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



FORM 10-Q

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

For the quarterly period ended March 31, 2015

OR

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

Commission file number 1-14287

Centrus Energy Corp.

Delaware
(State of incorporation)

52-2107911
(I.R.S. Employer Identification No.)

**Two Democracy Center
6903 Rockledge Drive, Bethesda, Maryland 20817
(301) 564-3200**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes No

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.
Yes No

As of April 30, 2015, there were 7,563,600 shares of the registrant's Class A Common Stock and 1,436,400 shares of the registrant's Class B Common Stock issued and outstanding.

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FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q, including *Management's Discussion and Analysis of Financial Condition and Results of Operations* in Part I, Item 2, contains "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934 - that is, statements related to future events. In this context, forward-looking statements may address our expected future business and financial performance, and often contain words such as "expects", "anticipates", "intends", "plans", "believes", "will", "should", "could" or "may" and other words of similar meaning. Forward-looking statements by their nature address matters that are, to different degrees, uncertain. For Centrus Energy Corp., particular risks and uncertainties that could cause our actual future results to differ materially from those expressed in our forward-looking statements include, risks and uncertainties related to our recent emergence from Chapter 11 bankruptcy, our new capital structure and the adoption of fresh start accounting; risks related to our significant long-term liabilities including material unfunded defined benefit pension plan obligations and postretirement health and life benefit obligations; risks related to the limited trading markets in our securities and risks relating to our ability to maintain the listing of our common stock on the NYSE MKT LLC; the continued impact of the March 2011 earthquake and tsunami in Japan on the nuclear industry and on our business, results of operations and prospects; the impact and potential extended duration of the current supply/demand imbalance in the market for low enriched uranium ("LEU"); risks related to the ongoing transition of our business, including the impact of our ceasing enrichment at and the de-lease and return to the U.S. Department of Energy ("DOE") of the Paducah gaseous diffusion plant and uncertainty regarding our ability to commercially deploy the American Centrifuge project; our dependence on deliveries of LEU from Russia under a commercial supply agreement (the "Russian Supply Agreement") with the Russian government entity Joint Stock Company "TENEX" ("TENEX"); uncertainty regarding funding for the American Centrifuge project and the potential for a demobilization or termination of the American Centrifuge project if additional government funding is not provided following completion of the current agreement with UT-Battelle, LLC ("UT-Battelle"), the management and operating contractor for Oak Ridge National Laboratory ("ORNL") for continued research, development and

demonstration of the American Centrifuge technology (the “ACTDO Agreement”); risks related to our ability to perform the work required under the ACTDO Agreement at a cost that does not exceed the firm fixed funding provided thereunder; uncertainty regarding the timing and structure of the U.S. government program for maintaining a domestic enrichment capability to meet national security requirements and our role in such a program; the impact of actions we have taken (including as a result of the reduction in scope of work under the ACTDO Agreement as compared to the scope of work under the prior agreement signed with DOE in June 2012 (the “Cooperative Agreement”)) or might take in the future to reduce spending on the American Centrifuge project, including the potential loss of key suppliers and employees and impacts to cost, schedule and the ability to remobilize for commercial deployment of the American Centrifuge Plant; the impact of nuclear fuel market conditions and other factors on the economic viability of the American Centrifuge project without additional government support and on our ability to finance the project and the potential for a demobilization or termination of the project; uncertainty regarding our ability to achieve targeted performance over the life of the American Centrifuge Plant which could affect the overall economics of the American Centrifuge Plant; uncertainty concerning the ultimate success of our efforts to obtain a loan guarantee from DOE and/or other financing, including intercompany funding from wholly owned subsidiary United States Enrichment Corporation (“Enrichment Corp.”), for the American Centrifuge project or additional government support for the project and the timing and terms thereof; the decline in our backlog and risks relating to the remaining backlog including uncertainty concerning customer actions under current contracts and in future contracting due to market conditions, the delay and uncertainty in deployment of the American Centrifuge technology and/or as a result of changes that may be required to such contracts due to our cessation of enrichment at Paducah; the dependency of government funding or other government support for the American Centrifuge project on Congressional appropriations or on actions by DOE or Congress; potential changes in our anticipated ownership of or role in the American Centrifuge project, including as a result of our role as a subcontractor to UT-Battelle or as a result of the need to raise additional capital to finance the project in the future; the potential for DOE to seek to terminate or exercise its remedies under the 2002 DOE-USEC agreement, or to require modifications to such agreement that are materially adverse to Centrus Energy Corp.’s interests; changes in U.S. government priorities and the availability of government funding or support, including loan guarantees; risks related to our ability to manage our liquidity without a credit facility; risks related to our ability to sell the LEU we procure under our purchase obligations under the Russian Supply Agreement including quotas that limit our ability to import Russian LEU we purchase under the Russian Supply Agreement into the United States, trade barriers and contract terms that limit our ability to deliver this LEU to customers in other countries, and risks related to actions that may be taken by the U.S. government, the Russian government or other governments that could affect our ability or the ability of TENEX to perform under the Russian Supply Agreement, including the imposition of sanctions, restrictions or other requirements; risks associated with our reliance on third-party suppliers to provide essential services to us; the decrease or elimination of duties charged on imports of foreign-produced LEU; pricing trends and demand in the uranium and enrichment markets and their impact on our profitability; movement and timing of customer orders; changes to, or termination of, our agreements with the U.S. government; risks related to delays in payment for our contract services work performed for DOE, including our ability to resolve certified claims for payment filed by Enrichment Corp. under the Contracts Dispute Act; the impact of government regulation by DOE and the U.S. Nuclear Regulatory Commission; 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 business, liquidity, prospects, pension assets and credit and insurance facilities; revenue and operating results can fluctuate significantly from quarter to quarter, and in some cases, year to year; and other risks and uncertainties discussed in this and our other filings with the Securities and Exchange Commission, including our Annual Report on Form 10-K for the year ended December 31, 2014.

Readers are urged to carefully review and consider the various disclosures made in this report and in our other 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 to reflect events or circumstances that may arise after the date of this quarterly report on Form 10-Q except as required by law.

CENTRUS ENERGY CORP.
CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited)
(in millions)

	March 31, 2015	December 31, 2014
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 225.0	\$ 218.8
Accounts receivable, net	20.0	58.9
Inventories	419.2	462.2
Deferred costs associated with deferred revenue	72.9	82.9
Other current assets	18.5	19.6
Total current assets	755.6	842.4
Property, plant and equipment, net	3.4	3.5
Deferred taxes	20.3	26.0
Deposits for surety bonds	31.1	34.8
Intangible assets	115.2	119.2
Excess reorganization value	137.2	137.2
Other long-term assets	22.2	20.6
Total Assets	<u>\$ 1,085.0</u>	<u>\$ 1,183.7</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 43.2	\$ 50.5
Payables under SWU purchase agreements	—	140.1
Deferred taxes	20.3	26.0
Inventories owed to customers and suppliers	240.0	158.9
Deferred revenue	89.0	100.9
Total current liabilities	392.5	476.4
Long-term debt	244.0	240.4
Postretirement health and life benefit obligations	212.8	211.4
Pension benefit liabilities	177.3	179.3
Other long-term liabilities	52.2	54.6
Total Liabilities	1,078.8	1,162.1
Commitments and Contingencies (Note 13)		
Stockholders' Equity	6.2	21.6
Total Liabilities and Stockholders' Equity	<u>\$ 1,085.0</u>	<u>\$ 1,183.7</u>

The accompanying notes are an integral part of these condensed consolidated financial statements.

CENTRUS ENERGY CORP.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)
(in millions, except per share data)

	Successor	Predecessor
	Three Months Ended March 31, 2015	Three Months Ended March 31, 2014
Revenue:		
Separative work units	\$ 103.6	\$ 145.6
Uranium	43.2	—
Contract services	21.0	3.0
Total Revenue	167.8	148.6
Cost of Sales:		
Separative work units and uranium	139.6	165.3
Contract services	21.3	4.2
Total Cost of Sales	160.9	169.5
Gross profit (loss)	6.9	(20.9)
Advanced technology costs	1.8	33.3
Selling, general and administrative	12.3	11.7
Amortization of intangible assets	4.0	—
Special charges (credit) for workforce reductions	0.6	(0.5)
Other (income)	(0.8)	(26.2)
Operating (loss)	(11.0)	(39.2)
Interest expense	4.9	4.6
Interest (income)	(0.2)	(0.4)
Reorganization items, net	—	8.4
(Loss) before income taxes	(15.7)	(51.8)
Provision (benefit) for income taxes	(0.3)	(1.0)
Net (loss)	\$ (15.4)	\$ (50.8)
Net (loss) per share - basic and diluted	\$ (1.71)	\$ (10.37)
Weighted-average number of shares outstanding - basic and diluted	9.0	4.9

The accompanying notes are an integral part of these condensed consolidated financial statements.

CENTRUS ENERGY CORP.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) (Unaudited)
(in millions)

	Successor	Predecessor
	Three Months Ended March 31, 2015	Three Months Ended March 31, 2014
Net (loss)	\$ (15.4)	\$ (50.8)
Other comprehensive income (loss), before tax (Note 14):		
Amortization of actuarial (gains) losses, net	—	0.3
Amortization of prior service costs (credits)	(0.1)	(0.1)
Other comprehensive income (loss), before tax	(0.1)	0.2
Income tax expense related to items of other comprehensive income	—	(0.1)
Other comprehensive income (loss), net of tax	(0.1)	0.1
Comprehensive (loss)	\$ (15.5)	\$ (50.7)

The accompanying notes are an integral part of these condensed consolidated financial statements.

CENTRUS ENERGY CORP.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)
(in millions)

	Successor Three Months Ended March 31, 2015	Predecessor Three Months Ended March 31, 2014
Cash Flows from Operating Activities		
Net (loss)	\$ (15.4)	\$ (50.8)
Adjustments to reconcile net (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	4.2	2.8
Interest on paid-in-kind toggle notes	1.8	—
Gain on sales of assets	(0.8)	—
Non-cash reorganization items	—	1.6
Changes in operating assets and liabilities:		
Accounts receivable – decrease	37.2	125.0
Inventories, net – decrease	124.1	53.6
Payables under SWU purchase agreements – (decrease)	(140.1)	(340.7)
Deferred revenue, net of deferred costs – (decrease)	(1.9)	(5.7)
Accounts payable and other liabilities – (decrease)	(8.6)	(16.3)
Other, net	1.8	0.8
Net Cash Provided by (Used in) Operating Activities	<u>2.3</u>	<u>(229.7)</u>
Cash Flows Provided by Investing Activities		
Deposits for surety bonds - net decrease	3.7	0.6
Proceeds from sales of assets	0.2	—
Net Cash Provided by Investing Activities	<u>3.9</u>	<u>0.6</u>
Cash Flows Provided by Financing Activities		
Net Cash Provided by Financing Activities	—	—
Net Increase (Decrease)	6.2	(229.1)
Cash and Cash Equivalents at Beginning of Period	218.8	314.2
Cash and Cash Equivalents at End of Period	<u>\$ 225.0</u>	<u>\$ 85.1</u>
Supplemental cash flow information:		
Interest paid	\$ 6.0	\$ —
Non-cash activities:		
Conversion of interest payable-in-kind to long-term debt	\$ 1.8	\$ —

The accompanying notes are an integral part of these condensed consolidated financial statements.

CENTRUS ENERGY CORP.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT) (Unaudited)
(in millions, except per share data)

	Common Stock, Par Value \$.10 per Share	Excess of Capital over Par Value	Retained Earnings (Deficit)	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Total
Balance at December 31, 2013 (Predecessor)	\$ 0.5	\$ 1,216.4	\$ (1,520.7)	\$ (34.3)	\$ (120.1)	\$ (458.2)
Net (loss)	—	—	(50.8)	—	—	(50.8)
Other comprehensive income, net of tax (Note 14)	—	—	—	—	0.1	0.1
Restricted and other common stock issued, net of amortization	—	0.4	—	—	—	0.4
Balance at March 31, 2014 (Predecessor)	\$ 0.5	\$ 1,216.8	\$ (1,571.5)	\$ (34.3)	\$ (120.0)	\$ (508.5)
Balance at December 31, 2014 (Successor)	\$ 0.9	\$ 58.6	\$ (42.3)	\$ —	\$ 4.4	\$ 21.6
Net (loss)	—	—	(15.4)	—	—	(15.4)
Other comprehensive (loss), net of tax (Note 14)	—	—	—	—	(0.1)	(0.1)
Restricted stock units and stock options issued, net of amortization	—	0.1	—	—	—	0.1
Balance at March 31, 2015 (Successor)	\$ 0.9	\$ 58.7	\$ (57.7)	\$ —	\$ 4.3	\$ 6.2

The accompanying notes are an integral part of these condensed consolidated financial statements.

CENTRUS ENERGY CORP.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

1. BASIS OF PRESENTATION

The unaudited condensed consolidated financial statements of Centrus Energy Corp. (“Centrus” or the “Company”), which include the accounts of the Company, its principal subsidiary United States Enrichment Corporation (“Enrichment Corp.”) and its other subsidiaries, as of and for the three months ended March 31, 2015 and 2014 have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (“SEC”). The unaudited condensed consolidated financial statements reflect all adjustments which are, in the opinion of management, necessary for a fair statement of the financial results for the interim period. Certain information and notes normally included in financial statements prepared in accordance with generally accepted accounting principles in the United States (“GAAP”) have been omitted pursuant to such rules and regulations. All material intercompany transactions are eliminated.

Operating results for the three months ended March 31, 2015 are not necessarily indicative of the results that may be expected for the year ending December 31, 2015. The unaudited condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and related notes and *Management's Discussion and Analysis of Financial Condition and Results of Operations* included in the Annual Report on Form 10-K for the year ended December 31, 2014.

On March 5, 2014, USEC Inc. filed a voluntary petition for relief (the “Bankruptcy Filing”) under Chapter 11 of Title 11 of the United States Code (the “Bankruptcy Code”) in the United States Bankruptcy Court for the District of Delaware (the “Bankruptcy Court”). The Bankruptcy Filing was “pre-arranged” and included the filing of a proposed Plan of Reorganization (the “Plan of Reorganization”) supported by certain holders of the claims and interests impaired under the Plan of Reorganization. On August 18, 2014, the Company announced that the Plan of Reorganization was accepted by more than 99% in both value and number of votes cast of holders of its convertible notes and that both holders of the Company’s preferred equity voted in favor of the Plan of Reorganization. On September 5, 2014, the Bankruptcy Court entered an order approving and confirming the Plan of Reorganization. On September 30, 2014 (the “Effective Date”), the Company satisfied the conditions of the Plan of Reorganization and the Plan of Reorganization became effective. On the Effective Date, USEC Inc.’s name was changed to Centrus Energy Corp.

In accordance with Accounting Standards Codification Topic 852, *Reorganizations*, Centrus adopted fresh start accounting upon emergence from Chapter 11 bankruptcy resulting in Centrus becoming a new entity for financial reporting purposes. References to “Successor” or “Successor Company” relate to the financial position of the reorganized Centrus as of and subsequent to September 30, 2014 and results of operations subsequent to September 30, 2014. References to “Predecessor” or “Predecessor Company” relate to the Company prior to September 30, 2014. As a result of the application of fresh start accounting and the effects of the implementation of the Plan of Reorganization, the consolidated financial statements on or after September 30, 2014 are not comparable to consolidated financial statements prior to that date.

Expenses, gains and losses directly associated with reorganization proceedings are reported as *Reorganization Items, Net*, in the accompanying condensed consolidated statement of operations.

New Accounting Standards

In May 2014, the Financial Accounting Standards Board (“FASB”) issued comprehensive new guidance for revenue recognition. The core principle of the new standard is that revenue should be recognized when an entity transfers promised goods or services to customers in an amount that reflects the consideration the entity expects to receive in exchange for those goods or services. The new standard will supersede current guidance in effect and may require the use of more judgment and estimates, including estimating the amount of variable revenue to recognize over each identified performance obligation. The new standard requires additional disclosures to describe the nature, amount and timing of revenue and cash flows arising from contracts. In April 2015, the FASB tentatively decided to defer the effective date of the new revenue recognition standard by one year. If the deferral is finalized, the new standard will become effective for Centrus beginning with the first quarter of 2018 and can be adopted either retrospectively to each prior reporting period presented or as a cumulative effect adjustment as of the date of adoption. Centrus is evaluating the impact of adopting this new guidance on its consolidated financial statements.

In April 2015, the FASB issued guidance to simplify the presentation of debt issuance costs. The new guidance requires the presentation of debt issuance costs in the balance sheet as a deduction from the carrying amount of the related debt liability instead of a deferred charge asset. Debt disclosures will include the face amount of the debt liability and the effective interest rate. The new guidance requires retrospective application and is effective for Centrus beginning with the first quarter of 2016. Early adoption is permitted. Centrus is evaluating the impact of adopting this new guidance on its consolidated financial statements.

2. TRANSITION CHARGES

Non-Production Expenses

The Company ceased uranium enrichment at the Paducah gaseous diffusion plant (the “Paducah GDP”) at the end of May 2013 and subsequently completed transferring its inventory to off-site licensed locations to meet future customer orders. On October 21, 2014, all of the leased portions of the Paducah GDP were de-leased and returned to the U.S. Department of Energy (“DOE”). Pursuant to a June 2014 agreement with DOE, the lease will terminate with respect to the Paducah GDP on August 1, 2015. The termination of the lease with respect to the Paducah GDP does not affect the Company’s right to lease portions of the DOE-owned site in Piketon, Ohio needed for the American Centrifuge program. The USEC Privatization Act and the lease for the plant provide that DOE remains responsible for decontamination and decommissioning of the Paducah GDP site.

As the Company accelerated the expected productive life of plant assets and ceased uranium enrichment at the Paducah GDP, the Company has incurred a number of expenses unrelated to production that have been charged directly to cost of sales. Non-production expenses totaled \$4.7 million in the three months ended March 31, 2015 and \$34.9 million in the corresponding period in 2014 as follows:

- Operating expenses of \$4.4 million in the three months ended March 31, 2015 and \$27.0 million in the three months ended March 31, 2014. Charges in the first quarter of 2015 include off-site inventory management and logistics costs. Charges in the first quarter of 2014 include inventory management and disposition, ongoing regulatory compliance, utility requirements for operations, security, and other Paducah site management activities related to the transitioning of facilities and infrastructure to DOE;
- Inventory charges of \$0.3 million in the three months ended March 31, 2015 and \$6.6 million in the three months ended March 31, 2014, including the cost of inventories deployed for cascade drawdown, assay blending and repackaging, and residual uranium in cylinders transferred to DOE. The Company determined that it was uneconomic to recover resulting residual quantities for resale; and
- Paducah GDP asset depreciation charges of \$1.3 million in the three months ended March 31, 2014. Paducah GDP asset depreciation was completed as of June 30, 2014.

