

PART III – SECTION J

APPENDIX G - CONTRACTOR'S TRANSITION PLAN

National Security Technologies LLC

DETAILED TRANSITION PLAN

April 11, 2006

**Management and Operation of the Nevada Test
Site and Satellite Facilities**

COMPANY PRIVATE

V i s i o n S e r v i c e P a r t n e r s h i p

EXECUTIVE SUMMARY

National Security Technologies, LLC (NSTec) understands the importance of a well-planned and executed transition for the NTS M&O contract and has developed this detailed transition plan based on proven successes from past transitions. The primary keys to a successful transition are early preparation, communication and coordination with all stakeholders, use of lessons learned, and minimization of risk for the NSO and anxiety for affected incumbent employees.

Vision – A safe, secure, efficient, seamless transition of the NTS M&O contract with minimal disruptions to ongoing operations and readiness to assume full operational responsibility on July 1, 2006

Service – Communicate and coordinate thoroughly and completely transition activities and scheduled events with NSO and all parties to mitigate or eliminate barriers to smooth transition

Partnership – Partner and collaborate with NSO, the National Weapons Laboratories, the incumbent contractor, other site contractors, the unions, and the workforce to build trust and cooperation

Transition commitments made by NSTec and its parent organizations are outlined in Table 1.

Table 1. Transition Commitments. *NSTec will conduct a safe, smooth, and orderly transition of employees and work scope with minimal adverse impact on ongoing operations.*

Pre-award planning to ensure transition team readiness by April 1, 2006.	Detailed Transition Plan and Transition Team ready on April 1 at no cost to Government
Corporate support from all members of NSTec and the subcontracting team	Full depth and breadth of corporate resources available to the transition team and transition process
Use of specialists with extensive NTS experience	Ensures a smooth and orderly transition
Focus on minimizing risks to safety, health, and environment	A safe, low-risk transition
Completion of transition on schedule with minimal disruption of ongoing work	Readiness to accept full M&O contract responsibility on July 1, 2006
4 targeted cost savings initiatives (Lean Process Improvement)	Prepared by a Northrop Grumman specialist at no cost to the Government
Parent Organization Oversight Plan	Documented information for NSO concerning transition and start-up.
Diversity Plan	
Final Readiness Review Report	

1. PROCESS FOR PROVIDING AN ORDERLY TRANSITION

The NSTec parent companies and supporting subcontractors have extensive experience in planning and managing successful transitions of Government contracts including contracts for DOE, NASA, and U.S. Air Force. Our transition process is based upon successful contract transitions with similar size workforces (e.g., 6,000 employees transitioned on the RFETS contract; 2,600 employees transitioned on the NASA JBOSC contract), nuclear facilities, laboratory facilities, off-site facilities, organized labor, and relevant technical challenges.

A Three-Phased Transition Approach. Based on our transition experience and lessons learned, we developed the basic steps to our transition approach presented in Figure 1. Our approach

