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**Item 2.02 Results of Operations and Financial Condition.**

On November 1, 2007, USEC Inc. ("USEC") issued a press release announcing financial results for the quarter ended September 30, 2007. A copy of the press release is attached as Exhibit 99.1 and is incorporated herein by reference.

The information in this current report, including the exhibit hereto, shall not be deemed "filed" for purposes of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section. The information contained herein and in the accompanying exhibit shall not be incorporated by reference into any registration statement or other document filed with the Securities and Exchange Commission by USEC, whether made before or after the date hereof, regardless of any general incorporation language in such filing, except as shall be expressly set forth by specific reference in such filing.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits

Exhibit Number--Description

99.1--Press release, dated November 1, 2007, issued by USEC Inc. announcing financial results for the quarter ended September 30, 2007

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**SIGNATURES**

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

USEC Inc.

November 1, 2007

By: */s/ John C. Barpoulis*

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

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Exhibit Index

| <u>Exhibit No.</u> | <u>Description</u>   |
|--------------------|--|
| 99.1               | Press release, dated November 1, 2007, issued by USEC Inc. announcing financial results for the quarter ended September 30, 2007 |

**FOR IMMEDIATE RELEASE:**

November 1, 2007

**USEC Reports Strong Third Quarter 2007 Results**

- *Net income of \$45.6 million for 3<sup>rd</sup> quarter compared to net income of \$9.9 million in the same quarter last year*
- *Net income of \$71.5 million for first nine months of 2007 compared with \$66.1 million in the same period of 2006*
- *Earnings guidance for 2007 improves to \$80 to \$90 million range; cash flow from operations guidance also improves to range of \$95 to \$105 million*

BETHESDA, Md. – USEC Inc. (NYSE:USU) today reported net income of \$45.6 million or 52 cents per share for its third quarter ended September 30, 2007, compared to net income of \$9.9 million or 11 cents per share in the same quarter of 2006. Pro forma net income before American Centrifuge expenses was \$65.5 million in the third quarter of 2007 compared to \$25.2 million in the same quarter last year.

USEC reported net income of \$71.5 million or 82 cents per share in the nine-month period ended September 30, 2007 compared to \$66.1 million or 76 cents per share in the same period of 2006. Pro forma net income before American Centrifuge expenses was \$136.0 million in the first nine months of 2007, compared to \$111.4 million in the same period last year.

The financial results in both periods in 2007 reflect improved revenue on higher average prices billed to customers, offset by higher electric power costs, and to a lesser extent, higher purchase costs from Russia. The gross profit margin for the nine-month period of 2007 was 16.2 percent compared to 17.1 percent in the same period of 2006.

Much of our spending on the American Centrifuge project to-date has been expensed, which reduces net income. Advanced technology expenses for the nine-month period totaled \$100.1 million in 2007 compared to \$71.0 million in 2006. In the third quarter, we moved from a demonstration phase to a commercial plant phase where an increasing amount of costs will be capitalized as part of building the American Centrifuge Plant. USEC updated its progress on the American Centrifuge project in a separate news release issued today.

“Our sharp focus on maximizing current operations even as we look forward to deploying the American Centrifuge has resulted in a successful quarter financially and allowed us to further improve the guidance for 2007 earnings and cash flow from operations,” said John K. Welch, USEC president and chief executive officer.

“During the third quarter we also took solid steps forward with the American Centrifuge project. The results of the Lead Cascade integrated testing gave us the final assurance needed to approach the capital markets to raise the funding to continue the project on our schedule. We believe the new capital, along with an existing credit facility and our projections for cash flow from operations, have positioned USEC to meet the next program milestone in January 2008 for certain financial commitments to build the plant,” he said.

USEC has expensed most of its spending related to the American Centrifuge, which directly reduces net income. To help investors evaluate the impact of these adjustments to current business results, USEC is reporting a non-GAAP financial measure – pro forma net income before American Centrifuge expenses. A table reconciling this measure to net income is included in this news release.