Special Charges for Workforce Reductions

The cessation of enrichment at the Paducah GDP and evolving business needs have resulted in workforce reductions since July 2013 at the Paducah GDP, American Centrifuge and headquarters. DOE's liability for its share of Paducah employee severance paid by the Company is pursuant to the USEC Privatization Act. A summary of special charges and changes in the related balance sheet accounts in the first quarter of 2015 follows (in millions):

	Liability Balance to Be Paid, Dec. 31, 2014	Three Months Ended Mar. 31, 2015		Liability Balance to Be Paid, Mar. 31, 2015
		Special Charges	Paid	
Workforce reductions, primarily severance payments	\$ 2.4	\$ 0.9	\$ (2.7)	\$ 0.6
Less: Amounts billed to DOE	*	(0.3)	*	*
	<u>\$ 2.4</u>	<u>\$ 0.6</u>	<u>\$ (2.7)</u>	<u>\$ 0.6</u>

* - not applicable

3. ADVANCED TECHNOLOGY COSTS AND OTHER INCOME

From June 2012 through April 2014, the Company performed work under the June 2012 cooperative agreement with DOE (the "Cooperative Agreement") for the American Centrifuge technology with cost-share funding from DOE. The Cooperative Agreement provided for 80% DOE and 20% Company cost sharing for work performed up to a total government cost share of \$280 million. Advanced technology costs in the three months ended March 31, 2014 included costs for work performed under the Cooperative Agreement. DOE's cost share under the Cooperative Agreement was recognized as other income. The Cooperative Agreement expired in accordance with its terms on April 30, 2014.

On May 1, 2014, the Company signed an agreement for continued research, development and demonstration of the American Centrifuge technology in furtherance of DOE's national security objectives (the "American Centrifuge Technology Demonstration and Operations Agreement", or "ACTDO Agreement") with UT-Battelle, LLC ("UT-Battelle"), the management and operating contractor for Oak Ridge National Laboratory ("ORNL"). The scope of the overall work under the ACTDO Agreement is reduced from the scope of work that was being conducted by the Company under the Cooperative Agreement. Revenue and cost of sales for work that Centrus performs under the fixed-price ACTDO Agreement as a subcontractor to UT-Battelle are reported in the contract services segment.

American Centrifuge costs incurred by Centrus that are outside of the ACTDO Agreement are included in advanced technology costs. The Company incurred \$1.8 million in the three months ended March 31, 2015 for certain demobilization and maintenance costs related to American Centrifuge that are included in advanced technology costs.

4. RECEIVABLES

	March 31, 2015	December 31, 2014
	(millions)	
Utility customers and other	\$ 3.1	\$ 36.3
Contract services, primarily DOE	16.9	22.6
Accounts receivable, net	<u>\$ 20.0</u>	<u>\$ 58.9</u>

Accounts receivable are net of valuation allowances and allowances for doubtful accounts totaling \$0.7 million as of March 31, 2015 and \$0.6 million as of December 31, 2014.

Certain overdue receivables from DOE are included in other long-term assets based on the extended timeframe expected to resolve claims for payment. The Company has filed claims with DOE for payment under the Contract Disputes Act (“CDA”). Unpaid invoices to DOE related to filed claims totaled approximately \$77 million as of March 31, 2015 and approximately \$75 million as of December 31, 2014. Due to the lack of a resolution with DOE and uncertainty regarding the timing and amount of future collections, the long-term receivable for accounting purposes is \$21.6 million as of March 31, 2015 and \$19.9 million as of December 31, 2014.

Centrus has unapplied payments from DOE that may be used, at DOE’s direction, (a) to pay for future services provided by the Company or (b) to reduce outstanding receivables balances due from DOE. The payments balance of \$19.6 million as of March 31, 2015 and December 31, 2014 is included in other long-term liabilities pending resolution of the long-term receivables from DOE described above.

5. INVENTORIES

Centrus holds uranium at licensed locations in the form of natural uranium and as the uranium component of low enriched uranium (“LEU”). Centrus holds separative work units (“SWU”) as the SWU component of LEU. Centrus may also hold title to the uranium and SWU components of LEU at fabricators to meet book transfer requests by customers. Fabricators process LEU into fuel for use in nuclear reactors. Components of inventories follow (in millions):

	March 31, 2015			December 31, 2014		
	Current Assets	Current Liabilities (a)	Inventories, Net	Current Assets	Current Liabilities (a)	Inventories, Net
Separative work units	\$ 292.4	\$ 110.9	\$ 181.5	\$ 330.6	\$ 76.6	\$ 254.0
Uranium	126.6	129.1	(2.5)	131.4	82.3	49.1
Materials and supplies	0.2	—	0.2	0.2	—	0.2
	<u>\$ 419.2</u>	<u>\$ 240.0</u>	<u>\$ 179.2</u>	<u>\$ 462.2</u>	<u>\$ 158.9</u>	<u>\$ 303.3</u>

(a) Inventories owed to customers and suppliers, included in current liabilities, consist primarily of SWU and uranium inventories owed to fabricators.

Uranium Provided by Customers and Suppliers

Centrus held uranium with estimated values of approximately \$0.6 billion as of March 31, 2015 and December 31, 2014 to which title was held by customers and suppliers and for which no assets or liabilities were recorded on the balance sheet. While in some cases Centrus sells both the SWU and uranium components of LEU to customers, utility customers typically provide uranium to Centrus as part of their enrichment contracts. Title to uranium provided by customers generally remains with the customer until delivery of LEU at which time title to LEU is transferred to the customer, and title to uranium is transferred to Centrus.

6. PROPERTY, PLANT AND EQUIPMENT

	March 31, 2015	December 31, 2014
	(millions)	
Property, plant and equipment, gross	\$ 3.7	\$ 3.7
Accumulated depreciation	(0.3)	(0.2)
Property, plant and equipment, net	<u>\$ 3.4</u>	<u>\$ 3.5</u>

7. INTANGIBLE ASSETS

Intangible assets represent the fair value adjustment to the assets and liabilities for the Company's LEU segment resulting from the Company's reorganization and application of fresh start accounting as of September 30, 2014. The amortizable intangible assets relate to backlog and customer relationships. The excess of the reorganization value over the fair value of identified tangible and intangible assets is reported separately on the condensed consolidated balance sheet.

The backlog intangible asset is amortized as backlog valued at emergence is reduced, principally as a result of deliveries to customers. The customer relationships intangible asset is amortized using the straight-line method over the estimated average useful life of 15 years. Amortization expense is presented below gross profit on the condensed consolidated statement of operations.

	March 31, 2015	December 31, 2014
	(millions)	
Amortizable intangible assets:		
Backlog	\$ 54.6	\$ 54.6
Customer relationships	68.9	68.9
Amortizable intangible assets, gross	\$ 123.5	\$ 123.5
Accumulated amortization	(8.3)	(4.3)
Amortizable intangible assets, net	<u>\$ 115.2</u>	<u>\$ 119.2</u>
Nonamortizable intangible assets:		
Excess reorganizational value	<u>\$ 137.2</u>	<u>\$ 137.2</u>

8. DEBT

On the Effective Date and pursuant to the Plan of Reorganization, all of the Company's convertible senior notes that were issued and outstanding immediately prior to the Effective Date were cancelled and the Company issued 8.0% paid-in-kind toggle notes (the "PIK Toggle Notes") pursuant to the Indenture. The PIK Toggle Notes were issued in an initial aggregate principal amount of \$240.4 million. No cash was received related to the issuance. The principal amount may be increased by any payment of interest in the form of PIK payments, as elected by the Company.

The PIK Toggle Notes pay interest at a rate of 8.0% per annum. Interest is payable semi-annually in arrears based on a 360-day year consisting of twelve 30-day months. The Company has elected to pay 3.0% per annum of interest due on the PIK Toggle Notes for the interest periods ending on March 31, 2015 and September 30, 2015 in the form of PIK payments. As such, interest for the semi-annual period ended March 31, 2015 was paid as \$3.6 million in PIK payments and \$6.0 million in cash, and the principal balance increased accordingly to \$244.0 million as of March 31, 2015. For any interest payment date from October 1, 2015 through the maturity of the PIK Toggle Notes, the Company has the option to pay up to 5.5% per annum of interest due on the PIK Toggle Notes in the form of PIK payments.

The PIK Toggle Notes will mature on September 30, 2019. However, the maturity date shall be extended to September 30, 2024 upon the satisfaction of certain funding conditions described in the Indenture relating to the funding, under binding agreements, of (i) the American Centrifuge project or (ii) the implementation and deployment of a National Security Train Program utilizing American Centrifuge technology and delivery of a maturity date extension notice.

The PIK Toggle Notes rank equally in right of payment with all existing and future unsubordinated indebtedness of the Company (other than the Issuer Senior Debt as defined below) and are senior in right of payment to all existing and future subordinated indebtedness of the Company. The PIK Toggle Notes are subordinated in right of payment to certain indebtedness and obligations of the Company described in the Indenture (the "Issuer Senior Debt"), including (i) any indebtedness of the Company under a future credit facility, (ii) obligations of, and claims against, the Company under any equity investment (or any commitment to make an equity investment) with respect to the financing of the American Centrifuge project, (iii) obligations of, and claims against, the Company under any arrangement with DOE, export credit agencies or any other lenders or insurers with respect to the financing or government support of the American Centrifuge project and (iv) indebtedness of the Company to Enrichment Corp. under the Centrus Intercompany Note.

The Company incurred offering expenses of \$0.7 million related to the issuance of the PIK Toggle Notes. These costs are deferred and are being amortized on a straight-line basis, which approximates the effective interest method, over the life of the PIK Toggle Notes. The deferred financing cost balance, included in other long-term assets, was \$0.6 million at March 31, 2015.

9. FAIR VALUE MEASUREMENTS

Pursuant to the accounting guidance for fair value measurements, fair value is defined as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required or permitted to be recorded at fair value, consideration is given to the principal or most advantageous market and assumptions that market participants would use when pricing the asset or liability. The accounting guidance establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value:

- Level 1 – quoted prices in active markets for identical assets or liabilities.
- Level 2 – inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or model-derived valuations in which significant inputs are observable or can be derived principally from, or corroborated by, observable market data.
- Level 3 – unobservable inputs in which little or no market data exists.

Financial Instruments Recorded at Fair Value (in Millions)

	March 31, 2015				December 31, 2014			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets:								
Cash equivalents (a)	—	\$ 213.6	—	\$ 213.6	—	\$ 212.2	—	\$ 212.2
Deferred compensation asset (b)	—	2.9	—	2.9	—	3.2	—	3.2
Liabilities:								
Deferred compensation obligation (b)	—	2.6	—	2.6	—	3.0	—	3.0

- (a) Cash equivalents consist of funds invested in institutional money market funds. These investments are classified within Level 2 of the valuation hierarchy because the publicly reported Net Asset Value ("NAV") of one dollar does not necessarily reflect the fair value of the underlying securities.
- (b) The deferred compensation obligation represents the balance of deferred compensation plus net investment earnings. The deferred compensation plan is informally funded through a rabbi trust using variable universal life insurance. The cash surrender value of the life insurance policies is designed to track the deemed investments of the plan participants. Investment crediting options consist of institutional and retail investment funds. The deemed investments are classified within Level 2 of the valuation hierarchy because (i) of the indirect method of investing and (ii) unit prices of institutional funds are not quoted in active markets.

There have been no transfers between Levels 1, 2 or 3 during the periods presented.

Other Financial Instruments

As of March 31, 2015 and December 31, 2014, the balance sheet carrying amounts for accounts receivable, accounts payable and accrued liabilities (excluding the deferred compensation obligation described above), and payables under SWU purchase agreements approximate fair value because of the short-term nature of the instruments.

The estimated fair value of the PIK Toggle Notes was \$104.0 million at March 31, 2015 and \$121.2 million at December 31, 2014 based on trading prices as of the balance sheet date (Level 1).

10. PENSION AND POSTRETIREMENT HEALTH AND LIFE BENEFITS

The components of net benefit costs for pension and postretirement health and life benefit plans were as follows (in millions):

	Defined Benefit Pension Plans		Postretirement Health and Life Benefit Plans	
	Successor	Predecessor	Successor	Predecessor
	Three Months Ended March 31, 2015	Three Months Ended March 31, 2014	Three Months Ended March 31, 2015	Three Months Ended March 31, 2014
Service costs	\$ 1.0	\$ 0.6	\$ 0.1	\$ 0.5
Interest costs	9.3	10.5	2.2	2.5
Expected return on plan assets (gains)	(12.2)	(12.8)	(0.2)	(0.5)
Amortization of actuarial (gains) losses, net	—	0.3	—	—
Amortization of prior service costs (credits), net	—	—	(0.1)	(0.1)
Net periodic benefit cost (credit)	<u>\$ (1.9)</u>	<u>\$ (1.4)</u>	<u>\$ 2.0</u>	<u>\$ 2.4</u>

Centrus expects to contribute \$9.7 million to the non-qualified defined benefit pension plans in 2015. There were no contributions in the three months ended March 31, 2015. The Company does not expect there to be a required contribution for the qualified defined benefit pension plans in 2015 and therefore does not expect to contribute in 2015. There is no required contribution for the postretirement health and life benefit plans under Employee Retirement Income Security Act (“ERISA”) and the Company does not expect to contribute in 2015.

11. STOCK-BASED COMPENSATION

A summary of stock-based compensation costs related to the 2014 Equity Incentive Plan and expired plans follows (in millions):

	Successor Three Months Ended March 31, 2015	Predecessor Three Months Ended March 31, 2014
Total stock-based compensation costs:		
Restricted stock and restricted stock units	\$ 0.1	\$ 0.4
Stock options, performance awards and other	—	—
Expense included primarily in selling, general and administrative expense	\$ 0.1	\$ 0.4
Total recognized tax benefit	\$ —	\$ —

As of March 31, 2015, there was \$0.9 million of unrecognized compensation cost, adjusted for estimated forfeitures, related to unvested stock options. Unrecognized compensation cost for unvested restricted stock units was less than \$0.1 million as of March 31, 2015. Unrecognized compensation cost is expected to be recognized over a weighted-average period of 3.6 years.

Stock-based compensation cost is measured at the grant date, based on the fair value of the award using the Black-Scholes option pricing model, and is recognized over the vesting period. Stock options vest and become exercisable in equal annual installments over a three or four year period and expire 10 years from the date of grant.

There were 300,000 options granted in the three months ended March 31, 2015. There were no option grants in the three months ended March 31, 2014. Assumptions used to value option grants in the three months ended March 31, 2015 follow:

Risk-free interest rate	1.91%
Expected volatility	75%
Expected option life (years)	6
Weighted-average grant date fair value	\$2.89

12. NET INCOME (LOSS) PER SHARE

Basic net income (loss) per share is calculated by dividing net income (loss) by the weighted average number of shares of common stock outstanding during the period, excluding any unvested restricted stock. In calculating diluted net income per share, the numerator is increased by interest and dividends on potentially dilutive securities, net of tax, and the denominator is increased by the weighted average number of shares resulting from potentially dilutive securities, assuming full conversion.

Net (loss) per share information reported for the three months ended March 31, 2015 is not comparative to the corresponding period in 2014 as a result of the emergence from Chapter 11 bankruptcy and the application of fresh start accounting. On the Effective Date, all debt and stock of the Predecessor Company were cancelled and new debt and stock for the Successor Company were issued.

(in millions, except per share amounts)	Successor	Predecessor
	Three Months Ended March 31, 2015	Three Months Ended March 31, 2014
Numerators for basic and diluted calculations (a):		
Net (loss)	\$ (15.4)	\$ (50.8)
Denominator:		
Weighted average common shares	9.0	5.0
Less: Weighted average unvested restricted stock	—	0.1
Denominator for basic calculation	<u>9.0</u>	<u>4.9</u>
Weighted average effect of dilutive securities:		
Stock compensation awards (b)	—	—
Convertible notes	—	1.8
Convertible preferred stock:		
Equivalent common shares	—	17.1
Less: share issuance limitation (c)	—	16.2
Net allowable common shares	—	0.9
Subtotal	—	2.7
Less: shares excluded in a period of a net loss	—	2.7
Weighted average effect of dilutive securities	—	—
Denominator for diluted calculation	<u>9.0</u>	<u>4.9</u>
Net (loss) per share - basic and diluted	<u>\$ (1.71)</u>	<u>\$ (10.37)</u>

- (a) In the three months ended March 31, 2014, interest expense on the former convertible notes and former convertible preferred stock dividends, net of tax, totaled \$3.3 million. The tax rate is the statutory rate. However, no dilutive effect is recognized in a period in which a net loss has occurred.
- (b) Compensation awards under the 2014 Equity Incentive Plan result in common stock equivalents of less than 0.1 million shares of common stock and are excluded from the diluted calculation as a result of the net loss in the three months ended March 31, 2015.
- (c) Conversion of the convertible preferred stock of the Predecessor Company was limited based on NYSE rules requiring shareholder approval.

Options and warrants to purchase shares of common stock having an exercise price greater than the average share market price are excluded from the calculation of diluted net (loss) per share:

	Successor	Predecessor
	Three Months Ended March 31, 2015	Three Months Ended March 31, 2014
Options excluded from diluted net income per share	85,000	1,000
Warrants excluded from diluted net income per share	N/A	250,000
Exercise price of excluded options	\$ 5.62	\$ 177.50 to
		\$ 357.00
Exercise price of excluded warrants	N/A	\$ 187.50

13. COMMITMENTS AND CONTINGENCIES

American Centrifuge

Project Funding

The economics for commercial deployment of the American Centrifuge technology are severely challenged by the current supply/demand imbalance in the market for LEU and related downward pressure on market prices for SWU that are now at their lowest levels in more than a decade. Under current market conditions, Centrus does not believe that its previous plans for commercialization of the American Centrifuge project are economically viable. Although the economics of the American Centrifuge project are severely challenged under current nuclear fuel market conditions, market conditions are expected to improve and Centrus continues to take steps to maintain its options to commercially deploy the American Centrifuge technology as a long-term, direct source of domestic enrichment production to support the long-term viability of the Company's LEU business.

In light of the strategic value of the American Centrifuge technology, DOE instructed UT-Battelle, the management and operating contractor for ORNL, to assist in developing a path forward for achieving a reliable and economic domestic uranium enrichment capability that promotes private sector deployment and supports national security purposes. This task includes, among other goals: (1) taking actions intended to promote the continued operability of the advanced enrichment centrifuge machines and related property, equipment and technology currently utilized in the American Centrifuge project; and (2) assessing technical options for meeting DOE's national security needs and preserving the option of commercial deployment. Pursuant to those instructions, ORNL chose to subcontract with the Company. On May 1, 2014, the Company signed the ACTDO Agreement with UT-Battelle for continued research, development and demonstration of the American Centrifuge technology in furtherance of DOE's national security objectives.

The ACTDO Agreement is a firm fixed-price contract that provides for continued cascade operations at the Company's Piketon, Ohio facility, testing at the K-1600 test facility in Oak Ridge, Tennessee, core American Centrifuge research and technology activities and the furnishing of related reports to ORNL. In July 2014 and again in January 2015, ORNL exercised its options to extend the period of performance for the ACTDO Agreement for additional six-month periods to September 30, 2015. The two extensions have increased the total price to approximately \$117 million for the period from May 1, 2014 to September 30, 2015. A bipartisan consensus in Congress and the Administration recognized the importance of maintaining the American Centrifuge technology for national and energy security purposes and funding for ACTDO Agreement activities was included in the government fiscal year 2015 omnibus appropriation signed by President Obama in December 2014. Further, the Administration's budget request for government fiscal year 2016 includes \$100 million for domestic uranium enrichment to maintain the current centrifuge program while the Administration finalizes its assessment of how best to meet U.S. national security and non-proliferation goals. Appropriations for government fiscal year 2016 will require further action from both Congress and the President. On May 1, 2015, the House of Representatives passed H.R. 2028, to provide energy and water development appropriations for government fiscal year 2016. This legislation would provide \$50 million in direct appropriations for the domestic uranium enrichment program and contained a provision that would provide up to \$50 million in special reprogramming authority for the program. As of May 1, 2015, the Senate had not taken formal action on government fiscal year 2016 energy and water development appropriations.

