SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

For the fiscal quarter ended September 30, 1999

OR

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

Commission file number 1-14287

USEC Inc.

(Exact name of registrant as specified in its charter)

Delaware	**52-2107911**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*
2 Democracy Center, 6903 Rockledge Drive, Bethesda MD	**20817**
(Address of principal executive offices)	*(Zip Code)*

Registrant's telephone number, including area code: **(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 _X_ No ___

As of October 31, 1999, there were 90,600,000 shares of Common Stock, par value $.10 per share, issued and outstanding.

USEC Inc.

Quarterly Report on Form 10-Q
for the Quarter Ended September 30, 1999

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This Quarterly Report on Form 10-Q includes certain forward-looking information (within the meaning of the Private Securities Litigation Reform Act of 1995) that involves risks and uncertainty, including certain assumptions regarding the future performance of USEC. Actual results and trends may differ materially depending upon a variety of factors, including, without limitation, market demand for USEC’s services, pricing trends in the uranium and enrichment markets, deliveries and costs under the Russian contract, the availability and cost of electric power, USEC's ability to successfully execute its internal performance plans, the refueling cycles of USEC's customers and the impact of any government regulation. Further, customer commitments under their contracts are based on customers' estimates of their future requirements.

USEC Inc.
CONSOLIDATED BALANCE SHEETS
(millions, except share and per share data)

	(Unaudited) September 30, 1999	June 30, 1999
ASSETS		
Current Assets		
Cash and cash equivalents	$ 37.7	$ 86.6
Accounts receivable – trade	184.4	373.8
Inventories:		
Separative Work Units	705.8	648.8
Uranium	145.6	160.1
Uranium provided by customers	50.7	101.7
Materials and supplies	21.8	22.8
Total Inventories	923.9	933.4
Payments for future deliveries under Russian contract	10.9	50.0
Other	35.5	29.3
Total Current Assets	1,192.4	1,473.1
Property, Plant and Equipment, net	177.3	166.6
Other Assets		
Deferred income taxes	62.6	49.5
Deferred costs for depleted uranium	41.7	43.7
Prepaid pension costs	52.6	52.9
Inventories	576.3	574.4
Total Other Assets	733.2	720.5
Total Assets	**$2,102.9**	**$2,360.2**
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Short-term debt	$ 50.0	$ 50.0
Accounts payable and accrued liabilities	175.7	264.2
Federal and state income taxes	68.1	40.9
Payables under Russian contract	29.2	73.0
Uranium owed to customers	50.7	101.7
Total Current Liabilities	373.7	529.8
Long-Term Debt	500.0	500.0
Other Liabilities		
Advances from customers	18.0	19.2
Depleted uranium disposition	25.3	24.8
Postretirement health and life benefit obligations	94.8	93.0
Other liabilities	54.7	58.0
Total Other Liabilities	192.8	195.0
Stockholders' Equity		
Preferred stock, par value $1.00 per share, 25,000,000 shares authorized, none issued	-	-
Common stock, par value $.10 per share, 250,000,000 shares authorized, 100,320,000 shares and 100,318,000 shares issued	10.0	10.0
Excess of capital over par value	1,071.8	1,072.0
Retained earnings	60.9	71.9
Treasury stock, 9,742,000 shares and 1,142,000 shares	(102.2)	(14.8)
Deferred compensation	(4.1)	(3.7)
Total Stockholders' Equity	1,036.4	1,135.4
Total Liabilities and Stockholders' Equity	**$2,102.9**	**$2,360.2**

See notes to consolidated financial statements.

USEC Inc.
CONSOLIDATED STATEMENTS OF INCOME (Unaudited)
(millions, except per share data)

	Three Months Ended September 30,	
	1999	**1998**
Revenue		
Separative Work Units	$ 205.2	$ 307.7
Uranium	25.7	.2
	230.9	307.9
Cost of sales	186.4	248.6
Gross profit	44.5	59.3
Project development costs	1.4	31.6
Selling, general and administrative	12.2	7.9
Operating income	30.9	19.8
Interest expense	8.5	6.5
Other (income) expense, net	(2.8)	(1.6)
Income before income taxes	25.2	14.9
Provision (benefit) for income taxes	9.1	(48.2)
Net income	**$ 16.1**	**$ 63.1**
Net income per share – basic and diluted	$.16	$.63
Dividends per share	$.275	-
Average number of shares outstanding	97.7	100.0

See notes to consolidated financial statements.

