UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2016

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number 1-14287

Centrus Energy Corp.

Delaware	**52-2107911**
(State of incorporation)	*(I.R.S. Employer Identification No.)*

6901 Rockledge Drive, Suite 800, Bethesda, Maryland 20817
(301) 564-3200

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes ☐ No ☒

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.
Yes ☒ No ☐

As of August 5, 2016, there were 7,563,600 shares of the registrant's Class A Common Stock and 1,436,400 shares of the registrant's Class B Common Stock outstanding.

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FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q, including *Management's Discussion and Analysis of Financial Condition and Results of Operations* in Part I, Item 2, 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", "should", "could", "would" or "may" and other words of similar meaning. Forward-looking statements by their nature address matters that are, to different degrees, uncertain. For Centrus Energy Corp., particular risks and uncertainties that could cause our actual future results to differ materially from those expressed in our forward-looking statements include, risks and uncertainties related to the adoption of fresh start accounting; risks related to our significant long-term liabilities, including material unfunded defined benefit pension plan obligations and postretirement health and life benefit obligations; risks relating to our outstanding 8.0% paid-in-kind ("PIK") toggle notes (the "PIK Toggle Notes") maturing in September 2019, including the potential termination of the guarantee by United States Enrichment Corporation ("Enrichment Corp.") of the PIK Toggle Notes; risks related to the limited trading markets in our securities; risks related to our ability to maintain the listing of our common stock on the NYSE MKT LLC; 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 ("LEU"); uncertainty regarding our ability to commercially deploy competitive enrichment technology; our dependence on others for deliveries of LEU including deliveries from Russia under a commercial supply agreement (the "Russian Supply Agreement") with the Russian government entity Joint Stock Company "TENEX"; risks related to our ability to sell the LEU we procure pursuant to our purchase obligations under our supply agreements including the Russian Supply Agreement; risks related to trade barriers and contract terms that limit our ability to deliver LEU to customers; risks related to actions that may be taken by the U.S. government, the

Russian government or other governments that could affect our ability or the ability of our sources of supply to perform under contract obligations, including the imposition of sanctions, restrictions or other requirements; risks relating to our sales order book, including uncertainty concerning customer actions under current contracts and in future contracting due to market conditions and lack of current production capability; risks associated with our reliance on third-party suppliers to provide essential services to us; pricing trends and demand in the uranium and enrichment markets and their impact on our profitability; movement and timing of customer orders; the impact of government regulation including by the U.S. Department of Energy and the U.S. Nuclear Regulatory Commission; the outcome of legal proceedings and other contingencies (including lawsuits and government investigations or audits); risks and uncertainties regarding funding for the American Centrifuge project and our ability to enter into an extension of the new agreement with UT-Battelle, LLC, the management and operating contractor for Oak Ridge National Laboratory, for continued research, development and demonstration of the American Centrifuge technology; the competitive environment for our products and services; the potential for further demobilization or termination of the American Centrifuge project; risks related to the current demobilization of the portions of the American Centrifuge project including risks that the schedule could be delayed and costs could be higher than expected; changes in the nuclear energy industry; the impact of financial market conditions on our business, liquidity, prospects, pension assets and insurance facilities; revenue and operating results can fluctuate significantly from quarter to quarter, and in some cases, year to year; and other risks and uncertainties discussed in this and our other filings with the Securities and Exchange Commission, including our Annual Report on Form 10-K for the fiscal year ended December 31, 2015.

Readers are urged to carefully review and consider the various disclosures made in this report and in our other filings with the Securities and Exchange Commission that attempt to advise interested parties of the risks and factors that may affect our business. We do not undertake to update our forward-looking statements to reflect events or circumstances that may arise after the date of this Quarterly Report on Form 10-Q except as required by law.

CENTRUS ENERGY CORP.
CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited)
(in millions)

	June 30, 2016	December 31, 2015
ASSETS		
Current Assets		
Cash and cash equivalents	$ 174.5	$ 234.0
Accounts receivable	51.3	26.5
Inventories	201.2	319.2
Deferred costs associated with deferred revenue	74.5	63.1
Other current assets	14.9	15.2
Total current assets	516.4	658.0
Property, plant and equipment, net	6.2	3.5
Deposits for surety bonds	29.5	29.8
Intangible assets, net	99.9	105.8
Other long-term assets	23.0	23.0
Total Assets	**$ 675.0**	**$ 820.1**
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current Liabilities		
Accounts payable and accrued liabilities	$ 40.1	$ 44.8
Payables under SWU purchase agreements	34.5	85.4
Inventories owed to customers and suppliers	39.5	106.8
Deferred revenue	99.8	83.9
Decontamination and decommissioning obligations	25.7	29.4
Total current liabilities	239.6	350.3
Long-term debt	227.8	247.0
Postretirement health and life benefit obligations	185.0	184.3
Pension benefit liabilities	171.4	172.3
Other long-term liabilities	34.2	31.9
Total Liabilities	858.0	985.8
Commitments and Contingencies (Note 12)		
Stockholders' Deficit	(183.0)	(165.7)
Total Liabilities and Stockholders' Deficit	**$ 675.0**	**$ 820.1**

The accompanying notes are an integral part of these condensed consolidated financial statements.

CENTRUS ENERGY CORP.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)
(in millions, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	**2015**	**2016**	**2015**
Revenue:				
Separative work units	$ 54.9	$ 42.2	$ 114.2	$ 145.8
Uranium	—	—	14.3	43.2
Contract services	8.5	21.1	24.9	42.1
Total Revenue	63.4	63.3	153.4	231.1
Cost of Sales:				
Separative work units and uranium	49.3	36.7	114.8	176.3
Contract services	8.6	22.3	17.3	43.6
Total Cost of Sales	57.9	59.0	132.1	219.9
Gross profit	5.5	4.3	21.3	11.2
Advanced technology costs	4.7	4.0	16.7	5.8
Selling, general and administrative	12.5	6.3	23.9	18.6
Amortization of intangible assets	2.7	2.0	5.9	6.0
Special charges for workforce reductions and advisory costs	0.6	2.9	0.6	3.5
Other income	(0.4)	(0.7)	(0.7)	(1.5)
Operating loss	(14.6)	(10.2)	(25.1)	(21.2)
Gain on early extinguishment of debt	(16.7)	—	(16.7)	—
Interest expense	5.1	4.9	10.1	9.8
Interest (income)	(0.1)	—	(0.4)	(0.2)
Loss before income taxes	(2.9)	(15.1)	(18.1)	(30.8)
Provision (benefit) for income taxes	—	—	(0.6)	(0.3)
Net loss	**$ (2.9)**	**$ (15.1)**	**$ (17.5)**	**$ (30.5)**
Net loss per share - basic and diluted	$ (0.32)	$ (1.68)	$ (1.92)	$ (3.39)
Weighted-average number of shares outstanding - basic and diluted	9.1	9.0	9.1	9.0

The accompanying notes are an integral part of these condensed consolidated financial statements.

CENTRUS ENERGY CORP.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS (Unaudited)
(in millions)

	Three Months Ended June 30, 2016	Three Months Ended June 30, 2015	Six Months Ended June 30, 2016	Six Months Ended June 30, 2015
Net loss	$ (2.9)	$ (15.1)	$ (17.5)	$ (30.5)
Other comprehensive loss, before tax (Note 13):				
Amortization of prior service (credits), net	—	—	(0.1)	(0.1)
Other comprehensive loss, before tax	—	—	(0.1)	(0.1)
Income tax benefit related to items of other comprehensive income	—	—	—	—
Other comprehensive loss, net of tax	—	—	(0.1)	(0.1)
Comprehensive loss	**$ (2.9)**	**$ (15.1)**	**$ (17.6)**	**$ (30.6)**

The accompanying notes are an integral part of these condensed consolidated financial statements.

CENTRUS ENERGY CORP.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)
(in millions)

	Six Months Ended June 30, 2016	Six Months Ended June 30, 2015
Cash From Operating Activities		
Net loss	$ (17.5)	$ (30.5)
Adjustments to reconcile net loss to net cash (used in) operating activities:		
Depreciation and amortization	6.2	6.2
PIK interest on paid-in-kind toggle notes	3.4	1.8
Gain on early extinguishment of debt	(16.7)	—
Gain on sales of assets	(0.6)	(1.5)
Inventory valuation adjustments	0.7	—
Changes in operating assets and liabilities:		
Accounts receivable – (increase) decrease	(25.2)	31.8
Inventories, net – decrease	50.0	118.1
Payables under SWU purchase agreements – (decrease)	(50.9)	(116.9)
Deferred revenue, net of deferred costs – increase (decrease)	4.4	(6.6)
Accounts payable and other liabilities – (decrease)	(4.3)	(12.7)
Other, net	0.6	4.5
Net Cash (Used in) Operating Activities	(49.9)	(5.8)
Cash Provided by Investing Activities		
Capital expenditures	(2.9)	—
Proceeds from sales of assets	1.0	1.5
Deposits for surety bonds - net decrease	0.3	4.0
Net Cash Provided by (Used in) Investing Activities	(1.6)	5.5
Cash Used in Financing Activities		
Repurchase of debt	(8.0)	—
Net Cash (Used in) Financing Activities	(8.0)	—
Net (Decrease)	(59.5)	(0.3)
Cash and Cash Equivalents at Beginning of Period	234.0	218.8
Cash and Cash Equivalents at End of Period	**$ 174.5**	**$ 218.5**
Supplemental cash flow information:		
Interest paid	$ 3.6	$ 6.0
Non-cash activities:		
Conversion of interest payable-in-kind to long-term debt	$ 3.4	$ 1.8

The accompanying notes are an integral part of these condensed consolidated financial statements.

CENTRUS ENERGY CORP.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT) (Unaudited)
(in millions, except per share data)

	Common Stock, Par Value $.10 per Share	Excess of Capital over Par Value	Retained Earnings (Deficit)	Accumulated Other Comprehensive Income (Loss)	Total
Six Months Ended June 30, 2015					
Balance at December 31, 2014	$ 0.9	$ 58.6	$ (42.3)	$ 4.4	$ 21.6
Net loss	—	—	(30.5)	—	(30.5)
Other comprehensive loss, net of tax (Note 13)	—	—	—	(0.1)	(0.1)
Restricted stock units and stock options issued, net of amortization	—	0.2	—	—	0.2
Balance at June 30, 2015	**$ 0.9**	**$ 58.8**	**$ (72.8)**	**$ 4.3**	**$ (8.8)**
Six Months Ended June 30, 2016					
Balance at December 31, 2015	$ 0.9	$ 59.0	$ (229.7)	$ 4.1	$ (165.7)
Net loss	—	—	(17.5)	—	(17.5)
Other comprehensive loss, net of tax (Note 13)	—	—	—	(0.1)	(0.1)
Restricted stock units and stock options issued, net of amortization	—	0.3	—	—	0.3
Balance at June 30, 2016	**$ 0.9**	**$ 59.3**	**$ (247.2)**	**$ 4.0**	**$ (183.0)**

The accompanying notes are an integral part of these condensed consolidated financial statements.

CENTRUS ENERGY CORP.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

1. BASIS OF PRESENTATION

The unaudited condensed consolidated financial statements of Centrus Energy Corp. (“Centrus” or the “Company”), which include the accounts of the Company, its principal subsidiary United States Enrichment Corporation (“Enrichment Corp.”) and its other subsidiaries, as of and for the three and six months ended June 30, 2016 and 2015, have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (“SEC”). The unaudited condensed consolidated financial statements reflect all adjustments that are, in the opinion of management, necessary for a fair statement of the financial results for the interim period. Certain information and notes normally included in financial statements prepared in accordance with generally accepted accounting principles in the United States (“GAAP”) have been omitted pursuant to such rules and regulations. All material intercompany transactions have been eliminated. Certain amounts have been reclassified to conform to the current presentation.

Operating results for the three and six months ended June 30, 2016, are not necessarily indicative of the results that may be expected for the year ending December 31, 2016. The unaudited condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and related notes and *Management's Discussion and Analysis of Financial Condition and Results of Operations* included in the Annual Report on Form 10-K for the fiscal year ended December 31, 2015.

New Accounting Standards

In May 2014, the Financial Accounting Standards Board (“FASB”) issued comprehensive guidance for revenue recognition and has since issued further implementation guidance. The core principle of the standard is that revenue should be recognized when an entity transfers promised goods or services to customers in an amount that reflects the consideration the entity expects to receive in exchange for those goods or services. The standard will supersede current guidance in effect and may require the use of more judgment and estimates, including estimating the amount of variable revenue to recognize over each identified performance obligation. The standard requires additional disclosures to describe the nature, amount and timing of revenue and cash flows arising from contracts. The standard will become effective for Centrus beginning with the first quarter of 2018 and can be adopted either retrospectively to each prior reporting period presented or as a cumulative effect adjustment as of the date of adoption. Early adoption as of the first quarter of 2017 is permitted. Centrus expects to adopt the guidance in the first quarter of 2018 and is evaluating the impact on its consolidated financial statements.