The ACTDO Agreement is incrementally funded and provides for payments on a monthly basis at a rate of approximately \$6.7 million per month through September 30, 2014 and approximately \$6.9 million per month thereafter.

Milestones under the 2002 DOE-USEC Agreement

The Company and DOE are parties to an agreement dated June 17, 2002, as amended (the “2002 DOE-USEC Agreement”), pursuant to which the Company and DOE made long-term commitments directed at resolving issues related to the stability and security of the domestic uranium enrichment industry. Pursuant to the Plan of Reorganization and with the consent of DOE, Centrus assumed the 2002 DOE-USEC Agreement subject to the parties reserving all rights under the agreement. The agreement provides that Centrus will develop, demonstrate and deploy advanced enrichment technology in accordance with milestones and provides for remedies in the event of a failure to meet a milestone under certain circumstances.

The 2002 DOE-USEC Agreement provides DOE with specific remedies if Centrus fails to meet a milestone that would materially impact Centrus’ ability to begin commercial operations of the American Centrifuge Plant on schedule and such delay was within Centrus’ control or was due to Centrus’ fault or negligence. These remedies could include terminating the 2002 DOE-USEC Agreement, revoking Centrus’ access to DOE’s U.S. centrifuge technology that Centrus requires for the success of the American Centrifuge project and requiring Centrus to transfer certain of its rights in the American Centrifuge technology and facilities to DOE, and to reimburse DOE for certain costs associated with the American Centrifuge project. Any of these remedies under the 2002 DOE-USEC Agreement could have a material adverse impact on Centrus’ business.

The 2002 DOE-USEC Agreement provides that if a delaying event beyond the control and without the fault or negligence of Centrus occurs which would affect Centrus’ ability to meet an American Centrifuge project milestone, DOE and Centrus will jointly meet to discuss in good faith possible adjustments to the milestones as appropriate to accommodate the delaying event. Centrus has notified DOE that it has not met the June 2014 milestone “*Commitment to proceed with commercial operation*” within the time period currently provided due to events beyond its control and without the fault or negligence of the Company. The assumption of the 2002 DOE-USEC Agreement provided for under the Plan of Reorganization did not impact the ability of either party to assert all rights, remedies and defenses under the agreement and all such rights, remedies and defenses are specifically preserved and all time limits tolled expressly including all rights, remedies and defenses and time limits relating to any missed milestones. DOE and Centrus have agreed that all rights, remedies and defenses of the parties with respect to any missed milestones since March 5, 2014, including the June 2014 and November 2014 milestones, and all other matters under the June 2002 Agreement continue to be preserved, and that the time limits for each party to respond to any missed milestones continue to be tolled.

Potential ERISA Section 4062(e) Liability

The Company has been in discussion with the PBGC and its financial advisors regarding the status of the qualified pension plans, including with respect to potential liability under ERISA Section 4062(e). On September 30, 2011, Enrichment Corp. completed the de-lease to DOE of the Portsmouth GDP and transition of employees performing government services work to DOE’s decontamination and decommissioning contractor. Enrichment Corp. notified the PBGC of this occurrence at that time.

Further, at the end of May 2013, Enrichment Corp. ceased enrichment at the Paducah GDP and on October 21, 2014, completed the de-lease and return of the facility to DOE. In connection with the de-lease and return of the Paducah GDP to DOE, most of the remaining employees at the Paducah GDP were terminated.

After receiving the Company’s notification of the transition of employees at the Portsmouth GDP in 2011, the PBGC staff at that time informally advised Enrichment Corp. of its preliminary view that the Portsmouth GDP transition was a cessation of operations that triggered liability under ERISA Section 4062(e) and that its preliminary estimate was that the ERISA Section 4062(e) liability (computed by taking into account the plan’s underfunding on a “termination basis,” which amount differs from that computed for GAAP purposes) for the Portsmouth GDP transition was approximately \$130 million. At that time, Enrichment Corp. informed the PBGC that it did not agree with the PBGC staff’s view that ERISA Section 4062(e) liability was triggered in 2011, and also disputed the amount of the preliminary PBGC calculation of the potential ERISA Section 4062(e) liability. At the end of May

2013, the PBGC staff also informally advised Enrichment Corp. that the Paducah de-lease would be a cessation of operations under section 4062(e) when more than 20% of the Enrichment Corp.'s employees who are participants in a PBGC-covered pension plan were separated. The 20% reduction to the active plan participant threshold was reached at Paducah in April 2014.

Subsequently, on December 16, 2014, the President signed into law the Consolidated and Further Continuing Appropriations Act, 2015 (the "CFCAA"), which made major changes to ERISA section 4062(e). The CFCAA changes the criteria for triggering liability under section 4062(e); provides certain exemptions from the applicability of section 4062(e) to certain events; permits companies to satisfy the liability by making payments into the pension over seven years, but ceases once the pension reaches a 90% funding level as calculated under the method provided in the CFCAA; subject to an exception not applicable here, prohibits the PBGC from taking any enforcement, administrative or other action under section 4062(e) that is inconsistent with the amendments made by the CFCAA based on events that occurred before the date of enactment (December 16, 2014); and permits companies to elect to satisfy any liability under section 4062(e) as provided in the CFCAA for an event that had occurred prior to date of enactment as if such cessation had occurred on such date of enactment. While the PBGC has not issued any guidance or rules regarding the implementation of the changes to section 4062(e), we believe that in the event the PBGC were to determine that a cessation of operations had occurred under section 4062(e) as a result of the Portsmouth GDP transition or the Paducah GDP transition (events that occurred before enactment of the CFCAA), the Company could elect to satisfy any section 4062(e) liability under the provisions of the CFCAA. As of January 1, 2014, (the first plan year for which payments would otherwise be required) the Enrichment Corp. pension plan was over 90% funded under the method used in the CFCAA. Consequently the Company believes that any such liability would be fully satisfied under the method provided in the CFCAA.

The PBGC, however, has other authorities under ERISA that it may consider to address the Portsmouth and Paducah GDP transitions or otherwise in connection with the Company's qualified defined benefit pension plans. These authorities include, but are not limited to, initiating involuntary termination of underfunded plans and seeking liens or additional funding. The Company would seek to defend against the assertion by the PBGC of any such authorities based on the facts and circumstances at the time. The involuntary termination by the PBGC of any of the qualified pension plans of Centrus or Enrichment Corp. would result in the termination of the limited, conditional guaranty by Enrichment Corp. of the PIK Toggle Notes (other than with respect to the unconditional interest claim).

The Company has been engaged in discussions with the PBGC since the Portsmouth GDP transition. In 2014, prior to enactment of the CFCAA, the PBGC informed the Company that the PBGC had retained an outside financial advisor to advise the PBGC on the Company's business and the need for and advisability of any actions that may be taken by the PBGC. The Company believes it is in the best interest of all stakeholders, including the PBGC, the covered plan participants and the Company, to continue funding of the qualified pension plans in the ordinary course and expects to do so, but there is no assurance that the PBGC will agree with that approach.

14. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

The sole component of accumulated other comprehensive income (loss) ("AOCI") relates to activity in the accounting for pension and postretirement health and life benefit plans. Amortization of actuarial (gains) losses, net, and amortization of prior service costs (credits), net, are items reclassified from AOCI and included in the computation of net periodic benefit cost (credit) as detailed in Note 10, *Pension and Postretirement Health and Life Benefits*.

15. SEGMENT INFORMATION

Centrus has two reportable segments: the LEU segment with two components, SWU and uranium, and the contract services segment. The LEU segment includes sales of the SWU component of LEU, sales of both the SWU and uranium components of LEU, and sales of uranium. The contract services segment includes revenue and cost of sales for work that Centrus performs under the fixed-price ACTDO Agreement as a subcontractor to UT-Battelle beginning May 1, 2014. The contract services segment also includes limited services provided by Centrus to DOE and its contractors at the Portsmouth site related to facilities we continue to lease for the American Centrifuge Plant and formerly at the Paducah GDP. Gross profit is Centrus' measure for segment reporting. There were no intersegment sales in the periods presented.

(in millions)	Successor Three Months Ended March 31, 2015	Predecessor Three Months Ended March 31, 2014
Revenue		
LEU segment:		
Separative work units	\$ 103.6	\$ 145.6
Uranium	43.2	—
	146.8	145.6
Contract services segment	21.0	3.0
Revenue	\$ 167.8	\$ 148.6
Segment Gross Profit (Loss)		
LEU segment	\$ 7.2	\$ (19.7)
Contract services segment	(0.3)	(1.2)
Gross profit (loss)	\$ 6.9	\$ (20.9)

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with, and is qualified in its entirety by reference to, the consolidated financial statements and related notes appearing elsewhere in this report.

Overview

Centrus Energy Corp. ("Centrus" or the "Company") supplies low enriched uranium ("LEU") for commercial nuclear power plants. LEU is a critical component in the production of nuclear fuel for reactors to produce electricity. We supply LEU to both domestic and international utilities for use in a growing fleet of nuclear reactors worldwide. Centrus is also working to deploy the American Centrifuge technology for commercial purposes and to support U.S. energy and national security.

LEU consists of two components: separative work units ("SWU") and uranium. SWU is a standard unit of measurement that represents the effort required to transform a given amount of natural uranium into two components: enriched uranium having a higher percentage of the uranium-235 isotope ("U235") and depleted uranium having a lower percentage of U235. The SWU contained in LEU is calculated using an industry standard formula based on the physics of enrichment. The amount of enrichment deemed to be contained in LEU under this formula is commonly referred to as its SWU component and the quantity of natural uranium used in the production of LEU under this formula is referred to as its uranium component. While in some cases Centrus sells both the SWU and uranium components of LEU to customers, utility customers typically provide uranium to Centrus as part of their enrichment contracts, and in exchange Centrus delivers LEU to these customers and charges for the SWU component.

We provide LEU from our inventory and our supply purchases in order to meet our sales contract requirements. We ceased enrichment at the Paducah gaseous diffusion plant ("Paducah GDP") in Paducah, Kentucky at the end of May 2013 and repackaged and transferred our existing inventory to off-site licensed locations under agreements with the operators of those facilities. We will control the disposition of that material and will continue to manage deliveries of LEU to fuel fabricators in order to facilitate sales to utilities for consumption in their reactors. We transferred the leased Paducah GDP site back to the U.S. Department of Energy ("DOE") in October 2014.

We acquire Russian LEU under the terms of a 10-year commercial agreement with Russia that runs through 2022 (the "Russian Supply Agreement"). We have worked with, and intend to continue to work with, the Russian government entity Joint Stock Company "TENEX" ("TENEX") to adjust the terms in a mutually beneficial manner under the Russian Supply Agreement to better align our purchase obligations in light of market conditions generally, our contract backlog, and restrictions on the sale of Russian LEU.

Our goal is to resume commercial domestic production when market conditions improve sufficiently to support the deployment of additional enrichment capacity. We are working to maintain a path to commercially deploy the American Centrifuge technology in the American Centrifuge Plant ("ACP") in Piketon, Ohio. We will conduct an analysis of our options as we develop the business plan needed to support the deployment of a new commercial enrichment plant. During this period we will be making sales from our existing inventory, our supply purchases from Russia and purchases from other suppliers. We expect to continue making sales to our customer base, and to engage our customers in discussions regarding our existing backlog, including revisions to contracts to reflect our anticipated sources of supply and potential timing for the financing and commercial production from a future domestic enrichment plant.

Our current focus for the American Centrifuge technology relates to our contract to conduct research, development and demonstration work for the U.S. government. We believe that the American Centrifuge technology can play a critical role in meeting our national and energy security needs and achieving our nation's non-proliferation objectives. In light of the strategic value of the American Centrifuge technology, DOE instructed UT-Battelle, LLC ("UT-Battelle"), the management and operating contractor for Oak Ridge National Laboratory ("ORNL"), to assist in developing a path forward for achieving a reliable and economic domestic uranium enrichment capability that promotes private sector deployment and supports national security purposes. On May 1,

2014, the Company signed a firm fixed-price agreement with UT-Battelle for continued cascade operations and continuation of core American Centrifuge research and technology activities and the furnishing of related reports to ORNL (the “American Centrifuge Technology Demonstration and Operations Agreement”, or “ACTDO Agreement”). In July 2014 and again in January 2015, ORNL exercised its options to extend the period of performance for the ACTDO Agreement for additional six-month periods to September 30, 2015. A bipartisan consensus in Congress and the Administration recognized the importance of maintaining the American Centrifuge technology for national and energy security purposes and funding for ACTDO Agreement activities was included in the government fiscal year 2015 omnibus appropriation signed by President Obama in December 2014. Further, the Administration’s budget request for government fiscal year 2016 includes \$100 million for domestic uranium enrichment to maintain the current centrifuge program while the Administration finalizes its assessment of how best to meet U.S. national security and non-proliferation goals. Appropriations for government fiscal year 2016 will require further action from both Congress and the President. On May 1, 2015, the House of Representatives passed H.R. 2028, to provide energy and water development appropriations for government fiscal year 2016. This legislation would provide \$50 million in direct appropriations for the domestic uranium enrichment program and contained a provision that would provide up to \$50 million in special reprogramming authority for the program. As of May 1, 2015, the Senate had not taken formal action on government fiscal year 2016 energy and water development appropriations.

Under the ACTDO Agreement, we are operating a cascade of centrifuges to enrich uranium in a closed loop demonstrating that the centrifuges we built can produce commercial LEU. Although our demonstration of the technical capabilities of the American Centrifuge technology continues to be successful, the economics for commercial deployment of the American Centrifuge technology are severely challenged by the current supply/demand imbalance in the market for LEU. Out-of-service Japanese reactors have caused an oversupply of nuclear fuel available for sale and placed significant downward pressure on market prices for SWU, which are now at their lowest levels in more than a decade. Declining prices for competing fuels, lack of public acceptance in some countries for nuclear power and the high capital cost of building new reactors have resulted in slower than expected growth for new plants in many regions of the world.

Emergence from Chapter 11 Bankruptcy

On March 5, 2014, USEC Inc. filed a voluntary petition for relief (the “Bankruptcy Filing”) under Chapter 11 of Title 11 of the United States Code (the “Bankruptcy Code”) in the United States Bankruptcy Court for the District of Delaware (the “Bankruptcy Court”). The Bankruptcy Filing was “pre-arranged” and included the filing of a proposed Plan of Reorganization (the “Plan of Reorganization”) supported by certain holders of the claims and interests impaired under the Plan of Reorganization. On August 18, 2014, the Company announced that the Plan of Reorganization was accepted by more than 99% in both value and number of votes cast of holders of its convertible notes and that both holders of the Company’s preferred equity voted in favor of the Plan of Reorganization. On September 5, 2014, the Bankruptcy Court entered an order approving and confirming the Plan of Reorganization. On September 30, 2014 (the “Effective Date”), the Company satisfied the conditions of the Plan of Reorganization and the Plan of Reorganization became effective. On the Effective Date, USEC Inc.’s name was changed to Centrus Energy Corp.

In accordance with Accounting Standards Codification Topic 852, *Reorganizations*, Centrus adopted fresh start accounting upon emergence from Chapter 11 bankruptcy. The recorded amounts of assets and liabilities were adjusted to reflect their estimated fair values on the Effective Date. These fair value adjustments:

- significantly reduce the gross profit impact of deferred revenues going forward;
- result in the amortization of sales backlog and customer relationship intangible assets that were created at emergence; and
- result in higher cost of sales as a result of increasing inventory values at emergence.

Business Segments

Centrus has two reportable segments: the LEU segment with two components, SWU and uranium, and the contract services segment.

LEU Segment

Revenue from Sales of SWU and Uranium

Revenue from our LEU segment is derived primarily from:

- sales of the SWU component of LEU,
- sales of both the SWU and uranium components of LEU, and
- sales of natural uranium.

The majority of our customers are domestic and international utilities that operate nuclear power plants, with international sales constituting 28% of revenue from our LEU segment in 2014. Our agreements with electric utilities are primarily long-term, fixed-commitment contracts under which our customers are obligated to purchase a specified quantity of the SWU component of LEU (or the SWU and uranium components of LEU) from us. Our agreements for natural uranium sales are generally shorter-term, fixed-commitment contracts. Uranium sales constituted less than 1% of the revenue from our LEU segment in 2014.

Our revenues, operating results and cash flows can fluctuate significantly from quarter to quarter and year to year. Revenue is recognized at the time LEU or uranium is delivered under the terms of our contracts. Customer demand is affected by, among other things, electricity markets, reactor operations, maintenance and the timing of refueling outages. Utilities typically schedule the shutdown of their reactors for refueling to coincide with the low electricity demand periods of spring and fall. Thus, some reactors are scheduled for annual or two-year refuelings in the spring or fall, or for 18-month cycles alternating between both seasons. Customer payments for the SWU component of LEU typically average approximately \$15 million to \$20 million per order. As a result, a relatively small change in the timing of customer orders for LEU due to a change in a customer's refueling schedule may cause operating results to be substantially above or below expectations.

Our financial performance over time can be significantly affected by changes in prices for SWU and uranium. The long-term SWU price indicator, as published by TradeTech, LLC in *Nuclear Market Review*, is an indication of base-year prices under new long-term enrichment contracts in our primary markets. Since our backlog includes contracts awarded to us in previous years, the average SWU price billed to customers typically lags behind the current price indicators by several years, which means that prices under contracts today exceed declining market prices. Following are TradeTech's long-term and spot SWU price indicators, the long-term price for uranium hexafluoride ("UF₆"), as calculated by Centrus using indicators published in *Nuclear Market Review*, and TradeTech's spot price indicator for UF₆:

	<u>March 31, 2015</u>	<u>December 31, 2014</u>	<u>March 31, 2014</u>
SWU:			
Long-term price indicator (\$/SWU)	\$ 87.00	\$ 90.00	\$ 99.00
Spot price indicator (\$/SWU)	79.00	88.00	96.00
UF ₆ :			
Long-term price composite (\$/KgU)	146.64	146.64	133.58
Spot price indicator (\$/KgU)	109.25	100.50	96.00

In a number of sales transactions, title to uranium or LEU is transferred to the customer and we receive payment under normal credit terms without physically delivering the uranium or LEU to the customer. This may occur because the terms of the agreement require us to hold the uranium to which the customer has title, or because the customer encounters brief delays in taking delivery of LEU. In such cases, recognition of revenue does not occur at the time title to uranium or LEU transfers to the customer but instead is deferred until LEU to which the customer has title is physically delivered.

Cost of Sales for SWU and Uranium

Cost of sales for SWU and uranium is based on the amount of SWU and uranium sold and delivered during the period and unit inventory costs. Unit inventory costs are determined using the monthly moving average cost method. Changes in purchase costs and, historically, changes in production costs, have an effect on inventory costs and cost of sales over current and future periods.

SWU costs for the Successor Company are based on Russian SWU purchase costs and the inventory cost basis as of the Effective Date. SWU inventory costs were increased by \$35.4 million as of the Effective Date to reflect fresh start accounting adjustments.

Prices for SWU purchased under the Russian Supply Agreement are determined based on a mix of market-related price points and other factors. Prior to the cessation of enrichment at the Paducah GDP, SWU costs for the Predecessor Company included production costs consisting principally of electric power, labor and benefits, materials, depreciation and amortization, and maintenance and repairs.

