

SRR Quarterly Update Performance Period January-March 2011

April 18, 2011

Fellow SRR Employees:

We experienced a great quarter since January, and we have covered a lot of ground in our contract. I ask you to take a breath from your work and read through some of the highlights of the work accomplished by you and your co-workers from throughout SRR. I believe you, like me, will be impressed.

Overview

You have been very kind in your remarks and notes to me about being named SRR President and Project Manager. I am humbled by the response, and I appreciate your vote of confidence.

As you know, I began in March my monthly video update. I like using this method of communication because it gives me a chance to connect with you outside of emails (like this one) or paper copies of messages. I am also getting out into our facilities every week, and I am holding roundtable meetings every other week in small groups of randomly chosen employees.

In my communications with you, I have introduced the 5 key performance indicators: Safety, CPI (cost of our work), SPI (schedule of our work), employee health (how indicators show how you feel about SRR) and stakeholder health (how they feel about SRR).

In each of these areas, we will establish a color-coding system to tell you how we are doing. We will soon roll out how you can see these indicators, which we will update every quarter. We wanted to try to make it easier to remember, so we want you to FOCUS on it.

Safety

In safety, operations employees just achieved 4 million hours of operation without an employee missing a day of work because of an injury (no total recordable cases), a first in our contract. That string of safe hours is a credit to every single SRR employee. You are taking the time to do each job safely.

In addition, construction employees and ARRA workers continue their string of working safely as well.

All of these statistics are incredible achievements that show we are focused on our task at hand.

Also, I am pleased to note that SRR has the lowest Total Recordable Case rate of any SRS contractor in 25 years.

We have received two URS President's Awards for our safe performance, and we have also received other recent recognition from third parties:

- National Safety Council – Million Hour Award
- National Safety Council – Occupational Excellence Achievement Award
- National Safety Council - Occupational Excellence Achievement Award (Construction)
- South Carolina Chamber of Commerce Annual Commendation of Excellence Award – 2011
- South Carolina Chamber of Commerce Annual Commendation of Excellence Award – 2011 (Construction) Wellness



From a wellness perspective, we also added portable blood pressure monitors in our facilities. These monitors have been well used, with over 2,600 visits since installation. I encourage you to track your blood pressure, even if you have not had any issues with it.

Also in the safety arena, a DOE Voluntary Protection Program Recertification Team closed out its work at SRR in February. I participated in the outbrief and was extremely pleased by what I heard. We anticipate an announcement from them shortly so we will see if we maintained our Star status. I will tell

you the Team praised your attention to working safely and our culture of safety excellence.

I will inform you when the VPP Team announces its final decision on Star status.

Partnering

DOE and SRR have signed the first DOE-Environmental Management “partnering” agreement, aimed at fostering a more collaborative working relationship



between the two entities.

The agreement, signed earlier this month between David Moody, DOE-SR Manager, and me will be used as a guide for other DOE sites.

“We at DOE view the partnering relationship with SRR as an opportunity to see our work from each other’s point of view,” Moody said. “While both DOE and SRR continue to work well together, the partnering agreement brings our people and our processes closer together to find win-win solutions.”

The DOE-SR/SRR Agreement brings collaborative working relationships that contribute to safe, compliant and cost-effective execution of the SRS liquid waste operations contract objectives.

The essence of this agreement is continuing to have open and honest communications, which serves as an underpinning of effective partnering. I am pleased DOE chose us to help develop and mature this process for the rest of the DOE Complex.

You will see and hear more about this partnering work.

Closing Tanks

We achieved a major milestone by completing Bulk Waste Removal on Tank 11. This is the third tank to complete Bulk Waste Removal since SRR took over the contract in July 2009.

Tank 11 is one of 12 Type I tanks that are the oldest tanks at SRS. These tanks were not constructed with full secondary containment and are, therefore, the focus of SRR’s bulk waste removal and tank closure program.

SRR’s efforts to date have resulted in the removal of 92 percent of the sludge waste from this 750,000 gallon capacity radioactive waste tank five months ahead of schedule. The sludge is the most difficult fraction of the waste to remove because it does not dissolve in water, is very thick like axle grease, and it contains the bulk of the most long-lived

hazardous radionuclides.