USEC Inc.
CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)
(millions)

	Three Months Ended September 30,	
	1999	**1998**
Cash Flows from Operating Activities		
Net income	$ 16.1	$ 63.1
Adjustments to reconcile net income to net cash provided by operating activities:		
Deferred income taxes	(13.1)	(54.5)
Depreciation and amortization	5.4	5.2
Depleted uranium disposition	2.5	5.2
Suspension of development of AVLIS technology	(30.1)	-
Changes in operating assets and liabilities:		
Accounts receivable – (increase) decrease	189.4	(1.4)
Inventories – (increase)	(43.4)	(26.9)
Payables under Russian contract, net	(4.7)	59.8
Federal and state income taxes – increase	27.2	6.1
Accounts payable and other liabilities – (decrease)	(77.0)	(39.0)
Other	(4.4)	11.0
Net Cash Provided by Operating Activities	67.9	28.6
Cash Flows Used in Investing Activities		
Capital expenditures	(16.1)	(5.7)
Cash Flows from Financing Activities		
Dividends paid to stockholders	(27.1)	-
Dividend paid to U.S. Treasury	-	(1,709.4)
Repurchase of common stock	(73.6)	-
Proceeds from issuance of debt	-	565.0
Debt issuance and initial public offering costs	-	(7.9)
Net Cash Provided by (Used in) Financing Activities	(100.7)	(1,152.3)
Net Increase (Decrease)	(48.9)	(1,129.4)
Cash and Cash Equivalents at Beginning of Period	86.6	1,177.8
Cash and Cash Equivalents at End of Period	**$ 37.7**	**$ 48.4**
Supplemental Cash Flow Information		
Interest paid	$ 17.1	$ 5.3
Income taxes paid (refund)	(5.0)	-
Supplemental Schedule of Non-Cash Financing Activities		
Transfer of responsibility for depleted uranium disposition to Department of Energy	-	$ 373.8

See notes to consolidated financial statements.

USEC Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION

The unaudited consolidated financial statements included herein have been prepared by USEC Inc. ("USEC") pursuant to the rules and regulations of the Securities and Exchange Commission. The financial statements reflect all adjustments which 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 have been omitted pursuant to such rules and regulations.

Operating results for first quarter of fiscal 2000 are not necessarily indicative of the results that may be expected for the fiscal year ending June 30, 2000. The unaudited consolidated financial statements should be read in conjunction with the 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 June 30, 1999.

2. STOCKHOLDERS' EQUITY

Changes in stockholders' equity follow (in millions):

	Common Stock, Par Value $.10 per share	Excess of Capital over Par Value	Retained Earnings	Treasury Stock	Deferred Compensation	Total Stockholders' Equity
Balance at June 30, 1999	$10.0	$ 1,072.0	$ 71.9	$ (14.8)	$ (3.7)	$1,135.4
Repurchase of common stock	-	-	-	(88.9)	-	(88.9)
Restricted stock issued, net of amortization	-	(.2)	-	1.5	(.4)	.9
Dividends paid to stockholders	-	-	(27.1)	-	-	(27.1)
Net income	-	-	16.1	-	-	16.1
Balance at September 30, 1999	**$10.0**	**$1,071.8**	**$ 60.9**	**$(102.2)**	**$ (4.1)**	**$1,036.4**

The number shares of common stock outstanding amounted to 90.6 million at September 30, 1999, a decline of 8.6 million shares from 99.2 million shares at June 30, 1999. In June 1999, the Board of Directors approved a share repurchase program of up to 10.0 million shares of common stock. In the first quarter of fiscal 2000, 8.7 million shares were repurchased at a cost of $88.9 million, of which $73.6 million had been paid at September 30, 1999. A total of 9.5 million shares had been repurchased under the program at September 30, 1999.

3. POWER COMMITMENTS

Under the terms of the plant lease, USEC purchases a significant portion of its electric power at amounts based on actual costs incurred under the Department of Energy (“DOE”) power contracts with Ohio Valley Electric Corporation (“OVEC”) and Electric Energy, Inc. that extend through December 2005. USEC has the right to have DOE terminate the power contracts with notice ranging from three to five years. At September 30, 1999, USEC had contractual responsibility for the repayment obligation with respect to OVEC’s short-term borrowings of $15.5 million and OVEC’s senior secured notes of $53.7 million.

USEC Inc.

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 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 June 30, 1999.

