**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**

Date of Report (Date of earliest event reported): August 31, 2010

# USEC Inc.

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

| **Delaware** | **1-14287** | **52-2107911** |
|---|---|---|
| *(State or other jurisdiction of incorporation)* | *(Commission File Number)* | *(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))

**Item 1.01 Entry into a Material Definitive Agreement.**

On September 2, 2010, USEC Inc. ("USEC" or the "Company") entered into an Investor Rights Agreement (the "Investor Rights Agreement") with Toshiba Corporation ("Toshiba") and Babcock & Wilcox Investment Company ("B&W" and together with Toshiba, the "Investors"), in connection with the consummation of the first closing under the Securities Purchase Agreement (the "Purchase Agreement") dated as of May 25, 2010, between USEC and the Investors. Toshiba assigned its rights and obligations as an Investor to purchase Series B-1 Preferred and Warrants (as defined below) pursuant to the Purchase Agreement to Toshiba America Nuclear Energy Corporation, a subsidiary of Toshiba.

The first closing of $75.0 million occurred on September 2, 2010. At the first closing, the Investors purchased 75,000 shares of Series B-1 12.75% Convertible Preferred Stock, par value $1.00 per share ("Series B-1 Preferred"), and Warrants to purchase 6.25 million shares of Class B Common Stock, par value $.10 per share ("Class B Common"), at an exercise price of $7.50 per share. The creation of the Class B Common will require USEC stockholder approval, so the Warrants will, in lieu thereof, until such USEC stockholder approval and related regulatory approvals have been obtained, be exercisable for 6,250 shares of a newly created Series C Convertible Participating Preferred Stock, par value $1.00 per share (the "Series C Preferred," and together with the Series B Preferred, the "Preferred Stock"), at an exercise price of $7,500.00 per share.

The Purchase Agreement provides for the Company's issuance and sale to the Investors, for an aggregate amount of $200.0 million, in three phases subject to various terms and conditions, (1) shares of Series B-1 Preferred, (2) shares of Series B-2 11.5% Convertible Preferred Stock, par value $1.00 per share ("Series B-2 Preferred" and, together with the Series B-1 Preferred, the "Series B Preferred"), and (3) warrants to purchase up to 12.5 million shares of a Class B Common at an exercise price of $7.50 per share (each, a "Warrant" and collectively, the "Warrants") (the transactions contemplated by the Purchase Agreement, the "Transactions"). The Purchase Agreement provides that the Transactions will occur in three phases upon the satisfaction at each phase of certain closing conditions. Toshiba and B&W will invest equally in each of the phases up to $100 million each in the aggregate. Additional details regarding the Purchase Agreement and the Transactions were previously provided in the Current Report on Form 8-K filed by the Company on May 25, 2010, and are incorporated herein by reference.

As previously described in the Company's Current Report on Form 8-K filed by the Company on May 25, 2010, the Investor Rights Agreement provides the Investors with certain rights and obligations, including as follows:

- Following the third closing, so long as either Investor maintains its minimum equity holdings, the holders of Preferred Stock have special approval rights for a dissolution or liquidation of the Company.
- The Investors are granted preemptive rights in connection with the Company's issuance of any new preferred stock or other senior equity securities, subject to customary limitations and cutbacks, and excluding any third party financing that may be necessary for a U.S. Department of Energy ("DOE") loan guarantee closing.
- The Company will file a "resale" registration statement covering all of the shares of Preferred Stock and common stock issuable upon conversion of the Preferred Stock and exercise of the Warrants (collectively, the "Registrable Securities"). If the Company files a registration statement relating to the sale of its equity securities, the holders of Registrable Securities may elect to include in the registration statement their Registrable Securities, subject to customary limitations and cutbacks.
- Each Investor will be subject to a standstill, subject to customary exceptions, until such time as such Investor ceases to own any Company securities or nine months after the Investors are no longer entitled to appoint a director.

The foregoing summary is qualified in its entirety by reference to the full text of the Investor Rights Agreement, which is filed as Exhibit 10.1 to this report.

In connection with the first closing of the Transactions, on September 2, 2010, American Centrifuge Holdings, LLC ("ACP Holdings"), a wholly owned subsidiary of USEC, and Babcock & Wilcox Technical Services Group, Inc. ("B&W TSG"), a subsidiary of The Babcock & Wilcox Company, entered into the operating agreement (the "Operating Agreement") for American Centrifuge Manufacturing, LLC ("American Centrifuge Manufacturing"), a manufacturing joint venture. USEC and B&W TSG also agreed on a non-binding term sheet, including pricing, for the supply by American Centrifuge Manufacturing of centrifuges and related equipment for the American Centrifuge project. The Operating Agreement contains conditions to effectiveness that have not yet been satisfied relating to third-party funding for the construction of the American Centrifuge plant and the execution and delivery of agreements contemplated by the non-binding term sheet, including an equipment supply agreement, a guarantee by The Babcock & Wilcox Company supporting American Centrifuge Manufacturing's obligations under the equipment supply agreement, and a long term supply agreement. Once the Operating Agreement becomes effective, American Centrifuge Manufacturing will be owned 55% by ACP Holdings and 45% by B&W TSG. Upon the occurrence of certain events, including as an alternative to dissolution of American Centrifuge Manufacturing following an unresolved dispute between the parties, ACP Holdings will have a call right to acquire B&W TSG's membership interests, B&W TSG will have a put right to require ACP Holdings to acquire its membership interests, and ACP Holdings will be obligated to pay a break-up fee under certain circumstances as described in the Operating Agreement.

The foregoing summary is qualified in its entirety by reference to the full text of the Operating Agreement, which is filed as Exhibit 10.2 to this report.

**Item 3.02 Unregistered Sales of Equity Securities.**

The information set forth in Item 1.01 above is incorporated herein by reference.

On September 2, 2010, the Company issued and sold to the Investors, for an aggregate purchase price of $75 million, 75,000 shares of Series B-1 Preferred and Warrants to purchase 6.25 million shares of Class B Common (or Series C Preferred in lieu thereof). The issuance and sale of the Series B-1 Preferred and Warrants was exempt from registration under the Securities Act of 1933, as amended (the "Securities Act") pursuant to Section 4(2) of the Securities Act and/or Regulation D promulgated under the Securities Act. The Company did not engage in any general solicitation or advertising with regard to the issuance

and sale of the Series B-1 Preferred or Warrants and did not offer securities to the public in connection with the issuance and sale.

The information contained in this report is neither an offer to sell nor a solicitation of offers to purchase securities of the Company. The issuance of the Series B-1 Preferred and Warrants by the Company in connection with the first closing of the Transactions was not registered under the Securities Act and the Series B-1 Preferred and Warrants may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements.

The Series B-1 Preferred has the terms and preferences, including with respect to conversion, described in Item 1.01 to the Company's Current Report on Form 8-K filed on May 25, 2010. Such summary is qualified in its entirety by reference to the full text of the Certificate of Designation of Series B-1 12.75% Convertible Preferred Stock filed as Exhibit 3.1 to this report.

The Warrants are exercisable at any time from January 1, 2015 to December 31, 2016. If, at the time the Warrants are exercised, the approvals for the creation of the Class B Common have not been obtained, the Warrants will be exercisable for shares of Series C Preferred. The Warrants have the other terms described in Item 1.01 to the Company's Current Report on Form 8-K filed on May 25, 2010. Such summary is qualified in its entirety by reference to the full text of the Warrants filed as Exhibits 4.1 and 4.2 to this report.

**Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.**

*(b) Retirement of John R. Hall*

On August 31, 2010, Mr. John R. Hall, age 77, informed the Board of Directors of the Company that he will retire as a director effective upon the first closing of the Transactions. Mr. Hall has been a director since 1998.

*(d) Election of Hiroshi Sakamoto and Michael S. Taff to the Board of Directors*

On September 2, 2010, Mr. Hiroshi Sakamoto and Mr. Michael S. Taff became members of the Board of Directors of the Company. Under the Purchase Agreement and related transaction documents, Toshiba America Nuclear Energy Corporation, a subsidiary of Toshiba, and B&W, as the holders of the Series B-1 Preferred, have the right to elect a total of two directors of the Company, effective upon the first closing of the Transactions.

Mr. Sakamoto will serve on the Company's Regulatory and Government Affairs Committee and Mr. Taff will serve on the Company's Technology and Competition Committee.

Mr. Sakamoto, age 54, has served as Senior Vice President and General Manager, Toshiba Nuclear Energy Holdings (US) Inc., a subsidiary of Toshiba Corporation, since April 2007. Since April 2008, Mr. Sakamoto has also served as Senior Vice President and Board Director, Toshiba America Nuclear Energy Corporation, also a subsidiary of Toshiba Corporation. Mr. Sakamoto joined Toshiba Corporation in April 1981 and has held a variety of positions of increasing responsibility over his career, including Vice President for Nuclear Business Development from April 2003 to September 2009 and Senior Manager for Nuclear Energy Engineering from October 2001 to March 2003 at Toshiba International Corporation, a subsidiary of Toshiba Corporation focusing on the energy business. Mr. Sakamoto has a Bachelors Degree and a Masters Degree in Nuclear Engineering from Kyoto University.

Mr. Taff, age 48, has served as Senior Vice President and Chief Financial Officer of The Babcock & Wilcox Company since its spin-off from McDermott International, Inc. in July 2010. From April 2007 until that date, he served as Senior Vice President and Chief Financial Officer of McDermott. Previously, he was Vice President and Chief Accounting Officer of McDermott since June 2005, Vice President and Chief Financial Officer of HMT Inc. (an engineering and construction company) from June 2004 to June 2005, and Vice President and Corporate Controller of Philip Services Corporation (a provider of industrial, environmental, transportation and container services) from September 1994 to May 2004.

The information set forth in Item 1.01 above with respect to American Centrifuge Manufacturing is incorporated herein by reference. In addition, B&W TSG is currently one of the key suppliers for the American Centrifuge Plant.

**Item 5.03 Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year.**

On September 2, 2010, the Company amended its certificate of incorporation by filing with the Secretary of State of the State of Delaware (1) a Certificate of Designation of Series B-1 12.75% Convertible Preferred Stock creating the Series B-1 Preferred (the "Series B-1 Preferred Certificate") and (2) a Certificate of Designation of Series C Convertible Participating Preferred Stock creating the Series C Preferred (the "Series C Preferred Certificate"). A copy of the Series B-1 Preferred Certificate and the Series C Preferred Certificate are filed as Exhibit 3.1 and Exhibit 3.2 to this report and incorporated herein by reference.

**Item 7.01 Regulation FD Disclosure.**

On September 2, 2010, the Company and the Investors issued a joint press release announcing the completion of the first closing of the Transactions. A copy of the joint press release is attached as Exhibit 99.1 hereto.

**CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS**

The information provided in this current report on Form 8-K contains "forward-looking statements" – 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, factors 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 deployment of the American Centrifuge technology, including risks related to performance, cost, schedule and financing; our success in obtaining a loan guarantee for the American Centrifuge Plant, including our ability to address the technical and

financial concerns raised by the U.S. Department of Energy ("DOE"); our ability to raise capital beyond the $2 billion of DOE loan guarantee funding for which we have applied; the impact of the demobilization of the American Centrifuge project and uncertainty regarding our ability to remobilize the project and the potential for termination of the project; our ability to meet milestones under the June 2002 DOE-USEC Agreement related to the deployment of the American Centrifuge technology; risks related to the completion of the Transactions, including our ability to satisfy the significant closing conditions in the securities purchase agreement governing the Transactions and the impact of a failure to consummate the Transactions on our business and prospects; certain restrictions that may be placed on our business as a result of the transactions with Toshiba and B&W; our ability to satisfy the conditions to the effectiveness of the Operating Agreement for American Centrifuge Manufacturing and difficulties in the operation of the American Centrifuge Manufacturing joint venture; our ability to achieve the benefits of any strategic relationships with Toshiba and B&W; 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. Investors are urged to carefully review and consider the various disclosures made in our 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 except as required by law.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits

| Exhibit Number | Description |
|---|---|
| 3.1 | Certificate of Designation of Series B-1 12.75% Convertible Preferred Stock. |
| 3.2 | Certificate of Designation of Series C Convertible Participating Preferred Stock. |
| 4.1 | Warrant to purchase 3,125,000 shares of Class B Common Stock or 3,125 shares of Series C Convertible Participating Preferred Stock issued to Toshiba America Nuclear Energy Corporation. |
| 4.2 | Warrant to purchase 3,125,000 shares of Class B Common Stock or 3,125 shares of Series C Convertible Participating Preferred Stock issued to Babcock & Wilcox Investment Company. |
| 10.1 | Investor Rights Agreement, dated as of September 2, 2010, by and among USEC Inc., Toshiba Corporation, and Babcock & Wilcox Investment Company. |
| 10.2 | Limited Liability Company Agreement of American Centrifuge Manufacturing, LLC dated as of September 2, 2010 between American Centrifuge Holdings, LLC and Babcock & Wilcox Technical Services Group, Inc. (Certain information has been omitted and filed separately pursuant to a request for confidential treatment under Rule 24b-2). |
| 99.1 | Joint press release, dated September 2, 2010, issued by USEC Inc. and the Investors announcing the first closing. |

## 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.**

September 2, 2010

By: /s/ John C. Barpoulis

**John C. Barpoulis**
Senior Vice President and Chief Financial Officer
(Principal Financial Officer)

**EXHIBIT INDEX**

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| 4.1 | Warrant to purchase 3,125,000 shares of Class B Common Stock or 3,125 shares of Series C Convertible Participating Preferred Stock issued to Toshiba America Nuclear Energy Corporation. |
| 4.2 | Warrant to purchase 3,125,000 shares of Class B Common Stock or 3,125 shares of Series C Convertible Participating Preferred Stock issued to Babcock & Wilcox Investment Company. |
| 10.1 | Investor Rights Agreement, dated as of September 2, 2010, by and among USEC Inc., Toshiba Corporation, and Babcock & Wilcox Investment Company. |
| 10.2 | Limited Liability Company Agreement of American Centrifuge Manufacturing, LLC dated as of September 2, 2010 between American Centrifuge Holdings, LLC and Babcock & Wilcox Technical Services Group, Inc. (Certain information has been omitted and filed separately pursuant to a request for confidential treatment under Rule 24b-2). |
| 99.1 | Joint press release, dated September 2, 2010, issued by USEC Inc. and the Investors announcing the first closing. |

**Exhibit 3.1**

**CERTIFICATE OF DESIGNATION OF**

**SERIES B-1 12.75% CONVERTIBLE PREFERRED STOCK**

**of**

**USEC INC.**

**Pursuant to Section 151 of the General Corporation Law**

**of the State of Delaware**

We, John K. Welch, President and Chief Executive Officer, and Peter B. Saba, Secretary, of USEC Inc., a corporation organized and existing under the General Corporation Law (the "DGCL") of the State of Delaware (the "Corporation"), in accordance with the provisions of Section 103 thereof, DO HEREBY CERTIFY:

That pursuant to the authority conferred upon the Board of Directors by the Certificate of Incorporation, the Board of Directors on May 24, 2010 adopted the following resolution creating a series of 300,000 shares of Preferred Stock, par value $1.00 per share, designated as Series B-1 12.75% Convertible Preferred Stock:

> RESOLVED, that pursuant to the authority vested in the Board of Directors in accordance with the provisions of the Certificate of Incorporation, a series of Preferred Stock of the Corporation be and it hereby is created, and that the designation and amount thereof and the powers, preferences and relative, participating, optional and other rights of the shares of such series, and the qualifications, limitations and restrictions thereof are as follows:

**Section 1. Designation**. The designation of this series of Preferred Stock, par value $1.00 per share, of the Corporation is "Series B-1 12.75% Convertible Preferred Stock" ("Series B-1 12.75% Preferred Stock"). Each share of Series B-1 12.75% Preferred Stock shall be identical in all respects to every other share of Series B-1 12.75% Preferred Stock.

**Section 2. Number of Shares**. The authorized number of shares of Series B-1 12.75% Preferred Stock is 300,000. Shares of Series B-1 12.75% Preferred Stock that are redeemed, purchased or otherwise acquired by the Corporation, or converted into another series of Preferred Stock or into Common Stock, shall revert to authorized but unissued shares of Preferred Stock and shall not be reissued as shares of Series B-1 12.75% Preferred Stock.

**Section 3. Definitions**. As used herein with respect to Series B-1 12.75% Preferred Stock:

**(a)** "ACP" shall mean the design, manufacture, construction, development, startup, completion, operation, financing, maintenance and improvement of a front-end nuclear fuel facility utilizing U.S. gas centrifuge enrichment technology and related infrastructure assets and properties.

**(b)** "Affiliate" shall mean any Person controlling, controlled by or under common control with any other Person. For purposes of this definition, "control" (including "controlled by" and "under common control with") means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of securities, partnership or other ownership interests, by contract or otherwise.

**(c)** "Aggregate Outstanding Value" shall mean, at any time and from time to time and subject to the Automatic Redemption Adjustment, if any, (1) the Original Issue Value of all of the outstanding shares of Series B Preferred Stock, *plus* (2) for each share of Series C Preferred Stock then held by the Permitted Holders, excluding those shares of Series C Preferred Stock issued upon exercise of the Warrants, the Base Price upon which the Permitted Holders' acquisition of such share was calculated, *plus* (3) for each share of Common Stock then held by the Permitted Holders, excluding those shares of Class B Common Stock issued upon exercise of the Warrants or Ordinary Common Stock purchased in the market, the Base Price upon which the Permitted Holders' acquisition of such share was calculated, *plus* (4) the aggregate amount of accrued and unpaid Dividends on outstanding shares of Series B Preferred Stock which have been added to the Liquidation Preference pursuant to Section 5(a).

**(d)** "Approved Market" shall have the meaning ascribed to it in the definition of "Base Price."

**(e)** "Automatic Redemption" shall mean an automatic redemption pursuant to Section 7(g) of this Certificate of Designation subsequent to a Conversion Election, Section 8(c) of this Certificate of Designation or Section 8(c) of the Series B-2 Certificate of Designation.

**(f)** "Automatic Redemption Adjustment" shall mean, for purposes of determining the Aggregate Outstanding Value, the Permitted Holder Outstanding Value, the Original Issue Value and the Permitted Holder Original Issue Value, that if an Automatic Redemption has been effected prior to the date of determining such values, (1) the aggregate amount of the Liquidation Preference, as of the date of redemption, of a Permitted Holder's Series B Preferred Stock (excluding shares issued as a Dividend) redeemed in connection with the Automatic Redemption shall be added to such Permitted Holder's Aggregate Outstanding Value and Permitted Holder Outstanding Value and (2) the aggregate amount of the Liquidation Preference, as of the date of redemption, of such Permitted Holder's Series B Preferred Stock (excluding shares issued as a Dividend) redeemed in connection with the Automatic Redemption shall be added to such Permitted Holder's Original Issue Value and Permitted Holder Original Issue Value; provided, however, that, if at any time after any Automatic Redemption, such Permitted Holder's Deemed Holder Percentage is less than 8%, then such adjustment to the Aggregate Outstanding Value, the Permitted Holder Outstanding Value, the Original Issue Value and the Permitted Holder Original Issue Value shall not be made.

**(g)** "B&W" shall mean Babcock & Wilcox Investment Company, a Delaware corporation.

**(h)** "Base Price" shall mean for any date, the price determined by the first of the following clauses that applies: (1) if the Ordinary Common Stock is then listed or quoted on the New York Stock Exchange, The NASDAQ Stock Market or the American Stock Exchange (each an " Approved Market"), the arithmetic average of the daily volume weighted average prices per share of the Ordinary Common Stock for each of the 20 consecutive Trading Days immediately preceding (but not including) such date, as reported for the regular trading session (including any extensions thereof) on the primary Approved Market on which the Ordinary Common Stock is then listed or quoted (without regard to pre-open or after hours trading outside of such regular trading session on such Trading Day), as reported by Bloomberg Financial L.P. (or any successor thereof) using the HP function (or any equivalent thereof); (2) if the Ordinary Common Stock has not been listed or quoted on an Approved Market for a minimum of 20 consecutive Trading Days immediately preceding (but not including) such date and if prices for the Ordinary Common Stock are then quoted on the OTC Bulletin Board, the arithmetic average of the daily volume weighted average prices per share of the Ordinary Common Stock for each of the 20 consecutive Trading Days immediately preceding (but not including) such date, as quoted for the regular trading session on the OTC Bulletin Board; (3) if the Ordinary Common Stock has not been listed or quoted on the OTC Bulletin Board for a minimum of 20 consecutive Trading Days immediately preceding (but not including) such date and if prices for the Ordinary Common Stock are then reported in the "Pink Sheets" published by the National Quotation Bureau Incorporated (or a similar organization or agency succeeding to its functions of reporting prices), the most recent bid price per share of the Ordinary Common Stock so reported; or (4) in all other cases, the fair market value of a share of Ordinary Common Stock as determined by the Board of Directors acting reasonably and in good faith; provided that if the Series B-1 12.75% Preferred Stock is converting into Series C Preferred Stock, the Base Price, as calculated above, shall be multiplied by one thousand (1,000).

**(i)** "Beneficially Own" shall mean "beneficially own" as defined in Rule 13d-3 promulgated under Section 13(d) of the Exchange Act or any successor provisions thereto, and "Beneficial Ownership" shall have a correlative meaning.

**(j)** "Board of Directors" shall mean the board of directors of the Corporation or any duly authorized committee thereof.

**(k)** "Business Day" shall mean any calendar day other than (1) a Saturday or Sunday or (2) a calendar day on which banking institutions in either the City of New York or Tokyo, Japan are authorized by law, regulation or executive order to remain closed.

**(l)** "Bylaws" shall mean the Amended and Restated Bylaws of the Corporation, as amended from time to time.

**(m)** "Certificate of Designation" shall mean this Certificate of Designation of Series B-1 12.75% Convertible Preferred Stock of the Corporation, as amended from time to time.

**(n)** "Certificate of Incorporation" shall mean the Certificate of Incorporation of the Corporation, as amended from time to time.

**(o)** "Change of Control" shall mean the occurrence of any of the following:

**(1)** any Person shall Beneficially Own, directly or indirectly, through a merger, business combination, purchase, or other transaction or series of transactions, shares of the Corporation's capital stock entitling such Person at such time to exercise 50% or more of the total voting power of the issued and outstanding capital stock having ordinary voting power to elect a majority of the Board of Directors, other than as a result of an acquisition of such stock by the Corporation, any of the Corporation's Subsidiaries or any of the Corporation's employee benefit plans (for purposes of this subsection (1), "Person" shall include any syndicate or group that would be deemed to be a "person" under Section 13(d)(3) of the Exchange Act);

**(2)** the Corporation (A) merges or consolidates with or into any other Person, another Person merges with or into the Corporation, or the Corporation conveys, sells, transfers or leases all or substantially all of the Corporation's assets to another Person or (B) engages in any recapitalization, reclassification or other transaction in which all or substantially all of the Common Stock is exchanged for or converted into cash, securities or other property, in each case other than a merger or consolidation:

**(i)** that does not result in a reclassification, conversion, exchange or cancellation of the Corporation's outstanding Common Stock;

**(ii)** that is effected solely to change the Corporation's jurisdiction of incorporation and results in a reclassification, conversion or exchange of outstanding shares of the Common Stock solely into shares of any class or series of common stock of the surviving entity; or

**(iii)** where the issued and outstanding capital stock having voting power to vote generally to elect a majority of the Board of Directors outstanding immediately prior to such transaction is converted into or exchanged for such voting stock of the surviving or transferee Person constituting a majority of the outstanding shares of such voting stock of such surviving or transferee Person (immediately after giving effect to such issuance).

**(p)** "Charter Amendment Approval " shall mean the approval of the stockholders of the Corporation necessary to amend the Corporation's Certificate of Incorporation to approve the authorization of Class B Common Stock and the proper filing of such amendment with the Secretary of State of the State of Delaware.

**(q)** "Class B Common Stock" shall mean the Class B Common Stock of the Corporation, par value $.10 per share, to be authorized by the Charter Amendment Approval.

**(r)** "Closing Deadline Failure" shall mean, unless waived in writing (1) by the Corporation if such Closing Deadline Failure is as a result of breach

by a Permitted Holder, (2) by the Permitted Holders if such Closing Deadline Failure is as a result of breach by the Corporation, or (3) by the Permitted Holders and the Corporation if such Closing Deadline Failure is not as a result of a breach by the Permitted Holders or the Corporation, either, (A) with respect to the Second Closing (as defined in the Securities Purchase Agreement), that the Second Closing shall not have occurred by June 30, 2011 and the Securities Purchase Agreement shall have been terminated pursuant to Section 10.2 thereof, or (B) with respect to the Third Closing (as defined in the Securities Purchase Agreement), that the Third Closing shall not have occurred by the Third Closing Termination Date (as defined in the Securities Purchase Agreement) and the Securities Purchase Agreement shall have been terminated pursuant to Section 10.3 thereof.

**(s)** "Code" shall mean the Internal Revenue Code of 1986, as amended, as now or hereafter in effect, together with all regulations, rulings and interpretations thereof or thereunder by the Internal Revenue Service.

**(t)** "Common Stock" shall mean collectively, the Ordinary Common Stock and the Class B Common Stock.

**(u)** "Conditional Commitment" shall mean a conditional commitment (as defined in 10 CFR 609.2) from DOE to the Corporation in an amount not less than $2 billion, and specifying the detailed conditions to be satisfied for the DOE Financial Closing.

**(v)** "Conversion Cap", with respect to a conversion hereunder, shall mean that the total number of shares of Class B Common Stock received upon such conversion shall not, when combined with the total number of shares of Class B Common Stock (1) issued or issuable upon the exercise of the Warrants and (2) issued by the Corporation upon conversion of securities issued pursuant to the Transactions (as defined in the Securities Purchase Agreement) exceed 49.99% of the total number of outstanding shares of Ordinary Common Stock and Class B Common Stock at the time of any such conversion, subject to adjustments for stock splits, stock dividends, reorganizations or similar transactions.

**(w)** "Conversion Election" shall have the meaning ascribed to it in Section 7(a).

**(x)** "Corporation" shall have the meaning ascribed to it in the recitals.

**(y)** "Corporation Plans" shall mean the Corporation's 1999 Equity Incentive Plan, as amended, and the Corporation's 2009 Equity Incentive Plan, as may be amended, the Corporation's 2009 Employee Stock Purchase Plan, as may be amended, and any similar plans entered into after the date hereof, and any inducement grants.

**(z)** "Deemed Holder Percentage" shall mean, as to any Permitted Holder, the percentage resulting from the following calculation, (1)(A) the number of shares of Ordinary Common Stock equal to the quotient of (w) the Liquidation Preference *plus* an amount per share equal to the accrued but unpaid Dividends not previously added to the Liquidation Preference on the outstanding shares of Series B Preferred Stock held by such Permitted Holder from and including the immediately preceding Dividend Payment Date to, but excluding, the date of conversion and (x) the Base Price for the date of such calculation, *plus* (B) the number of outstanding of shares of (y) Series C Preferred Stock multiplied by 1000 *plus*, (z) if then outstanding, Class B Common Stock, in each case held by such Permitted Holder divided by (2)(A) the total number of shares of Ordinary Common Stock equal to the quotient of (v) the Liquidation Preference *plus* an amount per share equal to the accrued but unpaid Dividends not previously added to the Liquidation Preference on all outstanding shares of Series B Preferred Stock from and including the immediately preceding Dividend Payment Date to, but excluding, the date of conversion and (w) the Base Price for the date of such calculation, *plus* (B) the total number of all outstanding shares of (x) Series C Preferred Stock multiplied by 1000 *plus* (y) if then outstanding, Class B Common Stock, *plus* (z) Ordinary Common Stock.

**(aa)** "DGCL" shall have the meaning ascribed to it in the Preamble.

**(bb)** "Dividend" shall have the meaning ascribed to it in Section 5(a).

**(cc)** "Dividend Payment Date" shall mean January 1, April 1, July 1 and October 1 of each year, commencing on April 1, 2010; provided that if any such Dividend Payment Date would otherwise occur on a day that is not a Business Day, such Dividend Payment Date shall instead be (and any Dividend payable on Series B-1 12.75% Preferred Stock on such Dividend Payment Date shall instead be payable on) the immediately succeeding Business Day.

**(dd)** "Dividend Period" shall mean the period commencing on and including a Dividend Payment Date and shall end on and include the calendar day preceding the next Dividend Payment Date; provided, however, that with respect to any shares of Series B-1 12.75% Preferred Stock not outstanding for the entirety of any such Dividend Period, there shall be an initial pro-rated Dividend Period for such shares that shall commence on and include the issue date of such shares.

**(ee)** "Dividend Rate" shall mean 12.75% per annum.

**(ff)** "DOE" shall mean the United States Department of Energy.

**(gg)** "DOE Financial Closing" shall mean the closing of a Loan Guarantee Agreement (as defined in 10 CFR 609.2), between DOE, an eligible lender, and the Corporation, pursuant to the Conditional Commitment, guaranteeing a loan or other debt obligation in an amount not less than $2 billion for the ACP and there shall have been an initial draw of the funds guaranteed pursuant to the Loan Guarantee Agreement in an amount not less than the minimum amount permitted thereunder.

**(hh)** "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

**(ii)** "Exchange Property" shall have the meaning ascribed to it in Section 10(a).

**(jj)** "Excluded Lender" shall mean a bank or other financial institution providing indebtedness for borrowed money which is guaranteed by the Loan Guarantee Agreement (as defined in 10 CFR 609.2) pertaining to the DOE Financial Closing; provided, however "Excluded Lender" shall not include a Person

providing funding or committed funding (pursuant to definitive binding agreements) for debt or equity of the Corporation in an amount of at least $100,000,000 that is not guaranteed by such Loan Guarantee Agreement.

**(kk)** "Factor" shall be the Factor established in accordance with the provisions of Section 7(h)(1).

**(ll)** "Final Determination" shall mean the earlier to occur of (1) the conclusion of the litigation or binding arbitration (as applicable), including any and all appeals (whether by final determination or the expiration of any applicable appeal periods), regarding the dispute between the Permitted Holders and the Corporation, or (2) a written agreement between the Corporation and the appropriate Permitted Holder or Permitted Holders resolving such dispute.

**(mm)** "Governmental Authority" shall mean any foreign governmental authority, the United States of America, any state of the United States and any political subdivision of any of the foregoing, and any agency, instrumentality, department, commission, board, bureau, central bank, authority, court, arbitral body or other tribunal, in each case whether executive, legislative, judicial, regulatory or administrative, having jurisdiction over any of the Permitted Holders, the Corporation, any of the Corporation's Subsidiaries or their respective Property.

**(nn)** "Initial Liquidation Preference" shall mean $1,000 per share of Series B Preferred Stock.

**(oo)** "Initial Preferred Director" shall have the meaning ascribed to it in Section 9(b)(1).

**(pp)** "Internal Reorganization Event" shall have the meaning ascribed to it in Section 10(c).

**(qq)** "Investor Rights Agreement" shall mean that certain Investor Rights Agreement, dated as of September 2, 2010 among the Corporation, Toshiba and B&W, as amended from time to time.

**(rr)** "Junior Stock" shall mean the Common Stock and any other class or series of capital stock of the Corporation that ranks junior to the Series B Preferred Stock (1) as to the priority of payment of dividends and/or (2) as to the distribution of assets on any liquidation, dissolution or winding up of the Corporation. For the avoidance of doubt, Junior Stock shall include the Series A Preferred Stock and the Series C Preferred Stock.

**(ss)** "Liquidation Preference" shall initially mean $1,000 per share of Series B Preferred Stock; provided, however, that to the extent that the Corporation does not declare and pay a Dividend on a Dividend Payment Date pursuant to Section 5(a), an amount equal to the Dividend shall be added to the Liquidation Preference of such share on the applicable Dividend Payment Date.

**(tt)** "Orderly Sale Arrangement" shall have the meaning set forth in the Securities Purchase Agreement.

**(uu)** "Ordinary Common Stock" shall mean the common stock of the Corporation, par value $.10 per share. For the avoidance of doubt, the Ordinary Common Stock shall not include the Class B Common Stock.

**(vv)** "Original Issuance Date" shall mean, with respect to each share of Series B Preferred Stock issued to the Permitted Holders, the date on which such share was issued by the Corporation.

**(ww)** "Original Issue Value" shall mean, subject to the Automatic Redemption Adjustment, if any, the aggregate Initial Liquidation Preference of all the shares of Series B Preferred Stock issued to the Permitted Holders excluding those shares issued as a Dividend.

**(xx)** "Parity Stock" shall mean any class or series of stock of the Corporation that ranks equally with Series B-1 12.75% Preferred Stock (1) in the priority of payment of dividends and/or (2) in the distribution of assets upon any liquidation, dissolution or winding up of the Corporation (in each case, without regard to whether dividends accrue cumulatively or non-cumulatively). For the avoidance of doubt, Parity Stock shall include the Series B-2 11.5% Preferred Stock.

**(yy)** "Permit" shall mean any approval, authorization, certificate, consent, license or permit of or from any Governmental Authority.

**(zz)** "Permitted Holder Material Breach" shall mean a material breach of the Securities Purchase Agreement or the Investor Rights Agreement by any Permitted Holder.

**(aaa)** "Permitted Holder Original Issue Value" shall mean, subject to the Automatic Redemption Adjustment, if any, for any Permitted Holder, the aggregate Initial Liquidation Preference of all shares of Series B Preferred Stock issued to such Permitted Holder excluding those shares issued as a Dividend.

**(bbb)** "Permitted Holder Outstanding Value" shall mean, as to any Permitted Holder, at any time and from time to time and subject to the Automatic Redemption Adjustment, if any, (1) the Original Issue Value of all of the outstanding shares of Series B Preferred Stock then held by such Permitted Holder, *plus*, (2) for each share of Series C Preferred Stock then held by a Permitted Holder, excluding those shares of Series C Preferred Stock issued upon exercise of the Warrants, the Base Price upon which such Permitted Holder's acquisition of such share was calculated, *plus* (3) for each share of Common Stock then held by such Permitted Holder, excluding those shares of Class B Common Stock issued upon exercise of the Warrants or Ordinary Common Stock purchased in the market, the Base Price upon which such Permitted Holder's acquisition of such share was calculated, *plus* (4) the aggregate amount of accrued and unpaid Dividends on outstanding shares of Series B Preferred Stock, which have been added to the Liquidation Preference pursuant to Section 5(a).

**(ccc)** "Permitted Holders" shall mean (1) Toshiba America or any other Wholly-Owned Affiliates of Toshiba, (2) B&W and its Wholly-Owned Affiliates, (3) a special purpose entity jointly and wholly controlled by Toshiba and B&W and (4) Westinghouse Electric Company, LLC, to the extent it is controlled by Toshiba or a Permitted Holder described under (1) above; provided, however, that each Permitted Holder must be a U.S. Person.

**(ddd)** "Person" shall mean any individual, corporation, company, partnership, limited liability company, joint venture, association, joint stock company, trust, unincorporated organization, Governmental Authority or any other entity.

**(eee)** "Preferred Director" shall have the meaning ascribed to it in Section 9(b)(2).

**(fff)** "Preferred Stock" shall mean any and all series of preferred stock, par value $1.00 per share, of the Corporation, including the Series B Preferred Stock.

**(ggg)** "Property" shall mean any interest in any kind of property or asset, whether real, personal or mixed, tangible or intangible.

**(hhh)** "Qualified Director" shall mean any individual reasonably acceptable to the Nominating and Governance Committee of the Board of Directors.

**(iii)** "Regulatory Bodies" shall mean the DOE and the U.S. Nuclear Regulatory Commission, and any successor Governmental Authorities thereto.

**(jjj)** "Reorganization Event" shall have the meaning ascribed to it in Section 10(a).

**(kkk)** "Sale Plan" shall have the meaning ascribed to it in Section 7(c)(1).

**(lll)** "Securities Purchase Agreement" shall mean that certain Securities Purchase Agreement, dated as of May 25, 2010, among the Corporation, Toshiba and B&W, as amended from time to time.

**(mmm)** "Senior Stock" shall mean any class or series of capital stock of the Corporation that ranks senior to the Series B Preferred Stock (1) as to the priority of dividends and/or (2) as to the distribution of assets on any liquidation, dissolution or winding up of the Corporation.

**(nnn)** "Series A Preferred Stock" shall mean the series of Preferred Stock of the Corporation, par value $1.00 per share, designated as "Series A Junior Participating Preferred Stock."

**(ooo)** "Series B Preferred Stock" shall mean the Series B-1 12.75% Preferred Stock together with the Series B-2 11.5% Preferred Stock.

**(ppp)** "Series B-1 12.75 % Preferred Stock" shall have the meaning ascribed to it in Section 1.

**(qqq)** "Series B-2 11.5% Preferred Stock" shall mean the series of Preferred Stock of the Corporation, par value $1.00 per share, designated as "Series B-2 11.5% Convertible Preferred Stock."

**(rrr)** "Series B-2 Certificate of Designation" shall mean that certain Certificate of Designation of Series B-2 11.5% Preferred Stock, as filed with the Secretary of State of the State of Delaware.

**(sss)** "Series C Preferred Stock" shall mean the series of Preferred Stock of the Corporation, par value $1.00 per share, designated as "Series C Participating Convertible Preferred Stock."

**(ttt)** "Share Issuance Approval" shall mean the approval of the stockholders of the Corporation necessary to approve the conversion of all the Series B Preferred Stock and the Series C Preferred Stock, and the exercise of all the Warrants, for Common Stock for purposes of Section 312.03 of the New York Stock Exchange Listed Company Manual, or if shares of the Ordinary Common Stock become listed and traded on another Approved Market, the approval required by such Approved Market, or the time at which all such approvals shall for any reason become inapplicable or not required so as to permit all such conversions and exercises.

**(uuu)** "Share Issuance Limitation" shall mean the total number of shares of Common Stock or securities convertible into Common Stock that can be issued by the Corporation upon conversion or exercise of securities issued pursuant to the Transactions (as defined in the Securities Purchase Agreement) in accordance with the rules and regulations of the Approved Market on which shares of the Corporation's equity securities are listed or traded prior to receipt of the Share Issuance Approval.

**(vvv)** "Subsidiary" of any Person shall mean any corporation, partnership, joint venture, limited liability company, trust or estate of which (or in which) more than 50% of (1) the issued and outstanding capital stock having ordinary voting power to elect a majority of the board of directors of such corporation (irrespective of whether at the time capital stock of any other class or classes of such corporation shall or might have voting power upon the occurrence of any contingency), (2) the interest in the capital or profits of such partnership, joint venture or limited liability company or (3) the beneficial interest in such trust or estate is at the time directly or indirectly owned or controlled by such Person, by such Person and one or more of its other Subsidiaries or by one or more of such Person's other Subsidiaries. Notwithstanding the foregoing, American Centrifuge Manufacturing, LLC, a Delaware limited liability company, shall not be considered a Subsidiary of B&W or the Corporation.

**(www)** "SWU" shall have the meaning ascribed to it in the definition of "SWU Consideration."

**(xxx)** "SWU Consideration" shall mean the fair market value of separative work units with respect to low enriched uranium (" SWU") (as determined reasonably and in good faith by the Board of Directors, taking into account the applicable volume of SWU, the then-current market price for SWU and other relevant factors) provided by the Corporation to the Permitted Holders *minus* any consideration paid by the Permitted Holders for such SWU.

**(yyy)** "Third Party Financing" shall mean the funding or committed funding (pursuant to definitive binding agreements) for debt or equity of the Corporation in an amount of at least $100,000,000 from a third party that is not an Affiliate of the Corporation, a Japanese export credit agency, a U.S. Governmental Authority or an Excluded Lender where (1) such funds, together with such other additional funds available to the Corporation at such time, is

necessary and sufficient to consummate the DOE Financial Closing, and (ii) the third-party requires, as a condition to the funding, that the Preferred Stock be converted in accordance with the terms hereof.

**(zzz)** "Third Party Transfer" shall mean an irrevocable Transfer in compliance with Section 11 of all legal ownership, Voting Control and Beneficial Ownership of any share or shares of Series B-1 12.75% Preferred Stock to a Person other than a Permitted Holder or its Affiliates.

**(aaaa)** "Toshiba" shall mean Toshiba Corporation, a corporation organized under the laws of Japan.

**(bbbb)** "Toshiba America" shall mean Toshiba America Nuclear Energy Corporation, a Delaware corporation.

**(cccc)** "Trading Day" shall mean any day on which shares of the Corporation's equity securities are traded, or able to be traded, on the Approved Market on which shares of the Corporation's equity securities are listed or traded.

**(dddd)** "Transfer" shall mean, with respect to any shares of Series B-1 12.75% Preferred Stock, any direct or indirect assignment, sale, exchange, transfer, tender or other disposition of such shares or any interest therein, whether voluntary or involuntary, by operation of law or otherwise (and includes any sale or other disposition in any one transaction or series of transactions and the grant or transfer of an option or derivative security covering such shares), and any agreement, arrangement or understanding, whether or not in writing, to effect any of the foregoing; provided, however, that a "Transfer" shall not occur simply as a result of the grant of a proxy in connection with a solicitation of proxies subject to the provisions of Section 14 of the Exchange Act.

**(eeee)** "U.S. Person" shall mean any person that is treated as a "United States Person" under Code Section 7701(a)(30) and that provides an IRS Form W-9 (or successor form), evidencing a complete exemption from United States withholding tax (including backup withholding tax), on or before the time at which it acquires securities pursuant to this Certificate of Designation.

**(ffff)** "Voting Control" shall mean, with respect to a share or shares of Series B-1 12.75% Preferred Stock, the power, whether exclusive or shared, revocable or irrevocable, to vote or direct the voting of such share or shares of Series B-1 12.75% Preferred Stock, by proxy, voting agreement or otherwise.

**(gggg)** "Warrants" shall mean those warrants to purchase Class B Common Stock or Series C Preferred Stock originally issued by the Corporation to the Permitted Holders pursuant to the Securities Purchase Agreement.

**(hhhh)** "Wholly-Owned Affiliate" shall mean, as to any Person, any Affiliate that, directly or indirectly, is wholly-owned and controlled (other than by contract) by a Person, or any other Affiliate to which the Corporation, in its sole discretion, consents.

**Section 4. Titles and Subtitles; Interpretation**. The titles and subtitles used in this Certificate of Designation are used for convenience only and are not to be considered in construing or interpreting this Certificate of Designation. The definitions contained in this Certificate of Designation are applicable to the singular as well as the plural forms of such terms and to the masculine as well as to the feminine and neuter genders of such terms.

**Section 5. Dividends.**

**(a) Rate**. Holders of Series B-1 12.75% Preferred Stock shall be entitled to receive, when, as and if declared by the Board of Directors, out of funds or assets available therefor, subject to the provisions of the DGCL, on each share of Series B-1 12.75% Preferred Stock, Dividends with respect to each Dividend Period in an amount equal to the Dividend Rate on the Liquidation Preference per share of Series B-1 12.75% Preferred Stock, payable, at the Corporation's election, in (1) cash, (2) additional shares (including fractional shares) of Series B-1 12.75% Preferred Stock having a deemed value of $1,000 per share for purposes of the number of such additional shares or (3) any combination of (1) and (2) (the " Dividend"). If and to the extent that the Corporation does not pay the entire Dividend for a particular Dividend Period on the applicable Dividend Payment Date for such period, the amount of such Dividend not paid shall be added to the Liquidation Preference in accordance with the definition thereof. Dividends payable at the Dividend Rate shall begin to accrue (whether or not earned or declared, whether or not there are funds legally available for the payment thereof and whether or not restricted by the terms of any of the Corporation's indebtedness outstanding at any time) and be cumulative from the Original Issuance Date, shall compound on each Dividend Payment Date (*i.e.*, no Dividends shall accrue on other Dividends unless and until the first Dividend Payment Date for such other Dividends has passed without such other Dividends having been paid on such date) and shall be payable in arrears on the first Dividend Payment Date after such Dividend Period. Dividends that are payable on Series B-1 12.75% Preferred Stock in the form of additional shares of such stock shall, except as specifically provided in this Certificate of Designation, have all rights granted hereunder, including the payment of Dividends. Dividends that are payable on Series B-1 12.75% Preferred Stock on any Dividend Payment Date shall be payable to holders of record of Series B-1 12.75% Preferred Stock as they appear on the stock register of the Corporation on the record date for such Dividend, which shall be the date 10 Business Days prior to the applicable Dividend Payment Date, or such other date as determined by the Board of Directors. The Corporation shall elect the form of such payment by giving notice at least 5 Business Days prior to the applicable Dividend Payment Date. If no such notice is given, the Corporation shall be deemed to have elected a payment through the issuance of shares of Series B-1 12.75% Preferred Stock. Dividends paid on the shares of Series B-1 12.75% Preferred Stock in an amount less than accumulated and unpaid Dividends payable thereon shall be allocated pro rata on a share-by-share basis among all such shares at the time outstanding.

Dividends payable at the Dividend Rate on Series B-1 12.75% Preferred Stock in respect of any Dividend Period shall be computed on the basis of a 360-day year consisting of twelve 30-day months. The amount of Dividends payable at the Dividend Rate on Series B-1 12.75% Preferred Stock on any date prior to the end of a Dividend Period, and for the initial Dividend Period, shall be computed on the basis of a 360-day year consisting of twelve 30-day months, and actual days elapsed over such 30-day months.

**(b) Priority of Dividends**. Subject to any approvals required pursuant to Section 9, such Dividends (payable in cash, securities or other property) as may be determined by the Board of Directors may be declared and paid on any capital stock, including Common Stock and other Junior Stock, from time to time out of any funds legally available for such payment.

**(c) Payment in Shares**. Any shares of Series B-1 12.75% Preferred Stock paid as a Dividend pursuant to this Section 5 shall be duly authorized,

validly issued, fully paid and non-assessable, and shall be free of preemptive rights and free of any lien or adverse claim.

