

[Top of the Form](#)

Item 1.01 Entry into a Material Definitive Agreement.

Establishment of New Performance Component of Long Term Incentive Program

On April 24, 2006, the Compensation Committee of the Board of Directors of USEC Inc. (the "Company") approved a new three-year performance component of the Company's long term incentive program (the "Executive Incentive Plan") under the USEC Inc. 1999 Equity Incentive Plan, effective March 1, 2006. A summary of the Executive Incentive Plan is attached as Exhibit 10.1 to this report and incorporated herein by reference. The Executive Incentive Plan replaces the Company's previous three-year performance component, which was terminated effective as of December 31, 2005.

The following table sets forth information concerning participation of the Company's officers included as Named Executive Officers in the Company's 2006 proxy statement in the Executive Incentive Plan for the performance period March 1, 2006 through December 31, 2008. The initial performance period is a shortened period of 34 months. Under the Executive Incentive Plan, the Company's Named Executive Officers were awarded the right to earn shares of the Company's common stock (or an equivalent amount of cash or restricted stock units settleable for cash). Actual payouts of these awards, if any, will be determined by performance of the Company during the period March 1, 2006 through December 31, 2008 against three pre-determined performance goals. The first, weighted 30%, is USEC's gross profit for 2008 as measured against internal targets. The second, weighted 20%, is USEC's total shareholder return for the period as measured against the S&P 500 total shareholder return (without dividends). The third, weighted 50%, is specific business performance targets related to achieving USEC's internal goals relating to the American Centrifuge program. If USEC's performance against these goals is below the threshold level, then no payout will be made. Amounts will be paid at target in the event of a change in control, regardless of the Company's performance, and prorated amounts will be paid in accordance with performance in the event of certain qualifying terminations of service prior to the end of the performance period. To the extent the Company's performance exceeds the threshold performance level, a number of shares of common stock up to the maximum will be earned, as follows:

Name	Number of Shares	Performance Period (or Other Period Until Maturity or Payment)	Threshold (80%)	Target (100%)	Maximum (120%)
John K. Welch	*	3/1/06 – 12/31/08	142,801	178,501	214,201
Philip G. Sewell	*	3/1/06 – 12/31/08	46,267	57,834	69,401
Robert Van Namen	*	3/1/06 – 12/31/08	38,842	48,552	58,262
W. Lance Wright	*	3/1/06 – 12/31/08	34,272	42,840	51,408

(1) The actual number of shares that will be paid out at the end of the performance period, if any, cannot be determined because the shares earned by the Named Executive Officers will be based upon our future performance against the performance goals.

(2) If our performance is below the threshold level, then no shares will be earned. To the extent the Company's performance exceeds the threshold performance level, a varying amount of shares of common stock up to the maximum will be earned.

Establishment of New Supplemental Executive Retirement Plan

On April 24, 2006, the Compensation Committee of the Board of Directors of the Company approved a supplemental executive retirement plan (the "SERP") effective April 24, 2006. The SERP is designed to provide deferred compensation for a select group of management or highly compensated employees of the Company as selected by the Compensation Committee or its delegate. As applicable to John K. Welch, the SERP incorporates the terms of the supplemental executive retirement plan described in Exhibit 10.90 to the Form 8-K filed by the Company on September 16, 2005. Participation in the SERP is contingent on execution of a participation agreement, whereby the participant agrees to comply with certain restrictive covenants relating to confidentiality, non-competition and non-solicitation of Company employees for a period of time following their termination of employment. John K. Welch, Robert Van Namen, Timothy B. Hansen and W. Lance Wright have been selected as participants, subject to their execution of a participation agreement.

Participants in the SERP will generally accrue a monthly supplemental retirement benefit equal to 2.5% of their final three year average pay, to a maximum benefit equal to 50% of the final three year average pay after 20 years of service. Monthly benefits payable under the SERP to a participant are offset by the amount the participant is eligible to receive under the Company's other retirement plans and Social Security. Participants are generally vested in their benefits under the SERP after five years of service, although vesting will be accelerated in the event of the participant's death or disability or in the event of a change in control of the Company. A minimum monthly supplemental retirement benefit equal to 10% of the final three year average pay applies where vesting is so accelerated.

Benefits under the SERP are generally payable to a participant in the form of a lump sum or an annuity (at the election of the participant within the first 30 days of participation) when the participant attains age 62, even where vesting has been accelerated and/or the minimum monthly supplemental retirement benefit applies due to the participant's disability or a change in control of the Company. Where a participant is terminated for cause (as defined in the SERP) or where a participant violates certain restrictive covenants, the participant's benefits will be forfeited whether or not then vested and subject to repayment to the Company to the extent already paid to the participant.

