



USEC Updates Status of American Centrifuge

September 28, 2009

- ***Technology development and demonstration continues; updated AC100 production machines being prepared for lead cascade testing program***
- ***Demobilization of project began in early August; approximately 1,000 project jobs lost to date***
- ***Seeking most cost-effective plant deployment business plan***
- ***USEC schedules conference call on ACP status update September 29 at 11 a.m. ET***

BETHESDA, Md.--(BUSINESS WIRE)--Sep. 28, 2009-- USEC Inc. (NYSE:USU) is providing an update on the status of deployment of the American Centrifuge technology following an agreement with the Department of Energy in early August to delay final review of USEC's loan guarantee application to build the American Centrifuge Plant (ACP) in Piketon, Ohio.

Following DOE's decision, USEC began demobilizing the project in August. In parallel, the Company is continuing American Centrifuge demonstration activities, evaluating how best to configure the project on a go-forward basis, and seeking to reduce technical and financial risk for the project.

"During the past two months, we have been preparing an action plan that balances a demonstration of commercial, production-ready centrifuge machines with our need to preserve cash. We previously made it clear that absent a loan guarantee, we would take action to ensure that we have adequate liquidity for our ongoing operations, and we have done so," said John K. Welch, USEC president and chief executive officer.

"This has been a challenging time for the American Centrifuge program as we had to demobilize the project at a point when we had expected to be ramping up towards commercial operation," Welch said. "Approximately 1,000 USEC employees and team members working for our strategic suppliers have lost their jobs in recent weeks. This has been a difficult decision for USEC and no doubt a painful one for the affected individuals. We appreciate their hard work and dedicated effort to rebuild America's industrial base and to support the deployment of this American technology to fuel our nation.

"We continue to believe in the American Centrifuge technology and we are working to address the issues that concerned DOE so that we can update our application to the Loan Guarantee Office in early 2010," Welch said. "Upon resolution of DOE's issues, we will ask the Loan Guarantee Office to act promptly on our application."

Lead Cascade Testing Program Update

USEC continues its lead cascade testing program in Piketon. The prototype centrifuges operating there for more than two years have accumulated more than 265,000 machine hours. Data from this testing program has provided valuable assembly, operating and maintenance information, as well as operations experience for the American Centrifuge staff. The prototype machines continue to operate.

We refer to our production centrifuge machine design as the AC100 series machine. USEC's suppliers assembled approximately 40 AC100 series machines over the summer and initial AC100 cascade operations were planned for the third quarter. However, our project team determined that at least some of the machines were not assembled in full compliance with the specified drawings and procedures. As a result, we initiated a stand down from our operation of the AC100 cascade in order to remove, disassemble and inspect all of the AC100 machines. We are taking advantage of the machine disassembly to install improved components that were incorporated in the design finalized earlier this year. These enhanced machines are production-ready and would be deployed in the commercial plant. We subsequently enhanced procedures to ensure compliance with our quality assurance program for centrifuge component manufacturing and assembly. We expect to restart lead cascade testing of AC100 machines by early 2010.

Demobilization Update

As previously noted, USEC began demobilizing the project in early August. Construction work on the plant infrastructure and finalizing the balance-of-plant design ceased in August. The plant design work is approximately 80 percent complete and would be

resumed following a decision to remobilize the project. Machine part manufacturing efforts have also been affected.

As a result of the demobilization, USEC reduced project employment by almost 1,000 jobs over the past six weeks -- approximately 120 USEC employees and more than 850 workers directly employed by suppliers have lost their jobs to date. Several thousand indirect jobs have also been affected. Job losses have occurred in eight states, with Ohio and Tennessee having the largest job losses.

USEC's spending plan going forward for the project is still in the process of being developed. In the first six months of 2009, our spend rate on the project was approximately \$45 million per month. We do not expect to see the full impact of recent spending reductions from project demobilization until the fourth quarter. We expect to set a spending level for the project for the next several months that will vary depending on available funds. DOE previously committed to provide the Company \$45 million over 18 months to assist in the cost of continued development, but details of how those funds will be provided to USEC are not final. Discussions between USEC and DOE on a cost sharing arrangement for additional development and demonstration activities are ongoing.