**Section 6. Liquidation Rights.**

**(a) Voluntary or Involuntary Liquidation**. In the event of any liquidation, dissolution or winding up of the affairs of the Corporation, whether voluntary or involuntary, holders of Series B-1 12.75% Preferred Stock shall be entitled to receive on par with each share of Parity Stock ranking equally with Series B-1 12.75% Preferred Stock in the distribution of assets upon any liquidation, dissolution or winding up of the Corporation for each share of Series B-1 12.75% Preferred Stock, out of the assets of the Corporation or proceeds thereof available for distribution to stockholders of the Corporation, and after satisfaction of all liabilities and obligations to creditors of the Corporation, before any distribution of such assets or proceeds is made to or set aside for the holders of Junior Stock, an amount equal to the greater of (1) the Liquidation Preference per share of Series B-1 12.75% Preferred Stock *plus* an amount per share equal to the accrued but unpaid Dividends not previously added to the Liquidation Preference from and including the immediately preceding Dividend Payment Date to, but excluding, the date fixed for such liquidation, dissolution or winding up of the Corporation and (2) the per share amount of all cash, securities and other property (such securities or other property having a value equal to its fair market value as reasonably and in good faith determined by the Board of Directors) to be distributed in respect of the Common Stock such holder would have been entitled to receive had it converted such Series B-1 12.75% Preferred Stock (without regard to the Conversion Cap or Share Issuance Limitation) immediately prior to the date fixed for such liquidation, dissolution or winding up of the Corporation. To the extent that such amount is paid in full to all holders of Series B-1 12.75% Preferred Stock and all holders of Parity Stock ranking equally with Series B-1 12.75% Preferred Stock in the distribution of assets upon any liquidation, dissolution or winding up of the Corporation, the holders of other capital stock of the Corporation shall be entitled to receive all remaining assets of the Corporation (or proceeds thereof) according to their respective rights and preferences.

**(b) Partial Payment**. If, in connection with any distribution described in Section 6(a) above, the assets of the Corporation or proceeds thereof are not sufficient to pay the Liquidation Preferences in full to all holders of Series B-1 12.75% Preferred Stock and all holders of Parity Stock ranking equally with Series B-1 12.75% Preferred Stock in the distribution of assets upon any liquidation, dissolution or winding up of the Corporation, then the amounts paid to the holders of Series B-1 12.75% Preferred Stock and to the holders of all such other Parity Stock shall be paid pro rata in accordance with the respective aggregate Liquidation Preferences of the holders of Series B-1 12.75% Preferred Stock and the holders of all such other Parity Stock.

**(c) Merger, Consolidation and Sale of Assets Not Liquidation**. For purposes of this Section 6, the merger or consolidation of the Corporation with any other corporation or other Person, including a merger or consolidation in which the holders of Series B-1 12.75% Preferred Stock receive cash, securities or other property for their shares, or the sale, lease or exchange (for cash, securities or other property) of all or substantially all of the assets of the Corporation, shall not constitute a liquidation, dissolution or winding up of the Corporation, but shall instead be subject to the provisions of Section 10.

**Section 7. Mandatory Redemption or Conversion on a Closing Deadline Failure.**

**(a) Permitted Holder Election on a Closing Deadline Failure**. Within 20 Business Days of a Closing Deadline Failure, each Permitted Holder shall deliver a written notice to the Corporation stating, with respect to all of its outstanding shares of Series B-1 12.75% Preferred Stock, whether such Permitted Holder elects to convert such shares pursuant to Section 7(b) (a "Conversion Election") or sell such shares pursuant to Section 7(c) (a "Sale Election"). If any Permitted Holder does not make such election by such deadline, such Permitted Holder shall be deemed to have irrevocably made a Sale Election with respect to all of its outstanding shares of Series B-1 12.75% Preferred Stock.

**(b) Conversion Election Procedures**. Within 40 Business Days of a Closing Deadline Failure, the Corporation shall, with respect to the outstanding shares of Series B-1 12.75% Preferred Stock held by all Permitted Holders that made a Conversion Election, convert such shares (i) if the Charter Amendment Approval has been obtained and subject to the making of any filing or receipt of any approval from any Regulatory Body in order not to adversely affect the Permits or regulatory status of the Corporation or its Subsidiaries, into Class B Common Stock, or (ii) if the Charter Amendment Approval has not been obtained or such regulatory approvals cannot be obtained, into Series C Preferred Stock, in either case into the number of shares of the Class B Common Stock or Series C Preferred Stock, as applicable, equal to the product of (A) the quotient of (1) the Liquidation Preference *plus* an amount per share equal to accrued but unpaid Dividends not previously added to the Liquidation Preference on such shares of Series B-1 12.75% Preferred Stock from and including the immediately preceding Dividend Payment Date to, but excluding, such date of conversion, and (2) the Base Price for such conversion date and (B) the Factor. Any outstanding shares of Series B-1 12.75% Preferred Stock not converted pursuant to this Section 7(b) as a result of the limitations set forth in Section 7(d) shall remain outstanding until the earlier of (x) the date on which the Share Issuance Approval is obtained (on which date any then outstanding shares of Series B-1 12.75% Preferred Stock held by all Permitted Holders that made a Conversion Election shall be converted pursuant to this Section 7(b) using the Base Price for such conversion date) and (y) such time the outstanding shares of Series B-1 12.75% Preferred Stock are redeemed pursuant to Section 7(g).

**(c) Sale Election Procedures**.

**(1)** If a Permitted Holder makes or is deemed to make a Sale Election, such Permitted Holder shall use commercially reasonable efforts to sell and dispose of such Permitted Holder's shares of Series B-1 12.75% Preferred Stock in accordance with Section 11 and the Orderly Sale Arrangement. In furtherance of the foregoing and without limitation, such Permitted Holder shall use commercially reasonable efforts to, as promptly as is practicable, either (x) enter into an agreement with a broker dealer that represents one of the institutions listed on Schedule C to the Securities Purchase Agreement as of such date pursuant to which all of the shares of Ordinary Common Stock into which the outstanding shares of Series B-1 12.75% Preferred Stock held by such Permitted Holder shall be converted and sold (the "Sale Plan") or (y) sell pursuant to such other method as shall be mutually agreed upon between the Corporation and the Permitted Holder. The Sale Plan shall, inter alia:

**(A)** constitute a written binding contract between such Permitted Holder and such broker dealer pursuant to which such Permitted Holder instructs the broker dealer to sell such shares on its account;

**(B)** result in the sale as promptly as practicable and in brokers transactions of the shares of Ordinary Common Stock into which

such Permitted Holder's outstanding shares of Series B-1 12.75% Preferred Stock shall be converted, as provided below pursuant to the Orderly Sale Arrangement;

**(C)** permit such Permitted Holder no influence over when or whether to effect the sale of such shares of Ordinary Common Stock underlying such Permitted Holder's outstanding shares of Series B-1 12.75% Preferred Stock (other than initiating a separate block trade undertaken in accordance with the Orderly Sale Arrangement); and

**(D)** except as provided in clause (C), require that such shares of Ordinary Common Stock underlying such Permitted Holder's outstanding shares of Series B-1 12.75% Preferred Stock are sold pursuant to the terms of the Sale Plan;

**(2)** Upon a Third Party Transfer, shares of Series B-1 12.75% Preferred Stock when sold pursuant to a Sale Plan shall automatically convert into the number of shares of Ordinary Common Stock equal to the following: (x) if sold pursuant to a brokers transaction, the product of (A) the quotient of (1) the Liquidation Preference *plus* an amount per share equal to accrued but unpaid Dividends not previously added to the Liquidation Preference on such shares of Series B-1 12.75% Preferred Stock from and including the immediately preceding Dividend Payment Date to, but excluding, such date of conversion, and (2) the price per share reported for the sale of the underlying Ordinary Common Stock and (B) the Factor; or (y) if sold other than through a brokers transaction, the product of (A) the quotient of (1) the Liquidation Preference *plus* an amount per share equal to accrued but unpaid Dividends not previously added to the Liquidation Preference on such shares of Series B-1 12.75% Preferred Stock from and including the immediately preceding Dividend Payment Date to, but excluding, such date of conversion, and (2) the price per share at which the underlying Ordinary Common Stock is agreed to be sold in such transaction and (B) the Factor.

**(d) Share Issuance Limitation**. Notwithstanding anything in this Certificate of Designation to the contrary, any issuance of Common Stock or Series C Preferred Stock shall be limited to the total number of shares that may be issued in compliance with the Share Issuance Limitation to the extent applicable.

**(e) Deferred Implementation of Sale Plan**. In the event that a Permitted Holder at the time of a Sale Election advises the Corporation that it in good faith believes that it is in possession of material non-public information concerning the Corporation, such Permitted Holder may defer implementation of the Sale Plan until the next period of time during which directors and executive officers of the Corporation are permitted to purchase and sell shares of Ordinary Common Stock in a trading "window" or similar period pursuant to the Corporation's trading policies in effect at such time. Without limiting a Permitted Holder's obligation to do so, if a Permitted Holder shall fail to enter into and initiate a Sale Plan within 180 days of a Sale Election and shall at any time thereafter fail to use commercially reasonable efforts to implement a Sale Plan (tolling such period to the extent it is prevented from doing so pursuant to the provisions of Section 4.7 of the Investor Rights Agreement) the Corporation may, if the Permitted Holder fails to resume and maintain such commercially reasonable efforts within ten (10) Business Days after notice of such failure from the Corporation, convert such Permitted Holder's shares of Series B-1 12.75% Preferred Stock pursuant to the provisions of Section 7(b) (without regard for the deadline or notice provided for therein) as of the date of such failure applying the Base Price as of the date of such conversion. With respect to a Permitted Holder's obligation in the immediately preceding sentence, such commercially reasonable efforts shall include such Permitted Holder causing any Initial Preferred Director or the Preferred Director, as applicable, to resign within 90 days of the delivery of the notice pursuant to Section 7(a) if such Initial Preferred Director's or the Preferred Director's access, as applicable, to material non-public information concerning the Corporation is preventing the Permitted Holder from entering into the Sale Plan or otherwise disposing of its shares in accordance with Section 11 and the Orderly Sale Arrangement.

**(f) Optional Redemption**. Notwithstanding any Sale Plan, at any time from and after a Sale Election, the Corporation may, subject to the provisions of the DGCL, and from time to time, upon 10 Business Days prior written notice, redeem all or any portion of the outstanding shares of Series B-1 12.75% Preferred Stock for, at the Corporation's sole discretion, cash or SWU Consideration in an amount equal to the product of (i) the Liquidation Preference of such shares *plus* an amount per share equal to accrued but unpaid Dividends not previously added to the Liquidation Preference on such shares of Series B-1 12.75% Preferred Stock from and including the immediately preceding Dividend Payment Date to, but excluding, the date of redemption and (ii) the Factor.

**(g) Automatic Redemption**. If a Closing Deadline Failure occurs and shares of Series B-1 12.75% Preferred Stock remain outstanding on the later of (i) December 31, 2012 or (ii) the one-year anniversary of such Closing Deadline Failure, the Corporation shall, subject to the provisions of the DGCL, redeem all outstanding shares of Series B-1 12.75% Preferred Stock for, at the Corporation's sole discretion, cash or SWU Consideration in an amount equal to (i) the product of (A) the Liquidation Preference of such shares *plus* an amount per share equal to accrued but unpaid Dividends not previously added to the Liquidation Preference on such shares of Series B-1 12.75% Preferred Stock from and including the immediately preceding Dividend Payment Date to, but excluding, the date of redemption and (B) the Factor.

**(h) Determination of Factor**.

**(1)** The Factor shall be (i) if at the time of the Closing Deadline Failure the Securities Purchase Agreement was not terminable pursuant to Section 10.2(c) or (d) or Section 10.3(c) or (d) thereof, 1.0 (one); (ii) if at the time of the Closing Deadline Failure the Securities Purchase Agreement was terminable pursuant to Sections 10.2(c) or 10.3(c) thereof, 1.1 (one and one-tenth); or (iii) if at the time of the Closing Deadline Failure the Securities Purchase Agreement was terminable as to such Permitted Holder pursuant to Sections 10.2(d) or 10.3(d) thereof, 0.9 (nine-tenths).

**(2)** Together with the notice delivered by each Permitted Holder pursuant to Section 7(a), each Permitted Holder shall state the Factor to be applied with respect to the Conversion Election or the Sale Election. If any Permitted Holder does not make such determination in its notice, the Factor deemed noticed and applicable to such Permitted Holder shall be 1.0. Within 20 Business Days of receipt by the Corporation of a notice pursuant to Section 7(a), the Corporation may deliver a written notice to a Permitted Holder disputing such Permitted Holder's determination of the Factor or, if the Permitted Holder did not include a Factor in its notice, the deemed Factor. If the Corporation does not timely provide such notice, such Permitted Holder's determination of the Factor or the deemed Factor, as the case may be, shall be final and binding on such Permitted Holder and the Corporation. If the Corporation timely objects to a Permitted Holder's determination

of the Factor, the Factor shall be initially 1.0 for purposes of such conversion or redemption and all of such Permitted Holder's outstanding shares of Series B-1 12.75% Preferred Stock shall be converted pursuant to Section 7(b), sold pursuant to Section 7(c) or redeemed pursuant to Sections 7(f) or (g) based upon such Factor and either the Corporation or such Permitted Holder may seek a Final Determination pursuant to the procedures set forth in Section 13.2 of the Securities Purchase Agreement, and following any such Final Determination, such final Factor shall be applied hereunder.

**Section 8. Other Conversion.**

**(a) Conversion by the Corporation.**

**(1) Conversion Upon Third Party Financing**. Effective upon the DOE Financial Closing that follows or is contemporaneous with a Third Party Financing or immediately prior thereto, the Corporation may convert all of the outstanding shares of Series B-1 12.75% Preferred Stock (i) if the Charter Amendment Approval has been obtained, into Class B Common Stock, or (ii) if the Charter Amendment Approval has not been obtained, into Series C Preferred Stock, in either case into the number of shares of the Class B Common Stock or Series C Preferred Stock, as applicable, equal to the quotient of (A) 120% of the sum of (i) the Liquidation Preference *plus* (ii) an amount per share equal to accrued but unpaid Dividends not previously added to the Liquidation Preference on such shares of Series B-1 12.75% Preferred Stock from and including the immediately preceding Dividend Payment Date to, but excluding, the date of conversion and (B) the Base Price for the date that the Corporation provides notice pursuant to Section 8(a)(2).

**(2) Conversion Timing**. If the Corporation elects to convert pursuant to this Section 8(a), the Corporation shall provide written notice to the Permitted Holders of record at their respective last addresses appearing on the books of the Corporation. Such notice shall state the conversion date of Series B-1 12.75% Preferred Stock, which date shall be no less than 5 days and no more than 60 days from the date of such notice; provided, however, that the effectiveness of the conversion (and the Corporation's right and obligation to effect the conversion) shall be conditioned upon the DOE Financial Closing. Notwithstanding the foregoing, if, after delivery of such notice, the Corporation desires to specify a different conversion date, the Corporation shall not be required to notify the Permitted Holders of such change until after the conversion is effected unless such changed conversion date is more than 15 days prior to or after the original conversion date. The conversion date shall be the date specified in such written notice or such different date as specified by the Corporation in accordance with this Section 8(a)(2).

**(b) Conversion by the Permitted Holders.**

**(1) Post-Third Closing Conversion**. At any time and from time to time after the Third Closing (as defined in the Securities Purchase Agreement), any Permitted Holder's shares of Series B-1 12.75% Preferred Stock shall be converted, in whole or in part, upon the request of such Permitted Holder, subject to the Conversion Cap, into the number of shares of Class B Common Stock equal to the quotient of (A) the Liquidation Preference *plus* an amount per share equal to accrued but unpaid Dividends not previously added to the Liquidation Preference on such shares of Series B-1 12.75% Preferred Stock from and including the immediately preceding Dividend Payment Date to, but excluding, such date of conversion and (B) the Base Price for the conversion date specified in the written notice provided by such Permitted Holder pursuant to Section 8(b)(2). Shares of Series B-1 12.75% Preferred Stock not converted as a result of the foregoing limitations shall remain outstanding except as provided herein.

**(2) Conversion Timing**. If a Permitted Holder elects to convert pursuant to this Section 8(b), such Permitted Holder shall provide written notice to the Corporation. Such notice shall state the conversion date of Series B-1 12.75% Preferred Stock, which date shall be no less than 5 days and no more than 60 days from the date of such notice. The conversion date shall be the date specified in such written notice.

**(c) Automatic Conversion and Redemption.** On December 31, 2016, all outstanding shares of Series B-1 12.75% Preferred Stock shall be automatically converted, without any action on the part of the holder and subject to the Conversion Cap, into the number of shares of Class B Common Stock equal to the quotient of (i) the Liquidation Preference *plus* an amount per share equal to accrued but unpaid Dividends not previously added to the Liquidation Preference on such shares of Series B-1 12.75% Preferred Stock from and including the immediately preceding Dividend Payment Date to, but excluding, such date of conversion and (ii) the Base Price for December 31, 2016. Shares of Series B-1 12.75% Preferred Stock not converted as a result of the foregoing limitation shall remain outstanding except as provided herein. If shares of Series B-1 12.75% Preferred Stock remain outstanding on February 28, 2017 due to the Conversion Cap, the Corporation shall, subject to the provisions of the DGCL, redeem all outstanding shares of Series B-1 12.75% Preferred Stock for cash in an amount equal to the Liquidation Preference of such shares *plus* an amount per share equal to accrued but unpaid Dividends not previously added to the Liquidation Preference on such shares of Series B-1 12.75% Preferred Stock from and including the immediately preceding Dividend Payment Date to, but excluding, the date of redemption. If the Corporation fails to pay such redemption amount by March 15, 2017, the Conversion Cap shall no longer apply and all outstanding shares of Series B-1 12.75% Preferred Stock shall be automatically converted, without any action on the part of the holder, into the number of shares of Class B Common Stock equal to the quotient of (A) the Liquidation Preference *plus* an amount per share equal to accrued but unpaid Dividends not previously added to the Liquidation Preference on such shares of Series B-1 12.75% Preferred Stock from and including the immediately preceding Dividend Payment Date to, but excluding, such date of conversion and (B) the Base Price for March 15, 2017. In the event of any automatic conversion or redemption pursuant to this Section 8(c), the conversion or redemption shall be deemed to have been effected at the time that the event triggering such automatic conversion or redemption occurred.

**(d) Conversion Mechanics**. A Permitted Holder shall cease to be a record holder of each share of Series B-1 12.75% Preferred Stock on the date such share is converted. As promptly as practicable on or after the conversion date (and in any event no later than three Trading Days thereafter), the Corporation or its agent, including its transfer agent, shall issue the number of shares of Class B Common Stock or Series C Preferred Stock (including fractional shares) issuable pursuant to Section 8(a), (b) or (c). Any such certificate or certificates shall be delivered by the Corporation or its agent, including its transfer agent, to the appropriate holder on a book-entry basis or by mailing certificates evidencing the shares to the holders at their respective addresses as set forth in the records of the Corporation, subject in each case to the provisions of Section 9 of the Securities Purchase Agreement.

**(e) Reservation of Class B Common Stock**. Subject to receiving the Charter Amendment Approval and for as long as any shares of Series B Preferred Stock remain outstanding, the Corporation shall at all times reserve and keep available, free from preemptive rights, out of its authorized but unissued Ordinary Common Stock or Class B Common Stock, or shares of Ordinary Common Stock or Class B Common Stock held in treasury by the Corporation, for the purpose of effecting the conversion of the Series B Preferred Stock, the full number of shares of Ordinary Common Stock or Class B Common Stock then issuable upon the conversion of all the shares of Series B Preferred Stock then outstanding. For purposes hereof, reservations hereunder shall be at the Base Price equal to the closing price of the Corporation's Ordinary Common Stock on the New York Stock Exchange on the second to last Trading Day prior to the date of the Securities Purchase Agreement; provided, however, if the Base Price for the date four Trading Days prior to the First Closing, the Second Closing or the Third Closing (each as defined in the Securities Purchase Agreement) or on June 30 of any year is less than such amount, then that lower amount shall be used as the Base Price for purposes of this calculation. All shares of Class B Common Stock delivered upon conversion of Series B Preferred Stock shall have been duly authorized and validly issued and shall be fully paid and nonassessable, and shall be free from preemptive rights and free of any lien or adverse claim.

**(f) Partial Conversion**. In case of any conversion of any of the shares of Series B Preferred Stock at the time outstanding, the shares to be converted shall be selected pro rata among the shares of Series B Preferred Stock held by each Permitted Holder and among each such Permitted Holder's shares of Series B-1 12.75% Preferred Stock and Series B-2 11.5% Preferred Stock. If fewer than all of the shares represented by any certificate are converted, a new certificate shall be issued representing the unconverted shares without charge to the holder thereof.

**(g) Taxes**. The Corporation shall pay any and all taxes that may be payable in respect of the issue or delivery of shares of Ordinary Common Stock, Class B Common Stock or Series C Preferred Stock on conversion of Series B-1 12.75% Preferred Stock. The Corporation shall not, however, be required to pay any tax that may be payable in respect of any Transfer involved in the issue and delivery of shares of Ordinary Common Stock, Class B Common Stock or Series C Preferred Stock in a name other than that in which Series B-1 12.75% Preferred Stock so converted was registered, and no such issue or delivery shall be made unless and until the Person requesting such issue has paid to the Corporation the amount of any such tax, or has established to the satisfaction of the Corporation that such tax has been paid.

**Section 9. Voting Rights.**

**(a) General**. The holders of shares of Series B-1 12.75% Preferred Stock shall not be entitled to vote, except as otherwise provided herein or required by applicable law.

**(b) Election of Directors.**

**(1)** Effective as of the first Original Issuance Date, the number of directors constituting the Board of Directors shall be increased by two Persons and the holders of a majority of the outstanding Series B Preferred Stock, voting together as a separate class to the exclusion of the holders of Common Stock and any other series of Preferred Stock, shall be entitled to elect two Qualified Directors to the Board of Directors (each such director, an " Initial Preferred Director") until the earliest to occur of (i) a Closing Deadline Failure as a result of a Permitted Holder Material Breach at a time when the Securities Purchase Agreement is terminable pursuant to Sections 10.2(d) and 10.3(d) thereof, (ii) a Change of Control or (iii) such time as the Permitted Holders' Aggregate Outstanding Value is equal to or less than (x) prior to or on December 31, 2016, 75% of the Original Issue Value or, (y) after December 31, 2016, 50% of the Original Issue Value, whereupon at any such time (A) the right of the holders of a majority of the outstanding Series B Preferred Stock to elect the Initial Preferred Directors shall cease, (B) the term of office of the Initial Preferred Directors shall immediately and automatically terminate, (C) the Initial Preferred Directors will no longer be qualified to serve and (D) the number of directors constituting the Board of Directors shall be immediately and automatically reduced by two Persons.

**(2)** Effective as of the first Original Issuance Date and at such time as when the Permitted Holders do not have the right to elect the Initial Preferred Directors pursuant to Section 9(b)(1)(iii) and any Permitted Holder's Permitted Holder Outstanding Value is greater than (x) prior to or on December 31, 2016, 75% of such Permitted Holder's Permitted Holder Original Issue Value or, (y) after December 31, 2016, 50% of such Permitted Holder's Permitted Holder Original Issue Value, the number of directors constituting the Board of Directors shall be increased by one Person and the holders of a majority of the outstanding Series B Preferred Stock, voting together as a separate class to the exclusion of the holders of Common Stock and any other series of Preferred Stock, shall be entitled to elect one Qualified Director to the Board of Directors (such director, the " Preferred Director") until the earliest to occur of (i) an event described in Section 9(b)(1)(i) or (ii) or (ii) such time as each Permitted Holder's Permitted Holder Outstanding Value is equal to or less than (x) prior to or on December 31, 2016, 75% of such Permitted Holder's Permitted Holder Original Issue Value or (y) after December 31, 2016, 50% of such Permitted Holder's Permitted Holder Original Issue Value, whereupon at any such time (A) the right of the holders of a majority of the outstanding Series B Preferred Stock to elect the Preferred Director shall cease, (B) the term of office of the Preferred Director shall immediately and automatically terminate, (C) the Preferred Director will no longer be qualified to serve and (D) the number of directors constituting the Board of Directors shall be immediately and automatically reduced by one Person.

**(3)** For the avoidance of doubt, except for the increase or decrease in the number of directors provided for herein, nothing in this Section 9(b) shall prohibit the Board of Directors from fixing the number of directors constituting the Board of Directors pursuant to the Bylaws.

**(4) Term**. Subject to the provisions of this Section 9(b), each Initial Preferred Director or the Preferred Director, as applicable, shall serve until the next annual meeting of the stockholders of the Corporation and until his or her successor is elected and qualified in accordance with this Section 9(b) and the Bylaws, unless any such Initial Preferred Director or the Preferred Director, as applicable, is earlier removed in accordance with the Bylaws, resigns or is otherwise unable to serve; provided, however, that only the holders of a majority of the outstanding shares of the Series B Preferred Stock may remove any such Initial Preferred Director or the Preferred Director, as applicable, without cause at any time and the holders of a majority of the voting power of the outstanding shares of the capital stock of the Corporation entitled to vote on the matter may remove any such Initial Preferred Director or the Preferred Director, as applicable, with cause at any time. Subject to the provisions of this Section 9(b), in the event any Initial Preferred Director or the Preferred Director, as applicable, is removed, resigns or is unable to serve as a member of the Board of Directors, the holders of a majority of the outstanding shares of Series B Preferred Stock, voting together as a separate class to the exclusion of the holders of Common Stock and any other series of Preferred Stock, shall have the

right to fill such vacancy. Each Initial Preferred Director or the Preferred Director, as applicable, may only be elected to the Board of Directors by the holders of the Series B Preferred Stock in accordance with this Section 9(b), and any such Initial Preferred Director's or the Preferred Director's seat, as applicable, shall otherwise remain vacant.

**(c) Class Voting Rights as to Particular Matters**. In addition to any other vote or consent of stockholders required by law or by the Certificate of Incorporation, the vote or consent of the holders of at least a majority of the outstanding shares of Series B Preferred Stock, voting together as a single class to the exclusion of the holders of the Common Stock and any other series of Preferred Stock, then outstanding and entitled to vote on the matter, given in person or by proxy, either in writing without a meeting or by vote at any meeting called for the purpose, shall be necessary for effecting or validating any of the actions described in (x) Section 9(c)(1) if any shares of Series B Preferred Stock are outstanding and (y) Sections 9(c)(2) and 9(c)(3) if the number shares of Series B Preferred Stock outstanding is greater than 10% of all of the shares of Series B Preferred Stock issued to the Permitted Holders, in each case excluding shares issued as a Dividend.

**(1) Amendment of Series B Preferred Stock**. Any amendment, alteration or repeal (by merger, consolidation or otherwise) of any provision of the Certificate of Incorporation or this Certificate of Designation so as to adversely affect the powers, preferences and relative participating, optional and other rights of Series B-1 12.75% Preferred Stock.

**(2) Dividends, Repurchase and Redemption.**

**(A)** The declaration or payment of any dividend or distribution of Common Stock or other Junior Stock (other than a dividend payable solely in Junior Stock provided such dividend is not treated as a distribution of property for purposes of Section 305 of the Code, the Treasury Regulations promulgated thereunder or any successor provision); or

**(B)** the purchase, redemption or other acquisition for consideration by the Corporation, directly or indirectly, of any Common Stock, other Junior Stock or Parity Stock, (except as necessary (i) to effect a reclassification of Junior Stock for or into other Junior Stock, (ii) to effect a reclassification of Parity Stock for or into other Parity Stock with the same or lesser aggregate liquidation preference, (iii) to effect a reclassification of Parity Stock into Junior Stock, (iv) to effect the exchange or conversion of one share of Junior Stock for or into another share of Junior Stock, (v) to effect the exchange or conversion of one share of Parity Stock for or into another share of Parity Stock with the same or lesser per share liquidation amount (vi) to effect the exchange or conversion of one share of Parity Stock into Junior Stock or (vii) pursuant to the Corporation Plans).

**(3) Issuance of Senior Stock or Parity Stock**. Prior to the Third Closing (as defined in the Securities Purchase Agreement), the issuance of any Senior Stock or Parity Stock, except as specifically provided for herein or in the Certificate of Designation for the Series B-2 11.5% Preferred Stock.

**(d) Changes after Provision for Redemption or Conversion**. No vote or consent of the holders of Series B-1 12.75% Preferred Stock shall be required pursuant to Section 9(c)(x) or Section 9(c)(y) if, at or prior to the time when any such vote or consent would otherwise be required pursuant to such Section, all outstanding shares of Series B-1 12.75% Preferred Stock (1) shall have been redeemed or converted, or (2) shall have been irrevocably elected for redemption or conversion in accordance with Sections 7(f), 7(g) or 8(a) and will, subject to the passage of time, be redeemed or converted; provided, that if, on or before the redemption date specified by the Corporation, all funds required for the redemption of the shares called for redemption have been deposited by the Corporation in trust for the benefit of the Permitted Holders with a bank or trust company doing business in the City of New York having a capital and surplus of at least $500 million and selected by the Board of Directors, so as to be and continue to be available solely therefor, then, notwithstanding that any certificate for any share so called for redemption has not been surrendered for cancellation, on and after the redemption date, Dividends shall cease to accrue on all shares so called for redemption, all shares so called for redemption shall no longer be deemed outstanding and all rights with respect to such shares shall forthwith on such redemption date cease and terminate, except only the right of the Permitted Holders thereof to receive the amount payable on such redemption from such bank or trust company, without interest. Any funds unclaimed at the end of three years from the redemption date shall, to the extent permitted by law, be released to the Corporation, after which time the Permitted Holders of the shares so called for redemption shall look only to the Corporation for payment of the redemption price of such shares.

**Section 10. Reorganization Events.**

**(a)** In the event of:

**(1)** any consolidation or merger of the Corporation with or into another Person or of another Person with or into the Corporation; or

**(2)** any sale, transfer, lease or conveyance to another Person of all or substantially all of the property and assets of the Corporation,

in each case in which holders of Ordinary Common Stock would be entitled to receive cash, securities or other property for their shares of Ordinary Common Stock (any such event specified in this Section 10(a), a "Reorganization Event"), the outstanding shares of Series B Preferred Stock shall be deemed for the purposes of this Section 10 only to be converted into the number of shares of Ordinary Common Stock equal to the quotient of (x) the Liquidation Preference *plus* an amount per share equal to the accrued but unpaid Dividends not previously added to the Liquidation Preference on such shares of Series B Preferred Stock from and including the immediately preceding Dividend Payment Date to, but excluding the date of conversion and (y) the Base Price for the date of effectiveness of such Reorganization Event and each such share shall, (A) become convertible into securities and other property receivable in such Reorganization Event by and in the same relative amounts as a holder of Ordinary Common Stock other than securities issued or other property distributed by such holder or its Affiliates if such Reorganization Event is entered into with such holder or its Affiliates; provided, however, that if such consideration consists, in whole or in part, of shares of capital stock of, or other equity interests in, the Corporation or any other Person, then the designation and the powers, preferences and relative, participating, optional and other rights and the qualifications, limitations and restrictions of such shares of capital stock or other equity interests may differ only to the extent that the then existing designation and powers, preferences and relative, participating, optional and other rights and the qualifications, limitations and restrictions of the Ordinary Common Stock and Series B Preferred Stock differ as provided in this Certificate of Designation or the Certificate of Designation for the Series B-2 11.5% Preferred Stock (including, without limitation, with respect to the voting rights and

conversion provisions thereof) or, at the Corporation's sole discretion, (B) be redeemed by the Corporation for a cash price equal to 105% of the fair value of the consideration that would have otherwise been received under subsection (A), as determined by the Board of Directors acting reasonably and in good faith (such cash, securities and other property, the "Exchange Property").

**(b)** Subject to the restrictions set forth in Section 10(a), in the event that holders of the shares of the Ordinary Common Stock have the opportunity to elect the form of Exchange Property to be received in such transaction, the Exchange Property that holders of the Series B Preferred Stock shall be entitled to receive shall be determined by the holders of a majority of the outstanding shares of Series B Preferred Stock.

**(c)** Notwithstanding anything in this Certificate of Designation to the contrary, Section 10(a) shall not apply to a merger, consolidation, asset sale, reorganization or statutory share exchange (1) among the Corporation and its direct and indirect Subsidiaries or (2) between the Corporation and any Person for the primary purpose of changing the domicile of the Corporation (an " Internal Reorganization Event") and no such transaction shall be deemed to be a Reorganization Event. Without limiting the rights of the holders of the Series B Preferred Stock set forth in Section 9(c)(1), the Corporation shall not effectuate an Internal Reorganization Event without the consent of the holders of a majority of the outstanding shares of the Series B Preferred Stock unless the Series B Preferred Stock shall be outstanding as a class or series of preferred stock of the surviving entity having the same rights, terms, preferences, liquidation preference and accrued and unpaid Dividends as the Series B Preferred Stock in effect immediately prior to such Internal Reorganization Event, as adjusted for such Internal Reorganization Event pursuant to this Certificate of Designation after giving effect to any such Internal Reorganization Event.

**(d)** The Corporation (or any successor) shall, within 20 days after the occurrence of any Reorganization Event or Internal Reorganization Event, provide written notice to the holders of the Series B Preferred Stock of the occurrence of such event and, in the case of a Reorganization Event, of the kind and amount of the cash, securities or other property that constitutes the Exchange Property. Failure to deliver such notice shall not affect the operation of this Section 10 or the validity of any Reorganization Event or Internal Reorganization Event.

**Section 11. Restrictions**.

**(a)** Notwithstanding anything in this Certificate of Designation to the contrary and unless the Corporation, in its sole discretion, otherwise agrees in writing, Permitted Holders may not Transfer shares of Series B-1 12.75% Preferred Stock if such Transfer would require approvals from or filings with any Regulatory Bodies in order not to adversely affect the Permits or regulatory status of the Corporation or its Subsidiaries, unless such approvals and/or filings have been made and received; provided, however, this Section 11(a) shall not apply to any transfer where the transferee received Ordinary Common Stock pursuant to the terms hereof.

**(b)** Notwithstanding anything in this Certificate of Designation to the contrary and unless the Corporation, in its sole discretion, otherwise agrees in writing, the conversion of Series B-1 12.75% Preferred Stock for Ordinary Common Stock shall also be subject to the requirements of Section 9.2 of the Securities Purchase Agreement.

**(c)** Any purported conversion or Transfer of Series B-1 12.75% Preferred Stock in violation of these restrictions shall be null and void abinitio.

**Section 12. Record Holders**. To the fullest extent permitted by applicable law, the Corporation may deem and treat the record holder of any share of Series B-1 12.75% Preferred Stock as the true and lawful owner thereof for all purposes.

**Section 13. No Standing to Bring Derivative Action.** Notwithstanding any provision of the DGCL, the Rules of the Court of Chancery of the State of Delaware or any other applicable law, rule or regulation which would otherwise confer such standing or empower a holder of Series B-1 12.75% Preferred Stock to take such action, no holder of any share of Series B-1 12.75% Preferred Stock shall have standing to bring an action, suit or proceeding derivatively or otherwise in the right of the Corporation.

**Section 14. Legends.** All certificates representing shares of Series B-1 12.75% Preferred Stock shall bear a legend or other restriction substantially to the following effect (it being agreed that if such shares are not certificated, other appropriate restrictions shall be implemented to give effect to the following):

> "THIS SECURITY WAS ORIGINALLY ISSUED IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR AS MAY BE HELD BY A PERSON DEEMED AN "AFFILIATE" (AS DEFINED IN RULE 144 UNDER THE SECURITIES ACT) OF THE ISSUER OF THIS SECURITY, AND THIS SECURITY MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN APPLICABLE EXEMPTION THEREFROM. THE HOLDER OF THIS SECURITY AGREES FOR THE BENEFIT OF THE COMPANY THAT (A) THIS SECURITY MAY BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED, ONLY (I) IN A TRANSACTION NOT INVOLVING A PUBLIC OFFERING, (II) PURSUANT TO ANY OTHER EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, INCLUDING RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE), (III) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR (IV) TO THE COMPANY OR ANY OF ITS SUBSIDIARIES, IN EACH OF CASES (I) THROUGH (IV) IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES, AND (B) THE HOLDER WILL NOTIFY ANY SUBSEQUENT PURCHASER OF THIS SECURITY FROM IT OF THE RESALE RESTRICTIONS REFERRED TO IN (A) ABOVE. THIS SECURITY MAY ONLY BE TRANSFERRED IN ACCORDANCE WITH THE TERMS OF THE CERTIFICATE OF DESIGNATION OF SERIES B-1 CONVERTIBLE PREFERRED STOCK OF USEC INC. (THE "COMPANY"), AS AMENDED.
>
> THIS SECURITY IS SUBJECT TO THE RESTRICTIONS (INCLUDING THE VOTING AND TRANSFER RESTRICTIONS) SET FORTH IN ARTICLES FOURTH AND ELEVENTH OF USEC INC.'S CERTIFICATE OF INCORPORATION, AS AMENDED.

THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO THE OBLIGATIONS AND RESTRICTIONS (INCLUDING RESTRICTIONS ON TRANSFER, CONVERSION AND REDEMPTION) STATED IN, AND ARE TRANSFERABLE ONLY IN ACCORDANCE WITH, THE PROVISIONS OF SECTION 9 OF THE SECURITIES PURCHASE AGREEMENT BY AND AMONG THE COMPANY, TOSHIBA CORPORATION ("TOSHIBA") AND BABCOCK & WILCOX INVESTMENT COMPANY ("B&W"), DATED AS OF MAY 25, 2010.

THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO THE OBLIGATIONS AND RESTRICTIONS (INCLUDING RESTRICTIONS ON THE DISPOSITION OF SECURITIES) STATED IN THE PROVISIONS OF SECTION 4.7 OF THE INVESTOR RIGHTS AGREEMENT BY AND AMONG THE COMPANY, TOSHIBA AND B&W, DATED AS OF SEPTEMBER 2, 2010."

**Section 15. Written Consent**. Any action as to which a class vote of the holders of Preferred Stock, or the holders of Preferred Stock and Class B Common Stock voting together, is required pursuant to the terms of this Certificate of Designation or the Securities Purchase Agreement may be taken without a meeting, without prior notice and without a vote, if a consent or consents in writing, setting forth the action so taken, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted and shall be delivered to the Corporation.

**Section 16. Notices**. All notices or communications in respect of Series B-1 12.75% Preferred Stock shall be sufficiently given if given in writing and delivered in person or by first class mail, postage prepaid, or if given in such other manner as may be permitted in this Certificate of Designation, in the Certificate of Incorporation or Bylaws or by applicable law or regulation. Notwithstanding the foregoing, if Series B-1 12.75% Preferred Stock is issued in book-entry form through The Depository Trust Corporation or any similar facility, such notices may be given to the holders of Series B-1 12.75% Preferred Stock in any manner permitted by such facility.

**Section 17. Other Rights**. The shares of Series B-1 12.75% Preferred Stock shall not have any rights, preferences, privileges or voting powers or relative, participating, optional or other special rights, or qualifications, limitations or restrictions thereof, other than as set forth herein or in the Certificate of Incorporation or as provided by applicable law and regulation.

[THIS SPACE LEFT BLANK INTENTIONALLY]

**IN WITNESS WHEREOF**, the Corporation has caused this Certificate of Designation to be duly executed and acknowledged by its undersigned duly authorized officers this 2nd day of September, 2010.

**USEC INC.**

By: /s/ John K. Welch
Name: John K. Welch
Title: President and Chief Executive Officer

Attest:

By: /s/ Peter B. Saba
Name: Peter B. Saba
Title: Secretary

**SIGNATURE PAGE TO THE CERTIFICATE OF DESIGNATION OF SERIES B-1 CONVERTIBLE PREFERRED STOCK OF USEC INC.**

**Exhibit 3.2**

**CERTIFICATE OF DESIGNATION OF**

**SERIES C CONVERTIBLE PARTICIPATING PREFERRED STOCK**

**of**

**USEC INC.**

**Pursuant to Section 151 of the General Corporation Law**

**of the State of Delaware**

We, John K. Welch, President and Chief Executive Officer, and Peter B. Saba, Secretary, of USEC Inc., a corporation organized and existing under the General Corporation Law ("DGCL") of the State of Delaware (the "Corporation"), in accordance with the provisions of Section 103 thereof, DO HEREBY CERTIFY:

That pursuant to the authority conferred upon the Board of Directors by the Certificate of Incorporation, the Board of Directors on May 24, 2010 adopted the following resolution creating a series of 25,000 shares of Preferred Stock, par value $1.00 per share, designated as Series C Convertible Participating Preferred Stock:

> RESOLVED, that pursuant to the authority vested in the Board of Directors in accordance with the provisions of its Certificate of Incorporation, a series of Preferred Stock of the Corporation be and it hereby is created, and that the designation and amount thereof and the powers, preferences and relative, participating, optional and other rights of the shares of such series, and the qualifications, limitations and restrictions thereof are as follows:

**Section 1. Designation**. The designation of this series of Preferred Stock, par value $1.00 per share, of the Corporation is "Series C Convertible Participating Preferred Stock" ("Series C Preferred Stock"). Each share of Series C Preferred Stock shall be identical in all respects to every other share of Series C Preferred Stock.

**Section 2. Number of Shares**. The authorized number of shares of Series C Preferred Stock is 25,000. Shares of Series C Preferred Stock that are redeemed, purchased or otherwise acquired by the Corporation, or converted into another series of Preferred Stock or into Common Stock, shall revert to authorized but unissued shares of Preferred Stock and shall not be reissued as shares of Series C Preferred Stock.

**Section 3. Definitions**. As used herein with respect to Series C Preferred Stock:

**(a)** "Affiliate" shall mean any Person controlling, controlled by or under common control with any other Person. For purposes of this definition, "control" (including "controlled by" and "under common control with") means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of securities, partnership or other ownership interests, by contract or otherwise.

**(b)** "Aggregate Outstanding Value" shall mean, at any time and from time to time and subject to the Automatic Redemption Adjustment, if any, (1) the Original Issue Value of all of the outstanding shares of Series B Preferred Stock, *plus*, (2) for each share of Series C Preferred Stock then held by the Permitted Holders, excluding those shares of Series C Preferred Stock issued upon exercise of the Warrants, the Base Price (as defined in the Series B-1 Certificate of Designation) upon which the Permitted Holders' acquisition of such share was calculated, *plus*, (3) for each share of Common Stock then held by the Permitted Holders, excluding those shares of Class B Common Stock issued upon exercise of the Warrants or Ordinary Common Stock purchased in the market, the Base Price upon which the Permitted Holders' acquisition of such share was calculated, *plus* (4) the aggregate amount of accrued and unpaid Dividends on outstanding shares of Series B Preferred Stock which have been added to the Liquidation Preference pursuant to Section 5(a).

**(c)** "Approved Market" shall mean, if the Ordinary Common Stock is then listed or quoted on the New York Stock Exchange, The NASDAQ Stock Market or the American Stock Exchange, such market or exchange.

**(d)** "Automatic Redemption" shall mean an automatic redemption pursuant to Section 7(g) of the Series B-1 Certificate of Designation subsequent to a Conversion Election (as defined in the Series B-1 Certificate of Designation), Section 8(c) of the Series B-1 Certificate of Designation or Section 8(c) of the Series B-2 Certificate of Designation.

**(e)** "Automatic Redemption Adjustment" shall mean, for purposes of determining the Aggregate Outstanding Value, the Permitted Holder Outstanding Value, the Original Issue Value and the Permitted Holder Original Issue Value, that if an Automatic Redemption has been effected prior to the date of determining such values, (1) the aggregate amount of the Liquidation Preference, as of the date of redemption, of a Permitted Holder's Series B Preferred Stock (excluding shares issued as a Dividend) redeemed in connection with the Automatic Redemption shall be added to such Permitted Holder's Aggregate Outstanding Value and Permitted Holder Outstanding Value and (2) the aggregate amount of the Liquidation Preference, as of the date of redemption, of such Permitted Holder's Series B Preferred Stock (excluding shares issued as a Dividend) redeemed in connection with the Automatic Redemption shall be added to such Permitted Holder's Original Issue Value and Permitted Holder Original Issue Value; provided, however, that, if at any time after any Automatic Redemption, such Permitted Holder's Deemed Holder Percentage is less than 8%, then such adjustment to the Aggregate Outstanding Value, the Permitted Holder Outstanding Value, the Original Issue Value and the Permitted Holder Original Issue Value shall not be made.

**(f)** "B&W" shall mean Babcock & Wilcox Investment Company, a Delaware corporation.

**(g)** "Beneficially Own" shall mean "beneficially own" as defined in Rule 13d-3 promulgated under Section 13(d) of the Exchange Act or any successor provisions thereto, and "Beneficial Ownership" shall have a correlative meaning.

**(h)** "Board of Directors" shall mean the board of directors of the Corporation or any duly authorized committee thereof.

**(i)** "Bylaws" shall mean the Amended and Restated Bylaws of the Corporation, as amended from time to time.

**(j)** "Certificate of Designation" shall mean this Certificate of Designation of Series C Convertible Participating Preferred Stock of the Corporation, as amended from time to time.

**(k)** "Certificate of Incorporation" shall mean the Certificate of Incorporation of the Corporation, as amended from time to time.

**(l)** "Change of Control" shall mean the occurrence of any of the following:

**(1)** any Person shall Beneficially Own, directly or indirectly, through a merger, business combination, purchase, or other transaction or series of transactions, shares of the Corporation's capital stock entitling such Person at such time to exercise 50% or more of the total voting power of the issued and outstanding capital stock having ordinary voting power to elect a majority of the Board of Directors, other than as a result of an acquisition of such stock by the Corporation, any of the Corporation's Subsidiaries or any of the Corporation's employee benefit plans (for purposes of this subsection (1), "Person" shall include any syndicate or group that would be deemed to be a "person" under Section 13(d)(3) of the Exchange Act);

**(2)** the Corporation (A) merges or consolidates with or into any other Person, another Person merges with or into the Corporation, or the Corporation conveys, sells, transfers or leases all or substantially all of the Corporation's assets to another Person or (B) engages in any recapitalization, reclassification or other transaction in which all or substantially all of the Common Stock is exchanged for or converted into cash, securities or other property, in each case other than a merger or consolidation:

**(i)** that does not result in a reclassification, conversion, exchange or cancellation of the Corporation's outstanding Common Stock;

**(ii)** that is effected solely to change the Corporation's jurisdiction of incorporation and results in a reclassification, conversion or exchange of outstanding shares of the Common Stock solely into shares of any class or series of common stock of the surviving entity; or

**(iii)** where the issued and outstanding capital stock having ordinary voting power to vote generally to elect a majority of the Board of Directors outstanding immediately prior to such transaction is converted into or exchanged for such voting stock of the surviving or transferee Person constituting a majority of the outstanding shares of such voting stock of such surviving or transferee Person (immediately after giving effect to such issuance).

