last patent of Chromosome Painting Portfolio Patents of LLNL origin listed in Exhibit 1 expires or otherwise ceases to be valid or enforceable. Duties under Sections 3.6 and 4 continue after expiration of this Agreement solely to the extent needed to carryout the obligations incurred while this Agreement was in effect.
- 5.2 This Agreement will be transferred to any successor management and operating contractor awarded the DOE/NNSA contract to operate LLNL. This Agreement will be part of any tri-party agreement between DOE/NNSA, LLNS and the successor contractor.
- 5.3 No amendment or modification of this Agreement will be valid or binding upon the Parties unless made in writing and signed on behalf of each party.

6. DISPUTE RESOLUTION

- 6.1 If UC or LLNS should violate or fail to perform any material term of this agreement, then the noticing Party may give written notice of such default ("Notice of Default") to the defaulting Party. If the defaulting Party has not cured the default within sixty (60) days of the Notice of Default or the noticing Party is not satisfied that an adequate cure is in process, then the Parties will enter alternative dispute resolution within sixty (60) days after the date such notice takes effect.

- 6.2 In the event a Party elects alternative dispute resolution under paragraph 6.1, then the Parties will enter a mediation under JAMS in San Francisco. In the event that mediation fails, then the Parties will enter a binding arbitration with one arbitrator under JAMS in San Francisco to decide if a material default exists, whether any proffered cure is reasonable, whether damages are an adequate remedy and what that damages amount is, if so. In the event the arbitrator finds a material default exists, no proffered cure to that default is reasonable, and damages do not adequately compensate the noticing Party, then only as a last resort may the arbitrator order termination of this agreement.
- 6.3 If this agreement is terminated under paragraph 6.2, the Parties agree that no Party has waived any rights it may have existing prior to the effective date of this agreement and that any statute of limitations or other defense based upon the passage of time is tolled for the life of this Agreement.
- 6.4 Any notice required to be given to a Party will be deemed to have been properly given and to be effective
- 6.4.1 on the date of delivery if delivered in person;
 - 6.3.2 the date of mailing if mailed by first-class certified mail, postage paid; or
 - 6.3.3 on the date of mailing if mailed by any global express carrier service that requires the recipient to sign the documents demonstrating the delivery of such notice; to the respective addresses given below, or to another address as designated in writing by the Party changing its address.

In the case of DOE/NNSA:

U.S. Department of Energy
National Nuclear Security Administration
Manager, Livermore Site Office
7000 East Avenue, Mail Stop L293
Livermore, CA 94551

In the case of UC:

The Regents of the University of California

Tri Party Agreement for Transfer of Operations at LLNL

University of California
Office of the President
Office of Technology Transfer
1111 Franklin Street, 5th Floor
Oakland, California 94607-5200

Attention: Executive Director,
Research Administration
and Technology Transfer

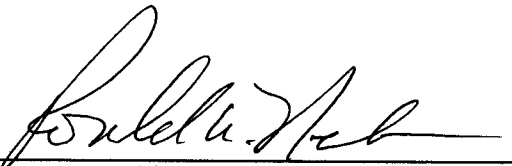
In the case of LLNS:


President
Lawrence Livermore National Security
Lawrence Livermore National Laboratory
7000 East Avenue, Mail Stop L001
Livermore, CA 94551

In witness whereof, LLNS, UC and DOE/NNSA have executed this Agreement, in duplicate originals, by their respective officers hereunto duly authorized, on the date and year hereinafter written.

**THE REGENTS OF THE UNIVERSITY
OF CALIFORNIA**

**LAWRENCE LIVERMORE
NATIONAL SECURITY, LLC**

By: 
(Signature)

By: 
(Signature)

Name: Ronald A. Nelson

Name: George H. Miller

Title: Executive Director

Title: President, LLNS

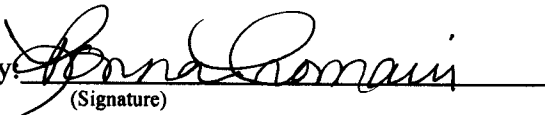
Contracts and Administration

Date signed: March 26, 2009

Date signed: March 26, 2009

UNITED STATES OF AMERICA

**DEPARTMENT OF ENERGY/NATIONAL NUCLEAR SECURITY
ADMINISTRATION**

By: 
(Signature)

Name: Ronna Promani

Title: Contracting Officer

Date signed: 3/26, 2009

EXHIBIT 1

| Patent Number | UC Case Number | DOE S. Number |
|--------------------------|-----------------------|------------------------|
| 5,028,525 | 1985-157-8 | S-64,587 |
| 5,447,841 | 1985-157-9 | S-72,958 |
| 6,596,479 | 1985-157-G | S-81,067 |
| 6,872,817 | 1985-157-Q | S-85,331 |
| 6,500,612 | 1985-157-R | S-85,332 |
| 5,427,932 | 1989-263-2 | S-73,999 |
| 5,840,482 | 1990-249-1 | S-72,162 |
| 5,888,730 | 1990-249-2 | S-88,527 |
| 6,300,066 | 1990-249-3 | (Continuation of '730) |
| 5,756,696 | 1995-307-1 | S-85,333 |
| 6,607,877 | 1995-307-2 | S-85,334 |
| 6,132,961 | 1995-307-3 | S-85,335 |
| 7,115,709 | 1995-310-2 | S-85,396 |
| 6,475,720 | 1995-310-3 | S-85,397 |
| 6,344,315 | 1995-310-4 | S-85,398 |
| 6,280,929 | 1995-327-1 (85-157-O) | S-85,330 |
| 5,395,767 (LLNL/UCSF) | 1991-077-1 | S-73,293 |

Note: There are patent applications still pending in the Chromosome Painting Patent Portfolio in addition to the 37 patents. This list may be amended by agreement of the Parties if any additional patents of LLNL origin are issued.