**Revenue**

Revenue for the nine-month period was \$1,310.8 million, an increase of less than 1 percent over the same period of 2006. Revenue from the sale of separative work units (SWU) was \$1,034.4 million compared to \$974.9 million in the same period last year, an increase of \$59.5 million or 6 percent. SWU volume declined 2 percent in the nine-month period compared to 2006 but we estimate the volume of SWU sales in 2007 will be roughly 8 percent higher than in 2006. Revenue from the sale of uranium was \$134.2 million compared to \$181.2 million in the same period of 2006, a 26 percent decline. Revenue from our U.S. government contracts segment was \$142.2 million compared to \$148.3 million in the prior year, reflecting reduced Department of Energy contract work.

Revenue for the third quarter was \$634.7 million compared to \$417.8 million in the same quarter last year, an increase of 52 percent. Revenue from the sales of SWU was \$483.5 million, compared to \$336.6 million in the third quarter of 2006. The \$146.9 million increase reflects a 36 percent increase in volume of SWU sold and a 6 percent increase in average prices billed to customers. Uranium revenue was \$102.2 million compared to \$34.4 million last year, reflecting higher prices and the timing of several large deliveries under long-term contracts. Revenue from the U.S. government contracts segment was \$49.0 million, an improvement

of \$2.2 million over last year.

USEC's customers generally place orders under long-term contracts tied to reactor refuelings that occur on a 12- to 24-month cycle. Therefore, short-term comparisons of USEC's financial results are not necessarily indicative of longer-term results.

At September 30, 2007, deferred revenue amounted to \$133.1 million, with a deferred gross profit of \$60.5 million compared to deferred revenue at year-end 2006 of \$129.4 million with a deferred gross profit of \$51.0 million. In a number of sales transactions, USEC transfers title and collects cash from customers but does not recognize the revenue until low enriched uranium is physically delivered.

### **Cost of Sales, Gross Profit Margin and Expenses**

Cost of sales for the nine-month period for SWU and uranium was \$976.3 million, an increase of \$19.4 million or 2 percent. An increase in unit costs was largely offset by declines in sales volume. Cost of sales for SWU and uranium reflects monthly moving average inventory costs based on production and purchase costs. The unit cost of sales per SWU during the nine-month period was 8 percent higher than the year before, reflecting a 20 percent increase in unit production costs due to higher power cost, as well as higher purchase prices paid to Russia. Purchase prices paid to Russia are set by a market-based pricing formula and have increased as market prices have increased in recent years. Cost of sales for U.S. government contracts was \$121.6 million, a reduction of \$2.2 million compared to the same period last year.

The gross profit for the first nine months of 2007 was \$212.9 million, a decline of \$10.8 million or 5 percent over the same period in 2006. For the third quarter, the gross profit was \$112.0 million compared to \$52.1 million in the same quarter last year. The gross profit margin for the nine-month period and quarter were 16.2 percent and 17.6 percent, respectively, compared to 17.1 percent and 12.5 percent in the same periods last year. The lower gross profit margin in the nine-month period reflects the impact of higher power costs on production and volume declines in high-margin uranium sales, partially offset by higher average sales prices.

Selling, general and administrative (SG&A) expenses totaled \$33.0 million in the nine-month period, a decrease of \$3.7 million or 10 percent over the same period of 2006. The decrease was due to a reversal of an accrued tax penalty and reduced consulting expense, partially offset by higher expenses related to equity compensation plans.

Advanced technology expenses, primarily related to the demonstration of the American Centrifuge technology, were \$100.1 million in the nine-month period, an increase of \$29.1 million or 41 percent compared to the same period of 2006. The higher spending reflects work related to Lead Cascade integrated testing. Spending by NAC on its spent fuel storage technology is included in the total and was approximately \$1 million in both periods. In addition, \$71.1 million in spending related to the commercial American Centrifuge Plant was capitalized in the nine-month period, compared to \$21.5 million capitalized in the same period of 2006.