**(m)** "Charter Amendment Approval" shall mean the approval of the stockholders of the Corporation necessary to amend the Corporation's Certificate of Incorporation to approve the authorization of Class B Common Stock and the proper filing of such amendment with the Secretary of State of the State of Delaware.

**(n)** "Class B Common Stock" shall mean the Class B Common Stock of the Corporation, par value $.10 per share, to be authorized by the Charter Amendment Approval.

**(o)** "Closing Deadline Failure" shall mean, unless waived in writing (1) by the Corporation if such Closing Deadline Failure is as a result of breach by a Permitted Holder, (2) by the Permitted Holders if such Closing Deadline Failure is as a result of breach by the Corporation, or (3) by the Permitted Holders and the Corporation if such Closing Deadline Failure is not as a result of a breach by the Permitted Holders or the Corporation, either, (A) with respect to the Second Closing (as defined in the Securities Purchase Agreement), that the Second Closing shall not have occurred by June 30, 2011 and the Securities Purchase Agreement shall have been terminated pursuant to Section 10.2 thereof, or (B) with respect to the Third Closing (as defined in the Securities Purchase Agreement), that the Third Closing shall not have occurred by the Third Closing Termination Date (as defined in the Securities Purchase Agreement) and the Securities Purchase Agreement shall have been terminated pursuant to Section 10.3 thereof.

**(p)** "Code" shall mean the Internal Revenue Code of 1986, as amended, as now or hereafter in effect, together with all regulations, rulings and interpretations thereof or thereunder by the Internal Revenue Service.

**(q)** "Common Stock" shall mean collectively, the Ordinary Common Stock and the Class B Common Stock.

**(r)** "Converted Series C Preferred Stock" shall have the meaning ascribed to it in Section 10(b).

**(s)** "Corporation" shall have the meaning ascribed to it in the recitals.

**(t)** "Deemed Holder Percentage" shall mean, as to any Permitted Holder, the percentage resulting from the following calculation, (1)(A) the number of shares of Ordinary Common Stock equal to the quotient of (w) the Liquidation Preference *plus* an amount per share equal to the accrued but unpaid Dividends not previously added to the Liquidation Preference on the outstanding shares of Series B Preferred Stock held by such Permitted Holder from and including the immediately preceding Dividend Payment Date (as defined in the Series B-1 Certificate of Designation or the Series B-2 Certificate of Designation, as applicable) to, but excluding, the date of conversion and (x) the Base Price for the date of such calculation, *plus* (B) the number of outstanding of shares of (y)

Series C Preferred Stock multiplied by 1000 *plus*, (z) if then outstanding, Class B Common Stock, in each case held by such Permitted Holder divided by (2)(A) the total number of shares of Ordinary Common Stock equal to the quotient of (v) the Liquidation Preference *plus* an amount per share equal to the accrued but unpaid Dividends not previously added to the Liquidation Preference on all outstanding shares of Series B Preferred Stock from and including the immediately preceding Dividend Payment Date (as defined in the Series B-1 Certificate of Designation) to, but excluding, the date of conversion and (w) the Base Price for the date of such calculation, *plus* (B) the total number of all outstanding shares of (x) Series C Preferred Stock multiplied by 1000 *plus* (y) if then outstanding, Class B Common Stock, *plus* (z) Ordinary Common Stock.

**(u)** "DGCL" shall have the meaning ascribed to it in the recitals.

**(v)** "Dividend" shall have the meaning ascribed to it in the Series B-1 Certificate of Designation or the Series B-2 Certificate of Designation, as applicable.

**(w)** "DOE" shall mean the United States Department of Energy.

**(x)** "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

**(y)** "Governmental Authority" shall mean any foreign governmental authority, the United States of America, any state of the United States and any political subdivision of any of the foregoing, and any agency, instrumentality, department, commission, board, bureau, central bank, authority, court, arbitral body or other tribunal, in each case whether executive, legislative, judicial, regulatory or administrative, having jurisdiction over any of the Permitted Holders, the Corporation, any of the Corporation's Subsidiaries or their respective Property.

**(z)** "Initial Investor Director" shall have the meaning ascribed to it in Section 5(b)(1) hereof.

**(aa)** "Initial Liquidation Preference" shall mean $1,000 per share of each of Series B-1 12.75% Preferred Stock and Series B-2 11.5% Preferred Stock.

**(bb)** "Investor Director" shall have the meaning ascribed to it in Section 5(b)(2).

**(cc)** "Investor Rights Agreement" shall mean that certain Investor Rights Agreement, dated as of September 2, 2010 among the Corporation, Toshiba and B&W, as amended from time to time.

**(dd)** "Junior Stock" shall mean the Common Stock and any other class or series of capital stock of the Corporation that ranks junior to the Series C Preferred Stock (1) as to the priority of payment of dividends and/or (2) as to the distribution of assets on any liquidation, dissolution or winding up of the Corporation. For the avoidance of doubt, Junior Stock shall include the series of Preferred Stock of the Corporation, par value $1.00 per share, designated as "Series A Junior Participating Preferred Stock."

**(ee)** "Liquidation Preference" shall mean $.01 per share of Series C Preferred Stock.

**(ff)** "Ordinary Common Stock" shall mean the common stock of the Corporation, par value $.10 per share. For the avoidance of doubt, the Ordinary Common Stock shall not include the Class B Common Stock.

**(gg)** "Original Issuance Date" shall mean, with respect to each share of Series C Preferred Stock issued to the Permitted Holders, the date on which such share was issued by the Corporation.

**(hh)** "Original Issue Value" shall mean, subject to the Automatic Redemption Adjustment, if any, the aggregate Initial Liquidation Preference of all the shares of Series B Preferred Stock issued to the Permitted Holders excluding those shares issued as a Dividend.

**(ii)** "Parity Stock" shall mean any class or series of stock of the Corporation that ranks equally with Series C Preferred Stock (1) in the priority of payment of dividends and/or (2) in the distribution of assets upon any liquidation, dissolution or winding up of the Corporation (in each case, without regard to whether dividends accrue cumulatively or non-cumulatively).

**(jj)** "Permit" shall mean any approval, authorization, certificate, consent, license or permit of or from any Governmental Authority.

**(kk)** "Permitted Holder Material Breach" shall mean the material breach of the Securities Purchase Agreement or the Investor Rights Agreement by any Permitted Holder.

**(ll)** "Permitted Holder Original Issue Value" shall mean, subject to the Automatic Redemption Adjustment, if any, for any Permitted Holder, the aggregate Initial Liquidation Preference of all shares of Series B Preferred Stock issued to such Permitted Holder excluding those shares issued as a Dividend and those shares acquired upon exercise of the Warrants.

**(mm)** "Permitted Holder Outstanding Value" shall mean, as to any Permitted Holder, at any time and from time to time and subject to the Automatic Redemption Adjustment, if any, (1) the Original Issue Value of all of the outstanding shares of Series B Preferred Stock then held by such Permitted Holder, *plus*, (2) for each share of Series C Preferred Stock then held by a Permitted Holder, excluding those shares of Series C Preferred Stock issued upon exercise of the Warrants, the Base Price upon which such Permitted Holder's acquisition of such share was calculated, *plus*, (3) for each share of Common Stock then held by such Permitted Holder, excluding those shares of Class B Common Stock issued upon exercise of the Warrants or Ordinary Common Stock purchased in the market, the Base Price (as defined in the Series B-1 Certificate of Designation) upon which such Permitted Holder's acquisition of such share was calculated, *plus*, (4) the aggregate amount of accrued and unpaid Dividends on outstanding shares of Series B Preferred Stock which have been added to the Liquidation Preference pursuant to Section 5(a) of the Series B-1 Certificate of Designation or Series B-2 Certificate of Designation, as applicable.

**(nn)** "Permitted Holders" shall mean (1) Toshiba America or any other Wholly-Owned Affiliates of Toshiba, (2) B&W and its Wholly-Owned Affiliates, (3) a special purpose entity jointly and wholly controlled by Toshiba and B&W and (4) Westinghouse Electric Company, LLC, to the extent that it is controlled by Toshiba or a Permitted Holder described under (1) above; provided, however, that each Permitted Holder must be a U.S. Person.

**(oo)** "Person" shall mean any individual, corporation, company, partnership, limited liability company, joint venture, association, joint stock company, trust, unincorporated organization, Governmental Authority or any other entity.

**(pp)** "Preferred Stock" shall mean any and all series of preferred stock, par value $1.00 per share, of the Corporation, including the Series C Preferred Stock.

**(qq)** "Property" shall mean any interest in any kind of property or asset, whether real, personal or mixed, tangible or intangible.

**(rr)** "Qualified Director" shall mean any individual reasonably acceptable to the Nominating and Governance Committee of the Board of Directors.

**(ss)** "Regulatory Bodies" shall mean the DOE and the U.S. Nuclear Regulatory Commission and any successor Governmental Authorities thereto.

**(tt)** "Securities Purchase Agreement" shall mean that certain Securities Purchase Agreement, dated as of May 25, 2010, among the Corporation, Toshiba and B&W, as amended from time to time.

**(uu)** "Senior Stock" shall mean any class or series of capital stock of the Corporation that ranks senior to the Series C Preferred Stock (1) as to the priority of dividends and/or (2) as to the distribution of assets on any liquidation, dissolution or winding up of the Corporation. For the avoidance of doubt, Senior Stock shall include the Series B Preferred Stock.

**(vv)** "Series B Preferred Stock" shall mean the Series B-1 12.75% Preferred Stock together with the Series B-2 11.5% Preferred Stock.

**(ww)** "Series B-1 12.75 % Preferred Stock" shall mean the series of Preferred Stock of the Corporation, par value $1.00 per share, designated as "Series B-1 12.75% Convertible Preferred Stock."

**(xx)** "Series B-1 Certificate of Designation" shall mean that certain Certificate of Designation of Series B-1 12.75% Convertible Preferred Stock of the Corporation as filed with the Secretary of State of the State of Delaware.

**(yy)** "Series B-2 11.5% Preferred Stock" shall mean the series of preferred stock of the Corporation, par value $1.00 per share, designated as "Series B-2 11.5% Convertible Preferred Stock."

**(zz)** "Series B-2 Certificate of Designation" shall mean that certain Certificate of Designation of Series B-2 11.5% Convertible Preferred Stock of the Corporation as filed with the Secretary of State of the State of Delaware.

**(aaa)** "Series C Preferred Stock" shall have the meaning ascribed to it in Section 1.

**(bbb)** "Series C Preferred Stock Automatic Conversion Time" shall have the meaning ascribed to it in Section 10(b).

**(ccc)** "Share Issuance Approval" shall mean the approval of the stockholders of the Corporation necessary to approve the conversion of all the Series B Preferred Stock and the Series C Preferred Stock, and the exercise of all the Warrants, for Common Stock for purposes of Section 312.03 of the New York Stock Exchange Listed Company Manual, or if shares of the Ordinary Common Stock become listed and traded on another Approved Market, the approval required by such Approved Market, or the time at which all such approvals shall for any reason become inapplicable or not required so as to permit all such conversions and exercises.

**(ddd)** "Subsidiary" of any Person shall mean any corporation, partnership, joint venture, limited liability company, trust or estate of which (or in which) more than 50% of (1) the issued and outstanding capital stock having ordinary voting power to elect a majority of the board of directors of such corporation (irrespective of whether at the time capital stock of any other class or classes of such corporation shall or might have voting power upon the occurrence of any contingency), (2) the interest in the capital or profits of such partnership, joint venture or limited liability company or (3) the beneficial interest in such trust or estate is at the time directly or indirectly owned or controlled by such Person, by such Person and one or more of its other Subsidiaries or by one or more of such Person's other Subsidiaries. Notwithstanding the foregoing, American Centrifuge Manufacturing, LLC, a Delaware limited liability company, shall not be considered a Subsidiary of B&W or the Corporation.

**(eee)** "Third Party Transfer" shall mean an irrevocable Transfer in compliance with Section 11 of all legal ownership, Voting Control and Beneficial Ownership of any share or shares of Series C Preferred Stock to a Person other than a Permitted Holder or its Affiliates.

**(fff)** "Toshiba" shall mean Toshiba Corporation, a corporation organized under the laws of Japan.

**(ggg)** "Toshiba America" shall mean Toshiba America Nuclear Energy Corporation, a Delaware corporation.

**(hhh)** "Transfer" shall mean, with respect to any shares of Series C Preferred Stock, any direct or indirect assignment, sale, exchange, transfer, tender or other disposition of such shares or any interest therein, whether voluntary or involuntary, by operation of law or otherwise (and includes any sale or other disposition in any one transaction or series of transactions and the grant or transfer of an option or derivative security covering such shares), and any agreement, arrangement or understanding, whether or not in writing, to effect any of the foregoing; provided, however, that a "Transfer" shall not occur simply as a result of the grant of a proxy in connection with a solicitation of proxies subject to the provisions of Section 14 of the Exchange Act.

**(iii)** "U.S. Person" shall mean any person that is treated as a "United States Person" under Code Section 7701(a)(30) and that provides an IRS Form W-9 (or successor form), evidencing a complete exemption from United States withholding tax (including backup withholding tax), on or before the time at which it acquires securities pursuant to this Certificate of Designation.

**(jjj)** "Voting Control" shall mean, with respect to a share or shares of Series C Preferred Stock, the power, whether exclusive or shared, revocable or irrevocable, to vote or direct the voting of such share or shares of Series C Preferred Stock, by proxy, voting agreement or otherwise.

**(kkk)** "Warrants" shall mean those warrants to purchase Class B Common Stock or Series C Preferred Stock originally issued by the Corporation to the Permitted Holders pursuant to the Securities Purchase Agreement.

**(lll)** "Wholly-Owned Affiliate" shall mean, as to any Person, any Affiliate that, directly or indirectly, is wholly-owned and controlled (other than by contract) by a Person, or any other Affiliate to which the Corporation, in its sole discretion, consents.

**Section 4. Titles and Subtitles; Interpretation**. The titles and subtitles used in this Certificate of Designation are used for convenience only and are not to be considered in construing or interpreting this Certificate of Designation. The definitions contained in this Certificate of Designation are applicable to the singular as well as the plural forms of such terms and to the masculine as well as to the feminine and neuter genders of such term.

**Section 5. Voting Rights**.

**(a) General.** The holders of shares of Series C Preferred Stock shall not be entitled to vote, except as otherwise provided herein or required by applicable law. On any matter as to which the shares of Series C Preferred Stock shall be entitled to vote, each share shall entitle the holder thereof to 1,000 votes. In the event the Corporation shall at any time declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision, combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the number of votes per share to which holders of shares of Series C Preferred Stock were entitled immediately prior to such event shall be adjusted by multiplying such number by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

**(b) Election of Directors.**

**(1)** Effective at the time no Series B Preferred Stock shall be outstanding, the number of directors constituting the Board of Directors shall be increased by two Persons and the holders of a majority of the voting power of the outstanding Class B Common Stock and Series C Preferred Stock, voting together as a separate class to the exclusion of the holders of any other Common Stock and any other series of Preferred Stock, shall be entitled to elect two Qualified Directors to the Board of Directors (each such director, an " Initial Investor Director") until the earliest to occur of (i) a Closing Deadline Failure as a result of a Permitted Holder Material Breach at a time when the Securities Purchase Agreement is terminable pursuant to Sections 10.2(d) and 10.3(d) thereof, (ii) a Change of Control or (iii) such time as the Permitted Holders' Aggregate Outstanding Value is equal to or less than (x) prior to or on December 31, 2016, 75% of the Original Issue Value or, (y) after December 31, 2016, 50% of the Original Issue Value, whereupon at any such time (A) the right of the holders of a majority of the voting power of the outstanding Series B Preferred Stock to elect the Initial Investor Directors shall cease, (B) the term of office of the Initial Investor Directors shall immediately and automatically terminate, (C) the Initial Investor Directors will no longer be qualified to serve and (D) the number of directors constituting the Board of Directors shall be immediately and automatically reduced by two Persons.

**(2)** Effective as of the first Original Issuance Date and at such time as when the Permitted Holders do not have the right to elect the Initial Investor Directors pursuant to Section 5(b)(1)(iii) and any Permitted Holder's Permitted Holder Outstanding Value is greater than (x) prior to or on December 31, 2016, 75% of such Permitted Holder's Permitted Holder Original Issue Value or (y) after December 31, 2016, 50% of such Permitted Holder's Permitted Holder Original Issue Value, the number of directors constituting the Board of Directors shall be increased by one Person and the holders of a majority of the voting power of the outstanding Class B Common Stock and Series C Preferred Stock, voting together as a separate class to the exclusion of the holders of Ordinary Common Stock and any other series of Preferred Stock, shall be entitled to elect one Qualified Director to the Board of Directors (such director, the "Investor Director") until the earliest to occur of (i) an event described in Section 5(b)(1)(i) or (ii) or (ii) such time as each Permitted Holder's Permitted Holder Outstanding Value is equal to or less than (x) prior to or on December 31, 2016, 75% of such Permitted Holder's Permitted Holder Original Issue Value or (y) after December 31, 2016, 50% of such Permitted Holder's Permitted Holder Original Issue Value, whereupon at any such time (A) the right of the holders of a majority of the voting power of the outstanding Class B Common Stock and Series C Preferred Stock to elect the Investor Director shall cease, (B) the term of office of the Investor Director shall immediately and automatically terminate, (C) the Investor Director will no longer be qualified to serve and (D) the number of directors constituting the Board of Directors shall be immediately and automatically reduced by one Person.

**(3)** For the avoidance of doubt, except for the increase or decrease in the number of directors provided for herein, nothing in this Section 5(b) shall prohibit the Board of Directors from fixing the number of directors constituting the Board of Directors pursuant to the Bylaws.

**(4) Term.** Subject to the provisions of this Section 5(b), each Initial Investor Director or the Investor Director, as applicable, shall serve until the next annual meeting of the stockholders of the Corporation and until his or her successor is elected and qualified in accordance with this Section 5(b) and the Bylaws, unless any such Initial Investor Director or the Investor Director, as applicable, is earlier removed in accordance with the Bylaws, resigns or is otherwise unable to serve; provided, however, that only the holders of a majority of the voting power of the outstanding Class B Common Stock and the Series C Preferred Stock may remove any such Initial Investor Director or the Investor Director, as applicable, without cause at any time, and the holders of a majority of the voting power of the outstanding shares of the capital stock of the Corporation entitled to vote on the matter may remove any such Initial Investor Director or the Investor Director, as applicable, with cause at any time. Subject to the provisions of this Section 5(b), in the event any Initial Investor Director or the Investor Director, as applicable, is removed, resigns or is unable to serve as a member of the Board of Directors, the holders of a majority of the voting power of the outstanding Class B Common Stock and Series C Preferred Stock, voting together as a separate class to the exclusion of the holders of any other Common Stock and any other series of Preferred Stock, shall have the right to fill such vacancy. Each Initial Investor Director or the Investor Director, as

applicable, may only be elected to the Board of Directors by the holders of the Class B Common Stock and Series C Preferred Stock in accordance with this Section 5(b), and each such Initial Investor Director's or the Investor Director's seat, as applicable, shall otherwise remain vacant.

**(d)** Notwithstanding Section 5(a), the holders of Series C Preferred Stock and Class B Common Stock shall be entitled to vote together with the holders of Common Stock (and any other class or series of capital stock entitled to vote on the matter with the Common Stock) as a single class with respect to any transactions involving a merger of the Corporation or sale of substantially all of the Corporation's assets, which must be submitted to the Corporation's stockholders pursuant to the DGCL; provided, however, that each holder of Class B Common Stock shall be entitled to (A) one vote for each outstanding share of Class B Common Stock held of record by such holder as of the applicable record date, but only to the extent that the aggregate voting power of all of the outstanding Series C Preferred Stock and Class B Common Stock does not exceed 20% of the total voting power of all outstanding shares of all classes and series of capital stock entitled to vote thereon or (B) if pursuant to clause (A) the aggregate voting power of all of the outstanding Series C Preferred Stock and Class B Common Stock would exceed 20% of the total voting power of all outstanding shares of all classes and series of capital stock entitled to vote on the matter, such fraction of one vote for (i) each one-one thousandth (1/1000) of a share of Series C Preferred Stock and (ii) each share of Class B Common Stock held of record by such holder as of the applicable record date such that the aggregate voting power of all of the outstanding Series C Preferred Stock and Class B Common Stock equaled 20% of the total voting power of all outstanding shares of all classes and series of capital stock entitled to vote thereon.

**(e)** Notwithstanding Section 5(a), the vote or consent of the holders of at least a majority of the outstanding shares of Series C Preferred Stock, voting together as a separate class to the exclusion of the holders of the Common Stock and any other series of Preferred Stock then outstanding and entitled to vote thereon, given in person or by proxy, either in writing without a meeting or by vote at any meeting called for the purpose, shall be necessary for effecting or validating any amendment, alteration or repeal of the Certificate of Incorporation or this Certificate of Designation (by merger, consolidation or otherwise) so as to adversely affect the powers, preferences and relative participating, optional and other rights of Series C Preferred Stock.

**Section 6. Dividends and Distributions**. Subject to applicable law and the rights, if any, of the holders of any Senior Stock, the holders of Series C Preferred Stock then outstanding shall first receive, or simultaneously receive, a dividend on each outstanding share of Series C Preferred Stock in an amount equal to the product of (a) the aggregate per share amount of all dividends declared and paid on the Ordinary Common Stock out of the assets of the Corporation that are by law available therefor at such times and in such amounts as the Board of Directors in its discretion shall determine and (b) 1000. Except as otherwise required by the DGCL and Section 7(a), in any circumstance where the Corporation may declare dividends or otherwise make distributions (including, without limitation, any distribution on liquidation, dissolution or winding-up of the Corporation) on the Common Stock, the Corporation shall declare the same per share dividends or make the same per share distributions, as the case may be, on the Series C Preferred Stock; provided, however, that if any such dividends or distributions are declared with respect to the Common Stock in the form of additional shares of Common Stock (or rights to acquire Common Stock), such dividends or distributions shall be made with respect to the Series C Preferred Stock in the form of an equivalent number of shares of Series C Preferred Stock (or rights to acquire Series C Preferred Stock) and if any such dividends or distributions are declared with respect to Series C Preferred Stock in the form of additional shares of Series C Preferred Stock (or rights to acquire Series C Preferred Stock), such dividends or distributions shall be made with respect to the Common Stock in the form of an equivalent number of shares of Common Stock (or rights to acquire Ordinary Common Stock).

**Section 7. Liquidation Rights**.

**(a) Voluntary or Involuntary Liquidation**. Subject to the rights of the holders of any Senior Stock outstanding at any time, in the event of any liquidation, dissolution or winding up of the affairs of the Corporation, whether voluntary or involuntary, holders of the Series C Preferred Stock shall be entitled to receive for each outstanding share of Series C Preferred Stock, out of the assets of the Corporation or proceeds thereof available for distribution to stockholders of the Corporation, and after satisfaction of all liabilities and obligations to creditors of the Corporation, before any distribution of such assets or proceeds is made to or set aside for the holders of Junior Stock, an amount equal to the per share amount of all cash and other property to be distributed in respect of the Common Stock into which the Series C Preferred Stock is then convertible.

**(b) Partial Payment**. If, in connection with any distribution described in Section 7(a) above, the assets of the Corporation or proceeds thereof are not sufficient to pay the Liquidation Preferences, *plus* an amount equal to any dividends declared but unpaid thereon, in full to all holders of Series C Preferred Stock and all holders of Parity Stock, then the amounts paid to the holders of Series C Preferred Stock and to the holders of all such other capital stock ranking equally on liquidation shall be paid pro rata in accordance with the respective aggregate Liquidation Preferences, *plus* any dividends declared but unpaid thereon, of the holders of Series C Preferred Stock and the holders of all such other Parity Stock.

**(c) Merger, Consolidation and Sale of Assets Not Liquidation**. For purposes of this Section 7, the merger or consolidation of the Corporation with any other corporation or other Person, including a merger or consolidation in which the holders of Series C Preferred Stock receive cash, securities or other property for their shares, or the sale, lease or exchange (for cash, securities or other property) of all or substantially all of the assets of the Corporation, shall not constitute a liquidation, dissolution or winding up of the Corporation, but shall instead be subject to the provisions of Section 9.

**Section 8. Subdivision or Combination**. If the Corporation in any manner subdivides or combines the outstanding shares of any of the Ordinary Common Stock, Class B Common Stock or Series C Preferred Stock, then the outstanding shares of the Ordinary Common Stock, Class B Common Stock or Series C Preferred Stock, as applicable, will be subdivided or combined in the same manner.

**Section 9. Equal Status**. Except as expressly provided in this Certificate of Designation, shares of Ordinary Common Stock and Series C Preferred Stock shall have the same rights, powers, preferences and restrictions and rank equally, share ratably and be identical in all respect as to all matters. In any merger, consolidation, reorganization or other business combination, the consideration received per share by the holders of the Ordinary Common Stock and per 1/1000 of a share of Series C Preferred Stock in such merger, consolidation, reorganization or other business combination shall be identical; provided, however, that if such consideration consists, in whole or in part, of shares of capital stock of, or other equity interests in, the Corporation or any other corporation, partnership, limited liability company or other entity, then the designation and the powers, preferences and relative, participating, optional and other rights and the qualifications, limitations and restrictions of such shares of capital stock or other equity interests may differ to the extent that the designation and the powers, preferences and relative, participating, optional and other rights and the qualifications, limitations and restrictions of the Ordinary Common Stock and the Series C Preferred Stock differ as provided herein or in the Certificate of Incorporation (including, without limitation, with

respect to the voting rights and conversion provisions hereof) if and to the extent necessary due to regulatory requirements or restrictions applicable to the entity surviving such merger, consolidation, reorganization or other business combination that are similar in nature to those applicable to the Corporation; and provided, further, that if the holders of the Ordinary Common Stock or Series C Preferred Stock are granted the right to elect to receive one of two or more alternative forms of consideration, the foregoing provision shall be deemed satisfied if holders of the other class or series are granted identical election rights, subject to the preceding proviso.

**Section 10. Automatic Conversion**.

**(a)** Subject to Section 11, a share of the Series C Preferred Stock shall be automatically converted, without any action on the part of the Corporation (other than the subsequent exchange of Series C Preferred Stock certificates for Ordinary Common Stock certificates or, in the case of uncertificated shares of Series C Preferred Stock, upon receipt of proper transfer instructions from the registered holder of the shares of Series C Preferred Stock or by his, her or its attorney lawfully constituted in writing, and upon payment of all necessary transfer taxes and compliance with appropriate procedures for transferring shares in uncertificated form), or any holder of the Series C Preferred Stock or any other Person, into 1000 fully paid and nonassessable shares of Ordinary Common Stock upon a Third Party Transfer of such share.

**(b)** In the event of any automatic conversion pursuant to the terms of Section 10(a), the conversion shall be deemed to have been effected upon such Third-Party Transfer (the "Series C Preferred Stock Automatic Conversion Time"). At the Series C Preferred Stock Automatic Conversion Time, the certificate or certificates that represented the shares of Series C Preferred Stock that were so converted immediately prior to such conversion (the " Converted Series C Preferred Stock") shall, automatically and without further action, represent 1000 fully paid and non-assessable shares of Ordinary Common Stock per share of Series C Preferred Stock. Permitted Holders of the Converted Series C Preferred Stock shall deliver their certificates, duly endorsed in blank or accompanied by proper instruments of transfer, in form reasonably satisfactory to the Corporation, duly executed by such Permitted Holder or such Permitted Holder's authorized attorney to the principal office of the Corporation (or such other office or agency (including the transfer agent, if applicable) of the Corporation as it may designate by notice in writing to the registered Permitted Holder at the address of such Permitted Holder appearing on the books of the Corporation), together with a written notice stating the name or names (with addresses) and denominations in which the certificate or certificates representing such shares of Ordinary Common Stock are to be issued and including instructions for delivery thereof. Upon such delivery, the Corporation or its agent shall promptly issue and deliver at such stated address to such holder of shares of Ordinary Common Stock a certificate or certificates representing the number of shares of Ordinary Common Stock to which such holder is entitled by reason of such conversion, and shall cause such shares of Ordinary Common Stock to be registered in the name of such holder. The Person entitled to receive the shares of Ordinary Common Stock issuable upon such conversion shall be treated for all purposes as the record holder of such shares of Ordinary Common Stock at and as of the Series C Preferred Stock Automatic Conversion Time, and the rights of such Person as a holder of shares of the Series C Preferred Stock that have been converted shall cease and terminate at and as of the Series C Preferred Stock Automatic Conversion Time, in each case without regard to any failure by such Permitted Holder to deliver the certificates or the notice required by this Section.

**Section 11. Restrictions**.

**(a)** Notwithstanding anything in this Certificate of Designation to the contrary and unless the Corporation, in its sole discretion, otherwise agrees in writing, Permitted Holders may not Transfer shares of Series C Preferred Stock if such Transfer would require approvals from or filings with any Regulatory Bodies in order not to adversely affect the Permits or regulatory status of the Corporation or its Subsidiaries, unless such approvals and/or filings have been made and received; provided, however, this Section 11(a) shall not apply to any transfer where the transferee received Ordinary Common Stock pursuant to the terms hereof.

**(b)** Notwithstanding anything in this Certificate of Designation to the contrary and unless the Corporation, in its sole discretion, otherwise agrees in writing, the conversion of Series C Preferred Stock for Ordinary Common Stock shall also be subject to the requirements of Section 9.2 of the Securities Purchase Agreement.

**(c)** Any purported conversion or Transfer of Series C Preferred Stock in violation of these restrictions shall be null and void ab initio.

**Section 12. Record Holders**. To the fullest extent permitted by applicable law, the Corporation may deem and treat the record holder of any share of the Series C Preferred Stock as the true and lawful owner thereof for all purposes.

**Section 13. Legends.** All certificates representing shares of Series C Preferred Stock shall bear a legend or other restriction substantially to the following effect (it being agreed that if such shares are not certificated, other appropriate restrictions shall be implemented to give effect to the following):

> "THIS SECURITY WAS ORIGINALLY ISSUED IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR AS MAY BE HELD BY A PERSON DEEMED AN "AFFILIATE" (AS DEFINED IN RULE 144 UNDER THE SECURITIES ACT) OF THE ISSUER OF THIS SECURITY, AND THIS SECURITY MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN APPLICABLE EXEMPTION THEREFROM. THE HOLDER OF THIS SECURITY AGREES FOR THE BENEFIT OF THE COMPANY THAT (A) THIS SECURITY MAY BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED, ONLY (I) IN A TRANSACTION NOT INVOLVING A PUBLIC OFFERING, (II) PURSUANT TO ANY OTHER EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, INCLUDING RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE), (III) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR (IV) TO THE COMPANY OR ANY OF ITS SUBSIDIARIES, IN EACH OF CASES (I) THROUGH (IV) IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES, AND (B) THE HOLDER WILL NOTIFY ANY SUBSEQUENT PURCHASER OF THIS SECURITY FROM IT OF THE RESALE RESTRICTIONS REFERRED TO IN (A) ABOVE. THIS SECURITY MAY ONLY BE TRANSFERRED IN

ACCORDANCE WITH THE TERMS OF THE CERTIFICATE OF DESIGNATION OF SERIES C CONVERTIBLE PARTICIPATING PREFERRED STOCK OF USEC INC. (THE "COMPANY"), AS AMENDED.

THIS SECURITY IS SUBJECT TO THE RESTRICTIONS (INCLUDING THE VOTING AND TRANSFER RESTRICTIONS) SET FORTH IN ARTICLES FOURTH AND ELEVENTH OF USEC INC.'S CERTIFICATE OF INCORPORATION, AS AMENDED.

THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO THE OBLIGATIONS AND RESTRICTIONS (INCLUDING RESTRICTIONS ON TRANSFER, CONVERSION AND REDEMPTION) STATED IN, AND ARE TRANSFERABLE ONLY IN ACCORDANCE WITH, THE PROVISIONS OF SECTION 9 OF THE SECURITIES PURCHASE AGREEMENT BY AND AMONG THE COMPANY, TOSHIBA CORPORATION ("TOSHIBA") AND BABCOCK & WILCOX INVESTMENT COMPANY ("B&W"), DATED AS OF MAY 25, 2010.

THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO THE OBLIGATIONS AND RESTRICTIONS (INCLUDING RESTRICTIONS ON THE DISPOSITION OF SECURITIES) STATED IN THE PROVISIONS OF SECTION 4.7 OF THE INVESTOR RIGHTS AGREEMENT BY AND AMONG THE COMPANY, TOSHIBA AND B&W, DATED AS OF SEPTEMBER 2, 2010."

**Section 14. Written Consent**. Any action as to which a class vote of the holders of Series C Preferred Stock, or the holders of Series C Preferred Stock and Class B Common Stock voting together, is required pursuant to the terms of this Certificate of Designation or the Securities Purchase Agreement may be taken without a meeting, without prior notice and without a vote, if a consent or consents in writing, setting forth the action so taken, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted and shall be delivered to the Corporation.

**Section 15. Notices**. All notices or communications in respect of Series C Preferred Stock shall be sufficiently given if given in writing and delivered in person or by first class mail, postage prepaid, or if given in such other manner as may be permitted in this Certificate of Designation, in the Certificate of Incorporation or Bylaws or by applicable law or regulation. Notwithstanding the foregoing, if Series C Preferred Stock is issued in book-entry form through The Depository Trust Corporation or any similar facility, such notices may be given to the holders of the Series C Preferred Stock in any manner permitted by such facility.

**Section 16. Other Rights**. The shares of Series C Preferred Stock shall not have any rights, preferences, privileges or voting powers or relative, participating, optional or other special rights, or qualifications, limitations or restrictions thereof, other than as set forth herein or in the Certificate of Incorporation or as provided by applicable law and regulation.

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**IN WITNESS WHEREOF**, the Corporation has caused this Certificate of Designation to be duly executed and acknowledged by its undersigned duly authorized officers this 2nd day of September, 2010.

**USEC INC.**

By: /s/ John K. Welch
Name: John K. Welch
Title: President and Chief Executive Officer

Attest:

By: /s/ Peter B. Saba
Name: Peter B. Saba
Title: Secretary

**SIGNATURE PAGE TO THE CERTIFICATE OF DESIGNATION OF SERIES C PARTICIPATING PREFERRED STOCK OF USEC INC.**

Exhibit 4.1

**THIS WARRANT AND THE SECURITIES ISSUED PURSUANT TO THIS WARRANT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") AND MAY NOT BE OFFERED, SOLD, ASSIGNED, PLEDGED, TRANSFERRED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT, AND UPON DELIVERY OF AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO THE COMPANY THAT THE PROPOSED TRANSFER IS EXEMPT FROM THE SECURITIES ACT OR THAT THE PROSPECTUS DELIVERY REQUIREMENTS HAVE BEEN MET.**

**THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO THE OBLIGATIONS AND RESTRICTIONS (INCLUDING RESTRICTIONS ON TRANSFER, CONVERSION AND REDEMPTION) STATED IN, AND ARE TRANSFERABLE ONLY IN ACCORDANCE WITH, THE PROVISIONS OF SECTION 9 OF THE SECURITIES PURCHASE AGREEMENT BY AND AMONG THE COMPANY, TOSHIBA CORPORATION AND BABCOCK & WILCOX INVESTMENT COMPANY, DATED MAY 25, 2010.**

**THIS WARRANT AND THE SECURITIES ISSUED PURSUANT TO THIS WARRANT ARE SUBJECT TO THE RESTRICTIONS (INCLUDING THE VOTING AND TRANSFER RESTRICTIONS) SET FORTH IN ARTICLE ELEVENTH OF USEC INC.'S CERTIFICATE OF INCORPORATION, AS AMENDED.**

**THIS WARRANT AND THE SECURITIES ISSUED PURSUANT TO THIS WARRANT ARE SUBJECT TO THE OBLIGATIONS AND RESTRICTIONS (INCLUDING RESTRICTIONS ON THE DISPOSITION OF SECURITIES) STATED IN THE PROVISIONS OF SECTION 4.7 OF THE INVESTOR RIGHTS AGREEMENT BY AND AMONG THE COMPANY, TOSHIBA AND B&W, DATED AS OF SEPTEMBER 2, 2010.**

**WARRANT NO. 1**
**DATE OF ISSUANCE: SEPTEMBER 2, 2010**

**WARRANT TO PURCHASE**

**3,125,000 SHARES OF CLASS B COMMON STOCK**
**or**

**3,125 SHARES OF SERIES C PREFERRED STOCK**

**OF USEC INC.**

THIS STOCK PURCHASE WARRANT (this "***Warrant***") certifies that, for value received, Toshiba America Nuclear Energy Corporation (the "***Holder***") is entitled, upon the terms and subject to the limitations on exercise and the conditions hereinafter set forth, at any time on or after January 1, 2015 (the "***Initial Exercise Date***") and on or prior to the close of business, New York City time, on the Termination Date but not thereafter (the "***Exercise Period***"), to subscribe for and purchase from USEC Inc., a Delaware corporation (the "***Company***"), up to 3,125,000 shares of Class B Common Stock, par value $0.10 per share of the Company ("***Class B Common Stock***"), to be authorized by the Company pursuant to the Charter Amendment, or in lieu thereof, up to 3,125 shares of Series C Preferred Stock (together with the Class B Common Stock, the "***Stock***") (such shares of Class B Common Stock or Series C Preferred Stock, as applicable, the "***Warrant Shares***"), as provided in Section 2(c). The purchase price for each share of Class B Common Stock under this Warrant shall be U.S. $7.50 (the "***Common Exercise Price***"), and the purchase price for each share of Series C Preferred Stock under this Warrant shall be U.S. $7,500.00 (the "***Preferred Exercise Price***") (such Common Exercise Price or Preferred Exercise Price, as applicable, the "***Exercise Price***"); the Exercise Price and the number of Warrant Shares for which the Warrant is exercisable shall be subject to adjustment as provided herein. The term "Holder" shall refer to the Holder identified above or any subsequent permitted transferee of this Warrant. Capitalized terms used but not otherwise defined herein shall have the meanings set forth in that certain Securities Purchase Agreement, dated May 25, 2010, among the Company, Toshiba Corporation , a corporation organized under the laws of Japan ("***Toshiba***"), and Babcock & Wilcox Investment Company, a Delaware corporation ("***B&W***"), as amended from time to time (the "***Securities Purchase Agreement***").

1. Authorization of Warrant Shares. The Company shall at all times keep reserved for issuance and delivery upon exercise of this Warrant such number of its authorized and unissued shares of Stock of the Company from time to time issuable upon exercise of this Warrant as will be sufficient to permit the exercise in full of this Warrant in accordance with the terms set forth herein. The Company represents and warrants that all shares of Stock delivered upon the exercise of this Warrant shall have been duly authorized and validly issued, shall be fully paid and nonassessable, and shall be free from preemptive rights and free of any lien or adverse claim.

2. Exercise of Warrant.

(a) Except as provided in Section 9 of the Securities Purchase Agreement and Sections 2(c) and 2(e) herein, exercise of the purchase rights represented by this Warrant may be made at any time or times on or after the Initial Exercise Date and before or on the Termination Date by (i) surrendering this Warrant, with the Notice of Exercise Form annexed hereto completed and duly executed, to the offices of the Company (or such other office or agency (including the transfer agent, if applicable) of the Company as it may designate by notice in writing to the registered Holder at the address of such Holder

appearing on the books of the Company) and (ii) delivering payment of the Exercise Price for the shares of Stock thereby purchased by wire transfer of immediately available funds in accordance with written wire instructions to be provided by the Company promptly on the Holder's request. Subject to the restrictions of Section 9 of the Securities Purchase Agreement, the Holder exercising its purchase rights in accordance with the preceding sentence shall be entitled to receive a certificate (or designate to whom such certificate shall be issued) for the number of Warrant Shares so purchased; certificates for shares so purchased hereunder shall be issued and delivered to the Holder (or issued at its direction) within three Trading Days after the date on which this Warrant shall have been exercised as aforesaid. This Warrant shall be deemed to have been exercised and such certificate or certificates shall be deemed to have been issued, and the Holder shall be deemed to no longer hold this Warrant with respect to such shares, as of the date this Warrant has been exercised by payment to the Company of the Exercise Price (including by exercising the Net Exercise Right pursuant to Section 2(b)) and all taxes required to be paid by the Holder, if any, pursuant to Section 5 prior to the issuance of such shares, have been paid, notwithstanding that the stockholder books or records of the Company may be closed or certificates representing such shares may not be actually delivered on such date.

(b) Notwithstanding the foregoing, subject to the restrictions of Section 9 of the Securities Purchase Agreement, the Holder may, it its sole discretion, satisfy its obligation to pay the Exercise Price through a "cashless exercise" (the " ***Net Exercise Right***"), in which case the Company shall issue to the Holder the number of Warrant Shares determined as follows:

$$X = Y[(A-B)/A]$$

where:
**X** = the number of Warrant Shares to be issued to the Holder;
**Y** = the total number of Warrant Shares with respect to which this Warrant is being exercised;
**A** = the Warrant Base Price as of the date of exercise; and
**B** = the Exercise Price then in effect for the applicable Warrant Shares at the time of such exercise.

(c) If, at the time this Warrant is exercised, the Charter Amendment Approval or the Regulatory Approvals have not been obtained, the Holder of this Warrant shall be entitled to exercise this Warrant only for shares of Series C Preferred Stock. If, however, the Charter Amendment Approval and Regulatory Approvals have been obtained, the Holder of this Warrant shall be entitled, subject to the Share Issuance Limitation (if any), to exercise this Warrant only for shares of Class B Common Stock.

(d) Subject to Section 2(c) and Section 2(e) herein and Section 9 of the Securities Purchase Agreement, the Holder may exercise all or any portion of this Warrant during the Exercise Period. In the event that this Warrant is not exercised in full, the number of Warrant Shares shall be reduced by the number of such Warrant Shares for which this Warrant is exercised and/or surrendered, and the Company, if requested by the Holder and at its expense, shall within 10 Business Days issue and deliver to the Holder a new Warrant of like tenor in the name of the Holder or as the Holder may direct, to a Permitted Holder transferee (upon payment by Holder of any applicable transfer taxes pursuant to Section 5), reflecting such adjusted Warrant Shares.

(e) For the avoidance of doubt, this Warrant shall be exercisable for either Class B Common Stock or Series C Preferred Stock, but not both.

3. Definitions. As used herein with respect to this Warrant:

"***Approved Market***" shall have the meaning ascribed to it in the definition of "Warrant Base Price."

"***B&W***" shall have the meaning ascribed to it in the Preamble.

"***Business Day***" shall mean any calendar day other than (1) a Saturday or Sunday or (2) a calendar day on which banking institutions in either the City of New York or Tokyo, Japan are authorized by law, regulation or executive order to remain closed.

"***Charter Amendment Approval***" shall mean, collectively, (i) the approval of the stockholders of the Company necessary to adopt that certain amendment to the Company's Certificate of Incorporation, as amended, substantially in the form attached to the Securities Purchase Agreement, which amendment shall approve the authorization of Class B Common Stock, and (ii) the proper filing of such amendment with the Secretary of State of the State of Delaware.

"***Class B Common Stock***" shall have the meaning ascribed to it in the Preamble.

"***Common Exercise Price***" shall have the meaning ascribed to it in the Preamble.

"***Company***" shall have the meaning ascribed to it in the Preamble.

"***Exchange Property***" shall have the meaning ascribed to it in Section 12.

"***Exercise Period***" shall have the meaning ascribed to it in the Preamble.

"***Exercise Price***" shall have the meaning ascribed to it in the Preamble.

"***Holder***" shall have the meaning ascribed to it in the Preamble.

"***Initial Exercise Date***" shall have the meaning ascribed to it in the Preamble.

"***Net Exercise Right***" shall have the meaning ascribed to it in Section 2(b).

"***Ordinary Common Stock***" shall mean the Common Stock of the Company, par value $0.10 per share.

"***Permitted Holders***" shall mean (a) Toshiba America Nuclear Energy Corporation or any other Wholly-Owned Affiliates of Toshiba, (b) B&W and its Wholly-Owned Affiliates, (c) a special purpose entity jointly and wholly controlled by Toshiba and B&W and (d) Westinghouse Electric Company, LLC, to the extent it is controlled by Toshiba or a Permitted Holder described under (a) above; provided, however, that each Permitted Holder must be a U.S. Person.

***"Preferred Exercise Price"*** shall have the meaning ascribed to it in the Preamble.

"***Preferred Stock***" shall mean the Company's Series B-1 12.75% Convertible Preferred Stock, par value $1.00 per share, the Company's Series B-2 11.5% Preferred Stock, par value $1.00 per share, and the Company's Series C Convertible Participating Preferred Stock, par value $1.00 per share.

"***Pro Rata Repurchases***" means any purchase of shares of Ordinary Common Stock by the Company or any Affiliate thereof pursuant to (a) any tender offer or exchange offer subject to Section 13(e) or 14(e) of the Exchange Act or Regulation 14E promulgated thereunder, or (b) any other offer available to substantially all holders of Ordinary Common Stock, in the case of (a) or (b), whether for cash, shares of Ordinary Common Stock of the Company, other securities of the Company, evidences of indebtedness of the Company or any other Person, assets or any other property (including, without limitation, shares of common stock, other securities or evidences of indebtedness of a Subsidiary), or any combination thereof, effected while this Warrant is outstanding. The "***effective date***" of a Pro Rata Repurchase shall mean the date of acceptance of shares for purchase or exchange by the Company under any tender or exchange offer which is a Pro Rata Repurchase or the date of purchase with respect to any Pro Rata Repurchase that is not a tender or exchange offer.

"***Reorganization Event***" shall have the meaning ascribed to it in Section 12.

"***Securities Purchase Agreement***" shall have the meaning ascribed to it in the Preamble.

"***Series C Preferred Stock***" shall mean the Company's Series C Convertible Participating Preferred Stock, par value $1.00 per share.

"***Share Issuance Limitation***" shall mean the total number of shares of Common Stock or securities convertible into Common Stock that can be issued by the Corporation upon conversion or exercise of securities issued pursuant to the Transactions (as defined in the Securities Purchase Agreement) in accordance with the rules and regulations of the Approved Market on which shares of the Corporation's equity securities are listed or traded prior to receipt of the Share Issuance Approval.

"***Stock***" shall have the meaning ascribed to it in the Preamble.

"***Termination Date***" shall mean December 31, 2016.

"***Toshiba***" shall have the meaning ascribed to it in the Preamble.

"***Trading Day***" shall mean any day on which shares of the Company's equity securities are traded, or able to be traded, on the Approved Market on which shares of the Company's equity securities are listed or traded.