The Company may amend or terminate the SERP. In the event of the plan's termination, participants' benefits will be distributed in accordance with the SERP except to the extent the Company determines to pay benefits as soon as practicable after the termination in which case such benefits will be paid only to the extent such payments would not be subject to the interest and additional tax penalties under Internal Revenue Code Section 409A.

Non-Employee Director Compensation

On April 25, 2006, the Board of Directors of the Company approved replacing the restricted stock portion of the equity component of the Company's non-employee directors' compensation with grants of equivalent numbers of restricted stock units with similar terms, effective for grants made on or after April 25, 2006. The Board of Directors approved two forms of restricted stock unit award agreements for grants of restricted stock units to non-employee directors under the 1999 Equity Incentive Plan. One form is for annual grants and other grants used as payment for any portion of a director's annual retainers or meeting fees. The other form is for incentive awards for directors who elect to take fees that the director is otherwise entitled to take in cash in restricted stock units in lieu of cash. Copies of the forms of non-employee director

restricted stock unit award agreements are attached as Exhibits 10.2 and 10.3, respectively, and incorporated by reference herein. The other compensation for non-employee directors for the current term beginning at the 2006 annual meeting of shareholders is unchanged and was described in Exhibit 10.92 to the Form 8-K filed by the Company on December 15, 2005.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

Exhibit Number--Description

10.1--Executive Incentive Plan Summary Plan Description.

10.2--Form of Non-Employee Director Restricted Stock Unit Award Agreement (Annual Retainers and Meeting Fees).

10.3--Form of Non-Employee Director Restricted Stock Unit Award Agreement (Incentive Awards).

[Top of the Form](#)

SIGNATURES

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

USEC Inc.

April 28, 2006

By: */s/ Timothy B. Hansen*

Name: Timothy B. Hansen

Title: Senior Vice President, General Counsel and Secretary

Exhibit Index

Exhibit No.	Description
10.1	Executive Incentive Plan Summary Plan Description.
10.2	Form of Non-Employee Director Restricted Stock Unit Award Agreement (Annual Retainers and Meeting Fees).
10.3	Form of Non-Employee Director Restricted Stock Unit Award Agreement (Incentive Awards).

Executive Incentive Plan Summary Plan Description

PURPOSE

The purpose of the Executive Incentive Plan (the “EIP” or “Plan”) is to reward executives for the successful long-term performance of USEC Inc. (the “Company”). The Plan provides a long-term incentive to officers of the Company to make continued commitments and contributions to USEC’s business success through the use of awards that reflect the value of USEC’s stock over a performance period. The Plan provides the Board and the CEO with the flexibility to establish specific performance targets aimed at achieving the Company’s significant mid and long term goals. The Plan is in addition to the Company’s other time-based long-term incentive compensation (stock options and restricted stock) provided to executives. The EIP replaces the Company’s previous three-year Strategic Incentive Plan. The Plan arises under and is subject to the terms of the USEC Inc. 1999 Equity Incentive Plan, as amended (the “Equity Incentive Plan”). Where not otherwise defined herein, capitalized terms within this summary shall have the same meaning as provided under the Equity Incentive Plan.

OVERVIEW

The EIP generally provides for awards after the end of a three-year performance period in the form of (1) cash, (2) Shares of USEC stock that are immediately vested and freely transferable or (3) vested restricted stock units (“RSUs”). A participant election to receive his or her award in the form of RSUs must generally be made no later than six months prior to the end of the applicable performance period, provided that no election will be permitted after the award has become both substantially certain to be granted and payable in an amount that is readily ascertainable. Awards in the form of cash or Shares of USEC stock will generally be granted within 2 1/2 months of the end of the applicable performance period.

Awards will be granted at the end of each performance period following the achievement of pre-determined goals. The amount of the award will be equal to the predetermined target award where performance during the performance period, when measured against predetermined performance goals, is at target. Where performance meets predetermined goals that are established below (“threshold”) or above (“maximum”) target, the amount of the award granted will be between 80% and 120% of the predetermined target award. Where performance does not meet threshold performance, no award will be made. The maximum award under the EIP is 120% of the predetermined target award.