### **Cash Flow**

At September 30, 2007, USEC had a cash balance of \$774.8 million, compared to \$171.4 million at December 31, 2006 and \$48.3 million at June 30, 2007. Cash used by operations in the first nine months of 2007 was \$104.3 million, compared to cash flow provided by operations of \$153.0 million in the corresponding period in 2006. The \$257.3 million difference was primarily due to a net inventory increase of \$91.1 million in the nine months ended September 30, 2007 that was a result of higher production cost and a \$126.5 million increase in accounts receivable following a high level of sales in the third quarter.

Capital expenditures totaled \$65.9 million for the nine-month period, compared to \$29.6 million for the corresponding period of 2006. The majority of capital expenditures were related to the American Centrifuge project, as noted above. In September 2007, USEC raised net proceeds of approximately \$775 million from the concurrent issuance of 23 million shares of common stock and \$575 million in aggregate principal amount of convertible notes.

### **2007 Outlook Update**

USEC is updating guidance for annual net income and cash flow from operations for 2007. Our guidance for 2007 net income is in a range of \$80 to \$90 million, and cash flow from operations is also in a range of \$95 to \$105 million. Pro forma net income before American Centrifuge expenses for 2007 is expected to be in a range of \$168 to \$178 million.

Net income is expected to improve compared to our earlier guidance primarily due to a slight improvement to the gross profit margin and lower selling, general and administrative (SG&A) expenses. Cash flow from operations is expected to improve due to timing of customer collections in the fourth quarter, timing of payments to Russia and higher interest income.

The projection for total revenue for 2007 remains approximately \$1.91 billion, with approximately \$1.55 billion coming from the sale of SWU. We expect our gross profit margin for 2007 to be 14 to 15 percent, a slight improvement over our previous guidance of

14 percent gross margin for 2007 but less than the 18 percent gross margin recorded in 2006.

We expect total spending on the American Centrifuge project in 2007 will be approximately \$300 million, split between \$135 million in expense and \$150 million in capital expenditures, with the remainder representing prepayments for specialty materials and new manufacturing facilities for building the commercial plant AC100 centrifuges. During the third quarter, USEC determined that the project has moved from the demonstration phase to a commercial plant phase, and a significant portion of expenditures will be capitalized going forward. We continue to anticipate an increased rate of spending on the American Centrifuge Plant, with 2008 spending projected to be roughly \$600 million. The timing of major procurement actions at year end could shift spending on the project between the two calendar years.

We expect SG&A expenses to be approximately \$50 million for 2007 and net interest to be positive \$12 million.

Even though we have a smaller inventory of uranium available for sale as compared with prior years, we expect to sell uranium in excess of internal needs opportunistically. These potential sales of additional uranium are not reflected in the net income and cash flow guidance described above.

Although customer orders are generally firm for 2007, this earnings and cash flow guidance is subject to assumptions and uncertainties that could affect results either positively or negatively. For example, movement of delivery dates could affect the period when revenue is recorded and when cash is collected from customers. Variations from our expectations could cause differences between our guidance and ultimate results.

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

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#### Use of Non-GAAP Financial Information

The earnings release contains a non-GAAP financial measure – pro forma net income before American Centrifuge expenses. Management believes that, because pro forma net income before American Centrifuge expenses excludes the significant expenses related to the Company's development of the American Centrifuge uranium enrichment technology, which is not the technology the Company now uses in its uranium enrichment operations, it is more reflective of the Company's current core operating results and provides investors with additional useful information to measure the Company's performance, particularly with respect to performance from period to period.

While the Company believes this non-GAAP financial measure is useful in evaluating the Company, the information should be considered as supplemental in nature and not as a substitute for or superior to the related financial information prepared in accordance with GAAP.

