

STURGIS Project Update, May 8, 2016

Dear STURGIS Stakeholders,

As part of our ongoing communications with the community regarding progress on the STURGIS decommissioning and dismantlement project, we wanted to provide an update regarding our recent efforts implemented to resume work on site. We have addressed all operational concerns related to the crane we plan to utilize for lifting large components from the STURGIS.

Having worked through the operational issues related to the crane, we are pleased to share that we successfully assembled the crane and conducted a load test on site. The load test was completed using a load in excess of the maximum lift expected during the ongoing decommissioning process we need to complete for the STURGIS project. The load test was done in compliance with U.S. Army Corps of Engineers safety requirements. This testing process is completed to ensure the operational safety of the crane as we begin lifting large components from the STURGIS. The Safety of our workers and the community is the top priority for our team as we continue to implement this challenging project.

With the completion of successful load testing on site, we are resuming our dismantling and decommissioning efforts on site. We anticipate resuming full operations tomorrow.

The delay associated with the crane and its operational issues has impacted our overall estimated schedule for completion of radiological decommissioning activities at the site. Our original schedule estimated we would complete these efforts this fall. As result of this delay, we currently estimate that we will complete our radiological decommissioning activities for the STURGIS in fall 2017. The increase in the time to implement the project, coupled with the delays we have experienced have caused an anticipated increase in the costs to complete the project as well. At this time, we are estimating cost growth of approximately \$16.8 million. In addition to the longer schedule, the cost growth is also associated with the additional complexities to engineer and implement the project, a decrease in the estimated value of scrap for the vessel, the discovery of some unanticipated lead based paint, and additional towing costs earlier in the project. The current cost estimate for the overall decommissioning and dismantling effort of the STURGIS is approximately \$51.5 million.

Environmental monitoring continued throughout the temporary break in on-site work and no evidence of radioactive material or increased radiation exposure from the STURGIS has been documented outside of the reactor containment area to date.

We appreciate the continued support of our local partners and stakeholders as we carry out this project.