In August 2014, the FASB issued guidance requiring management to assess an entity’s ability to continue as a going concern and to provide related disclosures in certain circumstances. The standard is effective for annual and interim periods beginning after December 15, 2016. Early adoption is permitted. The implementation of the standard is not expected to have a material impact on Centrus’ consolidated financial statements.

In April 2015, the FASB issued guidance to simplify the presentation of debt issuance costs. The standard requires the presentation of debt issuance costs in the balance sheet as a reduction in the carrying amount of the related debt liability instead of a deferred charge asset. Centrus adopted the standard with retrospective application beginning with the first quarter of 2016. The reclassification of debt issuance costs did not have a material impact on Centrus’ consolidated financial statements.

In February 2016, the FASB issued guidance that requires lessees to recognize a right-of-use asset and lease liability on the balance sheet for all leases with terms longer than 12 months. The standard is effective for annual and interim periods beginning after December 15, 2018, and requires expanded disclosures of lease arrangements. Centrus is evaluating the impact of adopting this new guidance on its consolidated financial statements.

In March 2016, the FASB issued guidance for stock compensation that simplifies several aspects of the accounting for share-based payment transactions, including income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. The standard is effective for interim and annual reporting periods beginning after December 15, 2016. Early adoption is permitted. Centrus is evaluating the impact of adopting this new guidance on its consolidated financial statements.

2. SPECIAL CHARGES

The cessation of enrichment at the Paducah Gaseous Diffusion Plant (the "Paducah GDP") and evolving business needs have resulted in workforce reductions since July 2013. In the six months ended June 30, 2015, special charges included related termination benefits of $3.8 million, less $0.3 million for employee severance paid by the Company and invoiced to the U.S. Department of Energy ("DOE") for its share of employee severance pursuant to the USEC Privatization Act.

In September 2015, Centrus completed a successful three-year demonstration of American Centrifuge technology at its facility in Piketon, Ohio. The demonstration effort was primarily funded by the U.S. government. As a result of reduced program funding, Centrus incurred a special charge of $8.7 million in the third quarter of 2015 for estimated employee termination benefits, consisting primarily of payments under its pre-existing severance plan. An additional $0.1 million special charge was incurred in the second quarter of 2016 as an adjustment to accrued severance benefits for current salary levels. Centrus expects to make payments for these workforce reductions through 2017.

In the second quarter of 2016, the Company commenced a project to align its corporate structure to the scale of its ongoing business operations and to update related information technology. The company incurred advisory costs related to the reengineering project of $0.5 million in the three months ended June 30, 2016.

A summary of termination benefit activity and changes in the related balance sheet account in the six months ended June 30, 2016, follows (in millions):

		Six Months Ended June 30, 2016		
	Liability Dec. 31, 2015	**Charges for Termination Benefits**	**Paid**	**Liability June 30, 2016**
Workforce reductions:				
Enrichment cessation and evolving business needs	$ 0.3	$ —	$ (0.1)	$ 0.2
American Centrifuge	8.4	0.1	(2.2)	6.3
	$ 8.7	$ 0.1	$ (2.3)	$ 6.5

3. CONTRACT SERVICES AND ADVANCED TECHNOLOGY COSTS

The contract services segment includes *Revenue* and *Cost of Sales* for American Centrifuge work Centrus performs as a contractor to UT-Battelle, LLC ("UT-Battelle"), the operator of Oak Ridge National Laboratory ("ORNL"). The Company's current contract signed in March 2016 with UT-Battelle provides for continued development work at the Company's facilities in Oak Ridge, Tennessee, through September 30, 2016. The contract is a firm, fixed-price contract that provides for payments for monthly reports of approximately $2.7 million per month, down from approximately $6.9 million per month received during government fiscal year 2015 which ended September 30, 2015.

Although the Company's prior contract with UT-Battelle expired September 30, 2015, Centrus continued to perform work at the expected reduced scope as the parties worked toward a successor agreement. The current contract signed in March 2016 provided for payment for reports related to work performed since October 1, 2015. *Revenue* in the six months ended June 30, 2016, includes $8.1 million for March reports on work performed in the three months ended December 31, 2015, and $16.2 million for reports on work performed in the six months ended June 30, 2016. Expenses for contract work performed in the six months ended June 30, 2016, are included in *Cost of Sales*. Expenses for work performed in the three months ended December 31, 2015, before there was a contract were included in *Advanced Technology Costs* in 2015.

American Centrifuge expenses that are outside of the Company's contracts with UT-Battelle, including demobilization and maintenance costs, are included in *Advanced Technology Costs*. In addition to severance costs (see Note 2 - *Special Charges*) and demobilization costs, Centrus has begun to incur expenditures in the second quarter of 2016 associated with the decontamination and decommissioning ("D&D") of the Piketon facility in accordance with the requirements of the U.S. Nuclear Regulatory Commission ("NRC") and DOE (see Note 12 - *Commitments and Contingencies*).

4. RECEIVABLES

	June 30, 2016	December 31, 2015
	(in millions)	
Utility customers and other	$ 46.8	$ 24.7
Contract services, primarily DOE	4.5	1.8
Accounts receivable	**$ 51.3**	**$ 26.5**

Certain overdue receivables from DOE are included in other long-term assets based on the extended timeframe expected to resolve claims for payment. Unpaid invoices to DOE totaled approximately $78 million as of June 30, 2016, and December 31, 2015, related to filed claims. Due to the lack of a resolution with DOE and uncertainty regarding the timing and amount of future collections, the long-term receivable for accounting purposes is $23.0 million as of June 30, 2016, and December 31, 2015, including updated submissions for final indirect rates and incurred costs, as well as invoices for interest.

Centrus has unapplied payments from DOE that may be used, at DOE's direction, (a) to pay for future services provided by the Company or (b) to reduce outstanding receivables balances due from DOE. The balance of unapplied payments of $19.3 million as of June 30, 2016, and $19.4 million as of December 31, 2015, is included in other long-term liabilities pending resolution of the long-term receivables from DOE described above.

5. INVENTORIES

Centrus holds uranium at licensed locations in the form of natural uranium and as the uranium component of low enriched uranium ("LEU"). Centrus also holds separative work units ("SWU") as the SWU component of LEU at licensed locations (e.g., fabricators) to meet book transfer requests by customers. Fabricators process LEU into fuel for use in nuclear reactors. Components of inventories follow (in millions):

	June 30, 2016			December 31, 2015		
	Current Assets	Current Liabilities (a)	Inventories, Net	Current Assets	Current Liabilities (a)	Inventories, Net
Separative work units	$ 159.8	$ 18.5	$ 141.3	$ 221.5	$ 33.1	$ 188.4
Uranium	41.2	21.0	20.2	97.5	73.7	23.8
Materials and supplies	0.2	—	0.2	0.2	—	0.2
	$ 201.2	**$ 39.5**	**$ 161.7**	**$ 319.2**	**$ 106.8**	**$ 212.4**

(a) Inventories owed to customers and suppliers, included in current liabilities, consist primarily of SWU and uranium inventories owed to fabricators.

Inventories are valued at the lower of cost or net realizable value. Valuation adjustments of $0.7 million were charged to cost of sales in the six months ended June 30, 2016, including $0.2 million in the second quarter, for the Company's uranium inventory to reflect declines in uranium market price indicators.

Uranium Provided by Customers and Suppliers

Centrus held uranium with estimated values of approximately $242 million as of June 30, 2016, and $437 million as of December 31, 2015, to which title was held by customers and suppliers and for which no assets or liabilities were recorded on the balance sheet. The reduction reflects a 28% decline in quantities and a 23% decline in uranium spot price indicators. While in some cases Centrus sells both the SWU and uranium components of LEU to customers, utility customers typically provide uranium to Centrus as part of their enrichment contracts. Title to uranium provided by customers generally remains with the customer until delivery of LEU at which time title to LEU is transferred to the customer, and title to uranium is transferred to Centrus.

6. PROPERTY, PLANT AND EQUIPMENT

A summary of changes in property, plant and equipment follows (in millions):

	December 31, 2015	Additions / (Depreciation)	Retirements	June 30, 2016
Land	$ 1.2	$ —	$ —	$ 1.2
Leasehold improvements	0.9	2.2	(0.2)	2.9
Machinery and equipment	1.6	0.1	—	1.7
Other	0.3	0.6	—	0.9
Property, plant and equipment, gross	4.0	2.9	(0.2)	6.7
Accumulated depreciation	(0.5)	(0.2)	0.2	(0.5)
Property, plant and equipment, net	**$ 3.5**	**$ 2.7**	**$ —**	**$ 6.2**

Additions to property, plant and equipment in the six months ended June 30, 2016, include leasehold improvements of $1.7 million that were funded by the owner of the Company's corporate headquarters. Corresponding deferred rent credits are included in long-term liabilities and are being amortized as a reduction to rent expense over the lease term.

7. INTANGIBLE ASSETS

Intangible assets originated from the Company's reorganization and application of fresh start accounting as of September 30, 2014. The intangible asset related to the sales order book is amortized as the order book valued at emergence is reduced, principally as a result of deliveries to customers. The intangible asset related to customer relationships is amortized using the straight-line method over the estimated average useful life of 15 years. Amortization expense is presented below gross profit on the condensed consolidated statement of operations.

	June 30, 2016			December 31, 2015		
	(in millions)					
	Gross Carrying Amount	Accumulated Amortization	Net Amount	Gross Carrying Amount	Accumulated Amortization	Net Amount
Sales order book	$ 54.6	$ 15.6	$ 39.0	$ 54.6	$ 12.0	$ 42.6
Customer relationships	68.9	8.0	60.9	68.9	5.7	63.2
Total	**$ 123.5**	**$ 23.6**	**$ 99.9**	**$ 123.5**	**$ 17.7**	**$ 105.8**

8. DEBT

A summary of long-term debt follows (in millions):

	December 31, 2015	Six Months Ended June 30, 2016		June 30, 2016
		PIK Interest	Repurchases	
8% paid-in-kind toggle notes	$ 247.6	$ 6.8	$ (26.1)	$ 228.3
Less unamortized deferred financing costs	0.6	—	(0.1)	0.5
Long-term debt	**$ 247.0**	**$ 6.8**	**$ (26.0)**	**$ 227.8**

In June 2016, Centrus repurchased some of the Company's 8.0% paid-in-kind ("PIK") toggle notes (the "PIK Toggle Notes") pursuant to a pre-arranged trading plan. The PIK Toggle Notes repurchased had an aggregate principal balance of $26.1 million and accrued interest payable balance of $0.5 million. The Company paid $9.8 million in cash, of which $1.8 million is included in accounts payable and accrued liabilities as of June 30, 2016, and was paid in July 2016. The gain on the early extinguishment of the PIK Toggle Notes was $16.7 million, net of commissions and unamortized deferred financing costs totaling $0.1 million.

The pre-arranged trading plan was adopted in accordance with guidelines specified under Rule 10b5-1 of the Securities Exchange Act of 1934 (the "10b5-1 Plan"). The 10b5-1 Plan provided that an independent broker selected by the Company repurchase PIK Toggle Notes on the open market within specified guidelines on the Company's behalf. All repurchases were subject to SEC regulations as well as such other terms and conditions as specified in the 10b5-1 Plan. On July 11, 2016, the Company terminated the 10b5-1 Plan and subsequently cancelled the PIK Toggle Notes that were repurchased.

The PIK Toggle Notes pay interest at a rate of 8.0% per annum. Interest is payable semi-annually in arrears based on a 360-day year consisting of twelve 30-day months. The principal amount is increased by any payment of interest in the form of PIK payments. The Company has the option to pay up to 5.5% per annum of interest due on the PIK Toggle Notes in the form of PIK payments. For the semi-annual interest periods ended March 31, 2016, and ending September 30, 2016, the Company has elected to pay interest in the form of PIK payments at 5.5% per annum. As such, interest for the semi-annual period ended March 31, 2016, was paid as $3.1 million in cash and $6.8 million in PIK payments. Total interest payable at June 30, 2016, is $4.5 million, of which the expected cash portion of $1.4 million is included in accounts payable and accrued liabilities and the expected PIK portion of $3.1 million is included in other long-term liabilities.

Financing costs for the issuance of the PIK Toggle Notes were deferred and are being amortized on a straight-line basis, which approximates the effective interest method, over the life of the PIK Toggle Notes.

The PIK Toggle Notes will mature on September 30, 2019. However, the maturity date can be extended to September 30, 2024 upon the satisfaction of certain funding conditions described in the Indenture relating to the funding, under binding agreements, of (i) the American Centrifuge project or (ii) the implementation and deployment of a National Security Train Program utilizing American Centrifuge technology.

The PIK Toggle Notes rank equally in right of payment with all existing and future unsubordinated indebtedness of the Company (other than the Issuer Senior Debt as defined below) and are senior in right of payment to all existing and future subordinated indebtedness of the Company. The PIK Toggle Notes are subordinated in right of payment to certain indebtedness and obligations of the Company described in the Indenture (the “Issuer Senior Debt”), including (i) any indebtedness of the Company under a future credit facility, (ii) obligations of, and claims against, the Company under any equity investment (or any commitment to make an equity investment) with respect to the financing of the American Centrifuge project, (iii) obligations of, and claims against, the Company under any arrangement with DOE, export credit agencies or any other lenders or insurers with respect to the financing or government support of the American Centrifuge project and (iv) indebtedness of the Company to Enrichment Corp. under the Centrus Intercompany Note.