Results of Operations – Three Months Ended September 30, 1999 and 1998

Revenue amounted to $230.9 million in the first quarter of fiscal 2000, a reduction of $77.0 million (or 25%) from $307.9 million in the first quarter of fiscal 1999. Revenue from sales of SWU declined $102.5 million (or 33%) primarily reflecting the timing of customer nuclear reactor refueling orders, as well as lower SWU commitments levels of a domestic and a foreign customer. USEC provided enrichment services for 16 reactors compared with 24 reactors in the first quarter of fiscal 1999.

Revenue and operating results can fluctuate significantly from quarter to quarter, and in some cases, year to year. Customer requirements are determined by refueling schedules for nuclear reactors, which generally range from 12 to 18 months (or in some cases up to 24 months), and are in turn affected by, among other things, the seasonal nature of electricity demand, reactor maintenance, and reactors beginning or terminating operations.

The average SWU priced billed to customers was about the same as in the first quarter of fiscal 1999, notwithstanding the overall trend towards lower prices in the highly competitive uranium enrichment market. USEC's financial performance over time can be significantly affected by changes in the market price for SWU. The heightened level of competition in the worldwide uranium enrichment industry, coupled with the impact of deregulation in the U.S. utility industry, has resulted in a trend towards lower prices and shorter contract terms. USEC anticipates that these trends will continue in the near future. As a result of market dynamics and the impact of USEC's current cost structure, including the impact of increased purchases under the Russian contract at prices above current market sales prices, USEC's share of new SWU commitments has declined somewhat from prior levels.

In addition, the trends described above will continue to affect the level of USEC's backlog. As the older customer contracts with higher prices expire, USEC's backlog is becoming more heavily weighted with the newer contracts with the shorter terms and lower prices. In light of this, USEC expects that its backlog will decline over time unless new SWU commitments are added at sufficient levels to offset the impact of shorter term contracts, expiring commitments and prices on the backlog.

Revenue from sales of uranium, primarily uranium hexafluoride ("UF_6"), amounted to $25.7 million in the first quarter of fiscal 2000, compared with $.2 million in the first quarter of fiscal 1999. Certain contracts with customers provided for the sale of uranium and SWU in the form of enriched uranium product. The growth in revenue from sales of uranium in the first quarter of fiscal 2000 was affected by lower market prices for uranium compared with the corresponding period in fiscal 1999.

The percentage of revenue from domestic and international customers follows:

	Three Months Ended September 30,	
	1999	**1998**
Domestic	43%	57%
Asia	48	26
Europe and other	9	17
	100%	**100%**

Revenue from domestic customers declined $77.2 million (or 44%), revenue from customers in Asia increased $29.7 million (or 37%), and revenue from customers in Europe and other areas declined $29.5 million (or 58%). The changes in the geographic mix of revenue in the first quarter of fiscal 2000 resulted primarily from the timing of customers' orders and the growth in sales of uranium.

Cost of Sales

Cost of sales is based on the quantity of SWU sold during the period and is dependent upon production costs at the plants and purchase costs under the Russian contract. Production costs consist principally of electric power, labor and benefits, depleted uranium disposition costs, materials, and maintenance and repairs. Under the monthly moving average inventory cost method, an increase or decrease in production or purchase costs will have an effect on costs of sales over future periods.

Cost of sales amounted to $186.4 million in the first quarter of fiscal 2000, a reduction of $ 62.2 million (or 25%) compared with $248.6 million in the first quarter of fiscal 1999. The decline in cost of sales reflects a 33% decline in sales of SWU from the timing of customer orders, partly offset by higher sales of uranium. As a percentage of revenue, cost of sales amounted to 81%, about the same as in the first quarter of fiscal 1999.

USEC purchases a significant portion of its electric power based on long-term contracts with dedicated power generating facilities. Firm power costs vary depending on operating and capital costs incurred at the power generating facilities. Non-firm power costs vary seasonally with rates being higher during winter and summer as a function of the extremity of the weather and as a function of demand during peak and off-peak times. Power costs are typically higher in the summer months as almost all of the power supplied to the Paducah plant in the summer months is purchased at market-based rates because it is non-firm power. In the summers of 1999 and 1998, production at the Paducah plant was reduced to avoid the high cost of non-firm power.