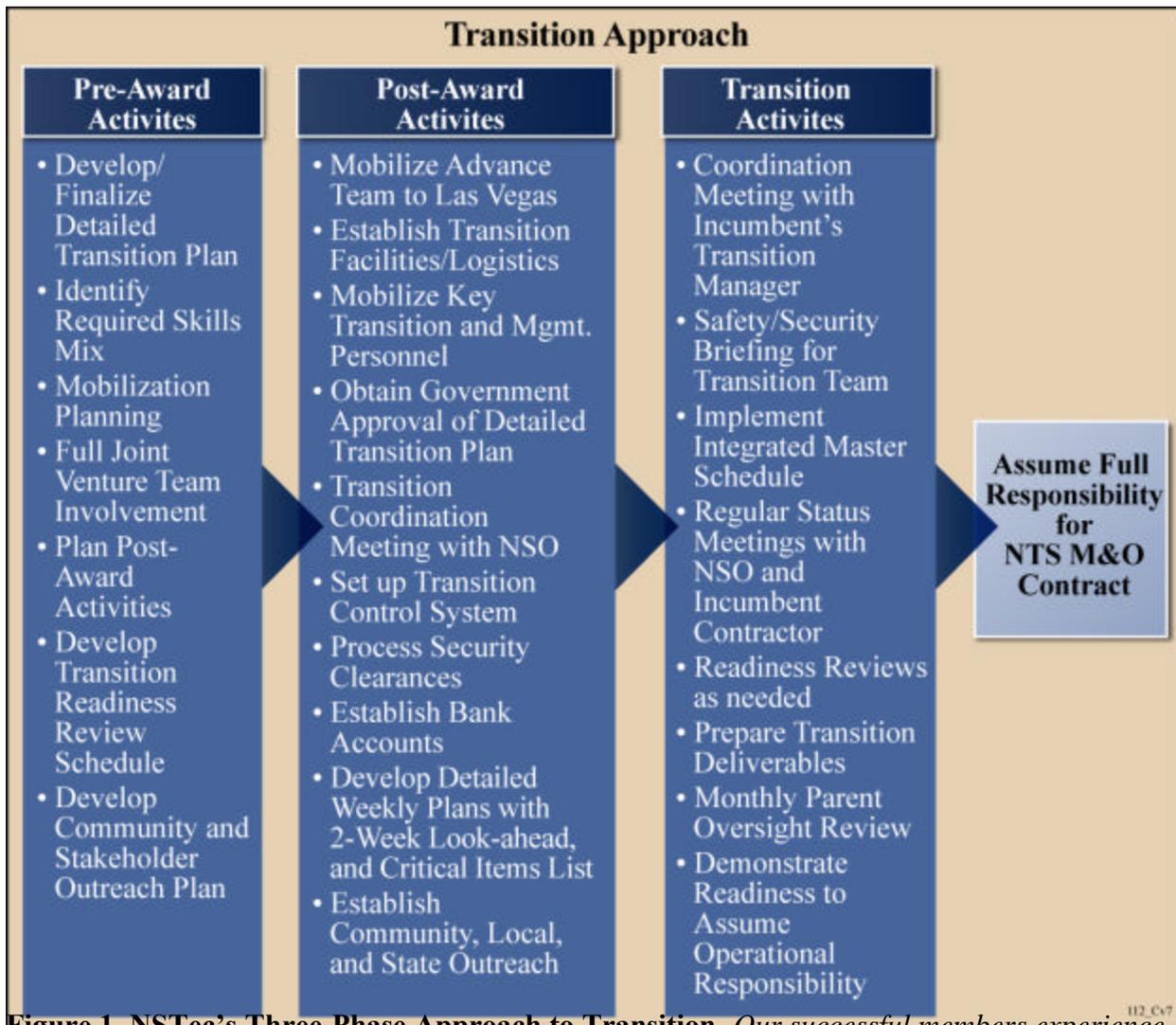


Figure 1. NSTec's Three-Phase Approach to Transition. *Our successful members experience with multiple transitions gives us a high-level of confidence in completing the transition on schedule with no adverse impact to safety and continuity of operations.*

falls into three distinct phases: 1) the pre-award phase consisting of the development of an integrated master schedule and related planning working closely with NSTec's Corporate

Finance, Human Resources, Contracts, and IT Departments; 2) the post-award phase consisting of the mobilization of our advance transition team to Las Vegas, establishment of transition facilities, logistics, and systems to support the transition team and process, and finalization of the detailed transition plan upon NSO approval; and 3) the execution of the detailed transition plan on schedule, and the assumption of full responsibility for the NTS M&O contract. Principal keys to the successful execution of transition are 1) the early coordination and involvement by all involved parties; 2) clear and unequivocal communication to all stakeholders of all transition activities; 3) management of transition as a project; and 4) maintaining the quality of transition operations. We discuss these four keys to a successful transition in the following paragraphs.

1. Early Involvement of All Parties. To formalize the early involvement of all parties, NSTec will lay the foundations set forth in the following paragraphs.

Interfaces with the NSO Contracting Officer and the Incumbent Contractor – NSTec, upon contract award, will establish effective, professional working relationships with the Contracting Officer/designee, National Weapons Laboratories, the incumbent contractor, and associated subcontractors. The NSTec General Manager will negotiate a three-party agreement between NSTec, NNSA and the incumbent contractor. The three-party agreement will seek to coordinate:

- Transfer of employees to new contract
- Transfer of financial accounting system
- Transfer of contracts, leases, property, and procurement commitments
- Identification of safety, security, and environmental liabilities
- Identification of projects and ongoing work
- Establishment of procedures to resolve issues
- Validate existing work authorizations

NSTec will initiate its partnering relationship with the NSO Contracting Officer through a professionally conducted transition that satisfies agreed upon expectations according to a plan and reporting process that is managed openly, cooperatively, and proactively.

Partnering with the Work force – NSTec will commence its partnering relationship with employees by communicating our vision for the contract, by an open and honest flow of information, and by optimism about the challenges of the future. We will build a relationship upon mutual respect and recognition of our shared responsibilities to support the NSO mission and to evolve in support of the NSO's changing needs. NSTec will establish a website, schedule "open houses" for incumbent personnel, and conduct one-on-one meetings to resolve individual issues during off-hours and on weekends so as not to interfere with contract work.