DESIGN FEATURES

Eligibility for Participation — The EIP will only include selected key corporate management positions nominated by the Chief Executive Officer and approved by the Compensation Committee at the start of each performance period. Except under special circumstances, participation in the Plan will be limited to officers of the Company. A new employee that is eligible for participation will not be allowed to participate in the EIP for a particular performance period unless that employee joins USEC no later than six months prior to the end of the performance period (e.g., no later than June 30, 2008 for the performance period March 1, 2006 through December 31, 2008).

Performance Periods - The EIP provides awards based on Company performance over a three-year performance period. USEC intends to start a new three-year performance period every three years. The initial three-year performance period will be a shortened period and will begin March 1, 2006 and will end December 31, 2008 (total of 34 months). The next three-year performance period would be January 1, 2009 through December 31, 2011 (total of 36 months), and so on.

Target Awards – A participant’s target award under the Plan for a performance period (the “Target Award”) is equal to a specified number of Shares of USEC stock. The value of the Target Award for a participant in the Plan for each three-year performance period is determined as a percentage of base salary as in effect on the first day of the performance period. For the initial shortened performance period of 34 months, the target percentage will be calculated as if the performance period were the full three years. The applicable target percentage of base salary varies by level in the organization as follows:

<u>Level / Title</u>	<u>Annualized value of the Target Award (as a multiple of Base Salary)</u>	<u>Value of the Target Award (based on a three-year performance period, as a multiple of Base Salary)</u>
President / CEO	100%	300%
Senior Vice President	60%	180%
Vice President	15%	45%

Note that where an employee is not eligible for participation in the EIP for an entire performance period and the employee's award opportunity under the EIP is not otherwise forfeited, the value of the participant's Target Award will be determined by multiplying the value of the Target Award (from the chart above, based on a three-year performance period) that would otherwise be applicable by a fraction, the numerator of which is the number of whole months the employee was a participant during the performance period and the denominator of which is the total number of months in the applicable performance period. The base salary used to determine the value of the participant's Target Award will be the participant's base salary in effect on the participant's first day of participation within the performance period.

The Target Award for a participant with respect to a performance period will be equal to the whole number result when the value of the participant's Target Award is divided by the average closing price for a Share of USEC stock on the New York Stock Exchange each trading day during the last full calendar month prior to the later of (1) the beginning of the applicable performance period (i.e., each trading day during February 2006 for the performance period March 1, 2006 through December 31, 2008; each trading day during December 2008 for the performance period January 1, 2009 through December 31, 2011; etc.) or (2) the date the participant first became a participant in the EIP.

If, due to special circumstances, an employee of USEC who is not at one of the levels set forth above becomes eligible to participate in the Plan, the applicable target percentage of base salary for such individual will be determined by the Compensation Committee.

Performance Goals – At the beginning of each performance period, the Compensation Committee shall determine, after consultation with and based on the recommendation of the CEO, the critical financial and business performance goals with respect to which performance will be measured. The goals should reflect what needs to be accomplished in an applicable performance period to ensure achievement of the Company's mid and long term strategic objectives and to maximize shareholder value. The goals for each performance period may vary, but do not vary based on individual performance. To the extent the Company wishes to satisfy the requirements of the exception to the general deduction limit for compensation under Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code") for certain performance based compensation that is provided under Section 162(m) of the Code and applicable regulations and rulings thereunder, the performance goals described in this section with respect to a performance period will be established in writing by the Compensation Committee from the goals approved by shareholders under the Equity Incentive Plan not later than 90 days after the commencement of the applicable performance period or, if applicable, not after 25% of the performance period has elapsed.

Performance Measurement – The CEO will provide the Compensation Committee with periodic reports of performance during the performance period. Following the completion of each performance period, the CEO will review the achievement of the performance goals during that period and will rate the performance. The Compensation Committee, at its first meeting following the completion of a performance period, will then certify the performance results during that performance period and approve or modify the CEO's recommendations.

Except where performance is less than threshold performance, the range of performance approved by the Compensation Committee, and therefore, the value of the award with respect to each participant (the "Approved Award Percentage"), will be from a threshold minimum of 80% of the participant's Target Award for threshold performance (as such level is predetermined) to a maximum of 120% of the participant's Target Award for maximum performance at that predetermined level (target performance would yield 100% of the Target Award). No award will be made for performance that is less than threshold performance. Actual awards will be granted only following the Compensation Committee's certification of performance results. The performance measurement approved by the Compensation Committee will be applied to the Target Award for that performance period for each participant. As more fully described below, awards will be in the form of cash, vested and fully transferable Shares of USEC stock or RSUs.