Electric power costs amounted to $70.0 million in the first quarter of fiscal 2000 (representing 49% of production costs) compared with $90.9 million (representing 54% of production costs) in the first quarter of fiscal 1999, a reduction of $20.9 million (or 23%). USEC negotiated and implemented changes to its power supply agreements to limit exposure to high-cost, non-firm power prices at the Paducah plant, to monetize excess power available in the summer of 1999 under the contract to the Portsmouth plant, and to move blocks of power in the summer of 1999 from the Portsmouth plant to the Paducah plant. As a result, power supplied to and purchased for the Portsmouth plant in the first quarter of fiscal 2000 was lower than in the corresponding period in fiscal 1999. In the first quarter of fiscal 1999, persistent hot weather, high electricity demand in the Midwest and power generation shortages had resulted in record high power costs at the Paducah plant.

Costs for labor included in production costs declined 8% compared with the first quarter of fiscal 1999. Consistent with an agreement with the U.S. Treasury, the average number of employees at the plants declined 11% in the first quarter of fiscal 2000 compared with the corresponding period in fiscal 1999. In fiscal 1998, USEC had recorded a special charge of $12.8 million for costs related to severance benefits to be paid to plant workers in connection with workforce reductions, of which $8.3 million had been paid with respect to 420 workers as of September 30, 1999.

At the Portsmouth plant, SWU unit production costs continue to be adversely affected by low production facility capability due to continued sub-optimal gaseous diffusion production equipment availability.

Pursuant to the agreement with the U.S. Treasury, USEC has committed to continue operation of the plants until at least January 2005, subject to limited exceptions, including:

- events beyond the reasonable control of USEC, such as natural disasters;
- a decrease in annual worldwide demand to less than 28 million SWU;
- a decline in the average price for all SWU under USEC's long-term firm contracts to less than $80 per SWU (in 1998 dollars);
- a decline in the operating margin to below 10% in a consecutive twelve-month period;
- a decline in the interest coverage ratio to below 2.5x in a consecutive twelve-month period; or
- if the long-term corporate credit rating of USEC is, or is reasonably expected in the next twelve months to be, downgraded below an investment grade rating.

None of the exceptions to USEC's obligation to operate the plants has occurred. Based on information known, USEC does not anticipate that the average SWU price under its long-term firm contracts is likely to fall below $80 per SWU (in 1998 dollars) in the near future.

USEC is the Executive Agent of the U.S. Government under a government-to-government agreement to purchase the SWU component of enriched uranium recovered from dismantled nuclear weapons from the former Soviet Union for use in commercial electricity production. Global market prices for SWU have declined below the price being paid for SWU under the Russian contract. USEC has begun negotiations to align the Russian contract with market pricing realities. Cost of sales has been, and will continue to be, adversely affected by amounts paid to purchase SWU under the Russian contract. In addition, since the volume of Russian SWU purchases has increased, USEC has operated the plants at significantly lower production levels resulting in higher unit production costs.

SWU purchased from the Russian Federation represented 49% of the combined produced and purchased supply mix in the first quarter of fiscal 2000 compared with 46% in the corresponding period in fiscal 1999. USEC has ordered 5.7 million SWU for delivery under the Russian contract in calendar year 1999, of which 2.7 million SWU had been delivered as of September 30, 1999.

Gross Profit

Gross profit amounted to $44.5 million in the first quarter of fiscal 2000, a reduction of $14.8 million (or 25%) from $59.3 million in the first quarter of fiscal 1999. The reduction in gross profit reflects lower revenue primarily from the timing of customer orders. Gross margin was 19%, about the same as in the first quarter of fiscal 1999.

Project Development Costs

Project development costs amounted to $1.4 million in the first quarter of fiscal 2000 compared with $31.6 million in the first quarter of fiscal 1999. Project development spending in the first quarter of fiscal 2000 is not indicative of the level of spending expected for the full fiscal year. Costs are expected to increase during the remainder of fiscal 2000. USEC is evaluating a potential new advanced enrichment technology called “SILEX” and the availability and economics of centrifuge technology.

Costs incurred in the fiscal 1999 period were primarily for AVLIS. In June 1999, further development of the AVLIS enrichment technology was suspended, resulting in a special charge of $34.7 million against income in fiscal 1999 for contract termination, shutdown activities and employee benefit arrangements, of which $30.1 million had been paid as of September 30, 1999.

Selling, General and Administrative

Selling, general and administrative expense amounted to $12.2 million in the first quarter of fiscal 2000, an increase of $4.3 million (54%) from $7.9 million in the first quarter of fiscal 1999. The increase reflects planned additional corporate staff following the initial public offering in July 1998, and amortization of the cost of restricted stock grants and higher external professional fees primarily for power initiatives and foreign trade matters.

