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NNSA Los Alamos Site Office Awards Lab FY08 Fee and Award Term

Laboratory Contractor Earns Nearly 88% of Fee

Los Alamos, NM - December 10, 2008: The National Nuclear Security Administration, Los Alamos Site Office (LASO) has completed its assessment of Los Alamos National Security, LLC's (LANS) FY2008 performance and in coordination with NNSA Headquarters has awarded incentive fee and a one-year contract term extension. Performance expectations for the assessment period were established in the FY2008 Performance Evaluation Plan.

Based on this assessment, NNSA awarded LANS, the fixed fee of \$21,984,404, and \$41, 537,640 of the potential \$51,296,000 at-risk fee. In addition LANS earned \$7,304,238 as a fixed percentage of Work for Others (WFO) projects at LANL. Of the overall fee available, including fixed and WFO fees, LANS earned 87.9% which is an increase from last year's 81.3%.

In recognition of LANS overall performance and its meeting the Award Term objectives and gateways, the company has been awarded a one-year term extension for the LANL contract.

The FY08 Performance Evaluation Report assesses the performance of LANS for management and operation of the Los Alamos National Laboratory

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(LANL) from October 1, 2007 through September 30, 2008. NNSA's expectation levels for LANS performance continue to be very high. In this second full year of performance, it was essential for LANS to maintain momentum, improve upon prior year successes, and address deficiencies as well as new challenges.

In order to focus the contractor on government priorities, NNSA's goal was to identify the critical performance areas and metrics. For 2008, 17 sets of performance based objectives were developed, representing more than 200 milestones and deliverables each with specific performance measures and associated portions of fee.

LANS has made strides to improve contractor operations, modernize business practices and instill desired behaviors and values during FY 2008, while maintaining outstanding performance in NNSA's core mission areas. Areas for improvement include maintenance programs and project management. Environmental programs continued as a challenging area for LANS.

In producing this report, LASO considered LANS' own assessments and closure guidance, materials from monthly performance reviews held with the contractor, field assessments and audits, inspections, document reviews, facility walk downs, visual surveys, as well as DOE/NNSA Headquarters and other customers' input.

The Report is available on the LASO web page at: <http://www.doeal.gov/laso/>