

**To All NIH Contractors:**

As you are likely aware, in accordance with the Budget Control Act of 2011, a series of spending cuts, called sequestration, will cancel approximately \$85 billion in budgetary resources across the Federal government for the remainder of the Federal fiscal year. As a partner with you in accomplishing the National Institutes of Health's (NIH) mission, I am writing to provide you with information about what this reduction means for the contract(s) with your organization.

At this time, the Department of Health and Human Services and NIH are taking every step to mitigate the effects of these cuts, but based on our initial analysis, it is possible that your contract(s) may be affected. Examples of this impact could include: not exercising an option on your contract(s); or negotiating lower prices or other terms via a bilateral modification to meet the constraints imposed by sequestration. Additionally, plans for new contract(s) may be re-scoped, delayed, or canceled depending on the nature of the work and the availability of resources.

To the extent that fiscal year 2013 funds for your contract(s) are affected due to these budget cuts, you will be contacted by the appropriate Contracting Officer with additional details at a later point. Please note that these budget cuts do not affect contract awards made with fiscal year 2012 resources.

Thank you for your continued partnership with the Department of Health and Human Services and NIH, and for your cooperation as we work together to manage these circumstances.

Diane J. Frasier  
Head of the Contracting Activity, and  
Director of the Office of Acquisition and Logistics Management  
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