Following the cessation of enrichment at the Paducah GDP, costs for plant activities that formerly were included in production costs have been charged directly to cost of sales including inventory management and disposition, ongoing regulatory compliance, utility requirements for operations, security, and other site management activities related to transition of facilities and infrastructure to DOE in October 2014. Refer below to *Results of Operations - Cost of Sales*.

Contract Services Segment

American Centrifuge

Beginning in May 2014, the contract services segment includes revenue and cost of sales for American Centrifuge work we perform under the ACTDO Agreement as a subcontractor to UT-Battelle. The ACTDO Agreement is a firm, fixed-price contract that provides for continued cascade operations and the continuation of core American Centrifuge research and technology activities and the furnishing of related reports to ORNL. The total price is approximately \$117 million for the period from May 1, 2014 to September 30, 2015. The agreement is incrementally funded and provides for payments of approximately \$6.7 million per month through September 30, 2014 and approximately \$6.9 million per month thereafter. Spending levels are consistent with the fixed funding levels. Centrus records an unbilled receivable and revenue based on the progress towards the achievement of monthly deliverables. Monthly reports and invoices affirming the achievement of monthly deliverables are submitted shortly following each month. The achievement of monthly deliverables has resulted in revenue consistent with the funding levels.

Site Services Work and Related Receivables

We formerly performed work under contract with DOE and its contractors to maintain and prepare the former Portsmouth GDP for decontamination and decommissioning (“D&D”). In September 2011, our contracts for maintaining the Portsmouth facilities and performing services for DOE at Portsmouth expired and we completed the transition of facilities to DOE’s D&D contractor for the Portsmouth site. Additionally, we provided limited services to DOE and its contractors at the Paducah GDP until the leased portions of the Paducah GDP were returned to DOE on October 21, 2014.

Revenue from U.S. government contracts for work performed at the Portsmouth and Paducah sites is recognized in accordance with government cost accounting standards (“CAS”). Allowable costs include direct costs as well as allocations of indirect plant and corporate overhead costs and are subject to audit by the Defense Contract Audit Agency (“DCAA”), or such other entity that DOE authorizes to conduct the audit. As a part of performing contract work for DOE, certain contractual issues, scope of work uncertainties, and various disputes arise from time to time. Issues unique to Centrus can arise as a result of our history of being privatized from the U.S. government and our lease and other contracts with DOE. Payment for our contract work performed for DOE is subject to DOE funding availability and Congressional appropriations.

DOE historically has not approved our provisional billing rates in a timely manner. DOE has approved provisional billing rates for 2004, 2006, 2010 and 2013 based on preliminary budgeted estimates even though updated provisional rates had been submitted based on more current information. In addition, we have finalized and submitted to DOE the Incurred Cost Submissions for Portsmouth and Paducah contract work for the six months ended December 31, 2002 and calendar years 2003 through 2013. DOE and its audit contractors historically have not completed their audits of our Incurred Cost Submissions in a timely manner. In December 2013, DOE provided its position regarding establishing Final Indirect Cost Rates for the six months ended December 31, 2002 and calendar years 2003 through 2005 based in part on audits completed for those years. In June 2014, DOE provided the results of the audit of the 2006 Incurred Cost Submission and in January 2015, DOE provided its position regarding establishing Final Indirect Cost Rates for 2006. DOE’s contractor is in the final stages of its audit of 2007 and has begun its audit of 2008.

Federal Acquisition Regulations require the DOE contracting officer to conduct negotiations and prepare a written indirect cost agreement. Neither of these actions has occurred. We do not agree with all of the findings of the audits for these years and believe that DOE’s continued withholding of payments is unwarranted. There is the potential for additional revenue to be recognized, based on the outcome of DOE reviews and audits, as the result of the release of previously established receivable related reserves. However, because these periods have not been finalized and most remain unaudited, uncertainty exists and we have not yet recognized this additional revenue.

Certain receivables from DOE are included in other long-term assets based on the extended timeframe expected to resolve claims for payment. We believe that DOE has failed to establish appropriate provisional billing and final indirect cost rates on a timely basis and the Company has filed claims with DOE for payment under the Contract Disputes Act (“CDA”). DOE denied our initial claims for payment of \$38.0 million for the periods through 2011, and on May 30, 2013, the Company appealed DOE’s denial of its claims to the U.S. Court of Federal Claims. We have been able to reach a resolution on a portion of the amounts claimed and DOE has now paid approximately \$6 million of claims for work performed in 2003 through 2005. The Court dismissed claims against DOE related to approximately \$3.8 million due from prime subcontractors to DOE and we are pursuing payment of such claims directly from the DOE subcontractors.

In December 2012, we invoiced DOE for \$42.8 million, representing its share of pension and postretirement benefits costs related to the transition of Portsmouth site employees to DOE’s D&D contractor, as permitted by CAS and based on CAS calculation methodology. DOE denied payment on this invoice in January 2013 and subsequent to providing additional information, as requested, to DOE, the Company submitted a claim on August 30, 2013 under the CDA for payment of the \$42.8 million. On August 27, 2014, the DOE contracting officer denied our claim. As a result, Centrus filed a complaint with the U.S. Court of Federal Claims in January 2015 but there is no assurance we will be successful in our appeal. We have a full valuation allowance for this claim due to the lack of a resolution with DOE and uncertainty regarding the amounts owed and the timing of collection. The amounts owed by DOE may be more than the amounts we have invoiced to date.

Further, on February 5, 2015, the Company filed claims with DOE for payment under the CDA for approximately \$1.6 million related to services performed in 2013. The Company believes that DOE improperly reduced its payment by applying a duplicative credit that had previously been applied to a 2011 invoice. The Company also filed a complaint in the U.S. Court of Federal Claims since the DOE action relates to the pending litigation and to preserve the Company's rights. On April 3, 2015, the DOE contracting officer informed the Company that no final decision will be issued by DOE on our claim since the matter is currently in litigation. On May 5, 2015, the Company filed a motion for summary judgment in the litigation.

We have potential pension plan funding obligations under the Employee Retirement Income Security Act ("ERISA") Section 4062(e) related to our de-lease of the former Portsmouth GDP and transition of employees to DOE's D&D contractor and related to the transition of employees in connection with the Paducah GDP transition. We believe that DOE is responsible for a significant portion of any pension and postretirement benefit costs associated with the transition of employees at Portsmouth. Additional details are provided in *Liquidity and Capital Resources - Defined Benefit Plan Funding*.

Advanced Technology Costs

From June 2012 through April 2014, the Company performed work under the June 2012 cooperative agreement with DOE (the "Cooperative Agreement") for the American Centrifuge technology with cost-share funding from DOE. The Cooperative Agreement provided for 80% DOE and 20% Company cost sharing for work performed up to a total government cost share of \$280 million. Costs incurred under the Cooperative Agreement were included in advanced technology costs. DOE's cost share under the Cooperative Agreement was recognized as other income. The Cooperative Agreement expired in accordance with its terms on April 30, 2014.

Since May 2014, the Company has been performing continued cascade operations and core American Centrifuge research and technology activities and the furnishing of related reports to ORNL under the ACTDO Agreement. The scope of the overall work under the ACTDO Agreement is reduced from the scope of work that was being conducted by the Company under the Cooperative Agreement. Revenue and cost of sales for work that we perform under the fixed-price ACTDO Agreement as a subcontractor to UT-Battelle are reported in the contract services segment.

American Centrifuge costs incurred by Centrus that are outside of the ACTDO Agreement are included in advanced technology costs. The Company incurred \$1.8 million in the three months ended March 31, 2015 for certain demobilization and maintenance costs related to American Centrifuge that are included in advanced technology costs.

2015 Outlook

Centrus will continue its transition during 2015 and we expect to deliver significantly less SWU to customers than the approximately 8 million SWU delivered in 2013. During 2014, we delivered approximately 3 million SWU and we expect to deliver approximately 2 million SWU in 2015. We will also continue to execute our contract with ORNL to conduct research, development and demonstration of the American Centrifuge technology under the terms of the ACTDO Agreement.

Specifically, we anticipate SWU and uranium revenue in 2015 in a range of \$350 million to \$375 million and total revenue in a range of \$425 million to \$450 million. We expect to end 2015 with a cash and cash equivalents balance in a range of \$175 million to \$200 million.

Our financial guidance is subject to a number of assumptions and uncertainties that could affect results either positively or negatively. Variations from our expectations could cause differences between our guidance and our ultimate results. Among the factors that could affect our results are:

- Additional short-term sales;
- Timing of customer orders and related SWU deliveries;
- Payment of disputed DOE contract service costs;
- Funding of the ACTDO Agreement or a successor agreement beyond its current contract expiration date of September 30, 2015; and
- The cost of any American Centrifuge demobilization or additional costs related to the overall transition of Centrus.

Results of Operations

We have two reportable segments measured and presented through the gross profit line of our income statement: the LEU segment with two components, SWU and uranium, and the contract services segment. The LEU segment is our primary business focus and includes sales of the SWU component of LEU, sales of both SWU and uranium components of LEU, and sales of uranium. The contract services segment includes revenue and cost of sales for American Centrifuge work we perform under the ACTDO Agreement as a subcontractor to UT-Battelle. The contract services segment also includes limited services provided by Centrus to DOE and its contractors at the Portsmouth site related to facilities we continue to lease for the ACP and formerly at the Paducah GDP. There were no intersegment sales in the periods presented.

Upon emergence from Chapter 11 bankruptcy, Centrus adopted fresh start accounting which resulted in Centrus becoming a new entity for financial reporting purposes. References to “Successor” or “Successor Company” relate to the financial position of the reorganized Centrus as of and subsequent to September 30, 2014 and results of operations subsequent to September 30, 2014. References to “Predecessor” or “Predecessor Company” relate to the Company prior to September 30, 2014. As a result of the application of fresh start accounting and the effects of the implementation of the Plan of Reorganization, the consolidated financial statements on or after September 30, 2014 are not comparable to consolidated financial statements prior to that date.

The following table presents elements of the accompanying condensed consolidated statements of operations that are categorized by segment (dollar amounts in millions):

	Successor	Predecessor		
	Three Months Ended March 31, 2015	Three Months Ended March 31, 2014	Change	%
LEU segment				
Revenue:				
SWU revenue	\$ 103.6	\$ 145.6	\$ (42.0)	(29)%
Uranium revenue	43.2	—	43.2	— %
Total	146.8	145.6	1.2	1 %
Cost of sales	139.6	165.3	25.7	16 %
Gross profit (loss)	\$ 7.2	\$ (19.7)	\$ 26.9	137 %
Contract services segment				
Revenue	\$ 21.0	\$ 3.0	\$ 18.0	600 %
Cost of sales	21.3	4.2	(17.1)	(407)%
Gross (loss)	\$ (0.3)	\$ (1.2)	\$ 0.9	75 %
Total				
Revenue	\$ 167.8	\$ 148.6	\$ 19.2	13 %
Cost of sales	160.9	169.5	8.6	5 %
Gross profit (loss)	\$ 6.9	\$ (20.9)	\$ 27.8	133 %

Revenue

Revenue from the LEU segment increased \$1.2 million (or 1%) in the three months ended March 31, 2015 compared to the corresponding period in 2014. The volume of SWU sales declined 36% reflecting the variability in timing of utility customer orders and the expected decline in SWU deliveries in 2015 compared to 2014. The average price billed to customers for sales of SWU increased 12% reflecting the particular contracts under which SWU were sold during the period.

Revenue from the contract services segment increased \$18.0 million (or 600%) in the three months ended March 31, 2015, compared to the corresponding period in 2014, reflecting \$20.8 million for American Centrifuge work performed under the ACTDO Agreement in the current period, partially offset by a decline in contract services work performed for DOE and DOE contractors.

Cost of Sales

Cost of sales for the LEU segment declined \$25.7 million (or 16%) in the three months ended March 31, 2015, compared to the corresponding period in 2014, due to lower SWU sales volumes and lower non-production expenses, partially offset by higher uranium sales volumes. Cost of sales for SWU and uranium and non-production expenses are detailed in the following table (dollar amounts in millions):

	Successor	Predecessor		
	Three Months Ended March 31, 2015	Three Months Ended March 31, 2014	Change	%
Cost of sales for the LEU segment:				
SWU and uranium	\$ 134.9	\$ 130.4	\$ (4.5)	(3)%
Non-production expenses	4.7	34.9	30.2	87 %
Total	\$ 139.6	\$ 165.3	25.7	16 %

Cost of sales per SWU, excluding non-production expenses, was 10% higher in the three months ended March 31, 2015, compared to the corresponding period in 2014, primarily due to the increase to book value of SWU inventories recorded as of September 30, 2014 as part of the application of fresh start accounting. There were no purchases of SWU from Russia in the three months ended March 31, 2015 based on our agreed-upon delivery schedule.

As we accelerated the expected productive life of plant assets and ceased enrichment at the Paducah GDP in May 2013, we have incurred a number of expenses unrelated to production that have been charged directly to cost of sales. Non-production expenses totaled \$4.7 million in the three months ended March 31, 2015 and \$34.9 million in the corresponding period in 2014 as follows:

- Operating expenses of \$4.4 million in the three months ended March 31, 2015 and \$27.0 million in the three months ended March 31, 2014. Charges in the first quarter of 2015 include off-site inventory management and logistics costs. Charges in the first quarter of 2014 include inventory management and disposition, ongoing regulatory compliance, utility requirements for operations, security, and other Paducah site management activities related to the transitioning of facilities and infrastructure to DOE;
- Inventory charges of \$0.3 million in the three months ended March 31, 2015 and \$6.6 million in the three months ended March 31, 2014, including the cost of inventories deployed for cascade drawdown, assay blending and repackaging, and residual uranium in cylinders transferred to DOE. We determined that it was uneconomic to recover resulting residual quantities for resale; and
- Paducah GDP asset depreciation charges of \$1.3 million in the three months ended March 31, 2014. Paducah GDP asset depreciation was completed as of June 30, 2014.

Cost of sales for the contract services segment increased \$17.1 million (or 407%) in the three months ended March 31, 2015 compared to the corresponding period in 2014, primarily due to American Centrifuge work performed under the ACTDO Agreement in the current period.

Gross Profit (Loss)

Gross profit increased \$27.8 million to a gross profit of \$6.9 million in the three months ended March 31, 2015 from a gross loss of \$20.9 million in the three months ended March 31, 2014. Our margin was 4.1% in the three months ended March 31, 2015 compared to (14.1%) in the corresponding period in 2014. Gross profit for the LEU segment increased \$26.9 million in the three-month period due to the decrease in non-production expenses and the increase in the average SWU price billed to customers, partially offset by lower SWU sales volume. Our gross loss from the contract services segment improved by \$0.9 million in the three months ended March 31, 2015 compared to the corresponding period in 2014.

The following tables present elements of the accompanying consolidated statements of operations that are not categorized by segment (dollar amounts in millions):

	Successor	Predecessor		
	Three Months Ended March 31, 2015	Three Months Ended March 31, 2014	Change	%
Gross profit (loss)	\$ 6.9	\$ (20.9)	\$ 27.8	133 %
Advanced technology costs	1.8	33.3	31.5	95 %
Selling, general and administrative	12.3	11.7	(0.6)	(5)%
Amortization of intangible assets	4.0	—	(4.0)	— %
Special charges (credit) for workforce reductions	0.6	(0.5)	(1.1)	(220)%
Other (income)	(0.8)	(26.2)	(25.4)	(97)%
Operating (loss)	(11.0)	(39.2)	28.2	72 %
Interest expense	4.9	4.6	(0.3)	(7)%
Interest (income)	(0.2)	(0.4)	(0.2)	(50)%
Reorganization items, net	—	8.4	8.4	— %
(Loss) from before income taxes	(15.7)	(51.8)	36.1	70 %
Provision (benefit) for income taxes	(0.3)	(1.0)	(0.7)	(70)%
Net (loss)	<u>\$ (15.4)</u>	<u>\$ (50.8)</u>	<u>\$ 35.4</u>	<u>70 %</u>

Advanced Technology Costs

Advanced technology costs declined \$31.5 million in the three months ended March 31, 2015, compared to the corresponding period in 2014, reflecting development activity in the prior period under the Cooperative Agreement with DOE, which expired in accordance with its terms on April 30, 2014. We incurred \$1.8 million in the three months ended March 31, 2015 for certain demobilization and maintenance costs related to American Centrifuge that are included in advanced technology costs.

Selling, General and Administrative

Selling, general and administrative (“SG&A”) expenses increased \$0.6 million in the three months ended March 31, 2015, compared to the corresponding period in 2014, reflecting lower salaries, benefits and other compensation of \$0.9 million offset with additional consulting costs of \$0.7 million and additional office related expenses of \$0.9 million.

Amortization of Intangible Assets

Amortization commenced in the fourth quarter of 2014 for the intangible assets resulting from the Company’s emergence from bankruptcy and adoption of fresh start accounting.

Special Charges (Credit) for Workforce Reductions

The cessation of enrichment at the Paducah GDP and evolving business needs have resulted in workforce reductions since July 2013. Special charges in the three months ended March 31, 2015, consisted of termination benefits of \$0.9 million less \$0.3 million of severance paid by the Company and invoiced to DOE for its share of employee severance. In the first quarter of 2014, \$0.6 million was invoiced to DOE and is reflected as a credit to special charges.

Other (Income)

In the three months ended March 31, 2015, other income included net gains on sales of assets and property of \$0.8 million.

DOE and the Company provided cost-sharing support for American Centrifuge activities under the Cooperative Agreement, which expired in accordance with its terms on April 30, 2014. DOE's cost share of qualifying American Centrifuge expenditures in the three months ended March 31, 2014 was recognized as other income.

Reorganization Items, Net

Beginning in the first quarter of 2014, expenses, gains and losses directly associated with our reorganization were reported as *Reorganization Items, Net*.

Provision (Benefit) for Income Taxes

The income tax benefit was \$0.3 million for the three months ended March 31, 2015 and \$1.0 million for the corresponding period in 2014. The income tax benefit in both periods is a discrete item for reversals of previously accrued amounts associated with liabilities for unrecognized benefits.

Because there is a full valuation allowance against deferred tax assets and there are pretax losses and, for the three months ended March 31 2014, income in other components of the financial statements (i.e., Other Comprehensive Income), the income tax benefit for the three months ended March 31, 2014, excluding discrete items, from pretax losses is limited to the amount of income tax expense recorded on Other Comprehensive Income. This income tax benefit is calculated using an estimated annual effective tax rate. The estimated annual effective tax rate applied to pretax losses for an interim period is calculated using the estimated full-year plan for ordinary income and the year-to-date income tax expense for all other components of the financial statements.

Net (Loss)

Our net loss declined \$35.4 million in the three months ended March 31, 2015, compared to the corresponding period in 2014, reflecting the increase in gross profit for the LEU segment and declines in advanced technology costs and reorganization items, partially offset by amortization of intangible assets that resulted from our reorganization.

Liquidity and Capital Resources

We ended the first quarter of 2015 with a consolidated cash balance of \$225.0 million. We anticipate having adequate liquidity to support our business operations for at least the next 12 months. Our view of liquidity is dependent on our operations and the level of expenditures and government funding for the work performed under the ACTDO Agreement. Liquidity requirements for our existing operations are affected by the timing and amount of customer sales and purchases of Russian LEU. We have worked with customers to modify delivery schedules to provide sufficient liquidity and working capital for our operating needs.