#### Forward Looking Statements

This document 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, particular risks and uncertainties that could cause our actual future results to differ materially from those expressed in our forward-looking statements include, but are not limited to: the success of the demonstration and deployment of our American Centrifuge technology including our ability to meet our performance targets, target cost estimate and schedule for the American Centrifuge Plant and our ability to secure required external financial support; the cost of electric power used at our gaseous diffusion plant; our dependence on deliveries under the Russian Contract and on a single production facility; our inability under existing long-term contracts to pass on to customers increases in SWU prices under the Russian contract resulting from significant increase in market prices; changes in existing restrictions on imports of Russian enriched uranium, including the imposition of duties on imports of enriched uranium under the Russian Contract; the elimination of duties charged on imports of foreign-produced low enriched uranium; pricing trends in the uranium and enrichment markets and their impact on our profitability; changes to, or termination of, our contracts with the U.S. government and changes in U.S. government priorities and the availability of government funding, including loan guarantees; the impact of government regulation; the outcome of legal proceedings and other contingencies (including lawsuits, government investigations or audits and government/regulatory and environmental remediation efforts); the competitive environment for our products and services; changes in the nuclear energy industry; and other risks and uncertainties discussed in our filings with the Securities and Exchange Commission, including our Annual Report on Form 10-K and subsequent quarterly Form 10-Qs. Revenue and operating results can fluctuate significantly from quarter to quarter, and in some cases, year to year. We do not undertake to update our forward-looking statements except as required by law.

Contacts

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**USEC Inc.**

**RECONCILIATION OF NON-GAAP PRO FORMA NET INCOME BEFORE AMERICAN CENTRIFUGE EXPENSES TO GAAP NET INCOME (Unaudited)**

| Amounts in millions  | Three Months Ended |               | Nine Months Ended |                |
|--|--------------------|---------------|-------------------|----------------|
|  | Sept 30,           |               | Sept 30,          |                |
|  | 2007               | 2006          | 2007              | 2006           |
| Pro forma net income before American Centrifuge expenses                     | \$ 65.5            | \$ 25.2       | \$ 136.0          | \$ 111.4       |
| LESS: American Centrifuge expenses (a)                                       | 30.6               | 23.5          | 99.2              | 69.7           |
| ADD: Provision for income taxes (based on Federal statutory tax rate of 35%) | <u>(10.7)</u>      | <u>(8.2)</u>  | <u>(34.7)</u>     | <u>(24.4)</u>  |
| SUBTOTAL: American Centrifuge expenses, net of taxes                         | \$ 19.9            | \$ 15.3       | \$ 64.5           | \$ 45.3        |
| Net income, GAAP basis   | <u>\$ 45.6</u>     | <u>\$ 9.9</u> | <u>\$ 71.5</u>    | <u>\$ 66.1</u> |

Note (a): American Centrifuge expenses included in Advanced technology costs.

**USEC Inc.**

**RECONCILIATION OF NON-GAAP PRO FORMA NET INCOME BEFORE AMERICAN CENTRIFUGE EXPENSES TO GAAP NET INCOME (Unaudited)**

**2007 Outlook**

| Amounts in millions   | Range        |              |
|---|--------------|--------------|
| Pro forma net income before American Centrifuge expenses  | \$168        | \$178        |
| LESS: American Centrifuge expenses  | 135          | 135          |
| ADD: Provision for income taxes (based on an assumed federal statutory tax rate of 35% in 2007) | <u>(47)</u>  | <u>(47)</u>  |
| SUBTOTAL: American Centrifuge expenses, net of taxes  | \$ 88        | \$ 88        |
| Net income, GAAP basis  | <u>\$ 80</u> | <u>\$ 90</u> |