The PIK Toggle Notes are guaranteed and secured on a subordinated, conditional, and limited basis by Enrichment Corp. Enrichment Corp will be released from its guarantee without the consent of the holders of the PIK Toggle Notes upon the occurrence of certain termination events (other than with respect to an unconditional interest claim). The Enrichment Corp. guarantee ranks equally in right of payment with all existing and future unsubordinated indebtedness of Enrichment Corp. (other than the Designated Senior Claims as defined below) and is senior in right of payment to all existing and future subordinated indebtedness of Enrichment Corp. The Enrichment Corp. guarantee is subordinated in right of payment to certain obligations of, and claims against, Enrichment Corp. described in the Indenture (collectively, the “Designated Senior Claims”), including obligations and claims:

- under a future credit facility;
- held by or for the benefit of the Pension Benefit Guaranty Corporation (“PBGC”) pursuant to any settlement of any actual or alleged Employee Retirement Income Security Act (“ERISA”) Section 4062(e) event;
- held by any party with respect to any equity investment (or any commitment to make an equity investment) with respect to the financing of the American Centrifuge project;
- held by DOE, export credit agencies or any other lenders or insurers with respect to the financing or government support of the American Centrifuge project; and
- held by the U.S. government.

9. FAIR VALUE MEASUREMENTS

Pursuant to the accounting guidance for fair value measurements, fair value is defined as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required or permitted to be recorded at fair value, consideration is given to the principal or most advantageous market and assumptions that market participants would use when pricing the asset or liability. The accounting guidance establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value:

- Level 1 – quoted prices in active markets for identical assets or liabilities.
- Level 2 – inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or model-derived valuations in which significant inputs are observable or can be derived principally from, or corroborated by, observable market data.
- Level 3 – unobservable inputs in which little or no market data exists.

Financial Instruments Recorded at Fair Value (in Millions)

	June 30, 2016				December 31, 2015			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets:								
Cash and cash equivalents	$ 174.5	$ —	$ —	$ 174.5	$ 234.0	$ —	$ —	$ 234.0
Deferred compensation asset (a)	—	1.4	—	1.4	—	1.5	—	1.5
Liabilities:								
Deferred compensation obligation (a)	—	1.2	—	1.2	—	1.4	—	1.4

(a) The deferred compensation obligation represents the balance of deferred compensation plus net investment earnings. The deferred compensation plan is informally funded through a rabbi trust using variable universal life insurance. The cash surrender value of the life insurance policies is designed to track the deemed investments of the plan participants. Investment crediting options consist of institutional and retail investment funds. The deemed investments are classified within Level 2 of the valuation hierarchy because (i) of the indirect method of investing and (ii) unit prices of institutional funds are not quoted in active markets.

There have been no transfers between Levels 1, 2 or 3 during the periods presented.

Other Financial Instruments

As of June 30, 2016, and December 31, 2015, the balance sheet carrying amounts for accounts receivable, accounts payable and accrued liabilities (excluding the deferred compensation obligation described above), and payables under SWU purchase agreements approximate fair value because of the short-term nature of the instruments.

The principal balance and estimated fair value of the PIK Toggle Notes follow (in millions):

	June 30, 2016	December 31, 2015
	(in millions)	
Principal balance	$ 228.3	$ 247.6
Estimated fair value	90.5	36.9

The estimated fair values of the PIK Toggle Notes is based on the most recent trading prices as of the balance sheet date (Level 1).

10. PENSION AND POSTRETIREMENT HEALTH AND LIFE BENEFITS

The components of net periodic benefit cost (credit) for the pension plans were as follows (in millions):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Service costs	$ 0.9	$ 1.0	$ 1.9	$ 2.0
Interest costs	8.9	9.3	17.7	18.6
Expected return on plan assets (gains)	(10.5)	(12.2)	(21.0)	(24.4)
Actuarial loss (gain) from remeasurement	0.8	(3.9)	0.8	(3.9)
Net periodic benefit cost (credit)	**$ 0.1**	**$ (5.8)**	**$ (0.6)**	**$ (7.7)**

In the second quarter of 2016, the level of lump-sum payments under the Company's non-qualified defined benefit pension plans resulted in the remeasurement of pension obligations under settlement accounting rules. The remeasurement resulted in a loss of $0.8 million included in selling, general and administrative expenses in the second quarter of 2016. The loss includes the effect of a decrease in the discount rate used in the measurement of pension obligations from approximately 4.5% as of December 31, 2015, to approximately 3.7% as of June 30, 2016.

In the second quarter of 2015, the level of lump-sum payments under the Company's non-qualified defined benefit pension plans and the Employees' Retirement Plan of Centrus Energy Corp. resulted in a remeasurement gain of $3.9 million included in selling, general and administrative expenses in the second quarter of 2015. The gain included the effect of an increase in the discount rate from approximately 4.1% as of December 31, 2014, to approximately 4.5% as of June 30, 2015.

The components of net periodic benefit cost for the postretirement health and life benefit plans were as follows (in millions):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Service costs	$ —	$ —	$ —	$ 0.1
Interest costs	1.9	2.2	4.0	4.4
Expected return on plan assets (gains)	—	(0.3)	(0.1)	(0.5)
Amortization of prior service (credits), net	—	—	(0.1)	(0.1)
Net periodic benefit cost	**$ 1.9**	**$ 1.9**	**$ 3.8**	**$ 3.9**

11. NET INCOME (LOSS) PER SHARE

Basic net income (loss) per share is calculated by dividing net income (loss) by the weighted average number of shares of common stock outstanding during the period, excluding any unvested restricted stock. In calculating diluted net income per share, the numerator is increased by interest and dividends on potentially dilutive securities, net of tax, and the denominator is increased by the weighted average number of shares resulting from potentially dilutive securities, assuming full conversion. No dilutive effect is recognized in a period in which a net loss has occurred.

	Three Months Ended June 30,		Six Months Ended June 30,	
(in millions, except per share amounts)	**2016**	**2015**	**2016**	**2015**
Numerator for basic and diluted calculation:				
Net loss	**$ (2.9)**	**$ (15.1)**	**$ (17.5)**	**$ (30.5)**
Denominator:				
Weighted average common shares	9.1	9.0	9.1	9.0
Denominator for basic calculation	**9.1**	**9.0**	**9.1**	**9.0**
Weighted average effect of dilutive securities:				
Stock compensation awards (a)	—	—	—	—
Denominator for diluted calculation	**9.1**	**9.0**	**9.1**	**9.0**
Net loss per share - basic and diluted	**$ (0.32)**	**$ (1.68)**	**$ (1.92)**	**$ (3.39)**

(a) Compensation awards under the 2014 Equity Incentive Plan resulted in common stock equivalents of less than 0.1 million shares of common stock and are excluded from the diluted calculation as a result of net losses in the six months ended June 30, 2016 and the six month ended June 30, 2015.

Options to purchase shares of common stock having an exercise price greater than the average share market price are excluded from the calculation of diluted net income (loss) per share:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	**2015**	**2016**	**2015**
Options excluded from diluted net income per share	375,000	75,000	490,000	75,000
Exercise price of excluded options	$ 3.90 to $ 5.62	$ 5.62	$ 2.68 to $ 5.62	$ 5.62

12. COMMITMENTS AND CONTINGENCIES

Potential ERISA Section 4062(e) Liability

The Company had been engaged in discussions with the PBGC regarding the status of the qualified pension plans, including potential liability under ERISA Section 4062(e) related to employee reductions resulting from ceasing enrichment operations at the Portsmouth and Paducah GDP facilities. In the event the PBGC were to determine there are funding obligations under section 4062(e), the Company believes that any such liability would be fully satisfied under the provisions of the Consolidated and Further Continuing Appropriations Act, 2015 (the "CFCAA"), which made major changes to ERISA section 4062(e). The CFCAA changes the criteria for triggering liability under section 4062(e); provides certain exemptions from the applicability of section 4062(e) to certain events; permits companies to satisfy the liability by making payments into the pension over seven years, but ends those pension obligations once the pension reaches a 90% funding level as calculated under the method provided in the CFCAA; subject to an exception not applicable here, prohibits the PBGC from taking any enforcement, administrative or other action under section 4062(e) that is inconsistent with the amendments made by the CFCAA based on events that occurred before the date of enactment (December 16, 2014); and permits companies to elect to satisfy any liability under section 4062(e) as provided in the CFCAA for an event that had occurred prior to date of enactment as if such cessation had occurred on such date of enactment.

The PBGC, however, has other authorities under ERISA that it may otherwise consider in connection with the Company's qualified defined benefit pension plans. These authorities include, but are not limited to, initiating involuntary termination of underfunded plans and seeking liens or additional funding. The Company would seek to defend against the assertion by the PBGC of any such authorities based on the facts and circumstances at the time. The involuntary termination by the PBGC of any of the qualified pension plans of Centrus or Enrichment Corp. would result in the termination of the limited, conditional guaranty by Enrichment Corp. of the PIK Toggle Notes (other than with respect to certain interest obligations).

The PBGC has indicated it would like the Company to make contributions to the pension in advance of statutory funding requirements as amended by the Highway and Transportation Funding Act of 2014. The Company believes it is in the best interest of all stakeholders, including the PBGC, the covered plan participants and the Company, to continue funding the qualified pension plans in the ordinary course and expects to do so. There is no assurance that the Company and the PBGC will reach agreement or that the PBGC will agree with the Company's approach.

NYSE MKT Listing Standards Notice

On November 17, 2015, Centrus Energy Corp. received notice from the NYSE MKT LLC (the "NYSE MKT") indicating that the Company is not in compliance with Sections 1003(a)(i) and (ii) of the NYSE MKT's Company Guide since the Company reported a stockholders' deficit as of September 30, 2015, and net losses in its fiscal years ended December 31, 2011, 2012 and 2013. The Company submitted a plan to regain compliance with the NYSE MKT's continued listing standards and the NYSE MKT notified the Company in January 2016 that it accepted the plan. With the NYSE MKT's acceptance of the plan, the Company has until May 17, 2017, to regain compliance. If the Company is not in compliance with the continued listing standards by May 17, 2017, or if the Company does not make progress consistent with the plan, the NYSE MKT may initiate delisting procedures as appropriate. In the meantime, the Company's common stock will continue to be traded on the NYSE MKT, subject to ongoing monitoring by the NYSE MKT and the Company's compliance with all other applicable NYSE MKT requirements.

American Centrifuge

Milestones under the 2002 DOE-USEC Agreement

USEC and DOE signed an agreement dated June 17, 2002, as amended (the "2002 DOE-USEC Agreement"), pursuant to which the parties made long-term commitments directed at resolving issues related to the stability and security of the domestic uranium enrichment industry. DOE consented to the assumption by Centrus of the 2002 DOE-USEC Agreement and other agreements between the Company and DOE subject to an express reservation of all rights, remedies and defenses by DOE and Centrus under those agreements as part of Centrus' Chapter 11 bankruptcy process. The 2002 DOE-USEC Agreement requires Centrus to develop, demonstrate and deploy advanced enrichment technology in accordance with milestones and provides for remedies in the event of a failure to meet a milestone under certain circumstances.

DOE has specific remedies under the 2002 DOE-USEC Agreement if Centrus fails to meet a milestone that would adversely impact its ability to begin commercial operations of the American Centrifuge Plant on schedule, and such delay was within Centrus' control or was due to its fault or negligence or if Centrus abandons or constructively abandons the commercial deployment of an advanced enrichment technology. These remedies include terminating the 2002 DOE-USEC Agreement, revoking Centrus' access to DOE's centrifuge technology that is required for the success of the American Centrifuge project, requiring Centrus to transfer certain rights in the American Centrifuge technology and facilities to DOE, and requiring Centrus to reimburse DOE for certain costs associated with the American Centrifuge project.

The 2002 DOE-USEC Agreement provides that if a delaying event beyond the control and without the fault or negligence of Centrus occurs that could affect Centrus' ability to meet an American Centrifuge Plant milestone, DOE and Centrus will jointly meet to discuss in good faith possible adjustments to the milestones as appropriate to accommodate the delaying event. The Company notified DOE that it had not met the June 2014 milestone within the time period currently provided due to events beyond its control and without the fault or negligence of the Company. The assumption of the 2002 DOE-USEC Agreement provided for under the Plan of Reorganization did not affect the ability of either party to assert all rights, remedies and defenses under the agreement and all such rights, remedies and defenses are specifically preserved and all time limits tolled expressly including all rights, remedies and defenses and time limits relating to any missed milestones. DOE and Centrus have agreed that all rights, remedies and defenses of the parties with respect to any missed milestones since March 5, 2014, including the June 2014 and November 2014 milestones, and all other matters under the 2002 DOE-USEC Agreement continued to be preserved, and that the time limits for each party to respond to any missed milestones continue to be tolled.