The Compensation Committee can exercise negative discretion concerning payout for any performance period. While the threshold payment in the performance period is 80%, the Compensation Committee may deem that a lower amount, including zero or no payment, is appropriate.

Timing of Payouts – Grantees will receive awards as soon as practicable after the end of the applicable performance period, but in no event later than 2 1/2 months after the end of the applicable performance period. The first awards under the Plan will be granted in the beginning of 2009 following the completion of the initial 2006-2008 performance period (assuming satisfaction of the performance goals). After the first awards are granted in 2009, there will be subsequent grants (assuming satisfaction of the performance goals) every third year thereafter as each subsequent three-year performance period concludes.

Form of Payouts – Awards under the Plan with respect to a performance period are granted in one of three forms:

1. Cash (in an amount equal to the product of (i) the Fair Market Value of a Share (based on the closing sales price of the Company's common stock on the NYSE on the date paid), (ii) the Approved Award Percentage and (iii) the Target Award);

2. Shares of USEC common stock (with the number of such Shares equal to the product of (i) the Approved Award Percentage and (ii) the Target Award); or
3. RSUs (with the number of such RSUs equal to the product of (i) the Approved Award Percentage and (ii) the Target Award), ultimately settleable only in cash.

For employees who elect to receive cash or Shares of USEC stock with respect to a performance period, the election by a participant to receive cash or Shares will be made by the participant at the time of the award.

For employees who elect to receive RSUs with respect to a performance period, the election by a participant to receive his or her award in the form of RSUs must be made no later than six months prior to the end of the applicable performance period (i.e., June 30, 2008 for the March 1, 2006 through December 31, 2008 performance period), provided that no election will be permitted after the award has become both substantially certain to be granted and payable in an amount that is readily ascertainable. Where no such deferral election is made timely, the participant's award will be granted in the form of cash or Shares of USEC stock (as set forth above).

Treatment of RSUs – RSUs awarded under the EIP will be subject to the terms of the applicable award agreement, such terms will include the following:

1. **Settlement:** Settlement of the RSUs will be delayed until the date the participant incurs a “separation from service” as such term is defined for purposes of Code Section 409A(a)(2)(A)(i) (a “Separation from Service”) or, if earlier, upon a Change in Control of the Company (the earlier of the date of the participant's Separation from Service or the date of the Change in Control of the Company, the “Settlement Date”). In general, as soon as practicable following the Settlement Date, a participant's RSUs will be settled in the form of cash. However, in no event will amounts be paid to a “specified employee” (as such term is defined in Treas. Reg. §1.409A-1(i)) before the date that is six months after the specified employee's Separation from Service. The amount of cash payable in settlement of a participant's RSUs is equal to the product of (1) the Fair Market Value of a Share of USEC stock on the Settlement Date multiplied by (2) the number of RSUs then held by the participant.
2. **Dividends:** If the Company pays a dividend on Shares at any time between the date RSUs are granted and the Settlement Date, the Company will grant an additional number of RSUs (“Dividend Equivalent RSUs”) to each participant then holding RSUs in an amount equal to (1) the product of (i) the dividend per Share payable with respect to such Shares and (ii) the number of RSUs then held by the participant, divided by (2) the Fair Market Value of a Share on such date.
3. **Adjustment of Number of RSUs:** The number of RSUs and Dividend Equivalent RSUs will be subject to adjustment as provided in Section 4(b) of the Equity Incentive Plan.

Administrative Issues

- Participants who leave the Company prior to the grant of an award with respect to a performance period due to death, disability, involuntary Separation from Service by the Company other than for Cause, or Retirement will receive an award valued and paid in the form of cash or Shares of USEC stock, at the election of the participant (or, if applicable, the participant's beneficiary), at the end of the performance period. The value will reflect pro-rata actual participation within the performance period.
- If the participant incurs a Separation from Service for any other reason (not set forth in the bullet above), including a Separation from Service after the end of a performance period but prior to an award being granted for such performance period, all unvested award opportunities will be forfeited. If the participant is terminated by the Company for Cause, all award opportunities will be forfeited

whether or not vested, including any RSUs granted with respect to a performance period that had not yet been settled as of the date of resignation.

- To receive any award, the participant must have been a participant for at least six (6) full months during the performance period.
- Notwithstanding anything herein to the contrary, in the event of a Change in Control of the Company, the Compensation Committee will immediately grant and payout awards for the current performance period such that the date of the Change in Control shall be deemed to be the end of the performance period for purposes of calculating and granting awards for such performance period. Such awards shall be calculated assuming achievement of all applicable performance goals at target level.
- Notwithstanding anything herein to the contrary, the Compensation Committee may amend, alter, suspend, discontinue or terminate the Plan or any portion thereof at any time, subject to the terms of the Equity Incentive Plan, and the Compensation Committee may amend or adjust awards under the Plan as provided in Section 15 of the Equity Incentive Plan.