Operating Income

Operating income amounted to $30.9 million in the first quarter of fiscal 2000, an increase of $11.1 million (or 56%), compared with $19.8 million in the first quarter of fiscal 1999. The increase reflects a reduction of $30.2 million in project development costs following the suspension of AVLIS development in June 1999, partially offset by a reduction of $14.8 million in gross profit.

Interest Expense

Interest expense amounted to $8.5 million in the first quarter of fiscal 2000, an increase of $2.0 million (31%) from $6.5 million in the first quarter of fiscal 1999. Long-term debt and outstanding borrowings under credit facilities averaged $528.3 million for the three months in the first quarter of fiscal 2000 compared with an average of $557.6 million for two months in the corresponding period in fiscal 1999. Prior to July 28, 1998, the date of the initial public offering, USEC had no debt.

Provision for Income Taxes

The effective tax rate was 36.1% in the first quarter of fiscal 2000.

USEC became subject to federal, state and local income taxes July 28, 1998, the date of the initial public offering, and the provision for income taxes in the first quarter of fiscal 1999 includes a special income tax benefit of $54.5 million ($.54 per share) for deferred income tax benefits that arose from the transition to taxable status. Excluding the special tax benefit, the provision for income taxes amounted to $6.3 million in the first quarter of fiscal 1999.

Net Income

Net income amounted to $16.1 million (or $.16 per share) in the first quarter of fiscal 2000 compared with $8.6 million (or $.09 per share), excluding special items, in the corresponding period in fiscal 1999. The increase reflects lower project development costs following the suspension of AVLIS development in June 1999, partly offset by lower gross profit. Net income was $63.1 million (or $.63 per share) in the first quarter of fiscal 1999.

The average number shares of common stock outstanding amounted to 97.7 million in the first quarter of fiscal 2000, a decline of 2.3 million shares from 100.0 million shares in the first quarter of fiscal 1999. The reduction in the average reflects the repurchase during the quarter of 8.7 million shares under a repurchase program authorized in June 1999. At September 30, 1999, there were 90.6 million shares issued and outstanding.

Liquidity and Capital Resources

Liquidity and Cash Flow

Net cash flows provided by operating activities amounted to $67.9 million in the first quarter of fiscal 2000 compared with $28.6 million in the first quarter of fiscal 1999. The increase resulted from a reduction of $189.4 million in customer trade receivables from collections following the high level of revenue billed during the three months ended June 30, 1999. The increase was partially offset by payments of $30.1 million relating to suspension of development of the AVLIS technology, the first semiannual payment of $16.7 million in July 1999 for interest on senior notes issued in January 1999, and an increase of $43.4 million in inventories.

Capital expenditures amounted to $16.1 million in the first quarter of fiscal 2000, compared with $5.7 million in the first quarter of fiscal 1999. Capital expenditures in the fiscal 2000 period include costs for seismic upgrades at the Paducah plant, required by the NRC Compliance Plan, to reduce the risk of release of radioactive and hazardous material in the event of an earthquake. In fiscal 2000, USEC expects its capital expenditures will approximate $61.0 million, including costs for seismic upgrades at the Paducah plant and costs to upgrade the Paducah plant’s capability to produce enriched uranium up to 5.5% U^{235}.

In June 1999, the Board of Directors approved a share repurchase program of up to 10.0 million shares of common stock. In the first quarter of fiscal 2000, 8.7 million shares were repurchased at a cost of $88.9 million, of which $73.6 million had been paid at September 30, 1999. At September 30, 1999, a total of 9.5 million shares had been repurchased since the inception of the program.

Dividends paid to stockholders amounted to $27.1 million in the first quarter of fiscal 2000. There was no dividend payment in the first quarter of fiscal 1999 as USEC began regular quarterly dividend payments in December 1999.

The exit dividend paid to the U.S. Treasury July 28, 1998, the date of the initial public offering, amounted to $1,709.4 million.

Capital Structure and Financial Resources

In January 1999, USEC issued $350.0 million of 6.625% senior notes due January 2006 and $150.0 million of 6.750% senior notes due January 2009. The senior notes are unsecured obligations and rank on a parity with all other unsecured and unsubordinated indebtedness of USEC Inc.

