Final Megatons to Megawatts Shipment Completes Historic Program

December 10, 2013

-20-year energy and nonproliferation program converted Russian nuclear warhead material into commercial nuclear fuel-

BETHESDA, Md.--(BUSINESS WIRE)--Dec. 10, 2013-- USEC Inc. (NYSE: USU) today shipped the last cylinders of low enriched uranium under the Megatons to Megawatts program from the Port of Baltimore to its facility in Paducah, Ky. Since 1995, USEC has purchased more than 14,000 metric tons of low enriched uranium downblended from 500 metric tons of weapons-grade uranium that has been extracted from the equivalent of 20,000 Russian nuclear warheads.

"Together, USEC and Techsnabexport (TENEX), working in close partnership with our respective governments in the United States and Russia, have fueled the production of clean, reliable electricity through an historic nonproliferation program that USEC funded at no cost to taxpayers," said John Welch, USEC's president and chief executive officer. "Over the past two decades, our commercial business operations have greatly advanced the strategic policy goals of our national governments, benefitting all mankind with a safer, cleaner world."

The Megatons to Megawatts program is a unique, commercially financed government-industry partnership in which bomb-grade uranium from dismantled Russian nuclear warheads was downblended into low enriched uranium and purchased by USEC to fuel American nuclear power plants. This commercial program executed a 1993 government-to-government agreement between the United States and Russia to reduce excess supplies of highly enriched uranium in the former Soviet Union. In implementing this multi-billion dollar program, USEC, as executive agent for the U.S. government, paid for the downblended uranium at no cost to taxpayers through a contract with TENEX, as executive agent for the Russian government. Under this contract, USEC purchased the low enriched uranium from Russia with USEC corporate funds, adding this supply of fuel to its inventory for sale to its utility customers.

"Our program's success resulted from strong bilateral cooperation and dedication to the effective execution of the contract over the long term," Welch said. "Our companies have worked together to implement the contract on terms that benefit both countries while providing America's nuclear reactors with competitively priced nuclear fuel. To that end, USEC's long-term contracts with American utilities supported the contract and provided stability to the program."

Since the late 1990s, nearly 10 percent of all the electricity generated in the United States has been fueled by this downblended uranium. This nuclear fuel could power the United States for nearly two years. The program has safely completed more than 250 shipments of fuel between Russia and the United States. The final shipment will be delivered to USEC's facility in Paducah and will be incorporated into USEC's inventory for future delivery to customers.

To verify that the material used in the program came from Russian warheads and became fuel for commercial nuclear power plants, the National Nuclear Security Administration, for the United States, and ROSATOM, for the Russian Federation, supported the implementation of the commercial program. Both countries cooperated to verify the source, production and end use of this nuclear fuel material over the program's lifetime. Close coordination on the government-to-government level ensured the smooth implementation and success of the commercial program.

Follow-On Contract Provides Deliveries of Commercial Russian Supply through 2022

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 new contract, the supply of low enriched uranium to USEC began in 2013 and will ramp up until it reaches a level in 2015 that is approximately one-half the level 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) per year, 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 contract are expected to continue through 2022. USEC is purchasing the SWU contained in the low enriched uranium and delivers natural uranium to TENEX for the uranium component of the low enriched uranium.

Background: Warheads to Fuel

The conversion of highly enriched uranium from Russian nuclear warheads into low enriched uranium for use in fabricating fuel for commercial nuclear power reactors took place at several nuclear facilities in Russia. The process began with the removal of the warheads and their highly enriched uranium metal components from strategic and tactical nuclear missiles. The highly enriched uranium warhead components were machined into metal shavings that were then heated and converted to a highly enriched uranium oxide, and any contaminants were chemically removed. The highly enriched uranium oxide was converted to highly enriched uranium hexafluoride, a compound that becomes a gas when heated. This highly enriched uranium hexafluoride was introduced into a gaseous process stream where it was mixed with very low enriched uranium material and diluted to less than 5 percent concentration of the fissionable uranium-235 isotope, a level too low to be of any military value but ideal for producing electric power.

The newly produced low enriched uranium was checked to ensure it met commercial specifications and then transferred to 2.5-ton steel cylinders, enclosed in protective shipping containers and sent to a storage and handling facility in St. Petersburg, Russia. USEC took possession of the containers in St. Petersburg and had them delivered to its uranium enrichment plant in Kentucky. At USEC's facility, the low enriched uranium was tested again to ensure that it met appropriate commercial and customer specifications. USEC then shipped the warhead-derived low enriched uranium to U.S. fuel fabricators, who converted it into uranium oxide pellets and fabricated them into fuel assemblies. The assemblies are delivered to USEC's utility customers as a source of fuel for their nuclear reactors. It is expected that the low enriched uranium delivered to USEC under this program will continue to be supplied to fabricators from USEC's inventories over the next several years.

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

Forward-Looking Statements

This press 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; our dependence on deliveries of low enriched uranium from Russia under the new commercial supply agreement with Russia and limitations on our ability to import the Russian low enriched uranium we buy under the Russian commercial supply agreement into the United States and other countries; risks related to our ability to sell our fixed purchase obligations under the Russian commercial supply agreement; 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 that are available at www.usec.com. We do not undertake to update our forward-looking statements except as required by law.

Source: USEC Inc.

USEC Inc.
Media: Paul Jacobson, 301-564-3399
Investors: Steven Wingfield, 301-564-3354