"***Warrant***" shall have the meaning ascribed to it in the Preamble.

"***Warrant Base Price***" shall mean for any date, the price determined by the first of the following clauses that applies: (a) if the Ordinary Common Stock is then listed or quoted on the New York Stock Exchange, The NASDAQ Stock Market or the American Stock Exchange (each an "***Approved Market***"), the daily volume-weighted average price per share of the Ordinary Common Stock for the Trading Day immediately preceding such date, as reported for the regular trading session (including any extensions thereof) on the primary Approved Market on which the Ordinary Common Stock is then listed or quoted (without regard to pre-open or after-hours trading outside of such regular trading session on such Trading Day), as reported by Bloomberg Financial L.P. (or any successor thereof) using the HP function (or any equivalent thereof); (b) if the Ordinary Common Stock has not been listed or quoted on an Approved Market and if prices for the Ordinary Common Stock are then quoted on the OTC Bulletin Board, the daily volume-weighted average price per share of the Ordinary Common Stock for the Trading Day immediately preceding such date, as quoted for the regular trading session on the OTC Bulletin Board; (c) if the Ordinary Common Stock has not been listed or quoted on the OTC Bulletin Board and if prices for the Ordinary Common Stock are then reported in the "Pink Sheets" published by the National Quotation Bureau Incorporated (or a similar organization or agency succeeding to its functions of reporting prices), the most recent bid price per share of the Ordinary Common Stock so reported; or (d) in all other cases, the fair market value of a share of Ordinary Common Stock as determined by the Company's Board of Directors acting reasonably and in good faith; provided, however, for any calculation pertaining to Series C Preferred Stock, the result of the calculations in any of (a) through (d) shall be multiplied by 1,000 to arrive at the Warrant Base Price.

"***Warrant Shares***" shall have the meaning ascribed to it in the Preamble.

"***Wholly-Owned Affiliate***" shall mean, as to any Person, any Affiliate that, directly or indirectly, is wholly-owned and controlled (other than by contract) by a Person, or any other Affiliate to which the Company, in its sole discretion, consents.

4. Fractional Shares or Scrip. No fractional shares or scrip representing fractional shares of Class B Common Stock shall be issued upon the exercise of this Warrant. As to any fraction of a share which the Holder would otherwise be entitled to purchase upon such exercise, the Company shall pay a cash adjustment in respect of such final fraction in an amount equal to such fraction multiplied by the Warrant Base Price on the date of exercise. Fractional shares of Series C Preferred Stock shall be issued, if necessary.

5. Taxes. The Company shall pay any and all taxes that may be payable in respect of the issue or delivery of shares of Class B Common Stock or Series C Preferred Stock, as applicable, on exercise of this Warrant. The Company shall not, however, be required to pay any tax which may be payable in respect of any transfer involved in the issue and delivery of shares of Class B Common Stock or Series C Preferred Stock, as applicable, in a name other

than that in which this Warrant was issued, and no such issue or delivery shall be made unless and until the Person requesting such issue has paid to the Company the amount of any such tax or has established to the satisfaction of the Company that such tax has been paid.

6. Closing of Books. The Company shall not close its stockholder books or records in any manner which prevents a timely exercise of this Warrant permitted hereby.

7. Division and Combination.

(a) This Warrant may be divided or combined with other Warrants upon presentation hereof to the Company, together with a written notice specifying the denominations in which new Warrants are to be issued and signed by the Holder or its agent or attorney. The Company shall execute and deliver a new Warrant or Warrants in exchange for the Warrant or Warrants to be divided or combined in accordance with such notice.

(b) The Company shall prepare, issue and deliver at its own expense (other than transfer taxes as provided in Section 5) the new Warrant or Warrants under this Section 7.

8. No Rights as Stockholder until Exercise. This Warrant does not entitle the Holder to any voting rights or other rights as a stockholder of the Company. Upon the surrender of this Warrant and the payment of the aggregate Exercise Price (or satisfaction thereof through the Net Exercise Right), the Warrant Shares so purchased shall be and be deemed to be issued to such Holder or its designated transferee, as required pursuant to Section 9 of the Securities Purchase Agreement, as the record owner of such shares as of the close of business on the later of the date of such surrender or payment/satisfaction, and this Warrant shall no longer be issuable with respect to such Warrant Shares.

9. Loss, Theft, Destruction or Mutilation of Warrant. The Company covenants that upon receipt by the Company of evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of this Warrant or any stock certificate relating to the Warrant Shares, and in case of loss, theft or destruction, of indemnity or security reasonably satisfactory to it, and upon surrender and cancellation of such Warrant or stock certificate, if mutilated, the Company shall make and deliver a new Warrant or stock certificate of like tenor, and dated as of such cancellation, in lieu of such Warrant or stock certificate.

10. Business Days. If the last or appointed day for the taking of any action or the expiration of any right required or granted herein shall not be a Business Day, then such action may be taken or such right may be exercised on the next succeeding Business Day.

11. Adjustments of Exercise Price and Number / Kind of Warrant Shares. The Exercise Price and the number and kind of securities purchasable upon the exercise of this Warrant shall be subject to adjustment from time to time upon the happening of any of the following:

(a) In case the Company shall (i) pay a dividend in shares of Ordinary Common Stock or make a distribution in shares of Ordinary Common Stock to holders of its outstanding Ordinary Common Stock, (ii) subdivide its outstanding shares of Ordinary Common Stock into a greater number of shares, (iii) combine its outstanding shares of Ordinary Common Stock into a smaller number of shares of Ordinary Common Stock, or (iv) issue any shares of its capital stock in a reclassification of the Ordinary Common Stock, then the number of Warrant Shares purchasable upon exercise of this Warrant immediately prior thereto shall be proportionately adjusted so that the Holder shall be entitled to receive the kind and number of Warrant Shares or other shares of capital stock of the Company which it would have owned or have been entitled to receive had such Warrant been exercised in advance thereof; provided, however, that if any such dividend is paid in the form of Ordinary Common Stock or rights to acquire Ordinary Common Stock, at a time this Warrant is exercisable for Series C Preferred Stock, the Holder shall receive at the time of exercise shares of Series C Preferred Stock or rights to acquire shares of Series C Preferred Stock, as the case may be, and at a time this Warrant is exercisable for Class B Common Stock, the Holder shall receive at the time of exercise shares of Class B Common Stock or rights to acquire shares of Class B Common Stock, as the case may be. Upon each such adjustment of the kind and number of Warrant Shares or other securities of the Company which are purchasable hereunder, the Holder shall thereafter be entitled to purchase the number of Warrant Shares or other shares of capital stock resulting from such adjustment at an Exercise Price per Warrant Share or other security obtained by multiplying the Exercise Price in effect immediately prior to such adjustment by the number of Warrant Shares purchasable pursuant hereto immediately prior to such adjustment and dividing by the number of Warrant Shares or other securities of the Company purchasable pursuant hereto as a result of such adjustment. An adjustment made pursuant to this Section 11 shall become effective immediately after the effective date of such event retroactive to the record date, if any, for such event.

(b) If the Company shall distribute to all holders of Ordinary Common Stock (and not to the Holder of this Warrant) securities, evidences of the indebtedness of the Company or any other Person, assets (including cash and cash dividends), rights, options, warrants or other property (excluding dividends of its Ordinary Common Stock and other distributions referred to in Section 11(a)), in each such case, (i) the Exercise Price shall be adjusted by multiplying the Exercise Price in effect immediately prior to the record date fixed for determination of stockholders entitled to receive such distribution by a fraction, the denominator of which shall be the Warrant Base Price determined as of such record date, and the numerator of which shall be such Warrant Base Price on the date following such record date, and (ii) the number of Warrant Shares issuable upon the exercise of this Warrant shall be increased to the number obtained by multiplying the number of Warrant Shares issuable upon the exercise of the Warrant immediately prior to such adjustment by a fraction, the numerator of which is the Exercise Price in effect immediately prior to such adjustment and the denominator of which is the new Exercise Price determined in accordance with subsection (i) above. Such adjustments shall be made whenever any such distribution is made and shall become effective immediately after the record date mentioned above. Notwithstanding the foregoing, the Exercise Price shall never be adjusted below the par value of the shares of Class B Common Stock or Series C Preferred Stock, as applicable, for which this Warrant is then exercisable.

(c) If the Company shall effect a Pro Rata Repurchase of Ordinary Common Stock prior to the Exercise Period, then (i) the Exercise Price shall be adjusted to the price determined by multiplying the Exercise Price in effect immediately prior to the effective date of such Pro Rata Repurchase by a fraction, the numerator of which shall be the product of the number of shares of Ordinary Common Stock outstanding immediately before such Pro Rata Repurchase and the Warrant Base Price determined as of the date of the first public announcement by the Company or any of its Affiliates of the intent to effect such Pro Rata Repurchase, minus the aggregate purchase price of the Pro Rata Repurchase, and the denominator of which shall be the product of the number of shares of Ordinary Common Stock outstanding immediately prior to such Pro Rata Repurchase minus the number of shares of Ordinary Common Stock

so repurchased and the Warrant Base Price determined as of the date of the first public announcement by the Company or any of its Affiliates of the intent to effect such Pro Rata Repurchase, and (ii) the number of Warrant Shares issuable upon the exercise of this Warrant shall be adjusted to the number obtained by multiplying the number of Warrant Shares issuable upon the exercise of the Warrant immediately prior to such adjustment by a fraction, the numerator of which is the Exercise Price in effect immediately prior to such adjustment and the denominator of which is the new Exercise Price determined in accordance with subsection (i) above. Such adjustments shall be made whenever any such Pro Rata Repurchase is made and shall become effective immediately after the effective date mentioned above. Notwithstanding the foregoing, the Exercise Price shall never be adjusted below the par value of the shares of Stock for which this Warrant is then exercisable.

12. Reorganization Events. In the event of:

(a) any consolidation or merger of the Company with or into another Person or of another Person with or into the Company; or

(b) any sale, transfer, lease or conveyance to another Person of all or substantially all of the property and assets of the Company;

in each case in which holders of Ordinary Common Stock would be entitled to receive cash, securities or other property for their shares of Ordinary Common Stock (any such event specified in this Section 12, a "***Reorganization Event***"), this Warrant shall, following the effective time of such Reorganization Event, without the consent of the Holder and at the sole discretion of the Company, (i) be converted into the cash, securities and other property receivable in such Reorganization Event by and in the same relative amounts as a holder of Ordinary Common Stock (other than securities issued or other property distributed by such holder or its Affiliates) holding, immediately prior to the Reorganization Event, a number of shares of Ordinary Common Stock equal to the number of Warrant Shares which would be issuable for Class B Common Stock or Series C Preferred Stock, as applicable, under this Warrant (disregarding the Share Issuance Limitation, if any) immediately prior to such Reorganization Event; provided, however, that if such consideration consists, in whole or in part, of shares of capital stock of, or other equity interests in, the Company or any other Person, then the designation and the powers, preferences and relative, participating, optional and other rights and the qualifications, limitations and restrictions of such shares of capital stock or other equity interests may differ only to the extent that the then existing designation and powers, preferences and relative, participating, optional and other rights and the qualifications, limitations and restrictions of the Ordinary Common Stock, Class B Common Stock or Series C Preferred Stock differ as provided in the Certificate of Incorporation (including, without limitation, with respect to the voting rights and conversion provisions thereof) if and to the extent necessary due to regulatory requirements or restrictions applicable to the entity surviving the Reorganization Event that are similar in nature to those applicable to the Company; and provided, further, that, if the holders of the Ordinary Common Stock, Class B Common Stock or Series C Preferred Stock are granted the right to elect to receive one of two or more alternative forms of consideration, the foregoing provision shall be deemed satisfied if holders of the other class are granted identical election rights, subject to the previous proviso, or (ii) be redeemed by the Company for a cash price equal to 100% of the fair value of the consideration as determined by the Board of Directors, acting reasonably and in good faith, received under clause (i) (such cash, securities or other property, the "***Exchange Property***"); provided, however, that the Exchange Property shall be reduced by an amount equal to the Exercise Price that the Holder would have paid had the Holder exercised this Warrant on the date of such Reorganization Event; and provided, further, that, if the Exercise Price would exceed the value of the Exchange Property, then the Warrant shall be cancelled for no consideration in connection with the Reorganization Event. Notwithstanding anything to the contrary, this Section 12 shall not apply in the case of, and a Reorganization Event shall not be deemed to be, a merger, consolidation, reorganization or statutory share exchange (A) among the Company and its direct and indirect Subsidiaries or (B) between the Company and any Person for the primary purpose of changing the domicile of the Company.

13. Notice to Holder.

(a) Whenever the number of Warrant Shares or number or kind of securities or other property purchasable upon the exercise of this Warrant or the Exercise Price is adjusted, as provided herein, the Company shall give notice thereof to the Holder, which notice shall state the number of Warrant Shares (and other securities or property) purchasable upon the exercise of this Warrant and the Exercise Price of such Warrant Shares (and other securities or property) after such adjustment, setting forth a brief statement of the facts requiring such adjustment and setting forth the computation by which such adjustment was made.

(b) If at any time during the Exercise Period (i) the Company shall take a record of the holders of its Ordinary Common Stock and Class B Common Stock for the purpose of entitling them to receive a dividend or other distribution, or any right to subscribe for or purchase any evidences of its indebtedness, any shares of capital stock or any other securities or property or to receive any other right; (ii) there shall be any capital reorganization of the Company, any reclassification or recapitalization of the capital stock of the Company or any consolidation or merger of the Company with, or any sale, transfer or other disposition of all or substantially all of the property, assets or business of the Company to, another Person; or (iii) there shall be a voluntary or involuntary dissolution, liquidation or winding up of the Company, then the Company shall give to the Holder at least five Business Days' prior written notice of the date on which a record date shall be selected for such dividend, distribution or right or for determining rights to vote in respect of any such reorganization, reclassification, merger, consolidation, sale, transfer, disposition, liquidation or winding up, and in the case of any such reorganization, reclassification, merger, consolidation, sale, transfer, disposition, dissolution, liquidation or winding up, at least 10 Business Days' prior written notice of the date when the same shall take place. Failure to provide such notice, or any defect therein, shall not affect the legality or validity of any such action.

14. Transfer Restrictions. Except for transfers to Permitted Holders, consistent with Section 9 of the Securities Purchase Agreement, the Company shall refuse to register any attempted transfer of this Warrant and any such purported transfer shall be null and void.

15. Termination of Warrant. If the Securities Purchase Agreement is terminated by the Company pursuant to Sections 10.2(d) or 10.3(d) thereof, or is subject to termination thereto at the time of termination as a result of a breach of the Securities Purchase Agreement by the Holder, this Warrant shall become immediately, automatically and irrevocably unexercisable and shall expire without any action required of the Company.

16. Miscellaneous.

(a) Governing Law. This Warrant shall be governed in all respects by the laws of the State of New York without regard to choice of laws or

conflict of laws provisions thereof that would require the application of the Laws of any other jurisdiction.

(b) Dispute Resolution.

(i) Executive Meetings. Prior to submitting any dispute or controversy arising from or in connection with this Agreement, including the breach, termination or invalidity thereof (a "***Dispute***"), to arbitration pursuant to Section 16(b)(ii), upon written request of any Party, each Party shall appoint a designated representative whose task it will be to meet promptly for the purpose of endeavoring to resolve such Dispute. The designated representatives shall meet, in person or by telephone or video conference as deemed appropriate by the Parties, as often as the Parties reasonably deem necessary to discuss the Dispute in an effort to resolve the Dispute without the necessity of any further proceeding. The Parties agree to negotiate, in good faith, in an attempt to resolve the Dispute for a period of not greater than thirty (30) days after notice of the Dispute is received by the Parties.

(ii) Arbitration; Rules; Location. Any Dispute that is not resolved pursuant to Section 16(b)(i) shall be referred to and finally determined under the Rules of Arbitration of the International Chamber of Commerce then in effect (the "***ICC Rules***"). The place of arbitration shall be San Francisco, California, or such other location as the Parties may agree in writing.

(iii) Arbitrators. There shall be three (3) arbitrators, nominated in accordance with the ICC Rules. Each arbitrator on the arbitral tribunal shall be disinterested in the Dispute and shall have no connection to any Party thereto.

(iv) Award. The arbitral award shall be in writing, state the reasons for the award, and be the sole and exclusive binding remedy with respect to the Dispute between and among the Parties. Judgment on the award rendered may be entered in any court having jurisdiction thereof. The Parties hereby waive any right to refer any question of law and right of appeal on the law and/or merits to any court, except as provided by the Convention on the Recognition and Enforcement of Foreign Arbitral Awards of 1958. For purposes of such convention, the award shall be deemed an award of the United States, the relationship between the Parties shall be deemed commercial in nature, and any Dispute arbitrated pursuant to this Section 16(b) shall be deemed commercial. The arbitrators shall have the authority to grant any equitable or legal remedies that would be available in any judicial proceeding intended to resolve a Dispute.

(v) Language of Proceedings. The language of the arbitral proceedings shall be English.

(vi) Confidentiality of Proceedings. The Parties agree that any arbitration hereunder shall be kept confidential, and that the existence of the Dispute, the proceeding and all of its elements (including any pleadings, briefs or other documents submitted or exchanged, any testimony or other oral submissions, and any awards) shall be deemed Confidential Information for purposes of the confidentiality agreements referenced in Section 13.7 of the Securities Purchase Agreement, and shall not be disclosed beyond the tribunal, the International Court of Arbitration, the parties to the dispute, their counsel, and any Person necessary to the conduct of the proceeding, except as and to the extent required to enforce any arbitral award, or as otherwise contemplated by such confidentiality agreements.

(vii) Expenses. Each party hereto to a Dispute shall bear its own legal fees and costs in connection therewith.

(viii) Notwithstanding the foregoing, any Party shall be entitled to seek preliminary injunctive relief from any court of competent jurisdiction to preserve the status quo, pending the final decision or award of the arbitrators. Each of the Parties hereby irrevocably consents to jurisdiction of any court in the United States of America (and of the appropriate appellate courts therefrom) in any such suit, action or proceeding pursuant to this Section 16(b)(viii), or enforcing any award under Section 16(b)(iv), and irrevocably waives, to the fullest extent permitted by Law, any objection that it may now or hereafter have to the laying of the venue of any such suit, action or proceeding in any such court or that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum. Process in any such action or proceeding may be served on any Party anywhere in the world, whether within or without the jurisdiction of any such court. Without limiting the foregoing, each party agrees that service of process on such party as provided in Section 16(d) shall be deemed effective service of process on such Party.

(ix) To the extent of concurrent Disputes (as such term is used in each of the Transaction Documents) under multiple Transaction Documents, the Parties agree to consolidate any and all such Disputes into a single proceeding pursuant to the procedures set forth in this Section 16(b).

(c) Nonwaiver and Expenses. No course of dealing or any delay or failure to exercise any right hereunder on the part of the Holder or the Company shall operate as a waiver of such right or otherwise prejudice the Holder's or the Company's rights, powers or remedies; provided, however, that all rights hereunder shall terminate on the Termination Date, or such earlier termination of this Warrant pursuant to Section 15 hereof.

(d) Notices. All notices, requests, consents and other communications provided for herein shall be in writing and shall be mailed by registered or certified mail, postage prepaid, return receipt requested, or otherwise delivered by hand or by messenger, addressed:

(i) If to the Holder, to:

Satoshi Iwakata, Vice President, Planning
Toshiba America Nuclear Energy Corporation
3545 Whitehall Park Drive, Suite 500
Charlotte, NC 28273
Telephone: (704) 548-7690

and

Richard S. DiSalvo, General Counsel

Toshiba America Nuclear Energy Corporation
3190 Fairview Park Drive, Suite 500
Falls Church, VA 22042
Telephone: (703) 663-5932

With a copy to:

Masaaki Inokuma, General Manager
Legal Affairs Division, Power Systems Company
Toshiba Corporation
1-1 Shibaura 1-chome
Minato-ku, Tokyo 105-8001, Japan
Telephone: (+81)3-3457-3706

and

Ken Siegel, Esq.
Morrison & Foerster LLP
Shin-Marunouchi Building, 29th floor
5-1, Marunouchi 1-chome
Chiyoda-ku, Tokyo 100-6529, Japan
Telephone: (+81)3-3214-6522

(ii) If to the Company, to:

USEC Inc.
6903 Rockledge Drive
Bethesda, MD 20817
Telephone: (301) 564-3200
Attention: General Counsel

With a copy to:

Latham & Watkins LLP
555 Eleventh Street, NW
Suite 1000
Washington, D.C. 20004-1304
Telephone: (202) 637-2200
Attention: Scott Herlihy

or in any such case to such other address, facsimile number or telephone as either Party may, from time to time, designate in a written notice given in a like manner. If notice is provided by mail, it shall be deemed to be delivered five Business Days following proper deposit in a mailbox, and if notice is delivered by hand, messenger or overnight courier service, it shall be deemed to be delivered upon actual delivery.

(e) Amendment. This Warrant may be modified or amended or the provisions hereof waived, only upon the written consent of the Company and the Holder.

(f) Severability. If any provision of this Warrant becomes or is declared by a court of competent jurisdiction to be illegal, unenforceable or void, portions of such provision, or such provision in its entirety, to the extent necessary, shall be severed from this Warrant and the balance of this Warrant shall be enforceable in accordance with its terms.

(g) Headings. The headings used in this Warrant are for the convenience of reference only and shall not, for any purpose, be deemed a part of this Warrant.

17. Entire Agreement. This Warrant, the form attached hereto, and the Securities Purchase Agreement and the exhibits thereto contain the entire agreement between the parties with respect to the subject matter hereof and supersede all prior and contemporaneous arrangements or undertakings with respect thereto.

[THIS SPACE LEFT BLANK INTENTIONALLY]

**IN WITNESS WHEREOF**, the Company has caused this Warrant to be executed by its officer thereunto duly authorized.

**USEC INC.**

By: /s/ John K. Welch
Name: John K. Welch
Title: President and Chief Executive Officer

**AGREED AND ACKNOWLEDGED:**

**TOSHIBA AMERICA NUCLEAR ENERGY CORPORATION**

By: /s/ Akio Shioiri
Name: Akio Shioiri
Title: President and Chief Executive Officer

**FORM OF NOTICE OF EXERCISE**

**To: USEC Inc.**

(1) The undersigned hereby elects to purchase _____ Warrant Shares of USEC Inc. pursuant to the terms of the attached Warrant, and tenders herewith payment, in lawful money of the United States, of the Exercise Price in full, together with all applicable transfer taxes, if any; OR

(2) the undersigned hereby elects to exercise the Net Exercise Right to purchase _____ Warrant Shares of USEC Inc. pursuant to the terms of the attached Warrant.

(3) Please issue a certificate or certificates representing said Warrant Shares in the name of the undersigned. The Warrant Shares shall be delivered to the following:

_____
_____
_____

(4) The undersigned is an "accredited investor" as defined in Regulation D under the Securities Act.

(5) If applicable, a new Warrant evidencing the remaining Warrant Shares covered by the attached Warrant shall be issued in the name of the undersigned. The new Warrant shall be delivered to the following:

_____
_____
_____

**[PURCHASER]**

By:
Name:
Title:

Dated:

**THIS WARRANT AND THE SECURITIES ISSUED PURSUANT TO THIS WARRANT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") AND MAY NOT BE OFFERED, SOLD, ASSIGNED, PLEDGED, TRANSFERRED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT, AND UPON DELIVERY OF AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO THE COMPANY THAT THE PROPOSED TRANSFER IS EXEMPT FROM THE SECURITIES ACT OR THAT THE PROSPECTUS DELIVERY REQUIREMENTS HAVE BEEN MET.**

**THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO THE OBLIGATIONS AND RESTRICTIONS (INCLUDING RESTRICTIONS ON TRANSFER, CONVERSION AND REDEMPTION) STATED IN, AND ARE TRANSFERABLE ONLY IN ACCORDANCE WITH, THE PROVISIONS OF SECTION 9 OF THE SECURITIES PURCHASE AGREEMENT BY AND AMONG THE COMPANY, TOSHIBA CORPORATION AND BABCOCK & WILCOX INVESTMENT COMPANY, DATED MAY 25, 2010.**

**THIS WARRANT AND THE SECURITIES ISSUED PURSUANT TO THIS WARRANT ARE SUBJECT TO THE RESTRICTIONS (INCLUDING THE VOTING AND TRANSFER RESTRICTIONS) SET FORTH IN ARTICLE ELEVENTH OF USEC INC.'S CERTIFICATE OF INCORPORATION, AS AMENDED.**

**THIS WARRANT AND THE SECURITIES ISSUED PURSUANT TO THIS WARRANT ARE SUBJECT TO THE OBLIGATIONS AND RESTRICTIONS (INCLUDING RESTRICTIONS ON THE DISPOSITION OF SECURITIES) STATED IN THE PROVISIONS OF SECTION 4.7 OF THE INVESTOR RIGHTS AGREEMENT BY AND AMONG THE COMPANY, TOSHIBA AND B&W, DATED AS OF SEPTEMBER 2, 2010.**

**WARRANT NO. 2**
**DATE OF ISSUANCE: SEPTEMBER 2, 2010**

**WARRANT TO PURCHASE**

**3,125,000 SHARES OF CLASS B COMMON STOCK**
**or**

**3,125 SHARES OF SERIES C PREFERRED STOCK**

**OF USEC INC.**

THIS STOCK PURCHASE WARRANT (this "***Warrant***") certifies that, for value received, Babcock & Wilcox Investment Company (the "***Holder***") is entitled, upon the terms and subject to the limitations on exercise and the conditions hereinafter set forth, at any time on or after January 1, 2015 (the "***Initial Exercise Date***") and on or prior to the close of business, New York City time, on the Termination Date but not thereafter (the "***Exercise Period***"), to subscribe for and purchase from USEC Inc., a Delaware corporation (the " ***Company***"), up to 3,125,000 shares of Class B Common Stock, par value $0.10 per share of the Company ("***Class B Common Stock***"), to be authorized by the Company pursuant to the Charter Amendment, or in lieu thereof, up to 3,125 shares of Series C Preferred Stock (together with the Class B Common Stock, the "***Stock***") (such shares of Class B Common Stock or Series C Preferred Stock, as applicable, the "***Warrant Shares***"), as provided in Section 2(c). The purchase price for each share of Class B Common Stock under this Warrant shall be U.S. $7.50 (the "***Common Exercise Price***"), and the purchase price for each share of Series C Preferred Stock under this Warrant shall be U.S. $7,500.00 (the "***Preferred Exercise Price***") (such Common Exercise Price or Preferred Exercise Price, as applicable, the " ***Exercise Price***"); the Exercise Price and the number of Warrant Shares for which the Warrant is exercisable shall be subject to adjustment as provided herein. The term "Holder" shall refer to the Holder identified above or any subsequent permitted transferee of this Warrant. Capitalized terms used but not otherwise defined herein shall have the meanings set forth in that certain Securities Purchase Agreement, dated May 25, 2010, among the Company, Toshiba Corporation , a corporation organized under the laws of Japan ("***Toshiba***"), and Babcock & Wilcox Investment Company, a Delaware corporation ("***B&W***"), as amended from time to time (the "***Securities Purchase Agreement***").

1. Authorization of Warrant Shares. The Company shall at all times keep reserved for issuance and delivery upon exercise of this Warrant such number of its authorized and unissued shares of Stock of the Company from time to time issuable upon exercise of this Warrant as will be sufficient to permit the exercise in full of this Warrant in accordance with the terms set forth herein. The Company represents and warrants that all shares of Stock delivered upon the exercise of this Warrant shall have been duly authorized and validly issued, shall be fully paid and nonassessable, and shall be free from preemptive rights and free of any lien or adverse claim.

2. Exercise of Warrant.

(a) Except as provided in Section 9 of the Securities Purchase Agreement and Sections 2(c) and 2(e) herein, exercise of the purchase rights represented by this Warrant may be made at any time or times on or after the Initial Exercise Date and before or on the Termination Date by (i) surrendering this Warrant, with the Notice of Exercise Form annexed hereto completed and duly executed, to the offices of the Company (or such other office or agency (including the transfer agent, if applicable) of the Company as it may designate by notice in writing to the registered Holder at the address of such Holder

appearing on the books of the Company) and (ii) delivering payment of the Exercise Price for the shares of Stock thereby purchased by wire transfer of immediately available funds in accordance with written wire instructions to be provided by the Company promptly on the Holder's request. Subject to the restrictions of Section 9 of the Securities Purchase Agreement, the Holder exercising its purchase rights in accordance with the preceding sentence shall be entitled to receive a certificate (or designate to whom such certificate shall be issued) for the number of Warrant Shares so purchased; certificates for shares so purchased hereunder shall be issued and delivered to the Holder (or issued at its direction) within three Trading Days after the date on which this Warrant shall have been exercised as aforesaid. This Warrant shall be deemed to have been exercised and such certificate or certificates shall be deemed to have been issued, and the Holder shall be deemed to no longer hold this Warrant with respect to such shares, as of the date this Warrant has been exercised by payment to the Company of the Exercise Price (including by exercising the Net Exercise Right pursuant to Section 2(b)) and all taxes required to be paid by the Holder, if any, pursuant to Section 5 prior to the issuance of such shares, have been paid, notwithstanding that the stockholder books or records of the Company may be closed or certificates representing such shares may not be actually delivered on such date.

(b) Notwithstanding the foregoing, subject to the restrictions of Section 9 of the Securities Purchase Agreement, the Holder may, it its sole discretion, satisfy its obligation to pay the Exercise Price through a "cashless exercise" (the " ***Net Exercise Right***"), in which case the Company shall issue to the Holder the number of Warrant Shares determined as follows:

$$X = Y[(A-B)/A]$$

where:
**X** = the number of Warrant Shares to be issued to the Holder;
**Y** = the total number of Warrant Shares with respect to which this Warrant is being exercised;
**A** = the Warrant Base Price as of the date of exercise; and
**B** = the Exercise Price then in effect for the applicable Warrant Shares at the time of such exercise.

(c) If, at the time this Warrant is exercised, the Charter Amendment Approval or the Regulatory Approvals have not been obtained, the Holder of this Warrant shall be entitled to exercise this Warrant only for shares of Series C Preferred Stock. If, however, the Charter Amendment Approval and Regulatory Approvals have been obtained, the Holder of this Warrant shall be entitled, subject to the Share Issuance Limitation (if any), to exercise this Warrant only for shares of Class B Common Stock.

(d) Subject to Section 2(c) and Section 2(e) herein and Section 9 of the Securities Purchase Agreement, the Holder may exercise all or any portion of this Warrant during the Exercise Period. In the event that this Warrant is not exercised in full, the number of Warrant Shares shall be reduced by the number of such Warrant Shares for which this Warrant is exercised and/or surrendered, and the Company, if requested by the Holder and at its expense, shall within 10 Business Days issue and deliver to the Holder a new Warrant of like tenor in the name of the Holder or as the Holder may direct, to a Permitted Holder transferee (upon payment by Holder of any applicable transfer taxes pursuant to Section 5), reflecting such adjusted Warrant Shares.

(e) For the avoidance of doubt, this Warrant shall be exercisable for either Class B Common Stock or Series C Preferred Stock, but not both.

3. Definitions. As used herein with respect to this Warrant:

"***Approved Market***" shall have the meaning ascribed to it in the definition of "Warrant Base Price."

"***B&W***" shall have the meaning ascribed to it in the Preamble.

"***Business Day***" shall mean any calendar day other than (1) a Saturday or Sunday or (2) a calendar day on which banking institutions in either the City of New York or Tokyo, Japan are authorized by law, regulation or executive order to remain closed.

"***Charter Amendment Approval***" shall mean, collectively, (i) the approval of the stockholders of the Company necessary to adopt that certain amendment to the Company's Certificate of Incorporation, as amended, substantially in the form attached to the Securities Purchase Agreement, which amendment shall approve the authorization of Class B Common Stock, and (ii) the proper filing of such amendment with the Secretary of State of the State of Delaware.

"***Class B Common Stock***" shall have the meaning ascribed to it in the Preamble.

"***Common Exercise Price***" shall have the meaning ascribed to it in the Preamble.

"***Company***" shall have the meaning ascribed to it in the Preamble.

"***Exchange Property***" shall have the meaning ascribed to it in Section 12.

"***Exercise Period***" shall have the meaning ascribed to it in the Preamble.

"***Exercise Price***" shall have the meaning ascribed to it in the Preamble.

"***Holder***" shall have the meaning ascribed to it in the Preamble.

"***Initial Exercise Date***" shall have the meaning ascribed to it in the Preamble.

"***Net Exercise Right***" shall have the meaning ascribed to it in Section 2(b).

"***Ordinary Common Stock***" shall mean the Common Stock of the Company, par value $0.10 per share.

"***Permitted Holders***" shall mean (a) Toshiba America Nuclear Energy Corporation or any other Wholly-Owned Affiliates of Toshiba, (b) B&W and its Wholly-Owned Affiliates, (c) a special purpose entity jointly and wholly controlled by Toshiba and B&W and (d) Westinghouse Electric Company, LLC, to the extent it is controlled by Toshiba or a Permitted Holder described under (a) above; provided, however, that each Permitted Holder must be a U.S. Person.

***"Preferred Exercise Price"*** shall have the meaning ascribed to it in the Preamble.

"***Preferred Stock***" shall mean the Company's Series B-1 12.75% Convertible Preferred Stock, par value $1.00 per share, the Company's Series B-2 11.5% Preferred Stock, par value $1.00 per share, and the Company's Series C Convertible Participating Preferred Stock, par value $1.00 per share.

"***Pro Rata Repurchases***" means any purchase of shares of Ordinary Common Stock by the Company or any Affiliate thereof pursuant to (a) any tender offer or exchange offer subject to Section 13(e) or 14(e) of the Exchange Act or Regulation 14E promulgated thereunder, or (b) any other offer available to substantially all holders of Ordinary Common Stock, in the case of (a) or (b), whether for cash, shares of Ordinary Common Stock of the Company, other securities of the Company, evidences of indebtedness of the Company or any other Person, assets or any other property (including, without limitation, shares of common stock, other securities or evidences of indebtedness of a Subsidiary), or any combination thereof, effected while this Warrant is outstanding. The "***effective date***" of a Pro Rata Repurchase shall mean the date of acceptance of shares for purchase or exchange by the Company under any tender or exchange offer which is a Pro Rata Repurchase or the date of purchase with respect to any Pro Rata Repurchase that is not a tender or exchange offer.

"***Reorganization Event***" shall have the meaning ascribed to it in Section 12.

"***Securities Purchase Agreement***" shall have the meaning ascribed to it in the Preamble.

"***Series C Preferred Stock***" shall mean the Company's Series C Convertible Participating Preferred Stock, par value $1.00 per share.

"***Share Issuance Limitation***" shall mean the total number of shares of Common Stock or securities convertible into Common Stock that can be issued by the Corporation upon conversion or exercise of securities issued pursuant to the Transactions (as defined in the Securities Purchase Agreement) in accordance with the rules and regulations of the Approved Market on which shares of the Corporation's equity securities are listed or traded prior to receipt of the Share Issuance Approval.

"***Stock***" shall have the meaning ascribed to it in the Preamble.

"***Termination Date***" shall mean December 31, 2016.

"***Toshiba***" shall have the meaning ascribed to it in the Preamble.

"***Trading Day***" shall mean any day on which shares of the Company's equity securities are traded, or able to be traded, on the Approved Market on which shares of the Company's equity securities are listed or traded.

"***Warrant***" shall have the meaning ascribed to it in the Preamble.

"***Warrant Base Price***" shall mean for any date, the price determined by the first of the following clauses that applies: (a) if the Ordinary Common Stock is then listed or quoted on the New York Stock Exchange, The NASDAQ Stock Market or the American Stock Exchange (each an "***Approved Market***"), the daily volume-weighted average price per share of the Ordinary Common Stock for the Trading Day immediately preceding such date, as reported for the regular trading session (including any extensions thereof) on the primary Approved Market on which the Ordinary Common Stock is then listed or quoted (without regard to pre-open or after-hours trading outside of such regular trading session on such Trading Day), as reported by Bloomberg Financial L.P. (or any successor thereof) using the HP function (or any equivalent thereof); (b) if the Ordinary Common Stock has not been listed or quoted on an Approved Market and if prices for the Ordinary Common Stock are then quoted on the OTC Bulletin Board, the daily volume-weighted average price per share of the Ordinary Common Stock for the Trading Day immediately preceding such date, as quoted for the regular trading session on the OTC Bulletin Board; (c) if the Ordinary Common Stock has not been listed or quoted on the OTC Bulletin Board and if prices for the Ordinary Common Stock are then reported in the "Pink Sheets" published by the National Quotation Bureau Incorporated (or a similar organization or agency succeeding to its functions of reporting prices), the most recent bid price per share of the Ordinary Common Stock so reported; or (d) in all other cases, the fair market value of a share of Ordinary Common Stock as determined by the Company's Board of Directors acting reasonably and in good faith; provided, however, for any calculation pertaining to Series C Preferred Stock, the result of the calculations in any of (a) through (d) shall be multiplied by 1,000 to arrive at the Warrant Base Price.

"***Warrant Shares***" shall have the meaning ascribed to it in the Preamble.

"***Wholly-Owned Affiliate***" shall mean, as to any Person, any Affiliate that, directly or indirectly, is wholly-owned and controlled (other than by contract) by a Person, or any other Affiliate to which the Company, in its sole discretion, consents.

4. Fractional Shares or Scrip. No fractional shares or scrip representing fractional shares of Class B Common Stock shall be issued upon the exercise of this Warrant. As to any fraction of a share which the Holder would otherwise be entitled to purchase upon such exercise, the Company shall pay a cash adjustment in respect of such final fraction in an amount equal to such fraction multiplied by the Warrant Base Price on the date of exercise. Fractional shares of Series C Preferred Stock shall be issued, if necessary.

5. Taxes. The Company shall pay any and all taxes that may be payable in respect of the issue or delivery of shares of Class B Common Stock or Series C Preferred Stock, as applicable, on exercise of this Warrant. The Company shall not, however, be required to pay any tax which may be payable in respect of any transfer involved in the issue and delivery of shares of Class B Common Stock or Series C Preferred Stock, as applicable, in a name other

than that in which this Warrant was issued, and no such issue or delivery shall be made unless and until the Person requesting such issue has paid to the Company the amount of any such tax or has established to the satisfaction of the Company that such tax has been paid.

6. Closing of Books. The Company shall not close its stockholder books or records in any manner which prevents a timely exercise of this Warrant permitted hereby.

7. Division and Combination.

(a) This Warrant may be divided or combined with other Warrants upon presentation hereof to the Company, together with a written notice specifying the denominations in which new Warrants are to be issued and signed by the Holder or its agent or attorney. The Company shall execute and deliver a new Warrant or Warrants in exchange for the Warrant or Warrants to be divided or combined in accordance with such notice.

(b) The Company shall prepare, issue and deliver at its own expense (other than transfer taxes as provided in Section 5) the new Warrant or Warrants under this Section 7.

8. No Rights as Stockholder until Exercise. This Warrant does not entitle the Holder to any voting rights or other rights as a stockholder of the Company. Upon the surrender of this Warrant and the payment of the aggregate Exercise Price (or satisfaction thereof through the Net Exercise Right), the Warrant Shares so purchased shall be and be deemed to be issued to such Holder or its designated transferee, as required pursuant to Section 9 of the Securities Purchase Agreement, as the record owner of such shares as of the close of business on the later of the date of such surrender or payment/satisfaction, and this Warrant shall no longer be issuable with respect to such Warrant Shares.

9. Loss, Theft, Destruction or Mutilation of Warrant. The Company covenants that upon receipt by the Company of evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of this Warrant or any stock certificate relating to the Warrant Shares, and in case of loss, theft or destruction, of indemnity or security reasonably satisfactory to it, and upon surrender and cancellation of such Warrant or stock certificate, if mutilated, the Company shall make and deliver a new Warrant or stock certificate of like tenor, and dated as of such cancellation, in lieu of such Warrant or stock certificate.

10. Business Days. If the last or appointed day for the taking of any action or the expiration of any right required or granted herein shall not be a Business Day, then such action may be taken or such right may be exercised on the next succeeding Business Day.

11. Adjustments of Exercise Price and Number / Kind of Warrant Shares. The Exercise Price and the number and kind of securities purchasable upon the exercise of this Warrant shall be subject to adjustment from time to time upon the happening of any of the following:

(a) In case the Company shall (i) pay a dividend in shares of Ordinary Common Stock or make a distribution in shares of Ordinary Common Stock to holders of its outstanding Ordinary Common Stock, (ii) subdivide its outstanding shares of Ordinary Common Stock into a greater number of shares, (iii) combine its outstanding shares of Ordinary Common Stock into a smaller number of shares of Ordinary Common Stock, or (iv) issue any shares of its capital stock in a reclassification of the Ordinary Common Stock, then the number of Warrant Shares purchasable upon exercise of this Warrant immediately prior thereto shall be proportionately adjusted so that the Holder shall be entitled to receive the kind and number of Warrant Shares or other shares of capital stock of the Company which it would have owned or have been entitled to receive had such Warrant been exercised in advance thereof; provided, however, that if any such dividend is paid in the form of Ordinary Common Stock or rights to acquire Ordinary Common Stock, at a time this Warrant is exercisable for Series C Preferred Stock, the Holder shall receive at the time of exercise shares of Series C Preferred Stock or rights to acquire shares of Series C Preferred Stock, as the case may be, and at a time this Warrant is exercisable for Class B Common Stock, the Holder shall receive at the time of exercise shares of Class B Common Stock or rights to acquire shares of Class B Common Stock, as the case may be. Upon each such adjustment of the kind and number of Warrant Shares or other securities of the Company which are purchasable hereunder, the Holder shall thereafter be entitled to purchase the number of Warrant Shares or other shares of capital stock resulting from such adjustment at an Exercise Price per Warrant Share or other security obtained by multiplying the Exercise Price in effect immediately prior to such adjustment by the number of Warrant Shares purchasable pursuant hereto immediately prior to such adjustment and dividing by the number of Warrant Shares or other securities of the Company purchasable pursuant hereto as a result of such adjustment. An adjustment made pursuant to this Section 11 shall become effective immediately after the effective date of such event retroactive to the record date, if any, for such event.

(b) If the Company shall distribute to all holders of Ordinary Common Stock (and not to the Holder of this Warrant) securities, evidences of the indebtedness of the Company or any other Person, assets (including cash and cash dividends), rights, options, warrants or other property (excluding dividends of its Ordinary Common Stock and other distributions referred to in Section 11(a)), in each such case, (i) the Exercise Price shall be adjusted by multiplying the Exercise Price in effect immediately prior to the record date fixed for determination of stockholders entitled to receive such distribution by a fraction, the denominator of which shall be the Warrant Base Price determined as of such record date, and the numerator of which shall be such Warrant Base Price on the date following such record date, and (ii) the number of Warrant Shares issuable upon the exercise of this Warrant shall be increased to the number obtained by multiplying the number of Warrant Shares issuable upon the exercise of the Warrant immediately prior to such adjustment by a fraction, the numerator of which is the Exercise Price in effect immediately prior to such adjustment and the denominator of which is the new Exercise Price determined in accordance with subsection (i) above. Such adjustments shall be made whenever any such distribution is made and shall become effective immediately after the record date mentioned above. Notwithstanding the foregoing, the Exercise Price shall never be adjusted below the par value of the shares of Class B Common Stock or Series C Preferred Stock, as applicable, for which this Warrant is then exercisable.

(c) If the Company shall effect a Pro Rata Repurchase of Ordinary Common Stock prior to the Exercise Period, then (i) the Exercise Price shall be adjusted to the price determined by multiplying the Exercise Price in effect immediately prior to the effective date of such Pro Rata Repurchase by a fraction, the numerator of which shall be the product of the number of shares of Ordinary Common Stock outstanding immediately before such Pro Rata Repurchase and the Warrant Base Price determined as of the date of the first public announcement by the Company or any of its Affiliates of the intent to effect such Pro Rata Repurchase, minus the aggregate purchase price of the Pro Rata Repurchase, and the denominator of which shall be the product of the number of shares of Ordinary Common Stock outstanding immediately prior to such Pro Rata Repurchase minus the number of shares of Ordinary Common Stock

so repurchased and the Warrant Base Price determined as of the date of the first public announcement by the Company or any of its Affiliates of the intent to effect such Pro Rata Repurchase, and (ii) the number of Warrant Shares issuable upon the exercise of this Warrant shall be adjusted to the number obtained by multiplying the number of Warrant Shares issuable upon the exercise of the Warrant immediately prior to such adjustment by a fraction, the numerator of which is the Exercise Price in effect immediately prior to such adjustment and the denominator of which is the new Exercise Price determined in accordance with subsection (i) above. Such adjustments shall be made whenever any such Pro Rata Repurchase is made and shall become effective immediately after the effective date mentioned above. Notwithstanding the foregoing, the Exercise Price shall never be adjusted below the par value of the shares of Stock for which this Warrant is then exercisable.

12. Reorganization Events. In the event of:

(a) any consolidation or merger of the Company with or into another Person or of another Person with or into the Company; or

(b) any sale, transfer, lease or conveyance to another Person of all or substantially all of the property and assets of the Company;

in each case in which holders of Ordinary Common Stock would be entitled to receive cash, securities or other property for their shares of Ordinary Common Stock (any such event specified in this Section 12, a "***Reorganization Event***"), this Warrant shall, following the effective time of such Reorganization Event, without the consent of the Holder and at the sole discretion of the Company, (i) be converted into the cash, securities and other property receivable in such Reorganization Event by and in the same relative amounts as a holder of Ordinary Common Stock (other than securities issued or other property distributed by such holder or its Affiliates) holding, immediately prior to the Reorganization Event, a number of shares of Ordinary Common Stock equal to the number of Warrant Shares which would be issuable for Class B Common Stock or Series C Preferred Stock, as applicable, under this Warrant (disregarding the Share Issuance Limitation, if any) immediately prior to such Reorganization Event; provided, however, that if such consideration consists, in whole or in part, of shares of capital stock of, or other equity interests in, the Company or any other Person, then the designation and the powers, preferences and relative, participating, optional and other rights and the qualifications, limitations and restrictions of such shares of capital stock or other equity interests may differ only to the extent that the then existing designation and powers, preferences and relative, participating, optional and other rights and the qualifications, limitations and restrictions of the Ordinary Common Stock, Class B Common Stock or Series C Preferred Stock differ as provided in the Certificate of Incorporation (including, without limitation, with respect to the voting rights and conversion provisions thereof) if and to the extent necessary due to regulatory requirements or restrictions applicable to the entity surviving the Reorganization Event that are similar in nature to those applicable to the Company; and provided, further, that, if the holders of the Ordinary Common Stock, Class B Common Stock or Series C Preferred Stock are granted the right to elect to receive one of two or more alternative forms of consideration, the foregoing provision shall be deemed satisfied if holders of the other class are granted identical election rights, subject to the previous proviso, or (ii) be redeemed by the Company for a cash price equal to 100% of the fair value of the consideration as determined by the Board of Directors, acting reasonably and in good faith, received under clause (i) (such cash, securities or other property, the "***Exchange Property***"); provided, however, that the Exchange Property shall be reduced by an amount equal to the Exercise Price that the Holder would have paid had the Holder exercised this Warrant on the date of such Reorganization Event; and provided, further, that, if the Exercise Price would exceed the value of the Exchange Property, then the Warrant shall be cancelled for no consideration in connection with the Reorganization Event. Notwithstanding anything to the contrary, this Section 12 shall not apply in the case of, and a Reorganization Event shall not be deemed to be, a merger, consolidation, reorganization or statutory share exchange (A) among the Company and its direct and indirect Subsidiaries or (B) between the Company and any Person for the primary purpose of changing the domicile of the Company.