Working/Coordinating with Labor Unions – Immediately upon contract award, NSTec will seek to continue good working relationships with the local unions. Steve Younger will initiate contact with union management, and thereafter, NGC's Human Resources Manager, Dan Enttuno, will be responsible for day-to-day contact. NSTec's labor relations will maintain a focus on developing a win-win solution of issues for labor, the NSO, and NSTec. NSTec and its subcontractors will work with the union leadership to achieve a seamless integration of union personnel into the new contract.

2. Clear and Unequivocal Communication with All Stakeholders. NSTec will provide timely, effective, and ongoing communications with NSO, the National Weapons Laboratories, the

incumbent contractor and other site contractors, the incumbent workforce, and stakeholders to assure all transition tasks and activities are thoroughly communicated and coordinated. We will provide transition status and related information through a dedicated website, direct phone access, email, mailings, and town hall and one-on-one meetings. Our communication actions will accommodate all shifts, locations, and schedules and will facilitate access to information on employee transition, compensation, and benefit packages.

3. Management of the Transition as a Project. We will apply the discipline of project management to transition with its fixed number of tasks to be completed within a fixed time of 90 days and within a fixed budget. We stress schedule and cost control, teamwork and collaboration, flexibility to respond quickly to unanticipated events, continuous analysis of risk, and systematic monitoring of performance and status reporting.

Steve Younger, NSTec's General Manager, will have management oversight of our transition and will have ultimate responsibility for all facets of transition execution. In his absence, Mike Butchko, our Deputy GM will assume overall control of transition. Steve Younger will delegate authority for day-to-day management of transition to Peter Zavattaro. Bob Layton will support Peter Zavattaro as Deputy Transition Manager. Bob is currently the Director of Human Resources for Northrop Grumman Technical Services.

NSTec's transition management team is comprised of our proposed key personnel and specialists with specific experience in the transition of contracts similar in magnitude and complexity to the NTS contract. Specialists from the four offering companies and specialists from our five pre-selected subcontractors will be temporarily assigned to provide transition support in such areas as human resources, asset validation, procurement, subcontractor support, IT/communications, safety, quality, accounting, labor relations, and contracts. Designated specialists include Michael Martin for the IT/Communications function, and Bob Layton, our Deputy Transition Manager, for the Human Resources function.

In addition, there are designated subject matter experts as follows; Gy Allen will support Jim Holt in Stockpile Stewardship and Defense Operations transition activities, Augie Gurrola will support AC Hollins in Operations Infrastructure transition, Jim Magruder will support Dave Post in Nuclear Operations transition, and George Hughes will support Peter Zavattaro and Bob Layton in transition management.

4. Maintaining Quality of Transition Operations. Each step in the transition of operational responsibility from the incumbent contractor to NSTec will be closely monitored by our General Manager, key Functional Managers, and by our Transition Manager to ensure no reduction in either quality or timeliness of services. A key tool that we will use to deliver quality is the Transition Readiness Review (TRR). This tool will provide the Transition Manager and NSTec senior management with a daily status of transition progress and accomplishments. The Transition Manager is responsible for the maintenance of the TRR program, updating it daily to track progress against milestones, business system assessment, equipment and facilities validation, ESH&Q actions, and all transition activities as they relate to each functional area. NSTec developed the TRR program for the NTS transition prior to contract award, will implement it on contract award, and will complete/validate it near the end of the transition period.

The NSTec parent organizations will also monitor transition progress. They have tasked Gregg Donley, President of Northrop Grumman Technical Services and Chair of the NSTec Parent Organization Oversight Committee (POOC) to work with the Transition Manager and his key staff in Las Vegas to review the status of transition milestones and deliverables, provide guidance, and supply additional resources if required. Gregg Donley is very experienced at assisting transitions having provided transition oversight and full corporate support for 7 major DoD contracts in the last 5 years. He will begin oversight of the NTS transition with a review of the Pre-Award Activities. He will follow up with monthly oversight assessments until the end of the transition period.

