Megatons to Megawatts Program 95 Percent Complete

June 24, 2013

BETHESDA, Md., Jun 24, 2013 (BUSINESS WIRE) --USEC Inc. (NYSE: USU) announced today that the Megatons to Megawatts program has completed downblending of 475 metric tons of weapons-grade uranium into fuel for commercial nuclear power plants and is on schedule to complete the program in 2013.

Megatons to Megawatts is a 20-year, commercially financed government-industry partnership in which 500 metric tons of Russian highly enriched uranium (HEU) is being downblended to low enriched uranium (LEU) for use as commercial reactor fuel. USEC, as executive agent for the U.S. government, and JSC “Techsnabexport” (TENEX), acting for the Russian State Atomic Energy Corporation (ROSATOM), implement the program.

“Since 1995, USEC has provided our utility customers with fuel from this truly innovative program that is making the world safer while fueling clean, reliable electricity from their nuclear power plants,” said Philip G. Sewell, senior vice president and chief development officer. “As we prepare for the end of the program this year, we look forward to continuing our long-term supply relationship with Russia through our transitional supply agreement that starts later this year. This transitional supply will help us meet customer needs as the company pursues deployment of our American Centrifuge uranium enrichment technology.”

USEC is scheduled to take delivery of the final material for the program in November 2013 when the equivalent of 20,000 nuclear warheads will have been downblended into commercial reactor fuel. To date, the low enriched uranium created by the downblending could generate electricity that would meet the demand for a city the size of Boston for approximately 730 years. In past years, up to 10 percent of the electricity generated in the United States came from nuclear power plants using this fuel.

Transitional Supply Contract

In 2011, USEC and TENEX entered into a multi-year contract for the supply of low enriched uranium that will build on USEC’s long-term relationship with TENEX. Under the terms of the agreement, the supply of low enriched uranium to USEC will begin in 2013 and ramp up until it reaches a level in 2015 that is approximately one-half the level currently supplied by TENEX to USEC under the Megatons to Megawatts program. The new contract includes a mutual option to increase the quantities up to 5.5 million SWU (separative work units), the same level as the Megatons to Megawatts program.

Unlike the Megatons to Megawatts program, the quantities supplied under the new contract will come from Russia’s commercial enrichment activities rather than from downblending of Russian weapons material. Deliveries under the agreement are expected to continue through 2022. USEC will purchase the SWU contained in the low enriched uranium and deliver natural uranium to TENEX for the uranium component of the low enriched uranium.

Background: HEU to LEU

The recycling of HEU into LEU begins with a multi-step process at several facilities in Russia. HEU metal is first removed from a warhead, machined into shavings, oxidized and fluorinated. The resulting highly enriched uranium hexafluoride is then mixed in a gaseous stream with slightly enriched uranium to form LEU suitable for commercial nuclear reactors. The LEU is checked to ensure it meets commercial specifications, transferred to shipping cylinders and sent to a collection point in St. Petersburg, Russia. USEC takes possession of the material there and ships it to USEC’s facility in the United States where it is inspected and then included in USEC’s inventory for delivery to customers.

Forward-Looking Statements:

This news release contains “forward-looking statements” within the meaning of Section 21E of the Securities Exchange Act of 1934 – that is, statements related to future events. In this context, forward-looking statements may address our expected future business and financial performance, and often contain words such as “expects”, “anticipates”, “intends”, “plans”, “believes”, “will” and other words of similar meaning. Forward-looking statements by their nature address matters that are, to different degrees, uncertain. For USEC, particular risks and uncertainties that could cause our actual future results to differ materially from those expressed in our forward-looking statements include, but are not limited to: risks related to the ongoing transition of our business, including uncertainty regarding the transition of the Paducah gaseous diffusion plant and uncertainty regarding continued funding

for the American Centrifuge project; the expiration of our agreement with Energy Northwest on May 31, 2013 and the impact of actions we will need to take to transition the Paducah gaseous diffusion plant; our ability to reach an agreement with DOE regarding the transition of the Paducah gaseous diffusion plant and uncertainties regarding the transition costs related to USEC ceasing enrichment at the Paducah gaseous diffusion plant; the continued impact of the March 2011 earthquake and tsunami in Japan on the nuclear industry and on our business, results of operations and prospects; the impact and potential extended duration of the current supply/demand imbalance in the market for low enriched uranium; our ability to manage the transition costs and other impacts of ceasing enrichment at Paducah; uncertainty regarding the timing, amount and availability of additional funding for the research, development and demonstration (RD&D) program and the dependency of government funding on Congressional appropriations; restrictions in our credit facility on our spending on the American Centrifuge project and the potential for us to demobilize the project; limitations on our ability to provide any required cost sharing under the RD&D program; uncertainty concerning our ability through the RD&D program to demonstrate the technical and financial readiness of the centrifuge technology for commercialization; uncertainty concerning the ultimate success of our efforts to obtain a loan guarantee from DOE and other financing for the American Centrifuge project and the timing and terms thereof; potential changes in our anticipated ownership of or role in the American Centrifuge project, including as a result of the need to raise additional capital to finance the project; the impact of actions we have taken or may take to reduce spending on the American Centrifuge project, including the potential loss of key suppliers and employees, and impacts to cost and schedule; the impact of delays in the American Centrifuge project and uncertainty regarding our ability to remobilize the project; the potential for DOE to seek to terminate or exercise its remedies under the RD&D cooperative agreement or the June 2002 DOE-USEC agreement; changes in U.S. government priorities and the availability of government funding, including loan guarantees; our dependence on deliveries of low enriched uranium from Russia under the Megatons to Megawatts program and under the transitional supply contract and limitations on our ability to import the Russian low enriched uranium we buy under the transitional supply contract into the United States and other countries; and other risks and uncertainties discussed in our filings with the Securities and Exchange Commission, including our Annual Report on Form 10-K and quarterly reports on Form 10-Q, which are available on our website at www.usec.com. We do not undertake to update our forward-looking statements except as required by law.



SOURCE: USEC Inc.

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