

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

**FORM 8-K**

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

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Date of Report (Date of earliest event reported): May 15, 2012

**USEC Inc.**

*(Exact name of registrant as specified in its charter)*

**Delaware**

*(State or other jurisdiction of incorporation)*

**1-14287**

*(Commission File Number)*

**52-2107911**

*(I.R.S. Employer Identification No.)*

**2 Democracy Center  
6903 Rockledge Drive  
Bethesda, MD 20817  
(301) 564-3200**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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### **Item 1.01 Entry into a Material Definitive Agreement.**

On May 15, 2012, USEC Inc. (“USEC” or the “Company”), through its wholly owned subsidiary United States Enrichment Corporation, entered into a multi-party arrangement with (1) Energy Northwest (“Energy Northwest”), a joint operating agency and municipal corporation of the State of Washington, (2) the Bonneville Power Administration (“BPA”), a federal agency within the U.S. Department of Energy (“DOE”), (3) the Tennessee Valley Authority (“TVA”), a federally owned corporation and supplier of power to the Company’s gaseous diffusion plant in Paducah, Kentucky, and (4) DOE, to support a one-year extension of enrichment operations at the Paducah plant. As part of this multi-party arrangement, on May 15, 2012, USEC, through United States Enrichment Corporation, entered into an agreement (the “Depleted Uranium Enrichment Agreement”) with Energy Northwest for the sale by USEC of approximately 4.4 million separative work units (“SWU”) to Energy Northwest. In connection with Energy Northwest entering into the Depleted Uranium Enrichment Agreement, Energy Northwest entered into an agreement with DOE for the transfer of DOE-owned depleted uranium tails to Energy Northwest that Energy Northwest will deliver to USEC as the feed material under the Depleted Uranium Enrichment Agreement. As part of this arrangement, Energy Northwest will receive low enriched uranium (“LEU”) that is free of peaceful use obligations to foreign governments and usable in U.S. government defense programs. In addition, on May 15, 2012, USEC, through United States Enrichment Corporation, and TVA entered into an amendment (the “TVA Amendment”) to the power contract between TVA and United States Enrichment Corporation dated July 11, 2000, as amended (the “TVA Power Contract”), to permit the purchase of the power needed to operate the Paducah plant during the term of the Depleted Uranium Enrichment Agreement.

#### *Depleted Uranium Enrichment Agreement with Energy Northwest*

The Depleted Uranium Enrichment Agreement provides for the sale by USEC of approximately 4.4 million SWU to Energy Northwest. Under the Depleted Uranium Enrichment Agreement, Energy Northwest is required to provide approximately 9,000 metric tons of high-assay depleted uranium tails and approximately 600 metric tons of natural uranium for the approximately 480 metric tons of LEU to be delivered by USEC. The term of the Depleted Uranium Enrichment Agreement is from June 1, 2012 through December 31, 2013 and the agreement is sufficient to support a one-year extension of enrichment operations at the Paducah plant through May 31, 2013.

Energy Northwest is expected to issue a short-term note to finance the initial months of expected purchases under the Depleted Uranium Enrichment Agreement and is expected to obtain financing to pay off the short-term note and complete the transaction through the issuance of bonds that are backed by BPA. Energy Northwest has the right to terminate the Depleted Uranium Enrichment Agreement if it provides prior notice that it is unable to obtain the bond financing for the transaction on terms, in amounts, and/or at times that are acceptable to Energy Northwest or that such proposed bond financing will not receive a specified minimum credit rating. Energy Northwest may also terminate the Depleted Uranium Enrichment Agreement under the following circumstances: (1) if the depleted uranium supply arrangements between DOE and Energy Northwest are terminated (other than a termination due to a material breach by Energy Northwest or a termination for convenience); (2) if Energy Northwest is permanently enjoined or otherwise permanently precluded by court order from performing the Depleted Uranium Enrichment Agreement; or (3) if the TVA Power Contract is terminated.

USEC has the right to terminate the Depleted Uranium Enrichment Agreement if it determines that a failure or inability of Energy Northwest to deliver depleted uranium tails or an interruption of power supplied by TVA has an operational impact that cannot be resolved by mutual agreement of Energy Northwest and USEC. If a failure to deliver depleted uranium tails is due to a material breach by Energy Northwest, Energy Northwest may be required to pay a termination fee under certain circumstances. In addition, both Energy Northwest and USEC have a right to terminate the Depleted Uranium Enrichment Agreement if a force majeure event results in the cessation of enrichment operations at the Paducah plant.