13. Notice to Holder.

(a) Whenever the number of Warrant Shares or number or kind of securities or other property purchasable upon the exercise of this Warrant or the Exercise Price is adjusted, as provided herein, the Company shall give notice thereof to the Holder, which notice shall state the number of Warrant Shares (and other securities or property) purchasable upon the exercise of this Warrant and the Exercise Price of such Warrant Shares (and other securities or property) after such adjustment, setting forth a brief statement of the facts requiring such adjustment and setting forth the computation by which such adjustment was made.

(b) If at any time during the Exercise Period (i) the Company shall take a record of the holders of its Ordinary Common Stock and Class B Common Stock for the purpose of entitling them to receive a dividend or other distribution, or any right to subscribe for or purchase any evidences of its indebtedness, any shares of capital stock or any other securities or property or to receive any other right; (ii) there shall be any capital reorganization of the Company, any reclassification or recapitalization of the capital stock of the Company or any consolidation or merger of the Company with, or any sale, transfer or other disposition of all or substantially all of the property, assets or business of the Company to, another Person; or (iii) there shall be a voluntary or involuntary dissolution, liquidation or winding up of the Company, then the Company shall give to the Holder at least five Business Days' prior written notice of the date on which a record date shall be selected for such dividend, distribution or right or for determining rights to vote in respect of any such reorganization, reclassification, merger, consolidation, sale, transfer, disposition, liquidation or winding up, and in the case of any such reorganization, reclassification, merger, consolidation, sale, transfer, disposition, dissolution, liquidation or winding up, at least 10 Business Days' prior written notice of the date when the same shall take place. Failure to provide such notice, or any defect therein, shall not affect the legality or validity of any such action.

14. Transfer Restrictions. Except for transfers to Permitted Holders, consistent with Section 9 of the Securities Purchase Agreement, the Company shall refuse to register any attempted transfer of this Warrant and any such purported transfer shall be null and void.

15. Termination of Warrant. If the Securities Purchase Agreement is terminated by the Company pursuant to Sections 10.2(d) or 10.3(d) thereof, or is subject to termination thereto at the time of termination as a result of a breach of the Securities Purchase Agreement by the Holder, this Warrant shall become immediately, automatically and irrevocably unexercisable and shall expire without any action required of the Company.

16. Miscellaneous.

(a) Governing Law. This Warrant shall be governed in all respects by the laws of the State of New York without regard to choice of laws or

conflict of laws provisions thereof that would require the application of the Laws of any other jurisdiction.

(b) Dispute Resolution.

(i) Executive Meetings. Prior to submitting any dispute or controversy arising from or in connection with this Agreement, including the breach, termination or invalidity thereof (a "***Dispute***"), to arbitration pursuant to Section 16(b)(ii), upon written request of any Party, each Party shall appoint a designated representative whose task it will be to meet promptly for the purpose of endeavoring to resolve such Dispute. The designated representatives shall meet, in person or by telephone or video conference as deemed appropriate by the Parties, as often as the Parties reasonably deem necessary to discuss the Dispute in an effort to resolve the Dispute without the necessity of any further proceeding. The Parties agree to negotiate, in good faith, in an attempt to resolve the Dispute for a period of not greater than thirty (30) days after notice of the Dispute is received by the Parties.

(ii) Arbitration; Rules; Location. Any Dispute that is not resolved pursuant to Section 16(b)(i) shall be referred to and finally determined under the Rules of Arbitration of the International Chamber of Commerce then in effect (the "***ICC Rules***"). The place of arbitration shall be San Francisco, California, or such other location as the Parties may agree in writing.

(iii) Arbitrators. There shall be three (3) arbitrators, nominated in accordance with the ICC Rules. Each arbitrator on the arbitral tribunal shall be disinterested in the Dispute and shall have no connection to any Party thereto.

(iv) Award. The arbitral award shall be in writing, state the reasons for the award, and be the sole and exclusive binding remedy with respect to the Dispute between and among the Parties. Judgment on the award rendered may be entered in any court having jurisdiction thereof. The Parties hereby waive any right to refer any question of law and right of appeal on the law and/or merits to any court, except as provided by the Convention on the Recognition and Enforcement of Foreign Arbitral Awards of 1958. For purposes of such convention, the award shall be deemed an award of the United States, the relationship between the Parties shall be deemed commercial in nature, and any Dispute arbitrated pursuant to this Section 16(b) shall be deemed commercial. The arbitrators shall have the authority to grant any equitable or legal remedies that would be available in any judicial proceeding intended to resolve a Dispute.

(v) Language of Proceedings. The language of the arbitral proceedings shall be English.

(vi) Confidentiality of Proceedings. The Parties agree that any arbitration hereunder shall be kept confidential, and that the existence of the Dispute, the proceeding and all of its elements (including any pleadings, briefs or other documents submitted or exchanged, any testimony or other oral submissions, and any awards) shall be deemed Confidential Information for purposes of the confidentiality agreements referenced in Section 13.7 of the Securities Purchase Agreement, and shall not be disclosed beyond the tribunal, the International Court of Arbitration, the parties to the dispute, their counsel, and any Person necessary to the conduct of the proceeding, except as and to the extent required to enforce any arbitral award, or as otherwise contemplated by such confidentiality agreements.

(vii) Expenses. Each party hereto to a Dispute shall bear its own legal fees and costs in connection therewith.

(viii) Notwithstanding the foregoing, any Party shall be entitled to seek preliminary injunctive relief from any court of competent jurisdiction to preserve the status quo, pending the final decision or award of the arbitrators. Each of the Parties hereby irrevocably consents to jurisdiction of any court in the United States of America (and of the appropriate appellate courts therefrom) in any such suit, action or proceeding pursuant to this Section 16(b)(viii), or enforcing any award under Section 16(b)(iv), and irrevocably waives, to the fullest extent permitted by Law, any objection that it may now or hereafter have to the laying of the venue of any such suit, action or proceeding in any such court or that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum. Process in any such action or proceeding may be served on any Party anywhere in the world, whether within or without the jurisdiction of any such court. Without limiting the foregoing, each party agrees that service of process on such party as provided in Section 16(d) shall be deemed effective service of process on such Party.

(ix) To the extent of concurrent Disputes (as such term is used in each of the Transaction Documents) under multiple Transaction Documents, the Parties agree to consolidate any and all such Disputes into a single proceeding pursuant to the procedures set forth in this Section 16(b).

(c) Nonwaiver and Expenses. No course of dealing or any delay or failure to exercise any right hereunder on the part of the Holder or the Company shall operate as a waiver of such right or otherwise prejudice the Holder's or the Company's rights, powers or remedies; provided, however, that all rights hereunder shall terminate on the Termination Date, or such earlier termination of this Warrant pursuant to Section 15 hereof.

(d) Notices. All notices, requests, consents and other communications provided for herein shall be in writing and shall be mailed by registered or certified mail, postage prepaid, return receipt requested, or otherwise delivered by hand or by messenger, addressed:

(i) If to the Holder, to:

Babcock & Wilcox Investment Company
800 Main Street
Lynchburg, VA 24502
U.S.A.
Telephone: (434) 522-5589
Attention: James D. Canafax, Esq.

With a copy to:

Baker Botts
The Warner
1299 Pennsylvania Avenue, NW
Washington, D.C. 20004-2400
U.S.A.
Telephone: (202) 639-7724
Attention: Michael A. Gold, Esq.

(ii) If to the Company, to:

USEC Inc.
6903 Rockledge Drive
Bethesda, MD 20817
Telephone: (301) 564-3200
Attention: General Counsel

With a copy to:

Latham & Watkins LLP
555 Eleventh Street, NW
Suite 1000
Washington, D.C. 20004-1304
Telephone: (202) 637-2200
Attention: Scott Herlihy

or in any such case to such other address, facsimile number or telephone as either Party may, from time to time, designate in a written notice given in a like manner. If notice is provided by mail, it shall be deemed to be delivered five Business Days following proper deposit in a mailbox, and if notice is delivered by hand, messenger or overnight courier service, it shall be deemed to be delivered upon actual delivery.

(e) Amendment. This Warrant may be modified or amended or the provisions hereof waived, only upon the written consent of the Company and the Holder.

(f) Severability. If any provision of this Warrant becomes or is declared by a court of competent jurisdiction to be illegal, unenforceable or void, portions of such provision, or such provision in its entirety, to the extent necessary, shall be severed from this Warrant and the balance of this Warrant shall be enforceable in accordance with its terms.

(g) Headings. The headings used in this Warrant are for the convenience of reference only and shall not, for any purpose, be deemed a part of this Warrant.

17. Entire Agreement. This Warrant, the form attached hereto, and the Securities Purchase Agreement and the exhibits thereto contain the entire agreement between the parties with respect to the subject matter hereof and supersede all prior and contemporaneous arrangements or undertakings with respect thereto.

[THIS SPACE LEFT BLANK INTENTIONALLY]

**IN WITNESS WHEREOF**, the Company has caused this Warrant to be executed by its officer thereunto duly authorized.

**USEC INC.**

By: /s/ John K. Welch
Name: John K. Welch
Title: President and Chief Executive Officer

**AGREED AND ACKNOWLEDGED:**

**BABCOCK & WILCOX INVESTMENT COMPANY**

By: /s/ Mary Pat Salomone
Name: Mary Pat Salomone
Title: Senior Vice President and Chief Operating Officer

**FORM OF NOTICE OF EXERCISE**

**To: USEC Inc.**

(1) The undersigned hereby elects to purchase _____ Warrant Shares of USEC Inc. pursuant to the terms of the attached Warrant, and tenders herewith payment, in lawful money of the United States, of the Exercise Price in full, together with all applicable transfer taxes, if any; OR

(2) the undersigned hereby elects to exercise the Net Exercise Right to purchase _____ Warrant Shares of USEC Inc. pursuant to the terms of the attached Warrant.

(3) Please issue a certificate or certificates representing said Warrant Shares in the name of the undersigned. The Warrant Shares shall be delivered to the following:

_____
_____
_____

(4) The undersigned is an "accredited investor" as defined in Regulation D under the Securities Act.

(5) If applicable, a new Warrant evidencing the remaining Warrant Shares covered by the attached Warrant shall be issued in the name of the undersigned. The new Warrant shall be delivered to the following:

_____
_____
_____

**[PURCHASER]**

By:
Name:
Title:

Dated:

**EXHIBIT 10.1**

# INVESTOR RIGHTS AGREEMENT

**THIS INVESTOR RIGHTS AGREEMENT** (this "**Agreement**") is made as of September 2, 2010, by and among Toshiba Corporation, a Japanese corporation ("**Toshiba**"), Babcock & Wilcox Investment Company, a Delaware corporation ("**B&W**", and together with Toshiba, the "**Investors**"), and USEC Inc., a Delaware corporation (the "**Company**"). The Investors and the Company are referred to herein collectively as the "**Parties**", and each individually as a "**Party**".

## RECITALS

**WHEREAS**, the Investors and the Company are parties to a Securities Purchase Agreement, dated as of May 25, 2010 (the "**SPA**"), providing for the Company's issuance and sale to the Investors of shares of Series B-1 12.75% Convertible Preferred Stock of the Company, par value $1.00 per share and the Series B-2 11.5% Convertible Preferred Stock of the Company, par value $1.00 per share (together, the "**Preferred Stock**"), and certain other transactions, in each case on the terms set forth therein (collectively, the "**Transaction**"); and

**WHEREAS**, the Parties are entering into this Agreement concurrently with the consummation of the First Closing under the SPA, in accordance therewith.

**NOW**, **THEREFORE**, in consideration of the mutual covenants set forth herein, the Parties agree as follows:

## ARTICLE I

## INVESTOR DIRECTORS

**1.1 Information Rights.** For so long as an Investor Director continues to serve as a Director, the Company shall provide such Investor Director with all information made available to other Directors, as and when so made available to such other Directors; *provided*, *however*, that the Company shall not provide to (a) any Investor Director that is or is appointed or elected by a non-U.S. Person, any Classified Information or Export Controlled Information, except as permitted by an approved Negation Plan or applicable Laws, or (b) any Investor Director, any Competitively Sensitive Information.

**1.2 Indemnification and Insurance.**

(a) For so long as an Investor Director continues to serve as a Director, and for a period of six (6) years thereafter:

(i) (x) The Company shall, to the extent permitted by applicable Laws, indemnify and hold harmless all current and former Directors on terms that are no less favorable than the provisions contained in the Certificate of Incorporation and Bylaws of the Company as of the date hereof, and (y) such provisions shall not, except as required to comply with changes in applicable Laws, be amended, repealed or otherwise modified in any manner that would adversely affect the rights of such Directors; and

(ii) The Company shall maintain in full force and effect Directors' and officers' liability insurance ("**D&O Insurance**") in reasonable amounts from established and reputable insurers on terms no less favorable in the aggregate than those now applicable to Directors and officers of the Company, to the extent commercially reasonably available.

(b) In all D&O Insurance policies, each Investor Director shall be covered as an insured in such a manner as to provide the Investor Director with rights and benefits no less favorable than provided to the other Directors.

(c) Notwithstanding the foregoing, the Company shall not be obligated to make annual premium payments for D&O Insurance to the extent that such premiums exceed three hundred percent (300%) of the annual premiums paid as of the date hereof by the Company for such insurance (such three hundred percent (300%) amount, the "**Maximum Premium**"). If such insurance coverage cannot be obtained at all, or can only be obtained at an annual premium in excess of the Maximum Premium, the Company shall maintain the most advantageous policies of D&O Insurance obtainable for an annual premium equal to the Maximum Premium; *provided*, that in all events the coverage for the Investor Directors shall be no less favorable than that accorded to any other Director of the Company.

**1.3 Qualified Directors**.

(a) Notwithstanding the right of the Investors to elect the Investor Directors, no Investor Director shall be, and no Investor shall have the right to elect an Investor Director who is a director, officer or employee of, works for or on, or is assigned to any Competitor Affiliate (as defined in the Strategic Relationship Agreement dated as of May 25, 2010, by and among the Parties) of an Investor (any such Person engaged in such activities or having such position or capacity shall be considered "**Unqualified**").

(b) Each Investor hereby covenants that for a period of eighteen (18) months after such Investor Director no longer serves as a Director,

such former Investor Director will not be permitted to serve as a director, officer or employee of, or work for, or be assigned to any Competitor Affiliate of such Investor.

(c) For the avoidance of doubt, the Parties agree that Westinghouse Electric Company, LLC, is not a Competitor Affiliate of Toshiba.

(d) If at any time an Investor Director becomes Unqualified, the Investors hereby agree to promptly cause such Investor Director to resign from the Board and take all other actions necessary to effect such removal, including acting by written consent, to remove such Investor Director from the Board.

## ARTICLE II

## APPROVAL RIGHTS

**2.1 Special Approval Rights.** Following the Third Closing, for so long as either Investor maintains its Minimum Equity Holdings, the Company shall not (and shall not permit any of its Subsidiaries to) adopt a plan of complete or partial dissolution or liquidation of the Company (other than in connection with a merger, sale of substantially all of the Company's assets or other business combination transaction) without the prior written approval of the holders of a majority of the Preferred Stock then outstanding (voting together as a single class).

**2.2 Minimum Equity Holdings.** An Investor will be deemed to maintain its "**Minimum Equity Holdings**":

(a) (1) from the date of the First Closing until December 31, 2016, so long as, at any time and from time to time, (1) the Original Issue Value (as defined below) of all of the then-outstanding shares of the Preferred Stock acquired by such Investor in the Closings (excluding PIK Shares and shares acquired upon exercise of the Warrants), plus (2) for each share of Series C Preferred Stock then held by such Investor, excluding those shares of Series C Preferred Stock issued upon exercise of the Warrants, the Base Price upon which such Investor's acquisition of such shares was calculated, plus (3) the aggregate Base Price for each share of the Class B Common Stock received upon conversion of the Preferred Stock then held by such Investor, plus (4) the aggregate amount of accrued and unpaid Dividends on such Investor's outstanding shares of Series B Preferred Stock which have been added to the Liquidation Preference pursuant to Section 5(a) of the Series B-1 Certificate of Designation or the Series B-2 Certificate of Designation, as applicable (collectively, such Investor's "**Aggregate Outstanding Value**") exceeds seventy-five percent (75%) of the aggregate Initial Liquidation Preference of all of the shares of the Preferred Stock issued in the Closings to such Investor, excluding PIK Shares and shares of Class B Common Stock and Series C Preferred Stock acquired on the exercise of Warrants (such Investor's "**Original Issue Value**"); and

(b) after December 31, 2016, so long as such Investor's Aggregate Outstanding Value exceeds fifty percent (50%) of such Investor's Original Issue Value.

In each case, for purposes of determining Aggregate Outstanding Value and Original Issue Value, if there has been an automatic redemption pursuant to Section 7(g) of the Series B-1 Certificate of Designation, subsequent to a Conversion Election, Section 8(c) of the Series B-1 Certificate of Designation or Section 8(c) of the Series B-2 Certificate of Designation (each, an "**Automatic Redemption**"), the aggregate amount of the Liquidation Preference as of the date of redemption of such Investor's Securities (excluding PIK Shares and shares acquired upon exercise of the Warrants) so redeemed shall be added to such Investor's Aggregate Outstanding Value and the aggregate amount of the Liquidation Preference as of the date of redemption of such Investor's Securities so redeemed shall be added to such Investor's Original Issue Value; provided, however, that, if at any time after any Automatic Redemption, such Investor's Deemed Holder Percentage is less than eight percent (8%), then such adjustment to Aggregate Outstanding Value and Original Issue Value shall not be made for purposes of determining such Investor's Investor Director appointment rights under the Transaction Documents; for the avoidance of doubt, such adjustment shall continue to be made for purposes of determining any other rights of such Investor, including any rights of such Investor under Article II of the Strategic Relationship Agreement.

## ARTICLE III

## SUBSCRIPTION RIGHTS

**3.1 Subscription Rights.**

(a) If the Company proposes to sell shares of any preferred stock (other than Preferred Stock or in exchange therefore) (" **Additional Securities**"), including in a private placement, a public offering, as part of an acquisition, share exchange or otherwise, the Company shall, at least thirty (30) days prior to issuing such Additional Securities, notify each Investor in writing of such proposed issuance specifying the material terms and conditions thereof, including: (i) the number and description of such Additional Securities proposed to be issued and the percentage of the Company's outstanding equity interests that such issuance would represent; (ii) the proposed issuance date; and (iii) the form of consideration and the proposed purchase price per share (such notice, the "**Subscription Right Notice**"), and shall, subject to the receipt by the Company of any required Nuclear and National Security Approvals (and to the Company's compliance with Section 3.7 in respect thereof), offer to sell such Additional Securities to the Investors in the amounts set forth in Section 3.1(c), upon the terms and subject to the conditions set forth in the Subscription Right Notice and at the Purchase Price as set forth in Section 3.1(d) (the "**Subscription Rights**"); *provided*, that, if the purchase price for, or any of the other material terms and conditions of, the proposed issuance change or are not known at the time of provision of the Subscription Right Notice, the Company shall provide the Subscription Right Notice specifying that the price or other such terms and conditions are not yet available, and shall provide a supplemental notice (the " **Additional Notice**"), adding the missing terms, to the Investors as soon as they are known to the Company, and in no event later than ten (10) Business Days prior to such issuance.

(b) If an Investor wishes to subscribe for a number of Additional Securities less than the number to which it is entitled under this Section 3.1, such Investor may do so (but not less than 10% of the number to which it is entitled) and shall, in the notice of exercise of the offer, specify the number of Additional Securities that it wishes to purchase, which shall not be less than 10% of the shares to which it is entitled.

(c) The Company shall offer each Investor all, or any portion specified by the Investor in accordance with Section 3.1(b), of an amount of such Additional Securities such that, after giving effect to the proposed issuance (including the issuance to the Investor pursuant to the Subscription Rights and including any related issuance resulting from the exercise of preemptive or similar rights by any unrelated Person with respect to the same issuance that gave rise to the exercise of the Subscription Rights by the Investor), the Investor's Equity Interest after such issuance would equal the Investor's Equity Interest immediately prior to such issuance, such number of Additional Securities to constitute the " **Subscription Share Amount**". If, at the time of the determination of any Subscription Share Amount under this Section 3.1(c), any other Person has subscription or other equity purchase rights similar to the Subscription Rights, such Subscription Share Amount shall be recalculated to take into account the amount of Additional Securities such Persons have committed to purchase, rounding up such Subscription Share Amount to the nearest whole Additional Security.

(d) The "**Purchase Price**" for the Additional Securities to be issued pursuant to the exercise of Subscription Rights shall be payable to the extent practicable, in the same form of consideration set forth in the Subscription Right Notice (unless otherwise agreed by the Company and the applicable Investor) and, except as otherwise set forth below, shall equal per Additional Security the per Security issuance price for the Additional Securities giving rise to such Subscription Right. In the case of any issuance of Additional Securities other than solely for cash, the Company and each Investor making a non-cash payment shall in good faith seek to agree upon the value of the non-cash consideration; *provided*, that the value of any publicly traded securities shall be deemed to be the closing price of such securities on the applicable national securities exchange as of the Trading Day immediately prior to the consummation of such issuance. If the Company and such Investor fail to agree on the value of such non-cash consideration during the period contemplated by the first sentence of Section 3.2, then the Company shall refer the items in dispute to a nationally recognized investment banking firm that is selected by the Board and acceptable to the Investor and that shall be instructed to make a final and binding determination of the fair market value of such items within ten (10) Business Days. If such a determination is required, the deadline for an Investor's exercise of its Subscription Rights with respect to such issuance pursuant to Section 3.1(b) shall be extended until the fifth (5th) Business Day following the date of such determination. Whichever of the Company or the Investor whose last estimate communicated in writing to the other party differed in dollar value the most from that finally determined by such investment banking firm shall be responsible for and pay all of the fees and expenses of such investment banking firm. All determinations made by such investment banking firm shall be final and binding on the Company and the Investor.

**3.2 Exercise Period.** The Subscription Rights set forth in Section 3.1 must be exercised by acceptance in writing of an offer referred to in Section 3.1(a) deliverable to the Company within ten (10) Business Days of receiving notice from the Company of its intention to sell Additional Securities, or, if applicable and later, within ten (10) days of any Additional Notice. The closing of any purchase of Additional Securities pursuant to the exercise by the Investor of Subscription Rights hereunder shall occur on the closing of the transaction triggering such Subscription Rights, subject to the receipt of any necessary Governmental Approvals to which the issuance of Additional Securities is subject (and the Company shall use its commercially reasonable efforts to obtain such Governmental Approvals).

**3.3 Sales to the Prospective Buyer.** If an Investor fails to elect to purchase all or part of its allotment of the Additional Securities described in the Subscription Right Notice within the time period described in Section 3.2, the Company shall be free to complete the proposed issuance or sale of Securities described in the Subscription Right Notice at a price and on other terms no less favorable to the Company than those set forth in the Subscription Right Notice. If the Company does not enter into such an agreement for the sale of such Securities within thirty (30) Business Days after the expiration of the time period described in Section 3.2, or if such agreement is not consummated within ninety (90) days after the execution thereof, such Subscription Rights shall be deemed to be revived and such Additional Securities shall not be issued or sold unless first reoffered to the Investors in accordance with this Article III.

**3.4 Survival of Rights.** The rights of an Investor set forth in this Article III shall continue for so long as such Investor maintains its Minimum Preferred Holdings.

**3.5 No Subscription Rights for Third Party Financing.** Notwithstanding anything to the contrary set forth herein, the Investors shall not be entitled to their respective Subscription Rights with respect to issuances of securities in a Third Party Financing.

**3.6 No Additional Funding Obligations.** For the avoidance of doubt, the Investors shall not have any obligation to fund or provide financial support of any kind (whether fixed, contingent, conditional or otherwise) to the Company beyond their respective obligations as to the Closings as set forth in the SPA.

**3.7 Nuclear and National Security Approvals.** The Company shall use all commercially reasonable efforts to obtain any Nuclear and National Security Approvals required with respect to the Investors' exercise of their respective rights under this Agreement, and each Investor shall reasonably cooperate with the Company in such efforts.

## ARTICLE IV

## REGISTRATION RIGHTS

**4.1 Shelf Registration Statement.**

(a) The Company shall, no later than the Filing Date, file with the SEC a Shelf Registration Statement (the " **Initial Shelf**") relating to the offer and sale of the Registrable Securities by the Investors from time to time to permit the sale of Registrable Securities by the Investors pursuant to the Orderly

Sale Arrangement set forth in Section 9 of the SPA and, thereafter, shall use its best efforts to cause the Initial Shelf to be declared effective under the Securities Act no later than ninety (90) calendar days following the date first filed with the SEC. None of the Company's securityholders (other than the Investors) shall have the right to include any Securities of the Company on the Initial Shelf.

(b) For so long as either Investor holds any Registrable Securities, the Company shall use its best efforts to maintain an effective Shelf Registration Statement registering all unsold Registrable Securities. Subject to Section 4.3, the Company shall use its best efforts to keep a Shelf Registration Statement continuously effective, supplemented and amended as required by the provisions of Section 4.3(i), in order to permit the Prospectus forming a part thereof to be usable by the Investors until the date that the Investors no longer hold Registrable Securities (such period, the " **Resale Period**"). The Company shall be deemed not to have used its best efforts to keep a Shelf Registration Statement effective during the Resale Period if the Company voluntarily takes any action that would result in the Investors' not being able to offer and sell any of such Registrable Securities under such Shelf Registration Statement during that period, unless such action is (x) required by applicable Laws and the Company thereafter promptly complies with the requirements of Section 4.3 or (y) permitted pursuant to Section 4.3.

(c) For the avoidance of doubt, nothing in this Agreement shall require the Company to undertake or otherwise support an underwritten offering of Registrable Securities unless the Company determines to do so in its sole discretion.

(d) For the avoidance of doubt, any sale made pursuant to the Initial Shelf shall be subject to the Orderly Sale Arrangement set forth in Section 9 of the SPA.

**4.2 Piggyback Rights.**

**(a)** If at any time an Investor is in possession of Registrable Securities and the Company proposes to effect an underwritten registration of any of its securities (other than in a Third Party Financing) under the Securities Act (other than any registration of Securities on Form S-4 or Form S-8 or any successor forms), for its own account, or for the account of one or more stockholders of the Company (other than pursuant to the Initial Shelf) (each, a "**Proposed Registration**"), the Company shall give prompt written notice to the Investors of the Company's intention to do so. If an Investor's Registrable Securities have not been included in the Proposed Registration, and within ten (10) Business Days of the receipt of any such notice such Investor delivers to the Company a written notice requesting to have any or all of its Registrable Securities included in such Proposed Registration (such notice to include the number of Registrable Securities that the Investor wishes to be included in the Proposed Registration), the Company shall use its commercially reasonable efforts to cause such shares to be registered as requested in such notice. Notwithstanding any other provision of this Section 4.2(a), if the managing underwriter advises the Company that marketing factors require a limitation of the number of shares to be underwritten, the Company may limit the number of shares of Registrable Securities to be included in the Proposed Registration without requiring any limitation in the number of shares to be registered on behalf of the Company; *provided*, *however*, that the number of Registrable Securities included in the Proposed Registration pursuant to this Section 4.2(a) may not be reduced to less than twenty-five percent (25%) of the total number of shares requested by the Investors to be included in the Proposed Registration (the " **Cut Back Limit**"), and any such cut back will be implemented on a pro rata basis according to the number of shares requested by each Investor to be included in the Proposed Registration; *provided*, *further*, that nothing herein shall prevent the Company from canceling or withdrawing any Proposed Registration prior to the filing or effectiveness thereof. Registrable Securities held by the Investors proposed to be included on a Proposed Registration shall have priority over all securities proposed to be included on such Registration Statement other than (i) securities to be sold by the Company unless the following clause (ii) applies, or (ii) if the Proposed Registration is pursuant to contractual demand rights of another Person, securities proposed to be included by such Person, which shall, subject to the Cut Back Limit, have priority over the Registrable Securities on such Registration Statement.

**(b)** No Investor's Registrable Securities shall be registered unless such Investor accepts the terms of the underwriting as approved by the Company for the offering; *provided* that the Investor may independently negotiate with the underwriters for the offering any representations and warranties that the Investor shall give to such underwriters in connection with the offering. In the event that an Investor is unable to agree with such underwriters on such representations and warranties or does not accept the terms of such underwriting, then the Company may proceed with the Proposed Registration without the participation of such Investor or the inclusion of any of such Investor's Registrable Securities.

**4.3 Registration Procedures.** In connection with the Registration Statements, the following provisions shall apply:

(a) The Company shall furnish to each Investor, prior to the Effective Time, a copy of any Registration Statement filed with the SEC (or to be filed in the case of an automatically effective Registration Statement), and shall furnish to each Investor, prior to filing with the SEC, copies of each amendment thereto and each amendment or supplement, if any, to the Prospectus included therein, and shall in good faith consider the reasonable comments suggested by such counsel, including consideration of inclusion thereof in the Registration Statement or Prospectus. The Company shall deliver promptly to counsel to the Investors and to each underwriter, if any, participating in the offering of the Registrable Securities, copies of all correspondence between the SEC and the Company, its counsel or its auditors with respect to such Registration Statement.

(b) The Company shall promptly take such action as may be necessary so that (i) each of the Registration Statements and any amendment thereto and the Prospectus forming a part thereof and any amendment or supplement thereto (and each report or other document incorporated therein by reference in each case) complies in all material respects with the Securities Act and the Exchange Act and the respective rules and regulations thereunder, as in effect at any relevant time, (ii) each of the Registration Statements and any amendment thereto does not, when it becomes effective, contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading, and (iii) each Prospectus forming a part of any Registration Statement, and any amendment or supplement to such Prospectus, in the form delivered to purchasers of the Registrable Securities during the Resale Period, does not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(c) The Company shall promptly advise each Investor, and shall confirm such advice in writing if requested by either Investor:

(i) when any Registration Statement has been filed with the SEC and when any Registration Statement has become effective;

(ii) when any supplement to the Prospectus, Registration Statement or post-effective amendment to a Registration Statement has been filed with the SEC and, with respect to a Registration Statement or any post-effective amendment thereto, when the same has been declared effective by the SEC;

(iii) of any SEC comments on, or request by the SEC for amendments or supplements to, any Registration Statement or the Prospectus included therein or for additional information;

(iv) of the issuance by the SEC of any stop order suspending the effectiveness of any Registration Statement or the initiation of any proceedings for such purpose;

(v) of the receipt by the Company of any notification with respect to the suspension of the qualification of the securities included in any Registration Statement for sale in any jurisdiction or the initiation of any proceeding for such purpose; and

(vi) of the happening of any event or the existence of any state of facts that requires the making of any changes in any Registration Statement or the Prospectus included therein so that, as of such date, such Registration Statement and Prospectus do not contain an untrue statement of a material fact and do not omit to state a material fact required to be stated therein or necessary to make the statements therein (in the case of the Prospectus, in the light of the circumstances under which they were made) not misleading (which advice shall be accompanied by an instruction to the Investors to suspend the use of the Prospectus until the requisite changes have been made).

(d) The Company shall use its commercially reasonable efforts to prevent the issuance, and if issued to obtain the withdrawal at the earliest possible time, of any order suspending the effectiveness of any Registration Statement.

(e) As promptly as reasonably practicable, the Company shall furnish to each Investor, upon their request and without charge, one (1) conformed copy of any Registration Statement and any amendment thereto, including financial statements but excluding schedules, all documents incorporated or deemed to be incorporated therein by reference and all exhibits (unless reasonably requested in writing to the Company by such Investor).

(f) The Company shall, during the period that any Registration Statement is effective, deliver to each Investor, without charge, as many copies of each Prospectus included in the applicable Registration Statement and any amendment or supplement thereto as such Investor may reasonably request; and the Company consents (except during a Suspension Period or during the continuance of any event described in Section 4.3(c)(iii)-(vi)) to the use of the Prospectus and any amendment or supplement thereto by each of the Investors in connection with the offering and sale of the Registrable Securities covered by the Prospectus and any amendment or supplement thereto during the period that any Registration Statement is effective.

(g) Prior to any offering of Registrable Securities pursuant to a Registration Statement, the Company shall use commercially reasonable efforts to (i) register or qualify or cooperate with the Investors and their respective counsel in connection with the registration or qualification (or exemption from such registration or qualification) of such Registrable Securities for offer and sale under the securities or "blue sky" laws of such jurisdictions within the United States as any Investor may reasonably request in writing, (ii) keep such registrations or qualifications or exemption therefrom in effect and comply with such Laws so as to permit the continuance of offers and sales in such jurisdictions for so long as may be necessary to enable any Investor or underwriter, if any, to complete its distribution of Registrable Securities pursuant to such Registration Statement, and (iii) take any and all other actions reasonably necessary to enable the disposition in such jurisdictions of such Registrable Securities; *provided*, *however*, that in no event shall the Company be obligated to (A) qualify as a foreign corporation or as a dealer in securities in any jurisdiction where it would not otherwise be required to so qualify but for this Section 4.3(g) or (B) subject itself or its Affiliates to general or unlimited service of process or to taxation in any such jurisdiction if they are not now so subject.

(h) Unless any Registrable Securities shall be in book-entry only form, if requested, the Company shall cooperate with the Investors to facilitate the timely preparation and delivery of certificates representing Registrable Securities to be sold pursuant to any Registration Statement, which certificates, if so required by any Approved Market upon which any Registrable Securities are listed, shall be free of any restrictive legends other than those required by Article ELEVENTH of the Certificate of Incorporation, and in such permitted denominations and registered in such names as the Investors may request in connection with the sale of Registrable Securities pursuant to such Registration Statement.

(i) Upon the occurrence of any fact or event contemplated by Section 4.3(c)(vi), subject to Section 4.3(j), the Company shall use its best efforts to promptly, but in any event within ten (10) Business Days following such occurrence, prepare and file (and have declared effective) a post-effective amendment to any Registration Statement or an amendment or supplement to the related Prospectus included therein or file any other document with the SEC so that, as thereafter delivered to purchasers of the Registrable Securities, the Prospectus will not include an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. If the Company notifies the Investors of the occurrence of any fact or event contemplated by Section 4.3(c)(vi), the Investors shall suspend the use of the Prospectus until the requisite changes to the Prospectus have been made, and shall thereafter distribute the updated Prospectus to purchasers of Registrable Securities to ensure that the Prospectus received by such purchaser does not include an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(j) After the Effective Time of any Registration Statement, the Company may suspend the use of any Prospectus by written notice to the Investors for a period not to exceed an aggregate of forty-five (45) calendar days in any ninety (90) calendar day period (each such period, a " **Suspension Period**") if:

(i) an event has occurred and is continuing as a result of which the Registration Statement would, in the Company's judgment, contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading; and

(ii) the Company determines in good faith that the disclosure of such event at such time would have a material adverse effect on

the Company and its Subsidiaries taken as a whole;

*provided,* that in the event that such disclosure relates to a previously undisclosed proposed or pending material business transaction, the disclosure of which would impede the Company's ability to consummate such transaction, the Company may extend the applicable Suspension Period from forty-five (45) calendar days to ninety (90) calendar days; *provided*, *however*, that Suspension Periods (including, without limitation, any such extension of a Suspension Period) shall not exceed an aggregate of one hundred twenty (120) calendar days in any three hundred sixty (360) calendar day period. Each Investor shall keep confidential any communications received by it from the Company regarding the suspension of the use of the Prospectus, except as required by applicable Laws.

(k) The Company shall enter into such customary agreements and take all such other necessary actions in connection therewith (including those reasonably requested by any Investor) in order to expedite or facilitate disposition of such Registrable Securities; *provided*, that the Company shall not be required to take any action in connection with an underwritten offering without the Company's consent (such consent not to be unreasonably withheld, conditioned or delayed).

(l) To the extent permitted by Law, the Company shall (i) make reasonably available for inspection by any Investor and by any underwriter participating in any disposition pursuant to any Registration Statement, and by any attorney, accountant or other agent retained by such Investor or any such underwriter, all relevant financial and other records, pertinent corporate documents and properties of the Company and its subsidiaries, and (ii) cause the Company's officers, Directors and employees to make reasonably available for inspection all information reasonably requested by any Investor or any such underwriter, attorney, accountant or agent in connection with such Registration Statement, in each case, as is customary for similar due diligence examinations; *provided*, *however*, that such Persons shall, at the Company's request, first enter into the Company's standard confidentiality agreement, which, among other things, requires that confidential information shall be used solely for the purposes of exercising rights under this Agreement, unless such disclosure is made in connection with a court proceeding or required by Law, or such records, information or documents become available to the public generally or through a third party without an accompanying obligation of confidentiality; *provided*, *further*, that, if the foregoing inspection and information gathering would otherwise disrupt the Company's conduct of its business, such inspection and information gathering shall, to the greatest extent possible, be coordinated on behalf of the Investors and the other parties entitled thereto by one counsel designated by and on behalf of the Investors and other such parties.

(m) The Company shall use its best efforts to furnish to each Investor and, in any underwritten offering, each underwriter, a signed counterpart of (i) an opinion of counsel for the Company and (ii) a "comfort" letter signed by the independent public accountants who have certified the Company's financial statements included or incorporated by reference in such Registration Statement, in each case addressed to each Investor and, if applicable, each underwriter, covering matters with respect to such Registration Statement (and the Prospectus included therein) as the managing underwriter, if any, and the Investors shall request.

(n) The Company shall use its best efforts to cause the Registrable Securities to be listed on the NYSE or other market or stock exchange on which the Ordinary Common Stock primarily trades on or prior to the Effective Time of each Registration Statement hereunder.

(o) The Company shall cooperate and assist in any filings required to be made with Financial Industry Regulatory Authority, Inc.

(p) The Company shall use its best efforts to take all other steps necessary to effect the registration, offering and sale of the Registrable Securities covered by each Registration Statement contemplated hereby, including by taking all appropriate steps with respect to the marketing of an offering of Registrable Securities and making its management available to participate in road shows and other marketing activities in connection therewith.

(q) Notwithstanding anything to the contrary set forth herein, the Initial Shelf and any subsequent Shelf Registration Statement shall be filed as an automatically effective registration statement if the Company is eligible to do so.

**4.4 Registration Expenses**. The Company shall bear all fees and expenses incurred in connection with the performance by the Company of its obligations under this Article IV whether or not any of the Registration Statements are declared effective. Such fees and expenses shall include, without limitation, (i) all registration and filing fees (including fees and expenses (x) with respect to filings required to be made with the Financial Industry Regulatory Authority, Inc. and (y) of compliance with United States federal and state securities or "blue sky" laws to the extent that such filings or compliance are required pursuant to this Agreement (including reasonable fees and disbursements of the counsel specified in the next sentence in connection with "blue sky" qualifications of the Registrable Securities under the laws of such jurisdictions as any Investor may designate)), (ii) printing expenses, (iii) duplication expenses relating to copies of any Registration Statement or Prospectus delivered to any Investor hereunder, (iv) fees and disbursements of counsel for the Company in connection with any Registration Statement, (v) reasonable fees and disbursements of the transfer agent for the Common Stock, and (vi) all fees for any accountants, including in connection with any comfort letter. In addition, the Company shall bear or reimburse the Investors for the reasonable fees and disbursements of legal counsel for the Investors, which amount shall not exceed $100,000 in the aggregate. In addition, the Company shall pay the internal expenses of the Company (including all salaries and expenses of officers and employees performing legal or accounting duties), the expense of any annual audit, the fees and expenses incurred in connection with the listing of the Registrable Securities on any securities exchange on which similar securities of the Company are then listed and the fees and expenses of any Person, including special experts, retained by the Company.

**4.5 Indemnification and Contribution.**

(a) Indemnification by the Company. The Company shall indemnify and hold harmless each Investor, each underwriter, if any, and each Person, if any, who controls any such Investor or underwriter within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act (for purposes of this Section 4.5(a), each an "indemnified party"), from and against any loss, claim, damage, liability or expense whatsoever as incurred (including reasonable attorneys' fees and any and all expenses whatsoever incurred in investigating, preparing or defending against any litigation, commenced or threatened, or any claim whatsoever, and any and all amounts paid in settlement of any claim or litigation), joint or several, to which they or any of them may become subject under the Securities Act, the Exchange Act or otherwise, insofar as any such loss, claim, damage, liability or expense (or action in respect thereof) arises out of, or is based upon, any untrue statement or alleged untrue statement of a material fact contained in any Registration Statement or any amendment thereto or any related preliminary prospectus or the Prospectus or any amendment thereto of supplement thereof, or arises out of, or is based upon,

the omission or alleged omission to state therein any material fact required to be stated therein or necessary to make the statements therein not misleading; *provided*, *however*, that the Company shall not be liable to any such indemnified party in any such case to the extent that any such loss, claim, damage, liability or expense arises out of, or is based upon, (i) any such untrue statement or alleged untrue statement or omission or alleged omission made therein in reliance upon and in conformity with written information furnished to the Company by or on behalf of an indemnified party specifically for use therein; (ii) an offer or sale by an Investor of Registrable Securities during a Suspension Period, if such indemnified party is an Investor or an Affiliate of an Investor that, in either case, received from the Company a notice of the commencement of such Suspension Period prior to the making of such offer or sale; or (iii) in a case where a copy of a Prospectus required to be delivered by such indemnified party, is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in a preliminary Prospectus and a copy of the amended or updated Prospectus was not sent or given by or on behalf of such indemnified party to the Person asserting an such loss, claim, damage, liability or expense (if required by Law so to have been delivered) at or prior to the written confirmation of the sale of Registrable Securities as required by the Securities Act and the Prospectus would have corrected such untrue statement or omission or alleged untrue statement or omission; *provided* that in clause (iii) the Company had promptly notified the Investors of such untrue statement or alleged untrue statement or omission or alleged omission in compliance with Section 4.3(i). The foregoing indemnity agreement is in addition to any liability that the Company may otherwise have to any indemnified party. The Company shall not be liable under this Section 4.5(a) for any settlement of any action effected without its written consent, which shall not be unreasonably withheld, conditioned or delayed; *provided*, *however*, that with respect to actions pursuant to clauses (i), (ii) and (iii) of Section 4.6(c), no such consent shall be required.

(b) Indemnification by the Investors. Each Investor, severally and not jointly, shall indemnify and hold harmless the Company, and each Person, if any, who controls the Company within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act (for purposes of this Section 4.5(b), each an "indemnified party"), from and against any loss, claim, damage, liability or expense whatsoever as incurred (including reasonable attorneys' fees and any and all expenses whatsoever incurred in investigating, preparing or defending against any litigation, commenced or threatened, or any claim whatsoever, and any and all amounts paid in settlement of any claim or litigation), joint or several, to which they or any of them may become subject under the Securities Act, the Exchange Act or otherwise, insofar as any such loss, claim, damage, liability or expense (or action in respect thereof) arises out of, or is based upon, any untrue statement or alleged untrue statement of a material fact contained in any Registration Statement or any amendment thereto or any related preliminary prospectus or the Prospectus or any amendment thereto or supplement thereof, or arises out of, or is based upon, the omission or alleged omission to state therein any material fact required to be stated therein or necessary to make the statements therein not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission made therein was made in reliance upon and in conformity with written information furnished to the Company by or on behalf of such Investor specifically for use therein. In no event shall the liability of any Investor hereunder be greater in amount than the dollar amount of the proceeds received by such Investor upon the sale of the Registrable Securities pursuant to the Registration Statement giving rise to such indemnification obligation, except in the case of fraud, willful misconduct or gross negligence by an Investor. The foregoing indemnity agreement is in addition to any liability that any Investor may otherwise have to the Company and any such controlling Person.

(c) Notices of Claims, Etc. Promptly after receipt by an indemnified party under this Section 4.5 of notice of any claim or the commencement of any action, the indemnified party shall, if a claim in respect thereof is to be made against the indemnifying party under this Section 4.5, notify the indemnifying party in writing of the claim or the commencement of such action; *provided*, *however*, that the failure to notify the indemnifying party shall not relieve it of any liability that it may have under this Section 4.5, unless the indemnifying party is materially prejudiced by such delay or failure. If any such claim or action shall be brought against an indemnified party, and it shall notify the indemnifying party thereof, the indemnifying party shall be entitled to participate therein and, to the extent that it wishes, jointly with any other similarly notified indemnifying party, to assume the defense thereof with counsel satisfactory to the indemnified party. After notice from the indemnifying party to the indemnified party of its election to assume the defense of such claim or action, the indemnifying party shall not be liable to the indemnified party under this Section 4.5 for any legal or other expenses subsequently incurred by the indemnified party in connection with the defense thereof other than reasonable costs of investigation; *provided*, *however*, that the indemnified party shall have the right to employ counsel to represent jointly the indemnified party and its respective directors, employees, officers and controlling persons who may be subject to liability arising out of any claim in respect of which indemnity may be sought by the indemnified party against the indemnifying party under this Section 4.5 if (i) employment of such counsel has been authorized in writing by the indemnifying party, or (ii) such indemnifying party shall not have employed counsel to have charge of the defense of such proceeding within thirty (30) days of the receipt of notice thereof, or (iii) such indemnified party shall have reasonably concluded, based upon written advice of such indemnified party's counsel, that the representation of such indemnified party and those directors, employees, officers and controlling persons by the same counsel representing the indemnifying party would be inappropriate under applicable standards of professional conduct due to actual or potential differing interests between them or where there may be one or more defenses available to them that are different from or in conflict with those available to the indemnifying party, and in any such event ((i), (ii) or (iii)) the fees and expenses of such separate counsel shall be paid by the indemnifying party as incurred. It is understood that the indemnifying party shall not be liable for the fees and expenses of more than one separate firm (in addition to local counsel in each jurisdiction) for all indemnified parties in connection with any proceeding or related proceedings. No indemnifying party shall, without the prior written consent of the indemnified parties (which shall not be unreasonably withheld, conditioned or delayed), effect any settlement or compromise of, or consent to the entry of judgment with respect to, any pending or threatened claim, investigation, action or proceeding in respect of which indemnity or contribution may be or could have been sought hereunder (whether or not the indemnified party or parties are actual or potential parties thereto) unless (1) such settlement, compromise or judgment (x) includes an unconditional release of such indemnified party from all liability arising out of such claim, action, suit or proceeding and (y) does not include a statement as to or an admission of fault, culpability or failure to act by or on behalf of any indemnified party, and (2) the indemnifying party confirms in writing its indemnification obligations hereunder with respect to such settlement, compromise or judgment.

