



To: Exelon Corp. Management Team
From: Eric F. Wilson, WNS President
Re: Peach Bottom

September 22, 2007

I am very disturbed and extremely disappointed by the recent developments at Peach Bottom. I accept full responsibility for these significant events and assure you that WNS will take the appropriate corrective actions to address this situation. I can further assure you that the actions of the Officers involved are not representative of the WNS division nor the level of service we provide. Although I strongly believe that this situation is isolated, the significance of these events necessitates nothing less than an immediate and aggressive corrective action plan.

As you are aware, over the previous nine months WNS has designed, developed and implemented numerous initiatives intended to enhance our level of service to the industry. Each of these initiatives includes measurements with specific thresholds that are designed to trigger corrective actions. Further, these initiatives are captured in site-specific Enhancement Plans that are being managed at each of our division facilities. These Enhancement Plans have begun to show positive results and remain the appropriate course of action. In fact, these plans have garnered a lot of support during several meetings with the NRC and Chief Nuclear Officer clients. However, the recent events at Peach Bottom have created the need to significantly expedite the time-lines on the initiatives within our plans.

It is clearly our responsibility, both to our clients and the public, to prevent similar occurrences. WNS is committed to doing so by implementing both immediate and long-term effective corrective actions. While I realize that cultures cannot be changed overnight, the initiatives intended to affect that change will be expedited. In addition to expediting our existing initiatives, we will dedicate the resources necessary as to not impact routine operations.

In the past several days, WNS has worked closely with Peach Bottom management to develop and initiate immediate corrective actions. These actions were designed to provide the NRC with a high level of assurance that the Peach Bottom security program is effective and that the facility is safe. WNS is confident that these immediate corrective actions coupled with expediting our existing enhancement plan initiatives will provide that assurance. Additionally, although it is our intent to initially focus on Peach Bottom, we are also committed to leveraging these solutions across the Exelon fleet. To that end, the next several pages describe the actions and initiatives that will be implemented as we move forward.

I would like to discuss the particulars of this plan when your schedules permit. I would also like to establish a schedule for future status updates. I am also scheduled to meet with the NRC to communicate our plan and keep them advised, as we progress.

Respectfully,

A handwritten signature in black ink, appearing to read 'Eric F. Wilson'.

Eric F. Wilson
President, Wackenhut Nuclear Services

Handwritten initials 'D39' in black ink.

Immediate Actions

Four Additional WNS Corporate Leadership Development Positions

WNS has posted and will hire four additional corporate Leadership support positions. The purpose of the additional non-billable positions will be to provide the resources necessary to expedite the WNS enhancement initiatives at Peach Bottom and then the entire Exelon fleet. The primary focus of these Managers will be Leadership Development to include our Leadership Assessments and Certified Security Specialist (CSS) initiatives.

Workplace Culture/SCWE Analysis

WNS has contacted and is in discussions with a 3rd-party firm that specializes in workplace culture and SCWE reviews. At our expense, this firm will be brought on-site and tasked with identifying any cultural deficiencies and recommending appropriate corrective actions to address them. Based on this review, appropriate corrective actions will be implemented not only at Peach Bottom, but across the entire Exelon fleet. Upon conclusion of this review, we will also have this firm review our WNS Safe-2-Say program and our existing SCWE initiatives in order to identify other potential opportunities for improvement.

Additional On-Site WNS Leadership Staff Members

We will post and hire two additional non-billed Leadership staff members for each region. Similar to the additional corporate resources, the position's primary responsibility will be to assist with the WNS enhancement plans. The focus of these positions will be managing the site-specific enhancement plans. As with the additional corporate resources, priority will be given to Leadership Development via the DDI Targeted Selection/Assessment process and the CSS program. Further, these positions will have responsibilities associated with our Safe-2-Say program and our SCWE initiatives.

Expedite Certified Security Specialist (CSS) Course

The CSS program was developed as a program that will identify and train future WNS leaders. Coupled with our Leadership Assessments, this initiative is a critical component of improving our leadership corps. We will make the resources available to ensure a CSS course of at least ten (10) cadets is conducted as soon as possible following the current outage. Additional information on the CSS program is available in the existing initiatives section, below.

Additional Management Oversight

The immediate actions initiated at Peach Bottom are focused on providing additional Management support to and oversight of the security force operations. The additional Managers are scheduled around the clock and tasked with performing increased post

observations. Each of these Managers are given specific expectations in regard to their responsibilities and required to document their observations.

Security Force Communications

Additionally, we have increased Management communications with all security force members intended to reinforce expectations and keep them focused on their responsibilities. The primary topics being reinforced include Fitness For Duty responsibilities, the avenues by which they can raise issues and their need to not allow distractions to impact their performance.

New-Hire Recruitment

WNS will dedicate off-site support to initiating the recruitment process for a new-hire class. Initiating the process during the current outage with dedicated off-site resources will allow us to begin the class upon conclusion of the outage. Further, we are considering accelerating the new-hire class in order to get the new-hires to shift sooner. We will not accelerate the class if we determine that doing so would negatively impact the candidates training.