**USEC Inc.**

**CONSOLIDATED CONDENSED STATEMENTS OF INCOME (Unaudited)**  
 (millions, except per share data)

|   | Three Months Ended |              | Nine Months Ended |                |
|---|--------------------|--------------|-------------------|----------------|
|   | September 30,      |              | September 30,     |                |
|   | 2007               | 2006         | 2007              | 2006           |
| Revenue:  |                    |              |                   |                |
| Separative work units                           | \$ 483.5           | \$ 336.6     | \$1,034.4         | \$ 974.9       |
| Uranium   | 102.2              | 34.4         | 134.2             | 181.2          |
| U.S. government contracts and other             | 49.0               | 46.8         | 142.2             | 148.3          |
| Total revenue                                   | <u>634.7</u>       | <u>417.8</u> | <u>1,310.8</u>    | <u>1,304.4</u> |
| Cost of sales:                                  |                    |              |                   |                |
| Separative work units and uranium               | 480.3              | 326.7        | 976.3             | 956.9          |
| U.S. government contracts and other             | 42.4               | 39.0         | 121.6             | 123.8          |
| Total cost of sales                             | <u>522.7</u>       | <u>365.7</u> | <u>1,097.9</u>    | <u>1,080.7</u> |
| Gross profit                                    | 112.0              | 52.1         | 212.9             | 223.7          |
| Special charge for organizational restructuring | —                  | (0.1)        | —                 | 1.4            |



|  |                |               |                |                |
|--|----------------|---------------|----------------|----------------|
| Advanced technology costs                      | 30.8           | 23.9          | 100.1          | 71.0           |
| Selling, general and administrative            | <u>9.0</u>     | <u>10.9</u>   | <u>33.0</u>    | <u>36.7</u>    |
| Operating income                               | 72.2           | 17.4          | 79.8           | 114.6          |
| Interest expense                               | 3.3            | 3.2           | 9.2            | 11.4           |
| Interest (income)                              | <u>(3.9)</u>   | <u>(1.7)</u>  | <u>(21.7)</u>  | <u>(4.0)</u>   |
| Income before income taxes                     | 72.8           | 15.9          | 92.3           | 107.2          |
| Provision for income taxes                     | <u>27.2</u>    | <u>6.0</u>    | <u>20.8</u>    | <u>41.1</u>    |
| Net income                                     | <u>\$ 45.6</u> | <u>\$ 9.9</u> | <u>\$ 71.5</u> | <u>\$ 66.1</u> |
| Net income per share – basic                   | \$ .52         | \$ .11        | \$ .82         | \$ .76         |
| Net income per share – diluted                 | \$ .51         | \$ .11        | \$ .81         | \$ .76         |
| Weighted-average number of shares outstanding: |                |               |                |                |
| Basic  | 87.9           | 86.7          | 87.3           | 86.5           |
| Diluted  | 89.8           | 86.9          | 88.2           | 86.8           |

**USEC Inc.**  
**CONSOLIDATED CONDENSED BALANCE SHEETS (Unaudited)**  
(millions)

|  | <u>September 30,<br/>2007</u> | <u>December 31,<br/>2006</u> |
|--|-------------------------------|------------------------------|
| <b>ASSETS</b>                                      |                               |                              |
| Current Assets                                     |                               |                              |
| Cash and cash equivalents                          | \$ 774.8                      | \$ 171.4                     |
| Accounts receivable – trade                        | 342.4                         | 215.9                        |
| Inventories  | 1,044.8                       | 900.0                        |
| Deferred income taxes                              | 36.2                          | 24.0                         |
| Other current assets                               | <u>95.8</u>                   | <u>97.8</u>                  |
| Total Current Assets                               | 2,294.0                       | 1,409.1                      |
| Property, Plant and Equipment, net                 | 239.1                         | 189.9                        |
| Other Long-Term Assets                             |                               |                              |
| Deferred income taxes                              | 195.0                         | 156.2                        |
| Deposits for surety bonds                          | 66.2                          | 60.8                         |
| Pension asset                                      | 16.6                          | 13.8                         |
| Inventories  | —                             | 24.2                         |
| Bond financing costs                               | 14.5                          | —                            |
| Goodwill   | 6.8                           | 6.8                          |
| Intangibles  | <u>0.3</u>                    | <u>0.6</u>                   |
| Total Other Long-Term Assets                       | 299.4                         | 262.4                        |
| Total Assets                                       | <u>\$ 2,832.5</u>             | <u>\$ 1,861.4</u>            |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>        |                               |                              |
| Current Liabilities                                |                               |                              |
| Accounts payable and accrued liabilities           | \$ 176.8                      | \$ 129.1                     |
| Payables under Russian Contract                    | 130.9                         | 105.3                        |
| Inventories owed to customers and suppliers        | 86.4                          | 56.9                         |
| Deferred revenue and advances from customers       | <u>134.8</u>                  | <u>133.8</u>                 |
| Total Current Liabilities                          | 528.9                         | 425.1                        |
| Long-Term Debt                                     | 725.0                         | 150.0                        |
| Other Long-Term Liabilities                        |                               |                              |
| Depleted uranium disposition                       | 86.6                          | 71.5                         |
| Postretirement health and life benefit obligations | 137.7                         | 128.7                        |
| Pension benefit liabilities                        | 22.6                          | 20.2                         |
| Other liabilities                                  | <u>84.1</u>                   | <u>79.9</u>                  |
| Total Other Long-Term Liabilities                  | 331.0                         | 300.3                        |
| Stockholders' Equity                               | <u>1,247.6</u>                | <u>986.0</u>                 |
| Total Liabilities and Stockholders' Equity         | <u>\$ 2,832.5</u>             | <u>\$ 1,861.4</u>            |