(d) Contribution. To the extent the indemnification provided for in this Section 4.5 is unavailable to or unenforceable an indemnified party under Section 4.5(a) or Section 4.5(b), then (i) each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of the losses, claims, damages, expenses or liabilities (or actions in respect thereof) referred to in Section 4.5(a) or Section 4.5(b) in such proportion as is appropriate to reflect the relative benefits received by the indemnifying party or parties on the one hand and the indemnified party on the other from the registration of the Registrable Securities pursuant to the applicable Registration Statement, or (ii) if the allocation provided by the foregoing clause (i) is not permitted by applicable Laws, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the indemnifying party or parties on the one hand and the indemnified party on the other in connection with the statements or omissions that resulted in such losses, claims, damages or liabilities (or actions in respect thereof) as well as any other relevant equitable considerations. The relative fault of the parties shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to

state a material fact relates to information supplied by the Company, on the one hand, or such Investor or such other indemnified party, as the case may be, on the other hand, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The amount paid by an indemnified party as a result of the losses, claims, damages or liabilities referred to in the first sentence of this Section 4.5(d) shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any action or claim that is the subject of this Section 4.5(d). The Company and the Investors agree that it would not be just and equitable if contribution pursuant to this Section 4.5(d) were determined by pro rata allocation or by any other method of allocation that does not take account of the equitable considerations referred to herein. Notwithstanding any other provision of this Section 4.5(d), no Investor of the Registrable Securities shall be required to contribute any amount in excess of the amount by which the gross proceeds received by such Investor from the sale of the Registrable Securities pursuant to applicable Registration Statement exceeds the amount of damages that such Investor has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation. For purposes of this Section 4.5(d), each Person, if any, who controls such indemnified party within the meaning of the Securities Act or the Exchange Act shall have the same rights to contribution as such indemnified party and each Person, if any, who controls the Company within the meaning of the Securities Act or the Exchange Act shall have the same rights to contribution as the Company. The Investors' respective obligations to contribute pursuant to this Section 4.5(d) are several in proportion to the respective amount of Registrable Securities that they have sold pursuant to a Registration Statement and not joint. The remedies provided for in this Section 4.5(d) are not exclusive and shall not limit any rights or remedies that may otherwise be available to any indemnified party at law or in equity.

(e) Survival. The indemnity and contribution provisions contained in this Section 4.5 shall remain operative and in full force and effect regardless of (i) any termination of this Agreement, (ii) any investigation made by or on behalf of any Investor or any Person controlling any Investor, or by or on behalf of the Company, its officers or Directors or any Person controlling the Company, and (iii) any sale of Registrable Securities pursuant to any Registration Statement.

**4.6 Rule 144 Reporting.** With a view to making available the benefits of certain rules and regulations of the SEC that may at times permit the sale of Registrable Securities to the public in the United States without registration after the Filing Determination Date, the Company shall use its commercially reasonable efforts to:

(a) make and keep public information available, as those terms are understood and defined in Rule 144 under the Securities Act;

(b) file, as and when applicable, with the SEC in a timely manner all reports and other documents required of the Company under the Exchange Act; and

**(c)** furnish to each Investor forthwith upon request a written statement by the Company as to its compliance with the reporting requirements of Rule 144 and the Exchange Act.

**4.7 Lock Up.** In connection with any underwritten offering of the Company's securities, each Investor and Permitted Holder of Registrable Securities agrees that upon request of the Company or the underwriters managing any underwritten offering of the Company's securities, that it will (a) not offer, sell, contract to sell, loan, grant any option to purchase, make any short sale or otherwise dispose of, hedge or transfer any of the economic interest in (or offer, agree or commit to do any of the foregoing) any shares of Common Stock, or any options or warrants to purchase any shares of Common Stock, or any securities convertible into, exchangeable for or that represent the right to receive shares of Common Stock, whether now owned or hereinafter acquired, owned directly (including holding as a custodian) or with respect to which such Person has beneficial ownership within the rules and regulations of the Commission (other than those included by such Person in the offering in question, if any) without the prior written consent of the Company or such underwriters, as the case may be, for up to fourteen (14) days prior to, and during the ninety (90) day period following, the effective date of the registration statement for such underwritten offering, and (b) enter into and be bound by such form of agreement with respect to the foregoing as the Company or such managing underwriter may reasonably request; provided that each executive officer and director of the Company also agrees to substantially similar restrictions. The restrictions set forth in this Section 4.7 shall terminate, with respect to an Investor and its Permitted Holders, when such Investor and its Permitted Holders own less than 7.5% of the outstanding Common Stock, after giving effect to such Investor's and its Permitted Holders' Preferred Stock, Series C Preferred Stock and Class B Common Stock on an as converted basis using the Base Price on the date of the request of the Company or the underwriters mentioned above of in calculating the amount of outstanding Common Stock; provided that, unless the SPA is earlier terminated, no such termination shall be effective until the later of (i) the Third Closing and (ii) 90 days following completion of a Third Party Financing.

## ARTICLE V

## OTHER AGREEMENTS

**5.1 Standstill.** From the date hereof until the later of (i) such time as it ceases to own any Securities and (ii) nine (9) months after the Investors are no longer entitled to appoint an Investor Director pursuant to the Certificate of Incorporation (such period, the " **Standstill Period**"), each Investor agrees that it shall not and shall cause its Affiliates not to:

(a) acquire, or propose to acquire, beneficial ownership of any Securities or assets, or rights or options to acquire any Securities or assets, of the Company, including derivative securities representing the right to vote or economic benefits of any such Securities, other than (i) pursuant to a Permitted Offer, (ii) the acquisition of Preferred Stock and Warrants pursuant to the terms and conditions set forth in the SPA, (iii) upon the conversion of Preferred Stock and Class B Common Stock pursuant to the terms and conditions set forth in the SPA, the certificates of designation of such Preferred Stock and the Company's Certificate of Incorporation, (iv) upon the exercise of Warrants, pursuant to the terms and conditions set forth in the SPA and such Warrant, and (v) pursuant to the terms and conditions set forth in Article III of this Agreement; *provided*, that the transfer of Securities among the Investors and to or from any special purpose company formed to hold the beneficial ownership of such Securities, to the extent in compliance with the transfer restrictions and procedures set forth in Section 9.1 of the SPA, shall not be deemed a violation of this Section 5.1(a), *provided* any such special purpose company is owned

exclusively by the Investors and their controlled Affiliates;

(b) make, or effect or commence, any tender or exchange offer, merger or other business combination involving the Company, other than pursuant to a Permitted Offer;

(c) commence or complete, or propose to commence or complete, any recapitalization, restructuring, liquidation, dissolution or other extraordinary transaction with respect to the Company, other than pursuant to a Permitted Offer;

(d) make, or in any way participate in, any Solicitation of proxies to vote or consent, or seek to advise or influence any Person with respect to the voting of, any Securities of the Company, or to become a Participant in any Election Contest with respect to the Company or grant a proxy to any other Person to vote any Securities held by such Investor;

(e) form, join or in any way participate in a 13D Group with respect to, or otherwise act in concert with any Person in respect of, any Securities of the Company; *provided*, that the Investors' formation of a 13D Group among themselves and any special purpose company formed to hold the beneficial ownership of such Securities shall not be deemed a violation of this Section 5.1(e);

(f) otherwise act, alone or in concert with others, to seek representation on or to control or influence the management, the Board or the policies of the Company, except as expressly granted pursuant to the definitive agreements for the Transaction or by the Board;

(g) negotiate with or provide any information to any Person with respect to, or make and statement or proposal to any Person with respect to, or make any public announcement or proposal or offer with respect to, or act as a financing source for or otherwise invest in any Person in connection with, or otherwise solicit, seek or offer to effect any transactions or actions that are prohibited pursuant to this Section 5.1; or

(h) advise, assist or encourage any other Person in connection with any transactions or actions prohibited pursuant to the foregoing (a)-(g).

Notwithstanding the foregoing, nothing in this Section 5.1 shall restrict in any way the actions of any Investor Director in such person's capacity as a Director.

**5.2 Use of Proceeds from the Third Closing.** The Company shall use the proceeds of the Third Closing in accordance with the funding plan and related provisions set forth in or established under the definitive agreements for the DOE Financial Closing.

**5.3 Waiver of Appraisal and Dissenter's Rights.** Each Investor shall waive any appraisal or dissenter's rights to which they may be entitled under applicable Laws in connection with any Change of Control of the Company.

**5.4 Voting Agreement.**

(a) At any time at which the holders of Series C Preferred Stock and Class B Common Stock shall be entitled to vote together with the holders of Common Stock (and any other class or series of capital stock entitled to vote on the matter with the Common Stock) as a single class with respect to any transactions involving a merger of the Corporation or sale of all or substantially all of the Corporation's assets which must be submitted to the Corporation's stockholders pursuant to the Delaware General Corporation Law (a "Transaction Approval"), to the extent any Investor and its Affiliates in the aggregate beneficially own shares entitled to exercise voting power exceeding 10% of the aggregate voting power of such class (" **Excess Voting Share")** on such matter, the Investor agrees to vote (or exercise a written consent in favor of), and to cause any of its Affiliates to vote (or exercise a written consent in favor of), all such Excess Voting Shares on such matter as recommended by the Board to stockholders generally.

(b) Each Investor hereby grants to the Company, and each officer of the Company holding the office of Vice President or Secretary, with full power of substitution, an irrevocable proxy (the " **Proxy**") from the date hereof until the termination of this Agreement to act as the Investors' proxy to vote the Excess Voting Shares, and to exercise all voting, consent and similar rights of the undersigned with respect to the Excess Voting Shares (including, without limitation, the power to execute and deliver written consents), at every annual, special, adjourned or postponed meeting of the stockholders of the Company and in every written consent in lieu of such a meeting, in each case as and to the extent provided in Section 5.4(a) in connection with a Transaction Approval. Each Investor hereby affirms that the Proxy is given in connection with the Securities Purchase Agreement and this Agreement and that such Proxy is given to secure the performance of the duties of Investor under Section 5.4(a). Each Investor hereby further affirms that the Proxy is coupled with an interest and may under no circumstances be revoked. Each Investor hereby ratifies and confirms all that such Proxy may lawfully do or cause to be done by virtue hereof. Without limiting the generality of the foregoing, such Proxy is executed and intended to be irrevocable in accordance with the provisions of Section 212 of the Delaware General Corporation Law. If for any reason the Proxy granted herein is not irrevocable, Investor agrees to vote the Excess Voting Shares in accordance with Section 5.4(a) hereof and to cause any of its Affiliates to vote any Excess Voting Shares in accordance with Section 5.4(a) hereof. To the extent necessary to comply with the terms hereof, each Investor agrees to cause its Affiliates to execute irrevocable proxies consistent with the irrevocable Proxies given by each Investor pursuant to this Section 5.4(b).

## ARTICLE VI

## TERM

This Agreement is effective as of the date hereof. Except as otherwise expressly provided herein with respect to specific provisions of this Agreement, this Agreement may be terminated only upon the mutual written agreement of the Parties; *provided*, *however* that the rights of an Investor pursuant to Article II hereof shall terminate at any time that such Investor fails to satisfy the Minimum Equity Holdings. If this Agreement is terminated pursuant to this Article VI, all further obligations of each Party shall terminate without further liability or obligation of such Party to any other Party, including liability for damages;

*provided, however*, that no such termination shall relieve any Party from any liability for any breach of this Agreement arising prior to the termination date; *provided*, *further*, that Section 3.6 and Section 7.4 shall survive any termination of this Agreement.

## ARTICLE VII

## MISCELLANEOUS

**7.1 Certain Definitions.** Capitalized terms used herein, but not otherwise defined, in the body of this Agreement have the meanings set forth in Schedule 1 or, if not defined therein, the meanings set forth in the SPA.

**7.2 Titles and Subtitles; Interpretation.** The titles and subtitles used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement. When a reference is made in this Agreement to an Article, Section, Schedule or Exhibit, such reference shall be to an Article, Section, Schedule or Exhibit of this Agreement unless otherwise indicated. Whenever the words "include," "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation." The definitions contained in Schedule 1 to this Agreement are applicable to the singular as well as the plural forms of such terms and to the masculine as well as to the feminine and neuter genders of such term. Any agreement, instrument or statute defined or referred to in this Agreement means such agreement, instrument or statute as from time to time amended, modified or supplemented, including (in the case of agreements or instruments) by waiver or consent and (in the case of statutes) by succession of comparable successor statutes. Each of the Parties has participated in the drafting and negotiation of this Agreement. If an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if it is drafted by each of the Parties, and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of authorship of any of the provisions of this Agreement.

**7.3 Reasonable Efforts**. When used in this Agreement (including in any amendment to this Agreement), the terms "best efforts," "reasonable efforts," "commercially reasonable efforts" and "reasonable best efforts" shall mean efforts that are considered to be commercially reasonable under the circumstances prevailing at the time, taking into account the economic condition of the Party making such efforts, the information actually available to such Party at the time the efforts are made, and the internal resources and employees available to such Party to make such efforts. In no event shall it require a Party to undertake measures, which in its reasonable judgment, could materially jeopardize its ability to perform its other legal or contractual obligations to others (including to the other Parties) or to comply with applicable Laws or could adversely impact the licenses, permits or regulatory status of the Company or its Subsidiaries. In all cases, such efforts shall be exercised diligently and in good faith and, in the case of the Company's efforts to receive approvals that may be required under applicable Laws, consistent with its own efforts to obtain its most critical such approvals, on its own behalf, from time to time.

**7.4 Confidentiality.** All Confidential Information (as defined in the Strategic Relationship Agreement) disclosed by a Party to another Party pursuant to this Agreement will be subject to the terms of Section 4.4 of the Strategic Relationship Agreement. For clarity, (a) each Investor Director is a Representative (as defined in the Strategic Relationship Agreement) of the Investor appointing the Investor Director and (b) nothing herein shall be deemed to reduce or waive the fiduciary duties of a director of Company.

**7.5 Representations and Warranties of Toshiba.** Toshiba represents and warrants to the Company as follows:

(a) Toshiba is a corporation duly organized and validly existing under the laws of Japan.

(b) Toshiba has all requisite corporate power, authority and capacity to execute and deliver this Agreement and to consummate the transactions contemplated to be performed by it hereby. The execution, delivery and performance by Toshiba of this Agreement and the consummation of the transactions contemplated hereby have been duly authorized by all necessary corporate action on the part of Toshiba. No approval of Toshiba's stockholders is required in connection with Toshiba's execution, delivery and performance of this Agreement and the consummation by Toshiba of the transactions contemplated hereby. This Agreement has been duly executed and delivered by Toshiba and, assuming the due authorization, execution and delivery of this Agreement by B&W and the Company, constitutes the legal, valid and binding agreement of Toshiba enforceable against it in accordance with its terms, except as may be limited by the Enforceability Exceptions.

**7.6 Representations and Warranties of B&W.** B&W represents and warrants to the Company as follows:

(a) B&W is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware.

(b) B&W has all requisite corporate power, authority and capacity to execute and deliver this Agreement and to consummate the transactions contemplated to be performed by it hereby. The execution, delivery and performance by B&W of this Agreement and the consummation of the transactions contemplated hereby have been duly authorized by all necessary corporate action on the part of B&W. This Agreement has been duly executed and delivered by B&W and, assuming the due authorization, execution and delivery of this Agreement by Toshiba and the Company, constitutes the legal, valid and binding agreement of B&W enforceable against it in accordance with its terms, except as may be limited by the Enforceability Exceptions.

**7.7 Representations and Warranties of the Company.** The Company represents and warrants to the Investors as follows:

(a) The Company is a corporation organized, validly existing and in good standing under the laws of the State of Delaware.

(b) The Company has all requisite corporate power and authority to execute and deliver this Agreement and to consummate the transactions contemplated to be performed by it hereby. The execution, delivery and performance by the Company of this Agreement and the consummation of the transactions contemplated hereby have been duly authorized by all necessary corporate action on the part of the Company other than the Stockholder Approvals. This Agreement has been duly executed and delivered by the Company and, assuming the due authorization, execution and delivery of this Agreement by Investor, constitutes the legal, valid and binding agreement of the Company enforceable against it in accordance with its terms, except as may be

limited by the Enforceability Exceptions.

**7.8 Further Assurances.** Each Party shall execute and deliver such additional instruments and other documents and shall take such further actions as may be necessary or appropriate to effectuate, carry out and comply with all of its obligations under this Agreement.

**7.9 No Assignment or Transfer.** No Party shall assign this Agreement or its rights hereunder to any Person without the written consent of each other Party; *provided*, that (a) each Investor may assign its rights hereunder to any permitted transferee of its Securities in accordance with Section 9.1 of the SPA, and (b) the registration rights under Article IV shall be exercisable by any Permitted Holder of Registrable Securities, including after transfers of Registrable Shares provided such Permitted Holder becomes a party to and bound by this Agreement. Except as expressly provided herein, any purported assignment by any Party shall be null and void.

**7.10 Injunctive Relief.** The Parties hereto agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with its specific terms or was otherwise breached. It is accordingly agreed that the Parties shall be entitled to an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions hereof in any court without the necessity of posting any bond or other security, this being in addition to any other remedy to which they are entitled at Law or in equity. Additionally, each Party hereto irrevocably waives any defenses based on adequacy of any other remedy, whether at Law or in equity, that might be asserted as a bar to the remedy of specific performance of any of the terms or provisions hereof or injunctive relief in any action brought therefor.

**7.11 Severability.** If any provision of this Agreement, or the application thereof to any Person, place or circumstance, is held by a court of competent jurisdiction or in an arbitration under Section 7.16 to be invalid, void or otherwise unenforceable, such provision shall be enforced to the maximum extent possible so as to effect the intent of the Parties, or, if incapable of such enforcement, shall be deemed to be deleted from this Agreement, and the remainder of this Agreement and such provisions as applied to other Persons, places and circumstances shall remain in full force and effect and, in such event, the Parties shall negotiate in good faith in an attempt to agree to another provision (in lieu of the term or application held to be invalid or unenforceable) that will be valid and enforceable and will carry out the Parties' intentions hereunder.

**7.12 Waivers.** The waiver by a Party of a breach of or a default under any provision of this Agreement (a) shall not be effective unless such waiver is in writing, expressly states that it is a waiver hereunder, and identifies the breach or default to be waived and (b) shall not be construed as effective against or with respect to any other Party. No waiver hereunder shall, in any event, be construed as a waiver of any subsequent breach of, or default under, the same or any other provision of this Agreement, nor shall any delay or omission on the part of a Party in exercising or availing itself of any right or remedy, or any course of dealing hereunder, operate as a waiver of any right or remedy.

**7.13 Amendments.** This Agreement may be amended only by written document, expressly stating that it is an amendment to this Agreement, identifying the provisions of this Agreement to be amended, and duly executed on behalf of each of the Parties. No delay or omission on the part of a Party in exercising or availing itself of any right or remedy, or any course of dealing hereunder, shall operate as an amendment with respect to any provision hereof.

**7.14 Governing Law.** This Agreement is to be construed in accordance with and governed by the internal laws of the State of New York without giving effect to any choice of law rule that would cause the application of the laws of any jurisdiction other than the internal laws of the State of New York to the rights and duties of the Parties.

**7.15 Conversion or Redemption Dispute.**

(a) Resolution of Conversion or Redemption Dispute . If a dispute between the Company and an Investor shall arise as to the appropriate Factor under Section 7 of the Series B-1 Certificate of Designation, upon a Final Determination (as defined in the Series B-1 Certificate of Designation) of the Factor, the obligations of the Parties shall be as follows:

(i) If the Factor is determined to be 1.1, the Corporation shall, within 20 Business Days, provide to the Investor, but only in respect of Series B-1 Preferred Stock redeemed or converted prior to such payments, (i) in the case of a redemption effected pursuant to Section 7(g) of Series B-1 Certificate of Designation, subject to the provisions of the Delaware General Corporation Law, cash in an amount equal to the difference between the amount that would have been paid to such Investor had such final Factor been applied at the time of redemption and the amount previously paid to such Investor pursuant to Section 7(h) of the Series B-1 Certificate of Designation, (ii) in the case of a Conversion Election, (x) the difference between the number of shares of Class B Common Stock or Series C Preferred Stock (as applicable) as would have been issued to such Investor pursuant to Sections 7(b) of the Series B-1 Certificate of Designation had such final Factor been applied at the time of conversion and the number of shares previously issued to such Investor pursuant to Section 7(h) of the Series B-1 Certificate of Designation, or (y) subject to the Delaware General Corporation Law, in the sole discretion of the Company, cash in an amount equal to the value of the shares as would have been issued under clause (x) based upon the Base Price as of the date of payment, or (iii) in the case of a Sale Election (as defined in the Series B-1 Certificate of Designation), an amount in cash equal to the difference between (A) the product of the final Factor and the amount calculated pursuant to clause (2)(x)(A) of Section 7.2 of the Series B-1 Certificate of Designation and (B) the amount calculated pursuant to clause (2)(x)(A) of Section 7.2 of the Series B-1 Certificate of Designation, in accordance with Section 7(h) of the Series B-1 Certificate of Designation.

(ii) If the Factor is determined to be 0.9, such Investor shall, within 20 Business Days, provide to the Company, but only in respect of Series B-1 Preferred Stock redeemed or converted prior to such payments, (i) in the case of a redemption effected pursuant to Section 7(g) of the Series B-1 Certificate of Designation, cash in an amount equal to the difference between the amount previously paid to such Investor pursuant to Section 7(h) of the Series B-1 Certificate of Designation and the amount that would have been paid to such Investor thereunder had such Factor been applied, (ii) in the case of a Conversion Election, either (x) cash in an amount equal to the value of the shares issuable under Clause (y) hereof (based upon the Base Price at date of payment, or (y) a number of shares of Class B Common Stock or Series C Preferred Stock (as applicable) equal to, the difference between the number of shares of Class B Common Stock or Series C Preferred Stock (as applicable) as were issued to such Investor pursuant to Section 7(h) of the Series B-1 Certificate of Designation) at such conversion and the number of shares which have been issued had such final Factor been applied at such time, or (iii) in the case of a Sale Election, an amount in cash equal to the difference between the (A) the amount previously calculated pursuant to clause (2)(x)(A) of Section 7.2

of the Series B-1 Certificate of Designation and (B) the product of the final Factor and the amount calculated pursuant to clause (2)(x)(A) of Section 7.2 of the Series B-1 Certificate of Designation; or

(iii) if the Factor is determined to be 1.0, then no transfers of cash or shares need be made.

**7.16 Dispute Resolution**.

(a) Executive Meetings. Prior to submitting any dispute or controversy arising from or in connection with this Agreement, including the breach, termination or invalidity thereof (a "***Dispute***"), to arbitration pursuant to Section 7.16(b), upon written request of any Party, each Party shall appoint a designated representative whose task it will be to meet promptly for the purpose of endeavoring to resolve such Dispute. The designated representatives shall meet, in person or by telephone or video conference as deemed appropriate by the Parties, as often as the Parties reasonably deem necessary to discuss the Dispute in an effort to resolve the Dispute without the necessity of any further proceeding. The Parties agree to negotiate, in good faith, in an attempt to resolve the Dispute for a period of not greater than thirty (30) days after notice of the Dispute is received by the Parties.

(b) Arbitration; Rules; Location. Any Dispute that is not resolved pursuant to Section 7.16(a) shall be referred to and finally determined under the Rules of Arbitration of the International Chamber of Commerce then in effect (the "***ICC Rules***"). The place of arbitration shall be San Francisco, California, or such other location as the Parties may agree in writing

(c) Arbitrators. There shall be three (3) arbitrators, nominated in accordance with the ICC Rules. Each arbitrator on the arbitral tribunal shall be disinterested in the Dispute and shall have no connection to any Party thereto

(d) Award. The arbitral award shall be in writing, state the reasons for the award, and be the sole and exclusive binding remedy with respect to the Dispute between and among the Parties. Judgment on the award rendered may be entered in any court having jurisdiction thereof. The Parties hereby waive any right to refer any question of law and right of appeal on the law and/or merits to any court, except as provided by the Convention on the Recognition and Enforcement of Foreign Arbitral Awards of 1958. For purposes of such convention, the award shall be deemed an award of the United States, the relationship between the Parties shall be deemed commercial in nature, and any Dispute arbitrated pursuant to this Section 7.16 shall be deemed commercial. The arbitrators shall have the authority to grant any equitable or legal remedies that would be available in any judicial proceeding intended to resolve a Dispute.

(e) Language of Proceedings. The language of the arbitral proceedings shall be English.

(f) Confidentiality of Proceedings. The Parties agree that any arbitration hereunder shall be kept confidential, and that the existence of the Dispute, the proceeding and all of its elements (including any pleadings, briefs or other documents submitted or exchanged, any testimony or other oral submissions, and any awards) shall be deemed Confidential Information (as such term is used in the Strategic Relationship Agreement), and shall not be disclosed beyond the tribunal, the International Court of Arbitration, the parties to the Dispute, their counsel, and any Person necessary to the conduct of the proceeding, except as and to the extent required to enforce any arbitral award, or as otherwise contemplated by such confidentiality agreements.

(g) Expenses. Each party hereto to a Dispute shall bear its own legal fees and costs in connection therewith.

(h) Injunctive Relief. Notwithstanding the foregoing, any Party shall be entitled to seek preliminary injunctive relief from any court of competent jurisdiction to preserve the status quo, pending the final decision or award of the arbitrators.

(i) Consent to Jurisdiction. Each of the Parties hereby irrevocably consents to jurisdiction of any court State or Federal in the United States of America (and of the appropriate appellate courts therefrom) in any such suit, action or proceeding pursuant to Section 7.16(h) or enforcing any award under Section 7.16(d), and irrevocably waives, to the fullest extent permitted by Law, any objection that it may now or hereafter have to the laying of the venue of any such suit, action or proceeding in any such court or that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum. Process in any such action or proceeding may be served on any Party anywhere in the world, whether within or without the jurisdiction of any such court. Without limiting the foregoing, each party agrees that service of process on such party by notice as provided in Section 7.20 shall be deemed effective service of process on such Party.

(j) Concurrent Disputes. To the extent of concurrent Disputes (as such term is used in each of the Transaction Documents) under multiple Transaction Documents, the Parties agree to consolidate any and all such Disputes into a single proceeding pursuant to the procedures set forth in this Section 7.16.

**7.17 Limitations on Damages.** In no event shall any Party have any liability for loss of profits, revenue or goodwill, loss or interruption of business, loss of data, or for any indirect, incidental, special, consequential or punitive damages, arising out of or relating to this Agreement or the subject matter hereof, no matter what theory of liability, and even if advised of the possibility or probability of such damages.

**7.18 Independent Contractors.** Each Party is an independent contractor and no Party's personnel are employees or agents of any other Party for federal, state or other taxes or any other purposes whatsoever, and are not entitled to compensation or benefits of the other. Nothing hereunder shall be deemed to constitute, create, give effect to or otherwise recognize a joint venture, partnership or business entity of any kind, nor shall anything in this Agreement be deemed to constitute any Party the agent or representative of any other Party.

**7.19 No Third-Party Beneficiaries.** Notwithstanding anything contained in this Agreement to the contrary, nothing in this Agreement, expressed or implied, is intended to confer on any Person other than the Parties hereto any rights, remedies, obligations or liabilities under or by reason of this Agreement, and no Person that is not a Party to this Agreement (including any partner, member, stockholder, director, officer, employee or other beneficial owner of either Party, in its own capacity as such or in bringing a derivative action on behalf of a Party hereto) shall have any standing as third party beneficiary with respect to this Agreement or the transactions contemplated hereby.

**7.20 Notices.** All notices and other communications under this Agreement shall be in writing and shall be deemed given (a) when delivered by hand or upon confirmed receipt of a facsimile transmission, (b) when received if sent by an internationally recognized overnight courier service (receipt requested), or (c) ten (10) Business Days after mailing, postage prepaid, by registered or certified mail, return receipt requested, to the below address or such other addresses as a Party shall specify in a written notice to the other Parties provided as contemplated herein.

**To Toshiba:**

Toshiba Corporation
1-1 Shibaura 1-chome
Minato-ku, Tokyo 105-8001
JAPAN
Attn: General Manager
Legal Affairs Division,
Power Systems Company
Fax: +81 3 5444 9183

**With a copy (which shall not constitute notice) to:**

Morrison & Foerster
Shin-Marunouchi Building, 29th floor
5-1, Marunouchi 1-chome
Chiyoda-ku, Tokyo 100-6529
JAPAN
Attn: Ken Siegel, Esq.
Fax: +81 3 3214 6512

**To B&W:**

Babcock & Wilcox Investment Company
800 Main Street
Lynchburg, VA 24502
U.S.A.
Attn: James D. Canafax, Esq.
Fax: +1 434 522 6793

**With a copy (which shall not constitute notice) to:**

Baker Botts
The Warner
1299 Pennsylvania Avenue, NW
Washington, DC 20004-2400
U.S.A.
Attn: Michael Gold, Esq.
Fax: +1 202 585 1024

**To the Company:**

USEC Inc.
2 Democracy Center
6903 Rockledge Drive
Bethesda, MD 20817
U.S.A.
Attn: General Counsel
Fax: +1 301 564 3206

**With a copy (which shall not constitute notice) to:**

Latham & Watkins
555 11th Street, N.W.
Washington, DC 20004
U.S.A.
Attn: Scott C. Herlihy, Esq.
Fax: +1 202 637 2201

**7.21 Entire Agreement**. This Agreement and the other Transaction Documents (including the schedule and exhibits attached hereto and thereto, which are incorporated herein by reference) constitute the entire agreement among the Parties with respect to its subject matter. This Agreement and the other Transaction Documents supersede all previous, contemporaneous and inconsistent agreements, negotiations, representations and promises between among the Parties, written or oral, regarding the subject matter hereof. There are no oral or written collateral representations, agreements or understandings except as provided herein and in the other Transaction Documents.

**7.22 Counterparts**. This Agreement may be executed in any number of counterparts, each of which shall be binding as of the date first written above, and all of which shall constitute one and the same instrument. Each such counterpart shall be deemed an original, and it shall not be necessary in making proof of this Agreement to produce or account for more than one such counterpart. The exchange of copies of this Agreement and of signature pages by facsimile transmission, portable document format (.pdf) or other electronic format shall be deemed to be their original signatures for all purposes.

[*Remainder of page left intentionally blank.*]

IN WITNESS WHEREOF, the Parties have entered into this Investor Rights Agreement as of the date first above written.

**TOSHIBA:**
**Toshiba Corporation**
By: /s/ Yasuharu Igarashi
Name: Yasuharu Igarashi
Title: Corporate Senior Vice President, President and CEO, Power Systems Company

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IN WITNESS WHEREOF, the Parties have entered into this Investor Rights Agreement as of the date first above written.

**B&W:**
**Babcock & Wilcox Investment Company**
By: /s/ Mary Pat Salomone
Name: Mary Pat Salomone
Title: Senior Vice President and Chief Operating Officer

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IN WITNESS WHEREOF, the Parties have entered into this Investor Rights Agreement as of the date first above written.

**The Company:**
**USEC Inc.**
By: /s/ John K. Welch
Name: John K. Welch
Title: President and Chief Executive Officer

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**SCHEDULE 1**

**DEFINITIONS**

Unless otherwise defined herein, terms used herein that are defined in the SPA shall have the meanings set forth for such terms in the SPA.

"**13D Group**" means any partnership, limited partnership, syndicate or other group, as those terms are used within the meaning of Section 13(d)(3) of the Exchange Act.

"**ACP**" means the design, manufacture, construction, development, startup, completion, operation, financing, maintenance and improvement of a front-end nuclear fuel facility utilizing U.S. gas centrifuge enrichment technology and related infrastructure assets and properties.

"**Atomic Energy Act**" means the Atomic Energy Act of 1954, as amended (42 U.S.C. 2011 *et seq*.).

"**Beneficial Owner**" means any Person who has beneficial ownership.

"**Base Price**" has the meaning ascribed to it in the Series B-1 Certificate of Designation or the Series B-2 Certificate of Designation, as applicable.

"**beneficial ownership**" shall mean any ownership that would be determined to be "beneficial ownership" pursuant to Rule 13d-3 promulgated pursuant to the Exchange Act.

"**Board**" means the board of directors of the Company or any duly authorized committee thereof.

"**Business Day**" means any calendar day other than (i) a Saturday or Sunday or (ii) a calendar day on which banking institutions in either the City of New York or Tokyo, Japan are authorized by Law, regulation or executive order to remain closed.

"**Certificate of Incorporation**" means the Company's Certificate of Incorporation, as amended, from time to time.

"**CFIUS**" means the Committee on Foreign Investment in the United States of the United States Treasury Department and any successor Governmental Authority thereto.

"**Change of Control**" shall mean the occurrence of any of the following:

(a) any Person shall Beneficially Own, directly or indirectly, through a merger, business combination, purchase, or other transaction or series of transactions, shares of the Corporation's capital stock entitling such Person at such time to exercise 50% or more of the total voting power of the issued and outstanding capital stock having ordinary voting power to elect a majority of the Board of Directors, other than as a result of an acquisition of such stock by the Corporation, any of the Corporation's Subsidiaries or any of the Corporation's employee benefit plans (for purposes of this subsection (1), "Person" shall include any syndicate or group that would be deemed to be a "person" under Section 13(d)(3) of the Exchange Act);

(b) the Corporation (A) merges or consolidates with or into any other Person, another Person merges with or into the Corporation, or the Corporation conveys, sells, transfers or leases all or substantially all of the Corporation's assets to another Person or (B) engages in any recapitalization, reclassification or other transaction in which all or substantially all of the Common Stock is exchanged for or converted into cash, securities or other property, in each case other than a merger or consolidation:

(i) that does not result in a reclassification, conversion, exchange or cancellation of the Corporation's outstanding Common Stock;

(ii) that is effected solely to change the Corporation's jurisdiction of incorporation and results in a reclassification, conversion or exchange of outstanding shares of the Common Stock solely into shares of any class or series of common stock of the surviving entity; or

(iii) there the issued and outstanding capital stock having voting power to vote generally to elect a majority of the Board of Directors outstanding immediately prior to such transaction is converted into or exchanged for such voting stock of the surviving or transferee Person constituting a majority of the outstanding shares of such voting stock of such surviving or transferee Person (immediately after giving effect to such issuance).

"**Class B Common Stock**" means shares of the class B common stock of the Company, par value $0.10 per share to be authorized by the Charter Amendment.

"**Classified Information"** means (i) information classified as either Restricted Data or Formerly Restricted Data or (ii) National Security Information.

"**Closings**" means the First Closing, the Second Closing and the Third Closing, each as defined in the SPA.

"**Common Stock**" means collectively, the Ordinary Common Stock and the Class B Common Stock.

"**Competitively Sensitive Information**" means any non-public information the Company possesses relating to (i) the prices, quantities and other terms of sale on which the Company supplies or offers to supply products or services to Toshiba's competitors; and (ii) the prices, quantities and other terms of service on which a Toshiba competitor or B&W competitor supplies or offers to supply products or services to a customer, including the Company.

"**Consent**" means any consent, approval, authorization, waiver, permit, grant, franchise, concession, agreement, license, certificate, exemption, order, registration, declaration, filing, report or notice of, with or to any Person.

"**Conversion Election**" has the meaning ascribed to it in the Series B-1 Certificate of Designation or the Series B-2 Certificate of Designation, as applicable.

"**Deemed Holder Percentage**" shall mean, as to any Permitted Holder, the percentage resulting from the following calculation, (1)(A) the number of shares of Ordinary Common Stock equal to the quotient of (w) the Liquidation Preference *plus* an amount per share equal to the accrued but unpaid Dividends not previously added to the Liquidation Preference on the outstanding shares of Series B Preferred Stock held by such Permitted Holder from and including the immediately preceding Dividend Payment Date to, but excluding, the date of conversion and (x) the Base Price for the date of such calculation, plus (B) the number of outstanding of shares of (y) Series C Preferred Stock multiplied by 1000 plus, (z) if then outstanding, Class B Common Stock, in each case held by such Permitted Holder divided by (2)(A) the total number of shares of Ordinary Common Stock equal to the quotient of (v) the Liquidation Preference *plus* an amount per share equal to the accrued but unpaid Dividends not previously added to the Liquidation Preference on all outstanding shares of Series B Preferred Stock from and including the immediately preceding Dividend Payment Date to, but excluding, the date of conversion and (w) the Base Price for the date of such calculation, plus (B) the total number of all outstanding shares of (x) Series C Preferred Stock multiplied by 1000 plus (y) if then outstanding, Class B Common Stock, plus (z) Ordinary Common Stock.

"**Director**" means a member of the Board.

"**Dividends**" has the meaning ascribed to it in the Series B-1 Certificate of Designation or the Series B-2 Certificate of Designation, as applicable.

"**DOE**" means the U.S. Department of Energy and any successor Governmental Authority thereto.

"**Effective Time**" means the time at which the SEC declares any Registration Statement effective or at which any Registration Statement otherwise becomes effective.

"**Election Contest**" means solicitations subject to Rule 14a-12(c) promulgated under the Exchange Act.

"**Equity Interest**" means, as to each Investor at any time, a percentage represented by a fraction, the numerator of which is the number of shares of preferred stock then held by the Investor and the denominator of which is the total number of shares of preferred stock of the Company then outstanding.

"**Excess Voting Share**" has the meaning ascribed to it in Section 5.4(a).

"**Exchange Act**" mean the United States Securities Exchange Act of 1934, as amended.

"**Excluded Lender**" shall mean a bank or other financial institution providing indebtedness for borrowed money which is guaranteed by the Loan Guarantee Agreement (as defined in 10 CFR 609.2) pertaining to the DOE Financial Closing; *provided*, *however* "Excluded Lender" shall not include a Person providing funding or committed funding (pursuant to definitive binding agreements) for debt or equity of the Corporation in an amount of at least $100,000,000 that is not guaranteed by such Loan Guarantee Agreement.

"**Export Controlled Information**" means any unclassified information, the export of which is controlled by law or regulation under the International Traffic in Arms Regulations (22 CFR Part 120 et seq.), the Export Administration Regulations (14 CFR Part 730 et seq.), or the U.S. Department of Energy regulations (10 CFR Part 810), and including Unclassified Controlled Nuclear Information, Safeguards Information (Section 147 of the Atomic Energy Act of 1954 as amended), Sensitive Unclassified Non-Safeguards Information (NRC Regulatory Information Summary 2005-31), and Official Use Only information (DOE Order 471.3), except to the extent that the export or deemed export thereof arising by virtue of a disclosure hereunder has been licensed or approved under, or is authorized by, Applicable Law.

"**Factor**" has the meaning ascribed to it in the Series B-1 Certificate of Designation.

"**Filing Date**" means the earlier of (i) April 30, 2011, if the Second Closing has not occurred prior to that date, (ii) October 30, 2011, if the Third Closing has not occurred prior to that date and (iii) the date of the Third Closing.

"**FINSA**" means the Foreign Investment and National Security Act of 2007, 50 U.S.C. App. 2061, amending the Defense Production Act of 1950, 50 U.S.C. App. 2170.

"**Formerly Restricted Data**" means classified information jointly determined by DOE and the Department of Defense to be related primarily to the military utilization of nuclear weapons and removed (by transclassification) from the Restricted Data category pursuant to section 142(d) of the Atomic Energy Act.

"**Governmental Approval**" means any Consent of any Governmental Authority.

"**Initial Liquidation Preference**" means $1,000.00 per share of Series B Preferred Stock.

"**Investor Director**" means a Director elected by the holders of Preferred Stock or the Class B Common Stock and the Series C Preferred Stock, as applicable, pursuant to the Certificate of Incorporation.

"**Liquidation Preference**" has the meaning ascribed to it in the Series B-1 Certificate of Designation or the Series B-2 Certificate of Designation, as applicable.

"**Mitigation Agreement**" means an agreement or other undertaking entered into with CFIUS or one or more of its members to address any national security concerns raised by CFIUS in connection with the transactions contemplated hereby.

"**National Security Information**" means information that has been determined pursuant to Executive Order 12958, as amended (68 Federal Register 15315 (March 28, 2003)), or prior Executive Orders to require protection against unauthorized disclosure and is marked to indicate its classification status when in document form. National Security Information is referred to as 'defense information' in the Atomic Energy Act.

**"Negation Plan"** has the meaning set forth in the SPA.

**"NISPOM"** means the National Industrial Security Program Operating Manual as required by Executive Order 12829 and under the authority of Department of Defense Directive 5220.22, "National Industrial Security Program (NISP)" for the protection of classified information released or disclosed to industry in connection with classified contracts under the NISP.

"**NRC**" means the U.S. Nuclear Regulatory Commission and any successor Governmental Authority thereto.

"**Nuclear and National Security Approvals**" means approvals, licenses, permits, or other authorizations required: (i) from the NRC under of the Atomic Energy Act, 10 CFR Part 70 and 10 CFR Part 76, including any applicable Negation Plans; (ii) from the NRC and DOE pursuant to the NISPOM, including any applicable Negation Plans; and (iii) from DOE regarding access to Restricted Data pursuant to 10 CFR Part 725.

"**Orderly Sale Arrangement**" has the meaning set forth in the SPA.

"**Ordinary Common Stock**" means the shares of the common stock of the Company, par value $0.10 per share.

"**Participant**" has the meaning set forth in Instruction 3 to Item 4 of Schedule 14A promulgated under the Exchange Act.

"**Permitted Holder**" means (i) Toshiba and its controlled Affiliates and (ii) B&W and its controlled Affiliates.

"**Permitted Offer**" means (a) an offer made to all of the holders of Common Stock in cash for any or all of the outstanding Common Stock that has been approved by the Directors of the Company other than the Investor Directors or (b) a private offer to acquire all of the Company's Common Stock made to the Board in response to a third party's offer to acquire a majority of the Company's equity securities or an indication by the Board to the Investors that they would be interested in receiving such an offer. The transaction proposed in a Permitted Offer must be approved or accepted by the holders of a majority of the outstanding shares of Ordinary Common Stock.

"**PIK Shares**" means the shares of Preferred Stock paid as in-kind dividends on Preferred Stock.

"**Preferred Stock**" has the meaning set forth in the recitals hereto.

"**Prospectus**" means the prospectus included in any Registration Statement, as amended or supplemented by any prospectus supplement with respect to the terms of the offering of any portion of the Registrable Securities covered by any Registration Statement and by all other amendments and supplements to such prospectus, including all material incorporated by reference in such prospectus and all documents filed after the date of such prospectus by the Company under the Exchange Act and incorporated by reference therein.

"**Proxy**" has the meaning ascribed to it in Section 5.4(b).

"**Registrable Securities**" means, at any time, all of the then issued and outstanding, or issuable, as the case may be, (a) shares of Common Stock issued or issuable to the Investors upon conversion of (x) the shares of Preferred Stock purchased by the Investors pursuant to the SPA or (y) any shares of Series B Common Stock, (b) all other shares of Common Stock issued or issuable to the Investors upon exercise of Warrants, (c) shares of any class of capital stock or other securities into which or for which any such shares of Common Stock shall have been converted or exchanged pursuant to any recapitalization, reorganization, merger or consolidation of the Company or sale of all or substantially all of the assets of the Company and (d) shares of capital stock issued with respect to the foregoing pursuant to a stock split or stock dividend. As to any particular Registrable Securities, such securities shall cease to be Registrable Securities when (i) they have been distributed to the public pursuant to an offering registered under the Securities Act, (ii) they have been sold to the public through a broker, dealer or market maker in compliance with Rule 144 under the Securities Act (or any similar rule then in force) or pursuant to the Orderly Sale Arrangement.

"**Registration Statements**" means the Initial Shelf and any subsequent Shelf Registration Statement registering the Registrable Securities.

"**Restricted Data**" means a kind of classified information that consists of all data concerning the following, but not including data declassified or removed from the Restricted Data category pursuant to section 142 of the Atomic Energy Act: (i) design, manufacture, or utilization of atomic weapons; (ii) production of special nuclear material; or (iii) use of special nuclear material in the production of energy.

"**SEC**" means the United States Securities and Exchange Commission.

"**Securities**" means any shares of Common Stock or preferred stock of the Company and any securities that are convertible into, or any option or right to subscribe for or acquire, any shares of Common Stock or preferred stock of the Company.

"**Securities Act**" means the Securities Act of 1933 as amended.

"**Series B-1 Certificate of Designation**" means the Company's Certificate of Designation of Series B-1 12.75% Convertible Preferred Stock.

**"Series B-2 Certificate of Designation"** shall mean the Company's Certificate of Designation of series of preferred stock of Series B-2 11.5% Convertible Preferred Stock.

**"Series C Certificate of Designation"** shall mean the Certificate of Designation of the Series C Participating Convertible Preferred Stock.

"**Shelf Registration Statement**" means a "shelf" registration statement filed under the Securities Act providing for the registration of, and the sale on a continuous or delayed basis by the Investors of, all of the Registrable Securities pursuant to Rule 415 under the Securities Act and/or any similar rule that may be adopted by the SEC, filed by the Company pursuant to the provisions of Article IV of this Agreement, including the Prospectus contained therein, any amendments and supplements to such registration statement, including post-effective amendments, and all exhibits and all material incorporated by reference in such registration statement, and any additional "shelf" registration statements filed under the Securities Act to permit the registration and sale of Registrable Securities pursuant to Article IV.