ASA-100

WNS has currently designed and is building a prototype system with the following capabilities:

- Motion (Enhanced Strategy Capability)
- Proximity (Insider Mitigation and Inventory)
- Work Hours (NRC Work Hour Limits)
- Communications (Alternate System)
- Locator (GPS component assisting in Strategy)

The intent of this electronic device is to provide our customers with another tool to assist them in achieving optimum performance. We will contact our contractor on this project and have them expedite the engineering study and roll-out of this tool. This solution is currently being evaluated by on-site engineers at one of our facilities.

The following initiatives have been designed, enhanced and implemented over the past several months. Although WNS will be focused on expediting some of these initiatives, they will all continue to be pursued as an integral component of our goal to enhance performance throughout our division.

Nuclear Site Enhancement Plans

Project plans were established for each facility that contains specific initiatives intended to enhance performance. Each initiative has an owner and specific due dates. Additionally, each major category within the plan has four subcategories to ensure continuous quality assurance; 1) Track/Trend, 2) Causal Analysis, 3)

Corrective Actions, and 4) Measures. As is appropriate, the Immediate Actions listed above will be added to the site enhancement plan.

Employee Satisfaction "High Impact Team" (HIT)

We have just recently established an Employee Satisfaction HIT. This team will be comprised of; a Security Officer from each of our facilities, a Supervisor, a Shift Supervisor, an Operations Coordinator, a Project Manager, a member of the Project Management Office, and the Sr. Vice President of Operations. This team will conduct monthly conference calls in order to compile feedback and input into improving employee satisfaction.

Total Quality Assurance System

WNS is currently developing a total security QA system with the intent of merging all of these initiatives into a single platform. This platform will be designed for real time data entry; background analytics triggered by pre-defined criteria for real time reporting and assigning action items. This system will allow WNS to track & trend data as it is input, assign formal analysis, assign corrective actions and monitor their progress. Additionally, this system will leverage lessons learned by requiring corrective actions that meet designed criteria to be implemented division wide, thus creating a proactive rather than a reactive environment. This system will be a dedicated security solution that we believe will be a "Best in Class" product within the industry.

WNS New-Hire/Recruitment Policy

A significant revision of this policy was undertaken to improve the quality of our new-hires. Additions to the revised policy include a requirement to take an aptitude exam (RAI) and a Security Officer Profile (SOP) as part of the selection process. The new testing for security officers includes measurements of several skills including ethics and integrity. The results of the SOP are reviewed by a behavioral psychologist and, in most cases, applicants meet directly with the WNS Project Manager. Other requirements include obtaining background investigation information sooner and conducting formal orientations for the job. Better-qualified new-hires will improve our performance at our facilities. Additionally, we are evaluating the use of an outside recruitment firm in order to solicit improved candidate response.

Employee Satisfaction Surveys

Initially conducted monthly, we are in the process of revising this to a quarterly frequency. These surveys provide our Security Force Members with the opportunity to provide us feedback on how we are doing. A minimum of ten (10) random employees are surveyed at each site. Indications of poor employee satisfaction are reviewed by WNS staff and trigger appropriate actions at that facility as well as the commitment of additional resources to resolve the problem. In addition, the Security Force Members are provided "Employee Satisfaction Scorecards" that can be completed and submitted

at any time. Completed scorecards are sent directly to the WNS President. As mentioned in the Immediate Action section, we are in discussions with a 3rd party firm to assist us in this area.

SCWE

Several enhancements are focused on our Security Force Member's knowledge level regarding the maintenance of a Safety Conscious Work Environment. Initiatives include; a SCWE DVD from WNS President for review by our Security Force members, PowerPoint training and an examination for leaders, scorecards administered randomly and anonymously at each site, new SCWE procedures, SCWE handbooks for WNS leadership and employees, and a dedicated WNS SCWE position as part of the PMO group. A better understanding of SCWE will assist our Security Force Members in maintaining effective communications and encourage them to raise issues. Additionally, the reinforcement of a SCWE provides our folks with a reminder of the numerous avenues they have to report issues/concerns. Those avenues include; Supervision, Open-Door Policy, Safe-2-Say Program, our Client's ECP and the NRC. As mentioned in the Immediate Action section, we are in discussions with a 3rd party firm to assist us in this area.

Aligned Objectives

S.M.A.R.T. (Specific, Measurable, Achievable, Realistic and Time bound) objectives have been administered from the President level down through each Security Force Member via a new WNS procedure. This procedure requires that one-on-one sessions be conducted at specific frequencies between Supervisors and Security Force Members to discuss expectations, goals and objectives. These one-on-one sessions will provide our Supervisors with another opportunity to identify issues and act on them, appropriately.

Compensation Programs

The compensation packages available to the Project Manager level and above have been revised in order to link them more closely with their site performance and employee & customer satisfaction. This provides our managers with an incentive to ensure employee relations and site performance are at an optimum level, and in-line with the WNS vision.

Leadership Assessments

WNS has engaged the services of an HR consulting firm that will assist us in ensuring we have the right people in our leadership positions. This training will focus on ensuring that our managers and supervisors possess and demonstrate the interviewing skills necessary to make accurate assessment & selection decisions. Ensuring that we have the right people in leadership rolls will assist us in optimizing site performance. As mentioned in the Immediate Action section, this initiative is being expedited.

