

EXHIBIT "C" APPENDIX 2a
PAYROLL AND ADMINISTRATIVE SERVICES AGREEMENT

Payroll and Administrative Services Agreement

This Payroll and Administrative Services Agreement ("Agreement") is entered into by and between _____ ("SUBCONTRACTOR"), a _____ with an office located at _____, and Bechtel Jacobs Company LLC, ("CONTRACTOR") a Delaware limited liability company, with an office located at East Tennessee Technology Park, Oak Ridge, Tennessee, with regard to [Subcontract # _____] by and between _____ [insert name of first-tier Subcontractor] and CONTRACTOR.

This Agreement shall be effective until CONTRACTOR provides notice to SUBCONTRACTOR approving SUBCONTRACTOR to administer payroll services for Grandfathered Employees, or until otherwise agreed in writing by the Parties. Upon notice of approval to administer payroll services, this Agreement will be superceded by the Benefit Accounting and Administrative Services Agreement dated _____.

WHEREAS: SUBCONTRACTOR has entered into an agreement with [insert name of first-tier Subcontractor] as a Subcontractor in support of [first-tier Subcontractor's] obligations under its Subcontract with CONTRACTOR (use this sentence when the Agreement is with a second-tier Subcontractor);

SUBCONTRACTOR is subject to certain workforce transition and other requirements under the referenced subcontract[s], including transitioning to SUBCONTRACTOR certain employees who are designated for purposes of the subcontract[s] as Grandfathered Employees;

SUBCONTRACTOR has agreed to provide certain pay and benefits to these Grandfathered Employees, and has adopted, in the Adoption Agreement signed by the Board of Directors of SUBCONTRACTOR, certain employee benefits plans including, but not limited to, those plans referred to in the Agreement as the Multi-employer Pension Plan (MEPP), the Management and Integration ("M&I") 401(k) Plan Prototype and Associated Adoption Agreement and the Multi-employer Employee Welfare Arrangement (MEWA);

As a condition of being a participating employer in the MEWA, MEPP, and M&I 401(k) Plan Programs, on behalf of its Grandfathered Employees, SUBCONTRACTOR has agreed to use Bechtel Jacobs Company Payroll Services ("Payroll Services") for all employees enrolled in the MEWA, MEPP, and M&I 401(k) Plan Programs at no cost to SUBCONTRACTOR; and

As a condition of being a participating employer in the employee benefits plans adopted in the Adoption Agreement, SUBCONTRACTOR has agreed that CONTRACTOR shall administer the benefits plans adopted therein by SUBCONTRACTOR.

NOW, THEREFORE, in consideration of the provisions, mutual covenants and agreements contained herein, SUBCONTRACTOR and CONTRACTOR hereby agree as follows:

A. Responsibilities of SUBCONTRACTOR:

Employee Information

SUBCONTRACTOR shall provide to CONTRACTOR in a timely manner, and in all cases prior to the transition of such employees, certain information about its participating employees ("Employee Information") as necessary for CONTRACTOR to perform the payroll and administrative services. Information to be provided regarding participating employees shall include all information required by the Adoption Agreement, and, as appropriate, (i) wage rates or salary information; (ii) employee benefit elections; (iii) life insurance elections; (iv) information related to before- and after-tax salary or wage reductions and deductions; (v) personal bank account information; (vi) federal, state, and local income tax withholding and related information; (vii) paid-time-off information; (viii) social security numbers; (ix) employment service date information; (x) birth date information; (xi) employee contributions to the M&I 401(k) Plan and flexible benefits plan; and (xii) such other related information as CONTRACTOR may, from time to time, request in furtherance of performing its payroll and administrative services responsibilities. (Although CONTRACTOR will be responsible for collecting most of this information from employee prior to transition, SUBCONTRACTOR must verify.)