USEC Inc.

Non-Employee Director Restricted Stock Unit Award Agreement

(Annual Retainers and Meeting Fees)

RESTRICTED STOCK UNIT AWARD AGREEMENT (the “Agreement”) dated as of ___ between USEC Inc., a Delaware corporation (the “Company”) and ___ (the “Participant”):

R E C I T A L S:

The Company has adopted and maintains the USEC Inc. 1999 Equity Incentive Plan as amended from time to time (the “Plan”), which Plan as amended from time to time is incorporated herein by reference and made a part of this Agreement. Capitalized terms not otherwise defined herein shall have the same meanings as in the Plan.

The Committee has determined that it is in the best interests of the Company and its shareholders to grant the restricted stock unit awards provided for herein to the Participant pursuant to the Plan and the terms set forth herein to further align the interests of non-employee directors of the Company to the interests of shareholders.

This Agreement shall apply to restricted stock unit awards made from time to time after the date hereof representing Participant’s annual retainers and meeting fees, as set forth on Exhibit A hereto as such Exhibit A may be augmented from time to time.

NOW THEREFORE, in consideration of the mutual covenants hereinafter set forth, the parties hereto agree as follows:

1. Grant of the Award(a) . (a) The Company from time to time will grant to the Participant Awards (the “Awards”) of Restricted Stock Units (the “Restricted Stock Units”) in the amounts, on the dates of grant, and labeled as “annual retainers and meeting fees,” in each case as set forth in Exhibit A hereto, subject to the terms and conditions set forth in this Agreement and the Plan.

(b) In addition, as of each date as of which the Company pays a dividend on Shares before the date (the “Payment Date”) payment is due in respect of the Restricted Stock Units in accordance with Section 2(a) hereof, the Company will grant to the Participant an additional number of Restricted Stock Units (the “Dividend Equivalent Restricted Stock Units”) equal to (a) the product of (i) the dividend per Share payable on the record date relating to such dividend payment date, and (ii) the number of Restricted Stock Units held by the Participant on such dividend payment date, divided by (b) the Fair Market Value of a Share on the dividend payment date. Dividend Equivalent Restricted Stock Units shall become vested (or be forfeited) at the same time and on the same conditions as the Restricted Stock Units to which they relate. Except as provided in this Section 1(b) Dividend Equivalent Restricted Stock Units will be subject to all of the terms and conditions of this Agreement and all references in this Agreement to Restricted Stock Units shall include Dividend Equivalent Restricted Stock Units unless the context requires otherwise.

(c) The number of Restricted Stock Units and any Dividend Equivalent Restricted Stock Units shall be subject to adjustment as provided in Section 4(b) of the Plan.

2. Vesting.

(a) Subject to subsection (b) below, the Participant’s rights in his or her Restricted Stock Units shall become vested and nonforfeitable upon the first to occur of (i) the first annual anniversary of the date of grant of such Restricted Stock Units, (ii) the date the Participant attains eligibility for Retirement, (iii) the date the Participant has a Termination of Service (defined below) by reason of death or Disability, or (iv) the date of a Change in Control of the Company. Restricted Stock Units that are granted to a Participant on or after attainment of eligibility for Retirement shall be vested and nonforfeitable immediately upon the date of grant.

(b) Notwithstanding subsection (a) above, in the event that the Participant has a Termination of Service for Cause, all Restricted Stock Units held by the Participant as of the date of such termination of service shall be canceled and forfeited for no consideration on the date of the Participant’s Termination of Service.

3. Settlement of Restricted Stock Units.

(a) As soon as practicable after the Participant’s Termination of Service, or if earlier as soon as practicable after a Change in Control, the Company shall pay to the Participant (or his or her beneficiary, if applicable) other than following a Change in Control, Shares (or if applicable, the per-Share equivalents of securities of the surviving entity of any merger, consolidation or other transaction or event having a similar effect, which are substituted for a Shares pursuant to Section 4(b) of the Plan) equal to the aggregate number of Restricted Stock Units then held by the Participant.