Certified Security Specialist

The Certified Security Specialist (CSS) program is focused on identifying and training our future leaders and is the hallmark of the organizational changes made by WNS senior management. The CSS program is unlike anything else offered in the nuclear security industry and has been implemented to set WNS apart from other companies to meet the clear and present danger confronting critical infrastructures in the U.S. This program targets four fundamental focus areas; integrity, professionalism, leadership and tactical proficiency. Training is extensive, continual and involves cutting edge programs which will become the new benchmark for the nuclear security industry. Graduation from this program will be a prerequisite for future WNS leaders and provide us a pool of qualified candidates as promotion opportunities arise. As mentioned in the Immediate Action section, we will conduct a CSS class as soon as possible, after the outage.

Benchmarking

WNS has conducted benchmarking trips to both contract and proprietary facilities in order to identify and incorporate "best practices" across the nuclear industry. We will also conduct benchmarking outside of our industry in regard to SCWE and the conduct of self-assessments.

Incentive Program

WNS has established an incentive program that is based both on individual and site performance. This program is designed to reward individuals and facilities for optimum performance in the areas of; industrial safety, SCWE, human performance, Ideal Facility (see below) and the associated twelve performance indicators, and customer satisfaction. This program is one more tool that will assist in continuously improving performance at our facilities.

Ideal Facility Indicators

WNS has moved forward with the standardization of our performance indicators across our division and created the "Ideal Facility" measurement tool. This will allow us to better leverage lessons learned from one site to another as well as institute a continuous quality improvement system as it relates to these indicators. This will be accomplished through a quality assurance process that triggers a formal analysis and corrective actions when a negative trend is identified. In order to achieve Ideal Facility Performance a site will need to meet or exceed specific performance criteria. Performance indicators have been clearly defined and will be measured on a monthly, quarterly, and yearly basis. Those performance indicators and the criteria that must be met to achieve Ideal Facility Performance status are listed below.

The following areas will be measured on a monthly, quarterly, and year-to-date time table. Additionally, the metric needed to achieve "ideal" status in each area is as follows;

IDEAL FACILITY PERFORMANCE INDICATORS & DEFINITIONS						
Performance Indicators	Metric					General: applies to events attributable to WNS Security Personnel
NRC Reportable Events	0	0	n/a	n/a	≥1	NRC 1hr reportable event
NRC Loggable Events	≤4	0-4	5-6	7-8	≥9	NRC 24hr loggable event
OSHA Recordable Events	0	0	1-2	3	≥4	Work-related injury that meets the OSHA criteria as a no lost time event
Industry Safety Accident Rate	0	0-2	21-82	83-1.4	≥1.41	ISAR = the number of work-related accidents sustained by WNS personnel that result in lost work, restricted work, or fatalities per 200,000 worker hours (# injuries / Total Labor Hours X 200,000 = ISAR)
Attrition	≤8%	0-8%	9-10%	11-12%	≥13%	Total number of WNS personnel who resign or are terminated (excluding unavoidable separations) divided by the total number of authorized WNS personnel staffing. Unavoidable separations include those that occur for reasons over which WNS has no control (e.g. death, hired by utility, retirement, pregnancy, return to school, illness, marriage or spousal relocation) and shall not be calculated into the station attrition rate.
SCWE Surveys/Scorecards	≥85%	85-100%	70-84%	55-69%	≤55%	Average results of WNS monthly site SCWE surveys/scorecards
Customer Satisfaction	≥85%	85-100%	70-84%	55-69%	≤55%	Average results of WNS monthly site Customer Satisfaction surveys
Employee Satisfaction	≥85%	85-100%	70-84%	55-69%	≤55%	Average result of WNS monthly site Employee Satisfaction surveys
Requalification Failures	≤10%	0-10%	11%	12%	≥13%	Total WNS requalification failures that result in decertification and missed scheduled work as a percentage of the total site authorized staffing. Such requalification failures include those that are a result of missed or improperly scheduled requalification evaluations.
Significant Events(s)	0	0	n/a	1	≥2	Defined as: Inattentive Officer Events, Accidental Weapons Discharge Events, Negligent Weapons Discharge Events, and Vehicle Accidents (attributed to WNS personnel that result in injury and/or damage to the vehicle or company property exceeding \$500).
NRC Inspection Violations	0	0	n/a	n/a	≥1	Violations identified during NRC inspections attributed to WNS personnel.
NRC FoF Violations	0	0	n/a	n/a	≥1	Violations identified during NRC FoF inspections attributed to WNS personnel.

WNS Self-Assessments / Audits

WNS has designed, developed and implemented many new enhancement initiatives and process improvements in the past several months. In order to monitor the implementation of these initiatives and identify opportunities for improvement, we have also initiated an audit process that assesses the following areas:

1. Ideal Facility Data Input
2. Site Enhancement Plans
3. Safety Processes
4. SCWE Processes and Programs
5. Human Performance
6. Training and Compliance
7. Personal Objectives and One-on-Ones