USEC is working with its strategic suppliers to maintain the manufacturing infrastructure developed over the last several years. We want to be in a position to ramp back up at the time we receive funding in 2010 from the DOE Loan Guarantee Program. For example, should development funds become available in the near-term, we may build a limited number of additional AC100 production machines over the next several months. This would further demonstrate the manufacturability of the AC100 design and validate the quality assurance improvements instituted in the assembly process. In order to accomplish the goal of having the core manufacturing base in place and ready to go, our suppliers would selectively continue to produce components for the AC100 production machine.

To better integrate the process of building components and assembling the machines, USEC continues to work with B&W Technical Services Group, Inc. toward establishing a joint venture. B&W employees have been producing the classified components at USEC's American Centrifuge Technology and Manufacturing Center in Oak Ridge. In May 2009, USEC and B&W entered into a non-binding memorandum of understanding to form a joint venture that will establish a single point of accountability to provide integrated manufacturing and assembly of the AC100 centrifuge machines. As envisioned in the memorandum of understanding, the joint venture would manage all aspects of manufacturing the AC100 machines, including supply chain management through the integration of all suppliers and subcontractors and the assembly of the machines at Piketon.

As we seek the most cost-effective deployment plan, we are evaluating the scope and scale of the plant, the deployment of machines over a longer time period, alternate financing structures, and the cost and feasibility of remobilizing at a later date. Based on the results of this evaluation of our strategic options for the future of the project or in the event of a further delay in or a decrease in the likelihood of obtaining DOE loan guarantee funding or for other reasons, we may reduce spending and staffing on the project even further or might be forced to take other actions, including terminating the project.

Path Ahead

Our near-term goals for the American Centrifuge project include the following:

- Successful start up of the AC100 lead cascade testing program by early 2010 using the upgraded production machines to improve DOE's confidence in the machines' reliability through consistent operation.
- Maintain a manufacturing infrastructure to meet the needs of the lead cascade testing program and have a process in place to support potential remobilization.
- Continue development efforts to further improve reliability of the AC100, increase the machine's productivity as measured by SWU output and lower its capital cost per SWU through value engineering.
- Reduce perceived project risk and take other steps to improve our financial structure.
- Negotiate contracts with suppliers that can provide greater certainty of cost and schedule and develop a revised project plan.
- Continue working with customers to enter into additional long-term contracts to build on the \$3.4 billion in committed sales for the output from ACP.

USEC will hold a conference call with shareholders and the financial community on September 29 at 11 a.m. ET. The call will be open to listeners who may log in through the Company's website, www.usec.com. A link to the call will be located in the Investor Relations section and a webcast replay will be available through October 12.

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

Forward Looking Statements

This news release 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 impact of the demobilization of the American Centrifuge project on the costs, schedule and viability of the project; uncertainty regarding our ability to remobilize the project and the economics of the project; risks related to the American Centrifuge technology, including risks related to performance, cost, and schedule; our success in obtaining a loan guarantee and any other financing needed for the American Centrifuge Plant; risks related to our ability to extend the operations of the gaseous diffusion plant; uncertainty regarding 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 most existing long-term contracts to directly pass on to customers increases in our costs; the decrease or elimination of duties charged on imports of foreign-produced low enriched uranium; delays in U.S. government actions needed for us to collect money from antidumping duties deposited by importers of French low enriched uranium on past imports of French low enriched uranium in connection with trade measures imposed on such imports; pricing trends and demand 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 and government investigations or audits); the competitive environment for our products and services; changes in the nuclear energy industry; the impact of volatile financial market conditions on our pension assets and credit and insurance facilities; 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 reports on Form 10-Q. We do not undertake to update our forward-looking statements except as required by law.

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