



*To/MS:* All Employees  
*From/MS:* George P. Nanos, A100  
*Phone/Fax:* 7-5101/5-2679  
*Symbol:* DIR-03-052  
*Date:* February 6, 2003

*Office of the Director*

**SUBJECT: CONCERNS REGARDING UC CONTRACT/UC PENSIONS**

I have received many questions about what would happen to University of California pensions if UC no longer administers the lab's management contract. This is an understandable concern and I want to address it candidly and as completely as possible.

First, Laboratory employees can be assured that we, and the University, will do everything possible to ensure that the University of California continues to manage this Laboratory. That's a first, important objective, and, as I said in our recent all-hands meeting, I will need your best efforts to help make sure that we are in the best possible position to successfully realize this objective.

If, for any reason we are not successful, the normal practice would be for the University and the Department of Energy to negotiate a transition for the management of the lab. This negotiation would, necessarily, address a variety of complex operational and administrative issues, including what happens with the pension plan and retiree medical benefits. Of course, such a transition would take a good deal of time.

Second, you should know that pensions are protected by federal and applicable state laws, and any pension benefits that are already accrued cannot be altered by a contractor change.

I want to stress that we are not in this situation today and with hard work, good will, and the support of employees, the community and the University of California, we will get through this difficult period. I also want you to know that while this process may be challenging, I believe that at the end of it, we will be a better and stronger Laboratory that continues to provide essential support to the country's national security mission.

I know this may not be as definitive an answer as some would like, but it's the best we can provide at the moment given the hypothetical nature of the question and all the variables involved. Again, my intention is to make sure UC continues to manage the lab.

Finally, please know that Senior Vice President Darling and I, and all the other administrators we're working with, are committed to providing you and the rest of the lab community with as much information throughout this process as is available.

In addition to our all-hands meetings and these kinds of communications, you can also stay informed by going to the following web site:

<http://www.universityofcalifornia.edu/news/losalamos/welcome.html>

GPN/LT/lpm