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Bank Authorization

SUBCONTRACTOR shall take all actions necessary to authorize CONTRACTOR to draw drafts, checks or electronic funds transfers (EFTs) upon a corporate checking account established by SUBCONTRACTOR (the "Payroll Account") at a financial institution mutually agreeable to the parties, on a weekly basis or as needed to meet payroll requirements of SUBCONTRACTOR'S participating employees. All bank charges imposed for customary banking services, including the maintenance of the Payroll Account and processing of deposits and drafts will be paid to the bank directly by SUBCONTRACTOR.

Payroll Funding

SUBCONTRACTOR shall assure that funds are deposited into the Payroll Account in such amounts and at such intervals as are required to satisfy SUBCONTRACTOR'S payroll obligations. If the Payroll Account's deposit balance is insufficient to cover drafts, checks or (EFTs) drawn and cleared to pay payroll obligations, and overdraft results. CONTRACTOR is not required to advance funds to cover overdrafts. In the event of an overdraft, CONTRACTOR may, in its sole discretion, suspend Payroll Services. If, in its sole discretion, CONTRACTOR has advanced funds to cover an overdraft, SUBCONTRACTOR agrees to cause CONTRACTOR to be repaid the full amount advanced plus any additional charges necessary to cover the cost to CONTRACTOR of covering the overdraft. CONTRACTOR may require financial assurances to secure such funding if in its sole discretion it deems such assurances to be necessary.

Benefits Reporting and Funding

SUBCONTRACTOR is responsible for all financial obligations to the CONTRACTOR associated with the multi-employer benefits plans (MEWA and MEPP), M&I 401(k) Plan, and Section 125 Plan specified in the Adoption Agreement, and recognizes that failure to meet these obligations could adversely affect administration of those plans by the CONTRACTOR.

SUBCONTRACTOR shall assure that funds are deposited into the Health and Welfare Benefit Plan for Employees of Bechtel Jacobs Company LLC and Subcontractors and Associated Trust account ("Health and Welfare Trust Account") in such amounts and at such intervals as are required to satisfy SUBCONTRACTOR'S benefit payment obligations. If the Health and Welfare Trust Account's deposit balance is insufficient to cover drafts, checks or EFTs drawn and cleared to pay benefits obligations, the SUBCONTRACTOR shall be in breach of the Agreement and CONTRACTOR may, in its sole discretion, suspend Benefit Services provided under this Agreement. If, in its sole discretion, CONTRACTOR has advanced funds to cover the SUBCONTRACTOR benefits obligations, SUBCONTRACTOR agrees to cause CONTRACTOR to be repaid the full amount advanced plus any additional charges necessary to cover the cost to CONTRACTOR of covering the SUBCONTRACTOR'S benefits obligations. CONTRACTOR may require financial assurances to secure such funding if in its sole discretion it deems such assurances to be necessary

CONTRACTOR shall provide SUBCONTRACTOR a summary of funds to be deposited, by benefit type, in the Health and Welfare Trust Account. (An example of the format to be used has been supplied as Attachment A to this Agreement). SUBCONTRACTOR shall deposit funds in the Health and Welfare Trust Account being administered by CONTRACTOR to cover both employer and employee portion of premiums due for the pay period reported by Friday noon, Eastern Time.

Penalties for not complying with timely reporting and deposit premiums in the Health and Welfare Trust Account may result in a surcharge assessed by the benefit providers. The rate is 12.5 percent for the amount which is late.

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Pension Plan And Retiree Medical Plan Costs

If SUBCONTRACTOR uses Grandfathered Employees on non-M&I work, SUBCONTRACTOR shall pay the labor and benefits costs. SUBCONTRACTOR shall pay to CONTRACTOR an administrative fee of eight (8) percent for hours worked by Grandfathered Employees on non-M&I work, up to a maximum of 40 hours in a work week, to cover the cost of the Pension Plan and companion Retiree Medical Plan. SUBCONTRACTOR shall provide CONTRACTOR all non-M&I hours worked in a format as specified in Attachment B of this Agreement by Monday at 7:00 a.m., Eastern Time. The administrative fee and benefits plan costs are subject to periodic review based on any changes in pension funding requirements and retiree insurance expense escalation.