(b) For purposes of this Agreement a “Termination of Service” means that the Participant is no longer a member of the Board and has undergone a good-faith and complete termination of all arrangements to perform services for the Company in any capacity, which termination constitutes a “separation from service” within the meaning of Section 409A(a)(2)(i) of the Code.

4. Nontransferability. Except under the laws of descent and distribution, the Participant shall not be permitted to sell, transfer, pledge or assign the Restricted Stock Units or any rights under this Agreement. Without limiting the generality of the foregoing, the Restricted Stock Units and the Participant’s rights under this Agreement may not be assigned, transferred, pledged, hypothecated or disposed of in any way, shall not be assignable by operation of law, and shall not be subject to execution, attachment or similar process. Any attempted assignment, transfer, pledge, hypothecation or other disposition of the Restricted Stock Units of the Participant’s rights under this Agreement contrary to the provisions hereof, and the levy of any execution, attachment or similar process upon them, shall be null and void and without effect.

5. Beneficiary. The Participant may designate a beneficiary or beneficiaries (which beneficiary may be an entity other than a natural person) to receive any payments hereunder which may be made following the Participant’s death. Such designation may be changed or canceled at any time without the consent of any such beneficiary. Any such designation, change or cancellation must be made in a form and manner established by the Committee and shall not be effective unless and until received by the Committee during the Participant’s lifetime. If no beneficiary has been named, or the designated beneficiary or beneficiaries shall have predeceased the Participant or (if other than a natural person) failed or ceased to exist, the beneficiary shall be the Participant’s spouse or, if no spouse survives the Participant, the Participant’s estate. If the Participant designates more than one beneficiary, the rights of such beneficiaries shall be payable in equal shares with right of survivorship, unless the Participant has designated otherwise.

6. No Rights as Stockholder. A Participant shall have no right to vote Shares represented by Restricted Stock Units and shall have no rights as a stockholder of the Company with respect to Restricted Stock Units unless and until Shares are delivered to the Participant in settlement of the Restricted Stock Units pursuant to Section 3.

7. No Right to Continued Service. Neither the Plan nor this Agreement shall confer on the Participant any right to continued service with the Company.

8. Legal Requirements. The Company shall not be obligated to make any payment hereunder if the Committee, in its sole discretion, determines that the issuance or transfer of such cash, Shares or other consideration might violate any applicable law or regulation (including applicable non-U.S. laws or regulations) or entitled the Company to recover the same under Section 16. Without limiting the generality of the foregoing, no Award granted hereunder shall be construed as an offer to sell securities of the Company, and no such offer shall be outstanding, unless and until the Committee in its sole discretion has determined that any such offer, if made, would be in compliance with all applicable requirements of the U.S. federal or non-federal securities laws and any other laws to which such offer, if made, would be subject. The Company shall be under no obligation to register any Shares or other property pursuant to the Securities Act of 1933, as amended, or any other federal or state securities laws on account of the transactions contemplated by this Agreement.

9. No Trust Fund Created. Neither this Agreement nor any of the transactions contemplated hereby shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Company or any Affiliate and the Participant or any other Person. To the extent that any Person acquires a right to receive payments from the Company or any Affiliate pursuant to this Agreement, such right shall be no greater than the right of any unsecured general creditor of the Company or any Affiliate.

10. No Fractional Shares. Dividend Equivalent Restricted Stock Units shall be determined and granted in fractional Restricted Stock Units where required by Section 1(b) but no fractional Shares shall be issued or delivered pursuant to this Agreement; and on settlement of a Participant’s Restricted Stock Units the value of any fractional shares shall be paid to the Participant in cash.

11. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, without regard to the conflicts of laws provisions thereof.

12. Amendments. This Agreement may be amended or modified at any time by an instrument in writing signed by the parties hereto, or by an instrument in writing signed unilaterally by the Company if the Company determines that such amendment is required by law (including any amendment necessary or desirable to avoid the gross income inclusion set forth within Section 409A(a)(1)(A) of the Code or the interest and additional tax set forth within Section 409A(a)(1)(B) of the Code, or otherwise to comply with or obtain for the Participant or the Company any benefits, or avoid for the Participant or the Company any penalties or additional taxes, under the Code or other revenue law).

13. Notices. Any notice, request, instruction or other document given under this Agreement shall be in writing and shall be addressed and delivered, in the case of the Company, to the Secretary of the Company at the principal office of the Company and, in the case of the Participant, to the Participant’s address as shown in the records of the Company. Either the Participant or the Company may change such party’s address for notices by notice duly given pursuant to this Section.

14. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be an original but all of which together shall represent one and the same agreement.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Agreement. By execution and delivery of this Agreement, the Participant acknowledges receipt of a copy of the Plan.

USEC Inc.

By:

Its:

Participant Signature

Print Name

USEC Inc.

Non-Employee Director Restricted Stock Unit Award Agreement

(Incentive Restricted Stock Unit Awards)

RESTRICTED STOCK UNIT AWARD AGREEMENT (the “Agreement”) dated as of ___ between USEC Inc., a Delaware corporation (the “Company”) and ___ (the “Participant”):

R E C I T A L S:

The Company has adopted and maintains the USEC Inc. 1999 Equity Incentive Plan as amended from time to time (the “Plan”), which Plan as amended from time to time is incorporated herein by reference and made a part of this Agreement. Capitalized terms not otherwise defined herein shall have the same meanings as in the Plan.

The Committee has determined that it is in the best interests of the Company and its shareholders to grant the restricted stock unit awards provided for herein to the Participant pursuant to the Plan and the terms set forth herein to further align the interests of non-employee directors of the Company to the interests of shareholders.

This Agreement shall apply to restricted stock unit awards made from time to time after the date hereof representing Participant’s incentive restricted stock unit awards, as set forth on Exhibit A hereto as such Exhibit A may be augmented from time to time.

NOW THEREFORE, in consideration of the mutual covenants hereinafter set forth, the parties hereto agree as follows:

1. Grant of the Award(a) . (a) The Company from time to time will grant to the Participant Awards (the “Awards”) of Restricted Stock Units (the “Restricted Stock Units”) in the amounts, on the dates of grant, and labeled as “incentive restricted stock unit awards,” in each case as set forth in Exhibit A hereto, subject to the terms and conditions set forth in this Agreement and the Plan.

(b) In addition, as of each date as of which the Company pays a dividend on Shares before the date (the “Payment Date”) payment is due in respect of the Restricted Stock Units in accordance with Section 2(a) hereof, the Company will grant to the Participant an additional number of Restricted Stock Units (the “Dividend Equivalent Restricted Stock Units”) equal to (a) the product of (i) the dividend per Share payable on the record date relating to such dividend payment date, and (ii) the number of Restricted Stock Units held by the Participant on such dividend payment date, divided by (b) the Fair Market Value of a Share on the dividend payment date. Dividend Equivalent Restricted Stock Units shall become vested (or be forfeited) at the same time and on the same conditions as the Restricted Stock Units to which they relate. Except as provided in this Section 1(b) Dividend Equivalent Restricted Stock Units will be subject to all of the terms and conditions of this Agreement and all references in this Agreement to Restricted Stock Units shall include Dividend Equivalent Restricted Stock Units unless the context requires otherwise.

(c) The number of Restricted Stock Units and any Dividend Equivalent Restricted Stock Units shall be subject to adjustment as provided in Section 4(b) of the Plan.

2. Vesting.

(a) Subject to subsection (b) below, the Participant’s rights in his or her Restricted Stock Units shall become vested and nonforfeitable upon the first to occur of (i) the third annual anniversary of the date of grant of such Restricted Stock Units, (ii) the date the Participant attains eligibility for Retirement, (iii) the date the Participant has a Termination of Service (defined below) by reason of death or Disability, or (iv) the date of a Change in Control of the Company. Restricted Stock Units that are granted to a Participant on or after attainment of eligibility for Retirement shall be vested and nonforfeitable immediately upon the date of grant.

(b) Notwithstanding subsection (a) above, in the event that the Participant has a Termination of Service for Cause, all Restricted Stock Units held by the Participant as of the date of such termination of service shall be canceled and forfeited for no consideration on the date of the Participant’s Termination of Service.

3. Settlement of Restricted Stock Units.

(a) As soon as practicable after the Participant’s Termination of Service, or if earlier as soon as practicable after a Change in Control, the Company shall pay to the Participant (or his or her beneficiary, if applicable) other than following a Change in Control, Shares (or if applicable, the per-Share equivalents of securities of the surviving entity of any merger, consolidation or other transaction or event having a similar effect, which are substituted for a Shares pursuant to Section 4(b) of the Plan) equal to the aggregate number of Restricted Stock Units then held by the Participant.

(b) For purposes of this Agreement a “Termination of Service” means that the Participant is no longer a member of the Board and has undergone a good-faith and complete termination of all arrangements to perform services for the Company in any capacity, which termination constitutes a “separation from service” within the meaning of Section 409A(a)(2)(i) of the Code.