2. SUMMARY OF PRE-TRANSITION ACTIVITIES

In preparation for transition, it was necessary to plan for mobilization and to establish processes and activities to allow rapid transition start-up and immediate communication with employees, stakeholders, and the community. These processes and activities include:

- Preparation of this Plan and Schedule
- Coordination of facilities, equipment, lodging, and transportation
- Establish a Community and Stakeholder Outreach Plan
- Establish a NSTec web-site
- Design and preparation of press releases and public announcements
- Establish an IT Transition System
- Establish an Integrated Master Schedule and a Transition Readiness Review Schedule

3. FUNCTIONAL AREA TRANSITION PLANS

There are eleven Functional Area Plans that make up the Detailed Transition Plan. The staffing allocations for these functional areas are shown in Table 2.

Table 2. Time-Phased Transition Staffing. *Our phased staffing starts out at 15, peaks at 95 in the last week of May, and ends on day 90 with 57.*

Transition Management	4	5	9	9	9	9	9	9	9	9	8	8	8
Nuclear Operations	1	2	5	5	9	9	12	11	11	11	11	6	6
National Security	1	2	3	3	3	3	6	6	6	6	6	6	4
Human Resources	1	2	14	14	14	13	13	13	11	7	1	1	1
Op's Infrastructure	1	2	2	3	13	13	13	13	13	13	13	6	5
Planning and Integration	1	2	2	2	2	2	2	5	5	4	4	4	4
Environmental Mgmt	1	2	6	6	6	6	11	12	12	12	12	11	8
ESH&Q	1	1	1	3	3	3	5	6	6	5	4	4	3
SS & DE	2	2	4	4	4	4	6	7	7	7	7	6	5
Business Systems	1	1	4	4	6	7	9	10	10	10	10	10	10
IT/Communications	1	1	1	1	1	1	3	3	4	4	4	3	3
Staffing by Week:	15	22	51	54	70	70	89	95	94	88	87	65	57

Specific steps of each Functional Area Transition Plan, described below, are included in the attached Implementation Schedule

3.1 TRANSITION MANAGEMENT

General Manager Steve Younger has management oversight of transition with ultimate responsibility for all facets of transition execution, ensuring that sufficient resources are available to meet transition commitments. He will establish a three-party agreement with the incumbent contractor and NSO. During transition and throughout the contract, the POOC will hold monthly teleconferences to discuss activities and issues. Once during transition, and quarterly thereafter, the POOC will meet in Las Vegas to discuss contract progress. The Management team, in coordination with the POOC will **prepare Parent Organization Oversight Plan** for NSO.

During transition, the Management Team, along with the appropriate subject matter specialists, will review all legal and regulatory issues and outstanding litigation, support badging of new employees, and inventory all classified documents and materials. The Management Team will also be responsible for overall logistics support and scheduling to ensure minimum disruption to on-going work.

The Transition Management Team will track transition activities daily against the Integrated Master Schedule and make daily reports. They will identify and resolve issues before they become problems and advise the General Manager/Deputy General Manager of potential problem areas and of the need for additional resources. The team will **prepare the Final Readiness Review Report** at the conclusion of transition for NSO

3.2 NUCLEAR OPERATIONS

The Division Leader for Nuclear Facilities and Nuclear Operations, Dave Post, will lead the transition activities for Nuclear Operations. In addition to mapping current employees into the new organization, his team will conduct a Nuclear Safety Analysis Due Diligence. The team will also review current work processes, material inventory, storage and packaging, safety training and qualification procedures, USQ safety, site transportation safety analysis, radiation containment, and nuclear transportation performance. The team will assess VSS documentation and Conduct of Operations. The team will validate the FY 2006 Baseline for Nuclear Operations and BCWS/BCWP/ACWP/EAC. The team will confirm MAR, MAB, and assess 5480.2A compliance. The team will also compile a Nuclear Operations Report as part of the Final Readiness Review Report.

3.3 NATIONAL SECURITY

National Security Director, Bob Summers, supported by NSTec specialists, consultants and subcontractors as appropriate, will ensure a smooth transition of all national radiological emergency response, nonproliferation, Special Operations, homeland security and other DOE and non-DOE missions. The transition of these missions will include the confirmation of current managers where appropriate, and identification of new or temporary managers where needed to ensure smooth transition of missions led by qualified individuals. These management decisions will be made after reviewing the current leadership and organizational structure in place at start of transition. The transition will also map current employees whose primary work supports these missions to the NSTec organization. Each mission transition will include facility and equipment

reviews and confirmations, safety basis reviews, programs reviews and readiness posture reviews where appropriate. The purpose of these reviews is to accomplish due diligence to ensure NSTec is aware of program actions which will take place soon after contract take over and is prepared to support and execute the 24/7 national emergency response missions at contract takeover. The team will also prepare a National Security Readiness Report as part of the Final Readiness Review Report.