Commitments available under bank credit facilities amounted to $300.0 million at September 30, 1999, as follows: $150.0 million under a revolving credit facility convertible in July 2000 into a one-year term loan and $150.0 million under a revolving credit facility expiring July 2003. Commercial paper borrowings of $50.0 million included in short-term debt at September 30, 1999, are supported by available commitments under the bank credit facilities.

Net working capital amounted to $818.7 million, including net inventories of $873.2 million, at September 30, 1999, compared with $943.3 million, including net inventories of $831.7 million, at June 30, 1999. The total debt-to-capitalization ratio was 35% at September 30, 1999, compared with 33% at June 30, 1999.

USEC expects that its cash, internally generated funds from operating activities, and available financing sources under the bank credit facilities and commercial paper program will be sufficient to meet its obligations as they become due, and to fund operating requirements of the plants, purchases of SWU under the Russian Contract, capital expenditures and discretionary investments, interest expense, quarterly dividends, and repurchases of shares of common stock.

Changing Prices and Inflation

The plants require substantial amounts of electric power to enrich uranium. Information with respect to electric power prices and costs is included above.

A majority of USEC's long-term requirements contracts with customers generally provide for prices that are subject to adjustment for inflation.

Impact of Year 2000 Issue

In July 1999, remediation, testing and certification of the identified, critical, in-house and vendor software and hardware was complete. Remediated software and embedded systems were tested both for ability to handle Year 2000 dates, including leap year, and to assure that repair had not affected functionality. Software and embedded systems were tested individually and where necessary in an integrated manner with other systems, with dates advanced to simulate the Year 2000. As required by the NRC, USEC has completed its program to assure that systems required for safe and compliant operations of the plants are Year 2000 ready.

USEC depends on external parties, including electric power utilities, customers, suppliers, government agencies, and financial institutions, to reliably deliver products and services. Assessment of Year 2000 readiness of external parties and contingency planning will continue through calendar year 1999.

USEC recognizes that, given the complex interaction of computing and communication systems, it is not possible to be certain that all efforts to have all critical systems Year 2000 ready will be successful. There can be no assurance that such programs will identify and cure all software problems, or that entities on whom USEC relies for certain services integral to its business, such as the electric power suppliers, will successfully address all of their software and systems problems in order to operate without disruption in 2000. Contingency plans have been developed and are being continually evaluated and revised during the remainder of calendar year 1999. Contingency planning includes, but is not limited to, the development of plans in the event that electric power is interrupted or reduced for an extended period of time, the continued communication with critical suppliers to ensure their Year 2000 readiness, and the identification of alternative suppliers, vendors and service providers.

Costs for software modifications and systems upgrades to resolve Year 2000 issues aggregated $12.2 million at September 30, 1999, and additional costs of $.2 million are expected during the remainder of fiscal 2000.

USEC Inc.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The balance sheet carrying amounts for cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, and payables under the Russian Contract approximate fair value because of the short-term nature of the instruments.

The repayment schedule of short-term debt based on maturity dates available under the bank credit facilities, the scheduled maturity dates of long-term debt, the balance sheet carrying amounts at September 30, 1999, and related fair values calculated based on a spread over U.S. Treasury securities with similar maturities, follow (millions):

	Maturity Dates				
	September 2000	**January 2006**	**January 2009**	**Balance Sheet Carrying Amount**	**Fair Value**
Short-term debt	$ 50.0			$ 50.0	$ 50.0
Long-term debt:					
6.625% senior notes		$350.0		350.0	321.7
6.750% senior notes			$150.0	150.0	134.4
				$550.0	**$506.1**

USEC Inc.

Part II. Other Information

Legal Proceedings

None.

Exhibits and Reports on Form 8-K

(a) Exhibits

The following exhibits are filed as part of this Quarterly Report on Form 10-Q:

Exhibit No.	Description
10.37	Agreement between USEC Inc. and George P. Rifakes, dated October 1, 1999.
10.38	USEC Inc. Supplemental Executive Retirement Plan, dated April 7, 1999.
10.39	USEC Inc. Pension Restoration Plan, dated September 1, 1999.
10.40	Form of Change in Control Arrangement with executive officers.
27	Financial Data Schedule.

(b) Reports on Form 8-K

There were no reports on Form 8-K filed during the quarter ended September 30, 1999.

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 of the undersigned thereunto duly authorized.

USEC Inc.

November 4, 1999

By /s/ Henry Z. Shelton, Jr.

Henry Z Shelton, Jr.
Senior Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)