USEC, Tenex, ConverDyn Sign Agreement On Uranium Shipments to Russia

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BETHESDA, Md.--(BUSINESS WIRE)--March 15, 2001--Under the terms of an agreement signed last week, the United States Enrichment Corporation (USEC), Techsnabexport (Tenex) and ConverDyn will work cooperatively on USEC's return of natural uranium to Russia in connection with the continuing implementation of the U.S.-Russian Megatons to Megawatts program. These new terms, which involve transactions of natural uranium between USEC, Tenex and ConverDyn, will allow for the transfer of natural uranium by ConverDyn directly to Tenex for shipment to Russia.

In implementing the Megatons to Megawatts program, USEC acts as executive agent for the U.S. government and Tenex acts as executive agent for Russia. Through a commercial implementing contract, USEC purchases low-enriched uranium (LEU) diluted from highly enriched uranium derived from dismantled Russian nuclear warheads. The LEU is then sold by USEC as fuel for commercial nuclear power plants, thereby turning megatons to megawatts.

When USEC purchases LEU from Russia, it pays for the enrichment content and is obligated to return to Tenex an equivalent amount of natural (non-enriched) uranium. While this involves an intricate process of transfers, documentation and logistics, USEC's large strategic inventory of natural uranium facilitates account transfers of this fungible natural uranium. Under the new terms, USEC utilizes account transfers to assist Tenex by giving it the option to take possession of appropriate quantities of natural uranium at the Honeywell conversion facility in Metropolis, Illinois, for return to Russia.

ConverDyn, a general partnership between affiliates of Honeywell and General Atomics, is the exclusive agent for conversion sales from the Metropolis plant, the only U.S. facility that converts natural uranium into uranium hexafluoride, the form suitable for commercial enrichment to the level required to fuel nuclear power plants.

Tenex, a Russian foreign trade company, provides an outlet to the world market for services and products of the Russian nuclear industry. Tenex is the Russian Federation Ministry for Atomic Energy's executive agent for the Megatons to Megawatts program.

The United States Enrichment Corporation is a wholly-owned subsidiary of USEC Inc. (NYSE:USU), a global energy company and the world's leading supplier of enriched uranium fuel for commercial nuclear power plants.

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