3.4 HUMAN RESOURCES

Deputy Transition Manager, Bob Layton, will lead the human resources team of specialists in managing the smooth transition of the current workforce. We will offer employment to all BN employees who successfully complete their probationary period as of the date of contract award, except BN's key personnel and other senior managers who report directly to BN's General Manager. Those personnel will be evaluated on a case by case basis. During transition, as incumbents are mapped to our new organization structure, small groups may be offered the opportunity to join one of our pre-selected subcontractors.

During transition, Steve Younger and Northrop Grumman's Labor Relations Specialist, Dan Entunno, will meet with the unions to introduce the company and our management philosophy. We will honor all existing collective bargaining agreements with all unions.

Immediately after contract award, the HR transition team will schedule employee orientations to explain NSTec's organization and plan for transition, to alleviate concerns and apprehensions and begin the integration process. Briefings will be scheduled to ensure non-interference with ongoing operations, and family members will be invited to attend. Employees will be provided a detailed benefit summary and a list of documentation required to complete the hiring process. Incumbent workers will receive a total compensation package of pay and benefits equivalent to their present amounts.

The team will maintain continuous communication with incumbent workforce regarding transition, employment and benefits issues; support recruiting, interviewing, hiring, and employee mapping processes; and meet with labor management to communicate plans for labor usage. The team will **prepare Diversity Plan for NSO** and a Human Resources Report as part of the Final Readiness Review Report.

Communication will be a critical issue during transition. The team will establish and maintain a transition Website, prepare a weekly transition newsletter, establish and execute town-hall style community meetings, support briefings to the media and provide transition status briefings to NSO

3.5 OPERATIONS INFRASTRUCTURE

The Director of Site Operations, A.C. Hollins, will lead the transition activities for the Site Operations Infrastructure. In addition to mapping current employees into the new organization, his team will conduct sample inventories and audits, support all transition logistics requirements including transportation, materials, shipping, and storage, and review all site services and utilities agreements.

The team will review all Engineering and Construction Projects, and evaluate the Non-Conformance Reporting Program, and Work Permitting Program.

The team will review and assess the property management system(s) for real and personal properties, and the Emergency Operation Services (Emergency Management, Operations Coordination Center, and Fire & Rescue), perform facility condition assessment validations, facility hazard assessment validations, and establish the criteria for facilities turnover at the start of the contract. In addition, the team will:

- Brief NSO on the Chief Engineer concept
- Work with P&I to review, assess and/or establish the Project Management Office
- Review and revise all required permits and licenses from the current contractor to NSTec on July 1, 2006
- Review all subcontractors, especially any that may be in litigation
- Validate condition of all site facilities, signage, utilities and roads
- Develop a preliminary Engineering Strategic Plan
- Work with the Nuclear Operations Lead to ensure that the existing site maintenance program is in compliance for nuclear facilities and operations
- Ensure the Site Maintenance Program is in compliance with DOE and other appropriate national standards and it meets the DNFSB expectations
- Compile a Site Operations and Infrastructure Readiness Review Report as part of the Final Readiness Review Report
- Evaluate medical and emergency management operations

3.6 PLANNING INTEGRATION

The Planning and Integration Manager, Al Rubalcaba, will lead the transition activities for the Planning Integration. His team will review and evaluate information and reports available from the incumbent contractor's system and validate that the data and reports satisfy all NSO business operational requirements and DOE directives. To the extent that access is provided, we will seek to confirm that BN has a consolidated cost collection and reporting infrastructure that ties the Work Breakdown Structure (WBS)-based cost code of account elements to resource loaded project schedules with organizational breakdown structure correlation. Specifically, we will ensure that the existing financial management system retains a history of cost performance that supports effective financial planning as well as DOE/NNSA budget process requirements.

In addition to focusing on systems and processes, the team will focus on the transition of cost and schedule professionals into the new organization, and re-energize them to be a part of the NSTec vision for the NTS. The team will re-enforce their importance to the successful execution of mission objectives and to the success of NSTec's commitment to service and partnership. Throughout the transition period, the team will provide and solicit comments from NSO on status reports, readiness reviews, and PCS assessments and evaluations. The team will also review existing technical, cost, and schedule baseline and planning documentation, as well as risk management and contingency/strategic plans. The team will also compile a Planning and Integration Report as part of the Final Readiness Review Report.