Substantially all revenue-generating operations of the Company are conducted at the subsidiary level. Centrus' principal source of funding for American Centrifuge activities is provided under the fixed-price ACTDO Agreement with ORNL and funding provided by Centrus' wholly owned subsidiary United States Enrichment Corporation ("Enrichment Corp.") to Centrus and its 100% indirectly owned subsidiary American Centrifuge Operating, LLC pursuant to two secured intercompany financing notes (the "Intercompany Notes"). The financing obtained from Enrichment Corp. funds American Centrifuge activities pending receipt of payments related to work performed under the ACTDO Agreement, American Centrifuge costs that are outside the scope of work under the ACTDO Agreement, including costs of the limited demobilization and contract termination costs resulting from the reduction in scope of work under the ACTDO Agreement as compared to the scope of work under the prior Cooperative Agreement, and general corporate expenses, including cash interest payments on our 8% paid-in-kind toggle notes ("PIK Toggle Notes"). Capital expenditures are expected to be insignificant for at least the next 12 months.

We believe our sales backlog in our LEU segment is a source of stability for our liquidity position. However, due to the current supply/demand imbalance in the nuclear fuel market, the sharp decrease in market prices since Japanese reactors were taken out of service in 2011, uncertainty about the future prospects for commercial production at the ACP and the end to domestic production at the Paducah GDP, we have not replenished our sales backlog in recent years. Based on current market conditions, we see limited uncommitted demand for LEU prior to the end of the decade. However, we are actively pursuing opportunities to make additional sales, including sales for delivery during that time period.

The ACTDO Agreement is a firm, fixed-price contract that provides for continued cascade operations and the continuation of core American Centrifuge research and technology activities and the furnishing of related reports to ORNL. In July 2014 and again in January 2015, ORNL exercised its options to extend the period of performance for the ACTDO Agreement for additional six-month periods to September 30, 2015. The two extensions have increased the total price to approximately \$117 million for the period from May 1, 2014 to September 30, 2015. A bipartisan consensus in Congress and the Administration recognized the importance of maintaining the American Centrifuge technology for national and energy security purposes and funding for ACTDO Agreement activities was included in the government fiscal year 2015 omnibus appropriation signed by President Obama in December 2014. Further, the Administration's budget request for government fiscal year 2016 includes \$100 million for domestic uranium enrichment to maintain the current centrifuge program while the Administration finalizes its assessment of how best to meet U.S. national security and non-proliferation goals. Appropriations for government fiscal year 2016 will require further action from both Congress and the President. On May 1, 2015, the House of Representatives passed H.R. 2028, to provide energy and water development appropriations for government fiscal year 2016. This legislation would provide \$50 million in direct appropriations for the domestic uranium enrichment program and contained a provision that would provide up to \$50 million in special reprogramming authority for the program. As of May 1, 2015, the Senate had not taken formal action on government fiscal year 2016 energy and water development appropriations.

The ACTDO Agreement is incrementally funded and provides for payments on a monthly basis at a rate of approximately \$6.7 million per month through September 30, 2014 and approximately \$6.9 million per month thereafter.

The scope of the overall work under the ACTDO Agreement is reduced from the scope of work that was being conducted by us under the prior Cooperative Agreement with DOE. We have demobilized portions of the program areas not being continued under the reduced scope. We incurred approximately \$17 million in 2014 and \$1 million in the first quarter of 2015 to demobilize portions of the program areas not being continued under the reduced scope. The costs associated with our limited demobilization activities are included in advanced technology costs. We expect to incur an estimated \$5 million in additional demobilization costs, primarily in the second quarter of 2015. These costs exclude any offsetting proceeds from sales of our assets no longer needed in our current activities. These costs relate to securing classified and export controlled information and intellectual property, preparing to preserve machinery and equipment with a structured maintenance plan to protect the long-term viability and operability of this specialized equipment, transporting and consolidating selected materials and equipment that may be necessary for future deployment, and terminating supplier contracts. The objective of the limited demobilization is to not only reduce costs for which no external funding exists, but also to preserve our ability to remobilize certain project activities effectively at a future date. We worked with affected suppliers in order to terminate contracts either by their terms or in a consensual manner such that relationships will be maintained to reconstitute the industrial base to support deployment of the American Centrifuge for national security purposes or for commercialization.

Notwithstanding the limited demobilization costs described above, substantially all of our American Centrifuge project costs are supported by the ACTDO Agreement. Spending levels and scope are expected to remain in line with the ACTDO Agreement and any subsequent agreements funded by the U.S. government until an investment opportunity to commercialize the ACP is viable. In the event that funding by the U.S. government is discontinued, the American Centrifuge project may be subject to further demobilization, delays and termination. Any such actions may have a material adverse impact on our ability to deploy the American Centrifuge technology, on our liquidity and on the long-term viability of our LEU business. A decision to further demobilize or terminate the project would result in severance costs, contractual commitments, and other related costs which would impose additional demands on our liquidity. In addition, notwithstanding our emergence from bankruptcy, we continue to be subject to actions that may be taken by vendors, customers, creditors and other third parties in response to our actions or based on their view of our financial strength and future business prospects, could give rise to events that individually, or in the aggregate, impose significant demands on our liquidity.

The prospects for any commercial deployment of the American Centrifuge technology are likely delayed for several years until the current oversupply of enriched uranium has been absorbed and market price indicators have improved, providing the basis for capital investment. Commercial deployment of a future domestic enrichment plant will require a substantial amount of capital. In order to successfully raise this capital, we need to evaluate our options and develop a viable business plan that supports loan repayment and provides potential investors with an attractive return on investment based on the project's risk profile, which is not supported by current market conditions without additional government support.

As described below under *Defined Benefit Plan Funding*, we are in discussions with the PBGC and its financial advisors regarding the impact of our de-leases of the Portsmouth and Paducah GDPs and related transition of employees as well as the continuing transition of our business on our defined benefit plan funding obligations.

The change in cash and cash equivalents from our condensed consolidated statements of cash flows are as follows on a summarized basis (in millions):

	Successor	Predecessor
	Three Months Ended	Three Months Ended
	March 31, 2015	March 31, 2014
Net Cash Provided by (Used in) Operating Activities	\$ 2.3	\$ (229.7)
Net Cash Provided by Investing Activities	3.9	0.6
Net Cash Provided by Financing Activities	—	—
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 6.2	\$ (229.1)

Operating Activities

Monetization of inventory purchased or produced in prior periods provided cash flow in the three months ended March 31, 2015 as inventories declined \$124.1 million due to sales deliveries, ceasing of enrichment, and no additional product received under SWU purchase agreements in the first quarter. In addition, accounts receivable declined \$37.2 million due to monetization in the first quarter without increased sales and billings. Payment of the SWU purchase payables balance of \$140.1 million, due to the timing of deliveries, was a significant use of cash flow in the three-month period. The net loss of \$15.4 million in the three months ended March 31, 2015, net of non-cash charges including depreciation and amortization, was a use of cash flow.

In the corresponding period in 2014, payment of the SWU purchase payables balance of \$340.7 million, due to the timing of deliveries, was a significant use of cash flow. The net loss of \$50.8 million, net of non-cash charges including depreciation and amortization, was a use of cash flow. Monetization of inventory purchased or produced in prior periods provided cash flow in the three-month period as accounts receivable declined \$125.0 million and inventories declined \$53.6 million.

Investing Activities

There were no capital expenditures in the three months ended March 31, 2015 or the corresponding period in 2014. Cash collateral deposits decreased \$3.7 million in the three months ended March 31, 2015, and \$0.6 million in the corresponding period in 2014, commensurate with declines in surety bonds required for waste disposition.

Working Capital

	March 31, 2015	December 31, 2014
	(millions)	
Cash and cash equivalents	\$ 225.0	\$ 218.8
Accounts receivable, net	20.0	58.9
Inventories, net	179.2	303.3
Other current assets and liabilities, net	(61.1)	(215.0)
Working capital	\$ 363.1	\$ 366.0

Defined Benefit Plan Funding

We expect to contribute \$9.7 million to the non-qualified defined benefit pension plans in 2015. There were no contributions in the three months ended March 31, 2015. We do not expect there to be a required contribution for the qualified defined benefit pension plans in 2015 and therefore we do not expect to contribute in 2015. There is no required contribution for the postretirement health and life benefit plans under ERISA and we do not expect to contribute in 2015.

In addition, we have been in discussion with the PBGC and its financial advisors regarding the status of the qualified pension plans, including with respect to potential liability under ERISA Section 4062(e). On September 30, 2011, Enrichment Corp. completed the de-lease to DOE of the Portsmouth GDP and transition of employees performing government services work to DOE's D&D contractor. Enrichment Corp. notified the PBGC of this occurrence at that time.

Further, at the end of May 2013, Enrichment Corp. ceased enrichment at the Paducah GDP and on October 21, 2014, completed the de-lease and return of the facility to DOE. In connection with the de-lease and return of the Paducah GDP to DOE, the remaining employees at the Paducah GDP were terminated other than a few employees that have been retained to continue operations related to servicing customers, implementation of the Russian Supply Agreement and to fill positions elsewhere in the Company.

After receiving the Company's notification of the transition of employees at the Portsmouth GDP in 2011, the PBGC staff at that time informally advised Enrichment Corp. of its preliminary view that the Portsmouth GDP transition was a cessation of operations that triggered liability under ERISA Section 4062(e) and that its preliminary estimate was that the ERISA Section 4062(e) liability (computed by taking into account the plan's underfunding on a "termination basis," which amount differs from that computed for GAAP purposes) for the Portsmouth GDP transition was approximately \$130 million. At that time, Enrichment Corp. informed the PBGC that it did not agree with the PBGC staff's view that ERISA Section 4062(e) liability was triggered in 2011, and also disputed the amount of the preliminary PBGC calculation of the potential ERISA Section 4062(e) liability. At the end of May 2013, the PBGC staff also informally advised Enrichment Corp. that the Paducah de-lease would be a cessation of operations under section 4062(e) when more than 20% of the Enrichment Corp.'s employees who are participants in a PBGC-covered pension plan were separated. The 20% reduction to the active plan participant threshold was reached at Paducah in April 2014.

Subsequently, on December 16, 2014, the President signed into law the Consolidated and Further Continuing Appropriations Act, 2015 (the "CFCAA"), which made major changes to ERISA section 4062(e). The CFCAA changes the criteria for triggering liability under section 4062(e); provides certain exemptions from the applicability of section 4062(e) to certain events; permits companies to satisfy the liability by making payments into the pension over seven years, but ceases once the pension reaches a 90% funding level as calculated under the method provided in the CFCAA; subject to an exception not applicable here, prohibits the PBGC from taking any enforcement, administrative or other action under section 4062(e) that is inconsistent with the amendments made by the CFCAA based on events that occurred before the date of enactment (December 16, 2014); and permits companies to elect to satisfy any liability under section 4062(e) as provided in the CFCAA for an event that had occurred prior to date of enactment as if such cessation had occurred on such date of enactment. While the PBGC has not issued any guidance or rules regarding the implementation of the changes to section 4062(e), we believe that in the event the PBGC were to determine that a cessation of operations had occurred under section 4062(e) as a result of the Portsmouth GDP transition or the Paducah GDP transition (events that occurred before enactment of the CFCAA), the Company could elect to satisfy any section 4062(e) liability under the provisions of the CFCAA. As of January 1, 2014, (the first plan year for which payments would otherwise be required) the Enrichment Corp. pension plan was over 90% funded under the method used in the CFCAA. Consequently the Company believes that any such liability would be fully satisfied under the method provided in the CFCAA.

The PBGC, however, has other authorities under ERISA that it may consider to address the Portsmouth and Paducah transitions or otherwise in connection with the Company's qualified defined benefit pension plans. These authorities include, but are not limited to, initiating involuntary termination of underfunded plans and seeking liens or additional funding. We would seek to defend against the assertion by the PBGC of any such authorities based on the facts and circumstances at the time. The involuntary termination by the PBGC of any of the qualified pension plans of Centrus or Enrichment Corp. would result in the termination of the limited, conditional guaranty by Enrichment Corp. of the PIK Toggle Notes (other than with respect to the unconditional interest claim).

We have been engaged in discussions with the PBGC since the Portsmouth GDP transition. In 2014, prior to enactment of the CFCAA, the PBGC informed the Company that the PBGC had retained an outside financial advisor to advise the PBGC on the Company's business and the need for and advisability of any actions that may be taken by the PBGC. The Company believes it is in the best interest of all stakeholders, including the PBGC, the covered plan participants and the Company, to continue funding of the qualified pension plans in the ordinary course and expects to do so, but there is no assurance that the PBGC will agree with that approach.

Capital Structure and Financial Resources

At March 31, 2015, our debt consisted of \$244.0 million of PIK Toggle Notes. The PIK Toggle Notes will mature on September 30, 2019. However, the maturity date shall be extended to September 30, 2024 upon the satisfaction of certain funding conditions described in the Indenture relating to the funding, under binding agreements, of (i) the American Centrifuge project or (ii) the implementation and deployment of a National Security Train Program utilizing American Centrifuge technology and delivery of a maturity date extension notice. The PIK

Toggle Notes pay interest at a rate of 8.0% per annum. Interest is payable semi-annually in arrears based on a 360-day year consisting of twelve 30-day months. The Company has elected to pay 3.0% per annum of interest due on the PIK Toggle Notes for the interest periods ending on March 31, 2015 and September 30, 2015 in the form of PIK payments. As such, interest for the semi-annual period ended March 31, 2015 was paid as \$3.6 million in PIK payments and \$6.0 million in cash. For any interest payment date from October 1, 2015 through the maturity of the PIK Toggle Notes, the Company has the option to pay up to 5.5% per annum of interest due on the PIK Toggle Notes in the form of PIK payments. The PIK Toggle Notes are guaranteed on a limited, subordinated and conditional basis by Enrichment Corp. Enrichment Corp. will be released from its guarantee without the consent of the holders of the PIK Toggle Notes upon the occurrence of certain termination events (other than with respect to the unconditional interest claim). Additional terms and conditions of the PIK Toggle Notes are described in Note 8 of the condensed consolidated financial statements.

As described in more detail above and under *Defined Benefit Plan Funding*, we are managing our working capital to improve the long term value of our LEU business and are planning to continue funding the Company's qualified pension plans in the ordinary course because we believe that is in the best interest of all stakeholders. Any other uses of working capital will be undertaken in light of these strategic priorities and will be based on the Company's determination as to the relative strength of its operating performance and prospects, financial position and expected liquidity requirements. In addition, any such other uses of working capital will be subject to compliance with contractual restrictions to which the Company and its subsidiaries are subject, including the terms and conditions of the Indenture. While the Company will continue to evaluate alternatives to manage our capital structure, the Company does not currently intend to utilize working capital to repurchase or redeem the PIK Toggle Notes or other Company securities.

Off-Balance Sheet Arrangements

Other than outstanding letters of credit and surety bonds, our purchase commitments under the Russian Supply Agreement and the license agreement with DOE relating to the American Centrifuge technology disclosed in our 2014 Annual Report, there were no material off-balance sheet arrangements, obligations, or other relationships at March 31, 2015 or December 31, 2014.

New Accounting Standards Not Yet Implemented

Reference is made to *New Accounting Standards* in Note 1 of the condensed consolidated financial statements for information on new accounting standards.

Item 3. *Quantitative and Qualitative Disclosures about Market Risk*

At March 31, 2015, the balance sheet carrying amounts for cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities approximate fair value because of the short-term nature of the instruments.

We have not entered into financial instruments for trading purposes. At March 31, 2015, our debt consisted of the PIK Toggle Notes with a balance sheet carrying value of \$244.0 million. The estimated fair value of the PIK Toggle Notes was \$104.0 million based on the trading price at March 31, 2015.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

Centrus maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed by Centrus in reports it files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported on a timely basis and that such information is accumulated and communicated to management, including the Chief Executive Officer and the Chief Financial Officer, as appropriate, to allow for timely decisions regarding required disclosure.

As of the end of the period covered by this report, Centrus carried out an evaluation, under the supervision and with the participation of the Company's management, including the Chief Executive Officer and the Chief Financial Officer, of the effectiveness of the design and operation of disclosure controls and procedures pursuant to Exchange Act Rule 13a-15. Based upon, and as of the date of, this evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that disclosure controls and procedures were effective.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting during the quarter ended March 31, 2015 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
10.1	Modification 14 dated January 7, 2015 to Subcontract No. 4000130255 issued by UT-Battelle, LLC acting under contract DE-AC05-00OR22725 with the U.S. Department of Energy, listing USEC Inc. as Seller for Centrifuge Information and Analysis, dated May 1, 2014. (a)
10.2	Modification 15 dated January 20, 2015 to Subcontract No. 4000130255 issued by UT-Battelle, LLC acting under contract DE-AC05-00OR22725 with the U.S. Department of Energy, listing USEC Inc. as Seller for Centrifuge Information and Analysis, dated May 1, 2014. (a)
10.3	Modification 16 dated January 23, 2015 to Subcontract No. 4000130255 issued by UT-Battelle, LLC acting under contract DE-AC05-00OR22725 with the U.S. Department of Energy, listing USEC Inc. as Seller for Centrifuge Information and Analysis, dated May 1, 2014. (a)
10.4	Modification 17 dated February 9, 2015 to Subcontract No. 4000130255 issued by UT-Battelle, LLC acting under contract DE-AC05-00OR22725 with the U.S. Department of Energy, listing USEC Inc. as Seller for Centrifuge Information and Analysis, dated May 1, 2014. (a)
10.5	Modification 18 dated February 26, 2015 to Subcontract No. 4000130255 issued by UT-Battelle, LLC acting under contract DE-AC05-00OR22725 with the U.S. Department of Energy, listing USEC Inc. as Seller for Centrifuge Information and Analysis, dated May 1, 2014. (a)
10.6	Modification 19 dated March 12, 2015 to Subcontract No. 4000130255 issued by UT-Battelle, LLC acting under contract DE-AC05-00OR22725 with the U.S. Department of Energy, listing USEC Inc. as Seller for Centrifuge Information and Analysis, dated May 1, 2014. (a)
10.7	Employment Agreement, dated March 6, 2015, by and between Centrus Energy Corp. and Daniel B. Poneman (a) (b)
10.8	2015 Executive Incentive Plan (a) (b)
31.1	Certification of the Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a) under the Securities Exchange Act of 1934, as amended. (a)
31.2	Certification of the Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a) under the Securities Exchange Act of 1934, as amended. (a)
32.1	Certification of CEO and CFO pursuant to 18 U.S.C. Section 1350. (a)
101	Condensed consolidated financial statements from the quarterly report on Form 10-Q for the quarter ended March 31, 2015, filed in interactive data file (XBRL) format.

(a) Filed herewith.

(b) Management contracts and compensatory plans and arrangements required to be filed as exhibits pursuant to Item 15(b) of this report.