Decontamination and Decommissioning

Centrus leases facilities in Piketon, Ohio, from DOE for the American Centrifuge project. Centrus has obligations associated with the D&D of the Piketon facility in accordance with the requirements of the NRC and DOE. At the conclusion of the lease, Centrus is obligated to return these leased facilities to DOE in a condition that meets NRC requirements and in the same condition as the facilities were in when they were leased to Centrus (other than due to normal wear and tear). Centrus must remove all Company-owned capital improvements at the Piketon facility, unless otherwise consented to by DOE, by the conclusion of the lease term.

Effective October 1, 2015, the U.S. government discontinued funding of the American Centrifuge demonstration cascade at Piketon. Centrus began voluntary reductions in force in 2015 and began the D&D process for the Piketon facility in 2016. Costs related to this process totaled $3.7 million in the second quarter of 2016, which were charged to the accrued liability *Decontamination and Decommissioning Obligations.* The accrued liability balance is $25.7 million as of June 30, 2016. The Company is experiencing delays in implementing the D&D process and is working to finalize contractual and regulatory arrangements for the disposition of materials. The charge to advanced technology costs of $4.7 million in the second quarter of 2016 reflects delays as the Company continues to incur costs as the facility caretaker. The D&D work is now expected to extend through 2017 and additional costs associated with delays in fully implementing the D&D process may be incurred. The Company is evaluating the impact the delays will have on future costs.

Centrus is required to provide financial assurance to the NRC and DOE for D&D costs under a regulatorily-prescribed methodology that includes potential contingent costs and reserves. As of June 30, 2016, and December 31, 2015, Centrus has provided financial assurance to the NRC and DOE in the form of surety bonds totaling $29.4 million, which are fully cash collateralized by Centrus. Centrus expects to receive cash when surety bonds are reduced and/or cancelled as the Company fulfills its D&D and lease obligations. The Company has not made a decision on lease turnover and is continuing to evaluate future uses for the site.

13. STOCKHOLDERS EQUITY

Rights Agreement

On April 6, 2016 (the “Effective Date”), the Company’s Board of Directors (the “Board”) adopted a Section 382 Rights Agreement (the “Rights Agreement”). The Board adopted the Rights Agreement in an effort to protect shareholder value by, among other things, attempting to protect against a possible limitation on the Company’s ability to use its net operating loss carryforwards and other tax benefits, which may be used to reduce potential future income tax obligations. As reported on the Company’s Annual Report on Form 10-K for the year ended December 31, 2015, as of December 31, 2015, the Company had federal net operating losses of $324.7 million that currently expire through 2035.

In connection with the adoption of the Rights Agreement, the Board declared a dividend of one preferred-share-purchase-right for each share of the Company’s Class A common stock and Class B common stock outstanding as of the Effective Date. The rights initially trade together with the common stock and are not exercisable. In the absence of further action by the Board, the rights would generally become exercisable and allow a holder to acquire shares of a new series of the Company’s preferred stock if any person or group acquires 4.99% or more of the outstanding shares of the Company’s common stock, or if a person or group that already owns 4.99% or more of the Company’s Class A common stock acquires additional shares representing 0.5% or more of the outstanding shares of the Company’s Class A common stock. The rights beneficially owned by the acquirer would become null and void, resulting in significant dilution in the ownership interest of such acquirer.

The Board may exempt any acquisition of the Company’s common stock from the provisions of the Rights Agreement if it determines that doing so would not jeopardize or endanger the Company's use of its tax assets or is otherwise in the best interests of the Company. The Board also has the ability to amend or terminate the Rights Agreement prior to a triggering event.

The Company expects to seek stockholder approval of the Rights Agreement at the 2017 annual meeting of stockholders. The rights issued under the Rights Agreement will expire if, among other things, the Rights Agreement is not approved by the Company's stockholders or on April 6, 2019, if the Rights Agreement is so approved.

Stock-Based Compensation

A summary of stock-based compensation costs follows (in millions):

	Three Months Ended June 30, 2016	Three Months Ended June 30, 2015	Six Months Ended June 30, 2016	Six Months Ended June 30, 2015
Total stock-based compensation costs:				
Restricted stock and restricted stock units	$ —	$ —	$ 0.1	$ 0.1
Stock options, performance awards and other	0.1	0.1	0.2	0.1
Expense included primarily in selling, general and administrative expense	**$ 0.1**	**$ 0.1**	**$ 0.3**	**$ 0.2**
Total recognized tax benefit	**$** —	**$** —	**$** —	**$** —

As of June 30, 2016, there was $0.9 million of unrecognized compensation cost, adjusted for estimated forfeitures, of which $0.8 million relates to stock options and less than $0.1 million relates to unvested restricted stock units. Unrecognized compensation cost is expected to be recognized over a weighted-average period of 2.2 years.

Stock-based compensation cost is measured at the grant date, based on the fair value of the award using the Black-Scholes option pricing model, and is recognized over the vesting period. Stock options vest and become exercisable in equal annual installments over a three- or four-year period and expire 10 years from the date of grant.

Assumptions used in the Black-Scholes option pricing model to value option grants follow.

	Six Months Ended June 30, 2016	Six Months Ended June 30, 2015
Risk-free interest rate	1.9%	1.9%
Expected volatility	75%	75%
Expected option life (years)	6	6
Weighted-average grant date fair value	$1.77	$2.89
Options granted	15,000	300,000

Accumulated Other Comprehensive Income (Loss)

The sole component of accumulated other comprehensive income (loss) (“AOCI”) relates to activity in the accounting for pension and postretirement health and life benefit plans. Amortization of prior service costs (credits), net, is reclassified from AOCI and included in the computation of net periodic benefit cost (credit) as detailed in Note 10 - *Pension and Post-Retirement Health and Life Benefits*.

14. SEGMENT INFORMATION

Centrus has two reportable segments: the LEU segment with two components, SWU and uranium, and the contract services segment. The LEU segment includes sales of the SWU component of LEU, sales of both the SWU and uranium components of LEU, and sales of uranium. The contract services segment includes revenue and cost of sales for work that Centrus performs under a fixed-price agreement as a contractor to UT-Battelle. The contract services segment also includes limited services provided by Centrus to DOE and its contractors at the Piketon facility. Gross profit is Centrus' measure for segment reporting. There were no intersegment sales in the periods presented. For additional details on each segment, refer to Item 2, *Management's Discussion and Analysis of Financial Condition and Results of Operations*.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
	(in millions)			
Revenue				
LEU segment:				
Separative work units	$ 54.9	$ 42.2	$ 114.2	$ 145.8
Uranium	—	—	14.3	43.2
	54.9	42.2	128.5	189.0
Contract services segment	8.5	21.1	24.9	42.1
Revenue	**$ 63.4**	**$ 63.3**	**$ 153.4**	**$ 231.1**
Segment Gross Profit				
LEU segment	$ 5.6	$ 5.5	$ 13.7	$ 12.7
Contract services segment	(0.1)	(1.2)	7.6	(1.5)
Gross profit	**$ 5.5**	**$ 4.3**	**$ 21.3**	**$ 11.2**

Item 2. ***Management's Discussion and Analysis of Financial Condition and Results of Operations***

The following discussion should be read in conjunction with, and is qualified in its entirety by reference to, the condensed consolidated financial statements and related notes appearing elsewhere in this report.

Overview

Centrus Energy Corp. ("Centrus" or the "Company") is a trusted supplier of low-enriched uranium ("LEU") for commercial nuclear power plants. References to "Centrus", the "Company", or "we" include Centrus Energy Corp. and its wholly owned subsidiaries as well as the predecessor to Centrus, unless the context otherwise indicates. LEU is a critical component in the production of nuclear fuel for reactors that produce electricity. We supply LEU to both domestic and international utilities for use in nuclear reactors worldwide. Centrus is a leader in the development of advanced uranium enrichment technology and is performing research and demonstration work to support U.S. energy and national security.

As a long-term supplier of LEU to our customers, our goal is to provide value through the reliability and diversity of our supply sources. We provide LEU from multiple sources including our inventory, long- and mid-term supply contracts and spot purchases. Our long-term objective is to resume commercial enrichment production and we are exploring alternative approaches to that end.

We have a contract with UT-Battelle, LLC ("UT-Battelle"), the operator of Oak Ridge National Laboratory ("ORNL"), to conduct research, development and demonstration of our advanced centrifuge technology for the U.S. government. We believe that this technology could play a critical role in meeting our national and energy security needs and achieving our nation's non-proliferation objectives.

Business Segments

Centrus has two reportable segments: the LEU segment with two components, separative work units ("SWU") and uranium, and the contract services segment.

LEU Segment

Revenue from Sales of SWU and Uranium

The LEU segment is our primary business focus. Revenue from our LEU segment is derived primarily from:

- sales of the SWU component of LEU,
- sales of both the SWU and uranium components of LEU, and
- sales of natural uranium.

The majority of our customers are domestic and international utilities that operate nuclear power plants, with international sales constituting 41% of revenue from our LEU segment in 2015. Our agreements with electric utilities are primarily long-term, fixed-commitment contracts under which our customers are obligated to purchase a specified quantity of the SWU component of LEU (or the SWU and uranium components of LEU) from us. Our agreements for natural uranium sales are generally shorter-term, fixed-commitment contracts.

Our revenues, operating results and cash flows can fluctuate significantly from quarter to quarter and year to year. Revenue is recognized at the time LEU or uranium is delivered under the terms of our contracts. Customer demand is affected by, among other things, electricity markets, reactor operations, maintenance and the timing of refueling outages. Utilities typically schedule the shutdown of their reactors for refueling to coincide with the low electricity demand periods of spring and fall. Thus, some reactors are scheduled for annual or two-year refuelings in the spring or fall, or for 18-month cycles alternating between both seasons. Customer payments for the SWU component of LEU historically average approximately $15 million to $20 million per order. As a result, a relatively small change in the timing of customer orders for LEU due to a change in a customer's refueling schedule may cause operating results to be substantially above or below expectations.

Our financial performance over time can be significantly affected by changes in prices for SWU and uranium. Since 2011, the prices for SWU and uranium have significantly declined. Since our sales order book includes contracts awarded to us in previous years, the average SWU price billed to customers typically lags behind published price indicators by several years, which means that average prices under contract today exceed current market prices.

The long-term SWU price indicator, as published by TradeTech, LLC in *Nuclear Market Review*, is an indication of base-year prices under new long-term enrichment contracts in our primary markets. Following are TradeTech's long-term and spot SWU price indicators, the long-term price for uranium hexafluoride ("UF6"), as calculated by Centrus using indicators published in *Nuclear Market Review*, and TradeTech's spot price indicator for UF6:

	June 30, 2016	December 31, 2015	June 30, 2015	December 31, 2014
SWU:				
Long-term price indicator ($/SWU)	$ 69.00	$ 72.00	$ 82.00	$ 90.00
Spot price indicator ($/SWU)	58.00	61.00	70.00	88.00
UF_6:				
Long-term price composite ($/KgU)	117.01	128.97	136.19	146.64
Spot price indicator ($/KgU)	75.50	98.50	101.50	100.50

Our contracts with customers and suppliers are denominated in U.S. dollars, and although revenue has not been directly affected by changes in the foreign exchange rate of the U.S. dollar, we may have a competitive price advantage or disadvantage obtaining new contracts in a competitive bidding process depending upon the weakness or strength of the U.S. dollar. Costs of our primary competitors are denominated in other currencies.

Cost of Sales for SWU and Uranium

Cost of sales for SWU and uranium is based on the amount of SWU and uranium sold and delivered during the period and unit inventory costs. Unit inventory costs are determined using the monthly moving average cost method. Changes in purchase costs have an effect on inventory costs and cost of sales over current and future periods.

Contract Services Segment

The contract services segment includes revenue and cost of sales for American Centrifuge work we perform as a contractor to UT-Battelle. The contract services segment also includes limited services provided by Centrus to DOE and its contractors at the Piketon facility.

American Centrifuge

The Company has a long record as a global leader in advanced technology, manufacturing and engineering. Our manufacturing, engineering, testing and demonstration facilities and our highly-trained workforce are deeply engaged in advancing the next generation of uranium enrichment technology. We are exploring a number of options for returning to domestic production in the future.

In September 2015, Centrus completed a successful three-year demonstration of the existing American Centrifuge technology at its facility in Piketon, Ohio, with 120 machines linked together in a cascade to simulate industrial operating conditions. The demonstration effort was primarily funded by the U.S. government. Our current government contract with UT-Battelle provides for continued research, development and demonstration work at the Company's facilities in Oak Ridge, Tennessee.

The contract services segment includes *Revenue* and *Cost of Sales* for American Centrifuge work Centrus performs as a contractor to UT-Battelle. The current contract is a firm, fixed-price contract that provides for payments for monthly reports of approximately $2.7 million per month, down from approximately $6.9 million per month through September 2015. Spending levels to perform the contract work are consistent with the fixed funding levels. Centrus records an unbilled receivable and revenue based on the progress towards the achievement of monthly deliverables. Monthly reports and invoices affirming the achievement of monthly deliverables are submitted shortly following each month. The achievement of monthly deliverables has resulted in revenue consistent with the funding levels.