Taxes

SUBCONTRACTOR will pay directly all applicable taxes levied or based on the payroll or benefits addressed in this Agreement.

Pay Cycles

SUBCONTRACTOR'S pay cycles for Grandfathered Employees must be weekly.

B. Responsibilities of CONTRACTOR:

Payroll Services

In reliance on the information provided by SUBCONTRACTOR, CONTRACTOR will draw draft, checks or EFTs appropriate to fulfill net obligations for applicable payroll, and shall timely notify SUBCONTRACTOR of amounts due from SUBCONTRACTOR for taxes and other legal obligations related to such payroll. CONTRACTOR has no obligation to verify the accuracy of the data provided by SUBCONTRACTOR, and will not be liable for any adverse consequences resulting from errors or omissions contained in the data. CONTRACTOR in performing payroll services is acting only as SUBCONTRACTOR's payroll agent.

Benefit Accounting Services

CONTRACTOR will rely on the information provided by SUBCONTRACTOR to administer the MEWA and M&I 401(k) Plan and to make payments from the Health and Welfare Trust Account. CONTRACTOR shall timely notify SUBCONTRACTOR of any additional amounts due from SUBCONTRACTOR for benefits premiums related to the MEWA and M&I 401(k) Plan. CONTRACTOR has no obligation to verify the accuracy of the data provided by SUBCONTRACTOR, and will not be liable for any adverse consequences resulting from errors or omissions contained in the data.

Employee Benefits Services

CONTRACTOR is the sponsoring employer for the MEPP and is responsible for the administration of the Plan and for maintaining its qualified status. CONTRACTOR has made available to SUBCONTRACTOR the M&I 401(k) Plan Program and the MEWA for its employees. However, CONTRACTOR may answer questions regarding how the plans are administered for the SUBCONTRACTOR or its employees. This includes allowing the SUBCONTRACTOR'S employees to submit benefits enrollment/change forms to CONTRACTOR, who, in turn, will forward to SUBCONTRACTOR. CONTRACTOR will not, in any case, make a determination of a claim, interpret a claim, or attempt to resolve a problem or issue for SUBCONTRACTOR'S employees.

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Benefits Administration Services

Based on information provided by SUBCONTRACTOR, CONTRACTOR will notify SUBCONTRACTOR of amounts due for participating employees' benefits provided through the MEWA, M&I 401(k) Plan, Section 125 Plan, and MEPP, as applicable, and will transfer amounts remitted by SUBCONTRACTOR to appropriate providers. CONTRACTOR shall administer the benefits plans as provided in the Adoption Agreement.

Confidential Information

Confidential information for purposes of this Agreement shall mean employee information, disclosed by SUBCONTRACTOR to CONTRACTOR, and designated in writing or in electronic format as confidential information. Confidential information shall not include information which (i) is rightfully obtained by CONTRACTOR from third parties owing no obligation of confidentiality; (ii) was known to CONTRACTOR prior to receipt from SUBCONTRACTOR; (iii) was developed by CONTRACTOR independently of any of the confidential information received from SUBCONTRACTOR; or (iv) is or becomes publicly known through no breach of this Agreement.

All confidential information disclosed by SUBCONTRACTOR to CONTRACTOR shall be kept confidential by CONTRACTOR and shall not be disclosed either directly or indirectly, by CONTRACTOR (and/or its agents, representatives, employees, subcontractors, or employees of affiliated or related companies) without the prior written consent of SUBCONTRACTOR; and shall not be used by CONTRACTOR, its agents, representatives, employees, subcontractors, or employees of affiliated or related companies other than as specifically required to perform the payroll and administrative services for SUBCONTRACTOR'S Grandfathered Employees. Any writing authorizing CONTRACTOR to disclose confidential information, must be signed by SUBCONTRACTOR'S finance officer and must specify the specific information authorized by SUBCONTRACTOR to be released and identify to whom the confidential information may be released.

