



The Deputy Secretary of Energy
Washington, DC 20585

March 4, 2013

Dear Contractor or Financial Assistance Recipient:

As you are likely aware, due to the failure of Congress to reach a deal on balanced deficit reduction to avoid sequestration, the President on Friday was required by law to issue a sequestration order canceling approximately \$85 billion in budgetary resources across the Federal government for the remainder of the Federal fiscal year. As partners with the Department of Energy, we are writing to provide you with timely and clear information about how these unfortunate budget cuts affect us, and in turn what it means for funds provided to our contractors and financial assistance recipients.

At this time, the Department of Energy is taking every step to mitigate the effects of these cuts. However, the Department may nevertheless need to take certain actions with regard to particular contracts and assistance agreements in order to comply with the required budget cuts.

For procurement contracts, the Department of Energy may decide not to exercise an option or may need to negotiate lower prices or other terms via a bilateral modification to meet the constraints imposed by sequestration. The Department may also determine it necessary to stop or suspend work, reduce the scope of work, or partially or completely terminate your contract for convenience. Additionally, planned contract actions for new work may be re-scoped, delayed, or canceled depending on the nature of the work and the degree to which it directly supports the agency's mission goals.

For financial assistance agreements, the Department may decide not to issue a continuation award – including not awarding incremental funds on multi-year awards – and may require negotiation of a reduction in the scope of your award.

To the extent that your contract or financial assistance agreement is affected due to these budget cuts, you will be contacted by the appropriate Contracting Officer with additional details.

Thank you for your continued partnership with the Department of Energy, and for your cooperation as we work together to manage these unfortunate circumstances.

Sincerely yours,

A handwritten signature in black ink, which appears to read "Daniel B. Poneman", is written over a horizontal line.

Daniel B. Poneman