Although our prior contract expired September 30, 2015, Centrus continued to perform work at the expected reduced scope as the parties worked toward a successor agreement. The current contract signed in March 2016 provided for payment for reports related to work performed since October 1, 2015. *Revenue* in the six months ended June 30, 2016, includes $8.1 million for March reports on work performed in the three months ended December 31, 2015, and $16.2 million for reports on work performed in the six months ended June 30, 2016. Expenses for contract work performed in the six months ended June 30, 2016, are included in *Cost of Sales*. Expenses for work performed in the three months ended December 31, 2015, before there was a contract were included in *Advanced Technology Costs* in 2015.

American Centrifuge expenses that are outside of our contracts with UT-Battelle, including demobilization and certain site maintenance costs, are included in *Advanced Technology Costs*. Centrus has begun to incur expenditures in the second quarter of 2016 associated with the decontamination and decommissioning (“D&D”) of the Piketon facility in accordance with the requirements of the U.S. Nuclear Regulatory Commission (“NRC”) and the U.S. Department of Energy (“DOE”). Estimated costs for D&D have been accrued and the balance of the liability was reduced from $29.4 million as of March 31, 2016, to $25.7 million as of June 30, 2016. For additional details on the D&D of the Piketon facility and related workforce reductions, refer below to *Liquidity and Capital Resources.*

Site Services Work and Related Receivables

We formerly performed work under contracts with DOE and its contractors to maintain and prepare the former Portsmouth GDP for D&D. In September 2011, our contracts for maintaining the Portsmouth facilities and performing services for DOE at Portsmouth expired and we completed the transition of facilities to DOE’s D&D contractor for the Portsmouth site. Additionally, we provided limited services to DOE and its contractors at the Paducah GDP until the leased portions of the Paducah GDP were returned to DOE on October 21, 2014.

There is the potential for additional revenue to be recognized, based on the outcome of DOE reviews and audits, as the result of the release of previously established receivable related reserves. However, uncertainty exists because contract billing periods since June 2002 have not been finalized with DOE, and we have not yet recognized this additional revenue. Certain receivables from DOE are included in other long-term assets based on the extended timeframe expected to resolve claims for payment. Additional details are provided in Note 4 - *Receivables* to the condensed consolidated financial statements.

2016 Outlook

We continue to anticipate SWU and uranium revenue in 2016 in a range of $250 million to $275 million and total revenue in a range of $275 million to $300 million. We anticipate the SWU sales volume for 2016 to be comparable to 2015. We expect to end 2016 with a cash and cash equivalents balance in a range of $200 million to $250 million.

Our financial guidance is subject to a number of assumptions and uncertainties that could affect results either positively or negatively. Variations from our expectations could cause differences between our guidance and our ultimate results. Factors that could affect our results include the following:

- Additional short-term purchases or sales of SWU and uranium;
- Timing of customer orders, related deliveries, and purchases of LEU or components;
- The outcome of legal proceedings and other contingencies, including discussions with the Pension Benefit Guaranty Corporation ("PBGC");
- Execution and funding of a new agreement with UT-Battelle, the operator of ORNL, for the continuation of American Centrifuge development and testing activities in Oak Ridge following the expiration of our agreement on September 30, 2016; and
- Additional costs for American Centrifuge demobilization; decontamination and decommissioning of the Company's facility in Ohio; or related to the overall transition of Centrus.

Results of Operations

Segment Information

We have two reportable segments measured and presented through the gross profit line of our income statement: the LEU segment with two components, SWU and uranium, and the contract services segment. There were no intersegment sales in the periods presented.

The following tables presents elements of the accompanying condensed consolidated statements of operations that are categorized by segment (dollar amounts in millions):

	Three Months Ended June 30, 2016	Three Months Ended June 30, 2015	Change	%
LEU segment				
Revenue:				
SWU revenue	$ 54.9	$ 42.2	$ 12.7	30 %
Uranium revenue	—	—	—	— %
Total	54.9	42.2	12.7	30 %
Cost of sales	49.3	36.7	(12.6)	(34)%
Gross profit	$ 5.6	$ 5.5	$ 0.1	2 %
Contract services segment				
Revenue	$ 8.5	$ 21.1	$ (12.6)	(60)%
Cost of sales	8.6	22.3	13.7	61 %
Gross profit (loss)	$ (0.1)	$ (1.2)	$ 1.1	92 %
Total				
Revenue	$ 63.4	$ 63.3	$ 0.1	— %
Cost of sales	57.9	59.0	1.1	2 %
Gross profit	$ 5.5	$ 4.3	$ 1.2	28 %

	Six Months Ended June 30, 2016	Six Months Ended June 30, 2015	Change	%
LEU segment				
Revenue:				
SWU revenue	$ 114.2	$ 145.8	$ (31.6)	(22)%
Uranium revenue	14.3	43.2	(28.9)	(67)%
Total	128.5	189.0	(60.5)	(32)%
Cost of sales	114.8	176.3	61.5	35 %
Gross profit	$ 13.7	$ 12.7	$ 1.0	8 %
Contract services segment				
Revenue	$ 24.9	$ 42.1	$ (17.2)	(41)%
Cost of sales	17.3	43.6	26.3	60 %
Gross profit (loss)	$ 7.6	$ (1.5)	$ 9.1	607 %
Total				
Revenue	$ 153.4	$ 231.1	$ (77.7)	(34)%
Cost of sales	132.1	219.9	87.8	40 %
Gross profit	$ 21.3	$ 11.2	$ 10.1	90 %

Revenue

Revenue from the LEU segment increased $12.7 million (or 30%) in the three months ended June 30, 2016, compared to the corresponding period in 2015. The volume of SWU sales increased 63%, reflecting the variability in timing of utility customer orders. The average price billed to customers for sales of SWU declined 19%, reflecting the particular contracts under which SWU were sold during the periods.

Revenue from the LEU segment declined $60.5 million (or 32%) in the six months ended June 30, 2016, compared to the corresponding period in 2015. The volume of SWU sales declined 13%, reflecting the variability in timing of utility customer orders. For the full year, the SWU sales volume for 2016 is expected to be comparable to 2015. The average price billed to customers for sales of SWU declined 9%, reflecting the particular contracts under which SWU were sold during the periods and the trend of lower SWU market prices in recent years. The volume of uranium sales declined 79% in the six-month period, reflecting the expected decline in uranium deliveries in 2016 compared to 2015. The average price billed to customers for sales of uranium increased 54% reflecting the particular contracts under which uranium was sold during the periods.

Revenue from the contract services segment declined $12.6 million (or 60%) in the three months and $17.2 million (or 41%) in the six months ended June 30, 2016, compared to the corresponding periods in 2015. The reduced scope of contract work for American Centrifuge technology services resulted in declines of $12.7 million in the three-month period and $25.5 million in the six-month period. In the six-month period, the decline was partially offset by $8.1 million in revenue for March reports on work performed in the fourth quarter of 2015. As a result of the contract signed with UT-Battelle in March 2016, revenue in the six months ended June 30, 2016, includes $16.2 million for reports on work performed in the six months ended June 30, 2016, as well as $8.1 million for work in the fourth quarter of 2015.

Cost of Sales

Cost of sales for the LEU segment increased $12.6 million (or 34%) in the three months ended June 30, 2016, compared to the corresponding period in 2015, due to the increase in SWU sales volumes partially offset by an 18% decline in the average cost of sales per SWU.

Cost of sales for the LEU segment declined $61.5 million (or 35%) in the six months ended June 30, 2016, compared to the corresponding period in 2015, due to lower SWU and uranium sales volumes and a 13% decline in the average cost of sales per SWU. The declines in cost of sales per SWU reflect declines in our purchase costs per SWU in recent periods, partially offset by an increase in costs related to benefits for former GDP employees and other residual costs related to the Paducah GDP. Refer below to *Impact of Legacy Costs*.

Our inventories are valued at the lower of cost or net realizable value. Valuation adjustments of $0.7 million were charged to cost of sales in the six months ended June 30, 2016, including $0.2 million in the second quarter, for our uranium inventory to reflect declines in uranium market price indicators.

Cost of sales for the contract services segment declined $13.7 million (or 61%) in the three months and $26.3 million (or 60%) in the six months ended June 30, 2016, compared to the corresponding periods in 2015, consistent with the decline in contract services revenue for work performed in the first quarter of 2016. Revenue in the six months ended June 30, 2016, includes a billing for March reports on work performed in the fourth quarter of 2015. Related expenses were included in *Advanced Technology Costs* in 2015 as they were incurred before a contract was in place.

Gross Profit

Our gross profit increased $1.2 million (or 28%) in the three months and $10.1 million (or 90%) in the six months ended June 30, 2016, compared to the corresponding periods in 2015. Gross profit for the six months ended June 30, 2016, includes $8.1 million in revenue under the March 2016 UT-Battelle contract for reports on work performed and expensed in the fourth quarter of 2015 before there was a contract.

Gross profit for the LEU segment in the three months ended June 30, 2016, increased $0.1 million (or 2%) compared to the corresponding period in 2015. Declines in our SWU purchase costs per unit in recent periods and the increase in SWU sales volume were largely offset by the lower average SWU price billed to customers. Our gross profit margin for the LEU segment was 10.2% in the three months ended June 30, 2016, compared to 13.0% in the corresponding period in 2015.

Gross profit for the LEU segment increased $1.0 million (or 8%) in the six months ended June 30, 2016, compared to the corresponding period in 2015, due to declines in our SWU purchase costs per unit in recent periods and the increase in the average price billed for sales of uranium, largely offset by lower average SWU prices billed to customers. Our gross profit margin for the LEU segment was 10.7% in the six months ended June 30, 2016, compared to 6.7% in the corresponding period in 2015.

Impact of Legacy Costs

The Company ceased uranium enrichment at the Portsmouth GDP in 2001 and the Paducah GDP in 2013. Included in cost of sales are costs related to benefits for former GDP employees and other residual costs related to the Paducah GDP. These legacy costs are distinct from the Company's current costs of acquiring SWU and uranium for sale. The following table presents the impact of legacy costs on gross profit for the LEU segment (dollar amounts in millions):

	Six Months Ended June 30,	
	2016	2015
LEU segment (GAAP)		
Gross profit	$ 13.7	$ 12.7
Gross margin	*10.7%*	*6.7%*
Legacy costs included in cost of sales:		
Pension and postretirement health and life benefits (a)	$ 2.1	$ (0.1)
Disability obligations and other (b)	3.4	0.3
Legacy costs	$ 5.5	$ 0.2
LEU segment excluding legacy costs (Non-GAAP)		
Gross profit excluding legacy costs	$ 19.2	$ 12.9
Gross margin excluding legacy costs	*14.9%*	*6.8%*

(a) Costs for pension and postretirement health and life benefits are affected by actuarial assumptions and other factors.

(b) Costs for disability payment obligations increased $2.2 million in the six months ended June 30, 2016, compared to the corresponding period in 2015, due to disability status changes and other factors related to the fixed population receiving benefits.

We believe the non-GAAP financial measures above, when considered together with the corresponding GAAP measures and the reconciliation above, can provide additional understanding of the Company's financial performance and underlying profitability. Management uses the non-GAAP financial measures to provide investors with a more complete understanding of the Company's historical results and trends.

These non-GAAP financial measures are used in addition to and in conjunction with results presented in accordance with our GAAP results. The non-GAAP financial measures should be viewed in addition to, and not as a substitute for, or superior to, financial measures calculated in accordance with GAAP. The non-GAAP financial measures used by the Company may be calculated differently from, and therefore may not be comparable to, non-GAAP financial measures used by other companies.