The significant reduction in waste is not the end of the cleaning process for Tank 11, but it does meet the Bulk Waste Removal Federal Facility Act milestone of completing this phase of waste removal by September 30, 2011.

The next step for Tank 11 is to have four new mixer pumps installed to start the heel removal process that

will include vigorous mixing, water blasting and chemical dissolution of the residual heel of waste. While awaiting the new mixer pumps, Tank 11 is storing some very dilute liquid waste that will keep the residual waste heel soft to promote effective tank cleaning when the new mixer pumps arrive.

I congratulate everyone in the tank closure area for working to achieve this milestone.

Tank Farms

The Tank Farms are doing well in many areas, and I am pleased with the work being done there.

There is a vast array of accomplishments in the tank farms that I could cover, but let me give you just a sampling:

- 2H evaporator being chemically cleaned
- Salt feed preparation ahead of processing demand
 - Batch 4 staged
 - Batch 5 makeup in progress
- Modular Caustic Side Solvent Extraction Unit performance averages 15,000 gallons a week
 - 1 million gallons since SRR contract
- Sludge Batch preparation on schedule
- Control Room Consolidation
 - FY11 design issued
 - FY12 designs accelerated

I appreciate the efforts being made on everyone's part to ensure many different work activities are successfully and safely achieved.

DWPF

DWPF bubblers are still doing their job, and production for the facility is up. To continue to make the facility even more reliable, components are being changed out as necessary. For example, the DWPF cooling tower was recently replaced.

DWPF will continue to undergo upgrades and technology enhancements to ensure that part of the "gear train" can turn safely, faster and effectively. It takes a great deal of coordination between all areas to conduct upgrade work, and I thank all areas for working together through outages.

Saltstone

Since we stopped work for a few months late last year on Saltstone for reliability study and upgrades, the facility has been working well. It has not had an extended shut down since then, and is making good progress on processing salt material. The DOE Operational Readiness Review for Saltstone Vault 4 Organic Modifications showed we are almost ready for the next phase of work.

There are many additional modifications and new technologies that will be rolled out to prepare for more robust Saltstone operations in the future. As we begin to implement them, I will be communicating to you how we are doing.

Supplemental Salt Initiative

The Supplemental Salt Initiative (SSI) is the SRS cornerstone for executing the Enhanced Tank Waste Strategy in DOE-Environmental Management's Journey to Excellence Roadmap.

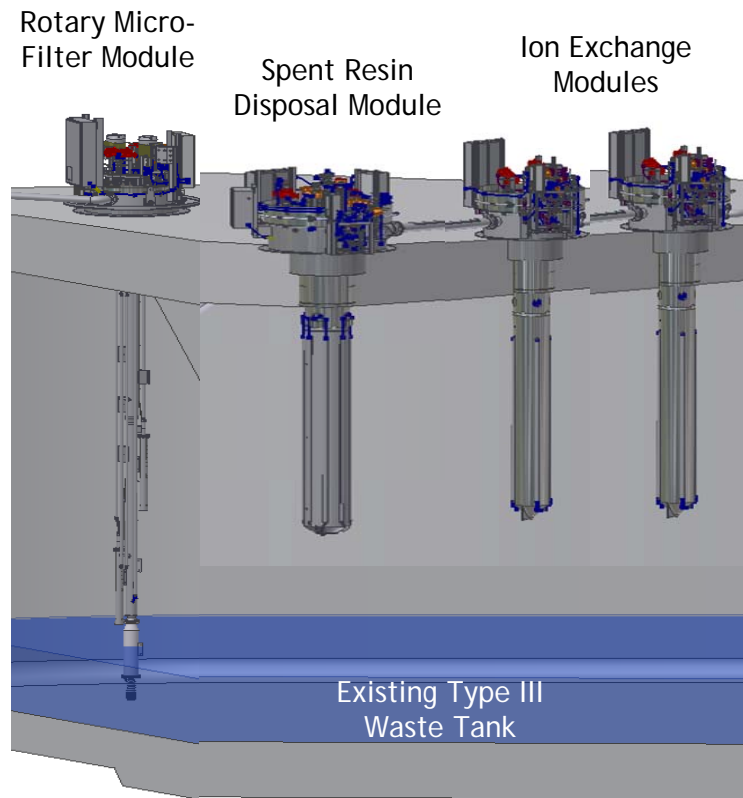
DOE-SR and DOE-EM agree that dispositioning the waste material in our tanks and operationally closing the waste tanks are a high priority for this Site and our country.

