



6,000 Nuclear Warheads Eliminated by USEC and TENEX; Unique Program Stands at the Intersection of Global Security, Commerce and The Growing U.S. Partnership with Russia'

October 3, 2002

BETHESDA, Md.--(BUSINESS WIRE)--Oct. 3, 2002--USEC Inc. (NYSE:USU) announced today a significant milestone in the effort to reduce the threat of nuclear proliferation and terrorism: the elimination of more than 150 metric tons of Russian weapons-grade uranium--the equivalent of 6,000 nuclear warheads. This warhead material has been transformed into electricity-producing fuel, used to light and power American homes and businesses.

Since 1994, USEC and its Russian partner, TENEX, acting as executive agents for the U.S. and Russian governments, have implemented this remarkable program, popularly known as "Megatons to Megawatts"--denoting the conversion of nuclear warheads into electricity. To date, the program has produced enough fuel to power a city the size of Boston for about 230 years. When this program is completed in 2013, 500 metric tons of weapons-grade uranium--equivalent to 20,000 Russian nuclear warheads--will have been converted into enough fuel to power the entire United States for about two years.

USEC and TENEX are implementing a government-to-government program on commercial terms, with no need for taxpayer funds. The warhead material is converted to nuclear fuel in Russia. USEC then purchases the fuel to market to its utility customers. To date, USEC purchases from Russia have totaled more than \$2.5 billion. The Russian fuel makes up approximately one-half of USEC's annual supply. The other half is produced domestically by USEC at its facility in Paducah, Kentucky.

In a joint statement released today, USEC and TENEX called the Megatons to Megawatts program "a unique example of the intersection of global security, commerce and the growing U.S. partnership with Russia. It also reflects the enormous dedication and commitment of numerous people in the U.S. and Russian governments." The complete joint statement accompanies this release.

In remarks delivered this morning at a press conference in Washington, DC, USEC President and CEO William H. Timbers said "Each and every day, the Megatons to Megawatts program eliminates more nuclear warhead material. And from this warhead material we derive a valuable resource--clean-burning nuclear fuel, used to light and power our nation from coast to coast."

Dr. Vladimir Smirnov, General Director of TENEX, said "We have reached a milestone on the way to a better future. The celebration today would be inconceivable without the constant cooperation of the executive agents, the goodwill they have demonstrated so many times and their constant readiness to seek mutually acceptable solutions."

USEC and TENEX also credited the electric utilities that use the Megatons to Megawatts fuel for contributing to a safer, cleaner world--by helping to reduce the threat of nuclear weapons and by operating nuclear power plants, which do not emit greenhouse gases that cause air pollution and contribute to global warming.

The Megatons to Megawatts program's benefits are far reaching for both countries. While the United States fulfills a critical homeland security objective and receives a supply of power plant fuel, the Russian Federation receives a steady stream of income that supports improvement of nuclear safeguards and environmental clean-up activities.

Development of the Megatons to Megawatts program began in the early 1990s, when the U.S. government began discussions with Russia on the concept of converting Russian nuclear warheads into fuel for nuclear power plants. In 1993, the United States and Russia signed an agreement for the dilution of 500 metric tons of highly enriched uranium from dismantled Russian nuclear warheads into low-enriched uranium fuel to be purchased by a U.S. executive agent.

USEC and TENEX were appointed U.S. and Russian executive agents responsible for implementing the agreement on commercial business terms. In 1994, USEC and TENEX signed the 20-year commercial implementing contract that would bring Russia \$8 billion for its conversion of warheads to nuclear fuel purchased by USEC. The first shipment of Megatons to Megawatts fuel was received by USEC on June 23, 1995.

For more information, or to download photos and graphics, visit the Megatons to Megawatts section of the USEC website, www.usec.com.

USEC Inc., a global energy company, is the world's leading supplier of enriched uranium fuel for commercial nuclear power plants.

Joint Statement by USEC and TENEX
On 6,000 Nuclear Warheads Eliminated
Through the Megatons to Megawatts Program
October 3, 2002

Washington, DC and Moscow, Russia:

USEC and TENEX, executive agents for the Governments of the United States and Russia, are pleased to announce a significant milestone in the implementation of the Megatons to Megawatts program. The program has served as a unique example of the intersection of global security, commerce and the growing U.S. partnership with Russia. It also reflects the enormous dedication and commitment of numerous people in the U.S. and Russian governments.

Over the past eight years, Megatons to Megawatts has eliminated weapons-grade uranium equivalent to 6,000 nuclear warheads by converting it to clean-burning fuel for nuclear power plants. By already completing about one-third of our 20-year goal of eliminating 500 metric tons of weapons-grade uranium, this milestone achievement has measurably reduced the threat of nuclear terrorism in the world.

The benefits to both the United States and Russia are substantial and will continue to grow. By 2013, at the contract's scheduled conclusion, we will have eliminated 500 metric tons of weapons-grade uranium--the equivalent of 20,000 nuclear warheads.

There are many unique and remarkable aspects to the Megatons to Megawatts program, not the least of which is that this multi-billion dollar program is commercially implemented at no expense to the taxpayers.

The program also serves as an outstanding example of the benefits of nuclear power. Converting warhead material into fuel for nuclear power plants is a positive use of existing resources that also makes the world safer. The fact that nuclear power does not emit any greenhouse gases associated with global warming demonstrates its importance as a clean energy resource that helps power the world. Those electric utility companies using Megatons to Megawatts fuel can be proud of their contribution.

USEC and TENEX look forward to continuing our strong working relationship and to maintaining a high level of cooperation and flexibility as we complete the remaining two-thirds of this remarkable program.

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