Non-Segment Information

The following tables presents elements of the accompanying condensed consolidated statements of operations that are not categorized by segment (dollar amounts in millions):

	Three Months Ended June 30,			
	2016	2015	Change	%
Gross profit	$ 5.5	$ 4.3	$ 1.2	28 %
Advanced technology costs	4.7	4.0	(0.7)	(18)%
Selling, general and administrative	12.5	6.3	(6.2)	(98)%
Amortization of intangible assets	2.7	2.0	(0.7)	(35)%
Special charges for workforce reductions and advisory costs	0.6	2.9	2.3	79 %
Other income	(0.4)	(0.7)	(0.3)	(43)%
Operating loss	(14.6)	(10.2)	(4.4)	(43)%
Gain on early extinguishment of debt	(16.7)	—	16.7	— %
Interest expense	5.1	4.9	(0.2)	(4)%
Interest (income)	(0.1)	—	0.1	— %
Loss before income taxes	(2.9)	(15.1)	12.2	81 %
Provision (benefit) for income taxes	—	—	—	— %
Net loss	$ (2.9)	$ (15.1)	$ 12.2	81 %

	Six Months Ended June 30,			
	2016	2015	Change	%
Gross profit	$ 21.3	$ 11.2	$ 10.1	90 %
Advanced technology costs	16.7	5.8	(10.9)	(188)%
Selling, general and administrative	23.9	18.6	(5.3)	(28)%
Amortization of intangible assets	5.9	6.0	0.1	2 %
Special charges for workforce reductions and advisory costs	0.6	3.5	2.9	83 %
Other income	(0.7)	(1.5)	(0.8)	(53)%
Operating loss	(25.1)	(21.2)	(3.9)	(18)%
Gain on early extinguishment of debt	(16.7)	—	16.7	— %
Interest expense	10.1	9.8	(0.3)	(3)%
Interest (income)	(0.4)	(0.2)	0.2	100 %
Loss before income taxes	(18.1)	(30.8)	12.7	41 %
Provision (benefit) for income taxes	(0.6)	(0.3)	0.3	100 %
Net loss	$ (17.5)	$ (30.5)	$ 13.0	43 %

Advanced Technology Costs

Advanced technology costs consist of American Centrifuge expenses that are outside of our contracts with UT-Battelle, including certain site maintenance costs. Advanced technology costs in the six months ended June 30, 2016, include demobilization costs for the demonstration cascade in Piketon. In the second quarter of 2016, the Company commenced with the D&D of the Piketon facility in accordance with the requirements of the NRC and DOE. Costs related to this process totaled $3.7 million in the second quarter of 2016, which were charged to the accrued liability *Decontamination and Decommissioning Obligations*. The Company has experienced delays in implementing the D&D process and is working to finalize contractual and regulatory arrangements for the disposition of materials. The charge to advanced technology costs of $4.7 million in the second quarter of 2016 reflects delays as the Company continues to incur costs as the facility caretaker.

Selling, General and Administrative

Selling, general and administrative ("SG&A") expenses increased $6.2 million in the three months and $5.3 million in the six months ended June 30, 2016, compared to the corresponding periods in 2015, of which $4.7 million relates to the remeasurement of pension obligations. A remeasurement in the second quarter of 2016 resulted in a loss of $0.8 million and a remeasurement in the second quarter of 2015 resulted in a gain of $3.9 million. The loss and gain are mainly attributable to changes in market interest rates used to measure long-term pension obligations. Details are provided in Note 10 to the condensed consolidated financial statements.

Excluding the effects of the pension obligation remeasurements, SG&A expenses increased $0.6 million (or 3%) in the six months ended June 30, 2016, compared to the corresponding period in 2015. Overhead costs allocated to SG&A increased $1.2 million in the six-month period, as less overhead costs are allocated to the reduced scope of work under our contract with UT-Battelle. Consulting costs increased $0.5 million in the six-month period for work related to business development, our debt repurchases and our qualified pension plans. Other SG&A expenses, including for office leases, supplies and other, declined $1.1 million in the six-month period compared to the prior year.

Amortization of Intangible Assets

Amortization expense for the intangible asset related to the sales order book is a function of SWU sales volume, which increased in the three-month period and declined in the six-month period ended June 30, 2016, compared to the corresponding periods in 2015. Amortization expense for the intangible asset related to customer relationships is amortized on a straight-line basis.

Special Charges for Workforce Reductions and Advisory Costs

In the second quarter of 2016, the Company commenced a project to align its corporate structure to the scale of its ongoing business operations and to update related information technology. The company incurred advisory costs related to the reengineering project of $0.5 million in the three months ended June 30, 2016.

The cessation of enrichment at the Paducah GDP and evolving business needs have resulted in workforce reductions since July 2013. In the three and six months ended June 30, 2015, special charges consisted of termination benefits of $2.9 million and $3.8 million, respectively, less $0.3 million in the six-month period for severance paid by the Company and invoiced to DOE for its share of employee severance.

Other Income

Other Income consists of net gains on sales of assets and property no longer needed for operations.

Gain on Early Extinguishment of Debt

In June 2016, we repurchased PIK Toggle Notes having an aggregate principal and accrued interest balance of $26.6 million for cash payments of $9.8 million. The gain on the early extinguishment of the notes was $16.7 million, net of commissions and unamortized deferred financing costs totaling $0.1 million.

Provision (Benefit) for Income Taxes

There was no income tax provision for the three months and there was an income tax benefit of $0.6 million for the six months ended June 30, 2016. There was no income tax provision for the three months and there was an income tax benefit of $0.3 million for the six months ended June 30, 2015. The income tax benefit in both six-month periods resulted from discrete items for reversals of previously accrued amounts associated with liabilities for unrecognized benefits.

Because there is a full valuation allowance against deferred tax assets, pretax losses in continuing operations, and losses in Other Comprehensive Income, there was no income tax provision for the six months ended June 30, 2016, and 2015, although there were income tax benefits resulting from discrete items.

Net Loss

Our net loss was $2.9 million in the three months ended June 30, 2016, and $15.1 million in the three months ended June 30, 2015. The favorable variance of $12.2 million is the result of the gain on the early extinguishment of debt, the decline in special charges and the increase in gross profit, partially offset by the effects of remeasurements of pension plan obligations and other increases in SG&A expenses.

Our net loss was $17.5 million in the six months ended June 30, 2016, and $30.5 million in the six months ended June 30, 2015. The favorable variance of $13.0 million is the result of the gain on the early extinguishment of debt, the increase in gross profit including the $8.1 million in billings for March reports on technology services work performed and expensed in the fourth quarter of 2015, and the decline in special charges, partially offset by higher advanced technology costs and the effects of remeasurements of pension plan obligations and other increases in SG&A expenses.

Liquidity and Capital Resources

We ended the second quarter of 2016 with a consolidated cash balance of $174.5 million. We anticipate having adequate liquidity to support our business operations for at least the next 12 months. Our view of liquidity is dependent on our operations and the level of expenditures and government funding for the American Centrifuge program. Liquidity requirements for our existing operations are affected by the timing and amount of customer sales and our inventory purchases.

Substantially all revenue-generating operations of the Company are conducted at the subsidiary level. Centrus' principal source of funding for American Centrifuge activities is provided (i) under the contract with UT-Battelle, the operator of ORNL; and (ii) from Centrus' wholly owned subsidiary United States Enrichment Corporation ("Enrichment Corp.") to Centrus and its 100% indirectly owned subsidiary American Centrifuge Operating, LLC pursuant to two secured intercompany financing notes (the "Intercompany Notes"). The financing obtained from Enrichment Corp. funds American Centrifuge activities pending receipt of payments related to work performed under the contract with UT-Battelle, American Centrifuge costs that are outside the scope of work under the contract with UT-Battelle, including demobilization costs and contract termination costs resulting from reductions in scope of work, and general corporate expenses, including cash interest payments on our 8% paid-in-kind ("PIK") toggle notes ("PIK Toggle Notes"). The Company has the option to pay up to 5.5% per annum of interest due on the PIK Toggle Notes in the form of PIK payments. For the semi-annual interest periods ended March 31, 2016, and ending September 30, 2016, the Company has elected to pay interest in the form of PIK payments at 5.5% per annum.

Capital expenditures are expected to be insignificant for at least the next 12 months.

We believe our sales order book in our LEU segment is a source of stability for our liquidity position. Centrus' sales order book extends for more than a decade. Although we see limited uncommitted demand for LEU prior to the end of the decade based on current market conditions, we continue to seek and make additional sales, including sales for delivery during that time period.

In September 2015, Centrus completed a successful three-year demonstration of the American Centrifuge technology at its facility in Piketon, Ohio. U.S. government funding for American Centrifuge is now limited to research, development and demonstration work at our facilities in Oak Ridge, Tennessee. We notified our American Centrifuge employees in September 2015 of possible layoffs as a result of reduced program funding and undertook voluntary reductions in 2015. We commenced involuntary workforce reductions beginning in the first quarter of 2016. Centrus expects to make payments for these workforce reductions through 2017.

The Company has incurred demobilization and maintenance costs for the Piketon facility that are included in *Advanced Technology Costs*. In addition to severance and demobilization costs, we have begun to incur expenditures in the second quarter of 2016 associated with the D&D of the Piketon facility in accordance with the requirements of the NRC and DOE. Costs related to this process totaled $3.7 million in the second quarter of 2016, which were charged to the accrued liability *Decontamination and Decommissioning Obligations.* The accrued liability balance is $25.7 million as of June 30, 2016. The Company is experiencing delays in implementing the D&D process and is working to finalize contractual and regulatory arrangements for the disposition of materials. The charge to advanced technology costs of $4.7 million in the second quarter of 2016 reflects delays as the Company continues to incur costs as the facility caretaker. The D&D work is now expected to extend through 2017 and additional costs associated with delays in fully implementing the D&D process may be incurred. The Company is evaluating the impact the delays will have on future costs.

Centrus has previously provided financial assurance to the NRC and DOE for D&D and lease turnover costs in the form of surety bonds of approximately $16 million and $13 million, respectively, which are fully cash collateralized by Centrus. Centrus expects to receive cash when surety bonds are reduced and/or cancelled as the Company fulfills its D&D and lease obligations. The Company has not made a decision on lease turnover and is continuing to evaluate future uses for the site.

In the event that funding by the U.S. government is further reduced or discontinued, the American Centrifuge project may be subject to further demobilization, costs, delays and termination. Any such actions may have a material adverse impact on our ability to deploy the American Centrifuge technology and on our liquidity.

Refer below to *Defined Benefit Plan Funding* regarding our discussions with the PBGC and its financial advisor on the status of our qualified defined benefit plans.

The change in cash and cash equivalents from our condensed consolidated statements of cash flows are as follows on a summarized basis (in millions):

	Six Months Ended June 30, 2016	Six Months Ended June 30, 2015
Net Cash (Used in) Operating Activities	$ (49.9)	$ (5.8)
Net Cash Provided by Investing Activities	(1.6)	5.5
Net Cash (Used in) Financing Activities	(8.0)	—
Net (Decrease) in Cash and Cash Equivalents	**$ (59.5)**	**$ (0.3)**

Operating Activities

The net reduction of $50.9 million in the SWU purchase payables balance, due to the timing of purchase deliveries, was a significant use of cash in the six months ended June 30, 2016. American Centrifuge expenses have been a major use of cash, including demobilization expenses and D&D expenditures. Sources of cash included the monetization of inventory purchased in prior periods. Inventories declined $50.0 million in the quarter, less an increase in receivables from utility customers of $22.1 million. The net loss of $17.5 million in the six months ended June 30, 2016, net of non-cash expenses, was a use of cash.

In the corresponding period in 2015, monetization of inventory provided cash as inventories declined $118.1 million due to sales deliveries exceeding product received under SWU purchase agreements. In addition, accounts receivable declined $31.8 million due to monetization in the first quarter without increased sales and billings. The net reduction of the SWU purchase payables balance of $116.9 million, due to the timing of purchase deliveries, was a significant use of cash in the six-month period. The net loss of $30.5 million in the six months ended June 30, 2015, net of non-cash expenses, was a use of cash.

Investing Activities

Capital expenditures totaled $2.9 million in the six months ended June 30, 2016, including leasehold improvements of $1.7 million that were funded by the owner of the Company's corporate headquarters. The Company funded leasehold improvements and furniture totaling $1.2 million. There were no significant capital expenditures in the corresponding period of 2015. Cash collateral deposits decreased $0.3 million in the six months ended June 30, 2016, and $4.0 million in the corresponding period of 2015, commensurate with declines in surety bonds required for waste disposition.

Financing Activities

In June 2016, Centrus repurchased PIK Toggle Notes having an aggregate principal balance of $26.1 million and accrued interest payable balance of $0.5 million for cash payments of $9.8 million, of which $1.8 million is included in accounts payable and accrued liabilities as of June 30, 2016, and was paid in July 2016.

Working Capital

	June 30, 2016	December 31, 2015
	(in millions)	
Cash and cash equivalents	$ 174.5	$ 234.0
Accounts receivable	51.3	26.5
Inventories, net	161.7	212.4
Other current assets and liabilities, net	(110.7)	(165.2)
Working capital	**$ 276.8**	**$ 307.7**

We had been engaged in discussions with the PBGC regarding the status of our qualified defined benefit pension plans. Refer to Note 12 - *Commitments and Contingencies* to the condensed consolidated financial statements.

Capital Structure and Financial Resources

Our debt consists of PIK Toggle Notes with a principal amount of $228.3 million as of June 30, 2016, and $247.6 million as of December 31, 2015. In June 2016, we repurchased some of the PIK Toggle Notes pursuant to a pre-arranged trading plan. The PIK Toggle Notes repurchased had an aggregate principal balance of $26.1 million and accrued interest payable balance of $0.5 million. The Company paid $9.8 million in cash, of which $1.8 million is included in accounts payable and accrued liabilities as of June 30, 2016, and was paid in July 2016. The gain on the early extinguishment of the PIK Toggle Notes was $16.7 million, net of commissions and unamortized deferred financing costs totaling $0.1 million. Additional details on the PIK Toggle Notes and the pre-arranged trading plan are provided in Note 8 - *Debt* to the condensed consolidated financial statements.