"**Solicitation**" has the meaning set forth in Regulation 14A promulgated under the Exchange Act.

"**Subsidiary**" of any Person shall mean any corporation, partnership, joint venture, limited liability company, trust or estate of which (or in which) more than fifty percent (50%) of (a) the issued and outstanding capital stock having ordinary voting power to elect a majority of the board of directors of such corporation (irrespective of whether at the time capital stock of any other class or classes of such corporation shall or might have voting power upon the occurrence of any contingency), (b) the interest in the capital or profits of such partnership, joint venture or limited liability company or (c) the beneficial interest in such trust or estate is at the time directly or indirectly owned or controlled by such Person, by such Person and one or more of its other Subsidiaries or by one or more of such Person's other Subsidiaries. Notwithstanding the foregoing, American Centrifuge Manufacturing, LLC shall not be considered a Subsidiary of B&W or the Company.

"**Third Party Financing**" means the funding or committed funding (pursuant to definitive binding agreements) for debt or equity of the Company in an amount of at least $100,000,000 from a third party that is not an Affiliate of the Company, a Japanese export credit agency, a U.S. Governmental Authority or an Excluded Lender where (1) such funds, together with such other additional funds available to the Company at such time, is necessary and sufficient to consummate the DOE Financial Closing, and (2) the third-party requires, as a condition to the funding, that the Preferred Stock be converted in accordance with the terms hereof.

"**Transaction Documents**" means this Agreement, the Certificates of Designation, the Charter Amendment, the Investor Rights Agreement, and the Strategic Relationship Agreement.

"**Unclassified Controlled Nuclear Information"** means certain unclassified Government information concerning nuclear facilities, materials, weapons, and components whose dissemination is controlled under section 148 of the Atomic Energy Act and 10 CFR 1017.

Exhibit 10.2

**Confidential treatment has been requested for the redacted portions. The confidential redacted portions have been filed separately with the Securities and Exchange Commission.**

# LIMITED LIABILITY COMPANY AGREEMENT

# OF

# AMERICAN CENTRIFUGE MANUFACTURING, LLC

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**LIMITED LIABILITY COMPANY AGREEMENT**

**AMERICAN CENTRIFUGE MANUFACTURING, LLC**

This Limited Liability Company Agreement of American Centrifuge Manufacturing, LLC, a limited liability company formed under the laws of the State of Delaware (the "Company"), dated as of September 2, 2010 (the "Agreement"), is entered into by American Centrifuge Holdings, LLC, a limited liability company formed under the laws of the State of Delaware (" Holdings") and Babcock & Wilcox Technical Services Group, Inc., a Delaware corporation ("B&W TSG" and, together with Holdings, the "Members").

WITNESSETH:

**WHEREAS,** USEC Inc., a Delaware corporation and Affiliate of Holdings (" USEC"), and B&W TSG executed that certain Memorandum of Understanding, dated as of May 1, 2009, to establish the Company to integrate the manufacturing of the AC100, including the management of suppliers of related services and materials, to assemble the AC100 and to provide services support for the AC100;

**WHEREAS,** the Company was formed on August 20, 2010 when the Certificate of Formation of the Company was filed with the Secretary of State of the State of Delaware in accordance with the provisions of the Delaware Limited Liability Company Act, Delaware Code Ann., Title 6, Section 18-101, et seq., as amended from time to time (the "Act"); and

**WHEREAS,** the undersigned desire to set forth herein their agreement regarding the manner in which the Company shall be governed and operated.

**NOW, THEREFORE,** in consideration of the mutual covenants contained herein and other valuable consideration, the receipt, adequacy and sufficiency of which are hereby acknowledged, the undersigned agree as follows:

**ARTICLE I – DEFINITIONS**

1.1 Definitions. The following terms have the definitions hereinafter indicated whenever used in this Agreement with initial capital letters.

(a) "AC100" means the AC100 centrifuges manufactured and assembled by the Company.

(b) "ACE" means American Centrifuge Enrichment, LLC, a Delaware limited liability company.

(c) "ACP" means American Centrifuge Plant, the facility being constructed by ACE in Piketon, Ohio.

(d) "Act" shall mean the Delaware Limited Liability Company Act, at Del. Code Ann., Title 6, Section 18-101, et seq., as amended from time to time.

(e) "Adjusted Capital Account Deficit" means with respect to any Member, the deficit balance, if any, in such Member's Capital Account as of the end of the relevant fiscal year, after giving effect to (i) the crediting to such Capital Account of any amounts which such Member is obligated to restore pursuant to any provisions of this Agreement or is deemed to be obligated to restore pursuant to Treasury Regulations §§ 1.704-2(g)(1) and 1.704-2(i)(5), and (ii) the debiting to such Capital Account of the items described in Treasury Regulations §§ 1.704-1(b)(2)(ii)(d)(4), 1.704-1(b)(2)(ii)(d)(5), and 1.704-1(b)(2)(ii)(d)(6). The definition of Adjusted Capital Account Deficit is intended to comply with the provisions of Treasury Regulations § 1.704-1(b)(2)(ii)(d) and shall be interpreted consistently therewith.

(f) "Affiliate" means, with respect to any Person, any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such Person.

(g) "Agreement" shall mean this Limited Liability Company Agreement.

(h) "Board of Managers" has the meaning set forth in Section 7.1 hereof.

(i) "B&W TSG" means Babcock & Wilcox Technical Services Group, Inc., a Delaware corporation.

(j) "Call Notice" has the meaning set forth in Section 4.11(a) hereof.

(k) "Capital Account" means the capital account maintained for a Member pursuant to Section 5.2 hereof.

(l) "Capital Contribution" means the amount of the initial contribution, as set forth on Exhibit A hereto, of each Member to the capital of the Company, and all other amounts contributed by the Members from time to time.

(m) "Certificate" has the meaning set forth in Section 10.5.

(n) "Classified Information" means any information or material, regardless of its physical form or characteristics, that has been determined pursuant to Executive Order 12356 or prior Executive Orders to require protection against unauthorized disclosure, and which is so designated; and all data concerning design, manufacture or utilization of atomic weapons, the production of Special Nuclear Material (as defined under the Atomic Energy Act of 1954 and regulations promulgated by the Nuclear Regulatory Commission), or the use of Special Nuclear Material in the production of energy, but shall not include

the data declassified or removed from the Restricted Data category pursuant to Section 142 of the Atomic Energy Act of 1954 unless protected under Section 142d of the Atomic Energy Act of 1954.

(o) "Code" means the United States Internal Revenue Code of 1986, and any successor statute, as amended from time to time.

(p) "Company" shall mean American Centrifuge Manufacturing, LLC, a Delaware limited liability company.

(q) "Dispose," "Disposing," or "Disposition" means a sale, assignment, transfer, exchange, mortgage, pledge, grant of a security interest or other disposition or encumbrance (including, by operation of law, but excluding any transfer occurring as a result of a technical dissolution), or the acts thereof.

(r) "Dispute" has the meaning set forth in Section 7.6.

(s) "Effective Date" has the meaning set forth in Section 2.6.

(t) "ESA" means that certain Equipment Supply Agreement between the Company and ACE effective as of the Effective Date.

(u) "Fee Agreement" means that certain Fee Agreement between the Company and The Babcock & Wilcox Company effective as of the Effective Date.

(v) "FOCI" means a degree of ownership, control or influence over the Company by a Foreign Person such that a reasonable basis would exist for concluding that compromise of classified information or special nuclear material may result.

(w) "Foreign Person" means (i) an individual who is not a citizen of the United States of America, (ii) a partnership in which any general partner is, or is controlled by, a Foreign Person or the partner or partners having a majority interest in partnership profits are Foreign Persons, (iii) a foreign government or representative thereof, (iv) a corporation, partnership, trust, company, association or other entity organized or incorporated under the laws of a jurisdiction outside of the United States or (v) a corporation, partnership, trust, company, association or other entity that is controlled directly or indirectly by any one or more of the foregoing.

(x) "Guaranty" means that certain guaranty issued by The Babcock & Wilcox Company effective as of the Effective Date supporting the Company's obligations under the ESA.

(y) "Holdings" means American Centrifuge Holdings, LLC, a Delaware limited liability company.

(z) "LTSA" means that certain Long Term Supply Agreement between the Company and ACE effective as of the Effective Date.

(aa) "Managers" has the meaning set forth in Section 7.1(b) hereof.

(bb) "Member" or "Members" means B&W TSG, Holdings, and/or any other Person that has been admitted as a Member pursuant to the terms hereof.

(cc) "Member Loan" shall have the meaning set forth in Sections 5.1(d) and 6.1(a).

(dd) "Member Nonrecourse Debt Minimum Gain" shall have the meaning set forth in Treas. Reg. § 1.704-(i)(2) (determined by substituting "Member" for "partner" as used therein).

(ee) "Member Nonrecourse Deductions" shall have the meaning set forth in Treas. Reg. §§ 1.704-2(i)(1) and 1.704-2(i)(2) (substituting "Member" for "partner" as used therein).

(ff) "Member Representative" shall mean the individual designated in Section 7.1(f) to act on behalf of the Members.

(gg) "Membership Interest" means the ownership interest of a Member in the Company, which shall be expressed as a percentage and set forth in Exhibit A hereto, including a Member's share of the Profit and Loss of the Company and a Member's rights to receive distributions of assets (liquidating or otherwise) and allocations according to such Membership Interest, and a Member's right to receive information and to consent to or approve such actions or omissions of the Company or another Member with respect to which the consent or approval of such Member is required.

(hh) "Minimum Gain" has the meaning set forth in Treas. Reg. § 1.704-2(d). Minimum Gain shall be computed separately for each Member in a manner consistent with the Treasury Regulations under Code § 704(b).

(ii) "MOU" means the Memorandum of Understanding executed by B&W TSG and USEC Inc. dated as of May 1, 2009.

(jj) "Nonrecourse Deductions" has the meaning set forth in Treas. Reg. § 1.704-2(b)(1).

(kk) "Officer" has the meaning set forth in Section 7.2 hereof.

(ll) "Person" means any individual, corporation, partnership, joint venture, limited liability company, limited liability partnership, association, joint stock company, trust, unincorporated organization, or other organization, whether or not a legal entity, and any governmental authority.

(mm) "Prime Rate" means the prime rate (or base rate) reported in the "Money Rates" column or section of *The Wall Street Journal* on the date with respect to which such rate is to be determined (or the most recent date on which such rate was published if such rate is not published on the date with respect to which such rate is to be determined) or such replacement rate agreed to by the Members if such Prime Rate ceases to be published by the Wall Street Journal or the Wall Street Journal ceases to be published.

(nn) "Profits" or "Losses" means, for each fiscal year or other period, an amount equal to the Company's taxable income or loss for such fiscal year or period determined in accordance with Code § 703(a) (for this purpose, all items of income, gain, loss or deduction required to be stated separately pursuant to Code § 703(a)(1) shall be included in taxable income or loss) with the following adjustments: (i) any income of the Company that is exempt from federal income tax and not otherwise taken into account in computing Profits or Losses shall be added to such taxable income or loss; (ii) any expenditures of the Company described in Code § 705(a)(2)(B) or treated as Code § 705(a)(2)(B) expenditures pursuant to Regulations § 1.704-1(b)(2)(iv)(i), and not otherwise taken into account in computing Profits or Losses, shall be subtracted from such taxable income or loss; and (iii) notwithstanding any other provision of this Section1.1(nn), any items which are specially allocated pursuant to Sections 5.5 or 5.6 hereof shall not be taken into account in computing Profits or Losses.

(oo) "Put Notice" has the meaning set forth in Section 4.11(b) hereof.

(pp) "State" shall mean the State of Delaware.

(qq) "Subsequent ESA" has the meaning set forth in Section 9.1(g) hereof.

(rr) "Supplier Agreements" means the agreements listed on Exhibit C hereto.

(ss) "Tax Matters Partner" has the meaning set forth in Section 8.7(d) hereof.

(tt) "Transferee" has the meaning set forth in Section 5.7 hereof.

(uu) "Transferor" has the meaning set forth in Section 5.7 hereof.

(vv) "Treasury Regulations" or "Treas. Reg." or "Regulations" means the regulations promulgated by the United States Department of the Treasury with respect to the Code, or corresponding provisions of future regulations as such regulations may be amended from time to time.

1.2 Construction.

(a) As used herein, the singular shall include the plural and all references herein to one gender shall include the others, as the context requires. "Includes" or "including" shall mean "including, but not limited to."

(b) Unless otherwise expressly provided, all references to "Articles," "Sections," "Exhibits," "Appendices" or "Annexes" are to Articles, Sections, Exhibits, Appendices or Annexes of this Agreement. The terms "hereof," "herein," "hereunder" and comparable terms refer to this entire Agreement and not to any particular article, section or other subdivision thereof.

(c) The headings and captions are used in this Agreement for convenience only and shall not be considered when determining the meaning of any provisions of this Agreement.

(d) References to a Person shall mean such Person and its successors and permitted assigns.

(e) Any agreement, document or drawing defined or referred to shall include each amendment, modification and supplement thereto and waiver thereof as may become effective from time to time, except where otherwise indicated. Any term defined by reference to any other agreement or document shall have such meaning whether or not such agreement or document remains in effect.

(f) Unless otherwise noted, references to specific laws or regulations in this Agreement shall be deemed to refer to the most recent version of such laws or regulations, including all amendments thereto.

(g) This Agreement has been freely negotiated by both Members and in the event there is any controversy, dispute, or claim involving the meaning, interpretation, validity, or enforceability of this Agreement or any of its terms and conditions, there shall be no inference, presumption, or conclusion drawn against a Member by virtue of such Member having drafted this Agreement or any portion hereof.

**ARTICLE II – ORGANIZATIONAL MATTERS**

2.1 Name. The name of the Company is American Centrifuge Manufacturing, LLC or such other name as the Members may determine from time to time, and all Company business shall be conducted in such name or such other names that comply with applicable law and as the Members may designate from time to time.

2.2 Certificates. Peter B. Saba is hereby designated as an "authorized person" within the meaning of the Act, and has executed, delivered and filed the Certificate of Formation of the Company with the Secretary of State of the State of Delaware (such filing being hereby approved and ratified in all respects). Upon the Effective Date, Peter B. Saba's powers as an "authorized person" shall cease, and each Member and each Officer of the Company thereupon became the designated "authorized person" and shall continue as the designated "authorized person" within the meaning of the Act. Any Member or any Officer, as an authorized person, within the meaning of the Act, shall execute, deliver and file, or cause the execution, delivery and filing of, all other certificates (and any amendments and/or restatements thereof) required or permitted by the Act to be filed with the Secretary of State of the State of Delaware.

Any Member or any Officer of the Company shall execute, deliver and file, or cause the execution, delivery and filing of any certificates (and any amendments and/or restatements thereof) necessary for the Company to qualify to do business in any other jurisdiction in which the Company may wish to conduct business.

2.3 Principal Place of Business. The principal place of business of the Company shall be at 400 Centrifuge Way, Oak Ridge, Tennessee 37830. The Company may locate its place of business at any other place or places as the Members may from time to time deem advisable.

2.4 Registered Agent. The name of the initial registered agent of the Company for service of process on the Company in the State of Delaware is The Corporation Trust Company.

2.5 Registered Office. The address of the registered office of the Company in the State of Delaware is 1209 Orange Street, Wilmington, Delaware 19801, or such other place as the Members may designate from time to time.

2.6 Term. The term of the Company commenced on the date the Certificate of Formation was filed with the Secretary of State of the State of Delaware, and shall continue indefinitely. This Agreement will become effective upon (i) the initial drawdown of funds by, or the other issuance of credit to, ACE under binding agreements among ACE and third parties (which may include the U.S. government) that obligate such third parties to lend to ACE funds for the construction of the ACP; and (ii) the execution and delivery of the ESA, the Guaranty and the LTSA (the latest to occur, the "Effective Date").

2.7 No Partnership Intended. Other than for purposes of determining the status of the Company under the Code and the Treasury Regulations and under any applicable state, municipal or other income tax law or regulation, the Members intend that the Company not be a partnership, limited partnership or joint venture and this Agreement shall not be construed to suggest otherwise; provided, however, that if the courts of any jurisdiction having jurisdiction over the Company or any of its properties do not recognize the Company as a limited liability company, for purposes of any action or suit to which the Company is a party or to which its properties are subject or for any other purpose, the Members intend that the Company is a limited partnership in such jurisdiction and shall promptly take such steps as are necessary to reflect such intention.

2.8 Classes. All Membership Interests shall be of the same class.

**ARTICLE III – BUSINESS OF COMPANY**

Manufacturing, assembly and long-term services support of AC100 and such other business activities as may be approved from time to time by the Board of Managers.

The Company may engage in all activities required for, or related or appurtenant to, (i) the manufacture, production, assembly, construction, building, repair, refurbishment, sale, lease, or license of uranium centrifuge machines and related equipment and facilities including the procurement and operation of facilities, equipment, materials, technologies and processes to manufacture, produce, assemble, construct, build, repair or refurbish uranium enrichment centrifuge machines; (ii) the purchase, refurbishment, manufacture, assembly, leasing, licensing, testing, loan or sale of the facilities, equipment, components, materials, technologies and processes, including all forms of intellectual property, necessary to build, modify, repair and maintain centrifuges, equipment and facilities for the enrichment of uranium (in any form); (iii) providing long-term maintenance, repair and replacement services support of uranium enrichment centrifuges, equipment and facilities; (iv) such other business activities as may be approved from time to time by the Members, or by the President/General Manager of the Company pursuant to authority delegated thereto; and (v) the maintenance of such equipment and facilities, including, constructing, refurbishing, manufacturing or purchasing and installing, or having installed, equipment and materials in such facilities; registering, patenting, owning or licensing intellectual property; selling, purchasing, pledging, mortgaging, assigning, loaning, licensing, leasing or otherwise acquiring, transferring, securing or disposing of real and personal property; borrowing or lending money; entering into tax agreements, including the purchase, ownership or sale of securities related thereto; employing or contracting for personnel to perform such activities; purchasing, leasing, licensing or otherwise acquiring any and all kinds of property, materials, utilities and services required or useful for any of the foregoing activities; providing any and all kinds of property, materials, utilities and services required or useful for any of the foregoing activities; procuring policies of insurance, payment and performance bonds, or other surety and security products in connection with any of the foregoing activities; contracting to provide goods and services to, or to obtain goods and services from, the U.S. government or its contractors in connection with any of the foregoing activities; obtaining permits and governmental approvals to perform any of the foregoing activities; and entering into contracts and agreements of any type in connection with any of the foregoing activities, including guarantees of the performance of such contracts and other obligations by others. Consistent therewith, the Company shall have, and may exercise, all of the rights, powers and privileges now or hereafter conferred by the laws of the State on limited liability companies formed thereunder.

**ARTICLE IV – MEMBERS; OWNERSHIP; DISPOSITION OF INTERESTS**

4.1 Members. The Members of the Company are B&W TSG and Holdings, each of which has been admitted to the Company, and any other Person as may be properly admitted as a Member pursuant to the terms hereof in addition to or as assignees of the Members. The Membership Interest of each party hereto shall be as shown on Exhibit A attached hereto. If a Member transfers all of its Membership Interest to another entity, the transferor shall cease to be a Member.

4.2 Property. All property owned by the Company, whether real or personal, tangible or intangible, and wherever located, shall be deemed to be owned by the Company as an entity, and no Member, individually, shall have any ownership of such property. The Company may hold its property in its own name or through any trustee or agent or in the name of a nominee , in each case selected by the Board of Managers or an authorized Officer, which may be one of the Members or an Affiliate thereof if approved by the Members.

4.3 Disposition of Membership Interests.

(a) No Member may Dispose of its Membership Interests, in whole or in part, or any or all of its rights and obligations under this Agreement, to a third party without the consent of the other Member, such consent not to be unreasonably withheld or delayed. It shall be reasonable for a Member to

withhold its consent if the proposed Disposition by the other Member is to an entity which competes with the Member whose consent is being sought.

(b) The Person to whom a Membership Interest is Disposed shall have no right to be admitted as a Member of the Company unless (i) the Membership Interest is Disposed by a Member who was properly admitted as such pursuant to the terms hereof; (ii) each Member effecting the Disposition and the Person to whom the Membership Interest is Disposed executes and delivers a document to the other Members containing a representation and warranty by each Member effecting such Disposition and the Person to whom such Membership Interest is Disposed to the effect that such Disposition was made in accordance with all applicable laws and regulations, including applicable securities laws and regulations; and (iii) all of the other requirements of this Section 4.3 are satisfied with respect to such admission.

(c) A Person to whom a Membership Interest is Disposed shall be admitted as a Member of the Company if (i) the existing Members (who shall not include the Member who transferred its interest) consent to such admission, pursuant to Section 4.3(a); (ii) such Person executes an appropriate agreement agreeing to be bound by the terms and conditions of this Agreement, which agreement shall contain the representations and warranties of such Person reasonably required by the other Members, and the Member who transferred its interest and such Person execute any other instruments relating to the Disposition of such Membership Interest reasonably required by other Members, including documentation evidencing such Persons' authority to enter into such arrangement; and (iii) the Members receive a document setting forth (A) the notice and payment address and facsimile number of the Person to be admitted to the Company as a Member, (B) an agreement by such Person to perform and discharge timely all of the obligations and liabilities in respect of the Membership Interest being obtained and (C) the effective date of the Disposition.

(d) In addition to the requirements for Disposing of a Membership Interest set forth above in this Section 4.3, no Member may Dispose of its Membership Interest, in whole or in part, unless:

(i) such Disposition is accomplished in a non-public offering in compliance with, and exempt from registration and qualification requirements of, all federal and state securities laws and regulations;

(ii) such Disposition will not adversely affect the Company or any other Member under the Code unless indemnified by the Transferor or an affiliate thereof in a manner reasonably satisfactory to each affected Member;

(iii) such Disposition does not result in a default under, breach of any obligation contained in, or cause the failure of a condition contained in any material agreement to which the Company is a party;

(iv) the Transferor and/or the Transferee bear all reasonable costs of the Company and other Members in connection with such Disposition, including costs incurred in amending this Agreement;

(v) the Transferee has received from the Department of Energy or the Nuclear Regulatory Commission, as applicable, a positive determination under foreign ownership, control and influence rules and regulations;

(vi) such Disposition will not adversely affect the ability of the Company to possess and use Classified Information; and

(vii) the Company has received the written opinion, prepared and delivered to the Company at the expense of the Transferor prior to the effectiveness of such Disposition, of counsel selected by the Transferor that the conditions in clause (i) above are satisfied (such counsel and opinion to be reasonably acceptable to the Board of Managers).

4.4 Admission of Additional Members. Additional Persons may be admitted as Members in the Company, without the sale, assignment, transfer or exchange by an existing Member of all or any part of its Membership Interest, only (i) with the consent of all the existing Members, which consent may be withheld by any such Member in its sole discretion, (ii) the modification of this Agreement as required and agreed by all of the then-existing Members, and (iii) upon the making of such Capital Contribution, if any, as the then-existing Members shall require from such Person. In such event, the Membership Interest of the existing and additional Members shall be adjusted to reflect the Membership Interest, if any, allocated to such additional Member.

4.5 Liability of Members. No Member shall have any liability for any obligation of the Company, whether such obligation arises in contract, tort or otherwise, except to the extent that any such obligations are expressly assumed in writing by such Member. To be effective, such writing shall specifically reference this section and state that said liability or obligation represents an exception thereto.

4.6 Resignation or Withdrawal of Members. A Member does not have the right or power to resign or withdraw from the Company as a Member without the approval of the other Member except as set forth in this Agreement.

4.7 Holdings Call Rights. Notwithstanding any other provision of this Article IV, Holdings shall have the right, exercised in its sole discretion, to acquire all, but not less than all, of the Membership Interests of B&W TSG (a) as an alternative to liquidation or dissolution described in Section 9.1(a), (c), (e) (if Holdings is the Member which files for, or takes any action seeking to obtain, such judicial dissolution) or (g); or (b) as an alternative to liquidation or dissolution described in Section 9.1(b), (d) or (e) (if B&W TSG is the Member which files for, or takes any action seeking to obtain, such judicial dissolution); or (c) upon the occurrence of any transaction or other event that results in a competitor of USEC Inc. or Holdings becoming an Affiliate of B&W TSG; or (d) B&W TSG or any Affiliate fails to perform any material obligation under the Fee Agreement or the Guaranty (such call right being in addition to any other right or remedy afforded under the Fee Agreement and Guaranty).

4.8 B&W TSG Put Rights. Notwithstanding any other provision of this Article IV, B&W TSG shall have the right, exercised in its sole discretion, to require Holdings to acquire all, but not less than all, of the Membership Interests of B&W TSG in the event of (a) a termination by ACE of the ESA for the convenience of ACE, or (b) the Members are unable to resolve a Dispute pursuant to Section 7.6, or (c) as an alternative to liquidation or dissolution described in Section 9.1(e) (if Holdings is the Member which files for, or takes any action seeking to obtain, such judicial dissolution) or (g).

4.9 Consideration. The consideration to be paid by Holdings upon a transfer under Section 4.7 or 4.8 shall be based upon the valuation of an independent appraiser pursuant to Section 4.10 (but in no event shall such appraisal result in a deemed valuation of less than zero). In the event of such a transfer, B&W TSG shall have a right-of-first-refusal to assume the Company's contracts other than the ESA, any Subsequent ESA, the Supplier Agreements, the LTSA or any other agreement related to the manufacture of the AC100 centrifuges or its components. Any exercise of such right shall be considered by the independent appraiser.

4.10 Valuation. The valuation of any Membership Interests transferred from one Member to the other shall be established by an independent appraiser utilizing discounted cash flow analysis of expected future enterprise value reflecting, as of the date of the issuance of a Call or Put Notice (each as defined below): (a) the Capital Accounts of the Members, (b) the assets and liabilities of the Company, (c) the contractual obligations and rights of the Company, (d) the benefits of future contracts, (e) that all Company indebtedness shall be deemed to remain in place after such sale, (f) that no commissions shall be paid on such hypothetical sale of the assets of the Company, (g) the occurrence of any event described in Section 4.7(d) and (h) such other matters determined by such appraiser to be relevant; provided, however, the appraiser shall not include in such appraisal any asset of the Company to the extent such asset was contributed to or otherwise provided to the Company by or on behalf of the transferee Member at or subsequent to the formation of the Company including as set forth in Exhibits A, C and E and, provided further, that in performing the discounted cash flow analysis with respect to future contract revenue, the independent appraiser shall assume that the Company retains the benefit of the use of the excluded assets. The independent appraiser shall be one of the following: a Certified Business Appraiser from the Institute of Business Appraisers, an Accredited Senior Appraiser from the American Society of Appraisers, Accredited for Business Valuation by the American Institute for Certified Public Accountants, or a Certified Valuation Analyst by the National Association of Certified Valuation Analysts. The costs of a single independent appraiser shall be borne equally by the Members. In the event that the Members cannot agree on an independent appraiser, each Member will select and pay for its own independent appraiser and the valuation for purposes of this Section 4.10 shall be the average of the results of each Member's independent appraisal.

4.11 Process.

(a) Upon occurrence of one of the events set forth in Section 4.7, Holdings may deliver to B&W TSG a written notice (a " Call Notice") to purchase the entire Membership Interest of B&W TSG. The Call Notice shall identify Holdings' selected independent appraiser meeting the standards set forth in Section 4.10. Such Call Notice must be delivered prior to the 30 th day following the occurrence of one of the events set forth in Section 4.7. Failure of Holdings to deliver such Call Notice prior to the 30 th day following such event shall be deemed to be an election by Holdings not to invoke the provisions of Section 4.7. The failure of Holdings to exercise such right at any given time shall not be a waiver by Holdings of any right to issue a Call Notice upon the subsequent occurrence of any event described in Section 4.7. No Call Notice may be rescinded once given without the written consent of B&W TSG, which consent may be withheld or conditioned in B&W TSG's sole and absolute discretion. Upon issuance of a Call Notice, Holdings shall have the right to replace B&W TSG's Managers on the Board of Managers.

(b) Upon occurrence of one of the events set forth in Section 4.8, B&W TSG may deliver to Holdings a written notice (a " Put Notice") to sell the entire Membership Interest of B&W TSG to Holdings. The Put Notice shall identify B&W TSG's selected independent appraiser meeting the standards set forth in Section 4.10. Such Put Notice must be delivered prior to the 30 th day following the occurrence of one of the events set forth in Section 4.8. Failure of B&W TSG to deliver such Put Notice prior to the 30 th day following such event shall be deemed to be an election by B&W TSG not to invoke the provisions of Section 4.8. The failure of B&W TSG to exercise such right at any given time shall not be a waiver by B&W TSG of any right to issue a Put Notice upon the subsequent occurrence of any event described in Section 4.8. No Put Notice may be rescinded once given, without the written consent of Holdings, which consent may be withheld or conditioned in Holdings' sole and absolute discretion. Upon issuance of a Put Notice, Holdings shall have the right to replace B&W TSG's Managers on the Board of Managers.

(c) Within 10 days following delivery of a Call or Put Notice, the receiving Member shall either agree with the independent appraiser identified in such Call or Put Notice or identify such Member's selection of its own independent appraiser meeting the standards set forth in Section 4.10. Failure to provide such response shall be deemed to be an acceptance of the proposed appraiser.

(d) Within 15 days after agreement on an appraiser or selection of a second appraiser, each Member may present a briefing paper of its evaluation of the factors outlined in Section 4.10 for consideration by the appraiser. Concurrently with the delivery of a briefing paper to the appraiser, a Member shall provide a copy of such submittal to the other Member. Each appraiser shall perform and issue its appraisal of the Membership Interests with a valuation as of the date of the issuance of a Call or Put Notice. The appraiser shall not render a valuation prior to receipt and consideration of any submitted briefing paper or until the deadline has passed without receipt of a briefing paper.

(e) Within 45 days after agreement on an appraiser or selection of a second appraiser, the appraiser(s) shall issue their valuation(s). Within 45 days after the issuance of such valuation(s), Holdings shall purchase B&W TSG's Membership Interests. Such Membership Interests shall be transferred free and clear of all liens and other encumbrances and B&W TSG shall deliver an officer's certificate to Holdings to that effect and representing and warranting that B&W TSG is the holder of good and clear title to the Membership Interests being transferred. Each Member agrees to cooperate and to take all actions and execute all documents reasonably necessary or appropriate to reflect the purchase of B&W TSG's Membership Interests by Holdings. All transfer, stamp and recording taxes imposed as a result of such transfer shall be payable by the issuer of the Put or Call Notice. All other costs shall be borne by the party who customarily bears such costs.

4.12 Break-Up Fee. In the event of (a) a transfer resulting from Section 4.7(a) or Section 4.8(a) or Section 4.8(c), or (b) a dissolution of the Company as a result of Holdings exercising its rights pursuant to Section 9.1(c), Holdings shall pay, as of the date of transfer or dissolution, as applicable, to B&W TSG a break-up fee equal to:

| Date | Amount |
|---|---|
| From the Effective Date through December 31, 2011 | ***** |
| January 1, 2012 through December 31, 2012 | ***** |
| January 1, 2013 through December 31, 2013 | ***** |
| January 1, 2014 through December 31, 2014 | ***** |

| | |
|---|---|
| January 1, 2015 through December 31, 2015 | ***** |
| Thereafter | ***** |

The break-up fee shall be calculated as of the date upon which, as applicable, Holdings issues a Call Notice pursuant to Section 4.11(a), B&W TSG issues a Put Notice pursuant to Section 4.11(b) or the date of dissolution of the Company. Such break-up fee shall be in addition to any consideration for the transfer or dissolution otherwise payable under this Agreement.

**ARTICLE V – CAPITAL CONTRIBUTIONS; CAPITAL ACCOUNTS; DISTRIBUTIONS AND ALLOCATIONS**

5.1 Capital Contributions.

(a) The Members have contributed their respective initial Capital Contributions as set forth in Exhibit A and, except as set forth in Section 5.1(d) or as may be required of the new Member pursuant to Section 4.4 hereof, no Member shall have any obligation to contribute additional funds to the capital of the Company. Upon making its initial Capital Contribution as set forth in Exhibit A, each Member shall be entitled to its Membership Interest in the Company.

(b) Except as may be required by law, or in respect of any negative balance resulting from a withdrawal of capital or a distribution in contravention of this Agreement, at no time during the term of the Company shall a Member with a negative balance in its Capital Account have any obligation to the Company or to the other Members to restore such negative balance.

(c) Other than limitations included in the Supplier Agreements, Holdings shall provide full and unrestricted access to the existing and planned capital improvements specified in Exhibit E hereto. Holdings shall also provide for and fund all facilitization, construction, and capital improvements set forth in Exhibit E hereto, including any and all revisions to Exhibit E made after the date hereof to the extent the management team of the Company reasonably believes such changes are necessary to achieve production of 400 centrifuge machines per month and such changes are approved by Holdings. Notwithstanding any other provision of this Article V, the provision of such access and the funding of such facilitization, construction, and capital improvements shall not constitute a Capital Contribution as defined herein and shall not result in any increase in Holdings' Capital Account or Membership Interest, but shall constitute contributions for purposes of Sections 4.10 and 9.4. Holdings and its Affiliates shall be treated as the owner of such existing and planned capital improvements and facilities for all income tax purposes.

(d) Additional Capital Contributions may be required by the Members. If the Members unanimously agree that additional Capital Contributions are required for the Company to perform its obligations, the Members shall fund such additional Capital Contributions proportionally according to their respective Membership Interest in the Company. To the extent that a Member does not contribute its proportional share of such additional Capital Contribution, the other Member may, but is not obligated to, lend (which loan shall be a Member Loan and shall bear interest and be payable pursuant to Section 6.1(b) below) or contribute such amount to the Company (in which case, the contributing Member's Capital Account shall be adjusted in accordance with Section 5.2 and the contributing Member's Membership Interest shall be increased by *****).

5.2 Capital Accounts. Each Member's Capital Account shall be maintained on the books of the Company for each Member and the balance of each Member's Capital Account shall be initially equal to such Member's Capital Contribution set forth in Exhibit A, and shall, subject to Section 7.1(e), be (a) increased by (i) the aggregate amount of such Member's additional Capital Contributions to the Company; (ii) the fair market value of property contributed by such Member to the Company (not to include property referenced in Exhibit E), net of liabilities secured by such property that the Company is considered to assume or take subject to under Code § 752; and (iii) Profits and items of income and gain allocated to such Member in accordance with its Membership Interest, and (b) decreased by (i) cash distributions to such Member from the Company; (ii) the fair market value of property distributed in kind to such Member, net of liabilities secured by such property that such Member is deemed to assume or take subject to under Code § 752; and (iii) Losses and items of loss or deduction allocated to such Member in accordance with its Membership Interest. The provisions of this Agreement relating to the maintenance of Capital Accounts are intended to comply with § 1.704-1(b) of Treasury Regulations pursuant to the Code and shall be interpreted and applied in a manner consistent with such regulation. To the extent such provisions are inconsistent with such regulations or are incomplete with respect thereto, the Capital Accounts of the Members shall be maintained in accordance with such regulations.

5.3 Distributions.

(a) Distributions to the Members shall be shared *pro rata* according to their respective Membership Interests. Distributions may be made from time to time in such amounts and at such times, but no less than quarterly, as the Members unanimously agree, subject to any restrictions that may be imposed on distributions to Holdings by lenders or guarantors for the financing of the ACP. Immediately prior to a distribution of property other than cash, the Capital Accounts shall be adjusted as provided in Treas. Reg. § 1.704-1(b)(2)(iv)(f).

(b) Except as set forth in Section 9.4, in connection with any distribution, whether upon winding up of the Company or otherwise and whether or not it shall constitute a return of capital, no Member shall have the right to demand or receive property other than cash, although the liquidator may distribute property other than cash, but only with approval of all Members. No Member shall have priority over any other Member either as to the return of its Capital Contribution or as to allocation of Profits or Losses of the Company.

5.4 Allocation of Profits and Losses.

(a) Profits and Losses of the Company for each fiscal year shall be allocated *pro rata* to the Members according to their respective Membership Interests.

(b) Every item of income, gain, loss, deduction, credit or tax preference entering into the computation of Profits and Losses, or applicable to the period during which such Profits or Losses were recognized, shall be considered allocated to each Member in the same proportion as Profits or Losses are allocated to such Members.

(c) Losses allocated pursuant to this Section 5.4 shall not exceed the maximum amount of Losses that can be allocated without causing any Member to have an Adjusted Capital Account Deficit at the end of any fiscal year. In the event that some but not all of the Members would have Adjusted Capital Account Deficits as a consequence of an allocation of Losses pursuant to this Section 5.4, the limitation set forth immediately above shall be applied on a Member by Member basis, and Losses not allocable to any Member as a result of such limitation shall be allocated (a) first, to the other Members in accordance with the positive balances in such Member's Capital Accounts so as to allocate the maximum permissible Losses to each Member under Section 1.704-1(b)(2)(ii)(d) of the Regulations (until the Capital Account balances of all Members shall be reduced to zero); and (b) thereafter, in the same manner as Nonrecourse Deductions.

5.5 Regulatory Allocations. The following special allocations shall be made in the following order and priority:

(a) In order to comply with the "minimum gain chargeback" requirements of Treas. Reg. §§ 1.704-2(f)(1) and 1.704-2(i)(4), and notwithstanding any other provision of this Agreement to the contrary, in the event there is a net decrease in a Member's share of Minimum Gain and/or Member Nonrecourse Debt Minimum Gain during a Company taxable year, such Member shall be allocated items of income and gain for that year (and if necessary, other years) as required by and in accordance with Treas. Reg. §§ 1.704-2(f)(1) and 1.704-2(i)(4) before any other allocation is made. It is the intent of the parties hereto that any allocation pursuant to this Section 5.5(a) shall constitute a " minimum gain chargeback" under Treas. Reg. §§ 1.704-2(f) and 1.704-2(i)(4).

(b) In the event any Member unexpectedly receives any adjustments, allocations, or distributions described in Treasury Regulations §§ 1.704-1(b)(2)(ii)(d)(4), 1.704-1(b)(2)(ii)(d)(5), or 1.704-1(b)(2)(ii)(d)(6), items of Company gross income and gain shall be specially allocated to such Member in an amount and manner sufficient to eliminate, to the extent required by the Treasury Regulations, the Adjusted Capital Account Deficit of such Member as quickly as possible, provided that an allocation pursuant to this Section 5.5(b) shall be made only if and to the extent that such Member would have an Adjusted Capital Account Deficit after making all other allocations provided for hereunder on the basis that the allocation provisions of this Section 5.5(b) are of no force or effect and such allocation does not create or increase an Adjusted Capital Account Deficit of any other Member.

(c) Nonrecourse Deductions for any fiscal year or other period shall be specifically allocated to the Members pro rata according to their respective Membership Interests. Any Member Nonrecourse Deductions for any fiscal year or other period shall be specifically allocated to the Member who bears the economic risk of loss with respect to the Member Nonrecourse Deductions, attributed in accordance with Treas. Reg. § 1.704-2(i).

(d) To the extent an adjustment to the adjusted tax basis of any Company asset pursuant to Code § 734(b) or Code § 743(b) is required, pursuant to Treasury Regulations § 1.704-1 (b)(2)(iv)(m), to be taken into account in determining Capital Accounts, the amount of such adjustment to the Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis) and such gain or loss shall be specially allocated to the Members in a manner consistent with the manner in which their Capital Accounts are required to be adjusted pursuant to Treasury Regulations § 1.704-1(b)(2)(iv)(m).

5.6 Tax Allocations.

(a) Except as otherwise provided in this Agreement, allocations for tax purposes of items of income, gain, loss and deduction, and credits and basis therefor, shall be made in the same manner as allocations for book purposes as set forth in Section 5.4. Allocations pursuant to this Section 5.6 are solely for purposes of federal, state and local taxes and shall not affect, or in any way be taken into account in computing, any Member's Capital Account or share of Profits, Losses, other items or distributions pursuant to any provision of this Agreement.

(b) In accordance with Code Section 704(c) and the Regulations thereunder and Regulations Section 1.704-1(b)(4)(i), income, gain, loss and deduction (as computed for federal income tax purposes) with respect to any property contributed to the capital of the Company or otherwise revalued on the books of the Company shall, solely for federal income tax purposes, be allocated among the Members to take into account any variation between the adjusted basis of such property to the Company for federal income tax purposes and its fair market value as determined at the time of the contribution or revaluation.

(c) To the extent that a Member is deemed to realize any item of imputed income (including interest or rental income) as a result of its participation in the Company, any offsetting deduction realized by the Company with respect to such item of income shall be allocated 100% to such Member.

(d) Tax credits and any other items other than Profits and Losses that are not otherwise expressly provided for herein shall be allocated to the Members as determined by the Tax Matters Partner and unanimously approved by the Members, subject to any requirements of the Code and Regulations.

(e) Gain from the disposition of Company assets which is allocated to a Member for tax purposes shall include, to the extent possible, ordinary income consisting directly or indirectly of recaptured deductions (for depreciation or otherwise) to the same extent and in the same proportion as such deductions were previously allocated to such Member.

(f) Tax allocations may deviate from the foregoing only upon the unanimous agreement of the Members.

5.7 Allocations with Respect to Transferred Interests. If a Membership Interest has been Disposed of during a fiscal year, distributions shall be made, as among the party or parties Disposing of the Membership Interest (the " Transferor(s)") and the party or parties to whom the Membership Interest is Disposed (the "Transferee(s)"), to the Person owning the Membership Interest on the date of the distribution. Profits, Losses and items allocated under this Section 5.7 (other than income or loss from a capital event) shall be allocated based on the closing of the books method under Code § 706, and Profits or Losses from any capital event shall be allocated to the holder of the Membership Interest on the day the capital event occurred during such fiscal year.

5.8 Relation to Fee Agreement. None of the payment or refund of the Fee (as defined in the Fee Agreement) under the Fee Agreement, or any other payment by B&W TSG to the Company under the Fee Agreement, will constitute a Capital Contribution or distribution under this Agreement and shall not alter B&W TSG's Capital Account balance.

**ARTICLE VI – MEMBER LOANS**

6.1 Loans.

(a) In the event that either Member reasonably concludes that the Company requires additional funds to perform its obligations and the Members do not agree to a capital call to provide such funds pursuant to Section 5.1(d), such Member may, but is not obligated to, lend money to the Company, which loan shall constitute a Member Loan.

(b) Interest shall accrue on the outstanding principal balance of any Member Loan at a variable rate per annum equal to *****. The initial interest rate shall be based on the Prime Rate in effect on the first banking day of the month in which such Member Loan is made. Any change in the interest rate for Member Loans resulting from a change in the Prime Rate shall be effective on the first banking day of the first month following the month in which such change occurs. Interest on Member Loans shall be compounded monthly. Interest and principal on Member Loans shall be payable solely out of available net cash flow of the Company on the first banking day of each month prior to any distributions to Members. After payment of all interest then due on outstanding Member Loans, remaining available net cash flow shall be applied to repay the outstanding principal amount of Member Loans. In the event that more than one Member Loan is outstanding at any time, interest and principal shall be payable in proportion to the amount of accrued but unpaid interest in the case of interest payments, and in proportion of the unpaid principal amounts of the outstanding member Loans in the case of principal payments. No Member shall have recourse against any other Member on account of a Member Loan.

**ARTICLE VII – MANAGEMENT**

7.1 Management.

(a) Overall management and control of the Company shall be vested in a board (the " Board of Managers"). The Board of Managers shall have the power to do any and all acts necessary, convenient or incidental to or for the furtherance of the purposes described herein, including all powers, statutory or otherwise, possessed by members of a limited liability company under the laws of the State of Delaware to the extent such powers are consistent with the terms of this Agreement and are appropriate or useful in carrying out the purposes of the Company as set forth in this Agreement. The Board of Managers has the authority to bind the Company. The Board of Managers may unanimously delegate the foregoing powers and authority to any of its authorized Officers.

(b) The Board of Managers shall consist of seven (7) individuals (" Managers"), four (4) appointed by Holdings and three (3) appointed by B&W TSG. The initial Managers are designated in Section 7.1(g) below. Each Manager shall have such powers and rights as are set forth in this Agreement and as the Members determine from time to time and shall serve until he or she resigns, dies or becomes incapacitated or is removed by the Member that appointed such Manager. Each Member, for each appointed Manager, may appoint one alternate to attend meetings, and tender the absent Manager's vote, in the Manager's absence upon written notice and will endeavor to do so at least five (5) business days prior to any regularly scheduled meeting of the Managers. Any Member may, at any time and for any reason, remove and replace any Manager appointed by such Member. Any such removal, and the name of any such replacement, shall be set forth in a written notice to the Company and the other Member and shall be effective as of the date set forth in such notice. The Board of Managers shall select a Manager to serve as the chair of the Board of Managers. The Board of Managers shall have the sole power to determine appropriate levels of capital of the Company, whether the Company should seek capital in the form of debt, equity or a combination thereof and the kinds of securities, if any, of the Company to be issued from time to time. The Board of Managers shall meet at an agreed time and location proposed by the chair (which may be by telephone conference so long as each Manager has the opportunity to participate fully) to direct and supervise the Company's affairs, and may adopt such other rules of the conduct of its business as it shall determine to be necessary, proper or desirable. Decisions of the Board of Managers shall be reflected in writing in the form acceptable to the Board of Managers.

(c) Any action required or permitted to be taken at any meeting of the Board of Managers may be taken without a meeting if all Managers consent thereto in writing and the writings are filed with the minutes of proceedings of the Board of Managers.

(d) Unless otherwise specified herein, all decisions of the Board of Managers, including the decision to require a refund or other unscheduled payment under the Fee Agreement, shall require the consent of four Managers.