CONTRACTOR agrees to reveal confidential information only to its employees or subcontractors who have a need to know the confidential information in furtherance of performing their specific jobs in providing payroll and administrative services for Grandfathered Employees. CONTRACTOR shall inform all of its employees or other subcontractors receiving said confidential information of the confidential, non-public, proprietary nature of the confidential information and these employees or subcontractors shall be directed to act in accordance with the terms and conditions of this Agreement. CONTRACTOR agrees to use the same level and standard of care to prevent disclosure or unauthorized use of the confidential information as CONTRACTOR exercises in protecting its own information of a same or similar nature.

Notwithstanding the foregoing, the confidentiality obligations of this Agreement shall not apply to confidential information which is required to be publicly disclosed by subpoena, judicial or governmental order, or law or regulation; provided, however, that CONTRACTOR shall inform SUBCONTRACTOR when it gets a request for any such disclosure of confidential information (unless otherwise prohibited from making such notification), and shall permit SUBCONTRACTOR to seek to minimize or oppose such disclosure. CONTRACTOR shall inform SUBCONTRACTOR of any Freedom of Information Act (FOIA) requests for confidential information to allow SUBCONTRACTOR to respond timely and raise any objections to any proposed release of confidential information under a FOIA request.

These provisions shall remain in force and effect for a period of two (2) years from such time as CONTRACTOR ceases to perform any payroll and administrative services under this Agreement for SUBCONTRACTOR. Upon termination of this Agreement, CONTRACTOR shall provide for the destruction or return to SUBCONTRACTOR of all confidential information that has been provided to CONTRACTOR under this Agreement, except as otherwise required by law or judicial or government directive to preserve such information.

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C. Assignment

CONTRACTOR shall have the right in its sole discretion to assign its responsibilities under this Section, by subcontracting of the payroll and administrative services function, or any portion thereof or otherwise. CONTRACTOR shall incorporate into any such assignment a requirement by the assignee to abide by the confidentiality provisions contained herein.

D. Limitation Of Liability

CONTRACTOR'S liability to SUBCONTRACTOR, or any third party, for claims of any type or character arising out of the provision of payroll and administrative services under this Agreement, and which result from errors or omissions by CONTRACTOR, shall be limited to correction of the affected report, data or tax agency filings as appropriate. Nothing in this Agreement creates, or will be deemed to create, third-party beneficiaries of, or under, this Agreement. SUBCONTRACTOR agrees that other than CONTRACTOR'S obligations to SUBCONTRACTOR hereunder, CONTRACTOR has no obligation to any third party (including without limitation, SUBCONTRACTOR'S employees and/or any taxing authorities) by virtue of this Agreement.

Neither CONTRACTOR nor SUBCONTRACTOR will be responsible for special, indirect, incidental, consequential or other similar damages (including lost profits) that the other party may incur or experience in connection with the payroll and administrative services provided under this Agreement, however caused and under whatever theory of liability, even if such party has been advised of the possibility of such damages. Each party shall use reasonable efforts to mitigate any potential damages or other adverse consequences arising from or related to the services.

E. Binding Effect, Severability, and Authorized Signatures

This Agreement shall be binding and inure to the benefit of the Parties hereto and their respective successors and legal representatives. Should any provision of this Agreement be determined to be invalid, illegal or unenforceable by a court of competent jurisdiction, such invalidity, illegality, or unenforceability shall not affect the other provisions herein contained, which shall remain in full force and effect. The individuals whose signatures appear below hereby certify that they are authorized to sign on behalf of the respective Parties to this Agreement.

_____	Date: _____
_____	Date: _____
_____	Date: _____
_____	Date: _____