We are managing our working capital to seek to improve the long-term value of our LEU business and are planning to continue funding the Company's qualified pension plans in the ordinary course because we believe that is in the best interest of all stakeholders. We expect that any other uses of working capital will be undertaken in light of these strategic priorities and will be based on the Company's determination as to the relative strength of its operating performance and prospects, financial position and expected liquidity requirements. In addition, we expect that any such other uses of working capital will be subject to compliance with contractual restrictions to which the Company and its subsidiaries are subject, including the terms and conditions of the indenture. The Company continually evaluates alternatives to manage our capital structure, and may opportunistically repurchase, exchange or redeem the PIK Toggle Notes or other Company securities from time to time, even in the absence of any agreement with the PBGC.

NYSE MKT Listing Standards Notice

On November 17, 2015, we received notice from the NYSE MKT LLC (the "NYSE MKT") indicating that the Company is not in compliance with Sections 1003(a)(i) and (ii) of the NYSE MKT's Company Guide since the Company reported a stockholders' deficit as of September 30, 2015, and net losses in its fiscal years ended December 31, 2011, 2012 and 2013. We submitted a plan to regain compliance with the NYSE MKT's continued listing standards and the NYSE MKT notified us in January 2016 that it accepted our plan. With the NYSE MKT's acceptance of the plan, we have until May 17, 2017, to regain compliance. If the Company is not in compliance with the continued listing standards by May 17, 2017, or if the Company does not make progress consistent with the plan, the NYSE MKT may initiate delisting procedures as appropriate. In the meantime, our common stock will continue to be traded on the NYSE MKT, subject to ongoing monitoring by the NYSE MKT and our compliance with all other applicable NYSE MKT requirements.

Off-Balance Sheet Arrangements

Other than outstanding letters of credit and surety bonds, our SWU purchase commitments and the license agreement with DOE relating to the American Centrifuge technology disclosed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2015, there were no material off-balance sheet arrangements, obligations, or other relationships at June 30, 2016, or December 31, 2015.

New Accounting Standards Not Yet Implemented

Reference is made to *New Accounting Standards* in Note 1 to the condensed consolidated financial statements for information on new accounting standards.

Item 3. *Quantitative and Qualitative Disclosures about Market Risk*

At June 30, 2016, the balance sheet carrying amounts for cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, and payables under SWU purchase agreements approximate fair value because of the short-term nature of the instruments.

We have not entered into financial instruments for trading purposes. At June 30, 2016, our debt consisted of the PIK Toggle Notes with a principal amount of $228.3 million. The estimated fair value of the PIK Toggle Notes was $90.5 million based on the most recent trading price as of June 30, 2016.

Item 4. *Controls and Procedures*

Disclosure Controls and Procedures

Centrus maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed by Centrus in reports it files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported on a timely basis and that such information is accumulated and communicated to management, including the Chief Executive Officer and the Chief Financial Officer, as appropriate, to allow for timely decisions regarding required disclosure.

As of the end of the period covered by this report, Centrus carried out an evaluation, under the supervision and with the participation of the Company's management, including the Chief Executive Officer and the Chief Financial Officer, of the effectiveness of the design and operation of disclosure controls and procedures pursuant to Exchange Act Rule 13a-15. Based upon, and as of the date of, this evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that disclosure controls and procedures were effective.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting during the quarter ended June 30, 2016, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II

Item 1. *Legal Proceedings*

There have been no material changes to the Legal Proceedings set forth under Part I, Item 3, *Legal Proceedings,* in our Annual Report on Form 10-K for the fiscal year ended December 31, 2015.

Centrus is subject to various legal proceedings and claims, either asserted or unasserted, which arise in the ordinary course of business. While the outcome of these claims cannot be predicted with certainty, we do not believe that the outcome of any of these legal matters, individually and in the aggregate, will have a material adverse effect on our cash flows, results of operations or consolidated financial condition.

Item 1A. *Risk Factors*

There have been no material changes to the Risk Factors described in Part I, Item 1A, *Risk Factors*, in our Annual Report on Form 10-K for the fiscal year ended December 31, 2015.

Item 6. *Exhibits*

The exhibits listed on the accompanying Exhibit Index are filed or incorporated by reference as part of this report and such Exhibit Index is incorporated herein by reference. The accompanying Exhibit Index identifies each management contract or compensatory plan or arrangement required to be filed as an exhibit to this report.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Centrus Energy Corp.

Date:	August 12, 2016	By:	/s/ Stephen S. Greene
			Stephen S. Greene
			Senior Vice President, Chief Financial Officer and Treasurer
			(Duly Authorized Officer and Principal Financial Officer)

EXHIBIT INDEX

Exhibit No.	Description
3.1	Certificate of the Voting Powers, Designations, Preferences and Relative Participating, Optional and Other Special Rights and Qualifications, Limitations or Restrictions of Series A Participating Cumulative Preferred Stock of Centrus Energy Corp. (filed as Exhibit 3.1 to the Company's Registration Statement on Form 8-A filed with the Securities and Exchange Commission on April 7, 2016).
4.1	Rights Agreement dated as of April 6, 2016, among Centrus Energy Corp., Computershare Inc. ("Computershare") and Computershare Trust Company, N.A., together with Computershare, as Rights Agent (filed as Exhibit 4.1 to the Company's Registration Statement on Form 8-A filed with the Securities and Exchange Commission on April 7, 2016).
4.2	Form of Rights Certificate (filed as Exhibit 4.2 to the Company's Registration Statement on Form 8-A filed with the Securities and Exchange Commission on April 7, 2016).
10.1	2016 Executive Incentive Plan. (a)(c)
31.1	Certification of the Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a) under the Securities Exchange Act of 1934, as amended. (a)
31.2	Certification of the Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a) under the Securities Exchange Act of 1934, as amended. (a)
32.1	Certification of CEO and CFO pursuant to 18 U.S.C. Section 1350. (b)
101	Condensed consolidated financial statements from the Quarterly Report on Form 10-Q for the quarter ended June 30, 2016, filed in interactive data file (XBRL) format.

(a) Filed herewith.

(b) Furnished herewith.

(c) Management contracts and compensatory plans and arrangements required to be filed as exhibits pursuant to Item 6 of this report.

2016 Executive Incentive Plan
Plan Document and Summary Plan Description
(Annual Awards, Long-Term Incentive Cash Awards, Equity Awards)

Purpose

The purpose of this 2016 Executive Incentive Plan (the "2016 Incentive Plan" or "Plan"), is to motivate executives and other key employees of Centrus and its affiliates (collectively, the "Company") to make extraordinary efforts to increase the value of the Company's shares and to achieve goals that are important to the Company in 2016 and beyond. The Plan arises under and is subject to the terms of the Centrus 2014 Equity Incentive Plan, as may be amended and/or restated from time to time (the "Equity Incentive Plan"). In the event of a conflict or inconsistency between the terms of this Plan and the terms of the Equity Incentive Plan, the Equity Incentive Plan shall control. If not otherwise defined herein, capitalized terms within this Plan shall have the same meaning as provided under the Equity Incentive Plan.

Overview

The Plan provides for three types of Awards that may be granted in 2016: an Annual Incentive Award ("Annual Award") payable in cash, a 3-Year Long-Term Incentive Cash Award ("LT Incentive Cash Award"), and an equity denominated award ("Equity Award") in which the participant may participate in the increase in the value of Centrus shares over a 3-year performance period and may be settled as cash, in shares of Centrus common stock or as a combination of both.

A. **Eligibility for Participation** – Participants in the 2016 Executive Incentive Plan are recommended by management and are approved by the Compensation, Nominating and Governance Committee (the "Committee") of the Centrus Board of Directors.

2016 Annual Incentive Plan

I. EFFECTIVE DATE

The Annual Incentive Plan's effective date (the "Effective Date") is January 1, 2016.

II. ANNUAL AWARDS

A. **Target Awards** – The Performance Period for Annual Awards shall be the period from January 1, 2016 through December 31, 2016. Individuals who become participants in the Plan after the Effective Date may have their Target Award prorated to reflect their participation date. The proration will be calculated based on the participant's number of days in 2016 as a participant in the Plan over 366.

1. The target Annual Award under the Plan for each participant for the applicable Performance Period (the "Target Annual Award") shall be approved by the Compensation, Nominating and Governance Committee (the "Committee") of the Centrus Board.

2. The Company, at its discretion, may authorize a final award of zero up to 150% of the Target Award based on outstanding performance in the achievement of the approved goals.

B. **Target Award Pool** – Target Awards will be established for each participant based on a percentage of their base salary and their level within the Corporation (see Attachment I). The sum of the target awards for all participants equals the Target Award Pool.

Participants	Title	Total Base Salary	Bonus Target (%)	Target Award Pool ($)
1	XYZ	$200,000	60%	$ 120,000
27	XYZ	$180,000	40%	$ 72,000
		$ 7,155,852		$ 4,338,932

C. **Final Award Pool** – At the end of the performance period, the Compensation Committee will evaluate Management's performance relative to the Corporate Goals. The Committee will establish an achievement level as a percentage from 0% to 150% based on the degree to which the goals were met. A Final Award Pool will be established by multiplying the Target Award Pool by the Corporate Goal achievement level, the sum of which creates the Final Award Pool. The sum of the total awards made cannot exceed the Final Award Pool without the consent of the Compensation Committee.

Participants	Title	Total Base Salary	Bonus Target (%)	Target Award Pool ($)
1	XYZ	$200,000	60%	$ 120,000
27	XYZ	$180,000	40%	$ 72,000
		$ 7,155,852		$ 4,338,932

2016 Pool Calculation (Example)	
Year-End Corporate Goal Achievement	Total Award Pool
	$109,200
91%	
	$65,520
Times	$ 3,948,428

III. ESTABLISHING GOALS

A. **Corporate Goals** – Corporate Goals shall be designated from among the various performance criteria under the 2014 Equity Incentive Plan and approved by the Committee.

1. The Committee has approved 12 Corporate Goals for 2016.
   i. Each goal has sub-goals or performance metrics that define 100% achievement for each goal.
   ii. The Committee will have the discretion to adjust any goal or target where it believes that such an adjustment is appropriate in supporting business objectives.

2. The Corporate Goals represent key business outcomes for each of the Corporation's Business Units (LEU, Field Operations, Corporate) that must be accomplished over the course of the year.

3. Goals are weighted to recognize their importance in achieving business success in 2016.

B. **Certification of Performance** – Following the completion of the Performance Period for the Annual Award, the CEO will review the achievement of the Corporate Goals and will recommend to the Committee a proposed level of performance, with appropriate supporting documentation. The Committee will determine a final level of achievement for each Business Unit and Certify an overall level of performance on the Corporate Goals.

C. **Final Award** – The participant's individual Target Award will be multiplied by the achievement level of the Corporate Goals as certified by the Committee (0% to 150%). This will establish the individual's Final Target Award. Management will then, based on its assessment of the individual's performance throughout the year, determine each individual's Final Award as (0% to 150%) of the Final Target Award. The sum of all Final Awards cannot exceed the Final Award Pool.

   1. The CEO will review and approve the individual Final Award rating for each participant. The Committee will review and approve the Individual Performance rating for the CEO and each of his direct reports.

IV. TIME AND FORM OF PAYMENT

Annual Awards will be paid only following the Committee's certification of the level of attainment of the applicable Corporate Goals, and except as expressly provided in Section I of "Plan Administration", such payment will be conditioned on the participant's continued employment with the Company on the payment date. Such awards, when earned, will be paid in cash in a lump sum, subject to applicable withholding and subject to Section 19.1 of the Equity Incentive Plan, including any compensation recovery or "clawback" policy the Company may have in effect at the time the Award is paid.

A. **Annual Awards** – Payment of Annual Awards, to the extent earned, will be made as soon as possible after the Committee's certification of the level of attainment of the applicable Performance Goal(s) after the end of the applicable Performance Period, but in no event earlier than January 2, 2017 or later than the March 15, 2017.

Three-Year Long-Term Incentive Plan

I. PLAN DESIGN/PERFORMANCE PERIOD

The Long-Term Incentive Plan ("LTIP") is designed to reward performance over a 3-year period, from January 1, 2016 through December 31, 2018. It is designed to focus management efforts on achieving strategic goals that require multi-year efforts. It is also designed to build on the tactical results achieved on an annual basis.

A. The LTIP has two components:
   1. **Long-Term Cash Award** – A cash award tied to the achievement of specific strategic business transition goals over the 3-year performance period.

2. **Equity Denominated Award** – An award tied to the appreciation of the share price of Centrus Class A common stock over the 3-year performance period.

II. LONG-TERM INCENTIVE CASH AWARD

The Plan provides for a Long-Term Incentive Cash Award (the "Long-Term Cash Award"). The 2016 Long-Term Cash Award has a Performance Period of three years.