UT-Battelle, LLC
 Acting under contract DE-AC05-00OR22725
 With the U.S. Department of Energy
 Internet: <http://www.ornl.gov/adm/contracts/index.shtml>

Subcontract Modification

Subcontract Modification		
Except as provided herein, the subcontract remains unchanged.		
1. Subcontract Number: 4000130255	2. Modification Number: 14	
3a. Subcontract Administrator: Lisa Cobb		
3b. Email address: COBBL@ORNL.GOV	3c. Telephone: 865-576-5470	3d. Fax: 865-241-5557
4. Name and Address of Seller: Seller Number: 219986 AMERICAN CENTRIFUGE OPERATING LLC 6903 ROCKLEDGE DR # 400 2 DEMOCRAC BETHESDA MD 20817-1872	5. Modification Issued By: UT-Battelle, LLC c/o Oak Ridge National Laboratory P.O. BOX 2008, BLDG. 5300 OAK RIDGE, TN 37831-6050	
6. Description of Modification: See page 2 for complete description of modification.		
7. Accounting information:		
Previous total value: \$ 75,373,291.00	Change in total value: \$ 0.00	Revised total value: \$ 75,373,291.00
Previous funded value: \$ 57,781,697.00	Change in funded value: \$ 3,703,492.00	Revised funded value: \$ 61,485,189.00
8. Performance Period: Performance Period remains unchanged: 05/01/2014 - 03/31/2015		
9. (X) Seller is required to sign and return a copy of this document. (Checked if applicable)	10. UT-Battelle, LLC	
A. Signature of person authorized to sign for Seller <i>Dale R. Bauer</i>	A. Signature of person authorized to sign Digitally signed by Lisa L. Cobb DN: cn=Lisa L. Cobb, o=UT-Battelle, LLC, ou=Acquisition Management Services, email=cobbll@ornl.gov, c=US Date: 2015.01.07 09:10:03 -0500	
B. Name of signer <i>Dale R. Bauer</i>	B. Name of signer Lisa L. Cobb	
C. Title of signer <i>Manager, Government Contracts</i>	C. Title of signer	
D. Date <i>1/9/15</i>	D. Date	



UT-Battelle, LLC
Acting under contract DE-AC05-00OR22725
With the U.S. Department of Energy
Internet: http://www.ornl.gov/adm/contracts/index.shtml

Subcontract Modification
4000130255, Modification 14

Description Of Modification

Modification 14, dated January 7, 2015, is issued to add, delete, or modify the following:

- Add \$3,703,492 in incremental funding (increased from \$57,781,697 to \$61,485,189).

Section H. Special Provisions

Limitation of Company's Obligation, Sections (a) and (c)(1) are revised as follows:

(a) Of the total price of this Agreement, \$61,485,189 is currently allotted and available for payment. It is anticipated that from time to time additional funds will be allotted until the total price of the Agreement is allotted.

(c)(1) Funds currently allotted are expected to cover the work to be performed until January 31, 2015.

No other changes.

*****End of Modification*****



UT-Battelle, LLC
 Acting under contract DE-AC05-00OR22725
 With the U.S. Department of Energy
 Internet: <http://www.ornl.gov/adm/contracts/index.shtml>

Subcontract Modification

Subcontract Modification		
Except as provided herein, the subcontract remains unchanged.		
1. Subcontract Number: 4000130255	2. Modification Number: 15	
3a. Subcontract Administrator: Lisa Cobb		
3b. Email address: COBBLL@ORNL.GOV	3c. Telephone: 865-576-5470	3d. Fax: 865-241-5557
4. Name and Address of Seller: Seller Number: 219986 AMERICAN CENTRIFUGE OPERATING LLC 6903 ROCKLEDGE DR # 400 2 DEMOCRAC BETHESDA MD 20817-1872	5. Modification Issued By: UT-Battelle, LLC c/o Oak Ridge National Laboratory P. O. BOX 2008, BLDG. 5300 OAK RIDGE, TN 37831-6050	
6. Description of Modification: See page 2 for complete description of modification.		
7. Accounting Information:		
Previous total value: \$ 75,373,291.00	Change in total value: \$ 41,664,308.00	Revised total value: \$ 117,037,597.00
Previous funded value: \$ 61,485,189.00	Change in funded value: \$ 0.00	Revised funded value: \$ 61,485,189.00
8. Performance Period: Performance Period is revised as follows: 05/01/2014 - 09/30/2015		
9. (X) Seller is required to sign and return a copy of this document. (Checked if applicable)		10. UT-Battelle, LLC
A. Signature of person authorized to sign for Seller 	A. Signature of person authorized to sign 	
B. Name of signer Dale R. Bauer	B. Name of signer Thomas E. Mullen	
C. Title of signer Manager, Government Contracts	C. Title of signer President of LLC	
D. Date 1/23/15	D. Date 1/22/2015	



Subcontract Modification
4000130255, Modification 15

Description Of Modification

Modification 15, dated January 20, 2015, is issued to add, delete, or modify the following:

- Exercise Option 2 to extend period of performance six additional months (April 1, 2015-September 30, 2015).
- Increase total fixed price by \$41,664,306 (exercising Option 2), from \$75,373,291 to \$117,037,597.

Section B.2 Total Price - is revised as follows:

The total price of this Agreement is \$117,037,597 (increased by \$41,664,306 from \$75,373,291).

Section B.4 Options -

Option 2 is hereby exercised.

Section F.1 Performance Period - is revised as follows:

The performance period of this subcontract shall begin on May 1, 2014, and end on September 30, 2015.

Section F. Milestone Payment Schedule - Months 12 through 17 are added as follows:

Option 2

Month	Description	Due Date	Amount
12	Technical Reports	May 7, 2015	
-	Task 1		\$4,764,053
-	Task 2		\$1,726,567
-	Task 3		\$453,431
Total			\$6,944,051
13	Technical Reports	June 5, 2015	
-	Task 1		\$4,764,053
-	Task 2		\$1,726,567
-	Task 3		\$453,431
Total			\$6,944,051
14	Technical Reports	July 8, 2015	
-	Task 1		\$4,764,053
-	Task 2		\$1,726,567
-	Task 3		\$453,431
Total			\$6,944,051
15	Technical Reports	August 7, 2015	
-	Task 1		\$4,764,053



UT-Battelle, LLC
 Acting under contract DE-AC05-00OR22726
 With the U.S. Department of Energy
 Internet: <http://www.ornl.gov/adm/contracts/index.shtml>

Subcontract Modification
 4000130255, Modification 15

Description Of Modification (continued)

- Task 2		\$1,726,567
- Task 3		\$453,431
Total		\$6,944,051

16 Technical Reports	September 8, 2015	
- Task 1		\$4,764,053
- Task 2		\$1,726,567
- Task 3		\$453,431
Total		\$6,944,051

17 Technical Reports	October 7, 2015	
- Task 1		\$4,764,053
- Task 2		\$1,726,567
- Task 3		\$453,431
Total		\$6,944,051

Total of payments Months 12-17 \$41,664,306

Total of all payments \$117,037,597

Options:

The Company shall have the option(s) to purchase additional quantities of the items or services described in Section B as follows:

Option No.1 - Exercised via Modification 5
 Total Price \$41,664,306
 Period of Performance October 1, 2014 - March 31, 2015
 Exercise Date of Option: No later than July 31, 2014

Option No.2 - Exercised via Modification 15
 Total Price \$41,664,306
 Period of Performance April 1, 2015 - September 30, 2015
 Exercise Date of Option: No later than January 31, 2015

No other changes.

*****End of Modification*****



UT-Battelle, LLC
 Acting under contract DE-AC05-00OR22725
 With the U.S. Department of Energy
 Internet: <http://www.ornl.gov/adm/contracts/index.shtml>

Subcontract Modification

Subcontract Modification		
Except as provided herein, the subcontract remains unchanged.		
1. Subcontract Number: 4000130255	2. Modification Number: 16	
3a. Subcontract Administrator: Lisa Cobb		
3b. Email address: COBBLL@ORNL.GOV	3c. Telephone: 865-576-5470	3d. Fax: 865-241-5557
4. Name and Address of Seller: Seller Number: 219986 AMERICAN CENTRIFUGE OPERATING LLC 6903 ROCKLEDGE DR # 400 2 DEMOCRAC BETHESDA MD 20817-1872	5. Modification Issued By: UT-Battelle, LLC c/o Oak Ridge National Laboratory P.O. BOX 2008, BLDG. 5300 OAK RIDGE, TN 37831-6050	
6. Description of Modification: See page 2 for complete description of modification.		
7. Accounting information:		
Previous total value: \$ 117,037,597.00	Change in total value: \$ 0.00	Revised total value: \$ 117,037,597.00
Previous funded value: \$ 61,485,189.00	Change in funded value: \$ 3,968,035.00	Revised funded value: \$ 65,453,224.00
8. Performance Period: Performance Period is revised as follows: 05/01/2014 - 09/30/2015		
9. (X) Seller is required to sign and return a copy of this document. (Checked if applicable)		10. UT-Battelle, LLC
A. Signature of person authorized to sign for Seller 	A. Signature of person authorized to sign Lisa L. Cobb <small>Digitally signed by Lisa L. Cobb DN: cn=Lisa L. Cobb, o=UT-Battelle, LLC, ou=Acquisition Management Services, email=cobbll@ornl.gov, c=US DATE: 2015.01.23 09:38:01 -0500</small>	
B. Name of signer Dale R. Bauer	B. Name of signer	
C. Title of signer Manager, Government Contracts	C. Title of signer	
D. Date 1/23/15	D. Date	



UT-Battelle, LLC
Acting under contract DE-AC05-00OR22726
With the U.S. Department of Energy
Internet: <http://www.ornl.gov/adm/contracts/index.shtml>

Subcontract Modification
4000130255, Modification 16

Description Of Modification

Modification 16, dated January 23, 2015, is issued to add, delete, or modify the following:

- Add \$3,968,035 in incremental funding (increased from \$61,485,189 to \$65,453,224).

Section H. Special Provisions

Limitation of Company's Obligation, Sections (a) and (c)(1) are revised as follows:

(a) Of the total price of this Agreement, \$65,453,224 is currently allotted and available for payment. It is anticipated that from time to time additional funds will be allotted until the total price of the Agreement is allotted.

(c)(1) Funds currently allotted are expected to cover the work to be performed until February 16, 2015.

No other changes.

*****End of Modification*****



UT-Battelle, LLC
 Acting under contract DE-AC05-00OR22725
 With the U.S. Department of Energy
 Internet: <http://www.ornl.gov/adm/contracts/index.shtml>

Subcontract Modification

Subcontract Modification		
Except as provided herein, the subcontract remains unchanged.		
1. Subcontract Number: 4000130255	2. Modification Number: 17	
3a. Subcontract Administrator: Lisa Cobb		
3b. Email address: COBBL@ORNL.GOV	3c. Telephone: 865-576-5470	3d. Fax: 865-241-5557
4. Name and Address of Seller: Seller Number: 219986 AMERICAN CENTRIFUGE OPERATING LLC 6903 ROCKLEDGE DR # 400 2 DEMOCRAC BETHESDA MD 20817-1872	5. Modification Issued By: UT-Battelle, LLC c/o Oak Ridge National Laboratory P.O. BOX 2008, BLDG. 5300 OAK RIDGE, TN 37831-6050	
6. Description of Modification: See page 2 for complete description of modification.		
7. Accounting Information:		
Previous total value: \$ 117,037,597.00	Change in total value: \$ 0.00	Revised total value: \$ 117,037,597.00
Previous funded value: \$ 65,453,224.00	Change in funded value: \$ 2,976,016.00	Revised funded value: \$ 68,429,240.00
8. Performance Period: Performance Period is revised as follows: 05/01/2014 - 09/30/2015		
9. (X) Seller is required to sign and return a copy of this document. (Checked if applicable)	10. UT-Battelle, LLC	
A. Signature of person authorized to sign for Seller <i>Dale R. Bauer</i>	A. Signature of person authorized to sign Lisa L. Cobb <small>Digitally signed by Lisa L. Cobb DN: cn=Lisa L. Cobb, ou=UT-Battelle, LLC, ou=Acquisition Management Services, email=cobbl@ornl.gov, c=US Date: 2015.02.09 10:21:04 -0500</small>	
B. Name of signer <i>Dale R. Bauer</i>	B. Name of signer	
C. Title of signer <i>Manager, Government Contracts</i>	C. Title of signer	
D. Date <i>2/9/15</i>	D. Date	



Subcontract Modification
4000130255, Modification 17

Description Of Modification

Modification 17, dated February 9, 2015, is issued to add, delete, or modify the following:

- Add \$2,976,016 in incremental funding (increased from \$65,453,224 to \$68,429,240).

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**Section H. Special Provisions**

Limitation of Company's Obligation, Sections (a) and (c)(1) are revised as follows:

(a) Of the total price of this Agreement, \$68,429,240 is currently allotted and available for payment. It is anticipated that from time to time additional funds will be allotted until the total price of the Agreement is allotted.

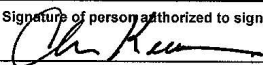
(c) (1) Funds currently allotted are expected to cover the work to be performed until February 28, 2015.

No other changes.

\*\*\*\*\*End of Modification\*\*\*\*\*

UT-Battelle, LLC  
 Acting under contract DE-AC05-00OR22725  
 With the U.S. Department of Energy  
 Internet: <http://www.ornl.gov/adm/contracts/index.shtml>

**Subcontract Modification**

| Subcontract Modification                                                                                                                                     |                                                                                                                                                                                                                                                               |                                                                                                                                              |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------|
| Except as provided herein, the subcontract remains unchanged.                                                                                                |                                                                                                                                                                                                                                                               |                                                                                                                                              |
| 1. Subcontract Number: 4000130255                                                                                                                            |                                                                                                                                                                                                                                                               | 2. Modification Number: 18                                                                                                                   |
| 3a. Subcontract Administrator: Lisa Cobb                                                                                                                     |                                                                                                                                                                                                                                                               |                                                                                                                                              |
| 3b. Email address:<br>COBBL@ORNL.GOV                                                                                                                         | 3c. Telephone:<br>865-576-5470                                                                                                                                                                                                                                | 3d. Fax:<br>865-241-5557                                                                                                                     |
| 4. Name and Address of Seller:<br>Seller Number: 219986<br>AMERICAN CENTRIFUGE OPERATING LLC<br>6903 ROCKLEDGE DR # 400 2 DEMOCRAC<br>BETHESDA MD 20817-1872 |                                                                                                                                                                                                                                                               | 5. Modification Issued By:<br>UT-Battelle, LLC<br>c/o Oak Ridge National Laboratory<br>P.O. BOX 2008, BLDG. 5300<br>OAK RIDGE, TN 37831-6050 |
| 6. Description of Modification: See page 2 for complete description of modification.                                                                         |                                                                                                                                                                                                                                                               |                                                                                                                                              |
| 7. Accounting Information:                                                                                                                                   |                                                                                                                                                                                                                                                               |                                                                                                                                              |
| Previous total value:<br>\$ 117,037,597.00                                                                                                                   | Change in total value:<br>\$ 0.00                                                                                                                                                                                                                             | Revised total value:<br>\$ 117,037,597.00                                                                                                    |
| Previous funded value:<br>\$ 68,429,240.00                                                                                                                   | Change in funded value:<br>\$ 6,944,051.00                                                                                                                                                                                                                    | Revised funded value:<br>\$ 75,373,291.00                                                                                                    |
| 8. Performance Period: Performance Period is revised as follows: 05/01/2014 - 09/30/2015                                                                     |                                                                                                                                                                                                                                                               |                                                                                                                                              |
| 9. (X) Seller is required to sign and return a copy of this document. (Checked if applicable)                                                                |                                                                                                                                                                                                                                                               | 10. UT-Battelle, LLC                                                                                                                         |
| A. Signature of person authorized to sign for Seller<br>                  | A. Signature of person authorized to sign<br>Lisa L. Cobb<br><small>Digitally signed by Lisa L. Cobb<br/>DN: cn=Lisa L. Cobb, o=UT-Battelle, LLC, ou=Acquisition Management Services, email=cobbll@ornl.gov, c=US<br/>Date: 2015.02.26 13:01:18 -0500</small> |                                                                                                                                              |
| B. Name of signer<br>Charles Kerner                                                                                                                          | B. Name of signer<br>Lisa L. Cobb                                                                                                                                                                                                                             |                                                                                                                                              |
| C. Title of signer<br>Director, Procurement & Contracts                                                                                                      | C. Title of signer                                                                                                                                                                                                                                            |                                                                                                                                              |
| D. Date<br>2/26/15                                                                                                                                           | D. Date                                                                                                                                                                                                                                                       |                                                                                                                                              |

**Subcontract Modification**  
4000130255, Modification 18

**Description Of Modification**

Modification 18, dated February 26, 2015, is issued to add, delete, or modify the following:

- Add \$6,944,051 in incremental funding (increased from \$68,429,240 to \$75,373,291).

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Section H. Special Provisions

Limitation of Company's Obligation, Sections (a) and (c)(1) are revised as follows:

(a) Of the total price of this Agreement, \$75,373,291 is currently allotted and available for payment. It is anticipated that from time to time additional funds will be allotted until the total price of the Agreement is allotted.

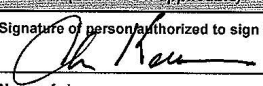
(c)(1) Funds currently allotted are expected to cover the work to be performed until March 31, 2015.

No other changes.

\*\*\*\*\*End of Modification\*\*\*\*\*

UT-Battelle, LLC  
 Acting under contract DE-AC05-00OR22725  
 With the U.S. Department of Energy  
 Internet: <http://www.ornl.gov/adm/contracts/index.shtml>

**Subcontract Modification**

| Subcontract Modification                                                                                                                                     |                                                                                                                                                                                                                                                        |                                           |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------|
| Except as provided herein, the subcontract remains unchanged.                                                                                                |                                                                                                                                                                                                                                                        |                                           |
| 1. Subcontract Number: 4000130255                                                                                                                            | 2. Modification Number: 19                                                                                                                                                                                                                             |                                           |
| 3a. Subcontract Administrator: Lisa Cobb                                                                                                                     |                                                                                                                                                                                                                                                        |                                           |
| 3b. Email address:<br>COBBL@ORN.LGOV                                                                                                                         | 3c. Telephone:<br>865-576-5470                                                                                                                                                                                                                         | 3d. Fax:<br>865-241-5557                  |
| 4. Name and Address of Seller:<br>Seller Number: 219986<br>AMERICAN CENTRIFUGE OPERATING LLC<br>6903 ROCKLEDGE DR # 400 2 DEMOCRAC<br>BETHESDA MD 20817-1872 | 5. Modification Issued By:<br>UT-Battelle, LLC<br>c/o Oak Ridge National Laboratory<br>P.O. BOX 2008, BLDG. 5300<br>OAK RIDGE, TN 37831-6050                                                                                                           |                                           |
| 6. Description of Modification: See page 2 for complete description of modification.                                                                         |                                                                                                                                                                                                                                                        |                                           |
| 7. Accounting information:                                                                                                                                   |                                                                                                                                                                                                                                                        |                                           |
| Previous total value:<br>\$ 117,037,597.00                                                                                                                   | Change in total value:<br>\$ 0.00                                                                                                                                                                                                                      | Revised total value:<br>\$ 117,037,597.00 |
| Previous funded value:<br>\$ 75,373,291.00                                                                                                                   | Change in funded value:<br>\$ 6,944,051.00                                                                                                                                                                                                             | Revised funded value:<br>\$ 82,317,342.00 |
| 8. Performance Period: Performance Period is revised as follows: 05/01/2014 - 09/30/2015                                                                     |                                                                                                                                                                                                                                                        |                                           |
| 9. (X) Seller is required to sign and return a copy of this document. (Checked if applicable)                                                                | 10. UT-Battelle, LLC                                                                                                                                                                                                                                   |                                           |
| A. Signature of person authorized to sign for Seller<br>                  | A. Signature of person authorized to sign, signed by Lisa L. Cobb<br>Lisa L. Cobb<br><small>Print name: Lisa L. Cobb, or: UT-Battelle, LLC, or: Acquisition Management Services, email: cobbl@ornl.gov, or: US Date: 2015.03.12 08:41:17 -0400</small> |                                           |
| B. Name of signer<br>Charles Kerner                                                                                                                          | B. Name of signer                                                                                                                                                                                                                                      |                                           |
| C. Title of signer<br>Director, Procurement & Contracts                                                                                                      | C. Title of signer                                                                                                                                                                                                                                     |                                           |
| D. Date<br>3/12/15                                                                                                                                           | D. Date                                                                                                                                                                                                                                                |                                           |

**Subcontract Modification**  
4000130255, Modification 19

**Description Of Modification**

Modification 19, dated March 12, 2015, is issued to add, delete, or modify the following:

- Add \$6,944,051 in incremental funding (increased from \$75,373,291 to \$82,317,342).