(e) Notwithstanding the foregoing provisions, the following actions shall require the unanimous approval of the Members (as evidenced by a writing signed by all Member Representatives):

1. The execution or modification of any agreement between the Company and a Member or an affiliate of a Member other than execution of seconding agreements for supply of Member personnel utilizing the seconding agreement approved by the Members;
2. Commencement of voluntary bankruptcy of the Company;
3. Dissolution of the Company, except as otherwise provided in this Agreement;
4. Approval of the annual business plan;
5. Additional Capital Contributions for any Member;
6. Changes in the tax elections of the Company;
7. Settlement of claims against Company;
8. Amendment of this Agreement;

9. Commencement of litigation by the Company;

10. Entry by the Company into new business activities, other than as delegated to the President/General Manager;

11. Modification to the delegation of authority to the President/General Manager attached hereto as Exhibit D;

12. Establishment of employee incentive plans and bonus guidelines;

13. Capital expenditures in excess of the approved budget, or any individual expenditure in excess of $1 million;

14. Initial terms of the seconding agreement for supply of Member personnel to the Company;

15. Providing any warranty, liquidated damage or guarantee provisions in any contracts or agreements other than as provided in this Agreement, the ESA, any Subsequent ESA and the LTSA;

16. Permitting (and, for purposes of Section 5.2, valuing of) a Capital Contribution to the Company other than cash;

17. Adjusting any Member's Capital Account other than as provided in Section 5.2;

18. Except for distributions required by this Agreement, making any distribution to a Member on account of the Member's Membership Interest;

19. Selecting or changing the Company's outside legal counsel, other than tax counsel;

20. Selecting or changing the Company's outside auditors, if any;

21. Establishing the insurance program for the Company;

22. The selection or variance of depreciation or accounting methods or making any other decision affecting the state and/or federal income tax status of the Company that impacts distributions;

23. The incurrence of any debt, payment obligation, guaranty or suretyship contract;

24. The mortgaging, assigning, or granting of a security interest or permitting liens on company assets, whether or not jointly held with other Members, to the extent of the Company's interest in such assets;

25. Approval of the terms of any indemnifications and hold harmless agreements other than as provided in this Agreement, the LTSA, the ESA and any Subsequent ESA;

26. Initiating or settling any third-party claim, dispute or litigation;

27. Admission, withdrawal or expulsion of Members, other than dissolution or transfer as provided in this Agreement;

28. Transfer of Membership Interests and appointment of a successor in interest as a substituted member, other than to Affiliates or as otherwise provided for in this Agreement;

29. Assigning, subcontracting and delegating Member obligations to non-Affiliates;

30. Member guarantees of indebtedness or loans to the Company other than as provided in this Agreement;

31. Sale of any assets in which the Members may have a joint interest other than inventory or in the normal course of business; and

32. Dissolving, terminating or merging the Company to the extent such action has any detrimental impacts on any of the Members (as determined in the sole discretion of each Member), other than as provided in this Agreement.

(f) The initial Member Representatives are as follows:

| **Holdings** | **B&W TSG** |
|---|---|
| Phil Sewell | Bob Cochran |

(g) The initial Managers are as follows:

| **Holdings** | **B&W TSG** |
|---|---|
| 1. Tracy Mey | 1. Bob Cochran |
| 2. Peter Saba | 2. Carl Durham |
| 3. Phil Sewell | 3. Randall J. Spickard |
| 4. Paul Sullivan | |

7.2 Employees; Appointment of Officers.

(a) Unless otherwise agreed by the Members, all personnel, including Officers, are to be secondees from the Members or their Affiliates. The initial key management personnel of the Company (the "Officers") shall be the persons listed below opposite the offices to which they are hereby appointed until each resigns or is removed:

| Name | Office |
|---|---|
| Carl Durham | President/General Manager |
| Larry Cutlip | Vice President and Director of Program Management |
| TBD | Director, Engineering |
| Mike Vermeulen | Director, Procurement & Contracts |
| John Sinclair | Director, Manufacturing |
| TBD | Director, Quality Assurance |
| Mike Knight | Director, Safety & Security |
| Bess Lowery | Director, Human Resources |
| TBD | Director, Finance |

(b) The Company hereby delegates to the President/General Manager the authority specified in Exhibit D to this Agreement. The President/General Manager may then delegate his authority to other Officers at his discretion.

(c) A Member may direct the removal of an Officer who is a secondee from the other Member or its Affiliate. The removal by a Member of a secondee of itself or its Affiliate from an Officer position shall require the consent of the other Member.

(d) For any subsequent President/General Manager, but only for so long as the Guaranty is in place, B&W TSG shall have the right to nominate a slate of candidates for President/General Manager.

(e) Appointment of all Officers requires approval by both Members.

7.3 Indemnification. Each Member shall indemnify its Managers and its or its Affiliates' employees who are Officers of the Company.

7.4 Insurance. The Company shall procure and maintain insurance covering its obligations under agreements entered into by the Company in the amounts and form, and with deductibles, as is customary for specialized manufacturers and is available on commercially reasonable terms.

7.5 Annual Business Plan and Budget. Prior to each fiscal year, the President shall prepare for approval by the Board of Managers a business plan and budget for the upcoming fiscal year based on its contractual obligations and prospects for other business.

7.6 Disputes. In the event that (i) there exists between the Members any dispute, claim, controversy or failure to agree arising out of or related to this Agreement or the breach, termination or validity hereof; or (ii) any Member requests the consent of the other Member for any matter requiring unanimous Member or Manager consent hereunder and not unanimously approved in accordance with this Agreement and the other Member fails to provide such consent within 5 business days after such request; or (iii) any Member requests the consent of the other Member for any matter not otherwise addressed in this Agreement which relates directly to the Company or the business of the Company, and the other Member fails to provide such consent within 5 business days after such request, the requesting Member may declare such matter in dispute (a "Dispute") and seek resolution thereof in accordance with the following procedure, provided that the Members may agree to accelerate or extend the time periods set forth below:

(a) The Dispute shall be submitted for negotiation by the Member Representatives.

(b) If no resolution is achieved by the Member Representatives within 5 business days, the Dispute shall be submitted for negotiation by the senior management of the Members (other than the Member Representatives).

(c) If no resolution is achieved by the Members' senior management within 10 business days, the Dispute may be submitted to mediation through the American Arbitration Association, if agreed upon by the Members.

(d) If the Dispute is not resolved through the foregoing, then either Member may dissolve the Company pursuant to Section 9.1(c) or (d), as applicable. In no circumstances shall either Member create an artificial deadlock for the purposes of this Section 7.6(d). An "artificial deadlock" shall be the inability to resolve a Dispute caused by virtue of either Member witholding its consent to an issue or proposal in circumstances where such consent is required to enable the Company to carry on its business properly and efficiently in accordance with the then current approved business plan and budget. By way of example, neither Member shall in bad faith create a Dispute so as to effectuate a dissolution under Section 9.1(c) or (d). Creating an artificial deadlock shall constitute a material breach of this Agreement and shall prevent the breaching party from asserting any right to dissolution under Section 9.1(c) or 9.1(d).

**ARTICLE VIII – ACCOUNTING AND RECORDS**

8.1 Fiscal Year. The fiscal year of the Company shall be the calendar year.

8.2 Method of Accounting. Unless otherwise provided herein, the Company's books of account shall be maintained in accordance with GAAP and, to the extent required for any government contracting, the cost accounting standards imposed under the Federal Acquisition Regulations; provided, however, that for the purposes of making allocations and distributions hereunder (including distributions in liquidation of the Company in accordance with Capital Account

balances as required by Section 5.3(b)), Capital Accounts, Profits and Losses shall be determined in accordance with federal income tax accounting principles utilizing the accrual method of accounting, with the adjustments required by Treas. Reg. § 1.704-1(b) to properly maintain Capital Accounts. Each Member acknowledges that the Capital Account balances of the Members for the purposes described in the preceding sentence are not computed in accordance with GAAP and accordingly that any GAAP financial statements for the Company do not reflect their true Capital Account balances for purposes of determining allocations and making liquidating distributions to the Members hereunder.

8.3 Books and Records. Proper and complete records and books of account of the Company's business, including all such transactions and other matters as are usually entered into records and books of account maintained by Persons engaged in businesses of like character or as are required by law, shall be kept by the Company at the Company's principal office and place of business. The Company shall keep the books and records of the Company in a form that is compatible with USEC, Inc. reporting requirements under applicable securities laws and regulations.

8.4 Inspection. All books and records of the Company shall be open to inspection and copying by any of the Members or their designees at any reasonable time during business hours and at such Member's expense. Any Member who receives any proprietary information of the Company pursuant to this Section 8.4 or otherwise shall hold such proprietary information in accordance with Article XIII.

8.5 Financial Statements. Within thirty days (30) days after the end of each of the first three quarters of each year, and within forty-five (45) days after the end of each year, the Board of Managers shall cause to be furnished to each Member financial statements with respect to each such quarter or fiscal year of the Company, consisting of (a) a balance sheet showing the Company's financial position as of the end of such quarter or fiscal year, including comparisons to the same period in the prior fiscal year; (b) supporting profit and loss statements; and (c) a statement of cash flows for such quarter or year, including comparisons to the same period in the prior fiscal year. Either Member may conduct an audit using its own or an Affiliate's personnel or require that the annual statements be audited by the Company's outside auditor, if any. The costs of any such audit shall be paid by the Member requiring such audit.

8.6 Internal Controls. The Company shall meet internal control requirements applicable to the Members.

8.7 Taxation.

(a) It is the intent of the Members that the Company be taxed as a partnership in the United States for U.S. federal, state and local income tax purposes. The Members hereby agree not to elect to be excluded from the application of Subchapter K of Chapter 1 of Subtitle A of the Code or any similar state statute.

(b) Tax Elections and Reporting.

(i) Generally. The Company shall make the following elections and take the following positions under United States income tax laws and regulations and any similar state statutes:

(A) Adopt the calendar year as the annual accounting period;

(B) Adopt the accrual method of accounting; and

(C) Elect to amortize the Company's organizational expenses pursuant to § 709(b) of the Code.

(ii) Code § 754 Election. The Board of Managers shall, upon the written request of any Member, cause the Company to file an election under Code § 754 and the Treasury Regulations thereunder to adjust the basis of the Company assets under Code § 734(b) or Code § 743(b) and a corresponding election under the applicable sections of state and local law.

(c) Company Tax Returns. The Company shall file a partnership tax return in the United States at the end of each fiscal year. Other tax returns shall be prepared in a manner directed by the Board of Managers. Each Member shall provide such information, if any, as may be needed by the Company for purposes of preparing such tax and information returns, provided that such information is readily available from regularly maintained accounting records. The Company shall deliver to each Member a copy of the Company's federal and state income tax and information returns for each fiscal year, together with any additional tax-related information in the possession of the Company that such Member may reasonably and timely request in order to properly prepare its own income tax returns.

(d) Tax Audits. Holdings shall be the "tax matters partner," as that term is defined in Code § 6231(a)(7)(the " Tax Matters Partner") with all of the rights, duties and powers provided for in Code §§ 6221 through 6234, inclusive. Subject to Section 7.1(e), the Tax Matters Partner, under the overall direction and control of the Board of Managers shall direct the defense of any claims made by the Internal Revenue Service to the extent that such claims relate to the adjustment of Company items at the Company level and, in connection therewith, shall cause the Company to retain and to pay the fees and expenses of counsel and other advisors chosen by the Tax Matters Partner. The Tax Matters Partner shall promptly deliver to each Member a copy of all notices and communications with respect to income or similar taxes received from the Internal Revenue Service or other taxing authority relating to the Company which might materially adversely affect such Member, and shall keep such Member advised of all significant developments in such matters coming to the attention of the Tax Matters Partner. All expenses of the Tax Matters Partner and its agents (including reasonable internal time charges and reasonable disbursements) and other fees and expenses in connection with such defense shall be borne by the Company; provided, however, that amounts paid by the Company to the Tax Matters Partner or any agent thereof under this Section 8.7(d) shall not duplicate any amount paid by the Company under any seconding agreement, management services agreement or similar agreement. Except in the case of willful misconduct or gross negligence, neither the Tax Matters Partner nor the Company shall be liable for any additional tax, interest or penalties payable by a Member or any costs of separate counsel chosen by such Member to represent the Member with respect to any aspect of such challenge.

8.8 Bank Accounts. The operating bank accounts of the Company shall be maintained in the name of the Company and at such bank or banks as may be designated by the Board of Managers.

**ARTICLE IX – DISSOLUTION AND TERMINATION**

9.1 Events of Dissolution. The Company shall be dissolved and its affairs shall be wound up upon the first to occur of any of the following:

(a) the written consent of the Members acting unanimously; or

(b) a termination by ACE of the ESA for default by the Company or termination by ACH or an Affiliate of any Subsequent ESA for default by the Company; or

(c) the Members are unable to resolve a dispute under Section 7.6 and Holdings elects to dissolve the Company; or

(d) the Members are unable to resolve a dispute under Section 7.6 and B&W TSG elects to dissolve the Company;

(e) the entry of a decree of judicial dissolution under Section 18-802 of the Act;

(f) the Company and ACE do not execute and deliver the ESA and the LTSA, in form and substance acceptable to ACE's lender, on or before the Outside Date[1] for Third Closing, unless otherwise agreed by the Members; or

(g) the failure of the Members to agree on the terms and conditions for an equipment supply agreement for any expansion of the ACP or any additional plant including any modification to the initial supply agreement (each such agreement, a " Subsequent ESA").

Except as provided in Section 9.1(c) or (d), nothing in this Section 9.1 shall be subject to Section 7.6.

9.2 Distribution of Assets.

(a) Upon the occurrence of one of the events set forth in Section 9.1 hereof, Holdings shall act as liquidator and the liquidator shall distribute the assets of the Company in the following order of priority:

(i) first, to payments of, or adequate provision for, the debts and obligations of the Company to its creditors (not including amounts owed to any Member), including sales commissions and other expenses incident to any sale of the assets of the Company;

(ii) second, for the establishment of such reserves as the liquidator may deem reasonably necessary for any contingent or unforeseen liabilities or obligations of the Company; and

(iii) third, to payment of Member Loans, *pro rata* according to the relative amounts of such unpaid loans.

(b) The balance of the assets of the Company shall be distributed *pro rata* to the Members in accordance with their relative respective positive Capital Account balances until such balances, if any, are reduced to zero and then the balance shall be distributed *pro rata* to each Member in accordance with their respective Membership Interests.

9.3 In-Kind Distributions. The liquidator may make distributions of the Company's assets in kind. The choice of which, if any, Company assets are to be distributed in kind shall be unanimously approved by the Members and shall be binding upon all Members. The costs of liquidation shall be borne as a Company expense. Until final distribution, the liquidator(s) shall continue to operate the Company's properties with all the power and authority of the Members.

9.4 Certain Distributions. Notwithstanding any other provision of this Article IX or of Article V, (a) the rights to use or lease facilities and equipment contributed by or on behalf of Holdings and any Supplier Agreements with the Company shall be assigned as directed by Holdings, and (b) the rights to use or lease facilities and equipment contributed by or on behalf of B&W TSG shall be assigned as directed by B&W TSG.

9.5 No Liability. Notwithstanding any other provision of this Article IX, in the event of a dissolution pursuant to Section 9.1(f), each Member will pay or forgive all amounts due from the Company to such Member or any of its affiliates for all costs and expenses incurred by such Member and all of its Affiliates from the date hereof through the date of such dissolution and shall indemnify the other Member with respect to such costs and expenses. Such costs and expenses include, but are not limited to, any amounts due under any seconding agreement, use and access agreement or lease agreement to which the Company is a party.

**ARTICLE X – MISCELLANEOUS PROVISIONS**

10.1 GOVERNING LAW. THIS AGREEMENT IS GOVERNED BY AND SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF DELAWARE, EXCLUDING ANY CONFLICT-OF-LAWS RULE OR PRINCIPLE THAT MIGHT REFER THE GOVERNANCE OR CONSTRUCTION OF THIS AGREEMENT TO THE LAW OF ANOTHER JURISDICTION.

10.2 Amendments. Any amendment to this Agreement shall be made in writing signed by all of the Members.

10.3 Limited Liability. Except as otherwise provided by the Act, the debts, obligations and liabilities of the Company, whether arising in contract, tort or otherwise, shall be solely the debts, obligations and liabilities of the Company, and the Member shall not be obligated personally for any such debt, obligation or liability of the Company solely by reason of being a Member of the Company.

10.4 Limitations. This Agreement shall not limit the rights of the Members to carry on their individual businesses. The Company shall not have the power to bind any Member.

10.5 Interests and Certificates.

(a) Interests. Each limited liability company interest in the Company shall constitute and shall remain a "security" within the meaning of Section 8-102(a)(15) of the Uniform Commercial Code as in effect from time to time in the States of Delaware and the Uniform Commercial Code of any other applicable jurisdiction. Notwithstanding any provision of this Agreement to the contrary, to the extent that any provision of this Agreement is inconsistent with any non-waivable provision of Article 8 of the Uniform Commercial Code as in effect in the State of Delaware (6 Del C. § 8-101, et. seq.) (the " UCC"), such provision of Article 8 of the UCC shall be controlling.

(b) Certificates.

(i) Upon the issuance of limited liability company interests in the Company to any Person in accordance with the provisions of this Agreement, without any further act, vote or approval of any Member, the Company shall issue one or more non-negotiable certificates in the name of such Person substantially in the form of Exhibit B hereto (a " Certificate"), which evidences the ownership of the limited liability company interests in the Company of such Person. Each such Certificate shall be denominated in terms of the percentage of the limited liability company interests in the Company evidenced by such Certificate and shall be signed by a Member or an Officer on behalf of the Company.

(ii) Without any further act, vote or approval of any Member or any Person, the Company shall issue a new Certificate in place of any Certificate previously issued if the holder of the limited liability company interests in the Company represented by such Certificate, as reflected on the books and records of the Company:

(A) makes proof by affidavit, in form and substance satisfactory to the Company, that such previously issued Certificate has been lost, stolen or destroyed;

(B) requests the issuance of a new Certificate before the Company has notice that such previously issued Certificate has been acquired by a purchaser for value in good faith and without notice of an adverse claim;

(C) if requested by the Company, delivers to the Company a bond or other security, in form and substance satisfactory to the Company, to indemnify the Company against any claim that may be made on account of the alleged loss, destruction or theft of the previously issued Certificate; and

(D) satisfies any other reasonable requirements imposed by the Company.

(iii) Upon a Member's transfer in accordance with the provisions of this Agreement of any or all limited liability company interests in the Company represented by a Certificate, the transferee of such limited liability company interests in the Company shall deliver such Certificate to the Company for cancellation (executed by such transferee on the reverse side thereof), and the Company shall thereupon issue a new Certificate to such transferee for the percentage of limited liability company interests in the Company being transferred and, if applicable, cause to be issued to such Member a new Certificate for that percentage of limited liability company interests in the Company that were represented by the canceled Certificate and that are not being transferred.

(c) Registration of Limited Liability Company Interests. The Company shall maintain books for the purpose of registering the transfer of limited liability company interests. Notwithstanding any provision of this Agreement to the contrary, a transfer of limited liability company interests requires delivery of an endorsed Certificate and shall be effective upon registration of such transfer in the books of the Company.

10.6 Notices. Except as otherwise expressly provided in this Agreement, all notices, demands, requests, or other communications required or permitted to be given pursuant to this Agreement shall be in writing and shall be given either (a) in person, (b) by United States mail, certified or registered, return receipt requested, postage prepaid, (c) by prepaid telegram, telex, cable, telecopy, or similar means (with signed confirmed copy to follow by mail in the same manner as prescribed by clause (a) or (b) above), or (d) by expedited delivery service (charges prepaid) with proof of delivery, to the following:

| Name: | Address: |
|---|---|
| American Centrifuge Holdings, LLC | 6903 Rockledge Drive<br>Suite 400<br>Bethesda, MD 20817<br>Attention: General Counsel |
| Babcock & Wilcox Technical Services Group, Inc. | 800 Main Street<br>Lynchburg, VA 24504<br>Attention: Director, Contracts<br><br>With a copy to:<br>13024 Ballantyne Corporate Place, Ste 700<br>Charlotte, NC 28277<br>Attention: General Counsel |

10.7 Partition. Each of the Members hereby irrevocably waives, to the fullest extent it may lawfully do so, any right that such Member may have to maintain any action for partition with respect to the Company property.

10.8 Entire Agreement; Waivers.

(a) This Agreement constitutes the entire agreement of the Members with respect to the subject matter hereof and supersedes any and all prior and contemporaneous contracts, understandings, negotiations and agreements with respect to the Company and the subject matter hereof, whether oral or written.

(b) Any waiver or consent, express, implied or deemed, to or of any breach or default by any Person in the performance by that Person of its obligations with respect to the Company or any action inconsistent with this Agreement is not a consent or waiver to or of any other breach or default in the performance by that Person of the same or any other obligations of that Person with respect to the Company or any other such action. Failure on the part of a Person to complain of any act of any Person or to declare any Person in default with respect to the Company, irrespective of how long that failure continues, does not constitute a waiver by that Person of its rights with respect to that Person or its rights with respect to that default until the applicable statute of limitations period has lapsed. All waivers and consents hereunder shall be in writing and shall be delivered to the other Members in the manner set forth in Section 10.6 hereof. A Member may grant or withhold any such waiver or consent in its absolute sole discretion.

10.9 Severability. Every provision in this Agreement is intended to be severable. If any term or provision hereof is illegal or invalid for any reason whatsoever, such illegality or invalidity shall not affect the validity of the remainder of this Agreement. If any provision of this Agreement or the application thereof to any Person or circumstance is held invalid or unenforceable to any extent, the remainder of this Agreement and the application of that provision to other Persons or circumstances is not affected thereby, and that provision shall be enforced to the greatest extent permitted by law.

10.10 No Third-Party Beneficiaries. Subject to the restrictions set forth in Section 4.3 hereof, this Agreement is binding on and inures to the benefit of the Members and their respective heirs, legal representatives, successors and assigns. Nothing in this Agreement shall provide any benefit to any third party or entitle any third party to any claim, cause of action, remedy or right of any kind, it being the intent of the Members that this Agreement shall not be construed as a third-party beneficiary contract.

10.11 Further Assurances. In connection with this Agreement and the transactions contemplated hereby, each Member shall execute and deliver any additional documents and instruments and perform any additional acts that may be necessary or appropriate to effectuate and perform the provisions of this Agreement and those transactions.

10.12 Indemnification. To the extent that B&W TSG, through its membership in the Company, is entitled to indemnification for (a) third party liabilities for physical injury or damage to property to the extent caused by a defect in the design of the AC100, or (b) any claims of third parties for intellectual property infringement with respect to the design of the AC100 pursuant to the ESA or LTSA, and ACE is unable to meet its obligations with respect to such indemnification obligations, Holdings shall so indemnify B&W TSG.

10.13 Counterparts. This Agreement may be executed in multiple counterparts with the same effect as if the signing Members had signed the same document. All counterparts shall be construed together and constitute the same instrument.

10.14. Intellectual Property Rights

(a) Except with respect to intellectual property related to uranium enrichment centrifuge technology or the manufacture or servicing of centrifuge machines:

(i) No license to a Member or the Company, under any trade secret, trademark, patent or copyright, or applications which are now or may thereafter be owned, is either granted or implied by the conveying of information from one Member to another. No representation, warranty, assurance or guarantee shall apply with respect to any information that may be submitted or exchanged by the Members or Company with respect to the infringement of trade secrets, trademarks, patents, copyrights, or any right of privacy, or other rights, of third persons.

(ii) Except as specifically provided for hereinafter, no Member shall have any rights in or to inventions or copyrightable material (including, but not limited to, software, and trade secret "know-how") conceived or created by employees of the other Members prior to or during the term of this Agreement, and each Member shall retain the sole right to determine whether patent applications will be filed or copyright registrations will be applied for on any invention or material created by its employees.

(iii) Inventions, copyrightable material including, but not limited to software, and trade secret "know-how" conceived or created jointly by employees of the Members or employees of the Company during work under this Agreement and patents arising from such joint inventions shall be the joint property of such contributing Members, and each shall be free to utilize the same. The Company will grant to each contributing Member a fully paid-up, royalty-free, non-exclusive license for use of such jointly-developed technology. The granting of licenses to third Parties is subject to prior written approval of the contributing Members. Royalties will be split equally among the contributing Members.

(iv) For purposes of this Section 10.14(a), a Member shall include such Member's Affiliates.

(b) With respect to intellectual property related to uranium enrichment centrifuge technology or the manufacture or servicing of centrifuge machines:

(i) All inventions, discoveries, improvements, documents, drawings, designs, specifications, notebooks, tracings, photographs, negatives, reports, findings, recommendations, data and memoranda of every description, including material maintained in any form or medium, concepts, ideas, methods, methodologies, procedures, processes, know-how and techniques (including without limitation, function, process, system and data models); templates, the generalized features of the structure, sequence and organization of software, user interfaces and screen designs; general purpose consulting and software tools, utilities and routines; and logic, coherence and methods of operation or systems (whether or not patentable, or copyrightable) that are conceived

or first actually reduced to practice or first prepared by personnel seconded by B&W TSG, or which vest in the Company under any contract or agreement (including the Supplier Agreements) to which Company is a party, in the performance of the ESA (collectively, "ESA Technology") shall be the property of the Holdings or its designee and treated by B&W TSG, the Company and their subcontractors as proprietary and confidential Company information.

(ii) Holdings or its designee shall acquire all of B&W TSG's and the Company's right, title and interest in and to all ESA Technology by written assignment or as a work for hire. B&W TSG hereby assigns all its right, title and interest in such ESA Technology to Holdings or its designee, and B&W TSG shall execute any documents and otherwise assist in obtaining, maintaining, or enforcing the Holdings' or its designee's intellectual property rights in and to ESA Technology, as Holdings or its designee may reasonably require to preserve the Holdings' or its designee's rights therein. No additional compensation shall be paid to B&W TSG for, or as result of, providing such assistance. To the extent B&W Background Technology (as defined below) is incorporated into ESA Technology, B&W TSG hereby grants to Holdings or its designee a fully-paid, world-wide, non-exclusive, irrevocable, transferable, perpetual license to make, have made, use, sell, offer to sell, reproduce, prepare derivative works, perform and/or display publicly, and sublicense such B&W Background Technology to the extent necessary for Holdings or its designee to exercise its rights of ownership in ESA Technology. No additional compensation shall be paid to B&W TSG for, or as result of, such license.

(iii) Holdings acknowledges that B&W TSG may have previously created, acquired or otherwise have rights in (and may, in connection with the performance of the ESA, employ, provide, modify, acquire or otherwise obtain rights in) various inventions, discoveries, improvements, data, concepts, ideas, methods, methodologies, procedures, processes, know-how and techniques (including without limitation, function, process, system and data models); templates, the generalized features of the structure, sequence and organization of software, user interfaces and screen designs; general purpose consulting and software tools, utilities and routines; and logic, coherence and methods of operation or systems (collectively, the " B&W Background Technology"). Even if used in connection with the performance of the ESA, B&W Background Technology shall remain the property of B&W TSG and Holdings shall acquire no right or interest in such property, except for the license provided in Subparagraph (ii) above. B&W Background Technology shall not include any ESA Technology.

**ARTICLE XI – REPRESENTATIONS AND WARRANTIES**

Each Member hereby represents and warrants to the Company and to the other Members that, as of the Effective Date:

11.1 Corporate Standing. It is a corporation or a limited liability company, as the case may be, duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation and is qualified to do business in all other jurisdictions in which the nature of the business makes such qualification necessary and where failure so to qualify would have a material adverse effect on its (or the Company's) financial condition, operations, prospects or Business. It is and will be at all times fully qualified and capable of performing every obligation and responsibility to be performed and completed by it in accordance with the terms of this Agreement.

11.2 No Violation of Law; Litigation. It is not in violation of any law or judgment entered by any "Governmental Person" (i.e., any federal, state or local government, agency or authority, to include but not limited to, judicial or quasi judicial bodies) which violations, individually or in the aggregate, would adversely affect its performance of any obligations under this Agreement. Moreover, there are no legal or arbitration proceedings by or before any Governmental Person now pending or (to its best knowledge) threatened against it which (a) has a substantial likelihood of success and (b) could, if successful, have a material adverse impact upon its (or the Company's) financial condition, operations, prospects or business as a whole or its ability to perform under this Agreement.

11.3 Licenses and Consents. It is the holder of all federal, state, local and other governmental consents, licenses, permits or other authorizations required to permit it to operate or conduct its business now and as contemplated by this Agreement, and no authorization, consent or approval of, notice to or filing with, any Governmental Person is required for the execution, delivery or performance by such Member of this Agreement.

11.4 No Conflict or Breach. None of the execution, delivery and performance by such Member of this Agreement, the compliance with the terms and provisions hereof, and the carrying out of the transactions contemplated hereby, conflicts or will conflict with or will result in a breach or violation of any of the terms, conditions or provisions of any law, governmental rule or regulation or the charter documents, as amended, or other organizational documents, as amended, of such Member or any order, writ, injunction, judgment or decree of any court or other Governmental Person entered against such Member or by which it or any of its properties is bound, or any loan agreement, indenture, mortgage, note, resolution, bond, or contract or other agreement or instrument to which such Member is a party or by which it or any of its properties is bound, or constitutes or will constitute a default thereunder or will result in the imposition of any lien upon any of its properties.

11.5 Authority; Binding Effect. It has all necessary power and authority to execute, deliver and perform this Agreement and its obligations hereunder; the execution, delivery and performance of this Agreement has been duly authorized by all necessary action on its part; it has duly and validly executed and delivered this Agreement; and this Agreement constitutes a legal, valid and binding obligation of such Member enforceable against such Member in accordance with the terms hereof, except as the enforceability thereof may be limited by bankruptcy, insolvency, reorganization or moratorium or other similar laws relating to the enforcement of creditors' rights generally and by general equitable principles.

**ARTICLE XII – FOREIGN OWNERSHIP, CONTROL AND INFLUENCE (FOCI); ETHICS AND COMPLIANCE POLICIES**

12.1. Foreign Ownership, Control and Influence (FOCI). All Members will provide such information, undertake such acts, adopt such resolutions and sign such documents as may be necessary to obtain a favorable FOCI determination for the Company.

12.2. Ethical Business Practices/Ethics & Compliance Policies. Each Member of the Company follows a Code of Business Conduct that is in compliance with all applicable laws and regulations, including the Federal Acquisition Register and the Foreign Corrupt Practices Act. As seconded employees to the Company, the employees of each Member shall continue to follow their respective Code of Business Conduct unless and until they become employees of the Company, at which point the Company shall adopt a Code of Business Conduct that meets the requirements of the most stringent Code of Conduct of its Members.

**ARTICLE XIII – PROPRIETARY OR COMPANY CONFIDENTIAL INFORMATION**

13.1. Confidential Information. During the term of this Agreement, the Members and the Company, as required to perform obligations hereunder, may exchange or have access to proprietary and Company confidential information.

(a) Proprietary or Company confidential information is defined as, but not limited to, performance, sales, financial, contractual, and special marketing information, ideas, technical data and concepts originated by or on behalf of the Company not previously published or otherwise disclosed to the general public, not previously made available to the recipient or others without restriction, or not normally furnished to others without compensation. For purposes of this Agreement, proprietary or Company confidential information shall include any information exchanged between the Members prior to execution of this Agreement that is protected under the terms of the Confidentiality Agreement between BWXT Services, Inc. and USEC Inc. dated as of April 27, 2007.

(b) Any Member or the Company that receives or has received proprietary or Company confidential information (hereinafter " Recipient") from a Member or the Company (hereinafter "Discloser") agrees to hold such information in confidence indefinitely.

(c) Proprietary or company confidential information which is exchanged may be used by the Recipient only in connection with this Agreement and Company activities.

(d) No Recipient of proprietary or Company confidential information shall divulge or use same for any purpose not connected with this Agreement or Company activities.

(e) Unless a more stringent standard applies by virtue of Company contract, the standard of care for protecting proprietary or confidential information imposed upon a Recipient will be that degree of care the Recipient uses to prevent disclosure, publication or dissemination of its own proprietary or confidential information, but in no event less than reasonable care.

13.2. Confidential Visits. Visiting Member or Company representatives exposed to information relating to the subject matter of this Agreement or otherwise, including but not limited to the form, materials and designs of the host's plant and equipment, the methods of operation thereof and the various applications thereto, shall treat such information as proprietary and Company confidential as set forth in section 13.1.

13.3. Exceptions. Unless otherwise provided in a Company contract, the obligation with respect to the protection of proprietary or confidential information, as set forth in this Agreement, is not applicable to the following:

(a) Information that becomes lawfully known or available to the Recipient from a source other than the Discloser who is under no duty of confidentiality with respect to such information and without breach of this Agreement by the Recipient.

(b) Information developed independently by the Recipient.

(c) Information which is within, or later falls within, the public domain without breach of this Agreement by the Recipient.

(d) Information publicly released by the Discloser.

(e) Information routinely disclosed by the Discloser on a non-restricted basis.

13.4 Permitted Disclosures. Nothing herein shall restrict a Discloser from disclosing any information on a restricted basis pursuant to any governmental regulation or a judicial or other lawful government order, but only to the extent of such regulation or order. In addition, each Member may disclose such information to its Affiliates (including its officers and directors, and counsel, accountants and advisors thereto), provided that such Affiliate is advised of the confidentiality requirements hereof and that such Member shall be responsible for any breach of this Article XIII by any of its Affiliates.

13.5 Remedies. It is understood and agreed that monetary damages alone may not be a sufficient remedy for any breach of this Article XIII. Each Member shall be entitled to seek specific performance and injunctive relief as remedies for any such breach. Such remedies shall not be deemed to be the exclusive remedies for a breach of this Article but shall be in addition to all other remedies available under this Agreement, at law, or in equity.

**IN WITNESS WHEREOF,** this Agreement has been executed as of the date first written above.

American Centrifuge Holdings, LLC

By: /s/ Philip G. Sewell

Name: Philip G. Sewell

Title: Senior Vice President, American Centrifuge and Russian HEU

Babcock & Wilcox Technical Services Group, Inc.

By: /s/ Stanley R. Cochran, Jr.

Name: Stanley R. Cochran, Jr.

Title: President

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[1] Capitalized terms used in §9.1 and not otherwise defined in this Agreement shall have the meanings ascribed thereto in that certain Securities Purchase Agreement among USEC Inc., Toshiba Corporation and Babcock & Wilcox Investment Company dated as of May 25, 2010.

**EXHIBIT A**

| MEMBER | CAPITAL CONTRIBUTION | MEMBERSHIP INTEREST |
|---|---|---|
| American Centrifuge Holdings, LLC | $55.00 | 55% |
| Babcock & Wilcox Technical Services Group, Inc. | $45.00 | 45% |

**EXHIBIT B**

**Certificate For Limited Liability Company Interests**

**In American Centrifuge Manufacturing, LLC**

THIS CERTIFICATE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933 OR UNDER THE SECURITIES OR BLUE SKY LAWS OF ANY STATE. THE HOLDER OF THIS CERTIFICATE, BY ITS ACCEPTANCE HEREOF, REPRESENTS THAT IT IS ACQUIRING THIS SECURITY FOR INVESTMENT AND NOT WITH A VIEW TO ANY SALE OR DISTRIBUTION HEREOF. ANY TRANSFER OF THIS CERTIFICATE OR ANY LIMITED LIABILITY COMPANY INTEREST REPRESENTED HEREBY IS SUBJECT TO THE TERMS AND CONDITIONS OF THE LIMITED LIABILITY COMPANY AGREEMENT (AS DEFINED BELOW).

Certificate Number __ ___ Percentage Interest

American Centrifuge Manufacturing, LLC, a Delaware limited liability company (the " Company"), hereby certifies that _____ (together with any permitted assignee of this Certificate, the "Holder") is the registered owner of ___ percent of the limited liability company interests in the Company. The rights, powers, preferences, restrictions and limitations of the limited liability company interests in the Company are set forth in, and this Certificate and the limited liability company interests in the Company represented hereby are issued and shall in all respects be subject to the terms and provisions of, the Limited Liability Company Agreement of the Company dated as of _____, 2010, as the same may be further amended or restated from time to time (the "Limited Liability Company Agreement"). By acceptance of this Certificate, and as a condition to being entitled to any rights and/or benefits with respect to the limited liability company interests evidenced hereby, the Holder is deemed to have agreed to comply with and be bound by all the terms and conditions of the Limited Liability Company Agreement. Transfer of any or all of the limited liability company interests in the Company evidenced by this Certificate is subject to certain restrictions in the Limited Liability Company Agreement and can be effected only after compliance with all of those restrictions and the presentation to the Company of the Certificate, accompanied by an assignment in the form appearing on the reverse side of this Certificate, duly completed and executed by and on behalf of the transferor, and an application for transfer in the form appearing on the reverse side of this Certificate, duly completed and executed by and on behalf of the transferee.

Each limited liability company interest in the Company shall constitute a "security" within the meaning of Article 8 of the Uniform Commercial Code as in effect from time to time in each applicable jurisdiction (and each limited liability company interest in the Company shall be treated as such a "security" for all purposes, including, without limitation perfection of the security interest therein under each applicable Uniform Commercial Code).

This Certificate and the limited liability company interests evidenced hereby shall be governed by and construed in accordance with the laws of the State of Delaware without regard to principles of conflicts of laws.

**IN WITNESS WHEREOF,** the Company has caused this Certificate to be executed as of _____, 20__.

American Centrifuge Manufacturing, LLC

By:

Name:

Title:

**(REVERSE SIDE OF CERTIFICATE)**

**ASSIGNMENT OF INTEREST**

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto _____ (print or typewrite name of transferee), _____ (insert Social Security or other taxpayer identification number of transferee), the following specified percentage of limited liability company interests in the Company: _____ (identify the percentage interest being transferred) effective as of the date specified in the Application for Transfer of Interests below, and irrevocably constitutes and appoints _____ and its authorized Officers, as attorney-in-fact, to transfer the same on the books and records of the Company, with full power of substitution in the premises.

Dated: _____ Transferor: _____
Address: _____ By: _____
_____ Name: _____
_____ Title: _____

**APPLICATION FOR TRANSFER OF INTERESTS**

The undersigned applicant (the "Applicant") hereby (a) applies for a transfer of the percentage of limited liability company interests in the Company described above (the "Transfer") and applies to be admitted to the Company as a substitute Member of the Company, (b) agrees to comply with and be bound by all of the terms and provisions of the Limited Liability Company Agreement, (c) represents that the Transfer complies with the terms and conditions of the Limited Liability Company Agreement, (d) represents that the Transfer does not violate any applicable laws and regulations, and (e) agrees to execute and acknowledge such instruments (including, without limitation, a counterpart of the Limited Liability Company Agreement), in form and substance satisfactory to the Company, as the Company reasonably deems necessary or desirable to effect the Applicant's admission to the Company as a substitute Member of the Company and to confirm the agreement of the Applicant to be bound by all the terms and provisions of the Limited Liability Company Agreement with respect to the limited liability company interests in the Company described above. Initially capitalized terms used herein and not otherwise defined herein are used as defined in the Limited Liability Company Agreement.

Dated: _____ Applicant: _____
Address: _____ By: _____
_____ Name: _____
_____ Title: _____

The Company has determined (a) that the Transfer described above is permitted by the Limited Liability Company Agreement, (b) hereby agrees to effect such Transfer and the admission of the Applicant as a substitute Member of the Company effective as of the date and time directed above, and (c) agrees to record, as promptly as possible, in the books and records of the Company the admission of the Applicant as a substitute Member.

American Centrifuge Manufacturing, LLC

Dated:_____ By:

Name:

Title:

**EXHIBIT C**

**Agreements To Be Assigned**

Each as amended through the date of assignment:

Contract Between USEC Inc. and Babcock & Wilcox Technical Services Clinch River LLC, Dated as of June 25, 2007

Contract Between USEC Inc. And ATK Space Systems Inc. or Alliant Techsystems Inc, ATK Missile Subsystems and Components Division, Dated as of July 28, 2008

Contract Purchase Agreement Between USEC Inc. and Major Tool and Machine Inc., Dated as of August 30, 2007

Contract Between USEC Inc. and Curtiss-Wright Electro-Mechanical Corporation, Dated as of December 15, 2008

Memorandum of Understanding Among USEC Inc., ATK Space Systems Inc. and Hexcel Corporation, Dated as of August 16, 2007

ARMEC, demonstration work and components

Other agreements identified by the Parties to be required for ACM to achieve its purposes

**EXHIBIT D**

**Roles and Responsibilities for the President/General Manager**

As the President/General Manager of the Company has the responsibility for the day-to-day management of the organization. The President/General Manager has the authority to:

- Subject to the Members' rights with respect to Officers, make personnel assignments to meet Company objectives
- Administer merit increases and bonuses for Officers within approved guidelines
- Hire/Fire/Discipline actions subject to Member 'put' rights in this Agreement
- Commit the organization to procurement contracts within the approved annual operating plan
- Direct subcontractors/Suppliers
- Performance reviews on all key employees
- Remove Officers whose performance does not achieve objectives, subject to approval of the Members
- Represent the Company in the community and public forums, coordinated with the Members
- Authorize facility modifications/repairs within the budget
- Direct the safety, security and quality cultures of the organization
- Ensure regulatory compliance
- Establish procedures to ensure smooth operation of the facilities
- Authorization to sign requisitions outside of budget line items up to an amount per item and subject to an aggregate annual limit to be set forth in the approved annual operating plan
- Authorization to sign requisitions for unallocated/discretionary amount to be included in the approved budget
- Commit the Company to other work within approved guidelines
- Development and execution of the annual operating plan as approved by the Members, which shall include the annual budget and capital expenditure plans.
- Execution of seconding agreements for supply of Member personnel utilizing the seconding agreement approved by the Members.

**EXHIBIT E**

**Facilities and Facilitization**

**Facilities:**

The Facilities as defined in and pursuant to the Lease Agreement to be executed by the Company and USEC Inc.

The Facilities as defined in and pursuant to the Use and Access Agreement to be executed by the Company and American Centrifuge Operating, LLC.

**Facilitization:**

**B&W CR Base**
*****

**Piketon**
*****

**Curtiss-Wright**
*****

**Major Tool**
*****

**ATK**
*****

**NOG-Euclid**

**Notes:**

**(1) The following equipment has been identified to be relocated from CTC to TMC:**
*****

Exhibit 99.1

**FOR IMMEDIATE RELEASE**
September 2, 2010

# USEC, Toshiba and B&W Close on First Phase of Strategic Investment

- *Completes first $75 million of $200 million three-phased investment*
- *Solidifies the strategic relationship between USEC, Toshiba and B&W*
- *Investment receives key regulatory approvals*

BETHESDA, Md. –USEC Inc. (NYSE: USU) today closed on the first phase of a strategic investment in the company by nuclear power industry leaders The Babcock & Wilcox Company (NYSE: BWC) and Toshiba Corporation (TOKYO: 6502). This investment of $75 million will be used for continued progress on activities related to the American Centrifuge Plant in Piketon, Ohio and general corporate purposes.

In May 2010, USEC announced that Toshiba Corporation and Babcock & Wilcox Investment Company, an affiliate of The Babcock & Wilcox Company (B&W), signed a definitive agreement to make a $200 million investment in USEC over three phases. Phase one closed today. Closing on phase two of the investment of $50 million will occur when, among other things, USEC secures a conditional commitment on a loan guarantee from the U.S. Department of Energy (DOE). The balance of the investment - $75 million - in phase three is conditioned, among other things, on closing on a $2 billion loan under DOE's loan guarantee program for the American Centrifuge Plant and USEC shareholder approval of certain matters. At the end of July, USEC submitted a comprehensive update to its application to obtain a DOE loan guarantee.

"This investment is an important vote of confidence by two leaders in the nuclear power industry and will strengthen the deployment of the American Centrifuge Plant," said John K. Welch, USEC president and chief executive officer. "Further, this is another essential step in the development of a strategic relationship that we believe will create new business opportunities for all three companies as the global fleet of nuclear power reactors grows."

"As energy needs grow around the world, we are very pleased to expand our role in the nuclear renaissance," said Yasuharu Igarashi, corporate senior vice president of Toshiba. "Nuclear power is safe and reliable, and it is a key element in the solution to carbon emissions."

"This investment also initiates the formation of American Centrifuge Manufacturing, a joint venture between B&W and USEC which will provide integrated manufacturing and assembly of centrifuge machines for USEC's American Centrifuge Plant," said S. Robert Cochran, President of Babcock & Wilcox Technical Services Group, Inc. "In addition, this investment will allow B&W, Toshiba and USEC to build on their relationship by creating new opportunities for their organizations."

In connection with their investment, Toshiba and B&W elected two new members to USEC's Board of Directors. These directors are Hiroshi Sakamoto, senior vice president and board director, Toshiba America Nuclear Energy Corporation, a subsidiary of Toshiba Corporation, and Michael S. Taff, senior vice president and chief financial officer of B&W.

Closing on the first phase of the investment follows a review of the investment by the U.S. Nuclear Regulatory Commission and DOE and, with respect to Toshiba's investment, by the Committee on Foreign Investment in the United States.

Additional details regarding the investment are described in USEC's Current Report on Form 8-K filed with the SEC today and can be accessed at www.usec.com.

**Contact:**


USEC
Media: Paul Jacobson (301) 564-3399
Investors: Steven Wingfield (301) 564-3354

Toshiba
Hiroki Yamazaki +81-3-3457-2105

B&W
Media: Ryan Cornell (330) 860-1345
Investors: Mike Dickerson (704) 625-4944


**Forward-Looking Statements**

The information provided in this news release contains "forward-looking statements" – that is, statements related to future events. In particular, this news release contains forward-looking statements with respect to , among other things, the completion of the remaining two phases of the transactions, the American Centrifuge Manufacturing joint venture between B&W and USEC, and the ability of the parties to achieve the benefits of any strategic relationships. Forward-looking statements 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. These forward-looking statements are based on current management expectations and involve a number of risks and uncertainties, including, among other things: risks related to the completion

of the remaining two phases of the transactions, including the parties' ability to satisfy the significant closing conditions in the securities purchase agreement governing the transactions; difficulties in the operation of the American Centrifuge Manufacturing joint venture and the inability to satisfy applicable investment conditions; the ability of the parties to achieve the benefits of any strategic relationships; risks related to the deployment of the American Centrifuge technology, including risks related to performance, cost, schedule and financing; USEC's success in obtaining a loan guarantee for the American Centrifuge Plant, including USEC's ability to address the technical and financial concerns raised by the U.S. Department of Energy ("DOE"); USEC's ability to raise capital beyond the $2 billion of DOE loan guarantee funding for which USEC has applied; the impact of the demobilization of the American Centrifuge project and uncertainty regarding USEC's ability to remobilize the project and the potential for termination of the project; and USEC's ability to meet milestones under the June 2002 DOE-USEC Agreement related to the deployment of the American Centrifuge technology. If one or more of these or other risks materialize, actual results may vary materially from those expected. For a more complete discussion of these and other risk factors, please see USEC's and B&W's filings with the Securities and Exchange Commission, including USEC's Annual Report on Form 10-K and quarterly reports on Form 10-Q and B&W's registration statement on Form 10, as amended. USEC and B&W do not undertake to update its forward-looking statements except as required by law.

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