A. **Target Award** – Each participant will have a target award equal to 90% of their base salary at the start of the Performance Period.
   1. The participant may receive between 0% and 150% of their target award based on the Corporation's achievement of the long-term goals.
   2. The participant's award will be determined by multiplying their target award times the Corporation's achievement relative to the long-term goals as certified by the Compensation Committee. Each participant will be evaluated based on the same Corporate Goals.
   3. Awards will be paid after the end of the 3-year performance period but no later than March 15, 2019.

B. **Performance Goal(s)** - The Performance Goals for the Performance Period's Target Long-Term Award are set by the Committee.

   1. Such Performance Goal(s) may, in the Committee's discretion, include a threshold level of performance, below which no Long-Term Award will be paid, and a maximum level of performance at which 150% of the target Long-Term Award may be paid. The Committee may provide for interpolation for performance between the threshold and target performance and between target and maximum performance.

   2. Management will periodically update the Committee on performance relative to the Performance Goal(s).

   3. The Committee will have the discretion to adjust any goal or target where it believes that such an adjustment is appropriate in supporting business objectives.

   4. No later than March 15th after the end of the applicable Performance Period, the Committee will certify the level of achievement for the applicable Long-Term Performance Goals, and based on the level of achievement, the amount of the Long-Term Award.

C. **Establishment of a Long-Term Award** – Under the terms of the Equity Incentive Plan, a new Long-Term Award may be established each year, with its own Performance Period and unique Performance Goals.

II. EQUITY DENOMINATED AWARD

Under the terms of the Equity Incentive Plan, the Committee can authorize an award of equity to individuals. Such an award may be any form of equity identified in the Plan. This would include: restricted stock, restricted stock units, share appreciation rights, performance shares or stock options. Incentives tied to the appreciation of Centrus common stock increases the alignment between management and shareholders.

A. **Target Award** – 10% of the participant's annual base salary at the start of the Performance Period will be used to determine a notional award of Centrus stock. This amount will be divided by the share price of Centrus Common stock at the start of the Performance Period and the result will be an equivalent number of notional shares. The number will be rounded up or down to the nearest full share.

Initial Share Calculation

Base Salary	*(Times)*	3-Year Equity Target	*(Equals)*	Equity Portion Cash Value	*(Divided by)*	Starting Share Price	*(Equals)*	Notional Shares
$250,000		10%		$25,000		$1.32		18,939

B. **Notional Award** – The notional award shall be in the form of stock appreciation rights. The participant will not receive actual shares but the equity cash value will be tracked as a notional award and the number of notional shares and the price per share will be used to calculate the appreciation of Centrus shares over the performance period. This notional award will not convey any rights to the participant to receive actual shares, sell shares or have voting rights based on the notional shares.

C. **Final Award** – At the end of the 3-year Performance Period, the difference between the starting value of Centrus shares and the ending value of Centrus shares will be calculated by subtracting the starting value from the ending value. That difference will be multiplied by the notional share award to determine the cash value of the award.

Final Award Calculation

Ending Share Price	*(Minus)*	Starting Share Price	*(Equals)*	Share Price Appreciation	*(Times)*	Notional Shares	*(Equals)*	Realized Value
$7.00		$1.32		$5.68		18,939		$107,574

D. **Settlement of the Award –** Any award based on the increase in value of notional shares may be made, in the form of cash, Centrus stock or any combination of the two at the discretion of the Committee. The number of shares to be awarded will be determined by dividing the cash value of the award or partial award by the share price at the time of grant.

E. **Share Vesting** – Should all or a portion of the award be made in the form of Centrus stock, these shares would vest immediately upon award and become taxable to the participant at that time.

III. TIME AND FORM OF PAYMENT

Long-Term Awards will be paid only following the Committee's certification of the level of attainment of the applicable Performance Goal(s), and except as expressly provided in Section I of "Plan Administration" below, such payment will be conditioned on the participant's continued employment with the Company on the payment date. Such awards, when earned, will be paid in cash in a lump sum, as Centrus common stock, or as some combination of the two at the Committee's discretion. Awards will be subject to applicable withholding and subject to Section 19.1 of the Equity Incentive Plan, including any compensation recovery or "clawback" policy the Company may have in effect at the time the Award is paid.

A. **Long-Term Cash Awards** – Payment of any Long-Term Cash Award, to the extent earned, will be made as soon as possible after the Committee's certification of the level of attainment of the applicable Performance Goal(s) after the end of the applicable Performance Period with respect to any Performance Goal, and shall be paid no sooner than January 1, 2019 and no later than March 15, 2019.

B. **Long-Term Equity Awards** – Long-term Equity Awards are based on the appreciation of a share of Centrus Class A Common Stock over the Performance Period. To calculate this value, a starting share price is established using the closing price of Centrus common stock on the first day of trading in the Performance Period. An ending price is established based on the average closing price over the twenty (20) trading days after the release of the 2018 Form 10-K in 2019. The starting price is subtracted from the ending price. The difference is then multiplied by the number of notional shares that were credited to the participant. This amount is the cash value of the equity award. Any equity award will be made as soon as administratively practical after the final share appreciation is calculated, but in no case sooner than twenty-one (21) days after release of the 2018 10-K.

PLAN ADMINISTRATION

I. EFFECT OF TERMINATION OF SERVICE

A. **Death or Disability** – If a participant's employment is terminated due to Death or Disability prior to payment of an Annual Award or Long-Term Award, the participant (or beneficiary, in the case of Death) will be entitled to payment of a pro-rated portion of the applicable outstanding Annual or Long-Term Cash Award of the participant, within 60 days of such termination, without regard to actual performance (i.e., as though the Performance Goal(s) had been attained at the target level). The amount paid will be the participant's Target Annual Award and the Target Long-Term Award for the Performance Period, multiplied by a fraction (the "Proration Fraction"), the numerator of which is the number of days the participant was employed by the Company during the applicable Performance Period and the denominator of which is the number of days in the applicable Performance Period.

B. **Termination Without Cause or Retirement** – Except as provided in Section D. Change in Control, a participant's employment is terminated due to involuntary separation from service by the Company other than for Cause, if a participant has a separation from service for Good Reason (as defined in the participant's Change in Control Agreement), or if a participant Retires (as defined below) prior to the payment of incentive awards, then, the awards shall be paid as follows:

1. The amount payable under both the Annual Incentive and the Long-Term Incentive shall be the amount of the Award that would have been paid based on actual performance had the participant remained actively employed, multiplied by the Pro-Ration Fraction. The Pro-Ration Fraction is determined where the denominator is the total number of days in the performance period and the numerator is the number of days the participant was actively employed by the company during that performance period. The pro-rated Award shall be paid subject to the participant's execution (without revocation) of a general release of claims in substantially the form provided under the Company's Executive Severance Plan.

2. The pro-rated Award shall be paid at the same time and using the same performance results and stock appreciation calculation as Awards paid to participants who remain actively employed by the Company, multiplied by the Pro-Ration Fraction.

3. For this purpose, "Retirement" is defined as having met the age and service requirements to qualify for an unreduced benefit under the Employees'

Retirement Plan of Centrus Energy Corp., regardless of whether the individual was a participant in that plan at the time of their retirement.

C. **Other Termination of Employment** – If the participant incurs a termination of employment for any other reason (not set forth above) prior to payment of an Annual Award or a Long-Term Cash Award, including a voluntary termination of employment, or termination for Cause, such unpaid Award will be forfeited.

D. **Change in Control –** Notwithstanding anything herein or the Executive Severance Plan to the contrary, if a participant's employment is involuntarily terminated by the Company other than for Cause or is terminated by the participant for Good Reason (as defined below), in either case within three months prior to or within one year following a Change in Control, the Committee will immediately vest and pay out (i) the Annual Award on the 60th day following such termination as though the applicable Performance Goal(s) had been achieved at the target level and (ii) the Long-Term Cash and Equity Awards on the Long-Term Regular Payment Dates based on actual performance through the end of the Performance Period, and multiplied by the previously described Pro-Ration Fraction. Awards will be paid on the date when all other awards are paid. The payment of any such Award shall be subject to the participant's execution (without revocation) of a general release of claims in substantially the form provided under the Company's Executive Severance Plan. For purposes of this Executive Incentive Plan, "Good Reason" shall have the same meaning defined for that term in the Company's Executive Severance Plan, whether or not the individual is a participant in such Executive Severance Plan.

II. OTHER ADMINISTRATIVE MATTERS

A. 409A Matters

1. Annual Awards payable under this plan are intended not to be deferred compensation within the meaning of Section 409A of the Code, and the 2016 Executive Incentive Plan will be administered and interpreted to be consistent with that intention. Annual Awards that are earned will in no event be paid later than the 15th day of the third month after the later of the last day of the calendar year or the last day of the fiscal year in which they are earned.

2. Long-Term Awards shall be treated as deferred compensation within the meaning of Section 409A of the Code, and the 2016 Executive Incentive Plan will be administered and interpreted to be consistent with that intention. In that regard, in the event that the participant is a "specified employee" within the meaning of Section 409A at the time of the termination (other than due to death), then notwithstanding anything contained in this 2016 Executive Incentive

Plan to the contrary, the Long-Term Award shall be delayed and paid on the first business day following the date that is six months following the date of participant's termination of employment, or earlier upon such participant's death. Each payment payable under this 2016 Executive Incentive Plan that is considered to be deferred compensation subject to Code Section 409A is intended to constitute a separate payment for purposes of Section 1.409A-2(b)(2) of the Treasury Regulations.

B. **Effect of Awards on Other Benefits** – An Annual Award, to the extent earned, but not a Long-Term Award, will, as reasonably determined by the Committee in good faith, be considered in the definition of pay used to determine, as applicable: (1) the participant's severance benefits under the Centrus Energy Executive Severance Plan or any other severance plan in which he or she participates, (2) the participant's severance benefits under his or her Change in Control agreement with the Company, (3) the GVUL executive life insurance benefit administered through MetLife. Except as provided above in this section, amounts payable to any participant under the Plan shall not be taken into account in computing the participant's compensation for purposes of determining any pension, retirement, death or other benefit under an pension, retirement, profit sharing, bonus, insurance or other employee benefit plan of the Company, except as such other plan or agreement shall otherwise expressly provide.

C. **Participants Joining the Plan After the Effective Date** – In certain cases a participant may join the Executive Incentive Plan during the course of the Performance Period (either as a participant in the Annual Incentive, the Long-Term Incentive or both). Those individuals will be treated as partial participants as outlined below.

1. If an employee becomes eligible to participate in the Annual Award and/or the Long-Term Award for 2016 after the Effective Date either through promotion or by subsequent hiring by the Corporation, the employee's Target Annual Award or target Long-Term Award will be established according to the Target Award Chart in Attachment I which will be multiplied by the Pro-ration Fraction where the numerator is the number of days the employee is a participant in the Plan and the denominator is the number of days in the Performance Period (either Annual or Long-Term.
2. If an employee is promoted and by that promotion is eligible to participate in the Executive Incentive Plan at a higher Target Award Level, then their award shall be prorated based on the amount of time as a participant at each level (prior and new) and the base salary used in the calculation of any award shall be the salary in place while participating at each level. The sum of the two pro-rations will equal the participant's revised Target Award.

3. If, due to special circumstances, an employee who is not at one of the levels set forth in the Target Participation Chart in Attachment I and who is not subject to Section 16 of the Securities Exchange Act of 1934 becomes eligible to participate in the Plan, the applicable target percentage of base salary for such individual will be determined by the CEO, as approved by the Committee, but will not exceed the maximum target percentage for the Vice President level as shown in the Target Participation Chart. Any awards earned will be pro-rated, as previously described.

Attachment I
Plan Participation Levels

Target Award levels for the Annual Award and Long-Term Award and notional Equity Grant vehicle for 2016.

Level	2016 Target Award Annual Incentive Award [1]	2016 Target Cash Long-Term Incentive Award	2016 Equity Denominated Award
President & CEO	100%	90%	10%
Senior Vice Presidents	80%	90%	10%
Vice Presidents	60%	90%	10%
Other Participants	40%	90%	10%

[1] **Participants may receive up to 150% of the Target Award based on performance as determined by the Committee.**

EXHIBIT 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Daniel B. Poneman, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Centrus Energy Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting that are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

August 12, 2016

/s/ Daniel B. Poneman

Daniel B. Poneman
President and Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Stephen S. Greene, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Centrus Energy Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting that are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

August 12, 2016

/s/ Stephen S. Greene

Stephen S. Greene
Senior Vice President, Chief Financial Officer and Treasurer

EXHIBIT 32.1

CERTIFICATION OF CEO AND CFO PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report on Form 10-Q of Centrus Energy Corp. for the quarter ended June 30, 2016, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), pursuant to 18 U.S.C. § 1350, Daniel B. Poneman, President and Chief Executive Officer, and Stephen S. Greene, Senior Vice President, Chief Financial Officer and Treasurer, each hereby certifies, that, to his knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Centrus Energy Corp.

August 12, 2016	/s/ Daniel B. Poneman
	Daniel B. Poneman
	President and Chief Executive Officer
August 12, 2016	/s/ Stephen S. Greene
	Stephen S. Greene
	Senior Vice President, Chief Financial Officer and Treasurer