With the assistance of NSO/NNSA, other customers and stakeholders, and incumbent personnel, NSTec is committed to the implementation of an enterprise system that is integrated and

standardized across all programs and projects, and capable of supporting NSO/NNSA planning and budgeting while evaluating contractor performance at all levels of the Work Breakdown Structure. In addition, the team will:

- Evaluate project control systems
- Evaluate integrated Information Technology and Communication Systems
- Evaluate risk management systems across all levels of operation

Extending into the first 180 days of the contract execution, in conjunction with the Business Systems and IT/Communications organizations, NSTec will conduct a systematic review of the incumbent contractor Project Control System using parent company resources as needed.

3.7 ENVIRONMENTAL MANAGEMENT

The Director for Environmental Management, John Ciucci, will lead the transition activities for Environmental Management. In addition to mapping current employees into the new organization, his team will review and validate FY06 EM Work Scope, Schedule and Budget. The team will walk down work sites for safety conditions and review Union safety concerns, safety performance and injury statistics. The team will review the EM Rad Con Program, baseline members of the workforce with bio-assay, and look at posting status.

The team will review Existing/Outstanding NOV's and related reports, validate the Chemical Control Program, and conduct 100% inventory of Haz Waste. The team will review the EM Regulatory Compliance, FFCA/STP milestones, Nuclear Safety Requirements, and Generator & Shipper Compliance.

The team will review Operating Permits, Waste Generator information, pending legal actions, and property inventory. The team will evaluate the status of Conduct of Operations and the Authorization Basis. The team will look at the evaluations, postings, and implementation plans for the Criticality Program. The team will also compile an EM Report as part of the Final Readiness Review Report. The team will also:

- Verify compliance with RCRA operating permits
- Verify compliance to air and water NPDES permits
- Validate status of TRU program
- Walk down all restoration activities and validate documentation
- Walk down all monitoring wells and validate compliance
- Validate health and safety management program
- Verify compliance to fire hazard analysis and combustible control
- Review PAAA status
- Validate BCWS/BCWP/ACWP/EAC
- Validate FY06 Baseline

3.8 ESH&Q

The Manager for ESH&Q, Gary Griess, will lead the transition activities for ESH&Q. In addition to mapping current employees into the new organization, his team will conduct ESH&Q facility walk down and inspection of Site to ensure safety, and review ISM procedures and issues.

The team will evaluate existing management tools including those for quality assurance, safety, risk management, planning and scheduling, and reporting. Specifically, the team will evaluate ESH&Q Environmental Procedures and Systems, and ESH&Q Safety Procedures and Systems. The team will review the Radiological Protection Program, the Criticality Safety Program, and accident, injury and illness statistics. The team will look at all general safety programs, including the Non-Nuclear Safety Analysis Program, and perform an initial VPP readiness review. The team will also look at the ESH&Q Health Procedures and Systems, the Quality Assurance Program, QMS Readiness, IH Program and the Quality Control Program. The team will also compile an ESH&Q Report as part of the Final Readiness Review Report.

3.9 STOCKPILE STEWARDSHIP AND DEFENSE EXPERIMENTATION

The Director of Defense Experimentation and Stockpile Stewardship, Jim Holt, will have the overall lead for Defense Experimentation and Stockpile Stewardship transition activities. There are three sub elements under this functional area; Jim Holt will have primary oversight for Defense Experimentation, Ping Lee will have primary oversight for Test Readiness, and Dave Post will have primary oversight for Nuclear Operations. The details for Nuclear Operations are described in Section 3.2, this Section deals primarily with the sub elements of Defense Experimentation and Test Readiness.

In addition to mapping current employees into the new organization, Jim Holt and Ping Lee will lead teams to review the experimental programs and validate the current incumbent contractor test readiness plan as it pertains to M&O contractor operations. The review will entail a comprehensive evaluation of all personnel, physical assets, procedures, and infrastructure that are involved in the on-going experimental program or would be involved in a possible nuclear test. The reviews will be closely coordinated with the Weapons Laboratories, NSO and the incumbent contractor. If the review reveals that there are areas that could be improved or elements that are not in compliance with NSO M 450.X2, Underground Nuclear Testing, Test Readiness, and Threshold Test Ban Treaty Verification, that information will be documented and compiled in a Stockpile Stewardship Report and made part of the Final Readiness Review Report.

3.10 BUSINESS SYSTEMS

The Manager of Business Operations and CFO, Jack Stumpf, will lead the transition activities for Business Systems. In addition to mapping current employees into the new organization, his team will analyze and build an understanding of the existing business operations personnel, systems, processes, and infrastructure. Working with NSO, the incumbent contractor, and incumbent personnel, NSTec will determine the current operational criteria and performance baseline for all ongoing business operations.