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**Section H. Special Provisions**

Limitation of Company's Obligation, Sections (a) and (c)(1) are revised as follows:

(a) Of the total price of this Agreement, \$82,317,342 is currently allotted and available for payment. It is anticipated that from time to time additional funds will be allotted until the total price of the Agreement is allotted.

(c)(1) Funds currently allotted are expected to cover the work to be performed until April 30, 2015.

No other changes.

\*\*\*\*\*End of Modification\*\*\*\*\*

## EMPLOYMENT AGREEMENT

This EMPLOYMENT AGREEMENT (the "Agreement") is entered into, by and between Centrus Energy Corp. (collectively, with its successors and assigns, the "Company") and Daniel B. Poneman ("Executive") effective as of March 6, 2015 (the "Effective Date").

WHEREAS, the Company desires to secure for itself the services of Executive, and Executive wishes to furnish such services to the Company, pursuant to the terms and subject to the conditions hereinafter set forth.

WHEREAS, certain capitalized terms shall have the meanings given those terms in Section 3 of this Agreement.

NOW, THEREFORE, in consideration of the premises and of the mutual promises and covenants contained herein, the Company and Executive, intending to be legally bound, hereby agree as follows:

1. Employment. The Company agrees to employ Executive as its Chief Strategic Officer, effective as of the Effective Date and continuing through March 31, 2015. Effective no later than April 1, 2015, the Company shall appoint Executive as its President and Chief Executive Officer. As President and Chief Executive Officer of the Company, Executive will also serve as a member of the Board of Directors of the Company. Executive hereby accepts these positions and agrees to perform Executive's duties and responsibilities, in accordance with the terms, conditions and provisions hereinafter set forth.

1.1 Employment Term. This Agreement shall be effective as of the Effective Date, and shall continue until March 31, 2017, unless the Agreement is terminated sooner in accordance with Section 2 below. In addition, the term of the Agreement shall automatically renew for successive periods of one year unless the Company gives written notice to Executive, at least 60 days prior to the end of the initial term or at least 60 days prior to the end of any one-year renewal period, that the Agreement shall be terminated. The period commencing on the Effective Date and ending on the date on which the term of Executive's employment under the Agreement shall terminate is hereinafter referred to as the "Employment Term." The Company's termination of this Agreement upon the two year anniversary of the Effective Date or at the end of any one-year renewal period shall be considered an involuntary termination of Executive's employment without Cause under this Agreement, under the CIC Agreement (defined below) and under the Severance Plan (defined below); provided, however, that a non-renewal shall not be considered an involuntary termination if the non-renewal occurs as a result of Executive rejecting a renewal offer from the Company on the same terms as, or terms as good as or better, in the aggregate to, those set forth in this Agreement.

1.2 Duties, Responsibilities, Location. During the Employment Term, Executive shall report to the Board. Executive shall have all authorities, duties and responsibilities incident to his position first as Chief Strategic Officer, and then as President and Chief Executive Officer and a member of the Board, as set forth above in this Section 1. Subject to the oversight of the Board, as Chief Strategic Officer, Executive shall assist the interim Chief Executive Officer with developing, communicating and implementing strategic initiatives. Subject to the oversight of the Board, as President and Chief Executive Officer, Executive shall have responsibility for, and exercise, the executive authority of the Company, including general and active management of the business of the Company and effectuating all orders and resolutions of the Board (either directly or through delegation of authority to other executives of the Company), and such other duties and responsibilities not inconsistent with the foregoing as may be reasonably assigned to him from time to time by the Board. Executive's principal place of business shall be at the Company corporate headquarters in Rockville, Maryland (or any other location within a 25 mile radius).

1.3 Extent of Service. During the Employment Term, Executive agrees to use Executive's full and best efforts to carry out Executive's duties and responsibilities as set forth in Section 1.2 hereof with the highest degree

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of loyalty and the highest standards of care and, consistent with the other provisions of this Agreement, Executive agrees to devote substantially all of Executive's business time, attention and energy thereto. The foregoing shall not be construed as preventing Executive from making investments in other businesses or enterprises, provided that Executive agrees not to become engaged in any other business activity which, in the judgment of the Board, is likely to interfere with Executive's ability to discharge Executive's duties and responsibilities to the Company, violate the Centrus Code of Business Conduct or other Company employment policies, violate applicable conflict of interest laws and regulations or conflict with Executive's obligations pursuant to Section 4 below; nor shall the foregoing be construed to prevent Executive from performing personal and charitable activities and other activities approved by the Board. Executive will not serve on the board of directors of an entity unrelated to the Company or undertake other outside activities without the prior written consent of the Board; provided, however that Executive may continue to be involved with those activities listed on Schedule 1.3 hereto.

1.4 Base Salary. During the Employment Term, the Company shall pay Executive a base salary at the annual rate of \$750,000 ("Base Salary"), payable in installments at such times as the Company customarily pays its other senior executives. Executive's Base Salary shall be reviewed annually by the Compensation, Nominating and Governance Committee of the Board (the "Compensation Committee") for possible increase. Any such increased amount shall be Executive's Base Salary for purposes of this Agreement, the CIC Agreement (defined below) and the Severance Plan (defined below) commencing as of the date of such increase.

1.5 Retirement, Welfare and Other Benefit Plans and Programs. During the Employment Term, Executive shall be entitled to participate in the employee retirement and welfare benefit plans and programs made available to the Company's senior executives generally, as such retirement and welfare plans may be in effect from time to time and subject to the eligibility requirements of such plans. During the Employment Term, Executive shall be provided with executive fringe and employee benefits and perquisites under the same terms as those made available to the Company's senior executives generally, as such programs may be in effect from time to time. During the Employment Term, Executive shall be entitled to vacation and sick leave in accordance with the Company's vacation, holiday and other pay for time not worked policies; provided, however, that Executive shall be entitled to at least four (4) weeks of paid vacation per calendar year. Nothing in this Agreement or otherwise shall prevent the Company from amending or terminating any retirement, welfare or other employee benefit plans, programs, policies or perquisites from time to time as the Board deems appropriate (with the exception of the Severance Plan (defined below) as applied to the Executive pursuant to this Agreement).

1.6 Reimbursement of Expenses. During the Employment Term, Executive shall be provided with reimbursement of reasonable expenses related to Executive's employment by the Company on a basis no less favorable than that which may be authorized from time to time for the Company's other senior executives.

#### 1.7 Incentive Compensation.

(a) Annual Bonus. Executive shall be eligible to participate in the Centrus Energy Corp. 2015 Performance Incentive Plan (or its successor) ("Annual Bonus Plan"), with an annual target bonus at least equal to 100% of Base Salary ("Annual Bonus"). The actual amount of the Annual Bonus awarded to Executive will be based on attainment of certain individual and corporate performance goals and targets determined by the Compensation Committee, after consultation with Executive, and the Compensation Committee's determination, in its sole discretion, whether and to what extent the applicable performance goals and targets have been achieved. The Annual Bonus may be more (up to 125% of Base Salary or such higher amount as the Compensation Committee may determine in the future) or less (as low as zero) than the target amount, as determined by the Compensation Committee in its sole discretion. The Annual Bonus will be paid at the same time annual bonuses are paid to other senior executives participating in the Annual Bonus Plan. Except for the 2015 performance year, no minimum incentive is guaranteed. For the 2015 performance year, Executive will be entitled to a guaranteed Annual Bonus in the amount of \$625,000, which shall be paid in two installments. The first installment in the amount of \$312,500 will be paid on the next payroll date after the Effective Date ("First Installment") and, provided that Executive is employed on the payment date, the second installment in the amount of \$312,500 ("Second Installment") will be paid in calendar year 2016 when annual bonuses under the Annual Bonus Plan are (or would

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be, if approved by the Board's Compensation Committee) paid to other senior executives, but no later than March 15, 2016. If Executive is not employed by the Company on the payment date, Executive shall repay the full amount of the First Installment promptly and in any event within 10 days following Executive's termination of employment via personal or cashier's check.

(b) Equity Compensation. Pursuant to the Centrus Energy Corp. 2014 Equity Incentive Plan (the "2014 Equity Plan"), in connection with Executive's commencement of employment, Executive shall be granted a stock option to purchase 300,000 shares of the Company's Class A common stock on the Effective Date (the "Initial Option"). The Initial Option will have a ten year term, an exercise price equal to the closing price of the Company's Class A common stock on the date of grant, and will vest and become exercisable as to 25% of the shares subject to the Initial Option on the first four anniversaries of the date of grant; provided that Executive continues to be employed by the Company on the applicable vesting dates. Except as provided in Section 2.3 or 2.4, in all respects, the Initial Option shall be subject to the terms and conditions of the 2014 Equity Plan and the 2015 Stock Option Grant Agreement evidencing the terms and conditions of the grant, substantially in the form attached hereto as Exhibit C.

(c) Long Term Incentive. The Company maintains the 2014 Long Term Cash Incentive Plan ("LTIP") for the benefit of the Company's senior executives, which is scheduled to conclude on June 30, 2016. Executive will be a participant in the LTIP for an amount up to \$350,000 to be paid on or around June 30, 2016 in accordance with the terms of the LTIP without regard to any adjustment or pro ration otherwise provided under the last paragraph of Exhibit 1 of the LTIP. The actual amount of the LTIP payment, if any, will be based upon the Company's achievement of established Company performance and milestones as set forth in the LTIP and is not guaranteed.

2. Termination. Executive's employment shall terminate upon the occurrence of any of the following events:

2.1 Termination by the Company without Cause; by Executive for Good Reason. Executive shall be eligible to participate in the Centrus Energy Corp. Executive Severance Plan, attached hereto as Exhibit A (the "Severance Plan") and Executive shall become a party to the Centrus Energy Corp. Change in Control Agreement, attached hereto as Exhibit B ("CIC Agreement"), in each case, in accordance with the terms and definitions of the Severance Plan and the CIC Agreement, as applicable, except that terms at least as favorable as the Severance Plan terms shall continue to apply to Executive for the duration of this Agreement, even if the Severance Plan subsequently is terminated (such terms referred to as the "Severance Plan Terms"). The Company may terminate Executive's employment with the Company at any time without Cause (in which case the Employment Term shall be deemed to have ended) or Executive may terminate his employment for Good Reason, in each case, subject to the Severance Plan Terms and the CIC Agreement, as applicable. In the event Executive's employment is terminated by the Company without Cause (including on account of a non-renewal of this Agreement by the Company as referenced in Section 1.1) or is terminated by Executive for Good Reason, Executive shall be entitled to the payments and benefits set forth in the Severance Plan in effect as of the date hereof (or as maybe changed consistent with the provisions hereof) or the CIC Agreement, as applicable. Notwithstanding Section 3.2(a)(i) or Section 3.3(d) of the Severance Plan Terms, if Executive is eligible for payments and benefits in accordance with the Severance Plan, the "one (1) times" multiplier of Final Eligible Compensation (as defined in the Severance Plan in effect as of the date hereof), shall be "two (2) times," and, with respect to the Severance Period (as defined in the Severance Plan Terms) the "one year period" following Executive's Separation from Service (as defined in the Severance Plan Terms) shall be the "two year period."

2.2 Retirement or Other Voluntary Termination. Executive may voluntarily terminate employment for any reason, including voluntary retirement, effective upon 30 days' prior written notice in accordance with Section 10. In such event, after the effective date of such termination, no further payments shall be due under this Agreement. However, Executive shall receive any amounts earned, accrued or owing but not yet paid under Section 1 above through the Termination Date and shall be entitled to any benefits due in accordance with the terms of any applicable benefit plans and programs of the Company.

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2.3 Disability. The Company may terminate Executive's employment if Executive incurs a Disability (as defined in Section 3). Executive agrees, in the event of a dispute relating to Executive's Disability, to submit to a physical examination by a licensed physician selected by the Company. If Executive's employment terminates on account of Disability, no further payments shall be due under this Agreement. However, Executive shall receive any amounts earned, accrued or owing but not yet paid under Section 1 above through the Termination Date and shall be entitled to any benefits due in accordance with the terms of any applicable benefit plans and programs of the Company. Furthermore, to the extent then unvested at the time of Executive's employment termination described in this Section 2.3, Executive's Initial Option shall become fully and immediately vested.

2.4 Death. If Executive dies while employed by the Company, the Company shall pay to Executive's executor, legal representative, administrator or designated beneficiary, as applicable, any amounts earned, accrued or owing but not yet paid under Section 1 above through the Termination Date and any benefits due in accordance with the terms of any applicable benefit plans and programs of the Company. Otherwise, the Company shall have no further liability or obligation under this Agreement to Executive's executors, legal representatives, administrators, heirs or assigns. Furthermore, to the extent then unvested at the time of Executive's employment termination described in this Section 2.4, Executive's Initial Option shall become fully and immediately vested.

2.5 Cause. The Company or the Board may terminate Executive's employment at any time for Cause upon written notice to Executive, in which event all payments under this Agreement shall cease, except for Base Salary to the extent already accrued. Executive shall be entitled to any benefits accrued or earned before Executive's termination in accordance with the terms of any applicable benefit plans and programs of the Company; provided that Executive shall not be entitled to receive any unpaid short-term or long-term cash incentive payments, including any payments under the Annual Bonus Plan or LTIP or any successor programs, and Executive shall forfeit any outstanding equity grants in accordance with the terms of the applicable grant agreements.

3. Definitions. For purposes of this Agreement, the following terms shall have the meanings specified in this Section 3:

3.1 "Cause" shall have the meaning ascribed to such term in the Severance Plan Terms when the Severance Plan Terms are applicable and in the CIC Agreement when the CIC Agreement is applicable.

3.2 "Code" shall mean the Internal Revenue Code of 1986, as amended.

3.3 "Disability" shall have the meaning ascribed to such term in the Severance Plan Terms when the Severance Plan Terms are applicable and in the CIC Agreement when the CIC Agreement is applicable.

3.4 "Good Reason" shall have the meaning ascribed to such term in the Severance Plan Terms when the Severance Plan Terms are applicable and in the CIC Agreement when the CIC Agreement is applicable.

3.5 "Termination Date" shall mean the effective date of the termination of Executive's employment relationship with the Company pursuant to this Agreement.

4. Restrictive Covenants. Executive shall be bound by the Confidential Information, Non-Solicitation and Non-Competition covenants set forth in Section 7 of the CIC Agreement.

5. Dispute Resolution. In the event of any dispute relating to Executive's employment, the termination thereof, or this Agreement, other than a dispute in which the primary relief sought is an equitable remedy such as an injunction, and unless prohibited by applicable law, the parties agree that any dispute, claim, or controversy based on common law, equity, or any federal, state, or local statute, ordinance, or regulation (other than workers' compensation claims) arising out of or relating in any way to this Agreement, its termination or any termination of Executive's employment, including whether such dispute is arbitrable, shall be settled by arbitration. This agreement to arbitrate includes but is not limited to all claims for any form of illegal discrimination, improper or unfair treatment or dismissal, and all tort claims. Executive shall still have a right to file a discrimination charge

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with a federal or state agency, but the final resolution of any discrimination claim shall be submitted to arbitration instead of a court or jury. The arbitration proceeding shall be conducted under the employment dispute resolution arbitration rules of the American Arbitration Association in effect at the time a demand for arbitration under the rules is made. The decision of the arbitrator(s), including determination of the amount of any damages suffered, shall be exclusive, final, and binding on all parties, their heirs, executors, administrators, successors and assigns. THE PARTIES IRREVOCABLY WAIVE ANY RIGHT TO TRIAL BY JURY AS TO ALL CLAIMS HEREUNDER.

6. Resignation from Boards; Clawback.

6.1 If Executive's employment with the Company terminates for any reason, Executive shall immediately resign from the Board and all other boards of directors of the Company, and any other entities for which Executive serves as a representative of the Company.

6.2 Executive agrees that Executive will be subject to any compensation clawback, recoupment and anti-hedging policies that may be generally applicable to Executive as an executive officer of the Company, as in effect from time to time and as approved by the Board or a duly authorized committee thereof, or, to the extent so required by applicable law, with respect to Executive.

7. Survivability. The respective rights and obligations of the parties under this Agreement shall survive any termination of Executive's employment and this Agreement to the extent necessary to the intended preservation of such rights and obligations and shall inure to the benefit of any successors or assigns of the Company.

8. Mitigation. Executive shall not be required to mitigate the amount of any payment or benefit provided for in this Agreement by seeking other employment or otherwise, and there shall be no offset against amounts due Executive under this Agreement on account of any remuneration attributable to any subsequent employment that Executive may obtain.

9. Indemnification. The Company agrees to indemnify and hold Executive harmless to the fullest extent permitted by the laws of the State of Delaware and under the bylaws of the Company, both as in effect at the time of the subject act or omission. In connection therewith, Executive shall be entitled to the protection of any insurance policies which the Company elects to maintain generally for the benefit of the Company's directors and officers, against all costs, charges and expenses whatsoever incurred or sustained by Executive in connection with any action, suit or proceeding to which Executive may be made a party by reason of his being or having been a director, officer or employee of the Company. This provision shall survive any termination of Executive's employment hereunder.

10. Notices. All notices and other communications required or permitted under this Agreement or necessary or convenient in connection herewith shall be in writing and shall be deemed to have been given when hand delivered or mailed by registered or certified mail, or by a nationally recognized overnight delivery service, as follows (provided that notice of change of address shall be deemed given only when received):

If to the Company, to:

Centrus Energy Corp.  
6903 Rockledge Drive  
Bethesda, MD 20817-1818  
FAX: (301) 564-3207  
E-mail:  
Attention: Chairman of the Board and General Counsel

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If to Executive, to the most recent address on file with the Company or to such other names or addresses as the Company or the Executive, as the case may be, shall designate by notice to each other person entitled to receive notices in the manner specified in this Section 10.

#### 11. Executive Representations.

11.1 Entering the Agreement. Executive represents and warrants to the Company that (a) there are no restrictions, agreements or understandings whatsoever to which Executive is a party which would prevent or make unlawful Executive's execution of this Agreement or Executive's employment hereunder, which is or would be inconsistent or in conflict with this Agreement or Executive's employment hereunder, or would prevent, limit or impair in any way the performance by Executive of the obligations hereunder, (b) Executive has a DOE "Q" level security clearance, (c) Executive has secured all approvals, if any, that he is required to obtain under the laws, regulations and Executive Orders applicable to his prior employment with the United States Government, including an opinion by the Department of Energy's Designated Agency Ethics Official as to his pre- and post-employment restrictions which are applicable to his performance under this Agreement and (d) none of the duties and obligations of Executive hereunder represents a conflict with his obligations under the laws, regulations and Executive Orders applicable as a result of his prior employment with the United States Government and any applicable post-employment restrictions, including, but not limited to, government ethics laws, regulations and executive orders. To the extent Executive knows or should have known about such obligation, Executive covenants that in connection with his provision of services to the Company, Executive shall not breach any obligation (legal, statutory, contractual or otherwise) to any former employer or other person, including, but not limited to, obligations relating to confidentiality and proprietary rights.