4. Nontransferability. Except under the laws of descent and distribution, the Participant shall not be permitted to sell, transfer, pledge or assign the Restricted Stock Units or any rights under this Agreement. Without limiting the generality of the foregoing, the Restricted Stock Units and the Participant’s rights under this Agreement may not be assigned, transferred, pledged, hypothecated or disposed of in any way, shall not be assignable by operation of law, and shall not be subject to execution, attachment or similar process. Any attempted assignment, transfer, pledge, hypothecation or other disposition of the Restricted Stock Units of the Participant’s rights under this Agreement contrary to the provisions hereof, and the levy of any execution, attachment or similar process upon them, shall be null and void and without effect.

5. Beneficiary. The Participant may designate a beneficiary or beneficiaries (which beneficiary may be an entity other than a natural person) to receive any payments hereunder which may be made following the Participant’s death. Such designation may be changed or canceled at any time without the consent of any such beneficiary. Any such designation, change or cancellation must be made in a form and manner established by the Committee and shall not be effective unless and until received by the Committee during the Participant’s lifetime. If no beneficiary has been named, or the designated beneficiary or beneficiaries shall have predeceased the Participant or (if other than a natural person) failed or ceased to exist, the beneficiary shall be the Participant’s spouse or, if no spouse survives the Participant, the Participant’s estate. If the Participant designates more than one beneficiary, the rights of such beneficiaries shall be payable in equal shares with right of survivorship, unless the Participant has designated otherwise.

6. No Rights as Stockholder. A Participant shall have no right to vote Shares represented by Restricted Stock Units and shall have no rights as a stockholder of the Company with respect to Restricted Stock Units unless and until Shares are delivered to the Participant in settlement of the Restricted Stock Units pursuant to Section 3.

7. No Right to Continued Service. Neither the Plan nor this Agreement shall confer on the Participant any right to continued service with the Company.

8. Legal Requirements. The Company shall not be obligated to make any payment hereunder if the Committee, in its sole discretion, determines that the issuance or transfer of such cash, Shares or other consideration might violate any applicable law or regulation (including applicable non-U.S. laws or regulations) or entitled the Company to recover the same under Section 16. Without limiting the generality of the foregoing, no Award granted hereunder shall be construed as an offer to sell securities of the Company, and no such offer shall be outstanding, unless and until the Committee in its sole discretion has determined that any such offer, if made, would be in compliance with all applicable requirements of the U.S. federal or non-federal securities laws and any other laws to which such offer, if made, would be subject. The Company shall be under no obligation to register any Shares or other property pursuant to the Securities Act of 1933, as amended, or any other federal or state securities laws on account of the transactions contemplated by this Agreement.

9. No Trust Fund Created. Neither this Agreement nor any of the transactions contemplated hereby shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Company or any Affiliate and the Participant or any other Person. To the extent that any Person acquires a right to receive payments from the Company or any Affiliate pursuant to this Agreement, such right shall be no greater than the right of any unsecured general creditor of the Company or any Affiliate.

10. No Fractional Shares. Dividend Equivalent Restricted Stock Units shall be determined and granted in fractional Restricted Stock Units where required by Section 1(b) but no fractional Shares shall be issued or delivered pursuant to this Agreement; and on settlement of a Participant’s Restricted Stock Units the value of any fractional shares shall be paid to the Participant in cash.

11. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, without regard to the conflicts of laws provisions thereof.

12. Amendments. This Agreement may be amended or modified at any time by an instrument in writing signed by the parties hereto, or by an instrument in writing signed unilaterally by the Company if the Company determines that such amendment is required by law (including any amendment necessary or desirable to avoid the gross income inclusion set forth within Section 409A(a)(1)(A) of the Code or the interest and additional tax set forth within Section 409A(a)(1)(B) of the Code, or otherwise to comply with or obtain for the Participant or the Company any benefits, or avoid for the Participant or the Company any penalties or additional taxes, under the Code or other revenue law).

13. Notices. Any notice, request, instruction or other document given under this Agreement shall be in writing and shall be addressed and delivered, in the case of the Company, to the Secretary of the Company at the principal office of the Company and, in the case of the Participant, to the Participant’s address as shown in the records of the Company. Either the Participant or the Company may change such party’s address for notices by notice duly given pursuant to this Section.

14. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be an original but all of which together shall represent one and the same agreement.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Agreement. By execution and delivery of this Agreement, the Participant acknowledges receipt of a copy of the Plan.

USEC Inc.

By:

Its:

Participant Signature

Print Name