During the first week of transition, Jack Stumpf, NSTec's CFO, will form his transition team, comprised of selected senior financial staff from NSTec, specialists from NSTec parent companies and, if available, stakeholders from NSO and NSO site user organizations.

The team will review all contracts/subcontracts and vendor agreements, novate contracts and prepare to integrate the subcontractors into the NSTec organization. The team will review CAS, GAAP, SAX, and FAR requirements. The team will also:

- Establish an NSTec employee database for payroll (test)

- Validate status of accounts payable and accounts receivable
- Validate FY06 baseline

In assessing the existing finance and budgeting systems, the team will ensure that the new NSTec employees are entered into Accounting and Finance System and 1st payroll is made on time. The team will then compile a Business Systems Report as part of the Final Readiness Review Report.

3.11 IT/COMMUNICATIONS

During transition, Michael Martin, our CIO, will lead the transition activities for IT/Communications. In addition to mapping current employees into the new organization, his team will be tasked with developing a complete understanding of the existing IT systems and how they are used by the Technical Operations functions that they support. The team will be staffed with a mix of senior business operations professionals from NSTec and its parent organizations. The team will meet with NSO designated personnel, incumbent staff, and all available NTS stakeholders to discuss and profile current operations. The deliverable produced by this team will identify strengths and any weaknesses of the existing systems and will develop proposed solutions for those weaknesses identified. This deliverable will be compiled as an IT/Communications Report and included as part of the Final Readiness Review Report. The team will also:

- Conduct a sample inventory and validation of all IT equipment
- Validate all software licensing and location of installed applications
- Perform a physical inventory of all communications equipment
- Validate the condition of all IT/Communications equipment

The basis of the team's suggested solutions will be limited to the implementation of lessons learned and technical solutions that can be implemented by the end of Transition and that have already been field tested and confirmed effective on other contracts. These proposed "fast-track" solutions will be presented to NSO for approval as part of the formal closeout report along with an implementation plan that includes a risk/return analysis and an associated risk mitigation plan.

4. MINIMIZING IMPACTS ON CONTINUITY OF OPERATIONS

NSTec's transition plan is comprehensive, controlled, time-sequenced, and tailored specifically to ensure minimum interruptions of ongoing services. NSTec will execute a transition plan that avoids or minimizes adverse impacts to ongoing NTS operations. This will be accomplished through continuous interface and regular meetings with NSO, incumbent contractors, and customers. Our approach takes into consideration that the NTS is a complex and uniquely challenging environment that encompasses over 1,100 facilities (nuclear and nonnuclear including high hazard operations) on a 1,375 square mile site in addition to satellite facilities across the country with a workforce of approximately 3,400 personnel.

NSTec developed its transition plan with careful attention to detail, and the interfaces and coordination between NSTec transition team members, the NSO, and the incumbent contractor outlined above are critical in preventing interruptions. We will hold regular joint meetings with the NSTec transition team, NSO, and incumbent contractors to maintain effective communication during transition. Meeting agendas will include a review of new and old business

to establish and track our agreed-upon expectations, to resolve issues, to review progress and metrics against critical transition success factors, and to assign action items for later meetings. NSTec will take detailed minutes and distribute them electronically to all participants within 24 hours. When and if disruptions are unavoidable, NSTec will schedule these disruptions in advance, will coordinate these events with the appropriate Contracting Officer's Technical Representative and the incumbent contractor, and will take appropriate actions to mitigate any adverse effects on ongoing operations.

5. IDENTIFYING KEY ISSUES AND MILESTONES

NSTec's Integrated Master Schedule for transition, presented at the end of this criterion, lists activities and milestones. Of these, we have identified 8 critical milestones that must be achieved and 4 key issues that must be resolved during the transition period. The critical milestones are:

- Mobilization of the transition Team to Las Vegas
- NSO approval of Transition Plan
- Accept transfer of incumbent personnel to the new contract by June 30, 2006
- Prepare employee benefit packages
- Prepare and validate payroll system
- Prepare and validate ES&H plan
- Prepare and submit Parent Organization Oversight Plan
- Validate the process to accept NSO assets that NSTec will control

The Transition Manager has primary responsibility for ensuring that these critical milestones are achieved in accordance with the Integrated Master Schedule.

The key issues are related to 1) safety; 2) incumbent employees, the contract's most valuable asset; 3) continuity in operations; and 4) communication and relationships. We address each of these issues in the following paragraphs.