To bring about the most cost-effective strategy for doing that, we have envisioned an SSI transformational technology strategy to ensure we can meet our customer's objectives. SSI is expected to shave \$3 billion off the lifecycle costs of waste removal by shortening the liquid waste mission by six years.

To achieve that objective, in the next few years SRR will:

- Deploy transformational at-tank treatment technologies
 - Rotary Microfilter
 - Small Column Ion Exchange
 - Spent Resin Disposal
- Provide additional salt processing capability
- Support accelerated SRS waste retrieval and tank closures
- Leverage synergy between SRS and Hanford

Deploying these proven technologies will greatly assist us in meeting the challenge of accelerated waste tank closure.





ARRA

I do not want us to forget that the Recovery Act, first and foremost, is about people: An average of 328 this quarter of created/retained full-time equivalents (FTEs) for the project (peak of 600 FTEs; currently about 300 FTEs). That is outstanding.

Right now, the ARRA mindset is to safely finish strong on execution and performance. The ARRA Team has already completed 17 of 41 activities and is making good progress completing the remaining work scope, including:

- Designed, built and installed bubblers in the DWPF melter to support an increase in glass production by up to 50 percent;
- Procured key components for assembly of Melter 4 to

support continued DWPF glass production;

- Installing infrastructure and equipment to prepare Tank 13 for bulk waste removal; and
- Designing and building a waste concentrate hold tank and shielded cell for the Effluent Treatment Plant (ETP) and salt solution receipt tanks for the Saltstone Processing Facility (SPF) in support of Tank 50 Return to Service.

Community Outreach

Last month, we issued the first monthly SRR Stakeholder Newsletter to elected officials, community leaders and interested citizens. It is a new way we are telling our story to the community.

I know you take great pride in the work we do at SRS, and so this is our opportunity to share with them the excellent work we are doing at the Site.

Another recent community outreach effort is a partnership between a unique school in the area, A.R. Johnson Health Science and Engineering Magnet School and SRR.



The partnership is aimed at mentoring the students who may eventually find jobs at the SRS.

We want to provide more learning opportunities for these students, and provide mentors for them to ensure they can gain a solid footing before leaving high school. It is important to our area and our country to continue to bring more students into the science and engineering pipeline. They are our lifeblood.

SRR will focus on the school's robotic's program since we use robotic devices to help remove and sample waste from million-gallon radioactive waste tanks.

To help the students, SRR donated \$3,000 to A.R. Johnson's robotics program so they could buy equipment and ensure they have the money to register for competitions.

In addition, SRR will:

- Provide an engineer from SRR to their robotics class to guest teach;
- Provide a senior executive to give an engineering and science/math career presentation annually to all seniors;
- Assign engineering managers as mentors to students to offer them assistance, advice and support; and
- Consider placement of 1 or 2 graduating seniors as summer interns to SRR each year.

Speaking of interns, SRR hired 38 college students for its summer internship program, mostly local colleges and universities in North and South Carolina and Georgia.

Interns work in a wide variety of disciplines, which included Computer Science, Design Authority, Engineering, Finance, Health Protection, Human Resources, Public Affairs, Legal and Project Controls.

Most of them come onboard in May. Please welcome them and be sure to help them understand our safety culture.



Like many of you, I participated in this year's Project VISION "Day of Caring" last month.

During the day-long effort, volunteers repaired flooring and roofs at five different worksites. They also cleared yard debris, in addition to painting and building shelves

and wheelchair ramps. I did some painting at one of the Tri-Development Center locations.

Like you, I really enjoy giving back to the community. I feel blessed in my life, so I want to show it when I can. I know our employees feel that way, too. I am thankful for that, and I know our communities are appreciative as well.

That is all I have for now. Keep up the good work and remember...be safe.

Dave Olson
SRR President and Project Manager