#### *Amendment to Power Contract with TVA*

The TVA Amendment extends the term of the TVA Power Contract through September 30, 2013 in order to permit the purchase of the power needed to operate the Paducah plant during the term of the Depleted Uranium Enrichment Agreement. The TVA Amendment also modifies certain performance assurance provisions of the TVA Power Contract to change the frequency and notice requirements for USEC’s obligation to prepay for power.

Under the TVA Power Contract, as amended by the TVA Amendment, USEC has agreed to purchase from TVA all of the power required to perform the Depleted Uranium Enrichment Agreement. TVA and USEC each have the right to terminate the TVA Power Contract after September 30, 2012 upon completion of all power purchases, including power purchased by USEC to fulfill its obligations under the Depleted Uranium Enrichment Agreement. If Energy Northwest terminates the Depleted Uranium Enrichment Agreement or fails to deliver depleted uranium or to meet its payment obligations, which causes USEC to cease enrichment operations at the Paducah plant, USEC can terminate its obligation to make these purchases. In such case, USEC and TVA will agree on a schedule to reduce to zero over a period of 30 days all power purchases in a manner that ensures safe and reliable operation of the Paducah plant.

Pricing under the TVA Power Contract consists of a base energy price, a portion of which is subject to a fuel cost adjustment to reflect changes in TVA’s fuel costs, purchased power costs, and related costs. However, the fuel cost adjustment is passed on to Energy Northwest through the Depleted Uranium Enrichment Agreement.

USEC expects that the majority of the LEU that is generated under the Depleted Uranium Enrichment Agreement will be sold by Energy Northwest to TVA beginning in 2015. TVA operates six nuclear reactors, including the Watts Bar reactor that produces tritium as a byproduct for the U.S. National Nuclear Security Administration. TVA is also the supplier of the majority of the power for the Paducah gaseous diffusion plant and one of the Company’s 10 largest customers. USEC expects that the remainder of the LEU sold to Energy Northwest under the Depleted Uranium Enrichment Agreement will be used by Energy Northwest for its own operating nuclear power plant.

The Company, or its subsidiaries, is also a party to a number of other agreements or arrangements with the DOE, who is a party to the multi-party arrangement, as described in the Company’s annual report on Form 10-K.

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**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits

**Exhibit  
Number**

**Description**

99.1

Press release dated May 15, 2012, issued by USEC Inc.

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**SIGNATURE**

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.

**USEC Inc.**

May 15, 2012

By:

/s/ John C. Barpoulis

**John C. Barpoulis**

Senior Vice President and Chief Financial Officer  
(Principal Financial Officer)

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## EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press release dated May 15, 2012, issued by USEC Inc.

**FOR IMMEDIATE RELEASE:**

May 15, 2012

## **Five-Party Arrangement Extends Paducah Gaseous Diffusion Plant Enrichment Operations**

**Agreement Uses U.S. Government Depleted Uranium to Produce Fuel to Support National Security Needs;  
Extends TVA Power Supply Contract with USEC; Preserves Kentucky Jobs**

BETHESDA, Md. – USEC Inc. (NYSE: USU) today entered into a multi-party arrangement with Energy Northwest, the Bonneville Power Administration (BPA), the Tennessee Valley Authority (TVA) and the U. S. Department of Energy (DOE) to extend uranium enrichment operations at the Paducah Gaseous Diffusion Plant in Paducah, Ky.

Under the agreements, DOE will provide high-assay depleted uranium hexafluoride, also known as tails, to Energy Northwest. Energy Northwest has contracted with USEC to re-enrich the tails into low enriched uranium. Energy Northwest will utilize a portion of the low enriched uranium for its Columbia Nuclear Generating Station and will sell the remainder of the U.S.-origin low enriched uranium to TVA for use in TVA's reactors, including reactors that are used to produce tritium, a vital component for maintaining the U.S. nuclear deterrent. TVA will supply the power for the re-enrichment under an agreement to extend the existing USEC-TVA power contract.

"USEC is pleased to deliver on one of its stated objectives to extend Paducah operations on an economically sound basis," said John Welch, USEC president and CEO. "This agreement represents a multipoint win for government and industry that allows taxpayers to realize value by converting depleted uranium tails into an asset. At the same time it provides material critical to our national defense that can only come from U.S. technology."

The Department of Energy approved the transaction on May 15 following approvals by the USEC, TVA and Energy Northwest boards of directors. An independent review performed by Energy Resources International concluded the transaction is consistent with the DOE's policy of minimal impact on the U.S. uranium market. Energy Northwest and TVA plan to use the enriched uranium in their reactors over many years, so as to not have a material adverse impact on the markets.