1. Safety. This is our number 1 commitment as a contractor. It is the number 1 commitment of our General Manager, and the number 1 commitment of each of our key people. We will hold safety briefings at the beginning of each workday and at the commencement of each separate task or project. We will institute this discipline on the first day of transition. We will instill safety into our work planning as well as our work execution. We will develop a work culture where safety is foremost in the mind of each worker.

2. Incumbent Employees. Incumbent personnel constitute the principal resource for the contract. We recognize that contract transition is a time of considerable anxiety for incumbent employees and that first impressions are very important. At the first opportunity following contract award, we will communicate to incumbents our conviction that they are integral to our success as a contractor. We will assure them that all incumbent non-key employees will be offered a position with NSTec. We will share with incumbent employees our vision for the contract, our values, and our culture. We will not keep them guessing about our intentions, but will expedite delivery of information on transfer to the new contract and on compensation and benefit packages.

NSTec will place a full page advertisement in all relevant local papers upon notification of contract award to ensure incumbent employees understand that their employment will be transitioned directly to the NSTec Team with no loss of benefits, pay, or longevity. Other steps that we will take early in the transition period include:

- Establishment of employee website that answers frequently asked questions
- Establishment of employee outreach centers in the communities to allow face-to-face discussions regarding questions and concerns about the transition
- Establishment of an HR hot-line staffed with qualified personnel who are able to provide answers to questions and be responsive to concerns
- NSTec General Manager, Steve Younger, will address incumbent employees at scheduled meetings off-site during non-working hours to communicate his plan for contract execution
- Orientation that introduces them to NSTec, our culture, personnel policies, payroll procedures, work rules, and standard company practices such as safety and quality

3. Continuity in Operations. For NSTec this commitment is second only to safety. We are totally committed to the early identification and resolution of any problem or activity that would disrupt Contract operations. Our approach to achieving this is outlined in Section 1, with emphasis on regular meetings with NSO, incumbent contractors, and customers.

4. Communication and Relationships. This is the easiest issue to fail to address adequately because of the many and diverse relationships that the incoming contractor must develop. NSTec recognizes that our entire team must reach out and communicate openly and honestly with all NTS stakeholders. We understand that the bedrock of strong lasting relationships is partnership, and that will be the premise on which we will build relationships with NSO, the National Weapons Laboratories, the workforce, site contractors, and all stakeholders.

6. MITIGATING OR ELIMINATING BARRIERS TO A SMOOTH TRANSITION

In preparing our transition plan, we identified potential risks and mitigation strategies to ensure that ongoing NTS work is not disrupted and that our transition activities are performed on schedule and within budget. Table 3 summarizes transition risks and risk mitigation strategies.

Table 3. Transition Risks and Mitigation Strategies. *We will continuously analyze and assess risks throughout the transition process and apply corrective/mitigation action.*

Potential Risk	Level	Mitigation Strategy	After
Transition activities by new contractor personnel who are unfamiliar with site hazards pose incident/accident risk	Medium to High	<ul style="list-style-type: none"> • Schedule facility specific safety briefings by the Facility Manager • Early and continuous safety awareness briefings to NSTec personnel • Daily safety briefings by the ESH&Q Manager prior to start of work • Use of the “buddy” strategy • Coordinate work with Bechtel Nevada • Prepare for working in harsh climate • Become familiar with NTS safety orders and procedures prior to arrival 	Low
Loss of key skills due to retirement of the incumbent personnel	Low to Medium	<ul style="list-style-type: none"> • Offer financial incentives to individuals to prolong their stay with NSTec • Recruit during transition to identify and 	Low

Potential Risk	Risk Level	Mitigation Strategy	Risk After
		hire key skills lost to retirements	
Failure to achieve operational readiness by July 1, 2006	Medium	<ul style="list-style-type: none"> • Assignment of a dedicated Transition Manager • Regular Readiness Reviews • Three performance assessments and reviews by parent organizations 	Low
Late award of contract shortens significantly 90-day transition period	Medium	<ul style="list-style-type: none"> • Develop contingency plan and transition organization to conduct transition in a reduced schedule. 	Low

7. IMPLEMENTATION SCHEDULE, IDENTIFYING MILESTONES AND MEASURABLE COMMITMENTS

NSTec has developed an Integrated Master Schedule that identifies milestones and measurable commitments. The critical path is identified in red and flows through the human resource/hiring process of the transition. The full schedule for NSO to review and approve upon contract award is presented in Table 4. Our personnel resource-loading associated with the Integrated Master Schedule is shown in Table 2. The proposed staged staffing is for the 90-day transition. This transition staffing will come from the corporate offices of NSTec parent companies and supporting subcontractors augmented by local resources and SMEs.