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

**Nine Months Ended  
September 30,**

|   | <u>2007</u>     | <u>2006</u>    |
|---|-----------------|----------------|
| <b>Cash Flows from Operating Activities</b>   |                 |                |
| Net income  | \$ 71.5         | \$ 66.1        |
| Adjustments to reconcile net income to net cash provided by (used in) operating activities: |                 |                |
| Depreciation and amortization   | 28.1            | 26.5           |
| Deferred income taxes   | (21.9)          | (8.6)          |
| Changes in operating assets and liabilities:  |                 |                |
| Accounts receivable – (increase) decrease   | (126.5)         | 65.2           |
| Inventories – net (increase) decrease   | (91.1)          | 84.0           |
| Payables under Russian Contract – increase  | 25.6            | 9.1            |
| Deferred revenue, net of deferred costs – increase (decrease)                               | 6.5             | (16.8)         |
| Accrued depleted uranium disposition  | 15.1            | 16.1           |
| Accounts payable and other liabilities – (decrease)   | (5.2)           | (76.2)         |
| Other, net  | <u>(6.4)</u>    | <u>(12.4)</u>  |
| Net Cash Provided by (Used in) Operating Activities   | <u>(104.3)</u>  | <u>153.0</u>   |
| <b>Cash Flows Used in Investing Activities</b>  |                 |                |
| Capital expenditures  | (65.9)          | (29.6)         |
| Deposits for surety bonds   | <u>(4.0)</u>    | <u>—</u>       |
| Net Cash (Used in) Investing Activities   | <u>(69.9)</u>   | <u>(29.6)</u>  |
| <b>Cash Flows Used in Financing Activities</b>  |                 |                |
| Borrowings under credit facility  | 71.1            | 133.3          |
| Repayments under credit facility  | (71.1)          | (133.3)        |
| Repayment of senior notes   | —               | (288.8)        |
| Tax benefit related to stock-based compensation   | 0.9             | 0.4            |
| Proceeds from issuance of convertible senior notes  | 575.0           | —              |
| Bond issuance costs paid  | (12.9)          | —              |
| Common stock issued, net of issuance costs  | <u>214.6</u>    | <u>2.2</u>     |
| Net Cash Provided By (Used in) Financing Activities   | <u>777.6</u>    | <u>(286.2)</u> |
| Net Increase (Decrease)   | 603.4           | (162.8)        |
| Cash and Cash Equivalents at Beginning of Period  | <u>171.4</u>    | <u>259.1</u>   |
| Cash and Cash Equivalents at End of Period  | <u>\$ 774.8</u> | <u>\$ 96.3</u> |
| Supplemental Cash Flow Information:   |                 |                |
| Interest paid, net of capitalized interest  | \$ 7.7          | \$ 19.7        |
| Income taxes paid   | 49.6            | 72.6           |