The agreement calls for DOE to provide Energy Northwest with approximately 9,000 metric tons of high-assay depleted uranium. USEC will enrich the tails to make about 480 metric tons of low enriched uranium. The work, combined with other ongoing USEC commercial obligations, will require approximately five million separative work units (SWU), a standard measure of uranium enrichment that represents the effort that is required to increase the concentration of the U-235 isotope in the uranium.

"This multi-faceted agreement creates advantages for all the parties involved," said John M. A. Donelson, USEC vice president of marketing, sales, and power. "It preserves a vital domestic source of uranium enrichment for national security purposes and helps bridge the gap between Paducah's production and the American Centrifuge technology. I am also pleased that we have extended our power supply agreement with TVA in a mutually beneficial manner."

The agreement converts U.S. government depleted uranium into valuable nuclear fuel to power and light homes in the Pacific Northwest and the Tennessee Valley and delays costs to the U.S. government associated with maintaining the facility in safe shutdown if it were to cease enrichment operations at the end of this month. It continues USEC's position as TVA's largest industrial electricity customer while minimizing any impact on the domestic uranium market.

"This is a complex deal, and on behalf of the USEC employees whose jobs will be saved, I want to thank all the parties that came together to execute this business transaction that will serve our nation's near-term national security needs," said Steven R. Penrod, USEC vice president of enrichment operations. "We especially want to thank Senators McConnell and Paul and Representative Whitfield for their leadership and persistence bringing this to a successful conclusion, and in particular for their tireless efforts to protect the workers at the Paducah facility."

The work will take about 12 months and supports a one-year extension of Paducah enrichment operations. The overall tails disposal liability of the U.S. government will be reduced as a result of the agreement and subsequent processing.

Additional information can be found in the Company's current report on Form 8-K filed today with the Securities and Exchange Commission.

### **Paducah Background**

The Paducah Gaseous Diffusion Plant, owned by DOE and leased and operated by USEC, is the only uranium enrichment facility capable of providing U.S.-origin uranium (enriched with U.S. technology) needed for the U.S. government's tritium replenishment program, which supports maintaining the country's nuclear deterrent. The Paducah plant is the largest uranium enrichment plant in the United States, accounting for nearly all current U.S. enriched uranium production, and has operated for almost 60 years.

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

Energy Northwest is a joint operating agency and municipal corporation of the State of Washington.

The Bonneville Power Administration is a federal agency within the U.S. Department of Energy.

The Tennessee Valley Authority is a federally owned corporation and a supplier of power to the Paducah Gaseous Diffusion Plant.

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### **Forward-Looking Statements:**

This news release contains "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934 – that is, statements

related to future events. In this context, forward-looking statements may address our expected future business and financial performance, and often contain words such as “expects”, “anticipates”, “intends”, “plans”, “believes”, “will” and other words of similar meaning. Forward-looking statements by their nature address matters that are, to different degrees, uncertain. For USEC, particular risks and uncertainties that could cause our actual future results to differ materially from those expressed in our forward-looking statements include, but are not limited to: risks related to the ongoing transition of our business, including uncertainty regarding the transition of the Paducah gaseous diffusion plant and uncertainty regarding continued funding for the American Centrifuge project and the impact of decisions we may make in the near term on our business and prospects; our dependency on the multi-party arrangement with Energy Northwest, BPA, TVA and DOE to support continued enrichment operations at the Paducah plant; risks related to Energy Northwest obtaining the financing needed to complete the multi-party arrangement and the potential for termination of the agreement if such financing is not secured on terms acceptable to Energy Northwest; risks related to the performance of each of the parties under the multi-party arrangement, including the obligations of DOE to timely deliver depleted uranium to Energy Northwest; the 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 of excess supply in the market and the lack of uncommitted demand for low enriched uranium over the next two to four years; the potential impacts of a decision to cease enrichment operations at Paducah after the end of the multi-party arrangement; restrictions in our credit facility on our spending on the American Centrifuge project after May 31, 2012 and the potential for us to demobilize the project; the potential for DOE to seek to exercise its remedies under the June 2002 DOE-USEC agreement; our dependence on deliveries of LEU from Russia under a commercial agreement with a Russian government entity known as Techsnabexport and on a single production facility and the potential for us to cease commercial enrichment of uranium in the event of a decision to shut down Paducah enrichment operations; changes in US government priorities and the availability of government funding, including loan guarantees; the competitive environment for our products and services; changes in the nuclear energy industry; and other risks and uncertainties discussed in our filings with the Securities and Exchange Commission, including our Annual Report on Form 10-K and quarterly reports on Form 10-Q, which are available on our website [www.usec.com](http://www.usec.com). We do not undertake to update our forward-looking statements except as required by law.

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