11.2 On-going Representations. Executive represents and warrants to the Company that during the Employment Term he (a) will maintain a DOE "Q" level security clearance, (b) comply with all applicable conflict of interest laws and regulations, (c) will at all times be in full compliance with any pre- and post-employment restrictions applicable to his performance under this Agreement, and (d) adhere to the Company's Code of Business Conduct and all other Company policies and procedures.

#### 12. Contents of Agreement; Amendment and Assignment.

12.1 This Agreement and the exhibits attached hereto set forth the entire understanding between the parties hereto with respect to the subject matter hereof, including employment, termination and severance. This Agreement supersedes any and all agreements relating to the subject matter hereof. This Agreement cannot be changed, modified, extended or terminated except upon written amendment approved by the Board and executed on behalf of the Company by a member of the Board (other than Executive) and by Executive.

12.2 All of the terms and provisions of this Agreement shall be binding upon and inure to the benefit of and be enforceable by the respective heirs, executors, administrators, legal representatives and successors of the parties hereto, except that the duties and responsibilities of Executive under this Agreement are of a personal nature and shall not be assignable or delegable in whole or in part by Executive. The Company shall require any successor (whether direct or indirect, by purchase, merger, consolidation, reorganization or otherwise) to all or substantially all of the business or assets of the Company, expressly to assume and agree to perform the Company's obligations under this Agreement in the same manner and to the same extent as the Company would be required to perform if no such succession had taken place.

13. Severability. If any provision of this Agreement or application thereof to anyone or under any circumstances is adjudicated to be invalid or unenforceable in any jurisdiction, such invalidity or unenforceability shall not affect any other provision or application of this Agreement which can be given effect without the invalid or unenforceable provision or application and shall not invalidate or render unenforceable such provision or application in any other jurisdiction. If any provision is held void, invalid or unenforceable with respect to particular circumstances, it shall nevertheless remain in full force and effect in all other circumstances.

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14. Remedies Cumulative; No Waiver. No remedy conferred upon a party by this Agreement is intended to be exclusive of any other remedy, and each and every such remedy shall be cumulative and shall be in addition to any other remedy given under this Agreement or now or hereafter existing at law or in equity. No delay or omission by a party in exercising any right, remedy or power under this Agreement or existing at law or in equity shall be construed as a waiver thereof, and any such right, remedy or power may be exercised by such party from time to time and as often as may be deemed expedient or necessary by such party in its sole discretion.

15. Cooperation. During the Employment Term and thereafter, Executive shall cooperate with the Company and its subsidiaries and affiliates, upon the Company's request, with respect to any litigation, investigation, administrative procedures, or legal proceedings or inquiries that involve the Company, either now existing or which may hereafter be instituted by or against the Company, including but not limited to, appearing upon the Company's reasonable request as a witness and/or consultant in connection with any litigation, investigation, administrative procedures, or legal proceedings or inquiries. In the event the Company requires Executive's cooperation in accordance with this Section 15, the Company shall reimburse Executive for reasonable out-of-pocket expenses (including travel, lodging and meals and reasonable attorneys' fees) incurred by Executive in connection with such cooperation, subject to reasonable documentation.

16. Beneficiaries/References. Executive shall be entitled, to the extent permitted under any applicable law, to select and change a beneficiary or beneficiaries to receive any compensation or benefit payable under this Agreement following Executive's death by giving the Company written notice thereof. In the event of Executive's death or a judicial determination of Executive's incompetence, reference in this Agreement to Executive shall be deemed, where appropriate, to refer to Executive's beneficiary, estate or other legal representative.

17. Attorneys' Fees. The Company agrees to pay all legal fees and expenses reasonably incurred by Executive in connection with the negotiation, and execution of, this Agreement up to Twenty-Five Thousand Dollars (\$25,000), provided Executive receives an invoice from Executive's counsel with appropriate detail regarding the legal services rendered in connection with this Agreement.

18. Miscellaneous. All section headings used in this Agreement are for convenience only. This Agreement may be executed in counterparts, each of which is an original. It shall not be necessary in making proof of this Agreement or any counterpart hereof to produce or account for any of the other counterparts.

19. Withholding Taxes. All payments under this Agreement shall be made subject to applicable tax withholding, and the Company shall withhold from any payments under this Agreement all federal, state and local taxes as the Company is required to withhold pursuant to any law or governmental rule or regulation. Executive shall be responsible for all taxes applicable to amounts payable under this Agreement.

20. Section 409A of the Code.

20.1 This Agreement is intended to comply with Section 409A of the Code and its corresponding regulations, to the extent applicable. Notwithstanding anything in this Agreement to the contrary, payments may only be made under this Agreement upon an event and in a manner permitted by Section 409A of the Code, to the extent applicable. In no event may Executive, directly or indirectly, designate the calendar year of a payment. For purposes of Section 409A of the Code, each payment hereunder shall be treated as a separate payment.

20.2 Notwithstanding anything in this Agreement to the contrary, if Executive is a "specified employee" under Section 409A of the Code and if payment of any amounts under this Agreement is required to be delayed for a period of six months after separation from service in order to avoid taxation under Section 409A of the Code, payment of such amounts shall be delayed as required by Section 409A of the Code, and the accumulated amounts shall be paid in a lump sum payment within five business days after the end of the six-month period. If Executive dies during the postponement period prior to the payment of benefits, the amounts withheld on account of Section 409A of the Code shall be paid to the personal representative of Executive's estate within 60 days after the date of Executive's death.

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21. Governing Law. This Agreement shall be governed by and interpreted under the laws of the State of Maryland without giving effect to any conflict of laws provisions.

[Signature Page Follows]

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IN WITNESS WHEREOF, the undersigned, intending to be legally bound, have executed this Agreement as of the Effective Date.

CENTRUS ENERGY CORP.

Date: March 6, 2015

By: /s/ Mikel H. Williams

Name: Mikel H. Williams

Title: Chairman of the Board

Date: March 6, 2015

/s/ Daniel B. Poneman

Executive

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Exhibit A

Centrus Energy Corp. Executive Severance Plan

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Exhibit B

Change in Control Agreement

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Exhibit C

Nonqualified Stock Option Agreement

**2015 Executive Incentive Plan**  
**(Annual Awards, Long-Term Incentive Cash Awards, Equity Awards)**

**I. PURPOSE**

The purpose of this 2015 Executive Incentive Plan (the “2015 Incentive Plan” or “Plan”), is to motivate executives and other key employees of Centrus and its affiliates (collectively, the “Company”) to make extraordinary efforts to increase the value of the Company’s shares and to achieve goals that are important to the Company in 2015 and beyond. The Plan arises under and is subject to the terms of the Centrus 2014 Equity Incentive Plan, as may be amended and/or restated from time to time (the “Equity Incentive Plan”). In the event of a conflict or inconsistency between the terms of this Plan and the terms of the Equity Incentive Plan, the Equity Incentive Plan shall control. If not otherwise defined herein, capitalized terms within this Plan shall have the same meaning as provided under the Equity Incentive Plan.

**II. EFFECTIVE DATE**

The Plan’s effective date (the “Effective Date”) is January 1, 2015.

**III. OVERVIEW**

The Plan provides for three types of Awards that may be granted in 2015: an Annual Incentive Award (“Annual Award”) payable in cash, a Long-Term Incentive Cash Award (“Long-Term Award”), and a grant of Equity (“Equity Award”) which may be made in any form allowable under the Equity Incentive Plan.

**IV. PLAN OPERATION**

- A. **Eligibility for Participation** - Participants in the 2015 Executive Incentive Plan are recommended by management and are approved by the Compensation, Nominating and Governance Committee (the “Committee”) of the Centrus Board of Directors. 2015 Executive Incentive Plan participants for approved awards are shown in the chart in Exhibit 1 Attachment A for each type of award.

**V. ANNUAL AWARDS**

- A. **Target Awards** - The Performance Period for Annual Awards shall be the period from the January 1, 2015 through December 31, 2015. Individuals who become participants in the Plan after the Effective Date may have their Target Award prorated to reflect their participation date. The proration will be calculated based on the participant’s number of days in 2015 as a participant in the Plan over 365.
1. The target Annual Award under the Plan for the applicable Performance Period (the “Target Annual Award”) shall be as set forth in Exhibit 1.
  2. The Committee, at its discretion, may authorize an award of up to 125% of the Target Award based on outstanding performance in the achievement of the approved goals.
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3. Target Awards will be based on performance relative to a combination of Corporate Performance Goals (“Corporate Goals”) and Individual Performance Goals (“Individual Performance”), where Corporate Goals shall represent 80% of the Target Annual Award and Individual Performance shall represent 20% of the Target Annual Award.
- B. **Corporate Goals** - Corporate Goals shall be designated from among the various performance criteria under the 2014 Equity Incentive Plan and approved by the Committee.
1. The Committee has approved nine (9) Corporate Goals for 2015.
- C. **Individual Performance** - The participant’s Individual Performance will be determined by the participant’s rating on their Annual Performance Management Plan (“PMP”). All Centrus employees receive an annual PMP performance review which evaluates their overall performance for the year. The PMP identifies a numerical performance rating for the year of between “1” and “5” with a rating of “5” representing someone who, “Consistently Exceeds Performance Expectations.”
1. Exhibit 1 details each possible performance rating in the PMP and the associated range of award for Individual Performance for the Target Annual Award.
  2. The CEO will review and approve the Individual Performance rating for each participant. The Committee will review and approve the Individual Performance rating for the CEO and each of his direct reports.
- D. **Certification of Performance** - Following the completion of the Performance Period for the Annual Award, the CEO will review the achievement of the Performance Goals and will advise the Committee of the level of performance, with appropriate supporting documentation. The Committee will certify the level of achievement of the Corporate Goals and Individual Performance and determine the amount of the Annual Award to be paid to each participant.

## VI. **LONG-TERM INCENTIVE CASH AWARD**

The Plan provides for a Long-Term Incentive Cash Award (the “Long-Term Award”). Each year a Long-Term Award may be established by the Committee. The Long-Term Award may have a Performance Period of not more than three years and not less than one year.

- A. **Performance Goal(s)** - One or more Performance Goals for the Performance Period for the Target Long-Term Award shall be set by the Committee as soon as reasonably practical after the Effective Date, but no later than 75 days after the Effective Date.
1. Such Performance Goal(s) may, in the Committee’s discretion, include a threshold level of performance, below which no Long-Term Award will be paid, and a maximum level of performance at which 125% of the target Long-Term Award may be paid. The Committee may provide for interpolation for performance between the threshold and target performance and between target and maximum performance.
  2. Management will periodically update the Committee on performance relative to the Performance Goal(s).
  3. Within 60 days after the attainment of the Performance Goal(s), or, if the Performance Goal(s) have not previously been met, within 75 days after the end of the applicable
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Performance Period, the Committee will certify the level of achievement for the applicable long-term Performance Goals, and based on the level of achievement, the amount of the Long-Term Award.

- B. **Establishment of a Long-Term Award** - Under the terms of the Equity Incentive Plan, a new Long-Term Award may be established each year, with its own Performance Period and unique Performance Goals. For 2015, the Committee has determined that it will not institute a 2015 Long-Term Award.
  - 1. The Committee will evaluate instituting a new Long-Term Award for 2016 and establish Performance Goal(s) and a Performance Period at that time.

## VII. EQUITY AWARD

Under the terms of the Equity Incentive Plan, the Committee can authorize an award of equity to individuals. Such an award may be as any form of equity identified in the Equity Incentive Plan. This would include: restricted stock, restricted stock units, performance shares or stock options. In evaluating the equity available for granting under the Plan, the Committee has determined that no across-the-board equity grant will be made as a part of the Plan in 2015.

## VIII. TIME AND FORM OF PAYMENT

Annual Awards and Long-Term Awards will be paid only following the Committee's certification of the level of attainment of the applicable Performance Goal(s), and except as expressly provided in Section IX below, such payment will be conditioned on the participant's continued employment with the Company on the payment date. Such awards, when earned, will be paid in cash in a lump sum, subject to applicable withholding and subject to Section 19.1 of the 2014 Equity Incentive Plan, including any compensation recovery or "clawback" policy the Company may have in effect at the time the Award is paid.

- A. **Annual Awards** - Payment of Annual Awards, to the extent earned, will be made as soon as possible after the Committee's certification of the level of attainment of the applicable Performance Goal(s) after the end of the applicable Performance Period, but in no event earlier than January 2, 2016 or later than the 15<sup>th</sup> day of the third month beginning after the end of the applicable Performance Period.
- B. **Long-Term Awards** - Payment of any Long-Term Award, were one to be initiated and to the extent earned, will be made as soon as possible after the Committee's certification of the level of attainment of the applicable Performance Goal(s) after the end of the applicable Performance Period with respect to any Performance Goal, and shall be paid no sooner than the first day following the end of the Performance Period over which the Long-Term Award is earned and no later than the 75<sup>th</sup> day following the end of such Performance Period (in the event that the period pursuant to which the Long-Term Award could be paid spans more than one calendar year, the payment shall be made in the later calendar year)(the "Long-Term Award Regular Payment Date").

## IX. EFFECT OF TERMINATION OF SERVICE

- A. **Death or Disability** - If a participant's employment is terminated due to death or Disability prior to payment of an Annual Award or Long-Term Award, the participant (or beneficiary, in
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the case of death) will be entitled to payment of a pro-rated portion of the applicable outstanding Award of the participant, within 60 days of such termination, without regard to actual performance (i.e., as though the Performance Goal(s) had been attained at the target level). The amount paid will be the participant's Target Annual Award and the Target Long-Term Award for the Performance Period, multiplied by a fraction (the "Proration Fraction"), the numerator of which is the number of days the participant was employed by the Company during the applicable Performance Period and the denominator of which is the number of days in the applicable Performance Period.

- B. **Termination Without Cause** - If a participant's employment is terminated due to involuntary separation from service by the Company other than for Cause or if a participant has a separation from service for Good Reason (as defined below) prior to the payment of an Award, then, the Award shall be paid as follows:
1. A pro rata portion of the Annual Award shall be paid consistent with the Company's Executive Severance Plan as a "Pro-rated Performance Bonus" payable thereunder.
  2. Except as provided below in connection with a Change in Control, the participant will be entitled to payment of a pro-rated portion of the Long-Term Award, based on actual performance. The amount payable shall be the amount of the Award that would have been paid based on actual performance had the participant remained in employment, multiplied by the Pro-Ration Fraction. The pro-rated Award shall be paid at the same time as Awards are paid to participants who remain in employment, subject to the participant's execution (without revocation) of a general release of claims in substantially the form provided under the Company's Executive Severance Plan on the regular Long-Term Award Regular Payment Date.
- C. **Other Termination of Employment** - If the participant incurs a termination of employment for any other reason (not set forth above) prior to payment of an Annual Award or a Long-Term Award, including a voluntary termination of employment, retirement or termination for Cause, such unpaid Award will be forfeited.
- D. **Change in Control** - Notwithstanding anything herein or the Executive Severance Plan to the contrary, if a participant's employment is involuntarily terminated by the Company other than for Cause or is terminated by the participant for Good Reason (as defined below), in either case within three months prior to or within one year following a Change in Control, the Committee will immediately vest and pay out (1) the Annual Award on the 60<sup>th</sup> day following such termination as though the applicable Performance Goal(s) had been achieved at the target level and (ii) the Long-Term Award on the Long-Term Award Regular Payment Date based on actual performance through the date of termination as determined by the Committee, and any Performance Goals not attained within the Performance Period shall result in the forfeiture of the Long-Term Award attributable to such unattained Performance Goal(s). The payment of any such Award shall be subject to the participant's execution (without revocation) of a general release of claims in substantially the form provided under the Company's Executive Severance Plan. For purposes of this 2015 Incentive Plan, "Good Reason" shall have the same meaning defined for that term in the Company's Executive Severance Plan, whether or not the individual is a participant in such Executive Severance Plan.
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## X. ADMINISTRATIVE MATTERS

### A. 409A Matters

1. Annual Awards payable under this plan are intended not to be deferred compensation within the meaning of Section 409A of the Code, and the 2015 Incentive Plan will be administered and interpreted to be consistent with that intention. Annual Awards that are earned will in no event be paid later than the 15<sup>th</sup> day of the third month after the later of the last day of the calendar year or the last day of the fiscal year in which they are earned.
  2. Long-Term Awards shall be treated as deferred compensation within the meaning of Section 409A of the Code, and the 2015 Incentive Plan will be administered and interpreted to be consistent with that intention. In that regard, in the event that the participant is a “specified employee” within the meaning of Section 409A at the time of the termination (other than due to death), then notwithstanding anything contained in this 2015 Incentive Plan to the contrary, the Long-Term Award shall be delayed and paid on the first business day following the date that is six months following the date of participant’s termination of employment, or earlier upon such participant’s death. Each payment payable under this 2015 Incentive Plan that is considered to be deferred compensation subject to Code Section 409A is intended to constitute a separate payment for purposes of Section 1.409A-2(b)(2) of the Treasury Regulations.
- B. **Effect of Awards on Other Benefits** - An Annual Award, to the extent earned, but not a Long-Term Award, will, as reasonably determined by the Committee in good faith, be considered in the definition of pay used to determine, as applicable: (1) the participant’s severance benefits under the Company’s Executive Severance Plan or any other severance plan in which he or she participates, (2) the participant’s severance benefits under his or her Change in Control agreement with the Company, (3) the participant’s benefits under the USEC Inc. 1999 Supplemental Executive Retirement Plan, as amended and restated effective November 1, 2010, the USEC Inc. 2006 Supplemental Executive Retirement Plan, as amended and restated effective January 1, 2008, the USEC Inc. Pension Restoration Plan, as amended and restated effective January 1, 2008, and the Employees’ Retirement Plan of USEC Inc., as amended and restated effective January 1, 2011, in each case as such plans are amended and may be further amended and/or restated from time to time or any successor plan, and (4) the GVUL executive life insurance benefit administered through MetLife. Except as provided above in this section X.B, amounts payable to any participant under the Plan shall not be taken into account in computing the participant’s compensation for purposes of determining any pension, retirement, death or other benefit under an pension, retirement, profit sharing, bonus, insurance or other employee benefit plan of the Company, except as such other plan or agreement shall otherwise expressly provide.

## CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Daniel B. Poneman, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Centrus Energy Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

May 7, 2015

/s/ Daniel B. Poneman

**Daniel B. Poneman**

President and Chief Executive Officer

## CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, John C. Barpoulis, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Centrus Energy Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

May 7, 2015

/s/ John C. Barpoulis

**John C. Barpoulis**

Senior Vice President and Chief Financial Officer



CERTIFICATION OF CEO AND CFO PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report on Form 10-Q of Centrus Energy Corp. for the quarter ended March 31, 2015, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), pursuant to 18 U.S.C. § 1350, Daniel B. Poneman, President and Chief Executive Officer, and John C. Barpoulis, Senior Vice President and Chief Financial Officer, each hereby certifies, that, to his knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Centrus Energy Corp.

May 7, 2015

/s/ Daniel B. Poneman

**Daniel B. Poneman**

President and Chief Executive Officer

May 7, 2015

/s/ John C. Barpoulis

**John C. Barpoulis**

Senior Vice President and Chief Financial Officer

